

What's News

Business & Finance

Soaring gasoline prices are pushing contract drivers for FedEx and some U.S. drivers for Uber and Lyft to plead with the companies for more financial help even after the firms imposed new or higher fuel surcharges on their customers. **A1**

◆ **Elon Musk**, in a reversal, will no longer join Twitter's board, the company's CEO Parag Agrawal said in a tweet. **A1**

◆ **China's car sales** fell more than 10% in March, as car makers grappled with extended manufacturing halts and supply chain disruptions. **B1**

◆ **Airlines are adding** staff and cutting flights in an effort to avoid the turmoil that marked operations last summer. **B1**

◆ **Analysts have been** slashing expectations for deposit levels at the biggest U.S. banks, as anticipated sharp rate increases by the Fed to combat inflation are set to ripple through the industry in unpredictable ways. **B1**

◆ **Citigroup has traveled** a bumpy road back to favor with Riyadh after Saudi Arabia snubbed the bank for shutting down its operations in the kingdom after the Sept. 11, 2001, terrorist attacks. **B1**

◆ **AT&T's Stankey** said inflation could prompt the company to raise prices for some core services. **B4**

World-Wide

◆ **Ukraine and Russia** poured reinforcements into eastern Ukraine, preparing for what is likely to become the war's biggest battles as refugees continued to flee the looming Russian assault. **A1, A6-7**

◆ **Macron and Le Pen** led the first round of France's presidential election, according to projections, setting the stage for a closely contested runoff amid public frustration over high inflation and immigration. **A1**

◆ **China has accelerated** an expansion of its nuclear arsenal because of a change in its assessment of the threat posed by the U.S., people with knowledge of the Chinese leadership's thinking said. **A18**

◆ **The Justice Department** has expanded its investigation into the Jan. 6, 2021, Capitol riot and is gearing up for summer trials in some of the most serious related cases brought so far. **A4**

◆ **U.S. policy makers** have identified stablecoins as an initial target for tighter regulation as Washington tries to come to grips with the cryptocurrency industry. **A5**

◆ **Wildfires are posing** new financial risks for utilities outside of California as victims of recent fires seek compensation for their losses. **A3**

◆ **Pakistan's opposition** said it doesn't plan to move for immediate elections after the prime minister was ousted on a no-confidence vote. **A18**

JOURNAL REPORT

Artificial Intelligence: How AI Saves Lives in the ER **R1-8**

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Christians Around World Gather to Observe Palm Sunday



SACRED: Clockwise from top, Roman Catholic clergy carry palm branches Sunday at the Church of the Holy Sepulchre in Jerusalem's Old City; worshippers gather in the Iraqi town of Al-Qosh; and Pope Francis celebrates Palm Sunday Mass.

Ukraine, Russia Rearm on New Front

Moscow aims to seize rest of eastern Donbas region, utilize its edge in conventional fighting

BY YAROSLAV TROFIMOV

Ukraine and Russia poured reinforcements into eastern Ukraine this weekend, preparing for what is likely to become the war's biggest battles as refugees continued to flee the looming Russian assault.

Russia's main objective now is to seize the parts of the eastern Donbas region not yet controlled by Moscow. Unlike the first phase of the six-week-old conflict, that shift is forcing Ukraine into fighting conventional battles involving tanks, artillery and aircraft on flat, often-barren terrain that allows Russia to leverage its superiority in military equipment.

Fresh Russian tank and artillery units, as well as forces withdrawn from areas around the capital Kyiv, began arriving in recent days to staging grounds for the offensive north of the Ukrainian city of Izyum, according to footage shown on *Please turn to page A6*

◆ **EU looks for a way to cut** imports of Russian oil..... **A6**
◆ **Conflict sparks an exodus of** Russia's professionals..... **A6**

Gas Prices Fuel Battle at Uber, Lyft, FedEx

BY PAUL ZIOBRO AND PREETIKA RANA

Soaring gasoline prices are squeezing transportation businesses and setting off debates about who will foot the bill.

FedEx Corp., Uber Technologies Inc. and Lyft Inc. imposed new or higher fuel surcharges on customers after Russia's invasion of Ukraine shocked en-

ergy markets. But local contractors who own the FedEx Ground delivery trucks and some U.S. drivers of the ride-share services are pleading with the companies for even more financial help.

"Everywhere you look is just expenses, expenses, expenses," said Melnik Lyudmila, a 51-year-old who quit driving for Uber and Lyft last month. The

companies have tapered the big bonuses they handed to drivers at the height of a labor shortage last year, so she said the hours she spends behind the wheel aren't worth the payout. Ms. Lyudmila, who has driven for the companies in New York City since 2016, is looking for other jobs as she waits for gas prices to fall.

The war in Ukraine and

sanctions imposed on Russia, the world's second largest crude-oil exporter, have further driven up the costs of fuels around the globe. The national average price for a gallon of regular gasoline in the U.S. jumped to \$4.22 in March, up 20% from February. Prices for a gallon of diesel, the fuel used by truckers, averaged \$5.11 in March, up 27% in a month.

"It's been rough," said Timothy Richards, who owns a single truck and has two drivers working for his Tauro Trucking LLC business in Huntsville, Ala. "A lot of these shippers, they really don't care that gas is significantly high. They just want *Please turn to page A7*

◆ **James Mackintosh:** Inflation may be here for a while..... **B1**

Twitter Says Musk Now Won't Serve On Board

BY SALVADOR RODRIGUEZ AND GINGER ADAMS OTIS

Billionaire Elon Musk has decided he will no longer join the Twitter Inc. board of directors, CEO Parag Agrawal tweeted on Sunday night.

The announcement of the reversal comes after Mr. Musk spent a weekend tweeting criticisms, suggestions and apparent jokes about the social media company.

The Tesla Inc. and SpaceX CEO, who recently became Twitter's largest shareholder, tweeted about the platform throughout the weekend. He asked his 81 million followers if they thought that Twitter was dying and pointed out that several top Twitter accounts, including those of artists Taylor Swift and Justin Bieber, rarely tweet.

Other tweets seemed less serious. "Delete the w in twitter?" Mr. Musk asked his Twitter followers in a poll.

Mr. Agrawal said that the board had had many discussions with Mr. Musk about joining the board. Mr. Agrawal and the board were excited about collaborating with Mr. Musk but expected him "to act in the best interests of the company and all our shareholders," Mr. Agrawal wrote in a note posted on his Twitter account.

Mr. Musk's appointment was set to start on Saturday, but, Mr. Musk "shared that same morning that he will no longer be joining the board," *Please turn to page A4*

Scottie Scheffler Wins Masters



The 25-year-old American and world No. 1 on Sunday took his first major at Augusta National, riding a stretch that has established him as golf's pre-eminent young star. **A14**

Pokémon Stickers Are Back for Koreans Nostalgic for Childhood

Pastries include a surprise sticker, just like 20 years ago; 'felt like winning the lottery'

BY JIYOUNG SOHN

SEOUL—Jeong Bo-ram's new fascination has him chasing mass-produced pastries, delivery trucks—and his childhood memories.

His targets are \$1.20 bakery items sold with random Pokémon stickers that fly off store shelves in South Korea.

Just a few short of a full-year-old Mr. Jeong has gone to more than 10 convenience stores and supermarkets a day, often leaving empty-handed. He has shelled out hundreds of dollars. He stocks the evening Restock times throughout his neighborhood to know when fresh drop-offs occur.

"As kids we really couldn't afford enough pastries to have a shot at getting a full sticker set," said Mr. Jeong, a clothing store owner who lives in the central South Korean city of Chungju. "I will continue on until I finish."

More than two decades ago, the Pokémon sticker-and-treat duo caught on with a generation of South Korean children, before the craze passed after a few years and the products were discontinued. Now the goodies are back just in time for the country's broader retro boom, fed by tech-savvy adults nostalgic for simpler times.

South Koreans are going to great lengths to live out the *Please turn to page A2*

French Runoff Pits Macron vs. Le Pen

BY STACY MEICHTRY AND NOEMIE BISSERBE

PARIS—President Emmanuel Macron and far-right leader Marine Le Pen led the first round of France's presidential election, according to projections, setting the stage for a closely contested runoff amid public frustration over high inflation and immigration.

Mr. Macron garnered 28.2% of the estimated vote ahead of Ms. Le Pen with 22.9%. The two will now face off in an April 24 rematch of the 2017 election that will test whether Mr. Ma-

cron can rekindle the coalition of disaffected socialists and conservatives that fueled his landslide victory five years ago.

Sunday's vote illustrated how France's political landscape has grown increasingly polarized since Mr. Macron took office. Candidates for the socialist and conservative parties garnered a combined 6.7% of the estimated vote, compared with 26% in the last election. Contenders from the far right and far left won support from more than half of the electorate. *Please turn to page A9*

Schools Mess Drives Parents to GOP

Some Democratic voters, frustrated with party's Covid policies, are backing Republicans

BY MICHAEL C. BENDER

BRIDGEWATER, N.J.—Democrat Jennifer Loughran spent the pandemic's early days sewing face masks for neighbors. Last month, as a newly elected school-board member, she voted to lift the district's mask mandate. That came four months after she voted for the state's Republican candidate for governor.

After a months-long political identity crisis, Ms. Loughran decided her opposition to her party's mask mandates, economic restrictions and school-closure policies outweighed her support for

positions on climate change, abortion and gay rights, at least for the moment.

Watching her daughter fall behind in virtual kindergarten, Ms. Loughran had grown so frustrated not knowing when her children would return to the classroom that she joined a group that attracted right-leaning parents in its school-reopening push. She was unhappy that Gov. Phil Murphy didn't fight to reopen schools sooner, and she associated his fellow Democrats with mask mandates and restrictions.

She hasn't decided which party to pick this fall in her *Please turn to page A10*

U.S. NEWS

THE OUTLOOK | By Gwynn Guilford and Anthony DeBarros

Risk of Recession Appears to Grow

Economists see a growing risk of recession as the relentlessly strong U.S. economy whips up inflation, likely bringing a heavy-handed response from the Federal Reserve.

Economists surveyed by The Wall Street Journal this month on average put the probability of the economy being in recession sometime in the next 12 months at 28%, up from 18% in January and just 13% a year ago.

"Risk of a recession is rising due to the series of supply shocks cascading throughout the economy as the Fed lifts rates to address inflation," said Joe Brusuelas, chief economist at RSM US LLP.

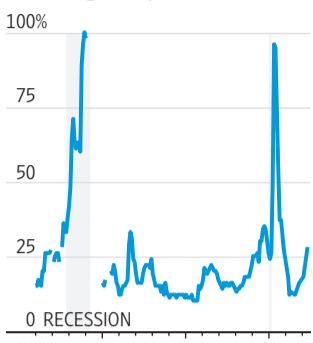
Economists slashed their forecast for growth this year. On average they see inflation-adjusted gross domestic product rising 2.6% in the fourth quarter of 2022 from a year earlier, down a full percentage point from the average forecast six months ago, though still higher than the 2.2% average annual growth rate in the decade before the pandemic.

The looming risk of a downturn alongside alarmingly high inflation, which hit 7.9% in February, captures the Fed's balancing act: It is attempting to cool the economy enough to bring down inflation, but not so much that it spurs a pullback in spending and rising unemployment.

The latest recession probability is lower than the last expansion's peak of 34.8% in September 2019. At the time, growth had slowed in response to Fed rate increases

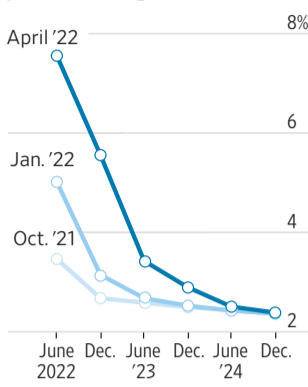
Economists expect a sharp increase in interest rates and for inflation to move higher and stay elevated longer.

Probability the U.S. is in a recession in next 12 months including today*



*Gaps indicate question not asked or data unavailable. Source: Wall Street Journal survey of economists

Consumer Price Index, forecast year-to-year percent change



Percentage of economists by the number of half-point interest-rate increases they expect in 2022

Table with 2 columns: Number of half-point interest-rate increases, Percentage of economists. Data: Three (8.2%), Two (49.2%), One (29.5%), Zero (13.1%)

the prior year and a trade war between the U.S. and China. Months earlier, it had kicked off its first rate-cutting cycle since 2008.

Whether a recession would have followed then, absent the pandemic, can't be known. Economists' recession probability reached the same level in August 2007, after which a recession did follow. But when it reached a similar level in August 2011, the economy kept growing.

Last month, the central bank lifted its benchmark rate a quarter-point and penciled in six more increases by year's end, the most aggressive pace in more than 15 years. Some 84% of economists surveyed said they expect the Fed to raise rates by a half-point in early May. More than 57% see two or more such increases through the end of 2022.

The median economist in

the survey projected that the Fed will take the federal funds rate's midpoint range to 2.125% by the end of 2022, and then to 2.875% by December 2023—close to the Fed's own projections.

But they also expect inflation to remain stubbornly high—predicting, on average, a 7.5% rate in June 2022, edging down to a still-uncomfortable 5.5% by December. Respondents estimate it will fall back to 2.9% by late 2023, within striking distance of the Fed's 2% target.

High inflation remains the primary economic risk; it erodes spending power and consumer confidence and invites the Fed to tighten. Economists differ on the biggest source of inflationary risk. One-third cited commodity, food and gas prices, while 15% pinpointed Russia's war with Ukraine.

In this camp, Amy Crews Cutts, of AC Cutts & Associates LLC, expects higher, more persistent inflation than her peers, largely because its main drivers are commodity prices, exacerbated by war in Ukraine. But though monetary policy has little impact on those prices, she said, the distressing level of overall inflation presses the Fed to act.

"To be seen not fighting it is politically unwinnable. But the only policy response the Fed has is to tighten," said Ms. Cutts, who puts the chance of a recession in the next 12 months at 70%.

Twenty-seven percent of respondents pointed to wage growth or a tight labor market as the biggest inflationary threat.

"The Ukraine crisis will cause another boost to inflation in the near term, but the wage-price spiral that has

ECONOMIC CALENDAR

Tuesday: U.S. Inflation has risen at the fastest pace in about 40 years. Economists expect the consumer-price index for March accelerated further to 8.4% from a year earlier.

Wednesday: The producer-price index, which measures what suppliers are charging businesses, can anticipate inflation trends. Economists estimate it accelerated 1.1% in March from the previous month, up from 0.8% in February.

Thursday: Retail sales have been strong for the past few months, despite the rise in consumer prices. Economists see sales growing another 0.5% in March from the previous month.

U.S. consumer sentiment is at its lowest point since August 2011, on fears of accelerating inflation. Economists expect the University of Michigan's sentiment gauge will fall further in an April preliminary reading to 59.

Friday: U.S. industrial production in February recorded its highest level since December 2018. Economists anticipate it rose again in March by 0.4%.

U.S. WATCH

IOWA

Two Dead, 10 Injured In Nightclub Shooting

Gunfire at a Cedar Rapids nightclub left two people dead and 10 wounded early Sunday, authorities said.

Police said the shooting happened shortly before 1:30 a.m. at the Taboo Nightclub and Lounge, and that officers who were patrolling downtown were able to respond quickly.

Police didn't say whether there was one or more suspected shooters, what might have led to the shooting or whether they had arrested anyone, but they did say there was no lingering threat to the public. Police didn't release the names of the victims or the condition of the wounded.

—Associated Press

NEW YORK CITY

Mayor Adams Tests Positive for Covid-19

New York City Mayor Eric Adams has tested positive for Covid-19, his press secretary said Sunday.

Mr. Adams, who marked his 100th day in office Sunday, has no serious symptoms but has chosen to isolate himself and cancel all public events for the week, press secretary Fabien Levy said on Twitter. "This AM, @NYC Mayor woke up with a raspy voice and, out of an abundance of caution, took a PCR test that has come back positive," he wrote.

Mr. Adams, a Democrat, has rolled back some coronavirus protections in the city, citing declining Covid-19 cases and hospitalizations.

—Ginger Adams Otis

TEXAS

Charge in Abortion Case to Be Dropped

A Texas district attorney said Sunday that he will ask a judge to dismiss a murder charge against a woman who allegedly gave herself an abortion.

Lizelle Herrera was arrested Thursday in Rio Grande City, after a Starr County grand jury indicted her on March 30 for murder for causing the death of a fetus or embryo through a self-induced abortion.

District Attorney Gocha Allen Ramirez said that his office would move to dismiss the charge Monday. "In reviewing this case, it is clear that Ms. Herrera cannot and should not be prosecuted for the allegation against her," Mr. Ramirez said.

—Associated Press

CHICAGO

Several Hurt by Car Fleeing Traffic Stop

A young girl and a police sergeant were among several people injured when a car sped away from a police traffic stop in downtown Chicago, dragging the officer and swerving into people crossing the street.

The driver had been stopped about 8 p.m. Saturday a few blocks north of the Chicago River but refused to leave the car and sped off, police spokesman Michelle Spence told. The driver who fled wasn't immediately found.

—Associated Press

FROM PAGE ONE



South Korean adults are scrambling to collect Pokémon stickers, just like they did as children. Above, Moon Sung-won with a package of 'Charmander's Hot Sauce Bread,' which contains a sticker. People aim to collect all 159 varieties of the stickers.

Pokémon Stickers Are Back

Continued from Page One

Pokémon tagline of "Gotta catch 'em all," with some collecting the stickers in display booklets. Pokémon, originally a Japanese game for the Nintendo Game Boy that features hundreds of monster characters, has expanded into globally popular animated series, toys and videogames, including the recent hit Pokémon Go for smartphones.

Retailers have posted signs on their entrances that read, "We have no Pokémon bread," while some store owners stand accused of bundling the in-demand pastries with unpopular items. Hunters camp outside supermarkets early in the morning. The rarest of

stickers, such as that of the legendary characters Mew and Mewtwo, fetch \$40 online. Full collections command more than \$700, the listings show. Actual children also try to find the stickers, but adults are using their greater resources for the hunt.

Ko Hyo-jin shrieked when she ripped open a package of "Diglett Strawberry Custard Bread" recently and discovered inside a sticker of Mewtwo—a two-legged monster shown extending its paw. She immediately dialed up her husband. "It felt like winning the lottery," said the 39-year-old homemaker in the Seoul suburbs.

For months, Ms. Ko had been cooped up indoors studying for a veterinary-technician license exam. She planned to blow off post-exam steam by binge-watching Netflix shows. Instead, she went on a Pokémon hunt that forced her outdoors, walking around to different stores near her home. "Collecting

the stickers felt almost as if I were actually catching Pokémon monsters," she said.

Son Mi-sun, who owns and manages a 7-Eleven convenience store in Seoul, receives just a handful of Pokémon pastries daily at around 9 p.m.—sometimes just one. But most nights three to five customers are waiting as the delivery truck pulls in.

"I don't know why the quantity is so limited," Ms. Son said. "It could be a marketing ploy orchestrated by the manufacturer."

Absolutely not, said the South Korean maker of the pastries, SPC Samlip Co., which says its three factories are running 24 hours a day since the Pokémon treats were re-released several weeks ago. "There is simply too much demand," said a spokesman for SPC Group, which makes a variety of brands and runs restaurant and bakery chains. Last week, SPC introduced four new types of Pokémon bread and said new variations

are coming in the future.

The Pokémon Co., which handles the brand's licensing and merchandising, didn't respond to requests for comment.

The nostalgic chase has been embraced by young adults facing Korea's stagnant economy, soaring real-estate prices and a tight labor market. Improving the economic prospects for the country's youth was a key campaign is-

Sticker hunters camp outside supermarkets early in the morning.

sue in South Korea's recent presidential election.

The trend has also resurrected retired snack lines and boosted vinyl-record sales and sticker photo booths. Makers of soju—South Korea's ubiquitous rice liquor—have swapped in decades-old labels and translucent bottles. One rebrand is simply named: "Jinro Is Back."

When the doors of a large supermarket in Seoul swung open at 10 a.m. on a recent weekend, a line of roughly 100 customers had already formed. They gawked at piles of "Charmander's Hot Sauce Bread," "Pikachu Moist Cheesecake" and other varieties.

"Please note that only two items are allowed per person," announced a supermarket employee. The shelves emptied

CORRECTIONS & AMPLIFICATIONS

Rabbanit Hadas Fruchter was one of their Modern Orthodox women to start and lead her own house of worship. In some editions on Saturday, the Weekend Confidential column in Review incorrectly said she was the first.

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

THE WALL STREET JOURNAL (USPS 664-880) (Eastern Edition ISSN 0099-9660) (Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241) Editorial and publication headquarters: 1211 Avenue of the Americas, New York, NY 10036. Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, NY, and other mailing offices. Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020. All Advertising: Published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, NY 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order. Letters to the Editor: Fax 212-416-2891; email: wsjltr@wsj.com. Need assistance with your subscription? By web: customercenter.wsj.com; By email: wsjsupport@wsj.com By phone: 1-800-JOURNAL (1-800-568-7625). Reprints & licensing: By email: customreprints@dowjones.com | By phone: 1-800-843-0008. WSJ back issues and framed pages: wsjshop.com. Our newspapers are 100% sourced from sustainably certified mills. GOT A TIP FOR US? SUBMIT IT AT WSJ.COM/TIPS

U.S. NEWS

Fire Victims Seek Redress In More States

Lawyers are pursuing claims against utilities outside of California as victims of recent fires possibly sparked by power equipment seek compensation for their losses.

By KATHERINE BLUNT

Wildfires are posing new financial risks for utilities outside of California as victims of recent fires possibly sparked by power equipment seek compensation for their losses.

Pacific Power, an Oregon utility owned by PacifiCorp, a unit of Warren Buffett's Berkshire Hathaway Inc., faces more than \$1 billion in potential liability costs from lawsuits related to a spate of fires that swept the state in 2020. Those incidents killed at least nine people, destroyed thousands of homes and burned more than a million acres of land and timber.

PacifiCorp declined to comment on the pending lawsuits. In court filings, it has disputed that its equipment ignited the fires in question and denied that it was negligent in operating its system.

Historically, California utilities faced the highest liability risk when their power lines ignited fires and damaged property, due to a state legal precedent that established that such situations amounted to "inverse condemnation." Now, lawyers suing Pacific Power are pushing for the company to be held to

the same strict standard in Oregon.

So far, judges overseeing two cases have ruled in favor of those arguments. Lawyers on Friday also filed a wildfire suit alleging inverse condemnation against a utility in Washington in connection with a 2020 blaze.

Attorneys say those cases could lead to similar claims against other utilities throughout the West, where wildfire risk has grown substantially within the past decade. Severe drought, exacerbated by climate change, has heightened the consequences of power-line failures, which have sparked deadly and destructive wildfires in California and elsewhere in the region.

In California, utilities have faced steep liability costs as a result of wildfire suits. PG&E Corp., which serves most of Northern and Central California, sought bankruptcy protection in 2019 after its power lines sparked nearly 20 destructive fires, including the Camp Fire, which killed 84 people in 2018. The company settled for \$25.5 billion.

Similar fires have become more common in Oregon, where more than a dozen fires ignited in 2020 and transformed into massive blazes as strong winds picked up. The causes of most of the fires are still under investigation, but local officials said at the time that downed power lines likely ignited or fed blazes.



Kathy Kreiter and Tim Goforth are part of a lawsuit for fire victims that is seeking compensation from Pacific Power.

Lawyers suing PacifiCorp alleged in the months after the fires that the company's lines started some of the most destructive fires, including the Beachie Creek fire east of Salem and the Archie Creek fire east of Roseburg in southwestern Oregon. Combined, the blazes burned more than 300,000 acres, destroyed hundreds of homes and killed at least four people.

Lawsuits related to those fires contend that PacifiCorp was negligent in failing to preemptively shut off power lines at risk of sparking as the winds picked up. Utilities in California have often taken such action in recent years to reduce

fire risk. Portland General Electric implemented one of Oregon's first public-safety power shut-offs ahead of the 2020 fires.

"Pacific Power didn't do a thing to shut off the power in advance of the historical winds and dry fuel," said Robert Julian, an attorney with BakerHostetler, a firm pursuing damage claims arising from the Archie Creek fire. "If you don't shut off the power in a once in a 100-year event, one could argue you are never going to shut off the power."

Mr. Julian's firm has alleged that PacifiCorp destroyed trees and branches that could have provided evidence that the

company's power lines ignited fires on contact with the vegetation. PacifiCorp has argued in filings that it preserved photographs and other forms of evidence.

At stake is compensation for fire victims such as Kathy Kreiter and Tim Goforth, 70 and 68, respectively, who said they were forced to evacuate their five-bedroom log cabin on Sept. 8, 2020, as the Archie Creek fire spread toward the town of Glide.

They opened a gate to a pasture where they had been raising lambs in the hope the animals would survive, before the couple fled to Roseburg. Mr. Goforth suffered a serious eye

injury and lost vision as a result.

When they returned several days later, the house was destroyed, and dead lambs were piled against the fence. It had been Mr. Goforth's childhood dream to own the house, which was built in 1929.

"We grieve for it every single day," Ms. Kreiter said.

In court filings, PacifiCorp has argued that Oregon utilities shouldn't be held to the same standard as those in California because Oregon precedent sets a higher bar for pursuing inverse condemnation claims. But the company's arguments for an appeal thus far have been unsuccessful.

Nursing Homes Hit With Covid Lawsuits

By JACOB GERSHMAN

Two years after the coronavirus ravaged through nursing homes, families of residents who died from Covid-19 are bringing a wave of negligence and wrongful-death lawsuits against the facilities.

The surge of suits, spurred by a repeal of liability protections and statutory deadlines to file the suits, largely accuses nursing homes of failing to properly curb the spread of disease, identify infected residents and treat their illnesses.

New York's nursing-home industry says much of the devastation wrought by the virus—particularly in the chaotic early days of the pandemic—was beyond its control, citing staffing shortages, inadequate testing supplies, a lack of masks and other personal protective equipment and a controversial state policy requiring facilities to admit residents who tested positive for coronavirus.

In the early months of the pandemic, New York's nursing-home population was decimated. By May 2020, the pandemic had taken the lives of more than 6,500 facility residents, according to official tallies, a death toll much larger than state leaders had initially acknowledged.

Dozens of lawsuits have been filed in New York over the past month, and it isn't the only hot spot of litigation. In Illinois, Levin & Perconti, a Chicago plaintiffs' firm focusing on nursing home and medical malpractice litigation, says it brought 78 cases in March alone.

"It's going to be a knock-down-drag-out battle," said Steven M. Levin, the founder and senior partner of the firm.

It is now up to courts to decide just how much blame should be laid on the owners of the facilities. Legal observers say it could be hard for the estates of deceased residents to prove a causal link between alleged lapses in infection control and the deaths of an aging, frail population.

Plaintiffs have notched some early victories. A New York Supreme Court judge in Buffalo last month declined to dismiss a lawsuit against an Erie County nursing home brought by the sister of a 63-year-old resident.

In Austin, a Legal Battle Looms Over Police

By ELIZABETH FINDELL

AUSTIN, Texas—While many U.S. cities have grappled with fallout from protests following the murder of George Floyd nearly two years ago, none have gone the route of Austin, where county prosecutors are pressing criminal cases against more than a dozen police officers.

Initial hearings are set to begin in coming weeks for the 19 members of the Austin Police Department who were charged in February with aggravated assault by a public servant for shooting protesters and bystanders with beanbag munitions during the 2020 protests.

So far, early legal wrangling has addressed whether evidence was presented fairly to the grand jury. It represents the first battle between defense lawyers and those from the office of new Travis County district attorney, José Garza, who won the Democratic nomination for the seat weeks after the protests, after running a campaign heavily focused on police accountability.

Protests broke out in Austin at the end of May 2020, following the deaths of George Floyd in Minneapolis and an Austin man, Michael Ramos, who was killed by police gunfire. Dozens of protesters and observers were injured by police beanbag rounds over the course of two days as crowds rallied in front of the Austin



Austin police guarded the department during a May 2020 protest over the killing of George Floyd.

Police Department and overtook nearby Interstate 35.

Many U.S. cities saw police-inflicted injuries to protesters in 2020, and a few have seen one or two officers charged with a crime. Grand juries are pending in the cases of four other Austin protesters shot with beanbags, including two deaf men.

"In more than 20 years, I have not seen this type of case—it just doesn't happen," said Bill Johnson, executive director for the National Association of Police Organizations. In his experience, mass indictments of police officers are more often linked to corruption than force, while widespread use-of-force issues are

more often handled with department reform.

Austin is different from other cities that had protests in two ways, observers say: Its district attorney has given priority to police accountability and particularly large numbers of people were injured in widespread use of beanbag shots.

Police have characterized Mr. Garza as solely interested in indicting police officers. Mr. Garza has pushed back against such accusations, noting in February that he has already prosecuted dozens of cases against protesters who committed crimes.

Attorneys for many of the wounded say Austin was un-

usual among cities in its widespread use of beanbag munitions in crowd situations. The pellet-filled rounds, fired by shotgun, are often called less lethal by law-enforcement communities, though their use has come under more scrutiny in the wake of serious injuries sustained during 2020 protests. Austin police said they no longer use the weapons in crowds.

"It was worse here than anywhere," said Rebecca Webber, a lawyer for some of the people injured, of the use of force by police against protesters.

Austin police have acknowledged that the weapons caused devastating injuries to a number of people, many of

them bystanders who weren't the intended targets of the shots. Former Austin Police Chief Brian Manley, who stepped down last year, said in a news conference immediately after the protests that he was crushed by the early reports of critical injuries.

Police officers have said they were acting as instructed, following policy set by the department as a whole, said Austin Police Association President Ken Casaday. "The officers did what they did, but they did not do it without the blessing of the chief of police," Mr. Casaday said.

Neither Mr. Manley nor representatives for the Austin Police Department responded to requests seeking comment. Police Chief Joseph Chacon, who was appointed after Mr. Manley's departure, said when the indictments were announced that he didn't believe any officer conduct rose to the level of criminal violation during the protests.

Police officers have also said they were provided faulty munitions; they believe the beanbags may have been old and hardened, Mr. Casaday said.

Physicians at Dell Medical Center treated 19 patients with beanbag injuries during two days of the protests, they wrote in the New England Journal of Medicine. At least seven required emergency surgery for brain bleeds, skull and jaw fractures and brain damage.

Cold Case: The Masters' Missing Ice Cream Sandwich

By ANDREW BEATON

AUGUSTA, Ga.—There's usually a natural reprieve on offer here for a warm, sunny day at the Masters. It's the Georgia Peach Ice Cream Sandwich. It's cold. It's delightful. It's a tribute to the fruit that's famous in the state.

It's also missing from this year's Masters.

"Everybody's talking about it," said Lee Dickey, whose family's Dickey Farms grows peaches in Musella, Ga.

But there's one enterprise notably mum about it: Augusta National Golf Club.

The Georgia Peach Ice Cream Sandwich's absence from the concession stands this year is conspicuous. But the reason remains somewhat mysterious, with someone staff employees having referred to it as a supply-chain issue.

At a club so tight-lipped it

makes mimes look loquacious, there hasn't been a clear explanation for its disappearance. A spokeswoman for the club said it doesn't discuss vendor relationships.

Augusta National's vendors are similarly reluctant to provide answers. The company that previously helped make the sandwiches says it no longer makes the sandwiches and directed further questions to Augusta National. Another ice cream manufacturer referred the question to someone at the club, which repeated its policy of not commenting on such matters.

That supply-chain explanation was especially curious to one very interested group of people: Georgia peach farmers. They say Georgia's peach crop has been phenomenal in recent years. People inside the Georgia peach industry haven't seen any widespread issues that



Peach ice cream sandwich, 2018.

would credibly explain their disappearance.

"There has been no shortage of Georgia peaches for the last few years," Lanier Pearson, whose family owns Pearson Farm in Fort Valley, Ga., wrote in an email.

The Georgia Peach Ice Cream Sandwich has traditionally been made up of peach ice

cream in between a couple of sugar cookies. The most important ingredient in the supply chain for that would seemingly be Georgia peaches.

It is still too early to know what this year's peach season will look like. But what matters for peach ice cream now in 2022 is the peach crop in 2021.

This time of year, when the fruit is out of season, peach ice cream—the type made from real peaches—is typically made with fruit from the prior season. Farmers purée the peaches and freeze them for later use. Mr. Dickey, whose family farm has been growing peaches in the state since 1897, said they froze 4,000 gallons of peaches to make ice cream during non-harvest months. That is the product of tens of thousands of peaches.

Unraveling why the dessert treats are gone despite the state rolling in peaches is even

more difficult because it can be tricky to unravel who even makes them.

Augusta National is notoriously hush-hush about its business operations, and that includes the identity of its business partners who make ice cream sandwiches. In the past, the Georgia Peach Ice Cream Sandwiches had been produced with a Nashville-based bakery called Christie Cookie Co.—it wasn't a secret because the company's name had been on the back of the packaging. However, a spokesman for its parent company said Christie Cookie Co. doesn't make them.

As for the supply-chain issues? A person familiar with the club's thinking said the Georgia Peach Ice Cream Sandwiches would be back next year.

◆ American Scottie Scheffler wins his first Masters..... A14

U.S. NEWS

Jan. 6 Prosecutors Face New Headwinds

BY ARUNA VISWANATHA AND SADIE GURMAN

WASHINGTON—The Justice Department has expanded its investigation into the Jan. 6, 2021, Capitol riot and is gearing up for summer trials in some of the most serious related cases brought so far, just as some cracks in prosecutors' strategies have started to emerge.

In recent weeks, a judge issued the first full acquittal among hundreds of cases, of a man who said he believed police officers ushered him into the building, and acquitted another man of the more serious charge he faced. In both cases, U.S. District Judge Trevor McFadden, an appointee of former President Donald Trump, said the defendants didn't engage in the violence and destruction at the heart of many of the Justice Department's cases.

Another possibly complicating factor for the government: At least a half-dozen Federal Bureau of Investigation informants were in the crowd at the

Capitol as the pro-Trump mob stormed the building, according to people familiar with the matter, who say none of them appear to have been sent there by the bureau to engage in or encourage violence. Defense lawyers are pressing the FBI for information about those informants, the people said.

The informants could be an issue as prosecutors prepare for their first trial in July on sedition and other charges against members of the right-wing militia Oath Keepers, as well as a potential August trial of members of the Proud Boys on conspiracy and obstruction charges. The presence of informants could open the door for defense attorneys to argue their clients were coerced into violence. The FBI declined to comment on the informants, citing standing practice against talking about sources.

In another case that illustrated the challenges informants can present, a federal jury on Friday acquitted two of four men charged in an alleged

conspiracy to kidnap Michigan Democratic Gov. Gretchen Whitmer in 2020. Defense attorneys had argued that undercover agents and informants had tricked the men into agreeing to the plot. In that case, authorities stopped a plot from going forward, while the issue may be less relevant for Jan. 6 prosecutors since violence did occur.

Jan. 6 prosecutors have issued subpoenas for information about the planning of the rally that preceded the attack and any involvement of government figures, broadening their lens beyond the later violence at the Capitol itself. Prosecutors had considered pursuing that line of inquiry soon after the riot but decided to forgo it over First Amendment concerns, people familiar with the matter have said.

To bring a case against any of the people involved in events before the riot, prosecutors would likely need to tie them directly to the violence or prove that their speech was



Merrick Garland

directed toward inciting violence under circumstances in which it was likely, given that speech is otherwise protected under the U.S. Constitution, experts said.

"Any time speech is implicated in the conduct that forms the basis for a criminal charge, it's a big challenge for prosecutors," said David Deitch, a former Justice Department official who has experience with terrorism cases. Attorney General Merrick

Garland is facing increased pressure from some Democrats who want him to quickly investigate and prosecute those they say were involved in the Capitol attack, including Mr. Trump and some of his associates. Mr. Garland has said prosecutors would hold lawbreakers accountable "at all levels." He hasn't elaborated except to say that the only pressure the Justice Department feels is to "do the right thing."

Democrats ratcheted up their criticism of the department after a federal judge in March said Mr. Trump and a law professor "more likely than not" committed a felony in their efforts to block the 2020 election results, in a ruling clearing the way for related emails to be turned over to investigators on the House select committee investigating the Capitol attack. Mr. Trump has denied wrongdoing, and such a case would hinge on obtaining proof that Mr. Trump knew he had no ability to lawfully change the election outcome

but pushed for it anyway, legal experts have said.

Congress has been pushing forward on a host of areas related to Jan. 6 that have presented related issues for the Justice Department to grapple with. The House last week referred two Trump allies to the Justice Department for potential prosecution for failing to respond to committee subpoenas.

Prosecutors are still examining whether Mr. Trump's last chief of staff, Mark Meadows, should be charged with contempt, after the committee referred his case in December. In November they charged former adviser Steve Bannon, who had pleaded not guilty.

On Thursday, a separate congressional oversight committee sent a letter to Mr. Garland accusing the Justice Department of obstructing its investigation into Mr. Trump's handling of White House records by preventing the release of information from the National Archives.

Some U.S. Covid Test Coverage Falls Off

BY SHARON TERLEP AND BRIANNA ABBOTT

Some Americans are having a harder time getting the cost of their Covid-19 tests covered as some government-funded efforts wind down.

The state of play reflects the transition by many governments and businesses from treating Covid-19 as an immediate crisis to a part of life that must be managed. Health experts say obstacles to testing could hinder tracking and treatment going forward, particularly for the uninsured.

Covid-19 tests, both lab-based and over-the-counter, are now generally available in the U.S., as reported cases and hospitalizations remain relatively low. It is a reversal from this winter when people waited hours at testing sites and faced empty pharmacy shelves during the Omicron surge. Some paid hundreds of dollars out of pocket for tests.

Federal and local health authorities enacted policies throughout the pandemic to reduce the cost of Covid-19 tests on patients, most recently for those that are home-based. Medicare has started covering as many as eight over-the-counter tests a month for many enrolled seniors at certain pharmacies and health providers.

At least one government policy expanding test access was discontinued in March. That has meant more people, primarily those without insurance, must pay for their tests, while many with insurance are being asked to pay upfront and apply for reimbursement later.

The White House said last month that because of a lack of funds, it would wind down a federal program that reimburses providers for virus-related care for the uninsured. Many state and local health departments have been shutting down testing sites, citing both waning demand and an overall shift to over-the-counter testing.

Utah, for example, is closing its free state-sponsored testing sites and will no longer provide free travel testing, as part of a transition to a new phase in the pandemic response that reflects the availability of vaccines, tests and treatments, according to Leisha Nolen, state epidemiologist at the Utah Department of Health.

Worksite Labs, which operated free community testing sites in New York and California for primarily uninsured and underinsured patients, has gone from testing about 100 people a day to fewer than 10 on average since the government funding ended and the company started charging for tests, according to Lindsay Williams, chief clinical officer at Worksite Labs.

Watch a Video

Scan this code to watch a video about the BA.2 Omicron variant.



Sarah Bloom Raskin, left, up for a Fed supervisory post, and Saule Omarova, tapped for the Office of the Comptroller of the Currency, both withdrew their nominations.



FROM LEFT: KEN CEBENO/PRESS POOL; MICHAEL REYNOLDS/EPA; SHUTTERSTOCK

Confirmation Hiccups Stymie Bank Regulation

BY ANDREW ACKERMAN

WASHINGTON—When the Senate votes in the coming weeks on President Biden's slate of four Federal Reserve nominees, what aren't on the agenda might be as notable: top Wall Street regulators.

The three main bank overseers—the Fed's top banking regulator along with the heads of the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp.—all lack Senate-confirmed leaders more than a year into Mr. Biden's administration.

The result is that Mr. Biden's financial team is moving more slowly than anticipated to achieve its financial-policy goals, from added scrutiny of bank mergers to more-aggressive moves to address climate change.

The Fed's vice chairperson for supervision—the government's most influential banking regulator—is likely to re-

main unfilled for the foreseeable future, even after the Senate votes on Jerome Powell for a second term as the Fed's chairman.

Sarah Bloom Raskin, tapped in January for that job, withdrew last month in the midst of opposition from Republicans and Democratic Sen. Joe Manchin of West Virginia, citing her views on addressing climate change.

Ms. Raskin's withdrawal was the latest blow to an administration that has struggled to advance its financial nominees through the evenly divided Senate.

Saule Omarova, an academic tapped to oversee national banks at the OCC, withdrew in December in the midst of objections from Republicans and moderate Democrats. No one else has been tapped for the role. At the FDIC, a Democrat is now serving as acting chairman, though he is serving in a board term that technically expired more than three years

ago. The White House doesn't plan to nominate a new leader soon, according to people familiar with its thinking.

A combination of slow decision-making and outright missteps by the White House on its personnel picks have delayed progress on key priorities and could ultimately lead to components of their agenda not being enacted, said Isaac Boltansky, director of policy research at the brokerage firm BTIG. That is especially the case if Republicans take control of the Senate next year.

"It's still shocking to me that the White House wasn't more prepared to fill some of the high-profile roles that they saw Democrats elevate with great pride during the Obama administration," Mr. Boltansky said.

White House spokesman Chris Meagher said it is disappointing that the Fed vice chairperson and comptroller roles remain unfilled, blaming Republicans for the vacancies.

"It is critical to have confirmed leadership for these two important positions," he said. "Which is why it is disappointing that the GOP members of the Banking Committee ignored the sterling qualifications, experience and background of the two women President Biden nominated for these positions, and instead chose to subject them to baseless, personal attacks," he added, referring to the Senate Banking Committee.

If there was universal support from Democrats, the nominees could have advanced without Republican votes.

The administration has had some successes, winning speedy confirmation last April for Gary Gensler to head the Securities and Exchange Commission. The Senate confirmed Rohit Chopra as director of the Consumer Financial Protection Bureau at the end of September, in a party-line vote. Other regulatory posts remain open, including a Democratic seat at

the Federal Trade Commission and several positions at the Department of Housing and Urban Development, where some nominees have languished for months awaiting a floor vote.

The lack of a Fed bank supervisor has slowed decisions on regulatory policy and meant there is no internal voice on the Fed board focused on promoting tougher financial oversight favored by the Biden administration.

Mr. Powell, asked last month about the Fed approach to financial regulation, said the central bank was "making do with the situation we have." Without a vice chairperson of supervision, a key internal committee is now dormant, he said, and issues such as bank mergers and annual big-bank stress tests are instead considered by the full Fed board.

It couldn't be determined whom Mr. Biden might nominate instead of Ms. Raskin for the supervision post.

Musk Will Skip Board Of Twitter

Continued from Page One
Mr. Agrawal wrote.

Most of the provocative tweets appeared to come after Mr. Musk decided not to join the board. His weekend string of tweets about Twitter started around 9:30 a.m. Eastern on Saturday morning.

"I believe this is for the best," Mr. Agrawal wrote, referring to Mr. Musk's decision not to join the board. "We have and will always value input from our shareholders whether they are on our Board or not. Elon is our biggest shareholder and we will remain open to his input."

Mr. Musk didn't respond to a request for comment. "The drama that keeps on giving," one Twitter employee tweeted Sunday evening. Another simply tweeted a photo of the cartoon character SpongeBob SquarePants face flat on the floor.

"There will be distractions ahead, but our goals and priorities remain unchanged," Mr. Agrawal wrote. "The decisions we make and how we execute



Elon Musk, seen last week at Tesla's Texas plant opening, has been repeatedly criticizing Twitter.

how much revenue it generates or how many subscribers it has.

Since early 2021, Twitter has been driving toward publicly stated goals of reaching 315 million daily users and \$7.5 billion annual revenue by the end of 2023. In 2021, the company generated \$5.08 billion in revenue and reached 217 million daily users.

Shares of Twitter are down more than 25% over the past six months. The New York Stock Exchange, on which Twitter is traded, is up more than 1% in the same time frame.

Mr. Agrawal took the reins as Twitter CEO in November after co-founder Jack Dorsey stepped down.

Mr. Musk disclosed his 9.2% stake in the company in a securities filing on Monday. As of March 14, Mr. Musk owned almost 73.5 million shares of Twitter, according to the filing, representing a stake valued at roughly \$2.9 billion. Mr. Musk has more Twitter shares than Mr. Dorsey, as well as large financial institutions such as the Vanguard Group.

Watch a Video

Scan this code to watch a video on Elon Musk's 'Cyber Rodeo' in Texas.

is in our hands, no one else's. Let's tune out the noise, and stay focused on the work and what we're building."

Mr. Musk used the social-media platform on Saturday to share his ideas on how it can improve its services, taking aim specifically at the company's Twitter Blue subscription model.

In a series of tweets, Mr. Musk said Twitter Blue should ban ads, lower its \$2.99-a-month price to \$2 and con-

sider accepting dogecoin cryptocurrency as payment for the subscription service. He also said subscribers should get an authentication check mark.

"And no ads. The power of corporations to dictate policy is greatly enhanced if Twitter depends on advertising money to survive," said Mr. Musk.

Twitter gets close to 90% of its revenue from advertising. Mr. Musk continued on Sunday by asking his users if it

would make sense to "Convert Twitter SF HQ to homeless shelter since no one shows up anyway" in a tweet poll.

Twitter Blue is the social-media company's first subscription service, which allows paid members to access special features, including an "undo tweet" option and the ability to use a nonfungible token that a user owns as their profile picture.

Twitter launched Blue last year, but has yet to disclose

U.S. NEWS

Stablecoins Up First For U.S. Oversight

By Andrew Duehren

WASHINGTON—As Washington attempts to get its arms around the rapidly growing cryptocurrency industry, policy makers in the Biden administration and on Capitol Hill have identified stablecoins as an initial target for tighter regulation.

Often billed as one-to-one representations of a currency like the dollar, stablecoins have exploded in popularity as investors use them for trading other cryptocurrencies. There are dozens of stablecoins, though a handful pegged to the dollar account for most of the market value, which grew roughly 500% in the 12 months ended in October, according to a report from the Biden administration.

Both Democrats and Republicans want to create new safeguards to help ensure that one stablecoin is quickly redeemable for one dollar, while at the same time warding off broader risk to financial markets. But despite bipartisan agreement about the need for new federal action on stablecoins, policy makers remain at odds about how and when to take it.

The Biden administration is asking lawmakers to pass legislation that would treat stablecoin issuers like banks, a step that Republicans and some Democrats oppose in favor of a lighter statutory touch. Other Democrats are skeptical of compromising with Republicans on the issue at all, instead pushing the Biden administration to take more aggressive steps itself.

How—and if—Congress resolves the debate over the roughly \$185 billion stablecoin market is an early test of whether Washington will ultimately write new laws or wield existing frameworks to regulate the broader \$2 trillion cryptocurrency industry.

“This is a relatively narrow segment of the crypto universe and it would be very constructive if we provided some regulatory certainty and clarity,” said Sen. Pat Toomey of Pennsylvania, the top Republican on the Senate Banking Committee, who released a draft bill on the issue. “Stablecoins are the logical place to start and the place where there’s the most interest in starting.”

While policy makers say they want to craft rules that could support stablecoins’ wider

Both Democrats and Republicans want to create new safeguards.

adoption, they worry about their meteoric growth. The reserve assets of the largest stablecoin, Tether, have been the subject of multiple investigations, with the Commodity Futures Trading Commission last year accusing it of misrepresenting that its dollar reserves were equivalent to its coins. Tether Ltd. agreed to pay a \$41 million settlement but didn’t admit any wrongdoing in the case.

The Treasury Department last year led a group of financial regulators from across the administration to study stablecoins, warning that a rush of redemptions for a stablecoin could fuel a fire sale of its reserve assets and put stress on the broader financial system. They asked Congress to pass legislation requiring stablecoin issuance to be limited to entities regulated like banks, which would subject their reserves to oversight from a federal banking agency.

“To peg their stablecoin to a dollar, most issuers say they back their coins with traditional assets that are safe and liquid,” Treasury Secretary Janet Yellen said last week on the Biden administration’s approach to digital currencies. “In this way, whenever you want to trade your stablecoin back into a dollar, the company says it has the money to make the exchange. But right now no one can assure you that will happen.”

Some lawmakers on Capitol Hill, as well as representatives of the cryptocurrency industry, are resistant to regulating stablecoin issuers like banks. Both Mr. Toomey and Rep. Josh Gottheimer (D., N.J.) have drafted legislation that would provide

additional oversight of issuers’ reserve assets, but give issuers the choice of subscribing to banklike requirements or falling under a regulatory classification created for stablecoins. Mr. Toomey’s bill would also allow stablecoin issuers to operate under state rules.

Mr. Gottheimer said he deviated from the Biden administration’s request to regulate all stablecoin issuers like banks because of industry feedback and the desire to win bipartisan support for the effort.

“What we heard is clearly some are willing to become a bank or go that route and others are not and they want a little bit more flexibility,” he said.

The Blockchain Association—an industry group that represents Circle, the issuer of one of the most popular stablecoins—wants to allow nonbanks to compete with banks on issuing stablecoins. “It’s helpful to have that competition, to have that innovation,” said Ron Hammond, the association’s director of government affairs.



Sen. Pat Toomey (R, Pa.) said, ‘Stablecoins are the logical place to start’ in regulating cryptocurrencies.

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THE UKRAINE CRISIS

EU Looks for a Way to Cut Russian Oil

Disagreements among member nations make decision at Monday meeting unlikely

By LAURENCE NORMAN

European governments, having decided last week to phase out purchases of coal from Russia, are set to begin a debate this week about a more ambitious target: weaning themselves off Russian oil.

European Union officials in Brussels are seeking to make oil the focus of their next set of economic measures against Russia over its invasion of Ukraine.

The debate isn't likely to be resolved soon. Germany is re-

sisting the idea of an oil ban, and EU officials are wary of acting during the French presidential election, whose first round took place Sunday. Meanwhile, Hungary has become more entrenched in its opposition, diplomats say.

On Friday, while meeting Ukrainian President Volodymyr Zelensky in Kyiv, EU foreign policy chief Josep Borrell said he would put oil sanctions on the agenda when EU foreign ministers meet in Luxembourg on Monday.

"The sanctions that we have agreed on are...creating a big damage to the Russian economy but more has to follow," Mr. Borrell said in Kyiv.

Any swift decisions on oil sanctions face major political obstacles. With EU member

states split on the issue, Brussels officials say there will be no decisions Monday and even the presentation of specific proposals could be weeks away.

Germany, Europe's biggest economy, is leading the opposition to sanctioning imports of Russian oil or gas, and has resisted calls from Eastern European countries such as Poland for stronger energy sanctions.

EU officials are studying ideas including a phased-in oil embargo, a tariff on Russian oil imports to reduce demand and forcing some part of the oil payments into an escrow account that Russia could only access to make certain payments, according to officials.

The EU has already announced plans to reduce its

Russian energy imports over time. But pressure for faster energy sanctions is rising as Ukrainian officials accuse Russian forces of atrocities and the civilian death toll from the Russian invasion mounts.

On Friday the EU adopted its fifth set of economic sanctions against Russia since President Vladimir Putin's invasion of Ukraine began on Feb. 24. The package includes a phasing out of EU purchases of Russian coal by August.

However, the EU has yet to impose sanctions on its two biggest commercial dealings with Russia—the purchase of oil and gas. Those exports have cushioned the impact of other sanctions on Russia's economy and provide a vital source of revenue for the Russian gov-

ernment's budget, including its military spending.

Russia, the world's third largest oil producer, provided about a quarter of the EU's oil imports in the first half of 2021, according to the EU's statistics agency. That accounted for roughly half Russia's oil exports.

Many EU countries, including Germany and Italy, are even more reliant on Russian gas, which is why sanctions on oil are seen as more feasible.

Germany has been particularly reluctant to risk harm to its industries by sanctioning Russian oil or gas, despite mounting international criticism of Berlin's stance. Germany, which also insisted on a slower timetable for stopping Russian coal imports than

many other EU countries wanted, has said it could halve its Russian oil imports by this summer, but that it would need until the end of this year to stop them entirely.

France's presidential election could slow any detailed plans until after the final round on April 24. President Emmanuel Macron has expressed support for an oil embargo, but his finance minister, Bruno Lemaire, has said it would take several weeks to reach agreement within the EU about how to proceed.

Opposition to an oil embargo partly reflects governments' fear of a voter backlash against high energy prices. Prices of fuel and electricity were already rising before Russia's attack on Ukraine.

Conflict Sparks an Exodus Of Russia's Professionals

Hundreds of thousands of professional workers, many of them young, have left Russia since its invasion of Ukraine, accelerating an exodus of business talent and further threatening an economy targeted by Western sanctions.

By Georgi Kantchev, Evan Gershkovich and Yuliya Chernova

Those leaving the country include tech workers, scientists, bankers and doctors, according to surveys, economists and interviews with emigrants. They are departing for countries including Georgia, Armenia and Turkey. More are expected to follow.

A mid-March survey by OK Russians, a nonprofit helping people leave the country, estimated that around 300,000 workers had departed since the war started in late February. While precise counts of the number of people leaving Russia aren't available, some economists have reached similar conclusions about the scale of the outflow. Around 500,000 people left Russia in 2020, according to Rosstat, Russia's statistics agency.

"The people who are either leaving or planning to leave are highly educated and generally young," said Elina Ribakova, deputy chief economist at the Institute of International Finance. "This is your most

productive part of the labor force that is disappearing."

The European Bank for Reconstruction and Development, a top regional development bank, expects the Russian economy to contract 10% this year.

It added that people leaving Russia, coupled with reduced investment and trade, would result in lower long-term productivity growth. Spending on information technology is expected to drop sharply.

While Russia has encouraged dissenters to leave, it has also acted to stem the outflow of professional workers. President Vladimir Putin signed in March a decree granting a waiver from military conscription to people employed in the tech sector. Russian authorities are also offering tax breaks, cheaper loans and preferential mortgages to entice tech workers to stay.

"Of course, this mobility [of workers] remains and may even accelerate, but the government has already taken measures," Kremlin spokesman Dmitry Peskov said recently.

The outflow of workers represents a fraction of Russia's 145 million people. Mr. Putin's approval rating in Russia has risen since the Ukraine invasion was launched Feb. 24—to 83% in March from 71% in the prior month—according to Levada Center, an independent Russian pollster. Levada has also found

much higher support for the war among older respondents than younger Russians.

The tech industry, until recently one of the fastest-growing sectors in the Russian economy, has already lost between 50,000 and 70,000 workers, according to data presented by the Russian Association for Electronic Communications during a March 22 committee hearing at the State Duma, the lower house of Parliament. The group said it expects as many as 100,000 more to follow in April. The Russian tech industry employs around 1.3 million people, or about 1.7% of the country's workforce, according to the U.S. International Trade Administration's October 2021 Russia overview.

Many people leaving are taking their businesses with them. Some top managers of state-owned and private companies have departed in recent weeks.

Sasha Kazilo, co-founder of the startup Funexpected, which makes apps to help preschoolers learn math, recently left Russia for Paris. She took her family and business with her. Around 15 developers at the business have already left or are in the process of moving, she added.

When the war started, she said she thought, "It was all a nightmare, and we had to wake up." After her husband, Leonid Rybnikov, was jailed for 13 days for posting antiwar stickers in their neighborhood,



Sasha Kazilo, who left Russia with her family after the war started, works at her Paris residence.

they decided it was time to leave. In Paris, they have friends, and her husband has secured a research job.

"Before the war, maybe I was under the illusion that things could change in Russia and we could build our company there," she said. "I can't imagine that anymore."

Andrey Panov said he resigned as deputy chief executive officer of Aeroflot-Russian Airlines PJSC, the state-owned carrier, and left 10 days after the invasion began.

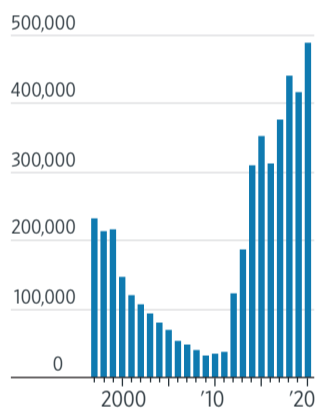
"I decided it was just impossible to work for a state-owned company," he said from Israel, where he is currently based. "The country changed in the matter of one week."

The Russia CEO of the tech

company Yandex, Elena Bunina, said in a message on an internal company forum that she left the country for Israel and would be quitting this month. Two Yandex employees familiar with the matter confirmed the announcement, which was published by Russian media.

"I can't live in a country that goes to war with its neighbors," Ms. Bunina wrote. Those who study Russia said the pace at which people are departing hasn't been seen since the 1917 revolution, when millions of the Russian nobility and educated upper-middle classes fled the emerging Communist state. Several million Russians left after the demise of the Soviet Union in 1991, but did so over several years.

Emigration from Russia has increased since the start of Vladimir Putin's third presidential term in 2012.



Note: Statistics available through 2020. Source: Rosstat, Russia's statistics agency.

Forces Gird For Battle In Donbas

Continued from Page One

Russian military television. Ukraine, too, started moving toward Donbas combat units from areas of northern Ukraine that it recovered after Russian troops retreated.

Skirmishes along the contact line in Donbas and nearby regions continue daily, with Russian forces trying to push south of Izyum. The timing of a major campaign, Western and Ukrainian officials said, is up to Moscow, which might press the offensive imminently with available forces, or wait a few weeks to reconstitute units that suffered losses in northern Ukraine.

Ukrainian officials said Moscow's aims likely go far beyond seizing the Donbas region, and that President Vladimir Putin of Russia seeks to destroy the best Ukrainian units in the battle to then try again to seize the rest of the country, including Kyiv.

President Volodymyr Zelensky of Ukraine called for urgent assistance ahead of this new round of the conflict, warning that Moscow hasn't given up on its aspirations to subjugate Ukraine. "Russia can still afford to live in illusions, gathering new armor and new troops on our soil. And that means that we need even more sanctions, and even more weapons for our state," he said in a late Saturday video address.

Attempting to disrupt the Ukrainian redeployment, Russia has said its forces carried out a series of airstrikes on Ukrainian railway hubs. Some



A Ukrainian rocket launcher shelled positions held by Russian troops near Lugansk, in the Donbas region, on Sunday.

57 people died in Friday's Russian missile attack on the railway station in the Donbas city of Kramatorsk while it was packed with civilians trying to board evacuation trains toward the relative safety of western Ukraine, Ukrainian authorities said. Moscow denied it carried out that particular strike.

Authorities over the weekend urged all civilians in Ukrainian-controlled parts of Donetsk and Luhansk regions—which comprise Donbas—and two districts of the Kharkiv region to leave immediately.

Russia launched several additional missile strikes on the Dnipropetrovsk region just west of Donbas on Sunday, destroying the airport terminal and another infrastructure fa-

cility in the city of Dnipro and an industrial facility in the city of Pavlohrad, the regional administration said.

Russia's Defense Ministry said it targeted Dnipro with Kalibr missiles from a Black Sea fleet frigate and that its missiles also struck the southern Ukrainian region of Mykolajiv and a military airfield near Kharkiv, where it said it destroyed an S-300 anti-aircraft missile system. Those claims couldn't be confirmed independently. Dnipro—one of Ukraine's biggest cities—is the logistical hub for Ukrainian military operations in Donbas. Russia's initial attempt to seize Kyiv and other cities in northern Ukraine collapsed in late March, in part because

nimble Ukrainian units attacked Russian tanks and armored vehicles using guerrilla tactics. Light, portable missiles supplied by the U.S. and its European allies, such as the Javelin and the NLA, played a big role in that success, as did Turkish-made Bayraktar TB2 armed drones.

Many Russian battalion tactical groups that withdrew from northern Ukraine were battered so badly that they won't be able to redeploy to the Donbas front anytime soon, Ukrainian and Western officials said. "We've seen indications on some units that are, literally, for all intents and purposes, eradicated," a senior Pentagon official said. Russia, he said, is trying to

mobilize some 60,000 reservists to fill the gap.

The tactical situation is more advantageous for Russia on the Donbas front. Russian supply lines are shorter, and the more concentrated area of operations allows Russia to more effectively use air support, Ukrainian and Western military officials said.

This different type of warfare, with large formations facing each other instead of small-unit strikes, is a major reason why Kyiv said it urgently needs heavy weapons, such as artillery, tanks and anti-aircraft batteries that most Western allies have been reluctant to supply. Ukraine managed to win the first round of the war because of close-contact infantry en-

agements, Ukraine Defense Minister Olexii Reznikov said. But now Russia has changed its tactics and is relying more on long-range artillery, aviation and missile strikes—weapons Ukraine has limited ability to counter, he said.

"The war is entering the phase of competition for resources, which are almost unlimited in Russia in comparison to Ukraine," Mr. Reznikov said. "To win in this war, we need a different kind of assistance from what we received before."

Western leaders are stepping up support.

U.K. Prime Minister Boris Johnson, who took a walk around Kyiv with Mr. Zelensky on Saturday, announced new military and other assistance that includes 120 armored vehicles and new antiship missile systems. That is on top of Friday's package of Starstreak short-range anti-aircraft missiles, 800 more antitank missiles and high-tech munitions that loiter above targets for precision strikes.

"This war will be won on the battlefield," European Union foreign-policy chief Josep Borrell tweeted on Saturday. He traveled to Kyiv on Friday, along with the head of the European Commission, which afterward said the EU is proposing 500 million euros, equivalent to \$544 million, in new support for Ukraine's military, on top of €1 billion previously allocated for weapons.

The U.S. made public \$400 million in additional military aid to Ukraine in April, of a total of \$1.4 billion since the war started Feb. 24. Washington is supplying Javelins, Stinger missiles, hundreds of Switchblade loitering drones and counter-artillery radars—but, so far, no heavy weapons requested by Kyiv.

—Max Colchester, James Marson and Gordon Lubold contributed to this article.

THE UKRAINE CRISIS

Aid-Delivery Truckers Drive Into Danger

By PAUL BERGER

Serhiy Berestenko climbed into a truck outside a warehouse in Kyiv bound for Dnipro, about 300 miles to the southeast, carrying medical supplies to hospitals close to the front lines of Russia's war on Ukraine.

"There are two main problems," Mr. Berestenko said in a telephone interview. "The first problem is you don't know if you will reach your destination. And the second problem is you do not know in what condition you will return."

Truckers like Mr. Berestenko, who is 48 years old, have become pivotal to Ukraine's efforts to distribute humanitarian aid and to keep the economy alive by transporting goods from factories and farms that are trying to keep operating through the Russian onslaught.

Trucking firms in Ukraine say they are increasingly strained by wartime difficulties, especially growing fuel shortages, that threaten their ability to operate as drivers navigate

that, he said local or national authorities must open whatever fuel reserves remain or they will need to find new ways of importing diesel.

It couldn't be determined how much fuel Ukraine has left in its reserves.

Before the war, Ukraine imported more than 70% of its refined petroleum, including gasoline, diesel and heating oil, from Russia and its ally, Belarus, said Hendrik Mahlkow, a researcher at the Kiel Institute for the World Economy in Germany.

Most of Ukraine's crude oil came from Azerbaijan through the Port of Odessa and was refined at a facility in Kremenchuk, according to Kristine Petrosyan, an analyst at the International Energy Agency. Russia struck that refinery with missiles on Apr. 2 and has blockaded Ukraine's major seaports, including Odessa, since the start of the war, leaving roads and rails as the only routes for fuel imports.

Artem Kuyun, a fuel specialist for Consulting Group A-95, in Kyiv, said Ukraine's diesel supplies are critical, but he expects the country to boost supplies by rail in the coming weeks.

The seaport blockade has increased the importance of trucking, which now hauls goods that previously moved by ocean. Freight companies say that cargoes that used to enter Ukraine via the Black Sea are now being shipped to Poland and Romania and then trucked to Ukraine.

Oleksandr Yakovenko, who runs EnlivUA, a freight forwarder based in Odessa, said elevated rates for international exports help him afford to carry humanitarian aid, often just for the cost of fuel.

One challenge is that firms won't insure cargo bound for Ukraine. When his drivers pick up containers at European ports, the firm must pay a deposit of about \$5,000, on average, for each shipping container. Some of Mr. Yakovenko's customers can afford the deposit, he said, but the forwarder shares or covers the cost for other customers.

EnlivUA's revenues are just enough to pay the salaries of about 220 workers and to continue to make deliveries across Ukraine, including to cities such as Mykolaiv in the southeast, which have faced regular rocket attacks. "I am very proud of our drivers because most of them are not afraid to drive east," he said.

Mr. Berestenko, the DFDS driver, said Ukraine's roads are largely empty apart from military vehicles and some civilian cars. At night, he parks outside towns and cities, sleeping close to Ukrainian checkpoints where he can hear the shelling and airstrikes. "You cannot explain the feeling with normal words," he said. "It is just something you feel inside you."

compensation per stop. "The reality of the current climate is that many [contractors] are on the verge of financial collapse," according to the petition to FedEx executives. "We are in a very serious situation that is going to require immediate action to save these businesses—your business partners."

FedEx pays the contractors based on how many packages they deliver and how many stops their trucks make each day. The contractors said their finances have been strained by higher labor costs, a drop in the volume of packages after a pandemic-driven surge and by the recent rise in fuel costs.

FedEx also pays a per-stop fuel payment that is adjusted based on the local price of fuel. "This dynamic approach addresses fluctuating fuel prices," a FedEx spokeswoman said. "As the price of fuel rises or falls within local markets, so do the fuel-related payments to service provider companies."

The formula works when the price of fuel moves up incrementally, but many contractors said that with the surge in fuel costs lately, they are having a hard time maintaining profit margins, according to Jeff Walczak, chief executive of eTruck-Biz Inc., a consultant to FedEx



Ukrainian families watch a tropical downpour in awe. Below, Maryna Hashlova, center, and other mothers sort through donated clothes.

Brazil Enclave Welcomes Refugees

By SAMANTHA PEARSON AND LUCIANA MAGALHAES

PRUDENTÓPOLIS, Brazil—Ever since Russian President Vladimir Putin ordered the invasion of Ukraine, this sleepy farming town some 7,000 miles away in southern Brazil has been gripped by a sense of both horror and nervous excitement.

Nicknamed "Little Ukraine," Prudentópolis prides itself on being one of the most Ukrainian towns in Latin America, perhaps even more Ukrainian than Ukraine itself, locals joke.

Among soybean farms rise onion-domed wooden churches, where congregations in traditional embroidered shirts pray in a form of Ukrainian that resembles the dialect spoken by their ancestors, immigrants who arrived in Brazil as long ago as the 1890s.

But things are about to change: The refugees are coming. Prudentópolis and surrounding towns are bracing to welcome up to hundreds of 21st-century Ukrainians in coming weeks as Russia's attack on Ukraine forces people to flee to distant corners of the globe.

"It pains my heart to see them suffering," said Eugenia Michalovski, 54, who looks after a Ukrainian cemetery in the town, dotted with pink flowers. "They're our people."

Like three-quarters of the town's 53,000 residents, Ms. Michalovski speaks Ukrainian. She also prays and sings in Ukrainian, listens to Ukrainian music, cooks Ukrainian food—and has never set foot in Ukraine.

Rafa Borges, a local evangelical pastor who helped organize the transfer of one of the first groups of refugees to the region recently, said he hopes the new arrivals will adapt more easily here and, in turn, strengthen the local Ukrainian community.



"Their arrival has brought enormous joy," said Mr. Borges, whose Comunidade Vida congregation, in the nearby town of Guarapuava, is part of a world-wide group of churches, the Global Kingdom Partnership Network. "Many people's great-grandparents fled here during World War II and now they are doing the same thing to help the refugees."

But an hour away at one of the church's community centers, where the first group of 28 refugees were recently completing a government-mandated Covid-19 quarantine, the Ukrainians appeared oblivious to the cultural significance of their arrival. They said they were just happy to be alive.

Maryna Hashlova, 35, a teacher from eastern Ukraine, stopped to ponder whether she recognized anything from her native country while making the daylong bus trip south from São Paulo's airport.

"McDonald's! Yes, we have McDonald's in Ukraine too!"

As a gaggle of young boys crowded around an Xbox in-

stalled in the corner of the hall, their mothers tried to explain to the church leaders the items they needed. Many left their homes in a hurry during heavy bombing with nothing but the clothes they were wearing.

The first night the group hardly slept.

"It turned out they thought there could be panthers and crocodiles outside," said one of the pastors. The leaders sat them down the next day to explain that the Amazon rainforest was very far away—about 1,200 miles—and stressed again that this region is known for being just like Ukraine.

Most of the group—16 children, 10 women and two men—had never thought about coming to Brazil before the war. "Rio de Janeiro and Carnival" is the extent of what she had heard about Latin America's biggest country, said Ms. Hashlova, who came with her son Nazar, 14, and daughter Arina, 8, a budding gymnast. Like most men, her husband was required to stay to help with the war effort.

When Ms. Hashlova left her apartment in the northeastern city of Kharkiv at the end of February, she didn't intend to emigrate. But when the bombing got closer, the family grabbed a few belongings and headed to her parents' house in Kremenchuk—normally a three-hour drive west but a trip that took 13 hours on jammed roads.

After being awakened several times a night by the sound of air raid sirens that sent the family scurrying underground, Ms. Hashlova decided to head to Poland. It was there that her church told her the group Global Kingdom could pay their way to South America.

"The hardest thing was leaving my husband," said Ms. Hashlova.

After hearing rumors that Mr. Putin's troops could even invade Warsaw, she said she felt safer in Brazil. It also helped convince her children that they were on some exotic adventure, rather than war refugees.

"We have a lot of affection for Europe here in this region," said Mr. Borges.

Gas Prices Fuel Fight: Who Pays?

Continued from Page One

their product moved." He said he is seeking more direct business with shippers, rather than going through freight middlemen. Filling up his truck now costs more than \$700, up from around \$400 before Russia invaded Ukraine, Mr. Richards said.

At FedEx, a legion of independent contractors is pressing the company for help. The delivery giant outsources its domestic FedEx Ground deliveries to 5,000 small businesses, which own local delivery routes. These businesses hire their own staff and buy their own trucks, making them responsible for the costs of bringing packages from FedEx sorting centers to homes and businesses.

In an online petition being circulated, FedEx Ground contractors are asking for a cash injection, either through a temporary payment or additional



Melnik Lyudmila quit driving for Uber and Lyft in New York City.

contractors. "It doesn't keep up," he said.

The contractor model shields FedEx Ground from much of the costs, like fuel, trucks and labor, tied to the so-called last mile of delivery. FedEx is able to get merchants and shippers to pay for some of the rising fuel costs in the form of surcharges on packages shipped.

At FedEx Ground, the fuel surcharge was 11.75% at the end of 2021, and it hit 16.25% at the end of March. The company in early April also adjusted its fuel surcharge tables, so that as fuel prices rise, the

surcharge goes higher.

"Not only is it going up naturally, but it's going up artificially because the table has changed," said Josh Dunham, co-founder of Reveel LLC, a shipping data and analytics firm.

Uber and Lyft in mid-March shifted some of the burden to riders with a temporary fuel surcharge of between 45 and 55 cents a trip based on location. The surcharge goes directly to drivers but is fixed per ride regardless of trip length. Some drivers said the calculus makes sense for shorter trips—which the companies said make for

the majority of their rides—but that it discourages them from accepting longer rides, on which they burn more fuel. The companies consider drivers independent contractors.

The fuel surcharge is "absolutely not enough," said Desiree Gillespie, who quit driving part-time for Uber and Lyft this month. Ms. Gillespie, a Chicago-based tutor, said she wants riders to pay a per-mile surcharge so drivers can account for gas on longer rides.

Lyft said its surcharge is based on data showing that drivers are spending on average 57 cents more on gas per hour than they were a year ago. Uber said that a per-mile surcharge would disadvantage drivers stuck in traffic.

Last week, New York-based driver group Justice for App Workers circulated an online petition it plans to send to top Uber and Lyft executives. The group is demanding that the companies cap their rate at 10% so drivers get a bigger slice of fares. Uber said its average global take rate for rides in the fourth quarter was 20%. Lyft doesn't disclose its rate.

"Our workplace expenses have gone up across the board, not only when it comes to paying for gas, but for car and bike

maintenance, rental payments, insurance and more," said the petition, which had more than 5,600 signatures by Sunday. "App workers are suffering—going into debt, falling behind on bills, even leaving the industry altogether."

Uber and Lyft declined to comment on the petition. Uber said it had more active drivers on its U.S. platform in March compared with any month during the pandemic. Lyft said it hadn't seen a decline in the number of drivers on its platform, or the hours they work, compared with January.

While Uber and Lyft prices have cooled from last summer, fares in March were 22% higher on average than January 2021, according to market-research firm YipitData.

—Lydia O'Neal
contributed to this article.

WORLD NEWS

Israel Steps Up Campaign Against Iran

Undeclared war expands in Mideast, as officials detail over 400 airstrikes since 2017

By DION NISSENBAUM

TEL AVIV—The Israeli military says it has carried out over 400 airstrikes in Syria and other parts of the Middle East since 2017 as part of a wide-ranging campaign targeting Iran and its allies, offering its fullest picture yet of its undeclared war with Tehran.

Israeli leaders refer to the campaign as the “war between the wars,” which they say is aimed at deterring Iran and weakening Tehran’s ability to hit Israel in the event of an open war between the two regional adversaries.

Israel’s airstrike campaign in Syria has hampered Iran’s military ambitions, military analysts say, but it has also pushed the conflict into other arenas, with both countries now battling at sea, in Iran, and in Israel’s skies.

“It’s not 100% success,” said Maj. Gen. Amikam Norkin, who retired last week as head of Israel’s air force, where he served as architect of the campaign. “But without our activity, the situation here might be much more negative.”

Among the targets hit by Israel: Russian-supplied air-defense systems, drone bases operated by Iranian military advisers, and precision-guided missile systems bound for Hezbollah fighters in Lebanon.

The strikes have also killed more than 300 people, including Iranian military commanders, Syrian soldiers, militants backed by Tehran and at least three civilians, according to open-source reporting by Stephane Cohen of NorthStar Security Analysis, an Israel-based consulting firm.

The Israeli campaign started with a narrow focus in Syria on Iranian arms shipments bound for Hezbollah fighters in Lebanon. Over time, it expanded to



Syrian forces fired air-defense missiles in the capital, Damascus, in response to a purported Israeli airstrike in 2019.

target Iran-backed fighters in Syria and then began directly striking Iranian military positions in Syria.

The campaign has resulted in Iran’s forces largely retreating from positions near the Israeli border to safer spots in eastern Syria, said Carmit Valensi, a research fellow at Israel’s Institute for National Security Studies. “It is an effective strategy, but insufficient to deal with Iran’s full-fledged entrenchment and the threats it possesses,” she said.

Iran maintains broad influence in Syria, retains its clout with its leadership, and continues to provide Hezbollah with sophisticated missile systems capable of hitting Israel with increasing accuracy, military analysts said.

Iranian and Syrian officials dismissed the air campaign’s effectiveness.

“Out of 20 or 25 strikes, only two typically destroy their targets,” said an Iranian official close to the country’s security services. The official said Iran’s Islamic Revolutionary Guard Corps is responding in kind to Israeli strikes.

“The Guards have drawn a red line,” the official said. “If you attack us, we will retaliate, an eye for an eye.”

A Syrian government adviser said the Israeli strikes hadn’t significantly dented Iran’s military influence in Syria. The Iranians “are strengthening their presence” across the country, he said. “It is quite difficult to undermine their position.”

In a series of interviews with The Wall Street Journal, Gen. Norkin and other Israeli military officials offered the most far-reaching detail to date of their strategy against Iran.

At the Israeli military headquarters in Tel Aviv, Gen. Norkin showed a map of Syria dotted with hundreds of small orange symbols, each one, he said, marking an Israeli strike against Iran and its allies. Parts of Syria were completely obscured by the orange icons.

The strikes stretched across the country, with a central focus around Damascus and near Syria’s border with Israel. In all, the Israeli military said, it had carried out more than 400 airstrikes as part of its campaign, with most hitting targets in Syria. Israel says it has also hit a smaller number of targets in Lebanon and Iraq.

“When I got this position, I never dreamed that we would act like this,” Gen. Norkin said.

Israel’s campaign against Iran in Syria—long an open secret—has become a matter of public debate in Israel amid the

Russian invasion of Ukraine. Israel has an understanding with Moscow, another key backer of the Syrian government, that Russia won’t interfere with Israel’s airstrikes in Syria.

The dynamic has contributed to Israel’s limited support for Ukraine following Russia’s invasion. Ukrainian President Volodymyr Zelensky criticized Israel for not providing Kyiv with weapons to fight Russian forces, but Israeli leaders worry that doing so would anger Moscow and jeopardize their ability to easily target Iran assets in Syria.

Israel and Russia use a hotline to avoid Russian casualties from Israeli airstrikes in Syria. Israeli officials said they have used the line to warn Russia before targeting military bases in Syria when Russian forces work with Iranians.

Last year, Syria accused Is-

rael of carrying out a series of strikes that killed 57 Syrian soldiers and pro-Iranian fighters. In March, Iran accused Israel of a strike in Syria that killed two Revolutionary Guard officers. Iran vowed to exact revenge.

Retired Gen. Assaf Orion, who once oversaw planning for the Israeli military, said Israel’s campaign had set back Iran’s ability to retaliate against Israel. But the strategy has created other risks for Israel.

“With several exchanges of blows between Israel and Iran becoming direct and open—at sea, drone and missile attacks—the risk for escalation also grows,” he said.

The Iran-Israel shadow war is shifting into a new phase with more reliance on drones.

Last year, the Israeli military said, Iran launched drones from its own military bases bearing small arms bound for Palestinian fighters in the West Bank and Gaza Strip, eschewing its usual strategy of having proxies in neighboring countries target Israel. Israel kept the details secret for 14 months, a sign of how sensitive the shadow war is for regional leaders.

Israel has also used small quadcopter drones to carry out strikes inside Iran, people familiar with the covert campaign said.

The Iranian drone threat has become a top concern for Israeli leaders, who publicly released satellite images of Iranian drone bases last November and warned Tehran that Israel wouldn’t tolerate expansion of the program.

“Sometimes the use of force, and a demonstration of it, is able to prevent the need for a stronger use of force,” Defense Minister Benny Gantz said at the time.

Gen. Norkin said Israel’s campaign would continue as long as Iran remains a threat. “If you can push [open] war into the future, we achieve a lot,” he said.

—Benoit Faucon and Aresu Egbali contributed to this article.

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WORLD NEWS

U.S.-Trained Forces Lead Africa Coups

By MICHAEL M. PHILLIPS

FORT BENNING, Ga.—A flurry of military coups across Africa has disrupted the U.S. strategy of enlisting local armies to counter Islamist extremists and other security threats.

The U.S. has trained thousands of African soldiers, from infantrymen rehearsing counterterrorism raids on the edge of the Sahara to senior commanders attending the U.S. Military Academy at West Point. The programs are a linchpin of U.S. policy on the continent, intended to help African allies professionalize their armed forces to fight armed opponents both foreign and domestic.

But U.S. commanders have watched with dismay over the past year as military leaders in several African allies—including officers with extensive American schooling—have overthrown civilian governments and seized power, triggering laws that forbid the U.S. government from providing them with weapons or training.

“There’s no one more surprised or disappointed when partners that we’re working with—or have been working with for a while in some cases—decide to overthrow their government,” Rear Adm. Jamie Sands, commander of U.S. special-operations forces in Africa, said last week. “We have not found ourselves able to prevent it, and we certainly don’t assess that we’re causing it.”

The strategic setback was apparent in recent weeks here at Fort Benning, where the U.S. Army hosted its annual gathering of top ground-force commanders from Africa.

The Army withheld invitations from coup leaders in Mali and Burkina Faso, West

African countries engaged in existential struggles with al Qaeda and Islamic State. Guinean soldiers, who in September toppled the West African nation’s civilian government, were left out and are no longer included in U.S.-led special-operations exercises.

Sudan’s ruling junta, which last year reversed a U.S.-supported transition to democratic rule, was unwelcome. Ethiopia hosted the last such gathering in 2020; this year, its military is on the outs with the U.S. over alleged human-rights abuses in its war against Tigrayan rebels.

“We don’t control what happens when we leave,” said U.S. Army Col. Michael Sullivan, commander of the 2d Security Force Assistance Brigade, a unit created to advise and train African armies. “We always hope we’re helping countries do the right thing.”

Last year, a logistics advisory team from Col. Sullivan’s brigade had just arrived in Addis Ababa, Ethiopia’s capital, and was waiting out its Covid-19 quarantine at a hotel when the Biden administration decided to cancel the deployment “due to our deep concerns about the conflict in northern Ethiopia and human-rights violations and abuses being committed against civilians,” a State Department spokesperson said.

The advisers completed quarantine and left the country.

“I think everybody is hopeful they will turn the corner again and we’ll be able to work with our Ethiopian partners,” Col. Sullivan said.

Meanwhile, America’s Great Power rivals can seek to take advantage of the U.S. pullback. Malian commandos at-



Lt. Col. Paul-Henri Damiba, a veteran of U.S. military training, was sworn in as president of Burkina Faso in March following a coup.

tended U.S.-led special-operations exercises in Mauritania in 2020, but were cut off from American training after its military overthrew the president last May. The Malian junta hired Russian mercenaries from the Kremlin-linked Wagner Group to provide security.

The coup and the presence of the Russian agents led to a falling out between Mali and France, the former colonial power in much of West Africa, and the announcement that Paris would withdraw thousands of troops that were in Mali fighting Islamic State and al Qaeda.

Human Rights Watch alleged last week that the Russians and their Malian allies rounded up and massacred roughly 300 civilian men—some suspected militants—in the town of Moura in March.

“The Malian government is responsible for this atrocity, the worst in Mali in a decade, whether carried out by Malian forces or associated foreign soldiers,” Corinne Dufka, a director of Human Rights Watch, said in a written release.

The Malian Defense Ministry reported that it had killed

203 “terrorists” in the operation and arrested 51 others, seizing weapons and ammunition. The military subsequently announced an investigation into the alleged massacre.

For years, the U.S. trained soldiers from Burkina Faso, which is facing waves of attacks from Islamic State fighters and a coalition of al Qaeda affiliates called Jama’at Nusrat al-Islam

America’s rivals can seek to take advantage of the U.S. pullback.

wal Muslimin, or JNIM.

In 2019, Burkina Faso hosted 2,000 commandos from 32 African and Western countries for U.S.-led special-operations exercises, aimed at beefing up security in the Sahel, the semiarid strip just south of the Sahara.

In 2020, Lt. Col. Paul-Henri Damiba was among the Burkina Faso army contingent when the American-led exer-

cises moved to Mauritania. Col. Damiba had previously attended a U.S.-sponsored military intelligence course in Senegal and a State Department peacekeeping-training program.

In January, the U.S. military was sufficiently concerned about the spread of militant violence in Burkina Faso to dispatch a Special Forces team to Ouagadougou, the capital city, to advise local commanders.

The Green Berets had just arrived when Burkina Faso soldiers, unhappy with the civilian government’s conduct of the war, surrounded the presidential palace, arrested President Roch Marc Christian Kaboré, and said a military junta, the Patriotic Movement for Safeguarding and Restoration, would take power.

Eight days after the first burst of gunfire in front of the presidential palace, the junta named Col. Damiba president.

Instead of training local forces, the Green Berets reinforced security at the U.S. Embassy in Ouagadougou, in case the coup unleashed anti-American unrest. The U.S. also sus-

ended work on plans to send one of Col. Sullivan’s advisory teams to the country.

American officers say their work with African counterparts routinely includes discussion of the importance of civilian control of the military and adherence to the rule of law.

“So these coups are completely opposite to everything that we’re teaching,” Adm. Sands, the special-operations commander, said.

Still, Michael Shurkin, a former Central Intelligence Agency analyst, questioned whether American lectures can successfully counter the political pressures Africa armies can face amid fierce insurgencies, ethnic divisions and corrupt civilian governments.

U.S. officers say they have no choice but to work with other militaries in global security missions; the U.S. practice is to fight its wars alongside allies. “Our intent is to continue to extend a hand to African nations to help them and really help them address some of the underlying causes of these coups,” Adm. Sands said.

Macron, Le Pen Go To Runoff

Continued from Page One

“Make no mistake, nothing can be taken for granted,” Mr. Macron said on Sunday. “The debate that we will have during the next 15 days will be decisive for our country and for Europe.”

Far-right former TV pundit Eric Zemmour, who won 7.3% of the estimated vote, called on his supporters to back Ms. Le Pen while far-left firebrand Jean-Luc Mélenchon, who finished third with 21.7%, warned his voters to “not cast a single vote for Madame Le Pen.”

Widespread anxiety over the rise in cost of living and the decline of the middle and working class—coupled with deep anti-immigrant sentiment in many parts of the country—has helped Ms. Le Pen rally supporters in the final weeks of the campaign. February polls showed Ms. Le Pen garnering 16% of the first-round vote but surveys taken days ahead of Sunday’s vote showed Mr. Macron leading Ms. Le Pen in the runoff by just 2 percentage points.

On Sunday, Ms. Le Pen cast France as a country torn by cultural and social divisions, calling on voters from across the political spectrum to unite behind her. “I will put France in order,” she said.

The final two weeks of the campaign are expected to center on how to fight record-high inflation. Ms. Le Pen has pledged to massively cut taxes on fuel and other essentials and to give businesses incentives to raise wages while Mr. Macron has ordered a cap on electricity and natural-gas prices. He has also instituted a rebate on fuel and offered checks to low-income households to help them buy essentials.

The tight contest reveals the challenges lurking for a European political establishment that has tried to turn the page on populist and nationalist movements, focusing on geopolitical challenges like the Covid-19 pandemic and Rus-



Votes in France’s presidential election being counted in Strasbourg.

sia’s invasion of Ukraine. Ms. Le Pen wants to pull France out of the North Atlantic Treaty Organization’s military command in which French soldiers currently serve under the alliance’s commanders. She also wants European Union nations to claw back powers they have delegated to EU technocrats in Brussels.

The runoff now hinges on whether voters who cast their Sunday votes for Mr. Mélenchon, an anticapitalist, are willing to back Mr. Macron, a pro-business leader who has vowed to raise France’s retirement age if he wins a second term. Mr. Macron’s push to temporarily close some mosques and rein in the independence of religious organizations has also alienated much of France’s Muslim minority, one of Europe’s largest.

Yamina Harkane, an 18-year-old student who wears a Muslim head scarf, said she might vote for Mr. Macron in the runoff after supporting Mr. Mélenchon on Sunday. “Macron is less bad,” she said.

A month ago, Mr. Macron was riding high in the polls with a double-digit lead over Ms. Le Pen. His advisers in the Élysée Palace said he was too busy taking calls with President Biden and his Russian counterpart, Vladimir Putin, about the war in Ukraine to hit the campaign trail in earnest or participate in debates with his rivals. Polls indicated there was no need, with one survey in March showing that 79% of respondents—regardless of who they supported—expected Mr. Macron to win.

Ms. Le Pen, meanwhile, crisscrossed the country, holding rallies in small rural towns.

Her highly disciplined campaign focused on the economic sting of rising inflation while casting off much of the fiery rhetoric that has defined the Le Pen brand of politics for decades under her father, Jean-Marie Le Pen, who has been convicted of anti-Semitic speech.

“It’s hard to make ends meet,” said 30-year-old Estelle Classen, a gas-station employee. “Prices are increasing so fast, it’s abominable.”

For some voters, Ms. Le Pen has managed to temper her hard-right message with humanizing moments, inviting TV cameras into her home to talk about being a cat lover.

“Marine Le Pen has learned from her mistakes,” said social worker Florian Dubois, 28.

Mr. Macron, on the other hand, has kept his distance. Known for his self-proclaimed “Jupiterian” style of governance, the French leader waited until March 3 to officially declare his candidacy.

Instead of holding several smaller rallies, Mr. Macron focused on preparing for one big event, held inside an arena at the La Défense business district west of Paris.

The glittering venue drew 30,000 people, including a who’s who of France’s political establishment, but didn’t reach maximum capacity. Mr. Macron delivered a two-hour speech and unspooled a list of campaign promises that included a contentious proposal to increase France’s retirement age to 65 from 62 years old.

The proposal, popular among many establishment conservatives in France, has dented Mr. Macron’s support among other voters who, polls show, began flocking to his opponents.

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FROM PAGE ONE

GOP Stand On Covid Draws Votes

Continued from Page One
local House race, a contest expected to help determine control of Congress. “What I do know,” she said, “is that my party-line vote shouldn’t be taken for granted anymore.”

The defection of once-loyal voters like Ms. Loughran—along with disapproval from independents—is among the challenges Democrats face in their bid to retain control of Congress and win state-level races in this November’s midterm elections. These voters say Democratic officials left pandemic restrictions in place too long and mishandled the health crisis, with devastating consequences for their children, while Republicans have generally pushed to minimize school closures and keep the economy open.

The party out of power usually wins midterm elections during a president’s first term. Public-opinion surveys signal that the trend is holding firm. A Wall Street Journal poll taken in March showed that 46% of U.S. voters plan to back Republican candidates for Congress, while 41% would support Democrats.

On the pandemic, the Journal poll showed voters believed Democrats were best able to get the pandemic under control by a 9-percentage-point margin. But that was down from 16 points just four months earlier.

Regionally, one of the most significant drops in the party’s pandemic-management approval was in the Northeast, where a 30-point edge for Democrats in November had dropped to 20 points last month, the Journal poll showed. The drop was driven mainly by independents, among whom the party’s 12-point advantage in the previous poll had evaporated. In the new survey, independent voters were split 29% to 29% over which party was best able to handle Covid-19.

Ms. Loughran, a 45-year-old skateboard instructor with red dip-dyed hair and a blue-collar upbringing, had speared an Obama-Biden sign into her suburban home’s lawn and waived a handmade placard at the Women’s March in New York during President Donald Trump’s first year in office.

Her party allegiance began to erode during lockdowns as she and her husband, Michael Loughran, juggled her oldest daughter’s virtual kindergarten, a toddler tolling countless iPad hours and an infant who was diagnosed with a deadly genetic disorder. Her vote for Jack Ciattarelli as New Jersey’s governor was the first time she had backed a Republican in a state or federal contest.

The shift in the New Jersey electorate last fall shocked the political establishment and nearly cost the incumbent Mr. Murphy a second term. Advisers to Mr. Murphy said the campaign underestimated Covid frustration inside the Democratic Party.

The governor has taken steps to address that. Mr. Murphy, who had supported strict measures to stem Covid’s spread, was the first of several Democratic governors to lift state-wide mask mandates.

Mr. Ciattarelli, on the campaign trail, said the governor should have done more to make the vaccine available to teachers sooner and reopen schools faster. Mr. Ciattarelli, in an interview, said he wouldn’t have come so close to winning without support from Democratic and independent voters and sensed some of that backing was rooted in pandemic fatigue.

In the Virginia governor’s contest, Glenn Youngkin made parental involvement in schools a top issue and became the first Republican to win the seat in 12 years. His first major legislative action as governor was to end the state’s mask mandate in schools.

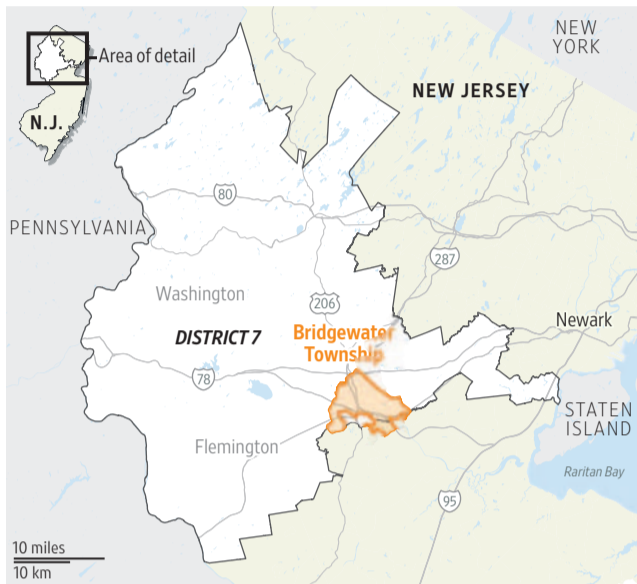
‘So disillusioned’

Democratic voters broadly support their party’s pandemic response. In a March poll from Rutgers University, 52% of voters graded Gov. Murphy’s Covid response as an “A” or “B,” the highest grade for any of the 11 issues tested in the poll. In the Journal’s national poll, 49% of voters said they approved of President Biden’s handling of the virus, among his highest approval ratings in a list of issues included in the survey.

Ms. Loughran’s husband, an



Jennifer and Michael Loughran with their daughters in Bridgewater, N.J. Ms. Loughran, a Democrat, voted for the Republican gubernatorial candidate in November after being frustrated with Democrats’ Covid policies. Below, the Loughrans’ son Finn, who died in 2021.



unaffiliated voter who typically backs Democrats for state and federal office, said he shared his wife’s frustrations over the party’s Covid response. But he weighted that issue differently in his calculation to back Gov. Murphy for a second term. “I thought whoever was going to be in office would drop the mask mandates either way,” he said. “Some of that kind of stuff was going to take care of itself.”

Interviews with New Jersey voters revealed that some Democrats’ breaks from their party last fall were neither flippant nor fleeting. Many described personal struggles to stress what they viewed as the needs of their family or community over partisanship. For some, mandates over vaccines and masks violated personal convictions over choices about their health that sparked fears about other potential invasions of privacy. Others expressed a newfound nuance to their political approach.

Democratic voters who have broken from their party over Covid often describe decisions they reached only after wrestling with issues such as their support for abortion rights and opposition to gun control.

Among them is Gina Genovese, a longtime Democratic voter until November, when she cast her ballot for Mr. Ciattarelli. She ran for New Jersey governor as an independent in 2017 and was the state’s first openly gay mayor in 2006 when she presided over Long Hill, N.J., as a Democrat.

She said she was turned off by her party’s support for mask and vaccine mandates, which she viewed as violations of personal freedom. Last year, she helped finance a lawsuit that unsuccessfully attempted to strike Gov. Murphy’s mask requirement inside schools. “Dem-



Gina Genovese says she was turned off by the party’s support for mask and vaccine mandates. “Democrats have left me so disillusioned,” she said. “I’m a pro-choice person—my body, my choice.”

ocrats have left me so disillusioned,” she said.

Ms. Genovese described herself as “far-left” on global warming and gay rights and said it was a tough decision to support Republicans during the pandemic. She said she would probably back the Republican Thomas H. Kean Jr. for Congress this fall.

“I’m a pro-choice person—my body, my choice,” she said, applying a phrase from the debate over abortion to the issue of mask and vaccine mandates.

Bridgewater, an upper-middle-class suburb in northern New Jersey, last fall backed the GOP’s Mr. Ciattarelli by 5 percentage points over Mr. Murphy just one year after it delivered Joe Biden’s campaign a 12-point

The defection of once-loyal voters could hurt Democrats in the midterms.

victory. Statewide, Mr. Murphy won by 3 percentage points; Mr. Biden won by 16 points.

Bridgewater is in New Jersey’s Seventh Congressional District, represented by Democrat Tom Malinowski, whose likely challenger is Mr. Kean, a former state lawmaker and son of a former New Jersey governor. The state legislature’s Democrats redrew the district this year, making several other districts safer for Democratic incumbents while jeopardizing Mr. Malinowski’s re-election. The district remains majority Democratic, but by a 3.7-point margin instead of 9.9 points.

Mr. Malinowski pushed to reopen schools in early 2021, calling on the Biden administration

to ensure teachers were among the first to be vaccinated and urging state officials to do the same. Still, he said, “There has been a lot of frustration over the impact on families and kids staying home that some Democrats were slow to recognize.”

Mr. Kean said he has seen pandemic frustration manifested in the campaign as inflation has become a concern. “We lost an entire year of learning,” he said, “and New Jersey only got less and less affordable.”

Rachel Keane, a 35-year-old registered nurse and mother of two just outside the district in West Orange, N.J., said she had never voted Republican until last fall, when she opted for Mr. Ciattarelli and every other Republican candidate on her ballot. She had always supported Democrats without a second thought, but her anger over the governor’s mask requirements for children made her question that loyalty. “I knew I wasn’t going to vote for Murphy, but wasn’t sure if I was going to leave it blank or what,” she said. “Then I just got angry...And I voted Republican all the way down the line.”

She said Mr. Murphy was too slow to push for a return to the classroom, which raised doubts for her about whether schools would open and stay open. That stress prompted her to keep her 5-year-old in private daycare instead of sending him to kindergarten, which has cost her family about \$1,200 a month. She said she remained distressed about her party and wasn’t sure how she would vote this fall.

Ben Ashfield and Tammy Tiranasar, self-described former liberals who now vote Republican, opened The Village Electric, a co-learning center in Mountainside, N.J., aimed at like-minded families during the pandemic. The center operates

as a de facto school for homeschool families, and it attracted parents and staff who wanted to be part of an education system that didn’t require masks or ask about vaccine status.

One of the teachers, 56-year-old Donna Davis, said she had been a Democratic voter until the pandemic, when the Republican push to keep the economy open made her more receptive to conservative candidates. When schools started requiring masks and pushing for vaccines, she didn’t want to do either to return to the classroom and thought her teaching days were over—until she heard about the learning center. She supported Mr. Ciattarelli and plans to vote Republican this fall.

Pandemic struggles

For Ms. Loughran, a family health crisis magnified pandemic struggles. On March 13, 2020, the day President Trump declared the coronavirus a national emergency, the Loughrans learned their 11-month-old boy Finn had Tay-Sachs disease. The rare disorder attacks nerve cells and is what the Loughrans believed had taken their 14-month-old first child, Sylvia, in 2012.

Ms. Loughran had learned to sew to cope with the heartbreak. After Finn’s diagnosis, her husband, a 42-year-old IT consultant, persuaded her to do something with the fabric scraps strewn around the house. She stitched a mask, a fox print inspired by her son’s nickname, Finny the Fox.

A picture of the mask on Facebook promoted an outpouring of help from friends and strangers who made and distributed more masks. She incorporated The Mask Squad, a nonprofit whose volunteers made up to 100 masks a day.



Finn’s treatment was grueling and isolating. Covid restrictions meant she was the only family member present when he was hospitalized. After doctors exhausted their options, her living room functioned as a classroom, playroom and hospice. Finn died at 17 months on Oct. 3, 2020, at home in his mother’s arms.

“It was impossible,” said Ms. Loughran, “and I had a lot of support.” She channeled her grief into working to return some normalcy by getting her daughters back to school. The eldest, Sarafina, was in first grade and still attending school virtually. The youngest, Eilish, would start kindergarten in the fall of 2021.

Ms. Loughran attended school-board meetings and began pushing for the schools to reopen. In March 2021, she was a featured speaker at a rally organized by parents who wanted the district to reopen schools full time. The issue was becoming her priority, but the only elected officials she saw when she looked around the rally were Republicans.

“Jennifer brought a lot of energy and a lot of compassion,” said Adam Juechter, a 56-year-old software salesman involved with the open-schools group. “This was about the kids, not politics, and there was a level of credibility she was able to give the group and to our goal.”

Her Mask Squad was apolitical but attracted support from many neighborhood Democrats. The school group was mainly Republican parents such as Mr. Juechter. Their rally included speeches from conservative politicians including Mr. Ciattarelli, who had grown up in neighboring Raritan and represented the area as a state lawmaker.

“Everybody wanted their kids back in school—it wasn’t just Republicans,” Ms. Loughran said. “But we couldn’t stop fighting about it.” The debate felt like an ideological crisis, she said. “I didn’t understand where I fit.”

Ms. Loughran had a foot in the mask movement and another in the back-to-school effort, and friends from both persuaded her to run for school board. The idea of helping unify her neighborhood appealed to her.

Days before the gubernatorial election, she remained torn. She sharply disagreed with Mr. Ciattarelli’s views on climate change and social issues.

Mr. Loughran encouraged his wife to attend the Republican candidate’s rally in Bridgewater on the campaign’s final day. She viewed Mr. Ciattarelli as the “hometown guy” and liked that he pushed to reopen schools and didn’t attack Mr. Murphy in his speech.

When Mr. Ciattarelli vowed to win over the “1%” of the crowd that wasn’t already supporting him, Ms. Loughran’s friends from the school-reopening group gave her encouraging looks.

Ms. Loughran ran from the rally, still struggling with her vote and not wanting her presence captured by cameras. Her grandmother and aunts, staunch Democrats, had marched with Martin Luther King Jr., and Ms. Loughran worried about betraying them. She weighed her support for Democratic positions on cultural issues and how her support for a Republican might disappoint her gay and transgender friends.

The next day, she cast her ballot for the Republican—what she described as a pragmatic calculation in which her family and community would be best served by the “local guy.”

Although Mr. Ciattarelli came up short, Ms. Loughran won a school-board seat in the non-partisan race. She was sworn in during a virtual meeting in January with a picture of Finn behind her. In March, she celebrated a unanimous vote from the board to lift the mask mandate.

“The lesson I took away from this was that people are capable of rising to the occasion without being mandated by the government,” she said. “Government isn’t the solution. It’s a tool, and we need to be more skilled at using it.”

In February, Ms. Loughran had attended a meet-and-greet with Mr. Malinowski, the Democratic congressman. He made small talk with her about Skateistan, an international nonprofit group that teaches skateboarding to underprivileged kids, she said.

She joked that she was impressed by his skateboarding acumen but added that she still had more to learn before deciding how to vote this fall.

—Chad Day contributed to this article.



Rachel Keane says she had never voted Republican until last fall. Her anger over the New Jersey governor’s mask requirements for children made her question her loyalty to the Democrats.



Donna Davis, a teacher at The Village Electric in Mountainside, N.J., which operates as a de facto school for homeschool families, didn’t support school mask or vaccine requirements.



Sure, Work Makes Us Want To Swear. But Should You?



WORK & LIFE
RACHEL FEINTZEIG

Can you say \$%*!@ at work? There are infinite reasons to want to utter profanity these days: The cost of everything is rising, the pandemic is lingering into year three, the link to that videoconference you can't miss doesn't work. During months at home, we got comfortable and said what we wanted—even when it was a four-letter word. Some of us are bringing that authenticity, fresh perspective and casualness back to the office. An analysis from Sentio, a financial-intelligence platform, found that expletives in transcripts of quarterly earnings calls, investor conferences and shareholder meetings rose to a five-year high in 2021, when 166 such transcripts contained foul language. In the first three months of this year, 50 transcripts contained expletives, up from 42 last year. "Business formality is on the way out," says Nick Mazing, Sentio's director of research. Back in 2020, he noticed a lot of sober language in transcripts, and talk of gratitude. Now, many appear to be saying f— it.

Still, deploy a curse word at the wrong moment, or in the wrong company, and it can swiftly derail your career. Nancy Halpern, a leadership consultant who helps executives navigate office politics, recommends looking two rungs above you on the organizational chart to determine what language is acceptable at your company. Try to decouple swearing from complaining, she says, so you don't come across as doubly negative. Avoid dropping curse words in email or while addressing a large group—you don't want the comments to be shared widely, where they could lose context. And do it sparingly. "Don't let it be default," she says. "Let it be by choice." Done right, swearing can provide an emotional release, psychologically gird you to withstand pain and cement team ties, says Danette Ifert Johnson, the provost of Kalamazoo College, who has researched swearing at work. "It kind of feels that we're suddenly on a very human, raw, honest level," Agnes Naseniece, who works in human resources in Calgary, Alberta, says of sharing a moment of profanity with colleagues. The 31-year-old bonded with one co-worker when she found him muttering swear words under his breath by a malfunctioning printer at the office. When her team was recently exhausted, trying to figure out new company software, they peppered in some F words, and it



served as a reminder they were all in the same boat, muddling through as best they could, she says. Her rules: She's never the first one to let an expletive slip, and she never does it in front of bosses. In meetings, Jennifer Bosworth will express what she really thinks (for example, this is \$%*!@-ing \$%!#) under her desk in American Sign Language. A former interpreter, the community-college administrator finds it to be a safe way to vent her frustrations among those who might not be fans of profanity. In smaller conversations with people she trusts, Ms. Bosworth

lets her favorite curse word—the one that starts with F—fly. She has noticed others are turning to spicy language, too. Recently, one of her higher-ups used the word "damn" on a conference call. "I almost unmuted and went, 'Hell yeah,'" she says. A well-placed expletive can cut through tension. McKenzie Mortensen Ross, who lives in Gig Harbor, Wash., and works for a semiconductor company, is often the only woman in the (virtual) room during meetings. "I'm part of the scenery until someone, for example, drops an F-bomb," she says.

Then all of a sudden, there's a chorus of apologies directed her way. Her response? "You never have to f—ing excuse yourself to me," she tells them. Everyone laughs; the room relaxes. Ms. Ross, who has a bomb-shaped paperweight on her desk emblazoned with an F, loves the taboo nature of four-letter words. "There's something visceral about it," she says. "It just feels good." But she says it's the swearer's responsibility to read the room, and immediately apologize if a listener bristles. "If there is a situation where you maybe cross the line, just own it," she says. "Things don't always land." Mark Troy knows from experience. The 61-year-old, who recently retired after a 35-year career in law, can still recall the mistake he made more than a decade ago, when he stood up in front of all the partners at his new law firm and made a joke about a case, punctuated by the F-word. "This haunted me," he says. At the time, all he heard was laughter. But as the years passed, it became clear that some senior partners had taken umbrage. They mentioned it to him at firm events. They didn't pass along cases to him. Mr. Troy had thought that using the word would make him seem laid-back and funny. Instead, "the other partners remembered me for being a smartass and snarky," he says. Some didn't want to work with him, he says, adding that he took care not to swear at work after that. Wil Reynolds tried to cut back.

Years ago, the chief executive of digital-marketing agency Seer Interactive came across feedback from attendees of a conference where he had spoken. They complained his language was unprofessional. So he cleaned up his act for his next few appearances, only to find himself stumbling on stage—pausing randomly, not communicating his points clearly. The 45-year-old had grown up with comedians like Richard Pryor playing in the background at his home in New Jersey. "You have to be willing to accept that some people have been raised in a way you weren't," he says. Mr. Reynolds went back to the swearing, but he does it only to describe something positive, like an employee who's crushed it on a project. To him, swearing is the same as the dreadlocks in his hair or the flip flops he wears on stage at conferences. It makes him feel like himself—confident, comfortable, able to do better work. "If I'm kicking ass at my job, shouldn't that be what it's about?" he says.

'Everything' Tackles Multiverse and More

By JOHN JURGENSEN

IN AN ALTERNATE REALITY, "Everything Everywhere All at Once" would be a big-budget streaming movie starring an All-American actor dude, with glossy visual effects, a PG-13 rating and zero sex toys used as weapons. In our current reality, "Everything Everywhere All at Once" stars 59-year-old Michelle Yeoh as a failing mom and wife who discovers countless versions of herself coexisting across a multiverse. As a mid-budget production in the \$20 million range getting an ambitious push in theaters, it represents an increasingly rare thing in the movie world. As an R-rated sci-fi action comedy featuring a tender family story and martial-arts fights (including a few involving risqué weaponry), the film is objectively unique. The filmmakers behind it say they balanced their wilder artistic instincts with their quest to please crowds. "For the purpose of selling tickets, we want to be just as entertaining as an action blockbuster is," says Daniel Scheinert, who wrote and directed the film with Daniel Kwan. The duo works under the moniker Daniels. "Everything Everywhere," which got a nationwide release over the weekend, arrives as the multiverse

concept goes mainstream. The theory—that the universe as we perceive it is just one among many parallel universes—has been explored in physics and philosophy for ages. In entertainment, the multiverse has caught on as a fresher premise than time travel. It also gives franchise-focused movie and TV studios a handy way to tie characters and story lines together. "Doctor Strange in the Multiverse of Madness," a major May release, links elements in the sprawl of intellectual property known as the Marvel Cinematic Universe. A time/space portal in the most recent "Spider-Man" united three Hollywood stars who played the role. Instead of playing with three or four variants of their hero, Daniels embraced the "logic-busting craziness" of the multiverse concept to introduce dozens. The filmmakers say they made a metaphor for the often chaotic prism effect of contemporary life, especially online. "To us, it's about the collision of narratives and points of view, all these different versions of existence that we see living on the internet. It's not sci-fi. It's happening all the time," Mr. Kwan says. Ms. Yeoh's character is Evelyn Wang. She feels beleaguered by family pressures, a laundromat business and an audit by a surly IRS official



Michelle Yeoh portrays a failing mom and wife—and a multitude of variants.

(Jamie Lee Curtis). Evelyn's existence turns into something akin to "The Matrix" when her husband (Ke Huy Quan) yanks her into a dimension-hopping mission to stop a villain from spreading chaos across the multiverse. That villain happens to be a version of their daughter (Stephanie Hsu). To survive—and deal with her broken relationships—Evelyn learns to tap the abilities that more competent Evelyns in alternate realities possess, from Kung Fu to empathy. The movie's casting reinforces the theme of parallel identities. It is Mr. Quan's first major movie role since "Indiana Jones and the Temple of

Doom" and "The Goonies" in the 1980s. He spent the intervening years in behind-the-scenes roles such as fight choreography. Ms. Yeoh's 38-year career spans Hong Kong action movies and global hits such as "Crouching Tiger, Hidden Dragon" and "Crazy Rich Asians." The actress says the notion of cycling through personas is a familiar one. "I guess I've been rehearsing all my life for this to come together," she says. Famous for serene and graceful characters, Ms. Yeoh had to adopt a frumpy look and up her comedy game to portray Evelyn. One challenge for the veteran screen

fighter: making her character's martial arts moves look clumsy at first. The movie's hair, makeup and costume departments created 25 looks for Ms. Yeoh. Various versions of Evelyn fly by in a kind of shuffle mode. The filmmakers used visual effects to place her in different worlds—space, underwater, anime. "At a certain point we told our visual-effects artists, any time you're bored, here are the elements, make some Evelyns," Mr. Scheinert recalls. On "Everything Everywhere," a project that started six years ago, Daniels anchored their take on the multiverse in Evelyn's human dilemma. "A woman who realizes she has the potential to connect to any version of herself, because she is specifically the worst version of herself. At our lowest, it's hard for anyone to avoid that thought," Mr. Kwan says, noting that this angle helped get producers onboard. Independent studio A24 has promoted the film as a must-see in theaters, including a limited release on IMAX screens. In a limited March premiere, "Everything Everywhere" scored a higher per-screen average in ticket sales than any movie this year. Positive reviews have come in from critics and other filmmakers. In the story line of the directors' career, "Everything Everywhere" is likely to be an inflection point. It is the kind of statement movie indie filmmakers use as a ticket into making big franchise projects under the banner of Marvel or Star Wars. Daniels say they have no plans to follow that route, though they are open to scaling up.

PERSONAL JOURNAL.

Tech Offers Help as Menopause Arises

Startups market apps, telehealth services to women in their 40s and 50s, but there are right and wrong ways to use them



**FAMILY
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New apps and telehealth services are providing women in middle age more access to health expertise, education and support to help them during menopause.

Many women are often confused about where they fall on the menopause continuum. It isn't like you wake up one night in a sweat and suddenly you're in menopause. Perimenopause begins a few years before actual menopause, which is defined as having had no menstrual cycle for a year. Perimenopausal symptoms, which range from insomnia to irritability, can be subtle and hard to distinguish from other conditions.

Menopause and the years leading up to it shouldn't be a time to mourn. A good way to understand where you are is to track your cycle and your symptoms, with an app such as MenoLife.

Tech startups are now catering to the growing number of women in their 40s and 50s who want to take charge—and who haven't always had doctors who understood menopause well enough to recognize and treat its many symptoms.

But women need to be cautious, especially when dealing with online services that sell supplements that promise to ease symptoms, or prescribe hormones and antidepressants without properly assessing patients.

"It's kind of buyer beware out there. There's a lot of cowboy stuff going on," said Stephanie Faubion, director of Mayo Clinic



Keeping fit can relieve menopausal changes.

Women's Health and medical director of the North American Menopause Society. She said some companies pitching Mayo for partnerships lack substance and appear only to be trying to make money off women.

Here are several new apps and services that offer non-medical approaches designed to help women navigate this life stage, as well as what doctors say about pursuing hormone therapy via telehealth services like Evernow.

Nutrition and fitness B.Untethered, founded by nutrition entrepreneur Anissa Buckley, is developing the MyMeno app, expected to

land in the Apple App Store and Google Play store this month. (You can sign up for a launch alert.) The \$10-a-month app will provide nutrition plans specific to women in midlife. As women enter middle age, some find they are gaining weight as their estrogen levels decline. Ms. Buckley said women in their mid-40s and up should decrease the calories they get from carbs, and increase their intake of protein. Independent experts agree with this advice. Ms. Buckley said the app will provide women with a personalized macronutrient plan so they can make these shifts in their diet.

Keeping fit is also a part

of mitigating menopausal changes. Ms. Buckley said MyMeno will eventually include recommended exercises.

Behavioral therapy Caria is an app with a 40-day care protocol, using cognitive behavioral therapy and goal-setting to help alleviate menopause symptoms. Each day, women can learn about different aspects of menopause, listen to guided meditations and follow stretching exercises.

There is evidence that cognitive behavioral therapy—aimed to help patients identify and change destructive thought patterns—can be effective in alleviating hot flashes and heart palpitations. Caria has partnered with the University of Illinois Chicago on a clinical trial to study the efficacy of the app's protocol.

The app is free, but there is a \$6-a-month premium version that gives users more programs for symptom management.

Community support

Social support is also important for women going through menopause, doctors say. There are several apps that offer ways to communicate with other women, including Perry, an app specifically for women in perimenopause; the Balance app for menopausal women, and Peanut, a moms app that recently added a community for women in menopause.

"Menopause is part of life and it's important to talk about it," said Mary Rosser, director of integrated women's health at Columbia University's department of obstetrics and gynecology. "My mother's generation didn't talk about it, they whispered about it. Menopause is a transition—it's not the beginning of the end."

Hormone-replacement therapy

For many women experiencing significant menopause symptoms, doctors say hormone-replacement therapy is safe and effective. But women who turn to telehealth platforms for it need

to make sure there is proper screening to determine whether they're a candidate.

Women with a history of breast cancer shouldn't be prescribed hormones, for instance. And overweight women are at higher risk of heart disease and blood clots, and oral estrogen carries a higher blood-clot risk, Mayo Clinic's Dr. Faubion said.

You also don't want to feel like a prescription was too easy to come by. Some telehealth startups, such as ones prescribing medication for attention-deficit/hyperactivity disorder, have been accused recently of pressuring clinicians to prescribe drugs to patients without conducting thorough assessments.

Through the app, women can request a telehealth appointment with a Mayo Clinic doctor before being prescribed medication.

The app, expected for the iPhone by summer (and later for Android), will have a subscription model, though pricing isn't finalized.

Telehealth startup Evernow, focused on menopause, just announced funding that included investment from celebrities—and members of the target audience—Gwyneth Paltrow, Drew Barrymore and Cameron Diaz.

Women have to submit a photo ID for identity verification, complete a detailed online health profile and consult with a clinician be-



Startup Evernow prescribes hormones and antidepressants.

When approaching telehealth, Dr. Faubion recommends looking out for these key issues:

- ▶ Is there time to have all your questions answered?
- ▶ Is the clinician explaining the medication's benefits and risks?
- ▶ Is there follow-up with doctors after medication is prescribed?
- ▶ How does the provider assess the treatment's effectiveness?
- ▶ Can you access your prescription history to share with your primary-care physician?

The Mayo Clinic designed an algorithm for a new app from digital women's health platform Lisa Health to determine eligibility for various menopause treatments.

fore being prescribed hormones or antidepressants for menopause symptoms. Communication between doctors and patients is primarily over text message. The service, available in 33 states, costs \$129 a month and isn't covered by insurance.

Evernow founder Alicia Jackson said early tests showed patients preferred texting to video or phone calls, because it lets them communicate on their own time. (Phone calls are also an option.)

Evernow expects women to report accurate information about things like their blood pressure and mammogram results. If there is no improvement in a patient's symptoms, the service halts treatment and recommends an in-person doctor visit.

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Peanut, an app for moms, recently added a community for women in menopause.

ARTS IN REVIEW



By LEE LAWRENCE

ART REVIEW

Beauty in the Ugliness Of Strange Stones

Outside the Museum of Fine Arts, Boston, in the green to the left of the main entrance, stands a large hunk of limestone. It isn't part of "Art Rocks," the last in the three-part series of "Weng Family Collection of Chinese Painting" exhibitions, but it offers a wonderful prologue. Massive, ungainly and pockmarked, the gray stone rises some 14 feet, as though lava had shot up from the pedestal, hit cold air and solidified into a misshapen mushroom. Pretty it is not. But intriguing and compelling? Absolutely.

In "Art Rocks," Nancy Berliner, the museum's senior curator of Chinese art, gives us a sense of the culture that grew up around such *guai shi*, or "strange stones," and how integral they are to China's visual arts. By the Song dynasty (960-1279), art connoisseurs were classifying them into types—the limestone described above is a *taihu* rock, after a lake where centuries of currents, storms and loose pebbles carved and shaped submerged boulders. Scholars praised rocks in poems and included them in landscape paintings. And they elaborated aesthetic criteria by which to judge them. Chief among these are wrinkled and textured surfaces, cavities and perforations, asymmetry and "awkwardness"—characteristics they saw as natural and powerful manifestations of *qi*, the energy that pervades all, animate and inanimate alike.

The elite were also collecting them, placing large ones in gardens and bringing smaller ones indoors. The show evokes this by using a partition that emulates a wall and moon gate to create an outdoor/indoor divide. We start in the outdoor space, where works give us some history and context. Paintings of a famous garden, for example, tell of Weng Xincun (1791-1862) and Mi Fu, an 11th-century official famous for his reverence for rocks. And a 39-foot handscroll records artist Shen Zhou's 1499 journey to the Zhang Gong Grotto in text and painting. In the portion on display, a man stands inside a cave, dwarfed by the monumentality of the mountain, four towering rocks, and countless stalactites.

We also encounter two rocks, one of which stands five feet tall. It is narrow at its base and broadens in such irregular bulges and shapes that, no matter where we stand, there is no making sense of its form. So we stop trying. It is a coveted *lingbi* stone, and the longer we contemplate its lines, veins, ridges, hollows and outcrops, the more dynamic it feels.

At the moon gate we get a primer for what's to come. On one side, an album gathers paintings of rocks in which Aisin-Gioro Yung iong (1743-1790), son of the Qianlong Emperor, uses a different traditional brushstroke for each—angular lines, dashes and dots, fluid



Jin Nong, 'Landscapes After the Ancient Masters' (1757), top; *lingbi* rock with wooden base (18th-19th century), above; Ju Lian, 'Rocks and Flowers' (c. 1888), bottom left; Peking glass in shape of a rock (18th century).

strokes, "boneless" washes. On the other, a video shows Liu Dan, a contemporary Beijing artist, deploying a similar range of calligraphic techniques to capture the myriad textures of a rock, for the connection between rocks and brushstrokes runs deep. In de-

scribing the aesthetics of calligraphy, the esteemed 17th-century calligrapher Fu Ching-Chu hailed works that were clumsy, ugly and spontaneous—descriptions that echo the qualities of a fine scholar's stone.

Among the paintings on the

other side of the moon gate, the 1708 "Finger Paintings of Flowers" takes this to the extreme. Here, Gao Qiwei (1660-1734) forgoes the brush, transmitting the energy of his fingers directly onto the paper as he draws a ragged stone with large, uneven perforations and,

along one edge, a sprig of grasses, their thinness and regularity providing a delicate counterpoint. Elsewhere, slim, feathery bamboo and broad, gently scalloped leaves of banana trees balance out the erratic lines and weighty mass of towering rocks in landscapes and idyllic outdoor scenes. Particularly affecting is Gu Ying's early 17th-century "Narcissus," where stone and flower meet in a composition so asymmetric it should slide right off the page. Yet, like a scholar's rock, it holds fast.

This section also includes two rocks, both small, both *lingbi*. One illustrates some collectors' fondness for rocks that emulate a recognizable form, in this case a fruit nicknamed "Buddha's Hand." One of several portraits made of this stone is displayed with it. Another, some seven inches long and four inches high, did double duty on a scholar's desk. As an object of contemplation, the rock brought the scholar in touch with the forces that shaped this miniature range of gnarly, striated mountains. When the scholar had ground ink and unfurled a length of paper, however, its peaks and valleys provided an elegant brush rest—and maybe even inspired a way to paint mountains in a landscape.

There have been other shows in the U.S. highlighting scholars' rocks, but nowhere near enough. With any luck, "Art Rocks" will inspire more institutions to bring these works of nature into direct conversation with some of the art in their collections. Whether the shows end up being big, small or, as is the case here, medium-size, the exchanges promise to be rich.

"Weng Family Collection of Chinese Painting: Art Rocks," Museum of Fine Arts, Boston, through May 3

Ms. Lawrence writes about Asian and Islamic art for the Journal.



SPORTS

Scottie Scheffler Wins the Masters

The 25-year-old American took his first major, riding a stretch that has established him as golf's pre-eminent young star

By Andrew Beaton

Augusta, Ga.

Scottie Scheffler's lead, which had reached seven strokes a day earlier, had almost entirely vanished in the final round of the Masters. He led Cameron Smith by just one when he terribly mishit his drive on the third hole. His ball was closer to the concession hut offering pimento cheese sandwiches than the green or the fairway.

But in this perilous moment—facing the type of mistake that has broken many past would-be champions at Augusta National Golf Club—Scheffler was playful with the crowd and elicited laughs before he swung. Even after that chip ended up well short of the elevated green, his steady and calm demeanor prevailed again: He sunk a chip for birdie to save his round.

Now Scottie Scheffler is the proud owner of his very own green jacket.

Scheffler won his first career major here at 10-under par, three strokes ahead of Rory McIlroy, who tied the lowest final round in Masters history to climb into second. The victory burnishes the dominating run of a 25-year-old American who has suddenly exhibited a strangeness of the professional golf world.

"My head is still kind of spinning," Scheffler said afterward.

Scheffler won his first PGA Tour tournament in February. Just 42 days later, he was the No. 1 ranked golfer in the world—the fastest rise ever between a first win and topping the rankings. He has won a remarkable four out of his last six starts during a run that has established him as golf's pre-eminent young star.

"The golf he's played the last couple months, it's nuts," fellow American Justin Thomas said Saturday.

On a course that for the first three days frustrated the world's best golfers—only seven were under par going into the final round—Scheffler entered the final round with a three-stroke lead over Smith, a mulleted Australian with a wispy blond mustache. After Smith birdied the first two holes of the day, that lead had winnowed to just one.

It was looking like a duel between two of the best—and hottest—golfers on the planet. Scheffler was riding that phenomenal run even before this season's first major. Smith, No. 6 in the world rankings entering this event, has already won twice on tour this year, including the prestigious Players Championship in March.

But Scheffler has a knack for responding to his most difficult moments with aplomb. After just four holes, following his chip-in birdie and back-to-back bogeys from Smith, his advantage quickly returned to four. The lead was never



Scottie Scheffler finished the Masters at 10-under par, three strokes ahead of Rory McIlroy. Scheffler has won a remarkable four out of his last six starts.

smaller than three for the rest of the day.

Smith faded late with a triple-bogey on the par-3 12th hole and finished tied for third at 5-under. McIlroy, who surged for the second-place finish capped off by holing out from the bunker on No. 18, shot a historic 8-under for the day, but had too much ground to make up to seriously contend after beginning the day 1-over. Collin Morikawa, playing with McIlroy, then matched with his own chip-in from the sand during a scene that thrilled the gallery.

Scheffler entered the weekend at 8-under par with a five-stroke lead that had swelled to seven during the third round. For a time, it looked like he could completely run away for it before the fourth round even began.

Yet while Smith went lower Saturday, Scheffler went bogey-birdie-bogey-bogey on hole Nos. 12 through 15. Scheffler recovered a stroke with a birdie on the 17th before a moment on 18 that could

have plunged his fortunes into trouble: Scheffler muffed his drive terribly to the left, setting off a search-and-rescue mission for a golf ball engulfed by a tree.

Earlier in the third round, though, when the pressure and expectations were only mounting for Scheffler, his coach observed something peculiar about how the golfer

Scheffler won his first PGA Tour tournament in February. Just 42 days later, he rose to No. 1.

was handling this moment. It begins to explain how Scheffler coolly emerged when flirting with catastrophes.

"Today," said his longtime coach Randy Smith, "he was even looser than he was yesterday." Scheffler conceded afterward

that his heart rate went up for just a brief bit when someone up ahead struggled to find his ball that sailed into trees. "Oh, crap," he thought. But it went back down once the ball was located, even though it was in an unfortunate position: trapped within a web of branches, far from the hole after the drive lost distance because of its collision with nature. He declared the ball unplayable and took a stroke and a drop onto nearby pinestraw. Then he displayed uncanny composure for someone who had never been in a situation quite like this.

From there he pulled off a bogey that was as improbable as it was impressive. He blasted a 3-iron 255 yards just barely over the green, chipped it on and nailed his putt.

"Knowing that bad things are going to happen and being able to react to those things in a positive way is extremely important," he said shortly afterward.

That led to a final round when he again had to summon that type of composure. His coach noted that,

even after Saturday's shaky finish, there were no signs he was tightening from the pressure of holding the lead 54-hole lead at the Masters.

"No doubt," Randy Smith said as he watched Scheffler on Sunday. Scheffler noted afterward that he was crying Sunday morning because of the pressure—but at peace when he finally arrived at the course.

By midway through the back-nine, as Smith repeatedly faltered, Scheffler had little to worry about. He still pulled away further with birdies on Nos. 14 and 15.

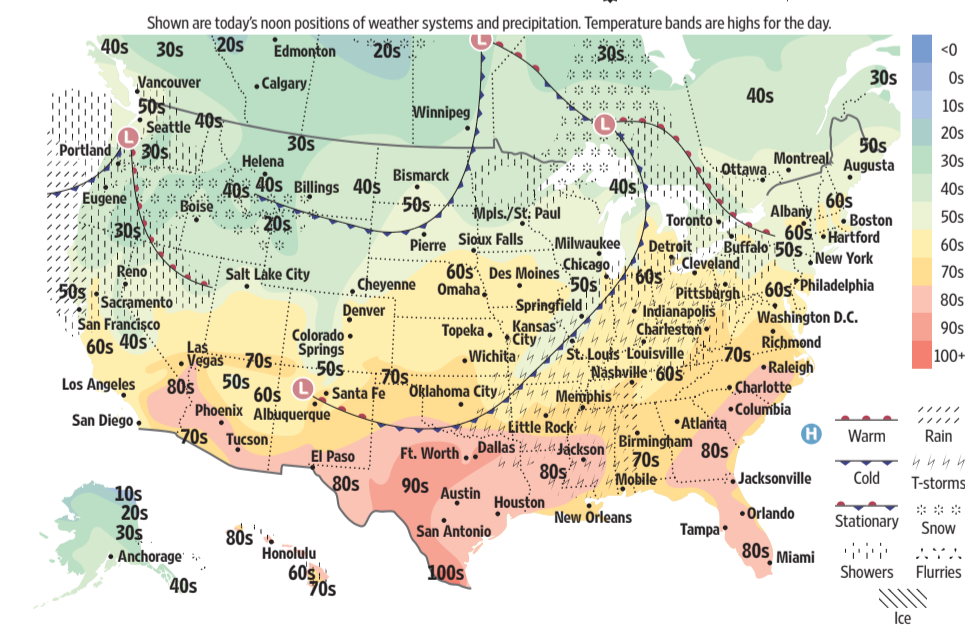
As he walked onto the green on No. 18, he took off his cap while the crowd cheered on his inevitable victory. Then he missed a birdie putt, and very short ones for par and bogey.

It was the first time, Scheffler said, he let his concentration lapse. But the four-putt double bogey didn't matter.

The only thing left was slipping on the most envied jacket in sports.

Weather

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U.S. Forecasts

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

Table with 4 columns: City, Today Hi, Today Lo, Tomorrow Hi, Tomorrow Lo. Lists major US cities and their forecasted temperatures.

Table with 4 columns: City, Today Hi, Today Lo, Tomorrow Hi, Tomorrow Lo. Lists international cities and their forecasted temperatures.

Table with 4 columns: City, Today Hi, Today Lo, Tomorrow Hi, Tomorrow Lo. Lists international cities and their forecasted temperatures.

The WSJ Daily Crossword | Edited by Mike Shenk

A crossword puzzle grid with numbers indicating the starting positions for the clues. The grid is 13 columns wide and 61 rows high.

- Down clues list: 1 Hyphen's kin, 2 Dubai leader, 3 Major League, in slang, 4 "That's repulsive!", 5 "Ah, understood", 6 Cager Shaquille, 7 Major name in farm equipment, 8 Hayride seat, 9 Phrase that might be muttered while pacing, 10 Adjective used in chemistry or architecture, 11 Hairpieces with a shocked appearance, 12 Superlative suffix, 13 Supporter's vote, 18 Bed board, 23 Cunning, 24 Florence's river, 25 Cager Patrick, 26 Utter nonsense, 27 Where to buy things secondhand, 30 "A little birdie told me...", 31 They may be moved in unfair negotiations, 32 Hwys., 35 Take the gloves off, so to speak, 36 Mine yields, 37 Deborah of "The King and I", 38 "Snowpiercer" channel, 43 Begin to wake, 44 Yardstick measure, 46 Like the elements He, Ne and Xe, 47 Maker of GroundClear weed killer, 48 Cafeteria carriers, 51 Peter the Great, for one, 52 Dispatched, 53 Ticks off, 54 Injection, informally, 55 Soccer cheer, 57 Cry accompanying an epiphany.

USE YOUR EYES! | By David W. Tuffs

- Across clues list: 1 Remove errors from, as computer code, 6 Takes too much of something, for short, 9 The missus, informally, 14 Spanish buddy, 15 Tennis court divider, 16 Preakness participant, 17 Tourist in a city, 19 Maria's friend in "West Side Story", 20 Day divs., 21 American Red Cross founder Barton, 22 Comedian Notaro, 23 Observer on a boat, 27 Decree, 28 Frat friend, 29 Binary base, 30 Not healthy, 31 Majestic, 33 Humorist's specialty, 34 1951 Hank Williams hit, and a compliment for 17-, 23-, 45- and 56-Across, 38 Brewed beverage, 39 Make a blackboard black, say, 40 One of a dozen in a carton, 41 Site of a 1960s tour of duty, 42 ___ Aviv, 43 Some cameras, 45 Hobbyist by a track, 49 Single-stranded genetic stuff, 50 Hatch of Utah, 51 CBS forensics franchise, 54 Knee-slappers and rib-tickers, 56 Enthusiast with a telescope, 58 On one's guard, 59 Your, before, 60 Mention in an acceptance speech, 61 White of "The Golden Girls", 62 "Bring help!" signal, 63 Partners of hinds.

Previous Puzzle's Solution

A grid showing the solution to a previous puzzle. The grid contains words like LIMBO, ONTIO, SOBAS, IRAN, POOP, CRUST, TANK, ETRIE, OUTIN, QUEEN, VICTORIA, YES, IPO, CID, LEDINTO, AMA, UTES, AUDIT, OFFILES, BALKI, RIV, FOOLS, ELVIN, JONES, SHOES, DYE, TENANCY, AINT, HAR, EOS, KNOCKOUT, PUNCH, FIGHT, ONIT, ALUM, ATTOOL, PIKE, RILE, MESSY, STIR, FOUR.

The contest answer is CUTE. Four letters alphabetically separate the initials of the four theme answers: Q-RSTU-V, A-BCDE-F, E-FGHI-J, K-LMNO-P. For each of these sets' four internal letters, one answer in the grid uses the four letters plus one other: CRUST, CUBED, FIGHT, MELON. Those added letters spell the contest answer.

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

OPINION

REVIEW & OUTLOOK

States of Covid Performance

More than two years into the Covid-19 pandemic, it's time to draw some conclusions about government policy and results. The most comprehensive comparative study we've seen to date was published last week as a working paper by the National Bureau of Economic Research (NBER), and it deserves wide attention.

The authors are University of Chicago economist Casey Mulligan and Stephen Moore and Phil Kerpen of the Committee to Unleash Prosperity. They compare Covid outcomes in the 50 states and District of Columbia based on three variables: the economy, education and mortality. It's a revealing study that belies much of the conventional medical and media wisdom during the pandemic, especially in its first year when severe lockdowns were described as the best, and the only moral, policy.

The nearby table shows the state ranking based on a combined score of the three variables. Utah ranks first by a considerable margin over Nebraska and Vermont. The Beehive State scored well across all three categories: fourth on the economy, fifth in education (as measured by lost days in school), and eighth in Covid mortality adjusted for a state population's age and the prevalence of obesity and diabetes (leading comorbidities for Covid deaths). The authors used a regression analysis for the economy that adjusted for state industry composition.

The top 10 in the rankings are smaller states with the notable exception of Florida, which ranks sixth. Recall how the Sunshine State's decision to open itself relatively soon after the first lockdowns was derided as cruel and destructive. Gov. Ron DeSantis was called "Governor DeathSentence."

The study ranks Florida 28th in mortality, in the middle off the pack and about the same as California, which ranks 27th despite its far more stringent lockdowns and school closures. But Florida ranks third for the least education loss and 13th in economic performance. California ranks 47th overall because its shutdowns crushed the economy (40th) and in-person school (50th).

In other words, Florida did about average

on mortality as other states, but it did far better in protecting its citizens from severe economic harm and its children from lost schooling. "The correlation between health and economy scores is essentially zero," say the authors, "which suggests that states that withdrew the most from economic activity did not significantly improve health by doing so."

The NBER working paper presents the data straight without policy conclusions, but here's one of ours: The severe lockdown states suffered much more on overall social well-being in return for relatively little comparative benefit on health.

The most extreme example of this tradeoff is Hawaii, an isolated island state with an economy heavily dependent on tourism. The state came closest of any to imposing a version of China's zero-Covid policy as it shut down travel to the islands. The result was a stellar performance on mortality—first by a big margin. But it finished last in economic performance and 46th in education.

The bottom 10 are dominated by states and D.C. that had the most stringent lockdowns and were among the last to reopen schools. Their economies are for the most part still behind most others in recovering from the pandemic.

New York, whose former Governor Andrew Cuomo was celebrated as a Covid hero, ranks 49th. Albany's severe and overlong economic shutdown (48th) had no payoff in mortality (47th). New Jersey ranks last with a miserable performance across the board. Gov. Phil Murphy didn't save lives, but he did savage the economy and punish students as he followed the teachers union demands on school closures to rank 41st on education.

Another lesson we'd draw that the authors don't in their paper: Thank the U.S. Constitution for our federalist system of government. States were largely able to implement their own policies. The outcomes would have been much worse had Washington imposed a single national policy as dictated by the federal bureaucracy.

Let's hope we absorb the lessons of these state outcomes for how to respond to the next pandemic—and there will be a next one.

Top 10 and Bottom 10 States During Covid-19, Combined Score Measured by Economy, Education and Mortality

Utah	3.64	N.J.	-3.61
Neb.	3.25	D.C.	-3.30
Vt.	3.24	N.Y.	-2.94
Mont.	2.29	N.M.	-2.61
S.D.	2.08	Calif.	-2.51
Fla.	2.04	Ill.	-2.28
N.H.	1.99	M.D.	-1.64
Maine	1.95	Nev.	-1.57
Ark.	1.88	Conn.	-1.51
Idaho	1.63	Penn.	-1.45

Source: "A Final Report Card on the States' Response to Covid-19," NBER

Boris Johnson Tours Kiev

Boris Johnson may have messed up British energy policy, but the Prime Minister has been stalwart in support of Ukraine against Russia. His latest effort was a personal trip to Kiev to visit President Volodymyr Zelensky on the weekend, including a one-on-one meeting and a stroll through the streets.

Call it a photo-op if you like, but this one matters. Ukraine has won the battle of Kiev, which Mr. Johnson called "the greatest feat of arms of the 21st century." European Commission President Ursula von der Leyen also visited Kiev and offered a fast-track to European Union membership.

This solidarity sends an important political signal of European support, though it's not as crucial as more and heavier weapons as a new campaign in eastern Ukraine unfolds. Britain is sending 120 armored vehicles and new antiship missiles to Ukraine. The latter could help deter a Russian attempt at a marine landing against Odessa on the Black Sea.

The Biden Administration says it's also sending more weapons, but our sources say the flow is still too slow. President Biden, please follow the Prime Minister and help Ukraine win this war, not merely survive it.

Emmanuel Macron's French Squeeze

Emmanuel Macron expected to have an easy path to re-election as French President, and he campaigned like it. But voters have a way of disrupting complacency, and they sent him a clear warning in Sunday's first election round.

Mr. Macron finished first but too close for comfort in the crowded field, with some 29% of the vote. In two weeks he'll face Marine Le Pen, the right-wing tribune with about 24%, beating Jean-Luc Mélenchon (a French Bernie Sanders) for second and a spot in the April 24 runoff. Mr. Macron's supporters note he improved on his 24% first-round result in 2017, but then he was the outsider.

Ms. Le Pen improved her vote share, too, compared with 21% five years ago. More troubling for Mr. Macron is that polling for a second round has tightened. A YouGov poll Friday suggested Mr. Macron could win as narrowly as 51% to 49%. Ms. Le Pen enjoys more support among younger voters, beating Mr. Macron in every age group under 55—and by 56% to 44% in the 18-24 cohort.

This is dangerous for an incumbent. Mr. Macron has failed to ignite the sort of dynamism that was supposed to make France an appealing place to be young again. Instead, the French economy continues to underperform, as it did even before the pandemic.

Inflation in particular is a political wild card, running at 5.1% and raising costs of everyday life for the middle class. Overall unemployment is 7.4% and, despite progress during his term, the unemployment rate for those under 25 is 16.4%. Mr. Macron's promises from five years ago, to turn France into a hub of entrepreneur-

ship with a focus on opportunities for younger people, remain only partly fulfilled.

Mr. Macron shifted his focus too quickly to vanity projects that have little to do with the lives of ordinary voters—and sometimes hurt them. After some initial successes with labor-law reform, Mr. Macron derailed his presidency with a tax increase on diesel fuel. This piece of green posturing sparked the yellow-vest protests in late 2018 from which his administration has never fully recovered.

With his domestic reform agenda on ice, Mr. Macron instead turned to matters such as a global tax raid on large American companies. He failed again this month to sell his European Union peers on that idea. He has also pressed grander plans for the EU, with himself as titular leader, despite popular skepticism on the French right and left.

The runoff stakes will be especially high for Europe's policy toward Russia and the war on Ukraine. Mr. Macron has long fancied himself a Vladimir Putin whisperer, like Angela Merkel in Germany. He has nothing to show for it, but at least he hasn't obstructed the North Atlantic Treaty Organization's aid for Ukraine.

Ms. Le Pen talks as if she thinks Mr. Putin should be a French ally, and she is deeply hostile to NATO. Her economics are a right-wing version of dirigiste government intervention hostile to free trade. But such politicians can prosper in times of economic insecurity and a war in Europe's east. Mr. Macron will have to fight for a second term, and he can start renewing his case for revitalizing the French economy.

A new study compares outcomes on economy, education and health.

LETTERS TO THE EDITOR

What to Do on Gas Prices? Ro Khanna Replies

Your editorial "Gasoline Price Amnesia" (April 6) omits my advocacy for bipartisan policies to increase short-term oil production. I strongly support the president's decision to release 180 million barrels of oil from the Strategic Petroleum Reserve. I have also called for the government to buy oil to refill our reserves, guaranteeing a floor price that economists agree will boost production.

Americans are getting fleeced with a 29% year-to-date increase in oil prices and a 20% increase in gas prices in the past month. Big Oil is making record profits as a result of Vladimir Putin's war and putting billions into stock buybacks. My wind-fall-profit tax, proposed with Sen. Sheldon Whitehouse, will go after corporate profiteering and give an inflation rebate to Americans to help with gas bills.

There is nothing stopping Big Oil from ramping up production to bring down prices. Their CEOs admitted this in a recent survey. Instead, they retrain production because their investors on Wall Street would rather pocket the profits than invest in new projects. My bill with Mr. Whitehouse will incentivize short-term production and a decline in gas prices similar to what happened in the early 1980s.

In the long run, what will bring price stability is investment in renewable energy. That's why six months ago I called on oil companies to in-

vest more in renewable energy and diversify their energy sources consistent with their commitment to the Paris accord.

In 1961, President John F. Kennedy challenged us to win the Soviet space race. In this century, we need a moonshot for renewable energy to end our dependence on petro-authoritarian regimes in Russia, Iran, Venezuela and Saudi Arabia. By achieving energy independence, we can ensure that liberal democracy prevails over authoritarian regimes.

REP. RO KHANNA (D., CALIF.)
Washington

Since gas prices have increased dramatically, oil and gas producers have become monstrous enemies, totally responsible for inflated prices at the pump. They even pay dividends to shareholders. It seems only yesterday they were expected to reduce output to save the planet. Now they are to reboot immediately.

When I hear the fairy-tale thinking of the investigating lawmakers, I shake my head. Every problem is caused by an evil monster and the solution is to find the monster, expose it and become the rescuer and hero. If this reasoning is not irrational, then the politicians should have been praising oil companies for their benevolence when prices were \$25 to \$50 a barrel.

JOHN E. POARCH
Edmond, Okla.

Timing Problem Sends Keynesians Spinning

William Galston's "How Will Inflation End?" (Politics & Ideas, April 6) discusses the debate among Keynesian economists about the recent mistiming of fiscal and monetary policy. Keynesians believe that generalists in Congress can time fiscal policy and bureaucrats at the Federal Reserve can time price controls in credit markets, both to dampen the business cycle.

Ever tried to time a future wedding on a rainless day? No, because it is too difficult to forecast the weather. The same is true for timing government interventions into the economy. But Keynesians keep trusting the timing of officials with poor incentives to forecast the economy correctly, even though the private sector—with the right incentives—is terrible at it.

On the one hand, many Keynesians argue their policies work because officials can usefully time them. On the other, they often disagree with the officials' policy timing. For example, Larry Summers argues Washington's timing is off, thereby negating the value of his Keynesian policy view, which is based on officials' great timing. Which is it? Likewise, Keynesians generally oppose price controls for the obvious reasons but applaud the

Fed's price controls and its timing in credit markets.

Keynesian economists also believe government is needed to correct excess volatility not only in business cycles, but also in asset markets. Never mind that much of market volatility is caused by governments, and the news cycle obsessed with them.

Asset-market volatility is often induced by governments through Keynesians business-cycle policies. Markets obsess and fluctuate over the timing of the Fed's price and quantity controls. Perversely, markets often go up on bad news or down on good news because expectations of offsetting Fed actions. Be thankful for private innovation such as interest-rate swaps, currency futures, and Treasury inflation-protected securities that correct for these government failures.

Contrary to Keynesian religion, the government has repeatedly shown that it is incapable of timing the business cycle, but in trying to do so, causes excess volatility in financial markets.

PROF. TOMAS PHILIPSON
University of Chicago

Mr. Philipson was a member of the president's Council of Economic Advisers (2017-20) and its acting chairman (2019-20).

Why Do Physicians Collect Bills for Insurers?

I agree that many patients skip paying deductibles and copays because there are few consequences compared with other bills (Letters, April 1). But there is a deeper problem. Copays and deductibles originate from contracts between the patient and the insurance company. Why physicians are the collection agency for the insurance company is a mystery to me. Further, physicians have contracts with insurance companies to be paid a set amount for a set service. That these payments are discounted by copays and deductibles is unfair. If the insurers would collect copays and deductibles, patients would feel more

impetus to pay. The consequences of canceled insurance coverage would be more motivating. This would relieve some of the pressure that leads to higher healthcare costs.

MARC S. POSNER, M.D.
Baltimore

Paying one's bills is important. But healthcare prices are notoriously oblique, even capricious. When I get my insurer's statement, it typically has paid only 60% or 70% of the original bill, a rate it negotiated. The implication is that if you aren't using an insurance company as an intermediary, you are paying 30% to 40% more.

DAVID DIXON
Albuquerque, N.M.

It Is Never the Wrong Time For a Free and Fair Election

Richard Nixon believed any investigation into the 1960 election would "hurt the world's morale," writes Peggy Noonan ("Nixon's Example of Sanity in Washington," Declarations, April 2). She tells how Nixon received a standing ovation from the Washington crowd for graciously allowing the cheaters to win. I was alive for this, and it makes me sick that Beltway power brokers—not the voters—got to make that decision. Free and honest elections shouldn't be situational.

LAURA TOEPPER
Midland, Mich.

If Russia Wins, Good Luck

Your editorial "The Consequences of War Crimes" (April 5) suggests holding Russian officers responsible. Threatening action on officers and generals who commit war crimes only works if you win. If you lose or end up in a standoff, these are the people with whom you negotiate.

DOUG DEEVER
Aptos, Calif.

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

A Justice's Grace Under Fire

Regarding your editorial "Justice Ketanji Brown Jackson" (April 8): In her confirmation hearing, Justice Jackson gave a great example of how to deal effectively, professionally and with class with difficult people—senators, to be exact.

ROSS P. ALANDER
Tampa-Longboat Key, Fla.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Wow, apparently getting screamed at is a real calorie burner."

OPINION

The Right's Russia Temptation

By Jeffrey Scott Shapiro

I served in the Trump administration and fiercely defended the former president. During his administration, no dictator dared do anything close to what Vladimir Putin is doing in Ukraine now. But the things some America-first conservatives are now saying about Mr. Putin alarm me.

I noticed this after I condemned Russia's invasion in a group chat with Trump appointees. One replied with a Z, the pro-Russia war symbol. One made a vulgar suggestion that President Volodymyr Zelensky was crooked. Others supported Ukraine, and it was clear our group was splitting into two factions.

Some in the America-first movement mistake Putin for a strong nationalist leader like Donald Trump.

That split within the right has emerged publicly as well. "Putin has laid out what he wants in Ukraine—a decent starting point," congressional candidate Joe Kent said March 31, speaking at what was styled an "emergency" conference called "Up From Chaos." Mr. Kent, who is challenging Rep. Jaime Herrera Beutler (R., Wash.) in a primary, called Mr. Putin's demand that Ukraine cede Donetsk and Luhansk "very reasonable." Helen Andrews, a senior editor for American Conservative magazine said, "Ukraine is a corrupt country. Come and get me."

Also on March 31, Compact magazine released a declaration, signed by 33 people on both the right and left, including former Trump White House aide Michael Anton and journalist Glenn Greenwald. It calls for "de-escalation" and "good-faith" peace talks that acknowledge Russia's "legitimate security needs" and demands that President Biden disavow "regime change" in Moscow.

Other America-firsters have made comments that sound like Russian propaganda. Rep. Marjorie Taylor Greene (R., Ga.) tweeted that U.S. tax dollars shouldn't be spent on "lethal aid to be given to possible Nazi militias that are torturing innocent people, especially young children and women." Charlie Kirk, president of Turning Point USA, tweeted that "if you are mindlessly supporting Ukraine . . . you might be cheering for literal Nazis."

Some of these arguments are made in earnest; others perhaps are mere efforts to be edgy. One might think they're harmless, but they potentially influence millions of American conservatives, and Russian state media has republished some of them to push the lie that Ukraine is overrun by Nazis targeting Russian civilians. They also damage the credibility of the America-first movement.

Some of my former colleagues buy into Mr. Putin's false narratives because they mistake him for a Russian Donald Trump—a strong nationalist leader who fights woke ideas. But the war against Ukraine hasn't benefited Russians, and Mr. Putin is a ruthless dictator with contempt for human life, including the lives of Russians. The Russian opposition he represses is "liberal" not in the sense of being leftist but of favoring freedom. His opposition to the North Atlantic Treaty Organization isn't antiglobalist but anti-Western and anti-American.

Still, that so many leading America-firsters are parroting the Kremlin's narrative suggests the movement has taken a dangerous turn. The reasonable goal of reducing military adventurism has regressed toward extreme isolationism, producing a self-described antiwar movement that preaches peace while callously ignoring war crimes.

Mr. Shapiro is an investigative journalist who has reported on Russian affairs. He served as a senior adviser to the U.S. Agency for Global Media, 2017-21.

Teach '1619' and '1776' U.S. History

By David Bernstein

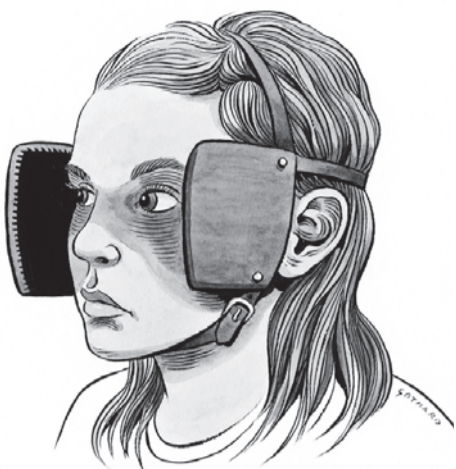
Conventional wisdom has it that there are only two sides in the culture war over kids' instruction on race and racism in America.

Those on the right want to impose state-level bans on teaching critical race theory in public schools. Some also want to remove particular books from libraries and curriculums. On the left, people want to teach about America's history of racism and contemporary systemic racism but from only one perspective, with little if any room for debate. They deny CRT is being taught. I don't believe these are really the only options. Schools can and should teach about race and racism while upholding this nation's liberal values of free inquiry.

I know firsthand that American public schools are suffering from highly ideological instruction. I recently received an email from Maryland's Montgomery County Public Schools, where I have two children enrolled in 11th grade, updating parents on an "Antiracist Audit" the school system is undertaking. The report describes a new proposed social-studies curriculum, which "strengthens students' sense of racial, ethnic, and tribal identities, helps students understand and resist systems of oppression, and empowers students to see themselves as change agents."

I don't know if this technically constitutes CRT, and I don't care. What I do know is that this sort of teaching is highly prescriptive. It doesn't sound open in the least to alternative interpretation or debate. It doesn't invite inquiry or encourage critical thinking. It imparts opinion—that the American system currently oppresses specific people in specific ways—as fact. While there is certainly racism in America, how much of it, where it exists and doesn't exist, and what it explains and doesn't explain about the lives of black Americans and other people of color aren't settled questions and should be open to discussion and debate.

I wish I could say I was shocked by the audit report's announcement. But the sort of opinion-laden pedagogy it proposed adding to the social-studies curriculum is already a



DAVID GOTHARD

big part of my kids' education. My 16-year-old son has complained bitterly about the discussion of racism at his high school. It's not that he doesn't want to discuss race or racism—he does—but that he doesn't want to be told precisely what to think about every social issue. So saturated has the discussion become about race in school, he told me, that his physics class devoted time to it.

His English teacher recently asked him point-blank what he thinks the black American experience is in America today. "I wanted to say that I think black people are as different from each other as white people are,

The answer to ideological education isn't to ban the ideology but to make room for alternative views.

but I could never say that in class," he told me. Instead, he kept silent. Kids are expected to parrot back only one answer: To be black in America is to suffer continuous discrimination and indignation. There is nothing wrong with holding this view, but it clearly isn't shared by everyone in the black community.

In my son's weekly current-events class, which discusses contemporary social issues, something he normally loves to do, every single issue—from sexuality to crime to immigration—is discussed through "a racial equity

lens," with no room for alternative interpretations.

At least in college he should get some reprieve. He's ruled out going to a small liberal-arts school, so he won't be stuck in a hermetically sealed ideological bubble forever.

My son's experience is far from unique. There is a reason significant numbers of Virginians who voted for Joe Biden in 2020 went on in 2021 to vote in a Republican governor who pledged to push back on CRT instruction. They saw the assignments their children brought home and overheard the Zoom classroom discussions and were rightly horrified.

Unfortunately, the new governor, in response to these encroachments on American liberal values, signed an executive order aimed at ending the use of "divisive concepts" in Virginia schools. While some of the examples the order uses to define these concepts are truly violative of existing civil-rights law, it is not always so narrowly tailored. It also seeks to stop curriculum or other education-related policy from including the idea that "members of one race, ethnicity, sex or faith cannot and should not attempt to treat others as individuals without respect to race, sex or faith."

That example is so vaguely worded that it could conceivably be interpreted as a prohibition against teaching various sides of the affirmative-action debate or even about Supreme Court decisions on racial preferences, which would normally be part of a social-studies curriculum. It could certainly make teachers more

Use Seized Russian Assets to Defend Ukraine

By Adrian Karatnycky

As Russia began its war against Ukraine in late February, the central banks of the U.S., Japan, U.K., European Union and others froze more than \$300 billion of Russia's foreign-exchange reserves. These unprecedented actions helped undermine the ruble, which has since recovered due to reduced demand for hard currency resulting from the isolation of the Russian economy.

Regrettably, these and other important Western sanctions have done little to restrain Russian aggression. Indeed, Russia's brutal war against Ukraine has resulted in widespread war crimes, the deliberate destruction and depopulation of Ukrainian cities, the displacement of some 11 million Ukrainians from their homes, and the deaths of many thousand Ukrainian civilians. As a result, the West recently has intensified its pressure on Moscow and is seeking new ways to compel Moscow to desist. In this context, Russia's massive hard-currency reserves now frozen in Western accounts are a crucial asset that can be used to protect Ukraine and its sovereignty.

These frozen assets should be confiscated and given to Ukraine to finance its defense, sustain its economy, provide government services, and care for internally displaced and homeless Ukrainians. When peace comes, the remaining assets could be used to rebuild Ukraine's housing and infrastructure.

The U.S. and its allies also should confiscate the assets of Russia's oligarchs and give them to Ukraine. Such immediate use of these vast Russian funds would free Western governments to devote their own aid effort to the prodigious task of assisting the nearly five million refugees, mainly women, children and elderly,

who have fled Ukraine for Central and Western Europe.

The confiscation and use of Russian assets would serve as a clear signal to Russia's citizens and its ruling elite that they will be expected to pay for Ukraine's postwar recovery. It is important that the West make clear that a settled peace with Ukraine, Russia's reversion to pre-Feb. 24 borders, the payment of reparations to finance Ukraine's rebuilding, and restitution for the losses suffered by the Ukrainian state and its citizens are the minimal preconditions for Russia's partial reintegration into the global economy. The Russian people must be made to understand not only the costs of their country's brutal aggression, but that there is a pathway for Russia toward normalization of relations.

The use of confiscated state and oligarchic assets would be an unprecedented step, but Russia's war of aggression, with its deliberate focus on civilian targets, is an unprecedented

event in post-World War II Europe.

Arming Ukraine and eventually assisting its rebuilding with Russian reserves also would remove financial pressure from America's Western allies. The cost of supporting wartime Ukraine, its refugees and its eventual

Frozen foreign-exchange reserves could help Kyiv fight the war and defray the cost of rebuilding.

recovery will be high. And though there is strong public support for assisting Ukraine, over time Western governments might be reluctant to foot the bill for Ukraine's vast needs as it rebuilds.

Transferring Russian cash to Ukraine would require American leadership. The U.S., U.K., Canada and perhaps Japan are most likely

to endorse such an initiative. But countries like Germany and France likely would require significant persuasion. This means that the Biden administration would need to take the first step. And if the administration proves reluctant, the idea would likely resonate among U.S. lawmakers and voters. However, it is not only American taxpayers who likely would salute such an initiative, it would likely find broad-based public approval throughout the West.

Most important, a quick decision to bolster Ukraine with seized Russian assets would strengthen Ukraine's war effort and economy and boost Ukrainian morale. It is the next logical step in the effort to pressure Vladimir Putin into a settlement that ensures Ukraine's sovereignty.

Mr. Karatnycky is a senior fellow at the Atlantic Council. He is writing a history of the rise of the modern Ukrainian state and nation.

The Altimeter for Powell's Soft Landing

By John Greenwood And Steve H. Hanke

Federal Reserve Chairman Jerome Powell promised last month that a "soft landing," one with neither a recession nor high unemployment, is in the works. He cited three historic tightening cycles, 1965, 1984 and 1994, when soft landings occurred.

With the glaring exception of inflation, the U.S. economy is performing well. The labor market is tight, incomes are growing, and household balance sheets are strong. Corporate inventories are low while margins are near record levels. But inflation is at a 40-year high, almost four times the Fed's target of 2%. The Fed has dropped its "transitory inflation" rhetoric and has turned hawkish. As the Fed addresses inflation, what conditions must prevail to ensure a soft landing?

Rate hikes, the Fed's favorite monetary policy instrument, are a fundamentally unreliable indicator of the stance of monetary policy. Increases in interest rates may or may not be associated with reductions in the rate of growth in the money supply and nominal spending. The magnitude of the interest-rate effect on the money supply and nominal spending is highly variable.

If the Fed wants a soft landing, its focus must be on the rate of growth in the money supply, broadly measured. The ratio of broad money to nominal spending, the inverse of

income velocity, typically has a stable trend. Therefore, the amount of new money created gives a reasonable estimate of new purchasing power injected into the economy. The growth in the money supply is the "altimeter" that any central bank pilot needs on the dashboard to ensure a soft landing.

Let's look at Mr. Powell's examples. The Fed tightened monetary policy by increasing the federal-funds rate significantly in 1965 (from 3.4% to 5.8%), 1984 (9.6% to 11.6%) and

Rate hikes alone risk an economic crash. The key is to stabilize the growth of the broad money supply.

1994-95 (3% to 6%) without precipitating a recession. In each of these episodes, the unemployment rate fell—respectively from 5.1% to 3.6%, 7.8% to 7.5%, and 6.5% to 5.8%. The Fed was able to land softly in each of these three tightening cycles because the growth in the money supply was maintained at an adequate rate even while the Fed hiked the fed-funds rate. That growth neutralized the increases in the fed-funds rate.

Mr. Powell omitted to mention tightening cycles in which the economy crashed, including the recessions of 1973-75, 1990-91 and 2001. All three were precipitated by Fed

tightening cycles. The fed funds rate jumped from 5.5% to 9.5% in early 1973, 6.5% to 9.75% in 1988-89, and 4.75% to 6.5% in 1999-2000. What separated the soft landings from these crash landings was that the Fed ignored its money-supply altimeter. The growth of the money supply was neglected and plummeted to rates below what would have allowed the Fed to meet an "inflation target." Shortly after, the economy crashed into a recession.

Where do these lessons leave Mr. Powell? The first thing he has to do is put the money-supply altimeter on his dashboard. Second, he has to watch changes in that altimeter carefully as he raises the fed-funds rate and shrinks the Fed's balance sheet. If the rate of monetary growth stays too high, inflation will never come back to Earth, regardless of his rate hikes and balance-sheet shrinkage. But if it falls too far, the economy will crash.

What is the adequate rate of growth for the money supply that would eventually hit the Fed's inflation target of 2%? It's the "golden growth" rate of around 6%. By taking the growth rate in M2 down from its current level of 11%, Mr. Powell can bring inflation down and land softly.

Mr. Greenwood is a fellow at the Johns Hopkins Institute for Applied Economics, Global Health and the Study of Business Enterprise. Mr. Hanke is a professor of applied economics at the Johns Hopkins University.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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WORLD NEWS

China Quietly Accelerates Its Nuclear Efforts

By ALASTAIR GALE

China has accelerated an expansion of its nuclear arsenal because of a change in its assessment of the threat posed by the U.S., people with knowledge of the Chinese leadership's thinking say, shedding new light on a buildup that is raising tension between the two countries.

The Chinese nuclear effort long predates Russia's invasion of Ukraine, but the U.S.'s wariness about getting directly involved in the war there has likely reinforced Beijing's decision to put greater emphasis on developing nuclear weapons as a deterrent, some of these people say.

Chinese leaders see a stronger nuclear arsenal as a way to deter the U.S. from getting directly involved in a potential conflict over Taiwan.

Among recent developments, work has accelerated this year on more than 100 suspected missile silos in China's remote western region that could be used to house nuclear-tipped missiles capable of reaching the U.S., analysts that study satellite images of the area said.

American leaders have said the thinking behind China's nuclear advance is unclear. Independent security analysts who study nuclear proliferation say they are also in the dark about what is driving

Beijing after exchanges between Chinese officials and analysts mostly dried up in the past few years.

The people close to the Chinese leadership said China's increased focus on nuclear weapons is also driven by fears Washington might seek to topple Beijing's Communist government following a more hawkish turn in U.S. policy toward China under the Trump and Biden administrations.

American military officials and security analysts are concerned China's nuclear acceleration could mean it would be willing to make a surprise nuclear strike.

The people close to the Chinese leadership said Beijing is committed to not using nuclear weapons first.

China plans to maintain an arsenal no larger than necessary to ensure China's security interests, they said, adding that the Chinese military believes its nuclear weapons are too outdated to present an effective deterrent against a potential U.S. nuclear strike.

"China's inferior nuclear capability could only lead to growing U.S. pressure on China," one person close to the leadership said.

Nervous international reaction to Russian leader Vladimir Putin's call for his nuclear forces to be put on alert following his invasion of Ukraine has offered Chinese officials a

real-world lesson about the strategic value of nuclear weapons. So did Ukraine's decision in 1994 to turn over the nuclear weapons left in the country after the breakup of the Soviet Union in return for security assurances from the U.S. and Russia.

"Ukraine lost its nuclear deterrence in the past and that's why it got into a situation like this," a retired Chinese military officer with ties to the country's nuclear program said.

U.S. leaders have said the thinking behind the policy change is unclear.

The people familiar with the Chinese leadership's thinking said Beijing hasn't conveyed any adjustments to the country's nuclear policy as a result of developments in Ukraine. China's Ministry of Defense didn't respond to a request for comment.

The people have knowledge of Beijing's thinking about nuclear policy through their work with various agencies involved in security issues. None are directly involved in the setting of nuclear policy. They didn't preclude that

future developments might change Beijing's approach and said other factors may also be influencing the leadership's approach to nuclear weapons.

Their observations nevertheless bring greater clarity to a shift in Beijing's thinking that has far-reaching consequences globally.

Rising tension between the U.S. and China over nuclear weapons could throw the world back into a Cold War-style nuclear standoff similar to that seen in the decades following World War II between the U.S. and the Soviet Union.

The risk of miscalculations this time could be higher, however, because while the U.S. and the Soviet Union communicated about their nuclear weapons during arms-control talks from the late 1980s, the Chinese program and Beijing's thinking on the role of nuclear weapons has been shrouded in secrecy.

China has declined to engage in nuclear-arms-control talks with the U.S., saying Washington should first reduce its nuclear inventory.

U.S. government and private sector estimates put China's nuclear arsenal in the low hundreds of warheads, far below the roughly 4,000 warheads held by both Russia and the U.S. The Pentagon says it now expects China to have 1,000 warheads by the end of this decade.



Construction in June 2021, top, near Yumen, China, of a site believed to be set to become one of 120 silos to hold nuclear missiles. Work appears to progress the following month, bottom.

Shanghai Sees Growing Covid Toll, No Deaths

By LIYAN QI AND KAREN HAO

In a Covid-19 outbreak that has locked 25 million people at home, the city of Shanghai has reported more than 130,000 cases since March 1, but says there have been no deaths and currently only one patient with severe illness.

The absence of deaths, and the low incidence of severe illness recorded in Shanghai as cases rise, stands out compared with outbreaks elsewhere, even accounting for the fact that Covid deaths often lag behind infections by several weeks.

Hong Kong has followed a similarly strict model as mainland China in the pandemic, and saw a steep rise in deaths following a recent outbreak there. In March, the city reported tens of thousands of cases and hundreds of deaths a day. Taiwan, with many fewer cases than the mainland, reported a Covid death on Saturday, the fourth this year.

But health and data experts caution that calculating and comparing Covid's toll in China and elsewhere is diffi-



Shanghai residents took part in mass Covid-19 testing Saturday as the city remained locked down.

cult because of challenges including determining exactly how people have died, differences in vaccination rates and diverging methods for testing and recording pandemic data.

Attributing deaths to any specific disease is more challenging than it seems, said Sean Sylvia, an assistant professor of health policy at the University of North Carolina at Chapel Hill. When reporting deaths, if there is a choice be-

tween attributing them to Covid-19 or to some underlying conditions, there are sometimes strong incentives not to attribute them directly to Covid-19, he said.

In China, "we just don't know what the true number of deaths is," he said. "That is true globally, too. We have estimates. But in a lot of places, it's very uncertain, and China's one of those places."

China's National Health

Commission referred a request for comment, made during the weekend, to the Shanghai city government, which didn't immediately respond.

A community's death rate can also be affected by factors like the age distribution and racial makeup of its population, vaccination status, type of vaccine and average distance to a healthcare facility, as well as which Covid-19 variant is causing infections, said

Ryan Tibshirani, a professor of statistics and machine learning at Carnegie Mellon University, who leads a prominent U.S. lab in influenza and Covid-19 forecasting.

On Wednesday, Wu Zunyou, chief medical expert at the Chinese Center for Disease Control and Prevention, said China has been able to keep death rates low because of its efforts to detect and curb outbreaks at an early stage, its high vaccination rate and an approach of treating all infected patients, which he said helped prevent mild cases from turning into severe ones.

According to data aggregated and analyzed by the Johns Hopkins University Coronavirus Resource Center, China has recorded one of the lowest death rates by population, bested only by Burundi, in Africa.

But China's case-fatality ratio, which Johns Hopkins calculated cumulatively over the pandemic, is on par with many countries including the U.K., Spain, and Greece—partly reflecting how China's "zero Covid" strategy resulted in very few cases in the period between the Wuhan outbreak and the recent Omicron wave.

WORLD WATCH

AUSTRALIA

Morrison Calls For Election in May

Australian Prime Minister Scott Morrison called for an election in May, marking the official start of a race that has increasingly become focused on concerns over inflation that are challenging governments world-wide.

The May 21 election will pit Mr. Morrison and his center-right governing coalition, which includes his Liberal Party and the right-leaning Nationals, against the center-left Labor Party, led by Anthony Albanese. Mr. Albanese started his campaign on Sunday by discussing how his plans for cheaper child care and better-paying jobs will ease cost-of-living pressures, while Mr. Morrison pointed to his government's efforts to save jobs during the Covid-19 pandemic and reduce taxes.

Mr. Morrison, who has been prime minister for nearly four years and whose coalition has been in power since 2013, is trailing in the polls, though political analysts say the vote will be close.

—Mike Cherney

SWITZERLAND

CERN Collider to Restart After Pause

The world's largest, most powerful particle accelerator is revving up to resume scientific research after work on a series of upgrades and the Covid-19 pandemic led to a roughly three-year shutdown.

A ring-shaped facility buried under the Swiss-French border, the Large Hadron Collider is operated by about 2,500 staff members and used by an international community of more than 12,000 scientists, including nearly 2,000 from the U.S. In coming weeks, these groups will be taking steps toward restarting the collider.

By simulating the conditions that existed following the big bang some 13.8 billion years ago, the facility has enabled the discovery of fundamental particles that sprang into existence after the universe's birth. One of the most notable of these is the Higgs boson, a fundamental particle that gives mass to other particles, which was first observed at the facility in 2012.

—Aylin Woodward

ISRAEL

Security Forces Kill Two Palestinians

Israeli forces shot and killed two Palestinians, including an unarmed woman, in confrontations across Israel and the occupied West Bank on Sunday, Israeli and Palestinian officials said. It was the latest in a growing wave of violence that has broken out during the holy month of Ramadan.

—Associated Press

Pakistan Opposition Bides Time After Khan Ouster

By SAEED SHAH

ISLAMABAD, Pakistan—The country's opposition said it doesn't plan to move for immediate elections after Prime Minister Imran Khan lost a no-confidence vote and was thrown out of office early Sunday.

The same Parliament will continue, likely for some months before elections are called by the end of the year, opposition lawmakers said.

They will have their own prime minister and form a government, which will be a coalition of more than a half-dozen parties. They aim to reverse changes in election laws brought by Mr. Khan, which they said would favor his party.

The opposition has lined up Shehbaz Sharif, younger brother of former three-time Prime Minister Nawaz Sharif, to succeed Mr. Khan. He is likely to be elected by lawmakers at a sitting of Parliament called for Monday.

"Today, Pakistan again becomes a country of laws and constitution," said Shehbaz Sharif, speaking in Parliament just after the vote ousted Mr. Khan. "We want to take the country forward."

Mr. Khan, a former cricket star, lasted 3½ years of a five-year term. No Pakistani prime minister has ever completed the full term, with each having clashed with the military.

It was the same with Mr. Khan. Opposition lawmakers said their move against him was possible because the mili-

tary had withdrawn its support for the prime minister. It is widely believed that the military helped him to power in the 2018 election. The military denies interfering in politics.

Mr. Khan broke Pakistan's two-party system when he won that election to become prime minister after two decades in opposition. He pledged to clean up Pakistani politics.

Though he sent many of his opponents to jail during his term on corruption allegations, his administration was able to convict none of them. The opposition called the moves a

witch hunt and said he was abusing his authority. The opposition also accused Mr. Khan's government of corruption, an allegation he has denied.

"Sad day for Pakistan," Mr. Khan's information minister, Chaudhry Fawad Hussain, said on Twitter.

To the last, Mr. Khan and his party resisted holding the vote, seeing that they didn't have the numbers to win after their ruling-coalition allies switched sides. They delayed the vote for days, and even after a court order that the vote be held on Saturday, they

blocked proceedings until close to midnight.

The no-confidence motion succeeded Sunday at 1 a.m., after the speaker—a lawmaker from Mr. Khan's party—resigned, and all but one lawmaker from his party staged a walkout. That speaker was replaced by an opposition lawmaker to conduct the vote.

Mr. Khan had accused the opposition of conspiring with the U.S. to oust him. Mr. Khan had taken an increasingly anti-Western line and claimed that he had been targeted for pursuing an independent foreign

policy. Pakistan has traditionally been a U.S. ally.

He said the U.S. had in particular been angered by his trip to Moscow in February at the start of the Ukraine invasion. The opposition and Washington have denied that they are working together to oust Mr. Khan.

As Mr. Khan and the opposition have fought for control of the government, the economy has been in a precarious state. The country's foreign-exchange reserves are dwindling, and inflation is running in the double digits.



Opposition supporters on Sunday greeted lawmakers after the successful no-confidence vote against Prime Minister Imran Khan.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Monday, April 11, 2022 | B1

Last Week: **S&P** 4488.28 ▼1.27% **S&P FIN** ▼0.98% **S&P IT** ▼4.03% **DJTRANS** ▼6.71% **WSJ \$IDX** ▲1.00% **2-YR. TREAS.** yield 2.518% **NIKKEI** 26985.80 ▼2.46% **See more at WSJ.com/Markets**

JetBlue, Alaska Air Trim Flights

Full capacity and tight labor market pose challenges as carriers brace for busy season

By ALISON SIDER

Airlines are adding staff and cutting flights, in an effort to avoid upheaval as both customer demand and labor shortages persist.

JetBlue Airways Corp. this past weekend said it would reduce flights in May and throughout the summer due to staffing limitations, after canceling more than 300 flights over the weekend. Alaska Air Group Inc. last week said it would trim

spring flying to catch up on pilot training. Meanwhile, other carriers including American Airlines Group Inc. say they are prepared for the summer surge after a monthslong hiring spree.

Carriers say they are taking seriously the lessons of last summer, when operations were strained due to booming demand. With staffing thin, many airlines were unable to recover quickly from what should have been routine disruptions such as poor weather. Travelers faced cancellations, delays and hours-long waits for customer-service help by phone.

“We are very focused on maintaining our resilience,” said David Seymour, chief operating officer of American. “We’re not

letting our guard down.” American earlier said it planned to hire about 180 pilots a month this year, and Mr. Seymour says that schedule is on

3,000

Number of new crew members JetBlue hired this year

track, with more than 600 hired so far through the end of March. His team has homed in on supply chains to make sure that issues like catering shortages don’t trip up flights. “Two years

ago, three years ago, I’m not sure it would ever surface to the COO level because you just took it for granted,” he said. “I have teams dedicated to looking at everything. I mean, from stir sticks to napkins, to pillows and blankets to headsets.”

Airlines executives say bookings exceed expectations, despite soaring fuel costs that are pushing ticket prices higher. Summer schedules haven’t been completed and are still fluctuating, but U.S. airlines currently plan to fly about 16% more seats than last summer, according to data from Cirium.

“The operations staffing will be on a razor’s edge,” said Tim Donohue, co-founder of Aerology, a startup that works to pre-

dict flight disruptions. “The razor’s edge barely works when things go as scheduled.”

Covid-19 still looms large. At the start of the year, airlines canceled thousands of flights as Omicron infections ripped through their workforces. Airlines in the U.K. were hit by a similar wave of infections this month, forcing flight cancellations. That could happen again if U.S. case rates surge.

Carriers say they spent months hiring staff, including pilots, flight attendants, gate agents, ramp workers and customer-service representatives.

Spring-break travel has provided the first tests of the industry’s readiness, and there

Please turn to page B2

Chinese Lockdowns Spur Drop In Car Sales

By LIZA LIN

China’s car sales fell more than 10% in March, as car makers grappled with extended manufacturing halts and supply-chain disruptions brought about by the country’s strict lockdowns to stamp out growing coronavirus cases.

Passenger-car sales in March dropped 10.5% from a year earlier to 1.58 million vehicles, as the shutdowns in cities cut auto production and consumer purchases, the China Passenger Car Association said Monday.

Quarterly sales were also hurt, falling 4.5% from a year earlier to 4.92 million vehicles, the association said.

Since March, China has resorted to strict city lockdowns in Shanghai and the northern province of Jilin province to contain the spread of the highly contagious Omicron variant.

Both areas, major centers of auto manufacturing in China, are home to plants run by auto makers such as SAIC Motor

Please turn to page B2

Stocks Rally Even As War Rages On, Oil Prices Surge

By GUNJAN BANERJI AND CAITLIN MCCABE

Investors are confronting one of the most uncertain periods of their lifetimes. Stocks are rallying anyway.

The S&P 500 rebounded 7.6% from its 2022 low on March 8, cutting its losses for the year to about 6%—roughly half of what they were weeks ago. In many ways, investors say, the rebound was as broad as it was impressive, lifting everything from travel stocks to unprofitable technology companies.

A month ago, Russia’s war in Ukraine was intensifying, sending oil surging to \$130 a barrel and stocks lower. Covid-19 cases began surging again in China. Inflation data showed pricing pressures weren’t abating. And in the midst of all of it, the Federal Reserve kicked off a rate-increase cycle for the first time since 2018.

Not much has changed, except stocks are back on the upswing. Many investors are trying to discern whether the rebound is the start of a sustainable rally or merely a temporary respite. The broad stock market index pulled back 1.3% last week, snapping a three-week winning streak that marked its best performance since November 2020.

Here are six reasons for the rebound:

History Suggests Stocks Have More Room to Run

The anticipation of the Fed’s March rate increase stirred volatility for months as investors braced for the unwinding of stimulus that helped turbocharge stocks. But history shows that stocks typically rise after the central bank starts

raising rates. In the five rate-increase cycles since 1990, the S&P 500 tumbled a month after the first rate increase but typically recouped those gains to rally six months later. After one year, the S&P 500 and Nasdaq Composite were up 80% of the time, according to Dow Jones Market Data.

“The early stages of Fed tightening should not be seen as a negative for stocks, as equities tended to make new highs after the initial volatility,” a team of JPMorgan Chase & Co. strategists led by Marko Kolanovic wrote in a note to clients Monday.

Still, recession fears are growing. Deutsche Bank’s chief U.S. economist warned about a recession this year, fueled by aggressive tightening from the Fed. Jeremy Grantham, co-founder of Boston money manager GMO LLC, said Wednesday that oil price spikes like the one this year “have always preceded or triggered recession.”

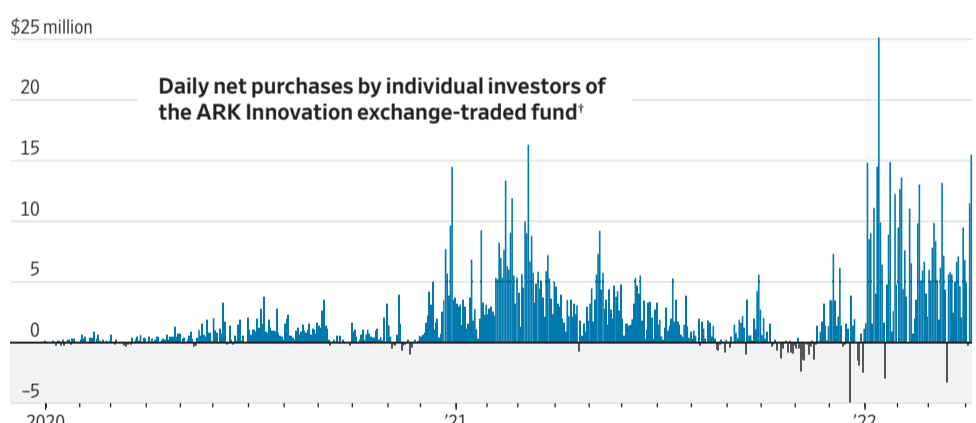
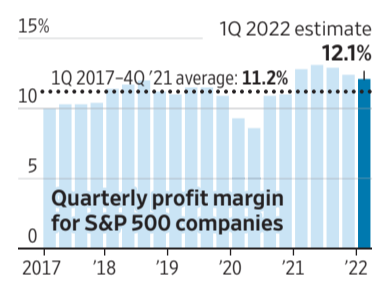
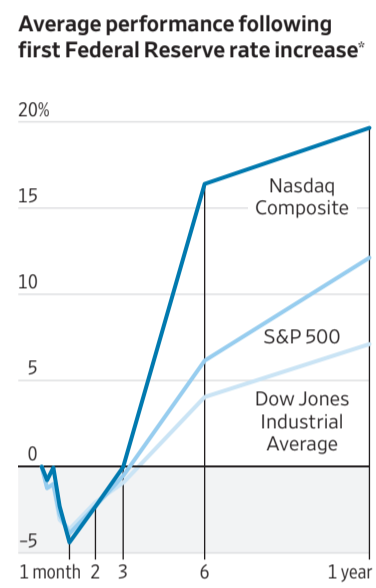
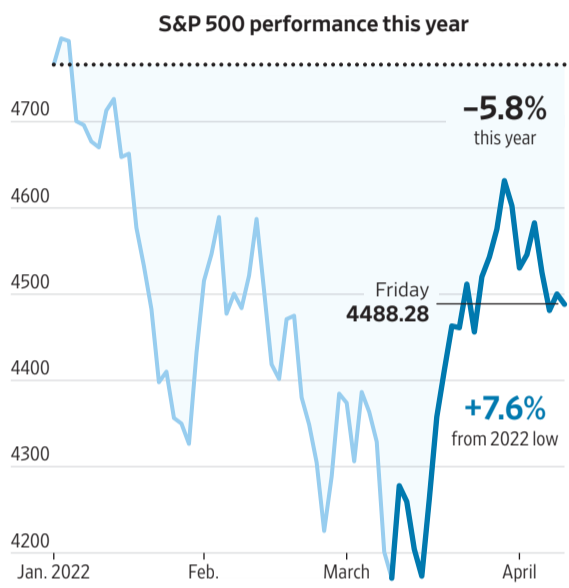
Yet some investors aren’t willing to cash out of the market to time a downturn.

“The market can go up a lot before you get to the recession,” said Mark Stoecle, chief executive of investment firm Adams Funds. “That’s a lot of risk that you’re taking on if you’re going to begin to reposition your portfolio for an impending recession.”

Mr. Stoecle said that, so far, the economic data he has seen doesn’t point to a recession in the near future.

To be sure, rate-increase cycles don’t always end well for stocks. According to Deutsche Bank analysts, eight of the 11 cycles over the past seven decades have resulted in recessions.

Take, for example, when the



*Average performance since the first Fed rate increase of 1994 through 2015 †Data as of April 6 Sources: FactSet (indexes, profit margin); Dow Jones Market Data (performance after rate increase); Vanda Research (purchases)

Fed began raising rates in the 1970s and the late 1990s. In both cases, major U.S. indexes largely finished the cycles with losses and, soon after, the economy tipped into a recession.

The Economy Is Still Strong

Economic data suggest things

aren’t as bad as many fear.

U.S. job growth remains strong, with the March report showing employers added 431,000 jobs, the 11th straight month with an increase of more than 400,000. That marked the longest streak in records dating back to 1939.

Investors point to other encouraging signs: Wages continue to grow. In March, average hourly earnings for employees on private nonfarm payrolls rose 5.6% from a year before, Labor Department data show.

Meanwhile, American fi-

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Citi Wins Back Favor As Banker For Saudis

By STEPHEN KALIN AND RORY JONES

RIYADH, Saudi Arabia—When Citigroup Inc. shut down operations in Saudi Arabia after Sept. 11, 2001, government officials here felt betrayed. For years after, the Saudis snubbed Citi as executives realized they had made a mistake and tried to rebuild their business.

Two decades later, the third-biggest U.S. bank has again found favor in the kingdom as one of the foreign lenders helping Crown Prince Mohammed bin Salman modernize its oil-heavy economy.

In recent years, Citi has participated in the country’s biggest listings, including the offering of oil giant Saudi Arabian Oil Co., known as Aramco. It obtained a license in 2018 for investment banking, hired local staff and opened an office. It now plans to deepen its activity by applying for a full banking permit. That would put it on par with competitors such as JP-

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STREETWISE | By James Mackintosh

Inflation Hurts—So Get Used to It



The run-away inflation of the past year is a radical change from the low-inflation that dominated in the past decade, and last week’s hawkish talk from the Fed is a novelty for traders under 35. But markets are priced on the basis that high inflation and a hawkish Fed are temporary, not signs of an economic-regime change.

They may not be. Long-term inflationary forces are building, as even the Bank for International Settlements, central bank to the world’s central banks, warned last week. The good news is that investors who agree that a shift in the economic regime is under way have time to prepare their portfolios. The bad news is

that the current inflation means it’s expensive to protect against rising prices.

It’s important to distinguish between the current bout of inflation and longer-run inflation. Put simply: Bond prices assume that inflation will come back to target without the Fed keeping rates high.

Investors aren’t exactly betting on the “transitory” inflation that Fed Chairman Jerome Powell used to hope for, but they aren’t far off.

Strip out the next five years, and the five years after that are priced for consumer-price inflation of 2.4% combined with a real bond yield—from Treasury inflation-protected securities—only just above zero. The Fed targets a different inflation measure, which tends to come in a bit

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Banks on Pace for First Decline In Deposits Since World War II

By DAVID BENOIT

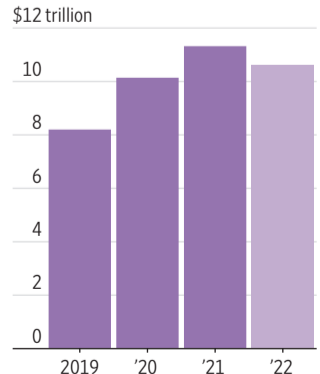
U.S. banks have a streak of increasing deposits as a group every year since at least World War II. This year could break it.

Over the past two months, bank analysts have slashed their expectations for deposit levels at the biggest banks. The 24 institutions that make up the benchmark KBW Nasdaq Bank Index are expected to see a 6% decline in deposits this year. Those 24 banks account for nearly 60% of what was \$19 trillion in deposits in December, according to the Federal Deposit Insurance Corp.

While some analysts doubt the full-year decline will happen, even the possibility would have been unthinkable a few months ago. Bank deposits have grown sharply during the pandemic.

At the end of February, analysts were forecasting a 3% in-

Deposits of the biggest banks



Note: The 24 banks of the KBW Nasdaq Bank Index annual totals and their 2022 analyst estimates Source: FactSet

Forecasts from Fed officials and economists now call for sharp increases in the Fed’s core interest rate to combat inflation. That will ripple through the banking industry in myriad, somewhat unpredictable ways. How consumers and businesses handle their stored-up cash will be among the most closely watched results of the Fed’s action.

“This is in no way traditional Fed tightening—and there are no models that can even remotely give us the answers,” JPMorgan Chase & Co. Chief Executive Jamie Dimon wrote in his annual shareholder letter last week.

A decline isn’t going to hurt the banks. The flood of deposits had become a headache as it had big banks nearing regulatory limits on their capital. Banks had already been pushing many depositors aside because they weren’t able to put the money to work as loans.

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JetBlue, Alaska Air Cut Flights

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 Have been some signs of strain. This weekend, JetBlue canceled 18% of its flights Saturday and 13% Sunday. The airline said it was trying to get its operation back on track after bad weather last week and to be proactive.

Despite hiring more than 3,000 new crew members this year, JetBlue is understaffed in some areas, it says. The airline is expecting record numbers of travelers this summer, but the schedule it set out months ago to meet that demand is proving too ambitious, President Joanna Geraghty wrote in a memo to staff. JetBlue plans to cut flying by 8% to 10% in May and by similar levels through the summer, Ms. Geraghty wrote.

“Based on your feedback that the schedule is wound too tight, we know the best plan is to reduce capacity now,” she wrote. Storms in Florida this month prompted airspace restrictions and upended airline operations. While most airlines were back on schedule within a few days, some struggled to get on track. Unions said flight attendants faced hourslong waits to find transportation and hotels.



A JetBlue passenger checked in at O'Hare International Airport on April 6.

In a letter to top Southwest executives, Lyn Montgomery, president of the union that represents Southwest's flight attendants, wrote this past week: “The current work environment is not just unstable but chaotic.”

A Southwest spokeswoman said the snafu was due to fully booked hotels in Florida, where crews were stuck, and that it is working to improve contingency planning. An American spokeswoman said the airline was aware of the issue and has been working to improve.

In an effort to make sure it

has enough flight attendants working, JetBlue is offering a \$1,000 bonus to flight attendants who don't call out of work through May 31 and an extra \$100 per trip for flight attendants who pick up open trips on days off, according to a memo to crew.

Southwest raised starting wages to at least \$17 an hour and no longer requires that most airport workers have a high-school diploma. Some 15% to 20% of new hires don't show up on their first day for some roles, said Greg Muccio, airline

senior director of talent acquisition. The airline says it expects to be able to hire sufficient workers to fly its June schedule.

Pilots at Alaska, Delta Air Lines Inc., and American have all picketed in recent weeks, complaining that the airlines have built schedules with little margin for error, leaving pilots overworked and fatigued.

“We continuously evaluate our staffing models and plan ahead so that we can recover quickly when unforeseen circumstances arise,” a Delta spokesman said.

Citi Wins Back Saudi Favor

Continued from page B1
Morgan Chase & Co. in offering banking and payments to international companies in Saudi Arabia and could lead to lucrative work with the kingdom's biggest institutions.

“They paid their dues,” said a senior Saudi official. “They were in the penalty box long enough. They're back in the game.”

The bank's bumpy road back to favor provides a glimpse into the business environment in this opaque G-20 country and how it is changing under Prince Mohammed, whose social and economic overhauls have drawn praise and brutal crackdown on dissent sparked outrage. Saudi Arabia has struggled to attract foreign investment, and Prince Mohammed, the country's de facto ruler, has turned to the financial-services industry to inject capital into his economy.

For Citi, Saudi Arabia represents a hot market. Already, it advised last year on the \$1.2 billion listing of **ACWA Power**, the country's biggest renewable-energy firm, and the \$1 billion sale of a stake in its stock exchange. It was a bookrunner on the December sale of a \$3.2 billion stake in **Saudi Telecom Co.** by the Saudi sovereign-wealth fund and advised the fund on the \$380 million acquisition of English soccer club Newcastle in October, according to people familiar with the deals.

Citi hopes its revival in Saudi Arabia will position it to benefit as the kingdom privatizes billions of dollars worth of government assets, its \$500 billion sovereign-wealth fund becomes more active overseas, and its biggest companies look to expand abroad. The government also continues to explore asset sales of Aramco, the world's biggest oil company. Few emerging markets globally offer Citi such a panoply of potential fees.

Those efforts dovetail with a new strategy put forward by Chief Executive Jane Fraser, who last year announced Citi would sell unprofitable retail banking assets and focus on investment banking and man-



Bank CEO Jane Fraser recently dined at the desert camp of billionaire Prince al-Waleed bin Talal.

aging companies' bank accounts and rich individuals' wealth. The banking license would allow Citi to take deposits from firms inside Saudi Arabia and manage their cash and offer local payments.

In November, Ms. Fraser led a Citi delegation to Saudi Arabia to meet officials and regulators and visited the desert camp of billionaire Prince al-Waleed bin Talal, once the bank's largest single shareholder. She held a falcon and patted a camel, before eating dinner with the prince, ac-

The new focus is on investment banking and managing rich people's wealth.

ording to a video published by his company.

She told Prince Alwaleed—the highest-profile detainee in a 2017 roundup of businessmen and royals in Riyadh's Ritz Carlton Hotel—that she was pleased with the way the Saudi market was moving, said a person familiar with the exchange. In return, the prince praised her global strategy revamp, saying “you're taking some tough decisions,” the person said.

Ms. Fraser didn't see Prince Mohammed. Her predecessor, Michael Corbat, met him several times as Citi sought to demonstrate its support for Saudi Arabia and came away from the interactions energized about the changes in the kingdom. After the killing of journalist Jamal Khashoggi in 2018, Mr. Corbat pulled out of Riyadh's flagship investment conference. He returned the following year but didn't meet

Prince Mohammed again. Ebru Pakcan, Citi's chief executive for emerging markets in Europe, Middle East and Africa, said growing demand in Saudi Arabia for financial advice has helped the bank overcome the impact of its hasty exit. “People will get over that because they need to continue to think about how they are going to evolve,” she said.

Still, the bank faces competition. Regulators have dished out full banking licenses in recent years to **Standard Chartered** and **Credit Suisse**. JP-Morgan and **Morgan Stanley** are expanding staff, and **HSBC Holdings PLC**, too, in recent years has carved out a special role in the kingdom.

From 2017 to 2021, JPMorgan made the most investment-banking revenue in the kingdom, at \$143 million, closely followed by HSBC, and then Citi at \$134 million, according to research firm Dealogic.

The ascent of Prince Mohammed turned out to be the key for Citi's comeback in Saudi Arabia. In 2015, King Salman ascended to the throne and put his son in charge of the economy. Prince Mohammed's ambitious plans to sell shares in Aramco and create new industries needed access to the global-financial system. The government at that time had no debt outstanding with international investors.

A senior Saudi financial official called Citi, inviting it to help. On the other end of the line was Carmen Haddad, a veteran Citi banker who had been cultivating relationships in the kingdom since 2000.

Citi may officially still have been a pariah in some Saudi circles, but that didn't prevent it from lending money to the kingdom. It was one of several banks that, together, lent the kingdom \$10 billion in 2016.

Car Sales In China Fall 10.5%

Continued from page B1
Corp., General Motors Co. and **Volkswagen AG.**

Monday's data provide further evidence of how China's policy to use stringent lockdowns to snuff out the virus is weighing on economic growth, with car and component pro-

duction disrupted by plant shutdowns and logistical delays. Some of the larger manufacturers are operating in a bubblelike environment, with workers living and working in the closed factory campus to maintain operations.

The world's biggest car market is likely to see growing pressures from pandemic and supply-chain disruptions as well as weakening domestic demand going forward, said Cui Dongshu, secretary-general of the association.

Still, sales of electric and plug-in hybrid cars in the quarter were one bright spot

for the industry. Sales of such vehicles more than doubled to 1.07 million vehicles from a year earlier, the association's data showed.

Last month, Tesla Inc. sold about 65,800 cars, about 10,000 more than it produced in its Shanghai factory, data from the passenger-car association showed. Tesla's Shanghai factory is in the midst of the longest production halt since it started manufacturing in late 2019, after closing operations on March 28 amid a city lockdown there.

—Raffaele Huang contributed to this article.

BUSINESS & FINANCE

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BUSINESS NEWS

Buffett Protégé Builds a Mini Berkshire

Like her mentor, Tracy Britt Cool looks for founder-run companies with 'moats,' but she doesn't share his hands-off-approach

By CHIP CUTTER

Tracy Britt Cool spent a decade working for Warren Buffett. She now wants to buy the kinds of companies that might have interested the famed investor 30 or 40 years ago.

Those are businesses typically run by founders or family owners with solid performance and competitive "moats"—a favorite term of Mr. Buffett's—yet aren't big enough to draw Berkshire Hathaway Inc.'s attention today.

BOSS TALK "Berkshire needs multi-billion-dollar acquisitions to move the needle," Ms. Cool says. "So many of the people who contact us or reach out would want to sell to Berkshire, but they're just too small."

Ms. Cool launched an investment firm with a former colleague in 2020, called Kanbrick, that aims to focus on such companies. It has so far acquired Thirty-One Gifts, a Columbus, Ohio, company that sells tote bags, backpacks and other items through independent consultants. Kanbrick is working on investments with a home-services company and consumer brands.

Picking the right spots takes time. Before buying a business, Ms. Cool said she and her team will typically sit down with founders and aim to understand not only the fundamentals of the business, but the people working there and the strategy, hoping to answer: "What might be the challenge here, what might be the opportunity?" she said.

To get to know founders, Kanbrick runs a three-month program for midsize companies that provides coaching

Mr. Buffett called her 'the fireman,' capable of taking on any assignment.

and other support; so far, Ms. Cool and her colleagues worked with 15 companies, including a large Arizona farm that sells cantaloupe and honeydew melons to big-box retailers.

The 37-year-old Ms. Cool attended Harvard Business School and joined Berkshire in 2009 at age 25, initially working as Mr. Buffett's financial assistant. She later became chief executive of a cookware company owned by Berkshire, Pampered Chef, and along the way took on assignments within Berkshire helping struggling companies. She served as the chairman of Berkshire companies such as Benjamin Moore & Co. and Johns Manville, and sat on the board of Kraft Heinz Co. and others.

In an interview in 2019, Mr. Buffett called Ms. Cool "the fireman," capable of helping to revive companies and of taking on any assignment.

Ms. Cool recently spoke with The Wall Street Journal from her home office in Nashville, Tenn. Here are edited excerpts:

WSJ: What was it that made you say there's a need for this model?

Ms. Cool: Over the years, I've talked to a lot of founders and owners, some of whom would come to Berkshire and want to sell their companies; other people I met through organizations. What I found is that most midsize companies struggle with the same things: how to hire the right people, how to develop them, how to incentivize them, how to help them to grow, how to build a strategy. So what we did is we built a business system to help in those areas, and that really allowed us to create value with companies.

A lot of families and founders don't want to sell to traditional private equity. They don't want to see their business bought and sold or chopped up or their employees fired. We could provide them a longer-term home, and help them build in the right way.

WSJ: What sorts of companies are you focusing on?

Ms. Cool: We want businesses that are going to be around and successful and strong, and have some sort of moat allowing them to have above-average returns on capital. Smaller businesses that are \$10 [million] to \$50 million in [earnings before interest and taxes] are sort of our sweet spot in size. They're beyond the new-growth phase, but they're not quite very large businesses.

They tend to be family businesses, founder-owned businesses. We have a lot of conversations with families, founders who want a partner, who want a longer-term home, but don't really think that maybe a strategic or private-equity firm is the right fit for them.

WSJ: How does your approach differ from private equity?

Ms. Cool: One is just how long we hold companies. Most private-equity firms own businesses for three or four years. If you're going to own a company three or four years, the minute you buy it, you're thinking about selling it, and every decision you're making is focused on: What am I going to do to sell this business? A lot of investments you make in businesses don't pay off in three to four years, and so I think having that longer-term horizon is super valuable.

Most people in private equity typically [have] financial backgrounds. Both my partner and I started our careers as investors but thought it was very important to go get operating experience.

I became the CEO of Pampered Chef, he became the CFO, really with that goal of: How do we actually become better at what we do? And I think having that operating experience helps us make better decisions, understand what's possible in a business, what's needed. And then we can relate with a founder or owner or CEO because we've been in their shoes and we know businesses aren't run on spreadsheets and PowerPoints, right?

WSJ: So how do you pick your spots—and what industries are you avoiding?

Ms. Cool: There are some places that we don't play. We don't play in real estate. We don't play in financials. We don't play in biotech. There's just spaces where we don't have the expertise, the insight, and we're not going to be better than someone else. Then there's other industries where you've had a lot more experience and things are interesting. And so those broad industries are consumer, industrial, business services, but within those there's hundreds of subsectors.

So we spend time looking at a lot of different ones and really saying: Do we think that this is a really great business? Do we think that it's going to continue for 10, 15, 20 years and not be disrupted by someone else or by technology? And then, third, is it a space where we can add some valuable insights or perspective?

WSJ: You're focusing on midsize companies. How do the challenges these companies face differ from what larger companies are experiencing?

Ms. Cool: People and culture is always—in my view—the No. 1 issue that any company has.

How do we attract really great talent to my company? Perhaps I am based in a rural part of Minnesota or Missouri or something like that. How do I help people understand why they want to join my business that they've never heard of? Everyone's heard of P&G, Coca-Cola. People haven't heard of most midsize companies. Then, once I have them in the organization, how do I develop them? Because it's not like I've got, you know, hundreds of thousands of jobs; I've got probably a couple hundred jobs. And so I need to get the right people, but show them a career path.



Tracy Britt Cool co-founded an investment firm, Kanbrick.

WSJ: What's the long-term plan for Kanbrick? Do you want to go public?

Ms. Cool: We don't have a specific outcome in terms of what we want to achieve via go public or otherwise. It re-

ally is: How do we build it in the right way?

And then how do we add value to the companies, to our team, to our investors, and help support everyone in doing that?

WSJ: How have you funded Kanbrick?

Ms. Cool: It's a combination of our capital, and then we have a select group of investors, endowments and family offices that are partners.

WSJ: It appears there are a lot of similarities between Kanbrick and Berkshire—a long-term focus, moats, you even wrote an annual letter last year like Mr. Buffett. How does it differ?

Ms. Cool: Berkshire is very successful, so being similar to Berkshire is a good thing by and large, in my mind.

I'd say we differ on two dimensions. The biggest is size. We can focus on much smaller businesses that are just too small for Berkshire. That's where I think the biggest opportunity is and why

ultimately I left to start Kanbrick.

The second differentiator is we're more hands on. Berkshire famously is very hands off.

WSJ: Did Mr. Buffett give any advice that sticks with you as you're building this firm?

Ms. Cool: It's hard to distill it down because there's so many lessons from my time at Berkshire and working closely with Warren over 10 years.

I think just the power of long term, the power of finding high-quality businesses and the power of partnering with high-quality people. When those three things are done in the right way, you can build something really amazing.

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AT&T Chief Sees Room To Lift Prices

By DREW FITZGERALD

AT&T Inc. Chief Executive John Stankey says inflation could prompt the company to raise prices for some core services while it continues to cut costs after getting out of the media business.

The company on Friday completed the planned separation of its film-and-TV empire into a new publicly traded company called Warner Bros. Discovery. AT&T shareholders will get a 71% stake in the new entity, which will be led by Discovery Inc.'s David Zaslav.

AT&T is returning to its roots as the ground shifts beneath it. Inflation raised the cost of everything from labor to router parts. But the average rate that U.S. cellphone carriers charge for wireless service has barely budged. AT&T has been adding and keeping wireless customers for more than a year, partly by offering aggressive promotions for new smartphones.

Mr. Stankey said the company might have some latitude to raise some prices to reflect the value

of its services if inflation continues driving up the cost of other goods and services. "You'll probably start to see it over the next several quarters, not just telecom—more broadly in the economy because of the patterns that we're seeing," he said.

He said a potential economic downturn could make the company's shares more attractive to investors looking for a business that tends to perform well during such a slowdown. Surveys show that consumers treat cellphone service like a must-have utility and will cut other household expenses before their phone bill. "We are a very, very safe place to put money right now," he said.

'We are a very, very safe place to put money right now,' says John Stankey.

can make this business grow is to grow subscribers," he said. "They're still in precisely the same pickle they were in back in 2014."

AT&T said it plans to use most or all of the \$39 billion of cash from its media sale to help pay down debt. The slimmed-down company generates about \$120 billion of annual revenue. Company executives said they would increase investment this year and next year to expand its fifth-generation wireless network before hemming in capital expenditures in 2024. They also want to more quickly add fiber-optic broadband customers in the coming years.

AT&T will keep cutting costs. Executives in March sketched out a plan to halve AT&T's network of copper telephone lines by 2025. Crews will replace some of that lost revenue by building new high-speed fiber-optic cables, but the company said it plans to shut down old landlines in areas where fiber upgrades aren't cost-effective.

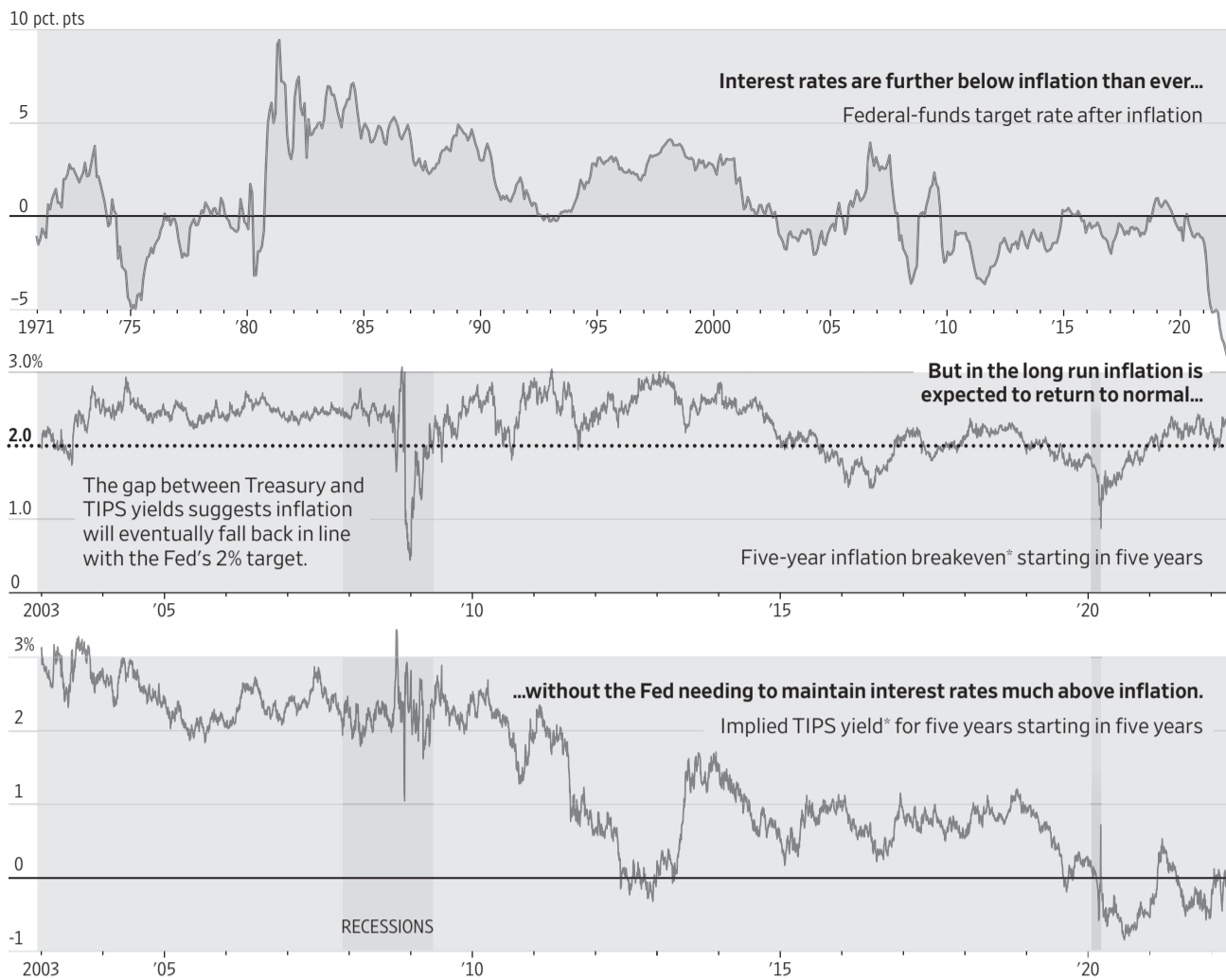
Securities filings show the postmedia AT&T employs about 173,000 workers, down from 253,000 in early 2015. Mr. Stankey said corporate overhead plummeted over the past 18 months and would continue to drop to reflect the new structure. "It's a different company now," he said. "We don't really need to run a superstructure corporate holding company."

The company plunged into entertainment in 2014 by agreeing to buy DirecTV for about \$49 billion. It followed that move with a roughly \$85 billion cash-and-stock bid for Time Warner Inc., owner of HBO, CNN and Warner Bros. Mr. Stankey, who became AT&T's CEO in 2020, started exploring ways to unwind those media bets. The company spun off a controlling stake in DirecTV's domestic business to a new venture with the private-equity firm TPG and sold its Latin American operations. The CEO in May 2021 detailed plans to divest the media wing by merging its studios and TV channels with those of Discovery.

Company executives have said splitting up the company would give both media and telecom businesses the resources to grow. AT&T serves customers across the U.S. and Mexico, but the now-independent media company's HBO Max streaming service is competing for subscribers against Amazon.com Inc. and Walt Disney Co.

In the transaction, AT&T investors will receive 0.24 share in the new Warner Bros. Discovery for each share of AT&T they own. The new company will trade under the WBD ticker.

The Money Message



*Constant maturity yields
Sources: Refinitiv (federal-funds target rate, TIPS); Federal Reserve Bank of St. Louis (breakeven)

Get Used To Pain of Inflation

Continued from page B1
lower than CPI, so the markets expect the Fed to hit its 2% target without pushing interest rates much above inflation.

There is good reason to be cautious about such calculations, since TIPS aren't very liquid, the risk premium built into bonds varies and the Fed is a big buyer, potentially shifting the message from the bonds. Still, for an investor who thinks that the economy has flipped from disinflation to face long-run inflationary pressures, this is an opportunity: Either there will be more inflation than is priced in, or

the Fed will have to maintain much higher rates to stop prices rising so fast.

Now, it's true that the market has already moved a lot. At the start of this year, the five-year TIPS yield starting in five years had a yield of 0.47 percentage points below inflation. Now it yields 0.27 point above inflation; the Fed's hawkish talk has had an effect. Meanwhile, the bond market's inflation breakeven over the five years starting in five years is very slightly up.

This isn't what pricing a new era looks like. Go back to 2013 and 2014, and investors thought the Fed would need higher long-term real rates than this, and still have more inflation.

During the 1980s, when Paul Volcker's Fed was desperate to avoid a repeat of the inflation of the 1970s, interest rates were on average more than 4 percentage points

higher than inflation. Leave aside the fact that at the moment the Fed funds target rate is 7 percentage points below inflation; markets aren't bracing for the Fed to be truly hawkish in the long run. Investors still think there's no need, since in the long run inflation pressures will abate.

This is probably a mistake. The inflationary pressures from Covid and war will surely go away. But self-fulfilling consumer and business expectations of inflation are rising, and a bunch of longer-term inflationary pressures are on the way. These include the retreat of globalization and a starting point of an overheated economy.

Finally, there's what to do about it if you believe inflationary pressures will last. There are plenty of bond-market trades for the financially savvy, such as bets on the breakeven rate—the difference

between TIPS and ordinary Treasury yields—or on higher long-term yields. These are hard to hold on to for a long time. And the prices of simpler investments such as commodities, gold or stocks that might provide some protection against inflation over a decade are up a lot, because of the current inflation.

But it's too early to say that this is a definite change in regime. Over the past 100 days, stocks still tended to rise when yields rose. Not since the 1980s and 1990s—the last time the Fed focused on inflation at the expense of growth—have stocks generally fallen when yields have risen.

Such a regime is tough on investors, since bonds don't cushion a portfolio the way they have for the past three decades. Rather than gaining when stocks tank, bonds would lose money too. Inflation hurts.

Deposits On Pace For Decline

Continued from page B1
The industry has \$8.5 trillion more in deposits than loans, according to Barclays analysts. While loan demand is expected to increase, and the banks need deposits to fund the lending, that is more than

enough. "These are deposits they don't really need," Barclays analyst Jason Goldberg said.

Bank stocks have dropped along with changing Fed views. The KBW Index started the year heading higher as the S&P 500 fell. But it has lost nearly 20% since the middle of January and is down 9.4% for the year, while the S&P 500 has lost 5.8%.

Banks were supposed to benefit from a methodical increase in interest rates. That would allow them to charge more on loans and keep near

zero the amount they pay depositors. Banks, after all, won't pay more for funding they don't need. That combination would boost what had been record-low profit margins.

The last time the Fed increased rates, deposit growth slowed but was still positive, so bankers expected the same.

But what happened the past two years to set the stage for this year has no precedent. During the pandemic, consumers stashed away stimulus checks and businesses stockpiled cash to deal with shut-

downs and supply-chain issues. Total deposits increased \$5 trillion, or 35%, over the past two years, according to FDIC data.

Analysts and bankers think those aren't likely to stay around.

Citigroup estimated banks have \$500 billion to \$700 billion in excess noninterest-paying deposits that could move quickly.

The most likely beneficiaries are money-market funds, short-term investments that often capture overflowing deposits from banks.

Stocks Rebound Despite Dip

Continued from page B1
nances look healthy, which could help buoy the economy as inflation flares. Brian Rose, senior U.S. economist at UBS Global Wealth Management, estimates consumers accumulated excess savings of about \$2.5 trillion during the pandemic.

Still, some cracks are starting to emerge: U.S. consumer spending in February slowed sharply from the month before, as inflation—which rose to an annual 7.9% rate in February—weighed on households and chipped away at wage gains.

Real Yields Are Still Negative
Many investors say stocks are still being lifted by one closely watched bond-market metric: real yields.

Real yields are what investors receive on U.S. government bonds after accounting for inflation. Despite the sharp rise in Treasury yields this year, so-called real interest rates are still quite low. For now, investors say, that is providing support for the economy and an incentive for investors to seek returns in riskier assets.

The yield on five-year Treasury inflation-protected securities—a benchmark gauge of real interest rates over the next half-decade—stood Friday at about

minus 0.6%, according to Tradeweb. That was up from about minus 1.6% at the end of last year but still well below the 1% level it reached in 2018.

Individual Investors Buy the Dip

Individual investors have helped drive the recent surge in meme stocks and shares of unprofitable technology companies, data from Vanda Research show.

Last month, individual investors piled into shares of the ARK Innovation exchange-traded fund, purchasing a net \$132 million in shares, the second-highest monthly total on record and nearly three times the monthly 2021 average, according to Vanda data. The fund, which is run by Cathie Wood, is heavily invested in buzzy companies, some of which struggle to turn a profit.

Meanwhile, demand for bullish call options that are "out-of-the-money," or far from currently paying out, recently hit the highest level since early 2021, Vanda estimates. Bets on meme stocks and tech shares such as Nvidia Corp., Twitter Inc., Tesla Inc. and Advanced Micro Devices Inc. are particularly popular.

Goldman analysts said in a note to clients in late March that a bump in retail-trading activity helps explain the gains in stocks like nonprofitable technology companies that are typically sensitive to interest-rate increases.

"Sentiment from the most speculative part of the retail community is becoming increas-



U.S. job growth remains strong.

rate since the first quarter of 2012.

Analysts point to one particular bright spot: Many think U.S. companies will be able to navigate soaring inflation by raising prices. The estimated net profit margin for S&P 500 companies is 12.1% for the first quarter, higher than the five-year average of 11.2%, FactSet data show.

"At the moment, there is this relative sweet spot for equities, whereby they feel comfortable with rising inflation—they think that U.S. companies retain pricing power and that it won't result in margin compression," said Huw Roberts, head of analytics at Quant Insight.

A Technicals Snapback

There are technical factors driving the rebound, too. Many institutional investors appear to have aggressively dumped stocks to start the year, traders and analysts said.

"During the invasion...it felt like [the selloff] was all driven by de-risking," said Glenn Koh, head of global equities trading at Bank of America.

Bank of America analysts estimate that bearish stock positions among commodity trading advisers, computer-driven funds that try to make money betting on market trends and patterns, surged in March before pulling back on those bets. Recently, Mr. Koh said, some investors might have had to unwind bearish positions, helping drive a rally. "It felt like it was more short covering," he said.

—Sam Goldfarb contributed to this article.

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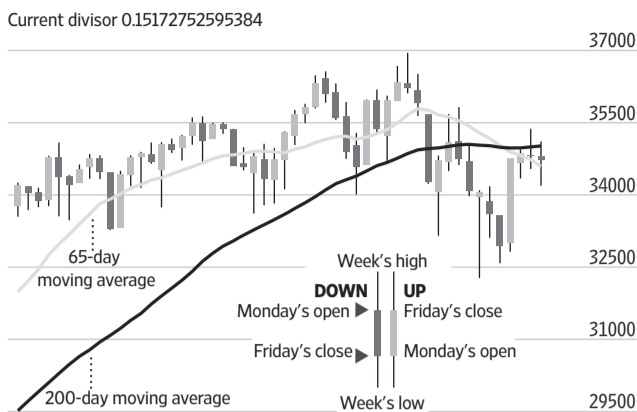
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MARKETS DIGEST

Dow Jones Industrial Average

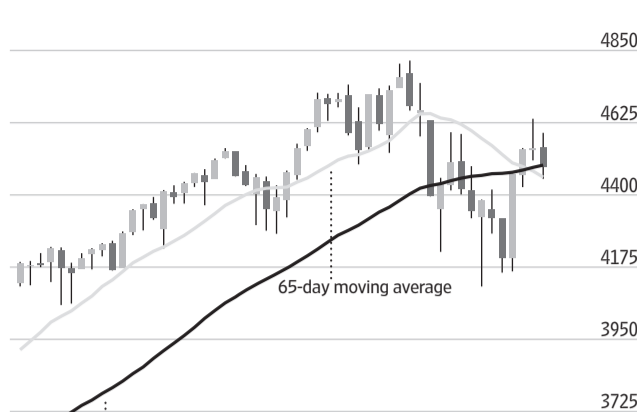
34721.12 ▼97.15, or 0.28% last week
Trailing P/E ratio 19.29 34.28
P/E estimate * 18.07 21.48
Dividend yield 2.05 1.78
All-time high 36799.65, 01/04/22



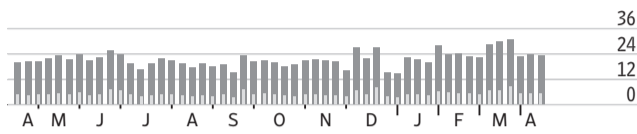
Current divisor 0.15172752595384

S&P 500 Index

4488.28 ▼57.58, or 1.27% last week
Trailing P/E ratio * 24.91 46.92
P/E estimate * 19.97 23.49
Dividend yield * 1.40 1.42
All-time high 4796.56, 01/03/22



NYSE weekly volume, in billions of shares



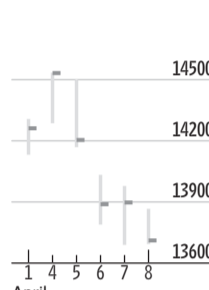
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; *Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

Table of Major U.S. Stock-Market Indexes including Dow Jones, Nasdaq Composite, S&P 500, and various international indices with their latest values and percentage changes.

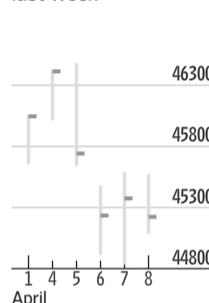
Nasdaq Composite

▼ 550.50, or -3.86% last week



DJ US TSM

▼ 822.14, or -1.79% last week



International Stock Indexes

Table of International Stock Indexes listing various regional and country indices like MSCI ACWI, STOXX Europe, FTSE 100, etc., with their latest values and percentage changes.

Commodities and Currencies

Table of Commodities and Currencies listing prices for DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Gold, U.S. Dollar Index, etc.

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market
Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Table of Public Offerings of Stock listing expected pricing date, issuer/business, symbol, shares, pricing range, and bookrunner(s).

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Table of Lockup Expirations listing lockup expiration date, issue date, issuer, symbol, offer price, offer amount, through Friday, and lockup provision.

IPO Scorecard

Performance of IPOs, most-recent listed first

Table of IPO Scorecard listing company, symbol, IPO date/offer price, Friday's close, offer price, 1st-day close, % Chg From Friday's close, and 1st-day % chg.

Public and Private Borrowing

Table of Public and Private Borrowing listing date, auction details, and settlement dates for various Treasury securities.

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table of Currencies listing country/currency, US\$ vs. USD, Fri. per US\$, YTD chg. per US\$, and YTD % chg.

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. The DJIA lost 97.15 points, or 0.28%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average.

Table of A Week in the Life of the DJIA listing the week's action (pct chg, stock price, point chg) and \$1,000 invested (year-end '21) for various component stocks.

Consumer Rates and Returns to Investor

U.S. consumer rates

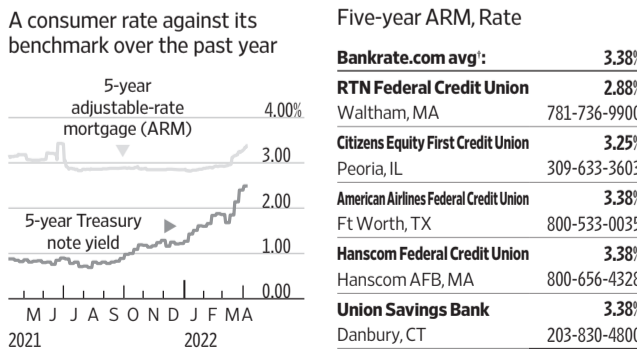
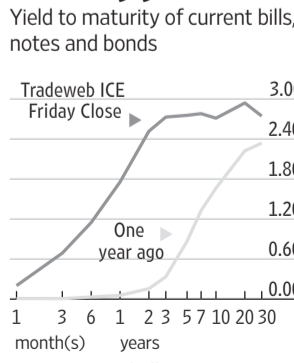


Table of U.S. consumer rates listing interest rate, yield/rate, 52-week range, and 3-yr chg for various rates like Federal-funds rate target, Prime rate, etc.

Benchmark Yields and Rates

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of Corporate Borrowing Rates and Yields listing bond total return index, yield, spread, and total return for various corporate bonds.

CLOSED-END FUNDS

Table of closed-end funds with columns for Fund (SYM), NAV, Close/Disc, Yld, Prem 12 Mo, 52 wk, and Ret. Includes sections for U.S. Mortgage Bond Funds, Investment Grade Bond Funds, Loan Participation Funds, and General Equity Funds.

MARKETS



Albertsons is expected to post a profit of 64 cents a share Tuesday.

THE TICKER MARKET EVENTS COMING THIS WEEK

Table of market events for Monday, Tuesday, Wednesday, Thursday, and Friday, including short-selling reports, producer price index, retail sales, and earnings reports.

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days.

Table of insider trading transactions with columns for Date(s), Company, Symbol, Insider, Title, No of shrs in trans (000s), Price range (\$), \$ Value (000s), Close (\$), and Ytd (%)

Table of biggest weekly individual trades with columns for Date(s), Company, Symbol, Insider, Title, No of shrs in trans (000s), Price range (\$), \$ Value (000s), Close (\$), and Ytd (%)

Buying and selling by sector

Table showing buying and selling activity by sector, including Basic Industries, Capital Goods, Consumer durables, and Energy.

Advertisement for AdoptUSKids featuring a family (Darnell and Denna) and their adopted 16-year-old son, Isaiah, wearing 'Football MOM' and 'Football DAD' shirts.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Supply-Chain Chaos Is Great for Warehouse Stocks

Global transport problems may bring manufacturing closer to home; until then, urge to stockpile will boost demand for storage

For most companies, today's dysfunctional supply chains are a headache and a cost. For warehouse owners like **Prologis**, they are yet another tailwind.

Global air and sea freight routes have become more expensive and less reliable during the pandemic. In March, just 7% of sea shipments from Asia to North America arrived on time, while 6% were on time for the Asia-to-Europe route, eeSea data shows. Even big companies with bargaining power can expect to pay contract freight rates around five times higher than in 2019. Fresh Covid-19 lockdowns in China and coming wage negotiations with West Coast dockworkers in the U.S. spell further trouble ahead.

That points to stockpiling, which should boost demand for warehouses. Companies need to hold more goods so they don't miss out on sales because of freight delays. Based on what they

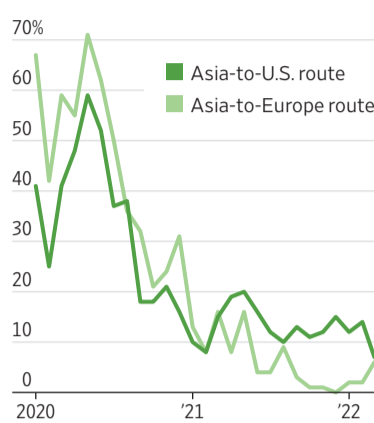
are hearing from tenants, big logistics landlords think inventories will eventually settle 10% to 15% higher than prepandemic levels.

Consumer spending was so strong last year that companies haven't yet had a chance to build up extra supplies. In the U.S., the ratio of inventories to sales for all businesses is currently 1.25, according to the U.S. Census Bureau, below the average since 1998.

Stockpiling could therefore create additional demand for supply that is already constrained. Companies raced to lease more warehouse space as shoppers moved online during pandemic lockdowns. In the U.S., vacancy rates for logistics property fell below 4% for the first time on record in 2021, JLL data shows. Vacancy rates in Europe fell from 5.1% to 3.5% over the course of last year, according to Savills.

Tight supply means industrial landlords have a much better

Percentage of sea freight deliveries arriving on time, monthly



Source: eeSea

chance of negotiating inflation-beating rent increases than owners of other commercial real estate such as malls or offices. In the U.S., warehouse rents increased by 11% last year, comfortably ahead of

the rise in consumer prices. Prologis expects to raise rents by the same amount again in 2022. In parts of London, where supply is especially tight, rents increased by as much as 30% last year, according to European warehouse owner **Segro**. The market is so strong that logistics landlords want to avoid offering long-term contracts to tenants or inflation-indexed leases that would cap their upside.

Capital markets are racing to catch up. Around half of all funds currently being raised globally for investment in real estate are now targeting industrial and logistics, Segro reports. Prologis became the biggest listed real-estate investment trust in the U.S. by market value in January, overtaking cell-tower owner American Tower. Once a bit player, Segro is now Europe's second most valuable REIT after German residential landlord **Vonovia**.

One much-discussed trend that

could damp the excitement is a shift in production closer to home. This would be a solution to supply-chain problems, but a drastic and expensive one. For example, companies would need to invest \$1 trillion over five years to relocate all foreign manufacturing based in China that isn't destined for the Chinese market, according to estimates from Bank of America. And this doesn't factor in the higher cost of operating in higher-wage markets.

Labor shortages in the U.S. and rising energy prices in Europe may deter big moves for now. Global trade reached a record high in 2021, according to United Nations data, so there is little evidence of a move to domestic manufacturing yet.

For now, reshoring is the trend everyone is talking about that isn't happening. Demand for warehouses from both tenants and investors should stay strong for a good while yet. —Carol Ryan

Uber Doesn't Want to Be the Next Expedia

You might be able to book your next vacation on Uber, but you won't be able to book your next vacation with Uber. You aren't the only one confused.

Headlines flew this past Wednesday suggesting that **Uber Technologies** was becoming the next Expedia after the Financial Times first reported that Uber would soon add long-distance travel bookings, including "trains, coaches and flights" to its U.K. app this year.

Despite Uber Chief Executive Dara Khosrowshahi's background previously running the online travel agent, Uber doesn't want to be Expedia. It just wants you to spend more time on its app—and to maybe rack up a little more of

your business as a result.

Investors should think of this U.K. pilot a bit like Uber's New York City taxi partnership—users will be able to book a train, like a taxi, through the Uber app and, for the business referral, Uber will get a service fee. Unlike when you book a trip through Expedia, Uber won't handle your train reservation (the train company will.) It will merely be the platform upon which you book it.

"We're not running the boat," an Uber representative said. The financial implications of that are key. Uber is expanding its business geographically and vertically in a dizzying number of ways. As of February, it was active in over 10,000 cities across 72 countries.

It can deliver food, groceries, convenience goods, alcohol, flowers, prescriptions and even baby clothes.

It can't yet sustainably make money. Uber lost \$774 million last year on the basis of adjusted earnings before interest, taxes, depreciation and amortization. In 2020, it lost over \$2.5 billion on that basis, even while food delivery as a sector was thriving. So while online travel agents such as Expedia, Booking Holdings and even Airbnb boast healthy margins, Uber needs an asset-light model if it wants to continue to rapidly grow and have a hope of near-term profits.

Uber hasn't specifically said why it is piloting its new services in the U.K., but as a major transit

hub and one of Uber's largest markets, it makes sense. Airport trips globally made up 15% of Uber's mobility bookings pre-Covid 19 in 2018, according to Uber's initial public offering filing, and the company has said 40% of its U.K. trips begin or end near a transit hub. AB Bernstein analyst Mark Shmulik estimates Uber could collect about 1% to 3% commissions on flight bookings, with hotel bookings garnering higher commission rates down the road.

The challenge will be changing consumer habits. If you are in London and want to book a train today from Heathrow, you consult Heathrow Express or Trainline. The hope is that you will grow to consult Uber. And once there, you

might book an Uber to pick you up from the train station and take you to your final destination.

Uber says it will pilot trains and coaches on its U.K. app this summer, and plans to add flights and hotels later this year. The company hasn't said whether the travel provider or the user (or both) will pay the service fee. Asking users to pay to change their habits could be a bit of a nonstarter, but then again Uber's some \$17.5 billion in revenue last year is a testament to how much consumers will pay for some incremental convenience.

Uber doesn't want to manage all your travel; it just wants to be the first place you go. —Laura Forman

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ARTIFICIAL INTELLIGENCE

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THE WALL STREET JOURNAL.

Monday, April 11, 2022 | R1



HOW AI SAVES LIVES IN THE ER

An algorithm may hold the key to saving your life in the emergency room. Hospitals are making a bet that artificial intelligence can help identify and treat patients at highest risk in their ERs, inpatient wards and intensive-care units, for dangers including the deadly infection sepsis and an impending cardiac arrest or stroke.

Artificial-intelligence algorithms are processing vast troves of data in electronic medical records, searching for patterns to predict future outcomes and recom-

Hospitals are turning to artificial intelligence to help identify and treat patients most at risk in ERs and ICUs

BY LAURA LANDRO

mend treatments. They are creating early-warning systems to help hospital staff spot subtle but serious changes in a patient's condition that aren't always visible or noticed in a busy unit, and predicting which patients about to be discharged from the hospital are at highest risk of being readmitted.

These systems are just one effort in a vast array of AI projects in healthcare—from helping detect cancer in radiology images to identifying which drugs to test on patients with different diseases. But this prediction technology holds especially significant promise to

Please turn to page R4

Inside

Social Clues



Medical researchers are tapping into social media for insights into patients' experiences that can't be gleaned from traditional medical studies. **R5**



Scan this code to see a video about Amazon's Astro robot, and how it worked in one family's household.

Inside Intel

Intel has lagged behind Nvidia in the growing market for AI chips. It aims to change that. **R6**



Should Algorithms Be Regulated?

As AI plays a bigger role in our lives, concerns about fairness grow

BY BART ZIEGLER

Artificial intelligence is fast becoming a part of being both a consumer and an employee. Apply for a credit card or mortgage and many banks will use AI to weigh your creditworthiness. Apply for a job and the employer could use AI to rank your application. Call a customer-service number and AI technology might screen and

route your call.

AI refers to techniques that allow computers to learn, reason, infer, communicate and make decisions that in the past were the sole province of humans.

Yet as AI technology spreads, so do concerns about its accuracy and fairness. Experts say it can have built-in racial, gender and age biases that could, for instance, rule out certain qualified people for jobs, or force some creditworthy borrowers to pay higher rates than otherwise. This has prompted calls for regulation, or at least greater transparency about how the systems work and their shortcomings.

(See related article on page R7.)

We asked three experts to discuss the issue: Esha Bhandari, deputy director of the American Civil Liberties Union's Speech, Privacy and Technology Project; Ryan Calo, a professor at the University of Washington School of Law; and Jordan Crenshaw, vice president of the U.S. Chamber of Commerce's Technology Engagement Center.

What follows are edited excerpts of the discussion, which took place over email.

• **WSJ: Do we need greater regulation of artificial intelligence?**
Please turn to page R2

JOURNAL REPORT | ARTIFICIAL INTELLIGENCE



Should the Government Regulate Algorithms?

Continued from page R1
gence? Or just government guidance that would lead the industry to regulate itself?

• **MS. BHANDARI:** Government guidance has a role to play, but where business use of AI has the potential to harm individuals or communities, those harms have to be addressed through regulation. It's the same principle that applies to other consumer products that have the potential to harm people—businesses that stand to make money from those products are not left to simply self-regulate.

One argument that business often uses to avoid regulation is that if the public is unhappy with their product or service, the public will take its business elsewhere. That's often not possible with AI tools that are developed by companies that don't sell to the public and are impervious to those pressures.

• **MR. CRENSHAW:** Artificial intelligence has the potential to significantly improve society, like securing our networks, preventing fraud, expanding financial inclusion and helping medical researchers develop treatments quicker. At the same time, every iteration of technology has risks.

If we rush to outright ban or overregulate AI, we will delay or won't realize these new societally beneficial uses. There may come a time where we find we need to regulate AI—as is the case with privacy—but we should really thoughtfully approach this issue before rushing to regulate.

This is one of the reasons why the U.S. Chamber of Commerce launched its new AI Commission on Competitiveness, Inclusion and Innovation, to study how best to approach AI from a regulatory perspective by hearing directly from all relevant stakeholders, including consumer advocates, business and academia. This commission will release a report this fall.

• **MS. BHANDARI:** From a civil liberties and civil rights perspective, I would disagree that we need to develop and deploy AI first and ask questions later. In the medical or pharmaceutical context, we have strong reasons to spur advancement while acknowledging that new treatments or drugs cannot simply be unleashed on

the public without satisfying regulatory standards first.

• **MR. CALO:** I'm not convinced it's possible to regulate artificial intelligence as such. AI isn't a thing, like a train, but rather a set of techniques aimed at approximating some aspect of cognition. But that doesn't mean there shouldn't be changes to law. The ability of AI to spot patterns in peoples' data, for example, suggests a need for tougher privacy laws. The disparate impact AI can have on marginalized consumers or job seekers suggests a role for federal agencies to address bias.

Ultimately, proponents of AI can't have it both ways. Either AI is a powerful, transformative technology that changes everything...or it isn't. And if it is, one of the things that must change is law and legal institutions.

• **MR. CRENSHAW:** One of the things we have to remember is that there are already laws on the books that directly address many issues of concern, like the Civil Rights Act. It's important that we let these laws guide agency thinking and not create entirely new approaches outside of Congress's intent.

• **WSJ: How should federal regulation, if warranted, be put in place? Should there be a central agency to oversee regulation of AI? Or should each government agency devise policies in its own sphere of influence, such as financial services or healthcare or housing?**

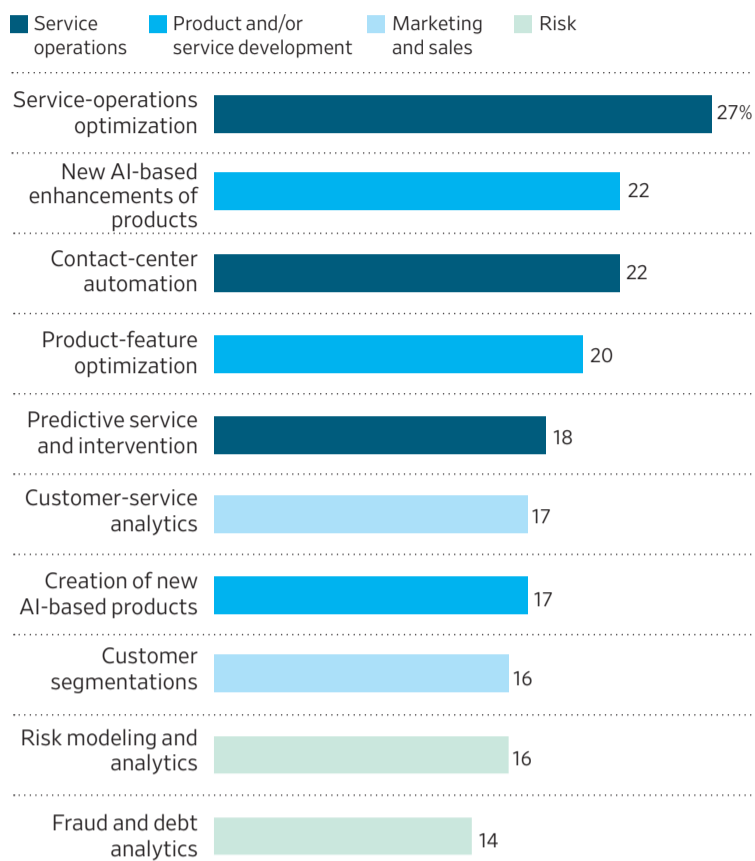
• **MR. CRENSHAW:** Before we determine which agencies are involved in regulating AI, I think an important point needs to be addressed—what is the legal definition of artificial intelligence and machine learning. When we do that, it will be possible to determine whether or not a sectoral or general approach is needed.

• **MR. CALO:** Years ago, at the Aspen Ideas Festival, I argued for the creation of a new agency for cyber-physical systems. Call it a Federal Robotics and Artificial Intelligence Commission. What I like about a centralized repository of AI expertise is that all corners of government could access it and the agency could attract some of the best and the brightest from academia and in-

• **What specific regulations are warranted? Require businesses to disclose their methodology and data used to “train” their AI systems? Allow regulators to test AI algorithms for bias or other concerns?**

AI in Business

In a 2021 McKinsey survey on business use of artificial intelligence, 56% of respondents reported some AI use, up from 50% in 2020. Here are the most common uses^a reported in the latest survey.



Note: The survey was taken from May 18 to June 29, 2021, with 1,843 participants.
^aOut of 39 uses. Question was asked only of respondents who said their organizations have adopted AI.
 Source: McKinsey & Co

dusty. But I suspect each agency will have to address issues presented by AI in the specific context in which they operate.

• **WSJ: What specific regulations are warranted? Require businesses to disclose to a regulatory agency their methodology and data used to “train” their AI systems? Allow regulators to run tests of AI algorithms to look for bias or other concerns? Require companies to explain to customers how AI is used?**

• **MS. BHANDARI:** The issue of transparency and independent research is critical from a civil rights and liberties perspective, and also for general public accountability. In the offline world, companies have long been subject to independent auditing as a cost of doing business. This could include hous-

ing and employment testing to ensure that landlords and employers don't discriminate on the basis of age or gender, for example. The same should be true in the digital era, with companies' practices being no less subject to outside audit just because they use an algorithm to make decisions.

• **MR. CRENSHAW:** If the government decides that regulation is warranted, agencies should focus on processes that pose a high risk of consumer harm. Policy makers should avoid scenarios in which companies continually have to go to an agency like the FTC to obtain clearance before using their algorithms that have a low risk of harm.

• **MR. CALO:** I also wonder whether security laws need to be updated in another way. Right now if it's too easy to hack into your system, you can get in trouble for inadequate security. But what if your AI is too easy to trick? For example, you build a driverless car that researchers can trick into misperceiving a stop sign as a speed sign, or a bank deploys a facial-recognition system that a criminal tricks to frame a rival.

Conversely, is tricking an AI system a form of “hacking”? These are the sorts of puzzles AI presents to the law, even if we don't want to regulate AI as such.

• **WSJ: What privacy risks are posed by business use of AI? How can these concerns be mitigated?**

• **MR. CRENSHAW:** Luckily, from a privacy perspective there are steps that can be taken to ensure consumers have control over how personal information is used, collected and shared. Virginia's new law going into effect next year prohibits the processing of sensitive data dealing with things like race or health diagnoses without consumer consent. Virginia enables some exceptions for societally beneficial uses of data.

There has to be some balance, though, in terms of allowing the use of data for good. For example, sensitive data may be necessary to target traditionally underserved communities and help get them access to credit. AI could also be used to synthesize clinical trials.

There need to be safeguards put in place to ensure data can be used in a secure manner to protect society while promoting privacy.

• **MR. CALO:** AI's ability to spot patterns makes it increasingly possible to derive the intimate from the available. AI is sometimes able to infer sensitive information from public or seemingly innocuous data. Which means that privacy laws that rely upon dichotomies such as public vs. private, ordinary vs. sensitive, or personal vs. nonpersonal are becoming outdated.

• **MS. BHANDARI:** One of the problems with the current legal landscape is unfettered access to data that companies are incentivized to collect and retain.

I see two ways to address this issue: 1) regulating data collection in the areas where it can be regulated, and 2) limiting the incentives to collect and maintain large amounts of data by regulating downstream use of data that has been lawfully acquired.

For example, if you aren't permitted to microtarget consumers on the basis of personal characteristics like race, age, gender or disability when showing them housing or employment opportunities online, then perhaps the business case for collecting that information about consumers will dry up, or at least become less profitable.

• **WSJ: What downsides could AI regulation present? Could it stifle innovation that might benefit consumers and the economy? How could this be mitigated?**

• **MS. BHANDARI:** Regulation can take into account areas where the risk of harm to people is low and the potential upsides are high. In areas where an AI system isn't going to be part of rendering a consequential decision—such as determining access to credit or a job—there might be a different regulatory regime in play. Regulation does not have to be one size fits all regardless of context. But the current system leaves individuals with far too little protection against the use of AI that affects their lives.

• **MR. CRENSHAW:** The U.S. is in a race right now regarding artificial intelligence that will in many ways dictate which country leads economically. If we have 50 states passing privacy or AI regulation, that puts us at a distinct disadvantage against our competitors. There is also more of a tolerance for risk in the development of technology in China than in the U.S. We need a uniquely American framework that puts a high priority on protecting consumers and innovation. We shouldn't look to moratoriums or banning technology outright. We should seek to encourage the responsible and ethical use of this technology.

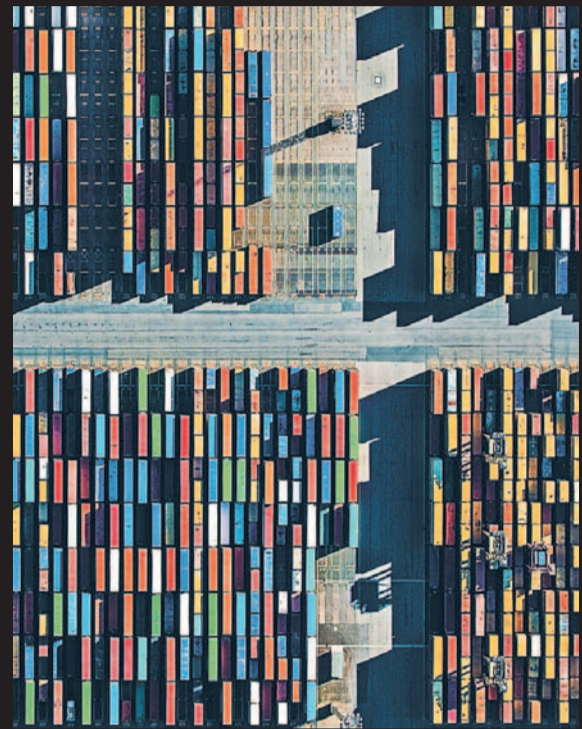
Mr. Ziegler is a former Wall Street Journal reporter and editor. Email reports@wsj.com.



C3 AI is solving previously unsolvable problems



Anti-money Laundering



Inventory Optimization



Precision Health



Energy Management



Predictive Maintenance

This is Enterprise AI.



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How AI Helps Hospitals Save Lives in Emergency Rooms

Continued from page R1

transform care and improve patient safety in ER and ICU cases—as long as the systems can be designed to avoid some of the medical, technological and ethical concerns that have emerged in mixing the science of machine learning with the art of medicine.

“Clinicians still have to be in the driver’s seat, but artificial intelligence and predictive models provide us with a way to put the most insights gleaned from voluminous amounts of data at their fingertips, so at the right moment of care it can improve patient outcomes,” says Vincent X. Liu, a researcher and intensive-care specialist at Oakland, Calif.-based hospital and nonprofit health plan Kaiser Permanente.

Here’s a look at some of the efforts under way.

Avoiding a ‘Code Blue’

Once a patient’s deteriorating condition triggers an emergency like a Code Blue—which hastens a team to the bedside—it is often too late to prevent the patient from needing life-support therapy or intensive care.

By using data analytics to predict a patient’s downward spiral up to 12 hours in advance, such emergencies could be prevented, and patients could either avoid the ICU or be in better shape when they

got there, according to Dr. Liu.

Kaiser Permanente developed a predictive model called Advance Alert Monitor that can identify about half of patients who will deteriorate. It scans patient data continuously, assigning scores that predict the risk of transfer to the ICU or death. The time horizon allows staffers to reach patients when they are still relatively stable and may just need enhanced screening or monitoring. “It’s searching for the needles in the haystack, so it has to sift through all the patients to try to find those at highest risk,” Dr. Liu says.

To minimize “alert fatigue,” the results aren’t shown directly to hospital staff, but rather are monitored remotely by specially trained nurses so bedside nurses can focus on seeing patients. If a patient’s score reaches a certain threshold, the remote nurse contacts the rapid-response nurse on the ward who in turn launches a formal assessment and contacts

the patient’s physician, who can initiate a rescue program that could include a transfer to the ICU.

In a study at 19 of its hospitals over nearly three years, published last November in the *New England Journal of Medicine*, Kaiser Permanente reported that the predictive model was associated with lower hospital mortality, a lower incidence of ICU admission and a shorter length of stay, compared with hospitals that didn’t use the system. Kaiser now uses the program in 21 hospitals.

Watching for sepsis

One of the most dangerous risks to patients is sepsis, which happens when an existing infection triggers a life-threatening chain reaction in the body, leading to organ failure and death if not treated promptly. Nearly one in three patients who die in a hospital has sepsis, which starts developing before they arrive in 87% of cases,

according to the Centers for Disease Control and Prevention.

The majority of cases could be prevented with rapid diagnosis and treatment, but studies have shown many sepsis patients may not receive care consistent with guidelines. There is no gold standard for how to diagnose it, and symptoms of sepsis such as fever and a rapid heart rate can also accompany other illnesses, so it can be hard to determine who has it and who doesn’t. Some hospitals have found that algorithms designed by outside vendors and developers are based on data that is not relevant to their own patients, causing false alarms and concern about errors.

After finding that one model commonly used to detect sepsis was firing off false alarms, Duke University Hospital decided to create its own machine-learning model to predict sepsis quickly and accurately with data from its own patient records, according to Cara O’Brien, a hospital-medicine physi-

cian and assistant professor at Duke University School of Medicine.

Dr. O’Brien led a team that included doctors and nurses to train the model with more than 32 million data points such as vital-sign measurements, lab reports and medication administration from more than 42,000 inpatient encounters analyzed over 14 months, of which 21.3% had a sepsis diagnosis. It culls data from a patient’s vital signs, medications and lab measurements every five minutes, analyzes 86 different variables, samples them multiple times and detects relationships that could signal the onset of sepsis.

The Sepsis Watch dashboard includes four color-coded lists of patients for triage, with those at high risk for sepsis in red. A single rapid-response-team nurse on a 12-hour shift monitors the dashboard on an iPad, and calls emergency physicians to discuss every patient with sepsis or at risk for it. No patient is put on treatment without a doctor’s OK.

Hospitals must publicly report compliance with so-called sepsis bundles—treatment guidelines that have been shown to improve outcomes and include actions like ordering antibiotics and performing certain lab tests within specific time windows from a patient’s arrival in the ER. Duke increased its compliance to 64% in the 15 months after starting Sepsis Watch, versus 31% in the 18 months prior. Mark Sendak, a physician and clinical-data scientist at Duke who co-led the project, says

◀ Dustin Tart, BSN, RN, checks patients’ vitals using the Sepsis Watch application at Duke University Hospital.



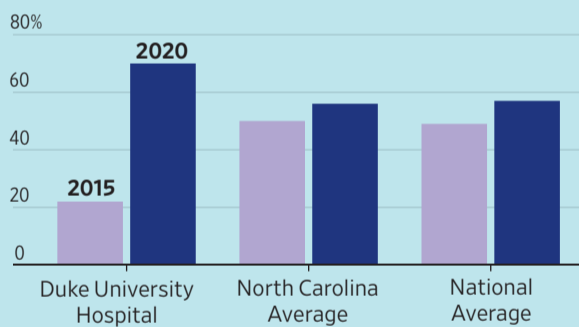
SHAWN ROCCO/DUKE HEALTH

AI to Improve Sepsis Response

Sepsis, an extreme reaction to infection, can be deadly and is often difficult to diagnose. Artificial intelligence has had mixed results in helping to detect and predict sepsis in hospital patients so that it can be caught and treated earlier, but doctors and data scientists are refining models. Here’s how one such application, Duke University’s Sepsis Watch, works

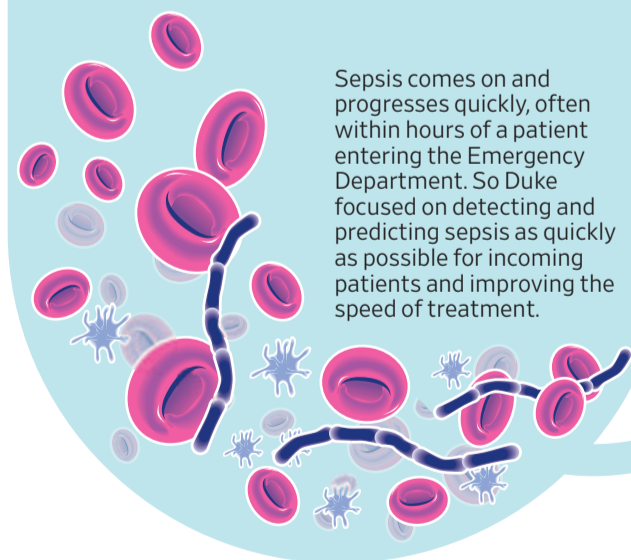
The extent of the danger

In 2015, fewer than half of patients nationwide were receiving appropriate care for severe sepsis and septic shock, according to the Centers for Medicare and Medicaid services:



Those numbers have since improved, with the percentage of patients receiving appropriate care at Duke University Hospital climbing from well below the national average to well above the national average since the hospital started using Sepsis Watch

Sepsis comes on and progresses quickly, often within hours of a patient entering the Emergency Department. So Duke focused on detecting and predicting sepsis as quickly as possible for incoming patients and improving the speed of treatment.



How Sepsis Watch tracks patients



1 A rapid-response nurse monitors Sepsis Watch as it analyzes every patient entering the Emergency Department

Machine is trained to watch out for sepsis



42,000 encounters analyzed
21.3% of those patients had sepsis

Sepsis Watch is based on data from 42,000 inpatient encounters, with 21.3% of those patients having experienced sepsis. The data includes 25 million vital-sign measurements, 5.2 million lab results and 2 million medication administrations.

32 million data points are drawn from those 42,000 encounters

All this data is used by Sepsis Watch as a starting point in diagnosing or predicting sepsis as it constantly monitors patients’ vital signs, medications and lab results.



2 Triage

If patients have systemic inflammatory response syndrome (SIRS), including high temperature, heart rate and respiratory rate, and damage to internal organs, they are flagged by Sepsis Watch as meeting sepsis criteria. If the criteria are not met, Sepsis Watch could flag the patient with color-coded cards as high, medium or low risk of sepsis. The cards are updated every five minutes with fresh data from the patients.



3 Alert and treatment

The rapid-response nurse confers with the attending physician about patients flagged as having sepsis or being at high risk of sepsis. The physician independently reviews the medical record and evaluates the patient to make the decision to treat sepsis. The treatment bundle is handled in two stages: A three-hour bundle of interventions followed by a six-hour bundle of interventions including antibiotics.



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a final analysis is under way, but mortality appears to be down, and the algorithm is now used for every patient coming into the emergency department.

One of the largest hospital chains, HCA Healthcare, developed its own predictive algorithm called Spot—for Sepsis Prediction and Optimization of Therapy. HCA found that Spot detects sepsis six hours earlier and more accurately than clinicians; early recognition and treatment have reduced sepsis mortality across 160 hospitals by almost 30%.

HCA's chief data scientist, Edmund Jackson, and his team used the Spot platform to develop a broader program called Nate, for Next-Gen Analytics for Treatment and Efficiency.

In designing new algorithms, data scientists are collaborating with clinical staff to determine what predictive models can be most useful to them and how they can fit into the patient-care flow.

"We have a dedicated innovation team that goes into hospitals and works with caregivers at the bedside—we don't show up one day and say, 'Here's an AI that's been trained to do X for you,'" says Michael Schlosser, a neurosurgeon and senior vice president of care transformation and innovation at HCA.

Readmission challenges

Hospitals are also using machine learning to solve one of their most persistent problems—how to identify which patients are at greatest risk for being readmitted to the hospital within 30 days of discharge. Hospitals commonly use standard readmission risk-assessment scores that rely on a limited amount of data, such as how long the patient was in the hospital, how sick they were at admission, other diseases and conditions they have, and whether they visited the ER within six months before their admission. But the standard scores don't take into account an individual hospital's data from its own patient records.

For example, in a study at three hospitals published in 2019, researchers at the University of Maryland found that, compared with the commonly used readmission scores, a machine-learning score that used data on readmissions at the individual hospitals was able to better determine which patients needed more interventions to avoid coming back to the hospital.

But predicting readmissions is only one step toward preventing them, according to the study. Interventions to keep patients from returning are often costly and labor intensive, including referring them to discharge clinics, transitional care and telemonitoring. And they don't always recognize so-called social determinants of health that stand in the way.

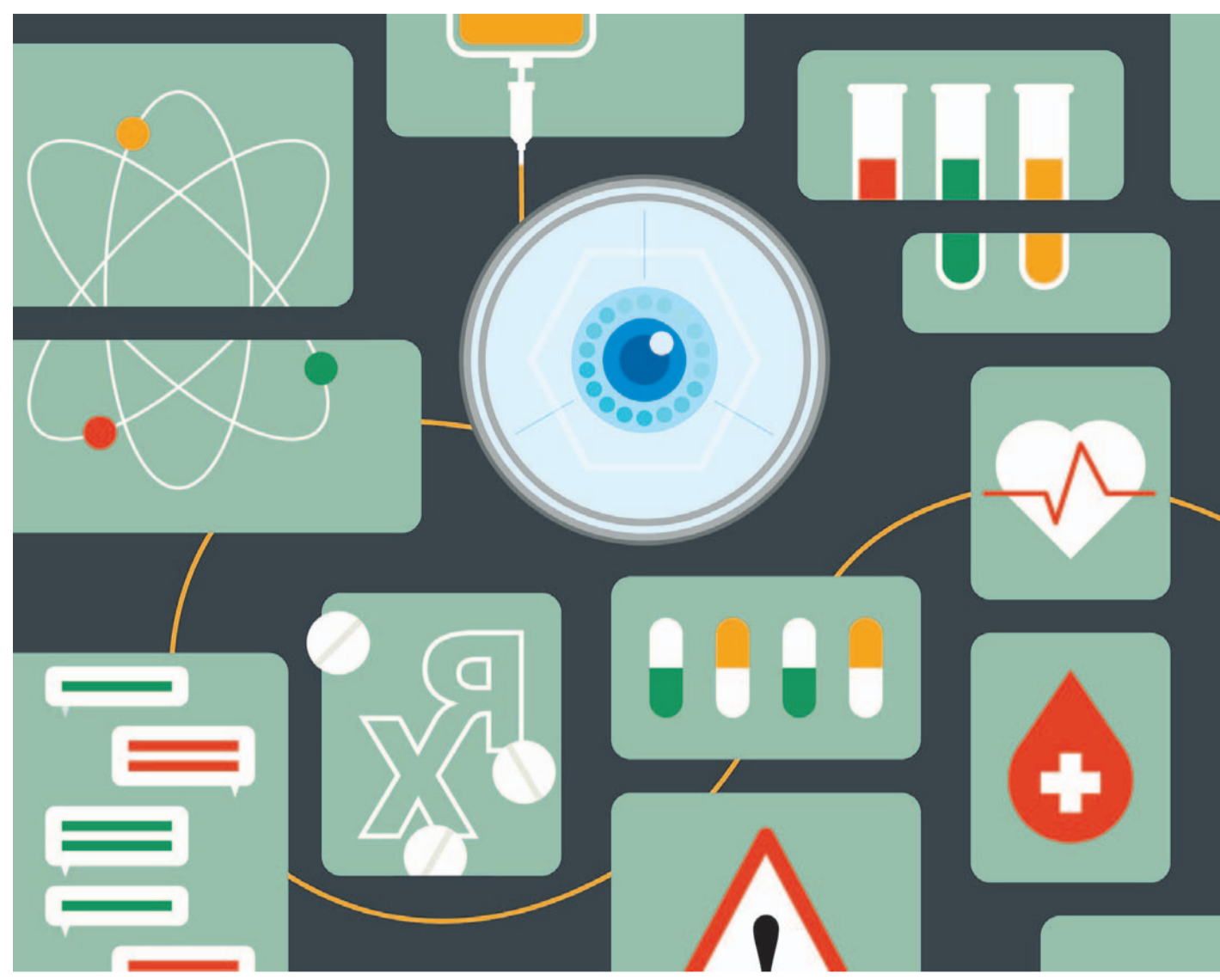
David Vawdrey, chief data informatics officer at Geisinger Health System, with 10 hospitals in Pennsylvania, says the lack of resources

■ Researchers are also looking for ways to better identify when AI systems don't work.

to help patients at highest risk of readmission is a major issue, but predictive algorithms hold promise for measures that can keep patients out of the hospital in the first place and make sure they have preventive screenings for serious disease.

For example, Geisinger worked with a company called Medial EarlySign to identify patients overdue for a colorectal-cancer screening, and used a machine-learning algorithm to flag those at higher risk. Patients were then called by a care manager who informed them of their risk and offered to schedule a colonoscopy. They were able to schedule one for 68.1% of the patients flagged, and approximately 70% had a significant finding, according to a recent report in NEJM Catalyst.

"The power of AI to prioritize that list allows us to reach out more intensively and take an extra step for those at highest risk that says, 'It's really time, you need to



Medical Research Uses Social Media To Fill in the Gaps

Among other things, researchers study what patients say about side effects

BY LISA WARD

Medical researchers are turning to social-media posts to improve patient care.

Using machine-learning algorithms to sift through social-media posts, researchers can get insights into patients' experiences that are often overlooked or difficult to attain when relying mainly on data from medical reports and doctors' charts. It also provides data more quickly than traditional epidemiological or medical studies, which can take years to complete.

"Collecting abundant social-media data is cost-effective, does not involve burdening participants, and is available in real time," says Graciela Gonzalez-Hernandez, an associate professor at the University of Pennsylvania's Perelman School of Medicine. It also might do a better job of capturing voices of underrepresented populations who are often absent in biomedical trials and traditional cohort studies, she adds.

One such area, she says, is in the way that healthcare providers report problems with prescription medication to the Food and Drug Administration's Adverse Event Reporting System.

"Healthcare providers report what they deem important, such that serious events are overrepresented, while bothersome side effects that may be of great importance to patients and lead to nonadherence and nonpersistence are underrepresented," Dr. Gonzalez-Hernandez says.

Opioid withdrawal

One recent study, for instance, mined social-media posts to learn more about the effects of buprenorphine, a drug for helping opioid users get through withdrawal. The study showed a concern among Reddit subscribers that the drug would cause extreme withdrawal symptoms—known as precipitated withdrawal—for people who

had used fentanyl, a drug that is increasingly mixed with heroin and is helping fuel the opioid crisis.

"Many Reddit subscribers express frustration about their medical service providers not understanding precipitated withdrawal," says Abeed Sarker, an assistant professor of biomedical informatics at Emory University and co-author of the resulting paper.

In France, researchers designed a machine-learning algorithm to help healthcare providers better address the needs of women with breast cancer. The program identified topics raised by breast-cancer patients posted on Facebook and cancerdusein.org, a French online breast-cancer forum, and then compared those topics with a questionnaire used by the European Organization for Research and Treatment of Cancer. The researchers found there were subjects of concern to patients that the questionnaire wasn't exploring.

The questionnaire asked patients to share thoughts about all sorts of issues, including their body image, sexual enjoyment and systemic therapy side effects. The researchers found several topics that weren't included in the questionnaire and suggested two—nonconventional treatments and the relationships that patients have with their families—be included in future questionnaires.

Some researchers are looking at how data gleaned from social-media posts can be combined with more-traditional research. Su Golder, an associate professor at the University of York in England, is working on a review of medical literature about all the adverse side effects of HPV vaccines against human papillomavirus. To buttress that work, she and her co-researchers are using natural-language processing on social-media platforms, like Twitter and WebMD's forum, to help identify what people are saying about the vaccines online.

"It's important to research what the public is worried about," Dr. Golder says. She says that social-media posts and data found in traditional research complement each other. Social media reveal patient perspectives and real-time information, while traditional sources can help overcome some of social media data's shortcomings. Data extracted from social media, for example, tend to show association, not causality. And the demographic characteristics and points of view of social-media posters may not reflect an entire cohort, Dr. Golder says.

Suicide rates

Researchers from the Centers for Disease

Control and Prevention and the Georgia Institute of Technology have combined data from social media and more-traditional epidemiological sources in an effort to improve the accuracy and timeliness of estimates for national suicide rates. Currently, national suicide statistics are compiled using death certificates from more than 2,000 medical examiners, and can take more than a year to generate. That makes it difficult to plan effective suicide-prevention programs.

By adding social-media posts and other data to the statistical mix, the CDC and Georgia Tech researchers found they were able to estimate national suicide rates accurately on a weekly basis. The algorithms being used comb through public posts about suicide on Reddit, Twitter and Tumblr, and search trends from Google and YouTube, emergency-room visits for suicide attempts and ideation, calls to the National Suicide Prevention Lifeline and calls to U.S. poison-control centers as captured in the National Poison Data System.

Other experiments include combining data from social media and electronic medical records to improve care. In a paper published in Nature, Munmun De Choudhury, an associate professor at Georgia Tech, and her co-authors were able to predict psychosis relapses and hospitalizations about 71% of the time.

In the study, the authors trained algorithms to sort through roughly 50,000 Facebook posts from about 50 young adult and adolescent psychosis patients who suffered relapses and rehospitalizations. Patients in the study gave the researchers consent to see both their medical records and social-media posts. The algorithms detected distinct changes in the months before a relapse, including: changes in language patterns, especially the use of more words associated with anger, death or emotional withdrawal; changes in the number of posts between midnight and 5 a.m. and the frequency of tagging or friending.

Dr. De Choudhury is working with the Feinstein Institutes for Medical Research at Northwell Health to see if these insights can be used clinically to improve care. Clinicians could see how many depressive Facebook posts a patient had posted recently and a chart showing how that number may have changed over time. The dashboard could possibly allow clinicians to have a better sense of what is happening with patients between sessions.

Ms. Ward is a writer living in Vermont. She can be reached at reports@wsj.com.

come in," says Dr. Vawdrey.

Finding the flaws

As artificial-intelligence systems take on more of a role in hospitals, researchers are also looking for ways to better identify when they don't work, and why. Algorithms use statistical methods to learn key patterns from clinical data and predict future outcomes, but a number of factors can cause a mismatch between the data used to build the algorithm and its real-world use. Undetected, flaws like this could cause an algorithm to fail to diagnose severely ill patients

or recommend harmful treatments.

Karandeep Singh, assistant professor of learning health sciences and internal medicine at the University of Michigan who chairs Michigan Medicine's clinical-intelligence committee, says developers may take a model trained in one health system and start using it in a different one with different patient demographics or run a model in a hospital over time without updating it with new data.

For example, when Covid-19 began surging in hospitals around the country, a commonly used AI sepsis algorithm had no way to differentiate bacterial sepsis from

Covid; the symptoms are similar but the treatment completely different. After nurses reported excessive sepsis alerts, the University of Michigan temporarily disabled the algorithm from April to July 2020. The university is now working on an alternative model.

Researchers are identifying other common causes of potential failure and finding ways to mitigate them. For example, Dr. Singh says, predictive models primarily trained on white populations often fail to perform well on patients from other racial or ethnic groups, but it is possible to retrain or redesign them with more inclusive

data sets and use specialized algorithms.

"Right now, hospitals are overwhelmed by the number of AI models available to them," Dr. Singh says. To safely use the tools in future, they have to "understand when AI is not working as intended, and prioritize problems based on whether they are solvable rather than simply what AI tools are available."

Ms. Landro, a former Wall Street Journal assistant managing editor, is the author of "Survivor: Taking Control of Your Fight Against Cancer." Email reports@wsj.com.

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Inside Intel's AI-Chip Strategy

▲ Sandra Rivera, EVP and general manager of the data center and AI group at Intel.

The company has lagged behind Nvidia in the fast-growing segment. It's determined to reverse that.

By ASA FITCH

Intel Corp. is reworking its artificial-intelligence strategy as it tries to gain ground on Nvidia Corp., the leader in the market for chips designed to excel at AI computations.

Over the past year, under new chief executive Pat Gelsinger, Intel has added staff and introduced new AI software for its expanding lineup of chips to improve AI-driven chatbots, facial recognition and movie recommendations, among other applications.

Intel is known mainly for its dominance in the market for central processing units, the brains behind personal computers and the servers that run corporate networks and the internet. But it has lost some of its sheen for investors over the past decade as Nvidia gobbled up the market for chips specifically designed for AI purposes, especially chips that train AI models.

Nvidia now accounts for about 80% of revenue from AI-specific computation in big data centers, according to Informa PLC's Omdia unit,

a British research and consulting firm, although that doesn't account for any AI calculations done on Intel's general-purpose CPUs. That dominance in AI-specific chips helped Nvidia surpass Intel as the most valuable chip company in the U.S. by market capitalization two years ago.

AI chips are a relatively small but rapidly growing segment of the overall chip market. Rising demand for faster, more efficient AI computation has spawned dozens of chip startups, while the leading chip makers have invested heavily. The AI chip market was worth around \$8 billion in 2020, but is expected to grow to nearly \$200 billion by 2030, according to a report from Allied Market Research, based in Portland, Ore.

The plan

Intel's strategy is to build a stable of chips and open-source software that covers a broad range of computing needs as AI becomes more prevalent. For instance, it could sell customers a package that would allow them to hand off some tasks to specialist chips that excel at things like image recognition, while handling other work on general-purpose chips.

Intel hopes the efficiency of that kind of division of labor could help companies optimize performance for their specific AI tasks and save money by cutting power consumption. That could make sense for customers that have a lot of data and

do a lot of AI processing—big corporations and well-funded startups—although Intel also hopes to capture demand for AI computation through sales to the large cloud-computing providers and even products for individual consumers.

One important change Intel has made in pursuit of that strategy is the addition of graphics processing units to its product line. Unveiled more than two years ago, those chips could help it stack up better against Nvidia, which specializes in GPUs initially developed for computer gaming but adapted for machine-learning tasks. Intel in 2019 bought Israeli startup Habana Labs, which makes chips designed specifically for training AI models—systems that spit out realistic-sounding sentences, for example—and for generating output from those models.

Another change is in the way Intel knits together its AI products for customers.

"It isn't even a question of do we have to invest more—we invest quite a bit in AI," says Sandra Rivera, a longtime Intel executive whom Mr. Gelsinger tapped to head the data-center business and AI strategy last summer. "But we haven't gotten the leverage of those investments when we have different strategies and different execution priorities" for various products.

Since taking her new role, Ms. Rivera has brought in several new executives, including Kavitha Prasad, who came from a machine-learning

80%

The approximate share of revenue from AI-specific computation in big data centers that now goes to Nvidia, according to Omdia

\$200 billion

Approximate size of the AI chip market by 2030, up from about \$8 billion in 2020, according to Allied Market Research

startup she co-founded after an earlier stint at Intel. Ms. Prasad, who directly oversees the AI strategy, is leading a shift in focus she says is centered on using AI to reach customers' business goals, rather than offering a menu of chips and letting customers figure out the rest.

"Intel has all these technologies, but what is bringing it together to make it cohesive from a customer perspective, so that the customers are able to deploy it at a much faster rate, so that they're able to get to their business outcomes faster?" she says. "It is not about having the solutions, but it's about meaningfully bringing them together to make it happen."

Bringing it all together is largely the job of Intel's software architects, led by Chief Technology Officer Greg Lavender, whom Mr. Gelsinger hired from VMware Inc., where Mr. Gelsinger was previously CEO.

The biggest challenge

Success, of course, isn't a sure thing. Nvidia, already far ahead of Intel and the rest of the competition, is moving quickly with its own chips, announcing a new generation of super-fast processors in March. While analysts say Intel's strategy could help make it a more formidable competitor to Nvidia, its ability to tap the AI market hinges on delivering AI-targeted chips and related software on schedule. Recent history suggests that could be a challenge. Intel has stumbled in chip-manufacturing technology in recent years, leaving it behind South Korea's Samsung Electronics Co. and Taiwan Semiconductor Manufacturing Co. in the high-stakes race to make chips with the smallest transistors and best performance. Some of its latest CPU chips for servers have been delayed.

Mr. Gelsinger aims to reverse that trajectory by rededicating the company to manufacturing—he's announced tens of billions of spending on new chip factories over the next several years—and building up a business making chips on contract according to others' designs. Whether the company can execute on Mr. Gelsinger's plan to retake the technological lead from its Asian competitors in the next few years is an open question.

"There are a lot of things they haven't executed on over the last five or six years," says Matt Bryson, an analyst at Wedbush Securities.

"Clearly under Pat Gelsinger Intel is investing more in product development, and if you put more money into development, you should have a better ability to execute, but it comes back to how do you know until you are showing products and starting to see traction?"

Ms. Rivera says Intel is ready to make that leap. "We have the customer relationships, we have the market position, we have the unique differentiation—we just need to execute our strategy," she says.

Mr. Fitch is a Wall Street Journal reporter in San Francisco. He can be reached at asa.fitch@wsj.com.

Bad News to Give? Let a Chatbot Do It

New research says consumers won't think an AI is being greedy

By JACKIE SNOW

As companies increasingly use AI-powered chatbots to handle customer transactions, it remains to be seen how consumers feel about it. New research suggests that it may partly depend on whether consumers think they are getting a good deal.

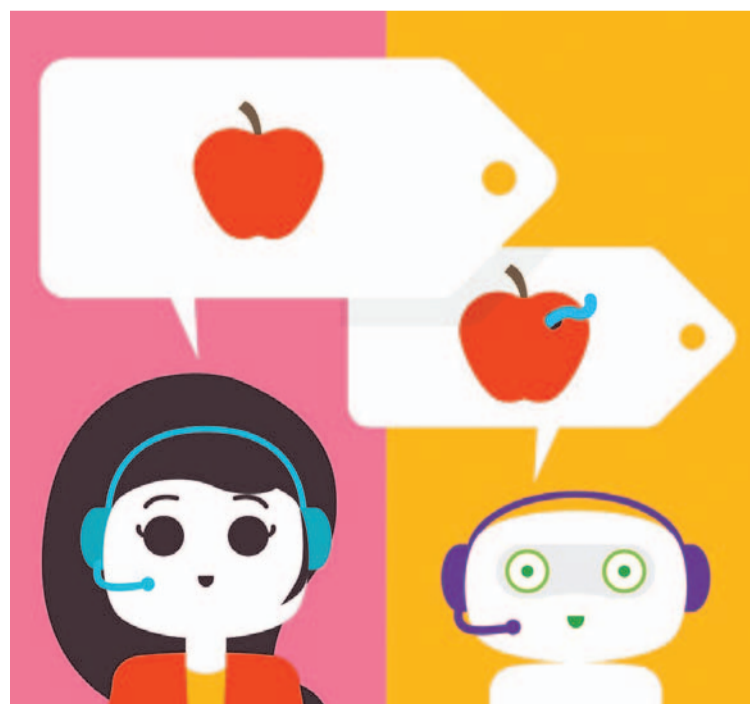
The research, published by the Journal of Marketing in February, found that if a company is offering a less-than-ideal price on a product or service, consumers tend to respond better in terms of increased purchase likelihood and satisfaction if an artificial-intelligence agent makes the offer. But if the price being offered is perceived as being good, consumers will re-

spond better if the offer is presented by a human rather than a robot, because shoppers like getting favorable deals from real people.

In one experiment, the researchers asked people to consider a deal for an aftermarket concert ticket, either from an AI agent or a human seller. The participants were informed that a similar ticket had been sold for either more, less, or the same price. Both AI and human sellers were then assigned to present the deals to participants. Another setup asked participants to consider the cost of an Uber ride to a restaurant for dinner. They were then offered a cheaper, more expensive, or similar-price ride home and were told it was coming from either a human or AI agent.

In both scenarios, participants were more likely to accept a less-than-satisfactory offer if it came from a bot rather than a human. But with offers that exceeded consumers' expectations, the human agent had the edge. For a similar-price deal, it didn't matter whether an AI or human agent made the offer.

Separately, the researchers explored whether changing the appearance of a bot affects how consumers respond to offers. They



presented ride-share customers with photos of different-looking AI chatbots—ranging from those that looked like real people down to robots with no human features. They found that the more human-like an AI agent appeared, the more study participants would react to offers as if they were coming from a real person.

The study's results stem from what the buyers think about the seller's intentions, according to Aaron Garvey, an associate professor of marketing at the University of Kentucky's Gatton College of Business and Economics and co-author of the study.

People, he says, perceive that AI can't be greedy and isn't trying

to take advantage of them, so they feel better about a worse-than-expected deal. A human making the same offer, however, is perceived as having bad intentions, making buyers want to avoid a purchase to punish them. By contrast, when a human presents a better-than-expected offer, buyers perceive this as another human being generous, improving the perception of the offer and the probability it will be taken, he says.

In the paper, the researchers say their insights could apply to situations other than just price offers, such as when a company has something positive to communicate—say, an expedited delivery, rebate or upgrade—or something negative, such as an order cancellation, status change or product defect.

Of course, there also is a danger that companies could use insights from the research to try to manipulate consumers into accepting worse-than-expected offers, the researchers say. "I'm not worried about AI," Dr. Garvey says. "But I am worried about if we have blind spots" about it.

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Cities Take the Lead in Setting The Rules for How AI Is Used

Here's a look at several urban areas, and what they are doing

By Jackie Snow

As cities and states roll out algorithms to help them provide services like policing and traffic management, they are also racing to come up with policies for using this new technology.

AI, at its worst, can disadvantage already marginalized groups, adding to human-driven bias in hiring, policing and other areas. And its decisions can often be opaque—making it difficult to tell how to fix that bias, as well as other problems.

Cities are looking at a number of solutions to these problems. Some require disclosure when an AI model is used in decisions,

while others mandate audits of algorithms, track where AI causes harm or seek public input before putting new AI systems in place.

Here are some ways cities are redefining how AI will work within their borders and beyond.

Explaining the algorithms: Amsterdam and Helsinki

One of the biggest complaints against AI is that it makes decisions that can't be explained, which can lead to complaints about arbitrary or even biased results.

To let their citizens know more about the technology already in use in their cities, Amsterdam and Helsinki collaborated on websites that document how each city government uses algorithms to deliver services. The registry includes information on the data sets used to train an algorithm, a description of how an algorithm is used, how public servants use the results, the human oversight involved and how the city checks the technology for problems like bias.

Amsterdam has six algorithms fully explained—with a goal of 50 to 100—on the registry website, including how the city's automated parking-control and trash-complaint reports work. Helsinki, which is only focusing on the city's most advanced algorithms, also has six listed on its site, with another 10 to 20 left to put up.

"We needed to assess the risk ourselves," says Linda van de Fliert, an adviser at Amsterdam's Chief Technology Office. "And we wanted to show the world that it is possible to be transparent."

Auditing the AI: New York

Some cities are looking at ways to remove potential bias from algorithms. In January, the New York City Council passed a law—to go into effect in 2023—covering companies that sell AI software that screens potential employees. The businesses must obtain audits to ensure they don't discriminate against job candidates on the basis of race, sex or national origin. The new rule also requires compa-

nies using AI for hiring or promotion decisions to disclose its use to job seekers and employees.

"Hiring is a really high-stakes domain," says Julia Stoyanovich, an associate professor of computer science and engineering at New York University and the director of the NYU Tandon Center for Responsible AI, who consulted on the regulation. "And we are using a lot of tools without any oversight."

The New York bill isn't exhaustive, says Dr. Stoyanovich—for one thing, it doesn't detail what constitutes an audit. She suggests making the AI display something like nutritional labels on food, with the data points used in the hiring decision broken down like nutrients and ingredients. She says ensuring that the audits are helpful to the public will be the next challenge.

"We want to be careful about how these audits are done, who does them, and what they contain," she says. "Companies will want to do less rather than more."

Giving communities more power: Santa Clara County

Another effort to cut down on bias is giving communities a say

meets agreed-upon specifications.

Since the Santa Clara law passed, the Board of Supervisors has approved the use of roughly 100 technologies. The one exception: a proposal on facial-recognition technology, because of concerns including the potential for false positives.

"I'm a tech enthusiast," says Joe Simitian, a member of the county's Board of Supervisors. "But there was significant potential for this to be abused without a robust set of policies."

Cooperating with other cities: Amsterdam, Barcelona and London

A group of cities are pushing an AI effort to help educate other cities on best practices on deploying AI systems more effectively and ethically. That is what Amsterdam, Barcelona and London hope to achieve with the Global Observatory of Urban AI.

The three cities agreed on five principles—fairness and nondiscrimination, transparency and openness, safety and cybersecurity, privacy protection, and sustainability—that lawmakers need to consider when procuring or building AI systems.

To show how those principles

- Some cities require disclosure when an AI model is used in decisions, while others mandate audits of algorithms, track where AI causes harm or seek public input before putting new AI systems in place.

in how law enforcement uses AI. Working with the American Civil Liberties Union, California's Santa Clara County passed a law mandating community control over police surveillance (or CCOPS) in 2017. The law requires any agency within Santa Clara County's jurisdiction that wants to use surveillance technology to submit it for public input at an open Board of Supervisors meeting.

The agency must present a policy detailing how the technology would be used, including how any data collected would be stored or shared. If the Board of Supervisors approves the purchase, the agency is responsible for a yearly impact report to prove the technology

look in practice, the Observatory plans to put out research this year, including an atlas of best practices for AI already in place in cities around the world, which will include Amsterdam's guidelines on what cities should demand from private AI providers and Barcelona's system for creating recommendations systems for social services.

Other papers will explore how the technology was deployed and how cities have navigated the relationship between public and private.

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The Best Team: AI and You

Humans and machines can work well together. But the big question: Who does what?

By Kartik Hosanagar

Research shows that humans and machines working together often perform better than either humans or artificial intelligence alone. Anecdote suggests the same: Chess grandmaster Garry Kasparov responded to his 1997 defeat by the IBM supercomputer Deep Blue by introducing a new form of chess in which humans could consult with computers before deciding on moves. The idea that human-machine teams could outperform in chess if they know how to work together then began to gain steam.

But even if you're sold on the idea that the future of work is human-machine partnership, how exactly does one collaborate productively with AI? It isn't as if a human and AI can meet over lunch and hash it out.

Still, as with cooperation among people, the most effective AI-human combinations often revolve around two key points. First, who decides who does what? And second, establishing—and maintaining—trust.

Determining how responsibilities should be delegated—or more specifically, *who* should do the delegating—is a critical component of effective human-machine partnerships. Here, research offers some clues. In a recent study, re-

searchers at the University of Cologne and the University of Minnesota asked people and machines—in some cases working together and at other times working alone—to match a set of images to one of 10 categories. In one of the groups, the machine could delegate to a human if it was having trouble making a decision. In another group, humans could delegate to the computer if they were having trouble completing the task.

The results suggest humans aren't good at deciding who is best for the job: The teams in which the humans had the power to dole out work to AI made more categorization mistakes than the

teams in which AI delegated tasks to humans, and more than AI working alone. (Humans working alone turned in the worst performance.) People, it seems, are poor judges of their own limitations. The humans in the study failed to ask AI for help when they needed it, and thus lost out on the chance to benefit from AI's recommendations.

The results suggest that in many cases—especially if a task is repetitive and one for which we have large training data sets—it might be better for the AI system to be in control and delegate to humans when the system is in doubt.

Delegation isn't the only hurdle when nurturing AI-people partnerships. There's also humans' aversion to algorithms.

Over the years, researchers

(myself included) have theorized that the reason people don't trust AI's advice is because they don't understand the decision-making process behind the algorithm.

But in recent research, my collaborators and I found that people's trust in machines didn't improve all that much when the machine predictions came with detailed explanations. What helped more was when the study subjects could observe the AI's record over time. That is, the longer they worked with AI and could observe its performance, the more they trusted it.

But even here, it is more complicated than just giving AI-human teams time to get to know each other. Research shows that people react more harshly to AI errors than human errors.

One solution might be to pres-

ent AI less as an infallible superintelligence and more as a co-worker of sorts, one that is superior in some areas, eager to improve in others and flawed in ways that humans aren't.

Ultimately, we need to get better at understanding our strengths and limits relative to AI. It is perhaps not unlike how human chess players have gotten better by consulting AI. If this works for a chess grandmaster, it can work for organizations, too.

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What if →

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