

What's News

Business & Finance

U.S. oil prices closed above \$110 a barrel for the first time since 2011 as Russia's war in Ukraine started to scramble world oil flows and OPEC decided it would stick to its plan to boost output only slightly. **A1**

◆ **U.S. stocks rose**, with the S&P 500, Dow and the Nasdaq gaining 1.9%, 1.8% and 1.6%, respectively. **B1**

◆ **The Fed's Powell**, testifying before a House panel, said he would propose a quarter-percentage point rate increase at the central bank's next policy meeting. **A1**

◆ **Ford is reorganizing** its operations to create two separate divisions—one for its conventional gas-engine business and another to focus on developing electric vehicles and software. **A1**

◆ **The Biden administration** is preparing to confront China on its industrial subsidies and seek ways to protect America's edge in new technologies. **A2**

◆ **Former Nissan executive** Greg Kelly was found guilty of helping Ghosn evade Japan's pay-disclosure laws during one fiscal year and received a suspended sentence. **B1**

◆ **Citigroup has underperformed** its peers and needs a comprehensive transformation that will take years, CEO Fraser told investors. **B1**

◆ **Fanatics has raised** \$1.5 billion from a group of investors, pushing the company's valuation to \$27 billion. **B1**

◆ **The defense team** for former Goldman banker Roger Ng sought to undermine the testimony of the prosecution's star witness. **B10**

Russian Strikes Exact Heavy Toll



Attacks on Ukraine's cities intensify; deaths from one week of war are put in thousands

BY YAROSLAV TROFIMOV AND JAMES MARSON

KYIV, Ukraine—Russian forces pounded Kharkiv, Ukraine's second-largest city, with airstrikes in a bid to break the will of the country's resistance as Moscow's offensive toward Kyiv stalled amid fierce Ukrainian counterattacks and logistics mishaps.

Russian missile debris fell near Kyiv's central train station on Wednesday night, damaging a major heating pipeline, with the blast wave breaking the station's windows. Thousands of civilians, particularly women and children, are sheltering in the station at night as they await evacuation trains to western Ukraine. Ukrainian officials said the missile was shot down by Kyiv's air defenses.

In the southern part of the country, Russian forces have gained a swath of land and have entered the Black Sea port city of Kherson.

For the first time, Russia's Defense Ministry acknowledged extensive losses in the seven days of war, saying that 498 Russian troops have been killed and 1,597 injured. Moscow said its forces killed 2,870 Ukrainian soldiers.

Ukraine hasn't released its casualties, but said its military has killed 5,840 Russian troops. Ukrainian officials have put the invasion's civilian death toll at about 2,000.

Kharkiv residents said the city of 1.4 million people suffered heavy bombardment for the third day in a row, including airstrikes that hit residential areas and civilian infrastructure.

Please turn to page A10



Ukrainians take shelter from Russian strikes in a Kyiv subway station on Wednesday, top. Refugees file for residency papers in Prague, bottom. A bombardment continued to inflict heavy damage in Ukraine's second-largest city, Kharkiv.

Oil Tops \$110 as Global Trade Is Scrambled

U.S. oil prices closed above \$110 a barrel for the first time since 2011 on Wednesday as

By Collin Eaton, Joe Wallace and David S. Cloud

Russia's war in Ukraine started to scramble the world's oil flows and OPEC decided it would stick to its plan to boost

output only slightly. The jump in prices reflected an uncertain new order emerging among the world's chief buyers and sellers of oil as long-held assumptions about how major players would respond in the event of a supply shock were being upended by rapidly shifting geopolitical views on Russia. Russian supplies that had

been expected to continue flowing to customers and evade major impacts from sanctions were snarled instead as some buyers refused to take the cargoes. Middle East producers that had responded to U.S. calls for more production in the past were walking a careful line on Russia, their new partner in the oil alliance known as OPEC+. Meanwhile, Western compa-

nies such as Exxon Mobil Corp. that had long produced oil with partners in Russia were pulling out, raising questions about that output. And U.S. shale companies, which had been viewed as swing producers that could quickly respond to market shortfalls just a few years ago, continued to indicate they were holding the line on added spending as signs emerged that

their ability to ramp up might be bottlenecked. Exxon Chief Executive Darren Woods said that existing sanctions directed toward Russia, as well as the possibility for reprisals to escalate, factored into the company's decision to shut down its operations in the country and halt new investment there. Please turn to page A13

Ukrainian Jews Decry Putin's Nazi Smear

BY YAROSLAV TROFIMOV

KYIV, Ukraine—Hours after a Russian missile Tuesday struck the television tower in Kyiv's Babyn Yar area, the site of one of the worst massacres during the Holocaust, Vitali Senchenko phoned his cousin in Israel, trying to get his family out of the city.

"The Babyn Yar attack was the last straw," Mr. Senchenko, a cyber defense expert, said on Wednesday in the basement of a synagogue in Kyiv's

Podil area as he prepared to part with his wife Kateryna and their two children, ages 2 years old and 1 month. They were to leave on an evacuation convoy organized by the Jewish community.

Mr. Senchenko said he is remaining in Kyiv to apply his skills helping the city's defense. "He is staying so that we could come back," Kateryna said.

Down the corridor, Galina Naletnikova—who also decided

Please turn to page A9

How Might the War End? Five Factors Loom Large

BY STEPHEN FIDLER

Vladimir Putin's invasion of Ukraine isn't going as planned so far, according to military strategists, with Russia facing tougher armed resistance than expected and harsh Western sanctions.

That raises the question, what next?

Although predictions are next to impossible, military strategists are focusing on several factors to provide clues,

including the performance of the armies on the ground and the impact of sanctions.

One thing becoming clear is that the performance of Russia military thus far is delivering Mr. Putin a reality check and potentially scrambling the range of outcomes. "Every day the Ukrainians don't lose, they win politically," said Michael Clarke, former director of the Royal United Services Institute, a London think tank. "And the political cost for him is going

up on a daily basis." Lawrence Freedman, a professor emeritus of war studies at King's College, London, doesn't think the Russians will succeed in installing a puppet government in Ukraine. "They can't occupy the whole country," he said. "A puppet government in Kyiv not backed by Russian arms wouldn't have any legitimacy and wouldn't survive."

That will likely make it difficult. Please turn to page A8

Gerald F. Seib: China and India hold a key for Putin **A4**

Sanctions begin to bite Russian citizens **A7**

Pentagon holds off missile test **A8**

Wounded Russian soldiers are ferried into Belarus **A10**

Abramovich plans to sell soccer club Chelsea **A12**

Ford Separates Gas-Engine, EV Units in Major Overhaul

BY MIKE COLIAS

Ford Motor Co. is reorganizing its operations to create two separate divisions—one for its conventional gas-engine business and another to focus on developing electric vehicles and software.

Ford said Wednesday that it plans to keep both operations in-house with separate names and their own leadership structures and profit-and-loss statements. Eventually, the auto maker intends to break out separate statements for the two di-

visions. The changes are being made immediately, Ford said.

The company also raised its projection of electric-vehicle production and profitability. It expects electric sales to account for one-third of global sales by 2026—or about two million EVs total—and half of global sales by 2030, compared with a previous target of 40%. Ford also lifted its forecast for operating-profit margin to 10% by 2026. Please turn to page A6

◆ **Heard on the Street:** Ford seeks an inner Tesla..... **B12**

INSIDE



BUSINESS & FINANCE
Citigroup CEO says bank needs transformation that will take years. **B1**

Powell Calls for Rates To Rise a Quarter Point

BY NICK TIMIRAOS

Federal Reserve Chairman Jerome Powell said he would propose a quarter-percentage point interest-rate increase at the central bank's meeting in two weeks amid high inflation, strong economic demand and a tight labor market, offering an unusually explicit preview of anticipated policy action.

Mr. Powell said Wednesday that before Russia's invasion of Ukraine last week he expected the central bank would follow

that initial rate rise with a series of increases this year.

"For now, I would say that we will proceed carefully along the lines of that plan," Mr. Powell told the House Financial Services Committee. "We're going to avoid adding uncertainty to what is already an extraordinarily challenging and uncertain moment."

While he said it was too soon to say how the war and heavy sanctions imposed by the West against Moscow would influence the central bank's decision, he said it would follow. Please turn to page A2

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U.S. NEWS

U.S. Moves to Confront China on Trade

WASHINGTON—The Biden administration is preparing to confront China on its industrial subsidies and seek ways to protect America's edge in new technologies, hardening U.S. economic policy toward the nation's chief global rival.

By Yuka Hayashi, Lingling Wei and Alex Leary

U.S. efforts to be rolled out in coming months could include a new investigation into Beijing's support for sectors it considers strategic, using Section 301 of the Trade Act, according to people familiar with policy discussions.

Section 301 is a powerful tool allowing U.S. officials to single out certain practices of a trading partner and take punitive action should they determine those practices violate trade law. While the people didn't cite potential targeted sectors, China has identified

semiconductors, artificial intelligence, 5G wireless and electric vehicles as areas where it seeks global leadership.

The White House is also weighing more scrutiny of U.S. companies' investments in China, tighter export controls on sensitive technologies and greater cooperation with European and Asian allies and partners on subsidies and other issues, these people said.

The approach is motivated by growing convictions within the Biden administration that former President Donald Trump's tariff campaign against Chinese imports failed to persuade Beijing to compete fairly in international trade. The Office of the U.S. Trade Representative said in its annual policy agenda on Tuesday that it is realigning its China policy to confront Beijing's nonmarket practices but didn't provide new details on specific measures.

"It is apparent that existing trade tools need to be strengthened, and new trade tools need to be forged," the USTR said in a Feb. 16 report to Congress.

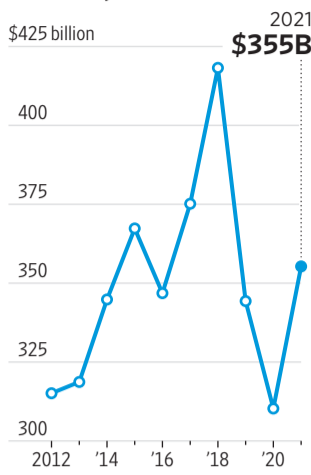
The changes will allow President Biden, a Democrat, to distance himself from his Republican predecessor's trade policy, which resulted in a "phase one" trade deal with China in 2020 and remains largely intact.

"We are seeing increasing signs of their own distinctive approach," said Scott Kennedy, senior adviser at the Center for Strategic and International Studies, of White House officials.

While the administration has been considering a potential new 301 case for some time, the new initiative comes as efforts to build on the phase-one deal have stalled, with high-level U.S. and Chinese officials no longer in close communications on trade, according to people close to both sides.

Russia's invasion of Ukraine has become another source of tension with Beijing. In the

weeks leading up to the invasion, China dismissed U.S. warnings that Russian President Vladimir Putin was preparing an attack, instead saying Washington was stoking fears.



Relations between the two countries eased with the signing of the trade deal in 2020 but have since soured over issues including the Covid-19 pandemic, Taiwan and China's crackdown on Muslim ethnic groups.

Chinese leaders are frustrated that Washington has largely left the Trump-era tariffs in place while expanding the list of Chinese technology companies subject to blacklisting over their alleged support for China's military and Beijing's mass surveillance of ethnic groups.

A fresh 301 investigation could have severe repercussions, according to some Chinese officials and government advisers, who say China might respond with retaliatory measures—including adding U.S. companies to its "unreliable entity" list barring them from the Chinese market.

"Hundreds of Chinese companies are on the U.S. govern-

ment's entity list these days," said a government adviser in Beijing. "But China has refrained from putting any U.S. firms on its entity list."

Chinese President Xi Jinping doesn't want relations with Washington to become outright hostile, the officials and advisers say, but has little motivation to compromise on key issues at the heart of the strained bilateral ties.

Despite signing of the 2020 trade accord, the Trump administration kept 25% tariffs on approximately \$250 billion of Chinese imports and 7.5% tariffs on \$120 billion of Chinese imports.

Mr. Biden has faced growing pressure from business groups representing companies that must pay the import duties. "The current policy with the tariffs...hasn't worked," said Jon Gold, a spokesman for the National Retail Federation. "We haven't seen an improvement."

Economic Setback Early in Year Detailed

By Bryan Mena

The U.S. economy grew at a modest to moderate pace from mid-January through early February as the Omicron variant of Covid-19 disrupted businesses and held back consumer spending, the Federal Reserve said Wednesday.

The Fed's periodic compilation of business anecdotes from around the country, known as the Beige Book, provided the latest evidence that the pandemic dealt a setback to the economic recovery in recent months. Millions of workers called in sick in January. Companies also cited severe winter

weather as a disruption.

Demand for workers remained high at the beginning of the year and businesses expressed difficulty in hiring, which was somewhat exacerbated by the Omicron surge. Still, the report noted that "workers and firms recovered more quickly than during pre-

vious waves" of the virus.

Businesses across the country reported that the prices they charged customers rose robustly, mostly due to the rise of transportation costs. The increased costs of labor and continuing material shortages also contributed to the rise in consumer prices.

Powell Tees Up Quarter Point Hike

Continued from Page One

ence the U.S. economy, he revealed general urgency to continue tightening policy.

The S&P 500 rose 1.9% Wednesday, a day after the index fell 1.6%. Yields on benchmark 10-year Treasury notes have been especially volatile. They rose to 1.862%, from 1.708% Tuesday and 1.836% Monday.

Mr. Powell effectively ended a debate in markets and among other Fed officials over whether they would lift rates from near zero this month with a larger half-percentage-point increase. At the same time, he laid the groundwork for the possibility of half-point increases this summer.

Consumer prices in January rose 6.1% from a year earlier, according to the Fed's preferred gauge. Excluding volatile food and energy categories, so-called core inflation rose 5.2%, close to a 40-year high. "This is strong, high inflation, and it's very important that we get on top of it, and that's exactly what we're going to do," Mr. Powell told lawmakers.

Mr. Powell said he and his colleagues expected inflation to peak and diminish soon. "To the extent inflation comes in higher or is more persistently high than that, then we would be prepared to move more aggressively" by raising rates by a half-point at one or more meetings later this year, he said. The Fed hasn't raised rates by a half point since 2000.

Mr. Powell also said he expected the Fed would make "good progress" preparing its plans to shrink its \$9 trillion asset portfolio, but that it wouldn't finalize those plans at its March 15-16 meeting.

Fed officials last spring and summer attributed most of the rise in inflation to supply-chain bottlenecks, which wouldn't necessarily demand a policy response if those kinks were expected to resolve themselves in a few months. On Wednesday, Mr. Powell suggested high inflation was resulting from the collision of both strong demand and supply constraints. The emphasis on demand is important because Fed interest-rate increases can bring supply and demand into balance by slowing down hiring and economic activity more broadly.

Mr. Powell said a shortage of workers was driving up wages, and the Fed was watching carefully for signs that the war in Ukraine would further boost prices. The Fed wouldn't have to raise rates as much, he said, if bottlenecks eased and more workers returned to the labor market. "Honestly, we have the tools and we will use them to get inflation under control, but to the extent we get help from the supply side, it'll make that job so much easier," he said.

His remarks underscore the challenge facing the central bank as it prepares to raise interest rates for the first time since 2018. During geopolitical shocks, the Fed generally avoids taking steps that increase uncertainty. But with inflation running far above its 2% target and the Ukrainian crisis threatening to push prices even

higher, the Fed could feel more pressure to raise rates.

Mr. Powell cited the risk of unintended and downstream effects of rising prices for oil, natural gas and other commodities for which Russia is a major exporter, including neon, palladium, wheat and fertilizer. "Events like a war...will drive up the price of oil and gas, and that'll get into prices, certainly," he said.

Lawmakers pressed Mr. Powell on the Fed's previous view that inflation pressures would abate more quickly on their own last year.

Rep. Andy Barr (R., Ky.) said the central bank should have removed stimulus faster after congressional Democrats and the White House approved a \$2 trillion spending program one year ago. "Do you and your colleagues concede now in hindsight that the overly accommodative monetary stance for too long was a mistake?" he asked.

Mr. Powell said that was for others to determine. "I always thought there was a chance we'd be wrong, and that if we were wrong, we'd be able to pivot, and we did pivot, and we pivoted pretty quickly" last December, he said. "But by then, the economy really was moving very, very fast."

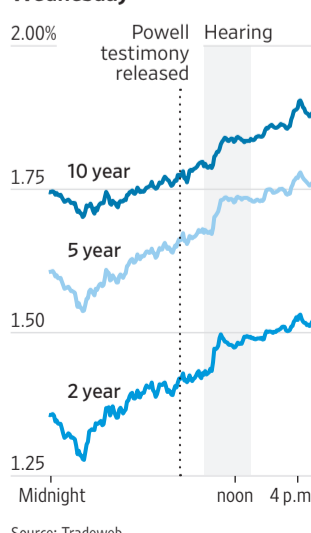
Other Republicans offered sympathy. "You have a very tough job ahead of you," said Rep. Roger Williams of Texas.

A debate effectively ended over whether a larger half-point rise is coming.

Democrats, meanwhile, appeared divided about how the Fed should respond. Some asked why Mr. Powell hadn't moved faster to withdraw stimulus last year, while others hinted at concerns the Fed was overreacting to events beyond its control.

Mr. Powell said the labor market was strong enough that the economy should be able to withstand higher rates. He said he was hopeful the economy could slow enough to hold back rising prices and wages without producing a recession or a period of high inflation like one witnessed in the 1970s. "We haven't faced this challenge in a long time, but we all know the history and we all know what we need to do," he said.

U.S. Treasury yields, Wednesday



U.S. WATCH



ASH WEDNESDAY: Cardinal Wilton Gregory, archbishop of Washington, D.C., places ashes on the forehead of a parishioner.

WASHINGTON, D.C.

Guilty Plea Entered In Capitol Riot Case

A military veteran from Alabama pleaded guilty to seditious conspiracy, admitting he worked to keep President Biden from taking office through violence on Jan. 6, 2021, a plea deal reached on the same day as a federal prosecutor opened the first criminal trial in connection with the Capitol riot.

In the first such agreement, a win for prosecutors in their investigation into the riot by supporters of then-President Donald Trump, 33-year-old Joshua James also pleaded guilty to obstructing an official proceeding and faces a potential maximum sentence of 20 years in prison. He has agreed to cooperate with

prosecutor and based on how helpful he is, he could face less than seven years in prison, according to the agreement.

In January prosecutors charged 11 people, including Stewart Rhodes, the leader of the right-wing militia group the Oath Keepers, with seditious conspiracy, the most serious case the Justice Department has brought in connection with the attack. In a statement of facts, Mr. James admitted to working with Mr. Rhodes to stop the transfer of power to Mr. Biden, and to helping others amass weapons for a "quick reaction force."

In February 2021, according to the statement of facts, Mr. James stored firearms, ammunition and other tactical gear at Mr. Rhodes's instruction.

—Aruna Viswanatha and Alexa Corse

ECONOMY

New Report Tallies Child-Care Shortage

A daycare worker shortage has left nearly half a million families without child care, according to a new report, keeping many parents at home and hindering the labor market.

Wells Fargo economists, using labor-market data, calculated that the drop in daycare employment from pre-pandemic levels has left about 460,000 families still in need of alternative arrangements.

The latest data add to evidence that a shortage of child-care workers is rippling throughout the U.S. workforce, hampering companies that are trying to hire more workers and particularly affecting the careers of women.

Broadly, the U.S. labor market has recently shown signs of improvement. But as parents struggle to find care for their children, the responsibility of staying home more often falls on the mother, Wells Fargo said. The labor-force participation rate among women has fallen to the lowest levels in decades during the pandemic, according to government data.

"There are no overnight fixes to this issue," said Sarah House, a senior economist at Wells Fargo and co-author of the report.

—Camille Furst

TEXAS

Judge Backs Parents Of Transgender Teen

Parents scored a narrow victory Wednesday in a lawsuit challenging a new state policy directing child-protection officials to investigate whether transgender youths receiving hormone blockers and other treatments are be-

ing subjected to child abuse.

A Texas judge granted a request by parents of a 16-year-old transgender girl to temporarily forbid the state from conducting an investigation into whether helping their daughter obtain such medical treatments constituted child abuse.

The parents, who brought the case under pseudonyms to protect their privacy, allege the state already is investigating them after Texas Gov. Greg Abbott issued a directive last week outlining the new policy. The parents said their daughter was receiving medical treatment for gender dysphoria. Their child's birth certificate said she was male, but she now identifies as female and has been receiving medication to delay puberty.

The judge said she would hold a hearing next week to consider a statewide injunction.

—Laura Kusisto

NEW ORLEANS

With Mardi Gras Over, Mask Mandate to End

New Orleans is lifting its indoor mask mandate now that the annual Carnival season, which draws large crowds to city streets and packs bars and restaurants, is over, the city health director said Wednesday.

Dr. Jennifer Avegno said the mask mandate ends Thursday at 6 a.m. She added that another Covid-19 mitigation measure—a requirement that customers show proof of vaccination for entry into bars, restaurants or other venues—will end March 21, if infections and hospitalization rates remain stable.

New infections are falling locally and nationally.

—Associated Press

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CORRECTIONS & AMPLIFICATIONS

Lucid Group Inc.'s future plant in Saudi Arabia will have the capacity to build 150,000 vehicles annually. A Business & Finance article Tuesday about the company incorrectly said the plant would have an annual capacity of 125,000 vehicles.

Notice to readers
 Some Wall Street Journal staff members are working remotely during the pandemic. Please send reader comments only by email or phone, using the contacts below, not via U.S. Mail.

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

U.S. NEWS

New York Loses Bid To Disband The NRA

By MARK MAREMONT

A state court judge dismissed the New York Attorney General's attempt to dissolve the National Rifle Association, ruling that the state's allegations of corruption and mismanagement by NRA top officials fell short of the public harm required to impose the "corporate death penalty" on the nonprofit group.

Wednesday's ruling by New York Supreme Court Judge Joel M. Cohen represented a big win for the NRA, even as it allowed the bulk of the New York attorney general's case to go forward against the group and four of its top current and former officials.

The decision comes 18 months after New York Attorney General Letitia James filed a lawsuit against the NRA and its top officials, alleging that they violated the state's nonprofit laws by illegally diverting tens of millions of dollars from the group through excessive expenses and contracts that benefited relatives or close associates.

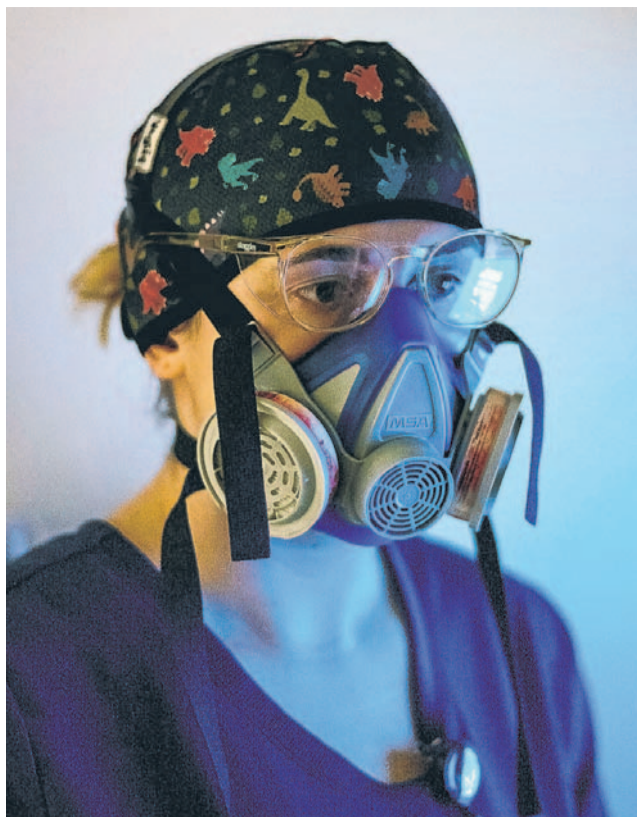
The NRA and its officers deny the claims. The NRA has charged that the suit by Ms. James, a Democrat, is politically motivated, which she has denied. The NRA, a New York nonprofit since its founding more than 150 years ago, falls under Ms. James's regulatory authority.

If the attorney general's allegations are proved, they could be addressed through less intrusive measures, the judge ruled, and dissolving the NRA "could impinge, at least indirectly, on the free speech and assembly rights" of the group's members.

Ms. James said she was disappointed that the judge ruled against the dismissal portion of the case and said the AG's office is considering its legal options. She welcomed the court's decision on the other counts, which she said affirmed her office's right to pursue claims that "fraud, abuse and greed permeate through the NRA."

"We applaud the court's recognition that dissolution is neither appropriate nor justified," said William A. Brewer III, an outside attorney for the NRA. "We look forward to continuing the defense of the NRA—and proving that it acts in the best interests of its members and the Second Amendment freedoms in which they believe."

Last year, the NRA attempted an end-around the New York action by filing for bankruptcy in Texas, but a federal bankruptcy judge dismissed the petition.



Nurse Staffing Is Tight Even As Virus Eases

By KRIS MAHER

PITTSBURGH—Louise Dobbins thought her job would feel less like being an air-traffic controller by now. But finding beds for patients in an overcrowded healthcare system is as hard as ever, she says.

One recent morning, Ms. Dobbins was trying to find beds for 12 patients to transfer into Allegheny General Hospital, one of the biggest hospitals in Pittsburgh that takes many of the region's sickest patients. But the hospital was already running at 110% capacity.

"I think people are under the misconception that because Covid has peaked and it's on the downturn that staffing issues will go away," said Ms. Dobbins, director of capacity management for Allegheny Health Network. "I don't think that's going to happen."

At 10 a.m., Ms. Dobbins held her daily morning call with the health system's 14 hospitals to gauge each one's capacity challenges. Sitting in a room with a big screen that shows the number of beds filled and capacity percentages, Ms. Dobbins got an update from each hospital. At Allegheny General, there were already seven patients in the emergency department waiting for beds, including three who needed to go to the intensive-care unit.

More than a month after the Covid-19 Omicron surge peaked and began to decline, and as states are lifting Covid-

related restrictions, the staffing crisis at many hospitals is still running high. A shortage of nurses and other staff means fewer beds are available for patients.

Hospitalization counts have plunged as the Omicron wave recedes. By Monday, the seven-day average for hospitalized people with confirmed and suspected Covid-19 cases in the U.S. was 49,900, down 69% from an all-time high that topped 159,000 five weeks earlier, according to data from the Department of Health and Human Services.

In 15 states, a third or more of hospitals said they had a critical staffing shortage last month, according to the American Hospital Association. Nurses are among the positions in greatest demand, and two-thirds of hospitals across the country have a nurse vacancy rate of 7.5% or more, the association said.

Allegheny General, for example, has only enough personnel to cover about 370 beds, far fewer than the 522 beds the hospital is licensed for, according to Ms. Dobbins.

The pressures have eased since early January. But staffing and capacity issues are still more strained than earlier in the pandemic.

Managing the system requires a combination of daily triage and efforts to bring in more nurses and retain existing staff.

Claire Zangerle, chief nurse executive for the health system, said that in the past year



Above, a nurse tended to a patient inside Allegheny General's ICU, where there is always a ratio of one nurse per one or two patients. Nurse Morgan Veglia, above left, had one of her ICU patients die of Covid-19, only to be replaced right away with someone who had suffered an overdose.

she has lost about 350 nurses who decided to work as travel nurses for higher pay. She has been forced to hire about 400 travel nurses herself as a result, and she has orders out to hire 75 more.

Ms. Zangerle says she pays agencies between \$150 and \$225 an hour per travel nurse, compared with a staff nurse who might earn \$35 to \$60 an hour. In 2021, the health system spent \$57 million on premium pay for traveling nurses and incentives for current staff nurses, up from about \$18 million in 2020, Ms. Zangerle said.

Allegheny Health Network had an operating loss of \$136 million in 2020, and a loss of \$9 million through the first six months of 2021, as patient volumes improved. But labor costs remain high, prompting Ms. Zangerle and others to lobby state lawmakers for help.

While the number of Covid patients at hospitals such as Allegheny General have fallen overall in recent weeks, some still need ICU services. On a recent day when three patients in the hospital's emergency department were waiting for an ICU bed, a 53-year-old patient with Covid died in the ICU.

Nurse Morgan Veglia, 23, said that within 30 minutes of taking her patient to the morgue, she had a new patient who had suffered an overdose. Down in the emergency department, she said, there was one less person waiting for a bed.

COLLECTION
Fifty Fathoms

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"I've learned not to take time for granted. What drives me is knowing that the clock is ticking."

Ryan Reynolds

TAG HEUER BOUTIQUE
FIFTH AVENUE & 54TH STREET

TAG HEUER

CARRERA

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TAG HEUER BOUTIQUE
FIFTH AVENUE & 54TH STREET

U.S. NEWS

China, India Hold a Key for Isolated Putin



CAPITAL JOURNAL
By Gerald F. Seib

When Vladimir Putin looks west, he sees surprisingly united opposition to his brutal onslaught in Ukraine. The U.S. and its allies are lowering a big economic-sanctions hammer; normally reticent Germany is sending arms to Ukraine; even neutral Switzerland is swinging in behind the effort to punish Moscow.

This is the picture President Biden had in mind when he declared in his Tuesday night State of the Union address: "Putin now is more isolated from the world

than he has ever been." Yet from that long, Covid-distancing table at which he receives visitors in the Kremlin, Mr. Putin also can look in another direction—east and south—and see something quite different. China and India, the world's two most populous countries, are squirming yet not united with the West in isolating Russia. Potentially, they could provide a critical lifeline. Increasingly, a key question for Mr. Putin and his economy is going to be where they land.

Both countries abstained on a United Nations resolution condemning the Russian invasion. That seems particularly galling, coming after decades of lectures directed to the West from both China and India about the need to honor nations' sovereignty and territorial integrity. It's hard to imagine an action more in violation of those principles than the drive into Ukraine. The key figure in this tab-

leau is Chinese President Xi Jinping, who has more power than anyone to offer Mr. Putin economic and diplomatic relief. Graham Allison, a Harvard professor, longtime national-security adviser to presidents of both parties and author of perhaps the most influential book on U.S.-China relations of the past decade, is clear on how he thinks Mr. Xi will play his hand: "Will Xi have Putin's back? The answer is yes," Mr. Allison says.

Mr. Allison argues that the Chinese leader has "defied political gravity" by building a strong bond with the leader of Russia, with which relations had previously been tense and even confrontational. "This has been done largely by the art of Xi, and by us demonizing both of them," he says. China and Russia, Mr. Allison says, are constructing what the late strategic thinker Zbigniew Brzezinski feared they might: a coalition in which they are united by shared grievances against the U.S.

Messrs. Xi and Putin have tended to this relationship carefully. They have met dozens of times. They talk by phone regularly. There is ample reason to think Mr. Putin delayed his mauling of Ukraine so it wouldn't distract from the pleasant picture Mr. Xi wanted to offer as his country hosted the Winter Olympics.

This doesn't mean China will publicly endorse the invasion. "The Chinese will wiggle and stumble where they can because this is an unambiguous, gross violation of their principles for the international order," Mr. Allison says.

But beyond the public ambivalence, he believes, China will provide Mr. Putin economic relief: "Every bit of gas he doesn't sell to Europe the Chinese will buy." Beijing might provide help for a Russian tech sector cut off from the West. Beyond that, the Chinese probably figure they benefit from a prolonged U.S.-Russian confrontation because American

military resources are diverted away from Asia.

Still, Robert Gates, former CIA director and defense secretary, isn't so sure. He thinks Mr. Xi may have been unpleasantly surprised by how far Mr. Putin has gone, and is unhappy about that. "He wanted a calm 2022" for his Olympics and a coming Communist Party congress where he will win another term, says Mr. Gates. "I think this is a disruption and a unification of the West that he didn't want."

Indeed, Ukraine's foreign minister, Dmytro Kuleba, told CNN that his Chinese counterpart said in a phone call that Beijing "is ready to seek a peaceful solution to this conflict through diplomacy."

More than that, Mr. Gates adds, Mr. Xi will be loath to get trapped in the economic backlash against Russia by too openly defying the West: "Given the magnitude of the sanctions against Russia, the last thing he's going to want to do is get caught up

in those sanctions." One benefit China may reap, in Mr. Gates's view: It's learning lessons on using less brutal means if and when it seeks to take over Taiwan.

India is, if anything, even more conflicted. Russia is a traditional ally and supplier of the majority of its military equipment. Yet it has a famously tense relationship and shares a disputed and occasionally violent border, with China. India is trapped, and it may bob and weave without joining the Western response.

So yes, Mr. Putin faces a united economic backlash from the West. But he also knows the North Atlantic Treaty Organization would act to directly help Ukraine militarily only by unanimous consent, which isn't happening. And he knows two countries containing a third of the world's population aren't signing up for the economic war against him. Perhaps he doesn't feel as isolated as some think.



The panel is seeking emails of John Eastman, at right, who advanced a legal theory to keep former President Donald Trump in office.

House Panel Cites Evidence of Crime In Trump's Bid to Overturn Election

By BYRON TAU AND SADIE GURMAN

WASHINGTON—The House select committee investigating the Jan. 6 assault on the U.S. Capitol said in a court filing Wednesday that it believes former President Donald Trump and some of his allies might have committed crimes by seeking to overturn the results of the 2020 presidential election.

In a legal filing previewing some of its findings, the committee—made up largely of Democrats as well as two Republicans who have been critical of Mr. Trump—said it has evidence to show Mr. Trump violated several laws in an attempt to keep Congress from certifying President Biden's victory.

A spokesman for Mr.

Trump didn't respond to requests for comment.

The panel suggested it had evidence that Mr. Trump potentially engaged in conspiracy to defraud the U.S., obstructed an official proceeding and committed fraud—federal charges that could eventually be referred to the Justice Department for consideration. Such a move would thrust the Justice Department into a political firestorm.

The committee says that evidence provides "a good-faith basis" for concluding that Mr. Trump has violated federal law banning obstruction of an official proceeding. "The Select Committee also has a good-faith basis for concluding that the President and members of his Campaign engaged in a criminal conspiracy

to defraud the United States," lawyers for the congressional panel wrote in a filing in the U.S. federal district court in Orange County, Calif.

The filing came as part of legal proceedings over the testimony of John Eastman, a lawyer and professor at Chapman University, who advanced a fringe legal theory in the wake of Mr. Trump's loss that Vice President Mike Pence could stop certification of the election on Jan. 6, 2021, as part of his ceremonial role as vice president.

The panel's immediate aim was to force Mr. Eastman to hand over thousands of pages of emails that he is suing to withhold.

The panel said Mr. Trump and his allies entered into an agreement "to defraud the

United States by interfering with the election certification process, disseminating false information about election fraud, and pressuring state officials to alter state election results and federal officials to assist in that effort," according to the filing.

Mr. Eastman sued the committee in January to stop enforcement of its subpoena for documents—arguing that the panel was infringing on attorney-client confidentiality by asking for documents prepared in his capacity as a lawyer, as well as on his constitutional rights. Lawyers for the panel are proposing that a court could look at Mr. Eastman's documents and determine whether to turn them over.

—Alex Leary contributed to this article.

Manchin Unmoved On Biden Proposal

By SABRINA SIDDIQUI

WASHINGTON—President Biden's effort to use his first State of the Union address to revive his stalled domestic economic agenda before Congress appeared to fall short as a key Democrat remained unmoved by the president's appeal.

In his speech Tuesday, Mr. Biden made the case for parts of his proposed \$2 trillion Build Back Better agenda as a potential tool to drive down inflation, reduce the deficit and spur economic growth. But the president's pitch did little to persuade Sen. Joe Manchin (D., W.Va.), whose lack of support for the legislation has halted its passage on Capitol Hill and frustrated progressive Democrats.

Responding to Mr. Biden's speech, Mr. Manchin said all of his concerns about the social-spending bill, particularly passing it against the backdrop of decades-high inflation, still stood.

"Nothing's changed," said Mr. Manchin, a centrist Democrat who sat with Republicans during Mr. Biden's speech. "I've never found out that you can lower costs by spending more."

Mr. Manchin also cited other expenses the U.S. government will incur, including Covid-19 relief and defense money, as Congress negotiates an omnibus spending package for the fiscal year 2022 that will likely include additional

funds to deal with the crisis in Ukraine. "It just keeps adding up," he said.

In his remarks, Mr. Biden acknowledged the toll of inflation on the American public and that many families were struggling to pay bills. He touted steps his administration has taken to ease supply-chain backlogs, but inflation continued to accelerate in January to another four-decade high.

Mr. Biden argued Tuesday that his plans to boost domestic production of automobiles and semiconductors and rebuild the nation's roads and bridges would drive down costs. He also called on Congress to pass several elements of the bill—such as plans to lower the cost of prescription drugs and offer healthcare and child-care subsidies.

But Mr. Manchin, when asked if he could support the passage of individual components of the bill, responded: "Not until you get your financial house in order can you do that."

Other Democrats largely praised the president for what they said was an emphasis on speaking to the concerns of families still struggling economically. But some progressive lawmakers expressed frustration that Mr. Biden's agenda remained stalled despite concessions they had made to reach a deal.

—Eliza Collins and Natalie Andrews contributed to this article.

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Photo: WFP/KEN Wain

Lawmakers in March 2021

U.S. Unveils Plan to Shift Focus In Efforts to Manage Covid-19

By STEPHANIE ARMOUR AND BRIANNA ABBOTT

Moving the U.S. beyond the Covid-19 pandemic will require vigilance for new variants, measures to prevent businesses and schools from shutting down, and continued global vaccine donations, according to a blueprint released Wednesday by the Biden administration.

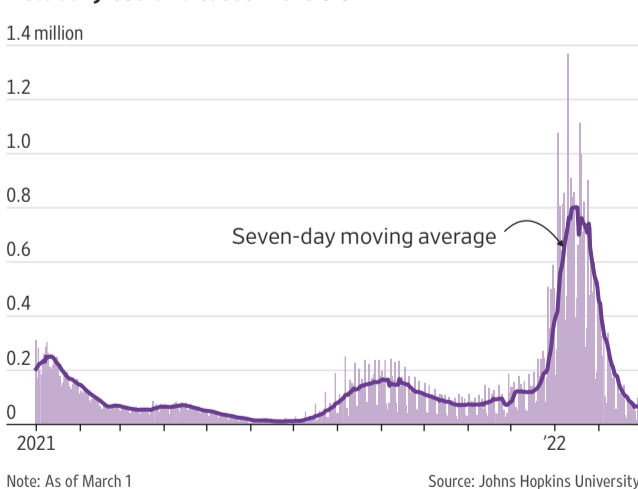
The plan underscores the administration's shifting focus from responding to the pandemic crisis to a new normal that focuses on managing the disease. But the road map, the result of weeks of work with advisers, state leaders and public health experts, relies heavily on Congress approving billions of dollars in new Covid-19 relief funding.

The administration last month told Congress it needs an additional \$30 billion in coronavirus response aid. The request includes \$17.9 billion for medical countermeasures like antivirals, \$4.9 billion for testing capacity and \$2.7 billion to combat future variants.

It is uncertain whether lawmakers will be on board with a request for billions more dollars to cope with Covid-19 going forward, and some Republican lawmakers have already expressed skepticism over the price tag.

Lawmakers in March 2021

New daily Covid-19 cases in the U.S.



approved a \$1.9 trillion pandemic response legislation that was signed into law.

White House advisers on Wednesday didn't say how much money they would ask Congress for.

The blueprint follows President Biden's State of the Union address, where he emphasized the U.S. has the tools to keep schools open and called on people to return to downtowns and office buildings.

The nation has been emerging from a surge of cases driven by the Omicron variant and new infections have plunged, with the seven-day average for newly reported cases in the U.S. at about

70,000 compared with peaks of roughly 800,000 in January. "Covid need not control our lives," Mr. Biden said at the address.

Still, the seven-day average for deaths from Covid-19 is around 1,800, which some public-health experts say is too high to be dropping measures such as masking. The Centers for Disease Control and Prevention has eased guidelines on Covid-19 masking with new metrics which indicate about 40% of U.S. counties are in high-risk areas where masks are recommended, down from more than 99% that were deemed high risk before the changes.

States Add TikTok To Probe Of Platforms

By JOHN D. MCKINNON

WASHINGTON—A coalition of state attorneys general is launching an investigation into TikTok, seeking information about whether and how the video-sharing platform contributes to online harms to children.

The move extends an investigation unveiled by the same group of eight state attorneys general into Meta Platforms Inc.'s Instagram that focuses on similar concerns. The expansion adds fast-growing TikTok—owned by Beijing-based ByteDance Ltd.—to the list of targets under scrutiny.

"Today, attorneys general across the nation joined an investigation into TikTok for providing and promoting its social media platform to children and young adults while use is associated with physical and mental health harms," the prosecutors said in a joint announcement Wednesday.

Leading the investigation is a bipartisan coalition of attorneys general from California, Florida, Kentucky, Massachusetts, Nebraska, New Jersey, Tennessee and Vermont, the group said. They are being joined by a broader group from across the country.



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U.S. NEWS

Date Set for Supreme Court Confirmation Hearings



STARTING GATE: Senate Minority Leader Mitch McConnell (R, Ky.) met Wednesday with Supreme Court nominee Ketanji Brown Jackson at the Capitol. She also met with Majority Leader Chuck Schumer (D., N.Y.) and other senators. Confirmation hearings for Judge Jackson will begin March 21. If confirmed, she would succeed Justice Stephen Breyer and would be the first Black woman on the court.

Illinois Politician Faces Racketeering Charges

By Joe Barrett

CHICAGO—Former Illinois House Speaker Michael Madigan was indicted Wednesday by a federal grand jury on charges of racketeering conspiracy, bribery, wire fraud and extortion a little more than a year after he was voted out by the Democratic party caucus as the longest-serving state house speaker in U.S. history.

The 22-count indictment follows a yearslong probe into a variety of alleged schemes by Mr. Madigan, 79 years old, including allegations that Commonwealth Edison, the state's largest utility, had handed out jobs and internships to associates of Mr. Madigan in order to pass legislation beneficial to the utility.

"The indictment alleges a long-term, multifaceted scheme to use public positions for unlawful private gain," said U.S. Attorney John R. Lausch Jr.

Mr. Madigan has repeatedly denied wrongdoing. His long-time spokesman didn't respond to a request for comment.

Mr. Madigan, who served as speaker of the Illinois House for all but two years from 1983

until 2021, was the head of what the federal indictment labeled a criminal enterprise whose goal was "to exercise, to preserve, and to enhance Madigan's political power and financial well-being."

The enterprise sought to "financially reward Madigan's political allies, political workers, and associates for their loyalty, association with, and work for Madigan; and to generate income for members and associates of the enterprise through illegal activities," according to the indictment.

A date for Mr. Madigan's arraignment hasn't been set.

The indictment asks that Mr. Madigan and an associate named as a co-defendant forfeit \$2.8 million in proceeds from their alleged crimes.

The Chicago Democrat, who rose through the political machine of Mayor Richard J. Daley, served as both House Speaker and chairman of the state Democratic party, giving him unusual control over state politics. He failed to win reelection to the speakership in January 2021, amid the federal probe. He resigned from the legislature the following month.

Ford Forms Separate EV Unit

Continued from Page One from a prior goal of 8%.

The plan represents one of the company's boldest steps yet under Chief Executive Jim Farley to speed development of new battery-powered models. It also comes as investors are driving up the valuations of Tesla Inc. and other auto startups that are focused solely on selling electric vehicles.

Ford shares rose 8.4% Wednesday to \$18.10. The stock is down about 13% on the year.

Mr. Farley, who took the top job in 2020, has repeatedly said the business of developing and selling electric vehicles is vastly different from its conventional gas-engine operations, requiring new technical expertise and a distinct sales strategy.

"Our legacy organization has been holding us back. We had to change," he said at a news conference Wednesday.

Ford needs to keep churning out gas- and diesel-engine vehicles—which today deliver all of its bottom line—to boost profitability as it sharpens its focus on the battery-powered vehicles that it expects will drive growth over the next decade, Mr. Farley said. He said the new structure will help Ford reduce complexity and cut \$3 billion in annual costs from the gas-engine side of the business

by focusing more closely on reducing quality problems and simplifying its model lineup.

Ford said the part of the business that will focus on electric vehicles and digital innovations will be named Ford Model T, a play on the historic Model T, which helped bring relatively affordable cars to the middle class in the first part of the 20th century. The other side, Ford Blue, will work to improve profitability of its internal-combustion-engine vehicles.

Mr. Farley will serve as president of the Ford Model e unit, while continuing as CEO. The Ford Blue business will be led by Kumar Galhotra, now the company's president of the Americas and international markets.

The reorganization plans follow speculation among in-

vestors and media over whether Ford could spin off its electric-vehicle operations as a way to unlock value.

On Wednesday, Mr. Farley said his team looked at a spinoff but decided the company is able to fund the EV

The business that will focus on electric vehicles will be named Ford Model e.

transition without tapping the capital markets. He also said Ford needs both a division focused on future technology, such as batteries and software, along with the engineer-

ing and manufacturing expertise of Ford's legacy business.

"The new startups would love to have the industrial know-how of our company," he said. "Why spin out Model e and risk that?"

Ford finance chief John Lawler later added that there are no current plans for a spinoff or to create another way for investors to bet on the EV portion of Ford's business, such as a tracking stock.

In the past few years, many of the world's largest auto makers have spelled out strategies to shift capital spending toward electric vehicles and digital services that they envision generating revenue after the initial sale. Ford, General Motors Co., Volkswagen AG are pouring billions of dollars into battery plants and new electric-vehicle

factories as they race to bring to market more EVs, which today account for just around 4% of U.S. vehicle sales.

Ford's creation of separate divisions goes further than most other car companies. Rival GM, for example, in 2019 divided leadership of its electric-vehicle and internal-combustion businesses and has created new posts for digital innovation and EV charging infrastructure, but has stopped short of distinct divisions with their own profit-and-loss statements.

Executives at GM and other auto makers have said they are open to options, but that there is too much overlap between the electric-vehicle and internal-combustion parts of the business to cleave off one or the other.

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THE UKRAINE CRISIS

Sanctions Begin to Bite Russian Citizens

Ruble's collapse and soaring interest rates are felt in wallets; travel plans derailed

By ANN M. SIMMONS

MOSCOW—The impact of harsh economic sanctions on Russia has begun to reverberate through day-to-day life.

Long lines have formed at some banks as the ruble continues to plummet and Russians rush to withdraw hard currency. Movie theaters have been forced to cancel the showing of American films, after U.S. studios Disney, Warner and Sony halted the release of films in Russia.

Netflix customers in Russia were unable to pay for subscriptions with credit cards issued by some Russian banks, including Sberbank, a target of U.S. sanctions. The problem was soon resolved, according to Netflix.

Some Russians shelved plans to buy a new home after mortgage interest rates more than doubled to 20%. Meanwhile, Russians have started to stock up on products such as foreign medications out of fear they might become scarce or completely run out in the coming weeks and months. Around 55% of Russian medications are imported, according to 2021 data from the DSM Group, a Moscow-based marketing agency that specializes in pharmaceutical market research.

Olga Sazonova, 60 years old, a St. Petersburg coach and psychologist who offers what she describes as “body mindfulness tours” to Europe and beyond, was slated to take a group of 12 people to the Maldives in April. After flight bans were imposed, that trip has been shelved and she is waiting for a refund of her deposit from the hotel.

Realtor Tatyana Johnson said the increased mort-

gage rates had crippled the plans of several of her clients who had planned to take out a mortgage. At least two clients, who were about to buy second homes at a pre-sanctions interest rate of 11%, abandoned their plans.

“Of course, it’s become unbearable,” she said.

Ms. Johnson also had plans to fly to Serbia on Feb. 26, two days after the first set of sanctions were imposed by the West to punish Russia for its invasion of Ukraine. But the flight bans scotched those plans. While her airfare was refunded, Ms. Johnson lost the advance payment on her hotel.

“The sanctions were not justified” because they harm ordinary people, Ms. Johnson said.

Kremlin spokesman Dmitry Peskov said Wednesday that “the Russian economy has suffered a serious blow,” but he insisted “we are still standing.”

The Kremlin has responded to Western sanctions, impos-

ing a ban on the issuance of loans by Russian residents to foreigners and ordering exporters to sell 80% of their foreign-currency gains from exports. The government has also said it would spend one trillion rubles, equivalent to around \$9 billion, to buy shares in Russian companies.

‘It’s become unbearable,’ says a realtor whose sales fell through.

Nonetheless, “the current situation is very difficult,” said Stepan Goncharov, an analyst at Levada Center, an independent Russian pollster. “It will lead to long-term consequences. It will have an effect not on only the middle class, but also the lower class, which is larger. They will also feel this

change in their normal lives.”

Mr. Goncharov said these sanctions could have far-reaching domestic consequences because the low-income Russians who will bear the brunt of the sanctions comprise Russian President Vladimir Putin’s core political base.

Russian tech-savvy youth, who are more globally connected and are largely opposed to the Kremlin’s military campaign, will also feel the pinch, Mr. Goncharov said, adding that the pain will spread through much of the population in the next several months.

“I think for sanctions [people] will blame European countries and the U.S.A.,” Mr. Goncharov said. “But of course, there will be a drop in the standard of living and for this, responsibility will be put on the government, because they couldn’t make the economy self-efficient and defend ordinary people, and of course part of this blame will be put

on the president as well.”

Thousands of Russians took to the streets across several cities last week to protest the war. Authorities used violence to disperse them and have since detained almost 6,900 for participating in un-sanctioned demonstrations, according to OVD-Info, an activist group that monitors police detentions. Russian authorities have since quickly repressed other spontaneous demonstrations.

On Wednesday, a post on the Twitter account of jailed opposition leader Alexei Navalny urged Russians around the world to come out in protest of authorities’ attempts to quash opposition to the Kremlin’s aggression in Ukraine.

“We must, gritting our teeth and overcoming fear, come out and demand an end to the war. Each arrested person must be replaced by two newcomers,” the tweet said.

—Valentina Ochirova contributed to this article.

Vise on Moscow Tightens Despite Energy Payments

The aggressive sanctions against Russia left loopholes to allow payments for critical oil and gas supplies that fuel Europe—and the world’s—economies. But businesses are

By Patricia Kowmann, Julie Steinberg and Leslie Scism

instead going beyond, slapping a toxic label on anything to do with Russia, shunning its oil, refusing to issue insurance and cutting off financial transactions even with entities not on the sanctions list.

The result is deeper financial pressure on Russia, potentially triggering bankruptcies in industries that can’t get access to cash or pay their bills. Other unintended consequences include higher prices for energy and crops like wheat, triggering greater inflation in the global economy.

“It’s amazing how quickly the spigot turns off in our world,” said Jerry Paulson, a senior vice president at Chicago insurance brokerage HUB International Ltd. “Everything is coming to a halt, and this is just one more thing that will negatively affect commerce with Russia.”

Western banks, wary of accidentally running afoul of sanctions or of doing business with a Russian bank that may be targeted next, have been hesitant to enter any deals and transactions, according to bankers, consultants and officials monitoring the sanctions. They are also taking cues from their own clients, who ceased

business with Russia.

“Anything with Russia currently is going to be subject to delay, scrutiny, disruption,” said Justine Walker, head of sanctions and risk at the Associate of Certified Anti-Money Laundering Specialists, a consulting firm that works for big banks.

“Our risk appetite for new credit business in Russia and with Russian banks has been reduced to zero,” an official at a German bank said.

The main carve-out from the sanctions was Russia’s huge oil and gas exports. The move was meant to protect Europe, which is dependent on Russian energy, and global consumers struggling with high energy prices. But oil topped \$110 a barrel on Wednesday, which will further increase pump prices.

But companies don’t want to touch the Russian financial system, even to pay for oil, which is allowed. That has driven up the price of crude from the rest of the world.

“I have clients asking whether they should restructure their operations so they don’t have to deal with any Russian bank at all,” said Ori Lev, a partner in the law firm of Mayer Brown in Washington, D.C., and former official in the Treasury’s Office of Foreign Assets Control, which enforces sanctions.

“Their worry isn’t just how to respond to sanctions today. It is how to protect their business from any future sanctions,” said Mr. Lev, who serves clients like banks and insurers.

Global banks, having seen billions of dollars in penalties against HSBC Holdings PLC, Standard Chartered PLC and BNP Paribas SA for violating sanctions, are wary of making a misstep. Some companies are also afraid of the reputational risk in doing business, even with Russian entities that aren’t under sanctions.

Among those staying away are insurers, which have stopped issuing two types of insurance that are crucial for companies with operations or trading partners in Russia.

Political-risk insurance pays customers for losses caused by government actions including war, expropriation and forced sales of assets. The other major type of coverage that has been cut is trade-credit insurance, which protects businesses when their trading partners don’t pay for goods and services.

The lack of trade-credit and political-risk insurance “will severely damage Russian cross-border trade with the rest of the world,” said Michel Léonard, who leads the economics and analytics department at the Insurance Information Institute, a trade group. He added that sanctions, a ruble collapse and illiquid bond markets “could lead to Russian carriers becoming insolvent.”

In recent days, nearly all of the roughly 60 carriers around the globe that sell the coverage stopped issuing policies for transactions involving Russian companies, said Nick Robson, global leader of credit specialty coverages at the insurance broker Marsh Inc., a



An oil tanker travels under a bridge in Istanbul after departing from Russia's Novorossiysk port.

unit of Marsh McLennan Cos. Like sales of oil and gas, which have been crimped despite being exempt from sanctions, insurers appear to be going beyond what’s required. Insurers’ “conservative position on future sales may be more conservative than the sanctions for a period of time and that could have an impact on the delivery of goods and services in Russia beyond the impact of sanctions,” Mr. Robson said.

One concern is that even if companies have money, the sanctions will make it impossible for them to pay their bills. “The payment goes to a bank and that bank now can’t transact,” said Daniel de Búrca, a spokesman for the International Credit Insurance & Surety Association, a trade body.

Other insurance products have become prohibitive or not available at all. It is all but impossible to secure insurance to sail into Ukraine’s Black Sea

ports, said an executive at a tanker company. To operate in Russia’s Black Sea ports such as Novorossiysk, insurers in the Lloyd’s of London market are charging a premium of up to 2% of the value of a newly built tanker, which equates to about \$800,000, for 10 days of coverage, this person said.

The sanctions are a moving target, adding further uncertainty for businesses.

On Wednesday, the U.S. added financial pressure on Russia’s most powerful people. The Justice Department launched a new task force to hunt down and seize the luxury real estate, private jets, yachts and other assets of Russian oligarchs who help President Vladimir Putin to stay in power. The task force was announced after a virtual meeting of members of the Group of Seven largest advanced economies.

U.S. officials warn they are

prepared to escalate the sanctions in tandem with Russia’s attack on Ukraine. That includes threats to cut off more of the banking sector from the global financial system, blacklist more important state enterprises and additional export controls. They also said the carve-outs for energy might not be renewed after they expire in late June.

Even if sales of energy are allowed to continue, history shows that carve-outs are complicated.

When the U.S. reimposed sanctions on Iran in 2018, European banks steered clear of any significant transactions with Iran even though their governments had kept sanctions suspended. Western firms were wary of being hit with multibillion-dollar fines by U.S. authorities for running afoul of U.S. sanctions law.

—Ian Talley, Joe Wallace and Sadie Gurman contributed to this article.

U.S. Tries to Rally Mideast Partners, but Many Stay Neutral

The Biden administration is pushing its closest Middle East partners to back Ukraine in its deepening war with Russia and for help alleviating the

By David S. Cloud in Tel Aviv, Benoit Faucon in London and Summer Said in Dubai

economic fallout—without much to show for it.

From the Persian Gulf’s oil-rich monarchies to Israel, U.S. allies and partners are staying neutral or tempering their criticism of Moscow in a revealing sign of Russia’s growing influence in the region.

Saudi Arabia, the de facto OPEC leader, has rebuffed U.S. requests to pump more oil to help tame surging crude prices, which topped \$110 a barrel amid concerns over supply after Russia invaded Ukraine. The United Arab Emirates, which hosts U.S. troops, ignored U.S. lobbying and abstained from a U.N. Security Council resolution condemning the Russian invasion.

Even Israel, the U.S.’s closest ally in the region, has refused a Ukrainian request for weapons and other military equipment, such as helmets and protective vests, said Ukraine’s ambassador, Yevgen Korniychuk. Israel fears choosing sides too openly

against Moscow could prompt Russian forces in Syria to respond by interfering with its long-running air campaign against Iranian-backed militias there, Israeli officials said.

A senior U.S. official said the diplomatic response in the region has been more cautious than Washington would have preferred. But there is far more agreement than is visible publicly on steps to calm energy markets and avoid economic shocks if Russian President Vladimir Putin prolongs the conflict, the official said.

“We are focused on ensuring we are putting maximum pressure on Russia and Putin, while mitigating the risk to the U.S. and the global economy,” the official said, adding that high-level talks with the Saudis and others are aimed at making “sure we are coordinated and understand each other’s actions.”

While Saudi Arabia has pushed back against previous U.S. requests for additional oil supplies, officials at the Organization of the Petroleum Exporting Countries say the group and its allies didn’t discuss at their monthly meeting on Wednesday any measures to counter a move by International Energy Agency members to release 60 million barrels of oil from their emergency stockpiles in an attempt to



OPEC delegates attended an energy symposium last month in Riyadh, Saudi Arabia.

tame prices. Meanwhile, Qatar, recently designated by the U.S. a non-NATO major ally—a title not given to the Saudis or Emiratis—has expressed openness to divert some gas shipments from Asia to Europe to help fill potential disruptions in Russian natural-gas supply, people familiar with the talks between U.S. and Qatari officials said.

Nonetheless, the Ukraine invasion has highlighted how frayed the oil-for-security bargain between the U.S. and its Arab partners has become,

with doubts about American staying power in the region.

Russia in recent years has joined with key Middle East oil producers to better manage supply in a deal that has helped fuel a crude-price rally. It has established partnerships with Saudi Arabia’s main sovereign fund and oil company. Russia has offered alternatives to U.S. arms to Persian Gulf nations that are under threat from their neighbors, while intervening on the side of strongmen in the Syrian and Libyan wars.

“Putin has managed to create leverage with leaders across the Middle East that, despite spending billions, the U.S. has not been able to match,” said Karen Young, a senior fellow at The Middle East Institute, a Washington think tank. “I think it’s a real shock to the U.S.”

Saudi Arabia doesn’t want to jeopardize a deal between the oil cartel it leads, OPEC and Russia, an alliance called OPEC+, officials in Riyadh said. That pact, which allows for production increases of

400,000 barrels a day each month, has done little to stem the rise in oil prices, and the Saudis have pumped less than their share, the IEA said.

U.S. efforts to sway Riyadh have been complicated by the fraught relations between President Biden and Crown Prince Mohammed bin Salman, known as MBS, who has been shunned by the U.S. president for his role in the death of Saudi journalist Jamal Khashoggi in 2018.

The Biden administration has been working to rebuild relations with Saudis, sending high-level delegations to Riyadh and arranging a Feb. 24 call between Mr. Biden and Saudi Arabia’s King Salman, the U.S. official said.

The administration’s relations with the U.A.E. have seemed even frostier, highlighted by the Emirati abstention from a U.N. Security Council vote condemning Moscow’s invasion, despite direct appeals from U.S. Secretary of State Antony Blinken.

“We believe that alignment and positioning will only lead to more violence,” said Anwar Gargash, a U.A.E. presidential adviser in a tweet on Sunday. “In the Ukrainian crisis, our priorities are to encourage all parties to adopt diplomacy and negotiate to find a political settlement that ends this crisis.”

THE UKRAINE CRISIS

As Invasion Widens, West's Options Shrink

U.S. and its allies say NATO won't engage with Russian military by way of a no-fly zone

BY NANCY A. YOUSSEF
AND BOJAN PANCEVSKI

Seven days into Russia's invasion of Ukraine, the U.S. and its North Atlantic Treaty Organization allies are coming under increasing pressure to do more to help Ukraine, even as they face diminishing options for doing so.

As Russia continues its push to capture urban areas, one of the more drastic options discussed publicly has been a no-fly zone, which would stop Russian aircraft from launching strikes over Ukraine, eliminating a key military tactic. But the idea has been dismissed by the U.S. and NATO countries.

"That is in many ways for many people, the unspoken question. Why not just engage militarily? But that's not something any NATO member is thinking of doing. And there's a reason for that, which is in order to have a no-fly zone above Ukraine, in the current circumstances, you would have to take decisions to shoot down Russian jets," British Prime Minister Boris Johnson said Wednesday. "And that's not something that any Western country is contemplating."

British officials say that

while the no-fly zone has been discussed at senior levels, it isn't a realistic option given the risks of it provoking a direct conflict with Moscow.

Creating a continuous, effective no-fly zone over Ukraine, particularly with several NATO nations, would require several hundred planes, not only to uphold the no-fly zone but to support those aircraft maintaining that no-fly zone. In addition, air forces across multiple nations would have to coordinate. And, should Russia attack NATO-member aircraft, that would be seen as an attack on the 30-member alliance.

The British government has said it would instead continue to impose more sanctions on Russian individuals, deliver more weapons to Ukraine and make it easier for refugees fleeing the conflict to settle in the U.K.

Sanctions, however, won't have an immediate effect on the battlefield, Western leaders have acknowledged. "This is going to take time," President Biden said last week as the U.S. began rolling out punitive financial measures that included cutting off some of Russia's largest banks from the global financial system.

However, officials hope that the unprecedented economic hit will bite the Russian economy rapidly, meaning that as the bombs fall on Kyiv, there will be Russian bank runs and Russian businesses collapsing, showing real-world conse-



British Prime Minister Boris Johnson, seen Monday, said combat with Russia isn't being considered.

quences for Russian President Vladimir Putin.

A no-fly zone could be part of an eventual peace agreement, one official said.

While NATO members have rejected any notion of direct intervention, they have recently increased their defensive presence, with more than 100 jets now at high alert, operating from 30 locations, more than 120 ships on patrol from the Baltic Sea to the Mediterranean Sea, and thousands more troops deployed to NATO's east.

Mr. Putin's reference to putting his nation's nuclear-weapons arsenal on alert has also raised concerns among NATO

allies about the potential risks of military involvement. There appears to be no consensus yet as to how the West would react to such an escalation, and one European diplomat suggested the nuclear-posture change was a bid to deflect attention away from the conduct of the war.

But if Mr. Putin did follow through with his threat, the nuclear-armed NATO members would put their nuclear arsenal on alert, officials said.

One NATO official speculated that Western countries could in such a scenario attempt to send more substantial support to Ukraine by private channels. A European

official said this had already been discussed in government circles.

"The situation is escalating and Putin seems keen for it to escalate, he is following a logic of war," the European official said.

On Friday, foreign ministers from NATO member states will hold emergency talks about Ukraine. Among the issues they will discuss, U.S. officials said, is how the alliance can support Ukraine, even though it is a non-NATO member. But officials conceded there aren't many options.

"We can't do much without being dragged into World War III—this has been our di-

lemma," a NATO official said.

Even the Western weapons shipments now streaming into Ukraine via Poland could lead to an escalation of hostilities between Russia and NATO, some officials fear, and the alliance members are divided on how much military assistance to provide. Over the weekend, the EU's top diplomat, Josep Borrell, said the bloc would send jet fighters to Ukraine, and, for the first time, finance member countries' deliveries of offensive weapons to Kyiv.

Several officials familiar with the discussions said that there was never any agreement on such a move, which had merely been discussed among foreign ministers of the bloc.

On Tuesday, officials in several countries that have the types of aircraft Ukrainian pilots are trained to fly said they were unwilling to provide them despite Mr. Borrell's comment.

NATO and European officials said that there was a great concern about Russia attacking the supply lines that channel weapons and other materiel to Ukraine via Poland. The positioning of troops in Belarus as well as around Kyiv suggested that Russia was planning to cut off the western part of the country and end the shipments of arms and humanitarian aid to Ukraine.

—Courtney McBride,
Daniel Michaels
and Max Colchester
contributed to this article.

How Might Ukraine War End?

Continued from Page One
cult for Mr. Putin to convincingly declare victory. James Sherr, senior fellow of the Estonian Foreign Policy Institute, predicted that Mr. Putin won't take the rational step of seeking an off ramp, but will "double down."

Here are five variables military analysts say could determine the course of the war:

Invading forces

Western military analysts have expressed shock at how badly Russia's forces performed during the early days of the invasion. They had expected that a military that had been modernized over more than a decade would quell the first phase of Ukrainian resistance fairly easily.

"We've all been astonished that this new Russian army looks like the old Red Army—not very well trained, not very well commanded, with really quite poor logistics—which implies either a big failure of planning or...a big underestimation of the enemy," said Mr. Clarke.

Russia's air force, navy and nuclear force have been partly or completely modernized, he said, but the army looks as though it hasn't overcome past weaknesses.

"The Russians will learn," said Richard Shirreff, a British former deputy military commander of the North Atlantic Treaty Organization. "They'll learn the hard way, by getting killed, that they'll have to coordinate their...all-arms offense in a much more professional way than they have done so far."

It is possible that Moscow deliberately restrained its campaign early in the war, expecting significantly less resistance than they have met. It could continue with those tactics, expecting to eventually exhaust the opposition.

The more likely scenario, according to some military analysts, is for the Russians to use significantly more firepower to drive farther into Ukraine, laying siege to cities or using heavy weaponry against them.

Defending forces

So far, the Ukrainian forces have made the most of their military assets in the face of a larger and more advanced adversary.

Russia's slow progress is "first and foremost a testament to the courage and tenacity of the Ukrainian army and the volunteers who are fighting incredibly impressively and



Ukrainian forces on the road connecting Kyiv to western Ukraine. Russian forces have faced tougher armed resistance than expected.

well," said Gen. Shirreff. Morale is a huge factor in war, he said, and the Ukrainians believe they have the moral force.

The longer Ukraine's formal military can hold out, the more it increases Mr. Putin's troubles, military analysts said.

Most analysts think the Ukrainian military will sooner or later crack. It is fighting with all it has all the time, with no respite. Russia can keep reinforcing its front lines with fresh troops.

The question is: What then? The common assumption is that Moscow will seek to install an obedient government in Kyiv, leaving it to run the west of the country, while annexing a large part of the country east of the Dnipro River.

One possibility is that Ukraine's formal military will melt away and an insurrection will start. Analysts said they expected that Western nations would support such an insurgency.

If a strong insurgency materializes, Russia might need to devote many more troops to battle it. Expert estimates for how many troops would be needed to control and occupy a rebellious Ukraine number upward of 500,000. "Putin doesn't have that, and he will run out people, and it will turn into a Soviet-Afghanistan redux," said Gen. Shirreff.

Western response

Western governments have ruled out direct military involvement in Ukraine, including the possibility of a no-fly zone that would bring them into direct conflict with the Russian air force. They have opted instead for arms ship-

ments to help the Ukrainians defend themselves.

The biggest weapon deployed by Western nations has been an array of economic sanctions aimed at Russia's economy and elements of its leadership. The sanctions have targeted Russia's central bank, commercial banks and political and business leaders. Russians have waited in long lines outside banks to withdraw currency, and inflation is likely to soar. Many Russians will feel economic hardship.

Those sanctions can be ratcheted up or down depending on Russian actions. They aren't without cost for the West. They are likely to intensify an existing inflation problem and, if Russia retaliates by

So far, Ukraine forces have made the most of their military assets.

cutting off energy supplies, could lead to electricity rationing in Europe.

For the moment, there appears to be wide popular support in the West for Ukraine, whose people are seen as the victims of an unjustified and unprovoked war. That could strengthen the hands of governments in sustaining the measures. Over time, though, such unity could erode in the face of economic difficulties.

Any ambiguous peace imposed on Ukraine by Moscow might leave the West debating how to calibrate any lifting of sanctions. Some could be lifted quickly, but others, such as those against the Russian lead-

ership, might be trickier in the event of potential war-crimes trials.

Russian reaction

This is a big unknown. Not only is it hard for Westerners to read Russian opinion, it is hard to know what effect it has on decision making in Moscow.

A majority of Russians get their information from censored television broadcasts, so many will believe that the economic difficulties they are suffering aren't the fault of their government but of the West.

Russian authorities have cracked down on demonstrations against the war. There already are some signs of disquiet among the Russian elites whose luxury lifestyles they have enjoyed in the West are now under threat. Whether Mr. Putin cares is another matter.

"I have no doubt that this is unsettling, even frightening, for some significant people in Russia itself," said Mr. Sherr.

The economic difficulties that already have arisen undermine a pillar of Mr. Putin's presidency—that he brought stability to a country that was chaotic in the 1990s under his predecessor Boris Yeltsin.

Added to that, any long campaign against an insurgency in Ukraine would cost the lives of many Russian soldiers, a factor that in the past has stirred even conservative elements of the population that would normally support Mr. Putin.

"Putin doesn't have indefinite time to sort this out," says Mr. Freedman of King's College. "The economic hardship is just now starting to be felt. He can't let this drag on for weeks and months, which is how long sieges, let alone in-

surgeries, can go on. So time's a real problem for him."

Peace talks

Russia and Ukraine have begun peace talks. Many strategists are pessimistic they will lead to a rapid resolution.

Any peace agreement with President Volodymyr Zelensky might involve a loss of face for Mr. Putin because he has branded the Ukrainian administration, falsely, as a group of neo-Nazis. But an agreement with any government the Russians install would have no legitimacy inside or outside Ukraine.

The variables in the talks are over two Russian objectives: Ukrainian neutrality and Ukrainian territory.

Russia annexed Crimea in 2014 and likely would seek Ukrainian acceptance of that. It also might seek to absorb further territory east of the Dnipro River.

It is possible that Russia will try to "break Ukraine into parts and leave Western Ukraine alone," said Angela Stent, a specialist in Russia affairs at Georgetown University. But because that would leave a West-leaning government in Kyiv that Mr. Putin has previously depicted as illegitimate, she said, "I find it hard to imagine that."

More likely, analysts said, is for Russia, at a minimum, to seek a constitution of Ukraine that grants significant independence to the east of the country, and an effective veto over Ukrainian government action.

The Ukrainians could agree to further elections—but the risk for Russia is that, even in the east, it wouldn't like the outcome.

Pentagon Holds Off On Missile Test Amid Tensions

BY MICHAEL R. GORDON

WASHINGTON—The Biden administration canceled a routine test launch of an Air Force Minuteman III missile to avoid escalating nuclear tensions with Russia, U.S. officials said Wednesday.

The Air Force had planned to conduct the test launch from Vandenberg Air Force Base in the early hours of Thursday.

On Wednesday, however, the administration decided to postpone the test launch amid tensions with the Kremlin over Ukraine, officials said.

Russian President Vladimir Putin stirred concern on Sunday when he ordered his military to ensure the "special combat readiness" of his nuclear forces.

U.S. officials said that Mr. Putin's statement appeared intended to pressure Washington and its allies in the North Atlantic Treaty Organization from stepping up support for Ukraine.

On Tuesday, Adm. Charles Richard, the head of the U.S. Strategic Command, told Congress that Russia's actions didn't require adjustments to the U.S.'s nuclear force alert levels or deployment.

"I am satisfied with the posture of my forces," Adm. Richard said. "I have made no recommendations to make any changes."

The postponed Minuteman III test is known as Glory Trip and is done several times a year. The purpose, the Air Force Global Strike Command says, is to "verify, validate and improve the capability of the nation's intercontinental ballistic missile force."

Pentagon spokesman John Kirby said Wednesday that the postponement demonstrated "that we are a responsible nuclear power."

"This is not a step backwards in our readiness, nor does it imply that we will necessarily cancel other routine activities to ensure credible nuclear capability," he said.

The U.S. had already notified the Russians about the now-postponed test launch under arms control procedures, and a formal notification had been made for civilian air traffic.

—Micah Maidenberg
in New York
contributed to this article.

THE UKRAINE CRISIS

Chinese Feel Abandoned in Conflict

Beijing's careful stance leaves many citizens in Ukraine fearing for safety, seeking exits

By SHA HUA

HONG KONG—When Russian tanks rolled into Ukraine last week, China's government told its roughly 6,000 citizens in Ukraine to prominently display China's red-and-yellow national flag to ensure their safety.

Less than two days later, with the situation deteriorating and Beijing increasingly perceived by the Ukrainian public as having sided with Russian President Vladimir Putin, China's Embassy in Kyiv offered new advice: Don't display your identity, or anything that might give away that you are Chinese.

The about-face reflects the delicate geopolitical balancing act that Beijing is walking on Ukraine, seeking to cement its friendship with an increasingly autocratic Russia, while portraying itself as a defender of the sovereignty of all nations.

The reversal also reflects an apparent miscalculation by Chinese officials about the likelihood of war in Ukraine, which has left it scrambling to protect its citizens there from an attack launched by Mr. Putin, with whom Chinese leader Xi Jinping had celebrated a "no limits" relationship just weeks earlier.

For Chinese citizens on the



Some of Kyiv's 6,000 residents who are Chinese citizens are among those trying to leave the capital.

ground, it has been a dizzying sequence of sometimes-conflicting advice, including the flip-flop on the Chinese flag.

An evacuation-flight sign-up form was posted on the embassy's social-media account hours after the first explosions in Kyiv last week, only to be canceled. Instead, the embassy organized buses for those in the Ukrainian capital, with the first two arriving in Moldova on Tuesday morning, five days after the invasion, state media reported.

For those who couldn't make it onto the buses, the embassy posted schedules for trains bound for neighboring countries. "This is a more ap-

propriate way to travel," the embassy wrote. The embassy said diplomats in neighboring countries would care for those who made it out of Ukraine.

Many Chinese citizens say they felt they have effectively been told to fend for themselves. "The embassy said they couldn't help. 'If you can flee yourself, just flee yourself,'" said one Chinese music student in Kharkiv, the large city near Ukraine's eastern border with Russia that has become the scene of some of the heaviest fighting.

Alekei Guo, a Chinese student in Kyiv, decided to take matters into his own hands, trying for four days to secure a train seat

to a neighboring country before squeezing onto a Romania-bound train on Monday.

In the weeks before Russia's invasion on Feb. 24, the U.S., the U.K., Japan and other nations evacuated their diplomats and urged citizens to leave the country, citing mounting evidence of a growing Russian military buildup along Ukraine's borders.

In contrast, Chinese officials joined Ukrainian and Russian officials in playing down those warnings. Just hours before the invasion, China's Foreign Ministry dismissed U.S. warnings of an imminent Russian attack, accusing Washington of "heightening tensions, creating

panic and even hyping up the possibility of warfare."

One result of that approach, said Andrew Small, a Berlin-based senior fellow at the German Marshall Fund think tank: "They put their own citizens in harm's way."

"Either Beijing knew of an imminent invasion and didn't prepare its own embassy and people, or their intelligence services misjudged the trajectory of the war, despite Beijing's privileged channels to Moscow, leaving them unprepared," he said.

Asked by The Wall Street Journal whether China had mismanaged the safety of its citizens in Ukraine, Foreign Ministry spokesman Wang Wenbin said during a daily briefing on Monday that "the Chinese government is always concerned about the well-being of our citizens overseas." The exchange was later omitted from the Foreign Ministry transcript.

Mr. Guo, seeing life going on as usual around him in Kyiv, initially believed the threat of war was being hyped. "We even went to class on the 24th," he recalled, referring to the day the war began.

By Wednesday, Mr. Guo said he had reached the Romanian capital of Bucharest, pretending to be a South Korean citizen during his escape to avoid attack. He expressed anger at what he said were misrepresentations of Chinese sentiments toward Ukraine. "What we want is peace," he said.

Russia's Stumbles Suggest Challenges In Taiwan

By ALASTAIR GALE

Russia's initial struggles in its invasion of Ukraine have offered a vivid illustration to China's leaders of the military challenges if they tried to seize control of Taiwan through force.

The most prominent is the possibility of fierce resistance from local people defending their homes and sovereignty from any invasion.

"The chief surprise for Russia, which may well be the chief lesson that China takes, is the willingness of the Ukrainian people to fight it out," said Bernard Cole, a retired U.S. Navy captain and former professor at the National War College.

Russia's experience also suggests China would face rapid, globally coordinated economic retaliation from the U.S. and its allies. Taiwan would likely get military help as well, such as antitank and anti-aircraft weapons that allies are sending to Ukraine, and possibly direct intervention by U.S. forces.

Yet analysts said it was unlikely that Beijing, having seen Russia's troubles, would give up the option of absorbing Taiwan by force. Instead, Russia's slow progress shows the value of overwhelming initial strikes that some analysts assume China would make in any assault on Taiwan.

"Chinese military thinking emphasizes a rapid escalation with great degrees of force in the initial stages of conflict, especially if you're trying to get the other side to concede to negotiations to your position," said Oriana Skylar Mastro, an expert on the Chinese military at Stanford University.

The current war in Ukraine and any possible conflict over Taiwan aren't perfect parallels, but the two situations resemble each other.

In each case, a great power desires to control a nearby territory with which it has close cultural, linguistic and historical ties.

Russian President Vladimir Putin has long rejected democratically ruled Ukraine's basis for existing as an independent nation aligned with the West, while China's Communist Party says Taiwan, a self-ruled democratic island, should be governed from Beijing as part of China.

Beijing says force remains an option to absorb Taiwan. But, in a key contrast to Mr. Putin, who seized parts of Ukraine in 2014, China hasn't grabbed any Taiwanese territory and has given no concrete indication it plans to invade.

China would start any invasion with one advantage compared with Russia: an even bigger and better-equipped military. China has around one million ground troops, the largest navy in the world and a military budget more than three times as large as Russia and around 13 times the size of Taiwan's budget.

Non-European Refugees Allege Border Bias

By DREW HINSHAW

MEDYKA, Poland—Refugees from Africa, South Asia and the Middle East said Ukrainian border guards made them wait for days to leave Ukraine, outside in often snowy weather, before entering Poland, saying overwhelmed immigration officers prioritized processing their own citizens.

As hundreds of thousands of people fled the Russian invasion of Ukraine for the European Union, the guards began to accelerate their own nationals through lines where people waited for more than 48 hours, picking out Black, Asian or Middle Eastern refugees and holding them aside, said dozens of Ukrainians and foreigners who crossed the border.

The result was several brutal nights at Ukraine's border point with Medyka, Poland, in which thousands from Ukraine's burgeoning population of foreign students were taken aside by evidently stressed Ukrainian guards. Some said guards insulted them and swung batons, hurting people seeking help or basic information on when or whether they would be let in. Many of the students gave up, and several medical emergencies erupted, while inside the border post, just two immigration officers struggled to copy down tens of thousands of passport details by hand.

Most of the Ukrainians who were cleared, while the non-Ukrainians waited, were families with children—often single mothers, since fighting-aged men aren't allowed to leave. Many of those Ukrainians had already been waiting more than 24 hours, and up to 72



Nepalese students gathering by the fire to stay warm in Medyka, Poland, at the border with Ukraine, fleeing from the invasion.

hours, to cross. Those pulled out from the crowd were mostly, but not exclusively, younger, childless international students at Ukraine's medical and business schools, from Africa and South Asia.

"They said Ukrainians first, before they serve us," said Prince Tetteh of Ghana, who described his friends struggling to get medical assistance for a pair of pregnant women who had been waiting in the day-long line. His group, he said, had walked for five days, only to be left waiting outside at the border for three. Border guards

beat one man, who had to be taken away for medical care, he said. "Just imagine...We all sleep under the snow," he said.

The African Union and the continent's major powers—Nigeria, South Africa, Ghana, Kenya and Gabon—condemned the treatment of their nationals at the border. Nigeria directed its citizens to try their luck at less-clogged border checkpoints in Romania.

"Problem is the result of chaos on the border and checkpoints leading to them," said Nigeria's foreign minister, Geoffrey Onyeama.

Ukrainian officials said their intention was to expedite families with small children. In less than a week, the country has processed more than 600,000 people exiting en masse through its normally sleepy border posts, an overwhelming load for a country attempting to defend its highways and major cities from the Russian military.

"Africans seeking evacuation are our friends and need to have equal opportunities to return to their home countries safely," Ukraine's foreign affairs minister, Dmytro Kuleba, wrote

on Twitter. "Ukraine's government spares no effort to solve the problem."

He didn't respond to further requests for comment.

Poland, on its side, allowed people of all nationalities to enter from Ukraine, including those without valid passports or identity cards, granting them the right to temporarily stay. Volunteers offered hot meals and free rides to exhausted refugees, as they entered Poland. Romania, Slovakia and Hungary have all allowed refugees to cross regardless of their nationality.

Jews in Kyiv Seethe At Invasion

Continued from Page One

to leave her home after the strike—was trying to make sense of her upended life. Ms. Naletnikova, 70, moved to Kyiv from Moscow 40 years ago, joining her late husband who had lost much of his extended family in the Holocaust.

"It's so absurd, so hard to believe in. All these sirens, all these explosions, said Ms. Naletnikova, a philosophy professor, said she didn't know where she would be taken and when she would return.

Her son has chosen to stay, to defend the city as part of the new Territorial Defense units. "I've told him to come visit my apartment once in a while because I've had to leave

my cats behind," she said.

President Vladimir Putin of Russia has justified his war on Ukraine by the need to "de-Nazify" its government, falsely claiming that Kyiv is controlled by a cabal of U.S.-sponsored neo-Nazis.

To Jewish Ukrainians and many Jewish leaders worldwide, it is a brazen insult to the memory of the Holocaust, especially now that Moscow is indiscriminately shelling Ukrainian cities.

"War crimes are happening here," said one of Ukraine's leading rabbis, Moshe Reuven Asman, in an emotional video recorded after Tuesday's strike, holding a Torah scroll in his hands. "The Russian army that was beating the Nazis in 1941 is bombing civilians in Kyiv, Kharkiv and Odessa today. If I die, those who are silent today will be cursed as accomplices."

A native of Mr. Putin's hometown Leningrad, now known as St. Petersburg, Rabbi Asman said he is stay-



The Babyn Yar Holocaust Memorial Center in Kyiv, Ukraine, is near the Russian attack on the city's main television tower.

ing in Kyiv to serve his community. "It's my honor to be on the side of light, not on the side of those who kill."

In September 1941, over the course of less than two days, some 36,000 Kyiv Jews were marched by the Nazis to the edge of the Babyn Yar ravine, stripped of their clothes and

gunned down. Executions on the site continued until 1943.

Today, Ukraine is one of the few European nations with a large and vibrant Jewish community. Despite its dark 20th-century history, few signs of open anti-Semitism remain today. Though there are neo-Nazi groups and

political movements in Ukraine, they have much smaller support than in most European nations and don't poll nearly enough to be represented in parliament. President Volodymyr Zelensky of Ukraine, elected with 73% of the national vote in 2019, is Jewish, his grandfather a Soviet World War II veteran. A Jewish prime minister headed the Ukrainian government before the election.

"My children are running around all over Podil wearing kippahs on their heads, and we have never experienced any prejudice," said Ilana, a representative of the ultra-Orthodox Chabad movement who helps run relief effort at the Podil synagogue, and who didn't want her surname used.

The strike on the TV tower in Babyn Yar, which killed five passersby and injured five others, caused particular outrage in Ukraine and abroad.

"Putin seeking to distort and manipulate the Holocaust to justify an illegal invasion of

a sovereign democratic country is utterly abhorrent," said Natan Sharansky, the advisory board chairman of the Babyn Yar Holocaust Memorial Center. A onetime Soviet political prisoner, Mr. Sharansky served as Israel's deputy prime minister and headed the Jewish Agency, the quasigovernment body coordinating immigration to Israel and relations with the Jewish diaspora.

A day after the strike on Babyn Yar, Kyiv synagogues organized evacuation convoys for Kyiv's Jews and their relatives to Poland, Hungary, Moldova and western Ukraine.

At the Brodsky synagogue across town, Albina Feerman, a medical doctor who is Jewish, said she never imagined she would be spending her nights hiding from Russian bombs. "Not in my worst nightmare," she said.

"I spend every night in the shelter," she said, "and on day seven of the war it turned out that every third person in my shelter is Jewish."

In Belarus, Wounded Russians Are Ferried In

Convoys of military ambulances reach a hospital in what locals call a 'constant flow'

By EVAN GERSHKOVICH

MAZYR, Belarus—A string of seven bus-size Russian military ambulances—their windows blocked with gray shades—pulled up to the back entrance of the main hospital here, about 30 miles from the border with Ukraine, on Tuesday evening, ferrying casualties from the front.

The convoy was part of what local residents and doctors said has in recent days become a steady flow of Russian soldiers wounded in fierce fighting around Kyiv, the Ukrainian capital, where a Russian advance has stalled in the face of strong resistance.

A doctor at the hospital—which is in southern Belarus's Gomel region, a main staging ground for Russia's offensive—said injured Russian troops began arriving on Monday. "I hope they don't jail me for sharing this," she said.

"I saw seven soldiers right in front of me out of the elevator. All Russian. One was in a wheelchair, the other had his head bandaged," said a man leaving the hospital. "My doctor said they've closed off the whole surgical wing."

Moscow has sought to play down the extent of the fighting involved in its invasion of Ukraine and, at first, the number of Russian casualties. For much of the first week of the war, the Russian Defense Ministry limited its public comments to saying that the losses it had suffered were significantly lower than those on the Ukrainian side, without providing details. Late Wednesday, the ministry gave its first official accounting, saying 498 soldiers had been

killed and more than 1,500 wounded.

It also said that more than 2,800 Ukrainian troops had died in the fighting. Ukraine's military said more than 5,800 Russian troops have been killed in action. Kyiv hasn't said how many of its own service members have died. Neither the Russian nor Ukrainian figures could be verified independently.

Russian officials and state media are referring to the campaign as a special military operation focused on liberating the breakaway republics in eastern Ukraine. State television presents missile strikes on Ukrainian cities as carried out by the Ukrainian military.

On Monday, Russia evacuated wounded soldiers on a special train that departed Ukraine's military said over 5,800 Russian troops have been killed in action.

Mazyr's main railway station, according to local residents.

Video footage shared on social media showed military ambulances arriving and men in military fatigues loading wounded soldiers onto a gray-and-red train emblazoned with the RZD logo of Russian Railways, the state railroad company, which was sanctioned by the U.S. last week.

"They came in a hurry. There were about 10" ambulances, said a woman working a fruit and vegetable stand across the street from the station. "I didn't see much because they cordoned everything off. But they were unloading people for about two hours," she said, adding that the train then departed. A man walking his dog near

the railway tracks said the train belonged to RZD, but declined to provide further details.

"It's none of my business what they were up to. They were Russians, not Belarusians." A 70-year-old retiree said: "We came to watch but they told us to shoo, said we can't look at this."

Alana Davydava, a Belarusian doctor who left Gomel for Poland last year after President Alexander Lukashenko launched a crackdown on his opponents, said doctors still in the region told her that at least seven hospitals, including a pediatric clinic, were treating Russian soldiers and that the first patients arrived over the weekend.

"There has been a constant flow," Dr. Davydava said by phone from Poland. Local doctors, she said, have reported that three hospitals in the city of Gomel had all switched fully to taking in wounded soldiers. "All planned operations have been canceled," she said.

On Tuesday, the ambulances seen in Mazyr were olive drab Soviet-era Paz buses marked with red crosses and carrying Russian military license plates. They were also marked with the letter V in white tape at the front of the vehicles.

Other Russian military vehicles, from jeeps to fuel tankers and transport trucks, also marked with white V's were on the streets of Mazyr on Tuesday night. A Wall Street Journal reporter saw at least three dozen.

At a shopping mall in the center of Mazyr, eight men wearing clean navy blue fatigues with the insignia of the Russian air force stood at a currency-exchange shop waiting to exchange the \$100 bills in their hands. Asked about their plans, one said: "We'll be here, for now."



A residential building and a burned-out car destroyed by recent shelling sat on Wednesday in the city of Irpin in the Kyiv region. Ukrainian and Russian officials were slated to hold a second round of cease-fire talks in Belarus on Thursday.

Strikes Exact Toll On Cities

Continued from Page One structure. Kharkiv's municipal and police headquarters as well as the nearby university building were severely damaged and caught fire. Local authorities reported 21 dead and 112 injured in the past 24 hours. Moscow said it isn't targeting civilians.

Russian forces also attempted to seize the city's military hospital, local authorities said. However, the front line held and the city, located 30 miles from the Russian border, remained under firm Ukrainian control.

"We have understood their tactic: They can't enter the city because every time they try, we hit them in the teeth," Kharkiv's deputy governor, Roman Semenukha, said on Ukrainian TV. "So, instead, they are trying to sow panic with missile strikes, hitting critical infrastructure and residential areas, trying to demoralize us."

Kyiv, too, was hit by several strikes on Wednesday night.

Russia's war on Ukraine has now ended its first week with few signs that Moscow is closing in on Russian President Vladimir Putin's goal of ousting the country's elected government and ending its alignment with the West.

With the exception of a Russian advance north of Crimea, Ukrainian defenses are holding in all major urban areas under attack. The Russian attempt to quickly seize Kyiv and topple the Ukrainian leadership has stalled amid fierce resistance, low morale and logistical difficulties. Western and Ukrainian military officials said.

Ukrainian and Russian officials were slated to hold a second round of cease-fire talks near the Polish border in Belarus on Thursday. The previous round, on Monday, didn't achieve concrete results and was followed by an intensification of Russian bombing and shelling.

In the past seven days, 1 million people in Ukraine have fled to neighboring countries, United Nations High Commissioner for Refugees Filippo Grandi said Wednesday on Twitter. Mr. Grandi has previously estimated that up to 4 million refugees could flee from the fighting.

The U.N. General Assembly voted overwhelmingly against Russia's invasion of Ukraine Wednesday, in a largely symbolic rebuke to Mr. Putin and his supporters that is unlikely

to alter the course of the war. U.N. members voted 141 to 5 to condemn Russia's military operation and affirm that no territorial gains stemming from the use of force—or threatened use of force—will be recognized as legal there. Thirty-four countries including China and India abstained from the vote. Russia, Belarus, North Korea, Syria and Eritrea condemned the resolution as a hypocritical signal from the West.

Washington, meanwhile, announced another wave of economic penalties against Russia, including export controls aimed at the country's oil and gas industry, and launched a new task force to target the assets of Russian oligarchs. Secretary of State Antony Blinken is scheduled to leave Thursday for a six-day trip to Belgium, Poland, Moldova and the Baltic states to coordinate the continued international response to Russia's attack.

President Emmanuel Macron of France pledged Wednesday to increase his country's defense spending. "Europe must now accept the price for peace, freedom and democracy," Mr. Macron said.

The large Russian force moving from Belarus northwest of Kyiv was held and repelled by Ukrainian forces in towns like Bucha, where the central street was littered with burned-out Russian military vehicles. On Wednesday, units of Ukrainian troops cautiously walked on the rubble of a blown-up bridge on a main road from Kyiv as they headed toward Bucha, carrying sniper rifles, heavy machine guns and rocket-propelled grenades. Only a handful of artillery rounds could be heard in a half-hour.

"The Russians thought they could break through and be in

In smaller towns seized by Russia, protests against occupation began.

Kyiv in a couple of days. They didn't realize that we have learned how to wage war in the past eight years," a Ukrainian colonel on the site said. "Now they sit there, hungry, without fuel, demoralized, and we just come in every little while and pop them off. And every day, we are pushing them back."

Ukrainian forces on the bridge leading to Bucha were allowing civilians to cross, carefully checking their documents and belongings to screen out potential Russian infiltrators.



Above, local residents lined up to receive food near a hospital in Kharkiv, Ukraine, on Wednesday. At left, a woman cried Wednesday in the small basement of a house crowded with people seeking shelter from Russian airstrikes, outside Kyiv.

Russian forces, however, continued to attempt pushing west and southwest of Kyiv, trying to take the town of Fastiv and come closer to the vital highway leading south to Odessa, the Ukrainian military said. On Wednesday night, the Ukrainian military said its counteroffensive recaptured the strategic town of Makariv, which sits astride the highway between Kyiv and the western city of Lviv.

Ukrainian forces have been particularly successful in recent days in destroying Russian columns with Turkish-made Bayraktar TB2 drones. Ukrainian Defense Minister Oleksii Reznikov said that in recent days Ukraine had received and deployed a new batch of the Bayraktars, and was receiving other critical weaponry from Europe.

"We have become the front line of the free world," Mr. Reznikov said.

The Ukrainian military said Wednesday it shot down two Russian Su-35S jet fighters and lost one of its own MiG-29 jets.

While Mariupol and Enerhodar remain in Ukrainian hands, Russian forces have entered Kherson, where Ukrainian resistance continues. Kherson Gov. Hennadiy Lahuta said on social media that the city was completely surrounded, and asked for a humanitarian corridor to supply civilians with food and other basic necessities.

Russia said it is ready to provide such humanitarian corridors to Ukrainian cities, including Mariupol, Kharkiv and Kyiv.

In smaller Ukrainian towns that have been seized by Russia, such as Kupiansk, Melitopol and Berdiansk, unarmed protests against occupation forces began. Residents coming to the streets with Ukraine's blue-and-yellow flags tried to stop the movement of Russian military columns. In Kharkiv, residents said the city is running low on food. Shops are barely functioning. Some districts reported water, heating and electricity outages.



"I have the impression that Russia wants to wipe the city off the face of the Earth," said Oleksandr Skoryk, who owns a meat company based in a district in Kharkiv's east. The defense of the city is led by the Ukrainian army, along with several volunteer militias including nationalist groups and one made up of soccer fans. "There are fights in the city. Russian warplanes are constantly bombing residential districts," said Heorhiy Tarasenko, a Kharkiv resident and volunteer fighter. "Russia is taking big losses and doesn't want to fight with the army but with civilians."

Andriy Ivanov, a Kharkiv resident and city councilor who is helping evacuate children, women and the elderly, said many people were trying to leave the city in trains and cars, mostly heading for cities that have had less fighting, such as Dnipro to the south.

The mayor of Konotop—a north Ukrainian city about halfway between Kharkiv and Kyiv that has experienced heavy fighting—told residents he had been given an ultimatum by Russian forces to surrender or face an artillery barrage. A video captured Mayor Artem Semenikhin asking a crowd, "Who is in favor of fighting?"

Russia Silences Its Independent Media Outlets

By THOMAS GROVE AND MAURO ORRU

Russia's last few remaining independent-minded media outlets were taken off the air this week in a public feud over reporting on Moscow's invasion of Ukraine after the country's prosecutor general said the stations were misleading the Russian public and spreading lies.

Both Ekho Moskvy, a long staple of independent journalism, and TV Rain, which gained prominence during mass antigovernment protests that shook Russia a decade ago, said access to their sites had been blocked by the country's communications censor, known as Roskomnadzor.

"Roskomnadzor has decided to take Ekho Moskvy off the air," the station said on its Twitter feed. "We don't agree with the current decision and will continue working for you," it said, adding a link for listeners to tune in online. On Wednesday, access to the link was blocked.

The moves represent a final blow against independent media in Russia, which has long been bound by stringent laws that force editorial loyalty to the Kremlin line. Over the past decade, moves to list various outlets as foreign agents have hampered funding and placed onerous legal burdens on even small outlets.

Both Ekho Moskvy and TV Rain have been designated as foreign agents by the country's authorities.

Russia's prosecutor general's office said earlier this week that the stations' coverage of the war, which has generally tried to present the events in Ukraine in an objective light, was tantamount to distributing "deliberately false information about the actions of Russian military personnel."

At home, Russian state news television channels, the primary source of information for most Russians across the country, have presented the conflict as a special operation aimed at ousting an illegitimate and antidemocratic government, in line with the Kremlin's portrayal of the invasion.

While much of the world

has seen videos posted by Ukrainians of the shelling of civilian infrastructure and Russian troops being taken prisoners, the Kremlin had largely maintained silence on the details of the operation. On Wednesday, the government said 498 troops had been killed after long keeping Russians in the dark on the scale of losses. Ukraine has put the number far higher. Neither side's accounting could be independently verified.

Russian authorities also have limited some access to Facebook, a unit of Meta Platforms Inc., after the social-media company began fact-checking and labeling content from several Russian outlets and they have slowed Twitter Inc.

By Wednesday afternoon, Ekho Moskvy's Twitter feed was still posting information about the war, including reporting on losses suffered in Ukraine.

Ekho Moskvy was established just before the end of the Soviet Union, and had been taken off the air only once, in 1991, when it criticized a coup against then Soviet leader Mikhail Gorbachev. Since then it has maintained a solid reputation for editorial independence. Gazprom Media, which owns a raft of staunchly pro-Kremlin outlets, owns two-thirds of shares in Ekho Moskvy.

Ekho Moskvy's longtime editor in chief Alexei Venediktov said that the radio station was facing pressure inside Russia and outside as well, because of sanctions on Gazprom, saying that Google, a unit of Alphabet Inc., had blocked the station's account on YouTube. A spokeswoman for Alphabet said, "Ekho Moskvy's YouTube channel will be reinstated."

TV Rain's editor in chief Tikhon Dzyadko said Wednesday that he and other members of the staff had decided to leave Russia temporarily.

"After the illegal blocking of TV Rain's site, its accounts on a number of social-media platforms and threats against a number of employees, it's clear that the personal safety of a few of us is under threat," he wrote on his personal Telegram channel.

IAEA Says Kyiv Hasn't Sought Nuclear Weapons

By LAURENCE NORMAN

VIENNA—The head of the United Nations atomic agency dismissed Russian claims that Ukraine was seeking to acquire nuclear weapons, saying his agency's oversight of the country showed Kyiv's nuclear program remained purely peaceful.

Russian Foreign Minister Sergei Lavrov said Tuesday that Ukrainian President Volodymyr Zelensky's government was embarked on "dangerous games related to plans to acquire their own nuclear weapons," claiming that Ukraine still had access to Soviet nuclear technologies and the means to deliver those weapons. He produced no evidence of his assertions.

Ukraine agreed in 1994 to hand over its nuclear weapons to Russia as part of a deal that was supposed to guarantee the country's security. By 1996, Ukraine had turned over all its warheads to Russia and it completed in 2001 the handover of its last strategic nuclear delivery vehicle.

International Atomic Energy Agency Director General Rafael Grossi said Wednesday that the U.N. agency, which has broad inspections rights in Ukraine, had seen no untoward activity.

"The issue for us, it's very clear. We do not have any information that would question the nonproliferation credentials of Ukraine," he said when asked about Russia's claims. "We do not have any information that there is any deviation of material, any undeclared material or activities leading to the development of nuclear weapons."

Ukraine's nuclear program has been under IAEA oversight and inspection for years. Ukraine has also signed the so-called Additional Protocol with the IAEA, which gives the

agency more extensive inspection powers of the country's four nuclear facilities and 15 reactors. The nuclear sector powers half of Ukraine's electricity supply.

The nuclear claim is one of several that Russia has made about Ukraine without providing any evidence and that have been widely dismissed, including Russia's claim that Ukrainian forces had carried out a genocide in pro-Russia regions.

The IAEA last year was unable to give Ukraine a clean bill of health for 2020 because it was unable to access sites occupied by Russia following the Kremlin's annexation of Crimea and pro-Russian separatists' seizure of regions in eastern Ukraine.

"I want to make clear this issue arises from current circumstances preventing the agency from verifying certain nuclear material and the agency has no proliferation concerns," Mr. Grossi told the IAEA board in June.

The IAEA over recent days has repeatedly warned that fighting in Ukraine following Russia's invasion could spark a nuclear accident, although the agency says Ukraine's nuclear facilities are so far operating normally. The IAEA board of member states met Wednesday to discuss the situation.

The agency has set out a plethora of concerns linked to Russia's invasion, ranging from a possible missile strike on a nuclear reactor to the destruction of nuclear-waste facilities full of spent radioactive fuel. It has urged Russia to ensure the safety and well-being of Ukrainian nuclear facilities' staff and to allow a proper turnover of staff, including at the Chernobyl site, the scene of the world's worst nuclear accident in 1986.



From top, a man looked at a Russian soldier's body next to a military vehicle in Bucha, Ukraine, this week. Russian military ambulances along a road in Belarus near the Ukraine border; and a destroyed Russian Army all-terrain infantry mobility vehicle on a road in Kharkiv, Ukraine.

THE UKRAINE CRISIS

Airlines Bypass Russian Airspace

Changes likely to raise costs for passengers, cargo and add friction to global supply chains

Airlines world-wide are altering routes and canceling flights to avoid Russian airspace, changes that will lengthen journey times and raise costs for carriers that were starting to bounce back from their pandemic slump.

By Mike Cherney,
Benjamin Katz
and Doug Cameron

With Russia banning many European airlines from its skies, flying around the giant country may add hundreds of miles and up to two hours to some flights, incurring higher fuel, labor and maintenance costs, according to airlines and analysts. That could translate into higher fares and cargo rates, throwing another wrench in the world's disrupted global supply chains.

Deutsche Lufthansa AG's cargo division has canceled flights to some Asian cities including to Hong Kong and Beijing until the end of March. The German airline said its freighters would fly south of Russian airspace, forcing it to make adjustments to its flight schedules and to lower the amount of cargo it can carry by as much as 20%.

London-based **Virgin Atlantic Airways** Ltd. suspended a four-times-a-week cargo service from London to Shanghai while it assesses a viable alternative route. **Finnair** Oyj suspended key cargo and passenger routes to cities in South Korea, Japan and China.

Russian flag carrier **Aeroflot-Russian Airlines PJSC**, meanwhile, scrapped its entire European network after the country's aircraft were barred from the European Union. On Monday, Aeroflot said it would cancel flights to North America over the next few days after Canada banned Russian planes from its airspace. The U.S. imposed its own airspace ban on Russian aircraft, which came into force later Wednesday.

U.S. passenger carriers don't operate nonstop flights to Russia, but **United Airlines Holdings** Inc. said it would



Lufthansa's cargo division has canceled flights to some Asian cities until the end of March.

Russian Ships Face Ban at U.S. Ports

The Biden administration is expected to ban Russian-flagged ships from entering U.S. ports, officials familiar with the matter said, extending sanctions against the country following its invasion of Ukraine.

The move, which follows a similar ban in the U.K., would be largely symbolic. Russian commercial ships represent less than 1% of cargo volumes to the U.S., according to shipping and port officials. Russian firms own a large fleet of oil tankers but they usually aren't Russian-flagged.

The world's largest container-ship operators already have stopped calling on Russian ports.

"I expect an announcement from Washington today that will ban all Russian ships from our shores," said Gene Seroka, the executive director of the

stop flying over Russia on its route to India. **American Airlines Group** Inc. and **Delta Air Lines** Inc. also said they are steering clear.

Other airlines based thousands of miles from the conflict in Ukraine are unable to escape the consequences. **Qantas Airways** Ltd.'s nonstop service from Australia to

Port of Los Angeles, the nation's biggest gateway.

A White House spokeswoman said the administration hadn't made a decision.

Russian ships have been banned from U.K. ports, part of a fresh raft of sanctions announced by Britain on Tuesday. That ban includes any vessels owned or operated by anyone connected to Russia and gives authorities new powers to detain Russian vessels.

"The ban on Russian ships from U.K. ports, and new economic sanctions against key Russian financial institutions including its central bank, in close coordination with our allies, will degrade Russia's economy and help make sure Putin loses," Foreign Secretary Liz Truss said.

On Tuesday, the Biden administration banned Russian flights from American airspace, following similar prohibitions by European and Canadian authorities.

—Nancy A. Youssef

London is going over the Middle East and Southern Europe instead of Russia, adding about an hour to the flight. And **Singapore Airlines** Ltd. said it wouldn't fly over Russia and suspended services to Moscow.

"The recovery from Covid is going to be delayed," said Phil Seymour, president of

aviation consulting firm IBA Group. He noted that flight times will increase, costs will rise and revenues will drop. "The whole supply chain is going to be further disrupted, and we've had enough disruptions," he added.

Cargo flights have been a bright spot for airlines during the pandemic and helped to offset losses from a decline in passenger travel. Flights to Asia from Europe and North America account for almost half of global airfreight traffic, according to the International Air Transport Association, and airline executives said the majority of those heading to East Asia traveled through Russian airspace before the recent spate of closures.

Ireland-based **ASL Aviation Holdings** said its flights to and from Asia are now flying over Kazakhstan instead of Russia. That is adding around 100 minutes to a flight between Belgium and South Korea, for example, which now takes 10 hours.

Rerouting around Russia is costly, adding about 700 nautical miles for a flight from Frankfurt to Beijing, which is usually 4,217 nautical miles, according to Eurocontrol, which manages Europe's air-traffic-control system.

Some U.S. freight airlines, including **FedEx** Corp., continued to cross Russia early this week on routes to Asia from North America and the Middle

East. That important cargo route could be shut off if Russia reciprocates the U.S. ban on its planes.

Border closures and travel restrictions during the Covid-19 pandemic hit the aviation industry hard, with tens of thousands of workers furloughed or laid off and airlines at risk of losing more than \$200 billion, according to one estimate from IATA. Despite a setback from the emergence of the Omicron variant, travel was beginning to recover globally. Total traveler numbers reached 47% of pre-Covid levels in 2021, and were expected to rise to 83% this year, according to an IATA forecast this week.

People may put off travel plans if they are concerned about the conflict escalating or worry that passenger aircraft could be at risk, analysts said. In 2014, Malaysia Airlines Flight 17 en route from Amsterdam crashed in Ukraine, killing 298. Dutch prosecutors said it was hit by a Russian missile system. Russia said the Dutch findings were biased and politically motivated.

Ryanair Holdings PLC, the discount carrier that is Europe's biggest airline by passengers, suffered a 20% week-over-week drop in bookings on Thursday and Friday last week, after the start of Russia's invasion of Ukraine, Chief Executive Michael O'Leary said.

Some analysts said that airlines in Japan and South Korea—which at the moment are still allowed through Russian airspace even though their countries have criticized Russia's invasion of Ukraine—may also have to change their routes. Instead of flying over Russia, a hypothetical round-trip flight between London and Tokyo would need to fly a more southerly route over India or a more northerly polar route in the direction of Alaska, adding more than two hours of flight time in each direction, according to an analysis from Alton Aviation Consultancy.

That would increase fuel burn by more than 20% and translate into nearly an additional \$25,000 in fuel costs for the round trip, according to Alton's analysis.

—Alison Sider
contributed to this article.

Oligarch To Sell Soccer Club

LONDON—Russian tycoon Roman Abramovich said he would sell his soccer club Chelsea FC following calls by some British lawmakers for him to be sanctioned over his past ties to the Kremlin.

By Ben Dummett,
Max Colchester
and Joshua Robinson

In a statement, Mr. Abramovich said the decision was "incredibly difficult to make" and that the net proceeds from the sale would be given away to the victims of the war in Ukraine.

The move is the latest fall-out among a set of well-known Russian billionaires from a global push to sanction those that Western governments say are linked to President Vladimir Putin after Russia's invasion of Ukraine.

A flurry of new sanctions against individuals—many of them previously sanctioned—has raised scrutiny over their overseas assets. The scrutiny, though, has extended beyond those Russians actually targeted by Western governments.

Mr. Abramovich bought Chelsea in 2003 as part of a splurge on British real estate. He also purchased several high-end properties in London.

The storied British soccer club has now been offered to potential buyers, according to the person familiar with the bid. In his statement, Mr. Abramovich said that the sale wouldn't be rushed. Hansjoerg Wyss, a Swiss businessman, told a Swiss newspaper on Tuesday that he was approached to buy Chelsea, along with three other potential buyers.

In recent days, some British lawmakers questioned why Mr. Abramovich had not been targeted. "Why on earth is he not facing sanctions?" Keir Starmer, the leader of the opposition Labour Party, asked Prime Minister Boris Johnson on Wednesday. Mr. Johnson replied that he couldn't comment on individual cases.

Export Controls Against Moscow Add to Uncertainty for Business

By KATE O'KEEFFE

Restrictions on technology sales with which the U.S. and its allies are hitting Russia are adding to the uncertain climate for businesses, though how hard the export controls hit the Russian economy, trade specialists said, will depend on enforcement.

The controls, announced last week, restrict exports of semiconductors, lasers, information-security equipment and other technology to Russia's defense, aerospace and maritime industries and, U.S. officials said, are aimed at undermining President Vladimir Putin's defense capabilities and aspirations for Russia to lead in cutting-edge fields such as artificial intelligence and quantum computing.

Coordinated with allies in Europe, Japan and elsewhere, the restrictions are part of a broader package of economic sanctions allied nations have placed on Russia for its invasion of Ukraine that have rattled its stock, bond and currency markets. Unlike those sanctions, the technology restrictions won't have immediate impact, but are designed to work over the longer term.

Separately, the White House said Wednesday the technology controls put in place for Russia will be expanded to its ally Belarus. It also announced new export controls on extraction equipment for Russia's oil and gas industry, a revenue source for the government and military, and said entities that support the Russian and Belarusian security services, militaries and defense sectors will be added to an export blacklist.

Already, the financial sanctions and technology restrictions are creating uncertainty, causing some companies to suspend their Russia business, said lawyers specializing in export controls. Computer vendor HP Inc. has suspended shipments to Russia to comply



Boeing and Airbus stopped parts and support services to Russian customers. Aeroflot showed off a new Airbus A350-900 in 2020.

with the sanctions. Boeing Co. and Airbus SE also stopped parts and support services to Russian customers.

"Because export controls and sanctions were so broad and complex, the standard reaction was to stop all Russia-related activity until they could sort out what was prohibited and permitted," said Kevin Wolf, a former Commerce Department official who now advises companies on export controls at law firm Akin Gump Strauss Hauer & Feld LLP.

Beyond the restrictions on technology exports, the logistics of delivering products to Russia are now more complicated given the suspension of airfreight services by FedEx Corp. and United Parcel Ser-

vice Inc., lawyers said. Another concern is how companies would get paid for their products, given the financial sanctions, they said.

"The bottom line is that there will be less and less opportunity for businesses to transact with entities in Russia, and this isn't going to be a short-term phenomenon," said Nazak Nikakhtar, a former Commerce Department official who now leads Wiley Rein LLP's national security practice.

The technology controls' ultimate impact on Russia will depend on a variety of factors, including how countries enforce the rules, whether Moscow finds ways to divert banned goods, and whether China, Russia's close strategic

partner, helps in the evasion, said lawyers and analysts.

Those controls ban the sale of most items to the Russian military and introduce new restrictions on selling anyone in Russia technologies such as semiconductors, computers, telecommunications and other goods. They cover items produced in the U.S. as well as foreign goods made using U.S. equipment, software and blueprints.

President Biden said last week that those controls would cut off more than half of Russia's high-tech imports. White House officials said the policy will restrict more than \$50 billion in key inputs for the Russian economy.

The rules contain large ex-

emptions. All manner of consumer technology such as phones and laptops are also exempt, as long as they are for use by private Russian citizens or companies.

Boeing, whose planes make up roughly half of Russia's commercial jetliner fleet, and others in the aerospace industry are expected to appeal to U.S. officials to greenlight exports of items they say are necessary for flight safety, according to industry officials. A Boeing spokeswoman said the company will "follow the lead of the U.S. government."

The controls are remarkable for the breadth of international cooperation they have attracted, the trade lawyers and analysts said.

Under the plan, U.S. allies have each agreed to impose restrictions on items that historically only the U.S. has restricted such as chips and computers. Previously, many U.S. allies were reluctant to impose controls.

U.S. officials said that in certain sectors such as aerospace, U.S. partner countries have a lot of sophisticated capabilities that would not have been caught by unilateral U.S. controls.

The export restrictions rely on a tactic the U.S. used to batter Chinese telecommunications networking equipment maker Huawei Technologies Co.

While the regulation known as the foreign direct product rule—which restricts the sale of foreign-made items produced with American technology—has crippled Huawei, some specialists said that applying the tactic to target the Russian military may not work as well.

"We were effective with Huawei because they were doing a ton of consumer business outside China. Huawei can't build a 5G phone with restricted parts and then ship it overseas. It's too easy to catch them cheating," said Ivan Kapnapathy, a former U.S. National Security Council official now at the advisory Beacon Global Strategies. "But for a Russian military entity, everything they do is behind closed doors, so there's little risk. They can cheat all they want." Emily Weinstein, a research fellow at Georgetown's Center for Security and Emerging Technology, said the new export controls put the onus on exporters to identify military end users.

"This could be a significant obstacle," she said, noting that figuring out who a military end user is in countries like Russia, or China for that matter, can be time-consuming and often requires language skills.

THE UKRAINE CRISIS

Divesting Russian Holdings Is Easier Said Than Done

By HEATHER GILLERS

Pension funds around the world are reviewing their investments in Russia's energy, banking and mining sectors in the wake of the country's invasion of Ukraine.

Norway's largest pension fund, KLP Group; Denmark's AkademikerPension; and retirement systems in Connecticut and Rhode Island have announced plans to dump their holdings in Russia. Other U.S. pension funds from New York to California are taking stock of their Russia investments amid debate over whether teachers' and firefighters' retirement savings should be tied up in a country waging war on its neighbor.

Selling the holdings, however, is proving complicated. Some financial-services providers are backing away from Russian securities, preventing investors from buying and selling ruble-priced stocks and bonds traded inside and outside Russia.

Pension funds hoping to sell holdings that trade on the Moscow Exchange had to shelve those plans after Russia's central bank shut the ex-

Retirement systems face a lack of buyers and financial-services providers.

change down Monday.

Kiran Aziz, head of responsible investments at KLP, said the \$70 billion fund has sold some holdings on the London Stock Exchange but hasn't been able to sell others listed in Moscow.

"The intent to sell is also meant to send a message from [a] responsible-investment point of view, even if you are not able to immediately execute the trade," Mr. Aziz said.

Pensions in the U.S. and around the world hold Russian stocks in their international equities portfolios, with the holdings making up perhaps 1% of total pension assets. Common investments include Russian lenders Sberbank and VTB Bank, both targets of recent U.S. sanctions, as well as energy giant Gazprom PJSC. U.S.-based companies are working to determine whether they need to take any action to comply with those sanctions, fund officials and advisers said.

Debates over retirement-fund divestment, which gained

attention as a protest against South African apartheid in the 1980s, have intensified in an increasingly global investment environment. Over the past year, several major pension funds have increased their target allocation to international equities, which comprised a median of roughly 10% of public-pension-fund portfolios as of December 2021, according to Wilshire Trust Universe Comparison Service.

Many pension funds already steer clear of investments linked to Sudan and Iran. In the U.S.—where the more than \$4 trillion in state and local government retirement-plan assets falls well short of the amount needed to pay for promised benefits—some workers and retirees have pushed back, arguing that pension trustees should focus solely on growing their retirement savings.

A November 2016 study of U.S. pension plans by Boston College's Center for Retirement Research found that average yearly returns in states with divestment requirements were 0.4 percentage points lower than plans in states without such requirements. A 2001 decision by Calpers, the nation's largest pension fund, not to invest in tobacco has cost the fund a cumulative \$3.7 billion since then, according to a consultant's analysis last year.

Retirement systems divesting from Russia can expect to sell at a significant loss, pension officials and other asset managers said. Russian stocks and bonds held by the \$68 billion Maryland State Retirement and Pension System, for example, had a market value of \$96 million as of Thursday, down from \$197 million a week before, the fund said.

Pension funds willing to take the loss still might have difficulty unloading their positions as countries hand down sanctions and prospective buyers and financial-services providers back away from Russian investments, said David Kotok, chief investment officer at Sarasota-based Cumberland Advisors.

"Selling into a market which is either closing, doesn't want to buy or is under restrictions is one of the most difficult things you can do," Mr. Kotok said. "You have to have a payment mechanism that's not interrupted. Even if I'm willing to take 10 cents on the dollar...how do I get paid?"

—Preeti Singh
contributed to this article



Even Tuesday when U.S. stock indexes tumbled, investors said trading was orderly at markets like the New York Stock Exchange, above.

Sanctions Test Market Resiliency

By CAITLIN MCCABE
AND CHARLEY GRANT

Western firms appear well insulated against the impact of the sanctions imposed this week on Russia. Whether global markets will fare as well isn't yet clear.

Major U.S. stock indexes have been relatively resilient, with the S&P 500 and Nasdaq Composite both up at least 3.8% since Russia invaded Ukraine. Investors so far have been calm in the face of the conflict and many have used the opportunity offered by lower prices to buy. Data suggest risks facing U.S. banks with exposure to the region are limited.

The good news, from the perspective of U.S. finance: The average stock portfolio is hardly exposed to Russian stocks, and U.S. companies have little reliance on Russian revenue. Western banks' exposure to Russia, meanwhile, has dwindled since the 2014 annexation of Crimea.

The uncertain and potentially worrisome news: Global energy markets may be more exposed to the impact of sanctions than traders, portfolio managers and policy makers realized. Oil has surged this week, reflecting in large part the pullback by Western traders from a range of firms they feared might be linked in any way to sanctions. Stocks and bond yields have subsequently seasawed as investors have tried to ascertain the economic impact in the U.S. U.S. stocks and government bond yields climbed on Wednesday after tumbling the day before.

To be sure, even the bad news in markets in New York has paled in comparison to

what has happened in Europe. This week, the Russian ruble has fallen, while London-listed shares of many Russian companies have tumbled. Russia's central bank closed stock trading for Monday through Wednesday to stem further turmoil. Even Tuesday when U.S. stock indexes tumbled, investors said trading was orderly.

"I don't think there's some kind of [market] plumbing issue that's gumming up the works right now," said Blake Gwinn, head of U.S. rates strategy at RBC Capital Markets. "Things are behaving pretty much like you'd expect."

To be sure, potential risks for the U.S. and other Western markets have emerged. While still a smaller player on the world stage—Russia is the world's 11th-largest economy—the country's status as one of the largest suppliers of oil and natural gas keeps it solidly entangled with the rest of the globe. Rising oil prices could potentially exacerbate inflationary pressures in the U.S. and elsewhere. Since the invasion, Brent-crude futures have risen 17% to \$112.93 a barrel, the highest settle value since June 2014.

Meanwhile, the risk of Russia retaliating to Western sanctions by choking off supply of its products continues to loom. Any impact to Europe could still trickle to the U.S. economy and cause pain ahead.

For now, though, strategists say, the growing disconnect between the economies of Russia and the West is providing reassurance to investors that portfolios can withstand financial fallout in the East.

"A well-diversified stock and bond portfolio is not going to be very exposed to Rus-

sia," said Karin Anderson, director of fixed income manager research at Morningstar. "If you're a passive index-fund investor or more focused on actively managed funds, you're probably looking at exposure under 1%."

Take, for example, target-date funds in the U.S., a popular choice for investors in 401(k) retirement funds. Target-date funds, which offer a mix of stocks and bonds and grow gradually more conservative over time, have little exposure to Russian stocks and bonds, Morningstar data show.

Around 0.5% of assets in target-date funds were in Rus-

17%

Rise in Brent-crude futures since the start of the invasion

sian stocks and just 0.2% were in Russian bonds as of the end of January, according to Jeffrey Ptak, chief ratings officer at Morningstar, based on an analysis of roughly \$1.7 trillion sitting in U.S. target-date funds.

Yet even beyond retirement accounts, Russia exposure in U.S. markets is limited. Of the over 2,400 companies listed on the New York Stock Exchange, only three are Russian.

Investors in U.S. companies face little Russia exposure as well, data show. A FactSet analysis estimates that the aggregate revenue exposure to Russia and Ukraine among S&P 500 companies is 1%.

"If you go back and read [earnings] transcripts from the

last couple of months, when companies are asked about this issue, they say they don't have a lot of direct exposure to Russia and Ukraine," said Lori Calvasina, head of U.S. equity strategy for RBC Capital Markets.

At the same time, action this week in commodity and bond markets raises the prospect that even strong results by U.S. firms may go less far in the markets than they currently do. Investors are bracing for the Federal Reserve to raise short-term interest rates for the first time since 2018, a bid by the central bank to begin normalizing the economy after rounds of Covid-related stimulus the past two years.

Investors often anticipate that the Fed will be on guard against any economic slowdown by holding the line on interest rates, but it isn't clear that that assumption still holds true at a time when inflation is running at its hottest in 40 years. On Wednesday, Fed Chairman Jerome Powell said he would propose a quarter-percentage-point rate increase in the central bank's meeting this month. And though he said it was too soon to determine how the conflict in Ukraine and subsequent Western sanctions would affect the U.S. economy, he signaled increasing urgency to continue tightening monetary policy.

On the banking front, the fallout of past turmoil in the region has left the financial system with less exposure to disruption in Russia. Western banks have been reducing exposure to Russia since the 2014 annexation of Crimea, said Jennifer McKeown, head of the global economics service at Capital Economics.

Invasion Scrambles Oil Trade

Continued from Page One

"We expect, with time, the ability to operate and sustain those operations will degrade," Mr. Woods said Wednesday. "The market is pretty volatile right now."

Prices of both Brent crude, the global benchmark, and U.S. West Texas Intermediate surpassed \$110 a barrel Wednesday, reaching the highest settlements since June 2014 and May 2011, respectively. Brent crude rose about 7.6% to settle at \$112.93 a barrel. U.S. crude settled at \$110.60 a barrel, up about 7%.

While some in Congress pressed the Biden administration to halt U.S. purchases of Russian oil, so far the biggest impact to Russian supplies has come from a self-imposed embargo by industry. Some refiners were refusing to take Russian oil, and banks were refusing to finance shipments of Russian commodities, according to traders, oil executives and bankers.

Daniel Yergin, the vice chairman of S&P Global and author of the Pulitzer Prize-winning oil history "The Prize," said a continued disruption to the flow of Russian oil could lead to an energy crisis on a scale not seen since the 1970s Arab oil embargo.

"There's a grave financial

Brent crude-oil futures price, front-month contract



Source: FactSet

risk, there's a reputational risk and there's the operational risk, and all those things are there as people are backing away," he said. "This is going to lead, as it did in the 1970s, to a mass scramble to rejigger logistics."

Wednesday, the Organization of the Petroleum Exporting Countries and its allies including Russia said they would raise their combined production by a further 400,000 barrels a day next month, sticking to a plan the group had agreed to last year as they sought to restore output to pre-pandemic levels.

Several OPEC+ members haven't met their existing targets to increase production, which had lifted prices as global demand picked up, even before the Russian invasion.

The decision indicated that Saudi Arabia and other Middle East producers were no longer aligned with a U.S. push to increase production to bring

prices under control, and came as many of the countries were staying neutral on the attack on Ukraine or taking care to temper any criticism of Moscow.

After costly U.S. wars in Iraq, Afghanistan and Syria, the prospect that Washington might no longer want as active a Middle East security role has left Saudi Arabia, the United Arab Emirates and other long-time U.S.-backed monarchies to look elsewhere for friends. That leaves room for China and, most visibly, Russia to revive or establish closer ties with the oil-rich Persian Gulf.

"The Russians have raised their profile in the Middle East, as the U.S. has demonstrated that China is a much more urgent priority and now Europe is a much more important priority," said Aaron Miller, a senior fellow at the Carnegie Endowment for International Peace and a former State Department official.



Fuel trucks lined up in front of storage tanks at an Aramco oil facility in Saudi Arabia last March. OPEC on Wednesday stuck to a planned production increase that was agreed to last year.

But as sanctions and fear of further punitive measures spooked global buyers, evidence that existing Russian sellers were struggling to unload supplies became clearer.

As of Wednesday, more than 3 million barrels of Russian crude that normally would leave the country each day weren't doing so because demand had dried up, traders estimated, adding that they expect the number to keep rising.

Before its invasion, Russia exported about 5 million barrels a day of crude oil and an extra 2.5 million of refined products such as gasoline and diesel.

In a sign that demand is severely curtailed, Surgutneftegas PJSC received no bids in a tender for 880,000 metric tons of

Russia's flagship Urals crude that closed Wednesday, according to people familiar with the tender.

Surgutneftegas didn't respond to a request to comment. Among the biggest traders of Russian oil is Switzerland-based Trafigura Group Pte. Ltd. The company has a longstanding commercial relationship with Rosneft Oil Co., including deals to buy Russian oil for resale to customers around the world.

In recent days, Trafigura has struggled to sell Russian crude, according to traders. The price of a \$400 million Trafigura perpetual bond with a 5.875% coupon fell to 87.25 cents on the dollar Wednesday from 99.87 on the eve of the invasion, according to Tradeweb.

A spokeswoman for Trafigura declined to comment on its bond-price decline.

Ahmed Mehdi, an analyst at Renaissance Energy Advisors, a consulting firm, said Russia might be forced to shut some production because its oil "is so toxic right now," though he expects some barrels of Urals crude that previously were bought by Europe to head to Asian refiners.

"It's insane, what's happening," he said. "It's going to be the biggest reshuffling of cargoes that we've seen. The big question in people's minds now is: When does this eventually get to supply losses?"

—Christopher M. Matthews,
Summer Said
and Benoit Faucon
contributed to this article.

WORLD NEWS

Islamist Militants Expand Africa Threat

Jihadists move beyond targets in west to take aim at stable countries near the Gulf of Guinea

By MICHAEL M. PHILLIPS

JACQUEVILLE, Ivory Coast—The Islamist militants who have rampaged through the heart of West Africa in recent years are now spreading toward the Gulf of Guinea coast, including some of the continent's most stable and prosperous countries, African and U.S. officials say.

The past year has seen an uptick in violence instigated by al Qaeda affiliates along the northern borders of Benin and Togo, with militant cells infiltrating as far as Ghana and Ivory Coast, the world's top cocoa producers.

The attacks on countries along the bend in Africa's Atlantic coast appear to confirm warnings that U.S. military commanders have issued for several years: Unless stopped, militant violence won't remain contained in the landlocked nations of the Sahel, the semiarid expanses directly south of the Sahara.

"It does look like the jihadists have the aim of getting to the sea," said Ghanaian army Brig. Gen. Felicia Twum-Barima.

The jihadists' southward push marks a new chapter in a decadelong security crisis that has claimed thousands of lives since al Qaeda-linked fighters swept through northern Mali in 2012, trig-

gering the deployment of thousands of troops by France to reinforce its former colony. The fighting ebbed, then surged again across the Sahel, with jihadist factions loyal to al Qaeda and Islamic State attacking local and allied forces, as well as each other. Since 2020, the region has seen a wave of coups by soldiers pledging to restore security.

France has 4,600 troops fighting in the Sahel, most of them in Mali, but broke with the Malian military junta after it welcomed Russian mercenaries and said it would begin formal negotiations with al Qaeda-linked jihadist leaders. In mid-February, Paris said it would withdraw its forces from Mali and redeploy them elsewhere in the region.

"We should be very concerned about the continued expansion of al Qaeda and al Qaeda affiliates across the Sahel, and now threatening to move down into the littoral states," Rear Adm. Jamie Sands, commander of U.S. special-operations troops in Africa, said in an interview in Ivory Coast last week: "It looks like they're doing it in a very methodical way."

Last year, there were 13 Islamist militant attacks in Ivory Coast, five in Benin and one in Togo, according to Armed Conflict Location & Event Data Project figures assembled by the Pentagon-funded Africa Center for Strategic Studies.

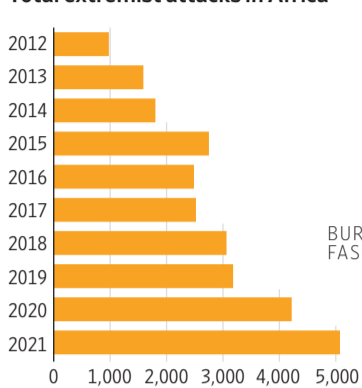
By contrast, there were no militant attacks in those countries in 2019, and three in 2020, all in Ivory Coast.

Ghanaian officials say they

Violence Spreads

Attacks by al Qaeda affiliates, Islamic State militants, Boko Haram and other extremists in West Africa ballooned between 2012 and 2021, hitting Mali, Burkina Faso, Niger, Nigeria and Chad particularly hard. Now the violence is creeping south towards the Gulf of Guinea, threatening, Benin, Togo and potentially Ghana.

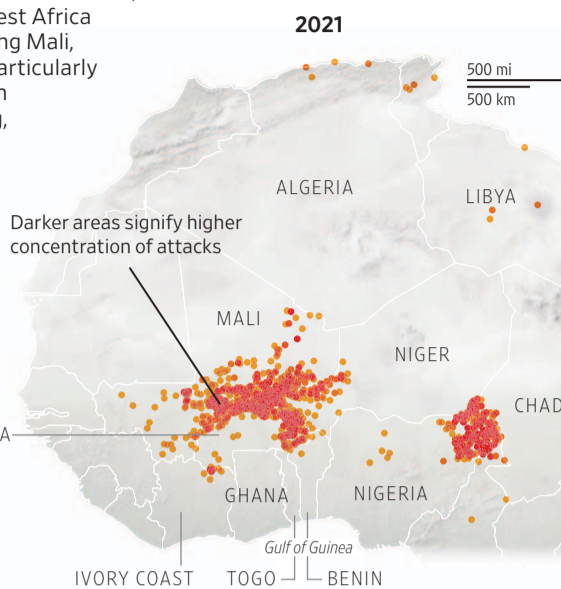
Total extremist attacks in Africa



Note: Years ending June 30

Source: Armed Conflict Location & Event Data Project data analyzed by the Pentagon-funded Africa Center for Strategic Studies

Kyle Kim/THE WALL STREET JOURNAL



haven't seen any incidents inside their country. Attacks, however, have taken place just a few miles away, across the border with Burkina Faso.

On Feb. 8, four park rangers, a French instructor and two drivers were killed and 10 others wounded by a series of booby-trap bombs laid inside the Benin portion of W National Park, according to African Parks, the nonprofit conservation group managing the park.

Two days later, another roadside bomb hit a Benin army commando team, killing one soldier.

France, the former colonial power in Benin and much of

the rest of West Africa, retaliated with an airstrike that the French said killed 40 fighters from Ansarul Islam, a small al Qaeda-affiliated outfit.

"I'm not surprised that they're here—but the speed is alarming," Gen. Twum-Barima said on the sidelines of the nine-day U.S.-led West African commando exercises in Jacquenville, Ivory Coast, that ended Monday.

The annual special-operations training event is intended to help elite West African military units combat militants and counter their guerrilla tactics.

Some 370 troops from four

African nations and seven Western countries attended the exercises, hosted for the first time in a country on the Gulf of Guinea. Ghana is slated to host in 2023 and the following year.

The coastal nations aren't experiencing violence on the scale seen in the hard-hit Sahelian countries. Mali, Niger and Burkina Faso saw 2,005 attacks last year, up 70% from 1,180 in 2020, according to the Africa Center for Strategic Studies. There were 4,839 deaths associated with attacks in the Sahel last year.

But the experience of Burkina Faso is a reminder of

how quickly an Islamist insurgency can spread in areas where borders are porous, local grievances festering and government presence limited. The country was relatively quiet in 2017 and, just two years later, found itself overwhelmed by Islamic State and al Qaeda affiliates.

Last year, Burkina Faso experienced more than 1,100 attacks.

U.S., Canadian and European efforts to help contain the spread of militancy in the region have been complicated by recent military coups in Mali and Burkina Faso.

In Mali, special-forces Col. Assimi Goïta, a past recipient of U.S. military training, has led two coups since August 2020. Since his second takeover, in May 2021, the military junta has hired 800 to 1,000 mercenaries from a private Russian firm, the Wagner Group, to provide internal security, U.S. officials said.

The U.S. decried both the coup and the deployment of Russian mercenaries, and didn't invite Mali to this year's West African commando exercises.

The U.S. counts on France—which had anchored a 5,400-strong European force focused on Mali until its falling out with the junta—to lead the fight against Islamist militants in the region, with American assistance in intelligence, training, logistics and drone support.

"Their departure will create a vacuum which will be filled by the terrorist organizations," Mohamed Bazoum, president of Niger, said after the French announcement.

China Rethinks Covid Approach

By SHA HUA AND KEITH ZHAI

China, the last major country to stick with a zero-tolerance approach to Covid-19, is now actively exploring ways to loosen controls.

In preparation for a potential opening, Chinese officials are looking into the use of travel bubbles modeled on measures taken during the Winter Olympics, collecting data on new antiviral drugs and scouting sites abroad for future production of home-grown Chinese mRNA vaccines, people familiar with the matter said.

Covid-19 controls likely won't be eased before the spring of 2023, two of the people said, but experimental opening measures could arrive in select cities as early as this summer.

Chinese public-health experts have recently started to discuss some of the efforts publicly, part of an effort to prepare Chinese people to live with a virus the country has spent two years trying mightily to eradicate.

"In the near future, at an appropriate time, there will be a Chinese-style road map for living with the virus," Zeng Guang, China's former chief epidemiologist at the Chinese Center for Disease Prevention and Control, wrote on China's Twitter-like Weibo on Monday.

Officials in departments covering transportation, customs and border control have been

tasked since January with exploring adjustments to Covid-19-control policies that can eventually be presented to China's top leadership, a person with knowledge of the pandemic discussions in Beijing said.

The approach and timeline for a relaxation of Covid-19 controls aren't fixed and could change depending on future developments, such as the emergence of a new variant of the virus, the people say.

In response to a request to comment, China's National Health Commission pointed to an interview in February in which Liang Wannian, head of the commission's Covid-19 task force, said that "dynamic clearing"—Beijing's preferred term for its current Covid-19 control strategy—is "definitely not something that will continue forever."

China faces immense challenges in trying to calibrate its Covid-19 containment system in a way that avoids overwhelmed hospitals and large numbers of excess deaths.

Since the pandemic first exploded in the Chinese city of Wuhan in early 2020, Chinese leaders have continued to stick with an effective but laborious combination of digital surveillance, tight border controls, mass testing and targeted lockdowns to prevent and suppress larger outbreaks.

Chinese health officials have been closely monitoring Hong Kong, where an Omicron outbreak has spiraled out of



Chinese health officials have been closely monitoring Hong Kong, where an Omicron outbreak has spiraled out of control.

control despite stringent border controls and social-distancing rules, and is spreading quickly among the city's unvaccinated elderly.

Mainland experts now see the former British colony as a "stress-test scenario," as well as a source of data on the effectiveness of various treatments and insight into fighting severe infection surges without resorting to hard lockdowns, a person familiar with the discussions said.

The sight of patients lying on gurneys in the open air as they waited for treatment in overwhelmed Hong Kong hospitals has struck a nerve in

mainland China. While the mainland's more-affluent cities have responded to a government directive to beef up healthcare systems to contend with the pandemic, conditions are still basic in the countryside, home to more than one-third of China's population.

In 2020, a team of health experts looking into critical-care bed capacity in Asia found China had 3.6 critical-care beds per 100,000 people. The U.S., in comparison, has almost 30 beds per 100,000 people, according to the Society of Critical Care Medicine, a Mount Prospect, Ill., nonprofit.

Following the success of the

so-called closed loop at the Beijing Winter Olympics, where visitors were tested daily and sealed off from the rest of the city through separate accommodation and transportation links, Chinese health officials are considering it as a template for other cities, one of the people familiar with the discussions said.

Similar bubbles could be used for sports competitions and conferences, and possibly also set up to facilitate travel to and from certain countries, researchers with the Beijing municipal CDC argued in a recent paper.

Other opening proposals

being considered include quarantine exemptions for fully vaccinated international travelers and special entry arrangements for international students, one of the people familiar with the discussions said.

One important step toward easing zero-Covid measures, one of the people said, was China's conditional approval in February for emergency use of Pfizer Inc.'s Covid-19 antiviral drug Paxlovid. If approved for general use, the drug potentially gives Chinese health authorities a vital tool for the treatment of breakthrough infections, the person said.

WORLD WATCH

NEW ZEALAND

Police Battle Vaccine Mandate Protesters

New Zealand police battled antivaccine-mandate protesters to regain control of parliament's grounds, tearing down tents and towing away vehicles, while the crowd set fires and hurled debris and abuse.

Black smoke wafted across the Parliament buildings in the center of New Zealand's capital, Wellington, as dozens of police wielding riot shields took control of an area the protesters had dubbed "Freedom Village."

Authorities resorted to forceful tactics after earlier efforts to avoid physical confrontation failed to clear the site, which had been occupied for roughly three weeks.

Police Commissioner Andrew

Coster, who had previously advocated restraint, said police believed protesters with good intentions had in the past week become outnumbered by those willing to use violence. At least 36 people were arrested.

—Stephen Wright

EUROPEAN UNION

Record Inflation Poses ECB Dilemma

The eurozone's inflation rate jumped to a new high in February, presenting the European Central Bank with a difficult choice between supporting flagging growth and clamping down on accelerating prices driven by the threat to energy supplies following Russia's invasion of Ukraine.

The European Union's statistics agency Wednesday said consumer prices were 5.8%

higher in February than a year earlier, an acceleration from the 5.1% rate of inflation recorded in January.

It was the fourth straight month in which the inflation rate hit a high, and probably not the last.

Much of the pickup in inflation has been driven by energy prices, which were 31.7% higher than a year earlier, having been 28% higher in January.

That was also the fastest annual increase in a series that goes back to 1997.

—Paul Hannon

CANADA

Central Bank Raises Key Interest Rate

The Bank of Canada raised its benchmark interest rate for the first time in over three years and

said more rate increases are necessary to curb inflationary pressures that will heat up further because of the conflict in Ukraine.

Canada's central bank increased its target for the overnight rate by a quarter-percentage point to 0.50%. The Bank of Canada is now the second Group of Seven central bank to increase rates since the beginning of the pandemic, after the Bank of England, and the Federal Reserve is expected to join them this month.

Central banks around the world are adjusting policy to tamp down inflation and inflation expectations, after cutting their interest rates to near zero and injecting trillions into financial markets in response to the pandemic.

The Bank of Canada said annual inflation, at a 30-year-plus high of 5.1%, "remains well above" its preferred target of 2%.

—Paul Vieira



FLOOD DAMAGE: John Lawrence and Payton Campbell, standing behind him, with their children inspect a road near their Dungay, Australia, home Wednesday. Floods have killed at least 14 people.



ON THE CLOCK
CALLUM BORCHERS

Workers trickling back to offices may notice a few changes: Hot desks. More meeting spaces. And, wait, Tammy in sales is with Carl from accounting now?

While you've been Zooming and Slacking, more colleagues than you might think have been coupling. A third of workers said they were, or have been, involved with a colleague when the Society for Human Resource Management conducted a survey in January—up from roughly a quarter in early 2020.

And co-worker mating season may be just beginning. "There's a lot of loneliness, and a little bit of desperation, that goes with being a single person during the pandemic," says Michael Rosenfeld, a Stanford sociologist who studies how couples meet. For much of the past two years, he adds, co-workers have been "among the few people you have real interaction with."

As many companies plan office returns in the coming weeks, co-workers may be eyeing each other with renewed interest, whether because of genuine connections formed on conference calls or the novelty of seeing someone—anyone—in person again.

Office romance was on the wane when the pandemic struck, rendered obsolete by the popularity of digital matchmaking and cautionary tales from the #MeToo movement. Going remote would finish the job, we assumed.

Instead, two years of relative isolation, the very thing that could have ended dating among co-workers, appears to be reviving it.

Mr. Rosenfeld's research shows roughly 1 in 5 couples met through work in the mid-1990s, but that rate had been halved by 2017, as Tinder, eHarmony and similar services became the most common way to get together.

#MeToo underscored the potential pitfalls of pursuing a colleague, and some companies responded by restricting relationships or mandating disclosures. Jeff Zucker's recent exit as president of CNN is yet another reminder that mixing the professional with the personal can have severe consequences.

Yet in the work-from-home age, a screenshot brought Gregory Kelley and Marwah Rizqy together.

"I think I'm in love with Marwah," Mr. Kelley confided in a text to a colleague, who sensed the crush was mutual and forwarded a picture of the message to Ms. Rizqy.

A Covid-era courtship en-



Worker Romances Bloomed on Zoom

Some colleagues got close even while many offices were shut during the pandemic, and more may be eyeing each other as they return

sued—video chats progressing to outdoor walks and eventually indoor dates—and the two recently married.

Mr. Kelley and Ms. Rizqy, both 36, were elected to the National Assembly of Quebec at the same time, in 2018, and had formed a friendship but nothing more—until pandemic-induced separation awakened something stronger.

"I started FaceTiming Greg more often and, at that time, I realized I had feelings for him," Ms. Rizqy says.

Other office romances kindled before the pandemic grew more serious in a trying time. Matt Za-

lucky, a 34-year-old software consultant in Albany, N.Y., says he took things slow when a project manager named Kaylee Urban first interested him in 2018. He worried about misreading her signals but finally made a move when he was sure she'd say yes.

The couple had recently moved in together when offices closed, in March 2020. Mr. Zalucky says those early months in lockdown convinced him Ms. Urban was the one.

"Working from home and being together in the pandemic definitely solidified that I wanted to do this," says Mr. Zalucky, who

proposed that summer. "It would have probably shown me the other way, if it was that case."

The wedding is planned for November.

Frontline workers are finding love on the job, too, even if they had to stay 6 feet apart and seldom saw each other's unmasked faces for many months.

Hannah Maixner, a 26-year-old grocery clerk in Missouri, recently celebrated a first anniversary with her boyfriend and frequent shift mate, and says quite a few of her colleagues are dating each other.

People who kept showing up

when much of the world shut down bonded over the experience—sometimes in surprising ways, Ms. Maixner says. She worked with her boyfriend for six years before their first date and initially considered him "super weird." As her social circle shrank outside of work and she got to know him better, she grew attracted to his kindness.

We have mixed feelings about relationships among our colleagues. Three-quarters of workers say they don't have a problem with people dating each other at



Gregory Kelley and Marwah Rizqy fell in love in a Covid-era courtship.

work, according to the SHRM poll. Yet 77% of those who've had flings with co-workers say they've concealed them.

Anyone who's paid a modicum of attention to the #MeToo movement can appreciate some of the qualms. Beyond sexual harassment and quid pro quos, even healthy relationships can fuel perceptions of favoritism. Bad breakups and even friendly ones can complicate business.

Many HR departments say relationships among colleagues are not top concerns at the moment, given worker safety issues and staffing shortages.

"Does it make the list of things that I'm worried about? No," says Fran Katsoudas, who heads human resources at Cisco Systems Inc., where she's an executive vice president.

She adds that HR chiefs do consider whether there may be a power imbalance, with one partner wielding authority over the other.

Some people who've pledged not to date co-workers are reconsidering their positions. Joanna Tjiu was fully remote until her company recently transferred her to Malaysia, where the 25-year-old lawyer reports to an office twice a week. It didn't take long for a male colleague to strike her fancy.

"It was like the first time looking at a new human," Ms. Tjiu says.

Though she knows there could be risks, she's "been dropping small hints. Just in case the other person has even a slight interest in me."

WHAT TO STREAM

New Series Take On Business Scandals

By CHRIS KORNELIS

Some of the biggest corporate dramas that have played out in the news over the past few years are now being presented as TV series and documentaries. This week, we look at series and documentaries about Theranos Inc., Uber Technologies Inc., Boeing Co., and the people behind them. Here's where to stream them all:

'The Dropout'

(Hulu)

Hulu's eight-episode series "**The Dropout**" takes a fictionalized look at the rapid rise of Elizabeth Holmes, her healthcare startup, Theranos, and the spectacular fall of both.

Michael Showalter, one of the show's directors and executive producers, says the creators wanted the show to be dramatic, but have a satirical comedy element to it.

"The actress playing Elizabeth needed to be able to balance the comedic and dramatic elements," he said in an email. "More than that, she would need to fuse them together and also find Elizabeth's darker, more enigmatic traits."

The role went to Amanda Seyfried, an actress who received an Oscar nomination last year for her performance "Mank." In an interview, Ms. Seyfried said some aspects of Ms. Holmes's life were instantly familiar to her. She says

they both grew up on the same music, turned out for the dance team in high school and knew what they wanted to do with their lives before graduation. But she calls Ms. Holmes an enigma. Even after studying her and watching hours and hours of depositions and interviews with Ms. Holmes, she says: "I still don't know anything about her."

She does, however, have a better idea of how to portray Ms.

Holmes. In addition to capturing her walk and unique voice, Ms. Seyfried says she also tried to master the way she listened, which she describes as "dutifully, almost aggressively."

"I made a decision to half listen—like, actually hear what they were saying in order to respond—and the other half was showing that I was listening," she says.

"Which we do sometimes. It's not a bad thing. It's just, you're playing a part. And I think that a lot of times she was playing a part for various reasons."

The Dropout begins streaming Thursday on Hulu.

'Super Pumped: The Battle for Uber'

(Showtime)

"**Super Pumped: The Battle for Uber**," is based on the story of how Travis Kalanick created a culture- and industry-disrupting company, but his behavior ultimately cost him



Joseph Gordon-Levitt plays Travis Kalanick in 'Super Pumped: The Battle for Uber.' Amanda Seyfried, left, portrays Elizabeth Holmes in 'The Dropout.'

his job.

The seven-episode series is narrated by Quentin Tarantino, with a cast that includes Joseph Gordon-Levitt as Mr. Kalanick, Kyle Chandler as venture capitalist Bill Gurley and Uma Thurman as former Uber board member Arianna Huffington. The series is based on Mike Isaac's 2019 book of the same name. "Super Pumped" is being marketed as an anthology series, with future seasons dedicated to different corporate narratives. The show has already been picked up for a second season, based on Mr. Isaac's forthcoming book about Facebook.

"Super Pumped" is created by Brian Koppelman and David Levien, two of the co-creators and co-showrunners of Showtime's "Billions." In an interview, Mr. Koppelman said that Mr. Isaac sent him the book early, and he immediately recognized the kinds of characters in the story that he and Mr. Levien find compelling. That is, people who believe that the world must be changed, that they're the ones to do

it, and who actually do go about accomplishing it.

"We're fascinated by the people who do that, the people who empower the people who do that, and the people who both reap the rewards of that and pay the price for that," he says. "And in 'Super Pumped,' you have all of that wrapped up in one story that did change the world for better and for worse."

"Super Pumped: The Battle for Uber" airs Sunday nights on Showtime and can be streamed on services including Hulu and Amazon with a Showtime subscription.

'Downfall: The Case Against Boeing'

(Netflix)

The new documentary "**Downfall: The Case Against Boeing**," tracks what the filmmakers see as the wide-ranging failures that preceded the 737 MAX crashes in 2018 and 2019, from inside the company to the regulators and elected officials meant to keep an eye on the

airline industry.

The documentary includes voices from pilots, former employees, politicians and reporters who have covered the company—including now-retired Wall Street Journal reporter Andy Pasztor. "Downfall" traces the origins of the crisis to Boeing's 1997 merger with McDonnell Douglas. The sources point to the merger as a change in corporate culture, with a new emphasis on profitability and speed.

After its Feb. 18 release, "Downfall" was one of the 10 most-watched English-language films globally on Netflix for the week, according to the company.

The film was directed by Rory Kennedy, the youngest child of the late Sen. Robert F. Kennedy and a prolific documentarian whose films include the Oscar-nominated "Last Days in Vietnam." In an interview, Ms. Kennedy says there are stories that lend themselves to fictionalized accounts, but presenting the story of the 737 MAX tragedies was uniquely suited for documentary storytelling.

Ms. Kennedy says she wanted to make something that would last through time so that people could look back, see the original documents and "hear from the people who were on the front lines, so that they can understand, I think, on a deeper level, what people went through."

► STREAMING NOTES:

■ **The GameStop Doc: "Gaming Wall Street,"** a two-part documentary that looks at last year's GameStop short squeeze, premieres Thursday, March 3, on HBO Max.

■ **The We Series:** The corporate yarns just keep coming. On March 18, Apple TV+ premieres "**WeCrashed**," a series about WeWork. It stars Jared Leto as WeWork's charismatic former CEO, Adam Neumann, and Anne Hathaway as his wife, Rebekah Neumann.

FROM LEFT: PHOTO ILLUSTRATION BY GABRIEL ZIMMER/THE WALL STREET JOURNAL; ISTOCK(Z); ALEMIS LAVOE

FROM LEFT: HULU; SHOWTIME

PERSONAL JOURNAL.

Many Are Eager To Schmooze In Person Again

After two years of virtual events, people are networking face-to-face

By Ray A. Smith

The rubber chicken dinner is back. Networking-starved professionals are returning to in-person luncheons and live conventions, organizers say, with meetings of local chambers of commerce and national industry events back on the calendars as Covid-19 cases fall. Some say they've missed rubbing shoulders and schmoozing so much that they're turning up to events they once dreaded or only dutifully attended before the pandemic.

"It felt invigorating and exciting to be in person," said Lisa Lopez, a professor of educational psychology at the University of South Florida, who recently delivered a presentation at a conference in San Diego about young children with disabilities. "We were joking about how we had to relearn our social skills," she says of the in-person conversations. "We're all developmental psychologists who study social and academic development, and we had to retrain ourselves on social development."

Marianne Gooch, a management consultant, plans to attend eight events this month after pausing networking during the recent Covid-19 surge. At a gala this week hosted by the University of Houston's Bauer College of Business, Ms. Gooch, who runs executive coaching firm DynaComm

LLC, says face time with the business leaders she will soon work with at the school will help her get to know them better.

At the other events, she plans to mingle and meet executives in order to promote her management-consulting company and, hopefully, gain new clients.

Event organizers say they expect more in-person events this year, albeit in some cases with fewer attendees than pre-pandemic levels. CERAWEEK, an annual gathering that draws several thousand global energy ministers, investors and executives, will fill a hotel in downtown Houston next week for the first time since January 2020. South by Southwest, where the tech, film and music industries converge in Austin, Texas, expects crowds in mid-March. In early April, TED2022 returns to Vancouver for the first time in three years, with a triumphant title—"A New Era"—and about 10% fewer people than the 1,800 people who normally attend, according to TED.

At the Jacob K. Javits Convention Center in New York, several big professional events are returning, and the Washington Hilton in Washington, D.C., has held at least three events with more than 1,000 people so far this year, including the National Association of Counties Legislative Conference.

"We're back to running hard again," says Alan Steel,



PHOTO ILLUSTRATION BY DAISY KOPRICKS/WALL STREET JOURNAL, ISTOCK

chief executive of the Javits Center.

Steve Moreno, a commissioner with Weld County, Colo., north of Denver, says he relished getting the chance to sideline with colleagues in person this year. After one presentation, he caught up with somebody who had asked a question about the hiring and retention challenges facing rural communities, something Mr. Moreno's county also struggles with.

"I don't know that we found answers," he says. "It was just really helpful to

have valued conversation with somebody that's still having the same kind of challenges."

"We are all learning how to live and work with Covid, and there is demand to get back in-person and to help figure this out," says Katie Pryor, chief development officer of the Greater Houston Partnership, which in late January held its annual luncheon in a hotel ballroom with 900 guests.

After a virtual meeting last year—and hearing from members about how much they valued gathering in person—the partnership decided to resume in-person gatherings with strict protocols, requiring masks to be worn and guests to provide proof of vaccination or a negative Covid-19 test within the past 72 hours at a clearance checkpoint. Organizers reminded attendees of mask rules several times during the event, Ms. Pryor says.

Marc Boom, president and chief executive of the Houston Methodist hospital system, which was among the first to make vaccinations a condition of employment, says he was on the fence about attending. Dr. Boom, who is also vice chairman of the Greater Houston Partnership, says the rigorous protective protocols and decline in Covid-19 cases swayed him.

"Let's be clear, in Houston, Texas, those are not easy requirements," he says of the event's vaccine, testing and mask mandates.

The outing was the biggest event Dr. Boom had attended during the pandemic, which he says felt energizing. "Some of it was networking and some of it was just, you know, esprit de corps and having everybody rally behind a vision," he says, adding that it felt unusual to be among



More than 1,000 people attended the National Association of Counties Legislative Conference in Washington, D.C., last month.

throng of people again. "That hasn't happened for a while, and so you sort of sit there and feel maybe a hair nervous."

Alline Flanary, a farmers market manager from Portland, Ore., says she feels a bit overwhelmed by the process of presenting at a professional conference this month in San Diego, from packing to fly again to in-

'We've got to get back to life because this [virus] is not going to stop.'

ating conversations with strangers. It's critical to show up, she says, because she's building a brand around her herbal products and seeking grants to support her advocacy work on behalf of farmers of color. But she's wary of Covid-19.

"I'm not looking to go shake anyone's hand, so I'm hoping everyone enjoys a good elbow bump," Ms. Fla-

Flanary says. Last spring, as the vaccine rollout was under way, Vikas Mohindra says he still didn't feel comfortable organizing the annual Foxy Gala for the Michael J. Fox Foundation, which raises money for Parkinson's disease research. This year, he changed his mind when he and his wife, both boosted, caught Covid-19 in January after evading it for two years.

"That's where I was like, OK, I'm back on the gala train," says Mr. Mohindra, co-president of the young professionals chapter of the foundation's community fundraising arm and a senior vice president in Merrill's wealth management division. "We've got to get back to life because this [virus] is not going to stop. And all of these charities still need funding."

The black-tie event is scheduled for late April in Manhattan, and all guests have to show vaccination proof. Mr. Mohindra said he hopes 400 people will attend, and will personally refund anyone who backs out.



The Greater Houston Partnership held its annual luncheon with 900 guests in late January.

RICHARD CARSON/GREATER HOUSTON PARTNERSHIP (LEFT); LEON LAWRENCE II/NATIONAL ASSOCIATION OF COUNTIES (ABOVE)


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ARTS IN REVIEW



Nilüfer Yanya's new release is 'Painless.'

MUSIC REVIEW | MARK RICHARDSON

Minimalist Approach, Major Growth

"All the parts of my songwriting—both singing and playing guitar—grew together," she told *Guitar World* in a 2021 interview, and many of the best songs on "Painless" make use of the interplay between the two.

"Chase Me" is one potent example. The guitar part recalls the moody accompaniment to the quiet verses in a Nirvana tune like "Lithium," with the electric guitar's chord progression building tension with each strum. But instead of screaming on the chorus as her grunge forebears did, she releases into a hypnotic chorus that's pure pop. When her husky voice jumps an octave to highlight the word "feels" in the couplet "And It feels like it's al-

The singer-songwriter's stripped-down second record is even better than her lauded debut.

ready coming / And It feels like it's already scarring," it brings to mind the piercing ferocity of early Sinead O'Connor. The following "Midnight Sun," which pairs a moody guitar line with syncopated drums, sustains the intensity as Ms. Yanya offers visceral imagery ("Peeling back not noticing / The blood and bones beneath my skin") while describing a relationship that fell apart.

On a few songs late in the record, the minimal production becomes a liability. "Company" is an impressive mid-tempo number, but it's just voice and guitar, and you can imagine a more fleshed-out version that would hit with much more force. On "The Mystic," Ms. Yanya plays a jazzy chord progression that brings to mind Joni Mitchell and the melody is both idiosyncratic and memorable, yet it sounds thin.

But the closing "Anotherlife," a strutting mid-tempo rocker, ends the album on a brilliant note that points the way forward: London producer Nathan Jenkins, aka Bullion, treats Ms. Yanya's voice with echo and gradually folds in string-like sounds as the track progresses. We can hear Ms. Yanya moving away from a romantic partner who wasn't there for her and finding inner resolve, and the build of the music mirrors her journey. While it's hard not to wish that the production served the rest of the album equally as well, "Painless" is a step forward that shows Ms. Yanya's continued growth as a songwriter.

Mr. Richardson is the Journal's rock and pop music critic. Follow him on Twitter @MarkRichardson.

English singer-songwriter Nilüfer Yanya has seemed on the cusp of greater fame for a while, ever since she first shared her home-recorded tracks back in 2014. She was a teenager then, living in London and soaking up the city's wide range of international pop—her father is Turkish, and music from the region was in the mix, along with R&B, rap and dance music—while continually returning in her own work to rock and other guitar-based forms. After a few singles she released her debut LP, "Miss Universe," in 2019. Its best songs were so catchy that a higher profile seemed inevitable. But it didn't quite happen. She's mostly hovered in that space between indie rock and the broader pop world—and, it should be said, she seems comfortable there. If there's a "next big thing" push, it seems to emanate more from industry sources than from the artist herself.

Ms. Yanya's new LP, "Painless" (ATO), out Friday, probably will not elevate her to another echelon of recognition, but it's still an impressive progression from a very solid debut. The songs are sharper, the record flows better, and it's a more coherent statement. On "Miss Universe," she inserted spoken interludes that tried to turn it into a concept album, but the reason to revisit that record was the undeniable force of her voice and melodies. The new work builds on the last collection's strongest moments.

Most of the songs on "Painless" were co-written with and produced by multi-instrumental-



ist Will Archer, who also contributed to Ms. Yanya's debut and has worked with artists who include British singer Jesse Ware. The arrangements are unfussy, highlighting the essential sound of each instrument, an approach that's less about making an impressive record and more about framing Ms. Yanya's voice and songwriting. This stripped-down approach is inviting but occasionally limiting. While it stays true to the essence of Ms. Yanya's music—her earliest tracks were striking in part because they were so stark—here and there, the songs sound more like demos

than finished products.

The opener, a number about betrayal called "The Dealer," contains just the right mix of simplicity and studio augmentation. It's a brisk number with a busy drum part and a rumbling bassline that kicks in on the chorus, ratcheting up the drama. In these lyrics, there's always something out of reach—they're shot through with anxiety about self and circumstances and the surrounding world, and Ms. Yanya gets off some clever lines that illustrate this uncertainty. The LP's third track is the ballad "Shameless," which contains what might be the album's prettiest melody and also features a lovely piano interlude.

An intriguing quality of Ms. Yanya's work is that her vocal melodies sometimes take on a riff-like quality, as if you can hear how they developed from a pattern she first worked out on guitar. Her singing and playing braid together unusually, as if each represents one side of the same coin.

By LARRY BLUMENFELD

MUSIC REVIEW

Albums Haunted by the Past

The feeling of being haunted—by ghosts, real or imagined; by faded or unrequited love; in ways that spark terror, sadness or even hope—has long captured the imagination of writers, artists and musicians. Lately, the anxieties and mounting losses of the Covid-19 era have left us all newly spooked.

Two new releases—singer Cécile McLorin Salvant's "Ghost Song" (Nonesuch, out Friday) and pianist Marta Sánchez's "SAAM (Spanish American Art Museum)" (Whirlwind, out now)—are, in differing ways, animated by such feelings. Both musicians composed music during lockdowns in their respective Brooklyn homes; each recorded during moments of relative calm within the pandemic.

Ms. Salvant might easily have ended up haunted by legacies of past jazz singers, having arrived a dozen years ago as an unknown at the Thelonious Monk International Jazz Vocals Competition, and won. ("At first," she told me back then, "I wanted to sound like Sarah Vaughan more than even to have my own identity.") Now 32, she stands as a true original, with three Grammy Awards and a MacArthur Fellowship to her credit. Her ideas have grown bolder with each album, and especially with "Ogresse," an unreleased cantata for which she wrote the story, lyrics and music. (That project's tour was curtailed by Covid.)

"Ghost Song" is her boldest act yet. Here, Ms. Salvant displays yet more sonic range and nuance—soaring through intervals, moving nimbly through tricky rhythms, and reveling in pithy turns of phrase. Her voice is singularly arresting, yet it is never a single sound. It's playful, nearly giddy, on "Optimistic Voices" (from "The Wizard of Oz"), and then sultry when that song segues into Gregory Porter's "No Love Dying." It's a blues holler to start the title track, one of seven original compositions, and nearly soft as a whisper to begin Sting's "Until."



Pianist Marta Sánchez, left, and vocalist Cécile McLorin Salvant, right, each are issuing new records.

Throughout, Ms. Salvant sets her voice within a variety of musical contexts. She starts "Until" as a ballad, and then skips into Brazilian samba, accompanied by flute, strummed banjo and hand percussion. "Moon Song," a tender original composition, swings slowly to drummer Kyle Poole's brushstrokes. "The World Is Mean," from Kurt Weill's "Threepenny Opera," opens like musical theater and ends as Cuban rumba. The album begins with a rendition of Kate Bush's "Wuthering Heights," which Ms. Salvant first sings a cappella, and then as shrouded in sounds from Paul Sikivie's electric bass and synthesizer.

All of which might confuse some fans of her more overtly jazz-oriented work, and that should also earn a broader audience, attracted not by repertoire but by her unrestrained grace and her compelling

theme—the varieties of haunted experience. Ms. Salvant's own songs express this theme best. Her lyrics consider how our minds torment themselves in "Thunderclouds," about stormy, sleepless nights, and "I Lost My Mind," about the loneliness of pandemic life. Her strongest songs consider haunted hearts—the longing before love takes hold ("let me pine / let me yearn / let me crawl," on "Moon Song"); mourning lost love ("I'll dance with the ghost of our love," on the title track); and the complexities of romantic entanglements (on "Obligation," in something between spoken and sung phrases, "promises lead to expectations which lead to resentment").

The album's cohesion relies heavily on pianists Sullivan Fortner, who also co-produced, and Aaron Diehl. There's a third pianist, too. The dense tone clusters of "Trail Mix," a

brief solo-piano piece performed by Ms. Salvant, hint at the spirit of Thelonious Monk and, perhaps, at a song not yet born.

There's a haunting at the center of Marta Sánchez's "SAAM (Spanish American Art Museum)." "Marivi," the fifth of nine tracks, is named for the pianist's mother, who died in 2020. Ms. Sánchez, who moved to the U.S. from Madrid in 2012, was stuck an ocean away during her mother's final months due to pandemic travel restrictions. The song's mournful melody is first played by trumpeter Ambrose Akinmusire, and then sung by vocalist and guitarist Camila Meza. The lyrics, written by Ms. Sánchez and sung in Spanish, catalog memories—Marivi's cooking, her patience, her "toothless smile"—and express regret: "I had imagined that we would have many days where you would tell me the secrets of your past."

Elsewhere the album is strictly instrumental, showcasing Ms. Sánchez's loose-limbed and responsive quintet with saxophonists Román Filiú and Alex LoRe, bassist Rahaan Carter and drummer Allan Mednard. "December 11th," named for the date of her mother's death, conveys the pianist's longing wordlessly: in yearning phrases from saxophones; in the chiming tone clusters Ms. Sánchez plays, and the spaces between them; through simple figures that end but don't resolve, like something left unsaid.

For the past decade, the combination of alto and tenor saxophones has been central to Ms. Sánchez's bands. Here, Mr. Filiú, who played alto on her previous albums, switches to tenor, with Mr. LoRe on alto. Ms. Sánchez's arrangements enlist them in all manner of interaction: soft-hued, harmonized phrases and delicate counterpoint on "Dear Worthiness"; breathy lines that braid together on "The Eternal Stillness"; passages that sound conversational on "When Dreaming Is the Only."

Ms. Sánchez's music is accessible and lovely, yet built on stark contrasts. One rhythm rubs against another. Multiple melodies coexist. Gentle passages get interrupted by sudden crashes. As a pianist, she can scatter tones that seem suspended like snowfall, as she does to start the album, or spin out flowing lines whose disarming beauty belies an underlying harmonic complexity. Her ensemble swings forcefully, yet in slippery ways, as on "The Unconquered Vulnerable Areas," where the bassline tugs against the rest of the band.

"SAAM (Spanish American Art Museum)," a composition meant to evoke the ironies and disorientation of a life straddling two continents, is filled with dissonance and drama. It sometimes sounds like two songs played simultaneously, as if Ms. Sánchez's dual identities haunt each other.

Mr. Blumenfeld writes regularly about jazz and Afro-Latin music for the Journal.

SPORTS



Andrew Miller, above left, and Max Scherzer, above right, have represented players during negotiations. Below, a fan wears a T-shirt with 'Luxury Tax' taped on it.

Labor Dispute Has a Culprit: Taxes

Players are arguing that Major League Baseball's competitive balance tax has served as a de facto salary cap in a sport that isn't supposed to have one

BY JARED DIAMOND

Major League Baseball players went on strike in 1994 to stop owners from implementing a salary cap. They refused to budge as the World Series was canceled and stood firm for 232 days, in the face of public outcry, to block an artificial constraint on what free agents could earn.

Management lost that fight. Every other North American professional sport has a salary cap, leaving MLB with a financial system that most resembles a free market. It is among the greatest victories in the MLB Players Association's history and demonstrates why it has been one of the nation's strongest unions.

Now baseball is embroiled in another ferocious labor dispute. Owners locked out the players on Dec. 2, and on Tuesday, commissioner Rob Manfred canceled the first two series of the regular season after the sides failed to reach a new collective bargaining agreement before MLB's stated deadline.

The primary cause of this feud is very similar to the last one—again revolving around baseball's desire to limit teams from spending too much money on players, who oppose such restraints.

More than 25 years later, however, the mechanism to limit payrolls goes by a different name: the luxury tax.

Formally known as the competitive balance tax, the luxury tax penalizes teams that surpass certain payroll limits. It was designed to

ensure that low-revenue clubs like the Pittsburgh Pirates and the Kansas City Royals can compete with the likes of the New York Yankees and Los Angeles Dodgers. Manfred said Tuesday it is necessary because it "is the only mechanism in our agreement that protects some semblance of a level playing field among the clubs."

In recent years, however, the players believe the CBT has served as a de facto salary cap in a sport that isn't supposed to have one. Penalizing teams for exceeding certain payroll thresholds—which started at \$210 million last season—depresses the market for players, the union argues.

As a result, the union has asked to raise the threshold to \$238 million, increasing to \$263 million by the end of the deal in 2026. The owners have so far been unwilling to offer to raise it much at all, proposing \$220 million and keeping it there for three years, before eventually climbing to \$230 million.

The luxury tax isn't the only obstacle preventing an accord. The parties are clashing over the minimum salaries and the creation of a performance-based bonus pool for young players, in addition to other things like the playoff format and the draft.

But it is the luxury tax that has created the level of acrimony that has led to canceled games. Once that's settled, the rest of the deal would likely fall into place quickly. It's proof that the problems from more than a quarter-century ago never really went away—they just go by another name.

"We look at the competitive balance tax as a breakaway spending



mechanism. That's how this thing was originally negotiated," said New York Mets pitcher Max Scherzer, a member of the union's executive subcommittee. "We're seeing it act as a salary cap."

The current version of the luxury tax was added to the CBA for the 2003 season, becoming stricter with each new labor contract. At first, wealthy teams weren't afraid to pay it in their pursuit of a championship. The Yankees crossed the threshold every season from 2003 through 2017. The Boston Red Sox were taxed from 2004 through 2007, then again in 2010, 2011, 2015 and 2016. In 2016, six different teams had payrolls high enough to trigger the tax.

Team behavior quickly changed after that with the ratification of a

new CBA for the 2017 season that featured far more onerous rates. Surcharges were introduced for going above higher payroll limits and hefty fines were added for repeat offenders, in addition to draft-pick penalties.

Last year, for instance, teams that went over \$210 million for the first time last year paid a 20% tax on the overage, while third-time offenders paid 50%. Those rates soared even higher for teams with payrolls of \$230 million and \$250 million, to where crossing the highest threshold in three straight years would trigger a 95% tax. The Dodgers paid \$32.7 million in luxury tax in 2021, while the San Diego Padres were charged \$1.3 million.

The union agreed to that struc-

ture—but badly miscalculated its effect, not realizing the owners had slowly but surely created something close to a salary cap.

Suddenly, even the richest teams like the Yankees and Dodgers were afraid of the luxury tax, making sure to stay under the threshold once every three years to avoid paying the worst surcharges. In 2020, the Red Sox posted—and later deleted—a tweet celebrating that they had gone under the tax threshold in a year they finished in last place in their division.

In 2021, five teams had payrolls that were within \$4 million of the tax threshold, according to the Associated Press, essentially gerrymandering their rosters to avoid it. Three of those teams—the Yankees, Red Sox and Houston Astros—lost in the postseason and might have benefited from another player or two that would've pushed their payrolls into tax territory.

"We've seen it taken advantage of and used in a way that was not intended, and we have great issue with that," said pitcher Andrew Miller, another executive subcommittee member.

Throughout the current negotiations, MLB had pushed for even higher tax rates with only small threshold increases, enraging the players. While they have since agreed to keep the rates at status quo, the thresholds remain a major sticking point.

In many ways, the CBT situation isn't just a conflict between owners and players, but one between owners and owners. A harsh tax effectively stops the wealthiest owners from outspending the slightly less wealthy ones.

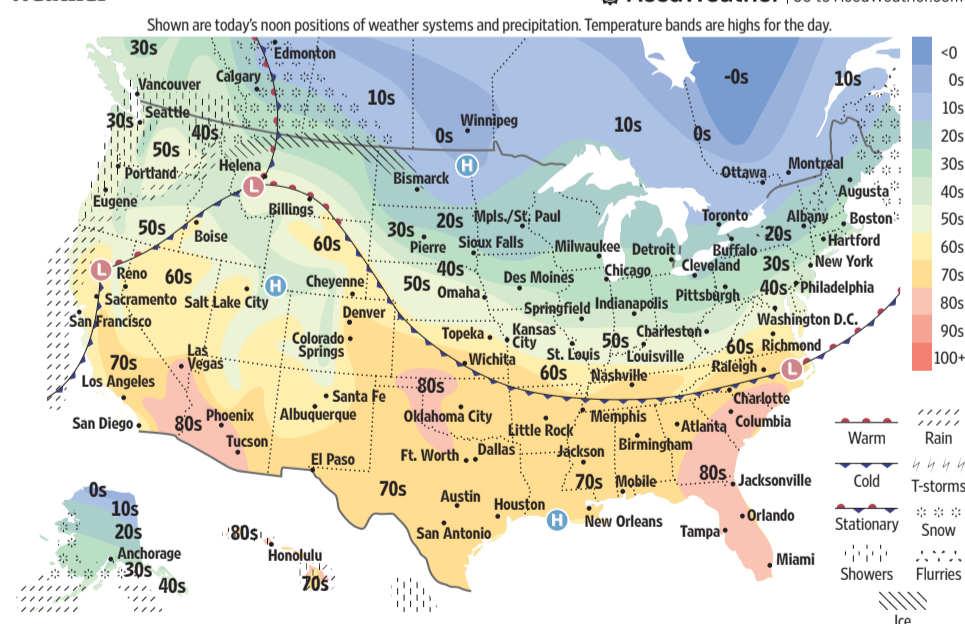
Consider Steve Cohen of the Mets, the richest owner in the sport. He went on a spending spree before the lockout, committing more than \$250 million on four free agents, including \$130 million over three years for Scherzer. Whenever the season starts, the Mets could have a payroll of \$300 million. Would a tougher luxury tax deter him? The owners would probably like to find out.

"We have a payroll disparity problem, and to weaken the only mechanism in the agreement that's designed to promote some semblance of competitive balance is just something that I don't think the club group is prepared to do right now," Manfred said.

While it's no doubt easier to succeed with a higher payroll, baseball appears to have plenty of parity by many measures. A different team has won the last eight World Series. The Tampa Bay Rays and Oakland Athletics have managed to be perennial contenders despite low budgets. There hasn't been a repeat champion since the Yankees won three straight from 1998 to 2000.

Yet the owners appear to think finding ways to suppress player pay will solve baseball's problems—and once again, the players are ready to miss games to stop it from happening.

Weather



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	36	33	sn	42
Atlanta	77	52	pc	73
Austin	74	53	pc	75
Baltimore	54	23	pc	44
Boise	61	36	c	52
Boston	37	13	s	31
Burlington	22	0	sf	25
Charlotte	79	47	s	64
Chicago	34	27	c	43
Cleveland	28	19	c	39
Dallas	78	54	s	73
Denver	72	42	pc	67
Detroit	33	19	pc	39
Honolulu	81	65	sh	82
Houston	76	53	pc	75
Indianapolis	41	28	c	53
Kansas City	57	41	s	71
Las Vegas	80	53	pc	63
Little Rock	76	45	s	75
Los Angeles	71	53	pc	58
Miami	80	70	pc	81
Milwaukee	32	24	c	39
Minneapolis	27	21	c	38
Nashville	71	41	s	73
New Orleans	74	51	s	76
New York City	42	22	s	38
Oklahoma City	77	49	s	74

International

City	Today		Tomorrow	
	Hi	Lo	Hi	Lo
Amsterdam	52	32	pc	50
Athens	55	47	pc	59
Baghdad	84	52	c	69
Bangkok	95	80	t	97
Beijing	53	24	s	54
Berlin	45	29	pc	40
Brussels	54	32	pc	51
Buenos Aires	78	72	s	83
Dubai	81	66	s	87
Dublin	48	35	r	47
Edinburgh	48	39	r	45

Today Tomorrow

City	Today		Tomorrow	
	Hi	Lo	Hi	Lo
Frankfurt	51	28	s	48
Geneva	56	35	pc	53
Havana	85	62	pc	84
Hong Kong	71	65	pc	74
Istanbul	44	37	pc	48
Jakarta	87	75	sh	88
Jerusalem	49	39	r	50
Johannesburg	79	63	pc	77
London	54	44	c	51
Madrid	52	42	r	54
Manila	93	76	pc	92
Melbourne	84	63	s	85
Mexico City	78	48	s	79
Milan	57	36	s	55
Moscow	33	24	pc	32
Mumbai	93	78	pc	94
Paris	55	42	c	56
Rio de Janeiro	92	77	s	89
Riyadh	92	72	pc	88
Rome	55	38	pc	55
San Juan	84	73	pc	85
Seoul	50	27	pc	51
Shanghai	65	50	pc	64
Singapore	87	76	sh	88
Sydney	74	71	r	77
Taipei City	77	63	pc	76
Tokyo	55	42	pc	52
Toronto	23	12	pc	34
Vancouver	48	39	s	48
Warsaw	41	28	c	38
Zurich	54	25	s	49

The WSJ Daily Crossword | Edited by Mike Shenk

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HOMO ERECTUS | By Winston Emmons

Across		Down	
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5 Concert receipts	25 Sally Field's "Places in the Heart" role	49 Prime	37 "Great public schools for every student" org.
9 Angel in Venezuela, e.g.	27 Scotland's Scridain, e.g.	52 Stud spot	38 Gossipy Barrett
14 Burnett of CNN	29 Test subject	54 Indiscriminate	40 Waze directive
15 Ilhan in Congress	33 Traveler's lodging	58 Trail	41 Enabled "All in favor?"
16 Paradigm	36 "The Pink Panther Theme" composer	61 World leader born in the village of Mvezo	45 ___-majesté
17 Falafel holder	39 Journalists' focuses	64 Like burning rubber	46 EF5 event
18 Chrysler Building style	42 Org. chart topper	66 Demanding sort	50 Site of some '60s tours
19 Game with multiple balls	43 City northeast of Düsseldorf	67 Tiger Woods's ex	51 Make lovable
20 Novelist who used the alias Joseph Anton during nine years in hiding	47 Flock member	68 Big bore	53 Tribal sage
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		70 Noted baseball matronymic	56 Miscellanies
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		73 Harsh sound	59 Benzoyl peroxide target
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			63 "Ars Amatoria" poet
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Previous Puzzle's Solution

TRUCK	PIT	MEH
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USO	HOARD	PITCH
	TONTO	DENOITE
BASTILLE	ESTADO	
ERASER	STIR	POST
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MAIL	PAH	RUBBER
	AMAZES	COSSMO
ALLDAY	PORKY	
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► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](https://www.wsj.com/puzzles).

OPINION

Ukraine Changes Everything



WONDERLAND
By Daniel Henninger

most sentient people recognize that the way we lived before is going to need adjustment.

Europeans—from the island of Britain to the border between Poland and Ukraine—obviously see Mr. Putin has changed their world.

The American president had a chance to recognize this new reality in his State of the Union speech Tuesday night. It didn't happen. Mr. Biden spoke stirring of Ukraine and its defense, then reverted to the domestic-policy status quo for the Democratic Party.

An argument is going to emerge in Washington that spending on defense and national security needs to rise significantly in light of both the Putin armies moving west and the threat from China.

On this, Mr. Biden said nothing, and the "response" to his speech by progressive House Squad member Rashida Tlaib suggests why he did not.

"We can't seek peace by spending three-quarters of a trillion dollars every year on weapons of war, making defense contractors and companies wealthier," Rep. Tlaib said. "We must put human rights and dignity first."

During Mr. Biden's difficult first year, a subject of more

than passing curiosity has been the lockstep mentality on climate and higher spending of a Democratic Party driven by progressive ideology. Perhaps that unmovable reality explained the self-satisfied smile on Speaker Nancy Pelosi's face no matter what Mr. Biden was saying. There will be no proposal to incentivize more production of energy to weaken the Putin hammer over Europe. The Biden Democrats won't change course. They believe domestic needs and climate goals take primacy over any imaginable foreign threat.

Mr. Biden's speech had no memorable lines, but one sentence explained a lot about our—and the world's—current predicament.

Mr. Biden said: "While it shouldn't have taken something so terrible for people around the world to see what's at stake, now everyone sees it clearly." Better late than never.

That is the voice of leading from behind, responding to events only when the political or actual costs of ignoring them become too high.

Of the many subjects touched on by Mr. Biden once past Ukraine, one sticks out amid the disorder Mr. Putin has turned loose: domestic crime in U.S. cities.

Across the U.S., behavior outside the boundaries of established civil order—violence, murder, theft—has become routine because the police have become less willing to prevent disorder.

That collapse, in essence, is what has happened in Ukraine. Until a week ago,

Kyiv, like any big American city, was largely an orderly place—with problems to be sure, but nonetheless providing normal space for people to live their daily lives. Then Vladimir Putin obliterated the fine line that sits between order and disorder, in the process explicitly threatening the postwar order of Europe itself.

The orderliness of life doesn't just happen. Order has come from centuries of political effort, much of it to make the rule of law stronger than the law of the jungle. Main-

Europe's long failure to deter Putin was the equivalent of 'defund the police.'

taining that order is a *political* responsibility. It requires political leaders who are willing to ensure that the line between order and disorder doesn't blur, or collapse.

With Mr. Putin's reduce-to-rubble invasion of Ukraine, the world's leaders—notably German Chancellor Olaf Scholz and NATO Secretary General Jens Stoltenberg—are recognizing that they didn't do enough to prevent a determined outlaw like Mr. Putin from collapsing the weak presumptions that had propped up Europe's orderly existence.

Instead, Mr. Putin and no doubt China's Xi Jinping saw a West on the brink of political and moral decadence, countries whose leadership allowed marginal issues such as windmills and gender com-

plexity to displace national self-preservation. John Kerry's lament that war in Ukraine would damage the climate may be the last word on political self-absorption. For now anyway.

Mr. Scholz's decision this week to increase German spending on defense and send Ukraine lethal weapons was unthinkable just 10 days ago. In 2006 NATO established 2% of gross domestic product as the minimum each of its member nations should spend on the alliance's common defense. Most did not. Instead, they spent everything on non-defense priorities such as climate and welfare.

This was Europe's equivalent of "defund the police."

Mr. Biden said Tuesday he was for the police and funding them. But his speech made clear his primary goal for our embattled cities is "equal justice." His Justice Department will "hold law enforcement accountable." There was no suggestion that progressive theories on crime and prosecution need revision. Like Europe's dangerous minimizing of self-defense, Mr. Biden was whistling past the graveyard. The crime will persist.

Europe is learning a hard "this changes everything" lesson. In the U.S. we're shocked at the images from Ukraine. Whether we're willing to change our own complacent status quo in the face of manifestly real external and internal threats to our security is less clear. At least now we have a baseline for discussion: Do nothing, and disorder descends.

Write henninger@wsj.com.

BOOKSHELF | By Roger Lowenstein

Hedge Funds On the Attack

Price Wars

By Rupert Russell
(Doubleday, 276 pages, \$29)

Albert Einstein looked for a theoretical framework to tie up the universe but didn't succeed. Rupert Russell, a British filmmaker and writer, believes he has done it. In "Price Wars: How the Commodities Markets Made Our Chaotic World," Mr. Russell reduces much recent history to a morality play in which global financial capitalism wreaks chaos on the developing world.

The author, who traveled to Iraq, Ukraine, Venezuela, Somalia and other hot spots for his research, attempts to link "disparate episodes of chaos large and small." His thesis is that far-flung events over the past two decades or so were not "free-floating snowflakes but bound together in an avalanche."

His avalanche is really a series of storms in which reverberations in commodities markets unleash mayhem.



Thus prices of foodstuffs such as wheat soared in 2008, triggering the Arab Spring, terrorist militias and refugees. Coffee plummeted, spurring more refugees, from Guatemala. Soaring oil prices, supposedly inflated by Wall Street, emboldened Vladimir Putin to bully neighboring states—but then oil prices fell, unleashing chaos on Venezuela.

Such avalanches, Mr. Russell maintains, also rocked the West. In Britain and in the U.S., refugee arrivals tore at the social fabric and a housing

bubble (also the fault of oil prices) spurred voter discontent. Voila, Brexit; hello, Donald Trump.

The trouble with such deterministic exercises is that life tends to be more complicated. If oil encouraged Russia's imperial ambitions, why not a similar effect in Norway? And if, as the author suggests, Venezuela was undone by wild price fluctuations and not by its leftist and corrupt government, why did it implode and not other petrostates?

Mr. Russell assures us that his logic is "devilishly simple" and that in commodity prices he has found his "butterfly." He means the proverbial insect whose wing flap leads to a hurricane. It seems that he has scarcely seen a butterfly that didn't cause a hurricane. "Price," he intones, "can spark riots, revolutions and war. Prices unlock cages and release monsters."

According to standard theory, prices are not a causal agent any more than newspapers or cell towers. Prices communicate scarcity or surplus, or uncertainty. They transmit information. For Mr. Russell, prices are "engines of chaos"; they "hide," spread "magic" and "manipulate." They are tools for the few to enrich themselves at the expense of the many.

Mr. Russell focuses on the 2008 global food crisis. Scholars have identified a host of factors contributing to rising grain prices: inadequate investment in developing countries, misdirected subsidies, weather events, export restrictions, increasing oil prices and rising demand for biofuels. Mr. Russell isn't buying it. He says there wasn't any food shortage; higher prices resulted from traders piling into commodity index funds. He views hedge-fund

Investors can easily be blamed for all sorts of problems if prices are seen as 'weapons' deployed by the few to harm the many.

investors as akin to terrorists for manufacturing hunger. He is similarly suspicious of the market's judgment, in the early 2010s, that political unrest in the Arab world posed a threat to oil supplies. That claim, he says, was only a story that "maintained the bubble," though he doesn't trouble to say who was maintaining it. He says that prices can be a "carefully deployed rational weapon."

"Price Wars" thus leaps from the truism that prices often turn out to be wrong to the more sinister implication that omniscient traders are knowingly distorting them. Mr. Russell makes much of the fact that feedback loops convey plenty of dodgy information; but they also convey plenty of true stuff. Nassim Nicholas Taleb, the "Black Swan" author and a former options trader, coined the term "narrative fallacy" for the urge to impose causality on random events. Mr. Russell is its avatar.

For him, prices are supposed to deliver "peace and harmony" rather than transmit news from a turbulent world. He misconstrues "chaos" as an unnatural condition foisted on society by hedge funds. When harmony is absent (or chaos present), Mr. Russell smells a rat. He pines for the pre-deregulation era and in particular blames the Commodity Futures Modernization Act of 2000 for turning the market henhouse over to Wall Street foxes. There is much not to like about the bill, but Mr. Russell's assertion that, before then, "order had reigned" is baffling. What about the Hunt brothers' effort to corner silver? Futures markets have always been volatile and speculative.

Mr. Russell is furious at neoliberalism, but his attack is a muddle. He accuses the late Fed chairman Arthur Burns of conservative "austerity" policies that thwarted the desires of democratic masses for freer spending. But it was Burns, who ran the central bank for most of the 1970s, whose policies led to the Great Inflation. And Mr. Russell excoriates the U.S. for promoting liberalized markets, a policy he says left the developing world "to experience the full force of the mushroom cloud." This radioactive metaphor is an example of his inflated language. (Accusing "many hedge funds" of the equivalent of "war crimes" is another.) And he has neoliberalism backward. Whatever its effects on Gary, Ind., global trade brought unprecedented growth to the developing world.

Though Mr. Russell is unhappy with central bankers, his real venom is saved for government officials who have supposedly appeased Wall Street with Hooverish tight budgets. He asserts that the huge deficits of the Covid period have demonstrated that inflation "was no longer a threat"—a seriously ill-timed assessment—and that, therefore, the U.S. and other governments should have been more free-spending all along. Mr. Russell says that his story shows how global financial capitalism is undermining political freedom, but no evidence is offered. "Price Wars" is a painful book. It reads like a Twitter feed, a deluge of words in the service of rhetoric.

Mr. Lowenstein's latest book is "Ways and Means: Lincoln and His Cabinet and the Financing of the Civil War."

Biden and the State of the Midterms

By Karl Rove

The State of the Union address is what historian Daniel Boorstin called a pseudo-event, a speech endowed with special meaning because of its pageantry and pervasive news coverage. Such addresses rarely have a big impact on public opinion. Gallup has found that since 1978, the State of the Union has led to just an average 0.4-point improvement in a president's approval rating. President Biden's speech Tuesday was typical of the genre.

It had high moments, as Democrats and Republicans alike stood to applaud when the president introduced the Ukrainian ambassador and told an impressive story about the West's response to Russian aggression.

But this is unlikely to reverse Mr. Biden's poll numbers. Moscow's belligerence is bolstering the approval rating only of Ukrainian President Volodymyr Zelensky, an authentically heroic figure.

After detailing efforts by the U.S., the North Atlantic Treaty Organization and the European Union to retaliate for Russia's invasion of Ukraine, Mr. Biden's speech went downhill. He turned self-congratulatory, extolling his American Rescue Plan and the bipartisan infrastructure bill as leading to record job creation. If those measures could move voters, they'd have pumped up the president's numbers last year

when they were approved.

Mr. Biden also repackaged his Build Back Better plan, thinking that "building a better America" would be a superior label, and sold it as an anti-inflation measure. Neither tactic will work, but the second is particularly laughable. Voters aren't likely to believe inflation can actually be reduced by massively expanding government spending through social programs such as universal pre-K or green boondoggles like more subsidies for purchasing electric vehicles.

Some Americans have difficulty handling child-care costs, of course, but most families experience inflation at the grocery store or service station. They don't see more government spending as the answer. Further, suggesting climate measures will lower prices makes little sense to consumers who know the way to make energy more affordable is to increase the supply.

Mr. Biden's speech then descended into a mind-numbing list of big-government proposals including a global minimum tax, a pandemic fraud prosecution chief, more apprenticeships, the Paycheck Fairness Act, a \$15 minimum wage, more Pell grants, a child tax credit extension, community college grants, the PRO Act and more—each offered without priority or particular passion.

Mr. Biden made two notable course corrections. He heralded new Centers for Disease Control and Prevention guide-

lines by declaring that "most Americans in most of the country can now be free" from masks and said "we can end the shutdown of schools and businesses." He also argued the answer to racial injustice "is not to defund the police. The answer is to fund the police with resources and training." Apparently the White House pollster convinced the West Wing that masking forever and rampant crime aren't political winners.

His rather mediocre speech won't help his party win back voters' trust or drive turnout.

While the State of the Union will probably play little role in the coming midterm elections, two other events Tuesday highlighted the challenges Mr. Biden and his party face this November.

First, there was the response to his speech offered on behalf of the left-wing Working Families Party by Rep. Rashida Tlaib (D., Mich.). She excoriated Mr. Biden for failing to support the defund-the-police movement or ban further fossil fuel development on federal land and in federal waters. Her criticism was echoed by Rep. Alexandria Ocasio-Cortez (D., N.Y.) who belittled the president's address as "a lost opportunity." This lack of left-wing passion may hurt

Democrats in swing districts and states where the party needs a strong turnout from all corners.

Second, Republican enthusiasm was on display Tuesday in Texas, in the country's first 2022 primary. Four years ago, 1,068,463 Democrats voted in the Texas primary while 1,549,573 Republicans did. This week, with a few scattered ballots still to be counted, 1,057,664 Democrats have voted while 1,935,321 Republicans turned out, an increase of more than 23% for the GOP over 2018.

Turnout for Republicans seems to have exploded in largely Hispanic South Texas. With almost every ballot counted, the GOP turnout was up 162% in Cameron County over 2018 and 113% in Hidalgo, both of which lie in the Lower Rio Grande Valley. Republican turnout was also up 50% in Nueces County, dominated by Corpus Christi, and up 51% in El Paso. Hispanics joining the GOP will hurt the Democrats badly in Texas and outside it.

For all its pageantry and drama, Mr. Biden's somewhat mediocre State of the Union will likely be all but forgotten a week from now. But the Democrats' midterm election problems aren't going anywhere. They may even get worse.

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

War and Rumors of War in Ukraine

By Yuri Vanetik

In the weeks before the attack on Ukraine, a dozen different friends there told me it wouldn't happen. (I was born in Soviet Ukraine; my family fled in the 1970s.) Even if Russia went on the offensive, they doubted it would last: Why would Vladimir Putin want to take on 43 million new problems?

Some also weren't confident that their army, much less the cynical citizenry, would pick up arms to fight. Ukrainians are world-weary, worn down by high unemployment, slack growth and government corruption. Now they say the Russian assault has galvanized and united their people. One said this invasion will be worse for Russia than Afghanistan in the 1980s.

Two days into the Russian invasion, my friends, in equal parts shock and bravado, said

Ukraine will win. If Mr. Putin installs a puppet government in Kyiv and goes home, dissidents will wage guerrilla warfare, blowing up bridges and museums in Ukraine—and also in Russia. They would turn Ukraine into the Somalia of Europe.

My friends there find their moods and expectations shifting.

A few days later, the forecasts in my circle are growing more pessimistic. They fear that entire cities are being leveled and Russia may escalate its attack into a genocide. One friend, head of a think tank in Kyiv, told me the Russians are indiscreetly—or incompletely—firing rockets, one of which took out a Holocaust memorial next to a TV tower.

His crying children hide in their home's elevator shaft. Underground bomb shelters nearby have poor ventilation and could collapse.

A former prosecutor said his security team caught Russian advance teams scouting targets. He said he has heard that Chechens, known for their brutal tactics, were sent to slaughter Ukrainians. Another man says that Russian intelligence, the FSB, leaked the locations of Chechen battalions to the Ukraine military because the Russians hate the Chechen army.

Elsewhere, an associate took umbrage at Mr. Putin's branding the Ukrainians as neo-Nazis: "We are Jewish!" A rabbi seeking help to feed children and widows at his synagogue and its kindergarten, worries the country will soon starve.

A wealthy Ukrainian said Mr. Putin's invasion has barely begun and that the Russian ruler

wants to level Ukraine and move west. A similar view comes from a retailer who told of hiding his frightened wife and children in a storage area of one of his shops. He feels Mr. Putin won't stop until Ukraine is obliterated. He cited reports that the Russian ruler takes growth hormones, isolates himself, and fears being poisoned or getting sick. "He is paranoid."

The sentiment is spreading that he has lost his mind. "Putin used to be careful, but not anymore," said one pal.

All my contacts in Ukraine warn that the U.S. response has been tepid, slow and insufficient. As one friend put it, by the time economic sanctions begin to bite, Ukraine will look like the desolation of "Mad Max." Apparently that film remains popular there.

Mr. Vanetik is an energy and real-estate investor in California.

OPINION

REVIEW & OUTLOOK

Russia's Assault on Ukraine's Cities

Srebrenica. Aleppo. Grozny. These are names etched in historical infamy as massacres conducted by marauding Serbs, Syrians and Russians. As his troops surround and bomb Ukraine's cities, Vladimir Putin seems intent on adding Kharkiv, Mariupol, Kyiv and more to that bloody and shameful list.

Russia's failure to topple the Kyiv government in a lightning strike has led to unwarranted optimism that Mr. Putin will lose this war. Ukrainians have fought splendidly, but Russian forces are still advancing in force on multiple fronts.

President Biden sounded almost triumphal in his speech Tuesday about a united NATO and sanctions against Russia. But the U.S. goal shouldn't merely be to unify the West. The goal is to stop Mr. Putin from conquering Ukraine and producing a humanitarian nightmare in the process. On that score Mr. Putin retains the advantage because he is unconstrained by the same niceties as the West.

That's clear from the agonizing scenes as bombs fall day after day on Kharkiv and other cities. The Russian strategy seems to be to surround the cities, then pound them into submission with rockets and tube artillery. These are known as imprecise "area-attack" weapons that are indiscriminate in their targets and damage. Their goal in urban settings is to spread terror. In Aleppo, the Russians turned entire neighborhoods to rubble.

The U.S. doesn't fight this way because of the risk of mass civilian casualties. Americans are willing to endure urban warfare, including higher U.S. casualties, to avoid killing innocents. (Think of Fallujah in Iraq.) Mr. Putin doesn't mind Ukrainian casualties if he can avoid more Russian deaths.

If Mr. Putin continues this campaign, the results will be gruesome and unlike anything most Europeans and Americans have witnessed. Aleppo and Grozny occurred with few Western media witnesses. The massacres in Ukraine's cities will be broadcast on the internet as long as Kyiv can maintain communication with the outside world.

Already the scenes are horrific. Public squares seem to have been targeted by cluster bombs, which are intended to kill infantry but are killing civilians now. Children with cancer can't get treatment. Families spend day and night in bomb shelters with poor ventilation, and food and water shortages are growing. You don't have to believe the Ukrainian claim of 2,000 deaths so far to expect it will be many thousands if Russia doesn't cease.

Joe Biden Tells a Budget Whopper

Presidents typically embellish their achievements during their State of the Union addresses, but President Biden's pose as a budget deficit hawk is one for the ages.

"By the end of this year, the deficit will be down to less than half what it was before I took office," he said, adding that he will be "the only President ever to cut the deficit by more than one trillion dollars in a single year."

This assumes Congress doesn't enact his Build Back Better plan or the more Covid relief he's asking for.

He's also using the fiscal 2020 budget as his benchmark. Congress passed \$2 trillion in Covid relief in March 2020 to prevent a recession.

The Supreme Court's 'Major Question'

Does the Environmental Protection Agency have the power to eliminate fossil fuels from the U.S. economy without clear authorization from Congress? The Biden Administration on Monday told the Supreme Court it does, and that this isn't even "a major question." The Justices should take this as an invitation to more clearly define what they mean by a major question.

Presidents of both parties increasingly resort to governing by decree when their agendas are stalled in Congress. Agencies rewrite laws to grant themselves immense powers not specified by Congress. See the Centers for Disease Control and Prevention eviction moratorium and Occupational Safety and Health Administration's vaccine mandate.

The Supreme Court slapped down both, invoking its "major questions" doctrine. "We expect Congress to speak clearly when authorizing an agency to exercise powers of vast economic and political significance," a 6-3 majority explained. But the Court hasn't clearly defined a major question, which has caused confusion in lower courts and given broad license to regulators.

On Monday the Justices took up what is a major question in a challenge to the Obama Clean Power Plan regulation (*West Virginia v. EPA*), which the D.C. Circuit Court of Appeals revived last year. But the Justices seemed to be grasping for a definition besides "I know it when I see it," to borrow Justice Potter Stewart's line about pornography.

The Justice Department argued the power rule doesn't count as a "major question" be-

cause the Clean Air Act authorizes EPA to regulate pollutants, and the Court's *Massachusetts v. EPA* decision said greenhouse gases qualify. Justice also claimed the rule isn't significant because nationwide targets have already been achieved by market forces. All this muddies the issue.

EPA divined sweeping new power from a discrete Clean Air Act provision that allows it to regulate emissions from individual sources of pollutants to conscript states into restructuring their grids to meet its CO2 emissions reductions. Never before had EPA forced emissions reductions across an entire industry without clear authorization from Congress.

Under the Biden Administration's position, EPA could order states to curb emissions from any source, including homes, by requiring them to adopt green-energy technologies such as solar panels and batteries. There's no limiting principle that would prevent EPA from usurping control over large swaths of the economy.

The Court could decide this case by holding that EPA misinterpreted the statute. But the agency's misinterpretation was an intentional end-run around Congress. If the Justices want to reduce the number of emergency applications landing on their docket, they need to forcefully hold that clear Congressional authorization is required for an agency to lay claim to a power of great importance.

A major question, simply put, is a policy decision that involves a novel exercise of regulatory power with profound implications. Regulatory agencies cannot arrogate to themselves power to decide major questions.

As Commander in Chief, Mr. Biden should be pressing his advisers hard for military-assistance options. He could also help if he stopped telling Mr. Putin what the U.S. won't do, as he repeated again Tuesday night. Mr. Biden means to reassure nervous Americans, but he is reassuring Mr. Putin that he can get away with murdering civilians.

Mr. Putin's nuclear sabre-rattling is designed to make Mr. Biden and other Western leaders leave Ukraine to fight alone, even if he goes full Grozny. But the same risks existed throughout the Cold War, and the two sides avoided a direct confrontation despite much covert warfare. The U.S. doesn't want to fight the Russian army and air force, but the moral and political price will be high if it watches from the sidelines as Ukrainians die by the thousands.

The U.S. needs to do more to prevent a humanitarian nightmare.

Both parties piled on \$900 billion more that December, and Democrats in March 2021 laddled out nearly \$2 trillion more. The deficit is declining because Congress blew it out for two years.

Revenues have been surging thanks to strong corporate profits, capital gains, and rising nominal incomes. Inflation is always good for government coffers. Receipts are up 28% during the first four months of this fiscal year. But the Congressional Budget Office still projects deficits to exceed \$1 trillion on average over the next decade.

Mr. Biden is hoping the deficit reduction ruse will lure West Virginia Sen. Joe Manchin to go along with more spending. Don't fall for it, sir.

These scenes, as they multiply, will have their own influence on the war. The civilized world is likely to react in horror and increasingly demand that it be stopped. Some will call for the Ukrainians to surrender but we have no right to demand it. Western leaders may find themselves under public pressure to intervene, and in non-

optimal ways.

Some are already calling for NATO to establish a no-fly zone over Ukraine that would deny Russia air superiority. This is well-intentioned, but Ukraine today isn't Libya in 2011 or Iraq in the 1990s where controlling the skies was far easier. NATO planes would have to engage Russian MiGs and anti-aircraft systems. The idea is likely to divide NATO, which lacks enough aircraft to enforce a no-fly zone in any case.

But there are options between doing nothing and risking the start of World War III. Getting more weapons into Ukraine faster is essential, and not merely dropping them off at the Polish border. The U.S. has small loitering missiles called Switchblades. It should hand the Army's inventory to Ukraine. More Stinger anti-aircraft missiles. Explosives and anything else NATO nations can rummage out of their stocks.

The CIA and Pentagon also have covert capabilities that could be unleashed with a presidential finding. These include special forces with expertise in sabotage. The miles of Russian vehicle convoys are a ripe target for unmanned drones, especially at night, and the Ukrainians have used Turkish drones to good effect.

The risk is that a U.S. drone could be shot down, but there are ways of preserving U.S. deniability. The U.S. should be setting up the network now to assist a Ukrainian insurgency in the event that Kyiv and the Zelensky government fall.

LETTERS TO THE EDITOR

The Unaccountable Nonprofit Anticapitalists

It's a fortunate coincidence that your editorial "Reimagining Capitalism" (Feb. 24) describing the Hewlett Foundation's \$40 million foray into a redesign of our economic system appeared next to several letters critical of BlackRock's ability to vote its policy preferences with shares owned by others. What these institutional moves share is a lack of accountability.

Until BlackRock's Larry Fink decided that he knew better than shareholders what the right course was for the companies in which they had invested their money, large foundations such as Hewlett and Ford were probably the least accountable institutions in the country, able to indulge ideological preferences and fantasies to their hearts' content. Anyone who inspects the output of these foundations will indeed be impressed by their "imagination" and devotion to trendy topics, but not by their due diligence, the base of knowledge on which they act or their stewardship of the money they can dispense.

It's time to have a good look at the privileges enjoyed by these institutions, just as it is to examine the proxy privileges enjoyed by those who control other people's shares.

EM. PROF. DONALD L. HOROWITZ
Duke University
Chevy Chase, Md.

Despite failing everywhere it is tried, socialism and the "reimagine capitalism" movement makes periodic comebacks in the West. To understand why, Joseph Schumpeter identified socialism's three key constituencies.

First, capitalism is about "creative destruction," in which older technologies and methods are displaced by newer ones, augmenting productivity and living standards. But livelihoods that are dependent on antiquated ways are disrupted. This constituency of the "left behind" has a visceral attraction to socialism.

Second, the bureaucracy has ample reason to expand government. It has

a vested interest in subordinating capitalism to the power of the state.

Third, academia is a natural incubator for socialism because there are few institutions more cosseted from market realities. Hence universities with the mission of reimagining capitalism are dependent on money from Hewlett and the Omidyar Network.

The iron triangle of left-behind workers, bureaucracy and academia enable statist ideologies to recur even though they are destined to founder.

NATHAN PUNWANI
Scottsdale, Ariz.

The press release for the project to reimagine capitalism singles out "rampant wealth inequality" as "one of the biggest challenges of our time." I think a pithy remark from dear, departed P.J. O'Rourke might apply here: "Wealth is not a pizza, where if I take too many slices you have to eat the Domino's box."

Elon Musk reportedly lost tens of billions of his net worth due to the recent stock-market pullback. Since he's the world's richest man, this huge loss reduces income inequality; Musk and I are now a teensy, weensy bit closer in amassed wealth. And this makes my life better how exactly?

JOHN KNOERLE
Shorewood, Wis.

Large foundations like Hewlett are not only the product of free-market capitalism, but also remain tremendous beneficiaries of it. Per its website, Hewlett's \$14.4 billion endowment is invested mostly in private and public equities, and its performance has consistently exceeded the benchmark. Its most recent tax filings disclosed almost \$3.8 billion in corporate stockholdings. Capitalism drives the creation of wealth at left-of-center philanthropies no less than it does everywhere else.

ROBERT STILSON
Capital Research Center
Richmond, Va.

The Class Rage Behind Trudeau's Emergency

Among the many myths about Canada that have been shattered is the old chestnut that, unlike the U.S., with its cutthroat Darwinian ethos, Canada is a largely egalitarian and compassionate society—the kind of place where Prime Minister Justin Trudeau's "sunny ways" rule. The Freedom Convoy and the government's heavy-handed response ("Justin Trudeau's Liberal Tyranny," Review & Outlook, Feb. 23), invoking the Emergencies Act to subdue peaceful civil disobedience, has cast into sharp relief class divisions bubbling under the superficially egalitarian surface of the Canadian self-image.

The class dimension becomes evident from the demeaning and charged language used by politicians and journalists in referring to the protesters. Despised by members of the Canadian elite who are often blissfully unaware of their own privilege, the protesters were considered blue-collar outcasts

from the hinterland, presumptively racist and small-minded.

The class disdain comes from elites who ostensibly have an ideology from the left. In theory, they should show solidarity with the working class. In the U.K., for instance, former Labour Party leader Jeremy Corbyn has opposed vaccine mandates, as they hurt and discriminate against the working class the most.

By contrast, Canada's Jagmeet Singh, leader of the left-wing New Democratic Party, egged on Mr. Trudeau's emergency even before it was declared. Canadian labor unions, some of which initially opposed vaccine mandates, quickly fell in line and even marched in counterprotest. The hypocrisy and detachment from reality of Canada's left-wing establishment stand fully exposed.

RUPA SUBRAMANYA
Ottawa

The Ukrainians Are Fighting. Can We Help?

In "The U.S. Shouldn't Interfere While Putin Loses in Ukraine" (op-ed, March 1), Mark Hannah writes, "Backing an insurgency could ignite a wider conflict between the U.S. and Russia, and increase the violence inflicted on Ukrainian civilians." But during the Soviet invasion of Afghanistan, President Reagan armed and financed the Afghan mujahedeen without initiating a wider confrontation with the U.S.S.R. Rather, Soviet humiliation in Afghanistan helped precipitate the fall of the evil empire.

With or without U.S. backing, Ukrainians will likely mount a spirited insurgency. They won't meekly submit to Vladimir Putin's dictatorial rule. And assisting those who want to break free of Russian yoke will not only be a moral act commensurate with U.S. values; it will also serve U.S. interests.

CHENEY WEN
Taipei

I never thought the Ukrainian people could stand up to the Russian military as well as or for as long as they

Is U.S. Energy Still Reliable?

Kenneth Griffin and Niall Ferguson leave out one reason Germany chose Russian energy ("How to Beat Putin With Energy," op-ed, Feb. 24). Decision makers likely concluded that Russia has a more dependable supply than we do. Germans could secure LNG from U.S. suppliers, only to have the rug pulled from under them by Democrats. While Democrats chase the wind, Russia will always want the cash.

STEVE HANCOCK
Fenton, Mo.

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have. I never dreamed the European Union would unite for Ukraine as it has. I never believed economic sanctions would work with the power they have had. And I never supposed an ex-comedian would become the man of the hour that President Volodymyr Zelensky has.

That President Biden would send military aid when it was likely too late to help—that part I guessed. That Mr. Biden has remained relatively quiet, I should have surmised. He ran his presidential campaign from the silence of his basement. It worked for him then and may be working now.

HAL DANTONE
Kingsville, Texas

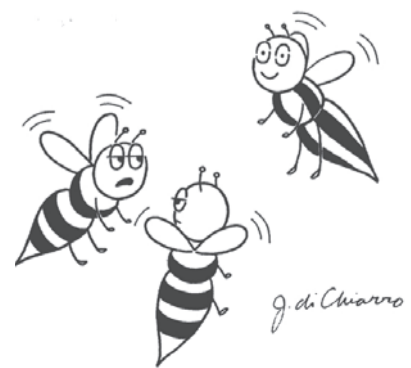
Get It Done, Mr. President

I appreciate Andy Kessler's strategies for "Making Populism Pop Again" (Inside View, Feb. 28). Here is another: Launch daylight-saving time in the afternoon, not at 2 a.m. At 4 p.m., say, we would all move our watches forward one hour, and make it 5 p.m.

MICHAEL ALCAMO
New York

Pepper ... And Salt

THE WALL STREET JOURNAL



"She's trying to look thinner."

OPINION

Will Germany's Turnabout Last?

By Josef Joffe

Vladimir Putin must feel like a lapdog who is suddenly banished from the couch to the basement. Since 2008, when he set out to restore the Soviet empire, he has piled up territory at little risk and cost. He subdued Georgia, grabbed Crimea, pushed into the Middle East, and sliced off Ukraine's southeast. All the while, the West refused to raise the price. It slapped him with mild penalties while preaching the virtues of diplomacy. Presidents Obama and Trump actually pulled troops from Europe.

Now, after the lunge into Ukraine, the biggest surprise is Russia's loss of Germany, for decades a most reliable partner. Suddenly, the country at the fulcrum of the European balance has stopped seasawing, plunked down in the West, and traded striped pants for fatigues. The country is promising to rearm. It has imposed nasty sanctions on Russia and is at

The shift is dramatic and important. It's perilous as well, especially if Putin suppresses Ukraine.

last letting weapons get to Ukraine.

For more than 50 years, Bonn and later Berlin had taken a pacific approach: Don't rile the Russians; enmesh them in trade and diplomacy. Huddle under America's nuclear umbrella, but stay on Moscow's good side. Nord Stream 2, the gas duct from Russia, was by the latest symbol of *drushba*—friendship.

Since 1970 the Federal Republic has financed a vast network that would feed the country's industrial machine with plentiful Russian gas. Never mind the carping from Washington. All presidents since Richard Nixon correctly foresaw the strategic dependence trillions of cubic feet



Berlin on Feb. 24

would impose. Yet as late as 2021, when Chancellor Angela Merkel stepped down, Berlin clung to the deal. As Gazprom's best customer, Germany draws 55% of its gas and 45% of its oil from Russia.

The larger point is geostrategic. Germany has been in and of the West but not always with it, balancing and mediating between the blocs. Blame geography and Otto von Bismarck, who famously counseled: "Never cut the link to St. Petersburg." Russia is so near, and America so far. So, don't confront, don't provoke, even while Mr. Putin shifted toward imperialism.

Germany, the world's fourth-largest economy, shrugged off military power, though it could afford it. With the end of the Cold War, the Bundeswehr turned into a waif. Three thousand main battle tanks dwindled to 260; the backbone of the Luftwaffe, the Tornados, are destined for the scrap heap. Even as Russian divisions encircled Ukraine, Chancellor Olaf Scholz went off on a mission to Moscow, competing for the broker's fee with French President Emmanuel Macron.

Thus the last week's cosmic surprise. Mr. Scholz, this peace-minded Social Democrat, unleashed a diplomatic revolution, turning Ostpolitik

upside down. Nord Stream 2, which Ms. Merkel had defended to the last, won't be completed, at least for now. Defense spending is to be jacked up to 2% of gross domestic product, a longstanding NATO goal honored consistently in the breach. Germany will buy advanced F-35 fighters from the U.S. It is joining the rest of the West with sanctions that bite. Mr. Scholz also wants to have two liquefied natural gas terminals to cut into Russia's blackmail potential.

Reluctant to provoke the bully in the Kremlin, Germany had always denied arms to Kyiv. Now it wants to send not only armor and antitank gear but also Stinger antiaircraft missiles that come with a sly message. In the 1980s these hand-held devices tilted the war in Afghanistan against the Soviets.

Suddenly, all Bundestag factions save the pro-Russian Left Party, descendant of the East German Communists, project a mood change that defies past pliancy. Who would have thought Mr. Scholz would call for the "strength" that must "impose limits on Putin, the warmonger"? Propitiation was baked into Germany's postwar soul. And not only the political class is fuming. Resentment reaches all the way to

the soccer pitch where Schalke, a prominent club, has torn the Gazprom logo from its blue jerseys.

Which raises a grating question: How long will the revulsion last—not only in Germany but in the U.S., Canada, Japan, Australia, even eternally neutral Switzerland, which has joined in? Realism suggests caution. A perfect welfare state like Germany is unlikely to max out defense spending overnight, especially while Covid is claiming billions of euros.

Nor will Germany cut itself off from Russian gas, given that the country wants to save the planet by ditching coal in 2038. Its last three nuclear power plants are still slated to be decommissioned by year's end. Will Germans really shiver for Kyiv next winter, or face down Mr. Putin, who has raised the angst level by placing his nuclear forces on alert? Will the West fully expel Russia from Swift, the global payments system? If so, Germany in particular can say goodbye to billions in Russian credit as long as the lockdown lasts.

The biggest question transcends Germany. It is posed by the Chinese joker in the game. Beijing shares with Moscow the ambition to topple the U.S. from its perch as the world's No. 1. Pressed too hard, Mr. Putin will demonstrably move into Xi Jinping's embrace to damage the U.S. Never mind that China and Russia are natural rivals. Right now, intensified collusion is a no-brainer. If China sidles up to Russia, the U.S. will pay the price of justice for Ukraine.

If Mr. Putin does crush Ukraine, he will shift the balance of power against Europe, which breeds intimidation. And in any case, Europe will still have to live with Russia and won't want to anger this ruthless giant forever. Baiting the bear isn't a sustainable strategy. Geography is destiny.

Mr. Joffe, a fellow at Stanford's Hoover Institution, teaches international politics at the Johns Hopkins School of Advanced International Studies.

Putin Has Ensured His Own Downfall

By Jack Devine

Vladimir Putin believes he is resurrecting Russia from the ashes of the Soviet Union. He has established an organized state with vast oil wealth, \$635 billion in cash reserves, a largely autonomous economy, and a new and historic strategic accord with China.

Through his aggressive record of Russian intelligence interference in Western politics, this spymaster president has honed his covert-action playbook. Whether through Moscow-incubated separatist movements, oligarch-funded mercenaries, false-flag attacks, cyberattacks or propaganda, Mr. Putin has many

The Russian president's hubris and dream of rebuilding the Soviet Union will doom him.

tools to subjugate Ukraine. A robust dark-money network, likely owned in large part by Mr. Putin, funnels capital into the hands of Russian oligarchs, blunting the effectiveness of Western sanctions. With these factors in his favor, Mr. Putin believes now is his moment to reclaim a lost jewel in Russia's imperial crown, cementing his historical legacy.

It is more likely that Mr. Putin reached his apogee in the days before he invaded Ukraine. His hubris is predicated on a profound misunderstanding of the power of liberal democracies. He sees the West's contention over key policy issues as weakness and harbors contempt for the democratic process. He fails to understand that these inefficiencies are the result of a real strength—a political system responsive to the will of the people. Mr. Putin's disdain for the will of the Ukrainian people and others in Eastern Europe has led Russia into a new cold war, which Russia will lose as it did the first one.

When I was chief of the Central Intelligence Agency's Afghan Task Force in 1986 we knew two things as we worked to counter Soviet aggression: The Afghan people were prepared to fight against occupation, and that made it extremely expensive for the Soviets to build and run an empire. The U.S. didn't have to win, we only needed to keep Russia from winning. It's ironic that America's own disastrous withdrawal from Afghanistan spurred Mr. Putin to enter another unwinnable war.

Financing a war is harder now that Mr. Putin is an international outcast. Russia, if it had access to its cash reserves, could burn through \$635 billion quickly as the North Atlantic Treaty Organization galvanizes and Russia is ostracized from the world economy. The West must hold the line and support Ukraine. The threat posed by Mr. Putin's ambitions for a Russian sphere of influence will continue to fuel the West's resolve as his self-destructive behavior wreaks its deleterious effects on his own country.

Mr. Putin has sown the seeds of his own destruction by invading Ukraine, but his downfall ultimately depends on the will of the Russian people. Faced with harsh economic and diplomatic wounds, Russia will start to creak and crumble, and before long its citizens will grow weary of his sclerotic, autocratic governance. They will find ways to get their money out of the country and vote with their feet; Mr. Putin's loyal oligarchs will falter with their assets on the line, and things will start to feel far lonelier for him.

China may provide economic assistance, but Beijing's help won't be cost-free and will be inadequate to fill the shortfall from cash outflows. And as Mr. Putin's star begins to fade, the Chinese will cut their losses and distance themselves from him. Chinese state banks have already begun limiting the financing on Russian commodities.

The end date of the Putin age is still uncertain, but against the unified resistance of the free world, his hubris and disdain for the will of his people will bring him down. His position of strength will transform to a place of historical ignominy.

Mr. Devine is a former acting CIA director of operations and president of the Arkin Group, a New York City based international intelligence and investigative company. He is the author of "Spymasters' Prism."

The Lesson of Budapest? Hold On to Your Nukes

By John Ulyot and Thomas D. Grant

Powerful images of the Ukrainian people's unexpectedly stiff resistance to Russian invasion have shined a spotlight on the 1994 Budapest Memorandum. Under the agreement, Ukraine gave up the nuclear weapons on its territory. In exchange for this concession, Russia and the West pledged to respect the former Soviet state's sovereignty and territorial integrity.

Then, in 2014, Russia seized Crimea, territory that was indisputably Ukrainian. Naturally, Ukrainians wondered whether they had left themselves exposed by giving up their nuclear deterrent 20 years earlier. Today, as Russia aims to subjugate the entire country, that question is again on at the front of Ukrainians' minds. Many countries, including malign actors watching Russia's actions, will inevitably now seek their own nukes. Vladimir Putin is demonstrating that these weapons

give an aggressor license to attack and that without them, a peaceful nation is at the aggressor's mercy.

Until now, there had been grounds for cautious optimism about nuclear nonproliferation. South Africa developed its own atomic bomb and had a small stockpile but got rid of its arsenal voluntarily as it moved toward ending apartheid. Brazil and Argentina in the 1960s through the 1980s were in an escalating race to build their own atomic weapons, but both eventually agreed to stop. Libya ended its efforts to obtain weapons of mass destruction in the early 2000s, when it became clear that the security risks of continuing those efforts far outweighed any gains. Nuclear-weapons programs in Syria and Iraq were ended by forcible interventions. Making clear to countries that might contemplate developing or holding nuclear weapons that they are safer without them has been essential to preventing proliferation.

Until this week, only two coun-

tries since 1945 had faced an attack quite like Russia's against Ukraine today—that is, an attack aimed at the total eradication of their national sovereignty. Kuwait was saved by prompt, American-led international action against Iraq in 1991. Israel has saved itself from extinction numerous times.

Ukraine voluntarily surrendered its post-Soviet arsenal. Now that seems like a mistake.

Now Ukraine is locked in a battle for its existence. Mr. Putin has repeatedly declared that Ukraine is not a state, and he insists on surrender terms that would leave the country as nothing more than an appendage to his regime. Because Mr. Putin's forces have failed to achieve the quick and easy win in Ukraine

that he expected, he hints at nuclear escalation.

Whatever the endgame, Russia's invasion of Ukraine sends a powerful signal to all countries with unrealized nuclear ambitions: If you abandon your nuclear program and entrust your security to formal guarantees and conventional deterrence, you gamble with your future. If you give up your nukes, you give up your national security ace-in-the-hole. The U.S. and its allies have an enormous responsibility to get this new security challenge right.

Mr. Ulyot served as deputy assistant to the president for national security affairs and National Security Council spokesman, 2019-21. Mr. Grant served as senior adviser for strategic planning in the State Department's Bureau of International Security and Nonproliferation, 2019-21, and is author of "Aggression Against Ukraine: Territory, Responsibility, and International Law."

Sarah Bloom Raskin Belongs at the Fed

By Alan S. Blinder

In a sign of these rancorously partisan times, the political right has drawn a target on the back of Sarah Bloom Raskin, President Biden's superb nominee to become the Federal Reserve's vice chairman for supervision. On Feb. 15 Republicans on the Senate Banking Committee blocked a vote on all five pending Fed nominees, but the clear target was Ms. Raskin. The next day, the Journal's editorial board declared her "unfit for the Federal Reserve."

I beg to differ. Ms. Raskin comes closer to being a perfect fit. Rejecting her nomination would be a terrible mistake for the Senate and a real loss to the Fed and the country. (Disclosure: Ms. Raskin is both a personal friend and a sometime professional colleague.)

The case against Ms. Raskin is

flimsy. It stems mainly from her declarations, while a private citizen, that climate change is a serious problem that poses a wide variety of business risks, including to financial institutions. Does anyone doubt that? Many others, including Fed Chairman Jerome Powell and the Bank for International Settlements, have voiced similar sentiments. Should bank regulators strike losses from climate change from their list of risks?

The case for Ms. Raskin is powerful, starting with her impressive credentials. When Mr. Biden named her, I practically jumped for joy that someone with her stellar résumé would take the job.

The position demands expertise in financial regulation. Ms. Raskin has been Maryland's commissioner of financial regulation (2007-10), a Fed governor (2010-14), and deputy Treasury secretary (2014-17). Impressive

credentials—far more impressive than most Fed governors have when they are first confirmed. For her, there will be no learning curve to climb.

The Journal editorial board and some senators have cast aspersions on her character, but for very little reason. She allegedly exerted undue influence to help the Reserve Trust Co. (where she was once a director) get a master account at the Fed. But consider: Because trust companies are banks, many of them take deposits. And deposit-taking banks routinely clear through the Fed. So no special influence was needed. A co-founder and former chairman of the bank, Dennis Gingold, has stated unequivocally that Ms. Raskin played "no role whatsoever" in getting the Fed's approval. So no special influence was exerted.

Ms. Raskin's association with the Reserve Trust ended when the bank was bought and started being transformed into a fintech company. That change in business models explains how a fintech company wound up with a master account at the Fed.

But back to the substantive charge that as vice chairman for supervision, she would, as the Journal put it, "redirect capital from fossil fuels to green energy." Ms. Raskin declared to the Banking Committee that she wouldn't try to do that: "It is inappropriate for the Fed to make credit decisions and allocations based on choosing winners and losers." Anyway, the Fed has no such authority. An experienced public servant like Ms. Raskin appreciates how important it is for every government agency to stay within its legal boundaries.

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Mr. Blinder, a professor of economics and public affairs at Princeton, served as vice chairman of the Federal Reserve, 1994-96.

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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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Citigroup Overhaul to Take Years

By DAVID BENOIT

Citigroup Inc. has underperformed its peers and needs a comprehensive transformation that will take years, Chief Executive Jane Fraser told investors Wednesday.

Kicking off her first investor-day presentation a year and a day after taking over the bank, Ms. Fraser outlined the conclusions she and her new management team had reached after what she described as an honest review. The bank's leaders had un-

derinvested in regulatory work and technology, she said. They had avoided making hard decisions about getting out of businesses. And they had failed to fully integrate the bank's businesses.

"We have an urgent need to address the issues that have kept our firm from living up to its potential," Ms. Fraser said.

Shares rose 1.7% on Wednesday to \$59.56. The stock has lagged behind peers and is trading at a steep discount to other big banks.

In her first year, Ms. Fraser

has reshaped the bank and its strategy.

She mapped out a plan to sell off several international consumer businesses. She laid new growth plans in wealth management and commercial banking.

She embarked on a complex transformation of Citigroup's inner plumbing and technology, a multiyear project the bank needs to appease regulators who slapped it with a consent order and fine in 2020.

At its core, Ms. Fraser said,

Citigroup is a global bank for global companies. She said the bank will double down on that mission while expanding wealth management and remaining committed to U.S. consumer banking.

She said the bank would be leaner, including in its management ranks, and simpler to control.

She set a new target for its closely watched measure of its profitability, return on tangible common equity, of between 11% and 12% in the next three to five years.

Five years ago, the bank told investors the metric would surpass 12% in 2019 and would keep rising.

But the restructuring and increasing costs have led analysts to slash their expectations heading into today's investor day.

"Everybody listening today knows this isn't a quick fix," Ms. Fraser said. "This is a multiyear journey."

Chief Financial Officer Mark Mason forecast low-single-digit percentage revenue

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Stocks Perk Up, Cheered By Fed's Powell

U.S. stocks shot up, while oil prices also jumped, as investors parsed testimony on the Federal Reserve's plans to raise interest rates and watched for updates from Ukraine.

By Paul Vigna, Joe Wallace and Caitlin McCabe

The S&P 500 rose 80.28 points, or 1.9%, to 4386.54, a day after the benchmark fell 1.6%. The Dow Jones Industrial Average gained 596.40 points, or 1.8%, to 33891.35, and the technology-focused Nasdaq Composite Index added 219.56 points, or 1.6%, to 13752.02.

Wednesday's advances were broad based, with 10 of the S&P 500's 11 sectors rising 1% or more. Five rose more than 2%.

Amid the war in Ukraine and surging oil prices, investors focused on interest rates. Fed Chairman Jerome Powell, appearing before the House Committee on Financial Services, said he would propose a quarter-percentage-point rate increase at the central bank's meeting in two weeks. That alleviated concerns on Wall Street that the central bank would raise rates by half a per-

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Fanatics Attracts Large Investors

By MIRIAM GOTTFRIED AND ANDREW BEATON

Fanatics Inc. has raised \$1.5 billion from a group of investors, pushing the sports-merchandising company's valuation to \$27 billion as it works to expand beyond its core business, said people familiar with the matter.

Investors in the latest round include Fidelity Management & Research Co., funds managed by BlackRock Inc. and Michael Dell's family office, known as MSD Capital LP, the people said.

Fanatics's latest valuation marks a step-up since last August, when it raised \$325 million from an \$18 billion valuation from investors including SoftBank Group Corp.'s Vision Fund. It is likely to fuel speculation about timing of a possible initial public offering for the company, which also counts private-equity firm Silver Lake as a backer.

The company has said an IPO is likely but it remains focused on building the business and hasn't provided an update on timing.

Fanatics, which is controlled by Chief Executive Michael Rubin, has been working

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'The Batman' to Charge a Premium

By ERICH SCHWARTZEL

Holy higher prices, Batman. Moviegoers heading to the new Warner Bros. film "The Batman" this weekend can expect to pay \$1 to a few bucks more to see it after exhibitors introduced a premium pricing model executives have long shunned.

Ticket buyers at one AMC Entertainment Holdings Inc. location in Chicago, for instance, can expect to pay \$1 more to see "The Batman" on Saturday night than those heading to the two-week-old "Uncharted." And a Saturday night screening of the film at a Cinemark location in Piqua, Ohio, is priced \$2 higher than one for "Dog," according to the chain's website.

AMC Chief Executive Adam Aron, describing the strategy shift on an earnings call Tuesday, characterized the prices for "The Batman" as "slightly higher" than other films. Theater chains are counting on "The Batman" to deliver blockbuster returns in a fallow year so far.

The difference in ticket costs may be slight but represents a significant change to how American movie theaters have traditionally operated. Variable pricing—charging more for in-demand products or during busy times—has become a mainstay in the airline, hospitality and theme-park industries. But movie theaters and Hollywood studios have resisted the change, with executives saying they worried it would give consumers the impression that some movies were worthier options than others.

But the pandemic that shut down moviegoing in the U.S. for months continues to change as auditoriums reopen and theaters need to wring every dollar they can from moviegoers. Since Covid-19 closed most auditoriums for several months in 2020, the domestic moviegoing market has struggled to return to pre-pandemic levels.

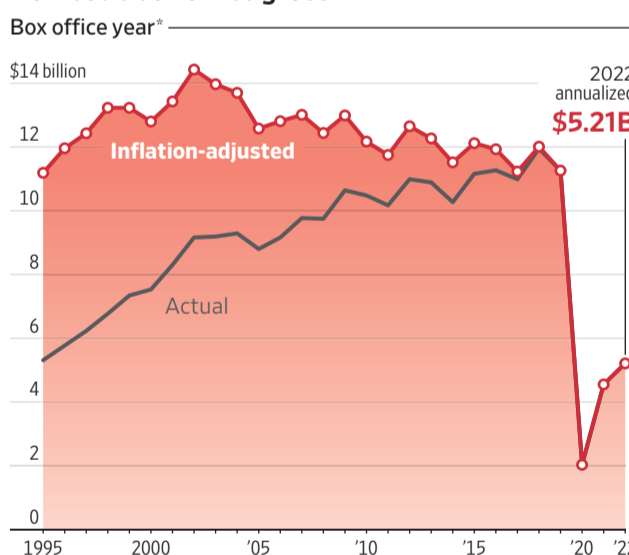
Theater operators have had to rely on a small number of

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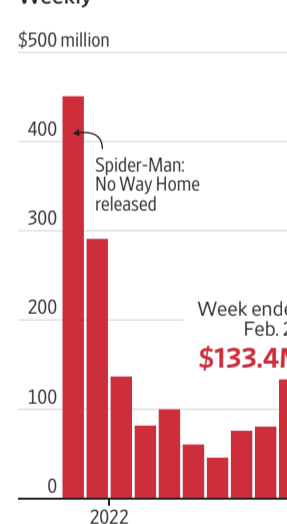


Exhibitors will use a special pricing model for tickets. A screening of the film in London last week. JEFF SPICER/GETTY IMAGES FOR WARNER BROS.

Domestic box office gross



Weekly



Top 10 domestic grossing movies of 2022

MOVIE	TICKETS SOLD	DOMESTIC GROSS IN 2022
Spider-Man: No Way Home	18.3M	\$167.5 million
Uncharted	9.5M	86.8
Scream	8.7M	79.5
Sing 2	6.7M	61.5
Jackass Forever	5.7M	52.7
The Godfather	5.3M	48.6
Death on the Nile	3.7M	33.7
Dog	3.6M	32.7
The King's Man	2.3M	20.9
Marry Me	2.3M	20.6

*Each box office year starts on the first Monday of the year †Fri.-Thurs. Source: The Numbers

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Patent Ruling Picks Winners In Fight Over Gene-Editing Tool

By AMY DOCKSER MARCUS

In a twist in a long legal dispute over a popular gene-editing tool, U.S. patent authorities ruled that the Broad Institute deserves the credit for inventing a way to use Crispr in plants and animals.

The U.S. Patent and Trademark Office's 84-page decision involves some of the biggest

names and institutions in science. It pits Broad—a partnership including the Massachusetts Institute of Technology and Harvard University—against the University of California, Berkeley, University of Vienna and the Nobel Prize-winning scientist Emmanuelle Charpentier.

The ruling, made on Monday, cancels certain patent applications made by the Univer-

sity of California and its partners regarding a Crispr system known as Crispr-Cas9, stating that they failed to provide persuasive evidence that they got the gene-editing technology to work before the Broad group did.

Crispr stands for Clustered Regularly Interspaced Short Palindromic Repeats. The term refers to the immune system

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Biochemist Dr. Feng Zhang led the group at the Broad Institute, which won the Crispr patent fight. IMAGINE CHINA/REUTERS

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Fanatics Attracts Investors

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to expand beyond its core business of providing merchandise and memorabilia for major-league sports teams. Just after its August fundraising round, Fanatics announced exclusive trading-card deals with the unions representing the players in Major League Baseball, the National Basketball Association and National Football League, overturning their longstanding relationships with companies such as Topps Co. It also struck trading-card deals with MLB and the NBA. Fanatics Trading Cards received \$350 million in funding from three investors that valued the new enterprise at

\$10.4 billion, The Wall Street Journal reported in September. In January, Fanatics said it was buying Topps. The purchase price was \$500 million, the Journal reported. That flurry of deals that upended the trading-card business was one in a series of new initiatives that have sprawled out under the Fanatics umbrella. The company last year hired the former CEO of on-line-betting platform FanDuel Group with the goal of entering the rapidly expanding legal sports-betting business. It later applied for a license in New York but was rejected. Fanatics also launched a business called Candy Digital selling nonfungible tokens. That business, which has deals with the professional sports leagues, was valued at \$1.5 billion in October when it raised money from outside investors. The company also owns half of hat retailer Lids Sports Group, which it acquired in 2019.

Paying More for Batman

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major releases that are driving most sales, making it all the more important they capitalize on popular weekends. A Warner Bros. spokeswoman noted that AMC and other theater chains, and not the movie studios themselves, determine what to charge consumers. Though the practice has been implemented by the nation's three-largest chains, it is unclear how prevalent the new practice will be among smaller chains. "The Batman" is expected to gross more than \$90 million in the U.S. and Canada this weekend, which would make it the biggest debut since "Spider-Man: No Way Home" opened in December, according to prerelease estimates. "The Batman" is expected to unseat Sony Pictures Entertainment's "Uncharted" as the No. 1 performer released this year, making it the

first serious competition that the videogame adaptation will have had since opening on Feb. 18. During the shutdown, studios also experimented with the simultaneous at-home and theatrical releases of several titles—WarnerMedia, the company behind "The Batman," simultaneously released its 2021 slate in theaters and on its HBO Max streaming service. That flexibility is also sticking around. "The Batman" will premiere exclusively in theaters before it is expected to head to HBO Max after about a month and a half, a shorter time frame than pre-pandemic strategies allowed. AMC's two main competitors appear ready to pursue variable pricing, as well. Last month, executives at exhibitor **Cinemark Holdings Inc.** said the chain is testing new pricing models "to better understand how elasticities have evolved during the pandemic," said Chief Financial Officer Melissa Thomas. Theaters operated by **Cineworld Group PLC's** Regal Entertainment were charging \$1 more for some screenings of "The Batman" this coming weekend, according to an on-line survey of presales.



Zoe Kravitz as Catwoman and Robert Pattinson as Batman

BUSINESS & FINANCE



'The Empire of Light,' one of the largest pieces in a series, is now the most expensive of René Magritte's works ever sold.

Rare Magritte Gets \$79.75 Million

By JENNIFER CALFAS

A famous painting by René Magritte sold for \$79.75 million, setting a new world auction record for the Surrealist artist in its first time on the market.

The price tag, which includes fees, made the work the second-most valuable painting in U.S. dollars ever sold at auction in Europe, according to Sotheby's. In British pounds, it ranks as the most valuable, at £59.4 million.

"The Empire of Light," a paradoxical combination of a night street scene set against

a day-lit, cloud-filled blue sky, is one of the largest pieces in a series of 17 oil paintings all by the same name.

Mr. Magritte created the painting in 1961 for his muse Anne-Marie Gillion Crowet, the daughter of Belgian Surrealist art collector and patron Pierre Crowet.

It stayed in the family's possession and appeared in exhibitions around the world, including most recently in a decadelong stay at the Musée Magritte in Brussels.

A bidding war over the piece took place at Sotheby's evening auction in London

Wednesday. Alex Branczik, a longtime Sotheby's specialist who is based in Hong Kong and often represents Asian collectors, fielded the anonymous phone bidder who won the work.

The painting is now the most expensive of Mr. Magritte's works ever sold, according to a compilation of his sold pieces from Artnet, an auction-tracking firm.

"And that is a new world auction record for René Magritte," Helena Newman, chairman of Sotheby's Europe and worldwide head of Impressionist & Modern Art, said at the end of

bidding Wednesday.

"The Pleasure Principle" previously set the record for Mr. Magritte's work at auction. The oil painting, created in 1937, sold for more than \$26.8 million at Sotheby's New York in 2018.

"The Empire of Light" sold Wednesday sits behind a 1919 Claude Monet oil painting as the second-priciest painting in U.S. dollars ever auctioned in Europe. "Water Lily Pond" sold for more than \$80.3 million at Christie's London in 2008, according to Artnet. —Kelly Crow contributed to this article.

Ghosn Aide Sentenced

Continued from page B1
three years. The sentence means he won't serve prison time as long as he maintains good behavior during the three years. Both sides can appeal the ruling.

Prosecutors had sought a two-year sentence for Mr. Kelly. The verdict concludes the first and possibly only trial regarding the charges for which Mr. Ghosn was arrested in late

2018. Mr. Ghosn was supposed to have been a co-defendant alongside Mr. Kelly but fled Japan to Lebanon at the end of 2019 by smuggling himself aboard a private jet.

Prosecutors said that for a decade, Mr. Ghosn arranged to receive a portion of his salary after he retired without disclosing it to shareholders.

Mr. Kelly, 65 years old, the former head of Nissan's CEO office, was accused of helping Mr. Ghosn in the violation of pay-disclosure rules. Both men said they were innocent.

Mr. Ghosn's downfall has left a trail of collateral damage. Many executives associated with him have left Nissan, while the company has cut thousands of jobs at factories around the

world as it reversed Mr. Ghosn's strategy of seeking to make the alliance—led by Nissan and partner Renault SA—into the world's biggest auto maker.

Two of the men who helped Mr. Ghosn escape, former Green Beret Michael Taylor and his son Peter Taylor, were extradited to Japan from the U.S. in March 2021 to face trial. They pleaded guilty and were sentenced in July 2021 to prison terms of two years and a year and eight months, respectively. They are serving their sentences in separate prisons outside Tokyo.

Three Turkish nationals—two pilots and a manager of the private jet company that flew Mr. Ghosn out of Japan—were convicted in their home country

of migrant smuggling.

Witnesses at the trial described how Mr. Ghosn slashed his pay roughly in half in 2010 after Japan passed a law mandating disclosure of any executive's compensation if it was above a yen equivalent of around \$1 million. They testified he did so out of fear of a public backlash.

Mr. Kelly testified that Mr. Ghosn had been unhappy with earning a smaller paycheck. Mr. Kelly, who at one point oversaw Nissan's human-resources department, said he was tasked with finding a solution.

Those solutions took a variety of forms over the next eight years, none of which came to fruition.

Winners Picked in Patent Case

Continued from page B1
of bacteria, which likely evolved to ward off attacks by viruses, and to a gene-editing tool created when scientists reprogrammed a Cas9 enzyme. The tool is now used to edit the genes of plants and animals, including humans.

The dispute between the two groups, which seems likely to continue, involves huge sums of money and scientific prestige.

In a seminal paper published in June 2012, a team led by Dr. Charpentier and Dr. Jennifer Doudna of the University of California, Berkeley, described how they reprogrammed the Cas9 enzyme to enable the editing of genes.

Dr. Doudna and Dr. Charpentier, who was working at the University of Vienna at the time of the discovery but has since moved to an institution in Berlin, shared the Nobel Prize in Chemistry in 2020.

But the Nobel Prize committee and patent office operate under different standards, said Jacob Sherkow, a University of Illinois College of Law professor who has followed the dispute.

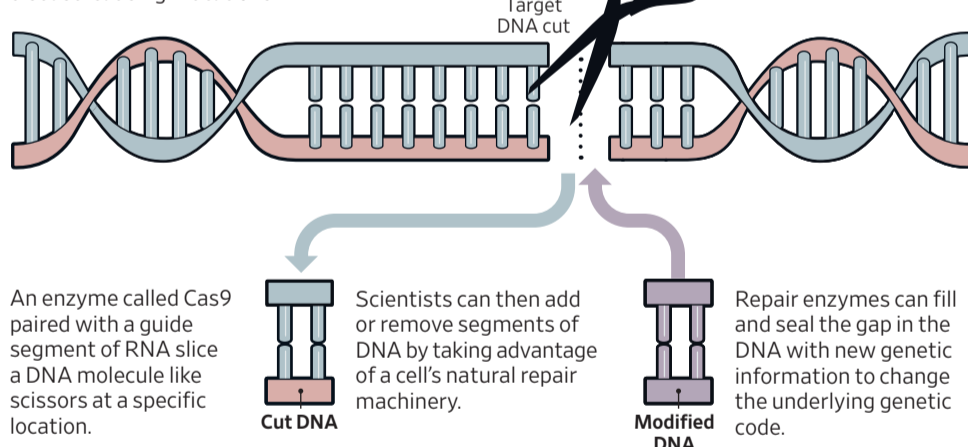
The committee awarded the prize to the first to conceive the invention, he said, "not who is the first to get it to work in an easy, replicable process for other scientists."

The central question in the dispute is which group got the Caspr-Cas9 tool to successfully edit genes in eukaryotic cells, those that have nuclei and are in plants and animals. The patent board ruled that a group led by Broad's Dr. Feng Zhang did it first.

The decision included a page from the lab notebooks of Dr. Doudna and her colleagues dated March 1, 2012, in which the idea for the gene-

The Gene Editing Process

Scientists use a technology called Caspr-Cas9 to correct disease-causing mutations.



Source: Innovative Genomics Initiative

editing technology and its possible utility to edit plant and animal DNA was laid out. The page was dated and signed by the scientists—an indication, Mr. Sherkow said, that the researchers knew they were "on to something big, something patentable."

The patent officials said the University of California and its partners came up with the idea for a "generic" Caspr-Cas9 editing system on that date but didn't provide convincing evidence that their experiments were successful in plants and animals until later in 2012—after the Broad team.

"I am not pleased with the ruling," Dr. Doudna said. "I don't agree with it. It will be appealed." She added, "I stand by our work. It is very clear in the scientific community what was done by whom and when."

The University of California said that the decision contains "a number of errors."

Broad said that the decision confirmed that its patents were properly issued.

In an earlier chapter of the dispute, the University of California group said the Broad patents overlapped with its own invention and in 2015 asked the patent office to intervene. The patent office in 2017 ruled that the Broad patents didn't interfere.

"Then things got wacky,"

Mr. Sherkow said.

The University of California group filed more patent applications for the Caspr gene-editing system.

This time, he said, the patent authorities and not the rival parties raised the question of who invented the tool for use in eukaryotic cells, the subject of Monday's decision.

As the patent dispute continues, companies working to develop Caspr gene-editing drugs are reporting successful results in early-stage clinical trials.

Shares of **Editas Medicine Inc.**, which licensed the technology from the Broad Institute, closed down 1.9% on Wednesday after rising Tuesday. Shares of companies with

licenses from the University of California and its partners fell on but rebounded Wednesday. **Crispr Therapeutics AG** shares closed 2.3% higher on Wednesday and **Intellia Therapeutics Inc.** shares rose 5.7%.

The field and the technology are moving so rapidly, with so many patents involved, that "the only safe course for a company getting into this business is to take a license from both groups," said Jorge Contreras, a University of Utah S.J. Quinney College of Law professor who follows the case. "I don't see any huge financial benefit to keep going with this dispute," he said. "But so far, neither side has been able to lay down the hatchet."

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BUSINESS NEWS

Ralph Lauren Executive Resigns

BY JACOB GALLAGHER AND CHRIS WACK

Ralph Lauren Corp. said Howard Smith, its chief commercial officer, has resigned after a board investigation found his behavior had violated the company's code of conduct.

The apparel giant said it recently learned of allegations regarding Mr. Smith's personal conduct, and the audit committee of the board of directors launched an independent investigation with the assistance of outside counsel.

The company didn't provide details on the allegations but said the investigation found the conduct violated the company's code of conduct and ethics, and the board concluded that Mr. Smith's resignation was necessary.

Mr. Smith didn't immediately respond to requests for comment. The company said Mr. Smith's resignation is unrelated to its financial reporting and business performance.

"We are saddened by this situation and recognize that this news will come as a surprise," Executive Chairman Ralph Lauren and Chief Executive Patrice Louvet wrote in a memo to staff. "Howard has contributed significantly to the evolution of our Company for the past 20 years, and we are grateful for that."

Mr. Smith, a nearly two-decade veteran of Ralph Lauren, has been its chief commercial officer for the past three years reporting to Mr. Louvet. He oversaw buying, planning and merchandise allocation worldwide as well as the Lauren brand internationally, according to his company biography.

Mr. Smith's resignation is effective April 2, but he stepped down from his role immediately, the company said.

Fitbit Recalls Ionic Smartwatches

BY WILL FEUER

Fitbit LLC is voluntarily recalling roughly one million Ionic smartwatches that it sold in the U.S. following reports of burn injuries caused by an overheating battery, according to a federal regulator.

Fitbit, which is owned by Google parent Alphabet Inc., has received at least 115 reports in the U.S., and 59 reports internationally, of the battery in the Ionic model of its watches overheating, the

U.S. Consumer Product Safety Commission said on Wednesday. There have been 78 reports of burn injuries in the U.S., including two reports of third-degree burns and four reports of second-degree burns, the regulator added.

Customers should immediately stop using the recalled smartwatches and contact Fitbit to receive prepaid packaging to return the device, the commission said.

Upon receipt of the device, consumers will be refunded

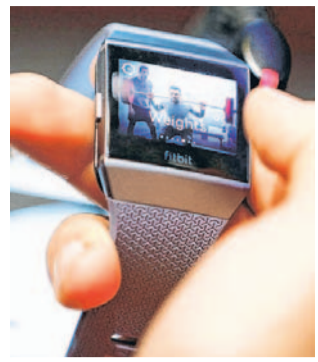
\$299, the CPSC said. Fitbit will also provide customers with a discount code for 40% off select Fitbit devices, according to the regulator.

The voluntary recall is being carried out in conjunction with health regulators in Canada and Mexico, according to the CPSC. Fitbit stopped production of the Ionic model watches in 2020. The company has also sold about 693,000 internationally, according to the CPSC.

"Out of an abundance of

caution, we are conducting a voluntary recall of Fitbit Ionic smartwatches," a Fitbit representative said.

"We received a very limited number of injury reports—the totals in the CPSC announcement represent less than 0.01% of units sold—of the battery in Fitbit Ionic smartwatches overheating, posing a burn hazard," the representative added. "These incidents are very rare and this voluntary recall does not impact other Fitbit smartwatches or trackers."



There have been 78 reports of burn injuries in the U.S.

Furnace Repair Businesses Face Parts Shortage

BY STEPHEN COUNCIL

In a winter beset by supply-chain snarls, furnace maintenance companies said it can be a struggle to keep the heat on.

Heating and cooling servicers said they are facing record backlogs, longer wait times and rising prices for parts and equipment as manufacturing issues and high consumer demand persist through one of the industry's busiest times of year.

That has left repair companies struggling to quickly fix and replace furnaces, boilers and other in-demand climate-control technology for both residential and commercial clients, leading to what some companies said are expensive workarounds. HVAC contractors and suppliers said full machines, parts, vans and labor have become harder to find and that prices have rapidly risen. Some said they are rethinking their relationships with their supply chains, adding inventory space and more heavily vetting suppliers.

When a 20-unit apartment building's boiler went out earlier this winter, Avon, Ohio-based Stack Heating, Cooling, & Electric was called to make the fix. But the replacement part, a \$500 circuit board, wouldn't arrive from the factory for three weeks, said Brian Stack, the company's



Trane Technologies expects problems to persist. Company VP Katherine Shin at an event on Jan. 4.

president.

So Mr. Stack resorted to an option he said most suppliers wouldn't allow, and that he never would have considered before the pandemic—he found the boiler model and bought a new one for \$13,000, removed the circuit board to make the fix in the building, and returned the model to the supplier three weeks later with the new part that he had ordered. The supplier approved Mr. Stack's return, he said.

"In the past it's in stock at a supply house, we just call up

and say we need this piece of equipment," he said. "And we'll go and put it in. Now, it's a scramble."

Executives said they have seen increased demand for climate-control technology during the pandemic, as more people have sought comfortable at-home environments amid remote work and extreme weather. Shipments of central air conditioners and air-source heat pumps increased 9.3% from 2020 to 2021, according to the Air-Conditioning, Heating, and Refrigeration Insti-

tute, a trade association.

But demand for HVAC equipment has outpaced the pandemic-disrupted capabilities of the industry's largest manufacturers, some companies said.

Lennox International Inc., maker of residential and commercial HVAC units, said at the beginning of February that supply and production constraints have built up a record backlog of equipment orders for the manufacturer. As a result, without inventory available in warehouses, emergency

replacements were down 40% last quarter, compared with the same period a year prior, Chief Executive Todd Bludorn said.

Executives for HVAC manufacturers Trane Technologies PLC, Carrier Global Corp. and Johnson Controls International PLC have said in recent weeks that order backlogs are rising, in some cases hitting record levels. Trane executives said the struggle to get manufacturing materials on time will extend through at least the first half of the year.

"It's very, very disruptive," Dave Regnery, Trane's CEO, said of the supply-chain constraints. He told analysts Trane factories are constantly adjusting staffing and inventory to keep production going. "This is a plant manager's kind of nightmare."

The delays, depending on the weather in an area, can trigger expensive stopgap measures.

Michael Rosenberg, president of Rosenberg Indoor Comfort in San Antonio, said his company is still waiting for equipment to complete jobs they committed to last June. Commercial air conditioning units have been particularly difficult to find, he said, prompting his firm to rent temporary cooling machines for clients waiting on equipment.

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TECHNOLOGY

WSJ.com/Tech

Amazon to Shut Down Bookstores

Move is part of shift to better-selling products and technology used in physical locations

By Sebastian Herrera

Amazon.com Inc. is planning to close dozens of bookstores and other retail locations it had opened in recent years to highlight bestselling products, part of a broader shift the tech giant is making in its physical retail strategy.

The e-commerce giant said Wednesday that it plans to close the locations to focus on its grocery stores and technology that powers them at other retail sites. Amazon operates more than 20 bookstores throughout the U.S., “pop up” locations mostly in malls and “4-star” stores. Those outlets have sold some of its bestselling items from electronics to kitchen products. The company has 66 such stores in the U.S., a spokeswoman said.

An Amazon spokeswoman said the company is “committed to building great, long-term physical retail experiences and technologies, and we’re working closely with our affected employees to help them find new roles within Amazon.” Reuters first reported the story.

Amazon, which began as an online bookstore, opened its first physical book shop in Seattle in 2015. It tried to set the stores apart from competitors by providing discounts to Amazon Prime customers, offering its own devices for testing and sale, and creating a highly curated selection of books based on a ratings system. The opening of Amazon’s bookstores was seen as a surprise expansion into the brick-and-mortar book industry, which had been derailed by Amazon’s dominance



Amazon is equipping its outlets with technology that enables shoppers to purchase without having to pass through a checkout line.

E-Retailer Faces New Union Vote

Amazon.com Inc. workers at a second company facility in New York will vote on a union, escalating one of a growing list of labor battles for the e-commerce company.

The National Labor Relations Board has told labor representatives they have demonstrated enough support among employees to hold an election on whether to unionize an Amazon facility named LDJ5 in New York’s borough of Staten Island, according to labor organizers and the company.

Organizers had already won the right to hold a vote at a different facility in Staten Island, scheduled for between March 25 and 30.

An Amazon spokeswoman said the company looks forward to having its employees’ voices heard, and that its focus “remains on working directly with our team to make Amazon a great place to work.” LDJ5 has roughly 1,500 employees, organizers say.

The date and conditions for the vote still need to be determined.

—Sebastian Herrera

its more conventional Amazon Fresh grocery stores.

Amazon’s technological innovations have been particularly present in its “Go” and grocery stores. Beginning with the Go stores, Amazon has started to equip many of its outlets with dozens of cameras

and other technology—including palm scanning for entry or payment—that enable shoppers to buy without having to pass through a checkout line. The company recently opened its first cashierless Whole Foods store near Washington, D.C. Cashierless stores have

proved popular with customers, but some retail analysts have questioned whether the cost of using the technology might be too high for what is typically a low-margin industry. Amazon has begun to license its cashierless system to other retailers.

While the company over the years has used its clout to expand into new markets, the decision to close some stores shows the challenges it has faced in gaining a foothold in physical retail. Sales for the physical store segment fell from 2019 to 2021—reflecting less in-store shopping throughout the Covid-19 pandemic.

Amazon recently began studying the potential of retail locations akin to department stores that could feature apparel and deploy other potential technologies.

Google Sets Its Return to Office for April 4

By Omar Abdel-Baqi

Alphabet Inc.’s Google outlined its return-to-office plans on Wednesday, saying it is transitioning to a hybrid work model that will bring employees back to U.S. offices at least a few days a week starting the week of April 4.

In an email to staff, the company said it is ending its voluntary work-from-home phase at its San Francisco-area offices and several other U.S. locations.

Most employees will spend roughly three days in the office and two days working where they choose, John Casey, vice president of global benefits at Google, wrote to employees.

“Our hybrid model balances the best of being together in person and being anywhere—where teams can intentionally come together to collaborate and connect in the office, and spend the other days working from wherever best suits their needs,” Mr. Casey told employees.

Google said it is requiring Covid-19 vaccines for employees working from company offices, with approved accommodations exempted.

The company won’t require face masks to be worn in offices by fully vaccinated employees.

Google’s announced plan comes as companies across industries are gearing up for broader office reopenings as Covid-19 cases drop and health authorities loosen Covid restrictions.

While many executives say they are uncertain about what the future may hold, they say they are at least feeling confident that offices can soon reopen.

Facebook parent Meta Platforms Inc., American Express Co. and Wells Fargo & Co. are among companies that are planning broader office reopenings this month.

Apple Event Expected to Reveal Phone

By Allison Prang

Apple Inc. is hosting its latest product-launch event next week and is expected to reveal a new, cheaper version of the iPhone.

Apple sent an invitation Wednesday to an event expected on Tuesday, with the description “peek performance” and a multicolored Apple logo. Apple said it would broadcast the event on its website.

Greg Joswiak, senior vice president of world-wide marketing at Apple, tweeted a video promoting the event.

The company is expected to unveil a new version of the iPhone SE, a cheaper version of its flagship devices that it has sold for about \$400, according to analysts. The smartphone is expected to come with 5G capability, a cellular standard already available on its other phones that holds the promise of ultrafast connectivity, the analysts said. This includes better quality of streaming, video chats and other uses.

During the pandemic, the company has turned to virtual events for its new product launches.

In September, Apple revealed the iPhone 13 and a new smartwatch. The following month, Apple unveiled its new AirPods and a pair of new MacBook Pro laptops.

The iPhone has been a big driver of Apple’s recent results, with iPhone sales rising 39% in its past fiscal year ending Sept. 25. But analysts have estimated iPhone revenue growth will slow this year.

Chief Executive Tim Cook has acknowledged that supply-chain issues dinged results, though he said in January that the situation was improving.

Target Takes Steps to Strengthen Distribution

By Lydia O’Neal

Target Corp. is sharply expanding its logistics footprint across the U.S. to build up capabilities to handle growing sales at both its physical stores and online.

The big-box retailer, following earnings growth in its past fiscal year that saw annual sales surge to more than \$100 billion, said Tuesday it plans to build four regional distribution centers, adding to the two it opened last summer.

The Minneapolis-based company also is adding a network of sortation sites to speed goods through its supply chains.

Target’s strategy is part of an aggressive capital spending program aimed at strengthening delivery capabilities by largely focusing on making

more efficient use of its warehouse network, while tapping the company’s nearly 2,000 stores to help fulfill e-commerce demand.

Target plans \$4 billion to \$5 billion in capital spending every year over the next few years, which would be an increase of more than 40% from last year.

Target’s network, which includes 49 distribution centers across 23 states, had remained largely the same for over a decade before 2021, even as the retailer added automation and adjusted warehouse designs to serve its growing business.

“Before last year, we hadn’t added a new regional distribution center in over a decade, even as our total sales grew 40% over that same time period,” Chief Operating Officer John Mulligan said Tuesday

during the company’s earnings conference call. With sales rising by \$27 billion over the past two years, “It’s time to expand our network,” he said.

Target’s distribution centers, including two sites in New Jersey and Chicago added

\$100B

Sales for the big-box retailer in the past fiscal year

last year, replenish inventories at stores.

Ten new sortation centers, designed to supplement stores and make them more efficient, will arrange speedy online deliveries with help from last-

mile delivery startup Shipt Inc., which Target acquired in 2017.

The sortation centers “help us further scale our stores-as-hub strategy and create room for future growth,” Mr. Mulligan said.

Target is running the first of those sortation centers in Minneapolis, where goods that had been set up for delivery at stores in the Minneapolis-St. Paul area now are collected, sorted and shipped out to consumers.

Target’s expansion comes as retailers are reshaping their logistics operations after their upheaval during the pandemic, as consumers rushed to order goods online and merchants scrambled to meet changing buying patterns.

That e-commerce growth appears to be receding as

shoppers return to physical stores. Target’s digital sales for the year ending Jan. 29 rose 20.8%, compared with 144.7% growth for the same period a year earlier. Walmart Inc.’s e-commerce sales rose 1% year-over-year in the quarter ended Jan. 28, compared with a 69% jump in the same period a year earlier.

Target says its logistics expansion aims to build on the distribution strategy the retailer undertook starting in 2017.

“We knew using stores as hubs would give guests more choice and convenience, while giving our operation more flexibility and capacity for future growth,” Mr. Mulligan said during the earnings call. “That was true prior to 2020, and could not have been more essential since that time.”

Dr. Seuss-Branded Books to Be Based on Author’s Sketches

By Joseph Pisani

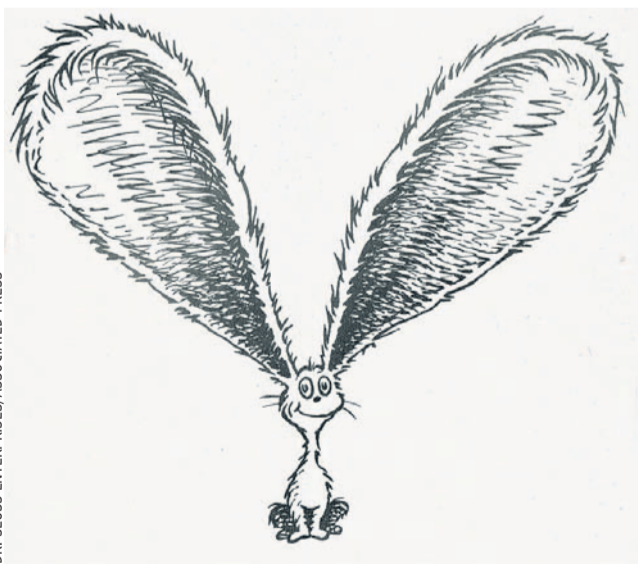
A new line of Dr. Seuss-inspired books are coming next year, based on sketches by the famous author that have never been published before.

Dr. Seuss Enterprises, the San Diego-based company that oversees Dr. Seuss-related projects, and Random House Children’s Books said the new line will be called Seuss Studios.

The books will be written and illustrated by a diverse group of up-and-coming writers and artists who will use the original sketches to come up with a story and illustrations for the books, the companies said.

The new writers weren’t named because the list hasn’t been completed. A spokeswoman for Dr. Seuss Enterprises said the writers will represent Dr. Seuss’s global fan base, but didn’t provide further details.

“We look forward to putting the spotlight on a new generation of talent who we know will bring their unique voices and style to the page, while also drawing inspiration from the creativity and imagination of Dr. Seuss,” said Susan Brandt, the chief executive of Dr. Seuss Enterprises. The announcement was



A giant-eared creature is among the Dr. Seuss art in the new books.

made on Wednesday to coincide with the birthday of Dr. Seuss, whose given name was Theodor Seuss Geisel. He died in 1991. Some of his best-known children’s books include “The Cat in the Hat” and “Green Eggs and Ham.”

On his birthday last year, Dr. Seuss Enterprises said that it would stop publishing six of Dr. Seuss’s lesser-known books after a review found they contained offensive images. Those books were: “And to Think That I Saw It on Mulberry Street”; “If I Ran the Zoo”;

“McElligot’s Pool”; “On Beyond Zebra!”; “Scrambled Eggs Super!”; and “The Cat’s Quizzer.” For the new line of books, sketches will be selected from the Dr. Seuss archives at the University of California, San Diego.

Already chosen were drawings of three colorful hummingbirds and a four-legged creature with giant ears, the companies said. The original sketches will be included at the end of the book, along with a note on how it inspired the story.

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BUSINESS NEWS

Hot-Pot Billionaire Steps Down as CEO

By CLARENCE LEONG

The billionaire entrepreneur who co-founded Haidilao International Holding Ltd. stepped down as chief executive, as the Chinese chain of hot-pot restaurants tries to move past an ill-timed expansion.

Zhang Yong is being succeeded as CEO by his former deputy, Yang Lijuan. The change was announced eight days after Haidilao warned it expected to record an annual loss equivalent to more than \$600 million, following its decision to close or suspend its operations at hundreds of restaurants.

Haidilao, whose restaurants are mostly in China, opened more than 600 new locations in the year to June 2021, taking its total outlets to nearly 1,600 globally. But the expansion was expensive and quality suffered. In November, the company reversed course, saying it would close or suspend about 300 outlets. Ms. Yang, until now deputy CEO and chief operating officer, was tasked with leading the

turnaround.

The company was “too aggressive to expand during the pandemic because they thought the pandemic will be over in a very short period, and the rent at the time was very favorable, so they stepped up investment,” said CMB International research analyst Walter Woo.

Another concern has to do with Haidilao’s staff costs, as it said no employee will be laid off despite the store closures, Nomura analyst Emily Lee said. The staff costs as a percentage of revenue are much higher than peers in China, she said.

Haidilao went public in Hong Kong in 2018, raising the equivalent of more than \$960 million. It was distinguished by its customer service, with measures such as offering manicures and shoe shines to guests waiting for tables. At its peak early last year, Haidilao was worth more than \$57 billion, making it one of the world’s largest restaurant companies.

But China’s zero-tolerance approach to the coronavirus, sporadic outbreaks and an aversion to dining in big groups hit its operations hard, and investors have sharply marked down Haidilao stock. It was the worst performer in Hong Kong’s Hang Seng Index last year, and has lost 74% over the 12 months to Wednesday’s close. Forbes now reckons Mr. Zhang is worth some \$6.9 billion, down from \$23 billion last April.

Mr. Zhang will remain chairman and guide Haidilao’s long-term strategy, the company said in a filing to the Hong Kong exchange late Tuesday.

On Feb. 21, Haidilao said it expects to record losses of at least 3.8 billion yuan, or the equivalent of \$602 million, for 2021, despite an expected surge in revenue of more than 40% to more than \$6 billion.



Molson Coors is promoting Miller Lite through the Meta Lite Bar, a virtual world in the metaverse platform Decentraland.

Marketers Explore Metaverse

By ANN-MARIE ALCÁNTARA

Marketers looking to connect with consumers in the virtual world are exploring two popular metaverse platforms.

Well-known brands including Miller Lite and Gucci have planted flags in the Sandbox and Decentraland, platforms where digital real estate has sold for millions of dollars.

The metaverse is a term for virtual worlds where people can play games and attend events via a digital avatar. To showcase their brands in these worlds, marketers buy or rent digital space from the platforms or third parties, including a growing crop of metaverse-development companies that acquired desirable locations.

Marketers see potential for new revenue streams in the metaverse, such as renting digital land to other brands or selling digital collectibles known as nonfungible tokens.

The Sandbox has a higher concentration of celebrities and well-known brands, which might attract marketers, while Decentraland provides more opportunities to experiment and build worlds, said Lewis Smithingham, director of creative solutions at Media.Monks, a marketing-services agency owned by S4Capital.

Because the platforms are nascent and building out features, it might be some time until real successes occur, said Joseph Flaherty, director of

content and community at Founder Collective, a venture-capital firm. “It just takes years and years of compounding the advantages, figuring out how all this stuff works,” Mr. Flaherty said.

Molson Coors Beverage Co. promoted its Miller Lite brand in a campaign around this year’s Super Bowl by opening Meta Lite Bar, a virtual tavern in Decentraland. It rented the space from TerraZero Technologies Inc., a metaverse-development company, for an undisclosed amount.

At the Meta Lite Bar, patrons could pour themselves a virtual beer, chat with other users and play a preselected tune from a jukebox. Patrons could pick up Miller Lite digital NFTs such as a “Meta Lite” T-shirt for their avatars, the company said.

Molson Coors chose Decentraland partly because it offered the ability to restrict who entered the bar by age and its accessibility via desktop browser, said Sofia Colucci, global vice president for the Miller brands. The company declined to share how many visitors came to the bar, but it said those who did stayed for an average of 20 minutes.

Decentraland said it has about 600,000 users a month. In October, it hosted the Metaverse Festival, a four-day music event.

Decentraland’s proven ability to hold large-scale events is one of its appeals, according to Andrew Kiguel, executive chairman of Metaverse Group, a metaverse-development company.

In November, Metaverse Group, a subsidiary of Tokens.com Corp., bought about 313,000 square feet in Decentraland’s fashion district for about \$2.5 million. The fashion district will be the primary venue for Decentraland’s Metaverse Fashion Week in March with brands such as Tommy Hilfinger participating.

Brands including JPMorgan Chase & Co., Sotheby’s, Samsung Electronics America and even accounting firm Prager Metis International LLC also set up promotional locations in Decentraland.

“Decentraland’s open standards means that anyone can build an experience with no need for permission, and companies own their [intellectual property] on our platform,” said Sam Hamilton, creative director of the nonprofit Decentraland Foundation, which builds tools for the platform and handles its marketing.

The Sandbox, which is a subsidiary of Animoca Brands Corp., is in a testing phase, scheduled to open to the public for six temporary stretches this year, the company said. Its first temporary opening, held last year from Nov. 29 to Dec. 20, drew more than 200,000 users, the company said. The Sandbox said it

Musical artists Snoop Dogg and Deadmau5 own Sandbox land.

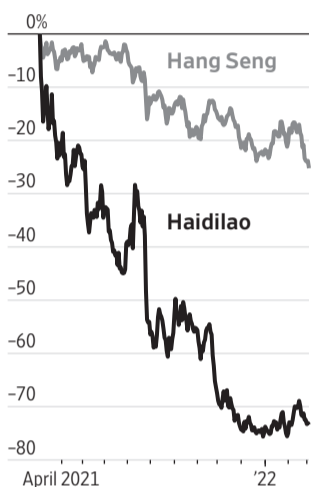
raised \$93 million in November in a Series B funding round led by SoftBank Group Corp.

The Sandbox is popular with celebrities and entertainment brands, with musical artists Snoop Dogg and Deadmau5 owning parcels of land there. Other landowners include Gucci and the organization behind Bored Ape Yacht Club, a popular NFT depicting cartoon apes.

The visual style in the Sandbox is similar to that of Minecraft, the popular videogame owned by Microsoft Corp., said Janine Yorio, chief executive of Everyrealm, a metaverse content and development company that bought about 3 square miles in the Sandbox for \$4.3 million in November.

“As the users of Minecraft grow up and age out, they’ll have a familiarity with that visual style, so I think that was a very smart move on the part of the Sandbox to have that vox-related look,” Ms. Yorio said, referring to the Lego-like characters and landscape in the videogame.

Index and share-price performance, past year



Source: FactSet

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CLASS ACTION

UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

PLYMOUTH COUNTY RETIREMENT SYSTEM,
Individually and on Behalf of All Others Similarly Situated,
Plaintiffs,
vs.
PATTERSON COMPANIES, INC., et al.,
Defendants.

Civ. No. 0:18-cv-00871-MJD-HB

CLASS ACTION

SUMMARY NOTICE OF (I) PROPOSED SETTLEMENT AND PLAN OF ALLOCATION; (II) SETTLEMENT HEARING; AND (III) MOTION FOR AN AWARD OF ATTORNEYS’ FEES AND LITIGATION EXPENSES

TO: ALL PERSONS OR ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED PATTERSON COMPANIES, INC. (“PATTERSON”) COMMON STOCK BETWEEN JUNE 26, 2013 AND FEBRUARY 28, 2018, INCLUSIVE, AND WHO ARE NOT OTHERWISE EXCLUDED FROM THE CLASS (“CLASS” OR “CLASS MEMBERS”)

THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the District of Minnesota (the “Court”), that Court-appointed Class Representatives, on behalf of themselves and all members of the certified Class, and defendants Patterson and Scott P. Anderson (collectively, “Defendants”), have reached a proposed settlement of the claims in the above-captioned action (the “Action”) in the amount of \$63 million (the “Settlement”).

A hearing will be held on June 9, 2022, at 11:00 a.m., before the Honorable Michael J. Davis, Senior United States District Judge, either in person or remotely at the Court’s discretion, United States District Court for the District of Minnesota, Diana E. Murphy United States Courthouse, Courtroom 13E, 300 South Fourth Street, Minneapolis, MN 55415 to determine, among other things, whether: (1) the proposed Settlement should be approved by the Court as fair, reasonable and adequate; (2) the Judgment as provided under the Stipulation of Settlement (the “Stipulation”) should be entered dismissing the Action with prejudice; (3) Lead Counsel’s application for an award of attorneys’ fees and expenses should be approved; and (4) the Plan of Allocation should be approved by the Court as fair and reasonable. The capitalized terms herein shall have the same meaning as they have in the Stipulation. The Court reserves the right to approve the Settlement, the Plan of Allocation, and Lead Counsel’s motion for an award of attorneys’ fees and expenses and/or consider any other matter related to the Settlement at or after the Settlement Hearing without further notice to the Members of the Class.

The ongoing COVID-19 health emergency is a fluid situation that creates the possibility that the Court may decide to conduct the Settlement Hearing by video or telephonic conference, or otherwise allow Class Members to appear at the hearing by phone or video conference, without further written notice to the Class. To determine whether the date and time of the Settlement Hearing have changed, or whether Class Members must or may participate by phone or video conference, it is important that you monitor the Court’s docket and the Settlement website, before making any plans to attend the Settlement Hearing. Any updates regarding the Settlement Hearing, including any changes to the date or time of the hearing or updates regarding in-person, telephonic or video conference appearances at the hearing, will also be posted to the Settlement website, www.PattersonSecuritiesClassAction.com. Also, if the Court requires or allows Class Members to participate in the Settlement Hearing by telephone or video conference, the phone number for accessing the telephonic conference or the website for accessing the video conference will be posted to the Settlement website, www.PattersonSecuritiesClassAction.com.

If you are a Member of the Class, your rights will be affected by the pending Action and the Settlement, and you may be entitled to share in the Settlement Fund. If you have not yet received the Notice of (I) Proposed Settlement and Plan of Allocation; (II) Settlement Hearing; and (III) Motion for an Award of Attorneys’ Fees and Litigation Expenses (the “Settlement Notice”) and Proof of Claim and Release Form (“Claim Form”), you may obtain copies of these documents by visiting the Settlement website, www.PattersonSecuritiesClassAction.com, or by contacting the Claims Administrator at:

Patterson Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 43391
Providence, RI 02940-3391
1-888-729-5720
info@PattersonSecuritiesClassAction.com

Copies of the Settlement Notice and Claim Form are also available by accessing the Court docket in this case, for a fee, through the Court’s Public Access to Court Electronic Records (PACER) system at https://ecf.mnd.uscourts.gov/, or by visiting the Office of the Clerk, Diana E. Murphy United States Courthouse, 300 South Fourth Street, Suite 202, Minneapolis, MN 55415, (612) 664-5000, during normal business hours.

Inquiries, other than requests for the Settlement Notice or a Claim Form or for information about the status of a claim, may be made to Lead Counsel:

ROBBINS GELLER RUDMAN & DOWD LLP
ELLEN GUSIKOFF STEWART
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: 1-800-449-4900
SAXENA WHITE P.A.
LESTER HOOKER
7777 Glades Road, Suite 300
Boca Raton, FL 33434
Telephone: 561-394-3399

If you are a Class Member, to be eligible to share in the distribution of the Settlement Fund, you must submit a Claim Form postmarked or submitted online (no later than May 25, 2022). If you are a Class Member and do not submit a proper Claim Form, you will not be eligible to share in the distribution of the net proceeds of the Settlement but you will nevertheless be bound by any judgments or orders entered by the Court in the Action.

If you are a Class Member that did not previously request exclusion from the Class in response to the Notice of Pendency of Class Action, and wish to exclude yourself from the Class, you must submit a written request for exclusion in accordance with the requirements set by the Court and the instructions set forth in the Settlement Notice so that it is postmarked no later than May 19, 2022. If you properly exclude yourself from the Class, you will not be bound by any judgments or orders entered by the Court, whether favorable or unfavorable, and you will not be eligible to share in the distribution of the Net Settlement Fund.

Any objections to the proposed Settlement, Lead Counsel’s motion for attorneys’ fees and litigation expenses, and/or the proposed Plan of Allocation must be filed with the Court, either by mail or in person, and be mailed to counsel for the Settling Parties in accordance with the instructions in the Settlement Notice, such that they are received no later than May 19, 2022.

PLEASE DO NOT CONTACT THE COURT, DEFENDANTS, OR DEFENDANTS’ COUNSEL REGARDING THIS NOTICE.

DATED: February 3, 2022

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA

1 The Stipulation can be viewed and/or obtained at www.PattersonSecuritiesClassAction.com.

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PUBLIC NOTICES

THE HIGH COURT 2022 No. 25 C05

IN THE MATTER OF MALLINCKRODT PUBLIC LIMITED COMPANY (IN EXAMINATION) AND IN THE MATTER OF PART 10 OF THE COMPANIES ACT 2014

TAKE NOTICE that by Order of Mr. Justice Quinn of the High Court on Monday 28 February 2022, Mr Michael McAteer of Grant Thornton, 13-18, City Quay, Dublin 2 was appointed Examiner of Mallinckrodt Public Limited Company having its registered address at College Business & Technology Park, Crusierath, Blanchardstown, Dublin 15, Dublin, in accordance with the Companies Act 2014.

Date: 2 March 2022

A&L Goodbody Solicitors for the Examiner International Financial Services Centre North Wall Quay Dublin 1

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Michael Dell’s Firm Acquires Peloton Stake

By SHARON TERLEP

Peloton Interactive Inc.’s founder and former chief executive, John Foley, has sold about \$50 million worth of shares in the company to an investment firm backed by computer entrepreneur Michael Dell, according to a securities filing Wednesday.

Mr. Foley, who stepped down in February as troubles mounted at Peloton, still holds enough shares after the sale to maintain effective control of the exercise-equipment maker.

MSD Partners, backed by Mr. Dell’s family office, said in a statement that it is pleased to back new Chief Executive Barry McCarthy, the former chief financial officer of Spotify Technology SA and Netflix Inc. Mr. McCarthy sits on the board of a blank-check company also backed by Mr. Dell’s family office. MSD Partners manages over \$20 billion on

behalf of Mr. Dell and other investors.

Peloton said Mr. Foley’s decision to sell shares in a private sale is “John’s decision, based on his own financial planning.” Mr. Foley sold nearly \$100 million of his stock in 2021.

Mr. Foley converted 1.9 million Class B shares, which entitle holders to 20 votes a share, into Class A shares, which count for one vote a share, and sold those shares to MSD.

The New York-based company has lowered its revenue forecasts for several quarters in a row and has said it would cut roughly 20% of its corporate positions to help cope with widening losses as demand cools.

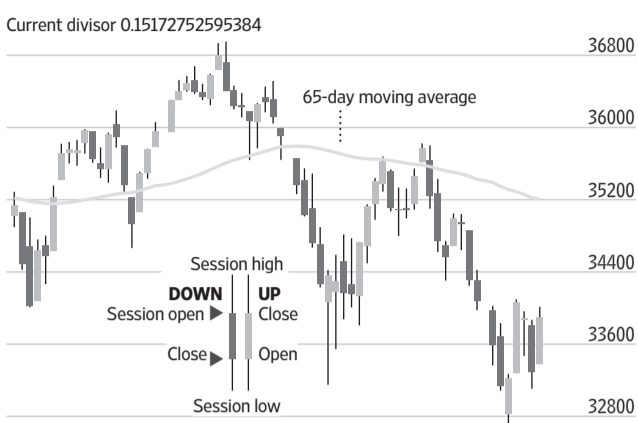
Peloton shares have lost 80% of their value in the past year and are trading at close to pre-pandemic levels, despite the company’s nearly tripling its revenue in the same period.

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

33891.35 ▲596.40, or 1.79% Trailing P/E ratio 18.80 31.82 ... High, low, open and close for each trading day of the past three months.

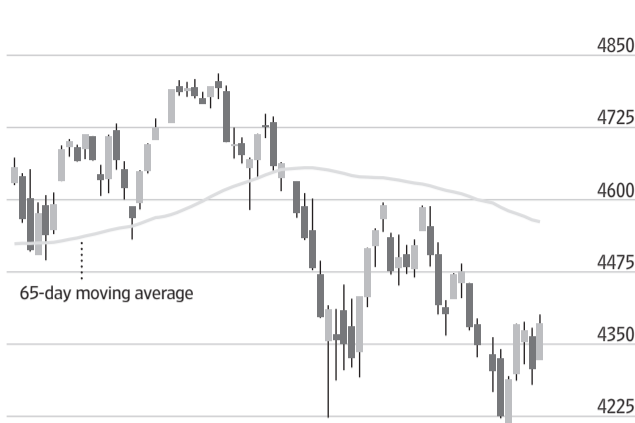


Current divisor 0.15172752595384 ... Bars measure the point change from session's open

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. †Based on Nasdaq-100 Index

S&P 500 Index

4386.54 ▲80.28, or 1.86% Trailing P/E ratio* 23.83 43.74 ... High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

13752.02 ▲219.56, or 1.62% Trailing P/E ratio** 31.76 38.46 ... High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table with columns: Index, High, Low, Latest Close, Net chg, % chg, 52-Week High, Low, % chg, YTD, 3-yr. ann. Includes Dow Jones, Nasdaq Stock Market, and S&P.

Table for Nasdaq Stock Market including Nasdaq Composite, Nasdaq-100, and S&P.

Table for S&P including 500 Index, MidCap 400, and SmallCap 600.

Table for Other Indexes including Russell 2000, NYSE Composite, Value Line, NYSE Arca Biotech, NYSE Arca Pharma, KBW Bank, PHLX Gold/Silver, PHLX Oil Service, PHLX Semiconductor, Cboe Volatility.

§Nasdaq 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.

Most-active issues in late trading

Table of most-active issues in late trading with columns for Company, Symbol, Volume, Last, Net chg, After-Hours % chg, High, Low.

Percentage gainers...

Table of percentage gainers with columns for Company, Symbol, Volume, Last, Net chg, % chg, High, Low.

...And losers

Table of percentage losers with columns for Company, Symbol, Volume, Last, Net chg, % chg, High, Low.

Trading Diary

Volume, Advancers, Decliners

Table of trading diary statistics for NYSE and NYSE Amer. including Total volume, Adv. volume, Decl. volume, Issues traded, Advancers, Declines, etc.

Total volume* 5,187,889,851 401,413,508 Adv. volume* 3,499,764,226 270,043,296 Decl. volume* 1,646,243,920 129,570,258

Issues traded 4,959 1,722 Advancers 3,087 1,278 Declines 1,583 438

Unchanged 289 6 New highs 77 85 New lows 215 53

Closing Arms* 0.92 1.59 Block trades* 34,701 1,668

*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

Table of International Stock Indexes by region/country including World, Americas, EMEA, Asia-Pacific.

Percentage Gainers...

Table of Percentage Gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Percentage Losers

Table of Percentage Losers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High, Low, % chg.

Most Active Stocks

Table of Most Active Stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

Most Active Stocks

Table of Most Active Stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

Volume Movers

Table of Volume Movers with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High, Low.

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year

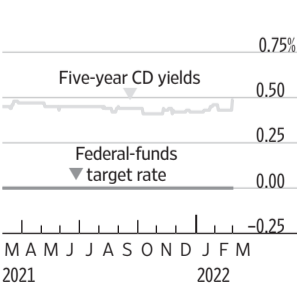


Table of Selected rates including 5-year CDs, Bankrate.com avg, Presidential Bank, TAB Bank, CFG Community Bank, Colorado Federal Savings Bank, First Internet Bank of Indiana.

Bankrate.com rates based on survey of over 4,800 online banks. †Base rate posted by 70% of the nation's largest banks. † Excludes closing costs. Sources: FactSet; Dow Jones Market Data; Bankrate.com

Treasury yield curve

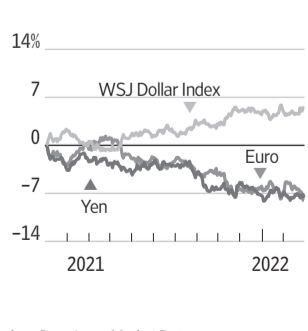
Yield to maturity of current bills, notes and bonds



Sources: Tradeweb ICE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Sources: Tullett Prebon, Dow Jones Market Data

Corporate Borrowing Rates and Yields

Table of Corporate Borrowing Rates and Yields with columns for Bond total return index, Close, Yield (%), 52-Week High, Low, Total Return (%), 3-yr.

CURRENCIES & COMMODITIES

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table of Currencies with columns for Country/currency, Wed in US\$, Wed per US\$, YTD chg (%), Country/currency, Wed in US\$, Wed per US\$, YTD chg (%).

* Common stocks priced at \$2 a share or more with an average volume over 65 trading days of at least 5,000 shares. † Has traded fewer than 65 days

Commodities

Table of Commodities with columns for Commodity, Close, Wednesday Net chg, % chg, High, 52-Week Low, % chg, YTD % chg.

COMMODITIES

Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs; \$ per lb.						
March	4.630	4.690	4.530	4.655	0.0690	5,109
May	4.570	4.705	4.455	4.655	0.0690	118,856
Gold (CMX) -100 Troy oz.; \$ per Troy oz.						
March	1945.60	1948.20	1919.80	1920.90	-21.50	1,897
April	1945.30	1951.40	1916.00	1920.30	-21.50	461,646
May	1947.20	1951.20	▲ 1922.90	1924.60	-20.70	38
June	1949.50	1954.20	1919.50	1925.60	-21.50	94,577
Aug	1944.60	1957.80	1923.90	1929.00	-21.40	27,359
Oct	1957.20	1959.60	1927.80	1932.70	-21.20	8,619
Palladium (NYM) -50 Troy oz.; \$ per Troy oz.						
March				2662.60		130.10 103
June	2598.00	2671.00	2550.00	2664.90		127.10 7,074
Platinum (NYM) -50 Troy oz.; \$ per Troy oz.						
March	1056.20	1057.70	1053.40	1067.60	16.50	7
April	1059.30	1078.00	1051.70	1068.00	16.10	47,962
Silver (CMX) -5,000 Troy oz.; \$ per Troy oz.						
March	25.310	25.310	25.300	25.183	-0.351	4,300
May	25.505	25.545	24.960	25.190	-0.351	128,060
Crude Oil, Light Sweet (NYM) -1,000 bbls; \$ per bbl.						
April	107.12	112.51	▲ 105.18	110.60	7.19	294,694
May	103.43	108.91	▲ 101.86	107.06	6.85	230,104
June	99.00	104.11	▲ 97.34	102.37	6.13	216,242
Dec	85.50	88.00	84.10	87.31	3.63	246,541
June'23	80.52	82.95	79.30	82.56	3.68	108,430
Dec	77.50	79.86	76.50	79.54	3.49	123,288
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
April	3.229	3.6072	▲ 3.2076	3.4947	.3436	78,761
May	3.1250	3.4117	▲ 3.0867	3.3238	.2857	45,572
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.						
April	3.1469	3.3613	▲ 3.1270	3.3083	.2196	127,542
May	3.1518	3.3238	▲ 3.0951	3.2749	.2128	71,205
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
April	4.600	4.911	4.600	4.762	.189	134,365
May	4.631	4.928	4.630	4.787	.189	190,927
June	4.653	4.965	4.653	4.826	.186	72,528
July	4.739	5.011	4.705	4.874	.183	84,537
Sept	4.722	4.997	4.688	4.859	.180	69,392
Oct	4.751	5.020	4.720	4.879	.178	84,887

	Open	Contract High	Low	Settle	Chg	Open interest
Coffee (ICE-US) -37,500 lbs; cents per lb.						
May	2.537	2.565	2.506	2.529	8	91,330
March	235.00	235.00	229.00	230.45	-6.80	1,310
May	236.40	236.40	227.20	229.20	-6.80	123,734
Sugar-World (ICE-US) -112,000 lbs; cents per lb.						
May	18.50	18.67	18.28	18.64	.30	332,756
July	18.24	18.49	18.09	18.48	.36	163,589
Sugar-Domestic (ICE-US) -112,000 lbs; cents per lb.						
May				35.40	...	2,647
Cotton (ICE-US) -50,000 lbs; cents per lb.						
March	124.57	125.28	121.64	122.04	-4.31	111
May	122.60	123.12	118.16	118.54	-4.21	109,760
Orange Juice (ICE-US) -15,000 lbs; cents per lb.						
March	151.25	151.25	151.25	151.25	1.05	5,334
May	142.40	149.20	141.90	148.10	5.85	9,836

Interest Rate Futures						
Ultra Treasury Bonds (CBT) -\$100,000; pts 32nds of 100%						
March				182-160	-4-06.0	14,410
June	188-090	188-280	182-030	184-040	-4-15.0	1,251,706
Treasury Bonds (CBT) -\$100,000; pts 32nds of 100%						
March				154-180	-2-15.0	10,625
June	158-250	159-050	155-190	156-160	-2-21.0	1,103,240
Treasury Notes (CBT) -\$100,000; pts 32nds of 100%						
March	128-145	128-275	127-025	127-100	-1-13.0	44,583
June	128-165	128-295	127-000	127-090	-1-14.5	3,727,457
5 Yr. Treasury Notes (CBT) -\$100,000; pts 32nds of 100%						
March				118-147	-1-00.0	28,560
June	118-305	119-097	118-002	118-045	-1-01.5	3,778,672
2 Yr. Treasury Notes (CBT) -\$200,000; pts 32nds of 100%						
March				107-256	-13.1	27,259
June	107-250	107-306	107-133	107-143	-14.0	2,020,365
30 Day Federal Funds (CBT) -\$5,000,000; 100 -daily avg.						
March	99.7875	99.7975	99.7700	99.7900	-0.025	140,925
April	99.6600	99.6850	99.6300	99.6650	-0.0150	433,398
10 Yr. Del. Int. Rate Swaps (CBT) -\$100,000; pts 32nds of 100%						
March				97-275	-1-18.5	75,215
Eurodollar (CME) -\$1,000,000; pts of 100%						
March	99.3425	99.3775	99.3250	99.3550	-0.025	920,577
June	98.9800	99.0500	98.8350	98.8600	-1.950	1,061,262
Dec	98.4200	98.5200	98.1850	98.2150	-2.800	1,246,990
Dec'23	98.0450	98.1250	97.8250	97.8500	-2.400	1,296,603

Currency Futures						
Japanese Yen (CME) ¥12,500,000; \$ per 100¥						
March	.8705	.8713	.8643	.8653	-0.056	199,863
June	.8729	.8732	.8663	.8672	-0.057	6,502
Canadian Dollar (CME) -CAD 100,000; \$ per CAD						
March	.7850	.7919	.7846	.7904	.0055	127,972
June	.7845	.7918	.7845	.7904	.0055	11,087
British Pound (CME) £62,500; \$ per £						
March	1.3324	1.3408	▼ 1.3271	1.3372	.0060	188,285
June	1.3325	1.3399	1.3270	1.3366	.0056	18,891
Swiss Franc (CME) -CHF 125,000; \$ per CHF						
March	1.0889	1.0913	1.0825	1.0864	-0.022	46,261
June	1.0932	1.0954	1.0868	1.0905	-0.022	859
Australian Dollar (CME) -AUD 100,000; \$ per AUD						
March	.7252	.7308	.7244	.7298	.0049	186,987
June	.7261	.7318	.7254	.7308	.0050	2,116
Mexican Peso (CME) -MXN 500,000; \$ per MXN						
March	.04832	.04849	.04797	.04838	.00001	153,669
June	.04752	.04768	.04719	.04758	.00002	1,092
Euro (CME) €125,000; \$ per €						
March	1.1125	1.1146	▼ 1.1060	1.1126	-.05	685,971
June	1.1162	1.1183	▼ 1.1098	1.1163	-0.0001	23,120

Index Futures						
Mini DJ Industrial Average (CBT) -\$5 x index						
March	33318	33977	33121	33849	582	76,649
June	33196	33870	33016	33744	578	1,412
Mini S&P 500 (CME) -\$50 x index						
March	4308.75	4399.25	4278.25	4381.75	78.00	2,277,258
June	4300.00	4391.00	4269.75	4374.00	78.75	100,489
Mini S&P Midcap 400 (CME) -\$100 x index						
March	2614.30	2688.30	2590.70	2676.90	70.10	49,571
June	2637.60	2680.80	2598.80	2672.80	57.10	3
Mini Nasdaq 100 (CME) -\$20 x index						
March	14026.25	14290.00	13911.50	14239.25	233.75	245,865
June	14006.25	14286.50	13914.25	14238.75	234.25	3,281
Mini Russell 2000 (CME) -\$50 x index						
March	2009.70	2066.10	1991.30	2056.10	49.40	505,693
Mini Russell 1000 (CME) -\$50 x index						
March	2400.10	2435.50	2383.70	2428.10	44.40	15,990
U.S. Dollar Index (ICE-US) -\$1,000 x index						
March	97.61	97.85	▲ 97.30	97.41	.01	53,528
June	97.35	97.82	▲ 97.29	97.40	.03	2,887

Source: FactSet

Cash Prices

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.

Commodity	Price	Change	Source
Energy			
Coal,C.Aplc,1.2500Btu,1.2502-r,w	90.550		Wednesday
Coal,PwdrRvrBsn,8800Btu,0.8502-r,w	21.650		Wednesday
Battery/EV metals			
BMI Lithium Carbonate, EXW China, +99.2%-ytk	70675		Wednesday
BMI Lithium Hydroxide, EXW China, +56%-ytk	64000		Wednesday
BMI Cobalt sulphate, EXW China, +22%-ytm	17729		Wednesday
BMI Nickel Sulphate, EXW China, +22%-ytm	6479		Wednesday
BMI Flake Graphite, FOB China, +100 Mesh, 94-95%-ym	685		Wednesday
Fibers and Textiles			
Burlap,10-oz,40-inch NY yd-n,w	0.8400		Wednesday
Cotton,1 1/16 std,lw-mdMphs-u	1.1954		Wednesday
Cotlook 'A' Index-t	*135.05		Wednesday
Hides,lhv ny native steers piece fob-u	41.000		Wednesday
Wool,64s, staple, Terr del-u,w	n.a.		Wednesday
Grains and Feeds			
Barley,top-quality Mnpls-u	n.a.		Wednesday
Bran,wheat middlings, KC-u	183		Wednesday
Corn,No.2 yellow,Cent IL-bp,u	7.1500		Wednesday
Corn gluten meal,Midwest-u,w	193.8		Wednesday
Corn gluten feed,Midwest-u,w	618.2		Wednesday
Cottonseed meal-u,w	343		Wednesday
Hominy feed,Cent IL-u,w	170		Wednesday
Meat-bonemeal,50% pr Mnpls-u,w	310		Wednesday
Oats,No.2 milling,Mnpls-u	n.a.		Wednesday
Rice, Long Grain Milling, No. 2 AR-u,w	27.75		Wednesday
Sorghum,(Milo) No.2 Gulf-u	n.a.		Wednesday
SoybeanMeal,Cent IL,rail,ton48%u,w	466.30		Wednesday
Soybeans,No.1 yllw IL-bp,u	16.5100		Wednesday

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 3/1

Source: Dow Jones Market Data

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Index	YTD total return (%)	Index	Yield (%)	High	Low	Index	YTD total return (%)	Index	Yield (%)	High	Low
Broad Market Bloomberg Fixed Income Indices	-3.9	U.S. Aggregate	2.420	1.340	2.470	2140.48	-2.9	Mortgage-Backed	2.570	1.590	2.640
U.S. Corporate Bloomberg Fixed Income Indices	-6.1	U.S. Corporate	3.190	1.910	3.220	2094.85	-2.3				

BANKING & FINANCE

Testimony on IMDB Case Is Challenged

Former Goldman banker says star witness's testimony is inconsistent

By James Fanelli

The defense team for a former Goldman Sachs Group Inc. banker charged in the looting of a Malaysian sovereign-wealth fund sought to undermine the testimony of the prosecution's star witness during trial proceedings Wednesday, arguing the witness made inconsistent statements to federal investigators.

Lawyers for defendant Roger Ng attacked the credibility of

government witness Timothy Leissner, a onetime Goldman colleague of Mr. Ng's, who already has pleaded guilty to similar charges and has been cooperating with the Justice Department.

Marc Agnifilo, a lawyer for Mr. Ng, suggested Mr. Leissner's testimony didn't match what he previously told the Federal Bureau of Investigation.

Prosecutors allege Mr. Ng, a former Goldman managing director, conspired with Malaysian financier Jho Low to bribe officials in Malaysia and the United Arab Emirates and to launder billions of dollars stolen from IMalaysia Development Bhd., a state-controlled economic-development com-

pany known as IMDB. Mr. Ng is the first defendant in the U.S. case to face a jury.

Mr. Leissner, a former Goldman partner, testified earlier in the trial that he participated in a 2012 meeting in London in which he, Messrs. Ng and Low and others discussed bribing government officials to secure lucrative business deals for Goldman Sachs.

At that meeting, Mr. Low drew a chart of all the government officials who needed to be bribed, Mr. Leissner told jurors.

Mr. Agnifilo challenged that account, citing FBI memos that indicated Mr. Leissner previously told investigators that Mr. Ng didn't attend the meeting.

Mr. Agnifilo also said Mr. Leissner never mentioned an alleged bribery chart until nearly three years into discussions with investigators.

Mr. Leissner said he didn't recall initially telling the FBI that Mr. Ng wasn't there and insisted that the defendant was in fact present at the meeting when bribery plans were discussed.

"I don't remember when I first brought up the chart," Mr. Leissner said.

Through their work at Goldman, Messrs. Leissner and Ng helped raise \$6.5 billion in bond offerings for IMDB in 2012 and 2013. Much of that money was siphoned away, prosecutors say, through off-

shore shell companies. Mr. Low has been indicted but is still at large. Messrs. Leissner and Ng also hid from Goldman Mr. Low's role as a middleman in the deals, according to prosecutors.

The scandal was a black eye for the bank. It paid more than \$5 billion in penalties to the U.S. and Malaysia and took away compensation from some top executives. It also admitted that a subsidiary broke U.S. corruption laws.

Mr. Leissner, who was arrested in 2018, said he met with federal investigators approximately 50 times over the course of more than three years. He has testified for several days so far.

His credibility is crucial to the prosecution, as Mr. Agnifilo has previously said Mr. Leissner is the only trial witness who implicates Mr. Ng with committing a crime.

During earlier testimony on Tuesday, Mr. Leissner conceded that, after he agreed to cooperate with federal investigators, he initially lied to them, falsely saying that his ex-wife and Mr. Ng were responsible for certain crimes that he in fact committed. "You lied to the FBI knowing that people's fates lied in the balance?" Mr. Agnifilo asked. "At the time, I was trying to protect myself," Mr. Leissner said, adding that he later took responsibility and told the truth.



Jane Fraser seeks a complex transformation of Citis inner plumbing.

Citi Redo To Take Years

Continued from page B1 growth this year and a 5% to 6% increase in costs.

He said the work to fix the regulatory concerns is going to cost \$3 billion to \$3.5 billion this year, bringing the total bill so far to nearly \$6 billion.

"The reality is that until we address the challenges we face, we won't meaningfully narrow the gaps to peers," Mr. Mason said. "That isn't a reality we like or that we are comfortable with."

In the institutional clients business, executives said they were focused on winning new e-commerce clients running global businesses, expanding

the commercial bank for medium-size U.S. businesses and targeting advisory and banking products for private-equity shops.

In retail, the bank said it was committed to the U.S. market and said it was expecting credit-card loan growth this year along with other ways to lend to clients around cards, like buy-now, pay-later.

On a new push for wealth management, they said they are targeting growth for assets and revenue in the low teens.

The day was supposed to be in person but was moved last minute to virtual when Mr. Mason and Paco Ybarra, the head of the institutional clients group, caught Covid-19.

"In my 21 years at Citi I've had many memorable moments. I'll add the 2022 investor day to my list," Mr. Mason said. "And not just because I caught Covid from Paco."

Macro Investor Melkman to Shut \$1 Billion Light Sky Hedge Fund

By Juliet Chung

A macro investor told clients this week that he plans to shut down his hedge-fund firm, Light Sky Macro LP, according to people familiar with the matter.

Ben Melkman's Light Sky, which managed roughly \$1 billion recently, started in March 2017 with investments from other hedge-fund managers including Steven A. Cohen and Daniel Loeb.

Mr. Melkman was previ-

ously a partner and portfolio manager at Brevan Howard Asset Management, where he attracted notice for a profitable wager he made on Argentina.

But Mr. Melkman has had a tougher time running his own firm. Since launching with about \$900 million, he has made about 1% a year over the last five years, a person familiar with the firm said.

One reason was Light Sky's weak start in 2017, when it made a bad bet on Brexit.

Light Sky's performance over the three years to December 2021 was better, when the fund averaged about 7% a year, the person said.

Mr. Melkman has told some investors the typical format of running a hedge fund, where clients can regularly redeem part of their investment and managers are expected to keep investors apprised of performance regularly, didn't suit his style of investing thematically and for the long term.

If he were to run a fund again in the future, he would want to be free of short-term performance and redemption pressures, people familiar with the matter said.

One of the people said Light Sky had received net inflows over the last six months but Mr. Melkman had reduced trading in recent weeks in preparation to shut down the firm.

The fund has lost roughly 2% this year through February.

Wells Fargo Executive Tasked With Revamping the Bank's Image to Depart

By Ben Eisen

Wells Fargo & Co. is replacing its point person for remaking the bank's image after less than two years on the job.

Barri Rafferty, who oversaw communications and brand management, will leave May 1, according to a memo sent to staff last week by Bill Daley, vice chairman for public affairs. A spokeswoman for the bank confirmed her departure.

Ms. Rafferty was part of a new leadership team that took shape under Chief Executive Charles Scharf. He joined in the fall of 2019 after Wells Fargo's fake-accounts scandal put it in hot water with regulators.

Wells Fargo is still trying to



Barri Rafferty previously ran a public-relations firm.

rehabilitate its image and appease regulators more than five years after the initial scandal became public.

Ms. Rafferty previously ran a public-relations firm and hadn't worked in banks. She put in place an organizational structure for her group more akin to a PR agency by grouping staffers by areas of expertise. She sought to be proactive in generating positive publicity.

Partway through her tenure, her purview expanded to include marketing.

The reorganization and shifting priorities rubbed some staffers the wrong way, according to people familiar with the matter.

"Barri brought an innovative approach to communications and brand at Wells Fargo, and we are grateful for her efforts," a spokeswoman

for the bank said in a statement.

"We have an exceptional group of senior leaders within Communications & Brand Management, who will continue to lead through the transition," Mr. Daley said in last week's memo, reviewed by The Wall Street Journal.

The memo said Ms. Rafferty's replacement should have financial-services sector experience.

Another executive in the public affairs group, Nate Hurst, head of social impact and sustainability, left the bank in December, according to a separate memo from the time.

Like Ms. Rafferty, Mr. Hurst joined in 2020.

Sweden's SEB Reverses Ban on Investment in Defense Companies

By Ed Ballard

Sweden-based financial-services company Skandinaviska Enskilda Banken AB said it would permit some of its funds to buy shares of weapons makers and defense companies, reversing a position it adopted just a year ago as part of its commitment to investing based on environmental, social and governance principles.

SEB will from April 1 allow six out of its more than 100 funds to invest in companies that generate more than 5% of their revenue from the defense business. SEB announced the change in its sustainability report on Tuesday and listed the funds that will be allowed to invest in defense companies.

An SEB spokesman said the company's investment management arm began a review of

the policy in January.

It was triggered by "the serious security situation and growing geopolitical tensions in recent months—which culminated with Russia's invasion of Ukraine—brought this issue to the fore from a policy perspective and resulted in a changed position among some of the fund company's customers," he added.

Many investors that focus on ESG don't invest in companies that make certain weapons, such as cluster munitions and land mines, and some shun the defense sector altogether. Now, defense companies are hoping that Russian President Vladimir Putin has changed the narrative around their sector.

"If you don't have security and stability, if you can't defend the open values of democracies, you cannot have any

kind of sustainability," said Jan Pie, secretary general of the AeroSpace and Defence Industries Association of Europe. "Unfortunately I think there is evidence of that going on in Ukraine as we speak."

Mr. Pie said some European armaments companies in re-

SEB stopped making defense investments across its funds in February 2021.

cent years have been cut off by lenders and investors, in part because of financial institutions trying to get ahead of new European Union sustainable-investment rules.

The EU's new sustainable-investing taxonomy will, among other things, determine which investments qualify for inclusion in green-branded funds because of their social benefits. Draft proposals by the Platform on Sustainable Finance, an advisory body, don't include weapons manufacturers in that category.

The EU is "contradicting itself on its top-level strategic priorities" by preparing rules that could disadvantage the defense sector while dialing up military spending, Mr. Pie said.

Germany said it would raise military spending above 2% of gross domestic product and immediately invest €100 billion, equivalent to roughly \$111 billion, in weaponry. The European Union is funding arms purchases for the first time

Mr. Pie said he thinks the change of stance among Europe's leaders means that weapons manufacturers will eventually be counted as socially beneficial under the rules, calling for an immediate statement to that effect. A spokesman for the European Commission, the EU's executive arm, said the bloc hasn't made a decision yet, and added that investors wouldn't be obliged to invest in activities that align with the taxonomy.

SEB, which at the end of 2021 had 831 billion Swedish kronor under management, equivalent to roughly \$86 billion, stopped making defense investments across its funds in February 2021, the spokesman said. It had previously taken different stances for different funds. All of SEB's funds will continue to exclude companies

that make or sell weapons that violate international conventions, such as cluster bombs, or are involved in producing nuclear weapons.

Shares of defense companies have surged in recent days on the prospect of more military spending. Chloe Lemarie, an aerospace and defense equity analyst at investment bank Jefferies Financial Group Inc., predicted that SEB won't be the last asset manager to have a change of heart.

"It may take time for many investors to change their approach to the sector, specifically those with stringent ESG criteria," Ms. Lemarie wrote in a research report. "However, given the structural change in narrative from governments to increase defense spending, we expect a progressive shift to re-integrate best-in-class assets."

Mutual Funds

Data provided by LIPPER

Table with columns for Fund, NAV, YTD Chg, and %Ret. It lists various mutual funds such as American Century Inv, Ultra, and others, along with their performance metrics.

MARKETS

Stocks Perk Up On Rates

Continued from page B1
centage point.
Yields on benchmark 10-year Treasury notes rose to 1.862% from 1.708% Tuesday, the largest one-day yield gain since March 18, 2020. Yields and bond prices move in opposite directions.
WEDNESDAY'S MARKETS Stocks have been volatile in recent days as investors have tracked escalations in the war waged by Russia in Ukraine as well as domestic news about the economy and inflation.

Investors are responding to fast-moving developments on the battlefield, a volley of Western sanctions on Moscow and major companies cutting ties with Russia. By boosting energy prices, the conflict has added to uncertainty regarding the likely path of U.S. interest rates this year.

Wednesday's gain marked the S&P 500's sixth move of more than 1%—in either direction—in the past seven sessions, said Frank Cappelleri, executive director of brokerage Instinet. Those kinds of whipsaw moves reflect a fragile market, he said.

"We haven't seen big moves like this in two years," he said, referring to the early days of the pandemic.

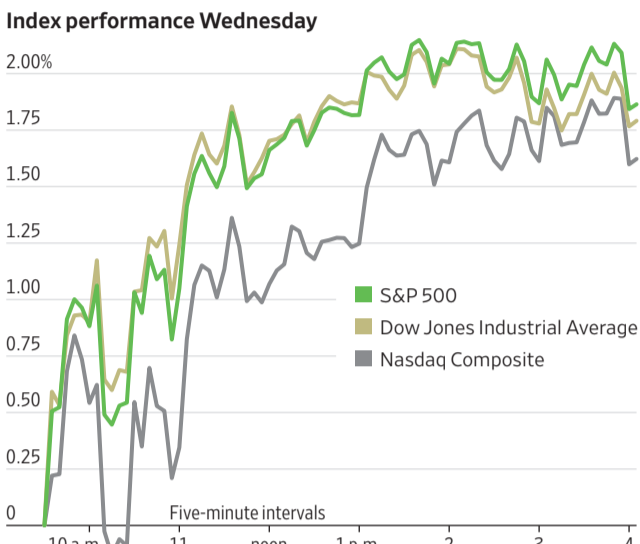
Major U.S. indexes have been resilient since the Russian invasion, with the S&P 500 up 3.8% and Nasdaq up 5.5%. However, soaring oil prices threaten to unleash more volatility across markets, and equities are still in an overall downswing dating to last year, Mr. Cappelleri said.

Moreover, some current market trends—like oil driving other assets or rising interest rates—haven't been seen in years or decades, he noted.

Scan this code for a video on what the weak ruble could mean for Russians.



Shares of Nordstrom jumped 38% after the retailer projected stronger-than-expected earnings.



"Very few investors have lived through a rising-rates environment," said Mr. Cappelleri.

Rising oil prices pose a headache for central banks already dealing with the fastest inflation rates in decades.

Energy markets extended their advance. U.S. crude prices surged over \$110 a barrel for the first time since 2014 as refiners refused to buy Russian oil, taking a bite out of global energy supplies. U.S. crude settled up 7% at \$110.60 a barrel. It has gained 21% over the past three sessions, its biggest

three-day percentage gain since May 18, 2020.

"The knock-on effects [across markets] are heavily dependent on how high oil prices get," said Craig Erlam, senior market analyst at Oanda. "If oil prices start to head to \$120, we're going to start seeing a lot more talk about the economic consequences globally of these sanctions."

The financial sector was the session's top performer, up about 2.6%, erasing about half of its losses from earlier in the week. **Berkshire Hathaway**

rose 2.2% to \$323.64, **JPMorgan** gained 2.1% to \$139.28, **Bank of America** was up 1.6% to \$43.16 and **Wells Fargo** rose 3.8% to \$52.22.

The energy sector rose 2.2%. Energy companies stand to benefit from higher energy prices, even as they work to disentangle themselves from Russia. **Exxon Mobil** said this week it would halt operations at a multibillion-dollar oil and gas project in Russia and would make no further investments in the country.

Exxon Mobil rose 1.7% to \$80.53, **Chevron** moved higher 3% to \$154.14 and **ConocoPhillips** added 1.1% to \$98.04.

Shares of **Nordstrom** jumped 38% to \$26.93 after the retailer projected stronger-than-expected earnings this year. **Hewlett Packard Enterprise** raised its earnings forecast for the year, lifting shares 10% to \$16.99.

In Europe, the pan-continental Stoxx Europe 600 rose 0.9%. In Russia, stocks and derivatives trading was closed for a third day this week. The Russian ruble fell 0.7% against the greenback to trade at 111.25 per U.S. dollar, versus 83 Friday.

Early Thursday, Japan's **Nikkei** was up 0.8%, Hong Kong's **Hang Seng Index** was up 0.7% and South Korea's **Kospi** was up 1.9%. S&P 500 futures were flat.

Ukraine Bonds Sink As Crisis Intensifies

By ALEXANDER SAEEDY

Bonds issued by the Ukrainian government hit new lows Wednesday despite assurances from foreign governments and global institutions that they would continue to buttress Ukraine's wartime finances.

On Wednesday, a Ukrainian government bond coming due in September was quoted between 36 and 40 cents on the dollar, down from 65 cents on Friday, according to data from FactSet. A 2033 bond was quoted between 23 to 26 cents on the dollar Wednesday, down from 45 cents Friday.

Last week, Ukraine's bonds rallied after the country's forces appeared to be holding off an invasion of the nation's capital, and governments around the world pledged billions in financial assistance to Kyiv. But news that Russian forces, frustrated in their plans for a quick victory, shifted to a strategy of pummeling civilian areas in an attempt to demoralize Ukrainian resistance has brought anxiety over the outnumbered Ukrainian military back into focus.

"There was an initial optimism that the Ukrainians were winning the war, but now there's nervousness that Putin is doubling down on his war tactics, and it's adding to the uncertainty," said Timothy Ash, senior sovereign strategist for emerging markets at BlueBay Asset Management in London.

Bondholders might also be concerned about the implications of a regime change in Kyiv if Russian forces captured the city and installed a new government, Mr. Ash said.

In that event, sanctions that now apply to Russia could be extended to a Moscow-friendly government in Ukraine, complicating international creditors' ability to receive principal and interest payments, he added.

However, some investors have been buying Ukraine's debt as prices have touched

deeply discounted levels, betting that its government will ultimately ride out the conflict.

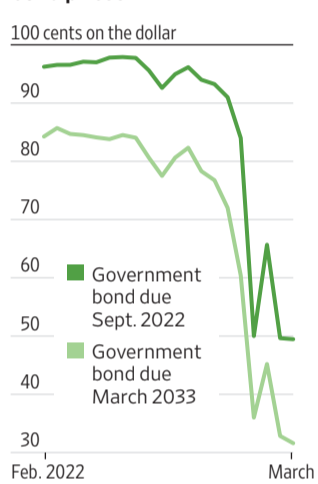
"Our investment thesis is that Ukraine is likely to stay together in a sovereign form," said Hans Humes, chief executive of hedge fund Greylock Capital, which bought some of Ukraine's bonds this week. "Long-term we expect them to be a part of Europe, not under a new form of the Iron Curtain."

Despite the military conflict, Ukraine still has access to financial markets, and raised \$270 million Tuesday to help fund its war efforts. Government officials also told foreign bondholders it would continue making bond payments.

A number of global institutions fleshed out pledges of financial support to the government. On Tuesday, the World Bank said it was readying a \$350 million facility that could be disbursed within days as part of a broader \$3 billion package. The International Monetary Fund has said it was responding to Ukraine's request for a rapid financing instrument, which analysts say could give the country access to roughly \$1.4 billion in funds.

—Alexander Gladstone contributed to this article.

Ukrainian sovereign bond prices



Note: Data as of March 1
Source: FactSet

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Oil Is Still the Priority for OPEC

Decisions about output will only get more difficult as long as the war in Ukraine continues

When Switzerland feels compelled to act, then you know it is hard to remain neutral about Russia's invasion of Ukraine. But Saudi Arabia and the oil cartel it leads are willing to walk that diplomatic tightrope for now. Its oil-stained path will become slippery over time.

On Wednesday, the Organization of the Petroleum Exporting Countries and its Russia-led allies decided to maintain their plans for increasing collective oil output by 400,000 barrels a day for April. That is despite oil prices surging in recent days; after the OPEC+ meeting Brent oil futures rose further to \$113 a barrel, the highest in nine years. Crude is up by about 45% year to date. In a news release, the group said current oil-market fundamentals point to a "well-balanced market" and the volatility today is caused not by fundamentals but geopolitical developments.

True, punitive sanctions are responsible for the recent rise, but the market was tight before that. Oil in commercial stockpiles of countries that are part of the Organization for Economic Cooperation and Development were at their lowest point in seven years, according to an International Energy

Agency report from February. As of mid-February, inventories in the U.S. (including the Strategic Petroleum Reserve) were more than 10% below their five-year average.

There are justifications the cartel can point to for sticking to its plan and holding back on further oil output increases. On Tuesday, the U.S. and other major oil-consuming nations said they would coordinate a release of 60 million barrels of oil from their emergency stockpiles. Spread over 30 days, it would represent two million barrels a day, or roughly 2% of global demand. And more barrels might be coming still: Geopolitical analysts are broadly expecting the Iran nuclear deal to resume after being suspended by the Trump administration. Scott Modell, head of geopolitical risk service at advisory firm Rapidan Energy Group, pegs the odds of a March agreement occurring at 70%. That could bring back an additional one million barrels a day of oil.

Gulf states, two of which (Saudi Arabia and the United Arab Emirates) hold sizable spare capacity, are playing a delicate diplomatic act as oil prices reach a level that is uncomfortable for buyers and sellers alike. The first indication

came last week, when the United Arab Emirates abstained from a United Nations Security Council resolution to condemn Russia's invasion of Ukraine.

On the one hand, pressure is only growing from oil-consuming countries to increase output. Having learned lessons from energy crises in the 1970s, OPEC itself is wary of overly high prices that can

an agreement from Russia, which has little incentive to help oil prices come down. Though Washington has explicitly said energy would be exempt from sanctions, it spooked private entities—whether traders, refiners or banks—enough to discourage them from buying Russian crude, resulting in discounts as steep as \$18 a barrel below Brent. Limited volumes could mean Russia will want higher prices to make up for that. The more it feels cornered with sanctions and its slow advance in Ukraine, the more Russia might feel compelled to put its foot down during OPEC+ meetings.

So why not override them? It wasn't easy for OPEC to bring Russia back into the fold in 2020 after a Saudi-Russian price war that nearly destroyed the oil markets, and Gulf states will be reluctant to create any fractures. "The Emiratis are not looking to sever their relationship with Russia," notes Helima Croft, global head of commodity strategy at RBC Capital Markets.

Today, OPEC+ walks a tough balancing act. As long as the war in Ukraine rages on and roils the oil market, it might have to twist itself into uncomfortable knots.

—*Jimjoo Lee*

45%

Rise in the price of crude oil year to date.

send Western economies into recession and make vast new fields elsewhere viable. Aside from high prices, it is awkward for Gulf states that benefited from U.S. military help during Iraq's invasion of Kuwait to remain passive. "It's more than just political pressure; there's moral pressure here," notes Gary Ross, chief executive of Black Gold Investors.

But any decision to increase output would have to come with

Booking Shareholders Need a Staycation

The platform might soar once it reaches its final destination, but it has more hills to climb first

After paring down his platform during the Covid-19 pandemic to focus on core homestay and with his business coming off its strongest year ever, **Airbnb** Chief Executive Officer Brian Chesky is using a relatively inexpensive gimmick to sell long-term stays—becoming a nomad who lives on the site's properties.

Chief Executive Officer Glenn Fogel of rival **Booking Holdings** doesn't have that luxury. The company has spent heavily to market its services and to diversify its business. To his credit, Mr. Fogel has led initiatives such as moving toward connected trips, pushing mobile, bolstering its airline mix, enhancing customer-service technology and augmenting Booking's North American hotel presence, which should pay off in time.

But not yet. While Booking has been hard at work in recent years to enhance its U.S. presence, it is still a European-heavy business with a European identity. (Its namesake platform, Booking.com, is domiciled in the Netherlands, and 87% of Booking's revenue came from businesses outside the U.S. last year.) Booking didn't disclose precisely what percentage of its bookings were in Europe for the fourth quarter, but it did say its pre-pandemic international room night mix was over 50%.

The European travel market has been hobbled recently by Omicron and now by geopolitical tensions. Booking said on its fourth-quarter call last week that Russia and Ukraine combined as destination markets represent a very low single-digit percentage of its total gross bookings. Still, Richard Clarke of AB Bernstein says Russia's short- and long-term travel restrictions can have a wider impact on the travel industry. Excluding non-Russians living there, he says Russia is



A still from Booking Holdings' Booking.com Super Bowl ad. The company has spent heavily to market its services

the fourth-largest net spender on outbound travel globally.

Mr. Clarke has an underperform rating on Booking's shares, with key concerns about the cost of growth. Booking said last week it expects marketing as a percentage of gross bookings to be a little higher than it was in 2019 and in 2021. Airbnb, meanwhile, said last month it had its strongest fourth quarter ever in terms of adjusted earnings before interest, taxes, depreciation and amortization, helped by 25% lower marketing expenses than in the fourth quarter of 2019. The company also said it expected sales and marketing to be flat in 2022 compared with the prior year.

Of course, Airbnb has a fair amount of European exposure it-

self. Europe, the Middle East and Africa represented 31% of its gross booking value in 2021, according to its annual filing. Booking, Airbnb and **Expedia Group's** shares are all down double digits over the past two weeks, but they have decidedly different risk profiles and approaches in the lodging space.

Booking's shares are currently trading around their pre-pandemic multiple of just over 5 times enterprise value to forward sales—a significant discount to Airbnb's more than 11 times but a premium to rival Expedia's 2.9 times.

Not every analyst is bearish on Booking's recovery prospects, but most agree it will take a while for things to get better. In an upgrade note last week, Robert Mollins of

Gordon Haskett was clear, though, that the war in Ukraine and a high likelihood of additional Covid-19 case-count surges could limit potential upside revisions. Scott Devitt of Stifel perhaps summed it up best in his alliterative (and alarming) fourth-quarter Booking earnings headline, "Rates, 'Rona, + Russia Roiling Reopening Recovery?"

Booking Chief Financial Officer David Goulden acknowledged last week that "we're still in a potentially volatile environment...especially in Europe," adding that it would be difficult to predict how room nights for the remainder of the quarter would trend.

Investors tempted by Booking's hard times should postpone check-in time.

—*Laura Forman*

Ukraine Crisis Puts Indian Economy on the Clock

Once upon a time, Indian Prime Minister Narendra Modi promised to plumb the depths of the ocean and scale the heights of space with Vladimir Putin. Today, Russia's decision to invade Ukraine couldn't have come at a worse time for its old Cold War ally.

Because India is facing primarily supply-push inflation, rather than both supply and demand driven price growth as in the West, the Reserve Bank of India may have more space than it seems to play wait-and-see with its policy stance—even given India's huge dependence on imported oil. But if the crisis persists, then a significant rise in Indian rates may be unavoidable, and a further steep selloff in In-

dian assets could follow. India's S&P BSE Sensex has fallen sharply but not disastrously in recent days: about 3% over the past week.

India's growth was slowing before the Ukraine crisis: The economy expanded 5.4% year over year in the December quarter, according to official data released Monday, widely missing the median broker estimate, which was 6%, according to FactSet.

India's poor growth has left its central bank with few palatable options to tackle impending inflation, which is likely to inch upward with oil prices soaring past \$110 a barrel as sanctions mount and supply remains disrupted. India is the third-largest global importer of oil—importing more than

80% of the oil it needs. The RBI's 4.5% inflation projection for fiscal 2023 might prove a bit optimistic even if the disruptions from the Ukraine crisis fade quickly.

However, unlike the Federal Reserve, which is winding down its stimulus and is expected to raise interest rates several times in 2022, Asia's third-largest economy has a small window to maintain its benchmark lending rate at 4% and support growth. The retail inflation rate currently stands at 6.01%. That may sound high but it is right at the upper end of the central bank's medium-term target inflation range, which is centered on 4% with 2 percentage points of wiggle room on either side.

If the conflict drags on or spills

further into Europe and oil prices rise further, India will have to make some hard choices. If the government lets high fuel prices percolate through the economy and hurt consumers, it would have to deal with public angst in a year filled with many state elections. If it decides to reduce excise duties on gasoline and diesel fuel to protect consumers, it would have to bear a huge fiscal cost.

According to rating agency ICR, a rollback in excise duties to pre-pandemic levels could prevent any major jump in pump prices, but at a fiscal cost of about \$20 billion rupees, equivalent to \$12.15 billion. India's fiscal deficit is expected to hit 6.9% of gross domestic product, or \$210.12 billion, this

Ford Tries To Create An Inner Tesla

Ford's move to give its electric-vehicle business its own identity is about engineering of a cultural rather than financial kind, but that might change.

The car maker said Wednesday that it would create a new division, Ford Model e, to house the small and unprofitable, but fast-growing, EV business responsible for the Mustang Mach-E and F-150 Lightning. The unit will have its own profit-and-loss account from next year, sitting alongside two other new segments: the conventional consumer-vehicle division, renamed Ford Blue, and Ford Pro for fleet customers.

The step follows months of speculation that Ford might spin off its EV business to capitalize on investor appetite for pure-play names like **Tesla**, **Rivian** and **Lucid**. Ford Chief Executive Jim Farley said on a call with media that his team had looked at spin options before concluding that Ford could fund its EV push without outside help and would benefit from synergies between the old and new technologies.

That won't end the debate: As long as Tesla's market value remains at multiples of Ford's, any signs of EV success at the Detroit manufacturer will be accompanied by questions about the unit's potential independence. Chief Financial Officer John Lawler told analysts a full auditable split of assets and capital, rather than the lighter split into business segments Ford is pursuing, wasn't the plan "at this point"—implying that at some point it might be. The shares rose more than 8%.

Every big car maker with assets that might be valued more highly if they were independent faces questions about spinoffs as they funnel billions of dollars into technologies with uncertain payoffs. The trend started with **General Motors** selling SoftBank a minority stake in its Cruise driverless-car business in 2018. Now **Volkswagen** is working on a minority initial public offering of Porsche.

Ford is the only one trying to create a separate business specifically for its EVs. That hints at the complexity of an operation that is in part about reducing complexity. EVs share a lot with conventional cars, including assembly and distribution.

Confusingly, Ford's split seems to involve plants that produce EVs sitting within Ford Blue, while reporting to Ford Model e through a matrix structure. As the company builds out dedicated EV assembly plants, those will sit within Model e.

Mr. Farley wants to create a freewheeling startup at Model e capable of taking on Tesla and other pure-play companies. With Blue, Ford wants a cash machine to fund the growth business built on simplicity and lean manufacturing.

For now, the value of this split is in the radical clarity it brings to Ford's transition to EVs. Nowhere will the effort to make the new car technology cost-competitive with the old one be more visible and measurable in the coming years. If Model e flourishes as hoped, though, pressure inevitably will build on Mr. Farley to raise funds through it. This isn't just about competing with Tesla for capital: Hiring tech talent would be easier if Model e had its own stock.

For what is on the surface just a company reorganization, this could be the start of a life-changing journey for Ford.

—*Stephen Wilmut*

financial year and 6.4% next year as the government continues to try to spend its way out of the pandemic-induced downturn.

Any sharp rise in inflation may compel the central bank to raise rates in the second half of the year. Nomura expects higher-than-projected inflation and a possible policy pivot in June: 1 percentage point in cumulative repo rate increases in 2022 or financial year 2023. Bond yields inched up since Russia invaded Ukraine last week, reflecting the grim outlook for the world economy and stark policy choices India faces.

The RBI—and investors in Indian assets—have a little room to breathe. But perhaps not that much.

—*Megha Mandavia*