

THE WALL STREET JOURNAL.

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Last week: DJIA 34818.27 ▼ 42.97 0.1% NASDAQ 14261.50 ▲ 0.7% STOXX 600 458.34 ▲ 1.1% 10-YR. TREASURY ▲ 1, yield 2.374% OIL \$99.27 ▼ \$14.63 EURO \$1.1046 YEN 122.53

What's News

Business & Finance

Pay increases for U.S. chief executives have gained steam, putting compensation on pace to set a record amid a tight labor market that is also driving pay higher for many of their workers. **A1**

◆ U.S. companies are relaxing many of the vaccine and other Covid-related requirements that had become a staple of corporate life in the pandemic. **A1**

◆ A few investment firms in recent months have arranged short sales of tether, a cryptocurrency whose price shouldn't move, according to people familiar with the matter. **B1**

◆ Biotech companies are having one of their worst stock-market runs in years, as rising interest rates, scientific setbacks and a slowdown in big buyouts batter the sector. **B1**

◆ Tesla vehicle deliveries rose in the first quarter, but missed Wall Street expectations as the company struggled with global supply-chain disruptions and a brief Covid-19 shutdown at its Shanghai factory. **B1**

◆ Airlines canceled or delayed thousands of U.S. flights over the weekend as severe weather in Florida snarled operations. **B2**

◆ A rapidly escalating bird-flu outbreak in the U.S. is contributing to a surge in egg prices and threatens to raise prices on other poultry products in the coming months. **B3**

World-Wide

◆ More than 100 civilians lay buried in mass graves by local authorities in the Bucha suburb of Kyiv after Russian troops withdrew last week, one of several regions in which Ukrainian officials and independent rights watchdogs say they are uncovering evidence of war crimes perpetrated by occupation forces. **A1**

◆ Hungary's Orban, the closest thing Putin has to a friend among EU leaders, won a fifth term in power in an election that became a referendum on his promise to block support for Ukraine in its war with Russia. **A6**

◆ Multiple suspects were being sought in a mass shooting that left six people dead and at least 12 wounded in Sacramento, Calif., police said. **A3**

◆ Hong Kong Chief Executive Carrie Lam said she won't seek a second term in office, as she nears the end of a five-year stint as the city's top official. **A8**

◆ Native American tribes, environmentalists and the hydroelectric-power industry say they reached a compromise deal on a proposed legislative package that could boost clean energy and river conservation. **A3**

◆ The Taliban banned the cultivation of poppy, which provides the raw material for heroin and other opiates, as the group strives for recognition as Afghanistan's legitimate government. **A8**

JOURNAL REPORT

Personal Investing: And the No. 1 stock-fund manager is... **R1-8**

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Reports of Atrocities Stir Outrage



Bodies of civilians killed by Russians lay in this grave in Bucha, Ukrainians said. Over 100 bodies were reported found in the town.

Ukraine accuses Russia of war crimes after dozens of bodies found in Kyiv suburb

BY BRETT FORREST

BUCHA, Ukraine—More than 100 civilians lay buried in mass graves in this suburb of Kyiv after Russian troops withdrew last week, one of several regions in which Ukrainian officials and independent rights watchdogs said they are uncovering evidence of war crimes perpetrated by occupation forces.

When the Russian military forces abandoned Bucha, it left streets littered with bodies of civilians. Human Rights Watch released a report on Sunday documenting instances of rape and summary executions in Russian-occupied parts of Ukraine, including Bucha, as well as other alleged crimes.

Ukrainians were finding “people with hands tied behind their back and decapitated...kids who were killed and tortured,” President Volodymyr Zelenskyy said. *Please turn to page A6*

◆ Two Pennsylvania churches strive to bridge divide..... **A12**
◆ Fund manager boosts Russian buys..... **B1**

CEO Pay Increases, Heads for A New Record

BY THEO FRANCIS

Pay increases for U.S. chief executives have gained steam, putting compensation on pace to set a record amid a tight labor market that is also driving pay higher for many of their workers.

Median pay rose to \$14.2 million last year for the leaders of S&P 500 companies, up from a record \$13.4 million for the same companies a year earlier, according to a Wall Street Journal analysis of pay data for more than half the index from MyLogIQ LLC.

Most CEOs received a pay increase of 11% or more, and pay rose by at least 25% for nearly one-third of them. Pay fell for about a quarter of the CEOs, including Paycom Software Inc.'s Chad Richison, last year's highest-paid S&P 500 leader, whose pay fell to about \$3 million from \$211 million.

In 2020, while CEO pay rose overall, nearly one-third of these executives had their total compensation decline from a year earlier, and many forfeited some pay during the pandemic.

Pay last year for rank-and-file employees rose, too, but more slowly, as measured by the compensation figures the companies report for their me- *Please turn to page A4*

Masks Come Off as Companies Ease Their Pandemic Protocols

BY CHIP CUTTER

U.S. companies are relaxing many of the vaccine and other Covid-related requirements that had become a staple of corporate life in the pandemic.

As office occupancy nears pandemic-era highs in many U.S. cities, a number of employers have communicated new, looser safety protocols to workers. Some companies made masks optional in the office for all workers, while others dropped testing requirements

for the unvaccinated or simplified the daily return-to-office questionnaires.

The new protocols in many cases follow updated guidance from health authorities, who have moved away from blanket preventive measures in favor of a more targeted approach focused on limiting infection and severe illness in high-risk areas. Infections have edged up again in the U.S., and the Omicron BA.2 variant accounts for more new Covid-19 cases.

JPMorgan Chase & Co. told

U.S. employees in mid-March that masking in its corporate office buildings would be voluntary for vaccinated and unvaccinated employees. The company also said that as of Monday, it planned to discontinue other measures such as mandatory testing for the unvaccinated or asking employees to report Covid-19 infections. It added that it would discontinue its policy of hiring only vaccinated people.

In a memo from the company's return-to-office task force, executives noted that

across the U.S., “we are learning to live with COVID as part of our new normal.” JPMorgan Chase still insists that those feeling sick stay home and said free at-home tests would remain available. It also kept open the possibility that it could reintroduce protocols, if needed. *Masking requirements Please turn to page A2*

◆ Cities consider permanent outdoor dining..... **A3**
◆ Senators seek \$10 billion for Covid-19 aid..... **A4**

South Carolina Wins NCAA Title



The South Carolina women's basketball team overpowered UConn 64-49 to win the championship. **A14**

Drug Violence Shatters Mexico's Vacation Mecca

Tourist demand for narcotics fuels rise in killings in the Riviera Maya

BY JOSÉ DE CÓRDOBA AND DAVID LUHNOW

TULUM, Mexico—Hours before she was gunned down, Anjali Ryot posted an idyllic video of herself sitting on a hammock by the Caribbean Sea in one of Mexico's hippest resort towns. “Vibing with the ocean,” she wrote in her Instagram account.

That night, Ms. Ryot, a California-based travel blogger with some 50,000 Instagram followers, was celebrating her 30th birthday with her husband at La Malquerida, a popular restaurant, when two members of a local drug gang spotted a rival ducking inside. They started shooting. Three tourists were wounded. Ms. Ryot and a German tourist were killed.

Cancún and the 81-mile stretch south of the

resort to Tulum, known as the Riviera Maya, draw 13 million visitors a year to their lush beaches, golf courses and all-inclusive luxury resorts. The area accounts for nearly half of Mexico's tourism revenue. It's also the scene of an alarming rise in murders, mostly fueled by demand for drugs from the vacationers themselves.

Drug-related violence has caused the homicide rate across Mexico to jump to record levels in recent years. In the rest of the country, the violence often comes from turf wars over control of trafficking routes for drugs headed to the U.S., rather than from tourist demand.

The homicide rate in the Riviera Maya's state of Quintana Roo has nearly quadrupled since 2016, to 37 killings per 100,000 resi- *Please turn to page A10*

Who Let The Dogs Out? Not Shanghai's Covid Cops

No-exceptions quarantine has owners buying doggy diapers, sod for indoors

BY NATASHA KHAN AND LIYAN QI

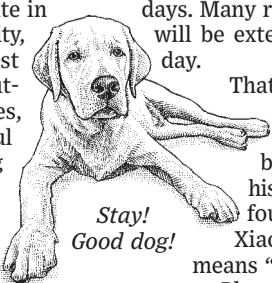
Shanghai's Covid-19 lockdown has sent the city's 25 million residents racing to grocery stores to stock up on vegetables, noodles and other quarantine essentials.

Then there's Kent Kedl, an American expatriate in the Chinese megacity, who spent his last day of freedom outside, on his knees, digging up a boxful of dirt to bring home to his two dogs.

China's zero-tolerance approach to crushing Covid

outbreaks, and the severity of Shanghai's latest wave has meant strict lockdowns for the denizens of China's most cosmopolitan city. Except to undergo swab tests, everyone in the city was ordered to remain in their apartments in a rolling lockdown that was initially going to be for a handful of days. Many residents worry it will be extended past Tuesday.

That includes dog owners like Mr. Kedl, who hasn't been able to walk his 140-pound Newfound, named Xiaoxiao (the name means “small-small”), or *Please turn to page A10*



Stay! Good dog!

China's Xi Backs Off Key Economic Policy

BY STELLA YIFAN XIE

HONG KONG—China's apparent retreat from one of its most important policy initiatives is showing how hard it is to remake the country's economy and reduce inequality nearly a decade into Xi Jinping's rule.

For most of last year, Mr. Xi trumpeted a signature program known as “common prosperity” aimed at redistributing more of China's wealth, amid concerns that elites had overly benefited from the country's economic boom compared with ordinary citizens. The program underpinned many of Mr. Xi's policy drives, including a clampdown on technology companies that were seen as exploiting their market power to boost profits.

But while some aspects of

the tech crackdown continue, other parts of the program have fizzled, as China shifts its priorities toward shoring up slowing growth.

Last year, the phrase “common prosperity” seemed to be everywhere, in state media, schools, and speeches by Mr. Xi and others. A historic resolution passed during Communist Party meetings in the fall, which puts him on equal footing with Mao Zedong, used the phrase eight times.

This year, it turned up just once in a 17,000-word government work report on the economy delivered by Premier Li Keqiang in March.

The Finance Ministry's latest budget report didn't spell out specific targets for the central government to allocate *Please turn to page A8*

INSIDE



PERSONAL JOURNAL
Olivia Rodrigo wins the award for best new artist at the Grammys. **A11**

JASON GAY
Coach Krzyzewski says farewell after Duke's loss to North Carolina in the Final Four. **A14**

U.S. NEWS

THE OUTLOOK | By Jon Hilsenrath

Possible Recession Signal Scrutinized



As yields on two-year Treasury notes last week moved above yields on 10-year

notes, Wall Street analysts sent up warning flares. Economists—like ancient soothsayers divining the future—track how interest rates of different maturities vary for signals about the outlook for growth.

When short-term interest rates are higher than long-term interest rates, a phenomenon Wall Street mavens call an inverted yield curve, it is sometimes a signal of recession.

That's what had the soothsayers worried.

The closely watched differential between yields on two-year and 10-year Treasury notes inverted last week. On Friday, the yield on two-year Treasury notes hit 2.44% and on 10-year notes it lagged behind at 2.38%.

Steve Englander, an investment strategist at Standard Chartered Bank, saw similar signals coming out of eurodollar futures markets, where traders make bets on future rates. He found that expected short-term rates in three years and four years were lower than expected rates in two years.

"This is typically a sign that bad times are ahead, a recession or at least a slump is expected," he said. "The market seems convinced this

is going to end in tears." In normal times, the longer it takes to pay back a loan, the higher the interest rate you have to pay. Lending money over a longer duration entails more risk and thus demands a higher return.

The interest rate for a three-month loan, in other words, should be less than the interest rate for a two-year loan, which should be less than on a 10-year loan. When these relationships invert, it is a signal of turbulence on the horizon that often involves the Federal Reserve.

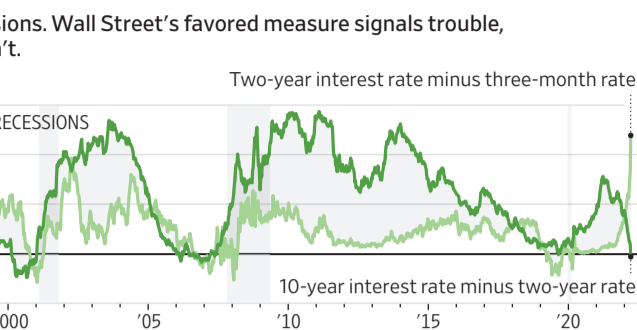
In the early and late 1980s, before recessions, yield curves inverted. It happened again in the early 2000s and mid-2000s before recessions.

The logic goes like this: Investors expect the Fed to push up interest rates so much in the short run to fight off inflation that it ends up squeezing credit, causing a recession and having to reverse those rate increases further down the road.

At other times, the Fed perhaps goes too far. In 2006, the central bank pushed its benchmark short-term rate above 5% while long-term interest rates remained anchored below that level. The low long-term rate might have been a sign that the market expected subdued inflation, and rate in-

creases weren't needed. A financial crisis and recession followed in 2007 and 2008. Because of this history, Fed officials care deeply about signals the yield curve sends. In some cases the Fed has reversed course during cycles of interest-rate increases and averted recession, as in 1998. It also reversed course in 2019, and might have averted recession had the Covid-19 pandemic not occurred. Right now, the Fed officials say they have time before such concerns become relevant.

Yield curves can be measured using interest rates across a wide spectrum of maturities, from overnight to 30 years, and some inversions matter more than others. Though investors often look at differences between yields on two-year and 10-year Treasury notes, Fed researchers Eric Engstrom and Steven Sharpe concluded those weren't the



Note: Based on U.S. Treasury yields
Source: Federal Reserve

The high short-run interest rate is driven by expectations of Fed interest-rate increases and the long-run rate is driven by expectations of recession, a subsequent drop in inflation and Fed rate cuts later on.

Wall Street inboxes were thus stuffed this past week with notes like Mr. Englander's, titled, "Inverted rates as a flashing yellow to the Fed."

Sometimes a yield-curve inversion and recession is the necessary price to bring down high inflation, as happened in the early 1980s when then-Fed Chairman Paul Volcker used high interest rates to tame double-digit inflation.

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ECONOMIC CALENDAR

Minutes from the Federal Reserve's March meeting and remarks from Fed officials highlight a relatively light week for economic data.

Tuesday: The U.S. trade deficit hit a fresh record this past January as consumers and businesses snapped up vehicles, energy supplies and other goods produced overseas. Strong demand is expected to keep the trade gap running at a high level for much of the year, though economists estimate that it narrowed in February as exports rose faster than imports during the month.

U.S. service-sector activity has been picking up as Covid-19 cases decline, pandemic-related restrictions fade and a strong labor market allows consumers to spend. The Institute for Supply Management's survey of purchasing managers at retailers, restaurants, insurance companies and other service providers is expected to show strengthening demand in March, tempered by tangled supply chains, rising prices and difficulty in hiring staff.

Wednesday: The Federal Reserve at its March 15-16 meeting raised interest rates for the first time since 2018 in an effort to slow inflation that is running at its highest levels in four decades. Minutes from the gathering could shed further light on internal debates over the pace of future increases, inflation pressures and potential economic fallout from Russia's attack on Ukraine. Remarks from Fed governor Lael Brainard on Tuesday and several regional leaders during the week will round out the latest thinking from policy makers.



Boeing employees wore masks last November in Renton, Wash. Boeing suspended vaccine requirements for U.S. employees last year.

Companies Ease Up Mandates

Continued from Page One
may return if there is another spike in cases, or a variant begins to spread that causes severe illness in the general population," the company said. "But this will only happen based on strict criteria or if mandated by state or local government authorities."

Some large U.S. companies, including Boeing Corp., suspended vaccine requirements for U.S. employees late last year in response to legal rulings on vaccine mandates. Others have allowed some unvaccinated workers to return, while maintaining broader vaccine policies.

United Airlines Holdings Inc. said in recent weeks it would allow back unvaccinated employees who got religious or medical exemptions from the company's Covid-19 vaccine mandate.

Many human-resources executives said they updated their company's protocols in response to a loosening of mask and vaccine mandates in U.S. cities, and after new guidance from the federal Centers for Disease Control and Prevention. The CDC in late February eased mask guidelines and changed the metrics it uses to assess risk.

At Verizon Communications Inc., the company loosened

mask policies at many of its sites following the CDC's recommendations.

Verizon told employees that those working in areas with a high level of community transmission, as defined by the CDC, would still be required to wear a mask regardless of vaccination status, while masks would be voluntary in medium or low areas.

The company also simplified a return-to-office questionnaire: Employees must certify that they aren't sick with Covid in what is now a one-question survey. Verizon's return-to-office tool will tell workers if they are required to wear a mask in a given location. The company's hybrid-work policy takes full effect this week, and employees working in U.S. corporate offices will be expected to come into offices on a schedule that they have set with their teams.

Nationally, offices are beginning to fill up once more. Offices in 10 major U.S. cities were, on average, 40% occupied in late March, near a pandemic-era peak, according to badge-swipe data from security company Kastle Systems.

Some workers said they remain vigilant about the pandemic and nervous about the lifting of safeguards, particularly as cases tick up.

Lance Lambert, a Los Angeles vice president of marketing for a company that makes equipment used in the cannabis industry, has been traveling internationally on business trips in recent months. During a trip to a conference in Barcelona last month, Mr. Lambert noticed

that the event appeared more crowded than before the pandemic. Some people he encountered had abandoned masks and appeared "over it," Mr. Lambert said, while Covid remained in the back of his mind during each interaction.

"Does he have any symptoms? Is he coughing? Does he look hot, sweaty?" Mr. Lambert said he thought when meeting people at the conference. "It is hard to take that away from your mind."

Many companies are also taking a wait-and-see approach, wanting to hold off on ratchet-

‘Does he have any symptoms? Is he coughing? Does he look hot, sweaty?’

ing up protocols again until more is known about any new uptick in cases. Minneapolis law firm Lockridge Grindal Nauen mandated last year that its 100-person staff get vaccinated, barring an exemption for medical or religious reasons, and nearly all employees also got booster shots. The firm reinstated a mask mandate in its office in December as cases surged but would likely wait for Minneapolis to restore an indoor mask mandate or for cases to dramatically increase before doing so again, said Susan E. Ellingstad, a partner at the firm.

"It would be different if we didn't have everyone vacci-

nated," Ms. Ellingstad said, adding she also plans to keep watching the city's positivity rate to adjust any policies, if needed.

Some employers said flexibility is key if executives hope to avoid the challenges of shifting policies during each stage of the pandemic. Software developer Atlassian Corp. is embracing a model it calls "team anywhere," allowing all staffers to do their jobs remotely. Annie Dean, a vice president at the company, said requiring employees back to offices a specific number of days invites problems, particularly if some employees remain anxious about the pandemic. Ms. Dean previously worked as the first-ever head of remote work at Facebook.

At companies that mandate returns, many HR executives must ask themselves questions with each successive Covid wave, such as: "What are we going to do about our vaccine policy? What are we going to do about our three-day in-office policy? How are we going to ask people to get back in the office—should we extend that another three months?" Ms. Dean said. "There's a lot of heartache and heartburn for companies."

—David Benoit
contributed to this article.

CORRECTIONS & AMPLIFICATIONS

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U.S. WATCH

FLORIDA

Jury Selection to Start In Death-Penalty Trial

Jury selection begins Monday for a trial over whether the gunman in the 2018 Parkland high-school massacre should be sentenced to death.

Nikolas Cruz pleaded guilty in October to murdering 17 people and the attempted murder of 17 others at Marjory Stoneman Douglas High School. Under Florida law, the 23-year-old now faces a separate jury trial to determine whether he is sentenced to death or given life in prison without the possibility of parole. Prosecutors plan to argue that the massacre was so heinous that Cruz deserves to be put to death, according to court filings.

On Valentine's Day 2018, Cruz sneaked into his former school with a bag containing a Smith & Wesson M&P 15—an AR-15 semiautomatic rifle—and hundreds of rounds of ammunition. He set off the fire alarm and opened fire as people walked out of their classrooms. He walked the halls, firing into classrooms until his rifle jammed and he fled. Police arrested him later.

Cruz's attorneys plan to argue that their client suffered from prenatal alcohol exposure, brain damage, suicidal thoughts and "cognitive deficits" and is therefore less morally culpable, according to court filings.

—Zusha Elinson

OBITUARY

Harris, George's Mom On 'Seinfeld,' Age 93

Estelle Harris, the longtime actress best known for playing the sharp-tongued mother of George Costanza on "Seinfeld," has died at 93 years old.

The New York-born performer died of natural causes in her Palm Desert, Calif., home on Sat-

urday evening, according to a family statement released by her agent.

"Her kindness, passion, sensitivity, humor, empathy and love were practically unrivaled, and she will be terribly missed by all those who knew her," her son Glen Harris said.

Along with her TV husband Frank Costanza, played by Jerry Stiller, Ms. Harris delivered some of the '90s sitcom's most memorable lines and moments. She embraced the role of a nagging Queens mother driven to distraction by her aimless son and eccentric husband.

During her decadeslong career, Ms. Harris appeared in many TV shows and movies and voiced numerous commercials. She also voiced Mrs. Potato Head in three "Toy Story" films.

—Ginger Adams Otis

WASHINGTON STATE

Accident on Docked Submarine Injures 2

Two U.S. Navy personnel suffered non-life-threatening injuries in an accident aboard a nuclear ballistic missile submarine docked at a maintenance facility at Puget Sound, the Navy said.

The accident on the USS Louisiana occurred during rapid decompression of a forward compartment during a routine air test on Saturday, according to a statement by the Puget Sound Naval Shipyard & Intermediate Maintenance Facility.

The rush of air dislodged scaffolding and other equipment and created a boom, the statement said.

Two people were treated and released at a local medical facility, the Navy said. Medical personnel evaluated five others who didn't require treatment. The cause of the accident was under investigation, the statement said, adding that the submarine's nuclear propulsion area wasn't affected.

—Associated Press

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U.S. NEWS

Cities Pursue Permanent Outdoor Dining

Option has saved some restaurants, but tough decisions await and some neighbors object

By JOSEPH DE AVILA
AND CAMILLE FURST

Cities across the U.S. are grappling with the messy details necessary to make permanent outdoor-dining sheds, igloos and patios that helped restaurants stay afloat during the height of the pandemic.

Seattle, Denver, Atlanta and Los Angeles are in the process of developing plans to make their expanded outdoor-dining programs permanent. These programs were often set up to be temporary and allowed restaurants to apply for permits that gave them permission to use parking spaces and sidewalks for dining space. New York City officials are fighting a legal challenge seeking to block its outdoor-dining program.

New Orleans will begin reviewing plans this month for a permanent outdoor-dining scene. Adjustments made during the pandemic have led restaurant owners in the tourism-dependent city to rethink their priorities, said Jeff Schwartz, economic development director for New Orleans.

"Giving businesses an option of thinking about whether

they prefer parking or tables, I think is a question that we haven't asked before," Mr. Schwartz said.

So far, 40 businesses in New Orleans are participating in the program, which allows restaurants to set up dining space in public parking spots. The city expects more to join once the program becomes permanent, he said.

Expanded outdoor dining on sidewalks and on parking spaces, a novelty at the beginning of the pandemic, has become a vital source of income for many restaurants over the past two years. In Los Angeles, a survey of restaurants with curbside dining areas found that 81% said they would have permanently closed without the outdoor modifications, according to city officials.

But making those programs permanent can be tricky for city officials with limited funds to ensure outdoor dining is safe, clean and accommodating for people with disabilities. They also have to navigate the concerns of neighbors and other businesses and balance that with the desires of the restaurants.

The process can be fraught. In New York City, a coalition of residents sued to block the city from making its outdoor-dining program permanent, which currently has over 12,000 establishments participating. They said many of the



Outdoor dining in New York City's Brooklyn borough. Some residents sued to prevent a permanent outdoor-dining program in the city.

dining sheds that dot their neighborhoods have become eyesores and magnets for rodents, while patrons noisily eat dinner and drink in the street.

"There's more rats, trash, noise, crowds," said Diem Boyd, a resident of the Lower East Side of Manhattan and one of the people suing to stop the outdoor-dining program. "That's the reality of the situation."

For many New York City restaurants, the program has been a lifeline. Alfredo Angueira operates a bar, beer garden and speakeasy in the Bronx. Those three businesses were "barely able to hang on"

in the early months of the pandemic, he said.

Then, he said, he invested a couple thousand dollars in outdoor-dining structures. "To say it saved us...that is not hyperbole," Mr. Angueira said.

Outdoor dining also offers a safer option for diners when Covid-19 infections rates surge. New York City health officials on Friday again recommended that people wear masks in indoor settings, as Covid-19 cases have begun to rebound.

In Portland, Ore., more than 1,000 businesses are participating in the city's outdoor-dining program. So far, restaurants haven't had to pay for outdoor-dining permits, a pol-

icy that is set to end Aug. 31.

The city will then begin charging restaurants participating in the program, said Dylan Rivera, a spokesman for the Portland Bureau of Transportation, which oversees the program.

The fees will pay to staff teams of engineers to design standards for outdoor spaces, ensuring they have appropriate access for people with disabilities, don't block visibility at intersections and include other safety measures, Mr. Rivera said.

High permit fees for outdoor dining, however, could alienate some businesses. There was an outcry from res-

taurateurs in Boston's North End neighborhood over the \$7,500 fee they are being asked to pay for 2022.

The permit would pay for mitigation measures, such as increased trash cleanup and rodent control caused by outdoor dining, city officials said.

Mayor Michelle Wu said late last month that North End restaurants could pay a monthly fee of \$1,500 that would stretch over the course of five months, giving more flexibility to restaurants that can't pay \$7,500 upfront. About 80 North End restaurants participated in the program last year, according to city officials.

Amazon Vote Bolsters Union Push

By DAVID HARRISON

The union victory at an Amazon.com Inc. warehouse in New York City is the latest example of renewed interest in labor activism among U.S. workers. It could prompt workers at other Amazon facilities and elsewhere to follow suit, efforts that organizers hope will reverse a long decline in union membership.

The Covid-19 pandemic brought attention to the critical role that workers such as warehouse employees, cashiers and drivers play in the functioning of the U.S. economy, often for relatively low pay. At the same time, labor shortages have meant that many workers are in a better position to bargain for increased pay and benefits.

That has prompted employees in lower-paid service jobs, who haven't been heavily unionized in the past, to take action. Since last year, workers at roughly 150 Starbucks Corp. stores have petitioned to hold union votes, and several have voted to unionize. Workers at a Recreational Equipment Inc., or REI, store in Manhattan voted to unionize in March.

Manufacturing workers at Kellogg Co., Deere & Co. and Volvo went on strike last year for higher pay. Nurses and other healthcare workers have held protests or quit their jobs, saying the demands of the pandemic have made their jobs unsustainable. Elsewhere, restaurant workers, teachers, university instructors, grocery workers and others have staged walkouts and strikes.

Amazon experienced bouts of labor unrest even before last week's election. Workers at two distribution centers in Illinois walked off the job in December, as have workers in the past at sites that include facilities in Minneapolis and New York.

A separate union election at an Amazon warehouse in Alabama was close enough Thurs-



Amazon workers on Staten Island, N.Y. Organizers hope to reverse a long decline in union membership.

day to require a hearing by the National Labor Relations Board. Workers at another New York City Amazon warehouse are set to vote on a union later this month.

"In many industries we saw people say, 'OK, I'm going to quit,' but low-wage workers, warehouse workers don't have that option," prompting them to organize, said Kate Bronfenbrenner, a senior lecturer at Cornell University.

A Gallup survey last year found that 68% of Americans approved of labor unions, more than at any other time since 1965.

President Biden has made no secret of his support for labor unions, saying he wants to be known as the "most pro-union president" in history. The Labor Department has made regulatory moves seen as beneficial to unions.

So far, however, these efforts haven't shown up in union-membership data.

Roughly 6.1% of private-sector workers were union members last year, down from 6.3% in 2020 and 16.8% in 1983, according to the Labor Department. Labor Department data show there were 16 strikes involving at least 1,000 people in 2021, roughly on par with the average for recent years.

Glenn Spencer, senior vice president at the U.S. Chamber of Commerce, said it was too early to say whether the recent interest in labor unions would have a long-term effect.

"There's been a lot of hype around it, but I don't know that this is an indicator that there's this large number of workers suddenly interested in unions this year," he said.

The long-term decline in union membership partly reflects slower employment growth in industries that have traditionally been heavily unionized, such as manufacturing or construction. Companies have also opened more plants

in Southern states where unions are rare.

Ms. Bronfenbrenner said the union victory at the Amazon warehouse in New York City's Staten Island is an indication that union campaigns can be successful, even against the country's second-largest private employer.

Labor experts said it was significant that the campaign to unionize Amazon's Staten Island warehouse was run by an independent group of local workers, rather than national union officials. That could prompt the country's unions to work more closely with local communities, said Tamara Lee, a professor at Rutgers University School of Management and Labor Relations.

"I think this is a moment where the labor movement is expanding in terms of what social justice means to them and their members, and that's going to change the strategy and how they organize," she said.

Deal Reached to Boost Hydroelectric Projects

By JENNIFER HILLER

After years of fighting, Native American tribes, environmentalists and the hydroelectric power industry say they have reached a deal on a proposed legislative package that could boost clean energy as well as river conservation.

The compromise deal, which would require approval from Congress, is the result of four years of talks between groups that have long been courtroom and policy adversaries because of disagreements involving vanishing fish populations and changes to river ecosystems. Concerns over climate change have helped them find common ground to potentially expand hydroelectric power, a carbon-free energy source, they said.

The deal seeks to grant approvals to add hydroelectric power to some existing dams in as little as two years, while speeding the approval of off-river pumped-storage projects, which store surplus energy for later use, in as little as three years. Another key component would give tribes, instead of the Department of the Interior, authority on the conditions put on permits for things like the protection of tribal cultural resources or fish passage.

Groups supporting the package include the National Hydropower Association, American Rivers, the Skokomish Tribe, Upper Skagit Indian Tribe and the Union of Concerned Scientists.

"Our respective constituencies have battled each other to a draw for generations," said Malcolm Woolf, the National Hydropower Association's chief executive.

The change would further tribal self-determination, said David Hawkins, general counsel for the Upper Skagit tribe.

The groups plan to send the package on Monday to House and Senate lawmakers and the White House. During a Senate committee hearing in January on how to add hydropower at nonpowered dams, increase pumped storage and maintain existing hydropower, the groups had promised to negotiate and return to lawmakers with a proposal.

Hydroelectric power makes up about 7% of the U.S. electricity mix. Around 281 hydro-generating facilities, making up roughly one-third of non-federally owned generation, are up for re-licensing by 2030. The re-licensing process usually takes more than seven years and new projects take almost as long, a regulatory environment that has been likened to nuclear power approvals.

Republican Sen. John Barrasso of Wyoming, ranking

The accord, which needs congressional approval, is the result of four years of talks.

member of the Senate Energy and Natural Resources Committee, called the current permitting process for hydro-power "a wasteful disaster" because of its yearslong timelines. "I look forward to seeing the agreement various stakeholders have reached," he said Friday.

The proposal would amend the Federal Power Act, first passed in 1920. New Jersey Democratic Rep. Frank Joseph Pallone Jr., chairman of the House Energy and Commerce Committee, said the groups had made an "unprecedented collaborative effort" to modernize hydropower licensing.

Six Killed in Sacramento, Suspects Sought

By GINGER ADAMS OTIS
AND ALICIA A. CALDWELL

Multiple suspects were being sought in a mass shooting that left six people dead and at least 12 wounded early Sunday outside a stretch of bars and nightclubs in downtown Sacramento, Calif., police said.

Police Chief Kathy Lester said among the dead were three men and three women. All of those killed or wounded were adults, she said.

Chief Lester said authorities haven't determined a motive,

but are investigating a possible connection to a large fight in the area before the shooting.

"This senseless epidemic of gun violence must be addressed," Sacramento Mayor Durrell Steinberg said.

A stolen handgun was recovered and police have received videos recorded at and around the scene. A police surveillance camera also captured some of the shooting, the chief said Sunday afternoon.

Police said earlier in the day on Twitter that officials were aware of a video that appears

to show an altercation that preceded the shooting and asked witnesses to upload any similar video or images to a department website.

The shooting occurred around 2 a.m. local time, between 9th and 13th streets and L and J streets, an area filled with bars and restaurants and the Golden 1 Center, home of the National Basketball Association's Sacramento Kings.

Sacramento police said earlier Sunday that much of the police activity was centered around 10th and K streets. On Sunday

afternoon, authorities were still working to remove the bodies of some of those killed overnight.

"This is a really complex and complicated scene," Chief Lester said. "And there is a process and what we want to do is make sure that this investigation is completed thoroughly and accurately, because we want to see the perpetrators of this crime brought to justice."

Four of the wounded victims were treated at UC Davis Medical Center in Sacramento, the facility said. The remaining victims were treated at other hospitals.



Investigators searched for evidence at the site of Sunday's shooting.

U.S. NEWS

Court Vote Reflects Senate Split

Meager GOP support for Judge Jackson's confirmation furthers a partisan trend

By LINDSAY WISE

WASHINGTON—The Senate is poised to confirm Judge Ketanji Brown Jackson this week, in a historic vote that will elevate the first Black woman to the Supreme Court but also highlight just how partisan high-court nominations have become in recent years.

Monday morning, the Senate Judiciary Committee is expected to deadlock on Judge Jackson's nomination, with all 11 Democrats voting in favor and all 11 Republicans voting no. Later that day, Democrats are set to hold a vote on the floor to bring her nomination before the full Senate, despite the committee tie. A final confirmation vote, at a simple majority threshold in the Senate, could come as early as Thursday.

All 50 senators who caucus with the Democrats are expected to support Judge Jackson, joined by at least one Republican, Sen. Susan Collins of Maine. Judge Jackson would succeed retiring Justice Stephen Breyer, and her expected confirmation won't change the 6-3 conservative-liberal balance of the court.

The meager Republican support for Judge Jackson continues a trend of declining bipartisan support for nominees over the past two decades. During Donald Trump's presidency, only a handful of Democrats supported any of his three high-court nominees, following a series of contentious hearings. Lawmakers now question whether future picks could be confirmed if the Senate is held by a different party than the president.

Some Republicans who oppose Judge Jackson cite her sentencing record and her work



Judge Ketanji Brown Jackson is expected to be confirmed in a vote that would elevate the first Black woman to the high court.

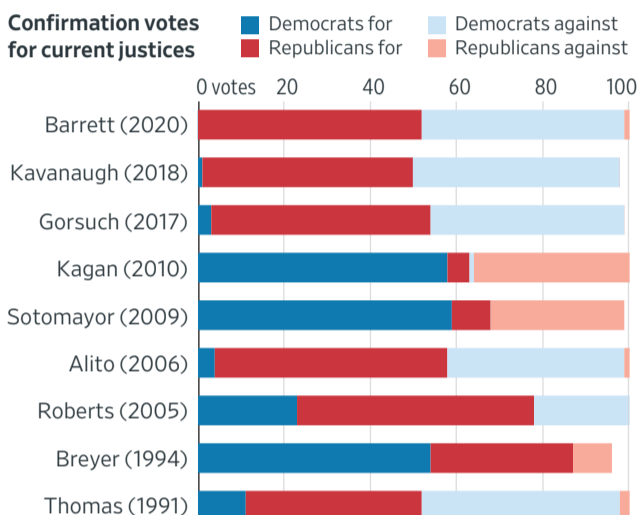
defending Guantanamo Bay detainees as disqualifying. Others, including Sen. Ben Sasse of Nebraska, had high praise for her but said disagreements with her judicial philosophy prevented them from supporting her. Some have yet to announce their stance.

After meeting with Judge Jackson last week, Sen. Kevin Cramer (R., N.D.) called her "intellectually, academically, and experientially qualified." But he said in an interview Thursday that pressures from constituents and outside groups force senators to weigh a Supreme Court nominee's ideology heavily. He hasn't announced how he will vote.

The Senate may have entered an era "where the only way to confirm a Supreme Court nominee is the party of the president has to be in control of the Senate," Mr. Cramer said. "And I'm pretty certain that the founders didn't have that in mind."

In an interview, Ms. Collins

Recent Supreme Court nominees have drawn little backing from the opposition party in the Senate.



Note: Democratic totals include independents who caucused with the party. Source: U.S. Senate, GovTrack

said recent confirmations show the process is broken. She said the reason, in part, is that senators of both parties have moved away from their consti-

tutional assignment to evaluate a nominee's experience and qualifications. Instead, they want the nominee's ideology to mirror their own beliefs.

Lawmakers Aim to Get \$10 Billion Covid Deal

By NATALIE ANDREWS AND SABRINA SIDDIQUI

WASHINGTON—Senators are looking to close a deal this week to reappropriate roughly \$10 billion to pay for Covid-19 treatments and vaccines, with lawmakers saying they need to act quickly ahead of a possible resurgence of the pandemic.

A bipartisan group of senators has sought to give the Biden administration some of what it has requested to address future variants of Covid-19 and secure a domestic supply of tests, vaccines and treatments in coming months, as well as send vaccines abroad. Negotiators are looking at pandemic-related funds that Congress has previously passed that remain unspent, after Republicans resisted new outlays and many Democrats rejected a previous deal involving \$15.6 billion in repurposed funding. In the current round of talks, instead of looking at money originally allocated to states and localities, lawmakers are looking at other Covid relief dollars.

Utah Sen. Mitt Romney, the leading Republican in the discussions, told reporters Thursday that there was an "agreement in principle," but that he wanted a score from the Congressional Budget Office before the procedural vote. With details unsettled, Democratic leaders delayed a vote Thursday after failing to get enough Republican support to clear procedural hurdles.

Top U.S. health officials are closely monitoring the Omicron BA.2 variant, which has triggered a surge in cases in parts of Europe and Asia and now represents more than half of new Covid cases in the U.S. Mr. Biden warned that without more federal dollars, another wave could lead to testing shortages similar to those experienced during the winter's Omicron wave.

"The prospect of not being prepared is scary, and Democrats, Republicans need to be able to unite in making sure we are prepared," Senate Majority Leader Chuck Schumer (D., N.Y.) said on the Senate floor.

The White House initially requested \$22.5 billion to support the administration's pandemic response, but Republicans balked at spending more money on pandemic relief, pointing to unused money after Congress approved trillions of dollars in aid since early 2020. Mr. Romney has been working with Mr. Schumer and other senators to find a smaller package that could pass the Senate.

Under any deal, 10 Republicans would have to unite with all Democrats for the bill to advance in the 50-50 Senate. A handful of House lawmakers watching negotiations signaled they wouldn't support a pact if it didn't have significant funding to send vaccines to poorer nations world-wide. Congressional aides said the Senate deal might have just over \$1 billion for the global distribution of vaccines.

Trump Agenda, if Not Trump, Unites GOP

By NATALIE ANDREWS AND ELIZA COLLINS

PONTE VEDRA BEACH, Fla.—Republicans heading into the heart of the midterm primary season have disagreements over Donald Trump's future in the party. But they say they are largely united behind his populist domestic agenda in fighting to win back control of Congress.

Interviews with about two dozen lawmakers show a party still grappling with how much wiggle room lawmakers have in their relationship with Mr. Trump and his politically polarizing persona. At the same time, most are embracing his record on such issues as immigration and energy policy, as they draw a contrast with President Biden and his fellow Democrats, who control the House and Senate.

Sen. Roger Marshall (R., Kan.) sees a comparison between Mr. Trump and Elvis Presley. "I don't know what President Trump's future holds, but I think the rock 'n' roll music's still playing," he said.

To win the presidency in 2016, Mr. Trump pulled in blue-collar voters who had previously picked Democratic candidates or sat out elections. Republicans say they want to keep those voters in the fold, even without Mr. Trump at the helm.

House Minority Leader Kevin McCarthy (R., Calif.) said that the former president could be most helpful by comparing his policy agenda with President Biden's.

"Just look at the policy differences between him and Biden where we were on an energy level, where we were internationally, where we were economically," said Mr. McCarthy in a recent interview. "The more that he focuses on the differences in policy, I think he could be a great deal of help to people in the next election. He still has a megaphone."

Mr. McCarthy has remained in close contact with the former president.

Mr. Trump backed tougher border enforcement, embraced expanded fossil-fuel energy production in the U.S. and

passed broad tax cuts, among other policy moves. He also presided over a fast-growing economy that lifted jobs and wages, before being derailed by the Covid-19 pandemic, which opponents said he mishandled.

Mr. Trump's foreign-policy legacy within the party is more mixed, particularly in the midst of the Russian invasion

Lawmakers have criticized Mr. Trump over comments about Russia's war.

of Ukraine. Republican lawmakers have criticized Mr. Trump over comments about the war, including when he praised some of Russian President Vladimir Putin's initial tactics as "genius."

Across the Capitol, Senate Minority Leader Mitch McConnell is emphasizing candidates' electability—not Trumpism—to take back control of the 50-50

chamber. He has had a strained relationship with Mr. Trump, and they haven't talked since December 2020.

"How you feel about former President Trump is irrelevant," Mr. McConnell said at a Punchbowl News event, calling such a standard for candidates an "illogical litmus test."

An NBC News poll taken last month found that 40% of Republican respondents considered themselves to be more supporters of Mr. Trump, while 53% considered themselves to be more supporters of the party. When he was in the White House, polling consistently found more Republicans saying they backed Mr. Trump than the party.

Mr. McConnell and some other Republicans have complained about Mr. Trump's continued fixation on the 2020 election. The former president still uses his rallies and frequent statements to falsely claim that widespread voter fraud cost him the presidency, and he has criticized Republicans who say Mr. Biden won.

Mr. McConnell is backing

the re-election effort of Sen. Lisa Murkowski (R., Alaska), who voted to convict Mr. Trump in his second impeachment trial.

Mr. McConnell attempted to recruit several Republicans who have been critical of or have broken with the former president, including Arizona Gov. Doug Ducey, to run for Senate.

Others Republicans warned that loyalty to Mr. Trump—not just his policies—remains essential to winning elections.

"Most candidates, to a person actually, who run and win today are supportive of President Trump, and I think that shows where the electorate is but also where our candidates are," said House Republican Conference Chair Elise Stefanik (R., N.Y.) in an interview.

Ms. Stefanik replaced Rep. Liz Cheney as conference chair after the Wyoming Republican voted to impeach Mr. Trump and continued to criticize him over the Jan. 6, 2021, riot at the Capitol by his supporters trying to stop the certification of Mr. Biden's election win.

CEO Pay Approaches A Record

Continued from Page One dian employee. Half the companies said pay for their median worker increased by 3.1% or less in 2021, and at one-third of companies, median employee pay declined year over year—broadly similar to prepandemic rates of change.

CEOs at about half the companies were paid at least 186 times what their median worker made in 2021, according to the Journal analysis. That is up from 166 times in the year before the pandemic and 156 times in 2018.

The Securities and Exchange Commission requires companies to disclose how much their typical worker makes and how it compares with their CEO's compensation. The disclosure was mandated by the 2010 Dodd-Frank Act in the wake of the financial crisis.

At some large companies,

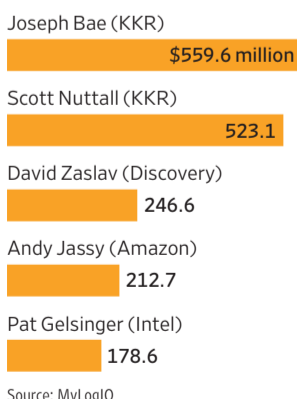
board compensation committees have expanded their scope beyond executive pay to that of the workforce generally, said Caitlin McSherry, director of investment stewardship at Neuberger Berman, which manages more than \$460 billion. At the same time, investors have few tools to understand how companies pay workers.

"It all comes back to thinking about the workforce in totality," Ms. McSherry said. "There aren't too many disclosures out there that provide insight into workforce pay."

Companies said the pay ratio offers little meaningful insight in part because businesses have a range of operational structures. Outsourcing low-wage work, for instance, can lift employee median pay and make a company's ratio lower. In addition, the SEC disclosure rule gives companies wide leeway in identifying median workers, making comparisons among companies more difficult. Executive pay also can be highly variable, with some companies making multiyear grants, leading to periodic surges in the pay ratio.

The widening gap between CEO pay and median worker pay comes amid a tight U.S. la-

2021 pay for select public-company CEOs



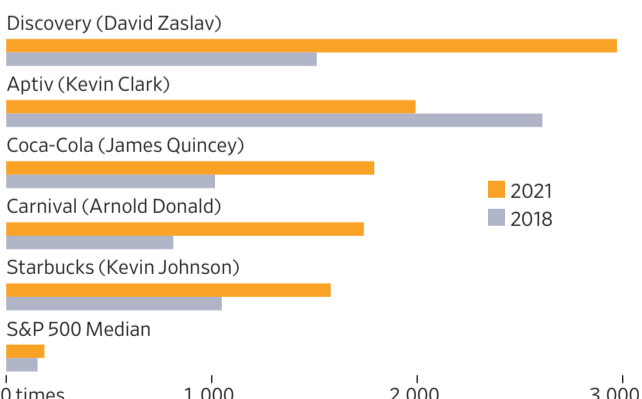
Source: MyLogIQ

bor market, thrown askew as millions of people dropped out of the workforce during the pandemic. Executives at airlines, manufacturers, retailers and restaurants alike have talked about the struggles of finding and hiring enough workers in the U.S.

U.S. average hourly wages rose by about 4.9% for all workers in 2021, according to the Labor Department.

The CEO compensation figures are reported by companies and include the value of stock awards at the time of grant, along with salary, cash bonuses,

CEO pay compared with the median employee's pay, for select S&P 500 firms



perks and some retirement-benefit increases. Equity awards, the value of which can rise or fall significantly after grant, accounted for the bulk of pay for the highest-paid CEOs in the Journal's analysis. These awards typically vest, or become fully the executive's, over several years and can be tied to performance targets.

Discovery Inc.'s David Zaslav, at nearly \$247 million, had the highest 2021 pay disclosed so far among the S&P 500 CEOs who served the full year. Mr. Zaslav's pay was nearly 3,000 times the \$82,964 that the

company reported paying its median worker last year, up from a multiple of 1,511 in 2018.

Discovery said that much of Mr. Zaslav's 2021 pay consists of stock-option awards tied to a contract signed last year, and his pay excluding one-time awards would be 527 times the median worker's. The media company's share price would have to rise significantly for the options to be in the money.

The second-highest paid CEO so far in the S&P 500 was Amazon.com Inc.'s Andy Jassy, who was awarded compensation valued at nearly \$213 million,

nearly all in restricted stock. That was nearly 6,500 times the median Amazon worker.

Mr. Jassy took over in July 2021 and won't feature in the full rankings because he was CEO less than a full year.

Most of Mr. Jassy's equity won't vest for at least five years, and the award is structured to give him about the same number of shares each year, valued at \$33 million to \$35 million at recent share prices, after 2023, Amazon said. An Amazon spokesman called the award competitive with that of CEOs at other large companies.

As in recent years, some of the highest-paid CEOs of public companies weren't running businesses in the S&P 500.

Private-equity giant KKR & Co. reported paying co-CEOs Joseph Bae and Scott Nuttall compensation valued at \$559.6 million and \$523.1 million, respectively. The men took over last fall from company co-founders Henry Kravis and George Roberts.

"The vast majority of the compensation is performance-based stock that will have to more than double in value for the stock awards to fully vest," a KKR spokeswoman said.



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WORLD NEWS

Hungary's Orban Declares Election Win

Conservative leader's victory is likely to dim chances for more sanctions on Moscow

BY DREW HINSHAW
AND IAN LOVETT

BUDAPEST—Hungarian Prime Minister Viktor Orban, the closest thing Russian President Vladimir Putin has to a friend in the club of European Union leaders, won a fifth term in power Sunday in an election that became a referendum on his promise to block support for Ukraine in its war with Russia.

With 90% of the vote processed, Mr. Orban had won a majority of the votes, according to official results, and the coalition led by his nationalist Fidesz party was on track to win 135 of 199 seats in parliament.

His opponent, a staunchly conservative small-town mayor, Peter Marki-Zay, failed to win even his own district.



Prime Minister Viktor Orban said he had won 'a huge victory.'

Mr. Orban's victory gives him four more years in power and sets up some enormous fights for Europe. Even as Western leaders expressed shock on Sunday over alleged war crimes committed by Russian troops outside Kyiv, the Hungarian victory was likely to exacerbate

disagreements in the Western alliance over how much voters should be asked to sacrifice for Ukraine—and will help dim the chances for further sanctions, especially on energy.

The legitimacy of Mr. Orban's re-election itself hung in the balance on Sunday, with

election monitors from the Organization for Security and Cooperation in Europe saying they would discuss their findings on Monday. The intergovernmental security group took the rare step of dispatching 316 observers on Sunday. It found the last election, in 2018, free but not fair, citing restricted media freedoms and state funding for Mr. Orban's ruling party.

In Brussels, the EU has been weighing whether to cut funding for Hungary, with European lawmakers arguing that Mr. Orban has used his majority in parliament to rewrite election laws, redraw voting districts, and permit mail-in ballots without identity verification from communities that favor him.

Mr. Orban, who has governed Hungary for half of its postcommunist history, said Sunday that he relished the fight ahead.

"We won a huge victory," he said. "A victory so big that it can be seen even from the moon, but it can surely be

seen from Brussels."

A small cadre of deflated opposition supporters stood in the cold to hear their candidate contend that the election wasn't fair. "We do not contest their victory but we do contest that the elections were free and democratic," said Mr. Marki-Zay.

The question for the U.S.-led NATO alliance, which includes Hungary, is whether Mr. Orban, the EU's longest-serving head of government, is an outlier or a sign of dissent to come.

Across Europe, national leaders have rallied together after Russia's Feb. 24 invasion by pledging to arm Ukraine's outgunned defenders, tighten the screws of sanctions on Moscow, and dial back the continent's dependency on Russian natural gas.

But Mr. Orban promised to resist all of those measures, centering his re-election bid on a promise to keep Hungary out of the fray—and powered by affordable Russian gas. His

campaign warned that a defeat for Mr. Orban would drag the country into the war.

Mr. Orban's campaign put him at odds not only with the majority of governments in the West, but also with Ukrainian President Volodymyr Zelensky—who compared Mr. Orban's hesitation to help Ukraine with the world's inaction during the mass murder of Jews by Hungarian fascists during World War II.

At home, however, Mr. Orban's message found an audience. A survey conducted last week found that nearly half his voters consider Russia's invasion of Ukraine legitimate.

"Control of the media clearly works," said Dalibor Rohac, a resident scholar at the American Enterprise Institute. "Especially juxtaposed with Russian war crimes, Orban's Hungary is becoming a real sore on the EU and the trans-Atlantic alliance, especially if it plays a role in derailing more forceful action against Moscow."

Massacre Reported In Ukraine

Continued from Page One

Iodmyr Zelensky of Ukraine said in an interview that aired Sunday on CBS. "As the father of two children and as a president, I think that these people, if they are put behind bars, this is one too little for what they have done."

Accounts of purported Russian atrocities set off an outcry from Western governments and added to the persistent pressure on the Biden administration and European allies to do more to tighten sanctions on Russia and step up weapons transfers for Ukraine. The reports could make it harder for some countries to justify continuing to purchase oil and natural gas from Russia and complicate the peace talks currently under way between Kyiv and Moscow.

Bucha's mayor on Sunday put the number of bodies buried in the mass graves at 118. On Saturday, Agence France-Presse had reported that the municipality said the number of casualties was more than 280.

"The amount of graves in courtyards, streets, parks and squares, we'll calculate in the morning more accurately," Mayor Anatoliy Fedoruk said. "The word 'crime' we've been hearing lately is too mild a description of what happened here."

Ukraine's prosecutor-general's office said Sunday that 410 bodies of civilians had

been removed from the areas of the Kyiv region that had been retaken in recent days, and some 140 had been examined by forensic experts.

The Russian Defense Ministry dismissed the reports about Bucha, calling them "another provocation" by the Ukrainian side. Moscow said no local residents suffered from violence while Bucha was under Russian control.

Ukraine's Defense Ministry compared the emerging evidence of mass killings in Bucha and other areas near Kyiv that the Russian military occupied for more than five weeks to the 1995 Srebrenica massacre, in which Serb troops slaughtered more than 8,000 Bosnian Muslims.

"There needs to be accountability," U.S. Secretary of State Antony Blinken said on CNN Sunday. Mr. Blinken and European leaders said their governments would assist in gathering evidence for investigations into potential war crimes by Russia.

Under international law, warring parties can be prosecuted for intentionally killing civilians and prisoners of war, destroying private property or engaging in torture, sexual violence, looting or other banned acts.

Russian forces arrived in Bucha and other suburbs of Kyiv in the first days of the war that began Feb. 24, attempting a lightning attack on the Ukrainian capital. They got bogged down in fierce fighting with Ukrainian defenders.

After counterattacks disrupted their supply lines and threatened encirclement, Russian forces abandoned the region as part of a new strategy to refocus on eastern Ukraine.



Ukrainians collected bodies of slain civilians throughout Bucha on Sunday. Shells of Russian armored vehicles line the streets.

On Saturday, Ukrainian soldiers raised the country's flag once again atop Bucha's City Hall, weary yet reveling in Russia's withdrawal. "The city is completely ours," said Andrei Verlaty, a deputy commander of Bucha's territorial defense brigade. "But it's still not completely safe." Retreating Russian troops had booby-trapped the building with trip-wired grenades, he said.

Shattered Russian tanks and armored vehicles, their metal orange from exposure and heat, littered the southwesterly approach to Bucha. Evidence of fighting was visible on the streets. Bullets had sprayed a red Renault that carried the white flag of truce on its antenna. The walls of a large warehouse were caved in, and cars were flattened like soda cans, crushed by tanks. The Garden Center mall was a charred husk.

On Bucha's west side, a man waved down Ukrainian troops in a minivan who followed him to a metal garage that was burned and smoldering. Inside among piles of ash lay half a woman's body, its torso carbonized. The man said the woman had taken refuge in her garage during the Russian occupation.

Vasily Shcherbakov, a Ukrainian unit commander in Bucha, said some 20 bodies of local civilians had been left near a glass factory in town. Russian troops had forbidden townspeople from laying these bodies to rest, he said. "Then they mined the corpses," he said, referring to booby traps. "This is a new one." He said he had lost count of the dead.

A truck towing a wagon stacked with bodies drove past a leg lying on the grass by the road, its foot wearing a black leather boot. A matching leg and boot lay 20 yards away. Further on was a torso and head. "The dogs have been eating them," a Ukrainian soldier said.

"We've found bodies stuffed down manholes," said a soldier standing by a shattered store called Happy Life. "They'd throw in a grenade."

Two Ukrainian soldiers said Russian forces had required townspeople to stay indoors, fearful they would run off to Irpin, south across the Bucha River, to share Russian posi-



tions. In that direction, scattered along Yablunska Street, four men were killed.

A bag of potatoes lay near the body of one man. Another man, with a goatee, had been riding a green bike, and his feet remained tangled in it. He'd lost his eyes to animals.

Military trucks swung onto the street Sunday afternoon, and Vitali Klitschko, the mayor of Kyiv, emerged from one of them, joined by his brother, Wladimir. The two former boxing heavyweight champions marched down the road with a phalanx of armed men, bearing witness to the crime.

"This will never stop as long as Putin is in charge," Wladimir said, his eyes reddening.

A man in a brown corduroy coat led the way to a discovery he had made in a below-ground pit at an auto-body shop. Supine on its stairs was a man in a white-gray striped sweater, his jaw hung open in a show of surprise. The front third of his skull and brain was no longer there. The man's right hand lay on the handbag that rested on his belly, as though he remained careful of its contents. On his hip, a bullet casing.

Locals gathered in the street to tell what they had seen and heard during Bucha's occupation. "Valentina Ivanovna was shot near that house," said an elderly woman, indicating an apartment stack. Neighbors pushed close and said they had heard Russians shooting, mostly at

night when they hid in their homes.

Others said Russian troops worked from a base at 144 Yablunska St., where killings happened at night.

"There are six dead people in my yard," a woman said. "They were buried because we were not allowed to take them somewhere."

Onto a rise past a grassy basketball court, a row of bodies was visible in a hole in the ground through a slit in a concrete carapace, eight or nine torsos wrapped in plastic.

Bodies are found in pits, near a factory, and on the sides of roads.

A man looking on said that he and others had found a woman dead behind her bullet-riddled apartment door.

Down the road from City Hall, behind St. Andrew's Church, a hole held a pile of bodies, thrown any which way. From the dirt tossed upon them appeared an elbow, a knee, the sole of a running shoe. One body was wrapped in a plastic shopping bag, white with red stripes.

In one recently retaken village near Kyiv, authorities found the body of a Ukrainian photojournalist who went missing while working there nearly three weeks ago. Mak-

sym Levin died after being shot twice by Russian forces, according to a statement from Ukraine's prosecutor general. Another photographer who was with him remains missing.

In Motyzhyn, another village near Kyiv, Ukrainian authorities said they found the bodies of the village head, Olha Sukhenko, her husband and her son, who were detained by Russian troops on March 23.

The incident is one of 2,500 that Ukraine's prosecutor general is using to build against Russian authorities for possible war crimes. The prosecutor has already identified 205 suspects, including members of the Russian military and political leadership.

Mr. Fedoruk, Bucha's mayor, said Sunday that his office was working with Ukrainian law enforcement to catalog what had happened there. "It is already possible to properly qualify the atrocities committed by the Russian military," he said.

In its report released Sunday, Human Rights Watch said it had documented several other instances of war crimes by the Russian military in occupied areas of the Chernihiv, Kharkiv and Kyiv regions between Feb. 27 and March 14. These included evidence of repeated rape and the summary execution of six men, as well as looting of civilian property, including food, clothing and firewood, the group said.

—Mauro Orru and Isabel Coles contributed to this article.

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WORLD NEWS

Global Tourism Recovery Hit By Ukraine War, China's Covid

By JON EMONT

The war in Ukraine is hitting global tourism just as the industry tries to recover from a two-year battering during the Covid-19 pandemic.

Western sanctions and corporate actions meant Russian credit cards didn't work, sending tourists scrambling for cash to pay restaurant and hotel bills. As the ruble crashed, Russian vacationers invited friends to share their luxury villas and split costs. Many cut their trips short to avoid being stranded when Aeroflot, Russia's largest airline, suspended nearly all international flights in early March. Those with hotel reservations canceled.

In January and February, Thailand welcomed more visitors from Russia than from any other country. It was a boon for its tourism industry, which has struggled to get back on its feet. Covid-19 restrictions in China—far and away Thailand's top source of visitors before the pandemic—kept Chinese travelers from its temples and beach resorts.

The revival was already slowed by uneven travel barriers in Asia, including Japan and, most prominently, China, which prepandemic accounted for 17% of the world's international tourism expenditure, twice that of the U.S.

Now, sun-soaked Mediterranean countries such as Turkey, Cyprus and Egypt that catered to Russia's middle class, as well as Russian favorites in Asia including Thailand and Vietnam, expect little business from the country this year.

The impact goes beyond these destinations. The war has driven up oil prices, making travel everywhere more expensive. Because Western

planes are banned from Russian airspace, some trips are taking much longer. A Finnish airline has revived a Cold War route to Japan that goes over the North Pole, adding three hours to the journey from Helsinki. Air tickets for international trips to Europe declined 7% in the two weeks ended March 9, compared with the two weeks prior, according to data from travel consulting firm ForwardKeys. It excluded Russia, Ukraine and Belarus from the analysis, suggesting

foreign travelers are more hesitant about visiting Europe.

The war "is a significant blow to a still slow and uneven recovery," said Sandra Carvao, director of market intelligence and competitiveness at the United Nations World Tourism Organization.

Before the pandemic, Russians took 45 million trips abroad each year, shopping for jewelry and coats in Cyprus boutiques and lounging with beers on Vietnamese beaches. Many countries prized Russian

tourists because they tend to travel for long stints.

In the Maldives, Russians made up 16% of arrivals in the first two months of 2022, more than any other country, and triple the Russian share in 2019. In February, three direct flights brought around 700 Russian tourists daily. The war has knocked that down to about 300, official data show.

"Tourism wants a healthy world, a peaceful world," Abdulla Mausoom, the archipelago's tourism minister, said.



Russian tourists in Phuket, Thailand. In January and February, Thailand had more visitors from Russia than any other country.

Probe Roils Portugal's Jewish Community

By PATRICIA KOWSMANN

A program to right the wrongs perpetrated on Jewish people in Portugal five centuries ago is in turmoil because of a key beneficiary: Russian oligarch Roman Abramovich.

Portugal made Mr. Abramovich a citizen in April 2021 on the grounds that the billionaire had roots in Portugal. Prosecutors there are investigating how the Russian, and others, gained citizenship under a law for descendants of Jews expelled during the Inquisition, a violent upheaval to purify parts of the Catholic world from nonbelievers.

The rabbi who attested to Mr. Abramovich's links to Portugal was detained in March and barred from leaving the country.

He is a suspect in the investigation into alleged influence-peddling, corruption, forgery and money laundering involving the granting of Mr. Abramovich's citizenship.

The Porto rabbi, Daniel Litvak, analyzed and approved Mr. Abramovich's case on July 16, 2020, the day after the request was made, the Porto Jewish Community said in a statement. At the Lisbon Jewish Community, that process can take months or years.


A lawyer for Mr. Litvak declined to comment.

A spokesperson for Mr. Abramovich didn't respond to requests for comment.

"This scandal is shameful and embarrassing. It feeds every anti-Semitic stereotype," said David Mendoza, president of the Sephardic Genealogical Society, who became a citizen under the program.

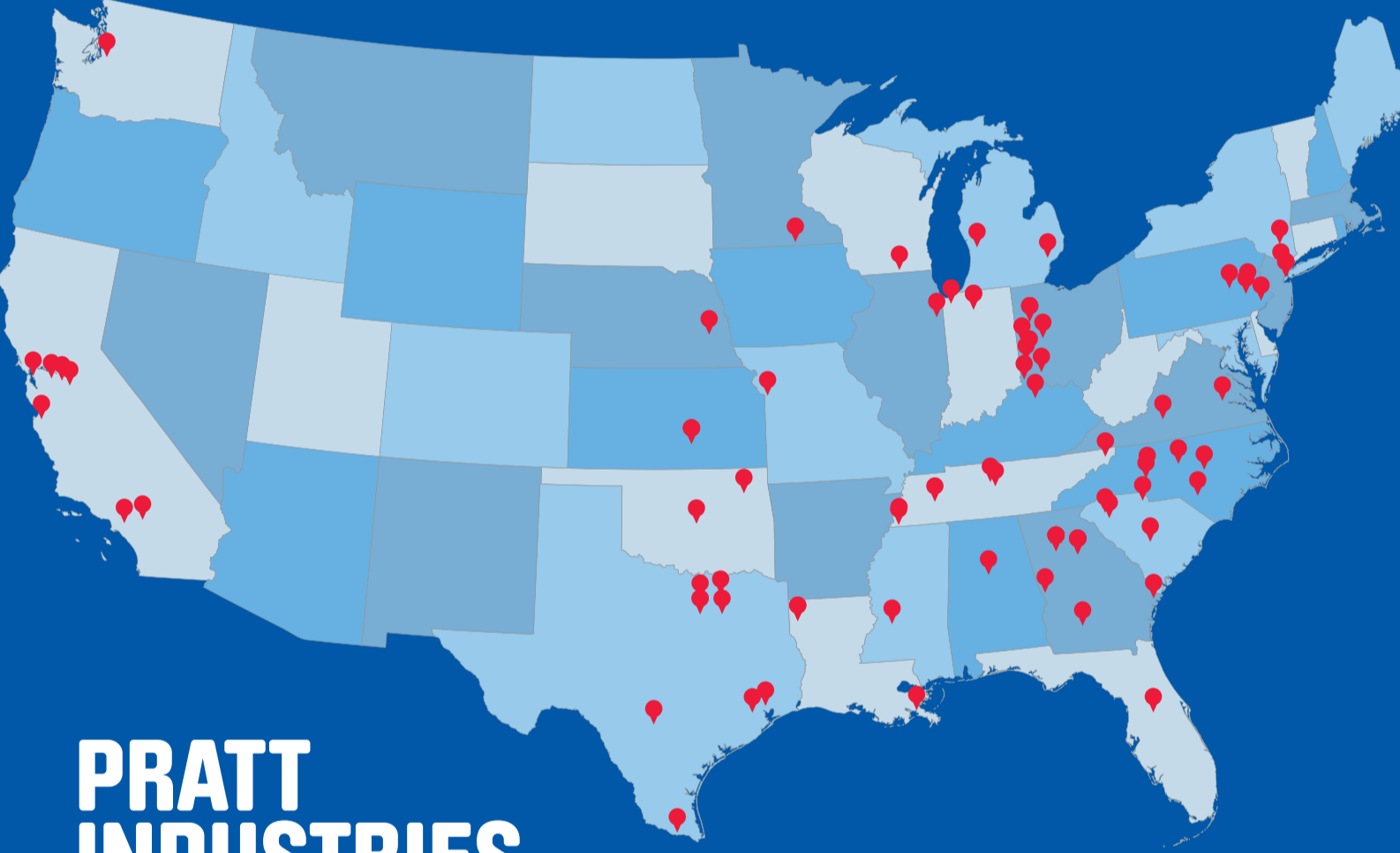
Mr. Abramovich, born in Russia to a Jewish family, is a former Russian provisional governor and owner of steel mills, a \$600 million superyacht, a private 787 jet and the Chelsea Football Club. He is the target of U.K. and EU sanctions for his connections to President Vladimir Putin.

He also holds Israeli citizenship and serves as a go-between in Russia-Ukraine peace talks.



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WORLD NEWS

Taliban Order Ban on Poppy Cultivation

Seeking international legitimacy, regime makes good on pledge to outlaw opiate trade

By SUNE ENGEL RASMUSSEN

KABUL—The Taliban on Sunday officially banned the cultivation of poppy, which provides the raw material for heroin and other opiates, as the group strives to be recognized as Afghanistan's legitimate government by an international community dismayed by its increasingly repressive rule.

Afghanistan is by far the world's largest opium producer, and the ban fulfills a months-long promise by the Taliban to outlaw the trade.

But it could also undermine the livelihoods of thousands of Afghan farmers, push them deeper into a devastating humanitarian crisis, and foment anger against the struggling Taliban government.

"Afghans are informed that from now on, cultivation of poppy has been strictly prohibited across the country," Taliban spokesman and deputy information minister Zabiullah Mujahid said at the Afghan interior ministry Sunday, reading from a decree issued by the group's supreme leader, Haibatullah Akhundzada.

The ban on cultivation of poppy is part of the Taliban's efforts to gain international legitimacy. Afghanistan supplies some 85% of the world's opium production and saw a surge of 8% last year, to 6,800 tons, which could yield up to 320 tons of pure heroin for the global market, according to the United Nations Office on Drugs



The ban on poppy cultivation, announced at a Taliban news conference, could undermine the livelihoods of thousands of Afghan farmers.

and Crime.

If enforced, the new ban could deprive the Taliban's administration of an important source of revenue at a time when Afghanistan is cut off from the global financial system. It will also likely undermine public support for the group among farmers.

"We're all concerned about the news," said Hamidullah Helmandi, a poppy farmer in Nad Ali, a district of the poppy-rich southern Helmand province where farmers have just begun harvesting.

"One farmer is responsible

for feeding five to 10 families," said Mr. Helmandi, adding that opium was the only profitable crop available to him. "We make no money from growing wheat and vegetables. There's a lot coming from Iran and Pakistan, and nobody buys ours," Mr. Helmandi said.

Sunday's news conference also marked the first time a Western official spoke to a large Taliban gathering after they took power in August. In a brief speech, the deputy of the European Union's delegation in Afghanistan, Arnout Pauwels, said the EU was "ready to coop-

erate with the people and exchange information with the authorities" to alleviate the human suffering of massive drug use in Afghanistan. He gave no indication the international community would change its view of the Taliban soon, regardless of Sunday's announcement. No EU country has recognized the Taliban.

As an insurgency, the Taliban used taxation of the drug trade to fund their war against Western forces and the Afghan republic. As a government, they have pledged to curb a trade that feeds the world's drug

markets, and which contravenes their own religious edicts against the use of drugs and other intoxicants.

Shortly after overthrowing the Western-backed republic in August 2021, the Taliban pledged to ban poppy cultivation, leading to an immediate jump in prices across the country, but they never formalized a ban in a decree until Sunday, or enforced it. Farmers had continued to grow poppy unhindered by local authorities who turned a blind eye to the trade, even as the government in Kabul insisted it was serious in

combating narcotics.

Sunday's announcement comes amid international criticism over the Taliban's attacks on the freedoms of Afghans, especially women. Last month, the Taliban upheld a ban on girls studying in secondary and high school.

With their announcement, the Taliban sought to recast the international debate away from girls' education, and "to provide development assistance and weaken economic sanctions for fear that the current economic crisis will worsen considerably—as it will if this ban is actually implemented," said David Mansfield, an independent socio-economist and expert on Afghanistan's drug trade.

Taliban officials said it was the responsibility of the international community to cooperate with them to eradicate opium in Afghanistan.

"We request the international community to bring an alternative crop instead of poppy, so foreign and neighboring countries won't suffer the harms and negative effects of the drugs coming from Afghanistan," Abdul Salam Hanafi, the Taliban's second deputy prime minister, said at the news conference.

Sunday's ban echoes the last time the Taliban prohibited poppy cultivation, in 2000, during their first regime. Back then Afghanistan was also in the throes of an economic crisis and isolated due to violations of women's and human rights.

The ban in 2000 cut opium production by up to 90%, according to some researchers, but cultivation shot up immediately after the U.S.-led invasion that toppled the Taliban a little over a year later.

Beijing Retreats From Plan

Continued from Page One resources to the campaign. In Zhejiang province, which was designated as the primary testing ground for the program, new economic plans make little mention of policies that could put more money in the pockets of less affluent households.

Beijing has walked back some measures related to the campaign. The government shelved plans last month to expand a new property tax that could have funded social-welfare programs but faced opposition from elites and policy makers who worried it would push property values lower. Trial runs of the tax currently apply only to Shanghai and Chongqing.

The Finance Ministry said conditions were "unripe" for ex-



Political meetings later this year are expected to give President Xi Jinping a third term in power.

panding it, without elaborating.

Part of the reason common prosperity is fading is that the policies enacted spooked business owners and slowed growth when Mr. Xi needs

China's economy to stay robust. He is preparing for political meetings expected to return him for a third term in power later this year.

But economists and scholars said it is also becoming clearer that common-prosperity goals can't be met without more drastic—and potentially painful—changes that Mr. Xi doesn't appear willing to countenance.

That includes overhauls in China's taxation and social-welfare systems. China's tax system is less progressive than developed countries', with burdens falling mostly on lower-income workers. Raising tax rates on upper-class people, who tend to be more politically connected, has faced resistance.

More fundamentally, economists said, China's tax system doesn't raise enough money to fund education, health and other services at levels implied by Mr. Xi's common-prosperity agenda—a problem that has led to it pressure private companies and tycoons to redistribute money.

Personal income taxes in China add up to 1.2% of gross domestic product, compared with about 10% in the U.S. and U.K. Revenue from social-security contributions, at about 6.5% of GDP, is lower than the 9% average among members of the Organization for Economic Cooperation and Development, or OECD, according to the International Monetary Fund.

"All those changes involve a lot of political initiatives," said George Magnus, an economist and associate at the China center at the University of Oxford. "I don't think the government is willing to take them."

The State Council, which is China's top government body, and the Zhejiang government didn't respond to requests for comment.

The phrase "common prosperity" dates back decades. It was used by both Mao and Deng Xiaoping to describe the socialist ideals of reducing inequality and polarization in society.

Yet data show that wealth inequality has widened and social mobility has stalled since China's economy began opening to the outside world—trends Mr. Xi views as threats to the party's continued rule. In 2021, the wealthiest 10% of people in China owned 68% of total household wealth, according to the World Inequality Lab.

The 'common prosperity' program underpinned many of Mr. Xi's policies.

Signaling his attention to the problem, Mr. Xi told officials in January 2021 that carrying out a common-prosperity initiative couldn't wait. With China's economy rebounding strongly after the first wave of Covid-19, policy makers saw an opportunity to push changes they hoped would satisfy the leader's aims.

The regulations that followed mainly involved crackdowns on industries seen as making too much money or running too much financial risk, without deeper change to motivate innovation or enhance opportunity for lower- and middle-class Chinese, economists said.

Tighter regulations on property developers reduced some of their risk-taking but helped trigger a real-estate slump. Clampdowns on tech companies and for-profit tu-

toring firms discouraged monopolistic behavior but led to mass layoffs in those industries, while billions of dollars in market value among listed Chinese companies got wiped out.

Overall growth slowed sharply, and many economists now say China will struggle to hit a government target of around 5.5% growth this year.

Although tech companies and entrepreneurs pledged to donate billions of dollars to common-prosperity initiatives, economists said such one-off gifts don't amount to a sustainable strategy for long-term social changes, while damage from the crackdowns, which suggested that private entrepreneurship was out of fashion, could last for years.

The common-prosperity slogan "almost became a rallying cry among some enterprises who use the term sarcastically to infer a whole set of policies aimed at controlling or even destroying private entrepreneurship in China," said Victor Shih, an associate professor of political economy at the University of California, San Diego. "I don't think that's the message the Chinese government would like to send."

With growth slowing more than expected, Vice Premier Liu He pledged in March that further regulations would be more "transparent and predictable."

Some economists said China could revive common prosperity after the party congress this fall, if growth rebounds strongly.

But it is unclear whether Mr. Xi ever had any intention of taking more radical steps to help Chinese people reap a bigger share of growth. One of the simplest ways to do that would be by diverting more income—and control—from the government to the private sector, but that runs counter to Mr. Xi's impulses, said Mr. Magnus and other economists.

Gan Li, a professor of economics at Texas A&M University, said another approach might be to introduce inheritance or capital-gains taxes on individuals, which would redirect more wealth from richer families, but that would also likely face opposition.

Other economists said China needs to change the way local governments are funded—yet another tough task in China's political climate, as it could reduce Beijing's authority.

—Lingling Wei contributed to this article.

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Scan this code for a video on how Shanghai's lockdown tests the financial hub.

Hong Kong Chief Bars Seeking New Term

By DAN STRUMPF

HONG KONG—Hong Kong Chief Executive Carrie Lam said she won't seek a second term in office as she nears the end of a five-year stint as the city's top official that was marred by the biggest social turmoil in more than half a century.

Mrs. Lam, whose term expires on June 30, said her decision was based on family considerations. She informed the mainland government of her decision not to seek re-election last year, Mrs. Lam told journalists during a news conference on Monday.

"My personal wish and my aspiration is entirely based on my family consideration," she said. "This is what I have told the central people's government and they have expressed understanding."

Hong Kong was rocked by mass antigovernment protests in 2019 that brought millions of people onto the streets, but the uprising turned more violent as authorities cracked down on public rallies.

China imposed a national-security law in June 2020, which has subsequently led to the crushing of dissent in the former British colony, with no more street protests, activists fleeing abroad and scores of opposition figures in detention.

In recent months, Mrs. Lam's government has been struggling to contain its biggest outbreak of Covid-19, a wave that has been one of the world's deadliest and led to restrictive social-distancing measures that have closed bars, pools and gyms. Hong Kong's top official is chosen every five years in a race that is carefully managed by Beijing.



Hong Kong's Carrie Lam

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WORLD NEWS

WORLD WATCH



Police walked by shipping containers used to block the road leading toward the Parliament building in Islamabad on Sunday.

Pakistan Leader Blocks Removal Bid

By SAEED SHAH

ISLAMABAD, Pakistan—Prime Minister Imran Khan blocked a no-confidence vote against him in Pakistan's Parliament and called for fresh elections, turning a battle with the opposition into a constitutional crisis. The Supreme Court immediately opened hearings, using its legal powers to intervene. The opposition also filed a petition to the court challenging the constitutionality of the move. The court said it would take up the case in detail on Monday and directed government officials to maintain law and order. The court will now decide whether the no-confidence vote is held, as the opposition wants, or elections take place.

Whichever way the court goes, Mr. Khan's term will come to an end, a year and a half shy of his full five-year term—whether through his preferred path of dissolving Parliament

and holding new elections or the opposition's attempt to knock him out through a vote of no confidence. Dissolving Parliament allows him to avoid a potentially embarrassing defeat and gives him an opportunity to return to power if he is able to win the election. Opposition lawmakers had said that they had enough votes in Parliament to oust Mr. Khan. The opposition had united and moved against him after he had fallen out of favor with Pakistan's powerful military, which was widely seen as helping him get elected in 2018.

On Sunday, there was a huge security cordon around Parliament. But before lawmakers could vote, the deputy speaker of Parliament, who is a member of Mr. Khan's party, rejected the no-confidence motion, saying it came as the result of a conspiracy with foreign powers and thereby breached an article of the constitution that requires loyalty to the country. Cheers from

Mr. Khan's party followed the deputy speaker's ruling, while opposition lawmakers pointed fingers and shouted.

After the deputy speaker left the parliament's chamber, the opposition put their own person in the speaker's chair and went through the motions of the vote. The lights were turned off at one point in the chamber while this was happening. The government said the opposition's vote doesn't count.

Mr. Khan's supporters have tried to present the rejection of the no-confidence vote as a fait accompli. "The speaker's decision cannot be challenged in court. And the political process has moved on," said Mr. Khan's law minister, Chaudhry Fawad Hussain. "Why is the opposition running away from elections?"

Mr. Khan said he was astonished that the opposition was complaining about his call for elections. "They have been crying hoarse abt how our govt has failed & lost support of the ppl so why the fear of

elections now? Democrats go to the ppl for support," said Mr. Khan on Twitter Sunday.

The opposition said that Mr. Khan's move to block the vote was unconstitutional. "They have tried to show Pakistan is a banana republic," said Qamar Zaman Kaira, a senior member of the opposition Pakistan Peoples Party.

In Pakistan, elections are overseen by interim governments with nonpartisan officials. Mr. Khan will remain prime minister until that government is formed, said Mr. Hussain, but the move on Sunday means his cabinet is dissolved.

Approval for Mr. Khan had dropped, with a poll by Gallup Pakistan taken in January showing the biggest issue for voters is inflation. An official price index, published on March 31, of 51 essential items including food and fuel showed annual inflation running at 17%.

—Waqar Gillani contributed to this article.

ASIA-PACIFIC

India, Australia Reach Trade Accord

India and Australia reached an interim trade agreement, strengthening the economic ties between two countries that have sought to diversify their export markets amid tensions with one of their largest trading partners, China.

The pact, signed Saturday, will eliminate tariffs on more than 85% of Australian goods imported into the South Asian nation, including sheep meat, wool and minerals, and duties on 96% of Indian goods that enter Australia, including leather, textiles and gems. It will sharply reduce or remove tariffs on Australian wine and agricultural products such as avocados and pistachios over a number of years.

Indian and Australian economic ties have been benefiting from a security partnership forged to counter China's expansionism.

—Rhiannon Hoyle and Shan Li

YEMEN

First Fuel Ship Enters Hodeida Since Truce

A tanker carrying badly needed fuel arrived in Yemen's blockaded port of Hodeida on Sunday, as a cease-fire meant to stop the fighting in the war-torn country for two months entered its first full day.

The truce, allows for shipments of fuel to arrive in Hodeida and for passenger flights to resume from the airport in the capital, San'a. Both Hodeida and San'a are held by the Iranian-backed Houthi rebels.

The agreement comes after a significant escalation in hostilities in recent weeks that saw the Houthis claim several attacks across the country's borders, targeting the United Arab Emirates and Saudi Arabia.

During the truce, the Saudi-led coalition will allow 18 vessels carrying fuel into Hodeida, and two commercial flights a week from San'a to Jordan and Egypt, according to a copy of the truce.

—Associated Press

JORDAN

Prince Relinquishes Title Year After Plot

The half-brother of Jordan's king relinquished his princely title on Sunday, a year after a rare palace feud saw him placed under house arrest.

Prince Hamzah posted the letter on his Twitter account, saying he gave up his title because his values "are not in line with the approaches, trends and modern methods of our institutions."

King Abdullah II and Hamzah are both sons of King Hussein, who died in 1999.

Hamzah apologized last month for his role in the alleged plot, the Royal Palace said. He was accused last year of involvement in a plot to destabilize the kingdom and was placed under house arrest last April.

In a video statement at the time he denied the allegations, saying he was being punished for speaking out against official corruption.

The Royal Court had no immediate comment.

—Associated Press

GERMANY

Man Said to Get 90 Shots To Sell Passes

A 60-year-old man allegedly had himself vaccinated against Covid-19 dozens of times in Germany in order to sell forged vaccination cards with real vaccine batch numbers to people not wanting to get vaccinated themselves.

The man from the eastern city of Magdeburg, whose name wasn't released in line with privacy rules, is said to have received up to 90 shots against Covid-19 at vaccination centers for months until criminal police caught him, the German news agency dpa reported Sunday.

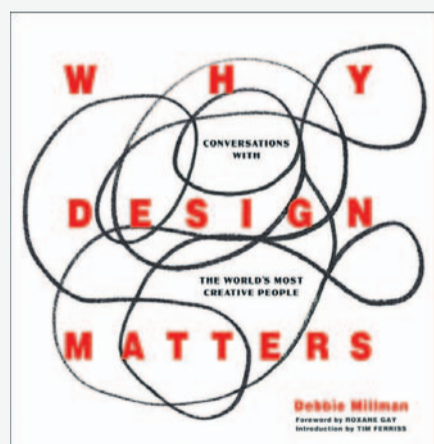
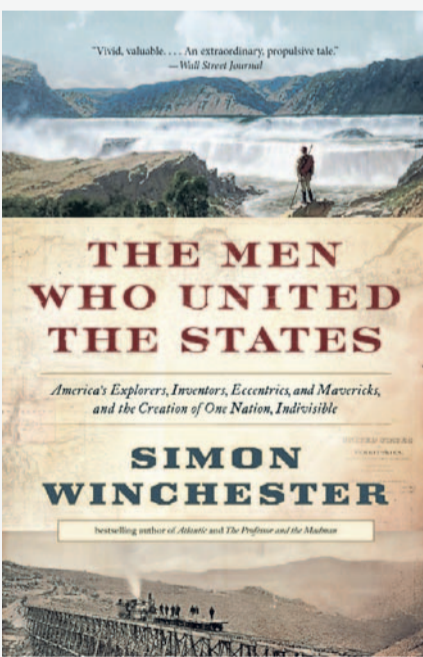
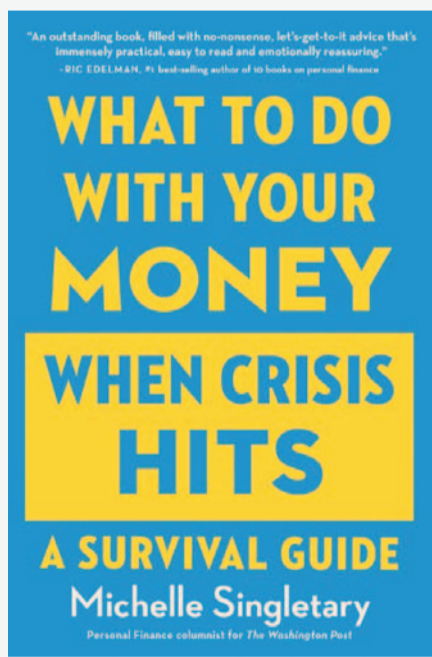
The suspect wasn't detained but is under investigation for unauthorized issuance of vaccination cards and document forgery, dpa reported.

It wasn't known what impact the approximately 90 shots of Covid-19 vaccines, which were from different brands, had on the man's health.

—Associated Press



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FROM PAGE ONE

Nobody Lets the Dogs Out

Continued from Page One
his Golden Labrador, Lala.

Last Thursday, members of his neighborhood committee, the grassroots-level rule enforcers in Chinese cities whose powers have only grown during the pandemic, showed up at his door with three rolls of grass sod for him to place on a balcony for his dogs to use as a canine port-a-potty.

Worried that Xiaoxiao and Lala wouldn't get the hint, Mr. Kedl spent his final day before his section of the city was locked down retracing their daily walk with an empty box and a spade. At his dogs' favorite patch of marked territory, he filled up a box of the familiar loam and went home to his apartment. There, he sprinkled the soil on a balcony to encourage his dogs to do their business there.

"They're confused as heck,"

said Mr. Kedl, who runs the Greater China operations of Control Risks, a London-based consulting firm. "You spend all these years training your dog not to do the thing you now really want them to do."

Sudden changes in Covid rules over the past two years have prompted people all around the world to get creative in juggling work and home life. But Shanghai's peculiarly restrictive conditions have brought additional challenges for the companions of the city's more than 1 million registered canines, who were stunned by the lack of provisions for pet parents in the stay-at-home orders.

Shanghai is one of China's biggest and most densely packed cities, with many residents living in apartment towers and sprawling housing estates. In recent years, Shanghai's four-legged residents have enjoyed a boom in new amenities, including pet-friendly restaurants and dog parks where they can run free and swim.

That all changed last week, when Wu Qianyu, an official with the Shanghai municipal health commission told citi-



Shanghai dogs and their owners have been participating in virtual dog yoga sessions to relieve the tedium of the lockdown.

zens, in effect, that the quarantine rules apply equally to man and man's best friend alike. That meant no setting foot outside apartment units, including corridors and parking lots—not for throwing out

Others collected leaves, dug up mulch and ordered patches of grass to set up "outdoor areas" in their homes.

The founder of a local pet training academy held a live-streamed lesson on his social-media account to help owners train their dogs to get comfortable doing their business indoors. A Shanghai-based pet-sitting startup, Spare Leash, organized a virtual "doga"—that's dog yoga—class for pets and their owners.

One veterinarian, invited onto a radio station to dispense advice, counseled buying pet diapers and emphasized the importance of offering more emotional support to their animals. Some have struggled to adapt. One widely circulated video showed a small white dog being lowered from an apartment block onto the grass below by a very long leash before doing its business.

Robert Gatti, an American expatriate in Shanghai, bought two big bags of fresh sod from a grass dealer, which he laid out in a few squares on his balcony. He then added some leaves he picked by hand from bushes outside his building for

a pop of color and detail to recreate a park scene for his Shanghai rescue dog Xixi.

"My dog is from the streets," Mr. Gatti said. "I think she can manage this."

Heather Kaye, a New York City native who has lived in Shanghai for 16 years, isn't so sure about Ruthie, her four-year-old mutt mix, who is used to walking about 3 miles each day.

Ms. Kaye, a fashion designer who is hunkering down with her husband and two adolescent daughters, had a roughly 10-square-foot patch of grass delivered a day before the lockdown.

Ruthie just stared at it, baffled. Rather than try to teach her old dog new tricks, Ms. Kaye called a municipal government hotline to leave messages pleading for more attention to dogs and their owners. The family has decided it's time to move back home.

"We love Shanghai but we cannot do this anymore," said Ms. Kaye, who said she was motivated both by personal reasons and the Covid restrictions. "It's too much."

—Zhao Yueling contributed to this article.

Tourist Mecca Hit By Killings

Continued from Page One
dents, according to government figures. That's more than five times the U.S. rate and above Mexico's average.

The state police chief estimates that more than eight in 10 killings there are linked to drugs. Last year's tally of 651 was more than the homicides in Italy and Spain together.

"Our basic problem is drug demand by tourists," says Oscar Montes de Oca, Quintana Roo's attorney general.

It's an ideal arrangement for the cartels. Rather than risk smuggling drugs to the U.S. and Europe, they cater to American and European tourists looking to buy Mexican-grown pot, Colombian cocaine, ecstasy from Europe or other drugs. The area has become increasingly known as a party destination. Tulum has an estimated 10 drug gangs, the majority linked to the country's biggest drug cartels.

Organized crime has diversified into extortion. Gangs demand payments from many businesses in the area. Those who don't pay risk getting killed or their locales burned down. The head of a local restaurant association recently estimated that 60% of restaurants get an extortion call at least once a day.

'Extortion money'

"Everyone, and I mean everyone, is paying extortion money. From some of the big hotels to the guy at the corner taco stand," says James Tobin, who heads an alliance of local businessmen concerned with security issues.

Tourists are rarely caught in the crossfire. State officials say the chances of being killed on a trip to the area are roughly one in five million. U.S. ambassador to Mexico Ken Salazar said in early March that Cancun was safe for tourists and pointed out that the U.S. "also has its trouble spots."

The violence, however, is increasingly intruding into the bubble of five-star hotels. In mid-March, tourists on the beach in Cancun's hotel zone found what turned out to be human remains: a spinal cord, a femur and part of a pelvis. Police say the remains could be linked to organized crime.

In January, gunmen entered a beachside club in trendy Playa del Carmen during the day, grabbed the manager and executed him in the bathroom. Investigators believe the manager was killed over the mayor's cancellation of a day-long music rave there, a move that resulted in lost sales for drug traffickers.

Earlier that month, two Canadians were shot dead in an alleged murder for hire at the Xcaret Hotel, a luxury resort connected to a popular set of parks.

In November, two weeks after the shootout in Tulum that killed Ms. Ryot, hundreds of tourists scrambled to seek shelter in the lobby of the Hyatt Ziva hotel in Puerto Morelos, a few miles south of Cancun. A gunbattle had broken out be-



Members of the newly created Tourist Security Battalion of the National Guard patrolled a beach in Cancun in December.

tween rival groups of drug dealers over the right to sell at a rave party for tourists. Police say two drug dealers were killed, including one shot inside a hotel room.

The latest overseas victim came in mid-March, when a 54-year-old British entrepreneur who lived in Playa del Carmen was shot and killed by assassins riding a motorcycle as he drove to a nearby beach area with his 14-year-old daughter, who was slightly wounded. Police have arrested two suspects and have recovered a weapon, state officials say.

The shootings have shaken Mexico's tourism industry, which overall accounts for 7% of Mexico's economy.

"We have to be careful what kind of tourism we ask for," says David Ortiz Mena, the head of the Tulum hotel association. "The kind of tourism we fostered creates drug demand, and where there is demand there will be supply. But the drug dealers don't leave when the party's over and the tourists go home."

Global hot spot

Mr. Ortiz and others point to the neighboring state of Yucatan, where the colonial city of Merida and archaeological sites like Chichen-Itza attract tourists looking for culture rather than a rave. The state's murder rate is 1.8 per 100,000, roughly 5% of Quintana Roo's.

In a survey carried out by the Quintana Roo government, 70% of adult visitors to the area said they had come in part for alcohol, drugs or sex, state officials say. The cartels have also turned Cancun into a global hub of sex trafficking, state officials say.

On Playa del Carmen's main drag, La Quinta Avenida (or Fifth Avenue), a visitor was recently offered drugs five times along a four-block stretch. "Hey, buddy, you want weed, coke, molly?" one street seller said in English. Inside clubs, dealers sell drugs openly in the bathrooms.

Tulum has lately become a global hot spot for electronic music, hosting music festivals that stretch for longer than a week and attract tens of thousands of fans, some of whom

are referred to as "Tuluminati" for their search for sometimes drug-induced psychedelic transcendence. One favorite drug is tucubi, an amphetamine that has psychedelic effects.

Drug sales from a single festival can earn cartels millions of dollars, officials say, making them more powerful than local government.

One local resident, a foreigner who works as a kind of concierge for tourists coming to music festivals, makes hotel, VIP table and other arrangements for his international clientele. The concierge also sends to clients' cellphones a menu with prices for drugs that they can buy from dealers, with video of a jaguar in the background. A pill of ecstasy goes for \$25. A tiny bag of cocaine fetches \$150, and tucubi \$200.

One hotel owner said the drug gangs avoid targeting tourists because tourists are their clients. In the weeks following violent incidents where a tourist is involved, there is a surge in cancellations, he said, but the number of visitors soon recovers. Still, he worries that at some point, the resort's reputation could permanently damage business.

Cancun began as a planned tourist Eden 50 years ago, conceived by Mexico's central bank to attract American spending. The bank's technocrats fed data such as weather conditions and

the number of mosquitoes and sharks into a computer, and scoured the country's coast for the best place to build the new city. The result was Cancun, where just a handful of people lived at the time.

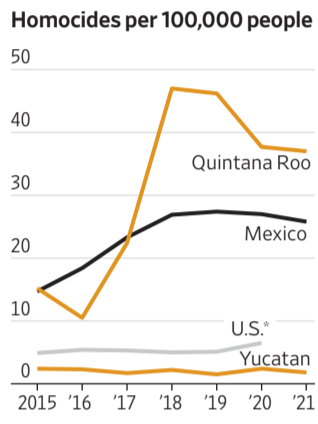
Within a few years, Miami Beach-like canyons of luxury hotels sprouted on a thin, sandy island where only mangrove trees had grown before.

The money that has swirled around Cancun from its earliest days has long attracted drug cartels, as well as corruption.

'Hey, buddy, you want weed, coke, molly?' a street vender asked.

Mario Villanueva, the state's fourth governor, who was responsible for developing resorts along the Riviera Maya, was convicted on charges of money laundering and drug trafficking in Mexico and pleaded guilty in the U.S. to money laundering. He spent 19 years in prison before being allowed to serve his remaining time under house arrest in 2020.

Although drug cartels were present from the early days, they had largely avoided bloody turf wars



*Data through 2020
Sources: National Public Security Council; FBI (U.S.)

officials have built the first local police academy, boosted pay and given police retirement benefits and life insurance for their families if they are killed in the line of duty. They have vetted more than 80% of local forces, and increased the number of state police to 1,500 officers. Around 2,500 new security cameras along the coast, some with facial recognition technology, have helped authorities make arrests.

In the case of Ms. Ryot, the blogger who was gunned down, the camera system tracked the two suspects who fired into the restaurant as they fled the scene, first on foot and then in an orange Chevrolet. State police officials then sent up drones to track the nearby working-class neighborhoods until they found the car parked outside a home. Police raided the home, arrested the two men, and seized 16 kilos of cocaine and 23 guns, says state attorney general Oscar Montes de Oca.

Beach invasion

Many drug gangs have even taken over large stretches of beaches, say state officials. The process to establish territory starts with local women selling trinkets on the beach. Then others move in, selling food and later renting out beach chairs by the day, installing massage tents, and offering alcohol and drugs. If hotels complain, they are threatened.

"We need to recover the beaches," says Raul Tassinari, the 53-year-old police chief of Playa del Carmen. The state government is setting up informal police tents every few kilometers, staffed with members of Mexico's National Guard, and state and local police.

Lili Campos, Playa del Carmen's new mayor and a former state criminal prosecutor, increased the number of police patrol cars from 15 to 226 for this city of some 400,000 people. Ms. Campos says she has installed more than 500 cameras in the heart of the tourist district, and cleaned out the informal street vendors that once made walking almost impossible on the city's main avenue. She has had death threats. "I don't sleep in the same place twice," she says.

Local officials say they want to avoid following in the footsteps of Acapulco, which briefly became the world's murder capital due to cartel feuds. The number of foreign visitors dropped by two-thirds between 2012 and 2017 and still hasn't recovered.

"I'm sure we won't become another Acapulco," says Mr. Joaquin, the state governor. "We have so much more money, resources and awareness of the problem. We have to get this right."



Forensic technicians covered skeletal remains found by tourists on Gaviota Azul beach.



By NEIL SHAH

Batiste, Rodrigo Among Grammys' Big Winners

The 64th annual Grammy Awards strove for a return to normal on Sunday night, with a first-ever ceremony in Las Vegas and a full-capacity show that nodded to the traditional values of musicianship and songcraft long cherished by the institution's voters.

Jon Batiste, the jazz musician and bandleader of "The Late Show With Stephen Colbert," surprised many by taking home the most prestigious prize, album of the year. He also won four other awards, including best music video and best American roots song, having had the most nominations of any artist, at 11.

"There is no best musician, best artist, best dancer, best actor," the 35-year-old musician said upon accepting his album of the year trophy. "The creative arts are subjective, and they reach people at a point in their lives when they need it most."

"I work on the craft every day," he added. "It's more than entertainment for me. It's a spiritual practice."

Silk Sonic, the retro duo of Bruno Mars and Anderson .Paak, took home two of the night's top awards, song and record of the year, for "Leave the Door Open."

The wins by Mr. Batiste and Silk Sonic were something of an upset for many music fans. Olivia Rodrigo, the pop phenom who was last year's biggest breakout star, was expected to notch more wins in the major categories. She won best new artist, a top category, along with two pop-genre awards.

Silk Sonic kicked off the festivities with a funky performance of their '70s throwback track, "777." Introducing them, Trevor Noah of "The Daily Show," who played Grammys host for the second year in a row, joked that Silk Sonic



Clockwise from top: Bruno Mars, Dernst Emile II and Anderson .Paak of Silk Sonic win best song for 'Leave the Door Open'; best album went to Jon Batiste; best new artist winner Olivia Rodrigo sings her hit 'Drivers License.'

seemed to have brought back not just a 1970s sound, but rampant inflation, too.

That wasn't the only news item he nodded at. Mr. Noah and others at the ceremony made jokes about the now infamous "Oscars slap," which was a kind of elephant in the room during the evening.

"It's going to be such a beautiful evening," Mr. Noah said, adding that "we're going to be keeping people's names out of our mouths." It was a reference to actor Will Smith's comments at the

March 27 Oscars ceremony.

In a prerecorded message, Ukrainian President Volodymyr Zelensky made an impassioned plea for people to speak up about Russia's invasion of his country. "Fill the silence with your music! Fill it today!" he said. "Our musicians wear body armor instead of tuxedos," he said. "The music will break through anyway." A performance by John Legend, including a poetry reading and video images of the war, followed his speech.

Other memorable performances

included Ms. Rodrigo, Mr. Batiste, Nas, Lady Gaga, Billie Eilish, BTS and Lil Nas X, with Jack Harlow.

Ms. Rodrigo, wearing a white dress and combat boots, performed her chart-topping hit "Drivers License," beginning her moody performance in a car amid a suburban scene.

R&B singer-songwriter H.E.R. joined Lenny Kravitz and Blink-182 drummer Travis Barker for a rousing rendition of Mr. Kravitz's 1990s hit "Are You Gonna Go My Way." Country star Chris Stapleton and

Americana artist Brandi Carlile also delivered stirring performances.

During the night, Mr. Noah also referenced the pandemic. "People are doing shots," he said. In addition, the Grammys recognized the trials of workers in the concert industry by having tour professionals speak.

Sunday's ceremony marked several firsts for "music's biggest night." This year, there were 10 nominees for the top four honors, up from eight last year and just five before 2019. It was a move designed to recognize a broader array of musicians and help repair the credibility of the televised show.

Also, for the first time in decades, the awards process was entirely left to voters: Last April, the Recording Academy, which runs the Grammys, removed their controversial nominations-review committees, which for years have had final say over many nods. The undisclosed memberships of these committees had fueled concerns about voting improprieties.

The Grammys have long been a lightning rod for complaints. Over the years, critics have assailed everything from the show's lack of recognition of Black and hip-hop artists and female performers to its transparency on voting processes.

The Grammys, which were originally scheduled for Jan. 31 but delayed because of the pandemic, come at a period of transition for the broader music industry.

Revenues in the U.S. record business continue growing at a healthy clip, thanks to streaming, along with new sources such as TikTok and videogames.

The concert industry, for its part, gradually reopened last summer and fall and is now bracing for a potentially record-breaking year in 2022. Yet Covid-19 remains a major concern for musicians and concert-executives alike.

MY RIDE | A.J. BAIME

A Studebaker Story Of Love and Legacy

Alec Childress, 82, a retired construction worker and current school crossing guard living in Skokie, Ill., on his 1939 Studebaker Champion, as told to A.J. Baime.

Years ago, in 1962, I had the blessing to get to mentor a young person named Jay Powell. He was a kid at the time. His mother and father both died when he was young, and he adopted me as his father. As a young man, he lost his way in life, and I was there to help him. I taught him: Love conquers all. He became a very important person in my life and I became a very important person in his life, and when he was old enough we rode motorcycles together. I remember him once saying to me, "Pops, I come to your house and watch every move you make. I try to be like you."

Jay lived in Iowa, and one day in the late 1980s, he called me. "I found this Studebaker that was

built the same year you were born," he said. "I want to buy it for you." So he did. Before he gave it to me, he had the interior restored, he had the original engine swapped out for a small-block Chevy V-8, and he mounted modern wheels. I was so honored when he gave it to me, because he loved me enough to do that. And he knew how much I loved cars.

I grew up on a cotton farm in Mississippi, and neither my mother nor my father ever owned a car. All we had was a mule wagon. I graduated high school in 1957 and at age 19—the year I got a job with a construction company—I became the first person in my family to buy a vehicle. It was a 1955 Ford. I was instantly obsessed with cars and, throughout my life, I kept upgrading them.

I've owned a 1967 Cadillac Eldorado, a 1990 Chevrolet Corvette, then a 1976 Corvette that I just sold



Alec Childress with his 1939 Studebaker Champion, a gift from a young man he mentored who died in an accident.

a week ago after owning it for 27 years. I bought my first Harley-Davidson in 1960. I rode bikes for 30 years and helped start a motorcycle club called The Untouchables.

But the Studebaker is a car that has special meaning to me, and it's a beautiful car to look at and to drive. [Studebaker started in the 19th century as a blacksmith shop in

South Bend, Ind., and made cars until the mid-1960s.] For many years, I have taken the Studebaker to car shows near where I live. On occasion, I take it to the corner where I help school kids cross the street in the town of Wilmette, and it's fun to see the reaction of the kids (and grown-ups) when they see it.

Sixteen years ago, my godson

Jay had a terrible motorcycle accident and he lost his life. I have kept the Studebaker exactly as it was when he gave it to me. It came from his heart, and I will always have it. I think of this car like a favor from God. Not that the vehicle was given to me, but that I had the chance to mean so much in someone else's life.



PERSONAL JOURNAL.

Churches Strive to Bridge the Divide

In Pennsylvania, neighboring Russian and Ukrainian Orthodox congregations preach love, not war



St. Peter & St. Paul Ukrainian Orthodox Church

made other signs on his computer, reading “We are united in Prayer with Ukraine,” with a series of small blue crosses on top.

“I had to put something up to show that we are not the bad guys,” says Father York. He was still worried about vandals and asked the local police department to patrol the church and cemetery grounds and turned off the church answering machine to deter angry callers. He made posters of the Virgin Mary with the words “We are united in prayer for the peace of Ukraine,” and made copies for his neighbor Father Charest.

Father York doesn’t consider his church as Russian. The early founders with closer ties to Russia have died and following generations, while continuing beloved ethnic traditions, consider themselves Americans and like most Americans, including those who identify as Russian-Americans, condemn the invasion. His treasurer is from Thailand and he has welcomed Asian-American converts. But the bronze historical marker designates it as a Russian Orthodox Church.

“I never really paid attention to that. All of a sudden I am,” he says.

On a recent Tuesday evening, members of St. Peter & St. Paul Ukrainian Orthodox Church gathered for a service, praying for peace and wearing yellow and blue buttons.

Father Charest talked about grief and its stages and how they have special relevance now. Denial: “Can this be happening in this day and age?” And anger. “People have asked whether anger is a sin. There can be righteous anger,” he said. “What is happening in Ukraine is unacceptable. You have a right to be angry.”

Father Charest, 39, who is relatively new to the parish and community, having arrived three years ago, has strong ties to Ukraine. He met his wife, Laryssa Charest, who is first generation American and whose parents are Ukrainian, in Ukraine, when both were working at an orphanage. The couple had been approved to adopt three Ukrainian children, who had been living with a foster family just outside Kyiv before the invasion and have safely fled the country.

For the last month, their church has been a collection site for Ukrainian relief efforts, its social hall filled with boxes of diapers, food and medical supplies. They are grateful and inspired by the support.

“I know people from the Russian parish have given me donations for Ukraine,” says Father Charest. “We have a good relationship.”



TURNING POINTS
CLARE ANSBERRY

Carnegie, Pa.
Two century-old churches—one Russian and one Ukrainian—sit next to each other on a main street in this small community outside of Pittsburgh, their respective blue and gold domes visible from afar.

The pastors have always been friendly, but now Russia’s invasion of Ukraine has called on them to work more closely to defuse tensions and maintain relations while their cultural homelands are at war. Whatever the outcome, the two priests will continue to support each other, saying they share the same theology.

“We’re brothers and sisters. We’re all Orthodox,” says the Rev. George York, pastor of the Holy Virgin Russian Orthodox Church.

The day after the invasion, he taped signs on his front door supporting Ukraine.

Next door at the Ukrainian church, his fellow priest, the Rev. John Charest, agrees. “The conversation has to change. It’s not Russia invading. It’s Putin,” says Father Charest, pastor of St. Peter & St. Paul Ukrainian Orthodox Church, referring to Russian President Vladimir Putin.

These two churches and their pastors are trying to navigate the anxiety and

outrage related to the war in Ukraine, a struggle mirrored in other communities with strong ethnic and cultural ties. Some churches are wondering whether they should drop the word “Russia” from their name. Others emphasize they are not politically aligned to any country. The Orthodox Church in America, which was originally founded as a mission of the Russian Orthodox Church, recently issued a statement condemning the war and “violence committed by Orthodox Christians against other Orthodox Christians.”

Unlike the Roman Catholic Church, led by the pope, the Orthodox Church doesn’t have a single global leader and has evolved into different independent national churches, resulting in Serbian, Ukrainian, Russian and Bulgarian Orthodox churches, says John Burgess, a theologian at the Pittsburgh Theological Seminary. “That makes things tricky today,” says Dr. Burgess. “If people retain a strong ethnic identity from the old country and political disputes rise up in the country, some of those ethnic attachments become even stronger.”

Over the years, many members of the Orthodox Church in America have dropped Russia from their name to attract new members and be more American, says Scott Kenworthy, a professor of comparative religion at Miami University in Ohio. Churches in older communities, with stronger ethnic identities, tend to keep them. That doesn’t mean, he says, that they “agree with or support what Russia does.”

The neighboring churches in Carnegie used to be a single church a century ago, but split over disagreements about leader-

ship and authority in 1909. Many immigrant families, who came to work in the local steel mills and railroad yards, were divided, with some staying at St. Peter & St. Paul and others going to Holy Virgin.

Over the years, the wounds largely healed and the churches helped each other out when hurricanes and storms flooded one church’s basement. Pastors

The bond between the churches was tested when Russia invaded Ukraine.

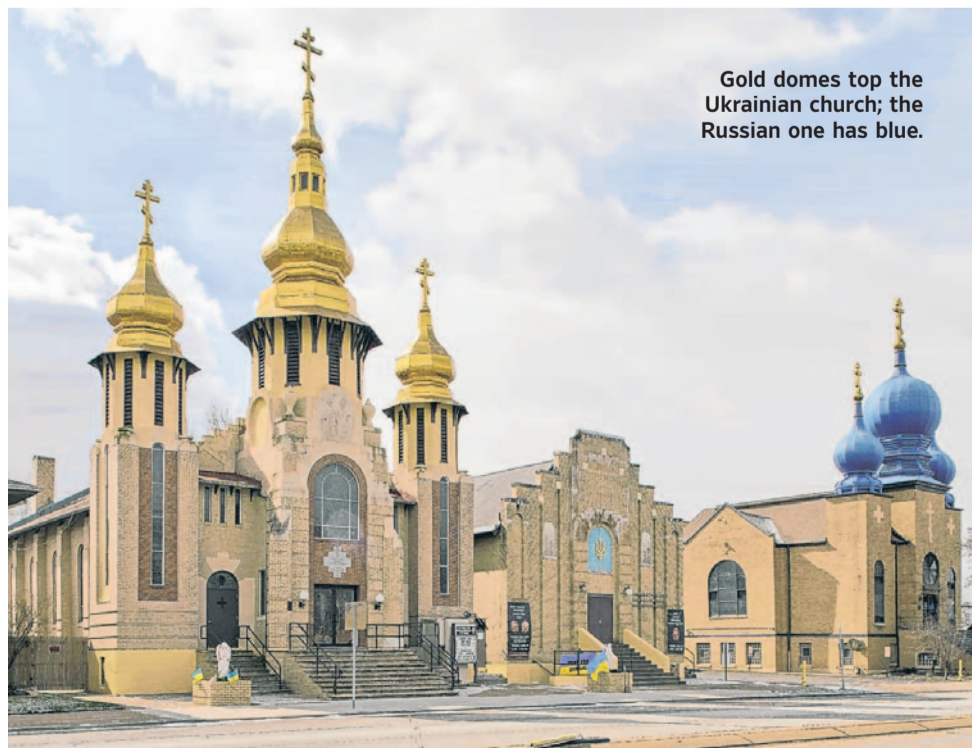
attended each other’s summer picnics and held joint services after the Sept. 11, 2001, terrorist attacks.

“We’ve tried to bridge those early divides,” says Father York, 74.

The bond was tested when Russia invaded Ukraine. The next morning, Father York taped a statement on the front door of his church from his archbishop asking Mr. Putin to end military operations. He



The Revs. John Charest and George York try to ease tensions.



Gold domes top the Ukrainian church; the Russian one has blue.

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ARTS IN REVIEW



ART REVIEW

An Italian Love Affair

At the Smithsonian American Art Museum, a multifaceted look at the passion of artists, crafters and collectors for Venice

By BARRYMORE LAURENCE SCHERER

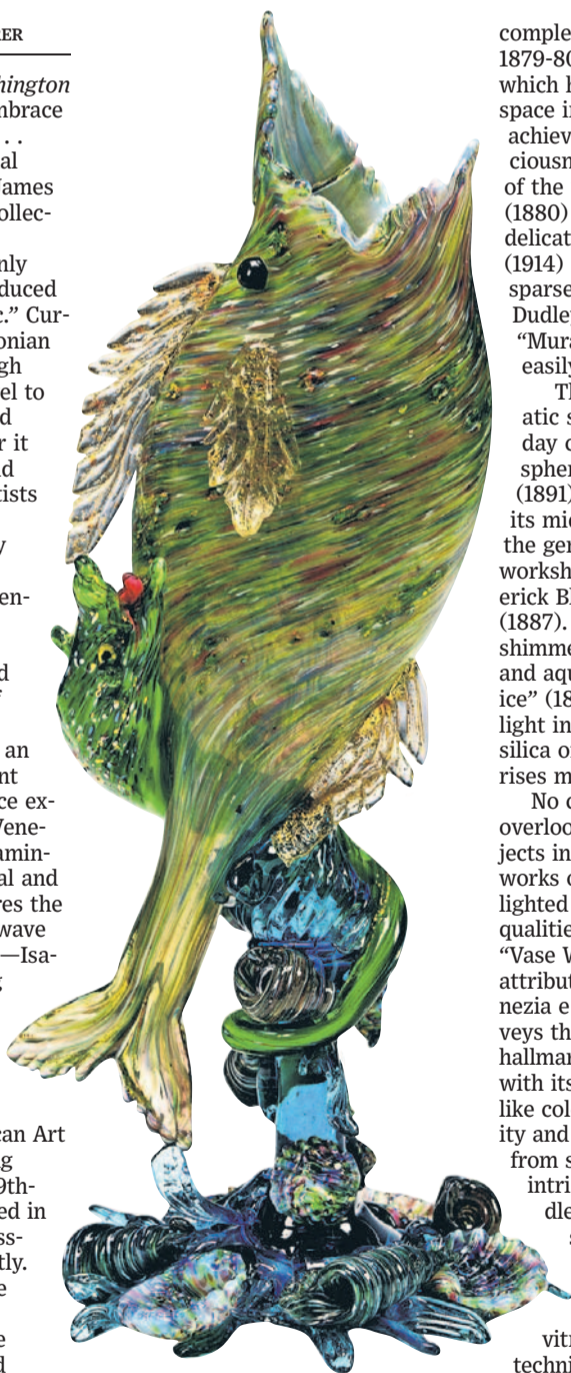
Washington
'VENICE... You desire to embrace it, to caress it, to possess it . . . your visit becomes a perpetual love-affair," declared Henry James in "Italian Hours," his 1909 collection of travel essays.

James was far from the only American visitor who was seduced by the "Queen of the Adriatic." Currently on view at the Smithsonian American Art Museum through May 8, and scheduled to travel to the Amon Carter Museum and Mystic Seaport Museum after it closes, "Sargent, Whistler, and Venetian Glass: American Artists and the Magic of Murano" brings together extraordinary paintings and graphic art by Americans who traveled to Venice. Organized by the museum's former curator of prints and drawings Crawford Alexander Mann III, editor of and contributor to the outstanding catalog, it produces an enthralling visual counterpoint between their work and choice examples of late-19th-century Venetian glass and lace. While examining contemporaneous pictorial and decorative arts, it also explores the allure Venice exerted over a wave of wealthy American tourists—Isabella Stewart Gardner among them—who returned home laden with precious swag for their collections.

A quarter of the 144 works assembled here come from the Smithsonian American Art Museum's collection, including many pieces of ancient and 19th-century Venetian glass donated in 1929 by the American businessman and collector John Gellatly. In addition are loans from the Metropolitan Museum of Art, Baltimore Museum of Art, the Corning Museum of Glass and other public and private collections.

Apart from the iconic Sargent oils and Whistler etchings, the show highlights artworks whose beauty bespeaks the technical sophistication of this generation of Americans, many of whom aren't so generally familiar today as they deserve to be. Such painters as Frank Duveneck and Walter Launt Palmer eschewed the tight, precise academic painting style of the time for the French manner known as the *juste milieu*, in which artists compromised felicitously between academic exactitude and the looser brushwork of Impressionism.

These characteristics, long familiar in Sargent's oeuvre, are embodied in his glorious 1882 "A Venetian Woman." Sargent catches the fetching tilt of her face, the proportions of her face with its inviting smile, framed by the center parting of her rich black hair. And he contrasts the swift, virtuoso brushwork of her frilled white skirt with his rendering of the warm, palpable loveliness of her exposed



Clockwise from top: Frank Duveneck's 'Water Carriers, Venice' (1884); John Singer Sargent's 'A Venetian Woman' (1882); 'Vase with Dolphins and Flowers' (c. 1880s-90s), attributed to Compagnia di Venezia e Murano (CVM); 'Fish and Eel Vase' (c. 1890), attributed to Vittorio Zanetti

arm and elegantly relaxed fingers. Her shawl emerges as a slash of port-wine color from a series of mere brush strokes indicating the trailing fringe, offset by the snappy accent of her pointed black slipper thrust forward in white hose.

Similarly, Duveneck's 1884 "Water Carriers, Venice" embodies just a milieu characteristics in a breezy image of quotidian activity along the famed Riva degli Schiavoni. The subject recalls how precious fresh water sourced from rainfall and collecting wells was to a city afloat in sea water. This gracefully bustling composition is

complemented by Whistler's 1879-80 etching "The Riva No. 2" in which he leaves considerable blank space in the middle of the plate to achieve the same sense of spaciousness. Duveneck's own etching of the "Riva degli Schiavoni, No. 2" (1880) and Bertha Evelyn Jaques's delicate "April Shower, Venice" (1914) share this Whistlerian sparseness—as does Hermann Dudley Murphy's nocturnal oil "Murano" (1907), which could easily pass for an actual Whistler.

The shifting quality of Adriatic sunlight over the course of a day contributes to Venice's atmosphere. In "A View of Venice" (1891), Thomas Moran captures its midday dazzle, in contrast to the gentle filtered daylight of the workshop interior in Robert Frederick Blum's "Venetian Lacemakers" (1887). Similarly, Ellen Day Hale's shimmering soft-ground etching and aquatint "First Night in Venice" (1890) conveys the velvety twilight in which the great domed Basilica of Santa Maria della Salute rises majestically against the sky.

No curatorial step has been overlooked in presenting the objects in this show—in particular, the works of glass are beautifully lighted to bring out their individual qualities. For instance, an elaborate "Vase with Dolphins and Flowers" attributed to the Compagnia di Venezia e Murano (c. 1880s-90s) conveys the joyful spirit that was a hallmark of Venetian revival glass, with its lighthearted play of jewel-like colors, its juxtaposition of clarity and opacity in forms that range from sea-creatures and plants to intricate webs of glass for handles. The dragons, sea horses, serpents and floral motifs interwoven with miraculous tissues of solid gossamer constituting these fanciful vitreous confections bespeak technical virtuosity, an imaginative reverence for history, and sheer playfulness. They not only embody the idealized spirit of Venice at Carnival time, but also the jaunty, upbeat Italian nature that generated Commedia dell'arte, the operas of Rossini and even Italy's venerable, memorably tuneful national anthem, "Fratelli d'Italia."

With its abundant visual pleasures, this delightful exhibition reinforces our understanding of America's longtime artistic ties with Venice while inviting us to revel in aspects of Venice still preserved to day. For those pining to visit the city again, it might just be the next best thing to a voyage there.

Sargent, Whistler, and Venetian Glass: American Artists and the Magic of Murano

Smithsonian American Art Museum, through May 8

Mr. Scherer writes about music and the fine arts for the Journal.



SPORTS

S. Carolina Overpowers UConn To Win Title

By Rachel Bachman

Minneapolis

The South Carolina women's basketball team carried its regular-season dominance into the NCAA title game, overpowering UConn 64-49 on Sunday night to win its second championship.

The Gamecocks (35-2) were ranked No. 1 all season as they overpowered opponents with defense and inside-outside scoring. They did the same to UConn.

Aliyah Boston, South Carolina's recently crowned AP national player of the year, finished with 11 points and 16 rebounds. She and guard Destanni Henderson, who led South Carolina with 26 points, spoiled the homecoming for Minneapolis-area native and UConn star Paige Bueckers, last season's player of the year.

Both of South Carolina's titles have come under coach Dawn Staley, in her 14th season leading the Gamecocks. The 51-year-old former WNBA all-star point guard and Olympic gold medalist has built the South Carolina program into a juggernaut.

The Huskies, who overcame injuries to key players to reach the final, lost in the title game for the first time in 12 appearances. Their national-title total remains at 11, which leads all of Division I women's basketball.

The victory seems to confirm a budding dynasty in Columbia, S.C., and possibly a changing of the guard. The Gamecocks lost just two games this season: a one-point defeat at Missouri in December and another to Kentucky on a late 3-pointer in the Southeastern Conference tournament title game. They won their games by an average of more than 20 points despite playing one of the nation's toughest schedules.

In November, South Carolina beat UConn in a tournament in the Bahamas, and has beaten the Huskies in three of their past four meetings. Before that, the Gamecocks had lost eight in a row to UConn stretching back to 2007.



South Carolina players celebrate after beating UConn, 64-49, in the final.



Mike Krzyzewski walked off the court for the final time as Duke's basketball coach after losing to North Carolina, 81-77, in the Final Four on Saturday.

JASON GAY

Coach K Says Farewell

Mike Krzyzewski's career at Duke ended after a loss to North Carolina in the Final Four



Duke and North Carolina, the possibility that this would be The End—it didn't quite register.

Mike Krzyzewski was on the Blue Devils sideline, as he'd been for more than four decades, steering a young team that felt championship caliber. This cauldron in New Orleans, the Superdome, rocked with the rapt noise of 70,000.

How could it end? They had never played a game like this, Duke and Carolina. They have played hundreds of NCAA tournament contests, collected titles by the bushel, but they hadn't collided in a March bracket, ever. A few weeks before, Carolina had spoiled Krzyzewski's campus farewell in Durham, when they'd stuffed Cameron Indoor with starchy alumni and tributes, and it gave this unexpected rematch even more edge.

The game had been hyped to the point of absurdity, and it was somehow living up, the Blue Devils and Tar Heels trading blows and leads and filling the dome with

prize-fight electricity. One team would go on to the championship game Monday, versus Kansas, which prevailed in the other semi versus Villanova.

The other team would go home. For Krzyzewski, going home would really mean home, after nearly a half-century between West Point and Durham, Bobby Knight's former preternatural protégé, now recast as a wizened Kenobi. His voice was still sharp, and the hair somehow maintained its color, but he now had 1,202 wins, more than any men's coach, ever.

He was no longer Mike, but K, the institution, as big as the school he'd transformed to a constant power. Duke was loved and hated—oh, how they were hated!—mostly because they were always there, and he was why.

None of this history penetrated the moment. The game was too good. Duke got a great night from its freshman forward, Paolo Banchero, as well as a freshman guard, Trevor Keels, and it appeared determined to not let what happened in Durham happen again. But Carolina kept coming, led by its own sensational guards, sophomores Caleb Love and R.J. Davis.

Back and forth it went, the

teams swapping leads and the crowd flipping roars as Krzyzewski sat on a sideline stool, arms folded, expressionless, but as engaged as ever. His handpicked heir, Jon Scheyer, would lean over to offer an occasional thought, but this night was K's, to the end.

Carolina's Love stroked a 3-pointer with 26 seconds left, and that really was it. It finished Heels 81, Blue Devils 77. Krzyzewski lingered in the opponent's celebration as his players left the floor, offering congratulations to UNC's first-year head coach, Hubert Davis and his young men. North Carolina had done it again. It was different from the spoiler in Cameron, but it felt comparably epic. These back-to-back Carolina wins will linger forever between rivals—awkwardly for Duke, like champagne for Chapel Hill.

Afterward, Krzyzewski said the proper things. He said the night wasn't about himself, but the players on the court. He talked about how he began every season hoping that his players would finish the year in tears of joy or sorrow, "because then you knew they gave everything." The tears in the Duke locker room were sorrowful, but he called it a "beautiful sight."

"We win and we lose together,"

he said. He declined to get into the finality of it all, until he got into the finality of it all, with an assist from Teddy Roosevelt.

"I'll be fine," Krzyzewski said. "I've been blessed to be in the arena. And when you're in the arena, you're either going to come out feeling great, or you're going to feel agony, but you always will feel great about being in the arena."

"I'm sure that that's the thing I'll look back [and] I'll miss. I won't be in the arena anymore. But, damn, I was in the arena for a long time. And these kids made my last time in the arena an amazing one."

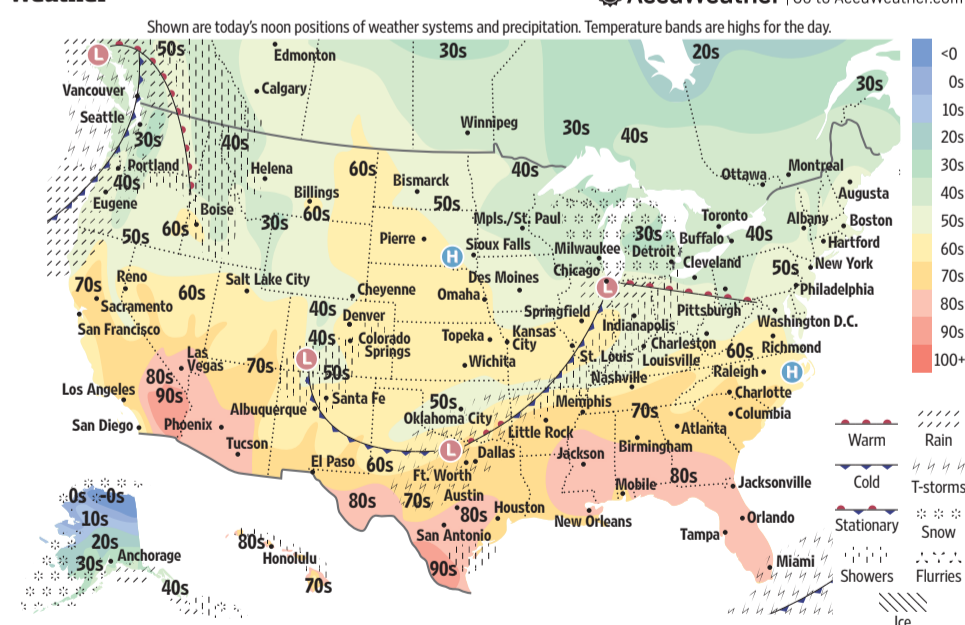
The end was real now. And it was why the many wins meant so much, because the losses felt so abrupt, like this one. North Carolina plays Kansas Monday for a national men's title. Duke heads home, to another coach and era.

In a long concrete corridor of the Superdome, Krzyzewski boarded a golf cart with his wife, Mickie, that would take him to the team bus.

Maybe you can superimpose a sunset, he joked.

It was a good line. Then Mike Krzyzewski left the game.

Weather



Forecasts and graphics provided by AccuWeather, Inc. ©2022

U.S. Forecasts

s...sunny; p.c...partly cloudy; c...cloudy; sh...showers; t...tstorms; r...rain; sf...snow flurries; sn...snow; l...ice

City	Today		Tomorrow	
	Hi	Lo	Hi	Lo
Anchorage	38	30	sf	37
Atlanta	75	57	pc	70
Austin	81	61	sh	94
Baltimore	58	44	pc	59
Boise	61	34	sh	51
Boston	53	40	pc	53
Burlington	50	33	pc	55
Charlotte	71	52	pc	73
Chicago	53	38	r	52
Cleveland	46	40	c	59
Dallas	76	57	t	88
Denver	65	41	c	50
Detroit	45	40	sn	57
Honolulu	82	70	pc	83
Houston	79	68	sh	91
Indianapolis	58	45	sh	58
Kansas City	60	45	c	65
Las Vegas	86	64	pc	89
Little Rock	74	56	c	75
Los Angeles	72	56	pc	77
Miami	82	75	t	86
Minneapolis	46	35	r	45
Nashville	69	54	pc	49
New Orleans	80	69	t	78
New York City	56	44	s	58
Oklahoma City	59	48	t	74

International

City	Today		Tomorrow	
	Hi	Lo	Hi	Lo
Amsterdam	51	49	r	54
Athens	65	53	c	67
Baghdad	93	64	pc	92
Bangkok	87	74	pc	92
Beijing	71	46	pc	74
Berlin	45	39	r	46
Brussels	47	46	r	55
Buenos Aires	69	56	s	72
Dubai	90	73	s	93
Dublin	57	46	c	56
Edinburgh	57	41	sh	48

International

City	Today		Tomorrow	
	Hi	Lo	Hi	Lo
Frankfurt	50	43	r	53
Geneva	49	29	c	53
Havana	90	68	pc	89
Hong Kong	75	65	s	77
Istanbul	56	46	pc	58
Jakarta	90	76	pc	89
Jerusalem	77	53	s	81
Johannesburg	60	54	r	73
London	58	50	c	58
Madrid	54	34	pc	53
Manila	95	82	pc	93
Melbourne	68	54	pc	68
Mexico City	84	56	s	83
Milan	56	35	pc	62
Moscow	40	29	pc	40
Mumbai	91	81	pc	93
Paris	52	46	pc	59
Rio de Janeiro	85	75	s	85
Riyadh	99	70	s	98
Rome	58	41	sh	62
San Juan	85	74	pc	86
Seoul	61	36	s	61
Shanghai	67	51	c	66
Singapore	88	77	t	88
Sydney	80	62	pc	75
Taipei City	69	64	pc	77
Tokyo	56	51	r	62
Toronto	45	35	c	47
Vancouver	48	42	r	57
Warsaw	44	36	pc	47
Zurich	48	34	pc	50

The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11	12
13					14				15		
16					17				18		
19						20			21		
24	25			26				27			
28			29		30		31	32		33	34
37					38				39		40
41					42		43			44	
50	51	52			53	54			55		
56								57			58
60								62			
63								64			65
66								67			68

OPENING LINES | By Adam Vincent

- Across**
- 1 Gotten to one's feet
 - 6 Puts the kibosh on
 - 10 Brief time, in brief
 - 13 101-level college course, say
 - 14 Feeling a workout
 - 15 Gillette brand since 1977
 - 16 Its 31-Down is about the size of a dinner plate
 - 18 Man of the manor
 - 19 Bitter conflict
 - 20 Anchor's resting place
 - 22 Its 31-Down may be hundredths of an inch
 - 24 He gave Elvis Presley signed boxing gloves
 - 26 Eggs at a sushi bar
 - 27 Crafty
 - 28 Playlist item
 - 30 Vassal's estate
 - 33 Nearby
 - 37 Caesar wrap?
 - 38 Brit's breakfast, informally
 - 40 Roughly
 - 41 "Psst! I'm in disguise!"
 - 43 Clairvoyant
 - 44 Tree inhabited by a Christmas partridge
 - 45 Significant period
 - 47 Fireplace item
 - 49 Chimpanzee, e.g.
 - 50 Its 31-Down can be 20 to 40 miles across
 - 56 Casino option
 - 57 Polar feature
 - 60 Letter before kappa
 - 61 Its 31-Down might be similar in size (and function) to a pea
 - 63 Prayer finish
 - 64 Sufferer
 - 65 Gave a thumbs-up to, on Facebook
 - 66 Reason for a trip?
 - 67 "Pronto!" during an operation
 - 68 Judges

- Down**
- 2 "What's ___ for me?"
 - 3 Birds with iridescent feathers
 - 4 Bert's buddy
 - 5 Nearby
 - 6 Abbr. after an attorney's name
 - 7 Futile
 - 8 More arid
 - 9 Accords and Sonatas, e.g.
 - 10 Gotten to one's feet
 - 11 Flynn of "The Adventures of Robin Hood"
 - 12 Leadership group
 - 15 Flashy basketball pass
 - 17 Embark on a quest, say
 - 21 Plummeted
 - 23 Estate recipients
 - 24 Italian wine-producing province
 - 25 Ill-gotten gains
 - 29 Attack strategy
 - 31 Feature shared by 16-, 22-, 50- and 61-Across
 - 32 Gives power to
 - 34 Filled dessert
 - 35 Initials indicating urgency
 - 36 Body of myths
 - 39 Word from the wise
 - 42 Lake near Buffalo
 - 46 Does the job of
 - 48 Stop being followable, as a trail
 - 50 Court event
 - 51 There are nine on a Clue board
 - 52 Exposed, in a way
 - 53 Wiped out in a big way
 - 54 "Futura" captain
 - 55 Handle a trailing shoelace
 - 58 "Up and ___!"
 - 59 Alternative to liquid detergent
 - 62 It's observed from Mar. to Nov.

Previous Puzzle's Solution

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

The contest answer is SWAP. Four Across answers contain a vehicle (VICARAGES, VANISH, GO BUST, STRUCK OUT). Trading the vehicle for a single letter gives a synonym of the neighboring word in the row of the grid (VISAGES for FACES, WISH for LONGING, GOAT for FALL GUY, SPOUT for ERUPT). The replacement letters, in order, spell the contest answer.

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

OPINION

Here Come the Price Controls



INSIDE VIEW
By Andy Kessler

On the 2020 campaign trail, Joe Biden declared, “Milton Friedman isn’t running the show anymore.” Wrong! In March 2020 the money supply was \$16 trillion, it’s now \$21.8 trillion. Lo and behold, inflation is running at 7.9%, supply chains are tight, and many store shelves are empty. Friedman’s adage “Inflation is always and everywhere a monetary phenomenon” has stood the test of time.

But what scares me most is the likely policy responses by the Biden administration that would pour salt into this self-inflicted wound. It feels as if price controls are coming. Don’t trust my Spidey senses? Joe Biden’s own words from March 16: “Oil and gas companies shouldn’t pad their profits at the expense of hard-working Americans.” And in last month’s State of the Union address he said, “As Wall Street firms take over more nursing homes, quality in those homes has gone down and costs have gone up. That ends on my watch.”

And the worst offense: “Cut the cost of prescription drugs. We pay more for the same drug produced by the same company in America than any other country in the world. . . . let’s let Medicare negotiate the price of prescription drugs. They already set the price for VA drugs.”

That sounds good on the surface, but don’t fall for it. As Tomas Philipson noted on these pages, companies would “face a tax as high as 95% on sales if they don’t concede to the government price.” These aren’t negotiations. They are price controls.

Prices set by producers are signals, and consumers whisper feedback billions of times a day by buying or not buying products. Mess with prices and the economy has no guide. The Soviets instituted price controls on everything from subsidized “red bread” to meat, often resulting in empty shelves. President Franklin D. Roosevelt’s National Recovery Agency fixed prices, prolonging the Depression, all in the name of “fair competition.” Watch for the resurrection of that phrase to rationalize price controls.

In 1971 President Richard Nixon announced, “I am today ordering a freeze on all prices and wages throughout the United States.” We got new government entities: a Pay Board and a Price Commission. Americans paid for this mistake for another decade. Farmers drowned chickens rather than send them to market. Store shelves emptied. Price controls contributed to long lines at gasoline stations in 1973 during the Arab oil embargo. It’s pretty simple: When you freeze prices too low, producers stop producing.

Price controls don’t work. Never have, never will. But we keep instituting them. Try finding a cheap apartment in rent-controlled New York

City. Or look for many entry-level jobs eliminated because of \$15 minimum wages. Or try to get gallbladder surgery in Britain or other nationalized healthcare systems that ration care.

Releasing strategic oil reserves is only a temporary fix. Increased supply, more pipelines and expanded drilling could easily counter soaring energy prices, but that would require policy makers to face the wrath of the climate clique that loves high fuel prices. So they find other alleged fixes.

Instead of solving inflation, the left makes a scapegoat of ‘pandemic profiteers.’

Sen. Elizabeth Warren, a leader among our economic illiterate, noted in February that high prices are caused in part by “giant corporations who say, ‘Wow, a lot of talk about high prices and inflation. This is a chance to get in there and not only pass along costs, but to inflate prices beyond that and just engage in a little straightforward price gouging.’” She has co-sponsored, along with other economically challenged lawmakers such as Sen. Bernie Sanders and Rep. Ro Khanna, a bill “to impose a windfall profits excise tax on crude oil.” In case that doesn’t pass, Mr. Sanders last week introduced the brusquely named Ending Corporate Greed Act

with a 95% windfall-profits tax on “pandemic profiteers.” While not a price control per se, a windfall-profits tax has the same effect, lowering the return potential for oil exploration projects, so we get fewer of them, causing even higher prices.

These proposals are just dumb. The Biden administration also has a bizarre fixation on meat and chicken. Instead of saying that no one will pay more than \$3.99 a pound for ground chuck, the executive branch could use fines and Justice Department inquiries on price gouging to skew prices. Once prices get frozen, expect less meat. This is the Alice-in-Wonderland world of economics we live in.

There are glimmers of hope: Modern Monetary Theory, the disingenuous idea that governments can create money without consequences, is as good as dead. Keynesian economic theory, especially the part about using government spending to jump-start the economy, should be on its last legs.

Want to whip inflation now? Forget all the Band-Aids and government controls. Instead, as Friedman suggests, stop printing money. Stop stimulus. Raise interest rates to above the prevailing inflation rate. Prices will adjust naturally. The market works best when it sets prices. Sadly, politicians can’t help themselves. They might disguise and sneak them in while everyone’s focus is on war, but price controls are coming. Write to kessler@wsj.com.

Mexico’s Democracy on Trial



AMERICAS
By Mary Anastasia O’Grady

Billions of dollars of foreign and domestic energy investments in Mexico are at stake Tuesday, when the country’s Supreme Court issues its ruling on the constitutionality of a 2021 electricity law that stifles competition. Yet the significance of the decision will go well beyond pesos and centavos.

Through its ruling, the high court will signal whether it is still independent or if it has become a tool of President Andrés Manuel López Obrador. If it’s the latter, Mexico’s democracy will be swinging by a thread, if it survives at all.

AMLO—as the president is known—has already taken control of the energy regulatory commission, the electricity-system operator and the hydrocarbon commission, all of which were established as apolitical, independent bodies. But he wants more.

An April 10 presidential recall referendum is unlikely to give Mr. López Obrador, who demanded the vote, the result he wants. He could win, but a low turnout will undermine his effort to claim a fresh mandate for his “fourth transformation,” which is aimed at radically centralizing power. He’s already preparing for failure by accusing

the independent National Electoral Institute—which supervises voter registration, campaigns and elections—of partiality.

Last week AMLO announced that he wants to remove the institute’s board of directors and the judges on the electoral tribunal and replace them with officials elected by popular vote. This is absurd. As Luis Carlos Ugalde, who headed Mexico’s electoral body from 2003-07, noted, electoral authorities are selected for their proficiency in running elections. Direct voting for political nominees would produce, at best, a group unprepared for the job.

In any case it is unlikely to happen because it would require a constitutional amendment and Mr. López Obrador doesn’t have the votes in Congress. At least that’s how things are supposed to work.

On the other hand, if the president were to seize control of a blocking minority of the 11-seat Supreme Court—four magistrates—he and his Morena party could skip the process of amending the constitution and impose deep structural change in the country with laws passed by a simple majority in Congress.

For the high court to rule a law unconstitutional, the vote must be at least 8-3. Otherwise, it stands. AMLO gets this.

In 2019 the financial investigation unit of Mexico’s attorney general used an allega-

tion of illicit funds to force the resignation of Supreme Court magistrate Eduardo Medina Mora. Mexico’s attorney general never filed charges against Mr. Medina Mora and in February the top prosecutor announced that the case has been closed. In the meantime, the dirty pool worked: It opened a vacancy

On Tuesday the independence of the Supreme Court faces its biggest test.

on the court.

As of today Mr. López Obrador has named four magistrates to the bench. But not all his picks have been marching in lockstep with him. On Tuesday they face their biggest test to date.

The “electric industry law” effectively puts an end to competition among electricity generators, damages investors, and revives the monopoly power of the state-owned federal electricity company. This contravenes the constitution, which was amended in 2013 to open the market to private capital and guarantee a level playing field for all.

The constitutional challenges were brought by Mexico’s competition commission, members of Congress and the state of Colima. Supreme Court magistrate Loretta Ortiz—who staunchly opposed

the opening of energy markets in 2013 as a congresswoman for the Workers’ Party and is a hardcore AMLO supporter—wrote the opinion that argues the law is constitutional.

Ms. Ortiz—and AMLO—needs only a simple majority of the 11 magistrates to prevail on Tuesday. That’s not impossible but it’s unlikely. If it happens it will mark the end of the court as a serious arbiter.

If the Ortiz opinion fails, another member of the court is expected to be assigned the task of writing a new opinion holding that the law is unconstitutional, requiring an 8-3 vote in favor to win. This is the best outcome for Mexico. It’s possible, if uncertain.

A third possibility is a vote in favor of the “unconstitutional” position but short of the supermajority necessary to defeat the bill—for example, 7-4. In that case, AMLO can spin it as a win but Mexican lawyers tell me that with a majority of magistrates ruling it unconstitutional, federal judges would have no mandate to uphold it.

That’s little consolation. The survival of the law would strengthen the government’s hand in negotiations with private energy interests. More troubling, AMLO would undoubtedly recognize that the same tactics could be used to dismantle Mexico’s democracy without the slightest reform to the constitution. Write to OGrady@wsj.com.

BOOKSHELF | By Robert W. Merry

A President Revisited

The Jazz Age President

By Ryan S. Walters

(Regnery History, 224 pages, \$29.99)

Poor Warren G. Harding, burdened with the distinction of being America’s pre-eminent presidential bottom-dweller. In surveys on White House performance, Harding invariably ranks dead last, with almost no prospect that he will ever climb the rankings as others have done—Dwight D. Eisenhower, for example, or Ulysses S. Grant.

Historians have variously described Harding as “a prime example of incompetence, sloth, and feeble good nature,” “the most inept president” of his century, “lazy,” “a black mark in American history” and “quite the bumbler.” Is this an accurate appraisal? Ryan S. Walters answers with a defiant no. In “The Jazz Age President: Defending Warren G. Harding,” the author even indulges in a few flights of outrage at what he considers the “rumors, lies, smears, and innuendo” that have been “used to wreck” Harding’s reputation. The author pleads for a fresh look at the 29th president, designed to place him “in the proper light.”

That could begin with this taut and intricately rendered treatise, which demonstrates that Harding was in fact a far better president than his reputation suggests—and a better man, too.

When Harding became president in 1921, the nation was struggling through one of its greatest crisis periods, beset by soaring inflation followed by debilitating deflation, bloody racial and labor strife, ominous episodes of domestic terrorism, and the fallout from Woodrow Wilson’s harsh wartime assaults on civil liberties. Harding’s first priority was the economy—the gross national product was down 17%, stock values were cut nearly in half, unemployment was at 12% and farmers were devastated by plunging prices. Harding reduced government spending, slashed individual taxes (the marginal rate had reached a high of 77%), increased tariff rates, and shrank the size and intrusiveness of the federal government.

All this flouted the progressivism that had dominated American politics since Theodore Roosevelt’s presidency of 1901-09. But Harding’s efforts worked, setting in motion a decade of economic expansion unequalled in American history. The economy grew at an average of 7% a year between 1922 and 1927, and the nation’s wealth soared to \$103 billion in 1929 from \$70 billion in 1921.

The growing economy and abundant job growth, along with protectionist trade policies and curbs on immigration, helped quell labor unrest. On racial issues, Harding expanded the hiring of blacks in the national government (after Wilson championed segregation of the federal workforce and reduced African-American employment there). Harding also called for a federal antilynching statute and traveled to Birmingham, Ala., in the heart of the Jim Crow South, to call for equal rights and opportunities for African-Americans. Harding also created the Veterans Bureau and the White House’s Bureau of the Budget (now the Office of Management and Budget) and initiated the Washington Disarmament Conference of 1921-22, America’s first arms-control effort. It halted, for a time, the global naval arms race involving the industrial nations and scrapped some 66 ships.

A fresh look at Warren G. Harding, who was a far better president—and a far better man—than his reputation suggests.

If, as they say, performance is as performance does, this would seem to be a credible presidential record for a man who inherited a nation in crisis and held office for a mere 29 months before dying in 1923 of a heart condition. So why the wide disparity between Harding’s achievements and his reputation in history? Mr. Walters, an independent historian whose books include “The Last Jeffersonian: Grover Cleveland and the Path to Restoring the Republic,” posits that the answer resides in four elements of the Harding story: his temperament and persona; his political philosophy; three sordid scandals exposed just before and after his death; and revelations of two extramarital affairs.

Harding was a man of little intellectual sophistication, with a gentle nature, hardly any pretense and almost no guile—in other words, the kind of man who is often underestimated and easily ridiculed. But he harbored serious convictions and a degree of common sense that served him well. His convictions were decidedly anti-progressive, and that generated intense animus from people who pined for the likes of Woodrow Wilson, even though the intellectually brilliant Wilson, lacking Harding’s common sense, had practically destroyed the fabric of American society during his second term. After Harding’s nomination, H.L. Mencken observed, “Liberalism was laid in the coffin.” Many contemporaries couldn’t forgive Harding for that, and this harsh sentiment has lingered through the decades.

The scandals at three governmental departments involved wicked venality. Mr. Walters emphasizes that Harding didn’t participate in or benefit from any of these nefarious actions. The author acknowledges that Harding’s often naive good fellowship blinded him to the true nature of his corrupt friends and associates. But, once informed, he quickly sought to bring the miscreants to account. He confronted one crooked figure by grabbing him by the throat, calling him a “double-crossing bastard” and demanding his resignation. After Harding informed another offender that he would be arrested in the morning, the man went home and killed himself.

As for Harding’s extramarital affairs, we know of two—a longtime romance with Carrie Fulton Phillips, the wife of a good friend, and a subsequent liaison with the much-younger Nan Britton. Mr. Walters acknowledges the affairs but argues they happened before Harding’s presidency. He quotes Ike Hoover, a longtime White House usher, who declared, “Nan Britton is a liar.”

With his command of the post-World War I period and sense of mission, Mr. Walters has produced a valuable corrective to a conventional narrative, interjecting a bit of fairness into the complex story of Warren G. Harding, who doesn’t deserve his bottom-dwelling status.

Mr. Merry is the author of five books on American history and foreign policy, including “Where They Stand: The American Presidents in the Eyes of Voters and Historians.”

When Judge Jackson Ruled Against the IRS

By Leslie Lenkowsky

It’s safe to assume that Judge Ketanji Brown Jackson—who was appointed to the federal bench by President Obama and has been lauded by progressives—wasn’t personally a fan of the tea-party movement. But while on the bench, she defended a pro-Israel group that was seeking tax exemption against the sort of extra scrutiny the Internal Revenue Service brought to bear on many organizations associated with the tea party during the Obama administration.

The case involved Z Street, which provides information to the public on issues related to Zionism, Israel and the Middle East. At the end of 2009, it applied for tax exemption as a public charity under Section 501(c)(3) of the tax code. Six months later, an IRS representative allegedly told Z Street a decision would be delayed because the agency had a special

unit to examine requests from groups dealing with Israel to determine whether their views contradicted the Obama administration’s policies.

Z Street sued, and the case was assigned to Judge Jackson. In a 2014 ruling, Judge Jackson dismissed the IRS’s argument that its judgments

She sided with a pro-Israel nonprofit whose exemption was stalled.

about tax exemptions had immunity from judicial review. She accused the IRS of using procedural claims to block litigation of a constitutional issue.

After Z Street finally received its tax exemption, Judge Jackson approved a 2018 agreement in which the IRS expressed its “sincere apology” for the delay and acknowledged that its criteria

for approving requests for tax exemption shouldn’t include political beliefs—though the agency still denied it had applied a political test to Z Street’s application. In her conclusion of the case, Judge Jackson declared it was “wrong” to use the tax laws against any group “based solely on any lawful positions it espouses on any issue” or its “association with a particular political movement, position, or viewpoint.”

By that time, the IRS had already ended its controversial procedure of singling out groups for in-depth review based on their names or apparent ideological leanings, rather than evidence they engaged in political or other activity that tax-exempt groups aren’t permitted to do. A 2017 report by the IRS inspector general found that this practice wasn’t unusual at the time Z Street applied for its exemption. Using 17 other liberal and conservative causes—such as

community organizing, drug legalization and debt reduction—the retrospective audit turned up almost 150 organizations that had been subjected to unusually intense IRS scrutiny, generally during the early years of the Obama administration. These organizations faced what the inspector general called “unnecessary questions” and longer-than-normal delays in processing their applications. This was on top of the nearly 300 groups that a separate 2013 audit found had received special IRS attention because of their association with the tea party.

Nonprofit groups provide important intellectual diversity to our country by advocating policies that the government or even a majority of the public may not favor. Judge Jackson upheld vital American values in protecting Z Street’s constitutional rights.

Mr. Lenkowsky is professor emeritus at Indiana University.

OPINION

REVIEW & OUTLOOK

A ‘Strategic Defeat’ for Putin? Not Yet

The human carnage and ruins of Bucha, a suburb of Kyiv, were on display this weekend after Russian troops withdrew. It’s a horror show, with bodies of unarmed civilians lying in the street, some reportedly shot in the back of the head. Some appear to have been executed. This is the gruesome legacy of Vladimir Putin’s invasion that the world will have to consider as part of its calculations as his war of attempted conquest continues.

Western journalists were able to see and confirm the Bucha destruction as they entered the suburb after the last Russian troops retreated on Friday. Russian tank columns had moved through the town as they sought to surround and lay siege to Kyiv from multiple directions. They were stopped by fierce Ukrainian resistance, but not before laying waste to much of the city and, on the visual evidence, murdering its trapped population.

Readers can see the bodies in the streets in videos online, which appear to be real. They are proof of the modern world as it is. For liberal internationalists who think military force is no longer a dominant force in human affairs, behold the dead in Bucha, where illusions about the “rules-based international order” are buried with the bodies.

Volodymyr Zelensky, the Ukrainian president, called Russia’s war a “genocide” on CBS’s “Face the Nation” on Sunday. Antony Blinken, the U.S. Secretary of State, called the scenes from Bucha “a punch to the gut” on CNN, though he declined to call them war crimes. He said the U.S. will collect evidence in Ukraine and make a judgment.

There is already a strong *prima facie* case that Russia’s bombing of civilians is a war crime, even if it doesn’t meet the definition of genocide. Scenes like those in Bucha, Mariupol and Kharkiv will have to inform the extent of Ukrainian, and Western, cooperation with Mr. Putin even if he withdraws from all of Ukraine.

Is the U.S. really going to work with the Kremlin to implement another nuclear deal with Iran? And how is Russia still a member of the United Nations Human Rights Council? Its irrelevance in this conflict has exposed that the United Nations is worse than useless. It implicitly abets the world’s dictators by

giving them political legitimacy.

The Russian withdrawal from the Kyiv region marks a setback for its original war aims, but it is still not a defeat for Mr. Putin. He might be regrouping his forces for another attempt on Kyiv later. Or perhaps he is changing his war aims to focus on conquering the east and south of the country. The Sunday bombardment by Russian ships suggests that Odessa, a city of about one million on the Black Sea, remains a Kremlin target.

Which makes it dismaying that Biden officials continue to assert that the war is a “strategic defeat” for Mr. Putin. They repeat the talking point as if they’re trying to persuade Americans that the war has already been won. “If you step back and look at this, this has already been a dramatic strategic setback for Russia and, I would say, a strategic defeat,” Mr. Blinken said on CNN Sunday.

No, it isn’t. Russia has killed thousands of Ukrainians, inflicted untold damage, and still controls more territory than it did before the invasion. If Mr. Putin secures a truce that ratifies those territorial gains, he will have snatched the part of Ukraine that contains the bulk of its energy resources. He would be able to re-arm and continue as a lethal threat to the rest of Ukraine, the Zelensky government, and the border nations of NATO.

This is no doubt why Mr. Zelensky continues to express frustration with the reluctance of the U.S. and NATO to provide the heavy weapons Ukraine needs to go on offense and retake lost territory. Leaks on the weekend suggest the U.S. may finally be helping to get old Russian tanks into Ukraine, but the country also needs advanced antiship missiles to protect Odessa, as well as aircraft to attack Russian tanks and artillery, and anti-aircraft systems.

The West’s goal shouldn’t be some abstract “strategic defeat” but an actual defeat that is obvious to everyone, including the Russian public. Ukraine will have to decide how long it is willing to fight. But as long as it is willing, the U.S. and NATO should provide all of the military and sanctions support it needs. If Mr. Putin gains from this war, there will be more invasions, more war crimes, and more horrific scenes like those in Bucha in the future.

LETTERS TO THE EDITOR

New Way of Prescribing Drugs to Treat ADHD

Regarding “The Anxiety Inside the Online ADHD Treatment Business” (Exchange, March 26): We at Cerebral Inc. focus on patient safety and clinical quality while treating a range of conditions with behavioral-based treatments and medications. Access to mental-health care is a persistent barrier. Our model is new. But it is working—60% of our new patients have never had access to a mental-health professional. We offer therapy, coaching, meditation and medication, if clinically appropriate. We adhere to national clinical standards, and our work is governed by a clinical advisory board of mental-health experts.

Our ADHD service line is a small part of our business. We take the practice of prescribing controlled substances to treat it very seriously. We have in place protocols to ensure that they are prescribed safely and only when necessary. Only a single-digit percentage of our patients have been prescribed Adderall.

Clinicians don’t need to provide a prescription based on one 30-minute session. We have advanced screening to generate important data for informed decisions, and the initial consultation can be followed up with unlimited additional sessions. If more support is needed, our clinicians have access to a psychiatrist who is available 12 hours a day, 7 days a week.

KYLE ROBERTSON
CEO and founder, Cerebral Inc.
Miami

After creating so many opioid addicts, the for-profit forces in medicine are at it again. Amphetamines (including Adderall and other ADHD drugs) are addictive, with high abuse potential. Thirty-minute appointments are inadequate for diagnosing ADHD and initiating lifelong medication. Providing refills without careful monitoring is unsafe. That these companies profit by charging a recurring fee on monthly medication renewals is a conflict of interest. There is nothing in the Hippocratic oath about maximizing profits, particularly by endangering patient health.

COURTNEY NEVITT, M.D.
Olympia, Wash.

Your article opens a window on how many patients desperately need companies like Done Health and Cerebral. We have a child with an ADHD diagnosis. It is lifelong and debilitating if untreated. Most patients undergo extensive tests from doctors when they are young. Tests can last eight hours and cost almost \$5,000 (not covered by insurance). Patients living without medication suffer anxiety and depression. It was cruel to require an in-person visit to refill these medications, as this isn’t something one outgrows. Thank goodness companies are providing some relief to those with ADHD.

MARY SCHAEFFER
Bonita Springs, Fla.

I have found that a proper evaluation for the treatment of a patient who presents with the complaint “I have ADHD” involves several steps, starting with an interview of at least 50 minutes, plus 20 minutes for data entry. Finding what, if any, medications are most helpful is a process that can take months to years. It is difficult enough to evaluate whether a patient has an addictive personality, disease or active addiction in a 50-minute face-to-face interview.

Sometimes bupropion (Wellbutrin), an antidepressant that can be helpful for “focus,” depression, anxiety and actual ADHD, is all the medication needed. Psychological testing also is needed. Often anxiety, learning disabilities or depression are the actual diagnoses. And I never refill an amphetamine prescription without seeing the patient for an appointment.

DAVID GRUBB, M.D.
Spokane, Wash.

There aren’t enough hours in the day for a nurse practitioner carrying a caseload of 2,300 patients to adequately follow up with them to ensure safe and effective treatment is occurring. Prescribers in Louisiana have lost their licenses for less. My advice to any prescriber working for one of these online companies is to be very cautious, as should any patient seeking treatment.

JOHN H. WAGNER III, M.D.
Shreveport, La.

California’s Diversity Quota Defeat

Did California lawmakers consult a lawyer before passing a law that mandates diversity quotas for corporate boards? A state judge late Friday tossed the law on summary judgment, suggesting it was so obviously unconstitutional that it didn’t merit a full trial.

The 2020 law required public companies headquartered in California to include at least one board director who identifies as a racial or ethnic minority or as gay, lesbian, bisexual or transgender by the end of last year. Companies with five to eight board seats would have to include two “underrepresented” members by the end of this year.

The conservative legal outfit Judicial Watch sued, arguing the law violated the state Constitution’s equal protection clause by establishing explicit set-asides based on racial, ethnic or sexual preference. The law also flouts the U.S. Supreme Court’s *Bakke* precedent (1978), which struck down strict racial quotas in college admissions.

Democrats say the law is necessary to counter discrimination and advance social justice. Or as Gov. Gavin Newsom put it when signing the bill, “When we talk about racial

justice, we talk about empowerment, we talk about power, we need to talk about seats at the table.” But the law wasn’t narrowly tailored to achieve this government interest.

State judge Terry Green didn’t explain his reasoning for enjoining the law, perhaps because it so clearly violates equal protection. Many colleges discreetly use racial preferences in admissions because quotas are prohibited, and this fall the Supreme Court will consider whether Harvard’s use of race discriminates against Asian-Americans.

Most businesses these days work hard to diversify their leadership, and most large public companies are meeting California’s quotas. But some smaller firms struggle to recruit such directors as large companies get the most qualified candidates.

Only 301 of the 716 public companies headquartered in California complied with the law last year, according to the Secretary of State. The others could be dunned \$100,000. One-party Democratic states are increasingly resorting to government coercion to impose their social values, which is one more reason so many people and businesses are moving elsewhere.

Iowa’s School Choice Opportunity

School closures and union hostility to parental involvement in curricula have created new political momentum for education choice in the states. Iowa could be the next success story if Republicans in the state House find enough political courage.

The Iowa Senate last week passed an education bill that creates a program that uses public money to fund up to 10,000 scholarships a year for certain educational expenses, including private-school tuition.

Students in an “individualized education program” or those in households with annual income up to four times the federal poverty level—about \$110,000 for a family of four—could qualify for annual assistance of more than \$5,000. That’s about 70% of the per pupil funding for traditional public schools. The idea—executed with great success in Florida, Indiana and other states—is to let more money follow students, not school districts.

Democrats, echoing their teachers union funders, are united in opposition. That leaves little room for GOP defections. Iowa Republicans failed to pass a similar provision last year despite controlling the Governor’s mansion and both chambers of the Legislature.

The Senate’s legislation passed 31-18, with only one Republican defection. While the House also passed an education bill last week, it avoided school choice. The lower chamber tackled parental involvement with school curriculum, which the Senate bill covered too.

The GOP divide is more about geography than ideology. Rural areas tend to have fewer options outside of traditional public schools and worry that choice would hurt their smaller districts. Some local public school administrators, following the unions, are predicting doom for public education, as they always do. But the Senate has rural GOP legisla-

tors too, and the chamber compromised by sending more money to low-enrollment school districts. The modern school choice movement began as an alternative to help parents and children trapped in rotten public schools, often in inner cities. This is a powerful message, though it counts for less politically in a heavily rural and suburban state like Iowa. But choice is about empowering parents and children everywhere by encouraging competition and breaking the monopoly that administrators and unions have on education governance.

Reluctant Republicans in the state House can pass all the curriculum bills they want, but as public attention fades the bureaucracy will reassert control if parents have no alternative for their children. Private and public school choice (charters) is crucial for reasserting high standards and preventing ideological indoctrination that parents dislike.

Iowa’s Kim Reynolds, who has been driving the choice effort, is turning out to be a notable reform Governor. She signed a major tax cut last month, and passing the Senate bill would be an excellent way to finish this productive legislative session.

How Much Has Europe Changed on Defense?

Walter Russell Mead writes that Vladimir Putin’s war against Ukraine “looks set to promote the emergence of a Europe that is militarily stronger and more deeply engaged with the U.S.” and is “making Germany more powerful, more activist and more Atlanticist” (“Putin’s War Unifies Europe,” *Global View*, March 29). But it is far too early to shoot off any celebratory fireworks.

Mr. Mead believes that changes will be profound if Berlin finally meets its NATO commitment to spend 2% of gross domestic product on national defense. Yet this is the same Germany that a few months ago could famously scrap together only a few hundred helmets to send to Ukraine in its defense. After years of neglect, it will take much longer and much more financial willpower than most

The Second Booster Is the Correct, Cautious Response

Drs. Philip Krause and Luciana Borio are myopic and cavalier about the risks of Covid-19 (“You Likely Don’t Need a Fourth Covid Shot,” op-ed, March 29). Their discussion of the probability of infection following various vaccination regimes is generally correct, but there is a saying in medicine that for an individual person, the probability of an event such as infection or survival in the population is irrelevant. For that person, the outcome is either zero or 100%.

The significant frequency of long Covid, with its potential long-term debility, and the postinfection increased risk of cardiac disease and changes in the brain argue for a high level of caution. I’ve gotten the second booster.

HENRY I. MILLER, M.D.
Redwood City, Calif.

Dr. Miller was a research associate at the NIH and the founding director of the FDA’s Office of Biotechnology.

Biden’s Record on Refugees

Your editorial “Putin Uses Refugees as a Weapon” (March 23) suggests that President Biden go big and offer to resettle 200,000 or 300,000 Ukrainians who are currently in Poland. Mr. Biden has already gone big. There is no limit on the number of refugees that the president will accept through Mexico’s open door to the U.S.

WELDON WILSON
Sherman Oaks, Calif.

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people assume to build a locked-and-loaded German military.

The European Union will also have its hands full with up to four million Ukrainian refugees, who already are overwhelming Poland and have no safe homeland to return to for the near future.

I hope this conflict spurs Europe, and especially Germany, to action and to a re-evaluation of its resources. Realistically, however, Brussels and Berlin have a long way to go to develop military and defense capabilities that can stand alone without U.S. intervention.

JOSH KRISINGER
Atlanta

One Way to Get More Bang For Our Buck With Colleges

While it is true that with federal Pell grants, colleges “have no incentive to improve graduation rates because the subsidies flow no matter how students fare” (“The Biden Plan to Raise College Tuition,” *Review & Outlook*, March 30), state governments have increasingly tried to make public colleges and universities more accountable for student outcomes through performance-based funding formulas.

A recent study from the Education Trust found that 33 states appropriated funding for public institutions under such formulas, most of which include degree completion as a metric. While not as effective as they could be, performance-based funding formulas can be improved, and they at least make public institutions have “skin in the game,” long championed by former Sen. Lamar Alexander.

MICHAEL W. KLEIN, PH.D.
Rutgers University
Pennington, N.J.

Pepper ... And Salt

THE WALL STREET JOURNAL



“We live on a migration route.”

OPINION

Biden Told the Truth: Putin Has to Go

By Garry Kasparov

Russia's all-out war on Ukraine is entering its sixth week, and the past few days have seen a rhetorical shift in Vladimir Putin's goals. Since the Kremlin lies about everything, real evidence of a Russian retreat or any change in posture is always necessary. Still, it feels like confirmation of battlefield observations that the Russian army has been thwarted in its primary objectives and will now attempt to salvage a disastrous military effort with a successful negotiation. As my former world championship challenger Nigel Short once said about peace offerings, "If your opponent offers you a draw, try to work out why he thinks he's worse off."

It would also fit Mr. Putin's usual

Ukraine's sacrifice will be in vain if the West's moral confusion gives Russia a chance to regroup.

tactic of taking territory by force and then pivoting to diplomacy to secure his gains. Whether it's feint or fiction, the pressure by Ukraine and its allies on Russia must only increase. Kharkiv and Mariupol now resemble the gutted ruins Mr. Putin created in Aleppo and Grozny. Yet the weapons Ukraine needs to stop long-range artillery, missile attacks and aerial bombing are still being held back by the U.S. and other North Atlantic Treaty Organization nations.

That should be the real story, not

any controversy about President Biden saying Mr. Putin "cannot remain in power." No free-world leader should hesitate to state plainly that the world would be a far better place if Mr. Putin were no longer in charge in Russia, and one way to help make that come about is to say it. Making it clear that Russia will be a pariah until Mr. Putin is gone is the best way to shake his support among elites, military commanders and ordinary Russians.

The problem came when the White House attempted to walk back the remark, calling it an ad lib that did not reflect a U.S. policy about "regime change" in Russia. This retreat added fuel to my concerns about an internal split in the White House between those who sense the opportunity to toss Mr. Putin into the dust bin of history and those who are afraid of any change in the status quo and who would rather deal with the devil they know.

The latter would be an echo of 1991, when President George H.W. Bush gave his infamous "Chicken Kiev" speech, reportedly penned by Condoleezza Rice, cautioning Ukraine against rushing to independence from the Soviet Union. Three weeks later Ukraine ignored that advice and declared independence. The Soviet Union collapsed within months.

The updated 2022 recipe calls for keeping Mr. Putin at the negotiating table for the Iran nuclear deal and not giving Ukraine the jets and other offensive weapons it needs to win the war. Everything I hear from other NATO members is that the U.S. has become the obstacle, and an explanation is required. Allowing Mr.



DAVID KLEIN

Putin to keep an inch of Ukrainian soil after bombing civilians should be unimaginable. Conceding large areas of eastern Ukraine to the invader in exchange for a cease-fire would only give Mr. Putin time to consolidate and rearm for next time—and there will always be a next time. No peace deal should weaken the strong sanctions that have finally arrived, eight years late.

The only drawback to the end of the Cold War was the loss of the moral clarity provided by a clear and present evil. Aside from a handful of fellow travelers and useful idiots, even Ronald Reagan's critics couldn't doubt the accuracy of his calling the

Soviet Union "an evil empire" in a 1983 speech, as startling as it was to hear a politician speak so plainly in moral terms. It was also a tonic for those of us inside the Soviet Union to hear what we knew to be true said aloud by the leader of the free world.

Mr. Biden's age may be a negative for some, but he remembers the Cold War. Gaffe or not, his remark reflected accurate instincts: Mr. Putin must go. But the war in Ukraine is also a distraction from his flailing domestic agenda. It's hard to talk about economic and social issues in the U.S. when a real war is leading the news every night.

The New Progressives Fight Against Consumer Welfare

By Phil Gramm
And Christine Wilson

With major antitrust legislation headed to the Senate floor, it is important to remember that over the past half-century, a bipartisan consensus has existed that antitrust law and enforcement should be anchored in consumer welfare. This consensus, beginning in the 1970s, was founded on a bipartisan rejection of Progressive-era regulatory frameworks that harmed consumers, competitiveness and economic growth. In one of his first and most important executive orders, President Biden committed his administration to returning to those Progressive-era policies, which pick winners and losers, substitute government edicts for market forces, and bestow on unelected bureaucrats expansive power to engage in industrial policy.

The modern progressives who dominate the Biden administration have labeled themselves Neo-Brandeisians after Justice Louis Brandeis, who claimed that "the evils of excessive bigness are something distinct from and additional to the evils of monopoly." Sen. Elizabeth Warren, who believes that only government should be big and powerful, has worked to ensure that committed progressives hold key levers of regulatory power in the Biden administration. Notable examples include Tim Wu, a special assistant to the White House National Economic Council; Lina Khan, chairman of the

Federal Trade Commission; and Rohit Chopra, director of the Consumer Financial Protection Bureau.

These officials see the world through the lens of class warfare, as a zero-sum game. Like Progressives before them, they view the rule of law not as a cornerstone of liberty and democracy, but as an impediment to equality and the means by which the ruling class suppresses the masses. In their view, economics-based antitrust enforcement under the consumer-welfare standard drives this oppression. Sandeep Vaheesan of the Open Markets Institute, who has written academic papers with Ms. Khan, claims that an "antitrust enforcer anchored in consumer welfare is an antitrust enforcer anchored in anti-labor."

While antitrust enforcement since the 1970s has sought to rise above politics by using economics-based analysis to measure consumer benefit, modern progressives reject the idea that antitrust enforcement is, and should be, apolitical. To them, economics isn't a value-neutral discipline that guides sound decision-making. Matthew Stoller, who worked with Ms. Khan at the Open Markets Institute, believes "the point of economics as a discipline is to create a language and methodology for governing that hides political assumptions from the public." To Ms. Khan, "all decisions are political insofar as government agencies are bringing them."

Unlike most Americans, progressives view low prices as a business,

not a benefit. In July 2020, Mr. Wu waxed poetical about artisanal flour producers and lamented the commoditization of flour as "just an ingredient, the cheaper the better." He attacked large flour producers for seeking "brute efficiency" and depressing prices. Should we now applaud that the price of flour has risen 11.6% in the past year?

The first Progressive attempt to regulate competition occurred in

The Biden administration wants to undo years of bipartisan consensus about antitrust regulation.

1887, when Congress created the Interstate Commerce Commission. Real rail-freight revenues per ton-mile had fallen 17.7% from 1870 to 1890. The ICC banned price rebates, a mechanism overbuilt railroads had used to reduce prices. When trucks began to compete with railroads, the ICC brought trucking under its regulatory control in 1935. Airlines were regulated in 1938 when they began to compete with both.

The Sherman Act of 1890 instituted the progressive antitrust agenda economywide. During the 10 years before its enactment, steel, copper, petroleum and sugar all had higher output growth and faster real price declines than in the 10 years after its passage—making it hard to

claim that even at its inception, Progressive-era regulation quantifiably benefited consumers.

By the mid-1970s, evidence of failed regulation was overwhelming. America's largest railroad, Penn Central, went bankrupt from overregulation. Planes flew half-empty, and travelers paid more for federally regulated flights than similar intrastate flights. President Jimmy Carter, Stephen Breyer and Ted Kennedy led bipartisan rejection of Progressive-era regulations for railroads, trucking, communications and airlines.

Deregulation unleashed a wave of innovation. The cost of moving goods fell by an astonishing 50% as a share of gross domestic product over 40 years. Airfares dropped 50% on a per mile basis, while air cargo surged from 5.4% of shipments to 14.5% by 2012, making air transit for people and packages a routine part of American life. Similar miracles occurred in telecommunications as landlines and phone booths faded. As government was deregulating markets to the benefit of consumers, the courts and antitrust enforcers adopted the consumer-welfare standard with similar results.

This consensus is now being unraveled by the Biden administration through executive orders, regulatory decrees and antitrust enforcement. Could it be, as FTC Commissioner Rebecca Slaughter posits, that "antitrust should be antiracist"? Or is Ms. Warren giving us a vision of the nation's future in her proposed Prohibiting Anticompetitive Mergers Act,

under which "neither quantitative evidence nor a definition of relevant market or market share" would limit the reach of antitrust action? Ms. Warren's standard would require enforcers to evaluate the impact of mergers on the parties' "business ecosystems," including "workers, consumers, customer choice, sellers, small and minority-owned businesses (including farms and ranches), local, rural, and low-income communities, communities of color, privacy, quality, entrepreneurship, and innovation." Ms. Warren would undo mergers that have occurred since 2000 that violated the new standard.

With the consumer-welfare standard uprooted, antitrust would become a license to control the American economy, capriciously rewarding favored businesses and punishing disfavored ones. The president has appointed regulators who are openly hostile to those they regulate and to the economic system of the country. A goal of Republicans in the upcoming antitrust debate should be to codify the consumer-welfare standard. It would be a tragic irony if Republican hostility to Big Tech for its leftist political leaning and censorship empowered the Biden administration to exert even greater control over the American economy.

Mr. Gramm, a former chairman of the Senate Banking Committee, is a visiting scholar at the American Enterprise Institute. Mrs. Wilson is a Republican-appointed commissioner at the Federal Trade Commission.

FDA Shuts Out Its Own Experts in Authorizing Another Booster

By Marty Makary

The Food and Drug Administration last week authorized Americans 50 and over to get a fourth Covid vaccine dose. Some of the FDA's own experts disagree with the decision, but the agency simply ignored them. It will convene its advisory committee this Wednesday to discuss future vaccine needs. That's like having lawyers present arguments to a judge who's already issued a verdict.

Eric Rubin, editor in chief of the New England Journal of Medicine, sits on the advisory committee. He told CNN last month that he hadn't

seen enough data to determine whether anyone needs a fourth dose whose immune system isn't seriously deficient.

Another committee member, Cody Meissner, agrees. Dr. Meissner, chief of pediatric infectious diseases at Tufts Children's Hospital, told me last week that the fourth dose is "an unanswered scientific question for people with a normal immune system."

A third member of the committee, Paul Offit of the Children's Hospital of Philadelphia, told the Atlantic that he advised his 20-something son to forgo the *third* shot, which the FDA recommends

for everyone 12 and over.

At the crux of the broad opposition to second boosters is the recognition of B- and T-cells, which public-health officials have long ignored. They talk only about antibody levels, which tend to decline in the months after vaccination. B- and T-cells, activated by the primary vaccine series or an infection (and augmented by a single booster in older patients), are highly and durably effective at preventing serious illness from Covid. An additional vaccine dose induces a fleeting high in antibody levels, offering only mild and short-lived protection against infection.

Two top FDA officials quit the agency in September complaining of undue pressure to authorize boosters. Marion Gruber, former director of the Office of Vaccine Research and Review, and her deputy, Philip Krause, later wrote about the lack of data to support a broad booster authorization.

Hours after the FDA authorized the fourth dose, the Centers for Disease Control and Prevention gave its formal approval to the move—also without convening its external vaccine experts. Director Rochelle Walensky asserted that the additional doses are safe. But the jury is still out on vaccine-related complications. One of the most common reported adverse events is tinnitus, or ringing in the ears. Gregory Poland, director of the Mayo Clinic Vaccine

Research Group, developed a severe case while driving home after his second vaccine dose. He told MedPage Today he believes tens of thousands of people may be affected in the U.S. and he thinks more research is needed.

But neither the CDC nor the National Institutes of Health has made a priority of studying vaccine complications. The CDC isn't even transparent about its investigations into young people who have died after

Decisions like this reinforce the perception that Covid policy is driven by groupthink and politics.

Covid vaccination. A Seattle Children's Hospitals study published in the Journal of Pediatrics March 25 found that 69% of children who presented with myocarditis after the vaccine had late gadolinium enhancement, a related abnormality, in an MRI three to eight months later.

Instead of investigating these complications further, health agencies rely on messy and incomplete data from their clunky website called Vaers, or Vaccine Adverse Event Reporting System, where some patients report their own possible vaccination complications. When citizens inquire about vaccine

complication rates, public-health officials point to the significant limitations of their own method of tracking them.

While the FDA has approved fourth doses quickly and with little supporting data, it's also been sitting for months on ample data supporting two new Covid vaccines. Novavax and Covaxin use traditional vaccine technology, in contrast with the mRNA shots from Pfizer and Moderna. Covaxin, developed by Bharat Biotech and Ocugen, could yield broader protection against variants, and both shots could overcome some Americans' hesitancy about a novel technology. But the FDA hasn't acted on Novavax's Jan. 31 application for emergency use, and it rejected Covaxin twice, once for adults and once for children. Both have been approved by the World Health Organization and other countries. "We don't need another vaccine," Anthony Fauci, President Biden's chief medical adviser, told India's News Nation in December. "We have enough vaccines."

Trust in public health is at an all-time low. When agencies bypass their own experts, it only reinforces the perception that health policy is driven by groupthink and politics.

Dr. Makary is a professor at the Johns Hopkins School of Medicine and author of "The Price We Pay: What Broke American Health Care and How to Fix It."

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Short Sellers Bet Against Tether

Hedge funds question risk underlying \$82 billion portfolio that backs cryptocurrency

By PETER RUDEGEAIR

Short sellers are betting against a cryptocurrency whose price shouldn't move.

A few investment firms, including **Fir Tree Partners** and **Viceroy Research LLC**, have placed substantial bets in recent months that the price of tether will fall, according to people familiar with the matter. Tether is the most popular currency for

trading bitcoin and is supposed to have a fixed value pegged to the dollar.

Some hedge funds arranged short sales of tether with **Genesis Global Trading Inc.**, one of the larger crypto brokerages for professional investors, said **Matt Ballensweig**, Genesis's co-head of trading and lending. About a dozen funds discussed doing the same with Genesis, but many didn't move forward, Mr. Ballensweig said.

With about \$82 billion tether in circulation, tether is the largest stablecoin, a digital asset linked to the dollar and backed by reserves of cash or other financial instruments.

The short sellers follow a pack of regulators, lawmakers, prosecutors, plaintiffs attorneys and amateur sleuths who have spent months, or years, in some cases, attempting to unearth details about a cryptocurrency whose usage has far outpaced its transparency.

Tether isn't a household name but is a cornerstone of the crypto ecosystem. Traders on big exchanges often use tether as an easier way to buy crypto than through bank accounts or wire transfers.

A Tether spokesperson said that the short sellers seem to be involved in a "clever scheme to raise capital from those less

knowledgeable, by leveraging on disinformation with the end goal of collecting a management fee."

"Tether has been stress tested time and time again and passed with flying colors. During such events, its peg remained solid, all redemptions were honored and even the price on exchanges remained stable," the spokesperson added.

That price stability—tether hasn't traded lower than 0.999 cent against the dollar in the past year—means that short sellers' bets have yet to pay off. And most of Genesis's initial clients have since exited from the

initial trade, Genesis said, though some investors have wanted to discuss ways to short tether in recent weeks. **Fir Tree's** shorting of tether was earlier reported by **Bloomberg News**.

Short sellers are betting that the \$82 billion portfolio that underpins tether's value, now the size of a big money-market fund, is at risk of losses that the parent company hasn't disclosed, according to some of the people familiar with the short positions.

The Tether spokesperson said that the company takes transparency seriously.

Please turn to page B2

Biotech Stocks Enter Bear Territory

By JOSEPH WALKER

Biotech companies are having one of their worst stock-market runs in years, as rising interest rates, scientific setbacks and a slowdown in big buyouts batter the sector.

Biotech stocks began soaring in the spring of 2020 as individual investors and hedge funds flocked to the sector amid intense attention on the race to develop new vaccines and drugs for Covid-19. The uptick in demand for biotech stocks helped fuel a boom in initial public offerings and venture-capital investment into 2021.

Over the past year, the boom turned into a biotech bear market. The SPDR S&P Biotech ETF, an equal-weighted index of biotech stocks, fell 19.7% in the first quarter of this year, compared with a 5% drop in the S&P 500.

From its peak in February 2021, the biotech index lost nearly half of its value, compared with a 15.7% rise in the S&P 500.

Among the biotechs that lost much of their value are several like **CureVac NV** and **Novavax Inc.** whose stocks soared on the promise of developing Covid-19 vaccines and drugs. Shares in **Atea Pharmaceuticals Inc.** fell by two-thirds last October, after the Covid-19 pill it was developing with **Roche Holding AG** failed during testing.

Since last year, the rise in consumer price inflation and expectations for higher interest rates made investors less keen on risky companies such as biotechs that can go years burning through cash before they develop a promising drug or turn a profit, biotech investors and analysts say.

"It is a shift in capital allocation from risky, very future-leaning things to less risky things," says **Eli Casdin**, founder and chief investment officer of life-sciences hedge fund **Casdin Capital**, which had stockholdings of \$3.5 billion at the end of 2021. "In a public market, investors shoot first and ask questions later."

More biotechs than ever before started trading on public markets through IPOs during the pandemic. In 2020, 90

Please turn to page B2

STREETWISE | By James Mackintosh

Market Rebound Rests on a Shaky Foundation



Extreme selloffs beget extreme rallies, and exactly that has happened in stocks in the past two weeks. The big question for Wall Street: Did March 14 mark the start of a durable rally, or is this merely a dead-cat bounce of the type that often occurs in bear markets?

A comparison with the past three big bear-market lows provides some parallels, but also some important differences. Since I am often accused of being a perma-bear, let's start with the similarities, reasons to think this rally might be durable.

First up is that the biggest losers turned into the biggest winners. In 2002, 2009 and 2020, the sectors that were the best performers became the worst or among the worst in the early stages of the rebound, and vice versa.

Exactly that has happened this time, with technology, especially the unprofitable and barely profitable tech stocks beloved of **Cathie Wood's ARK Innovation ETF**, shifting from dismal losers

to soar ahead of the rest of the market. **ARK Innovation's** loss of 44% in the three months before March 14—and much more from last year's high—was followed by an extraordinary 29% recovery in the 14 trading days since.

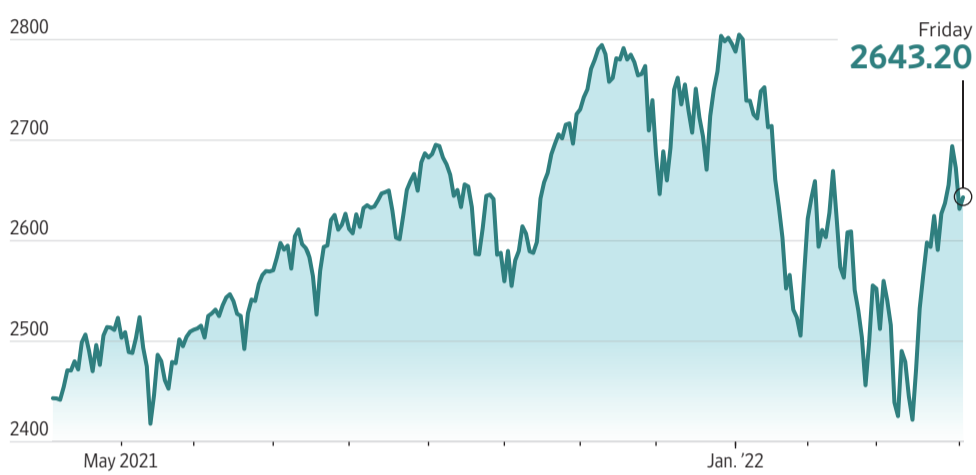
Energy stocks did the exact opposite. Having led the market with gains of 35% in the three months before the low, they rose only 4% since to be the worst-performing sector.

Second is that the low was driven by sentiment, not only fundamentals. Sure, fundamentals mattered hugely: Russia's invasion of Ukraine led to much higher oil prices, helping energy stocks. The Federal Reserve's hawkish turn led to one of the biggest-ever selloffs in Treasuries, pushing up bond yields and so hurting stocks whose profits lie far in the future.

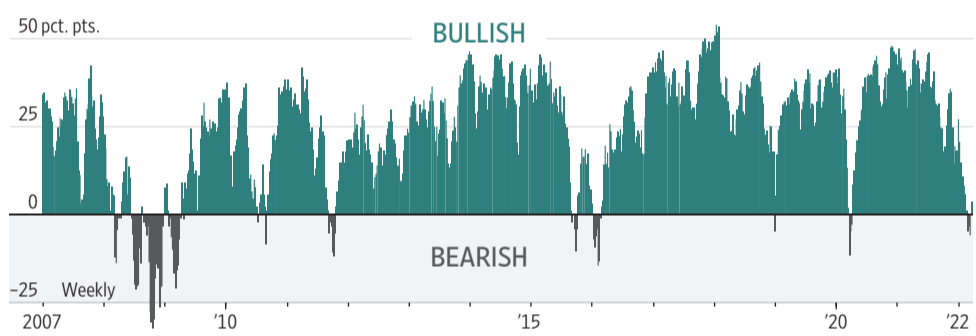
But the investor mood had soured horribly, which typically happens at lows. Bears outnumbered bulls in the **American Association of Individual Investors' survey** and among newsletters

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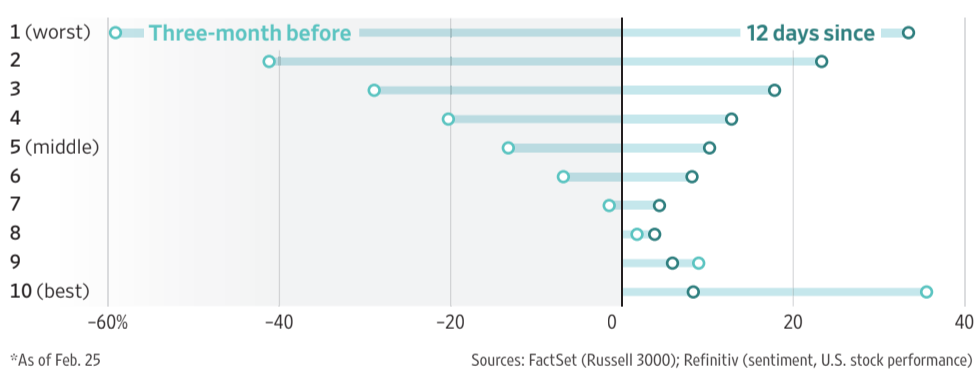
Russell 3000



Investors Intelligence Advisors Sentiment, percentage bullish minus percentage bearish*



U.S. stock performance up to and since March 14, in deciles by prior three months



*As of Feb. 25

Sources: FactSet (Russell 3000); Refinitiv (sentiment, U.S. stock performance)

INSIDE



TRAVEL

Alaska Airlines cancels nearly 300 flights amid staffing shortages, contract talks. **B2**



GROCERIES

Egg prices jump as avian flu spreads across the U.S., killing over 17 million birds. **B3**

Starbucks's Schultz Has Tough To-Do List

By HEATHER HADDON

Howard Schultz is expected to step into a familiar role on Monday—slated to lead a town-hall meeting with employees of **Starbucks Corp.**, the coffee chain he built. For years, Mr. Schultz convened forums for workers to voice opinions about the business, or converse on social issues.

Mr. Schultz, 68 years old, will assume the chief-executive role for the third time, taking the reins from **Kevin Johnson**, who said he is retiring. Starbucks said Mr. Schultz will be paid a dollar in base annual salary in the interim CEO role and serve

on the board. The company has said it hopes to find a permanent chief by the fall.

Within Starbucks's stores, managers in coming weeks are planning to give workers pep talks about the company, aimed at reaffirming Starbucks as a good place to work, according to materials viewed by **The Wall Street Journal**.

Business remains brisk, the company said, and sales hit a record last year. But ingredients and wages are growing costlier, and some investors said they are rattled by the company's margins. A segment of workers said they are

Please turn to page B4

Fund Manager Boosts Russian Buys

By JULIE STEINBERG

Russian stocks crashed after **Vladimir Putin** waged war on Ukraine. That is when **David Amarian** started buying.

Investors were dumping anything Russian, and the hedge-fund manager was happy to take the other side of the trade. He snapped up shares of energy giants **Rosneft**, **Lukoil** and **Gazprom**. He

bought banks—including Russia's largest lender, **Sberbank**—and some local retailers and mining companies.

When Mr. Amarian's buying spree ended, some 55% of his investment firm's \$250 million was in Russian stocks, up from 30% to 35% before the invasion.

Big investors like **Vanguard Group** and **Fidelity International** are waiting at the exit,

hoping to get out without losing everything. But Mr. Amarian has no plans to sell. He is convinced Russian stocks are investible, despite their steep losses.

"We definitely don't have rose-tinted glasses on. Everything is difficult," Mr. Amarian said. "But we are, compared to others, at the level where we feel we're ready to step in."

Mr. Amarian, 41 years old, straddles two worlds. His firm, **Balchug Capital**, is registered in Armenia, where he was born, but he lives and works in Moscow. Russian stocks accounted for up to 70% of **Balchug's** returns last year on average, a person familiar with the matter said. The firm has 11 employees in Moscow and five in Yerevan, Armenia.

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Tesla Deliveries Increased in Quarter

By MEGHAN BOBROWSKY

Tesla Inc. vehicle deliveries rose in the first quarter, but missed Wall Street expectations as the company struggled with global supply-chain disruptions and a brief Covid-19 shutdown at its Shanghai factory.

"This was an *exceptionally* difficult quarter due to supply chain interruptions & China zero Covid policy," **Tesla Chief Executive Elon Musk** tweeted on Saturday morning. Tesla employees and key suppliers "saved the day," he added.

The electric-car maker said Saturday that it delivered 310,000 vehicles globally in the first three months of the year, rising about 68% from the same period a year ago. Deliveries were roughly flat from the final quarter of 2021. Tesla is massively expand-



The auto maker said it delivered 310,000 vehicles in the quarter. Teslas in Lathrop, Calif., last fall.

ing production capacity to meet booming demand, adding new factories as it tries to maintain growth in deliveries by an average of 50%. Wall Street expected Tesla to deliver around 317,000 vehicles in the first quarter to generate

what is anticipated to be a record quarterly profit when the company posts earnings in a few weeks.

Other major auto makers reported slowing U.S. sales for the first quarter due to vehicle shortages.

Tesla's largest factory, located in Shanghai, idled production for the last four days of the quarter due to a Covid-19 outbreak in the city, prompting questions over how it might impact the quarter's

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BUSINESS & FINANCE

Airlines Cancel Thousands of Flights Because of Severe Florida Weather

By GINGER ADAMS OTIS AND ALISON SIDER

Airlines canceled or delayed thousands of U.S. flights over the weekend as severe weather in Florida snarled operations.

The thunderstorms prompted the Federal Aviation Administration to limit flying over a swath of Florida Saturday and to pause flights at several airports in the state.

Southwest Airlines Co., the nation's largest domestic carrier, was particularly hard hit. It canceled 600 flights on Saturday, roughly 14% of its planned routes, and delayed over 1,500, or 44%, according to FlightAware, which tracks plane traffic.

On Sunday, it canceled 400 flights, about 10% of its planned departures, and delayed 894, roughly 23% of its traffic, FlightAware said.

Southwest said some of its earliest flights Saturday were delayed and a handful were canceled due to "intermittent technology issues" that occurred during planned maintenance.

JetBlue Airways Corp. was among the most heavily affected Sunday, canceling over 30% of that day's schedule, according



Travelers at Seattle-Tacoma International Airport check the status of flights.

to FlightAware. A JetBlue spokesman said severe weather in the Southeast and multiple air-traffic control delays programs had affected the industry.

Spirit Airlines Inc. grounded 222 flights on Saturday and delayed 280. It canceled roughly

33% of its Sunday schedule, FlightAware said.

American Airlines Group Inc. canceled 364 on Saturday and delayed 632. On Sunday, 256 were canceled and 354 delayed.

Delta Air Lines Inc. grounded 238 flights on Satur-

day and delayed 587. It canceled 41 flights on Sunday and delayed 420.

Alaska Air Group Inc. canceled nearly 300 flights this weekend amid a staffing shortage and contract negotiations with its pilots.

Shorts Bet Against Tether

Continued from page B1

"Tether manages a portfolio of conservative, diversified, liquid assets," Tether said. It said that its reserve-fund assets exceeded its liabilities.

Regulators, lawmakers and other critics have accused tether of being too opaque. Tether Holdings Ltd., its parent company, has promised a full audit of its reserves for years but never produced one. It took

a yearslong investigation by New York's attorney general, and an eventual \$18.5 million settlement of accusations that Tether misled clients, for Tether to disclose what it holds in only broad terms each quarter through its accounting firm. To prevent more disclosure, even of mundane matters like the name of its chief investment officer, Tether has gone to court to block public-records requests.

Tether said that delivering a full audit remains a priority. It admitted no wrongdoing as part of its settlement with New York's attorney general. Tether's attorneys argued in court filings that additional disclosure of its reserve investments would harm its competitive position in

the market and that revealing its chief investment officer's name would "constitute an unwarranted invasion of privacy."

If the tether token is "backed one-to-one, go and disclose it," said Fraser Perring, founding partner at Viceroy who previously spotted accounting problems at German fintech company Wirecard AG before it collapsed. "We know every single really good short of ours, they've obfuscated something."

"Surely the management, to dispel this fear, could publish exactly each line item," said Mr. Perring.

Tether releases new tether tokens when it receives a corresponding amount of dollars from customers. It then invests those proceeds into reserves

that back the tokens, a portfolio that includes both safe investments, such as cash and short-term U.S. government securities, and riskier ones, including short-term IOUs known as commercial paper, secured loans to companies and other cryptocurrencies.

Some short sellers believe that a chunk of Tether's commercial-paper holdings, which totaled \$24 billion at the end of 2021 and made up a little less than one-third of Tether's reserves, came from shaky Chinese property developers. A faltering Chinese real-estate market and concerns about developers' excessive debt levels have led to selloffs and ratings downgrades in their bonds.

Tether said that it has con-

sciously reduced its commercial-paper holdings since its settlement with New York's attorney general, including a 21% drop in the last three months of 2021. In response to questions about credit exposure to Chinese property developers, Tether referred to a January report from crypto exchange Coinbase that looked at what Tether has disclosed about its commercial paper. That report said that even if Tether "had owned any short-term liabilities associated with weak sectors, such as Chinese real estate, it would no longer be in its portfolio, as rating agencies have downgraded much of that debt to sub-investment grade over the past year."

One short seller also sees

trouble in Tether's holdings of money-market funds and Treasury bills. That firm learned that an affiliate of Deltec Bank & Trust Ltd., a Bahamian bank where Tether does business, sought to invest billions of dollars in outside hedge funds that invest in highly liquid securities, people familiar with the matter said. That money, much of which the short seller believed came from Tether, could be locked up in those funds for months or years, meaning Tether would have a hard time getting it back in a timely manner to meet a wave of redemption requests, the people said.

Tether declined to comment on Deltec's dealings with hedge funds. Deltec didn't respond to requests for comment.



Novavax has been hurt by several delays in getting its Covid-19 vaccine authorized.

Biotechs Enter Bear Territory

Continued from page B1

companies raised \$14.8 billion, surpassing the previous inflation-adjusted peak of \$9 billion raised by 67 biotechs in 2000, according to data compiled by Biogen Inc. Chairman and former Cowen & Co. Vice Chairman Stelios Papadopoulos. In 2021, 112 biotechs raised \$16.5 billion, a record.

The surge in new public biotechs has meant that there are more companies chasing a dwindling amount of capital and investors in the downturn, biotech investors and analysts say. It led to a greater number of companies pursuing the same disease areas or drug technologies, creating more competitive risks for biotechs that do succeed in developing new medicines.

"As an investment industry we're having a really tough time distinguishing between winners and losers," said Jared Holz, a healthcare equity strategist at Oppenheimer & Co. "Now more than ever, you have this dynamic of almost unlimited competition in every clinical program out there."

The industry was rocked by a string of clinical-trial disappointments, including highfliers that attracted investment because of their Covid-19 focus.

Atea raised \$300 million in an October 2020 IPO. After its Covid-19 drug failed in a mid-stage trial, Atea's market value had fallen to \$600.1 million through the end of March, down 91% from its high of \$7.3 billion in February 2021. Atea declined to comment.

CureVac, a German biotech that went public in August 2020, said last year that its vaccine provided less than 50% protection against Covid-19, a subpar result in the eyes of many investors and scientists. The stock fell 85.6% from its high in December 2020, shedding \$20.6 billion in market value through the first quarter of 2022. CureVac didn't respond to requests for comment.

Novavax, whose Covid-19

The industry was rocked by a string of clinical-trial disappointments.

vaccine has shown strong protection in clinical trials, has been hurt by several delays in getting the drug authorized, hurting its near-term sales prospects. Novavax shares declined 77% from their high in February 2021 to \$73.65 at the end of the third quarter, erasing \$17.1 billion in market value.

Novavax Chief Executive Stan Erck said in an email that despite market pressure on biotechs, Novavax is making substantial progress and expects its

momentum to accelerate as it continues to roll out its vaccine in the European Union, South Korea and other countries where it has been authorized.

The news hasn't been better for biotechs outside the hunt for Covid-19 treatments. The market value for BridgeBio Pharma Inc., which made its IPO in 2019, plunged late last year when it said its treatment for a rare heart condition failed in the first part of a late-stage study. The company's market value at the end of March was \$1.5 billion, down 86% from its high of \$9.2 billion in March 2021. BridgeBio has said it has access to \$1.2 billion that will fund its operations into 2024. "Focused execution is our top priority and we have several big catalysts over the next 18 months that we hope will allow us to continue to deliver on our mission to serve patients," said BridgeBio Chief Executive Neil Kumar.

So far, big pharmaceutical companies haven't come to the sector's rescue by splurging on big acquisitions to retool product pipelines, a strong driver of biotech valuations historically.

Acquisitions by the 20 largest pharmaceutical companies by market capitalization reached a 10-year high of \$224 billion in 2019, and fell by more than half to \$98 billion in 2020 before falling to \$37 billion in 2021, according to SVB Leerink.

Deals have slowed down partly because it has been easier for biotechs to raise money from IPOs or follow-on sales of new stock, said Bruce Booth, a partner at venture-capital firm Atlas Venture.

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BUSINESS NEWS

Egg Prices Jump as Bird Flu Hits

Disease led to the deaths of more than 17 million U.S. birds, tightening supplies

By PATRICK THOMAS

A rapidly escalating bird-flu outbreak in the U.S. is contributing to a surge in egg prices and threatens to raise prices on other poultry products in the coming months as deaths continue to mount.

Cases of highly pathogenic avian influenza so far led to the deaths of more than 17 million birds, according to Agriculture Department data. The virus outbreak, the worst in seven years, is hitting Midwest egg-laying flocks and affecting companies from **Tyson Foods Inc.** to **Hormel Foods Corp.** More than 11 million egg-laying chickens, roughly 3% of the total U.S. flock, died or were destroyed as a result of the disease, along with more than two million commercially raised turkeys.

Shell egg prices rose to \$2.88 a dozen, up about 52% since Feb. 8, when the USDA confirmed the first case in a U.S. commercial turkey flock in Indiana. It is their highest point since the start of the pandemic in March 2020, according to market-research firm Urner Barry.

Prices are being driven higher by the disease's spread and the Easter holiday, when demand for eggs is high, analysts said. Industry officials aren't expecting any shortages, but analysts said retailers are buying up eggs in anticipation that supplies could tighten.

"Egg availability heading into Easter is sure to be hampered," said Brian Earnest, an animal protein economist at CoBank. The U.S. supply of table egg-laying chickens is down to about 322 million in February from more than 340 million in April 2019, he estimated.

As a result, companies like **Cal-Maine Foods Inc.**, the



Shell egg prices rose to \$2.88 a dozen, up about 52% since Feb. 8, when the first case in a U.S. commercial turkey flock was confirmed.

largest U.S. egg producer by sales, are poised to see higher egg prices for the rest of the year as a result of the tighter market, said analysts at Stephens Inc.

Cal-Maine said Wednesday that it hasn't had any cases at company-owned or contracted production facilities to date. "We are also working closely with egg industry associations and government officials to mitigate the risk of future outbreaks and effectively manage our response," said Dolph Baker, Cal-Maine's chief executive.

The price of turkey breasts, already at its highest levels since the last major avian influenza outbreak in 2015, has held around \$4.45 a pound over the past few weeks, according to Urner Barry. With turkey supplies tight and demand likely to grow in the summer months, further flock losses could push prices higher, said Russ Whitman, senior vice president at the firm.

Dozens of bird-flu cases

were reported across the U.S. in the past two months, with cases ranging from Maryland to South Dakota. The disease was confirmed by the USDA in five new U.S. states on Wednesday.

The disease was confirmed in several commercial turkey farms in Minnesota that supply Hormel's Jennie-O Turkey Store brand, affecting more than 300,000 turkeys, the company said. **Perdue Farms Inc.** said it received confirmation in late February of bird flu in two of its Indiana turkey flocks. Tyson said there was an outbreak in a flock of about 240,000 birds at a commercial farm in Fulton County, Ky., that housed the company's chickens.

The outbreak comes as food prices are on the rise, with food makers paying more for fuel, ingredients and labor. Analysts said it can be difficult to pinpoint how much prices of certain protein products were affected by the bird flu because of other inflationary pressures.

The war between two grain-producing powers, Russia and Ukraine, is further inflating meat prices as producers rely heavily on grain to feed livestock and poultry.

The U.S. poultry industry had remained largely unaf-

ected by avian influenza since the 2015 outbreak that led to the deaths of more than 50 million chickens and turkeys, the largest ever recorded in the U.S. Since then, chicken, turkey and egg processors invested in new biosecurity measures. Officials said the measures give them confidence they can mitigate the spread, but this year's out-

break has been hard to predict. The USDA has been working with the poultry industry and individual states on surveillance and communicating proper farm safety measures since then, said Rosemary Siford, chief veterinary officer at the USDA. The department said it compensates farm owners for fair market value of any animals euthanized and other costs associated with controlling the virus. Safety measures include not sharing equipment between farms and keeping it disinfected, and workers showering and donning clean clothing and boots before interacting with a flock, she said. Farmers need to secure their barns from wild birds that could be carrying the virus: A breakthrough at a commercial farm could be as simple as a worker stepping on wild bird fecal matter outside of the barn and forgetting to clean their boots before entering, experts said.

Hypebeast To List U.S. Stock Via SPAC

By CORRIE DRIEBUSCH

Hypebeast Ltd. is bringing its stock to the U.S. through a merger with a special-purpose acquisition company that will value the lifestyle and culture company at more than \$530 million after the investment according to people familiar with the matter.

Part lifestyle website, part e-commerce company, **Hypebeast** will merge with **Iron Spark I Inc.**, and the deal will include a \$13.3 million private investment in public equity from celebrities that include football player Tom Brady, tennis star Naomi Osaka and actor Jonah Hill, among others.

After the merger, the stock will be dual-listed on the Hong Kong stock exchange and **Nasdaq Inc.** **Hypebeast**, which started as a sneaker blog by now-Chief Executive Kevin Ma in 2005, has been listed in Hong Kong since 2016.

The deal comes during a lull in the SPAC market. Starting in mid-2020, blank-check companies surged in popularity. At times in 2021, more new listings happened through shell companies than traditional initial public offerings of stock. Over the past year, however, their popularity receded as regulators took a harder look at whether SPACs skirt investor protections. Last week, the Securities and Exchange Commission advanced rules that could make it harder for SPACs to raise money from investors and execute mergers.

So far this year, the value of SPAC mergers has exceeded \$35 billion, compared with nearly \$231 billion at this point last year, according to Dealogic. **Hypebeast** differs from many companies going public via SPACs in that it is already profitable. For the six months ended in September, **Hypebeast** posted a net profit of roughly \$8 million, according to a regulatory filing.

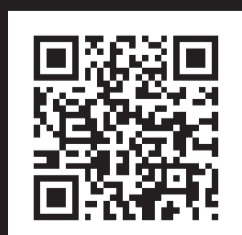
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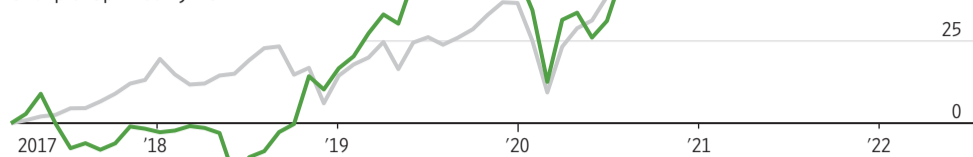


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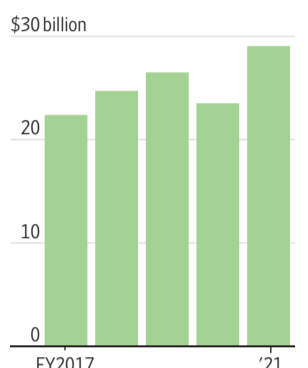
Starbucks Under Departing CEO Kevin Johnson

Stock performance at the start of Mr. Johnson's time as CEO started off shaky, but ultimately rose until the pandemic hit. Since then, the company's share price soared until a sharp drop in early 2022.



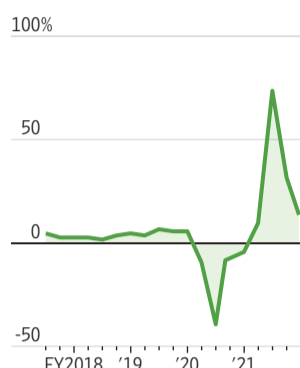
Net revenue

Aside from a dip amid the Covid-19 pandemic, the coffee chain's sales have been steadily increasing annually during Mr. Johnson's time. The company recorded \$29.1 billion in sales for its last fiscal year, up from \$22.4 billion in 2017.



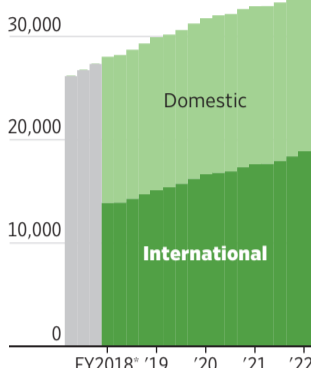
Change in same-store sales from same quarter year earlier

Starbucks same-store sales were inching up before the pandemic disrupted business. Cafe closures during the resulting lockdowns resulted in the company's comparable sales falling for the first time in more than a decade.



Store counts, by market

Locations continued to increase in number each quarter of Mr. Johnson's tenure, especially internationally. In June 2020, the company sped up plans to permanently close hundreds of U.S. stores to make way for to-go and drive-through locations.



*Prior to FY2018, the company broke the data down by Americas, China/Asia Pacific, EMEA and Corporate and Other. Sources: the company (revenue); FactSet (same-store sales, value, store count)

Stephanie Stamm/THE WALL STREET JOURNAL

Schultz Has Tough To-Do List

Continued from page B1 looking to unionize.

Below are some challenges Mr. Schultz is expected to face, according to analysts, investors, workers and consumers.

Many customers are no longer interested in Starbucks being a "third place" between the home and office.

Around 70% of all U.S. Starbucks orders are now to-go, with hundreds of U.S. stores re-formatted in recent years as takeout-oriented locations, according to the company.

Covid-19 and staffing shortages have made getting drinks and food out the door harder, the company said. Many cafes earlier this year closed, reduced hours or restricted service with too few workers to fully staff them, and full in-store seating hasn't returned in all stores, Starbucks has said.

A Starbucks barista's job is different now and many of them are unhappy about it.

Working at a Starbucks nowadays can be a juggling act, workers have said, managing orders coming in through drive-through windows, mobile phones and over the counter-top—a challenge for employees

who are scored on their ability to connect with customers.

Those frustrations helped drive the most serious unionization push in Starbucks's history. Demands for better pay, improved staffing and a bigger voice in company affairs prompted around 170 of 9,000 U.S. corporate stores to file for elections to be represented by the Starbucks Workers United union. Eight stores voted to unionize as of March, with the National Labor Relations Board still determining the results in two challenged elections.

Starbucks has told employees that their problems are better addressed by workers and management collaborating directly. A wage rise is now under way, along with two previously announced increases, were slated to constitute \$1 billion over the past two years in spending on employees, the company said.

Investors are growing frustrated, too.

Starbucks's shares fell 16% over the past 12 months, pressured by what analysts have said are concerns over rising costs as well as the impact of pandemic-driven restrictions challenging operations in China.

Starbucks executives in February scaled back projected earnings and store-level profitability for its current fiscal year, citing unexpected cost increases and higher spending on workers. Inflation should ease by the end of the year, it said.

Andrew Charles, who analyzes restaurant stocks for Cowen Inc., said investors are ask-

ing about Mr. Schultz's plans to improve worker retention and store operations and what that may cost.

Higher costs are squeezing the company.

Costs are piling up for Starbucks, and other restaurant companies, at a rate not experienced for decades. Suppliers are charging more for products while wages are up sharply for restaurant workers, federal data shows.

The company has pledged to increase average wages to \$17 an hour for U.S. baristas by the summer, while paying more for ingredients, supplies and training. The chain has at times struggled with shortages of key materials during the pandemic.

The company faces more competition, from artisanal coffee shops as well as expanding chains such as Dunkin' and Dutch Bros Inc., some of which are catering to on-the-go demand with drive-throughs and mobile orders.

Bringing customers back to Starbucks's urban stores remains a work in progress, the company said in February. Companies are reopening downtown offices, a chance for Starbucks to reclaim coffee sales among workers who brewed at home for much of the past two years.

Jake Dollarhide, CEO of Longbow Asset Management Co. that owns Starbucks shares, said he wants Mr. Schultz to push Starbucks products into more grocery stores and expand mobile ordering.

Tesla Says Deliveries Increased

Continued from page B1

deliveries. The factory builds Model 3s and Model Ys, and last year, Tesla sold more than 470,000 cars that were made at the plant.

The 25-million-person city of Shanghai went into a partial lockdown in recent days amid an outbreak of Covid-19

cases. Residents near the Tesla factory were ordered to stay inside their homes, public transportation was halted and traffic in the area was severely limited.

The China factory also shut down for two days earlier in March while the company tested employees for Covid-19.

"I don't think it's going to materially affect deliveries," Tu Le, managing director of Sino Auto Insights, said ahead of the delivery results. "January, February, March are notoriously slow for vehicle sales in China."

He said sales figures will continue to be closely watched

as the impact of pandemic-related lockdowns on the country is unpredictable.

Model S and Model X vehicle deliveries totaled 14,724.

It delivered a combined 295,324 Model 3 sedans and Model Y SUVs.

Tesla also delivered a combined 295,324 Model 3 sedans and Model Y compact sport-utility vehicles. The company

doesn't release deliveries by region. Additionally, it said it produced 305,407 vehicles.

The Model 3 and Model Y are Tesla's bestselling cars and the backbone of its production. Mr. Musk said the company doesn't plan to introduce any new vehicle models in 2022.

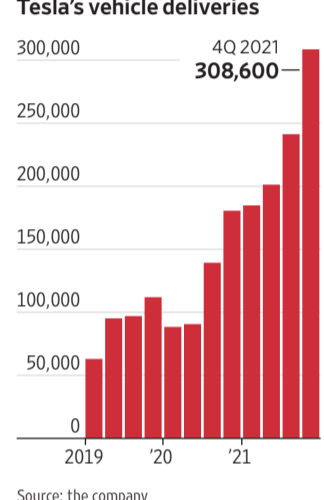
Tesla began delivering Model Ys from a new plant, located in Germany, last month. The company is scheduled to open another factory in Austin, Texas, on Thursday. It says the Germany factory will eventually ramp up to 500,000 vehicles a year, starting with the Model Y.

Global supply-chain issues across industries and record inflation rates could impact Tesla's growth trajectory.

Mr. Musk last month tweeted that Tesla was seeing "significant recent inflation pressure in raw materials & logistics." Prices for the Model 3 and Model Y have jumped as much as 30% over the past year, according to Bernstein Research.

Still, analysts predict Tesla will continue its pattern of delivering more vehicles each consecutive quarter for the rest of the year with full-year totals to top 1.5 million cars and SUVs.

Tesla's vehicle deliveries



Source: the company

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MARKETS & FINANCE

Rebound Rests on Shaky Legs

Continued from page B1
gauged by Investors Intelligence. Hedge funds had slashed exposure to risky assets, and institutional and individual investors had finally begun to sell stocks, with mutual fund inflows turning negative.

The mood shifted two weeks ago and began to improve, which naturally contributes to a recovery even as the fundamentals remain threatening. Every major low has been marked by grim sentiment and the view that stocks are just too risky.

There are important differences though, which make me doubt the durability of this bounce.

First is that usually at lows, fundamentals appear to be moving in the right direction too, not only sentiment. In 2020, the government and the Fed intervened. In 2009, Citigroup was rescued. In 2002, the market sniffed economic recovery (although it was too early, and after a strong rally, the market fell back almost to its 2002 low by March 2003, before bulls took charge).

This time fundamentals continue to move in the wrong direction. Oil prices were up since stocks hit

their March low, before Thursday's news that the U.S. would release strategic crude reserves, and the Fed has, if anything, become more hawkish, not less.

Bond yields are up, and real yields, tied to inflation, are up too. None of that should be good for the stock market.

Second is that the type of rebound is weird, because the selloff itself was unusual. Usually when the market reaches its low it is cheap value stocks that are hit hardest, both because they are most vulnerable in an economic downturn, and because they are the ones investors have the least desire to own.

In the reversals of 2002, 2009 and 2020, the Russell 1000 Value index fell far more than growth stocks in the three months before the low, and solidly beat them in the first 14 trading days of recovery.

This time it is growth stocks that fell the hardest, and had the biggest rebound.

On a fundamental level, it made sense that growth stocks suffered this year because they are the ones most exposed to higher bond yields. It also made sense that value did much better, since it includes lots of banks that should benefit from higher interest rates and energy companies that benefited from the oil price.

But the fundamentals for growth actually worsened as stocks recovered, so the case for the

tech and growth rebound being sustainable has to be that they sold off even more than the fundamentals justified. It is true that valuations are down a lot, but growth and tech are hardly the sort of bargain that would justify carving out a market bottom. S&P 500 Growth dropped below 23 times 12-month forward earnings in March, down from almost 30 times in January last year.

Cheaper, but not cheap: That only took the valuation back to where it stood just before the pandemic, while bond yields are now significantly higher than they were then.

Third, the reversal just seems too perfect across all stocks. If things had switched over in real life, or even in bond yields, such a swing would be explicable.

They haven't, which makes me suspicious.

Oh, and GameStop doubled since the low, on no news, even before this week's announced stock split.

On balance, I don't think March 14 is likely to mark a long-term low for the market, but I am even less convinced than usual, because sentiment is such a powerful force on share prices.

Watch a Video



Scan this code for a video on how the yield curve can predict recessions.

Investor Boosts Bets On Russia

Continued from page B1
where Mr. Amaryan lived until he was 14.

Mr. Amaryan started his finance career on Wall Street. He left New York for Moscow in 2003 to join Citigroup Inc., where he advised ultra-high-net-worth clients. A stint followed at a prestigious Russian investment bank that was later swallowed by Sberbank. Mr. Amaryan launched his own firm, Copperstone Capital, in 2010. The firm ran into trouble in 2015, when the Securities and Exchange Commission accused Copperstone and other funds of trading on information gleaned from stolen, unpublished press releases. He paid a \$10 million settlement in 2016 but didn't admit wrongdoing.

Mr. Amaryan, who maintained his innocence during the proceedings, changed the firm's name to Balchug after the settlement. He was never banned from managing money.

The firm went big on Russian stocks after investors shunned the country for its 2014 invasion of Crimea. In 2019, some 80% of Balchug was invested in Russia, via local Russian stocks and securities trading in New York and London. Mr. Amaryan loaded up on oil and steel companies. The firm was up 46% that year, according to a person familiar with the matter.

Balchug cut some of those positions to lock in gains when the pandemic hit.

By 2021, he was ready to get back into Russia. Commodity prices were high, and the firm had done well with Russian metals and mining companies. Some were paying 15% dividends at the time, and the entire market was trading at a 30% to 35% discount to other emerging markets.

Expecting sanctions but not war, Mr. Amaryan early this year cut down on the debt he



David Amaryan

bankrupt, despite their steep fall. He checked with clients to ensure they didn't have any moral qualms about the buying. They told him to do his job and make money, he said.

"The biggest oil companies and biggest banks cannot be worth a few hundred million dollars," Mr. Amaryan said, referring to Russian companies' precipitous decline on foreign exchanges.

The war in Ukraine brings back memories of a childhood in Armenia marked by military skirmishes.

"When you manage a hedge fund in the best of times, you try not to let emotions get in the way and create some biases," he said. "It's more difficult at times like this."

But Mr. Amaryan said he is optimistic. "Even the worst things in the world have a beginning and an end," he tells his clients and employees. He said he hasn't gotten any redemption requests.

While he waits for the market to recover, Mr. Amaryan is looking at U.S. and European tech companies, and bargain-hunting among Chinese stocks.

He expects conditions in Russia to be tough for the next six to 12 months. Still, he is open to adding to his Russian holdings—at the right price.

When the market cracked open in late March, Mr. Amaryan held back. He said he is waiting for foreign investors to sell, which could provide a better entry point. Prices would have to fall at least 20% to 30% before he thinks about buying more, Mr. Amaryan said, assuming the situation in Ukraine doesn't worsen.

Longer term, he thinks Russia's relationship with China will help ease the sting of Western sanctions. He ticks off oil, gas, wheat, grain, nickel, palladium and fertilizer as exports that solidify the country's standing as a vital trading partner.

"We have had many examples in our recent history when people thought that was the end of the world. It never is," he said. "And if, God forbid, things get much worse, none of us is going to care about the stock market anyway."

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There are Settlements with Credit Suisse Group AG ("Credit Suisse") and The Bank of Tokyo-Mitsubishi UFJ, Ltd., N/K/A MUFG Bank, Ltd. ("MUFG") that impact lending institutions headquartered in the United States, including its fifty (50) states and United States territories, that originated loans, held loans, held interests in loans, owned loans, owned interests in loans, purchased loans, purchased interests in loans, sold loans, or sold interests in loans with interest rates based upon U.S. Dollar LIBOR, which rates adjusted at any time between August 1, 2007, and May 31, 2010.

The litigation alleges that certain banks (see list of Defendant banks on settlement website) unlawfully suppressed U.S. Dollar LIBOR, which caused lending institutions to lose money in connection with loans they held and their loan transactions. Plaintiffs assert claims for common-law fraud and conspiracy to commit fraud. Credit Suisse, MUFG and the other defendants deny all claims of wrongdoing. The Court denied a motion to dismiss the fraud claims asserted by one of the plaintiffs, The Berkshire Bank, the Court has denied the plaintiff's motion to certify a litigation class, and the Court of Appeals has denied the plaintiff's petition to review the Court's denial of class certification prior to a final judgment. Aside from this Class Settlement, the Berkshire Bank is continuing to pursue only its individual claims.

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You are included in the Settlements if you (lending institution) are:

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sold interests in loans with interest based upon U.S. Dollar LIBOR, which rate adjusted at any time between August 1, 2007 and May 31, 2010.

What do the Settlements provide?

The Settlements will create a \$760,000 Settlement Fund that will be used to pay eligible Class Members who submit valid claims.

How can I get a payment?

You must submit a proof of claim to get a payment. You can submit a proof of claim online or by mail. The deadline to submit a proof of claim is **June 22, 2022**. You are entitled to receive a payment if you have a qualifying U.S. Dollar LIBOR-based loan. At this time, it is unknown how much each Class Member who submits a valid claim will receive.

What are my rights?

Even if you do nothing, you will lose your right to sue Credit Suisse and MUFG for the alleged conduct and will be bound by the Court's decisions concerning the Settlements. The Settlements will not result in a release of your claims against any Non-Settling Defendant, and the litigation against Non-Settling Defendants is ongoing. If you want to keep your right to sue Credit Suisse or MUFG you must exclude yourself from the Settlement Class by **June 22, 2022**. If you stay in the Settlement Class, you may object to the Settlements by **June 22, 2022**.

The Court will hold a hearing on **July 13, 2022, at 2:30 p.m.** to consider whether to approve the Settlements and approve Class Counsel's request of attorneys' fees of up to one-third of the Settlement Fund, plus reimbursement of costs and expenses. You or your own lawyer may appear and speak at the hearing at your own expense.

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dog•ger•el

/'dôgerəl/

noun

I've never met you, but I love you more
Than waves love sand upon the shore.
And so I'll never stop searching for you,
That's why I'm here.
If you're ever trapped under rubble,
I promise to find you there.

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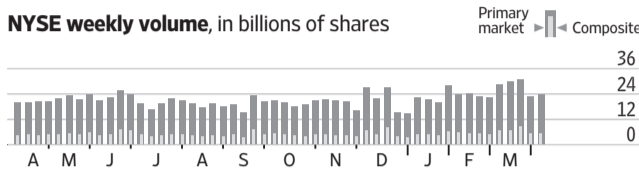
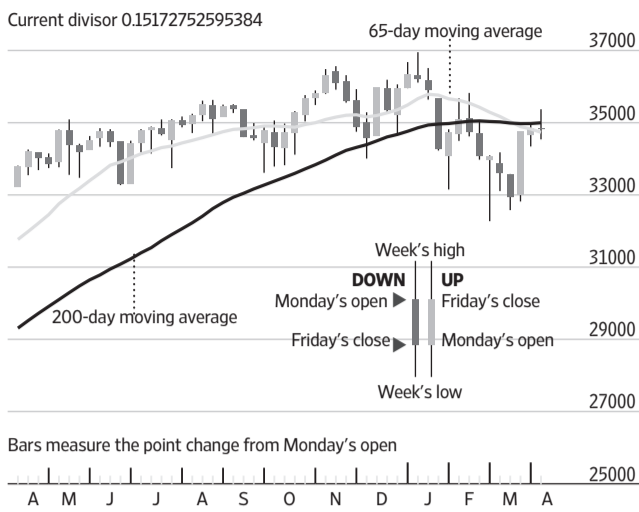
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MARKETS DIGEST

Dow Jones Industrial Average

34818.27 ▼42.97, or 0.12% last week
Trailing P/E ratio 19.35 33.62
P/E estimate * 18.16 0.00
Dividend yield 2.02 1.81
All-time high 36799.65, 01/04/22



Major U.S. Stock-Market Indexes

Table listing major U.S. stock market indexes including Dow Jones, Nasdaq Composite, S&P 500, and various sector indexes with their latest values and percentage changes.

International Stock Indexes

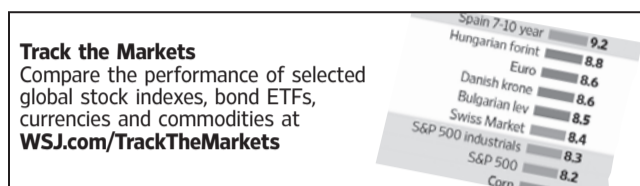
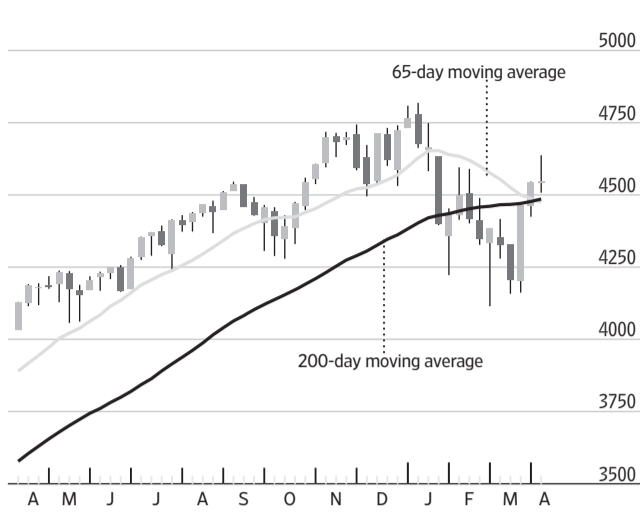
Table listing international stock indexes by region/country, including MSCI ACWI, Euro STOXX, FTSE 100, and others, with their latest values and percentage changes.

Consumer Rates and Returns to Investor

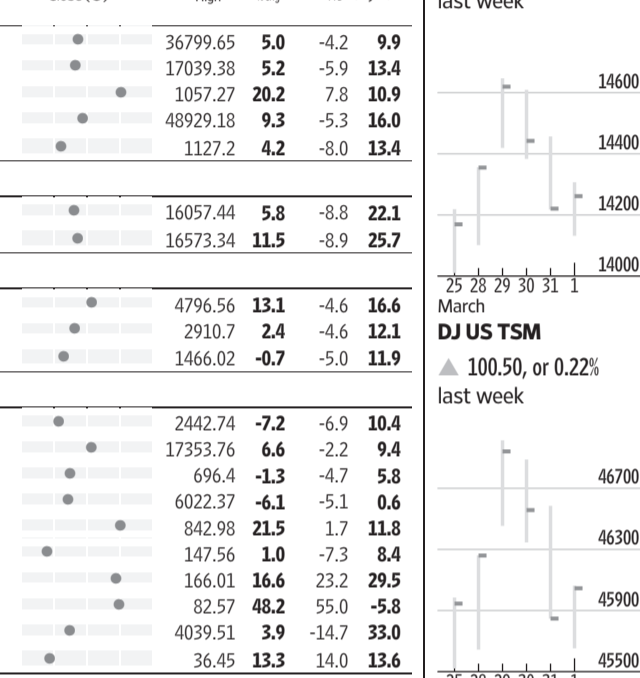
Table showing U.S. consumer rates (30-year mortgage, 10-year Treasury) and returns to investor for various asset classes like Federal funds, Prime rate, and different mortgage types.

S&P 500 Index

4545.86 ▲2.80, or 0.06% last week
Trailing P/E ratio * 25.57 45.45
P/E estimate * 20.11 23.12
Dividend yield * 1.38 1.45
All-time high 4796.56, 01/03/22



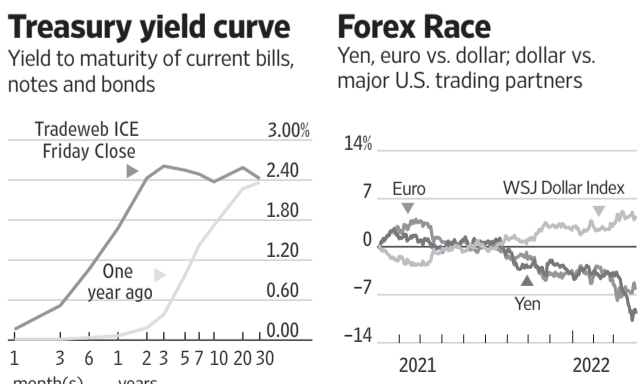
Nasdaq Composite



Commodities and Currencies

Table listing commodity and currency prices including DJ Commodity, Crude oil, Gold, U.S. Dollar Index, Euro, Yen, and U.K. pound.

Benchmark Yields and Rates



Corporate Borrowing Rates and Yields

Table showing corporate borrowing rates and yields for various companies and sectors, including U.S. Treasury, Aggregate, and Fixed-Rate MBS.

New to the Market

Public Offerings of Stock

Table listing public offerings of stock, including IPOs in the U.S. Market and lockup expirations for various companies.

IPO Scorecard

Table providing a performance scorecard for IPOs, listing company names, symbols, offer prices, and percentage changes from the previous week.

Public and Private Borrowing

Table detailing public and private borrowing activities, including Treasury auctions and their respective dates and terms.

Cash Prices

Table listing cash prices for various commodities and metals, including Energy, Grains and Feeds, Metals, and Food.

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index.

Table showing the performance of individual DJIA component stocks over the past week, including their percentage change and closing prices.

*Based on Composite price. DJIA is calculated on primary-market price. Source: Dow Jones Market Data; FactSet.

MARKETS

THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday

Short-selling reports
Ratio, days of trading volume of current position, at Mar 15
NYSE 2.7
Nasdaq 2.2
Factory orders
Jan, previous up 1.4%
Feb, expected down 0.6%

Tuesday

ISM non-mfg index
Feb, previous 56.5
Mar, expected 58.0
Int'l trade deficit
in billions
Jan, previous \$89.70
Feb, expected \$88.20
Earnings expected
Estimate/Year Ago
Acuity Brands 2.38/2.12
Array Technologies (0.03)/0.08

Wednesday

EIA status report
Previous change in stocks in millions of barrels
Crude-oil stocks down 3.4
Gasoline stocks up 0.8
Earnings expected
Estimate/Year Ago
RPM Intl. 0.30/0.38

* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) Adjusted for stock split
Note: Forecasts are from Dow Jones weekly survey of economists



Constellation Brands is expected to post per-share earnings of \$2.09.

Thursday

Mort. bankers indexes
Purch, previous up 1%
Refinan, prev. down 15%
Earnings expected
Estimate/Year Ago
RPM Intl. 0.30/0.38

Friday

Initial jobless claims
Previous 202,000
Wholesale inventories
Jan, previous up 0.8%
Feb, expected up 2.1%

Expected 200,000
Earnings expected
Estimate/Year Ago
Conagra Brands 0.58/0.59
Constellation Brands Class A 2.09/1.82

Expected 200,000
Earnings expected
Estimate/Year Ago
Conagra Brands 0.58/0.59
Constellation Brands Class A 2.09/1.82

Closed-End Funds

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Fund (SYM)	NAV	Close/Disc	52 wk Ret
Adams Diversified Eq	ADX	21.54 18.51	-14.1 16.0
Boulder Growth & Income	BIF	17.32 14.75	-14.8 20.5
Central Secs	CET	48.06 41.17	-14.3 17.5
CohenStrsCEOppF	FOF	13.23 12.94	-2.2 4.3
EVtXAdvDivIncm	EVV	NA 29.23	NA 19.0
GabelliDiv&IncTr	GDT	27.79 24.88	-10.5 8.1
Gabelli Equity Tr	GAB	5.98 6.96	+16.4 11.8
GeneralAmer	GAM	50.90 42.49	-16.5 14.7
JHancockTaxAdvDiv	HTD	27.04 26.02	-3.8 18.4
Liberty All-Star Equity	USA	7.44 8.13	+9.3 17.7
Liberty All-Star Growth	RGF	7.04 7.61	+8.1 16.6
Royce Micro-Cap	RMT	11.95 11.78	-1.2 4.4
Royce Value Trust	RVT	18.40 17.10	-5.3 2.5
Source Capital	SPT	44.06 42.08	-5.2 7.2
Sprott Focus Trust	FUND	9.76 9.09	-6.9 25.0
Tri-Continental Tr	TCF	35.39 30.94	-12.6 9.0

Fund (SYM)	NAV	Close/Disc	52 wk Ret
First Tr Enhanced Eq	FFA	20.08 20.27	+0.9 15.2
First Tr EnergyInfr	FIF	17.82 15.41	-13.5 31.0
First Tr MLP EnerGnc	FEX	9.53 8.31	-12.8 29.6
Gabelli Healthcare	GRX	15.50 12.85	-11.4 10.7
Gab Utility	GUT	4.27 7.21	+6.9 16.4
GAMCOGdGdNatRes	GGN	4.27 4.04	-5.4 24.9
J Han Finl Oppty	BTO	37.98 39.16	+3.1 7.5
Neuberger Brmn MLP & E	NML	3.96 6.53	-21.9 58.8
Neuberger Nxt Gen Conn	NBGX	16.29 14.47	-13.0 NS
NubgrRstSec	NRO	5.12 5.04	-1.6 17.9
Nuv Dow 30 Dyn Overwite	DXA	17.61 16.77	-4.8 9.8
Nuv Cor EqAlpha	JCE	16.33 17.45	+6.9 30.1
Nuveen Nasdaq 100 Dyn Ov	QOQQ	27.50 28.65	+4.2 11.4
Nuv Real Est	JRS	12.73 12.02	-5.7 33.5
Nuveen RI Assn Inc & Gro	JRI	17.22 15.47	-10.2 10.5
NuvS6P500DynFnd	SPXX	18.12 18.18	+0.3 16.3
NuvS6P500BuyIncl	BXMX	14.58 14.38	-1.4 12.5
ReavesUtilityIncome	RTY	35.17 34.91	-0.7 11.9
Tortoise Energy Infra Cr	TYG	42.38 35.08	-17.2 49.8
VAGIAI & Tech Oppty	AI	20.38 22.08	+7.4 -2.4
VDMvnt&PremStr	NFJ	15.86 14.47	-8.8 10.2

Fund (SYM)	NAV	Close/Disc	52 wk Ret
Calamos Strat Tot	CSQ	17.45 17.53	+0.5 7.8
CohenStrsLdrPrfIncl	LTP	23.82 23.08	-3.1 -4.2
CohenStrsSLPrfIncl	PSF	24.06 23.12	-3.9 -4.0
CohenStrsTaxAdvPrfIncl	PSA	23.77 22.19	-6.6 -4.0
Dividend and Income	DNI	21.22 21.57	-1.7 19.8
First Tr Intl Divd Inc	FFI	22.41 21.51	-1.5 -2.5
J Han PrfIncl	HPI	19.31 19.39	+0.4 0.5
JHPrefIncl	HPF	19.11 19.18	+0.4 -1.6
HnckJPrfIncl	HPS	17.08 17.92	+4.9 5.0
J Han Prm	PDT	15.35 16.52	+7.6 19.6
LMP CapInco	SCD	16.41 14.74	-10.2 23.9
Nuveen Multi-Asset Inc	NMAI	18.60 16.68	-10.3 NS
Nuveen Pref & Inc Opp	JPC	11.81 8.65	-5.0 -2.5
Nuveen Fd	JPS	8.93 8.54	+4.1 -6.1
Nuveen Pref & Inc	JPI	20.38 20.05	-4.1 -6.3
TCW Strat Income	TSI	5.44 5.13	-5.7 -3.9

Fund (SYM)	NAV	Close/Disc	52 wk Ret
Admt CnvtBnkInclFnd	AVK	16.50 15.78	+4.4 3.6
Calamos ConvHl	CHY	14.13 14.21	+0.6 1.9
Calamos ConvOp	CHI	13.39 13.35	-0.3 3.3
VAGI Conv & Inc II	LCZ	4.76 4.42	-7.1 -3.5
VAGI Conv & Inc CV	NCV	5.32 5.09	+4.3 -2.6
VAGI Dvs Inc & Conv	ACD	27.12 25.55	-5.8 1.2
VAGI Edty & Conv Inc	NIE	29.77 27.10	-9.0 7.7

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but are not always representative actual transactions.

Inflation

Feb. Index level	Chg From (%) Jan. 22	-52 Week High	-52 Week Low
13 weeks	0.605	0.480	0.605 0.015
26 weeks	1.050	0.870	1.050 0.030

U.S. consumer price index

All items	283.716	0.91	7.9
Core	288.059	0.72	6.4

International rates

Latest	Week ago	-52 Week High	-52 Week Low
U.S.	0.30	0.28	0.30 -0.02

Prime rates

U.S.	3.50	3.50	3.50 3.25
Canada	2.70	2.70	2.70 2.45
Japan	1.475	1.475	1.475 1.475

Policy Rates

Euro zone	0.00	0.00	0.00 0.00
Switzerland	0.00	0.00	0.00 0.00
Britain	0.75	0.75	0.75 0.10
Australia	0.10	0.10	0.10 0.10

Overnight repurchase

U.S.	0.30	0.28	0.30 -0.02
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U.S. government rates

Discount	0.50	0.50	0.50 0.25
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Federal funds

Effective rate	0.3300	0.3400	0.3400 0.0500
High	0.4000	0.4000	0.4500 0.0700
Low	0.3000	0.3000	0.3000 0.0100
Bid	0.3300	0.3300	0.7000 0.0300
Offer	0.3400	0.3800	0.3800 0.0500

Treasury bill auction

4 weeks	0.135	0.135	0.195 0.000
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Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective March 17, 2022.

Other prime rates aren't directly comparable, lending practices vary widely by location.

Discount rate is effective March 17, 2022.

Secured Overnight Financing Rate is as of March 31, 2022. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars.

Federal funds rates are Tullett Prebon rates as of 5:30 p.m. ET.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC FactSet; Tullett Prebon Information, Ltd.

Fund (SYM)	NAV	Close/Disc	52 wk Ret
BlackRock Energy Res	BGR	13.16 11.78	-10.5 38.0
BlackRock Eq&Inc Div	BDJ	10.21 9.96	-2.4 15.0
BlackRock Enh Gbl Div	BOE	12.62 11.40	-9.7 5.1
BlackRock Enh Intl Div	BGY	6.41 5.79	-9.7 1.6
BlackRock ESG Cap Alloc	ECAT	18.93 16.63	-12.2 NS
BlackRock Hlth Sc Trill	BMZ	22.31 20.40	-8.6 -19.4
BlackRock Hlth Sciences	BME	45.08 46.31	+2.7 4.5
BlackRock Innov and Growth	BIQZ	13.03 11.52	-11.6 -40.2
BlackRock Res & Comm	BKX	11.76 11.38	-3.2 33.3
BlackRock Sci&Tech Trill	BSTZ	32.04 29.86	-6.8 -12.0
BlackRock Sci&Tech Trust	BST	45.03 43.76	-2.8 -13.7
BlackRock Util Infr & Pwr	BUI	24.88 25.79	+3.7 7.8
CLEARBRIDGE ENERGY M&P	EMO	35.55 28.80	-19.0 62.1
CLEARBRIDGE ENERGY M&P Midstn	CEM	41.59 34.31	-17.5 53.3
ChnStrInfr	QALF	28.84 29.10	+0.9 10.3
Cohen&Steers	ROI	17.26 16.84	-2.4 27.0
Cohen&Steers TotRet	RPI	15.41 15.64	+1.5 12.7
CohenStrsREITPrfIncl	RNF	27.38 27.29	-0.3 17.5
Columbia Sel Ptm Tech Gr	STK	31.78 31.98	+0.6 10.4
DNP Select Income	DNP	10.55 11.57	+12.5 29.5
DuffPhP UtilInfr Inc Fd	DPG	14.88 15.80	+2.8 26.0
EtnVncEqtyIncl	EOI	NA 18.49	NA 16.5
EtnVncEqtyIncl	EOS	NA 21.09	NA 3.2
EVRSkMnDvsEqIncl	ETJ	NA 9.92	NA 0.0
EtnVncT&MgdBuyWrth	ETB	NA 16.79	NA 15.6
EtnVncT&MgdBuyWrth	ETV	NA 15.75	NA 10.7
EVtXMenDvsEqIncl	ETY	NA 14.10	NA 18.9
EtnVncT&MgdGlb	ETW	NA 10.22	NA 7.1
EVtXMenGblVdEqIncl	EXG	NA 9.81	NA 13.6
Ecofin S&S Impact Term	FEAF	17.62 15.25	-13.5 12.5
First Trust Energy Inc	TEF	16.24 16.28	+0.2 30.1

Commercial paper (AA financial)

90 days	n.a.	n.a.	1.12 0.04
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Libor

Onemonth	0.43757	0.44514	0.46757 0.0263
Three month	0.94200	0.98286	1.00600 0.11413
Six month	1.48914	1.45114	1.49971 0.14663
One year	2.11757	2.08871	2.20300 0.21950

Secured Overnight Financing Rate

0.29	0.27	0.30 0.01
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DTCC GCF Repo Index

Treasury	0.307	54.200	0.307 -0.006
MBS	0.316	18.450	0.316 0.004

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	in US\$	per US\$ (%)	US\$/in US\$ (%)
Americas			
Argentina peso	.0090111	1.350	8.2
Brazil real	.2146	4.6590	-16.4
Canada dollar	.7988	1.2519	-8.1
China yuan	.001277	783.00	-8.1
Colombia peso	.000266	3754.37	-7.6
Ecuador US dollar	1	1	1
Mexico peso	.0503	19.8625	-3.1
Uruguay peso	.02426	41.2250	-7.8
Asia-Pacific			
Australian dollar	.7501	1.3332	-3.1
China yuan	.1572	6.3631	0.1
Hong Kong dollar	.1277	7.8339	0.5
India rupee	.01316	75.981	2.0
Indonesia rupiah	.0000696	14368	0.8
Japan yen	.008161	122.53	6.5
Kazakhstan tenge	.002101	475.90	9.4
Macau pataca	.1239	8.0725	0.5
Malaysia ringgit	.2375	4.2105	-1.1
New Zealand dollar	.6922	1.4447	-1.2
Pakistan rupee	.00542	184.450	4.7
Philippines peso	.0194	51.592	1.2
Singapore dollar	.7371	1.3567	0.6
South Korea won	.0008198	1219.77	2.6
Sri Lanka rupee	.0033956	294.50	45.1
Taiwan dollar	.03486	28.683	3.5
Thailand baht	.02983	33.520	0.9
Europe			
Czech Rep. koruna	.04355	22.049	0.8
Denmark krone	1.1485	6.7332	2.9
Euro area euro	1.0046	.9053	3.0
Hungary forint	.003005	332.79	2.5
Iceland krona	.007775	128.61	-0.9
Norway krone	.1143	8.7459	-0.7
Poland zloty	.2381	4.1996	4.3
Russia ruble	.01166	85.750	

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Activist Investing, Italian-Style

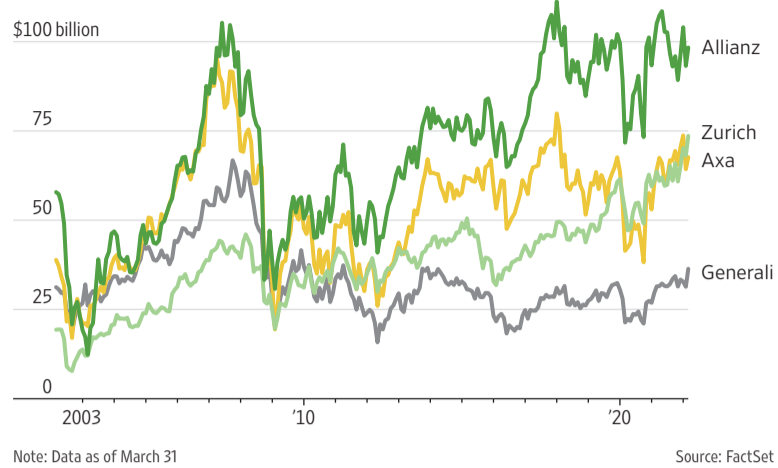
Generali shareholders need to ensure disagreements put pressure on insurer

Medieval Italy was beset with warring factions like the Guelphs and the Ghibellines or, in Shakespeare's telling, the Montagues and Capulets. Today's corporate scene sometimes seems similar, but investors shouldn't be put off. **Assicurazioni Generali**, one of Europe's largest insurance companies, is under siege. The board wants shareholders to renew the mandate of incumbent Chief Executive Officer Philippe Donnet at a meeting on April 29, and has the backing of top shareholder **Mediobanca**, a Milanese bank. But the second-largest shareholder, cement tycoon Francesco Gaetano Caltagirone, last week proposed a different board of directors, including veteran Generali executive Luciano Cirinà as CEO, who was promptly fired for volunteering to replace his boss. The dissenters argue that Generali has gradually lost ground to peers such as Allianz, Axa and Zurich and needs a more ambitious growth strategy. This week they

received the backing of Generali's third-largest shareholder, Leonardo Del Vecchio. One of Italy's richest men, Mr. Del Vecchio founded Luxottica, the owner of glasses brands like Ray-Ban and Oakley that in 2018 merged with French lens maker Essilor to become a global eye-care giant. Mediobanca owns 13% of Generali, according to the insurer, while Mr. Caltagirone and Mr. Del Vecchio have a combined 16%. Controversially, though, Mediobanca has rented votes belonging to a further 4.4%. So much will depend on smaller shareholders, including the big U.S. fund managers. Mr. Del Vecchio also has built a 19% stake in Mediobanca, but this doesn't seem to play into the battle for Generali. The dubious practice of borrowed votes aside, the case in some ways shows how corporate governance is supposed to work. It resembles an activist situation in the U.S., only with billionaire entrepreneurs rather than Wall

Street fee earners. Generali is open to activism because it has an unusually diversified investor base by Italian standards. Top shareholders own on average 48% of Italian listed companies, according to Italy's stock-exchange regulator—far more than in the U.S. or other European countries. The structure of Mr. Caltagirone's challenge through the proposal of alternative directors has its roots in governance reforms to counter the weight of these big shareholders. Investors are optimistic, with Generali stock this week rising above €20 for the first time since 2008. Analysts at Berenberg Bank expect Mr. Donnet to be re-elected, but to face pressure to over-deliver on his existing targets. A less rosy view would be that disagreement between key shareholders ends up paralyzing Generali. **Telecom Italia**, a telecommunications company reduced by years of excessive debt, underinvestment and infighting to a shadow of its

Market value of selected European insurance companies, monthly



former self, shows the risks. A tentative offer by KKR, first disclosed in November, could give Telecom Italia a way out of its rut. The company said this week it was still in discussions with the U.S. private-equity giant and had received interest from rival fund CVC for a minority stake in its enterprise business. But investors' hopes could easily be thwarted by government worries about the Italian broadband network ending up in foreign hands or by old board-level divisions: Major shareholder Vivendi has opposed a sale, while institutional investors are broadly in favor. The line between healthy debate and destructive bickering is hard to draw, but for now Generali seems to be on the right side of it. To stay there, the fighting shareholders will need to reach a meaningful agreement after this month's vote. Activists do well to raise the bar for performance, but stable leadership is also required for a corporate renaissance. —Stephen Wilmut

Asian Liquefied Natural Gas Demand Is Cooling Fast

As energy buyers in Europe reorganize to wean themselves off Russian gas in the wake of Russian President Vladimir Putin's war on Ukraine—and natural-gas prices skyrocket—Asian countries are facing some serious sticker shock. Liquefied natural-gas demand in Asia has taken a meaningful hit. In the long run, the consequences could be even more profound—slower Asian LNG demand growth through the remainder of the first half of the decade. That could prove to be a structural growth headwind for key Asian LNG exporter Australia and companies like **Shell** and **Woodside Petroleum** that are invested heavily there, although

higher prices for existing contracted sales will help cushion the blow. The carnage this winter is impressive. Overall, Asia Pacific LNG imports are down 10% in the first quarter of 2022 from a year earlier, according to data from consultancy Wood Mackenzie. Chinese, Japanese and Indian LNG imports are down 11%, 14% and 25% respectively. Asian LNG prices had roughly quintupled over the past year to \$34 per million British Thermal Units (MMBtu) as of late March but still lagged behind the European benchmark which hit \$39 per MMBtu, according to Rystad Energy, a consultancy. Some Asian buyers began redirecting pur-

chased cargoes to take advantage of sky high European prices even before the war broke out: Around 10 LNG cargoes were redirected from Asia to Europe in December, according to Xi Nan, vice president of LNG markets at Rystad. There is also some evidence of a switch back toward coal and oil. Valery Chow, vice president at Wood Mackenzie, observed that China, India and Southeast Asia have been resorting to increased coal use for power generation, while industrial customers in India have been switching to naphtha and furnace oil in the face of persistently high and volatile LNG prices. While it may be still too early to

speak of permanent gas demand destruction across Asia, high LNG spot prices will probably persist for several years, weakening Asian demand growth—and potentially impacting further planned LNG export developments in Western Australia. Should new Russian pipelines begin supplying large additional volumes of gas to China, as seems likely, that would magnify the impact. Still, Wood Mackenzie's Mr. Chow says Asian LNG demand growth, particularly in China, South Asia and Southeast Asia, is likely to rebound in the second half of the decade as new liquefaction capacity comes onstream and LNG prices soften. He sees total

demand rising from around 270 million metric tons in 2021 to 380 million metric tons in 2030. Asia's energy demand continues to gallop ahead and there is little reason to doubt that will change. But for the next several years, overall Asian LNG demand growth might be lackluster. Coal and renewable power vendors will celebrate. And LNG merchants heavily dependent on the region will be shielded to an extent from weak demand by their long-term sales contracts. But getting new contracts over the finish line—unless offered on very favorable terms relative to current spot prices—could prove challenging. —Megha Mandavia



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What if →

you were a gigantic snack food maker and you had to wrestle a massively complex supply chain to satisfy cravings from Tokyo to Toledo? So you partner with IBM Consulting to bring together data and workflows so that every truck driver and merchandiser can serve up jalapeño, sesame, and chocolate-covered goodness with real-time, data-driven precision. So that everyone says...



your supply chain had an appetite for

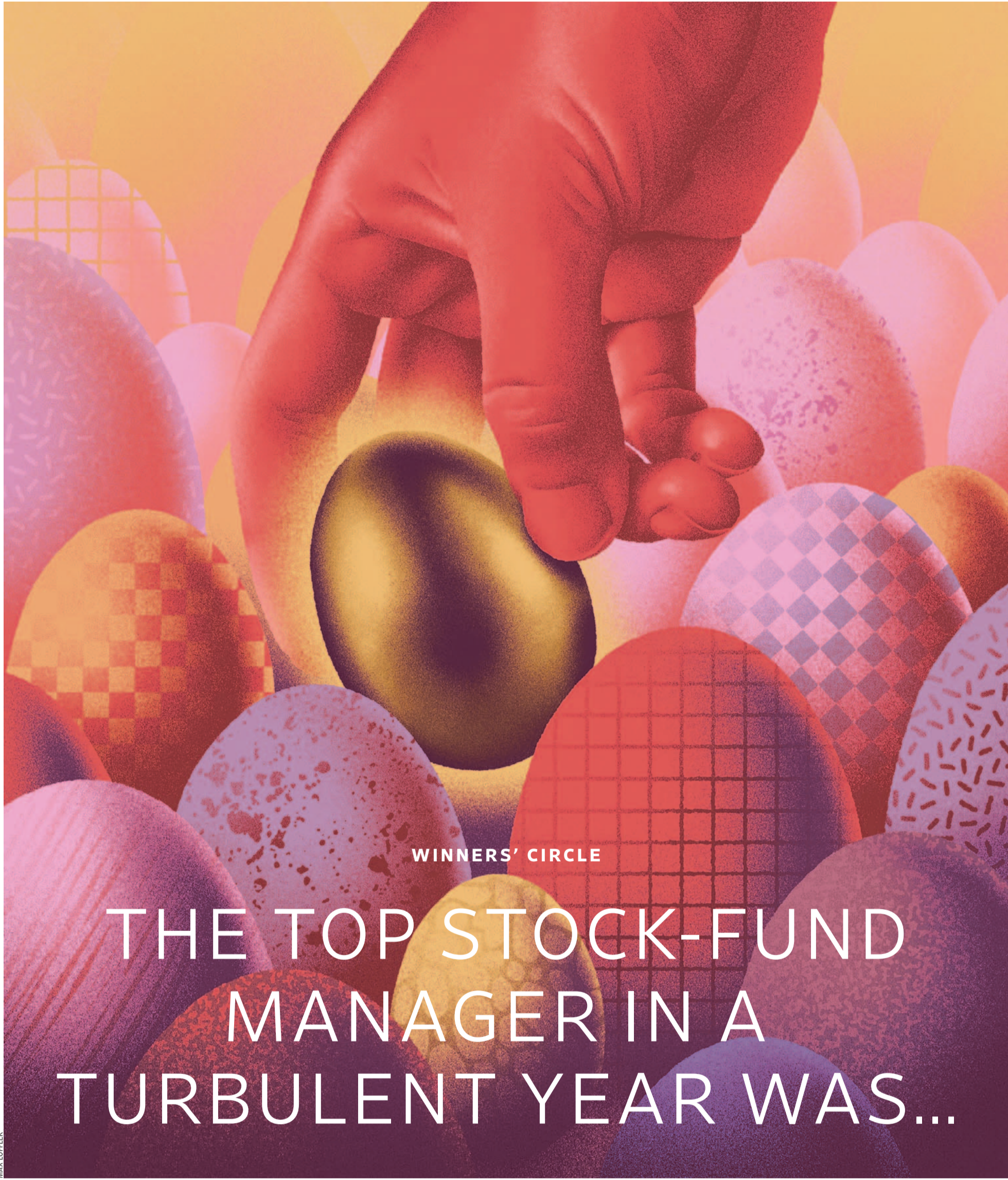


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WINNERS' CIRCLE

THE TOP STOCK-FUND MANAGER IN A TURBULENT YEAR WAS...

Scott Barbee's Aegis Value Fund gained 41.3% in the past 12 months, easily surpassing all other stock pickers. His faith in materials and commodities paid off.

By SUZANNE MCGEE

GLOBAL pandemic. Brexit. Turmoil in U.S. politics. Inflation rates unparalleled since the 1980s. And now a war on Ukraine by Russia—a nuclear power.

It's little wonder that market strategists are scrambling to explain to their clients how "black swan" events (unforeseen catastrophes) and geopolitics have affected stock markets—and how the future is as unpredictable as ever.

"Buckle in," advises BNY Mellon in one such missive, warning investors to stay prepared for "significant volatility."

A select group of mutual-fund managers have managed to stay ahead of the curve. Their decisions to seek opportunities in market downturns, like buying attractively priced stocks their peers were overlooking, has helped them not only navigate the turmoil but post some eye-popping returns.

"Beginning early on in the pan-

demic, we realized that there was a huge disparity in the value of priced-to-perfection large stocks like the giant technology companies, and companies on the other side of the spectrum, like materials and commodities" stocks, says Scott Barbee, manager of **Aegis Value Fund (AVALX)**. "There clearly was a lot of mispricing of both value and risk."

Mr. Barbee's conviction that hard assets would get a boost from *Please turn to page R4*

Is Your Financial Adviser Overcharging You?

The SEC says advisers frequently miscalculate fees. Here's how to tell.

By BAILEY McCANN

If you work with a financial adviser, now might be a good time to review your advisory agreements and financial statements. Last year, the Securities and Exchange Commission took a closer look at the business practices of registered investment advisers and broker-dealers and didn't like what it found. Financial advisers and broker-dealers under SEC supervi-

sion go through periodic examinations to ensure that customer disclosures and business practices are in line with the law. If the SEC notices that a large number of firms are making the same error over and over, it will issue an alert.

In November, the SEC issued a risk alert for investors, noting that registered investment advisers might be miscalculating investment fees. This isn't the first time the regulator has issued this type of alert, which suggests that it may be a continuing problem.

The SEC also scrutinized broker-dealers. In June 2021, the SEC's Regulation Best Interest

(or Reg BI, as some call it) initiated a standard of care for client portfolios, requiring, in essence, that broker-dealers act in the best interest of investors when recommending investment products or accounts. Acting in a client's best interest also means not overcharging them. Compliance experts suggest that this year will see an increase in enforcement actions against firms that aren't living up to the best-interest standard, which could also mean there has been an increase in the number of customers who are being sold inappropriate, high-price products or who are being *Please turn to page R2*

Inside

ASK ENCORE

Introducing the "\$400 rule" for retirement. **R5**



Scan this code to listen to a podcast about how working remotely could affect your taxes.

Adulting

Startled by the Covid pandemic, more young people are deciding they need to buy life insurance—if they can qualify for it. **R7**



SCOREBOARD

First-quarter 2022 fund performance, total return by fund type. More on R2.

U.S. stocks*	Intl. stocks*	Bonds (intmd.)
-6.2%	-8.3%	-5.9%

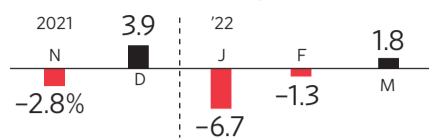
*Diversified funds only, excluding sector and regional/country funds. Source: Refinitiv Lipper

JOURNAL REPORT | PERSONAL INVESTING

A Journal Report special look at the numbers and news about this month's investing

JR

U.S.-stock funds (monthly)



Insight



3/17/22

Sheet aluminum in Serbia. Aluminum, copper, nickel and palladium all hit highs in the quarter.

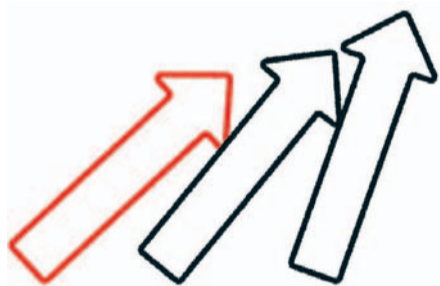
29% The surge in commodity prices in the first quarter, as measured by the S&P GSCI index.

-5.4% The Dow Jones Industrial Average's decline, through Friday, from the record close of 36799.65 that was hit just after the year started on Jan. 4.

Metals On a Roll The commodity rally is startling both investors and consumers, for better and worse. The first quarter was the strongest for commodity investments—energy, wheat, corn, metals—in more than 30 years. Prices were already rising, and Russia's invasion of Ukraine added to it. Now, economists worry that inflation will jump even higher.

Quarterly Monitor • William Power

Stock Funds Slump 6.2% So Far in '22



Stocks finally gave in. After holding up relatively well during the pandemic and lockdowns, the stock market weakened in the first three months of 2022—making for a poor quarter on average for U.S.-stock mutual funds and exchange-traded funds.

Concerns over rising commodity prices and interest rates, runaway inflation and Russia's invasion of Ukraine finally turned investors sour, and many dumped stocks as the quarter ended. The average U.S.-stock fund fell 6.2% in the quarter, ac-

ording to Refinitiv Lipper data. For all of 2021, the funds fought to a 22.5% gain.

International-stock funds fell 8.3% in the quarter after rising 9.6% for 2021.

The Dow Jones Industrial Average was down 1,659.95 points, or 4.6%, in the quarter, and the S&P 500 was down 4.9%. They were the largest declines since the first quarter of 2020—the "Covid outbreak" quarter when the virus slammed the U.S. and financial markets.

Bonds did no better. As the bond market marked its worst quarter in 40 years, funds tied to intermediate-maturity, investment-grade debt (the most common type of fixed-income fund) fell 5.9%. Bond funds fell 1.3% for all of 2021.

Stocks began 2022 at record highs—the "TINA" trade, or "there is no alternative" to stocks. And then investors spent most of the quarter putting more money into stocks—reversing a trend in which wary investors sent money to the relative comfort of bonds.

Investors put a net \$69.63 billion into U.S.-stock mutual funds and ETFs in the quarter, and \$30.90 billion into international-stock funds, based on Investment Company Institute estimates. They pulled out a net \$88.62 billion from bond funds. So far, the payoff is elusive.

Mr. Power is a Wall Street Journal features editor in South Brunswick, N.J. Email him at william.power@wsj.com.

'Already wearied from Covid, inflation and rate-hike fears, investors must assess the impact of a war-induced commodity spike. But we expect the old Wall Street adage of "climbing the wall of worry" to ring true as the economy pushes forward through 2022.'

Brent Schutte Investment strategist, Northwestern Mutual Wealth Management



How to Tell if Your Adviser Is Overcharging

Continued from page R1 charged excessive fees.

As an investor, there are a few things you can do to make sure you aren't overcharged for investment services.

Before you sign a contract

A bit of legwork is required when shopping for a financial adviser to avoid being overcharged. It can be difficult to make apples-to-apples comparisons between firms when assessing the fees they charge because a lot of the advice given depends on the investor's goals. Also, add-on services like tax and estate planning can come with their own fees. But advisers should be willing to break these out for you. If they aren't, that's a red flag.

Broadly speaking, a simple portfolio with just a retirement account should cost less to manage than a more complex portfolio with a variety of investments. It is advisable to speak to more than one potential adviser to get a sense of market rates. The lowest-cost products might not be the best for every investor. But if an adviser is recommending a product that is more expensive, he or she should be able to explain why.

Investors can also get an idea of potential fees on their own by looking at the Form ADV disclosures that advisers are required to file when they are reg-

lies with the investor. But look at any disclosures and understand what the total cost will be.

One of the ways broker-dealers overcharge clients is by steering them to products with higher fees than a valid alternative would charge. Under Reg BI, if a broker-dealer is recommending a product or service, it has to be in the best interest of the investor. If a product seems expensive, look at similar funds online to compare prices or ask about less expensive options. If you aren't getting answers, or if information is hard to find, that's a red flag.

Existing clients

For investors with an existing advisory relationship, compare your original agreement with current statements. If your adviser promises lower fees once your portfolio reaches a certain size, and yours qualifies, make sure the lower fees were applied.

It's important for investors to stay on top of their statements, says Amy Lynch, founder and president of compliance consulting firm FrontLine Compliance and a former SEC examiner. Portfolios can become more complex over time, and that can lead to miscalculated fees.

"There are a lot of factors that go into what investors get charged," she says. "You could be looking at fund fees, management fees, record-keeping fees,



The SEC warns that advisers might be miscalculating fees.

istered with the SEC. The information is available at adviserinfo.sec.gov.

The fees your adviser quotes you should generally match the fees in this disclosure. If they don't, and if it's not because of add-on services or something else easily explained, that can be a red flag. Disclosures should also be recent. Forms posted in years past might no longer reflect current total costs.

Mark Schonfeld, co-chair of law firm Gibson Dunn's securities enforcement practice and former director of the SEC's New York regional office, says that when disclosures reveal conflicts, it's not necessarily suggestive of wrongdoing. Instead, it can be the result of advisory firms often failing to keep their SEC disclosures and information about their fees up-to-date. "I think one of the reasons that this is a recurring issue isn't necessarily that advisers have a legal issue with how they charge fees," Mr. Schonfeld says, "but their policies and procedures may not meet the SEC's expectations in terms of documentation and granularity."

If you decide to go with a self-directed portfolio and use a broker-dealer instead of financial adviser, you will typically pay less in fees because you won't be paying for financial advice. But there are circumstances in which clients can be overcharged. A broker-dealer isn't a money manager; the responsibility for decisions ultimately

breakpoint fees—if there's an error in the calculation and then you automate the error, the problem fee keeps recurring until it gets caught."

If your asset mix changes to include more actively managed funds or asset classes over time, the adviser should be willing to walk the investor through any subsequent fee changes. This is also true for add-on services like tax or estate planning.

Another way customers get overcharged is through what is called reverse churning. Churning is trading heavily within a portfolio to generate commissions. Reverse churning is when the advisory firm is charging for doing nothing, and it is the more common of the two practices. At a minimum, you should hear from your adviser at least once a year. The SEC recently brought an enforcement action against an advisory firm for failing to provide a minimum level of service. The agency required the firm to refund the fees.

Watch out also for flat fees. On the surface, flat fees sound straightforward. They could be something like 1% to 3% of assets. But if you are in a primarily passive portfolio, or one that doesn't trade frequently, the flat fee can add up for little to no service—especially if it doesn't decrease as the account size increases.

Ms. McCann is a writer in New York. She can be reached at reports@wsj.com.

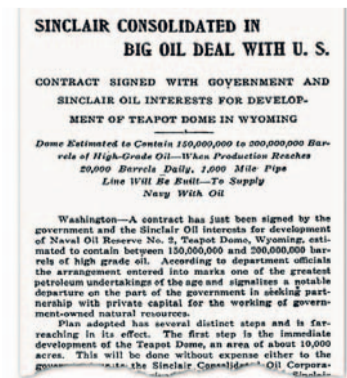
Financial Flashback A look back at Wall Street Journal headlines from this month

100 YEARS AGO

In April 1922, Interior Secretary Albert Fall cut a deal with Sinclair Oil to lease the Navy's Oil Reserve No. 2 in Wyoming, also known as the Teapot Dome. The move marked the start of what would become one of America's largest government corruption scandals—eclipsing all others until the 1972 Watergate scandal.

Some believed that the 10,000-acre property could produce as much as 420 million barrels of oil. And as soon as the news broke, Sinclair Oil shares rallied on the belief that the company had struck a favorable deal. The problems started.

The lease wasn't sufficiently favorable for the U.S. government, and other companies didn't get enough



Wall Street Journal, April 14, 1922

opportunities to bid, opposition Democrats said. It also emerged that Fall had received bribes in the form of an

interest-free loan plus cash and government bonds.

"Oil tends to attract corruption because there is so much money to be made," Robert Wright, a senior faculty fellow at the American Institute of Economic Research, says now.

Fall, found guilty of accepting a bribe, became the first cabinet member to be convicted while in office. He received a 12-month prison sentence. And the Teapot Dome scandal went into the history books.


—Simon Constable

50 YEARS AGO

Casey at the Bat: SEC Chief Surprises Many by Taking Stand Tough on Wall Street

15 YEARS AGO

New Century Buys Time With Bankruptcy Filing; Firm Seeks Shelter as It Tries to Sell Lending Business



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JOURNAL REPORT | PERSONAL INVESTING

Top Fund Soared 41.3%

Continued from page R1
the end of the pandemic and the conclusion of fiscal stimulus helped propel his fund to the top of The Wall Street Journal's quarterly ranking of outperforming U.S.-stock mutual funds for the rolling 12 months ended March 31.

While the S&P 500 index rose nearly 16% including dividends in that period, Mr. Barbee and the Aegis fund posted a total return of 41.3%—beating the runner-up in our Winners' Circle survey by nearly 8 percentage points, an unusually large gap.

(To be considered for the Winners' Circle, a fund must be actively managed, have assets of more than \$50 million and a record of at least three years. Index, leveraged and sector funds don't qualify. These quarterly surveys identify funds that do particularly well over the most recent 12 months and shed light on what strategies have been particularly rewarding. But that doesn't mean readers should view "winners" as recommended funds, especially as fees, liquidity and lack of access might make them inappropriate for some or all portfolios.)

Aegis Value's gain dwarfs the average returns of the 1,380 funds, based on Morningstar data, in the just-ended survey period: 0.9% for the 12 months, and an average loss of 6% for the first quarter. The Aegis fund gained 18% in the quarter.

Return engagement

Mr. Barbee was last featured in the Journal's quarterly survey in 2016, when a surge in gold-mining stocks propelled him to the top of the rankings. Once again, he can credit commodities for his market-beating performance—only this time, oil and natural gas are center stage.

"A lot of these materials and commodities companies had been left for dead" by 2020, Mr. Barbee says. His interest in energy, mining and lumber companies had led him to take stakes in stocks like **International Petroleum Corp.**, **Resolute Forest Products** and Chilean copper processor **Amerigo Resources** long before the war in Ukraine sent both market volatility and the price of crude oil soaring.

Being ahead of the game is the key to profiting from exogenous market shocks, whether these come in the form of a pandemic or a war, says Matt Orton, chief market strategist at Carillon Tower Advisers, an asset-management firm in St. Peters-



burg, Fla.

Mr. Orton says that even before Russia's invasion of Ukraine sent commodity prices higher, some energy and other commodity businesses had resurfaced as newly efficient companies with attractive valuations, having spent several years restructuring and responding to a nosedive in raw-material prices. Now the war has made them look like a haven, he says, as prices of many commodities Russia produces (from nickel to crude oil) have soared in response to the geopolitical uncertainty and powerful economic boycotts.

Mr. Barbee, who says he opposes the war as much as anyone, adds that other exogenous factors would have had a similar impact on his portfolio. "Inflation, rising interest rates, stress in the supply chain—all of these made commodities a logical place for us to invest in 2020 and 2021," Mr. Barbee says.

The fund's allocation to this sector began generating big returns last year, he says, with some of his companies producing a year's worth of cash flow every month. The war "just turbocharged this trend," he says.

No. 2 finisher

Mr. Barbee isn't the only manager who anticipated the growing appeal of materials stocks

▲ He's No. 1: Above, Scott Barbee of Aegis Value Fund, up 41.3%. At right, No. 2 James Abate of Centre American Select Equity, up 33.6%.

Despite the success of the top managers, the average stock fund rose just 0.9% for the 12 months.

and tangible assets. Valuation disparities and the increased risk of betting the farm on richly valued technology companies also grabbed the attention of James Abate, manager of **Centre American Select Equity** fund (DHAMX). That fund posted a 12-month return of 33.6% to finish second in the Winners' Circle.

"Our portfolio has become a barbell, with technology stocks at one end and commodities stocks at the other," says Mr. Abate. A year ago, he began to protect his portfolio from unexpected shocks and to position it to benefit from any unanticipated tailwinds. One such move was to use options to minimize potential losses from unexpected declines in the tech stocks the fund owns.

"Things no one can control, that aren't related to a company's fundamentals and whose nature and timing are unpredictable, are important," Mr. Abate says.

In addition to hedging his tech bets, he added to holdings in resource companies that he saw as undervalued, like **Exxon Mobil** and mining company **Teck Resources Ltd.** Both strategies paid off in the past 12 months.

Mr. Abate emphasizes the importance of planning. Anyone hoping to ride out a shock to the market or a black-swan event—which can lead to outsize gains or losses—must keep a keen eye on risk factors, learn to question assumptions and have a diversified portfolio, he says.

"You build the boat before the flood; you sell the boat after the flood happens," he says.

Third-place finisher **Natixis Vaughan Nelson Select** fund (VNSYX), meanwhile, ended the 12-month period with a gain of 24.8%.

"You can't evaluate a business without understanding the macro environment, and today that's massively different than it was a year ago," says Scott Weber, senior portfolio manager of Houston-based Vaughan Nelson,

an affiliate of Natixis, who manages the Natixis fund. For instance, over the past year, Mr. Weber has locked in profits on the fund's holdings in vaccine manufacturer **Moderna**, whose shares peaked at \$497.49 last summer. When he began to sell Moderna at around that point, it was due to valuation worries, and ahead of news that rival pharmaceutical companies were developing treatments for Covid-19, he says.

Timing isn't everything

Jumping on or off a bandwagon isn't a smart way to play market-shaking news events, Mr. Weber says. Seeking out interesting assets is the key, he says. While the war in Ukraine has helped make the fund's stake in **Kosmos Energy Ltd.** significantly more valuable (it now trades at \$7.91 a share, up from \$5.15 a share a month earlier and \$3.82 at the beginning of 2022), Mr. Weber was drawn to its upside potential and undervaluation.

"They have meaningfully reduced debt, they have an underappreciated asset in a massive offshore gas field off the coast of Mauritania and Senegal," he says. (Mr. Weber also lauds the company's disclosure of contract terms, which he describes as unusual and helpful in evaluating its potential.) His fund, he adds, "isn't just some Texas fund looking for the next wildcat play" in the energy sector.

The same kind of rigorous value and risk analysis demonstrated by this quarter's outperformers will be vital for investors this year, says Mr. Orton, the Carillon Tower strategist. All managers emphasize fundamentals; what is important now is the impact that geopolitical and economic shocks will have on those earnings and revenue trends. The nature of some of these impacts might be anticipated, if not the timing or scope.

Mr. Orton, for one, says he's keeping an eye on events in China, and looking for any further deterioration in the supply chain. "Something else that people haven't thought a lot about is wage inflation, and its impact on overall inflation," he says.

And in an environment in which pandemics and wars can send markets into a tailspin, the question of value is likely to become increasingly relevant.

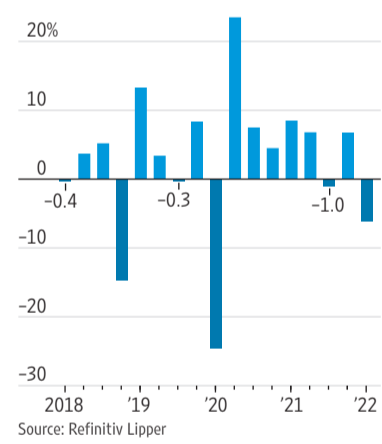
But it's easier to generate healthy or market-beating returns, says Mr. Orton, "if you don't overpay in the first place."

Ms. McGee is a writer in New England. She can be reached at reports@wsj.com.



Score at the Quarter

Stock funds posted their first major quarterly decline since the beginning of the pandemic. Average total return for U.S. diversified funds.



Mutual-Fund Yardsticks: How Fund Categories Stack Up

Includes mutual funds and ETFs for periods ended March 31. All data are preliminary.

Investment objective	Performance (%)				Investment objective	Performance (%)			
	March	1st-qr	1-yr	5-yr*		March	1st-qr	1-yr	5-yr*
Diversified stock & stock/bond funds					World stock funds				
Large-Cap Core	2.8	-5.6	12.7	14.8	Global	1.0	-8.0	2.0	10.8
Large-Cap Growth	2.7	-11.1	6.7	18.2	International (ex-U.S.)	-0.6	-8.3	-2.8	6.7
Large-Cap Value	2.1	-0.8	12.6	11.3	European Region	-0.5	-10.9	-1.0	6.6
Midcap Core	1.5	-4.5	7.5	10.4	Emerging Markets	-3.4	-10.7	-13.8	5.0
Midcap Growth	0.9	-13.5	-4.3	15.1	Latin American	11.8	22.4	16.6	4.4
Midcap Value	1.7	-0.3	12.1	9.4	Pacific Region	-7.0	-13.8	-19.5	6.0
Small-Cap Core	0.2	-5.3	2.2	9.1	Gold Oriented	8.5	13.4	15.9	9.7
Small-Cap Growth	-0.1	-12.5	-8.2	13.1	Global Equity Income	1.2	-2.4	7.5	7.9
Small-Cap Value	0.5	-0.9	7.5	8.7	International Equity Income	0.2	-3.1	3.0	5.4
Multicap Core	2.5	-5.9	9.2	13.1	Taxable-bond funds				
Multicap Growth	1.7	-12.5	-0.1	17.0	Short-Term	-1.2	-2.4	-2.3	1.4
Multicap Value	2.0	-0.5	11.7	10.4	Long-Term	-2.6	-7.1	-4.0	3.1
Equity Income	2.7	-1.3	12.9	10.7	Intermediate Bond	-2.7	-5.9	-4.3	2.2
S&P 500 Funds	3.7	-4.7	15.1	15.5	Intermediate U.S.	-1.7	-2.8	1.7	3.2
Specialty Divers. Equity	2.7	-12.9	-0.3	13.9	Short-Term U.S.	-1.4	-2.4	-3.1	0.8
Balanced	0.3	-5.1	3.6	7.9	Long-Term U.S.	-3.5	-6.3	-3.4	1.9
Stock/Bond Blend	0.5	-5.1	3.2	8.0	General U.S. Taxable	-2.1	-5.3	-3.2	3.1
Avg. U.S. Stock Fund ¹	1.8	-6.2	5.9	12.7	High-Yield Taxable	-0.8	-4.1	-0.3	4.1
Sector stock funds					Mortgage	-2.3	-4.2	-4.6	1.2
Science & Technology	1.1	-13.2	-1.9	20.5	World Bond	-1.3	-5.9	-5.5	1.5
Telecommunication	0.4	-9.8	-6.1	7.3	Avg. Taxable-Bond Fund ²	-1.6	-4.1	-2.2	2.4
Health/Biotechnology	3.6	-8.9	-1.8	11.1	Municipal-bond funds				
Utility	8.1	3.7	16.7	10.0	Short-Term Muni	-1.2	-2.2	-2.9	0.8
Natural Resources	11.4	35.8	58.2	1.4	Intermediate Muni	-2.6	-5.4	-4.0	1.8
Sector	3.3	-5.5	14.2	9.1	General & Insured Muni	-3.3	-6.5	-4.3	2.5
Real Estate	5.9	-5.4	21.5	9.3	High-Yield Muni	-3.4	-6.8	-2.8	3.5

Stock & Bond Benchmark Indexes All total return unless noted

Investment objective	Performance (%)				Investment objective	Performance (%)			
	March	1st-qr	1-yr	5-yr*		March	1st-qr	1-yr	5-yr*
Large-cap stocks					Stock indexes				
DJIA	2.5	-4.1	7.1	13.4	DJ U.S. TSM Growth	4.2	-9.0	12.6	19.6
S&P 500	3.7	-4.6	15.6	16.0	DJ U.S. TSM Value	2.5	-2.1	11.1	10.4
Midcap stocks					Taxable bonds				
S&P MidCap 400	1.4	-4.9	4.6	11.1	Barclays Agg. Bond	-2.8	-5.9	-4.2	2.1
Small-cap stocks					Municipal bonds				
Russell 2000	1.2	-7.5	-5.8	9.7	Barclays Muni Bond	-3.2	-6.2	-4.5	2.5
Broad stock market					Internationals stocks				
DJ U.S. Total Stock Market	3.2	-5.4	11.7	15.3	MSCI EAFE ¹ (price return)	0.1	-6.6	-1.2	4.0
Russell 3000	3.2	-5.3	11.9	15.4	Dow Jones World (ex. U.S.)	0.1	-5.9	-1.8	6.9

*Annualized ¹Diversified funds only ²Excludes money-market funds ³Europe, Australia, Far East

Source: Refinitiv Lipper

How the Largest Funds Fared

Performance numbers are total returns (changes in net asset values with reinvested distributions) as of March 31; assets are as of Feb. 28. All performance data are preliminary.

Stock Mutual Funds and ETFs

Fund	Ticker	Assets (\$ billions)	Total Return (%)				
			1st qtr	1-year	3-year	Annualized 5-year	10-year
Vanguard TSM Idx;Inst+	VSMXP	1272.15	-5.5	11.7	18.2	15.4	N.A.
Vanguard 500 Idx;Adm	VFIAX	808.83	-4.6	15.6	18.9	16.0	14.6
SPDR S&P 500 ETF	SPY	399.06	-4.6	15.5	18.8	15.9	14.5
Vanguard Tot I S;Inv	VTGSX	385.47	-6.1	-1.9	7.7	6.7	5.7
Fidelity 500 Index Fund	FXAIX	380.73	-4.6	15.6	18.9	16.0	14.6
iShares:Core S&P 500	IVV	317.74	-4.6	15.6	18.9	16.0	14.6
Vanguard Instl IIdx;InsP	VIIIX	278.09	-4.6	15.6	18.9	16.0	14.6
American Funds Gro;A	AGTHX	253.27	-10.7	4.0	18.3	16.4	15.0
American Funds Bal;A	ABALX	214.47	-4.0	7.1	10.8	9.6	9.8
Invesco QQQ Trust 1	QQQ	181.96	-9.0	13.9	27.0	23.2	19.4
American Funds EuPc;R6	REGRX	165.58	-12.2	-9.4	8.4	8.0	7.3
Vanguard Gro Idx;ETF	VUG	162.22	-10.3	12.5	23.4	19.9	16.4
American Funds Wash;A	AWSHX	160.99	-2.0	16.1	15.6	13.8	13.2
Vanguard Dev Mkt;ETF	VEA	160.02	-6.0	0.7	8.6	7.2	6.7
Vanguard Mid-Cp I;Adm	VIMAX	153.89	-6.3	8.8	15.7	13.0	12.9
Vanguard Val IIdx;ETF	VTV	146.10	1.0	15.1	14.1	12.0	12.7
Vanguard S-C I;Adm	VSMAX	130.11	-5.7	0.7	13.2	11.3	12.1
American Funds NPer;A	ANWPX	129.52	-10.0	3.7	17.3	15.3	12.8
American Funds Inc;A	AMECX	127.25	-1.3	9.3	10.3	8.5	8.7
American Funds Flnv;A	ANCFX	124.01	-5.8	8.6	14.8	12.8	13.1

Bond Mutual Funds and ETFs

Fund	Ticker	Assets (\$ billions)	Total Return (%)				
			1st qtr	1-year	3-year	Annualized 5-year	10-year
Vanguard Tot Bd;Adm	VBTLX	305.07	-6.0	-4.1	1.7	2.1	2.2
Vanguard Tot Bd II;Inv	VTBIX	248.11	-6.0	-4.2	1.5	2.0	2.1
PIMCO:Income;Inst	PIMIX	139.40	-4.2	-1.5	2.9	3.6	6.0
Vanguard Tot Itl B2;Inst	VTILX	95.02	-5.1	-5.0	N.A.	N.A.	N.A.
Vanguard Tot Itl B1;ETF	BNDX	93.83	-5.0	-4.9	0.6	2.0	N.A.
iShares:Core US Agg Bd	AGG	87.99	-5.9	-4.2	1.6	2.1	2.2
Vanguard Int-Tm TxEx;Adm	VWIUX	85.48	-5.4	-4.0	1.6	2.4	2.7
MetWest:Total Rtn;I	MWTIX	80.85	-6.3	-4.6	2.2	2.5	3.1
American Funds Bond;A	ABNDX	77.47	-5.5	-3.5	2.9	2.7	2.5
Vanguard Sh-Tm Inv;Adm	VFSUX	75.56	-3.8	-3.7	1.5	1.8	2.0
Vanguard Sh-Tm B;ETF	BSV	70.89	-3.4	-3.8	1.1	1.4	1.3
Dodge & Cox Income	DODIX	68.71	-5.2	-3.6	2.9	3.0	3.2
PIMCO:Tot Rtn;Inst	PTRTX	67.41	-6.2	-4.0	2.2	2.5	2.7
Lord Abbett Sh Dur;F	LDLFX	60.79	-2.5	-2.0	1.6	2.0	2.3
Vanguard STIPIS;Adm	VTAPX	60.39	-0.3	3.9	4.3	3.1	N.A.
iShares:Core Tot USD Bd	IUSB	18.35	-6.0	-4.2	1.8	2.3	N.A.
Vanguard Hi Yld TxEx;Adm	VVALX	18.19	-6.7	-3.5	2.6	3.8	4.0

Note: For funds with multiple share classes, only the largest is shown. N.A.: Not applicable; fund is too new or data not available

Source: Refinitiv Lipper

JOURNAL REPORT | PERSONAL INVESTING

Ask Encore • Glenn Ruffenach

How Much More Will You Spend in Retirement Than Expected?



Also: We answer questions about pet insurance and Social Security

You should tell readers about your “\$400 rule.” Maybe they have some rules of their own.

That’s my brother Stephen speaking. Yes, I have a “rule” about retirement and nest eggs. I don’t pretend that it’s anything as consequential as, say, the “4% rule.” (That’s the one tied to annual withdrawals from savings.) And my research, admittedly, involves a small sample. (Just me.)

Still, it’s interesting how this “guideline” (a better word) has worked in my retirement. Here is a brief explanation—and a request.

Actually, my guideline is borrowed. Several years ago, as I was approaching retirement from full-time work, a person—I can’t recall who, but I’m happy to give credit if you’re reading this—told me: “You will spend about \$400 each month in retirement above and beyond what you think you’ll spend.”

I remember thinking: This sounds silly. Surely, I can craft an annual budget that doesn’t miss the mark by almost \$5,000.

And yet...more months than not, my wife and I find ourselves with a bill, or combination of bills, of about \$400. These are outside what we normally would expect: the garage-door spring and cable that snapped; the family member who asked for financial help; the X-rays and dentist’s fee for a sudden toothache (my wife and I don’t have dental insurance); the small tree in our yard that, as it

turned out, was dying and needed to be removed; the storm that damaged the screens on our porch; the stone that hit and cracked our windshield; the request from a charity that we felt we needed to honor. The list goes on.

Yes, surprises are part of life, and budgets always need wiggle room. But in preparing for retirement, I had never seen a specific figure about just how much wiggle room my budget might need. Hence, my retirement “rule”: When you have finished estimating your annual expenses in later life—add about \$5,000. The total should be closer to what you’ll actually need.

(Of course, my rule is based on expenses where we live, in the Southeast; the figure could be a

bit bigger, or smaller, elsewhere.)

As for the request: My brother might be right. If I have a rule based on my experiences, I’m betting other retirees do. So, if you have a rule or guideline for later life, we would like to hear from you. Ideally, we’ll include some of your ideas in a future column.

My wife and I are recently retired, and our adult children are urging us to get a dog to help us stay active, physically and socially. My question is about pet insurance. Can you point us to an impartial guide?

Interesting question. Pet insurance is increasingly popular, and getting more expensive, according to the North American Pet Health Insurance Association. In 2020, 3.1 million pets in the U.S. were insured, according to the association. (Of the total, 83% were dogs and 17% cats.) That’s almost double the number of insured pets in 2016. In

Changes in Spending

Asked to anticipate how their spending might change in retirement—and whether spending actually changed—surveyed preretirees and retirees said:



Source: J.P. Morgan Private Bank Research, 2020

2020, the average annual premium for a dog for “accident and illness” protection, as opposed to “accident only,” was \$594, up from \$518 in 2016. (Cats, by comparison, are a bargain: \$342 in 2020, up from \$321 four years earlier.)

To learn more, check the National Association of Insurance Commissioners. (Go to naic.org and search for: pet insurance.) Here you will find “A Regulator’s Guide to Pet Insurance.” While designed primarily for insurance officials, it offers consumers a good, evenhanded overview.

I will be 62 this year, and I would like to apply for Social Security as soon as possible. What’s the earliest date I can do so?

We need, first, to make a distinction: when you become eligible for benefits, and when you can apply.

The Social Security Administration says you must be 62 for the entire month to be eligible. You’re considered 62 for an entire month if you were born on the first or second day of the month; otherwise, you don’t meet the requirement until the following month.

As for applying, you can do so up to four months before you want benefits to start. The Social Security Administration offers a good example about how it works:

Let’s say you turn 62 on Dec. 2. You meet the “entire month” rule, and can start benefits as early as December; for that, you can apply in August. But if you were born on Dec. 3 or later in the month, you don’t meet the “entire month” requirement. You can start benefits in January 2023, applying in September 2022.

Mr. Ruffenach is a former reporter and editor for The Wall Street Journal. Ask Encore looks at financial issues for those thinking about, planning and living their retirement. Send questions and comments to askencore@wsj.com.

Category Kings in 9 Realms

Top-performing funds in each category, ranked by one-year total returns (changes in net asset values with reinvested distributions) as of March 31; assets are as of Feb. 28. All data are preliminary.

Small-Cap Core

	Symbol	Assets (\$millions)	1st-qttr (%)	1-yr*	3-yr**	5-yr*	10-yr*
Auer Growth	AUERX	26.3	8.0	28.5	20.3	12.5	7.7
Highland:Sm-Cp Eqty;A	HSZAX	18.2	4.5	27.1	-10.6	-3.4	4.5
Applied Finance Exp;Inst	AFDZX	238.6	-3.0	15.2	23.2	16.1	N.A.
Victory:Integ SMCV;R6	MIRSX	239.5	2.7	14.4	16.8	11.2	N.A.
Category Average:		591.8	-5.3	2.2	12.2	9.1	10.4
Number of Funds:		853		843	801	729	501

Midcap Core

	Symbol	Assets (\$millions)	1st-qttr (%)	1-yr*	3-yr**	5-yr*	10-yr*
Fuller&Thaler BMCV;R6	FTVZX	247.1	-0.1	15.2	17.3	N.A.	N.A.
GW:Mid Cap Val;Inst	MXKJX	695.7	0.1	15.0	11.9	9.5	N.A.
JPMorgan:Dv Rtn US MCEq	JPME	235.4	-1.9	14.8	14.8	12.0	N.A.
Pioneer Mid Cap Val;A	PCGRX	786.8	0.1	14.3	13.9	8.2	9.6
Category Average:		631.9	-4.5	7.5	13.5	10.4	11.0
Number of Funds:		309		304	273	251	162

Large-Cap Growth

	Symbol	Assets (\$millions)	1st-qttr (%)	1-yr*	3-yr**	5-yr*	10-yr*
Fidelity Stocks for Inf	FCPI	177.3	0.6	26.3	N.A.	N.A.	N.A.
GQG Partners US SQE;Inst	GQEIX	889.3	5.6	23.8	21.7	N.A.	N.A.
iShares:Russ Top 200 Gr	IWY	4,397.2	-8.3	18.6	25.5	22.1	17.8
SPDR Ptf S&P 500 Growth	SPYG	13,290.4	-8.6	18.1	22.4	19.9	16.7
Category Average:		2,629.9	-11.1	6.7	19.2	18.2	15.0
Number of Funds:		691		675	620	572	437

Large-Cap Value

	Symbol	Assets (\$millions)	1st-qttr (%)	1-yr*	3-yr**	5-yr*	10-yr*
Voya Corp Leaders	LEXCX	813.1	11.0	27.7	16.3	14.0	12.2
Natixis VN Select	WNSE	6.1	-2.7	24.7	N.A.	N.A.	N.A.
Hennessy:Crnst Val;Inv	HFCVX	295.6	5.9	19.8	12.2	10.1	10.3
Barrett Opportunity	SAOPX	61.5	-0.8	19.6	13.0	10.5	10.9
Category Average:		2,014.4	-0.8	12.6	13.9	11.3	11.5
Number of Funds:		404		388	356	342	283

Small-Cap Growth

	Symbol	Assets (\$millions)	1st-qttr (%)	1-yr*	3-yr**	5-yr*	10-yr*
Oberweis:Sm-Cap Opp;Inv	OBFOX	29.8	-7.2	14.5	23.6	18.8	14.6
Congress Sm Cp Gro;Inst	CSMCK	296.0	-11.9	10.5	23.2	20.0	14.2
Needham:Aggr Growth;Inst	NEAIX	153.3	-14.6	10.3	30.7	18.9	N.A.
PGIM Jenn Small Co;R6	PJSQX	2,172.5	-6.4	8.3	19.9	14.4	13.1
Category Average:		797.3	-12.5	-8.2	13.1	13.1	12.0
Number of Funds:		721		709	677	616	451

Large-Cap Core

	Symbol	Assets (\$millions)	1st-qttr (%)	1-yr*	3-yr**	5-yr*	10-yr*
Nationwide:GQG US QE;R6	NWAVX	65.6	5.5	25.7	N.A.	N.A.	N.A.
BlackRock:Exchange;BR	STSEX	216.0	1.4	23.2	19.1	15.1	12.6
Glbl Beta:Low Beta	GBLO	1.3	2.6	21.3	N.A.	N.A.	N.A.
Tidal:SP Fds S&P 500 SIE	SPUS	134.7	-7.0	20.9	N.A.	N.A.	N.A.
Category Average:		1,562.0	-5.6	12.7	17.5	14.8	13.4
Number of Funds:		646		609	530	486	386

Small-Cap Value

	Symbol	Assets (\$millions)	1st-qttr (%)	1-yr*	3-yr**	5-yr*	10-yr*
Aegis Value;l	AVALX	211.5	18.1	41.3	28.0	18.8	13.3
Hotchkis:Sm Cap Val;l	HWSIX	587.7	9.1	21.2	16.7	10.0	12.0
Investco SC Value;Y	VSMIX	1,925.9	8.9	21.0	22.4	13.2	13.0
RBB:WPG Sm/Micro Val;l	WPGTX	30.1	7.7	19.2	17.0	9.0	8.6
Category Average:		495.5	-0.9	7.5	13.8	8.7	10.1
Number of Funds:		238		229	211	199	150

Midcap Value

	Symbol	Assets (\$millions)	1st-qttr (%)	1-yr*	3-yr**	5-yr*	10-yr*
Hotchkis:Mid Cap Val;l	HWMIX	479.5	9.7	21.5	14.3	8.4	10.5
GoodHaven Fund	GOODX	107.4	-2.9	19.4	16.3	9.3	5.9
Gabelli Eq:Foc G&I;l	GWSIX	41.9	0.3	18.1	17.1	8.0	8.2
Nuveen Mid Cp Value;l	FSEIX	433.1	-0.6	16.6	16.0	11.7	12.0
Category Average:		982.2	-0.3	12.1	13.6	9.4	10.9
Number of Funds:		214		208	198	184	140

Midcap Growth

	Symbol	Assets (\$millions)	1st-qttr (%)	1-yr*	3-yr**	5-yr*	10-yr*
Govt Street MdCp	GVMCX	62.3	-6.0	15.1	18.4	14.7	13.3
Innovator IBD Brkout Opp	BOUT	16.5	-2.2	14.5	23.3	N.A.	N.A.
Value Line MdCp Foc;Inv	VLFIF	447.2	-5.4	12.3	16.1	16.7	14.3
BNYM Active MidCap;A	DNLDX	465.2	-3.4	12.1	11.4	8.3	10.8
Category Average:		1,328.5	-13.5	-4.3	15.2	15.1	12.9
Number of Funds:		369		345	306	285	227

N.A.: Not applicable; fundist too new

*Annualized Note: For funds with multiple share classes, only the largest is shown.

Source: Refinitiv Lipper

Winners and Losers

Best- and worst-performing stock funds for the periods ended March 31; assets as of Feb. 28 and include all share classes. Performance data are final and include share prices and reinvested dividends.

First-Quarter Best Performers

Fund Name	Assets (\$millions)	Mar.	1st-qttr	1-year
VelShs 3x Long Nat Gas	27.3	89.6	182.8	186.6
MS US BO Idx 3X Lvrgrd	1,238.5	28.6	162.0	218.2
MS O&G Expl & Pr 3XL	12.3	30.2	159.7	N.A.
ProShs II:Ult Blm Nat Gs	160.8	58.4	119.6	163.5
Direxion:S&P OG EP BI 2X	927.1	31.5	90.8	138.0
Direxion:EnergyBull 2X	741.2	17.9	88.4	141.3
ProShares:Ult Oil & Gas	241.4	18.3	85.1	143.0
Direxion:Metal Mnrs BI2X	11.8	33.6	81.5	N.A.
ProFunds:OE & S US;Inv	19.3	22.5	79.5	61.0
ProShares:Ult MSCI Braz	8.6	30.8	77.6	38.0
Direxion:MSCI Bra Bull 2X	185.8	30.7	77.2	37.3
ProShs II:Ult Blm CrO	1,331.4	17.6	76.2	188.9
iPath ETN S&P GSCI CTRA	78.9	11.6	67.4	179.8

First-Quarter Worst Performers

Fund Name	Assets (\$millions)	Mar.	1st-qttr	1-year
iShares:MSCI Russia	104.8	-99.0	-99.8	-99.8
VanEck:Russia	692.0	-95.6	-98.7	-98.6
VanEck:Russia Sm Cap	11.3	-94.1	-97.7	-97.8
Voya:Russia;A	22.8	-67.7	-90.9	-89.4
T Rowe Price Int:E Eur	51.6	-57.1	-83.2	-81.0
ProShs II:UIS Blm Nat Gs	224.1	-43.8	-73.8	-91.7
MS O&G Expl & Pr -3X IL	1.8	-31.8	-71.0	N.A.
MS US BO Idx -3X Inv Lev	31.5	-29.3	-70.1	-88.5
Direxion:Hbldrs&Sup BI3X	252.9	-33.1	-67.4	-47.6
Direxion:S&P Btech BI 3X	897.9	-5.9	-56.5	-80.2
Direxion:S&P OG EP Br 2X	64.0	-28.2	-55.5	-79.2
ProShs II:UIS Blm CrO	188.4	-29.1	-54.6	-79.7
Direxion:EnergyBear 2X	26.6	-18.9	-51.9	-71.1

Five-Year Best Performers

Fund Name	Assets (\$millions)	1st-qttr	1-year	5-year*
iPath ETN Glbl Carbon A	9.4	-4.9	81.6	81.1
Direxion:Tech Bull 3X	2,659.5	-29.2	48.4	56.1
ProShares:UltP QQQ	17,120.8	-30.3	26.9	51.1
Direxion:Semicnd Bull 3X	5,551.7	-43.5	0.5	49.6
ProShares:Ult Tech	790.2	-21.6	32.8	45.6
ProShares:Ult Semicond	326.5	-24.6	33.0	44.3
Rydex:MR NASDAQ-100 2S;H	407.7	-18.6	23.5	42.4
Direxion:MNAS BI 2x;Inv	414.3	-18.6	23.1	41.8
ProShares:Ult QQQ	4,599.9	-19.4	22.5	39.9
Baron Partners Fund;Inst	7,121.0	-5.8	24.5	39.0
Rydex:NASDAQ 2x;H	724.9	-19.5	21.7	38.9
ProFunds:UltraNASDAQ;Inv	773.2	-19.6	21.4	38.4
ProFunds:Semicond;Inv	101.7	-17.5	28.1	36.7

Five-Year Worst Performers

Fund Name	Assets (\$millions)	1st-qttr	1-year	5-year*
VelShs Dly 2x VIX ST ETN	7.7	2.0	-89.0	-80.0
Direxion:Semicnd Bear 3X	175.9	9.5	-61.6	-75.6
iShares:MSCI Russia	104.8	-99.8	-99.80	-68.8
ProShs II:UltVIX STF ETF	891.4	8.9	-76.0	-66.6
Direxion:Tech Bear 3X	94.4	12.8	-57.6	-65.3
VelShs 3x Long Nat Gas	27.3	182.8	186.6	-64.1
ProShares:UltP Sht QQQ	2,625.3	14.1	-48.5	-60

The Downside of SEC's Proposed Swap Regulations

New rules could hinder shareholder activism

By ALEX EDMANS

A push by the Securities and Exchange Commission for more transparency around security-based swap positions might seem, on its face, to be a no-brainer. After all, the misuse of one type of swap, credit-default swaps, was a major contributor to the global financial crisis of 2007-08. And a second type, total return swaps, contributed to the multibillion-dollar collapse of Archegos Capital Management last year.

There is, however, a potential downside to the SEC's proposal for increased disclosure of swap positions that might not be immediately apparent: If passed, the rules could severely restrain shareholder activism—a key market mechanism for holding corporate managements accountable, improving governance and creating sustainable value.

Security-based swaps are financial contracts in which counterparties agree to exchange payments based on, say, changes in a stock's price. They allow investors to obtain economic exposure to an asset without directly owning it and have beneficial uses such as hedging risk. The SEC's proposed Rule 10B-1 would require additional disclosure of large positions in such instruments, so that investors' counterparties and clients understand their full exposure. More transparency is always good, right?

Well, not always. The main barrier to shareholder activism is that the activist bears the cost, but the benefits are shared by all other shareholders and in many cases wider society—the classic free-rider problem. An activist's gains are limited to its stake in the company. And if the activist buys more than 5%, it is required to disclose its position,

which moves the market and hinders it from buying more. A 5% stake, however, is often insufficient to make activism worthwhile, given that it typically takes six to 12 months of research before an activist investor even meets with a company.

Swaps, however, allow a shareholder to increase exposure without revealing it to the world, raising the incentive to engage with a company to improve its performance. If the SEC forces investors to reveal those positions, activists might not be able to obtain enough exposure to make engagement worthwhile.

There are good public-policy reasons why equity positions should be disclosed, but not swaps. Equity comes with voting rights and the potential ability to influence a company, but swaps don't. What swaps do provide is an economic incentive for an investor to care about a company's future—similar to an investment

firm tying fund-manager pay more closely to long-term performance, without increasing its holdings in the company.

For its part, the SEC says it benefits from robust engagement with the public and will review all comments submitted during the open comment period. Generally, though it responds to comments received as part of the final rule-making and not beforehand, according to a spokesperson.

Benefits of privacy

Why should we worry about reduced activism? Critics claim that activism inflates short-term profit at the expense of long-term value, but rigorous evidence suggests otherwise.

A seminal paper found that hedge-fund activism boosts a stock price by 7% in the short term, and even more in the long term. One concern is that these

gains come from financial engineering rather than improvements in operating performance. But a second study, which obtained confidential data on the productivity of individual plants from the Census Bureau, found that hedge-fund activism leads to increased plant productivity, primarily through raising labor productivity. Workers' wages don't fall, and their hours don't rise. A third paper, which studied investment, found that hedge-fund activism results in lower research-and-development expenditures but increased innovation. More patents are generated and patent quality increases because hedge funds refocus innovation on the most promising projects. When it comes to environmental outcomes, firms targeted by hedge funds reduce toxic chemical emissions and close heavily polluting plants. And the benefits are wider than just the firm in question—they

spill over to peer companies, which improve efficiency to avoid becoming targets themselves.

A positive-sum game

While some see stock-market trading as a zero-sum game—if one investor profits, another loses—activism is a positive-sum game in that it grows the pie for both shareholders and society. Turning around an underperforming company is a public good. To encourage the creation of public goods, the creator needs to obtain a return on its investment. We recognize this with patents. After an innovation has been made, we would like it to be freely available—but doing so would remove the incentive to innovate in the first place. Patents enable innovators to generate a sufficient return to justify the investment in the innovation. The private use of swaps plays a similar role for activists. If the SEC needs swap disclosures for its own monitoring purposes, it could keep such information confidential.

Privacy is important not just to encourage activism, but also to help it succeed. Shareholder engagements are increasingly resolved privately, outside the public eye—92% of activist board placements in 2021 were achieved consensually. Private engagement often leads to more amicable and constructive resolutions. Once a situation becomes public, egos are often at play. The company publicly defends the status quo and opposes the activist's ideas. Then, if discussions later lead to the company agreeing with the activist's suggestions, management may be unwilling to implement them as it will lose face. Greater disclosure may increase the number of acrimonious public proxy fights, at great cost to shareholders and companies but at great benefit to lawyers and other advisers.

Transparency has many benefits, but constructive dialogues are often best had in private. As the SEC deliberates new rules, it should consider their impact on such discussions, which typically create long-term value for both shareholders and society.

Dr. Edmans is a professor of finance at London Business School. He can be reached at reports@wsj.com.

As the Fed Raises Rates, and Other Central Banks Don't, What That Might Mean for U.S. Stocks

By DEREK HORSTMAYER

The Federal Reserve's recent decision to begin raising interest rates stands in contrast to many other central banks around the world, which are keeping their baseline interest rates flat or lowering them.

So, does this divergence of central-bank policies spell good or bad news for investors holding U.S. stocks? Looking at data on how leading stock indexes around the world have behaved in similar circumstances suggests U.S. shares should fare relatively well.

To explore the effects of divergent central-banking policies on U.S. stocks, with the help of two research assistants, Georgi Minov and Cameron Hair, I collected historical interest-rate and stock-return data from around the world going back 40 years.

We first looked at whether each nation's central bank was raising its interest rate, lowering it or keeping it the same over time. Next, we looked at stock-return data over the same periods for the largest industrialized economies with defined indexes—the U.S. (S&P 500), Germany (DAX), France (CAC 40), Canada (TSX), U.K. (FTSE) and Japan (Nikkei).

Using this data, we can compare the performance of U.S. stocks with that of foreign stocks during different interest-rate environments: all rates rising, all falling, or mixed. For each type of pe-

riod, we explored how the S&P 500 did on an absolute basis (raw S&P 500 returns) and in comparison to the foreign indexes as a group (S&P 500 return minus the foreign-index return) based on monthly averages during the periods defined by the interest-rate policies at the time.

The first interesting finding is that it really is the synchronization of interest-rate policies that provides the most extreme results.

When the world's central banks are moving their interest rates down, we see the S&P 500 outperform the average of the foreign indexes by the most—0.55 percentage point a month (with

an absolute return of 0.43% a month for the U.S. stocks). This could be due to so-called flights to safety—when central banks around the world are cutting interest rates (e.g., during the dot-com crash, the recession of 2008 and the most recent pandemic), investors from around the world leave their host country's markets and head to the U.S.

By contrast, when the world is moving interest rates up, we see the S&P 500 underperform the most—by 0.44 percentage point a month compared with the foreign-index average. (The average absolute return a month for U.S. stocks in such periods is 0.63%.) This is possibly due to investors



Divergent

Average monthly return for the S&P 500 during different interest-rate environments*.

		U.S. INTEREST RATES		
		Up	Flat	Down
FOREIGN NATION'S INTEREST RATES	Up	0.63%	-0.10%	-0.07%
	Flat	0.45%	0.68%	0.63%
	Down	0.54%	1.21%	0.43%

Average monthly return for the S&P 500 minus the corresponding foreign national index during different interest-rate environments*.

		U.S. INTEREST RATES		
		Up	Flat	Down
FOREIGN NATION'S INTEREST RATES	Up	-0.44	0.11	0.09
	Flat	0.02	0.28	0.07
	Down	0.40	0.07	0.55

*For instance, "Up, Up" represents when both the U.S. (Federal Reserve) and the foreign central bank are raising interest rates. Source: Derek Horstmeyer, George Mason University

from around the world moving their money back home, since rising interest rates usually happen in good economic times.

How about for our current interest-rate environment—with the U.S. raising its rate and the rest of the world mostly keeping rates flat? On average when this has occurred over the past 40 years, the S&P 500 has delivered an absolute return of 0.45% a month (which amounts to 5.53% over a 12-month period). In comparison with the foreign indexes, meanwhile, the S&P during such periods has delivered an outperformance of 0.02 percentage point a month (0.26 percentage point over a 12-month period).

And the best-case scenario: If the U.S. keeps raising interest

▲The Fed has gone its own way, compared with the world.

rates while other central banks reverse course and begin to lower interest rates, our data tell us, the S&P 500 turns in an absolute monthly return of 0.54 percentage point, and outperforms the monthly average for foreign indexes by an average of 0.40 percentage point, or an annualized difference of 4.90 percentage points over a 12-month period.

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FROM TOP: JON KRGAUSE; STEFANI REYNOLDS/GETTY IMAGES

Young Money • Francesca Fontana

Thanks to the Pandemic, More Young Adults Buy Life Insurance—if They Can Get It

Seeing loved ones die left me shaken, and worried about how my husband would fare without my income

Before the pandemic, I didn't think of life insurance as something I needed. Why would I? At the end of 2019, I was 25 years old and newly married. I had no children. The only time I thought about life insurance was when it came up as the killer's hidden motive in true-crime documentaries. (I watch a lot of true-crime documentaries.)

But last year, my husband, Ryan, and I decided to apply for policies. As we completed our online applications, I was self-congratulatory, full of pride. Every so often, I sang our praises to my husband: "Look at how *responsible* we are!"

Beneath my flippancy was a deep relief. The gravity of the pandemic and the recent loss of loved ones had shaken me to my core, and I worried about my own mortality. I fretted over how my husband would fare without my income if I died. There were no certainties; the unimaginable was no longer so.

I wasn't alone. More younger adults have been looking for life insurance since the pandemic began. Applications for life-insurance policies jumped 3.9% year-over-year in 2020 in the U.S., according to MIB Group's Life Index—the biggest annual increase in records going back to 2012. Applications were up nearly 8% in 2020 among people under age 45. In 2021, applications rose 3.4%, with the most growth coming from those ages 31 to 50.

One source of the increased interest in life insurance was people whose jobs exposed them to Covid-19 before vaccines became available—service workers, first responders, teachers, healthcare workers—says Jennifer Fitzgerald, CEO and co-founder of Policygenius, an online insurance broker. But the effects of the pandemic made many people of all kinds consider their mortality and re-evaluate their finances.

Assessing the risk

For Ryan and me, one of the driving forces behind our decision to



get life insurance was the death of my father-in-law at the end of 2020. As our family grappled with the sudden loss and the many loose ends Ryan and his brother were left to tie up in the wake of such a loss, I was a witness to the pile of costs that were left to the survivors: attorney's fees, remaining bills, cremation costs. His father had some life insurance that eased the burden on the two sons.

The pandemic—especially before vaccines were available—made everything feel uncertain for us. We isolated ourselves entirely and took every precaution to avoid possible infection, but we worried that at any moment one of us could fall ill and leave the other in the lurch. Our youth gave

us little comfort as we watched the death toll rise.

I thought of what Ryan would be left to cover in the event of my death. He would be responsible for the entirety of our Brooklyn rent, which neither of us could afford alone, and we were looking at buying an apartment in Manhattan, which would be just as costly. Ryan would lose my health-insurance coverage, and the costs of his chronic health condition would soar as they had before we were married. I thought, too, of my younger brother, who was nearing the end of high school. I had hoped that once he started college I could help him pay for textbooks or other incidentals. I imagined what it would be like if I wasn't around.

Ryan did similar calculations, had similar thoughts, and we came to the same conclusion: Whatever we could do to be prepared, we would do.

Technically, I already had life insurance. Many employers offer group life insurance as a benefit, typically in a lump-sum amount such as \$50,000 or as a multiple of one's salary. Through my employer, I already had such a policy.

Still, that policy only covers me for as long as I work at this company. What's more, John Carroll, a senior vice president at industry-funded research firm Limra, told

Young people believe that at their age, life insurance should be a breeze, but it isn't.

me that for most people, insurance totaling a year or two of salary wouldn't be enough to cover expenses in the event of their death. Not only are many younger adults not yet in their peak earning years, they also bear a heavier student-loan burden than generations before them. "When you start to add all of that up," he says, "there's a real impact if they were to die prematurely or unexpectedly, the burden that they may leave behind for their families, or their parents. Just because you die doesn't mean that goes away."

Approval is uncertain

Weeks after I applied for life insurance, I was approved. Now I pay \$36 a month for a 30-year term policy worth several hundred thousand dollars. It's enough to aid Ryan—and our children, should we choose to have any—in the event of my death. It eased the pressure I once felt to build up as much in cash savings as possible for an unlikely tragedy and freed me up to invest in our future.

That feeling of security was dulled when Ryan's application

was denied. Ryan, being in his early 30s, had his youth on his side, but his health history kept him from getting coverage. It was a disappointment: No matter how much he works to save money through other means, like his emergency fund and his 401(k), those savings can never come close to the value of a life-insurance policy.

Ryan's experience isn't uncommon. While it's better to apply when you're young, your age doesn't mean you're automatically a shoo-in for a life-insurance policy. Chantel Bonneau Stewart, a wealth-management adviser at Northwestern Mutual Life Insurance, says insurance companies may not take on a policyholder with certain health histories or one with what they consider a risky profession or hobby, such as a pilot, she says. A DUI conviction or poor driving record or a low credit score can also be grounds for a rejections, she adds.

Rosamund Lannin, age 36, and her husband, Sean Dove, 42, applied for life insurance in the fall of 2020, after the Chicago-based couple went to a financial planner for the first time. Ms. Lannin, who works in marketing, already had a life-insurance policy through her employer. The financial planner recommended they apply for their own policies, too.

The pair thought they might have to pay a higher premium for Mr. Dove, who was diagnosed with cancer in 2018 and entered remission in March 2019. But after applying through their financial adviser, Mr. Dove was told that given his health history he would be denied coverage for five to 10 years posttreatment. Ms. Lannin was able to get a policy, though her monthly premium ended up being \$4 higher due to her having anxiety and depression.

The outcome leaves Mr. Dove largely dependent on cash savings to build a cushion. "I'm a freelance illustrator, so my income changes so much from month to month, so saving has been a huge priority," he says.

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What to Know About College Deductions And Credits On 2021 Taxes

You might be eligible, but the rules can get tricky. Here is a rundown.

By **CHERYL WINOKUR MUNK**

Families with college students might be eligible for certain tax deductions or credits on their 2021 taxes. But accounting for them properly can be a challenge.

That is because the rules are complicated and taxpayers generally can't claim more than one benefit for the same qualifying education expense.

Here are some things to consider:

1. Tax deductions

If you, your spouse or dependent paid student-loan interest last year and meet other qualifications, you may be eligible for a deduction of up to \$2,500. Those who qualify can take this deduction regardless of whether they itemize. One requirement is that the filer's modified adjusted gross income be less than \$85,000, or \$170,000 if filing jointly. This deduction can be used for both federal and private loans, says Joe DePaulo, chief executive officer

and co-founder of College Ave Student Loans, a private student-loan provider.

2. Tax Credits

For 2021, there are two tax credits that can help eligible taxpayers offset higher-education costs by reducing their income tax. These are the American Opportunity Credit and the Lifetime Learning Credit. IRS rules allow you to claim only one of the credits per eligible student in the same tax year, so families need to determine which credit is best for their circumstances. The American Opportunity Credit, for example, has a higher maximum, \$2,500 per student vs. \$2,000 per tax return for the Lifetime Learning Credit, but it can only be claimed for four tax years for the same student. The Lifetime Learning Credit, meanwhile, is broader in that it can be claimed through grad school or for courses to acquire or improve job skills. The AOC also has additional conditions such as the requirement to be enrolled at least half time in a degree program.

Taxpayers can't claim either credit if their modified adjusted gross income is \$90,000 or more, or \$180,000 or more for joint filers. For those who have the choice, the American Opportunity Credit will always be greater, according to the IRS.

3. Calculate 529-plan taxable distributions

Distributions from "529" plans aren't taxable when used to pay for qualified higher-education expenses. However, if you use these moneys for nonqualified expenses or take more in total distributions than your qualified expenses, be prepared to pay income tax and a

10% penalty. Keep in mind that the tax-free part of scholarships or grants reduces qualified education expenses. Also, an education-related tax credit can be claimed in the same year the beneficiary takes a tax-free distribution from a 529 plan, but the same expenses can't be used for both benefits, according to IRS rules.

4. Scholarships

In many cases, institutional or private scholarships and grants won't count as taxable income. There are some stipulations, though. For instance, the amounts received must be used to pay for tuition and fees required for enrollment or attendance, or for fees, books, supplies and equipment required for your course-

work. Scholarship amounts used for incidental expenses, such as room and board, travel and optional equipment, must be included in gross income. An additional condition applies if you are paid for teaching or research on condition of receiving the scholarship. The amount you receive for that work generally must be included in gross income, with certain exceptions.

5. Income from student-loan forgiveness

Generally, if a borrower's loan is canceled or repaid by someone else, that portion of the loan should be included in gross income, according to the IRS. There are some exceptions, such as student-loan amounts forgiven under

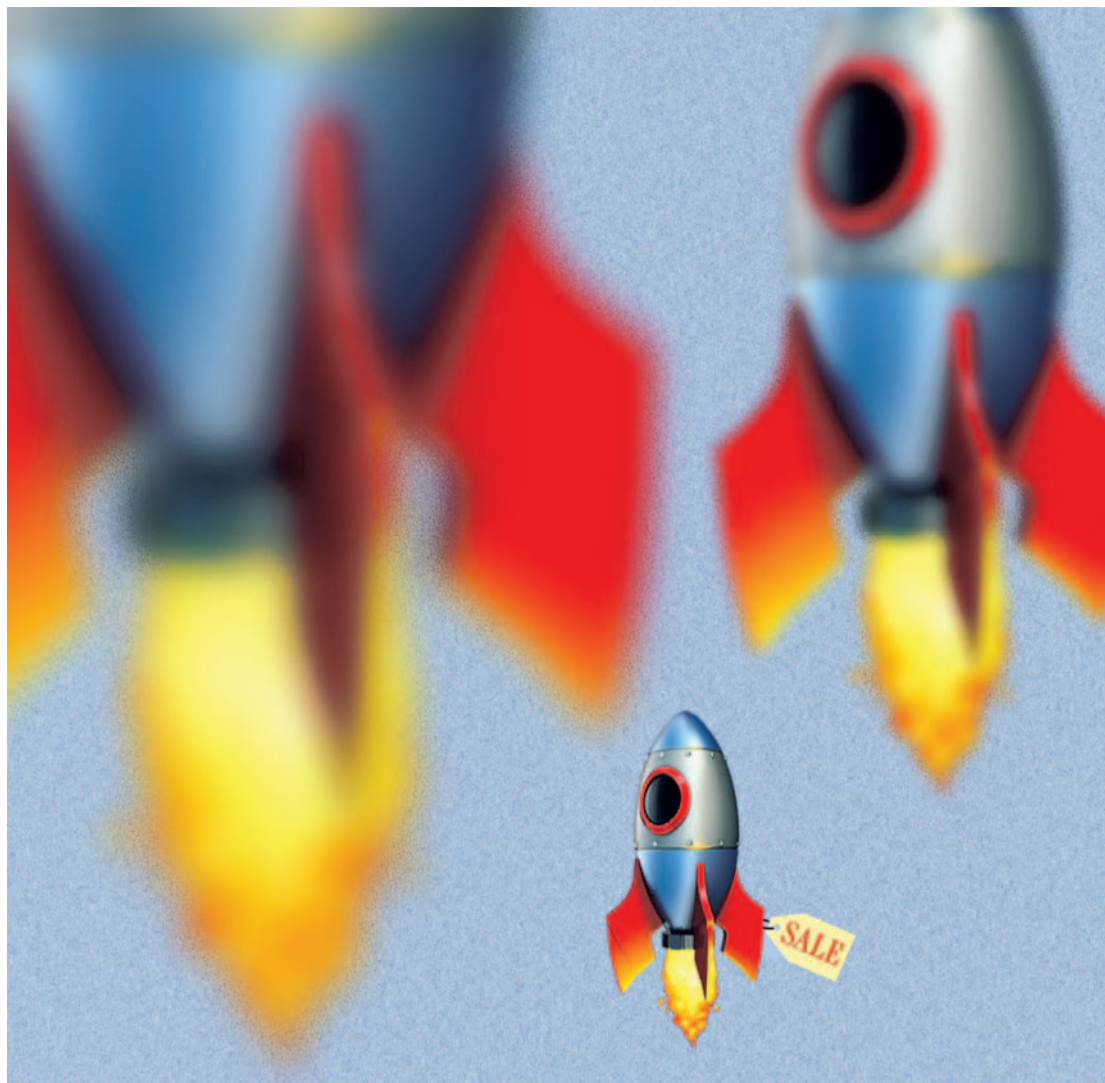
the Public Service Loan Forgiveness Program. In 2021—and at least through 2025—borrowers who don't qualify for PSLF have a reprieve from taxes on forgiven amounts, thanks to the American Rescue Plan Act of 2021. This helps borrowers who have achieved or will achieve forgiveness in the next few years under an income-driven repayment plan, which is based on income and family size.

Taxpayers looking for additional information on any of these strategies can contact their tax preparer or refer to IRS Publication 970.

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JOURNAL REPORT | PERSONAL INVESTING



Value Investing Is Back, But It Can Be Difficult to Pick the Right Fund

With so many choices, there's a lot to think about

By Ari I. Weinberg

Value investing is coming back. Over the past decade, growth stocks have outpaced value shares, which usually have lots of tangible assets relative to their market value. In those 10 years, the S&P 1500 Composite Growth Index has an annualized to-

tal return of 16.4% through March 31, compared with 14.4% for the overall S&P 1500 and 11.9% for the S&P 1500 Composite Value Index, according to S&P Dow Jones Indices. "U.S. markets are inherently biased toward growth, with a heavy emphasis on technology stocks," says Matthew Krajna, co-chief investment officer at Nottingham Advisors. Recently, though, value has been having a moment and trouncing the richly valued, highflying growth stocks. The S&P 1500 value index is down just 0.2% over the past three months, while the S&P 1500 growth index is down 8.6%. Is it sustainable? Over the past two decades, there have been a lot of false starts for value as a hyper-aware Federal Reserve has kept interest rates historically low—effectively bailing out growth investors

Behold Value

Top-performing value ETFs over the past year don't all look alike.

	EXPENSE RATIO	ASSETS	RETURNS		PRICE-TO-BOOK
			1-YEAR	5-YEAR	
Invesco S&P 500 Value with Momentum SPVM	0.39%	\$59,401,080	18.3%	11.4%	1.6
Invesco S&P 500 Pure Value RPV	0.35	3,921,704,418	17.9	10.3	1.4
Invesco Dynamic Large Cap Value PWV	0.58	863,056,040	17.0	9.3	2.3
Vanguard Mega Cap Value MGV	0.07	5,485,333,589	15.4	12.3	2.9
Fidelity Value Factor FVAL	0.29	561,393,105	15.3	14.2	3.0

Note: As of March 31. Returns are total returns. Five year returns are annualized. Price-to-book is a weighted average. Source: FactSet

by making money cheaper. But that isn't the case now, as the Fed has begun raising rates. Adding one of the 101 value ETFs to an existing portfolio requires an understanding of how value fits in. Here's what to keep in mind.

The basics

What is a value stock? Simply put, one that has a low price-to-book ratio (P/B)—a measure of market cap relative to tangible assets. The lower the ratio, the deeper the value. Value strategies often overlap with dividend-focused income strategies—because many value stocks are more-established companies in traditional dividend-paying sectors such as financial services, consumer companies and healthcare. Value was solidified as a source of returns in the early 1990s when two University of Chicago professors, Eugene Fama and Kenneth French (now at Dartmouth), found that higher-book-value companies consistently outperformed. Headline-making growth companies haven't deterred value-minded ETF investors. Through March 31, value-focused ETFs held \$409 billion in assets, while growth ETFs held \$368 billion, says FactSet.

Index (and size)

The first consideration for choosing a value ETF is index construction. To build the S&P 500 value index, for example, S&P Dow Jones Indices evaluates price-to-book, price-to-earnings (P/E) and price-to-sales (P/S) ratios to build a value score. Companies such as Warren Buffett's **Berkshire Hathaway**, **Procter & Gamble** and **Johnson & Johnson** come up high, contrasted with growth-index leaders **Apple**, **Amazon.com** and **Microsoft**, which are scored based on sales and earnings growth and share-price momentum. The size of companies an index covers—large-cap, midcap and so on—is also important. Messrs. Fama and French's research also showed that small-cap stocks beat large-caps over the period they studied—but focusing on small companies brings risk. "Value can pay off particularly well in the small-cap space," says Dana D'Auria, co-chief investment officer at Envestnet. "But small value will tend to bring more volatility than large, so investors who are hungry for the payoff of buying at a lower price should consider an all-cap approach that includes those higher-octane small-cap value stocks." According to FactSet, there are 30 different U.S. large-cap value ETFs, compared with 10 midcap options, 16 small-cap choices and 20 for total market. For example, Van-

guard, iShares and State Street Global Advisors all offer an S&P 500 Value ETF based on the large-cap index, which includes roughly 450 securities. (Other ETFs cover international value stocks.) Then there's the issue of the number of constituents in the index. More-inclusive value indexes cast a wide net for stocks, so they often end up including some growth stocks—because those stocks meet some of the criteria. So, value ETFs that winnow down the list of potential stocks have holdings with more value characteristics. **Invesco S&P 500 Pure Value** ETF (RPV) culls the value index to just 120 companies, pushing financials to 32% of holdings (compared with 16% for the S&P 500 Value) and delivers a price-to-book of 1.3, compared with 3.1 for the S&P 500 Value (and 8.7 for S&P 500 Growth). Investors who want to press the value factor can look for highly concentrated ETFs (around 50 holdings) or the juiced returns of leverage. For example, **Direxion Russell 1000 Value over Growth** ETF (RWVG) uses ETFs alongside total-return swaps to manufacture a 150% exposure to the Russell 1000 Value Index and a 50% short exposure to the Russell 1000 Growth Index. (There is also a growth-over-value offering.) Rebalanced monthly, this ETF will exaggerate the spread between the two factors. But the less diversified a value fund is, the greater chance it has of falling into a "value trap." A danger of value investing is "buying low-price stocks only to watch them fall even lower before bottoming out," says Ms. D'Auria. "One way to protect against this is to incorporate other factor screens, such as quality and momentum, in your value sleeve."

Multifactor (and more)

ETFs also offer a variety of investment strategies. One common approach is called "multifactor," which is more dynamic than simply following an index. The ETF is frequently reconstituted or rebalanced, often leaning on factors such as return on equity, profitability and limited leverage. A handful of ETF managers are pursuing true actively managed ETF strategies, including index-like quantitative strategies that give the manager more discretion. **Avantis U.S. Small Cap Value** ETF (AVUV) holds 630 stocks from the Russell 2000. The ETF can re-evaluate its portfolio daily. It also eliminates regulated utilities and real-estate investment trusts.

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'Overvalued' Companies Might Be the Ones That Take Risks

While investors scoff at pricey stocks, that's where there could be the most innovation

By Cheryl Winokur Munk

Some investors automatically dismiss stocks that are highly priced relative to their earnings outlook, but new research finds an upside—at least to the overall economy—to overvaluation: It encourages companies to be inventive. A study in the December edition of the Journal of Financial and Quantitative Analysis suggests that companies with overvalued stock not only are more inclined to pursue innovation, but also are more willing to take risks on ambitious, potentially groundbreaking projects. Spending money on unproven technologies and research can be risky for companies for many reasons, so risk-averse managers tend to under-innovate, says Siew Hong Teoh, the Lee and Seymour Graff endowed professor at UCLA Anderson School of Management, one of the study's researchers. But she and her fellow researchers found that market overvaluation can change that dynamic, making managers more

willing to take ambitious bets or even embrace what researchers call "moonshots"—projects that have big potential long-term payoffs but may be seen as long shots. Thus, there is some "social value" for everyone in overvalued stocks because they encourage this investment, Dr. Teoh says. Dr. Teoh says that continuing research is examining what effect all of this increased innovation has on overvalued companies in terms of generating future sales and profits. The typical metric investors use to measure overvaluation involves calculating the price-to-

The study finds that the companies with highly priced stocks are the ones that are more willing to make gutsy moves.

earnings ratio of a particular company and comparing it to others in similar categories. In this study, however, researchers used quarterly mutual-fund outflows as a proxy for equity misvaluation, an approach established and used by



researchers in previous studies. With this approach, stocks that are sold less during periods of fund outflows are considered more overvalued. To measure innovation, researchers analyzed public company research-and-development outlays and patent activity from 1981 through 2012. They found that companies deemed overvalued in a given year spent more on R&D the following year relative to average R&D spending, applied for and obtained more patents and were more likely to apply for particularly innovative patents. What's more, other companies tended to cite these patents as the basis for their own inventions, the researchers

found, suggesting a ripple effect. "The patents that come out of these companies are more inventive, more original and are greater in scope," Dr. Teoh says. Overvaluation leads to more investment in innovation because managers don't have to worry as much about potential failures tanking the stock in a too-damaging way, she says. It provides a buffer. On the other hand, if a stock is already undervalued, even a small amount of bad news could cause the stock price to spiral down to a territory where the manager's job could be in danger, she says. At the same time, overvalued companies can float new equity shares and get capital more

cheaply because people place high valuation on the stock. Suppliers are likely to be more willing to sell to overvalued companies, anticipating their growth potential. And, she adds, potential employees are more likely to select innovative companies and take job offers at a lower salary because there is a buzz about the company. "All of that positive sentiment encourages everyone to contribute to your company rather than a competitor or another industry altogether. It can be in effect, self-fulfilling," Dr. Teoh says. *Ms. Winokur Munk is a writer in West Orange, N.J. She can be reached at reports@wsj.com.*

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