

What's News

Business & Finance

Microsoft's acquisition of Activision aims to shake up the game industry by expanding the software giant's library of blockbuster videogames and bolstering its efforts to entice consumers to its cloud-gaming service. **A1**

◆ **The Nasdaq entered** correction territory, ending the session down 1.1%. The S&P 500 and Dow industrials both dropped 1%. **B1**

◆ **AIG and Chubb are** ending coverage for some pricey homes in California, as insurers worry about wildfire exposure and are frustrated by state regulations. **A1**

◆ **A booming market** for deals and brisk demand for financial advice lifted Morgan Stanley's fourth-quarter earnings and helped the firm set a full-year profit record. **B1**

◆ **Bank of America's** quarterly profit rose 28%, boosted by record investment-banking revenue and recovering appetite for borrowing. **B11**

◆ **Disney is shaking up** its streaming management and forming a new hub for international content creation. **B1**

◆ **P&G said** sales increased 6% in its latest quarter, fueled in part by the company's largest average price increases since the spring of 2019. **B1**

◆ **Unilever said** it wouldn't increase its \$68 billion offer for Glaxo's consumer-healthcare business, effectively walking away from the potential acquisition. **B1**

◆ **The launch of enhanced** 5G services had a limited impact on U.S. flights after aviation regulators provided additional guidance for airlines. **B3**

World-Wide

◆ **Biden said** he likely will have to break up his stalled healthcare, education and climate agenda in hopes of getting his policies through Congress and predicted Russia will make a move against Ukraine, warning that Moscow would face "a dear price" for doing so. **A1, A4**

◆ **Blinken sought** to reassure Ukraine's president of unified support from the West but warned that Russia could invade as concerns mounted over Moscow's deployment of troops to Belarus, which shares a border with Ukraine. **A8**

◆ **The Supreme Court** denied Trump's emergency request that sought to block a House panel from obtaining White House records related to the attack on the U.S. Capitol. **A3**

◆ **Democrats failed** in their effort to change the Senate's filibuster procedures in order to muscle through blocked elections legislation, dealing a setback to Biden and party leaders on what they have termed their top domestic policy agenda. **A6**

◆ **The University of Michigan** is paying \$490 million to settle allegations that a former university physician sexually abused over 1,000 former students, athletes and others. **A3**

◆ **The Biden administration** announced plans to make 400 million N95 masks available free of charge at pharmacies and community health centers across the country. **A7**

◆ **U.K. leader Johnson** faced rising political pressure over allegations he broke lockdown rules by attending a drinks party in Downing Street. **A8**

Tensions Rise With Russia as Blinken Visits Kyiv



BORDER: Clockwise from top left, a Ukrainian soldier near the frontlines on Wednesday; flight testing for a Russian air force helicopter; and Ukrainian President Volodymyr Zelensky and U.S. Secretary of State Antony Blinken meet in Kyiv. **A8**

Biden Hopeful on Social Bills, Threatens Putin Over Ukraine

WASHINGTON—President Biden said he likely will have to break up his stalled healthcare, education and climate agenda in hopes of getting his policies through Congress and predicted Russia will make a move against Ukraine, warning that Moscow would face "a dear price" for doing so.

By Alex Leary, Ken Thomas and Andrew Restuccia

The president, who took office a year ago Thursday, defended his policies and his administration's response to Covid-19 during a nearly two-hour news conference Wednesday. But he also acknowledged that many people remain frustrated by the duration of the pandemic and that his administration should have moved faster on testing.

"It's been a year of challenges, but it's also been a year of enormous progress," said Mr. Biden, who cited millions of people getting vaccinated in 2021 and passage of a nearly \$1 trillion infrastructure bill as top accomplishments. "Still for all this progress, I know there's a lot of frustration and fatigue in this country. We know why—Covid-19."

Mr. Biden, a Democrat, said he probably would have to split up the roughly \$2 trillion Build Back Better proposal to try to pass the individual pieces. The measure has stalled after Sen. Joe Manchin (D., W.Va.) rejected the proposal late last year.

"I think we can break the package up, get as much as we can now and come back and fight for the rest later," he said, adding that he believes he can win enough support for climate, energy and early-education provisions. Mr. Biden acknowledged that proposals to expand the child tax credit and provide tuition assistance for people attending community colleges might not make it into the package, but he said he would continue pushing to pass those measures.

Mr. Biden reiterated his intent to unleash sanctions against Russia should it invade Ukraine. President Vladimir Putin, Mr. Biden said, faces a stark choice and will regret choosing conflict. Mr. Biden appeared initially to suggest that he thinks Mr. Putin will invade Ukraine. "My guess is he will move in," he said. "I think he'll



President Biden on Wednesday at a news conference marking his first year in office, which he said featured 'enormous progress.'

Oliver Contreras/SIPA/BLOOMBERG NEWS

◆ **Court Setback For Trump**
Justices clear way for panel to get Jan. 6 records..... **A3**

California Fire Risks Lead Insurers to Pull Costly Home Policies

By LESLIE SCISM

Worried about wildfire exposure and frustrated by state regulations, insurers in California have been cutting back on their homeowner businesses. Now, affluent homeowners are feeling more of the pain, as two of the biggest firms offering protection for multimillion-dollar properties end coverage for some customers.

As early as this month, American International Group Inc. plans to begin notifying about 9,000 customers in its Private Client Group that their home policies won't be renewed this year. The change is part of a plan by AIG to stop selling home policies in California through a unit regulated by the state's insurance department.

AIG told insurance brokers in an email late last year that

some policyholders instead might be eligible for coverage through another AIG unit. The other unit operates alongside so-called excess-and-surplus lines insurers, which have more freedom on policy rates and terms than do insurers in the broader, tightly overseen home-insurance market.

The policies could cost three to five times what AIG's clients now pay, with less-generous coverage, brokers said.

"AIG is the first high-net-worth carrier to say 'we've had it, we're divorcing ourselves from California's regulated market,'" said Jim Tolliver, an insurance broker in San Francisco with Woodruff Sawyer & Co., who says he fears others will follow suit.

Chubb Ltd., the state's biggest high-end insurer, continued in an email late last year that

Expected Fed Tightening Weighs on Crypto Market

By PAUL VIGNA

The Federal Reserve is casting a shadow over cryptocurrencies.

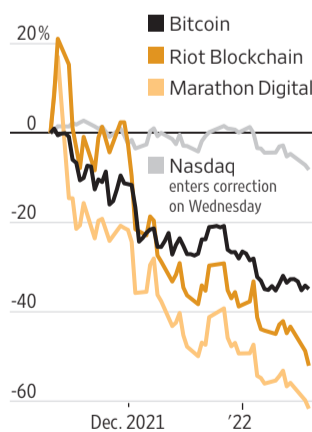
Like stocks, cryptocurrencies have extended a selloff to start the year because of expectations that the central bank will raise interest rates as early as March.

Bitcoin, the largest cryptocurrency, is down 9.9% year to date, according to CoinDesk, and the second-largest, ether, is down 16%.

The direction of bitcoin's trading so far this year has been almost identical to the moves of the tech-dominated Nasdaq Composite, which is down 8.3% year to date and sank into correction territory on Wednesday.

Bitcoin's decline has spilled over to publicly traded crypto companies. Coinbase Global

Change since bitcoin's record high



Sources: CoinDesk (crypto currencies); FactSet (stocks, indexes)

Inc. is down 13% so far this year. Marathon Digital Holdings Inc. is down 24%. Riot Blockchain Inc. is down 22%. MicroStrategy Inc., which

makes business software but has invested billions in bitcoin and whose chief executive, Michael Saylor, has become a vocal bitcoin advocate, is down 15%.

On Wednesday, bitcoin fell 1.6% to \$41,739. Most observers said the \$40,000 level for bitcoin is a line in the sand for the bulls, and they expect a churning trade in this range. "The price action of bitcoin is still likely to remain volatile as a result of a hawkish Fed," said AvaTrade analyst Naeem Aslam.

Over the past two years, bitcoin enjoyed a rally and the entire crypto market pushed into the mainstream. Traditional investors entered crypto in droves. While crypto advocates have pined for this "institutional money" for years, the surge has turned out to be

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How 'Bruno' Became Talked About

Hit from Disney's 'Encanto' movie is dubbed in 46 languages

By ALEX JANIN

Is someone you know singing about Bruno?

They may be crooning about the clairvoyant Colombian animated character in Bulgarian, Norwegian, Vietnamese or one of more than 40 other languages. The song, "We Don't Talk About Bruno," from Disney's movie "Encanto," is known as "Don't Mention

Bruno" in Russian, "Secret" in Japanese and "Just Not a Word About Bruno" in German.

"Bruno" recently became the first song from a Walt Disney Animation Studios film to hit the number one spot on Billboard's Streaming Songs chart. This week, it hit number four on Billboard's



Hot 100 to become the highest-charting song from a Disney animated film in over 26 years (since "Colors of the Wind" from "Pocahontas" in 1995) according to Billboard—and surpassing "Let It Go" from "Frozen," which made it to number five in 2014. The song is also in the top 20 of Spotify's Global Daily and

INSIDE



SPORTS
Dallas's Dorian Finney-Smith shoots his way from undrafted to undervalued. **A14**



U.S. NEWS
University of Michigan to pay \$490 million to settle sex-abuse claims. **A3**

U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

Endemic Covid Still Comes at a Price



The prospect that Covid-19 is transitioning from pandemic to endemic has brought out the bulls on Wall Street. “Meaningful upside to our medium-term economic outlook,” writes Bank of America Corp. “A positive for risk assets,” says JPMorgan Chase & Co. A “silver lining” of the “highly infectious” Omicron variant, says BlackRock Inc.

By “endemic,” they mean Omicron will leave almost everyone highly immune through vaccination, prior infection, or both. Then, they reason, Covid-19 will be a more predictable, less deadly presence, much like flu, and the world will return to normal.

Such optimism needs a reality check. This new normal won’t be the same as the old normal: Endemic Covid-19 will still take a toll on health, work and mobility; the only question is how big.

Predictions about the end of the pandemic have a dispiriting record. Hopes that vaccines would bring herd immunity, that more transmissible variants would always be less deadly, or that the Delta wave would be the last, were misplaced. So be wary of forecasts that Covid-19 is about to become endemic.

And if it does, “endemic does not mean really low,” notes Caroline Colijn, a mathematician specializing in infectious disease at Simon Fraser University in British Columbia, Canada. “It just

means the system has reached some kind of stable state. Endemic could mean high levels of infections.”

A team led by Prof. Colijn modeled endemic Covid-19 assuming a highly transmissible variant able to escape vaccines, as Omicron has turned out to be, and waning immunity. They concluded British Columbia’s infections could still be relatively high, comparable with 2021 levels. Even if this new variant was 80% less severe than Delta, they estimated it could, in its endemic state, result in enough hospitalizations to regularly strain the province’s healthcare system.

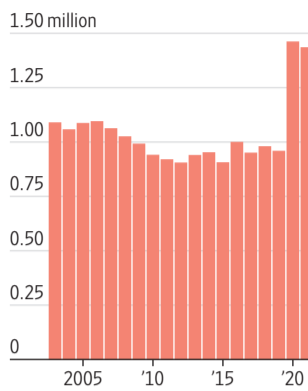
Comparisons with flu are also incomplete. Suppose the U.S. death rate from Covid-19 fell to that of Vermont last year, the country’s lowest in great part thanks to the state’s high vaccination rate. That would still be triple the death rate from flu and pneumonia in 2019. And Covid-19 would be circulating at the same time as flu, compounding the toll.

The past few weeks have shown that even without lockdowns, Covid-19 can still wreak economic havoc via widespread absences of infected people. A key question, then, is whether, once Covid-19 is endemic, disruptive interventions such as isolation will persist.

That will depend on the trade-off between the disease and the economic burden of isolation, said Peter Chin-Hong, a professor of medicine at the University of California, San Francisco. “We could isolate for flu but don’t, because the consequences are

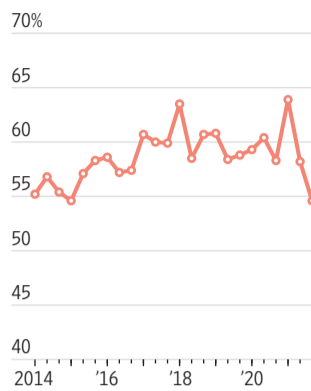
The Covid-19 pandemic has affected how many people can work and how much they expect to earn.

Employed but not at work due to illness, annual average



*Based on a nationally representative, internet-based survey of a rotating panel of approximately 1,300 household heads. Sources: Labor Department (illness); Federal Reserve Bank of New York (satisfaction)

Satisfied with current wage*



higher,” he said. “It depends not just on what the science says but what your values are.” With established treatments for Covid-19, early infection and transmission need not pose as many risks in the future, he said.

But depending on Omicron’s long-run effects or the severity of future variants, failure to isolate infected workers could still cause severe or chronic illness in some co-workers, Prof. Colijn noted. “These are really hard questions and are going to depend on things we don’t know yet.”

Endemic Covid-19 could thus become a lasting “supply shock” that degrades how much economies can produce, similar to the surge in oil prices in the 1970s. In October, the International Monetary Fund estimated global output this year would still be 3% lower than it had projected in 2019, with

Western Europe and Latin America showing much bigger hits than China and Japan, where Covid-19’s toll has been much lower.

The U.S. is an exception: Output in the last quarter of 2021 was roughly back to its pre-pandemic trend. But the economy, distorted and disrupted by Covid-19, is struggling to sustain this level of output, as the surge in inflation to 7% demonstrates.

Covid-19 might have boosted efficiency in some industries by speeding up digitization and adoption of remote work. Goldman Sachs economists estimate this delivered a 3% to 4% boost to U.S. productivity.

But some of the shift to remote operations is involuntary, and some of the rise in productivity might reflect an overworked workforce. Indeed, the pandemic has left the labor force smaller,

sicker and less happy. Absences due to illness among employed workers have averaged 50% higher in the last two years. In early January, nearly 12 million people weren’t working because they were sick with Covid-19, caring for someone with coronavirus, or concerned about getting or spreading the disease, according to a regular Census Bureau survey. The figure hasn’t been below 4 million since June 2020.

In the past year, workers have reported declining satisfaction with their wages and a rising “reservation wage,” that is, how much they would have to be paid to accept a new job, according to the Federal Reserve Bank of New York. This might reflect inflation, changed expectations, or stress due to Covid-19 testing, masks and vaccine mandates, or their absence.

For employers, this makes it much harder to attract the necessary staff. Nursing homes have boosted hourly wages 14% since the start of the pandemic, yet staffing has plummeted 12%, impairing their ability to accept new patients. Such shortages impose a cost that doesn’t show up in gross domestic product.

To be sure, almost all of these things will get less bad as the Omicron wave subsides. The U.S. has bounced back from wars, disaster and disease in the past. It is bouncing back from Covid-19, and once the virus becomes endemic, its burdens will no longer be top of mind.

That doesn’t mean they will be gone.

Foreign Investment Bounced Back in ’21

By PAUL HANNON

Foreign investment by businesses around the world rebounded strongly last year to exceed its pre-pandemic total, but little of that U.S.-led surge went toward boosting manufacturing capacity despite the widespread shortages of goods that have helped push inflation to its highest in decades.

A United Nations agency on Wednesday said businesses invested \$1.65 trillion outside their countries in 2021, a 77% increase from \$929 billion in 2020, when foreign direct investment fell sharply in response to the disruptions and uncertainties caused by the Covid-19 pandemic. That jump brought FDI flows back above their 2019 level of \$1.5 trillion.

However, figures compiled by the U.N. Conference on Trade and Development showed manufacturing largely missed out on the rebound, with the number of new projects to expand capacity falling slightly from 2020, and remaining well below their 2019 level.

“The good news is that the global FDI has fully recovered from the pandemic, the bad news is that new investment flows to manufacturing sectors remain weak despite strong demand,” said James Zhan, director of investment and enterprise at Unctad.

The U.S. led the rebound in foreign investment, with overseas businesses pumping \$323 billion into the world’s largest economy. That increase of 114% left inflows at their highest since 2016, making the U.S. the leading recipient of foreign investment.

China also continued to prove attractive to foreign investment, with inflows rising to a record high of \$179 billion, a 20% increase from 2020.

However, all of the foreign investment in the U.S. took the form of purchases of existing businesses, rather than through what are known as greenfield projects that involve the construction of new

SEC Chief Pushes to Tighten Rules This Year

By PAUL KIERNAN

WASHINGTON—Securities and Exchange Commission Chairman Gary Gensler spent his first nine months on the job sketching out ambitious plans to tighten federal regulation of Wall Street.

Now, the clock is ticking for him to implement his agenda.

With Democrats at risk of losing their thin majorities in the House and Senate after November’s midterm elections, the coming months could be critical for Mr. Gensler, whom President Biden nominated last year. If Republicans win either chamber of Congress, they could move to slow Mr. Gensler’s progress.

In a speech Wednesday, Mr. Gensler said his priorities for this year are to increase efficiency in the \$100 trillion capital markets that the SEC oversees and to update agency rules for modern technology. A key goal is to reduce the amount of money that companies raising capital and their investors spend on fees.

Next week, Mr. Gensler said the SEC will make three proposals. The regulator will offer a rule that would enhance disclosure around private-equity funds. It also plans to issue proposals to reform the market for U.S. government debt and increase transparency around executive compensation.

“We made good progress in 2021, finalizing a handful of rules and proposing many others,” he said in prepared remarks to the Exchequer Club of Washington. “We have much more to come.”

The SEC has yet to issue formal proposals for the biggest policy changes the chairman has floated, including meatier disclosure require-



Securities and Exchange Commission Chairman Gary Gensler said the agency will make three proposals next week.

ments for public companies and a potential overhaul of stock-market plumbing.

A trading frenzy in GameStop Corp. and other meme stocks in January 2021 prompted congressional hearings and a lengthy report from the SEC division that oversees markets and broker-dealers. The record surge in initial public offerings and mergers by special-purpose acquisition companies, or SPACs, created an unexpectedly heavy workload for staff in the division that also writes disclosure rules for companies.

One result is that the SEC has taken longer than Mr. Gensler originally expected to propose a rule requiring public companies to report more information about the risks they face from climate change.

Federal law requires agencies to seek comments from the public and study a rule’s costs and benefits before finalizing major changes, a process that usually takes at least several months. That means 2022 will be a crucial year for Mr. Gensler to implement his agenda.

If Republicans gain control of the House or Senate next year, the committees that oversee the SEC would likely summon Mr. Gensler to testify more frequently at hearings on Capitol Hill. They could also threaten to cut the agency’s budget or forbid it from pursuing certain policies via amendments to must-pass pieces of legislation.

“There’s the very big risk that his agenda could get caught up in a change in the control of the Congress, and

that would be very difficult for him and the SEC,” said Hal Scott, an emeritus law professor at Harvard Law School.

Mr. Gensler’s top priorities in the coming months will likely be to advance rules that Republicans have expressed the most concerns about. Aside from the climate-change initiative, these include forthcoming proposals to require more information from public companies about their workforces, and from asset managers about the criteria they use when touting the sustainability of their investment products.

Mr. Gensler didn’t provide extensive details on the three proposals the SEC plans to offer next week. But he has repeatedly singled out the private-equity industry for having high and sometimes

opaque fees and called for more disclosure around them. He has also outlined plans to improve the efficiency and resiliency of the market for U.S. Treasury securities. The executive-compensation rule is related to a 2015 proposal called “pay versus performance,” which sought to help investors judge whether top executives’ compensation is in step with the company’s financial performance.

In addition, Mr. Gensler said he hopes to bring cryptocurrency trading platforms under SEC oversight this year. “If the trading platforms don’t come into the regulated space, this will be another year of the public being vulnerable,” Mr. Gensler told reporters after the speech. “There’s real vulnerabilities here. This is a \$1.9 trillion asset class that’s highly speculative.”

The SEC is run by a five-member panel of commissioners split between Democrats and Republicans. Mr. Biden, a Democrat, is able to pick the majority of the panel from his party, including the chair position.

With Congress, so far, unwilling to pass a bill Mr. Biden has sought to directly address issues such as climate change, the SEC and other regulators have taken on an increasingly proactive role.

Mr. Gensler said Wednesday that the timing of agenda items is a question that’s “more about sequencing than prioritization.”

Manufacturing largely missed out on the rebound, figures show.

factories or the expansion of existing facilities.

According to Unctad, the number of newly announced greenfield factory projects globally fell to 4,972 in 2021 from 5,251 in 2020 and 8,180 in 2019. That decline suggests the supply-chain blockages widely reported by businesses over recent months are unlikely to be removed quickly.

Businesses around the world report shortages of goods that are in high demand, and consumer prices have risen sharply over recent months. In the U.S., the annual rate of consumer-price inflation hit its highest level since 1982 in December. While economists expected companies would have sunk money into expanding capacity, investment spending in many of the world’s largest economies has instead stalled.

According to the Organization for Economic Cooperation and Development, investment spending in its 38 members—which are mostly rich countries and include the U.S.—fell 0.6% in the three months through September, the first decline in a quarter since the three months through June 2020 as the coronavirus took hold.

Surveys of Western business leaders indicate some are considering changes to their supply chains in response to the shortages, including bringing production of key components such as semiconductors closer to home. Many governments have indicated they would support such a move.

Unctad’s figures indicate that reshoring—as the process of bringing production closer to home is known—has so far been relatively modest. Mr. Zhan said that is likely due to the fact that the pandemic is still disrupting Western economies, while moving production comes with costs.

CORRECTIONS & AMPLIFICATIONS

New York Attorney General Letitia James’s first name was omitted in a U.S. News article in some editions Wednesday about her investigation of former President Donald Trump and his company.

Foxtrot & the Violet Hour is a private-label collaboration between the Foxtrot convenience-store chain and Chicago cocktail bar the Violet Hour. A photo

caption with an Off Duty article on Saturday about store brands incorrectly identified the collaboration as Foxtrot & the Violet.

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U.S. NEWS

University of Michigan to Pay \$490 Million

School settles claims by more than 1,000 people who alleged sexual abuse by doctor

By Allison Prang
and Kris Maher

The University of Michigan is paying \$490 million to settle allegations that a former university physician, Robert Anderson, sexually abused more than 1,000 former students, athletes and others.

Of the total, \$460 million will go to the approximately 1,050 accusers and \$30 million will go toward a reserve set aside for additional accusers who come forward, according to the university and attorney Parker Stinar, who represents about 200 of the accusers and is one of six attorneys who negotiated the settlement.

"We hope this settlement will begin the healing process for survivors," University of Michigan Board of Regents Chair Jordan Acker said Wednesday. The negotiations between the university and the accusers' attorneys started in October 2020.

The \$30 million is specifically reserved for claimants who participate in the settle-



Robert Anderson committed sexual misconduct with patients 'countless times' during the decades he worked as a doctor at the school, according to a report by a law firm. A vigil for sexual-abuse survivors last fall in Ann Arbor.

ment before July 31, 2023, the university said.

A law firm report that came out last year and was commissioned by the University of Michigan found that Anderson had engaged in sexual misconduct with patients "countless times" during his 37 years at the university.

The report included accounts by hundreds of people, including former university football players, who alleged



FRONT LEFT: ROBERT KALMBACH/BENTLEY HISTORICAL LIBRARY; UNIV. OF MICHIGAN; GALLERY IMAGES

that Anderson had performed unnecessary rectal and hernia exams and offered medical services in exchange for sexual contact. Anderson worked as a team physician in the school's athletic department from 1968 until 2003 and served as director of the university's health service. He died in 2008.

Last year, the son of legendary University of Michigan football coach Bo Schem-

bechler said he was among those abused by Anderson. Matt Schembechler said the doctor had fondled his genitals and given him an unnecessary rectal exam.

A third-party allocator will determine how the money is divided among the accusers, Mr. Stinar said. Most of the accusers are men. Mr. Stinar said the accusers had held Anderson and the school accountable.

"Most of our clients had a strong love for the University and did not want to see permanent damage, but wanted accountability. I believe we accomplished those goals," said Jamie White, an attorney who represents just under 100 of the accusers.

"It is time for the Michigan legislators to look at why two of the largest scandals in the history of the country—Larry Nassar and Robert Anderson—

happened at Michigan's two largest universities," Mr. White added.

Mr. White said attorneys representing the accusers will receive contingency fees from the settlement. In Michigan, attorney's fees in personal injury cases are capped at one-third of the amount recovered.

The settlement is among the largest involving sexual-abuse claims against a university. Earlier this year, the University of Southern California said it would pay a total of more than \$1.1 billion to settle multiple lawsuits alleging sexual misconduct by a longtime university gynecologist.

In 2018, Michigan State University agreed to a \$500 million settlement for over 300 people who said they were sexually abused by former MSU sports-medicine doctor Larry Nassar. Nassar is in prison serving a 175-year sentence.

In 2017, Pennsylvania State University said it agreed to pay \$109 million to several dozen people who said they had been sexually abused by former football coach Jerry Sandusky, who is currently serving a 30-to-60-year sentence.

—Douglas Belkin
contributed to this article.

Court Lets Panel Get Trump Records

WASHINGTON—The Supreme Court denied an emergency request by former President Donald Trump to block a House panel from obtaining White House records related to the Jan. 6, 2021, attack on the U.S. Capitol.

By Jess Bravin,
Brent Kendall
and Byron Tau

The court's action, which came in an unsigned order Wednesday, declined to halt a federal appeals court decision in favor of the House committee and cleared the way for the National Archives to start delivering documents to the panel immediately.

At issue were internal White House records from Mr. Trump's final days in office—material that is typically closely guarded against disclosure under a legal doctrine known as executive privilege—on the basis that presidents need candid advice from their closest advisers.

The court's order, as is typical in emergency matters, didn't provide a detailed legal rationale, though it did say the appeals court unnecessarily opined on the privileges of former presidents. The high court noted that lower-court judges found that Mr. Trump's arguments for shielding the records would have failed even had he been in office.

Justice Clarence Thomas, alone, noted that he would have granted Mr. Trump's request.

A lawyer for Mr. Trump

didn't respond to a request for comment.

The House select committee on the Jan. 6 attack has sought records related to communications surrounding Mr. Trump's speech to his supporters that day before some of them converged on the Capitol to try to prevent the certification of President Biden's election victory, as well as the response within the White House once violence began to unfold, among other things.

The Biden administration declined to assert executive privilege to withhold the records, prompting Mr. Trump to file suit to stop investigators from obtaining the materials. The records in question belong to the U.S., not Mr. Trump personally, but the Supreme Court has said in a previous case from the 1970s that former presidents have some legal interests in records from their time in office, leaving unresolved the exact contours of that power.

"Congress is examining an assault on our Constitution and democratic institutions provoked and fanned by those sworn to protect them, and the conduct under investigation extends far beyond typical deliberations concerning the proper discharge of the President's constitutional responsibilities," White House counsel Dana Remus said in an October letter to the National Archives, which holds the documents. "Executive privilege should not be used to shield, from Congress or the public, information that reflects a clear and apparent effort to subvert the Constitu-

tion itself."

A federal district judge in Washington rejected Mr. Trump's move in November, a decision affirmed last month by the U.S. Court of Appeals for the District of Columbia Circuit. "Both Branches agree that there is a unique legislative need for these documents and that they are directly relevant to the Committee's inquiry into an attack on the Legislative Branch and its constitutional role in the peaceful transfer of power," the judges wrote.

Mr. Trump then asked the

Justice Clarence Thomas alone said he favored the ex-president's request.

Supreme Court last month to stop the committee from obtaining the records.

In pressing for a high-court ruling, Mr. Trump's legal team said the issue of access to a former president's confidential records raised serious concerns about separation of powers and executive privilege.

As he has in other battles with Democratic House committees, Mr. Trump argued that Congress had no legitimate legislative interest in the records sought and instead was abusing its powers to harass a political opponent. The committee consists of seven Democrats and two Republicans who have broken with Mr. Trump.

Pollution Impedes Bees' Crop Pollination

By Aylin Woodward

Bees and butterflies play a vital role in agriculture, but new research from the U.K. shows common air pollutants can interfere with pollination and thus the cultivation of crops by making it hard for some insects to sniff out the aromatic flowers where they sip nectar and nosh on pollen.

"Diesel exhaust and ozone pollution can react with the chemicals that make up the floral odors that insects use to find flowers," said James Ryalls, a University of Reading research fellow and the lead author of a paper describing the research published Wednesday in the journal *Environmental Pollution*. "It can just make them not smell anything at all."

Bees and butterflies rely primarily on their sense of smell to locate patches of flowers before homing in on individual plants by sight. As the insects flit between flowers collecting pollen, they can transfer some of that pollen from an anther of a flower, or male part, to a stigma, or female part. That process helps plants make seeds and reproduce.

The insects' ability to find flowers was impaired even at



A bee on a black mustard flower, used in a University of Reading farm study to measure the effect of pollution on crop pollination.

pollutant concentrations below the range deemed dangerous by U.S. law, the research showed.

"The results are important because they show that legislatively 'safe' levels of pollution can deter pollinators," said Shannon Olsson, a National Center for Biological Sciences professor at the Tata Institute of Fundamental Research in Bangalore, India. She wasn't involved in the research.

Pollinators play a role in up to \$577 billion worth of global crops cultivated each year, according to a report issued in 2016 by the United Nations' Intergovernmental Science-Policy

Platform on Biodiversity and Ecosystem Services. At least 70% of crop species rely on insect pollination, Dr. Ryalls said.

Previous research on the effects of air pollution on pollinators often relied on laboratory findings. But Dr. Ryalls and his colleagues looked at the effects of pollutants in a real-world setting. At the university's farm in Sonning, west of London, they planted black mustard plants within eight 26-foot-wide zones bordered by perforated pipes set up to spew nitrogen oxides—gaseous compounds found in diesel exhaust—and ozone, a principal ingredient of smog.

Then they flooded two of the zones with diesel exhaust, two with ozone and two with both pollutants—leaving two areas untreated. In the zones treated with a single pollutant, the pollution levels were about half the maximum safe level as specified under current U.S. Environmental Protection Agency outdoor air quality standards.

During the summers of 2018 and 2019, the researchers observed the numbers and type of pollinators that visited the flowering plants in polluted and unpolluted zones. They found that plants within zones with polluted air received up to 70% fewer visits from insects than those in untreated areas. The reductions in visits brought a 31% decline in pollination along with reductions in the plants' health, as indicated by reduced growth and underdeveloped seed pods.

Reduced pollination also yields lower-quality fruit, according to Robbie Girling, an associate professor of agroecology at the University of Reading and a co-author of the study. "If fruits like apples and strawberries don't get enough pollination, you end up with deformed fruit," Dr. Girling said.

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U.S. NEWS

One Year In, Biden Tallies Hits, Misses

After early progress on spending, vaccines, president is stymied with priorities in limbo

By Catherine Lucey and Ken Thomas

WASHINGTON—President Biden took office a year ago, promising to tackle the coronavirus pandemic, revive the economy and strive for unity in a nation roiled by division and crisis.

Speaking to a country battered by the pandemic and fresh off the deadly riot at the U.S. Capitol, Mr. Biden declared, "It is a time for boldness, for there is so much to do. And, this is certain. We will be judged, you and I, for how we resolve the cascading crises of our era."

A year later, Mr. Biden's record on his promises has been mixed, with early progress passing Covid-19 relief spending and ramping up vaccinations. But by late summer he was challenged by a new coronavirus variant, rising inflation and widespread criticism over the chaotic withdrawal from Afghanistan.

Mr. Biden navigated his narrow, fractious majority in Congress to get a \$1 trillion infrastructure package passed but failed to unite his party around his roughly \$2 trillion social-spending and climate-change bill. His pandemic strategy to boost vaccination rates slowed over the course of the year and took a hit when the Supreme Court tossed out his broadest-reaching mandate for American workers, and his administration has pivoted to emphasizing testing and masks amid the Omicron surge. The nation remains deeply polarized, with Mr. Biden taking a critical posture toward Republicans of late.

Heading deeper into a mid-term election year, Mr. Biden's ability to regain momentum may soon dwindle, with Republicans opposed to many of his efforts and Democrats, themselves split on some of the president's priorities. With a narrow majority in the House of Representatives and a 50-50 split in the Senate, Democrats already have little room to maneuver.

Polls have shown Americans view the nation as headed on the wrong track, and the president's approval ratings have foundered in recent months, standing at 42% Wednesday, according to FiveThirtyEight's

aggregation of public polls, down from 53% when he took office.

"They elected him for four years, not one year. And I think that we've gotten more done in a single year in terms of the volume of legislation passed, the size and the scope of it, than any president in history," White House chief of staff Ron Klain said.

Senate Minority Leader Mitch McConnell (R., Ky.) argued recently that Mr. Biden hadn't lived up to his promises to ease political tensions. After Mr. Biden made a fiery speech saying changes to Senate rules were needed to pass voting rights and comparing some Republican voting policies to Jim Crow segregation laws, Mr. McConnell said the president was elected to bridge divides and dial down the political temperature in the country. "President Biden has chosen to fail his own test," he said.

Here's a look at Mr. Biden's first year in office and the challenges ahead:

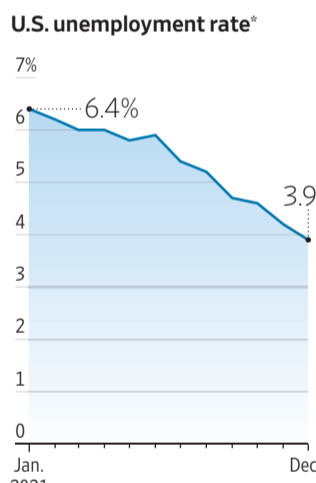
Covid-19

"I will take care of this, I will end this," Mr. Biden said of the virus at the final presidential debate in 2020.

A year later, the nation hasn't vanquished the pandemic, though vaccinations have allowed life to get closer to normal than at the time of his inauguration. Roughly 73% of American adults are fully vaccinated, new treatments are being approved and a \$1.9 trillion relief bill passed early in Mr. Biden's term provided money to help open schools.

But Mr. Biden's July 4 declaration that the nation was "closer than ever to declaring our independence from a

Mr. Biden's first year in office has seen unemployment drop to 3.9%, while inflation has hit its highest level since 1982.



Supply-chain disruptions have helped fuel inflation, which hit 7% in December, giving Republicans a talking point ahead of mid-terms.



Roughly 73% of American adults are fully vaccinated against Covid-19, but more than 851,000 people in the U.S. have died.



Mr. Biden gave a fiery speech saying changes to Senate rules were needed to pass voting rights.

deadly virus" proved premature. The Delta variant took hold over the summer, and 2022 began with the highly transmissible Omicron variant triggering surging cases, a rise in hospitalizations, flight cancellations, testing shortages and school closures. There have been more than 851,000 deaths due to the virus in the U.S. since the pandemic began, according to Johns Hopkins University.

Mr. Biden is now trying to shift his message from beating the virus to getting Americans to accept it as part of daily life. His aides say that the focus is on reducing hospitalizations and deaths and that the risks to those who are vaccinated are significantly lower. The administration is now focusing on increasing access to testing

Economy

Mr. Biden's first year in office has seen major economic gains, even as American consumers feel the squeeze of higher prices.

The economy produced 6.4 million jobs last year, the most in a single year since the start of record-keeping in 1939. The unemployment rate saw a sharp decline, to 3.9% last month from 6.4% in January 2021.

The \$1.9 trillion Covid-19 relief law Mr. Biden signed in March contributed to many Americans' finances improving.

Mr. Biden also signed the \$1 trillion infrastructure bill into law to address aging roads and bridges and improve internet access, all of which he has argued will boost the economy and improve competition with China.

But inflation hit 7% in December, the highest level since 1982. Mr. Biden's critics have said pumping so much additional money into the economy through the \$1.9 trillion Covid-19 relief law exacerbated inflation. Republicans say rising inflation shows Mr. Biden's economic prescriptions have misfired.

Mr. Biden has taken executive action to try to unclog supply chains that have been backed up by soaring consumer demand and pandemic-related supply disruptions. The president also has noted that inflation is rising around the world.

The Federal Reserve acknowledged that its initial reading that inflation would

be transitory proved overly optimistic. The central bank is on track to begin a cycle of regular interest-rate rises at its meeting in March. The challenge for the Fed will be to raise rates without being so aggressive it risks causing a recession and stoking unemployment. Mr. Biden must also deal with political fallout from voters who blame him and Democrats for higher prices.

Foreign policy

The president has worked to invigorate ties with traditional allies, attending global conferences in England and Italy and focusing on issues like the pandemic and climate change. But he surprised some allies with the chaotic withdrawal of U.S. forces from Afghanistan, got into a squabble with France over a new security agreement with Australia, and now faces escalating tensions with Russia and China.

Mr. Biden has defended the exit from Afghanistan, saying he would not extend a "forever war."

The Biden administration has threatened Russian President Vladimir Putin with extensive sanctions if Moscow invades Ukraine, but has expressed hope that diplomatic efforts can prevent any further escalation. So far, they have not.

After an initial tense meeting in Alaska between their foreign ministers, the U.S. has sought to find areas to work with China, most notably on climate change, but a lengthy list of differences remain on

human rights, trade and technology. Washington is also seeking to strengthen the U.S. semiconductor industry in hopes of countering China economically.

Climate change

Mr. Biden has moved to re-join the Paris climate accord and begun pursuing regulatory measures against oil-and-gas producers and other sources of greenhouse gas emissions. But some of his most significant climate measures remain in limbo as part of his roughly \$2 trillion climate and social spending proposal in Congress, putting at risk the president's ability to reach his goal of cutting U.S. emissions 50% to 52% below 2005 levels by 2030.

The U.S. helped forge an agreement among more than 190 nations to reduce emissions during the United Nations' climate talks in Glasgow last fall. But the agreement failed to include any enforcement mechanisms and essentially relied on individual nations to act on their own to reduce emissions.

The 2021 infrastructure law contained climate-related measures, including moves to bolster transport and storage of carbon dioxide. But the stalled social-spending proposal contains things like tax credits for renewable energy, energy efficiency and electric vehicles, and ways to bolster supply chains for renewable-energy technology and efforts to increase resilience to climate change.

Advertisement for Alzheimer's Association featuring an illustration of a woman and text: "Everything was always very tidy. Then my family noticed how disorganized I had become." Visit alz.org/ourstories to learn more.

President Hopeful on Social Plan

Continued from Page One pay a serious and dear price for it."

But he later walked back his prediction. "I don't think he's made up his mind yet," Mr. Biden said, suggesting he might meet face to face with Mr. Putin.

Mr. Biden also floated a possible diplomatic resolution over Ukraine. He offered to negotiate on the positioning of strategic weapons. He also said that Ukraine's prospective membership in NATO in the near term isn't likely, though he said the decision is ultimately the alliance's. Both issues have been among the demands Moscow has issued over Ukraine.

Early in the news conference, Mr. Biden said the response to Russia might differ if the country launches a "minor incursion" instead of a full-blown military invasion. Asked to clarify, the president said later that the U.S. would respond with reciprocal action if Russia launches a cyberattack or other nonmilitary effort.

Republicans criticized the president's remarks. "Any incursion by the Russian military into Ukraine should be viewed as a major incursion because it will destabilize Ukraine and freedom-loving countries in Eastern Europe," Sen. Rob



Sen. Kyrsten Sinema (D, Ariz.) has dealt Mr. Biden a blow, opposing changes to the filibuster that would boost a voting-rights bill.

Portman (R., Ohio) said. While Mr. Biden touted progress in fighting Covid-19, he faces ongoing criticism of his handling of the virus, including difficulty obtaining tests for many people. "Should we have done more testing earlier? Yes," he said. The administration this week started a website allowing people to request free tests through the mail.

"Some people may call what's happening now the new normal. I call it a job not yet finished," Mr. Biden said of his pandemic response. "We're not there yet, but we will get there." He said the U.S. wouldn't go back to the lockdowns and closed schools that were common earlier in the pandemic.

The administration has sought to convey in recent ap-

pearances by the president and briefings with top officials that many people in the U.S. will be infected with Covid-19, but that those who are vaccinated have no reason to panic.

On inflation, Mr. Biden said the "critical job in making sure that the elevated prices don't become entrenched rests with the Federal Reserve" and indicated he agreed with anticipated interest-rate increases.

He also highlighted steps by the administration to ease supply-chain bottlenecks and said he would work to increase competition in certain sectors, such as meat processing. Those steps have had limited effect however, experts said. The Fed is facing pressure to tame inflation, and Mr. Biden is facing the political

fallout of lingering high prices as the midterms approach.

The forum Wednesday opens a year in which Mr. Biden will try to rally a Democratic base that has been frustrated by the failure to pass climate-change and voting legislation despite high hopes when he took office.

Democrats had hoped to have already passed the healthcare, climate and education package known as Build Back Better. Last week, Mr. Manchin and Sen. Kyrsten Sinema (D., Ariz.) handed the president another setback by reiterating their opposition to changing Senate filibuster rules to allow passage of voting legislation.

Mr. Biden said he would continue to push for the voting package, passage of which was blocked by Senate Republicans on Wednesday night. He said the prospect of the midterm election "being illegitimate is in direct proportion to us not being able to get these reforms passed."

As parts of his legislative agenda have faltered, Mr. Biden and his team have emphasized the \$1 trillion infrastructure funding bill he signed into law. Mr. Biden also has cited strong job gains over the past year.

The Senate is now split 50-50 with Vice President Kamala Harris providing tiebreaking votes, and Democrats have a small majority in the House. "I'm going to be deeply involved in these off-year elections," said Mr. Biden, who also indicated he plans to run for re-election with Ms. Harris as his running mate.



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U.S. NEWS

Democrats Fail to Change Rule, Sinking Elections Legislation

BY SIOBHAN HUGHES AND ELIZA COLLINS

WASHINGTON—Democrats failed Wednesday night in their effort to change the Senate’s filibuster procedures in order to muscle through blocked elections legislation, dealing a setback to President Biden and party leaders on what they have termed their top domestic policy agenda.

With Sens. Joe Manchin (D., W.Va.) and Kyrsten Sinema (D. Ariz.) siding with all Republicans in the evenly split Senate, 52 lawmakers opposed the rule change, with just 48 in favor, shy of the majority required.

The Democrats’ gambit was a last-ditch effort to salvage a sweeping elections bill that unified the progressive and moderate wings of the Democratic Party. Earlier, Republicans had blocked the elections bill from advancing, with 49 votes in support and 51 against, short of the 60 needed. Senate Majority Leader Chuck Schumer (D., N.Y.) voted “no” in order to preserve the right to bring the bill back up for a vote.

Democrats had made the elections bill and changes to the filibuster two parts of a single campaign, arguing that Republicans are trampling on voting rights, particularly for lower-income and minority voters, by tolerating restrictive new state laws and then using Senate procedures to stop Congress from intervening.

Urging passage of the bill and a change to the filibuster if needed, Mr. Schumer asked: “Are we going to let our democracy backslide in the 21st century? Are we going to be dragged back into the abyss of voter suppression?”

Republicans say that Democrats are mischaracterizing the states’ changes in a bid to grab power and say that the



Senate Minority Leader Mitch McConnell accused Democrats of trying to take over the elections system.

legislation would weaken steps meant to bolster election integrity.

“I certainly hope my colleagues today will not pass this federal takeover of election laws and will also resist the temptation to change the rules of the Senate,” said Sen. Roy Blunt (R., Mo.), the top Republican on the Rules Committee.

In a statement, Mr. Biden said he was “profoundly disappointed that the United States Senate has failed to stand up for our democracy.” Ahead of the vote, Mr. Biden had played down hopes for passage, while expressing hope that a narrower proposal centered on changing the Electoral Count Act could draw bipartisan support. That effort would try to firm up the procedures for electing the president.

“I think we can get things done,” Mr. Biden said at a news conference when asked about an effort to change the law. “I predict that we’ll get something done on the electoral reform side of this,” he said.

Sen. Mitt Romney (R., Utah) has said a bipartisan group of

senators discussing reforms now includes about a dozen people.

The elections package that failed consolidates two bills that Republicans blocked last year: the Freedom to Vote Act and one named after the late civil-rights leader Rep. John Lewis of Georgia, whose 1965 beating by Alabama troopers helped spur the passage of the original Voting Rights Act. The package would expand mail-in voting nationwide and make other changes designed to create a federal standard for access to the polls.

Under the proposed change to the filibuster, Democrats would shift to a so-called talking filibuster, in which opponents could stop the bill from advancing only by actively speaking on the floor until an allotted two speeches had been used up.

That would replace the current 60-vote threshold for ending debate and apply only to the elections legislation, narrowly tailored in a bid to win support from Democratic holdouts. After a talking fili-

buster ended, the Senate could proceed to a straight up-or-down vote on passing the bill.

“Our Republican colleagues don’t even acknowledge that we have a crisis,” said Mr. Schumer, citing new voting restrictions in states like Montana, Texas and Florida. He cited past voter suppression efforts against Black Americans, calling the GOP stance today “particularly disgraceful, particularly abhorrent, particularly obnoxious.”

Senate Minority Leader Mitch McConnell (R., Ky.) unleashed a torrent of criticism at Democrats, saying that they were effectively trying to mount a takeover of the nation’s elections system. He said Mr. Biden had promised to unite the country, but “today the president and his party will try to use fear and panic to smash the Senate.”

Others expressed relief that the Democrats’ push would fail.

“This is the biggest relief I’ve had as a member of the Senate,” said Sen. Roger Wicker (R., Miss.). “It is a pivotal day.”



Sen. Amy Klobuchar co-sponsored legislation to limit the market power of dominant tech platforms.

Tech Giants Fight Antitrust Measure

BY BRODY MULLINS AND RYAN TRACY

WASHINGTON—Big technology companies and their critics are ramping up lobbying efforts in Congress this week as a key Senate panel takes up legislation that seeks to blunt the market power of dominant tech platforms.

The antitrust legislation, set to be considered Thursday by the Senate Judiciary Committee, would bar dominant online platforms such as Amazon.com Inc.’s e-commerce

could make all these things harder, more expensive, less convenient and less secure.”

The industry ads will run in Washington at first and later in the home states of the senators on the Judiciary Committee and elsewhere, according to consultants involved, who said the trade group is prepared to spend several million dollars on the campaign.

Dozens of smaller tech companies are urging the Senate panel to pass the bill, including the startup accelerator Y Combinator, Yelp Inc. and Sonos Inc. Dominant technologies companies’ ability to give themselves preferential treatment “prevents companies like us from competing on the merits,” the companies said in a letter to the Senate panel Tuesday.

They cited tactics, such as steering users away from competitors’ services or using nonpublic data to benefit the platform’s own services, that “deprive consumers of the innovative offerings a vibrant market would yield.”

“The part of the private sector that is not Google, Apple, Facebook, Amazon is finally starting to—in the face of potential retaliation—courageously say, ‘Enough is enough,’” said Luther Lowe, Yelp’s senior vice president for public policy.

Lawmakers supporting the American Innovation and Choice Online Act say they are responding to concerns by both the public, businesses and smaller internet companies that say tech powerhouses such as Google and Amazon are unfairly abusing their market power to maintain their dominance.

They also say the legislation won’t force tech platforms to jettison popular services as long as they compete fairly.

A new group also launched Tuesday to back the Klobuchar-Grassley bill as a starting point in what it hopes will become a broader crackdown on the largest tech companies.

Called the Tech Oversight Project, its backers include organizations funded by eBay Inc. founder Pierre Omidyar and Chris Hughes, a co-founder of Meta.

Dozens of smaller tech companies are urging the Senate panel to pass the bill.

site and Alphabet Inc.’s Google search engine from preferring their own goods and services over other companies.

Supporters say the internet dominance by a handful of big companies prevents smaller technology companies from gaining market share, stifling innovation.

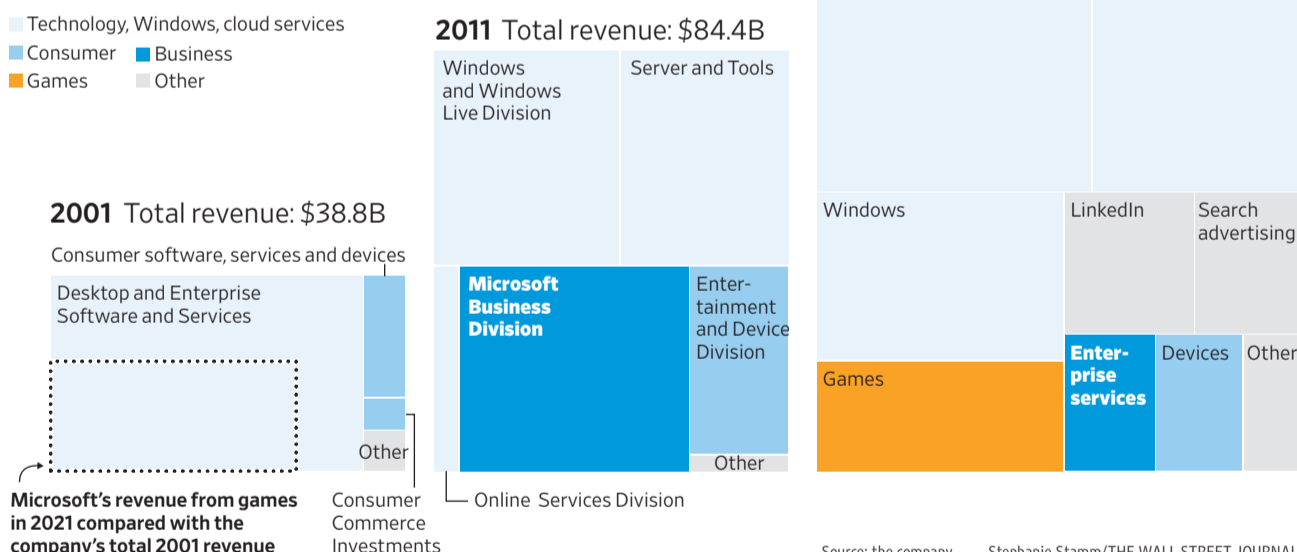
Big technology companies counter that the proposed legislation would prevent them from providing free or low-cost services to consumers and small businesses.

In an ad campaign dubbed “Don’t Break What Works,” that began Wednesday, the Computer and Communications Industry Association targets the anti-tech efforts, including one sponsored by Sens. Amy Klobuchar (D., Minn.) and Chuck Grassley (R., Iowa). The industry group represents companies including Amazon, Google, Facebook parent Meta Platforms Inc., Apple Inc. and other tech firms.

“Americans turned to tech products to receive deliveries for their favorite products, find directions to local businesses and to connect with loved ones,” CCIA says on a website dedicated to quashing the legislation. “These bills

For years, videogames took a back seat at Microsoft though the company has now decided to become more aggressive about expanding the sector into the cloud.

Where Microsoft made its money in 2001, 2011 and 2021 Adjusted for inflation



Microsoft Has Eyes On Cloud

Continued from Page One puters, companies around the world are racing to develop services for streaming high-end games to all kinds of devices the same way movies and TV shows are streamed. Amazon.com Inc., Alphabet Inc.’s Google, Sony Group Corp. and a host of smaller players are trying, but Microsoft has taken a large early lead in the emerging cloud-game space by spending billions of dollars on acquisitions and infrastructure, analysts said.

“Microsoft has big aspirations in gaming,” said Mark Moerdler, a Bernstein Research analyst. “Microsoft has been buying a number of studios because of what they’re trying to build with Game Pass and subscription gaming.”

If the company can convert some of Activision’s nearly 400 million monthly active users into subscribers, it could significantly bolster its cloud-game business, Mr. Moerdler said.

Playing games in the cloud is an emerging technology that allows people to stream games using nearly any internet-con-

nected device with a screen, much as they stream videos on Netflix, Hulu and other platforms. Streaming games is more challenging, though, because games are interactive and require more data to run smoothly. While Netflix Inc. moved into mobile games last year, it has offered only a handful of games that subscribers must download to an Android or iOS device—not games that can be streamed via the cloud.

Consumer spending on cloud-game services reached \$3.7 billion last year, with Microsoft’s Game Pass accounting for 60%, according to research firm Omdia, which forecasts total cloud-game revenue will hit \$12 billion by 2026.

Along with making public its planned acquisition, Microsoft said Tuesday that subscribers to Game Pass—which includes cloud games, online multiplayer support and access to a large, rotating library of games—have increased 39% in the past year to 25 million.

Mr. Nadella said Microsoft plans to bring as many Activision games as it can to Game Pass. As it has done with games from developers it has acquired previously, Microsoft could make future games from Activision exclusive on Game Pass and Xbox consoles, analysts said.

“We do think our investment in cloud creates a unique capability for triple-A content to reach any screen on any de-

vice,” Microsoft game chief Phil Spencer said after the Activision deal was announced.

Expanding its cloud-game business will help Microsoft diversify further into consumer-facing businesses. That could narrow the leads Sony’s PlayStation has on Microsoft in game hardware and Amazon’s in cloud services. Mr. Nadella’s broader strategy for Microsoft puts cloud computing at the center of a collection of disparate businesses, from corporate software and enterprise data storage to social media and digital advertising.

The commitments to games and the cloud have been years in the making.

Microsoft’s commitments to games and the cloud have been years in the making. Since taking over in 2014, Mr. Nadella has leaned heavily on offering the company’s enterprise customers cloud-computing services to power their businesses. This strategy has been the primary driver behind Microsoft’s ascent to become the world’s second-most-valuable company behind Apple Inc., with a market valuation of nearly \$2.3 trillion. For years, games took a back

seat at Microsoft, where consumer-facing businesses got less attention, former and current employees said. The Xbox team was slotted under the Windows operating system and didn’t directly report to the CEO, as Mr. Nadella focused on selling the Office 365 business-software suite and developing the cloud-computing business. The Xbox group struggled to find its place in this structure, the employees said, as the unit was always competing with Windows priorities for investments, typically without success, they said.

“Under Windows, we had to make trade-offs between investing in big gaming initiatives and features for Windows enterprise customers,” said Richard Irving, who spent 12 years working on Xbox before leaving Microsoft in 2016.

A Microsoft spokesman declined to comment on the company’s previous management of its game business.

A few years ago, Microsoft decided to become more aggressive about expanding its cloud usage to games, its main touch point with consumers. Internally, there has been concern that Microsoft is too dependent on enterprise for growth, people familiar with company strategy said. The decision to do more in games came after Microsoft looked at the possibility of buying consumer-facing businesses including TikTok, Pinterest and Discord, the people said.

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U.S. NEWS



Chaplain Mark 'Chaps' Schimmelpfennig, above, speaks with nurse Lucy O'Keefe at Chicago's Rush University Medical Center, right.



Kim Sangster, left, bereavement support and education coordinator, bumps elbows with nurse Vivien Joy at Rush.



TAYLOR GLASCOCK FOR THE WALL STREET JOURNAL (3)

Hospital Arms Nurses With Emotional Support

BY BEN KESLING

CHICAGO—At Rush University Medical Center, nurses still talk about their feelings of guilt from the early months of treating Covid-19 patients. How they hadn't known how to best treat desperate patients. How worried they were about bringing Covid-19 home to their families.

Except now they report having more mental and emotional tools at their disposal than they did at the beginning of the pandemic, thanks in large part to the work of Mark Schimmelpfennig, a hospital chaplain who is also an Army veteran.

Months ago Mr. Schimmelpfennig noticed that nurses were using phrases that sounded like what he had heard from troops who had served in combat zones. The same techniques veterans use to wrestle with combat trauma

also could be used by the healthcare profession, he said.

Now, as the Omicron variant spreads throughout the country, filling hospitals again, nurses at Rush say they are more prepared to deal with another front in the pandemic.

Kim Sangster, a colleague at the hospital with Mr. Schimmelpfennig, started a program called Growing Forward to bring group counseling sessions to nurses and other hospital clinicians and staff on the wards where they work. As Mr. Schimmelpfennig made his rounds with other mental-health experts, he was recruited by Dr. Sangster, the hospital's bereavement specialist, to bring his skills to the pilot program.

Mr. Schimmelpfennig, known at the hospital as "Chaps" for his role as a chaplain, began talking to nurses and letting them know the ex-

traordinary experiences they had had during the pandemic were similar to those experienced by troops in combat.

With his soft-spoken manner and faded polo shirts, Mr. Schimmelpfennig makes rounds at the hospital as part of his normal duties, and he has used the bright green "Veteran" label on his hospital badge as a way to start conversations with clinicians.

"He could actually draw that parallel between us and people that have been veterans of war," said Sarah Saladino, a nurse and an assistant unit director. "I never even made that connection because for me—I've been a nurse for 20 years on this unit—I've never seen this kind of trauma to our team ever. So when he made that connection, I was like, oh my gosh, how have I never realized that?"

That day Mr. Schimmelpfen-

nig made her feel as if she had a new community whose experiences she could draw on for support—the military veteran community, she said.

"It actually brought me to tears that day, to also know that there's another group of people that feel like this, that can almost lead us out of this or show us the way," she said. "Because we haven't experienced this."

While taking part in Growing Forward, registered nurse Arbie Karasek visualized herself as arming for battle with Covid-19, gearing up in N95 masks and gowns. Before that, interactions with patients were clouded with uncertainty of treatments and outcomes, and no matter what nurses did they couldn't move as fast as they wanted to battle symptoms. Then, at the end of the day, she and her fellow nurses were sore all over from physical ex-

ertion, a feeling troops in combat know well.

"Chaps being able to put words to that was super valuable," Ms. Karasek said. "I think there are more cross-overs than people realize."

And with the emergence of the Omicron variant of Covid-19, Ms. Karasek said she and her colleagues feel as if they are on a new front in the war against the pandemic.

"We are so tired," she said.

Even though she has less concern about becoming seriously ill thanks to the vaccine, she and others are worried about bringing the disease home or giving it to loved ones. "I haven't been afraid for myself and my family for a year, but now I am again," she said.

Dr. Sangster drew on her experience dealing with grief and bereavement to make connections with nurses.

"Staff said we need more than wellness rounds right now, we need trauma care," Dr. Sangster recalled. So she and Mr. Schimmelpfennig have pushed forward with the group sessions in Growing Forward to help nurses who are proficient in taking care of others learn to focus instead on themselves and the professional caregivers around them.

Ms. Karasek attended the 6-unit session of the Growing Forward program and said it has helped her cope with more than a year of trauma.

"I think I'm able to train nurses better because I have the words for what I'm processing, too," she said. "The training we have to give them now is also emotional armor and emotional resilience. That's just as important as teaching them how to place an IV or how to give the medications or how to administer oxygen."

Free N95 Masks to Be Available

BY SABRINA SIDDIQUI

WASHINGTON—The Biden administration on Wednesday announced plans to make 400 million N95 masks available free of charge at pharmacies and community health centers across the country.

The move comes as President Biden has stepped up the federal government's response to a nationwide surge in Covid-19 cases triggered by the highly transmissible Omicron variant. Some scientists and doctors have said popular single-layer cloth masks may not be sufficient to protect against Omicron and called on the administration to expand access to high-filtration masks such as N95s.

The nonsurgical N95 masks will start to be available at pharmacies and community health centers late next week and the program will be fully up and running by early February, a White House official said. The masks will be sourced from the Strategic National Stockpile, the nation's

safety net of medical-equipment supplies.

"This is the largest deployment of personal protective equipment in U.S. history," the official said. "Experts agree that masking is an important tool to control the spread of Covid-19."

Some 400 million masks will be given out at pharmacies and health centers.

Three masks will be available per person, the official said, to ensure broad access. Most of the pharmacies that are part of the federal pharmacy vaccine program will distribute the masks, the official said.

Mr. Biden has also sought to expand access to Covid-19 tests amid nationwide shortages in supply. On Tuesday, the administration began tak-

ing orders through a new website—covidtests.gov—for at-home rapid tests that will be distributed to Americans free. Another one of Mr. Biden's plans, under which private insurers will cover the cost of over-the-counter Covid-19 tests, took effect this month.

Amid criticism from some public-health experts that it didn't sufficiently prepare for the Omicron wave, the administration is also taking steps to speed up availability and access to Covid-19 antivirals, with hospitalizations on the rise and treatments in short supply. The federal government has now purchased 20 million treatment courses of Pfizer Inc.'s Covid-19 antiviral pill Paxlovid and expects to have at least half of them by June.

Mr. Biden has urged people to wear masks in public indoor spaces but stopped short of calling on state and local officials to bring back mask mandates amid the Omicron wave. In December, the president extended a mask mandate for travelers on planes, buses and

trains, and at domestic transportation hubs such as airports and indoor bus terminals, as the variant began to take hold in the U.S.

Last week, Mr. Biden acknowledged that high-quality masks weren't easy to find. "I know that for some Americans, a mask is not always affordable or convenient to get," he said. "I know we all wish that we could finally be done with wearing masks. I get it. But...they're a really important tool to stop the spread, especially of a highly transmittable Omicron variant."

The Centers for Disease Control and Prevention recommends people wear "the most protective mask you can that fits well and that you will wear consistently." The public-health agency advises that well-fitting respirators approved by the National Institute for Occupational Safety and Health, including N95s, offer the most protection against Covid-19.

N95 masks have a denser network of fibers than surgical or cloth masks.

Prior Infection Gave Better Protection Than Vaccine Against Delta

BY BRIANNA ABBOTT

Surviving a previous infection provided better protection than vaccination against Covid-19 during the Delta wave, federal health authorities said, citing research showing that both the shots and recovery from the virus provided significant defense.

The Centers for Disease Control and Prevention said Wednesday that data from 1.1 million Covid-19 cases in California and New York last year showed people who were unvaccinated and hadn't previously contracted Covid-19 faced a far greater risk than both people who had gotten the shots and people who had been infected.

The data on testing, cases and immunization was collected between May and November, as the Delta variant emerged and became dominant

in the U.S., before the more-infectious Omicron variant began to spread widely. Hospitalization data came from more than 50,000 people in just California.

"Before the Delta variant, Covid-19 vaccination resulted in better protection against a subsequent infection than surviving a previous infection," CDC epidemiologist Benjamin Silk said. "When looking at the summer and fall of 2021, when Delta became predominant in this country, however, surviving a previous infection now provided greater protection."

The CDC also said the timing of the research coincided with many people likely experiencing waning vaccine-induced immunity and occurred before the wider rollout of Covid-19 booster shots. Dr. Silk said the research also didn't apply to the current Omicron wave. "It'd be like comparing apples and oranges," he said.

U.S. WATCH

WASHINGTON

NSA Gets Bigger Cybersecurity Role

President Biden expanded the National Security Agency's role in protecting the U.S. government's most sensitive computer networks, issuing a directive intended to bolster cybersecurity within the Defense Department and intelligence agencies.

The memorandum signed by Mr. Biden mandates baseline cybersecurity practices and standards, such as two-factor authentication and use of encryption, for so-called national security systems, which include the Defense Department and intelligence agencies and the federal contractors that support them.

It effectively aligns the cybersecurity standards imposed on national security agencies with those previously established for civilian agencies under an executive order Mr. Biden signed in May. Affected agencies will soon be expected to implement various

cybersecurity protocols, including use of certain cloud technologies and software that can detect security problems on a network.

Cybersecurity failures have plagued the U.S. government for decades, including thefts of detailed personnel records and military secrets that have been blamed on Russia, China and other adversaries. While national security agencies are generally seen as more secure than their civilian counterparts, they have endured significant breaches, too.

—Dustin Volz

TEXAS

FBI Probes in Area of Rep. Cuellar's Home

Federal agents were "conducting court-authorized law enforcement activity" Wednesday afternoon in the area of the Laredo, Texas, home where Rep. Henry Cuellar (D, Texas) resides, the Federal Bureau of Investigation said.

The FBI also said it conducted

activities at the cross streets where Mr. Cuellar's campaign is headquartered.

The FBI did not say what type of probe was under way, or if the congressman is the subject of it.

The congressman's office released a statement saying he would fully cooperate with any investigation. His office also did not confirm whether he was under any investigation.

"He is committed to ensuring that justice and the law are upheld," the statement said.

The statement from the FBI came after an investigative reporter for the Monitor, a local newspaper, shared photos on Wednesday afternoon of FBI agents clustered around Mr. Cuellar's house and in his driveway.

Mr. Cuellar, 66 years old, is serving his ninth term in the U.S. House and previously served 14 years in the Texas House of Representatives. A native of Laredo, he is a lawyer and former customs broker and professor.

—Elizabeth Findell



DISLODGED: Removal began early Wednesday of a Theodore Roosevelt statue from outside the American Museum of Natural History in New York City. Objections were raised of the statue symbolizing colonialism.

CANTLIN OCHS/REUTERS

WORLD NEWS

Russia Deploys Troops to Belarus

U.S. seeks to bolster Ukraine, as Moscow beefs up its military presence in the region

The Biden administration's top diplomat sought to reassure Ukraine's president of unified support from the West but warned that Russia could

By William Mauldin in Kyiv, Ukraine, and Ann M. Simmons in Moscow

invade as concerns mounted over Moscow's deployment of troops to Belarus, which shares a border with Ukraine.

"We have made very clear to Moscow that if it chooses to renew aggression against Ukraine, it will be met and it will face very severe consequences," Secretary of State Antony Blinken said at a meeting with Ukrainian President Volodymyr Zelensky.

Later Wednesday, during a White House news conference, President Biden said he expects Russia would make some kind of move against Ukraine, and would face consequences calibrated to the degree of aggression. "My guess is he will move in," he said, referring to Russian President Vladimir Putin.

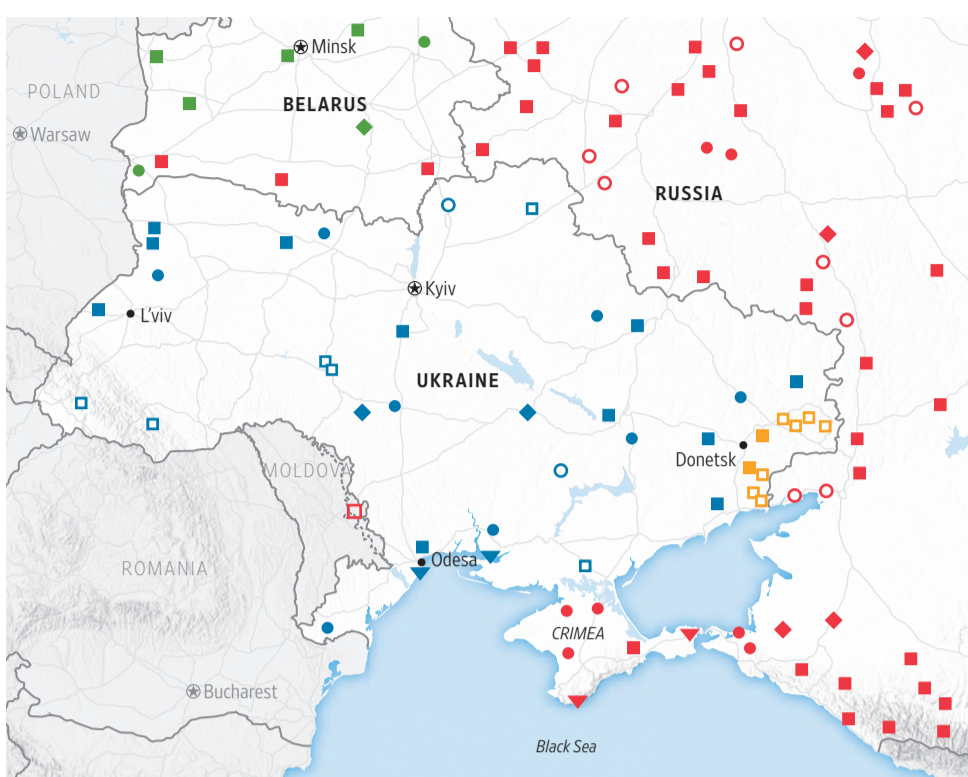
Later Mr. Biden walked back his comments. "I don't think he's made up his mind yet," he said, suggesting he might meet face-to-face with Mr. Putin.

A U.S. State Department official confirmed that the Biden administration has approved \$200 million in new defensive military assistance to Ukraine, saying the U.S. "will continue to provide Ukraine the support it needs."

That sum includes Javelin antitank missiles, U.S. officials said, though the administration has stopped short of providing offensive weapons to Ukraine and said it won't use direct military force to support the country.

"To take very fast steps to modernize the army, we need

Military force locations: ■ Russian ■ Russian proxy ■ Ukrainian ■ Belarusian
Type of force: ■ Mechanized □ Infantry ● Airborne ○ Tank ▼ Marine ◆ Special forces



Note: Locations in Belarus show where troops are positioned or are moving to. Source: Dr. Phillip Karber

help here," Mr. Zelensky said.

British C-17 cargo planes have been ferrying antitank weapons to the country for Ukraine's forces.

The tensions over Ukraine are part of a larger disagreement between Moscow and the North Atlantic Treaty Organization about security in Eastern Europe, with U.S. officials this week saying Russian troops and weaponry are moving into Belarus—a shift that could position them for deployment to Ukraine. That is in addition to some 100,000 Russian troops that U.S. and European officials estimate to be deployed near Russia's border with Ukraine.

Russian forces are moving to bracket Ukraine on three sides. The deployments in Belarus expand the Russian military's considerable presence north of Ukraine and provide

that binds Russia and Belarus in various areas ranging from the economy to defense. The forces would prepare for "actions not only within their boundaries of responsibility," but also for threats that arise, he said, not specifying how many troops would be involved in the exercises, the first phase of which is set to begin Feb. 9.

Belarusian President Alexander Lukashenko said Monday that the joint exercises would be conducted on Belarus's western border and on the country's southern flank, where it borders Ukraine. To ensure a functioning air defense for the Russian-Belarusian union, 12 Su-35 jets will be relocated to Belarusian territory, in addition to two divisions of the S-400 anti-aircraft missile system, Mr. Fomin said. Pantsir-S anti-aircraft

missile and gun battalions also would be redeployed, he said. A senior U.S. administration official told reporters on Tuesday that "there can be no doubt about Belarus's role as an increasingly destabilizing actor in the region." The official noted a series of incidents to demonstrate Belarusian efforts, including the recent migrant crisis along its border with Poland—which the official said was "manufactured" by Belarus.

The timing of the Russian troop movements "raises concerns that Russia could intend to station troops in Belarus under the guise of joint military exercises in order potentially to attack Ukraine from the north," the senior U.S. administration official said.

Russian Deputy Foreign Minister Sergei Ryabkov said Wednesday that Russia doesn't intend to take any aggressive action against Ukraine. But Moscow sees a threat in Ukraine's potential membership of NATO, he said.

On the issue of military maneuvers in Belarus, Mr. Ryabkov urged officials to focus on diplomacy rather than the potential for conflict.

"I assure you, there is no reason to be concerned about anything in connection with these exercises," he told the Valdai Discussion Club, a Moscow-based discussion group.

The diplomat also repeated Moscow's view that the U.S. and NATO are to blame for the precarious security situation in Europe. "Washington and NATO, among other things, use Ukraine as a lever of pressure on Russia," he said.

The Kremlin has demanded that NATO pull back from Eastern Europe and forswear the addition of potential new members such as Ukraine. U.S. and NATO officials have rejected those demands, but Washington sought to find some common ground on select security issues in meetings last week.

—Alex Leary in Washington contributed to this article.

Macron Wants EU To Craft Security Proposal

PARIS—Russia's military buildup is rekindling tensions about whether Europe should take a bigger role in its own defense aside from the trans-Atlantic alliance with the U.S. that has underpinned the region's security in the postwar era.

By Matthew Dalton, Laurence Norman and Drew Hinshaw

The divisions surfaced Wednesday as French President Emmanuel Macron marked his turn at the helm of the European Union's presidency with a sweeping speech calling on Europe to chart its own course.

"The security of our continent demands a strategic rearmament of Europe as a power of peace and equilibrium, particularly when it comes to dialogue with Russia," he told a session of the European Parliament.

The EU, he said, should spend the coming weeks developing a plan to create "a new order of security and stability," while consulting with the North Atlantic Treaty Organization. "We must build it between Europeans, then share it with our allies within the framework of NATO. And then offer it for negotiation to Russia," he said.

His remarks unsettled officials in the bloc's Eastern nations, who fear the effort could weaken the U.S.-backed security umbrella provided by NATO.

Mr. Macron has been pushing the EU for years to develop its own capability on defense. Such plans, however, have been greeted with little enthusiasm by Germany and other major European economies, which have been happy to let the U.S. take the lead in deterring Russian aggression on the bloc's eastern flank.

WE PUT THE 'W' IN WINTER



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Boris Johnson answers questions in the House of Commons.

Johnson Faces Rising Pressure Over Soiree

By Max Colchester

LONDON—British Prime Minister Boris Johnson faced rising political pressure over allegations that he broke lockdown rules by attending a drinks party in Downing Street, as some of his Conservative lawmakers strategized how to oust the British leader and one defected to the opposition Labour Party.

Mr. Johnson has acknowledged attending a gathering billed as a "bring your own booze" event in the Downing Street garden during lockdown in May 2020, a time when Britons were only allowed to meet one other person outside. The prime minister has apologized, adding that he thought it was a work event and wasn't told it was against the rules.

The Conservative Party has been sliding in opinion polls, with surveys showing popular anger over the incident.

A small group of Tory lawmakers who entered Parliament for the first time following Mr. Johnson's landslide election victory in 2019 are leading efforts to potentially oust their leader. Other more longstanding members of Parliament appeared Wednesday to lose patience with Mr. Johnson. "In the name of God, go," Conservative lawmaker and former cabinet minister David Davis told Mr. Johnson during a House of Commons meeting.

Mr. Johnson was dealt another blow when one of his lawmakers defected to the Labour Party. In a letter to the

prime minister, Christian Wakeford said he could no longer support a government "that has shown itself consistently out of touch" with his constituents. He previously said he submitted a letter of no confidence in Mr. Johnson.

Many other lawmakers, however, say they are withholding judgment until an internal probe is concluded.

Since the Conservatives enjoy a solid majority in Parliament, any effort to unseat Mr. Johnson would be the result of a party coup. The Conservatives hold 359 seats in the 650-seat House of Commons.

Under Conservative Party rules, 15% of lawmakers must submit letters of no confidence in their leader to a special committee to trigger a vote. A majority of Conservative Party lawmakers must then vote to replace him if he is to be removed. Only Graham Brady, the chairman of the 1922 Committee that oversees the selection of the party's leaders, knows the true number of no-confidence letters submitted. So far, six Conservative lawmakers have publicly stated they have submitted no-confidence letters.

On Wednesday, Mr. Johnson launched a pugnacious defense of his government's record in office as he sought to rally wavering lawmakers.

Opposition Labour leader Keir Starmer attacked what he said were "absurd and frankly unbelievable" explanations for the prime minister's attendance at the garden party during lockdown.

Inflation Jumps to 30-Year High in U.K.

By Isabel Coles and Xavier Fontdegloria

LONDON—Consumer prices in the U.K. rose at the fastest annual rate in nearly three decades last month, strengthening the case for further increases in the Bank of England's key interest rate as the country's economy emerges from the Omicron wave.

The Bank of England last month became the first major central bank to tighten monetary policy since the start of the pandemic, as the U.K. battles a rise in prices because of supply-chain snarls and higher energy prices.

Economists expect growth took a hit in December as households hunkered down in response to the new coronavirus variant. But cases are now falling rapidly from a peak earlier this month, and growth is forecast to bounce back quickly as the government prepares to lift additional restrictions aimed at curbing the highly transmissible strain.

The latest inflation data, however, will amplify concerns about a cost-of-living squeeze that is likely to weigh on consumer spending, and increases the chances of the BOE raising interest rates again at its next meeting in February.

Consumer prices in the U.K. rose 5.4% in December compared with a year earlier, the Office for National Statistics said Wednesday—the biggest annual jump since March 1992.

The pickup in inflation was driven by higher prices across a range of items including food and certain goods that have become harder to obtain because of pandemic-related supply-chain disruptions.

Services inflation also continued to pick up, driven by higher transportation and storage prices, to reach 3.4% in December.

The U.K. is bracing for inflation to peak at about 6% in April, when a cap on energy prices imposed by British regulators is due to be revised.

WORLD NEWS

China Detains Activists Ahead of the Olympics

By CHAO DENG

TAIPEI—Chinese authorities have detained two prominent human-rights activists, quietly intensifying a crackdown on dissent weeks before Beijing hosts the most politicized Winter Olympics in recent memory. Free-speech advocate Yang Maodong was formally detained in the southern city of Guangzhou on suspicion of inciting subversion on Jan. 12, two days after his wife died of cancer in the U.S., according to his sister. Mr. Yang, who writes under the pen name Guo Feixiong, has been blocked from leaving China for the past year. Authorities rejected his pleas, and entreaties from friends and family, that he be allowed to be with his wife in her final months. Friends said they had lost contact with the 55-year-old in early December, though it was only on Monday that

police officially confirmed his detention to his family. “It’s really too cruel, too heartless,” Yang Maoping, his sister said, adding that police had been vague about the reason for his detention. Xie Yang, a 49-year-old lawyer who has taken up politically sensitive cases related to religion and land rights, was detained on Jan. 11, also on subversion charges, and is being held in the southern city of Changsha, his family said. Human-rights advocates linked the detentions to the Winter Games, scheduled to begin on Feb. 4, which have been dogged by criticism over China’s human-rights record. “You can imagine authorities all over the country are tightening control pre-emptively to strike out any potential dissent and criticism,” said Renee Xia, a senior researcher with Chinese Human

Rights Defenders, a Washington, D.C., based group. Police in Guangzhou and Changsha didn’t reply to requests to comment. Asked about the detentions, the International Olympic Committee said it takes human rights seriously but has “neither the mandate nor the capability to change the laws or the political system of a sovereign country.” Chinese authorities also pressured dissidents and activists ahead of the 2008 Summer Olympics in Beijing, though space remained for some critics. Under President Xi Jinping, China has grown less tolerant of dissent, tightening controls over the media and the internet, while pursuing a campaign of forcible assimilation against ethnic minorities. The U.S., Australia and U.K. have said government officials won’t attend the 2022 Olym-



Yang Maodong, left, seen in a detention center in 2014 and Xie Yang outside court in 2019.

pics, to protest Mr. Xi’s treatment of ethnic minorities and other alleged human-rights abuses. Activist groups have pressed Olympics sponsors and other global brands to distance themselves from the Games. China has rejected criticism of its human-rights record and called it interference in the country’s internal affairs. Its Foreign Ministry has protested what it says are attempts to politicize the Olympic Games. Mr. Yang, the free-speech activist, has been in police custody on and off since 2013,

when he joined in protesting Communist Party efforts to censor Southern Weekly, a Guangzhou newspaper once celebrated by Chinese liberals for its unusually hard-hitting coverage. He spent six years in prison for disrupting public order and “picking quarrels.” Mr. Xie, the other activist in custody, previously was detained as part of a sweeping crackdown on human-rights lawyers in 2015. Charged with inciting subversion, he was released after two years following a guilty plea.

Mr. Xie’s wife, Chen Guiqiu, confirmed his most recent detention Tuesday. Ms. Chen, who fled China in 2017 and now lives in Texas with the couple’s two daughters, said she suspects the detention is related to her husband’s trip this past Christmas to Yongshun county in southern China’s Hunan province. He unfurled a banner near a police station there calling for the release of a schoolteacher who had accused the government of sending her to a psychiatric facility against her will.

WORLD WATCH



BLESSINGS: An Ethiopian Orthodox Church faithful was sprayed with water to receive blessings during the annual Timkat celebration of Epiphany in Addis Ababa, Ethiopia, on Wednesday. Timkat commemorates Jesus’ baptism in the River Jordan.

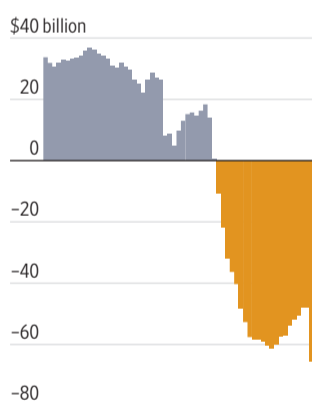
Turkey Takes Lifeline From Old Rival U.A.E.

By JARED MALSI AND CAITLIN OSTROFF

ISTANBUL—The United Arab Emirates and Turkey agreed to a currency swap equivalent to nearly \$5 billion that reinforces an economic partnership between two Middle Eastern rivals and provides Ankara with a badly needed infusion of foreign funds. The deal, announced Wednesday, deepens the detente between Turkey and the U.A.E., powers that until recently were on opposite sides of a Middle Eastern cold war and remain at odds over conflicts in the region. The two struggled for supremacy in the aftermath of the 2011 Arab Spring uprisings and later backed opposing sides in the civil war in Libya and in Saudi Arabia’s blockade of Qatar. The injection of Emirati funds will help Turkey’s central bank as it burns through foreign-currency reserves to prop up the lira, which lost 40% of its value against the

dollar last year. The amount exchanged is modest compared with Turkey’s financial needs, however. The U.A.E.’s de facto leader, Crown Prince Mohammed Bin Zayed, visited Ankara in November, meeting President Recep Tayyip Erdogan in a visit that renewed high-level diplomatic relations while promising Turkey investment. Emirati officials have said they view Turkey as a potentially lucrative investment, and both countries have mended ties with rivals in the Middle East, as the U.S. signals a pullback from the region following its withdrawal from Afghanistan. “It seems that the two sides have agreed to open a new page. They made a new assessment of the situation,” said Mithat Rende, a former Turkish ambassador to Qatar. “They are interested in focusing on economic diplomacy.” The plunging lira has pushed millions of people toward poverty, sparked protests and threatened the country’s financial stability. Turkey will have to pay back the dirhams in return for the lira at the end of the agreement unless it is extended. This could make it costly to pay back if the lira depreciates against the dirham. Ankara has moved to normalize ties with regional rivals over the past year, including Saudi Arabia, Egypt, and Israel. Meanwhile, the U.A.E. recently invested about \$100 million in Israeli tech firms. Abu Dhabi has also taken steps to improve ties with opponents including Iran and Syria. The deal adds to swap agreements that Turkey has with other nations, including ones equivalent to \$15 billion with Qatar, \$6 billion with China and \$2 billion with South Korea.

Turkish central bank’s net foreign assets



Note: Excludes all foreign-currency liabilities; December 2021 figures are estimates. Source: Turkey Data Monitor/GlobalSource Partners

U.S. STATE DEPARTMENT

Democratic Donors Named to 3 Posts

President Biden is turning to a trio of top Democratic donors to lead diplomatic posts in the United Kingdom, Brazil and Denmark, the White House said Wednesday. Mr. Biden plans to nominate Jane Hartley, a top donor from his 2020 presidential campaign and an ambassador to France under former President Barack Obama, to serve in Great Britain. Elizabeth Bagley, a longtime Democratic donor who served as ambassador to Portugal under former President Bill Clinton, is the president’s pick to serve in Brazil. The president also intends to nominate Alan Leventhal, the chairman and CEO of Beacon Capital Partners, to be ambassador to Denmark. Mr. Leventhal was among Mr. Biden’s top financial donors in the Boston area. —Ken Thomas

TONGA

Olympian Seeks To Raise Relief Aid

Pita Taufatofua, who became internationally recognized for marching shirtless as Tonga’s Olympic flag-bearer, has raised hundreds of thousands of dollars in a campaign aimed at aiding the island nation after a volcanic eruption and tsunami left it significantly damaged. The online fundraiser conducted through a GoFundMe page has raised more than \$330,000 through over 8,000 donations as of Wednesday morning. The funds are expected to help victims and repair damaged infrastructure, schools and hospitals, Mr. Taufatofua wrote in the fundraiser description. “In the time of need you stood up and stepped forward. We appreciate you all,” Mr. Taufatofua wrote to donors. —Omar Abdel-Baqi

OBITUARY

Actor Gaspard Ulliel Dies in Ski Accident

Gaspard Ulliel, a French actor set to appear in the coming Marvel series “Moon Knight,” died following a ski accident. He was 37 years old. The accident occurred Tuesday as Mr. Ulliel skied at the La Rosière-Espace San Bernardo in the Northern Alps, the ski resort said. Representatives for the actor didn’t respond to requests to comment Wednesday. Mr. Ulliel is perhaps best known globally for his portrayal of a young Hannibal Lecter in the 2007 film “Hannibal Rising,” and for starring opposite French actress Audrey Tautou in 2004’s “A Very Long Engagement.” He won the 2017 César Award for Best Actor, France’s equivalent of an Oscar, for his lead role in Xavier Dolan’s film “It’s Only the End of the World.” —Jennifer Calfas

NORTH KOREA

New Nuclear Tests Under Consideration

North Korea suggested it might consider restarting long-range and nuclear-weapons tests, promising to take “practical action” as it says the U.S. threat to the country can no longer be ignored. The Kim Jong Un regime for more than four years hasn’t launched an intercontinental ballistic missile or conducted a nuclear test—major provocations that have previously drawn re-priming even from close allies in Beijing and Moscow. At a Wednesday Politburo meeting, North Korea blasted the U.S. for maintaining hostilities against the regime, from sanctions to Washington-Seoul military exercises to America’s own strategic-weapon testing, North Korea’s state media said. —Timothy W. Martin

Covid-19 Cases Fall in India’s Biggest Cities, Raising Hopes for Peak

By VIBHUTI AGARWAL AND SHAN LI

NEW DELHI—Covid-19 cases in New Delhi and Mumbai have fallen sharply in recent days as a surge of the Omicron variant peaks in some of India’s biggest cities, raising hopes that prior infections will offset a relatively low vaccination rate and help prevent a repeat of last year’s catastrophic wave.

India is still a few weeks away from a nationwide peak, as the virus continues to spread in rural areas and smaller cities, said doctors and public-health experts, who warn that hospitalizations and deaths likely will continue climbing even as cases slow. Even so, they say the early signs point to a less severe wave than in 2021, when India’s hospitals ran out of beds,

oxygen and medical supplies, leaving many to die at home. In New Delhi—India’s second-biggest city—new cases have dropped for five days straight after hitting a high of 28,867 this past Thursday. In Mumbai, the financial capital and most populous city, 6,149 new daily infections were reported Tuesday, after a peak of 20,971 cases on Jan. 7. Officials in both cities say that about

80% of hospital beds are empty. A swift decline of cases following a surge is a pattern seen with Omicron in other countries, epidemiologists say. But they are watching India especially closely because of its large population, its relatively low vaccination rate and the severity of last year’s wave. Gautam Menon, professor of physics and biology at Ashoka University, said his modeling

shows that all parts of India will peak by Feb. 10. Given the low rates of testing, the model has assumed that actual infections are 15 times higher than the official tally—although it is possible the true count could be 20 to 25 times, he said. The national positivity rate fell slightly to 15.13% on Wednesday after reaching nearly 20% on Monday. About 97% of Delhi resi-

dents and 87% of Mumbai residents have antibodies against Covid-19, which could be a result of prior infections or vaccinations, according to government serological surveys. Both cities have a higher portion of their population fully vaccinated compared with the nationwide rate of 47.7%. The Ministry of Health and Family Welfare didn’t respond to a request to comment.

FROM PAGE ONE



Bitcoin, the largest cryptocurrency, is down 9.9% year to date.

Expected Rate Hike Hits Bitcoin

Continued from Page One a double-edged sword. Increasingly, sentiment in traditional and crypto markets can affect each other, analysts at the International Monetary Fund said. “A sharp decline in bitcoin prices can increase investor risk aversion and lead to a fall in investment in stock

markets,” they wrote in a blog post last week. The crypto market fell alongside U.S. equities for the first two weeks of the year. Both markets struggled under the same dynamic: Investors are dumping riskier assets amid the Fed’s planned tightening of its monetary policies later this year. Since hitting a \$2.97 trillion market value in November, the entire crypto market’s value has fallen about 34% to \$1.97 trillion, according to CoinMarketCap. A sign that crypto is in the doldrums is the muted reaction to a reliable spark: an

Elon Musk tweet. “Tesla merch buyable with Dogecoin,” the Tesla Inc. founder wrote Friday on Twitter. Dogecoin jumped about 10% in the two minutes after Mr. Musk’s tweet but in the afternoon was back at pretweet levels and on Wednesday was down about 17% since the tweet. Still, large selloffs are common in crypto. Bitcoin is down about 39% from its record of \$68,990 hit on Nov. 10, according to CoinDesk. While that would constitute a significant crash for an equities market, it isn’t even bitcoin’s biggest drop over the past 12

months. Since bitcoin hit its record, Coinbase is down 33%, Marathon Digital is down 62%, Riot Blockchain has fallen 52% and MicroStrategy is off 44%. From April through July last year, the cryptocurrency’s price dropped 52%. That is bear-market territory even for crypto stocks, but it hasn’t kept the crypto bulls from saying the market is primed for a turnaround. Lucas Outumuro, the head of research at research firm IntoTheBlock, said, “The mix between hope and distress has crypto markets split about what may come next.”

FROM PAGE ONE

California Policies Pulled

Continued from Page One

ues to not renew some policies. But “we are still accepting new customers across the state in areas where we have a fair chance of earning an adequate return,” Paul Krump, a Chubb vice chairman, said last week.

In an earnings call in October, Chubb Chief Executive Evan Greenberg said the insurer’s California shrinkage was “not a small amount” in locations “both highly exposed and even moderately exposed to wildfire.” He said “someone else will have the pleasure of writing” business for which “we cannot charge an adequate price for the risk.”

Chubb, which declined to provide policyholder figures, aims to offer excess-and-surplus policies to many policyholders who aren’t renewed.

The moves by AIG and

Chubb follow years of non-renewals by mass-market insurers. California regulators have been encouraged that parts of the broader market are showing signs of stabilizing because of recent rate increases. Allstate Corp., Farmers Insurance and some others have committed to adding policyholders.

Some insurers are frustrated California regulators require them to set home-insurance rates based on their historical loss experience, not projections of future losses determined by catastrophe modeling. Such models can reflect location-specific data insurers feel they need amid escalating wildfires tied partly to climate change.

State regulators said insurers can obtain adequate rate increases under the current system, and are concerned about modeling’s accuracy and fairness to minorities.

“We are very disappointed that a diversified company with massive global resources like AIG is not staying the course to help support safer, more resilient communities here in California,” said Michael Soller, a deputy insurance commissioner. The state



A Malibu home ablaze in 2018. Fires are driving some insurers out of California’s high-end market.

has been trying to help consumers reduce wildfire risk and has pushed insurers to provide discounts for mitigation measures.

In 2020, the state insurance department approved an average 17.5% rate increase for AIG’s home policies. A subsequent request from AIG for a 42% increase is pending.

Finding replacement coverage can be difficult in California, particularly for the biggest and most-expensive homes.

“I am sure there is enough blame to go around: the insurance department, the insurance companies, the policyholders,” said Jeffrey Green, a managing director at a financial-services firm who lives in Napa County

and expects AIG not to renew his policy this year. But “you’re going to devastate people if they are uninsured and their homes burn down.”

Mr. Green and his wife, Jane, have spent tens of thousands of dollars trimming trees, installing a fire hydrant to draw from a swimming pool and taking other steps to re-

duce the risk of their house burning down.

The house survived a wildfire in 2020 even as nearby properties were destroyed. Still, a six-figure claim resulted for smoke and other damage.

In buying policies with tightly regulated terms and conditions, Californians with homes estimated to cost more than \$10 million to rebuild often pay \$20,000 to \$40,000 in annual premiums, while those with \$30 million and higher residences often pay more than \$100,000, brokers said. Tens of thousands of Californians with homes at such values are insured by a half-dozen or so carriers that specialize in the high end, and some are covered through insurers focused on the broader market.

AIG told state officials that its move is due “not only to heightened wildfire risk exposure in California, but also to the costs of servicing high-value homes” and the impact of global catastrophes on its reinsurance costs, Mr. Soller said. AIG’s email to brokers cited wildfires and mudslides over the past five years. AIG declined to comment.

‘Bruno’ Is Talked About

Continued from Page One

Weekly Top Song charts.

The sleeper single, written by Lin-Manuel Miranda, has turned into a hit nearly two months after the movie’s theatrical release. Fans and critics have praised the way it blends musical patterns and genres, from hip-hop to Cuban folk and dance music.

Part of its appeal is that it can be sung in so many places. Translating the lyrics for audiences around the world has required some explanation, including what it means to “grow a gut.”

“Encanto” takes place in rural Colombia and features a magical family, whose members

possess unique superhuman skills. The song explains how Bruno, an outcast uncle with psychic powers, has ruined lives with his negative prophecies.

“He told me my fish would die. The next day, dead,” one woman sings while displaying an upside-down goldfish in a bowl. “He told me I’d grow a gut and just like he said,” a man wails as his belly explodes through his shirt, popping off the buttons.

The Thai translation captures a similar spirit: “He said you just lose a goldfish with its mouth wide open, he said you will grow a big belly soon, just like what has been said.”

The film premiered in U.S. theaters on Nov. 24 and on the Disney+ streaming service a month later. On Jan. 10, Disney released a video of the “Bruno” song that incorporates the lyrics in 21 of the languages it was recorded in.

It starts with English and Spanish, then moves to Hungarian, Greek, Bahasa Malay-

sia, Portuguese (with separate Brazilian and European translations) and more.

The multilanguage version of the song accumulated more than 12 million views on YouTube in one week. A polyglot version of a 2016 Disney hit, “How Far I’ll Go” from “Moana,” has 10 million views on the same channel.

“It’s so streamlined,” says Jacqueline Avila, a professor of musicology at the University of Tennessee, of the editing in the multilanguage “Bruno” track.

The musical numbers in “Encanto” have a specific sound, largely from a specific region. The studio worked with teams across the world to dub the film in 46 languages total, director Jared Bush says. The goal is for translated lyrics to capture the spirit of the song and character across various languages.

“These are not typically direct translations,” Mr. Bush says. “If a different word needs to come in or the way

this is said needs to adjust, it should feel like the way it feels to us in whatever language feels very comfortable.”

The process requires trust across teams, he says.

“Our teams around the world will come to us and say, ‘What you can say in English in four seconds is very different than what you can say in

The song is ‘Don’t Mention Bruno’ in Russian and ‘Secret Bruno’ in Japanese.

Korean in four seconds. So can we say this?” director Byron Howard says.

Notes to help translation and localization were provided to these teams, according to a Disney spokeswoman. Under the English lyric that begins, “He told me I’d grow a gut,”

there is a note to help clarify: “gut = someone’s stomach, especially when it is fat.”

In reference to another lyric that goes, “Hey, sis, I want not a sound out of you,” a note clarifies that “sis = colloquial sister.” Another note says that “feast on = to feel great enjoyment from something.”

The directors say they hoped to keep Colombian culture and music at the core of every translation. Many of the dubs were recorded in Colombia, and Colombian consultants and musicians advised on pronunciation. The filmmakers also enlisted help from other South American countries. For the Czech version, an Uruguayan actor voiced Félix, a fun-loving animated character with a large part in “Bruno.”

Some words and phrases stayed consistent in Spanish throughout the versions, such as one character’s term of endearment for his wife, “mi vida,” which means “my life.” “Some of it was very char-

acter-specific, and those are the things that ended up sticking,” says Charise Castro Smith, co-writer and co-director of “Encanto.”

In recent years, Disney has taken steps to address criticism over stereotypical or racist themes and depictions in its older films and theme-park rides. In 2020, the company said it would include an advisory on content that includes negative depiction or treatments of people or cultures, including the 1953 film “Peter Pan,” in which indigenous people are referred to as “redskins,” and the 1992 film “Aladdin.”

The global popularity of “Bruno” across languages has been surprising and affirming for Ms. Castro Smith. “I think this video actually proves that everybody in the world has a black sheep in their family,” she says. “It’s such a relatable concept of the person in your family that you really aren’t supposed to talk about, but he’s like the biggest deal, right?”

THE WALL STREET JOURNAL.

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ILLUSTRATION BY YVETTA FEDOROVA



BONDS
ELIZABETH
BERNSTEIN

The Sex Advice We Should Take From Grandparents

Could your sex life be better? Ask grandparents for advice.

Anyone who can keep the spark alive well into his or her later years has wisdom to share, and that insight is especially useful now, when the stress of the pandemic has taken a toll on intimacy for many of us.

Some lessons from seniors who have stayed happy in the bedroom: Don't focus on intercourse alone. Schedule time for romance. And adjust your expectations.

"With age, you learn that sex has lots of roles, meanings and outcomes," says Barry McCarthy, a retired sex therapist and co-author of "Couple Sexuality After 60: Intimate, Pleasurable and Satisfying." "It isn't just this simplistic pass-fail test of intercourse or orgasm."

Research shows that seniors who remain sexually active—and sexually satisfied—focus on the quality of lovemaking, not the quantity. Sex later in life is more about connection, and the giving and receiving of pleasure, rather than performance, Dr. McCarthy says.

Seventy-six percent of adults age 65 to 80 said that sex is an important part of a romantic relationship at any age, and 54% of those in a romantic relationship said they were currently sexually active, according to the University of Michigan's National Poll on Healthy Aging, which published re-

sults of a survey on senior sexuality in 2018.

How do seniors keep their mojo going?

One key: They accept that there is more to sexual activity than intercourse.

In reporting this story, I heard from folks in their 60s, 70s and older who said they spice things up by reading erotic literature together, trying new positions and practicing spontaneity. ("Jump into the bath or the shower unannounced!" said one.)

Keeping a sense of humor ranked high on seniors' list of sexual strategies. One new couple in their 70s got a good laugh—and was finally able to relax—when her hearing aid blared "battery low!" during the first time they made love.

In Cincinnati, a 60-year-old single sales representative waits in a bubble bath for her date to arrive. "Get right to it!" she says. A 67-year-old cardiologist in New Jersey says his favored method of foreplay is "a gentle, soft, up-close and tight hug." A 60-year-old busi-

ness owner in Mill Valley, Calif., says she is careful to say "thank you" when her partner pleases her.

In North Palm Beach, Fla., a 65-year-old retired business owner watches "tasteful" sex videos with her husband. A 68-year-old business owner in Wheeling, W.Va., says he has learned that "romance begins before the bedroom." His go-to gesture: Singing Lou Rawls's "A Natural Man" to his partner before dinner. And in Bethesda, Md., a 72-year-old foundation president treats his wife like a new partner, asking her what she likes.

For more sex tips from seniors, I talked to therapists and a senior-sex advocate. Here's what they had to say.

Schedule it
"Spontaneity is vastly overrated," says Joan Price, an author and speaker whose books on senior sexuality include "Sex After Grief."

Ms. Price suggests having sex during the day, when you're less tired. (Good news: Remote work can make this easier.) She also ad-

vises people to pay attention to their "tingle time," the period of the day when they feel most sexually arousable or responsive. If your time differs from your partner's, schedule lovemaking sessions for each of you to receive pleasure, without any expectation of reciprocation. And remember: Arousing your partner is often enough to get you aroused.

Take your time
Young people fixate on sexual performance while older people make sharing pleasure their focus—which takes time, says Dr. McCarthy.

Seniors have learned to go for the slow windup, often by necessity, he says. You should think of touch on a scale of 1 to 10, where 1 is affectionate touch, 2-3 is sensual, say a foot rub, 4-5 is playful and flirty, such as teasing touch, and 7 and higher is erotic and intense emotions and sensations.

Dr. McCarthy recommends spending a lot more time in the middle of the scale, rather than rushing to the goal line.

"The whole experience is sexual, not just the intercourse," he says.

Accept, then adapt
Accepting our bodies is hard, especially now. Many seniors with satisfying sex lives don't judge themselves or their partners, experts say. Instead, they appreciate what their bodies can do together. "Celebrate what works now," Ms. Price says.

Having a tougher time getting aroused because you're stressed? Take more time for foreplay. Need more stimulation? Buy a new toy. Too tired after a long day? Try what one of my friends calls a "matinee performance" in the afternoon.

Be active, not passive
Younger adults often have a "you please me, I'll please you" attitude to sex, experts say. Older people with fulfilling romantic lives aren't passive. "Whether they are giving or receiving pleasure, older people are active in knowing what they want and asking for it," Ms. Price says. "No one is a follower."

Seniors with satisfying sex lives try to make it easy for their partner to communicate with them. They discuss challenges and solutions. And they don't stop experimenting.

The discovery process is much of what makes sex exciting when you're younger or with a new partner. Try to keep that same spirit as you age, says Daniel Watter, a psychologist, marital and family therapist in Parsippany, N.J., and past president of the Society for Sex Therapy & Research.

"An ongoing, enjoyable sex life is the province of the curious," he says.

How to Navigate Rising Food Prices

By J.J. McCORVEY

Sticker shock is becoming a regular feature of many consumers' grocery store trips. Given it is unlikely to dissipate anytime soon, consumers should evaluate changes to their shopping habits.

The consumer-price index, which tracks what consumers pay for goods and services, hit 7% in December, marking its fastest pace since 1982. The increases were broad-based with the cost of rent and a host of other regular budget items rising fast.

Among the largest are refrigerator staples including meats, poultry, fish and eggs. Those items rose 12.5% over the past year as food distributors and retailers tangle with supply-chain disruptions and rising labor costs.

"Food prices have been increasing over the past six months or so at rates we haven't seen in decades," said David Lusk, a professor and head of agricultural economics at Purdue University.

While controlling costs in the kitchen is new for many consumers, it is a way of life for chefs, restaurant owners and others in the food industry. Here are some strategies they use—and consumers might benefit from—as they navigate the rising cost of food.

Plan, plan, plan ahead

Though it might seem like an obvious pointer, planning your grocery trips is more important than ever right now—and can make the difference between staying within your budget or blowing it up. Plot your meals for the week, and know what you need to bring them to life in your pantry or fridge.

"If you have a plan for what you buy, you are way more likely to actually use it and then stuff won't go to waste," said Beth Moncel, creator of the food blog Budget Bytes and author of the cookbook of the same name.

Ms. Moncel also said it is important to pick recipes that have some flexibility, so you can make substitutions easily.

Another crucial part of planning your grocery shopping is checking store sales and coupons before your trip, she said, rather than waiting

until you get there. She suggested using an app like Flipp, which aggregates deals based on your location, and then incorporating them into your meal plan.

Substitute brands and ingredients

Substitution is also key, experts said. This may require some pre-shopping planning as well.

For example, since meats are more expensive right now, you might use half the usual amount of ground beef when making a chili, Ms. Moncel said, and compensate by using lentils or other legumes to achieve a similar heartiness.

You might even be able to make some expensive items at home, said

Alex Hill, a Brooklyn, N.Y.-based recipe developer and creator of the food blog Just Add Hot Sauce. For example, the ingredients for condiments such as mayonnaise and other dressings—which likely will see considerable price increases in 2022—might be sitting unused in your kitchen.

Put your pantry and freezer to work

Mix in shelf-stable items that can be used in a versatile array of dishes and aren't as subject to inflation as fresh produce. This includes dried rice and canned goods such as beans and tomatoes, which chefs say can be easily given a little flare. "Depending on where you come

from in the world, that could mean a million things," said Alex Guzman, co-owner of Archer & Goat, a multicultural restaurant based in New York's Harlem neighborhood.

Ms. Moncel cautioned against bulk-buying as a default, though. While buying in bulk can result in savings, that isn't always the case, so consumers should carefully calculate the price and supply of the item.

"I think a lot of people get caught up in buying in bulk and then they just never use the stuff and it might actually go bad," she said.

She also suggests freezing certain foodstuffs to cut down on waste and lock in lower prices where possible. She pointed to cheese and bread as examples of items that keep well in the freezer but aren't a first thought for consumers.

Do the cooking

If shopping for multiple meals a week seems daunting, Ms. Moncel said to start with one meal a week and work your way up from there. That way, you will start to get a sense of the regular items you should snag on grocery trips, and you will be less likely to waste money on products you won't use.

In general, experts agreed that trying to cook at home more is likely a good step toward successfully navigating this inflationary period, since eating out is pricier than usual.

"You can often pay lower prices doing old-fashioned things," Mr. Lusk said. "If you're able and willing to spend more time doing that cooking and cleaning yourself."



ILLUSTRATION BY DAISY KORPIC/SHE WALL STREET JOURNAL; GETTY IMAGES

PERSONAL JOURNAL.

ANATOMY OF A SONG | MARC MYERS

The Lumineers Spin Tale Of Survival on New Single

Unsettling memories of a near-death car crash, a beat-up piano and a manic voicemail all played roles in the composing of “Where We Are,” the new single from the Lumineers’ latest album, “Brightside.”

The album’s title song—released as a single in September—reached No. 1 on Billboard’s alternative rock and adult alternative airplay charts.

Recently, Wesley Schultz, the Lumineers’ co-founder, lead vocalist and the song’s co-writer, reflected on how he and Jeremiah Fraites composed and recorded “Where We Are.” Edited from an interview.

Wesley Schultz: In the spring of 2011, I was driving on a highway near Flagstaff, Ariz., with my girlfriend, Brandy, when it started to rain and snow. We were in the early part of our relationship, driving cross-country to California.

Earlier in the day, our rental car had steering problems, so we called the company. They told us to drive to Flagstaff for a replacement. We headed east on Route 40 and were almost there.

Coming around a curve that afternoon, the car veered and hydroplaned off the highway. The smooth sound of asphalt gave way to crunchy gravel and then no sound at all as the car went airborne, flipping almost three times before landing on its side.

Once Brandy and I realized we had survived and could move, I climbed out first and then helped her out. We had no idea where we were. By then, cars had pulled over, and people walking toward the car were crying. They assumed we were dead.

Next came fire trucks and a checkup by the paramedics. Brandy had a concussion and broken ribs, and I was bleeding from my right hand and face. They urged us to get a more thorough exam. We declined care. We didn’t have health insurance and couldn’t afford huge hospital bills.

A tow truck drove us and the totaled car to Flagstaff—first to a salvage yard and then to the rental office. Ironically, we had sprung for rental insurance, so they gave us a new one. The car had coverage, we didn’t. We checked into a motel and, the next day, we drove two hours to the Grand Canyon and hiked.



Wesley Schultz, right, the Lumineers’ lead vocalist, wrote ‘Where We Are’ with band co-founder Jeremiah Fraites.

The accident happened two years after Jeremiah Fraites and I had formed the Lumineers in New Jersey. We soon relocated to Denver.

In 2020, we were asked to write and record a song for a film called “The Starling.” Jer and I set to work. By then, the lockdown had started and Jer was in Italy and I was in Denver. So we exchanged ideas back and forth by texting voice memos.

At one point, Jer sent me an audio clip of him playing synthesizer chords that sounded like a cello. I strummed his chords on my guitar and recorded them on my cell phone. Then I composed a melody and we had a verse.

It sounded so good and propulsive that we saved it for our next album. For the movie, we wrote a

different song, “Isabelle Fly.”

As we continued to work on the album song, Jer returned to Denver, where he played his initial synth chords on Firewood, his nickname for an old piano he loves. It sounds as if a piano and a drum had a baby.

We still needed a chorus. While we worked on ideas, I began writing lyrics while walking in a Denver park near my home. I write many of my song lyrics by going on walks and muttering a hypnotic chant to find words.

During this process, I had an appointment with an osteopath to treat various aches and pains from touring. He had me lie on my back on a table while he worked on my ankle. The process activated my memory of the car crash.

On the table, I looked up at the ceiling fan turning and started humming the song to myself and came up with lyrics for a verse:

“Layin’ on the table like I wasn’t even there / Holdin’ on the steering wheel and coming up for air / What was I / Drivin’ in the rain / What was I / Callin’ out your name.”

Later, at my apartment, I went into my little writing room and finished lyrics for the verses on a legal pad. I also had some lines for a chorus: “I know who you wanted me to be / Always holding up your tragedy.”

But I wasn’t completely set on that. Then I remembered Jer had sent along a strange chanting audio message. I played the message again:

“I don’t know where we are / I don’t know where we are / I don’t know where we are, you know?”

He sounded crazy, but there was something about his mania that was so truthful, innocent and direct. Initially, we were going to use his chant as the song’s fading outro. But Jer’s chant captivated me. We turned it into the chorus:

“Where we are / I don’t know where we are / But it will be OK / Where we are (where we are) / I don’t know where we are (where we are) / But it will be OK.”

We used the earlier chorus for the song’s bridge. Then we went to Sun Mountain Studios, in Boiceville, N.Y., to record. We had song elements, but we weren’t sure yet how to piece them together for the album.

As we worked, we decided to skip an instrumental intro and launch right into my lead vocal. Initially, it was going to start with Jer’s piano. But in the studio, we felt the eerie new approach was more dramatic.

At first, my lyrics were about the crash. But once the pandemic lockdown started in 2020, the concert tour for our previous album was canceled. That’s when the crash and song became a metaphor for the virus.

Covid was like a global car crash that happened just as suddenly. Our generation had survived and was trying to pick up the pieces and move on with some normalcy.

I proposed to Brandy in Paris, a year after the car crash, in 2012. Brandy said “Yes!” We bought a baguette and some wine to celebrate and hung out near the river. We married a year later at the courthouse in Denver.

Brandy had two items from the crash framed, with a map of the Flagstaff region as the background. On top of the map, she mounted the VIN information we had removed from the totaled car so no one could restore it.

She also added a photo that the tow-truck driver took of us standing on top of the wreck at the salvage yard. Today, the framed collage hangs in our dining room. It reminds us how we once cheated death.

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‘Billions’ returns for a sixth season, above, while ‘How I Met Your Father’ features Hilary Duff.

WHAT TO STREAM ‘Billions’ Axes Key Character

By CHRIS KORNELIS

Hilary Duff is at the center of “How I Met Your Father.” Plus, “Billions” returns without Axe. Here’s where to stream them.

New Release: ‘Billions’ (Showtime)

Season six is a turning point for Showtime’s “Billions,” the hit series set in the world of high finance.

The new season is the first that doesn’t star Damian Lewis as hedge-fund manager Bobby Axelrod, the primary nemesis to Chuck Rhoades, attorney general of New York, played by Paul Giamatti. Rhoades’s sparring partner in season six is Corey Stoll’s Michael Prince, now at the helm of Axelrod’s old firm.

There is still plenty to recognize in the show that mashes up finance with food, New York and rock ‘n’ roll.

In true “Billions” fashion, the opening minutes of the new season’s first episode include a large helping of classic rock (Buffalo Springfield’s “For What It’s Worth”), a cameo that nods to New York’s food scene and an appearance from a beloved pop-

cultural figure portraying an entitled billionaire: Michael McKean of “This Is Spinal Tap” fame, accompanied by Revolutionary War-era cannons.

Fans of the series have a tendency to see “Billions” outside the TV series. When Reddit’s army of retail traders sent GameStop’s stock price soaring, the Twitter accounts of “Billions” co-creators Brian Koppelman and David Levien were flooded with viewers wondering (and insisting) if the ordeal would inspire future episodes of the series.

Whether a GameStop-like plotline will make its way into the season, however, has yet to be seen.

But Mr. Koppelman says they appreciate the thought.

“It’s rewarding that when people see things in the culture, they go, ‘Oh, it’s a ‘Billions’ episode come to life,’” he says.

Season six of “Billions” premieres Sunday on Showtime and the Showtime app.

‘How I Met Your Father’ (Hulu)

When Hilary Duff was approached about taking the lead role of Sophie in the comedy “How I Met Your Father,” she felt it was the right kind of work for her, but the wrong situation for her fam-

ily. The show is about a group of friends navigating Tinder and New York, and the creators wanted to shoot the show on location. But Ms. Duff, a mother of three based in L.A., said she wasn’t interested in a cross-country commute.

“They were, like: ‘Great, great, great, we’ll make it work in L.A.’,” she said in a recent Zoom call. “And I was, like, yes!”

“How I Met Your Father” dropped its first two episodes this week on Hulu.

The series is being marketed as a sequel to the immensely popular CBS series “How I Met Your Mother” (also streaming on Hulu). It is narrated by Kim Cattrall—Sophie in 2050—telling her son about, yes, how she met his father.

Ms. Duff, 34, came to fame as a teenager in the Disney Channel hit “Lizzie McGuire.” She says her ability to say yes to work that’s right for both her and her family is something that she has become more confident about in recent years.

“I know my worth and I know my power more than I ever have,” she says. “When you’re looking at your kids, it’s really easy to make decisions, like: Am I gonna be here or am I gonna miss this?”



FROM TOP: SHOWTIME; HULU

ARTS IN REVIEW



ART REVIEW

Turning a New Eye on the 'I'

How true is documentary photography?

By RICHARD B. WOODWARD

GILLIAN WEARING: *New York* Wearing "Masks," an unnerving exhibition at the Solomon R. Guggenheim Museum, will have visitors wondering if they can ever trust the neutrality of a camera again. For much of the past 30 years, the 58-year-old British Conceptual artist, who won the Turner Prize in 1997, has questioned the veracity of documentary photography and confessional videos. Her diverse body of work, based in performance and centered on issues of social and personal identity, has sought to undermine complacent axioms about portraiture by incorporating masks and makeup, as well as actors and crowds, into the making of her provocative art.

For what is Ms. Wearing's first North American retrospective, Jennifer Blessing, senior curator in photography, and Nat Trotman, curator in performance and media, have threaded more than 100 photographs, videos, sculptures and paintings across four levels of the Tower galleries and in the New Media Theater.

A handy introduction is "Signs that say what you want them to say and not Signs that say what someone else wants you to say" (1992-93) in Tower 2. For this participatory work, Ms. Wearing asked people she met to write phrases on white cardboard and to hold them up as she

photographed them. She collected more than 600 examples, of which 63 are here, with messages such as "I hate this world!" "Convenience causes apathy," and "I really love Regents Park."

While Ms. Wearing wanted to invert the dynamics of street photography, with the portrayed taking back power from the portrayer, or at least sharing it, the results were more complicated. One can't tell if these strangers are earnest or pranking her. The well-dressed man behind the sign that reads "I'm Desperate" doesn't look it. She remains the ultimate authority by choosing whose photo is displayed.

The video "60 Minutes Silence" (1996), which earned Ms. Wearing the Turner Prize, plays with the symbolism of clothing. It's ostensibly a group portrait of 26 men and women in police uniforms who were asked by the artist to sit or stand and say nothing for an hour. They are not police, however, but hired actors, and their orderly ranks gradually break down into nodding and fidgets. By testing the patience of viewers, who will likely be fretful themselves while watching, the piece also humanizes the police, who in this scenario are no better behaved than we would be.

Other videos further soften the lines between sincerity and theatrics. "Family History" (2006) is a bogus TV interview show starring a woman who became genuinely famous from a 1970s British TV docu-



Conceptual artist Gillian Wearing's 'Self-Portrait at Three Years Old' (2004), above, and installation view of 'Gillian Wearing: Wearing Masks,' top

mentary series. For "Bully" (2010), Method actors were asked to recreate a remembered trauma.

Such convoluted fakery has consequences. In "Fear and Loathing" (2010), the painful stories of abuse related by a group of Los Angeles residents, wearing masks to hide their identities, may be "geared to the dynamics of online identity play," writes Mr. Trotman in his catalog essay, and therefore of "dubious authenticity." Trying to separate fact from fiction in her work can be exhausting, and some visi-

tors may resent being toyed with for the sake of art.

Ms. Wearing is on more secure ethical ground as a soloist. In the self-portrait series that she began in 2003, she eerily disguised herself as her immediate family—grandparents, parents, uncle, brother, sister, as well as of herself at the ages of 3 and 17. These meticulous re-creations of photographs from different eras express an abiding love of the medium and the costumer's skills, commonly the domain of women. Only when looking into the

eyes of each figure can one detect her flickering presence behind the elaborate mask. An earnest summoning of the uncanny distinguishes Wearing's lifelike self-portraits from the comedic masquerades of Cindy Sherman, an artist with whom she is frequently compared.

More merging of identities can be found in "Spiritual Family" (2008-), a series where she disguises herself as artists—Diane Arbus, Marcel Duchamp, Georgia O'Keeffe, Andy Warhol, among others—with whom she feels a strong kinship. Even though her work seems nothing like theirs, the piece asserts that our artistic families can be as self-defining as the genetic ones.

Ms. Wearing has never abandoned the public sphere. Her standing sculpture of the British suffragette Millicent Fawcett was the first monument of a woman and the first by a woman to be erected (2018) in London's Parliament Square. The continuing "Your Views" (2013-) is another participatory project, except web-based and global in scope. People from anywhere are asked to open the blinds on a window from a place where they live and to send her the view via video, an effect she likens to raising a theater curtain. The goal is to have examples from every country.

Where she goes from here is unclear. Her last completed series in the exhibition is "Lockdown" (2020), a group of somber self-portraits in traditional watercolor painted during Covid-19 isolation. It may be that working without masks—and without irony—would be the most daring next move this thoughtful and unpredictable artist could make.

Gillian Wearing: Wearing Masks
Solomon R. Guggenheim Museum, through June 13

Mr. Woodward is an arts critic in New York.

By EDWARD ROTHSTEIN

Boca Raton, Fla. This exhibition at the Boca Raton Museum of Art—its first venue on a world tour—is packaged like a blockbuster. The timed ticket prices are high (\$29.95 for adults and \$100 for "VIP Access") and the taglines exclamatory ("3,000 years in the making"; "192 priceless artifacts"; "one of the most impressive collections of gold to ever tour the globe"). The show calls itself an "immersive journey" and offers (for an additional \$18) a virtual-reality tour of Peru's Machu Picchu. For \$15 more, you get a photo that makes it look as if you really had made your way to the cloud forests to see those Aztec ruins. Such are the gilded attractions of "Machu Picchu and the Golden Empires of Peru."

This packaging is misleading, since the exhibition itself—created by World Heritage Exhibitions in cooperation with the Peruvian government and two Peruvian museums—has little to do with Machu Picchu (a matter to which we will return). But it would be a mistake to judge this show by its cover. Unless you are planning to visit the extraordinary Museo Larco in Lima—the museum from which almost everything here has been selected by the Larco's curator, Ulla Holmquist Pachas—this exhibition offers a singular opportunity to get a large-scale interpretation of pre-Incan Peruvian cultures.

We see fierce, demonic creatures, their threat retaining potency after two millennia. There are other owls and winding snakes, decapitated heads and ceremonial processions, and ceremonial musicians and otherworldly figures engaged in sexual activity. They appear on ceramic vessels, almost all under a foot tall. Sculpted figures form the bodies of most containers; the surfaces of others are baked with imagery.

As we learn, for these cultures the decorated vessel was a central form of religious and artistic expression. This can be so startling to

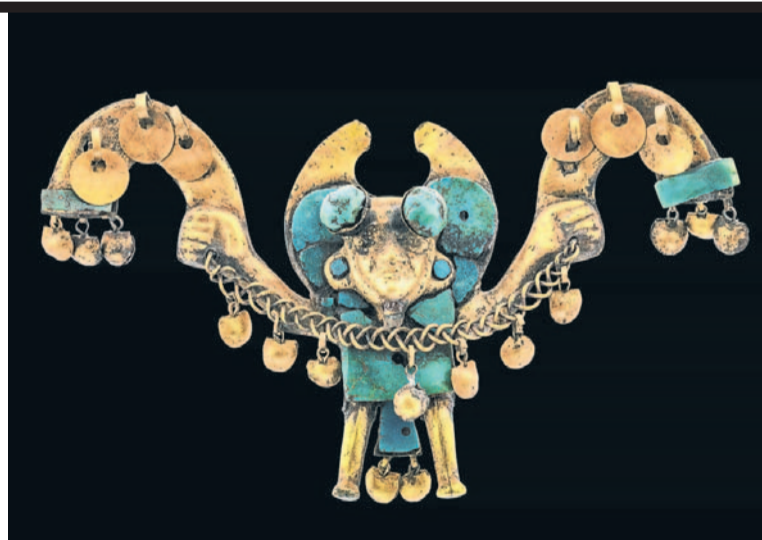
EXHIBITION REVIEW

Glittering, But Not Without Impurities



Western eyes because of our long tradition of reflecting religious belief in paintings or narrative allegory. Here, the expressive form seems almost mundane. Until we learn to think otherwise.

The galleries are organized thematically, dealing, for example, with the Andean universe, the meanings of sexual behavior, a mythological tale of a hero, staged combat and human sacrifice. And we learn of three realms: the Upper World of the heavens and sun, the Terrestrial World of agriculture and human life, and the Underworld, underfoot and underwater, associated with the dead, the night and ancestors. Each realm is also associated with animals: birds in the Upper World, cats and feline predators in the Terrestrial World, and snakes in the Underworld. The text notes that these vessels,



Gold and turquoise nose ornament (A.D. 1-800), above; sculptural stirrup spout bottle (A.D. 1-800), left; Machu Picchu from above, far left



which portray aspects of these realms, are "animated by the flow of liquids and air through their hollow interiors." That flow is part of the point. The vessels utilize symbols to depict movement between worlds. Their use at ceremonies was also meant to enact such passages associated with crucial aspects of human life.

One problem is that most artifacts here come from the Moche culture (A.D. 100-800); while there are just enough examples to suggest that other Peruvian cultures shared beliefs, this reading of Andean life

pires," but it is so intent on spectacle that it also strips the objects of particular cultural distinctions.

And finally, there is the Machu Picchu problem. Most of the artifacts here would, on the surface, hardly make for a blockbuster. What better way to amplify appeal than by framing the exhibition with that awe-inspiring set of ruins on a mountain so inaccessible that it escaped Spanish destruction, and remained little known to the outside world for centuries after the Incan Empire had fallen? So we are offered a vertiginous "ride" over and through that site with the help of vibrating seats and virtual-reality headsets. And a single gallery at the end, mostly composed of text panels and photographs, shows a few artifacts that are less interesting than much else here.

If Machu Picchu really were a focus, we might have seen how the Incan Empire arose in the early 15th century, adapting beliefs already outlined. Some believe that Machu Picchu itself was shaped to represent a condor. And we might have learned that the now accepted hypothesis—established by the Yale scholars mentioned above—is that it was an Incan royal retreat, not a religious site. One reason for the paucity of tomb valuables is that the workers—not royalty—were buried there.

Instead, the show's all-too-cursory text seems an afterthought. But with less flashy standards, this exhibition succeeds. It might be thought of as a contemporary version of the Andean vessel—one that ceremonially and theatrically transports us, temporarily, from our familiar earthly realm into another, with very different perceptions of the cosmos.

Machu Picchu and the Golden Empires of Peru

Boca Raton Museum of Art, through March 6

Mr. Rothstein is the Journal's Critic at Large.

SPORTS



Dallas Mavericks forward Dorian Finney-Smith celebrates after sinking a 3-point. At 6-foot-7, he has the versatility to defend guards like Stephen Curry, below.

The NBA Player Shooting His Way From Undrafted to Undervalued

Few players have improved their 3-point shooting more than the Mavericks' Dorian Finney-Smith

By Ben Cohen

One of the many things that makes playing basketball for a living different from other lines of work is the radical pay transparency in pro sports. Salaries are not secret. NBA players come to an office in which colleagues, rivals and the fans who review their job performance know exactly how much money they make.

So three years ago, when the Dallas Mavericks signed Dorian Finney-Smith to a three-year contract worth \$12 million, a cheap deal by NBA standards, it wasn't hard to figure out why he was paid less than hundreds of players.

Finney-Smith had attempted more than 500 threes in his career and made 30% of them. That meant he wasn't just a mediocre shooter. He was one of the NBA's worst 3-point shooters.

"I knew that if I wanted to be in the league for a long time," he said, "I would have to get my percentage up."

What he couldn't have possibly known was how much that percentage would climb. Finney-Smith went from hitting 30% of his first 500 threes to 38% of his next 800 threes. A few points might seem marginal but is actually massive:

His leap ranks among the largest of active NBA players, according to Stats LLC.

It's warping his value at a time when the market has never placed such a premium on someone who can shoot 38% from behind the 3-point line. His steady improvement has slowly turned Finney-Smith's contract into one of the NBA's greatest bargains, placed him in high demand before the league's trade deadline and positioned him to fetch a salary closer to \$15 million in free agency this summer.

That's because the Mavericks can't win a title without a guy like Luka Dončić—and he can't win without a guy like Dorian Finney-Smith.

The neat demarcation of his career makes him the kind of player who reveals the broader forces of today's basketball economy. Finney-Smith was a bad shooter when he signed his last contract. He's a good shooter now that he's almost due for another one. And that simple fact is likely to be worth a fortune. "If I was a better shooter three years ago, I probably would've been paid more," he says.

But he changed as he went from undrafted to underpaid. As it turns out, so did the league. The players with his size (6-foot-7), versatility (he can guard LeBron James, Stephen Curry and Kevin Durant) and



corner-three shooting percentage (48% this season) have become indispensable parts of championship rosters. Teams are now willing to pay fantastic sums of money to reliable shooters who can guard the game's biggest stars.

After Finney-Smith went undrafted out of college in 2016, he didn't bounce around the G League, stamp his passport overseas or take any of the typical detours to the NBA. He signed with the Mavericks, earned an unlikely roster spot in training camp and soon found him-

self starting as a rookie. He knows why. "Defense is what got me on the court," says Finney-Smith.

But shooting is what could keep him there. The problem is that he wasn't very good at shooting.

He quickly learned that his ugly shot was too long and too slow for the highest level of basketball. His misses were painful. His makes weren't much prettier. His attempts to fix his shot in the middle of his rookie season had the opposite of its intended effect. This would actually be helpful to the Mavericks in

the short term—letting Finney-Smith shoot was an effective tanking strategy—but it wasn't exactly sustainable for his long-term prospects in the league.

"Everybody talks about base and balance and hand placement," said Mavericks shooting coach Peter Patton. "But it's really about focusing on the microdetails." Those microdetails include releasing the ball at the top of his jump, training his eyes on the back of the rim and positioning his index finger closer to the middle of the basketball.

When he found himself in a slump earlier this season, the Mavericks discovered the arc of his shot was slightly low. He bumped it higher. His shooting percentage followed.

But the uptick didn't happen overnight and sometimes felt like it would never come. Finney-Smith was frustrated one day a few years ago when Mavericks owner Mark Cuban approached him and mentioned something curious.

The Mavericks like to track the practice shooting numbers of their players to quantify progress. A game can present too many variables and produce too little data, but how a player shoots in practice when he's alone can be a telling indicator. "It's the first step for any of our players toward improving their game," Cuban said.

When they took a peek at Finney-Smith's practice numbers, the Mavericks noticed what their eyes couldn't see: He was becoming a respectable 3-point shooter. In fact, he was one of the team's best 3-point shooters. Even he was surprised to hear it. His improvement hadn't translated to games yet, but the internal analytics suggested that Finney-Smith was getting much better. The owner of the team encouraged him to keep shooting.

"I think I threw him one of my old lines," Cuban said. "Practice till you can't get it wrong."

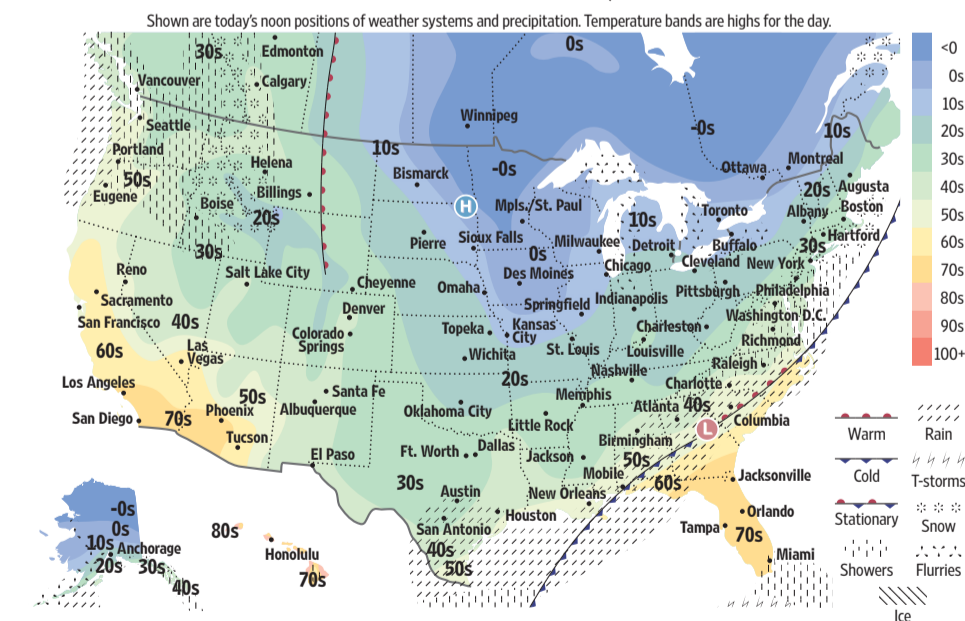
He soon got it right. In the very first year of his new contract, Finney-Smith shot 37.6% from deep. He then shot 39.4% the next season on a higher volume of threes. His practice numbers had become his game numbers.

It was convenient timing considering something else about his career was shifting: Most of those 3-pointers were coming off passes from a new colleague named Luka Dončić.

The Mavericks suddenly needed to manufacture space on the floor to maximize Dončić's remarkable gifts, which put them in the market for complementary players who would be perfectly content standing in the corners on offense and launching enough 3-pointers to keep the defense honest. Finney-Smith was happy to oblige. Every season that Dončić has been on the Mavericks, Finney-Smith has led the team in corner 3-pointers.

It wasn't a surprise when the Mavericks handed Dončić more than \$200 million last summer, but what happens with Finney-Smith could be. The entire NBA knows by now that a player like him is hard to find—and that means he's increasingly harder to afford. It will cost his team to keep Finney-Smith. It might cost more to lose him.

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U.S. Forecasts

s., sunny; pc., partly cloudy; c., cloudy; sh., showers; t., storms; r., rain; sf., snow flurries; sn., snow; l., ice

City	Today		Tomorrow	
	Hi	Lo	Hi	Lo
Anchorage	20	20	sn	42 34
Atlanta	49	35	r	37 28
Austin	38	25	r	47 21
Baltimore	37	15	r	26 16
Boise	38	29	sn	39 24
Boston	34	10	sn	20 13
Burlington	18	-9	c	4 -11
Charlotte	50	30	r	31 22
Chicago	16	7	s	23 16
Cleveland	20	13	sn	21 2
Dallas	36	21	pc	44 24
Denver	42	24	pc	37 20
Detroit	22	8	pc	22 11
Honolulu	80	65	pc	81 68
Houston	47	32	r	46 30
Indianapolis	26	13	pc	25 10
Kansas City	17	4	pc	27 20
Las Vegas	61	41	s	62 44
Little Rock	35	19	c	38 21
Los Angeles	76	52	s	73 51
Miami	78	69	s	79 68
Milwaukee	16	6	s	25 16
Minneapolis	1	-9	s	12 10
Nashville	32	21	pc	31 18
New Orleans	56	34	r	42 32
New York City	35	13	sn	22 15
Oklahoma City	28	10	c	36 19

International

City	Today		Tomorrow	
	Hi	Lo	Hi	Lo
Amsterdam	41	36	sn	44 41
Athens	56	45	sh	61 43
Baghdad	50	29	pc	50 29
Bangkok	90	74	pc	87 74
Beijing	27	20	c	29 20
Berlin	35	24	sn	34 28
Brussels	39	32	sn	41 36
Buenos Aires	81	76	t	85 76
Dubai	77	65	pc	67 59
Dublin	43	36	s	44 35
Edinburgh	40	34	s	45 40

City	Today		Tomorrow	
	Hi	Lo	Hi	Lo
Frankfurt	39	29	sn	39 35
Geneva	41	30	sn	37 30
Havana	82	64	t	84 65
Hong Kong	69	62	s	68 64
Istanbul	47	43	s	49 34
Jakarta	83	74	t	85 75
Jerusalem	40	29	pc	46 31
Johannesburg	79	58	pc	81 54
London	42	28	s	42 34
Madrid	55	27	s	51 28
Manila	89	75	pc	85 76
Melbourne	82	61	s	87 63
Mexico City	69	46	t	67 43
Milan	45	28	pc	45 26
Moscow	29	23	sn	25 17
Mumbai	85	71	pc	85 72
Paris	42	32	pc	42 30
Rio de Janeiro	87	76	s	86 74
Riyadh	69	40	pc	54 36
Rome	55	42	pc	54 33
San Juan	83	74	s	84 73
Seoul	34	12	s	37 18
Shanghai	47	38	s	49 44
Singapore	87	75	pc	88 75
Sydney	72	66	pc	73 67
Taipei City	66	62	r	66 63
Tokyo	46	35	pc	45 34
Toronto	13	-4	s	12 4
Vancouver	46	38	pc	45 34
Warsaw	34	27	sf	32 25
Zurich	38	24	c	34 25

The WSJ Daily Crossword | Edited by Mike Shenk

- | | |
|--|------------------------------------|
| 65 Models of might | 23 Nondefensive military tactic |
| 66 Sugar suffix | 25 Big Apple mayor Adams |
| 67 Old-fashioned | 28 Aims |
| 68 "Enough with the lame puns already!" (and, when parsed as three words, a hint to the theme answers) | 29 Took a sponge to tennis |
| | 33 Mandlikova of tennis |
| | 35 Cliffside dwelling |
| Down | 36 Arduous journeys |
| 1 Ceiling | 38 Praline bit |
| 2 Morgue, for one | 39 Italian wine center |
| 3 Vein fill | 43 Fate who cut the thread of life |
| 4 Like Syria, for the last decade | 45 Strong adhesive |
| 5 Built to last | 47 Country singer West |
| 6 Sauron's minions | 49 Alfresco dining option |
| 7 Autumn tool | 50 Brings in |
| 8 Dweeb | 51 Grassy plain |
| 9 Pro's shooter | 53 Tribute in lines |
| 10 Speak-easy suppliers | 56 Citrus quenchers |
| 11 Heron's habitat | 57 Nutritional nos. |
| 12 Loose talk? | 59 Little dog, for short |
| 15 Ranch dressing? | 60 Flour choice work |
| 17 For every | 61 "Suspicion" studio |
| 20 Do some tile | 62 Zener cards test it |
| 21 Young hooter | |
| 22 Mandela's mother tongue | |

ENOUGH ALREADY! | By Paul Coulter

- | | | |
|--|--|---|
| Across | 27 Churchyard tree in "Romeo and Juliet" | 48 Class with functions |
| 1 Rook, e.g. | 30 Con | 49 What you might need to clean up after Fido or Kitty? |
| 5 Classes | 31 Forsaken, in poetry | 52 They have stable homes |
| 10 Daisy product | 32 Nothing, to Nero | 54 RBI record holder, with 2,297 |
| 13 Radiant glow | 34 Beetle juice? | 55 City on the Rio Grande |
| 14 Fish, in a way | 37 Double curve | 58 "Silly rabbit" brand |
| 15 Frosty's eyes, e.g. | 38 Multiunit tablet purchase at Staples? | 59 Small hole in a canoeist's implement? |
| 16 Preparation for kissing a duke? | 40 Come together | 63 Dark as night |
| 18 Georgetown athlete | 41 Bit of needlework? | 64 NBA Rookie of the Year for 1992-93 |
| 19 Less verbose | 42 Big Bertha's birthplace | |
| 20 Williams title start | 43 Sleek, for short | |
| 21 Oldest university in the English-speaking world | 44 The Amish, e.g. | |
| | 46 Court figs. | |
| 24 Del Monte ad? | | |
| 26 Blender sound | | |

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

Previous Puzzle's Answer

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

OPINION

Progressive to Uyghurs: Drop Dead



WONDERLAND
By Daniel Henninger

There are variations on the story about how to get a mule's attention, but we should thank Golden State Warriors minority owner Chamath Palihapitiya for hitting all of us over the head with a 2-by-4. As he put it in a now-famous podcast: "Nobody cares about what's happening to the Uyghurs, OK? You bring it up because you really care, and I think it's nice that you really care. The rest of us don't care."

A mountain of high dudgeon has fallen on Mr. Palihapitiya, who looks sufficiently case-hardened not to lose sleep over it. But don't get distracted. Push deeper into the interview, and this fellow from the NBA's courtside seats says something that is at the center of the debate over America's role in the world right now.

The left's isolationism is about protecting domestic spending, not U.S. security.

Mr. Palihapitiya elaborated: "If you're asking me, Do I care about a segment of a class of people in another country? Not until we can take care of ourselves will I prioritize them over us." He added that we should "take care of our own backyard."

That is the voice of isolationism. More precisely, it is the voice of progressive, left-wing isolationism, a newer, less-noticed strain of America-first ideology. The idea of global human rights that Democrat Jimmy Carter elevated is now being off-loaded from party concerns.



Russian troops drilled last month near the border with Ukraine.

Mostly through the past century, the idea of demoting the world's problems while attending to "our own backyard" has been associated with Republicans and the right, notably of late with President Donald Trump.

Set aside for now whether Mr. Trump was a classic Republican isolationist. What can't be denied is that substantial numbers of Americans always have struggled between going it alone or going over there when we're needed.

Like much else, such as the origin of the global virus pandemic, the argument over isolationism has been overtaken by events. The world as it is in front of our faces makes clear that isolationism from the left or right is an absurdity. Like it or not, we're in it up to our frazzled neurons.

North Korea, which possesses nuclear bombs, has spent the past weeks launching four ballistic missiles from its mainland. North Korea's Hwasong-15 missile, test-fired in November 2017, has a theoretical range that would reach somewhere in the U.S. mainland.

Both China and Russia the past year tested maneuverable hypersonic missiles, somehow catching the U.S. intelligence community by surprise. China's push into the Pacific is no surprise but continues.

Cyberattacks on the U.S. mainland by foreign entities

(primarily Russia, China and North Korea) shut down the Colonial Pipeline in the eastern U.S. and JBS Foods.

Ransomware attacks on small U.S. companies, local governments, schools and hospitals are commonplace and unpublicized and often end with the authorities telling the targets to pay.

It borders on amusing that an issue this week is whether U.S. Winter Olympic athletes in Beijing will be in such danger from Communist Party surveillance that they should substitute "burner" phones (more commonly used by drug dealers) for their personal cell phones. The idea that this would be avoidable if we withdrew from the Olympics is beyond irrelevant.

Vladimir Putin seems almost old-school in his decision to mass 100,000 Russian troops on Ukraine's border. This brinkmanship will be just another day at the office for Mr. Putin if it ends with approval this year of the Nord Stream 2 pipeline and Western Europe permanently dependent on Russian energy supplies.

These multiple, often novel, threats exist because our adversaries are on offense 24/7 against the U.S.'s interests. There is no longer any such thing as the relative calm of an interwar period.

Still, there is that pertinent question: Who cares about the

Uyghurs? Or Hong Kong. Or Taiwan, Crimea, the Baltics, Venezuela and Poland.

When Ronald Reagan promoted human-rights protection for resisters in the Soviet Union and Eastern Europe, it was seen in great part as a moral obligation. The backlash this week against Mr. Palihapitiya's "no one cares" was largely moral, but that won't last. Without apologizing, Mr. Palihapitiya took to Twitter to clarify his remarks: "I recognize that I come across as lacking empathy."

Progressive isolationism, as with the Warriors owner, is antiseptic. It wants no entanglements or acknowledgment of threats that would let the conservative opposition argue for increases in spending on national security or defense. It wants that spending reprogrammed into uncapped domestic spending like Build Back Better.

Mr. Palihapitiya's crude progressive realpolitik goes far toward explaining the Biden presidency's ad hoc stabs at foreign policy, starting with the pullout from Afghanistan. With the world rattled by the possibility of a Putin invasion, the Biden White House will resist doing much more than sticking U.S. thumbs in any of the globe's leaking dikes before the midterm elections. For Mr. Biden and the Democrats, it's protecting domestic spending *über alles*.

Fortress America? That's history. This is a moment of the sort Reagan identified in the early 1980s. Today we need a coherent, proactive foreign policy to build a credible multifront deterrent. The world's bad actors are engaging us everywhere—from capturing the network behind the screen you're looking at to filling the skies with weapons we can't stop yet. What we need is the opposite of Joe Biden's Build Back Better.

Write henninger@wsj.com.

BOOKSHELF | By Diane Cole

Planning the 'Final Solution'

Wannsee

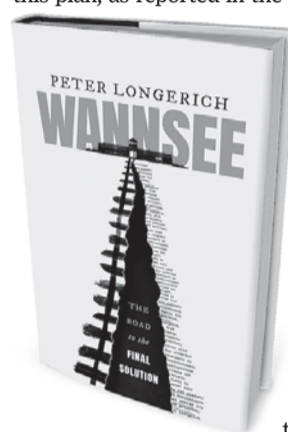
By Peter Longerich
Translated by Lesley Sharpe and Jeremy Noakes
(Oxford, 176 pages, \$25.95)

A single meeting can distill the essence of evil. Eighty years ago, on Jan. 20, 1942, Reinhard Heydrich, the head of the SS intelligence service and security police, presided over a high-level meeting with 14 Nazi colleagues at the elegant Wannsee villa near Berlin. The agenda: to discuss "the final solution of the Jewish question in Europe." At the gathering's conclusion, the event's invitation noted, breakfast would be served.

This jarring disconnect between atrocity and humanity is reflected in the meeting's minutes, which contain no hint of anyone even hiccupping at the specifics of genocide. On the contrary, an eager appetite for ethnic cleansing could not have been more apparent.

This is the chilling point at which Nazism's increasingly savage anti-Jewish policy had arrived by 1942, writes the historian Peter Longerich in his detailed, scholarly account, "Wannsee: The Road to the Final Solution." The Reich's ever-accelerating murder machine was already in motion, with massacres across occupied Europe responsible for the slaughter of hundreds of thousands of Jews. But there was as yet no single command coordinating the escalating butchery. Heydrich's goal was to present an orderly, consolidated plan for the horrific path forward.

Herein lies the significance of the Wannsee Conference. It is this plan, as reported in the conference minutes, that provides



decisive evidence and allows no place for the perpetrators—at all levels and branches of the Nazi hierarchy—to deny their participation in or hide their responsibility for the Holocaust.

So intent were the Nazi leaders on leaving behind no evidence of their culpability, Mr. Longerich explains, that most of the arrangements for slaughter were agreed upon orally. As for the documents that were not destroyed, they seldom revealed the full scope of the annihilation, using indirect wording to mask their intent. That makes the single

remaining copy of the minutes—Heydrich had distributed 30—as important as it is rare: It is the clearest, most comprehensive surviving blueprint for the Holocaust, drafted by the Nazi leadership itself. Moreover, Mr. Longerich points out, the inclusion at the conference of attendees from across the broadest swath of Nazi government—the Reich Chancellery, the Ministry of Justice, the Interior Ministry, the Foreign Ministry, the armaments sector, the Nazi Party itself—attests to the active participation and joint complicity of one and all.

Well-known for authoritative biographies of Adolf Hitler, Heinrich Himmler and Joseph Goebbels, as well as his comprehensive history "Holocaust: The Nazi Persecution and Murder of the Jews," Mr. Longerich places the meeting's minutes, 15 pages long, at the center of his analysis. (A reproduction, in full, of the German original, as well as a complete English translation, is included.) Although the book itself is relatively brief, the grisly subject and the density of its argument necessitate periodic breaks for air. Yet Mr. Longerich's in-depth deconstruction yields unparalleled insight into the Nazi regime's blood-soaked goals.

The minutes, which were kept by Adolf Eichmann—whom Heydrich had appointed as overseer of the death-bound deportations of Jews to occupied Poland—indicate that the final solution would increasingly feature the deployment to "the East" of ever-larger numbers of Jews condemned to slave labor. As a result, the minutes project, "the majority will doubtless succumb to natural wastage." As for those who do not, or are deemed "unfit for work," another method of liquidation was being readied, one for which "practical experience" was being gathered. The indirect wording, Mr. Longerich explains, is nothing less than code for death by gassing, which the Nazis had introduced to kill the mentally ill as early as 1939 and had expanded since to murder Jews. Even prior to the Wannsee Conference, gas chambers were being built at the planned extermination camp in Belzec, Poland.

The clearest, most comprehensive surviving blueprint for the Holocaust—as damning as it is rare—was drafted by the Nazi leadership.

Given that the Holocaust was already under way, Mr. Longerich posits that Heydrich's real purpose in convening the conference was to establish his authority for all future operations. And what carnage he envisioned: "Europe will be combed from West to East," the minutes promise, and "around 11 million Jews will be involved." His calculation went beyond Germany and German-occupied territory to include countries not yet conquered but that Nazi leaders presumed soon would be: the United Kingdom, Portugal, Sweden, Switzerland, Spain, Turkey and the Soviet Union.

All this speaks to Heydrich's—and the Nazis'—desire "to cleanse German living space of Jews," as the minutes put it, and ensure that no Jews would remain alive lest they release "the germ cell for a new Jewish regeneration." Only this obsession can explain the lengthy discussion at Wannsee devoted to the status of mixed-marriage offspring. The Nuremberg racial laws of 1935 defined as a Jew anyone with three Jewish grandparents, while those with only one or two Jewish grandparents were classed as *Mischling*, or "mongrel" (first or second degree), to be partially protected from discrimination. Heydrich wanted to "ride roughshod" over the laws, according to Mr. Longerich, to bypass delays that might be caused by time-consuming judgments about who is Jewish.

Soon enough, the war ran roughshod over Heydrich himself. Resistance fighters attacked him in Prague on May 27, 1942; he died of his wounds a week later. "The fact that in Heydrich a key figure in the plan to exterminate the Jews had been killed gave the SS a welcome excuse to exact 'revenge,'" Mr. Longerich writes. Led by Himmler, the extermination of the Jews proceeded with ferocious speed. From then until war's end, "the murder of the Jews," Mr. Longerich writes, "became the linchpin of German war, occupation and alliance policy."

Mr. Longerich traces with clarity and precision Nazism's monstrous progression from anti-Jewish ideology to the policy of mass murder that resulted in the annihilation of six million Jews. Only Lucy Dawidowicz, in "The War Against the Jews 1933-1945" (1975), has documented that grotesque trajectory so thoroughly. Both books are indispensable.

Ms. Cole is the author of the memoir "After Great Pain: A New Life Emerges."

Midterms Are a No-Win for Democrats

By Karl Rove

Anyone who's served on a White House staff, Democrat or Republican, has some sympathy for what President Biden and his team are going through. Crisis after crisis at home and abroad, a stalled legislative agenda, lousy polls, a divided party, plenty of critics—including usually friendly voices—and internal backbiting spilling into public view: Team Biden is beset by all this and more.

For beleaguered West Wing denizens, there's some good news. Things will probably get better. The bad news? Not much better, and it won't be enough. Democrats will still suffer a whooping this fall.

It's a distant memory now, but 2020 unfolded well for Mr. Biden as he executed his unorthodox but brilliant campaign strategy—hide out in his Delaware basement while President Trump boggled Covid and wore out his welcome with voters. Mr. Biden made a few promises: He'd handle Covid better, bring America together, and just be normal.

But after striking these notes in his inaugural and scoring initial political successes with reversing Trump regulations and passing a \$1.9 trillion Covid relief bill, he became more ambitious. The bigger his proposals and the more he moved left, the more praise he drew from the mainstream media and liberal intelligentsia. He was applauded for having "done more with 50

Democratic senators than Barack Obama did with 57" and hailed as "an aspiring modern-day FDR or LBJ who will lead the country out of crisis." Mr. Biden liked being seen as more transformational than President Obama, "seeking a much more dramatic sea change." Caught up in the hype, Mr. Biden threw his weight behind the proposed Build Back Better Act to transform fundamentally America's economy and climate policy, and joined the push for a federal takeover of local elections.

The problem is that Americans are generally not fond of transformation, except for a few exceptional moments in our history. This isn't one of them. Most times, Americans like changes to be incremental and, if they're really significant, approved by commanding congressional margins and strong bipartisan support. Mr. Biden had neither.

The more he pushed for transformational change while holding a razor-thin House margin and a 50-50 Senate, the more negative public opinion grew. The president's job approval fell from 56% approve, 36% disapprove at the start of his presidency to 41% approve, 53% disapprove now in the RealClearPolitics average.

This happened in part because he hasn't focused on problems that ordinary Americans face. He wanted a smorgasbord of new welfare benefits in Build Back Better, few of which would help voters worried that prices were growing at the grocery store and gas

pump much faster than their paychecks. And a federal takeover of elections is not as high a priority as jobs and wages.

That dissonance drove down Mr. Biden's numbers on handling the economy from 53% approve, 34% disapprove in Politico's survey after his inaugural to 40% approve, 54% disapprove this January.

On Covid, Mr. Biden overpromised by predicting its end by July 4 and underdelivered when Omicron spiked this winter. Not surprisingly, the

Even a dramatic Biden administration reset wouldn't prevent them from losing big.

president's numbers on handling Covid went from 69% approve, 31% disapprove a year ago to 45% approve, 48% disapprove now in the FiveThirtyEight average.

One mistake was not appointing a spending watchdog as FDR had with his budget chief, Lewis Douglas, who cut waste and sought efficiencies during Roosevelt's famed first 100 days. Instead, the Committee for a Responsible Federal Budget's Covid spending tracker says \$5.6 trillion has been spent or distributed to deal with the virus—while another \$1 trillion of appropriated money hasn't been deployed. Despite this, Congress is talking about appropriating more money, leaving a growing

number of Americans to wonder why.

This compounds the administration's mistake of dismissing inflation as transitory, which undermines public confidence. Many Americans understand that Mr. Biden's massive federal spending has been a big contributor to inflation, flooding the market with too much money chasing too few goods.

Further, when the president heralds historic job gains, Americans know that's baloney, and that the snap-back happened as businesses reopened and people began living with Covid's presence. It had nothing to do with government spending. Then there are the millions who dropped out of the workforce. That's not good, yet Mr. Biden seems strangely unaware of its ramifications for America. Maybe that's why 64% think the country is headed in the wrong direction and only 28% believe it's on the right track in the RealClearPolitics average.

Presidents can recover from difficult moments like this, but there's no easy way back. Even a dramatic reset, shuffling Mr. Biden's staff and upgrading his lackluster cabinet all seem unlikely to make a difference for the president. For now, Team Biden is stuck riding it out. It's their own damned fault.

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

An Anthem Answer for Jon Stewart

By Fay Vincent

The other day Jon Stewart questioned why fans at sports events stand for the national anthem. "Does anyone know when that started?" he asked. "It's such a weird ritual."

The custom has its roots in the 1918 World Series between the Boston Red Sox and the Chicago Cubs. There was reduced interest in baseball, so the Cubs were interested in tying the opening game to wartime patriotism. Accordingly, during the seventh-inning stretch, a band began to play the national anthem.

Red Sox third baseman Fred Thomas, who was on a brief furlough from the Navy, immediately snapped to attention and saluted. The crowd noticed and began to stand

Why do fans stand? The tradition dates back to the 1918 World Series.

and sing. When the band finished, there was an enthusiastic roar, and the Cubs management was quick to realize

what had happened. When the series moved to Boston, the Red Sox also had the anthem played, and thus tied the knot between the national pastime and patriotic emotions. In time, the anthem was moved to the start of games, and the live band has given way to some lovely and some cacophonous performances.

One reason the tradition has lasted is that most of us find rituals to be rich and rewarding. My father always stood when a woman entered the room, and his Victorian manners and respect have led me to believe in the symbolism of the standing gesture.

Patriotism isn't a political policy; a government isn't a nation. Is it possible Mr. Stewart is ignoring the essence of solid citizenship by confusing patriotic gestures and symbols with political messages?

Standing is a luxury I no longer have. But to honor my country, I doff my cap and sit quietly in my wheelchair while thinking of those who made this into the noblest of nations, in which Mr. Stewart is free to ask his irreverent question.

Mr. Vincent was commissioner of baseball, 1989-92.

OPINION

REVIEW & OUTLOOK

How the West Is Losing Ukraine

Secretary of State Antony Blinken is visiting Europe this week in a frantic effort to deter a Russian invasion of Ukraine, and we hope he succeeds. But the Administration is also signaling that an invasion is likely, and if so it's worth explaining why deterrence will have failed.

The fault lies mainly with Vladimir Putin and his desire to restore Greater Russia. But this ambition has been known at least since his annexation of Crimea in 2014, so why has he moved again now? And why have Washington and Berlin failed to convince him that the costs of another invasion will exceed the benefits?

Mr. Biden didn't help deterrence at his press conference Wednesday by suggesting that a "minor incursion" by Russia might not trigger a united response from the West. "It's one thing if it's a minor incursion and then we end up having to fight about what to do and not do," Mr. Biden said. Pressed on the point, he didn't provide any clarity on what would be "minor," and Mr. Putin may think he now has leave to take at least some territory.

This response fits the pattern that goes back to the weak Western responses to Russia's previous aggression. In 2009, after Russia's invasion of Georgia the previous year, Barack Obama called for a "reset" with the Kremlin and achieved little. In 2014 Mr. Obama and Europe imposed sanctions on Russia, but they were too weak to make much difference.

The Biden Administration is now promising "massive consequences" if Russia invades again, but why should Mr. Putin believe it? The U.S. has ruled out any direct U.S. military defense of Ukraine, so Mr. Putin knows he needn't worry about that. But the U.S. has also failed to raise the costs of a Russian invasion by adequately arming Kyiv.

Late last year a Ukrainian defense official told us the country needed "anti-aircraft, anti-ship, and anti-missile defense (including Patriot anti-aircraft and missile defense systems), electronic and anti-drone weaponry," as well as "artillery and mortar systems, reconnaissance and medical equipment, ships and boats."

On Wednesday a senior U.S. official boasted about approving a mere \$200 million in additional military assistance last month but didn't say what was being sent. The White House has feared too much military aid would cause Mr. Pu-

tin to invade. But restraint hasn't deterred Mr. Putin, and sending more equipment after an invasion begins could be too late.

Biden suggests a 'minor incursion' might divide Europe and the U.S.

Also depressing is the U.S. and European disarray on economic sanctions. Germany is the heart of this problem. President Biden made a priority of courting lame-duck Chancellor Angela Merkel as a counterpoint to Donald Trump and in the name of trans-Atlantic unity. This has been one of Mr. Biden's biggest strategic miscalculations.

Mrs. Merkel has been replaced with a coalition led by a Social Democratic Party (SPD) that is even softer on Russia. Mr. Biden reversed U.S. opposition to the Nord Stream 2 pipeline, which would give Russia more energy leverage over Europe. This month the White House lobbied to defeat a Nord Stream 2 sanctions bill in the Senate.

Influential SPD officials have said the pipeline's fate shouldn't be tied to Ukraine's, and new Chancellor Olaf Scholz has only vaguely allowed that "everything will have to be discussed" after an invasion. The backdrop is Berlin and Washington's war on their own domestic energy production, which makes them more vulnerable to Russian blackmail.

The toughest economic sanction would be cutting off Moscow from the Swift international banking system and access to U.S. dollars. A German newspaper recently reported that the West had ruled out such a move, though the U.S. responded that "no option is off the table." Mr. Putin can read the papers and knows many in Europe will fight any Swift sanctions, especially if Russia threatens to retaliate by withholding energy from Europe in winter.

Beyond policy divisions is the message that Mr. Biden sent to the world's rogues with his chaotic withdrawal from Afghanistan. Mr. Putin has since moved his troops toward Ukraine, and that may be no coincidence. He watched a new U.S. President abandon allies in a 20-year conflict with the argument that domestic issues are paramount. He saw a U.S. President retreating from the world.

If Mr. Putin does invade Ukraine, he will be betting he can shore up his nationalist standing at home, snatch a neighbor's territory, and spread further division in the Western alliance. The tragedy is that the West hasn't done nearly enough to persuade him otherwise.

LETTERS TO THE EDITOR

Hillary Clinton for President? Not That Again

Douglas Schoen and Andrew Stein posit that a midterm loss for the Democrats will set the stage for Hillary Clinton to make a run for the party's presidential nomination in 2024 ("Hillary Clinton's 2024 Comeback," op-ed, Jan. 12). But their analysis omits the near certainty that Republican control of the Senate or House will result in a thorough investigation of the role of Mrs. Clinton and her campaign in the Steele dossier, FISA court warrants and the Russian collusion allegations during Donald Trump's presidency. That investigation should end any thoughts of a Clinton candidacy.

PATRICK CHASSAIN
Warson Woods, Mo.

Messrs. Schoen and Stein's op-ed is delusional. Most Americans outside Manhattan and Georgetown do not want to see the Clintons anywhere near the White House. (With the obvious exception of the Clintons themselves. Surely, they are eager to get their hands back on the spigots of power, since they do not currently

have any influence to peddle.)

A more likely scenario: The Democrats get walloped in the midterms, the party power brokers push Mr. Biden aside, and they run Kamala Harris for re-election as the incumbent. Anyone who criticizes her gets branded in the media as racist. Or misogynist. Probably both.

Most likely of all, the party is not going to deny its nomination to a sitting president running for re-election, no matter how unpopular he is. See: Jimmy Carter vs. Ted Kennedy, 1980.

MIKE FISHER
Worcester, Mass.

On Election Day 2024, Mrs. Clinton will be 77 years old. The writers touting her candidacy point out that she's younger than President Biden, but so are more than 300 million other Americans. Don't the Democrats have any viable candidates who were born during a presidential administration later than Harry Truman's?

JOHN BRENNAN
Corvallis, Ore.

Where Are the Covid Therapies, Mr. President?

Regarding your editorial "Biden's Operation Snail Speed" (Jan. 13): I am the medical director of several nursing homes in the Denver area. Residents (patients) are dying because we can't get any Paxlovid. The institutional pharmacies that supply medicines to the nursing homes tell me that they don't expect to receive any for the foreseeable future. It is not always feasible to transfer elderly residents to hospitals, which have their own challenges at the moment and may not have any Paxlovid anyway.

I cannot help but contrast this abysmal situation with the one a year ago, following Operation Warp Speed. By January 2021, my nursing homes all had access to Pfizer's Covid-19 vaccine. I understand that a large order for Paxlovid was placed only recently and that we may not have adequate supplies until July. This is mind boggling, and no, I am not a Republican.

MALCOLM FRASER, M.D.
Boulder, Colo.

Your editorial gets the effect right but perhaps misses the cause: Presi-

dent Trump is a businessman. He was no stranger to identifying risk and opportunity early and putting in place mitigation and contingency plans. This is how all successful companies operate.

President Biden, on the other hand, is the five-decade poster boy for government execution: reacting to polls and crises only when they become political liabilities. His administration has failed to anticipate any number of Covid dominoes falling: supply-chain issues, labor-participation-rate depression and new Covid variants, all of which were known and discussed openly long before they began to affect store inventory, labor supply and Omicron infections.

The difference between the tailwind Mr. Biden received from Operation Warp Speed and the headwind he now feels is reflective of the myopia that afflicts politicians. It stands in stark contrast to the risk-taking and mitigation that is part of the DNA of a businessman.

DON RODRIGUES
Mansfield, Texas

No Course Correction for Joe Biden

President Biden took questions from the press for nearly two hours Wednesday, his 364th day in office, which would have been an opportune moment to announce a change in strategy or agenda. In one poll this week, 37% of voters graded his first year as an F, and another 12% gave it a D.

Instead Mr. Biden offered more of the same. No, he said, he didn't overpromise the public about what he could accomplish. He believes he has "outperformed" and delivered "enormous progress." Americans simply don't know the details of his successes. He had "no apologies" for the debacle in Afghanistan.

The inflation Americans are seeing at their grocery stores and gas stations "has everything to do with the supply chain," not any poor policies in Washington.

Is he satisfied with the government's response to Covid-19? "Yeah, I am satisfied. I think we've done remarkably well," he said. He acknowledged that on testing the White House could "have moved a month earlier," but "with everything else that was going on, I don't view that as somehow a mark of incompetence." No bucks stop here.

As for the coming year, Mr. Biden is still pitching his Build Back Better plan. The only concession to political reality is that he will

have to break it up as he tries to bully it through the Senate. He still wants a big tax increase, and he is still pushing the fiction that BBB won't add to the federal deficit.

Most dispiriting is that Mr. Biden remains hostage to his fantasy narrative on voter suppression. He even refused to say November's elections will be legitimate, which is not unlike his predecessor, and he continues to say Republicans don't want minorities to vote. If Americans were offended by his rhetoric last week in Georgia, comparing his opponents to Jefferson Davis and Bull Connor, well, Mr. Biden said, the fault is with those who misunderstood what he meant.

It was good to see President Biden meet the press, and he said he's going to take his political show on the road more than he did in his first year. Whether that will help or not, however, will depend on what he is selling. And on that score he seemed unreflective. He won't change his advisers, despite his low standing in the polls, and he doesn't think he has tried to govern too far to the left.

"Can you think of any other President that's done as much in one year?" Mr. Biden asked. "Name one for me. I'm serious." Ronald Reagan, for one. But it looks like it will take an election to change Mr. Biden's mind.

Iowa's Bold Tax Reform

The economic recovery has state governments rolling in tax revenue, and most are spending the windfall, on pace to spend an average of 9.3% more than in 2021. Iowa's Kim Reynolds is among a handful of governors returning money to taxpayers to sustain the economic rebound.

Gov. Reynolds is proposing a bold tax reform that would increase the incentives to work and invest in the Hawkeye State. Her proposal unveiled last week would reshape the state income tax, gradually consolidating brackets en route to a flat 4% rate by 2026. "When the bill's fully implemented," she said, "an average Iowa family will pay more than \$1,300 less in taxes."

The flat 4% levy would drop the state's top rate by more than a third. Under current law Iowans are set to pay 6.5% on earnings above about \$80,000, a threshold that catches much of the middle class. That and three other income-tax brackets would be swept away by Gov. Reynolds's reform.

The plan would also slash the state's corporate tax, which is even more punishing. Iowa-based companies pay 9.8% of their earnings above \$250,000 in state tax. Ms. Reynolds's reform would gradually reduce the top rate to 5.5%, capping corporate-tax revenue at \$700 million a year and using excess revenue to offset annual rate cuts. An immediate rate cut would be better economically, providing more clarity for corporate investment decisions. But the revenue target should be met if the economy continues to grow.

These moves will help the Hawkeye State keep up amid intensifying Midwest tax competition. To the west, Nebraska cut its top corporate tax rate to 7.25% from 7.81% last year, and to the east, Wisconsin's Democratic Gov. Tony Evers signed the GOP Legislature's bill cutting the tax rate on middle incomes to 5.3% from 6.27%. Illinois voters defeated a referendum in 2020 that would have killed that state's 4.95% flat tax.

Iowa closed 2021 with a \$1.24 billion budget surplus, notwithstanding Gov. Reynolds's previous income-tax cuts in 2018. Democrats in Des Moines call the cuts fiscally irresponsible, but recent budgets say the opposite. Gov. Reynolds's staff estimates that revenues have increased by about 4% annually in recent years while spending has grown by 2% a year, according to the Des Moines Register. Business growth and cuts to state agencies have powered this fiscal progress.

Gov. Reynolds also wants to exempt retirement income, such as from 401(k)s, from state tax. Her budget would let owners or employees of local businesses avoid the state capital-gains tax for a one-time sale. Both provisions are meant to reduce the financial incentive for older Iowans to decamp to lower-tax states.

Gov. Reynolds made the crucial point in her Convention of the State speech last week, saying forgone tax dollars will be "spent every single day on main streets." That thinking has helped Iowa's economy and competitiveness, and the state is setting a good example for others.

Cooking the Schoolbooks for Racial Purposes

In "An Ugly Game of Race Preferences" (Main Street, Jan. 11), William McGurn lays out the perniciousness of school policies that have the effect—and purpose—of reducing Asian-American student numbers in elite programs. I can tell you that I often heard unkind mutterings about Asian-Americans during school awards ceremonies when those children took a majority of awards. It was saddening and chilling.

Making high achievement available to all, regardless of class and race, is nonetheless a vitally important goal. Public school can be a door to life-altering success. My husband, for example, began as a minor "hood" in the public schools of Bridgeport, Conn., in the 1960s, with teachers disinterested in his failure or success. That is, until one teacher early in high school saw that he was intelligent and could write well. From there, he went to college and graduate school. In between, he taught high school and held students to high standards, which often began with their first-ever bad grades, followed by success and intellectual growth. Forty years later, he still gets letters from students thanking him for challenging them.

A generation earlier, my father-in-law, an equally intelligent person, was steered to trade school because

that was where teachers in the 1930s saw paths for Italian-Americans.

The moral of this story is that kids should be in settings where their gifts can be found, even when the kids are "in the rough." This does not happen by jettisoning standards or pretending intelligence doesn't matter. It happens when schools reward teachers who care, when class sizes permit teachers to be attentive and when parents pay attention to what is being taught and learned. Cooking the books for racial ends is not a recipe for long-term success for anyone.

ELIZABETH TORPHY-DONZELLA
Kitty Hawk, N.C.

The Paper Industry Has a Strong Conservation Record

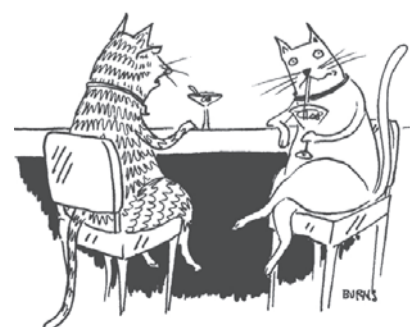
Saying that paperboard production consumes power and water and generates greenhouse gases conceals more than it reveals ("Packaging Giant Bets on Paper," Page One, Jan. 3). Paper manufacturing is water intensive, but it has become less so thanks to innovation and conservation efforts. Virtually all the water used in the manufacturing process is treated, cleaned and returned to the environment in line with strict regulations.

Likewise, paper-product companies create more renewable bioenergy than any other industrial sector, using leftover materials such as bark that otherwise would go to waste. This prevents about 181 million metric tons of carbon-dioxide emissions from entering the atmosphere each year—roughly equal to removing 35 million cars from the road. That's more good news on paper and sustainability in a story that already features plenty of it.

MARY ANNE HANSAN
President, Paper & Packaging Board
McLean, Va.

Pepper ... And Salt

THE WALL STREET JOURNAL



"You know, I just want to find a guy who stares at things that matter."

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OPINION

Biden Flails, Literally and Figuratively

By Kenneth L. Khachigian

After Joe Biden bitterly attacked Donald Trump only days before the inauguration, I urged the president-elect on these pages to follow Ronald Reagan's model by rising above intemperate remarks. Mr. Biden could "be the one who isn't petty, small and spiteful. He can stay out of squabbles, be a statesman, show honor, demonstrate how someone truly worthy of the office behaves."

A year later, he has failed to meet that standard. Worse, President Biden appears bizarrely determined—as he did in Georgia last week—to rupture goodwill among his fellow citizens by descending to lower levels of anger and deceit. He apparently doesn't see that his embrace of rancor and division has contributed to the 30-point collapse in his approval ratings.

The opposite, in both style and substance, of Reagan's calmly and confidently delivered message of unity.

When Reagan presented policy initiatives weeks after taking office in 1981, there was plenty of blame to lay on Jimmy Carter for what Reagan called "the worst economic mess since the Great Depression." But in two major economic addresses—on nationwide television and before a joint session of Congress—not once did Reagan refer to his predecessor. Instead, in a spirit of unity, he



The president in Atlanta Jan. 11

said: "To the Congress of the United States, I extend my hand in cooperation, and I believe we can go forward in a bipartisan manner." And: "I don't want it to be simply the plan of my administration. I'm here tonight to ask you to join me in making it our plan." Mr. Biden could richly benefit from these worthy examples.

The Atlanta speech's baiting of Republican senators as aspiring Bull Connors was not only a perversion of American rhetoric. Mr. Biden's stage theatrics magnified the negative effects of his message and muddled his mission. His staff won't tell him, nor will his media sycophants, but it's obvious that when the president pounds on the lectern and flails his arms, the overstated drama deprives his communication of any authenticity. It seems as if there are a director's cues in his text: "It's time

to raise your voice, Mr. President. It's time to slam your hand down." If the honest ghost of Joe Biden spoke to President Biden, he would say, "C'mon man!"

Mr. Biden desperately needs to sell his policies better, starting with occasionally dumping the teleprompter. With his head bobbing back and forth at outdoor events, or looking glazed into the camera, he's conspicuously reading scripts from the prompter. In these staged settings, the president can't help himself—chopping his arms to make his points, or raising them in a scolding fashion. These contrived and exaggerated hand and arm gestures, along with his pitched voice, exhibit faux passion. Each moment is more cringeworthy than the next and distracts from his core message.

When Reagan shouted, "Mr. Gorbachev, tear down this wall," it

wasn't accompanied by a fist pump. There was no teleprompter; Reagan simply looked up from his text to face the audience and, mythically, into Gorbachev's eyes. That was his trait on the campaign trail; even with the most heated of rhetoric, he didn't wave or swing his arms. The rare gesture he used was for a theatrical purpose for which he was well-trained, which Mr. Biden is not.

It would reward the president to dial back his body movements along with his overheated language. He will find that calm and reason will get him further than he thinks, and even further than some of us Republicans would like. While current advice, from both left and right, seems to be that the president needs to be "out there more"—interviews, conferences and speeches—it is actually overexposure that has damaged Mr. Biden. It would be to his advantage to get off the stage and put to good use the time between now and the March 1 State of the Union address to create something that truly brings America together.

Americans are asking themselves: Are we better off than we were a year ago? Mr. Biden should ask himself: How is it possible that the Democratic Party, which offered the New Deal, the Fair Deal, the New Frontier and the Great Society, can't come up with anything less dopey than Build Back Better? A president who has barely 4 out of 10 Americans approving his job performance, and hovers on the brink of the collapse of his congressional support, should give all of the above serious thought.

Mr. Khachigian was chief speechwriter for Ronald Reagan and practices law in California.

Inflation Gives Biden an Incentive for a Bad Iran Deal

By Ilan Berman

What a difference a year can make. Last January the Biden administration came to power pledging to revive the 2015 Iran nuclear deal that his predecessor had abrogated. That, however, was supposed to be just the beginning. Incoming national security adviser Jake Sullivan insisted that doing so would be a prelude to a "longer and stronger" deal with Tehran. Fast forward 12 months, and the likeliest outcome of the Biden administration's diplomatic outreach is a compromise pact far less comprehensive and robust than the original.

Experts have warned against the dangers of such a "less for more" deal, which would impose fewer restrictions on Iran's stubborn nuclear effort while providing Tehran with more-lavish concessions and sanctions relief than before. Yet the political reality is that, for the Biden administration struggling in the polls domestically, even a bad bargain with Iran could be a lifeline.

The reason has to do with oil. As the U.S. Energy Administration has noted, "oil prices rose during much of 2021, with Brent crude oil spot prices averaging \$71 [a barrel] for

the year compared with \$42/b in 2020." Today, the price for crude on the world market is even higher, nearly \$85 a barrel.

This surge has been a significant driver of the president's plummeting popularity. Administration officials are desperate to find a way to lower prices and reduce what Americans are paying at the pump. Iran could provide part of the solution they are seeking.

Easing sanctions would reduce energy prices—never mind its effect on U.S. national security.

While the Islamic Republic ranks as a bona fide energy superpower, the "maximum pressure" policy of the Trump administration profoundly crippled Iran's global oil trade. By 2020 its output had declined to a historic low of less than two million barrels a day as U.S. sanctions kept the Iranian regime from selling crude abroad. This, however, is only a temporary condition. Without persistent pressure on

potential clients, Iran's energy trade could resume business comparatively quickly.

The Iranian regime has massive quantities of oil, which could be brought to market almost immediately. These reserves, kept in Iran or offshore, are estimated to total around 120 million barrels—equivalent to more than a day's worth of oil consumed by the entire planet.

Analysts also predict that the Islamic Republic could increase its oil output in short order. Iranian officials have already announced plans to scale up production to the pre-sanctions level of four million barrels daily by as early as this spring.

Such a surge could make a real difference in today's market. Global demand for energy is currently outpacing supply, and producers are struggling to keep up. As the New York Times reports, despite pledges to boost their output, members of the OPEC+ cartel "are routinely falling well short of their rising monthly production targets." As a result, the addition of Iranian supplies would significantly boost the amount of available crude, and could consequently lower global oil prices by as much as 10%.

That scenario depends on loosen-

ing current U.S. sanctions against Iran—which the Biden administration could do.

That's the calculus now confronting the White House. Any deal with Iran, no matter how flimsy, would provide sufficient justification for the Biden administration to begin rolling back sanctions, especially on Iran's oil industry. If that happens, Iranian crude would flood the market, available supply would go up, and the marginal price of oil (and consequently refined products like gasoline) would go down. And that, in turn, will ease at least some of the inflationary and economic pressure confronting President Biden at home.

All of which gives the Biden administration, which once promised a robust effort to contain and deter Tehran, the incentive to reach an accommodation with Iran's ayatollahs, no matter the particulars. And it helps explain why, despite Iran's continued intransigence and regional troublemaking, the White House seems desperate to conclude such a deal by any means necessary.

Mr. Berman is senior vice president of the American Foreign Policy Council.

What Does a Library's 'Diversity Auditor' Do?

By Faith Bottum

The celebrated postmodern architect Robert Venturi added an extension to Bard College's Stevenson Library in 1993. His polychrome brick building—with a masking façade of yellow, orange, purple and olive panels—was intended to blend with the original library: an 1893 Greek-revival re-creation of the Parthenon.

There's less effort today to blend old and new on the campus in Annandale-on-Hudson, N.Y. Bard recently announced that three undergraduates, funded by the Office of Inclusive Excellence, are working their way through Stevenson Library, "evaluating each book for representations of race/ethnicity, gender, religion, and ability."

It's unlikely that the students will actually read every book in Bard's 400,000-volume collection during the year scheduled for the project. The "representations" of each book they

arrive at are certain to be limited to what can be easily determined about the authors' heritage, sex, faith and physical disabilities.

That, at least, has been the pattern of other such library audits. In 2018 Loyola Marymount University in Los Angeles undertook a similar project, concluding that the school's William H. Hannon Library had an insufficient number of works in "the categories of *Gay, Lesbian, Bisexual, and Transgender LGBTQ+*, *Women's Studies*, and *Disability*." In 2020 the University of California Irvine audited nearly a decade of orders, by the school's Langson Library and other collections on campus, for new scripts of plays. The audit concluded that the school needed its purchases to shift "to reflect the increased demand for diverse playwrights."

The point of the audit at Bard originally appeared to be picking books to remove. The announcement in Notes, the library's newsletter, described the project as a first step in

"the process of decanonizing the stacks"—academic jargon for breaking the connection to the past. A follow-up from the staff seemed to suggest that the eventual aim is a major deaccessioning (to use a librarians' term: litotes for getting rid of books).

Bard College says it aims at 'decanonizing the stacks' but that doesn't mean removing books.

A representative of the library, however, later said in an email that was forwarded to me that the project was designed "to increase our understanding of our collection, not to remove books."

This leaves unspecified the reason the information is being gathered in the first place, but the librarian waved away the students funded by the Office of Inclusive Excellence, stating that actual librarians will decide about the library's collections, not student workers.

And perhaps this audit is merely a sop to activist students and diversity administrators. But it does seem at least a surrender to the idea that content is determined by the extraliterary characteristics of the author. And if the audit does include content, the result could be a straightforward Index of Prohibited Books—even if, as seems unlikely, the librarians aren't pressured eventually to act on the information that the students catalog.

There's been much agitation in recent years about libraries. In 2019 more than 4,700 children's books from across Quebec's schools were purged because they "had outdated

content and carried negative stereotypes," with 30 burned in a public "flame purification" ceremony. In 2021 state Rep. Matt Krause demanded that every Texas school admit whether its library contained any book from a list of nearly 850 suspect titles, with the aim of forcing the schools to remove the books. Schools' assigning of Toni Morrison's 1987 novel "Beloved" became a contentious topic in the final weeks of Virginia's 2021 gubernatorial race. No one seems to be asking whether the questioned books are good or not.

Founded in 1860, Bard sits midway between Albany and Poughkeepsie. The school prides itself on being a liberal-arts center, claiming "a reputation for scholarly excellence, a focus on the arts, and civic engagement." It is, its official description says, "committed to enriching culture, public life, and democratic discourse by training tomorrow's thought leaders." It was awarded a library grant last year from the National Endowment for the Arts.

But what are we to make of Bard's descent into auditing its library? The worthy here should be that the past won't survive the passions of the present, even among librarians and others whose task is to preserve literary achievement and blend it with the present. The philosopher Hannah Arendt's personal library is stored at Bard College. One wonders what she would think of the new audit of the library's collections. One wonders what the auditors will make of the woman who observed: "There are no dangerous thoughts; thinking itself is dangerous."

Ms. Bottum is the Journal's Joseph Rago Memorial Fellow.

An Economic Evaluation Of Covid Lockdowns

By Tomas J. Philipson

As President Biden's first year of handling the pandemic comes to a close, many of his most ardent critics are pointing to the ugly numbers: More Americans have died from Covid-19 under the current president than under the previous one, despite the prevalence of vaccines and the development of other medical innovations. But as the pandemic's progression has made clear, public-health officials should aim to do more than merely minimize the spread of disease. They should seek to reduce the total harm caused by both infection and heavy-handed attempts to prevent it.

The costs of prevention efforts have outweighed those from the direct effects of the virus itself.

Reducing the incidence of disease isn't necessarily desirable if excessive prevention, in the form of lockdowns or school closures, is more costly to society than the damage done by an illness. We don't close highways to minimize accidental deaths, despite the existence of dangerous drivers. Yet this is exactly what we're doing when the government intervenes to limit the spread of communicable diseases by, for instance, mandating vaccines that don't prevent transmission.

The public-health community has proved incapable of quantitatively assessing trade-offs between the harms of prevention and the harms of disease. This has hindered the development of policies that could have minimized the total harm to society from Covid-19. Economic epidemiologists, by contrast, have for decades used quantitative methods to evaluate these harms by looking at them the same way they look at taxes.

The burden of a tax doesn't fall solely on those who pay it directly. A \$1 million tax on airplane tickets would generate no revenue because no one would ever fly again. The mass migration to other forms of travel would impose huge costs on the rest of the transportation industry. Similarly, case counts don't capture the total burden of a disease. The costs of efforts at avoiding the disease must be quantified and tallied as well.

In early 2020, University of Chicago economists estimated that about 80% of the total damage from Covid came from prevention efforts that hindered economic activity, and only 20% from the direct effects of the disease itself. This analysis motivated me and others to recommend that initial efforts to stop the spread should focus on older people, who are at higher risk of severe illness and not as active in the economy as younger people. This would allow younger people to keep the economy going while limiting the spread of the disease among those most at risk from it. Some in the public-health community, like the signers of the Great Barrington Declaration, eventually saw the light.

My Chicago colleague Casey B. Mulligan has found that total monthly Covid-related harms fell from 2020 to 2021, even as the number of deaths rose. In tax terms, this is an effect not unlike that of the Laffer curve—a lower rate may increase revenue because of growth in the tax base. Similarly, vaccines and treatments reduced the costs associated with getting sick—call it the "disease tax"—but also increased social and economic activity, allowing the infection to spread. Even if the disease tax is paid by more people, the costs are outpaced by the overall benefit derived from the subsequent tsunami of economic activity.

Joe Biden accused President Trump during the campaign of getting Americans killed by refusing to clamp down completely on all economic activity. But the evidence shows that the U.S. experienced lower total harm in 2020 than did the nations of the European Union. Now that he's been president for a year and presided over so many Covid deaths himself, Mr. Biden surely understands how difficult it is to contain the spread of a highly contagious respiratory disease. He should make the reduction in total harm his administration's objective now—and that includes the harm done by lockdowns, school closings and unproductive restrictions on economic activity.

Mr. Philipson is an economist at the University of Chicago. He was a member of the president's Council of Economic Advisers, 2017-20, and its acting chairman, 2019-20.

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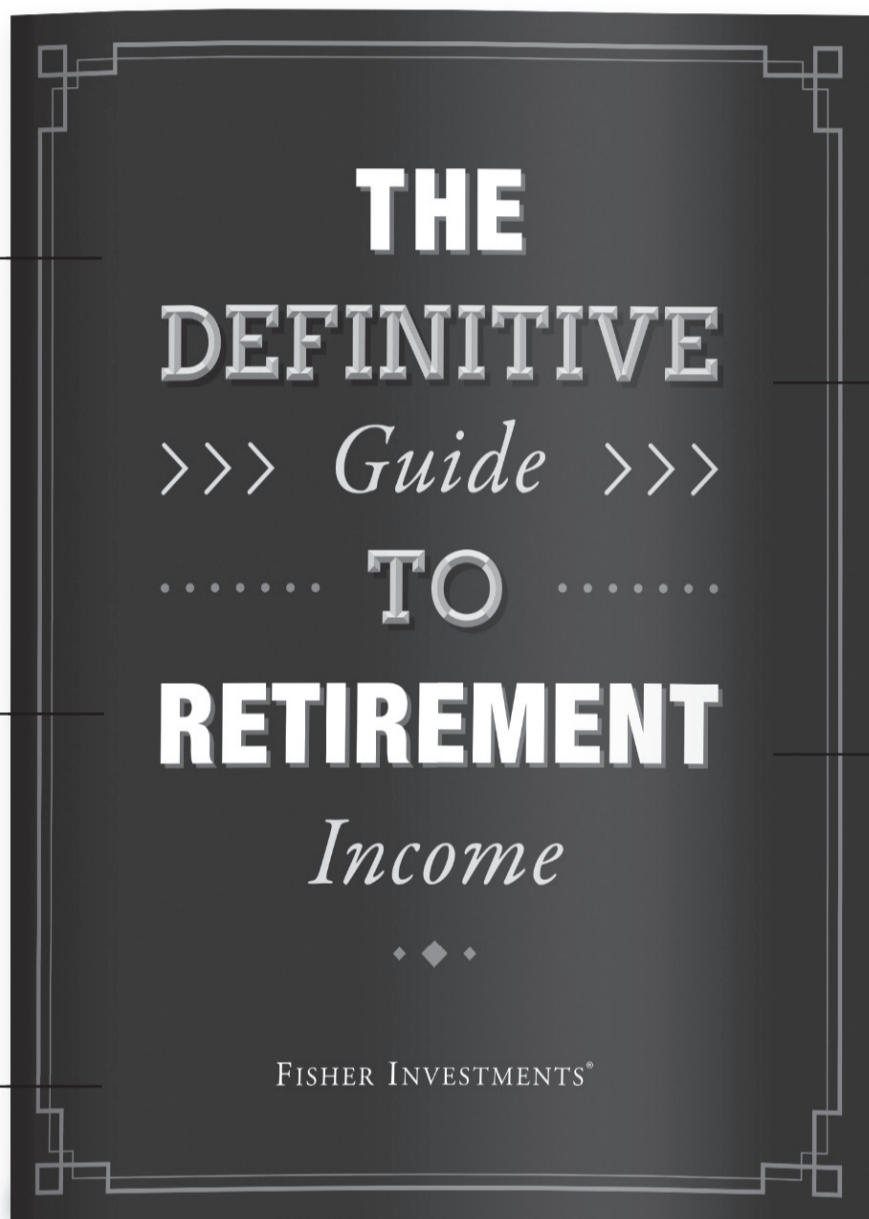
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TECHNOLOGY: INSTAGRAM TESTS OPTION WHERE USERS PAY CREATORS FOR CONTENT B4

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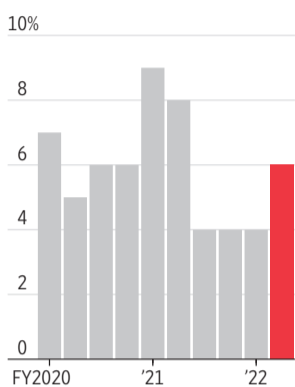
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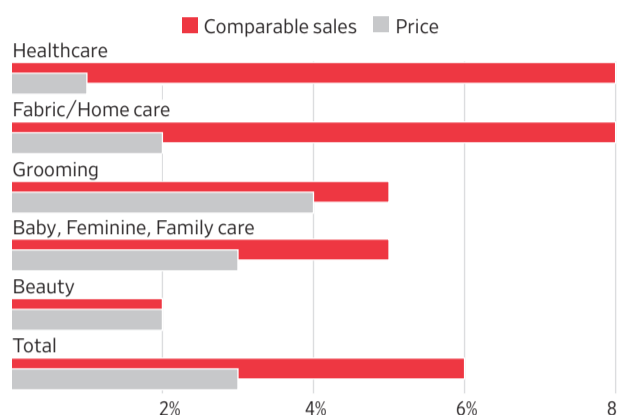
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Rising Tide

Comparable sales, change from a year earlier



Segment sales and pricing, change from a year earlier



Three-month share and index performance



Higher Prices Boost P&G Sales

By Sharon Terlep

Procter & Gamble Co. is betting the world's consumers will remain undeterred by higher prices on household staples from Pampers diapers to Gillette razors.

The Cincinnati-based consumer-products company said sales increased 6% in the quarter ended Dec. 31 compared with a year earlier, fueled in part by the company's largest average price increases since the spring of 2019.

Executives on Wednesday said its price increases will continue throughout 2022, and predicted higher profitability and improved margins in coming quarters even as labor, freight and raw-materials costs continue to balloon due to the global supply-chain turmoil.

"The consumer is very resilient and very focused on these categories of clean home and health and hygiene," P&G finance chief Andre Schulten said.

P&G shares gained more than 3% Wednesday to close at \$162.

U.S. inflation in 2021 hit its fastest pace in nearly four de-



Price increases accounted for half of the company's revenue growth in the latest quarter.

cadences, as pandemic supply-and-demand imbalances pushed up prices on everything from used cars to household staples.

Pricing on average rose 3% in the latest quarter, P&G said, and price increases accounted for half of the company's revenue growth in the period.

Higher volumes accounted for the other half. P&G reported revenue of \$21 billion for the quarter.

The added revenue helped offset soaring prices for raw materials, labor and transportation of goods, as supply-chain woes continue to weigh on almost every industry.

P&G's core earnings per share rose 1%, to \$1.66, from the same period a year earlier. Margins fell despite the added revenues and cost cutting. The company has spent big to keep factories running and products in stock as much as possible, said Chief Executive Jon

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Nasdaq Hits Correction Territory

S&P 500 and Dow lose 1% as investors adjust portfolios for higher interest rates

By Gunjan Banerji and Joe Wallace

Stocks gave up early gains and turned lower, extending a recent stretch of losses that have pulled major indexes down to start the year.

The technology-heavy Nasdaq Composite shed 166.64 points, or 1.1%, to 14340.26. It finished the day 10.7% below its all-time closing high, set in November. A decline of greater than 10% is considered a correction for a stock index.

The S&P 500 fell 44.35 points, or 1%, to 4532.76. The Dow Jones Industrial Average lost 339.82 points, or 1%, to 35028.65.

Wednesday's trading activity continued a tumultuous stretch for major indexes, with stocks paring their earlier gains and closing near session lows. In the first weeks of January, many investors have started dumping shares of technology companies and piling into other corners of the

market in anticipation of rising interest rates.

Investors have stepped up bets that the Federal Reserve and other major central banks will tighten monetary policy in the coming months, withdrawing a pillar of support for markets. Mounting expectations of interest-rate rises follow evidence that the drivers of inflation have broadened beyond the supply-chain shock that fueled price gains for much of 2021.

That has led to big swings, leaving many stocks in a bear market and stoking giant rotations among different sectors.

Recent volatility is "really all about inflation and how aggressive central banks are going to be to counteract it," said Brian O'Reilly, head of market strategy at Mediolanum Asset Management, adding that inflation could also curtail economic growth by knocking consumption. "Certainly, the market is nervous at the moment," he said.

Government-bond prices edged up Wednesday, pushing down yields. Yields on benchmark 10-year Treasury notes slipped to 1.826% from 1.866% Tuesday, which was their high-

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Deals Propel Profit At Morgan Stanley

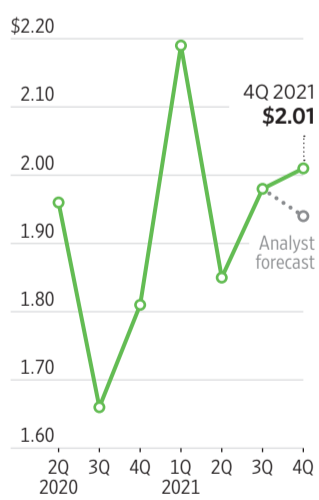
By Charley Grant

A booming market for deals and brisk demand for financial advice lifted Morgan Stanley's fourth-quarter earnings and helped the Wall Street firm set a full-year profit record.

The bank posted a profit of \$3.7 billion, up 9%, or \$2.01 a share. Analysts expected \$1.94 a share, according to FactSet. Revenue rose 7% to \$14.5 billion in the quarter, which fell just short of expectations.

Morgan Stanley capped off a mixed quarter for the nation's biggest banks. Windfall trading revenues across Wall Street are slowing down as market volatility subsides. Banks are offering bigger paydays to attract and keep employees in a tight labor market. Goldman Sachs Group Inc., JPMorgan Chase & Co. and Citigroup Inc. all reported lower fourth-quarter profits, ending a streak of big gains.

Morgan Stanley's quarterly earnings per share



Sources: the company; FactSet (forecast)

Morgan Stanley, Bank of America Corp. and Wells Fargo & Co. saw profits rise.

Morgan Stanley shares closed up 1.8% on Wednesday. Please turn to page B11

Disney Shakes Up Streaming Leadership

By Will Feuer

Walt Disney Co. said it is shaking up its streaming management and forming a new hub for international content creation as the company searches for further growth amid intense competition.

The company on Wednesday named Michael Paul to the newly created role of president of Disney Streaming, in which he will oversee Disney+, Hulu, ESPN+, and Star+ globally for the company's media and entertainment distribution division.

Rebecca Campbell will oversee Disney's new international content hub and report directly to Chief Executive Bob Chapek, the company said.

The executive reshuffling puts in place the leaders charged with Disney's highest priority—streaming—and is among the first major personnel moves made by Mr. Chapek since he became the sole leader of Disney. Mr. Chapek was named CEO in February 2020, but just this month started running the operation on his

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Unilever Walks Away From Glaxo Consumer Health Unit

By Saabira Chaudhuri

Unilever PLC said it wouldn't increase its \$68 billion offer for GlaxoSmithKline PLC's consumer-healthcare business, effectively walking away from a potential deal that would have added a raft of drugstore staples to its portfolio.

Wednesday's announcement from the maker of Ben & Jerry's ice cream and Dove soap came after days of criticism from analysts and investors about the price and strategic fit of the proposed transaction.

Unilever's shares had fallen sharply since news of a possible deal was disclosed over the weekend. Unilever's U.S. stock partially rebounded after the statement Wednesday, with its American depository receipts rising 7.7%. The statement came at the end of the trading day in London.

Glaxo said Saturday that Unilever had made three proposals for its consumer unit late last year—which Glaxo rejected because, in its view, they undervalued the business and its future prospects. The latest proposal, received Dec. 20, valued the business at £50

billion—equivalent to about \$68 billion—and was made up of £41.7 billion in cash and £8.3 billion in shares, it said.

Glaxo also detailed the growth prospects of the unit, which is 32% owned by Pfizer Inc. and sells products including Aquafresh toothpaste and Advil painkillers. Glaxo said it thought the business could deliver organic sales growth—a measure that strips out currency effects, acquisitions and disposals—of 4% to 6% over the medium term.

On Wednesday, Unilever said it took those figures into

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Sony shares fall sharply on news of Microsoft deal for Activision Blizzard. B4

Chinese Tech Companies Warned Of Tighter Rules on Investments

By Keith Zhai

SINGAPORE—China has notified some companies of new rules that would require the country's biggest internet firms to seek approval for investment deals, a mechanism that is likely to curb domestic technology giants from growing even bigger through acquisitions, according to people familiar with the issue.

The country's top internet regulator, the Cyberspace Administration of China, recently

told some companies that it would establish a new mechanism that requires internet companies to obtain formal approval for investment deals if they have 100 million users or more or have posted revenue in the previous year of at least 10 billion yuan, equivalent to \$1.57 billion, the people said.

The regulator notified some companies of the rules this week, some of the people said. The rules are still under review and could change, people familiar with the matter said.

The move to establish new requirements comes after a year of clampdowns on the country's internet sector and could lead to increased regulatory scrutiny into such deals and even block internet companies from making certain investments, the people said.

The new rules being planned would affect China's biggest technology companies, including Tencent Holdings Ltd., Alibaba Group Holding Ltd. and ByteDance Ltd., each

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Unilever Ends Glaxo Unit Bid

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account but they didn't change its view about the value of the business. Unilever is "committed to maintaining strict financial discipline to ensure that acquisitions create value for our shareholders," it said. In response, a spokesman for Glaxo said the company was confident in the future of the consumer-healthcare business. The pharmaceutical giant, seeking to focus more on prescription drugs and vaccines, had been working on plans to spin off the consumer

unit as a separate, London-listed company later this year. Unilever said it was committed to improving the performance of its existing brands, including through a coming reorganization, and rotating its portfolio into higher-growth categories. The company's shares have been under pressure in recent months as Unilever has struggled to grow volumes, while analysts say it has underperformed some rivals during the pandemic in areas such as hygiene and packaged food. On Monday, Unilever said it wanted to push further into health, beauty and hygiene products, at the expense of slower-growing food brands, laying out its biggest strategic shift in years. It said any big acquisitions would likely be accompanied by significant divestitures.

Disney Shakes Up Streaming

Continued from page B1
own after previous CEO and Executive Chairman Robert Iger left the company. After seeing torrential growth in sign-ups following its November 2019 debut, Disney's flagship streaming service ran into issues related to Covid-19 production shutdowns that slowed the flow of programming. During 2020, the company moved would-be theatrical releases like "Soul" and "Hamilton" to the service to boost subscriptions, a strategy it has continued to employ as the Omicron variant depresses moviegoing. In a New Year's letter to employees, Mr. Chapek emphasized that Disney would focus heavily on its streaming business in 2022. "Right now, (customer) behavior tells us and our industry that the way they want to experience entertainment is changing—and changing fast thanks to technology and the pandemic," he wrote. The company has touted a slate of new movies and TV shows, many of which are scheduled to be released in the latter half of this year. Disney said in November it had added just over two million new subscribers to Disney+ in the quarter ended Oct. 2, far below analyst expectations. Ms. Campbell, a longtime Disney executive, previously served as president of Disneyland Resort. She also played a role in securing the first major distribution deal for Disney+ in the Europe, Middle East, and Africa region, according to Disney. Disney also named Joe Earley, the former executive vice president of marketing and operations for Disney+, to the role of Hulu president, reporting to Mr. Paull. Mr. Earley succeeds Kelly Campbell who left as head of Hulu last year to oversee NBCUniversal's rival streaming service, Peacock. The company is also searching for a new head of Disney+



Michael Paull

to replace Mr. Paull. The management changes and the focus on international growth come after the company reported a major slowdown in Disney+ subscriber sign-ups for its fiscal fourth quarter as new cases of the coronavirus dropped in early autumn and more people left their homes. The changes also come amid intense competition from rivals that include Netflix Inc. and AT&T Inc.'s HBO Max. Along with the new international hub, Disney said Wednesday it is investing in the creation of original local and regional streaming content internationally, with more than 340 titles already in various stages of development and production. The focus on international content development comes after rival Netflix found huge success in foreign hits like South Korea's "Squid Game." "I am thrilled to have the opportunity to work even more closely with the talented creators in our international markets who are producing new stories with local relevance to delight our audiences around the globe," Ms. Campbell said. Disney has previously said it expects to have between 230 million and 260 million paid Disney+ subscribers globally by the end of fiscal 2024. With slowing numbers in the U.S., some streaming platforms have been relying more on international markets for both subscriber growth and content production, particularly as viewers in the U.S., U.K., Australia and Europe warm to non-English-language content. —Erich Schwartzel contributed to this article.

BUSINESS & FINANCE



The coffee chain said it will ask baristas to isolate with pay if they have had a Covid-19 exposure, regardless of vaccination status.

Starbucks Drops Vaccine, Test Rule

By HEATHER HADDON

Starbucks Corp. said it will no longer require U.S. workers to be vaccinated against Covid-19 or undergo weekly testing by next month, after the Supreme Court recently blocked the Biden administration's mandate for large private employers. Starbucks Chief Operating Officer John Culver said in a message to workers Tuesday that the company is changing its requirements in response to the court's decision, but will still encourage baristas to get vaccinated and boosted and to disclose their status. "We continue to believe strongly in the spirit and intent of the mandate," Mr. Culver said in the message. The Covid-19 vaccination mandate for companies employing 100 or more people has divided corporate leaders since it was first introduced by the Biden administration last year. Many companies held off implementing vaccine or testing policies while the issue played

out in the court system. The Supreme Court struck down the rule for large employers last week. Several corporate executives said they would scrap plans to impose vaccine requirements after the decision, while others said they would still require them. Citigroup Inc., for example, is sticking with its Covid-19 vaccine mandate for its U.S. workers, while General Electric Co. suspended its remaining vaccine requirements. Starbucks said earlier this month that it would require its U.S. employees to be vaccinated against Covid-19 or submit to regular testing, becoming one of the first large restaurant chains to take such a step. The company set a Jan. 10 deadline for vaccination status disclosure by workers in its U.S. cafes, offices and manufacturing plants. It set a Feb. 9 deadline for employees to be vaccinated—or submit to weekly testing. Mr. Culver said Tuesday that more than 90% of U.S. retail

workers have disclosed their vaccination status. The vast majority of U.S. baristas are fully vaccinated, he said in the employee message. The chain employs 230,000 U.S. store workers. He said Starbucks will continue to encourage workers to disclose their vaccination status going forward. In a separate message Tuesday, Starbucks said it will now ask all U.S. baristas to isolate with pay if they have had a Covid-19 exposure, regardless of vaccination status. Previously the company had asked baristas who weren't vaccinated to isolate. Starbucks said in the message that it understands that the Omicron variant of Covid-19 is limiting hours and service levels at stores, but that both vaccinated and unvaccinated employees are getting exposed or testing positive more often. "It is important that we take some urgent steps to ensure these partners are staying home," the company said, referring to its employees. Starbucks last week shifted

its isolation period to five days from 10 in response to updated federal guidance. Starbucks and other restaurants have limited seating and hours as the Omicron variant of the coronavirus sweeps through the U.S., impacting more of their workers. Store managers will continue to modify hours and service at Starbucks locations in response to worker isolations and local Covid-19 mandates, the company said in the message. To help prevent the Omicron variant's spread, Starbucks is urging its U.S. workers to wear medical masks, versus cloth facial coverings that many Americans have worn during the pandemic. The company is asking store managers to order the medical three-ply masks and distribute them to workers. The Centers for Disease Control and Prevention updated its guidance on masks last week, saying that N95 and KN95 masks are more protective than cloth masks in some settings.

CEO Who Fired 900 on Zoom Back on Job

By JOSEPH PISANI AND CAMILLE FURST

Vishal Garg, the chief executive officer of Better.com who fired 900 workers on a Zoom call, is returning to his job. In a letter to employees, which was viewed by The Wall Street Journal, the online mortgage lender's board of directors said Mr. Garg had reflected on his leadership while on break since last month and worked with an executive coach. "We are confident in Vishal and in the changes he is committed to making to provide the

type of leadership, focus and vision that Better needs at this pivotal time," the letter said. The board said in the letter that it would expand the company's leadership. Searches are under way for a board of directors chairman, a president and a chief of human resources. In December, Mr. Garg laid off 900 employees, or 9% of the company's total workforce, on Zoom. A video of the call was posted online and viewed by millions. He later apologized, saying that he owned the decision for the layoffs but

had "blundered the execution." A day later, the company said Mr. Garg would take a break from his CEO duties. It called the situation "very regrettable" at the time and said the board had hired an outside firm to assess its culture and leadership. Mr. Garg apologized again Tuesday in a separate letter to employees, saying that he is sorry for the distraction and embarrassment his actions caused. He said he would be more conscious of the impact his words have on people. "As many know, I am direct in my communications but too

often, I have not chosen my words carefully enough," Mr. Garg said. "I have expressed my feelings in the heat of the moment, without enough care for the effect they may have on colleagues. I am committed to being more thoughtful and communicating more effectively going forward." He added: "Better has evolved. And, as a leader, I need to evolve too." The company, backed by SoftBank Group Corp., was founded in 2016. It offers mortgages, insurance and other services for home buyers.

Higher Prices Boost P&G

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Moeller, who took over the company in November. On Wednesday, executives said there is no relief in sight from higher costs for labor, transportation of goods and raw materials such as fuel, resin and pulp. "The flexibility that we've talked about that our supply people have generated doesn't come for free," said Mr. Schulten, the CFO. "When we need to shift to alternate materials, when we need to shift to alternate suppliers, all our sources of materials geographically, that comes at a premium." P&G, which has posted more consistent sales gains than rivals throughout the pandemic, raised its revenue forecast for the fiscal year ending June 30, even as the company said costs will be higher than previously projected. P&G said it expects to commit \$2.8 billion more to commodity, freight and foreign-exchange costs this fiscal year. The figure is about \$500 million more than it forecast last quarter. Its earnings estimates remained unchanged. Mr. Schulten said that in addition to absorbing higher prices, consumers also are switching to pricier, higher-

end products, such as trading liquid laundry detergent for costlier single-dose pods. A broad range of consumer-products companies, including P&G rivals Unilever PLC and Kimberly-Clark Corp., have implemented price increases to offset higher costs amid snags in the global supply chain. The recent rise in Covid-19 cases due to the fast-spreading Omicron variant didn't spur the kind of hoarding behavior that led to shortages of toilet paper, cleaners and other products during previous surges, he said. Sales jumped for products to treat respiratory issues, driving a 20% revenue increase for P&G's personal-health unit, which includes Vicks and NyQuil brands. P&G now expects organic sales, which strips out deals and currency moves, to grow 4% to 5% for the fiscal year, up from the previous forecast for growth of 2% to 4%.

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BUSINESS NEWS

Disruptions Ease as 5G Goes Live

BY ALISON SIDER

The launch of enhanced 5G services Wednesday had a limited impact on U.S. flights after aviation regulators gave airlines additional guidance.

Airlines had said they were concerned about potential travel disruptions once wireless providers began beaming new signals to customers, due to flight restrictions intended to protect aircraft from possible interference from the new fifth-generation service. Wireless operators have said the service won't disrupt airplanes' instruments.

Relatively clear weather and changes following a temporary concession by wireless carriers to address air-safety concerns helped blunt the disruption Wednesday, the first day of the 5G rollout.

"While we anticipate minor disruptions at some airports due to the remaining 5G re-

strictions, we're pleased the Biden administration reached a compromise with AT&T and Verizon to avoid mass cancellations across the aviation industry," United Airlines Holdings Inc. said Wednesday.

AT&T Inc. and Verizon Communications Inc. agreed Tuesday to exclude two-mile zones around airport runways from their 5G launches, a last-minute concession to address aviation safety concerns following a monthslong standoff.

The Federal Aviation Administration said Wednesday that it had issued new approvals allowing additional aircraft types to land at more airports in low visibility conditions. The FAA said an estimated 62% of the U.S. commercial fleet would be allowed to make low-visibility landings at airports where 5G C-band has been deployed, including Boeing 777 jets, which had previously been left out.

Airlines for America, a trade



Wireless operators have said that the new 5G service won't disrupt airplanes' instruments.

group, said the agreements allowed thousands of flights that could have been affected to proceed.

Airlines have said that passenger and cargo flights could face widespread disruptions in poor weather, when landing aircraft rely more on automated systems that could be affected by the enhanced 5G services. While airline and aviation safety officials have said the wireless carriers' decision likely averts the worst potential disruptions, they still anticipate some problems, particularly in bad weather

conditions. Delta Air Lines Inc. said Tuesday it was preparing for possible cancellations.

Around 230 flights within and to and from the U.S. had been canceled by midday Wednesday, according to data tracker FlightAware, in line with recent days. These included a handful of flights involving Boeing Co. 777 jets, such as British Airways' service into Chicago O'Hare International Airport from London Heathrow.

Airlines had been waiting for regulators to approve the 777 to land in poor visibility,

mirroring the green light given over the weekend to some other Boeing and Airbus SE jets. Early Wednesday, Japan Airlines Co. and All Nippon Airways, two of the carriers that had canceled some U.S. flights, said they could resume on Thursday.

FAA officials worked late into the night and early Wednesday morning to adjust guidance for runways and different aircraft types, industry and government officials said.

—Drew FitzGerald and Doug Cameron contributed to this article.

United Reduces Flight Schedule

BY ALISON SIDER

United Airlines Holdings Inc. said the emergence of the Omicron variant of Covid-19 dented near-term bookings and will slow its recovery but said the setback is likely to be temporary.

The Chicago-based airline is scaling back its schedule in the first months of the year as it grapples with the new variant's impact on travel demand. United said it expects to fly less this year than it did in 2019, instead of the 5% growth it had previously anticipated.

Still, robust holiday travel demand drove United's fourth-quarter revenue to \$8.2 billion, down nearly 25% from 2019 but the highest quarterly total since before the pandemic began to decimate travel demand. United on Wednesday reported losses of \$646 million for the fourth quarter and \$1.96 billion for the year. The airline's adjusted fourth-quarter loss of \$160 a share was lower than the \$2.09 a share loss analysts had expected.

United said bookings for this spring and beyond remain strong and that its expansion plans have merely been delayed until later in the year. The airline still plans to increase flying in 2022 as it returns its Boeing 777 jets to service, after they had been sidelined for nearly a year as regulators reviewed proposed fixes for the aircraft's engine covers.

United said its reduced schedule will help drive its unit costs excluding fuel higher than it previously anticipated—up 14% to 15% from the first quarter of 2019. Steeper costs for labor and fuel have concerned airline investors in recent months. United said it expects its jet-fuel prices to rise by about 10 cents a gallon in the first quarter from the end of 2021.

UnitedHealth Reports Growth Despite Omicron

BY MATT GROSSMAN AND ANNA WILDE MATHEWS

UnitedHealth Group Inc. posted year-over-year earnings growth for the last three months of 2021, helped by higher revenue from premiums, and reaffirmed its financial projections for 2022.

The healthcare and health-insurance giant, the first industry heavyweight to report year-end results, showed little serious impact from costs tied to soaring levels of Covid-19 cases that the Omicron variant brought last month.

The Minnetonka, Minn.-based company also reassured

investors that its 2022 earnings guidance released in November was intact, including for robust growth in its Medicare Advantage enrollment, a closely watched business for UnitedHealth and the managed-care sector as a whole.

During a call with analysts Wednesday, UnitedHealth executives signaled the Omicron variant is generally causing a less-severe form of Covid-19, echoing findings in other data. The company said inpatient hospitalization levels are similar to what it saw in January 2021, even though cases are at a far higher level.

As has happened when the

virus surges, levels of typical healthcare use dropped off in tandem, UnitedHealth said, with primary-care visits down about 10% in recent weeks and visits to specialists showing a deeper decline. The company said the savings from these reductions is offsetting additional costs from Covid-19 care and testing, which is being boosted by a federal mandate that insurers cover over-the-counter tests.

UnitedHealth's fourth-quarter profit rose to \$4.07 billion, from \$2.21 billion in 2020's final period. On a per-share basis after stripping out one-time items, earnings were

\$4.48, up from \$2.52. Wall Street analysts surveyed by FactSet had forecast adjusted earnings of \$4.30 a share.

Revenue climbed to \$73.74 billion, from \$65.47 billion a year before. Most of that growth came from higher premiums, which rose to \$57.55 billion, from \$50.58 billion in the last quarter of 2020.

UnitedHealth said it is holding to its 2022 outlook, including for revenue of \$317 billion to \$320 billion and adjusted earnings of \$21.10 a share to \$21.60 a share. Both represent double-digit annual growth.

Shares closed Wednesday

slightly higher at \$462.52. The stock is up roughly 31% over the past 12 months.

The company's UnitedHealthcare insurance business saw revenue grow 12% in the fourth quarter to \$56.4 billion. The business added 2.2 million members last year, with growth in programs tied to government benefits, such as Medicare Advantage, driving much of the increase.

UnitedHealth's Optum health-services arm notched 14% growth in the period, with revenue rising to \$41.1 billion. Its tally of people served rose to 100 million in 2021, from 98 million a year earlier.

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Microsoft Deal Hits Sony's Stock

Shares fall 13% as competition between videogame companies unsettles investors

By KOSAKU NARIOKA AND YANG JIE

Sony Group Corp.'s shares fell nearly 13% in Tokyo on Wednesday on concerns about new competition for its videogame business from the combination of Microsoft Corp. and Activision Blizzard Inc.

The \$75 billion deal, which needs regulatory approval, would unite Microsoft's Xbox platform with the publisher of top game franchises including "Call of Duty" and "World of Warcraft."

That is a potential threat to Sony, whose PlayStation console competes with the Xbox. The two companies also clash head-on in subscription videogame services that offer game libraries, with Sony's PlayStation Plus going against Microsoft's Game Pass.

The Activision acquisition shows the U.S. software giant intends to escalate the fight for videogame dominance, and rivals could see Microsoft reserve popular games for its own offerings, Asymmetric Advisors strategist Amir Anvarzadeh said in a note.

"The headwinds for Sony



Activision supplies some of the most popular games for Sony's console, such as the 'Call of Duty' series.

[are] only going to get tougher," Mr. Anvarzadeh said.

Still, some analysts said the stock-price drop was overblown because the videogame business accounted for only a little more than a quarter of Sony's operating profit in the most recent half-year.

The Tokyo-based company's movie and television business is doing well, helped by its latest Spider-Man blockbuster, "Spider-Man: No Way Home." Another Sony business less visible to consumers—its supply of image-sensing semiconductors to customers such as Apple Inc.—also is benefiting

from strong demand.

"Games is surely one of its main businesses, but they've also got electronics, chips, movies etc.," said Naoki Fujiwara, a fund manager at Shinkin Asset Management.

Sony's PlayStation Plus service, which costs \$5 to \$10 a month, had 47.2 million subscribers as of Sept. 30, 2021, giving it an edge over Microsoft, which said Tuesday that Game Pass has 25 million subscribers.

Sony's PlayStation 5 console, introduced in late 2020 around the same time as Microsoft's latest Xbox, has

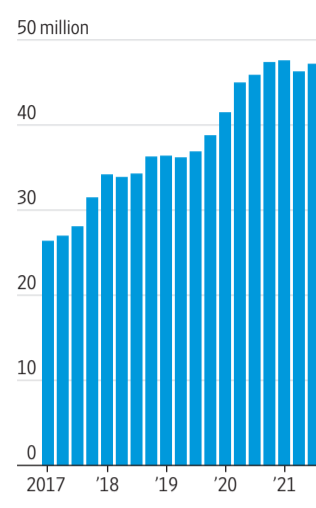
proved popular, and Sony's only problem has been making enough of them to meet demand during the global semiconductor shortage.

The videogame business helped make Sony shares one of the pandemic's stock-market winners. They rose 92% between the beginning of 2020 and last week.

But as the pandemic effect faded, Sony saw little growth in PlayStation Plus in the first three quarters of 2021, and now it faces a competitor bulking up.

Activision supplies some of the most popular games for

Sony PlayStation Plus subscribers



Source: the company

PlayStation, such as the "Call of Duty" series. Whether that relationship will continue is one of the big questions of the Microsoft deal.

Antitrust regulators in the U.S. and abroad are likely to look at the Microsoft acquisition, including whether its ownership of Activision would give it an unfair edge in competition. Microsoft's Phil Spencer said the transaction would help his company offset mobile platforms' control over videogame distribution.

◆ Heard on the Street: Sony investors watch Microsoft...B12

Nonprofit Radio Unit To Acquire Chicago Sun-Times

By OMAR ABDEL-BAQUI

Tabloid journalism and public radio in the Midwest are poised to join forces.

The board of Chicago Public Media, the nonprofit that operates the city's public radio station WBEZ, voted to acquire the Chicago Sun-Times, a legacy Midwestern daily tabloid.

The deal, expected to close by the end of the month, would create one of the largest nonprofit local news organizations in the nation.

"This is an important step to grow and strengthen local journalism in Chicago," Matt Moog, chief executive officer of Chicago Public Media, said in a statement on Tuesday. "A vibrant local news ecosystem is fundamental to a healthy democracy, informed citizens, and engaged communities."

The news comes after the organizations said in September that they had signed a nonbinding letter of intent for Chicago Public Media to acquire the tabloid newspaper.

The Sun-Times and WBEZ will maintain separate newsrooms and editorial independence while sharing some content, according to the statement. Mr. Moog said

The deal by WBEZ's parent comes as print circulation is broadly shrinking.

Chicago Public Media hopes to collaborate with other news outlets in Chicago.

Local newspapers, like the Sun-Times, have suffered sharp declines in revenue since the financial crisis, around the same time smartphones became ubiquitous. Print circulation plummeted and readers moved online, but digital ad sales didn't come close to offsetting what was lost in print sales. Many local papers across the country shut down or endured large-scale layoffs.

For WBEZ and the Sun-Times, their combined efforts in print, digital and broadcast formats will reach more than two million people a week in the Chicago area, the organizations said.

"This is an extraordinary opportunity for our collective news community and for the future of the hardest-working paper in America, which counts some of the best storytellers in Chicago among its ranks," said Nykia Wright, chief executive officer of the Chicago Sun-Times.

The Sun-Times is owned by a group of philanthropists, labor organizations and businesspeople, including the owner of the Chicago Blackhawks hockey team, Rocky Wirtz.

Its route to becoming a nonprofit differs from its rival, the Chicago Tribune, whose parent company was sold last year to Alden Global Capital, a hedge fund with a reputation for aggressive cost cutting.

The nonprofit model is one that other legacy local newspapers have embraced. The Salt Lake Tribune became a nonprofit in 2019.

The agreement allowed it to continue to sell advertising and charge a cover price while also accepting tax-deductible donations from readers and foundations. It lost its ability to make political endorsements due to rules regulating nonprofits.

The Philadelphia Inquirer and Philadelphia Daily News are owned by a nonprofit, the Lenfest Institute for Journalism but, unlike the Salt Lake Tribune, both Philadelphia publications operate as for-profit businesses.

Similarly, the Tampa Bay Times is owned by the nonprofit Poynter Institute for Media Studies. Some newer digital-media outlets such as the Texas Tribune, ProPublica and the Marshall Project are also nonprofits.

Instagram Tests Option for Users to Pay Creators

By MEGHAN BOBROWSKY

Instagram is launching trials of a subscription service that allows users to pay for extra content from creators, as social-media companies battle to attract individuals who can drive traffic to their platforms.

The Meta Platforms Inc. unit on Wednesday introduced the feature in the U.S. on a limited basis, adding that it provides another way for creators to make money off their followings.

"Creators do what they do to make a living, and it's important that that is predictable," Adam Mosseri, the head of Instagram, said. "Subscriptions are one of the best ways to have a predictable income—a way that's not attached to how much reach you get on any given post, which is inevitably going to go up and down over time."

Creators will be able to offer subscribers access to exclusive Instagram Stories—the photos or video posts that dis-

appear after 24 hours—and to Instagram Lives real-time video streaming sessions.

Facebook, Instagram's sister platform, launched subscriptions in 2020 and said it wouldn't collect any fees from creators until 2023 at the earliest. The same will apply to Instagram subscriptions, Meta said.

Pricing of Instagram's subscriptions range from 99 cents to \$99.99, with options in between, according to a Meta spokesperson.

Twitter Inc. a few months ago launched a similar service called "Super Follows" that allows subscribers to pay for bonus content from their favorite creators. Twitter went public with the feature in September, giving creators the option to charge \$2.99, \$4.99 or \$9.99 a month.

Many social-media companies are pouring money into the creator economy, using financial incentives to try to entice creators to join or stay on their platforms. Snap Inc.'s

Snapchat, Alphabet Inc.'s YouTube and ByteDance Ltd.'s TikTok have all announced investments of massive dollar figures.

Last year, Meta—then still called Facebook Inc.—joined in, saying it would pay more than \$1 billion to content creators on its apps through 2022.

Mr. Mosseri said the subscription project is starting with a relatively small number of creators and will grow over the coming months.

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ByteDance, which owns TikTok and its Chinese counterparts, is one of the companies affected. Video apps at an Expo last year.

China Rules Tighten for Tech Firms

Continued from page B1

of whose products boast more than one billion active users. The Cyberspace Administration of China, on its official account on the social-media platform WeChat, said it hasn't publicly announced any new rules. Tencent and Alibaba didn't respond to requests for comment.

Beijing-based ByteDance, which operates the popular short-video mobile platform TikTok, said Wednesday that the company was dismantling the strategic investment team, which serves as its corporate venture-capital arm.

People familiar with the matter said that the decision was made in response to the new rules and that dozens of employees within the team were being either transferred to other positions or laid off.

Asked whether the decision came in response to the new rules being planned, a ByteDance representative said it was made earlier this year to "strengthen the coordination between strategic research and the business."

For decades, many Chinese technology companies have grown bigger through acquiring startups—a similar strategy used by some American counterparts.

In recent years, Chinese leaders—who have criticized "the disorderly expansion of

capital" in the country—have increased scrutiny into the country's internet sector, which they see as too big and powerful. Among their concerns were the companies' grip on data of billions of people, which officials believed could lead to manipulation of public opinion or pose cybersecurity risks.

Meanwhile, on Wednesday, China's top economic planner issued guidelines on the internet industry, requiring that investments by internet-platform companies into financial firms be strictly regulated.

Beijing has been beefing up antitrust regulations and enforcement. Last year, China set up a new antimonopoly bureau and the legislature proposed tougher amendments to the country's antitrust law. Regulators hit Alibaba with a record \$2.8 billion antitrust fine.

Regulators also repeatedly fined various tech companies over investment deals. Beijing said the companies didn't properly report past acquisitions and fined them each 500,000 yuan, equivalent to about \$77,000.

In July, China's antitrust regulator blocked Tencent's bid to combine the country's two biggest game-streaming platforms, its first public intervention to halt a merger in the technology sector.

In December, Tencent shed most of its stake in JD.com Inc., one of the largest Chinese e-commerce companies, a move analysts said might have been a response to risks posed by an aggressive regulatory stance by China's government. Tencent declined to comment then.

—Raffaele Huang contributed to this article.

BUSINESS NEWS

One Firm Is Behind Scenes at Music Megadeals

Consultants see catalog sales as a growth industry in the age of streaming, and explain how they value a life's work

By ANNE STEELE

As investors rush to buy megastars' music catalogs, Barry Massarsky and his firm are in the middle valuing most of the deals.

He pioneered the economics of royalty cash flows in the early 1990s and together with his business partner, Nari Matsuura, developed a model to guide banks lending to music investors.

Last year Massarsky Consulting valued over 300 catalogs totaling more than \$6.5 billion. "Our website is deluged with more and more demands from newer buyers, from newer sellers," he says.

Stars such as Bob Dylan, Bruce Springsteen and Tina Turner have sold their catalogs to music publishers, funds and private-equity firms.

Mr. Massarsky sold his business this month to professional-services firm Citrin Cooperman for an undisclosed amount.

Mr. Massarsky, 66 years old, and Ms. Matsuura, 51, spoke with The Wall Street Journal about what is on the

horizon for music investments. Edited excerpts follow:

WSJ: How has the client pool expanded in recent years?

MR. MASSARSKY: There are all these new funds, principally backed by private equity. We're seeing everybody from BlackRock to Blackstone to TPG to Carlyle to Apollo to KKR.

MS. MATSUURA: It's not just about buying. It's about what types of rights are you buying. Whoever thought of buying producer rights? Before, people used to shy away from writers' rights. Now writers' multiples are just as high as the publishing multiples. Performance income on the recorded music side—one of the funds, that's all they buy.

WSJ: How has music transformed into this alternative asset?

MS. MATSUURA: There is low volatility in the royalty streams. It almost functions like a bond because you're getting a regular and predictable cash flow. We know



Partners Barry Massarsky and Nari Matsuura sold their business.

the story of streaming. What we didn't see happening was that in the last two years, the whole thesis of the music industry being uncorrelated with the rest of the market would really be proven out. Something else

that's fueling this now is alternative licensing platforms, such as Roblox and TikTok. This is the next growth opportunity, while streaming is still going very strong.

WSJ: How do you value a

catalog?

MS. MATSUURA: We'll look at each revenue stream historically because history is the best predictor of the future, and we'll look at the long-term historical growth or decline, as the case may be, and then the most recent year. We'll have a long view and a short view. Based on that, we'll be able to apply growth-rate scenarios.

WSJ: What makes these assets valuable?

MR. MASSARSKY: We call them standards. It's really older music—'60s, '70s, '80s, '90s. Maybe early 2000s. They have stood the test of time. So many things happen to increase the value of these older songs. There's more airplay for standards on radio today than ever.

In the last year or two, older songs became the phenomena of streaming. And if that's not enough, what about music in film and television and commercials? That old sort of great song that helps identify an operative culture or a moment in time.

Those songs are trading at higher price points for a sync license opportunity. Music has really rediscovered its past in a commercial way.

WSJ: Is there a bubble?

MS. MATSUURA: If you've got strong industry growth, and we have that in streaming and in new license opportunities. It's based on real organic growth: 26% in streaming. And now you're talking about all this extra revenue coming in from social-media platforms that have deep pockets. Where's the bubble if there's strong fundamentals?

WSJ: What's the future of the market looking like?

MR. MASSARSKY: Eventually we're going to see some consolidation. The investor side is becoming much more sophisticated in their financial instruments, whether there's more going to the public market, or whether there's going to be a different limited partner class, or whether there's going to be interest in SPACs.

Covid-19 Sinks Cruise Operator Genting Hong Kong

By DAVE SEBASTIAN

Cruise operator **Genting Hong Kong Ltd.** sought court approval to appoint outside professionals to help lead a restructuring, becoming the industry's highest-profile financial casualty since the onset of the Covid-19 pandemic.

Genting Hong Kong, which is majority owned by Malaysian billionaire Lim Kok Thay, said it would imminently be unable to pay its debt and that it expects to run out of cash around the end of the month. The company, which runs cruises under the Star, Dream and Crystal brands, said it had exhausted efforts to negotiate with financ-

ing counterparties.

The company said Wednesday morning in Hong Kong that it had filed what is known as a winding-up petition with the Supreme Court of Bermuda and applied to appoint joint provisional liquidators. The company is listed in Hong Kong and has its headquarters there but maintains its registered office in Bermuda.

Genting Hong Kong said it would seek a "consensual and inter-conditional restructuring of the group to preserve value for all creditors and other stakeholders." It said the provisional liquidators could help it come up with a restructuring to let it continue as a going con-

cern or could sell some or all of its assets to maximize value for creditors. The company's shipbuilding unit, MV Werften, filed for insolvency in Germany last week. That filing came after Genting Hong Kong and the German state failed to agree on a rescue package for MV Werften, one of a handful of yards world-wide that can build large cruise ships.

Genting Hong Kong, in a filing last Thursday, said the insolvency triggered cross-default on about \$2.78 billion of debt. The subsidiary's collapse exacerbated the challenges Genting has faced during the pandemic, such as Hong Kong's recent suspension of cruises as

the Omicron variant spreads.

The company said Wednesday that some activities, including the operations of Dream Cruises, would continue to "preserve and protect the core assets and maintain the value of the group" but that it expected most of its existing operations to cease.

Genting Hong Kong's stock has been suspended since Tuesday. The company has a market value of about \$451 million, according to FactSet, down from a peak of about \$4 billion in 2013. It reported a loss of \$238 million for the first half of 2021, narrowing from a loss of \$743 million in the same period the year before.

Cruise operators, including Carnival Corp., Royal Caribbean Group and Norwegian Cruise Line Holdings Ltd., have had to suspend many of their sailings during the pandemic, and the spread of Omicron has stymied their efforts to resume a fuller schedule. That has forced the companies to sustain themselves by running up larger debts, as they have burned through hundreds of millions of dollars each quarter. In 2020, Royal Caribbean filed to restructure its Pullmantur Cruises joint venture, which operated three ships, under Spanish insolvency laws.

—Costas Paris contributed to this article.

Genting Hong Kong's share price, past five years



Note: HK\$1 = \$0.13. Source: FactSet

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Underlined quotations are those stocks for which large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by \$2 or more if their previous closing price was \$2 or higher.

Footnotes:
+New 52-week high.
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dd-Indicates loss in the most recent four quarters.
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T-Trading halted on primary market.
V-In bankruptcy or receivership or being reorganized under the Bankruptcy Code, or securities assumed by such companies.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Wednesday, January 19, 2022

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Lists top 1000 stocks including AAPL, MSFT, GOOGL, AMZN, etc.

Table with columns: Stock, Sym, Close, Net Chg, Stock, Sym, Close, Net Chg. Lists top 1000 stocks including XOM, JPM, WMT, etc.

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New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

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Dividend Changes

Dividend announcements with January 19.

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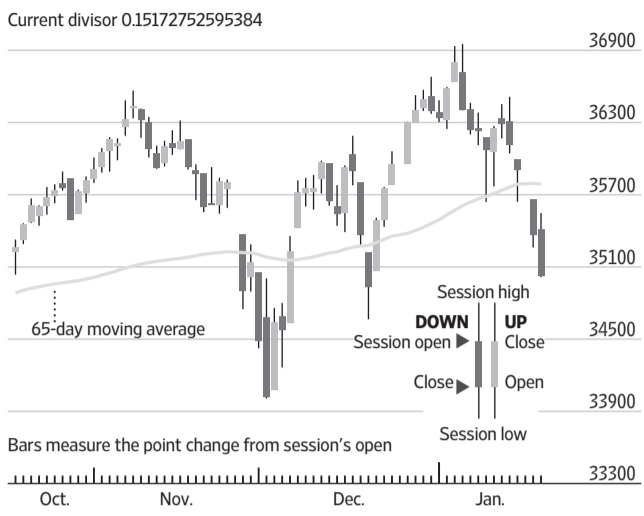
Homes For Our Troops is a national, publicly funded 501(c)(3) nonprofit organization that has been evaluated as one of America's Top Rated Veterans and Military Charities.

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

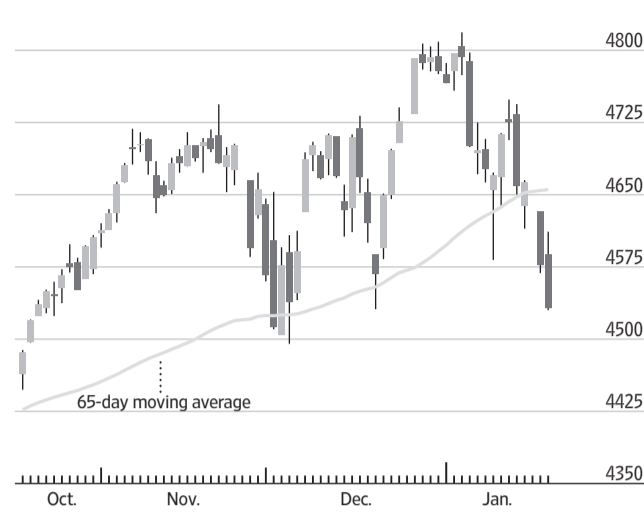
35028.65 ▼339.82, or 0.96%
 High, low, open and close for each trading day of the past three months.
 Last: 21.51, Year ago: 29.54
 Trailing P/E ratio: 18.59, P/E estimate*: 18.59, Dividend yield: 1.97, All-time high: 36799.65, 01/04/22



*Weekly P/E data based on as-reported earnings from Birming Associates Inc.; †Based on Nasdaq-100 Index

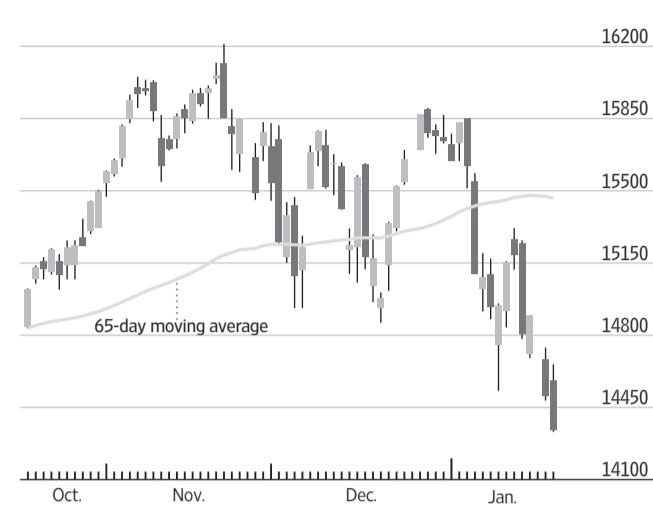
S&P 500 Index

4532.76 ▼44.35, or 0.97%
 High, low, open and close for each trading day of the past three months.
 Last: 28.55, Year ago: 40.98
 Trailing P/E ratio*: 21.10, P/E estimate*: 21.10, Dividend yield*: 1.30, All-time high: 4796.56, 01/03/22



Nasdaq Composite Index

14340.26 ▼166.64, or 1.15%
 High, low, open and close for each trading day of the past three months.
 Last: 37.85, Year ago: 39.98
 Trailing P/E ratio*: 27.62, P/E estimate*: 27.62, Dividend yield*: 0.66, All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

Index	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	35547.83	35015.49	35028.65	-339.82	-0.96	36799.65	29982.62	-3.6	12.3
Transportation Avg	15769.66	15540.42	15588.08	-69.39	-0.44	17039.38	12087.99	-5.4	15.9
Utility Average	954.39	942.42	944.56	1.80	0.19	980.78	795.61	-3.7	10.2
Total Stock Market	46728.81	45883.65	45903.33	-469.39	-1.01	48929.18	39056.49	-5.6	18.6
Barron's 400	1055.46	1034.20	1034.50	-14.91	-1.42	1127.20	866.20	-6.5	15.6
Nasdaq Stock Market									
Nasdaq Composite	14658.89	14331.65	14340.26	-166.64	-1.15	16057.44	12609.16	-8.3	26.1
Nasdaq-100	15382.00	15038.44	15047.84	-162.92	-1.07	16573.34	12299.08	-7.8	30.4
S&P									
500 Index	4611.55	4530.20	4532.76	-44.35	-0.97	4796.56	3714.24	-4.9	19.3
MidCap 400	2742.74	2686.07	2687.06	-37.01	-1.36	2910.70	2340.12	-5.5	13.9
SmallCap 600	1357.23	1327.65	1328.24	-23.50	-1.74	1466.02	1188.71	-5.2	12.8
Other Indexes									
Russell 2000	2109.23	2062.18	2062.78	-33.44	-1.60	2442.74	2062.78	-4.5	-8.1
NYSE Composite	17059.19	16814.81	16818.98	-131.93	-0.78	17353.76	14397.20	-1.4	-2.0
Value Line	653.18	642.40	642.40	-7.01	-1.08	696.40	579.55	-5.9	-4.4
NYSE Arca Biotech	5120.17	5006.95	5008.73	-34.41	-0.68	6319.77	5008.73	-18.5	-9.2
NYSE Arca Pharma	802.56	794.17	794.72	-5.12	-0.64	828.58	667.24	-10.9	-3.9
KBW Bank	144.69	139.04	139.07	-4.51	-3.14	147.56	97.78	-31.9	5.2
PHLX ^S Gold/Silver	136.93	128.56	136.48	9.38	7.38	166.01	117.06	-4.7	3.0
PHLX ^S Oil Service	64.92	62.59	63.38	-0.99	-1.39	69.77	46.63	-23.2	20.2
PHLX ^S Semiconductor	3777.90	3610.48	3612.19	-115.05	-3.09	4039.51	2762.75	-17.1	-8.5
Cboe Volatility	23.99	21.85	23.85	1.06	4.65	37.21	15.01	-10.5	38.5

^SNasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
SPDR S&P 500	SPY	10,107.7	451.78	0.03	0.01	452.32	451.11
Finl Select Sector SPDR	XLF	9,115.7	39.24	-0.02	-0.04	39.35	39.21
Apple	AAPL	6,125.6	165.61	-0.62	-0.37	166.23	165.01
Intel	SQ	4,819.4	127.72	-0.42	-0.33	128.45	126.80
Intel	INTC	4,327.7	53.66	0.04	0.07	53.92	53.51
Weibo ADR	WB	4,032.2	33.55	...	unch.	33.66	33.55
Invesco QQQ Trust I	QQQ	3,821.6	366.42	-0.06	-0.02	366.84	345.99
iShares MSCI Japan ETF	EWJ	3,512.1	65.51	0.16	0.24	65.64	65.35

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Casper Sleep	CSPR	2,181.1	6.40	0.67	11.69	6.60	5.70
Scorpio Tankers	STNG	164.6	13.46	0.96	7.68	13.55	12.50
Clear Channel Outdoor	CCO	269.2	3.25	0.13	4.17	3.25	3.12
Smartsheet	SMAR	269.0	61.40	2.45	4.16	61.40	58.95
Box Cl A	BOX	109.8	26.40	0.90	3.53	26.50	25.50

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Global-E Online	GLBE	233.2	35.00	-3.76	-9.70	38.90	33.40
Alector	ALEC	137.8	15.20	-0.97	-6.00	16.17	15.20
Lumentum Holdings	LITE	110.6	95.00	-4.44	-4.47	99.44	95.00
Varonis Systems	VRNS	370.9	34.80	-1.62	-4.45	36.42	34.80
Talos Energy	TALO	65.4	10.55	-0.47	-4.26	11.02	10.55

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	941,709,625	18,615,184
Adv. volume*	266,798,335	11,065,336
Decl. volume*	669,733,604	6,467,539
Issues traded	3,522	280
Advances	1,063	126
Declines	2,316	145
Unchanged	143	9
New highs	50	1
New lows	312	38
Closing Arms*	1.02	0.38
Block trades*	4,268	155

*Primary market NYSE, NYSE American, NYSE Arca only. †(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	727.75	-5.43	-0.74	-3.6
	MSCI ACWI ex-USA	341.97	-1.38	-0.40	-0.7
	MSCI World	3098.60	-25.61	-0.82	-4.1
	MSCI Emerging Markets	1239.83	-1.75	-0.14	0.6
Americas	MSCI AC Americas	1735.78	-15.95	-0.91	-5.0
Canada	S&P/TSX Comp	21205.16	-69.41	-0.33	-0.1
Brazil	BOVESPA	108013.47	1345.81	1.26	3.0
Latin Amer.	MSCI EM Latin America	2225.48	18.48	0.84	4.5
Chile	S&P IPSA	2911.90	-19.60	-0.67	3.8
Mexico	S&P/BMV IPC	52823.23	-408.97	-0.77	-0.8
EMEA	STOXX Europe 600	480.90	1.11	0.23	-1.4
Eurozone	Euro STOXX	472.48	0.32	0.07	-2.3
Belgium	Bel-20	4210.74	-9.12	-0.22	-1.3
Denmark	OMX Copenhagen 20	1686.56	15.74	0.94	-9.5
France	CAC 40	7172.98	39.15	0.55	0.3
Germany	DAX	15809.72	37.16	0.24	-0.5
Israel	Tel Aviv	2015.01	-13.17	-0.65	1.9
Italy	FTSE MIB	27370.85	-112.43	-0.41	0.1
Netherlands	AEX	772.56	2.86	0.37	-3.2
Russia	RTS Index	1414.68	47.23	3.45	-11.3
South Africa	FTSE/JSE All-Share	76176.15	1220.49	1.63	3.3
Spain	IBEX 35	8774.90	-6.70	-0.08	0.7
Sweden	OMX Stockholm	959.83	5.52	0.58	-7.5
Switzerland	Swiss Market	12525.69	-3.87	-0.03	-2.7
Turkey	BIST 100	2042.08	62.25	3.14	9.9
U.K.	FTSE 100	7589.66	26.11	0.35	2.8
U.K.	FTSE 250	22655.02	2.31	0.01	-3.5
Asia-Pacific	MSCI AC Asia Pacific	191.15	-2.42	-1.25	-1.0
Australia	S&P/ASX 200	7332.50	-76.28	-1.03	-1.5
China	Shanghai Composite	3558.18	-11.73	-0.33	-2.2
Hong Kong	Hang Seng	24127.85	15.07	0.06	3.1
India	S&P BSE Sensex	60098.82	-656.04	-1.08	3.2
Japan	NIKKEI 225	27467.23	-790.02	-2.80	-4.6
Singapore	Straits Times	3283.94	3.90	0.12	5.1
South Korea	KOSPI	2842.28	-21.96	-0.77	-4.5
Taiwan	TAIEX	18227.46	-151.18	-0.82	0.5
Thailand	SET	1658.24	-2.03	-0.12	0.04

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	52-Week High	52-Week Low
Zogenix	ZGNX	25.92	10.28	65.73	26.57	11.03
G Medical Innovations	GMVD	6.12	1.91	45.37	6.74	0.55
Valneva ADR	VALN	47.52	14.75	45.01	67.84	24.16
NSTS Bancorp	NSTS	12.59	2.59	25.90	12.90	10.00
Gamida Cell	GMDA	2.72	0.50	22.52	15.00	2.10
Splash Beverage Group	SBEV	3.96	0.71	21.85	8.94	0.99
MicroSec Gold 3X Lvgd ETN	GDXU	11.80	1.98	20.16	26.86	8.12
Aura Biosciences	AURA	19.50	3.24	19.93	26.16	13.50
Fresh Vine Wine	VINE	6.70	1.10	19.64	9.75	4.28
Fusion Pharmaceuticals	FUSN	8.17	1.32	19.27	13.25	4.09
ETFMG Prrm 2X Dly Jr Silv	SILX	5.47	0.84	18.17	10.18	4.01
New Pacific Metals	NEWP	3.20	0.48	17.65	7.30	2.38
WiMi Hologram Cloud ADR	WIMI	3.00	0.43	16.73	12.94	2.55
Harmony Gold Mining ADR	HYM	4.20	0.59	16.34	5.76	3.00
Betterware de Mexico	BWMX	22.02	3.00	15.77	50.11	18.05

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
SoFi Technologies	SOFI	181,764	479.9	13.71	13.68	28.26	12.02
Vinco Ventures	BBIG	174,838	473.7	4.53	-12.72	12.49	1.53
Ford Motor	F	152,166	44.5	22.45	-7.92	25.87	10.19
SPDR S&P 500	SPY	107,082	43.1	451.75	-1.04	479.98	368.27
Vivos Therapeutics	VVOS	101,947	80283.6	2.30	41.10	10.86	1.63
Apple	AAPL	94,381	3.4	166.23	-2.10	182.94	116.21

COMMODITIES

Futures Contracts

Metal & Petroleum Futures						
	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
Jan	4.760	4.4760	4.4760	4.4625	0.0865	1,759
March	4.4035	4.4885	4.3920	4.4700	0.0875	115,863
Gold (CMX) -100 troy oz.; \$ per troy oz.						
Jan	1817.40	1848.50	▲	1817.40	1843.10	30.80
Feb	1812.90	1843.90	▲	1809.00	1843.20	30.80
March	1814.00	1845.10	▲	1811.20	1844.70	30.60
April	1816.40	1846.10	▲	1811.60	1845.50	30.60
June	1818.70	1848.20	▲	1815.10	1847.80	30.60
Aug	1821.50	1850.40	▲	1818.00	1850.10	30.60
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
Jan	2004.40	103.80	2			
March	1904.50	2042.50	▲	1878.00	2008.40	103.80
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
Jan	1027.10	1027.70	▲	1026.80	48.90	22
April	979.00	1035.50	▲	970.10	1028.40	48.90
Silver (CMX) -5,000 troy oz.; \$ per troy oz.						
Jan	23.505	24.265	▲	23.430	24.226	0.739
March	23.505	24.265	▲	23.430	24.231	0.739
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
Feb	86.61	87.92	▲	85.77	86.96	1.53
March	85.89	86.79	▲	84.99	85.80	0.97
April	84.85	85.62	▲	83.98	84.79	0.93
June	82.86	83.49	▲	82.05	82.82	0.82
Dec	77.64	78.14	▲	76.88	77.57	0.54
Dec'23	70.59	70.98	▲	69.94	70.48	0.31
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
Feb	2.7101	2.7271	▲	2.6650	2.6923	-0.183
March	2.6534	2.6662	▲	2.6105	2.6364	-0.164
Gasoline-NY RB08 (NYM) -42,000 gal.; \$ per gal.						
Feb	2.4592	2.4786	▲	2.4318	2.4570	-0.252
March	2.4667	2.4835	▲	2.4379	2.4615	-0.228
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
Feb	4.327	4.385	▲	4.010	4.031	-0.252
March	4.071	4.119	▲	3.834	3.845	-0.203
April	4.003	4.044	▲	3.815	3.826	-0.157
May	4.049	4.066	▲	3.854	3.865	-0.143
July	4.150	4.162	▲	3.963	3.977	-0.136
Oct	4.184	4.184	▲	3.990	4.004	-0.128
Agriculture Futures						
Corn (CBT) -5,000 bu.; cents per bu.						
March	600.00	614.50	▲	600.00	610.50	11.00

	Open	High	Low	Settle	Chg	Open interest
May	600.00	614.50	▲	600.00	611.00	11.00
Oats (CBT) -5,000 bu.; cents per bu.						
March	648.00	666.25	644.75	655.50	8.75	2,497
May	618.25	632.00	618.25	624.50	6.75	482
Soybeans (CBT) -5,000 bu.; cents per bu.						
March	1363.50	1392.50	1363.50	1391.25	30.00	285,847
May	1372.75	1401.75	1372.75	1400.75	29.75	127,644
Soybean Meal (CBT) -100 tons; \$ per ton.						
March	391.90	400.10	391.10	398.30	8.20	178,592
May	390.50	397.80	389.70	395.90	7.20	105,791
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
March	59.08	60.87	▲	59.08	60.76	1.68
May	59.08	60.88	▲	59.08	60.75	1.67
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
March	14.51	14.67	14.44	14.66	-0.14	6,825
May	14.71	14.86	14.67	14.85	-0.14	260
Wheat (CBT) -5,000 bu.; cents per bu.						
March	772.00	797.25	▲	769.50	796.50	27.50
May	764.75	788.25	▲	759.75	787.25	27.75
Wheat (KC) -5,000 bu.; cents per bu.						
March	775.00	800.50	775.00	800.00	27.25	96,881
July	780.00	806.25	780.00	805.50	28.50	45,626
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.						
Jan	161.150	161.975	160.825	161.400	-0.50	2,451
March	164.850	166.925	164.650	165.625	-2.00	20,699
Cattle-Live (CME) -40,000 lbs.; cents per lb.						
Feb	138.150	139.150	137.850	138.550	-0.875	54,820
April	142.200	143.775	142.000	143.350	1.500	131,297
Hogs-Lean (CME) -40,000 lbs.; cents per lb.						
Feb	81.575	82.550	81.200	82.300	-0.700	32,713
April	89.325	91.400	▲	89.025	91.350	2.075
Lumber (CME) -110,000 bd. ft.; \$ per 1,000 bd. ft.						
March	1295.30	1311.50	1233.70	1233.70	-45.00	1,993
May	1214.80	1214.80	1132.20	1132.20	-45.00	373
Milk (CME) -200,000 lbs.; cents per lb.						
Jan	20.21	20.26	20.21	20.23	...	4,137
Feb	21.62	21.85	21.25	21.31	-0.31	5,016
Cocoa (ICE-US) -10 metric tons; \$ per ton.						
March	2,624	2,680	2,607	2,657	26	86,303
May	2,675	2,722	2,656	2,702	23	53,969
Coffee (ICE-US) -37,500 lbs.; cents per lb.						
March	238.40	245.00	▲	238.35	244.45	4.85
May	238.40	245.00	▲	238.25	244.45	4.95
Sugar-World (ICE-US) -112,000 lbs.; cents per lb.						
March	18.75	19.15	▲	18.70	19.07	41
May	18.50	18.83	▲	18.45	18.78	36

	Open	High	Low	Settle	Chg	Open interest
Sugar-Domestic (ICE-US) -112,000 lbs.; cents per lb.						
March	35.25	35.60	35.25	35.60	.45	1,656
May	35.85	36.10	35.85	36.10	.35	2,264
Cotton (ICE-US) -50,000 lbs.; cents per lb.						
March	121.09	124.78	▲	120.91	123.95	2.87
May	117.73	121.11	▲	117.62	120.45	2.74
Orange Juice (ICE-US) -15,000 lbs.; cents per lb.						
March	150.00	156.20	150.00	155.40	5.20	9,712
May	143.70	147.20	▲	143.70	146.55	3.20
Interest Rate Futures						
Ultra Treasury Bonds (CBT) -100,000; pts 32nds of 100%						
March	185-260	187-250	184-300	187-230	1-22.0	1,274,407
June				188-220	1-26.0	51
Treasury Bonds (CBT) -100,000; pts 32nds of 100%						
March	153-210	154-190	153-070	154-180	28.0	1,217,724
June				156-060	29.0	1,632
Treasury Notes (CBT) -100,000; pts 32nds of 100%						
March	127-095	127-235	127-020	127-215	9.5	3,883,699
June	127-045	127-180	126-285	127-155	9.5	6,338
5 Yr. Treasury Notes (CBT) -100,000; pts 32nds of 100%						
March	118-305	119-077	118-252	119-065	6.0	8,826,114
June				118-197	-7.0	1
2 Yr. Treasury Notes (CBT) -200,000; pts 32nds of 100%						
March	108-152	108-181	108-133	108-168	1.4	2,107,849
30 Day Federal Funds (CBT) -5,000,000; 100 - daily avg.						
Jan	99.9200	99.9200	99.9175	99.9175	146.631	
April	99.6500	99.6600	▼	99.6350	99.6450	-0.050
10 Yr. Del. Int. Rate Swaps (CBT) -100,000; pts 32nds of 100%						
March				98-085	14.0	76,699
Eurodollar (CME) -1,000,000; pts of 100%						
Feb	99.6475	99.6650	▼	99.6400	99.6550	-0.100
June	99.1800	99.2400	▼	99.1750	99.2150	-0.300
Dec	98.6350	98.7050	▼	98.6100	98.6850	-0.050
Dec'23	97.9800	98.0500	▼	97.9450	98.0400	-0.400
Currency Futures						
Japanese Yen (CME) -¥12,500,000; \$ per 100¥						
Feb	87.27	87.58	87.14	87.55	-0.028	797
March	87.31	87.60	87.16	87.57	-0.029	199,579

	Open	High	Low	Settle	Chg	Open interest
Canadian Dollar (CME) -CAD 100,000; \$ per CAD						
Feb	.7996	.8031	▲	.7984	.8007	.0011
March	.7993	.8032	▲	.7982	.8006	.0011
British Pound (CME) -£62,500; \$ per £						
Feb	1.3594	1.3647	1.3588	1.3625	.0029	1,204
March	1.3593	1.3645	1.3584	1.3622	.0029	178,688
Swiss Franc (CME) -CHF 125,000; \$ per CHF						
March	1.0919	1.0951	1.0912	1.0942	.0022	39,703
June	1.0972	1.0983	1.0951	1.0977	.0022	123
Australian Dollar (CME) -AUD 100,000; \$ per AUD						
Feb	.7187	.7239	.7178	.7226	.0040	224
March	.7186	.7240	.7178	.7226	.0040	180,313
Mexican Peso (CME) -MXN 500,000; \$ per MXN						
Feb	.04884	.04894	.04856	.04867	-0.0012	107
March	.04854	.04873	.04827	.04842	-0.0012	151,644
Euro (CME) -€125,000; \$ per €						
Feb	1.1332	1.1363	1.1326	1.1358	.0025	3,846
March	1.1342	1.1370	1.1332	1.1364	.0025	679,643
Index Futures						
Mini DJ Industrial Average (CBT) -\$5 x index						
March	35301	35430	▼	34883	34910	-349
June	35220	35334	▼	34802	34821	-351
Mini S&P 500 (CME) -\$50 x index						
March	4577.75	4603.00	▼	4517.25	4524.25	-47.00
June	4571.25	4595.25	▼	4510.75	4516.75	-47.00
Mini S&P Midcap 400 (CME) -\$100 x index						
March	2721.80	2735.60	▼	2676.00	2679.40	-36.50
June	2689.40	-36.50	n.a.
Mini Nasdaq 100 (CME) -\$20 x index						
March	1528.75	15372.00	▼	15011.25	15033.50	-172.50
June	15240.75	15369.25	▼	15007.50	15032.50	-172.75
Mini Russell 2000 (CME) -\$50 x index						
March	2095.90	2108.40	▼	2054.20	2059.20	-32.90
Mini Russell 1000 (CME) -\$50 x index						
March	2536.00	2543.00	▼	2498.30	2498.70	-28.00
U.S. Dollar Index (ICE-US) -\$1000 x index						
March	95.72	95.78	95.47	95.50	-0.22	52,077
June	95.69	95.72	95.43	95.44	-0.22	1,121

Source: FactSet

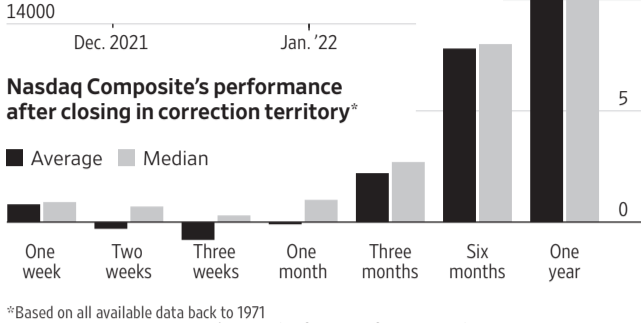
Cash Prices | wsj.com/market-data/commodities

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Wednesday	Wednesday	Wednesday
Energy			
Coal,C.Apic,12500Btu,1.2502-r,w	86.550		
Coal,Pwdr,Rvr,Bsn,8800Btu,0.8502-r,w	28.050		
Metals			
Gold, per troy oz			
Engelhard industrial	1824.00		
Handy & Harman base	1826.95		
Handy & Harman fabricated	2027.92		
LBMA Gold Price AM	*1810.80		
LBMA Gold Price PM	*1817.25		
Kruggerand,wholesale-e	1917.45		
Maple Leaf-e	1935.89		
American Eagle-e	1935.89		
Mexican peso-e	2230.95		

MONEY & INVESTING

Nasdaq Enters Correction



Continued from page B1
est level since January 2020. Yields on interest rate-sensitive two-year notes were down to 1.022% from 1.038% Tuesday.

The moves in the bond market have rippled through stocks, and particularly the tech sector. The Nasdaq Composite is down 8% this year, a much sharper decline than the S&P or Dow industrials.

RESULTS

Table with 2 columns: Metric and Value. Includes 19-Year, 10-Month Bonds, Applications, Accepted bids, etc.

And there are signs that individual investors—a force behind 2021's stock-market rally—are cooling on tech, according to analysts at Vanda Research.

Individual investors have been buying shares of financials and energy companies, while their purchases of high-flying stocks like Advanced Micro Devices and Nvidia have been dwindling, Vanda said.

Other corners of the market have rallied. The S&P 500's value index has been outperforming its growth index by around 7.4 percentage points this month, on pace for the biggest monthly outperformance since December 2000,

according to Dow Jones Market Data.

Some of the biggest lenders in the U.S. reported rising earnings. Bank of America shares rose 18 cents, or 0.4%, to \$46.44 after the lender reported a jump in fourth-quarter profit. Morgan Stanley's shares gained \$1.72, or 1.8%, to \$95.73, after profit topped forecasts.

U.S. Bancorp fell almost 8% after the bank holding company posted a rise in compensation costs. This earnings season, Goldman Sachs, JPMorgan Chase and Citigroup have also reported shelling out more in compensation.

Procter & Gamble said con-



Bank of America shares rose after it reported a jump in profit.

sumers were undeterred by higher prices, leading to higher revenue and lifting shares of the consumer-goods company around 3.4%.

Over the next week, investors will be parsing earnings from big tech companies including Netflix and Microsoft. Dan Morgan, a portfolio manager at Synovus Trust Co., said he would be tracking the results to see what guidance executives provide for future quarters.

Elsewhere, Europe's most closely watched government bond yield turned positive for the first time since 2019. The

yield on the 10-year German bund rose as high as 0.021% Wednesday after trading in negative territory for over 30 months.

Oil prices rose. Brent crude futures rose 1.1% to \$88.44 a barrel, hitting the highest level since October 2014. Wednesday's moves extend a rally driven in part by the potential for supply disruptions in Russia and the Middle East.

Overseas, the Stoxx Europe 600 rose 0.2%.

Early Thursday, Japan's Nikkei 225 was up 0.5%, Hong Kong Hang Seng Index was up 1.8%, but the Shanghai Composite was down 0.3%. S&P 500 stock futures were up 0.2%.

Deal Boom Lifts Profit At Morgan

Continued from page B1

Deal making remains a bright spot. Morgan Stanley's investment banking revenue rose 6% in the fourth quarter. Goldman, JPMorgan and Citigroup also reported gains in investment banking.

The year is off to a good start, with a healthy pipeline for new deals, Morgan Stanley Chief Financial Officer Sharon Yeshaya said on a conference call with analysts. "That said, a lot will depend on monetary and fiscal policy and its impact on sentiment," she added.

Stock and bond trading revenue fell 6% in the fourth quarter. Trading revenue also fell at Goldman, JPMorgan and Citigroup.

Full-year compensation expenses at Morgan Stanley rose 18% to \$24.6 billion. Banks increased salaries for junior bankers across Wall Street in 2021, and firms are also paying up to keep senior executives.

"We feel good that we've paid for performance," Ms. Yeshaya said in an interview.

JPMorgan Chief Executive Jamie Dimon said last week that his bank would remain competitive in compensating its traders and bankers, even if it pressured profit margins.

Morgan Stanley's wealth-management division grew fourth-quarter revenue 10% from a year earlier. The unit's net interest income, a measure of its lending profitability, grew 16%. That growth could continue in the year ahead, as the Federal Reserve has signaled that several interest-rate increases are likely in 2022.

The number of retail-trading clients at Morgan Stanley was 7.4 million, in line with the third quarter total. The

Morgan Stanley's investment banking revenue rose 6% in the fourth quarter.

average daily number of retail trades the company handled for the quarter topped one million but was down 6% from a year ago.

Investment management revenue rose 59% from a year earlier. That rate was boosted by Morgan Stanley's acquisition of Eaton Vance, which closed last March.

Investment Banking Boosts BofA

By ORLA MCCAFFREY

Bank of America Corp. profit rose 28% in the fourth quarter, boosted by record investment-banking revenue and recovering appetite for borrowing from businesses and consumers.

The second-largest U.S. bank earned \$7.01 billion, up from \$5.47 billion a year earlier. Per-share earnings of 82 cents topped the 77 cents that analysts polled by FactSet had expected.

Higher interest income and record investment-banking revenue pushed Bank of America to higher earnings. The bank also reported an earnings slowdown a year ago, making this year's comparisons easier.

Outstanding loans and leases totaled \$979.12 billion in the fourth quarter, up 6% from both the third quarter and a year earlier.

"We feel good about loan growth, better than we would in a normal year," Alastair Borthwick, Bank of America's finance chief, said on a call with reporters.

Bank of America shares closed less than 1% higher.

Other large banks saw their profits decline in the fourth quarter. Some of the business lines that powered banks over

the past two years, like frenetic trading and a lucrative mortgage market, began to return to normal.

Bank of America's revenue totaled \$22.06 billion, up 10% from a year ago. That missed the \$22.18 billion expected by analysts.

Bank of America and its peers are paying the tab for their pandemic deal-making spree, when they hired new employees and paid more to keep their current ones. Bank of America's 2021 compensation expenses rose 10% from a year earlier to \$36.14 billion.

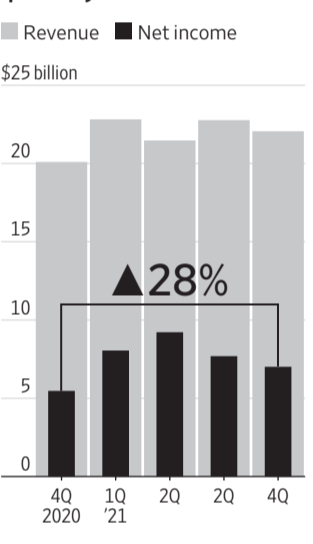
Chief Executive Officer Brian Moynihan said in December that the bank's expenses would increase by a few hundred million dollars in the final three months of the year.

The bank said Wednesday that its noninterest expenses in 2022 would remain roughly the same as in 2021.

"What's going to come out [of expenses] over time is some of the stubborn Covid costs," Mr. Borthwick said. "It costs more to run our financial centers right now just with the pandemic environment."

Fourth-quarter net interest income, which includes money the bank makes on loans, rose 11% from a year earlier to \$11.41 billion.

Bank of America's quarterly financial results



Source: the company

Bank of America has a large base of U.S. deposits, making it particularly sensitive to changes in U.S. interest rates. The Federal Reserve signaled this month that it could raise rates as soon as March.

Expectations for higher interest rates put banks in a good position to make more from lending. When rates are higher, banks can charge more on loans. A surplus of deposits at retail banks means lenders can take their time increasing the

State Street Benefits From Fee Income

By JUSTIN BAER

State Street Corp. said profit jumped in the fourth quarter, as market gains and new client wins brought in more fees for its asset-servicing business and its investment-management arm.

Despite a strong quarter, the company missed analysts' profit expectations. Shares in State Street fell 7.1% on Wednesday.

Net income rose 30% to \$697 million, or \$1.78 a share, from \$537 million, or \$1.39, a year earlier. Analysts polled by S&P Global Market Intelligence had expected per-share profit of \$1.86.

Revenue rose 5% to \$3.05 billion. Analysts expected \$3 billion. Fee revenue increased 4% to \$2.51 billion. Total expenses rose 2%.

Servicing fees, which State Street receives for performing accounting and administrative functions for other money managers, rose 5.9% to \$1.38 billion. Management fees, or what the firm is paid to oversee investment funds, climbed 7.5% to \$530 million.

Deal Boom Lifts Profit At Morgan

amount they pay depositors, further boosting profits. For much of the last two years, banks have struggled to expand their loan books. Consumers and businesses awash in cash had little need for lending. Those reserves have started to dwindle, and banks reported increased demand from businesses and individual customers. At Bank of America, commercial loans grew by 9% from a year ago, while consumer loans edged up 2%.

Noninterest income, which includes fees, rose 8% from a year earlier to \$10.65 billion. The bank last week said it would lower overdraft fees to \$10 from \$35. Overdraft fees delivered about 1.3% of Bank of America's revenue in 2020.

The bank released \$851 million it had set aside to cover pandemic loan losses. Big reserve releases padded profit in 2021, though Bank of America and its peers are nearing the end of that cycle.

Investment-banking fees increased 25% from a year earlier to \$2.38 billion. Adjusted trading revenue was \$2.93 billion, down 4% from a year earlier. JPMorgan Chase & Co., Citigroup Inc. and Goldman Sachs Group Inc. also reported gains in investment banking but declines in trading revenue.

New Highs and Lows

Table with 4 columns: Stock, 52-Wk High, 52-Wk Low, % Change. Lists various stocks and their price movements.

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Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-quoted share classes by net assets. e-Ex-distribution, f-Previous day's quotation, g-Footnotes x and y, f-Footnotes x and y, k-Recalculated by Lipper, using updated data, l-Distribution to stockholders, m-12b-1 fee, n-Redemption charge may apply, o-Stock split or dividend, p-Distribution to stockholders, q-Ex-dividend, r-Footnote x, e and s apply, NA-Not available due to incomplete price, performance or cost data, NE-Not released by Lipper, data under review, NN-Fund not tracked, NS-Fund didn't exist at start of period.

Table with 4 columns: Fund, Net YTD NAV, Net YTD Chg, Net YTD %Ret. Lists mutual funds and their performance.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Home Builders' Future Looks Rosy

The housing market is surprisingly strong but investors have valid reasons to wait and see

This should be a great year for U.S. home builders. Convincing investors of that might take time.

Home building ended 2021 on a strong note; the Commerce Department on Wednesday reported that construction was started on a seasonally adjusted 1.7 million homes, at an annual rate, in December, up from November's 1.68 million. In all of 2021, 1.6 million homes were started, marking the biggest year for starts since 2006.

That strength looks as if it has carried over to the beginning of this year. Permits to build 1.87 million homes were issued last month, at a seasonally adjusted annual rate, versus 1.72 million in November. By now, ground has been broken on many of those projects.

Separately, the National Association of Home Builders on Tuesday said its measure of builder sentiment dipped slightly this month, to 83 from 84 in December. That is still a strong reading; anything over 50 indicates more builders judge the housing environment as good than bad. Even in the boom of the early 2000s, the index didn't get as strong as it is now. A subindex of visits to homes by prospective buyers also eased only slightly, which is notable considering how the rise of the Omicron coronavirus variant might have led some people to postpone looking at homes.

Also, last week builder **KB Home** reported results for its fiscal fourth quarter ended in November that came in well ahead of analyst estimates and, perhaps more important, provided a strong outlook for its current fiscal year.



The National Association of Home Builders said its measure of builder sentiment dipped slightly this month.

Notably, the company said the average selling price of its homes would be \$480,000 to \$490,000 compared with \$422,700 last year, and that its profit margin would expand significantly.

It all sounds very rosy, but any optimism among investors on home builders probably is being tempered by two related concerns. The first is home prices, which seem very high. As of November, the median selling price for a new home was \$416,900, according to the Commerce Department, which compared with \$331,800 in February 2020, before the pandemic struck. Rising material and labor costs are part of why prices have

gone up so much, but there is still the question of how high a price people will be able to afford in the year ahead.

Which brings up the second concern: interest rates. The Federal Reserve might begin raising its target range on overnight rates as soon as March, and expectations that monetary policy will be tighter in the future have begun sending longer-term interest rates higher. Buying a house at a high price is a lot easier when rates are extremely low than when they aren't.

Even with those price and interest-rate headwinds, home builders might still be able to do very well.

In the years following the housing bust, home building slowed dramatically. Now the limited supply of available homes is coming up against very heavy demand. The pandemic helped bring back Americans' taste for homeownership, and with the millennial generation settling down and a strong job market boosting incomes, the backdrop for housing could remain very favorable.

But investors might need to actually see housing do well in the face of rising rates before they believe that. Home builders' results could outshine their share prices until they do.

—Justin Lahart

Banks' Expenses Don't Have To Be Costly

High rates don't mean higher spending

They say you have to spend more money to make more money. But in banking, sometimes you don't really have to do anything at all.

This earnings season has brought a lot of attention to U.S. banks' expenses, which is natural in an inflationary environment. But the focus should be on the combination of cost and revenue, or what is known as operating leverage. This refers to the degree to which higher or lower costs drive revenue growth.

Often, big banks are unlike many other businesses in how they can make money from customers: Lending rates, such as those on credit cards, tend to grow a lot faster than their materials costs—funding rates, like on deposits. As a result, banks can earn billions more when interest rates rise without having to do things such as making more sales or hiring more people. For example, **Bank of America** would expect to see a \$6.5 billion benefit to net interest income over 12 months from a 1 percentage point jump in rates across the curve. These numbers are based on models, but they show the scale of benefit.

In the fourth quarter, Bank of America generated positive operating leverage in part by increasingly reinvesting excess cash which, along with some loan growth, helped boost net interest income over the prior year by 11%. Overall, the bank's net revenue grew 4 percentage points faster than noninterest expenses in the quarter. Meanwhile, the bank said on Wednesday that it expects non-interest expenses in 2022 to be similar to 2021.

Lenders' Wall Street arms do have a major cost in the form of bankers and traders. Pay on Wall Street is rising, but typically not faster than revenue is growing right now. **Morgan Stanley's** compensation and benefits as a percentage of net revenues in its institutional securities business fell from 32% in 2020 to 31% last year, the bank reported on Wednesday.

Meanwhile, investors might not be as focused on investment spending, perhaps thinking it is the good kind of cost. But here is where costs might need a closer look. Higher investment spending can be put toward faster growth in the future but, if it only helps to preserve what banks already have as financial-technology rivals encircle them, then it is really just a higher cost of doing business. The same can be true for investments in compliance systems.

The competitive tech dynamic can influence funding costs, too. Fintechs may be aggressively going after banks' core checking-account customers, which could lead banks to pay higher deposit rates in some markets. The change in deposit rates relative to rising overall rates is known as deposit beta. After a surge in deposits during the pandemic, banks' betas might be low, though the pace at which the Federal Reserve tries to drain that cash from the system is a key variable, too.

The beta dynamic could be more important over time than line items such as whether banks' travel budgets rise in 2022. Investors need to watch expenses, but they shouldn't conflate different kinds of inflation.

—Telis Demos

Cartier's Glow Bodes Well for Luxury Names

Cartier gems likely made it into a record number of Christmas stockings last month. Bulgari and Tiffany & Co. should also benefit from sparkling demand for expensive jewelry.

Richemont, the Swiss luxury goods company that owns Cartier and Piaget, said Wednesday that group sales for the three months through December increased almost a third compared with the same quarter of 2020. Its shares gained 8% in early trading. Most of Europe's big luxury names have sold off this year as investors dumped growth stocks. Richemont's results are the first sign that demand for the expensive goods the sector sells is holding up.

All of the company's divisions did well, including troubled online retailer Yoox-net-a-Porter, which many investors would like to see sold off. But the 38% year-over-year growth seen at Richemont's jewelry brands was most eye-catching. Although consumers splurged

on gems in all regions, U.S. shoppers—who typically buy half of the world's diamond jewelry by value, according to De Beers—were especially extravagant. Richemont's sales in the Americas were up 59% compared with the same quarter before the pandemic, in 2019.

In a positive sign, the growth appears to have come from selling more items rather than raising sticker prices. Richemont does pass on higher labor and raw-material costs, but hasn't pushed increases as hard as some luxury brands. A classic flap bag made by privately-owned Chanel is now 70% more expensive than before the pandemic in some markets, based on Jefferies analysis.

Expensive jewelry brands tend to do well when stock markets and household wealth are high, as has been the case throughout most of the pandemic. Consumers also have had fewer spending options: Money that would normally be spent on luxury travel has likely been



The growth seen at Richemont's jewelry brands was most eye-catching.

mopped up by watches, necklaces and the like.

Overall, U.S. jewelry sales increased 32% year-over-year from Nov. 1 to Dec. 24, according to Mastercard SpendingPulse. The RapNet Diamond Index for one-carat diamonds rose 17.4% in 2021 as consumer demand picked up. And in the latest bullish sign, De Beers upped prices of uncut diamonds by 8% at its first sale of 2022, Bloomberg reported.

All this bodes well for Bulgari and Tiffany & Co., rival jewelry brands owned by luxury goods giant **LVMH Moët Hennessy Louis Vuitton**, which reports festive sales later this month. The company's fashion labels Louis Vuitton and Christian Dior have been its chief growth drivers during the pandemic. Cartier's results suggest LVMH's jewelry brands could be about to shine too.

—Carol Ryan

Sony Braces for Microsoft's 'Pay-to-Win' Strategy

Microsoft is flashing its wallet to bulk up in games. That adds up to a fearsome boss battle for **Sony**, Microsoft's rival in video-game consoles.

Investors in the Japanese company are clearly feeling some nerves after Microsoft said Tuesday that it would spend \$75 billion to buy game company **Activision Blizzard**. Sony's share price plunged 13% Wednesday, its biggest one-day drop since 2008.

The Activision deal—it would be Microsoft's largest acquisition—is a clear statement of the Xbox maker's intent to invest more in quality videogame content. The transaction would boost Microsoft's game library, especially in what are known as AAA games—big-budget titles like "Call of Duty." The technology giant completed its \$7.5 billion purchase of ZeniMax Media, the owner of popular game franchises like "Doom" and "Fallout," last year.

Sony may suffer directly from the deal if Microsoft decides to pull some Activision titles out of Sony's PlayStation console, making them exclusive to Xbox. Citi estimated that the potential profit hit from losing that royalty income



An Activision deal would boost Microsoft's library with titles like 'Call of Duty.'

could amount to 10 billion yen to 30 billion yen, the equivalent of about \$87 million to \$262 million. But that is relatively minor: Sony's operating profit for the 12 months ending in September was around ¥1 trillion.

The bigger worry for Sony investors is how the gigantic deal could shake up the videogame industry writ large. Sony had been leading Microsoft in the console war. A better content library might

push more gamers toward Xbox.

And Microsoft's ambitions go beyond consoles. The company has a Netflix-like subscription service called Xbox Game Pass with more than 25 million subscribers. The service is available on personal computers and enables users to stream games on mobile devices over the cloud. The Activision deal could help the service attract gamers across devices. Activision also has a strong presence in mobile

games, with top-grossing titles like "Candy Crush Saga" and "Call of Duty: Mobile."

Sony in turn might have to splash more cash to keep up. Shares of game companies in Japan and elsewhere mostly went up on the news. **Capcom** rose 4.6%, while **Square Enix** gained 3.7%. **Take-Two Interactive's** proposed \$11 billion purchase of **Zynga** this month also helped push up the valuation of potential acquisition targets.

But Sony should move carefully, especially since it can't possibly compete with Microsoft on financial prowess alone. Microsoft's free cash flow is more than twice that of Sony's, according to S&P Global Market Intelligence. Sony needs to keep beefing up its content, but it should focus on buying and joining with smaller, independent game studios rather than super heavyweights like Activision. The company's other entertainment assets—it owns a major Hollywood studio and a major music label—could provide an edge.

Microsoft's megadeal ups the ante in the war for content. Sony will need to play smart to stay ahead.

—Jacky Wong

