

What's News

Business & Finance

Barclays said it is buying back a slug of structured notes at a loss of about \$591 million after selling too many of them. The bank said it is conducting a review of the matter. **A1**

◆ **Walmart is ending** cigarette sales in some U.S. stores after years of debate within the retailer's leadership ranks about the sale of tobacco products. **B1**

◆ **Tesla said** it would request shareholder approval for an increase in the number of the company's shares to enable a stock split. **B1, B4**

◆ **FedEx founder** Fred Smith is stepping down as CEO and will hand the role to operating chief Raj Subramaniam on June 1. **B1**

◆ **Former World Bank chief** Georgieva, who now leads the IMF, knew about a top official's sexual misconduct but failed to take any action, according to current and former bank staff. **A9**

◆ **U.S. lawmakers asked** Credit Suisse to hand over information related to the bank's compliance with sanctions over Russia's invasion of Ukraine. **A7**

◆ **U.S. stocks closed** higher in a choppy session, with the S&P 500, Nasdaq and Dow adding 0.7%, 1.3% and 0.3%, respectively. **B10**

◆ **The Commerce Department** said it would investigate whether Chinese solar producers are illegally circumventing solar tariffs. **A2**

◆ **HP Inc. agreed** to acquire Poly, a maker of workplace communications products, for \$1.7 billion. **B4**

World-Wide

◆ **Russia and Ukraine** prepared to hold cease-fire talks in Turkey to try to end more than a month of war while intense fighting continued, with Ukrainian forces pressing to retake territory north of the capital Kyiv after Russian forces fired missiles at several Ukrainian cities overnight. **A1, A6-8**

◆ **Russian oligarch** Roman Abramovich and Ukrainian peace negotiators suffered symptoms of suspected poisoning after a meeting in Kyiv earlier this month. **A1**

◆ **Biden called** for the largest-ever level of military spending and increased funding for law enforcement in a \$5.8 trillion budget, playing down his proposals for expanding social programs in favor of backing initiatives generally favored by centrist lawmakers. **A1, A4**

◆ **A judge said** Trump and a law professor "more likely than not" committed a felony in their efforts to block the 2020 election results, in a ruling clearing the way for related emails to be turned over to congressional investigators. **A4**

◆ **The Justice Department** endorsed legislation for-bidding large digital platforms from favoring their own products and services over competitors'. **A3**

◆ **A federal tax investigation** into Hunter Biden, the president's son, is gaining momentum, according to people familiar with the matter. **A5**

◆ **Florida Republican** Gov. DeSantis signed into law a bill restricting teaching about sexual orientation and gender identity in public schools. **A2**

CONTENTS

Opinion.....	A15-17
Arts in Review.....	A13
Business News.....	B3
Crossword.....	A13
Equities.....	B8
Heard on Street.....	B11
Markets.....	B10
Personal Journal A11-12	
Sports.....	A14
Technology.....	B4
U.S. News.....	A2-5
Weather.....	A13
World News.....	A6-9



Ukrainian troops pass by damage on Monday in the town of Trostyanets, in the northeast near the Russian border.

Talks Set As Kyiv Presses To Retake Ground

Russians, Ukrainians to meet in Turkey; Biden says Putin remark was show of 'moral outrage'

KYIV, Ukraine—Russia and Ukraine prepared to hold cease-fire talks in Turkey to try to end more than a month of war while intense fighting continued, with Ukrainian forces pressing to retake terri-

By Thomas Grove, Evan Gershkovich and Brett Forrest

tory north of the capital Kyiv after Russian forces fired missiles at several Ukrainian cities overnight.

Russian negotiators were due to arrive in Istanbul late on Monday, followed by a Ukrainian delegation, for cease-fire talks scheduled for Tuesday morning. President Volodymyr Zelensky of Ukraine outlined over the weekend the conditions under which Ukraine might accept neutral status as part of a peace settlement with Russia, saying his country could hold a referendum on neutrality, but only after Russian occupa-

Please turn to page A8

The Ukraine Crisis

- ◆ War divides Russian speakers in Latvia..... A6
- ◆ Credit Suisse probed over sanctions compliance.... A7
- ◆ Internet provider used by Ukraine military is hit... A8

Leak Reveals Secret World Of Pro-Russia Hacking Gang

In a secret chat room run by a group of Russian-affiliated cybercriminals, a hacker expressed excitement about a plan to attack and disable more than 400 U.S.

By Robert McMillan, Kevin Poulsen and Dustin Volz

hospitals. "There will be panic," the hacker wrote, in Russian.

It was 2020, at a severe point in the pandemic, and the gang planned to hold hostage the computer systems of the hospitals, many of which were fight-

ing to save Covid-19 patients.

U.S. authorities and cybersecurity researchers foiled large parts of the plan, warning hospitals before the hackers' ransomware could be installed, but the hackers shrugged off the setback, according to a cache of data and documents leaked online in recent weeks.

The hacking enterprise, called the Trickbot Group by federal prosecutors, and its affiliates had already collected hundreds of millions of dollars by shutting down emergency rooms, city governments and

public schools since 2018.

"I find it all funny," wrote a Trickbot hacker who used the pseudonym "target," in a message, after the plan was thwarted, to "stern," the group's leader and paymaster.

This wide-open view of the inner workings of what is perhaps the world's biggest and most dangerous organized cybercrime group is a surprising consequence of the war in Ukraine. An anonymous researcher who had infiltrated the group's servers, and who identified himself as Ukrainian,

posted the data on Twitter on Feb. 27. "Ukraine will Rise!" he then wrote in a March 2 tweet.

Security researchers and U.S. officials say the internal conversations amount to the most complete and candid public look yet at the operations of a criminal ransomware enterprise. U.S. authorities have been tracking the Trickbot group, but little was known publicly about its operations and internal deliberations before the cache of documents surfaced.

More than 200,000 messages Please turn to page A10

Suspected Poisoning Sickened Abramovich

By Yaroslav Trofimov and Max Colchester

Russian oligarch Roman Abramovich and Ukrainian peace negotiators suffered symptoms of suspected poisoning after a meeting in Kyiv this month, people familiar with the matter said.

Mr. Abramovich, Ukrainian lawmaker Rustem Umerov and another negotiator developed symptoms following the March 3 meeting in Kyiv that included red eyes, constant and painful tearing, and peeling skin on their faces and hands, the people said. Mr. Abramovich has shuttled between Moscow, Belarus and other negotiating venues since Russia invaded Ukraine.

Mr. Abramovich was blinded

for a few hours and later had trouble eating, a person familiar with the matter said.

Some of the people familiar with the matter blamed the suspected attack on hard-liners in Moscow who they said wanted to sabotage talks to end the war. A person close to Mr. Abramovich said it wasn't clear who had targeted the group.

Mr. Abramovich and others involved in the incident have since improved, and their lives aren't in danger, the people said. President Volodymyr Zelensky of Ukraine, who has met with Mr. Abramovich, wasn't affected, they said. Mr. Zelensky's spokesman said he had no information about any suspected poisoning. "I'm fine," Mr. Umerov tweeted on Monday.

Please turn to page A6

INSIDE



OSCARS

Will Smith apologizes to Chris Rock as Academy investigates slapping incident. **A11**

BUSINESS & FINANCE

Walmart is ending cigarette sales at some of the retailer's U.S. stores. **B1**

President Proposes Military Spending Increase in Budget

By Amara Omeokwe and Andrew Duehren

WASHINGTON—President Biden called for the largest-ever level of military spending and increased funding for law enforcement in a \$5.8 trillion budget, playing down his proposals for expanding social programs in favor of backing initiatives generally favored by centrist lawmakers.

The budget, released Monday, also seeks higher taxes on businesses and the nation's wealthiest people, part of an emphasis on reducing the federal deficit that departs from last year's budget that laid out

ambitious spending increases.

The shift comes as much of Mr. Biden's agenda has been stalled in Congress, which ultimately will craft the government's spending and tax plans. The Russian invasion of Ukraine, Mr. Biden's decline in opinion polls and decades-high inflation have combined to pull many Democrats toward issues they see as better resonating with voters in a mid-term election year.

"Here's what this all adds up to: Historic deficit reduction, historic investment in our security at home and abroad by modernizing our capabilities

Please turn to page A4

A Mayor's Tourism Plan: Risqué Statues

Ancient pottery inspires giant replicas in Peru

By Ryan Dube

MOCHE, Peru—One Sunday afternoon this month, Edson Padilla's family was visiting this country's archaeologically rich northern coast and stopped at the latest attraction—a 9-foot-tall statue of an ancient man with an oversize reproductive assemblage.

"Smile," said Mr. Padilla, a 39-year-old father of five, as he took a picture of his straight-faced daughter beside the sculpture. "This is definitely part of our culture."

It certainly was part of the local culture—more than 1,000 years ago. Aiming to bring back tourists, Moche's mayor tapped

Please turn to page A10

Debt-Sale Flub Costs Barclays \$591 Million

By Anna Hirtenstein

Barclays PLC said it is buying back a slug of structured notes at a loss of about £450 million, or \$591 million, after selling too many of them.

Structured notes are a type of debt instrument that is linked to an underlying reference such as the S&P 500 or oil. The British bank had registered with the U.S. Securities and Exchange Commission to sell up to \$20.8 billion of these notes. It exceeded the limit by \$15.2 billion, the company said.

Barclays said it is conducting a review of the matter. Regulators, too, are "conducting inquiries and making requests for information," the bank said. As a result, the bank plans to delay the start of its £1 billion share-buyback program to the second quarter.

Barclays shares fell about 4% in London on Monday. The firm's American depositary receipts fell 11% in New York.

Expensive flubs are rare in the world of banking, which is built upon a web of technology, policies and procedures designed to nearly eliminate the risk of human error. But mistakes happen.

Citigroup Inc. accidentally sent \$900 million in 2020 to creditors of cosmetics company Revlon Inc. Last year, the U.K. arm of Banco Santander SA mistakenly paid out £130 million into thousands of random accounts.

Barclays is known for its large fixed-income business, so the mistake is especially surprising. Analysts and investors struggled to make sense of the announcement.

"I've seen a lot of structured note issuance but I've never seen this kind of matter before," said Joseph Dickerson, an equity-research analyst at

Please turn to page A2

◆ Heard on the Street: Barclays trips itself up..... B11

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U.S. NEWS

Democrats Weigh Tactic to Fill FTC, FCC

Legislative maneuver would help nominees get around opposition from Republicans

By JOHN D. MCKINNON

WASHINGTON—Under pressure from progressive activists, Democrats are planning to employ a rarely used parliamentary maneuver to push through President Biden's nominees for the Federal Trade Commission and Federal Communications Commission, according to people familiar with the matter.

Republicans on the Senate Commerce Committee have so far blocked the nominations of Georgetown University law professor Alvaro Bedoya to the FTC and consumer advocate Gigi Sohn to the FCC, largely on grounds that they are too partisan.

That left both commissions deadlocked with a 2-2 split be-

tween Democrats and Republicans, denying agency leaders the majorities they needed to advance the Biden administration's priorities.

In response, Senate Democratic leaders are preparing to use a discharge petition to allow a floor vote on both nominees, the people familiar said. The vote for Mr. Bedoya could happen as early as this week, the people said. But the maneuver could take weeks to accomplish.

A majority vote of the Senate is required to advance the discharge petition and bypass a committee vote. Without Republican support—and so far at the committee level there has been none—that means all 50 Democratic-voting members along with Vice President Kamala Harris must be present to support the petition.

Covid-19 exposures and infections have complicated the Democrats' effort. In the latest holdup, Sen. Bob Casey (D, Pa.), said March 22 that he

had tested positive and would be isolated for five days.

But if Senate Democrats stay healthy this week, the discharge petition could be successfully deployed for Mr. Bedoya, the people familiar with the matter said.

The FTC is considered the higher-stakes vote by both parties. Under Biden-appointed chair Lina Khan, the FTC is expected to advance comprehensive consumer-privacy protections as well as detailed standards for judging whether industry competition is fair. FTC actions also could include new antitrust lawsuits challenging big companies' dominance.

Many of the actions likely would target the tech industry, which Ms. Khan has criticized for years.

Mr. Bedoya's work has focused on problems around facial recognition software and other technology that can disadvantage minorities. He declined to comment.

The U.S. Chamber of Com-

merce—which receives backing from major tech companies—has been so concerned that it publicly declared “war” on the FTC and Ms. Khan late last year.

“It feels to the business community that the FTC has gone to war against us, and we have to go to war back,” Suzanne Clark, the chamber's president and chief executive, said at the time.

Republicans also have chafed over the way Ms. Khan was appointed. Mr. Biden named her FTC chairwoman only after her Senate confirmation as a commissioner. Typically an agency chair is designated as such at the time of nomination.

Allies say opposition to Mr. Bedoya has little to do with his qualifications and instead is aimed at derailing the FTC's regulatory agenda.

“The Republicans are simply trying to keep the FTC deadlocked, without a fifth commissioner, for as long as they can,” said David Vladeck, a former head of the FTC con-

sumer protection bureau during the Obama administration, who is also a Georgetown law professor.

Ms. Khan has said in the past that big internet platforms have helped to create addiction, discrimination and predatory advertising, which she has compared to environmental pollution.

The chamber, meanwhile, has followed through on its threats, employing its lobbying resources to focus on defeating the FTC initiatives.

Its lobbying disclosures for late 2021 show that it lobbied on the “overall direction of the Commission,” as well as “policies and practices related to the FTC expanding its authority” and the agency's strategic plans for coming years.

As Mr. Bedoya's selection for the FTC was being debated in the Senate, the chamber also lobbied in late 2021 on “nominations at Federal Trade Commission,” according to its disclosures.

Several Republicans have argued that Mr. Bedoya's past tweets on political topics such as immigration show him to be a Democratic partisan.

Democrats also hope to use the parliamentary maneuver to gain a floor vote on Mr. Biden's nominee for the FCC, Ms. Sohn.

Ms. Sohn served as counselor to former FCC Chairman Tom Wheeler and led Public Knowledge, a group that advocates for stronger antitrust enforcement.

The progressive consumer advocate has drawn GOP fire for tweets on political topics that conservatives view as partisan—for example, tweeting that Fox News amounts to “state-sponsored propaganda” because of a lack of opposing viewpoints.

Fox News parent Fox Corp. and Wall Street Journal parent company News Corp share common ownership.

Ms. Sohn declined to comment.

U.S. WATCH

FLORIDA

DeSantis Signs Bill On Gender Education

Florida Republican Gov. Ron DeSantis signed into law a bill restricting teaching about sexual orientation and gender identity in public schools that has triggered divisive national debate.

Supporters of the legislation, passed earlier this month by the GOP-led legislature, say it is aimed at asserting more parental control over children's education and prohibiting inappropriate classroom instruction. Opponents, including Democrats and civil-rights groups who call the measure the “Don't Say Gay” bill, say it will censor discussion about lesbian, gay, bisexual and transgender people and isolate LGBT children who are vulnerable to bullying.

The measure, which takes effect July 1, sparked demonstrations by opponents in the state capital of Tallahassee and elsewhere. It created challenges for Walt Disney Co. Chief Executive Bob Chapek, who initially sought to avoid publicly wading into the political debate but wound up in a spat with Mr. DeSantis.

“You've seen a lot of sloganeering and fake narratives by leftist politicians, by activists, by corporate media,” Mr. DeSantis said at a bill-signing event in Spring Hill, Fla. “We will continue to recognize that in the state of Florida, parents have a fundamental role in the education, healthcare and well-being of their children.”

The bill forbids instruction on sexual orientation or gender identity from kindergarten to third grade and bans it in later grades if not “age-appropriate or developmentally appropriate for students.” And it allows parents to sue school districts over alleged violations of the measure.

—Arian Campo-Flores

WASHINGTON, D.C.

Healthcare Spending Moderated Last Year

U.S. healthcare spending is expected to have slowed last year after reaching a nearly two-decade high driven by the pandemic, according to a new report by fed-



DEADLY CRASH: At least three people were killed in a collision involving dozens of vehicles Monday morning on Interstate 81 in northeast Pennsylvania, authorities said. A snow squall that clouded visibility was likely a contributing factor.

eral regulators.

National health spending is projected to have grown 4.2% to \$4.3 trillion in 2021, compared with a growth surge of 9.7% in 2020, according to the report from actuaries at the Centers for Medicare and Medicaid Services. The slowdown came from a decline in the use of healthcare services and federal financial stimulus as Covid-19 cases fell amid a pandemic that has led to nearly 975,000 deaths and almost 80 million cases in the U.S.

Spending associated with health, including immunizations and vaccinations, disease prevention programs, and epidemiological surveillance, is projected to have slipped 5.2% in 2021 to \$212.1 billion after more than doubling in 2020.

Looking ahead, national health spending is expected to grow at an average annual rate of 4.9% from 2022 through 2024, according to the report. Health spending is projected to reach \$6.8 trillion by 2030.

—Stephanie Armour

NEW YORK STATE

Trump Firm Ordered To Provide Materials

A New York judge ruled Monday that the **Trump Organization** must soon hand over outstanding materials that state Attorney General Letitia James subpoenaed for her civil-fraud investigation of the company and former President Donald Trump.

New York State Supreme Court Justice Arthur Engoron ordered the company to substantially comply with the subpoenas by April 15 and fully comply two weeks later.

The office of Ms. James, a Democrat, has been investigating the business affairs of Mr. Trump and the Trump Organization since 2019, when former Trump lawyer Michael Cohen testified before Congress that the former president inflated some assets and deflated others for financial gain. Mr. Trump has said the investigation is politically motivated and denied the

allegations.

At issue are subpoenas from early in the investigation, which sought materials that included information held on Trump Organization employees' devices.

“We are in a truly unusual place with these subpoenas that have been outstanding for two years and three months,” Austin Thompson, a lawyer for the attorney general's office, told the judge.

Lawrence Rosen, a lawyer for the Trump Organization, told the judge that the company was turning over the required materials. The attorney general's office had made additional requests for information, Mr. Rosen said. “Their investigation just continues to grow and expand,” he said.

The subpoenas discussed Monday are separate from those issued by the state that seek documents from Mr. Trump and depositions of the former president and two of his adult children.

—Corinne Ramey

BUFFALO

Public Money to Help Build Bills Stadium

New York officials said Monday that they would direct \$850 million of public money to build a \$1.4 billion stadium that will keep the National Football League's Buffalo Bills in the state for the next 30 years.

The new facility will have space for at least 60,000 fans and will be adjacent to the team's current stadium in the Buffalo suburb of Orchard Park, officials said. The state will own the facility, which could also be used for concerts or soccer matches.

The Bills will direct at least \$550 million toward the construction of the stadium, including a \$200 million contribution by the NFL that was approved at a Monday meeting of league owners, Erie County Executive Mark Poloncarz said. The new stadium is scheduled to open in time for the 2026 season, he said.

—Jimmy Vielkind

Debt-Sale Flub Costs Barclays

Continued from Page One

Jefferies.

“It looks like an operational or legal failure,” said Jerome Legras, managing partner at Axiom Alternative Invest-

ments, a fund that specializes in bank debt. “It's hard to believe they would do such a stupid thing. This honestly is the first time I've heard of something like this.”

Barclays will have to buy the notes at the original purchase price. The estimated loss indicates that a substantial amount of the notes are currently trading below what investors paid for them. In fact, Barclays is more underwater on the notes than it appears: The bank's calculation includes tax breaks as-

sociated with the loss.

Barclays's iPath Pure Beta Crude Oil ETNs maturing in 2041 and iPath Series B S&P 500 Vix Short-Term Futures ETNs due in 2048 are among the affected notes. The bank stopped selling and issuing new notes a few weeks ago, saying it didn't have the capacity to do so. They are still trading on the New York Stock Exchange.

Barclays breached the limits of what is known as a shelf registration, which is put in place so an issuer can parcel

out the sale of a chunk of bonds without seeking regulatory approval each time. The limit is typically outlined ahead of time in the bond prospectus and can be extended.

“In this case, it looks like they forgot to extend this limit,” Mr. Legras said.

Barclays said the loss would dent its common equity Tier 1 ratio, a key metric of financial health, but it is expected to remain within the bank's target range of 13% to 14% on March 31.

CORRECTIONS & AMPLIFICATIONS

Shanghai will impose staggered four-day lockdowns on residents this week. A Page One article in Monday's edition about Covid-19 control measures in the Chinese city incorrectly said that authorities would impose staggered five-day lockdowns.

Alexey Mordashov is a minority investor in a bank that the European Union described as the personal bank of senior Kremlin officials. A Ukraine Crisis article on Saturday about Russian steelmaker Severstal PAO incorrectly said Mr. Mordashov is the majority owner of the bank.

A former Haitian senator, John Joël Joseph, agreed to be extradited to the U.S. from Jamaica, where he was arrested in January, to face charges in the slaying of former President Jovenel Moïse. A World Watch article on Saturday omitted Mr. Joseph's name and didn't say he

agreed to be extradited from Jamaica.

The caption with a photo of professional disc-golfer player Catrina Allen that appeared Saturday with an Exchange article about the business of disc golf incorrectly identified her as Paige Pierce.

U.S. Probes If Chinese Solar Firms Skirt Tariffs

By JOSH ZUMBRUN AND KATY STECH FERREK

WASHINGTON—The Department of Commerce said Monday that it will investigate whether Chinese solar producers are illegally circumventing solar tariffs by routing operations through four countries in Southeast Asia.

The investigation could culminate in the imposition of significant tariffs on solar cells and modules from Chinese companies operating out of Cambodia, Thailand, Vietnam and Malaysia.

The Commerce Department said it launched the investigation at the request of San Jose, Calif., solar-module manufacturer **Auxin Solar Inc.**, which said Chinese solar manufacturers have circumvented tariffs on their solar cells and panels by shifting production to nearby countries. If the Commerce Department investigation affirms that allegation, it could extend solar tariffs to suppliers in Southeast Asia retroactively.

Those countries produce roughly 80% of solar modules expected to be imported into the U.S. this year, and the threat that tariffs could be imposed retroactively will impede new projects, said Craig Cornelius, chairman of the American Clean Power Association, a trade group representing wind, solar and storage industries.

“Over the course of the department's review, which could last up to 150 days, a huge fraction of planned solar projects in the U.S. will be effectively frozen,” Mr. Cornelius said, adding that the U.S. investigation will imperil electricity grid reliability.

The move is the latest effort by the Biden administration to navigate two conflicting goals: reviving U.S. industries such as solar manufacturing to ensure strong domestic supplies, and accelerating the transition to cleaner energy to reduce greenhouse-gas emissions. The tariff issue has split the solar industry, pitting solar installers who buy imported panels against U.S. manufacturers who want protection from what they see as cut-rate Chinese competitors. “For years, Chinese solar producers have refused to fairly price their products in the U.S. and have gone to significant lengths to continue undercutting American manufacturers and workers by establishing circumventing operations in countries not covered by those duties,” said Mamun Rashid, Auxin's chief executive.

Imposing new tariffs, however, will effectively mean another hurdle in the Biden administration's goal of transitioning to cleaner energy, said Abigail Ross Hopper, president of the Solar Energy Industries Association, a trade group whose membership includes importers and installers. “This misstep will have a devastating impact on the U.S. solar market at a time when solar prices are climbing, and project delays and cancellations are adding up,” Ms. Hopper said.

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U.S. NEWS

DOJ Backs Bill to Curb Large Tech Platforms

By RYAN TRACY

WASHINGTON—The Justice Department on Monday endorsed legislation forbidding large digital platforms such as Amazon and Google from favoring their own products and services over competitors, marking the Biden administration's first full-throated support of the antitrust measure.

"The Department views the rise of dominant platforms as presenting a threat to open markets and competition, with risks for consumers, businesses, innovation, resiliency, global competitiveness, and our democracy," says a letter to bipartisan leaders of the Senate Judiciary Committee, signed by Peter Hyun, the Justice Department's acting assistant attorney general for legislative affairs.

The letter, obtained by The Wall Street Journal, expresses support for the American Innovation and Choice Online Act, which the Senate's judiciary panel approved in January in a bipartisan vote, as well as similar legislation moving through the House.

Amazon.com Inc., Alphabet Inc.'s Google, Apple Inc. and others oppose the proposed legislation, saying it would make it harder to offer popular services. The bills' opponents also say it is fair for e-marketplaces, search engines and app stores to profit off their creations' popularity.

The department's letter throws its weight behind a different view: that the platforms' dominant position gives them unchecked power to influence the fate of other businesses.

"Discriminatory conduct by dominant platforms can sap the rewards from other innovators and entrepreneurs, reducing the incentives for entrepreneurship and innovation," the letter says. "Even more importantly, the legislation may support the growth of new tech businesses adjacent to the platforms."

Boston Targets Picketing at Homes

By JENNIFER LEVITZ

BOSTON—City Councilor Ricardo Arroyo's phone rang around 7:30 a.m. on March 21 with an unusual call from a constituent: his 70-year-old mother.

Protesters the councilor said oppose Covid-19 vaccinations were yelling outside his mother's house because they thought Mr. Arroyo lived there and wanted him to come out. "That crossed the line," he said in an interview.

Demonstrations against public vaccination efforts and pandemic-related rules have become a regular occurrence in communities nationwide. Now, public officials in states including Maine, Maryland, Michigan and California have proposed or passed measures to curb what they say is a related rise in harassment.

In Boston, the council is weighing an ordinance that would halt "targeted residential picketing" between 9 p.m. and 9 a.m. It wouldn't affect marches through neighborhoods but would limit hours for protests aimed at a particular home. It was filed by Mayor Michelle Wu, whose duplex on a residential street has been a regular target for noisy early-morning protests over Covid mandates since early January.

"My next-door neighbor is a 96-year-old veteran who deserves to have his sleep in the morning," the mayor, a Democrat, said at a public event that month.

Some members of the council have voiced concern that the ordinance as written could be overreaching. Demonstrators say it will hurt their ability to directly engage elected officials. "People have legitimate gripes and grievances that they would like to air," said Shana Cottone, an organizer of the morning protests. "We're law-abiding."

The Council could vote on it this week. "The mayor has now gone through 10 weeks of this, straight," Mr. Arroyo said at a Friday hearing on the ordinance, adding that other elected officials and their families were also being targeted at home by protesters.

Since early January, soon



Protesters have picketed outside the home of Boston Mayor Michelle Wu, top, over a vaccine mandate for city employees. Boston police, above, have shown up to try to quiet the crowd.

after the mayor announced a vaccine mandate for city employees, protesters have been showing up at her home many mornings. The mayor regularly tweets about the demonstrations, citing heavy-metal music at 7 a.m., a "Happy Birthday, Hitler" chant on her birthday, and protesters who have "shouted on megaphones that my kids will grow up without a mom because I'll be in prison."

Nina Lev, who lives across

the street from Ms. Wu, told the Boston City Council at a recent hearing that she and her neighbors have "been woken up, often daily, for weeks on end" with "drumming, whistling, and loud shouting." Boston Police Sgt. John Boyle said there haven't been arrests, but the department does send personnel to the scene and asked the protesters to stop using bullhorns and drums.

The mayor lifted a proof-of-vaccination requirement that

had been in place for certain indoor businesses in February. Ms. Cottone, who is on leave from her job as a police sergeant, has said she and other demonstrators want the city to drop a school mask mandate and stop pursuing a public employee vaccine mandate currently tied up in court.

Some new rules in other states have sparked First Amendment concerns. A law adopted in California last fall curtails protests at Covid-19

vaccination sites. A federal judge put part of it on hold, saying the 30-foot buffer zone was too restrictive.

After the killing of George Floyd in police custody, activists calling for cuts to law-enforcement budgets and other changes marched on residences of some elected officials around the country, in some cases committing vandalism. In Chicago, where demonstrators went to the mayor's home, the city began enforcing a statute banning protests in residential neighborhoods.

In Boston, supporters say the proposed picketing restrictions won't stop protests, just limit hours.

"It's hard to see it as chilling when it gives you half the day to do it," Mr. Arroyo said.

Still, some officials on the council, whose members are all Democrats, said limits could crimp rights to speech. Councilor Kendra Lara said Boston has a "vibrant youth organizing" movement whose members could risk fines by protesting before school hours. And some Boston demonstrators against vaccine mandates have said they protest early to catch the mayor before she goes to work.

Maryland state legislators are considering a bill that could fine or jail those who threaten public-health officials, similar to legal protections afforded elected officials.

In the Georgia state General Assembly, a Republican-sponsored bill is intended to protect parent protesters. It says school boards could be made to pay litigation fees for those who complain they were wrongly ejected from meetings.

In Boston, the proposed ordinance is bolstered by a past U.S. Supreme Court decision that allows bans on targeted residential picketing as long as they are content neutral and leave open alternative channels such as marching through a neighborhood, said Eugene Volokh, a First Amendment scholar at the University of California, Los Angeles.

"Most people's view is that you can express your views...but you shouldn't bring it to that person's home," he said.

Justices Hear Arguments on Private Arbitration

By JESS BRAVIN

WASHINGTON—The Supreme Court considered Monday whether airline baggage handlers can be compelled to resolve employment disputes through individual private arbitration, a case that could also help determine whether drivers for ride-share companies such as Lyft and Uber fall under the arbitration umbrella.

The Supreme Court's conservative majority has previously read a 1925 statute, the Federal Arbitration Act, to bind employees and consumers to individual private arbitration when employers and retailers place legal clauses in form contracts, even when state laws or other federal statutes suggest they could bring class actions or file lawsuits to resolve disputes.

In March alone, the justices

are hearing three employer appeals of lower-court decisions allowing workers to pursue wage-theft claims in court despite arbitration clauses.

The arbitration act exempts employment contracts for "seamen, railroad employees, or any other class of workers engaged in foreign or interstate commerce." When a ramp supervisor at Chicago's Midway International Airport, Latrice Saxon, sued Southwest Airlines Co. claiming it had failed to pay overtime to her and other workers, Southwest moved to dismiss the case and steer Ms. Saxon's claim into arbitration.

A federal appeals court in Chicago found that her job engaged her in interstate commerce even though she didn't personally cross state lines. The airline appealed to the Supreme Court, where in Monday's argu-

ment several justices sought to figure whether Ms. Saxon's job, which involved loading freight passenger luggage onto aircraft, was analogous to the transportation workers Congress exempted in 1925.

Justice Clarence Thomas asked whether tugboat operators would be qualified for the seaman exemption.

Shay Dvoretzky, the lawyer representing Southwest, said he thought so.

"Why?" said Justice Thomas. "They don't travel internationally."

Mr. Dvoretzky said that to be covered, the employee had to belong to a class of workers that could travel interstate, such as seamen or railroad conductors, even if the specific employee worked only within a particular harbor or on a local train line. No one with Ms.

Saxon's job travels between states; the ramp agents, as they are called, stay at the airport as luggage moves on.

Several justices made comments suggesting they saw the baggage handler as a relatively easy case. They appeared less sure how to distinguish other jobs at an airline, or in industries that were harder to analogize to 1920s-era transportation.

What about a company such as Amazon.com Inc., where workers package goods to be shipped throughout the country, asked Chief Justice John Roberts.

Jennifer Bennett, representing Ms. Saxon, said they likely would be held to arbitration, as warehouse workers in the 1920s weren't understood to work in interstate commerce.

Justice Stephen Breyer observed that Amazon now deliv-

ers many of its products with its own delivery vehicles. Did that change the picture? Ms. Bennett suggested that those workers might be covered, as would UPS or FedEx drivers.

Mr. Dvoretzky, in rebuttal, argued that such an approach could create "a gaping hole, undermining Congress's purposes" for passing the arbitration act.

Congress, however, has begun to reconsider the wisdom of nearly always enforcing contracts requiring arbitration, which often is confidential and doesn't establish precedent. This year, lawmakers passed bipartisan legislation outlawing mandatory arbitration of sexual-assault and sexual-harassment claims.

Signing the bill in March, President Biden said he opposed mandatory arbitration of workplace disputes altogether.

Asylum Seekers At Border Vaccinated

By MICHELLE HACKMAN

WASHINGTON—The Biden administration has started vaccinating migrants claiming asylum at the U.S.-Mexico border for Covid-19, the Department of Homeland Security said Monday.

The decision comes after months of debate within the Biden administration, during which nonprofit organizations along the border including Catholic Charities started administering Covid-19 vaccines to migrants released to nonprofit shelters so they could apply for asylum.

The Border Patrol will initially have the capacity to vaccinate about 2,700 migrants a day, the administration told Congress Monday in a notice seen by The Wall Street Journal, though it expects to be able to administer as many as 6,000 shots a day by the end of May. That is about the number of migrants a day who crossed the border, though preliminary border numbers in March seen by the Journal show that crossings are rising again.

The new vaccination plan comes as the Biden administration weighs whether to end Title 42, the pandemic-era Trump administration border policy allowing Border Patrol agents to immediately turn away migrants without considering their asylum claims. A decision on Title 42 could come as soon as this week, when the Centers for Disease Control and Prevention must renew it or let it lapse. Right now, the government applies Title 42 to some migrants, primarily single adults and some migrant families, while letting the rest stay in the country and pursue their asylum cases under the normal immigration process. That second group started receiving a dose of the vaccine on Monday.

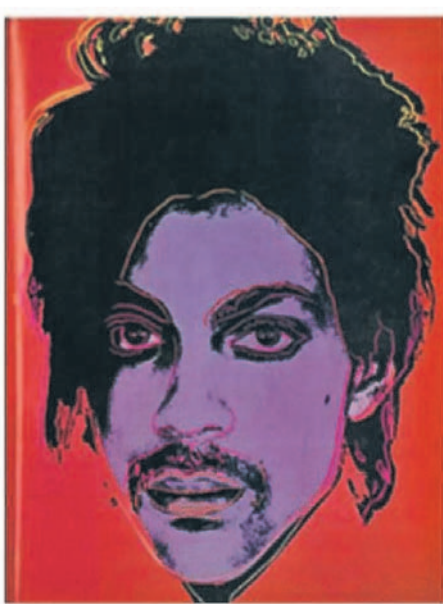
Top Court to Weigh Copyright Case on Prince Images

By DEANNA PAUL AND JESS BRAVIN

The Supreme Court agreed to consider whether a photographer can proceed with copyright-infringement claims against a series of Andy Warhol paintings of Prince, a closely watched appeal in the art world.

The justices said Monday they would hear an appeal by the Andy Warhol Foundation for the Visual Arts, which was created after the artist's death in 1987 and has been locked in a yearslong copyright battle with photographer Lynn Goldsmith.

Ms. Goldsmith took a series of photographs of Prince in 1981, when the artist was an up-and-coming musician. Vanity Fair magazine licensed a photo from her three years later, soon after the release of Prince's legendary Purple Rain album, and commissioned Mr. Warhol to create a rendition of the image. Eventually Mr. Warhol created a series of paintings based on the photograph, of which Ms.



A new Supreme Court case centers on a 1981 photograph of Prince taken by Lynn Goldsmith, which was used as a basis for a series of paintings by Andy Warhol. Above, Ms. Goldsmith's photo and a Warhol painting included in court filings.

Goldsmith first learned in 2016, after Prince's death.

The Andy Warhol Foundation first initiated legal proceedings, asking a federal court

for a judgment that the Prince series either didn't infringe Ms. Goldsmith's copyright or, alternatively, was a fair use of the image that didn't trigger liabil-

ity. Ms. Goldsmith countersued for copyright infringement.

The concept of fair use, which gives artists room to build upon the works of oth-

ers, has been central to the litigation so far.

In 2019, a federal-district court in Manhattan decided Mr. Warhol's creation was protected by copyright law's fair-use doctrine because he transformed the photo into an entirely different work.

But last year, the Second U.S. Circuit Court of Appeals sided with Ms. Goldsmith, ruling Mr. Warhol's series wasn't a fair use of her photograph. The fair-use doctrine requires a "fundamentally different and new artistic purpose and character," and Mr. Warhol's creation didn't do that, the court said. Instead, it concluded, the artist had presented the same work in a different form.

In its petition to the Supreme Court, the Andy Warhol Foundation said the appeals-court ruling "threatens a sea-change in the law of copyright" and "casts a cloud of legal uncertainty over an entire genre of visual art."

The Supreme Court will hear the case during its next term, which begins in October.

U.S. NEWS

Biden Lays Out Budget Priorities

Continued from Page One
in both areas and an unprecedented commitment to building an economy where everyone has a chance to succeed," Mr. Biden, a Democrat, said of his budget in remarks Monday.

Democrats have narrow control of the House and the 50-50 Senate, and Republicans have lined up against many of the administration's proposals. Democrats are facing the possibility of losing control of either or both chambers of Congress in November elections.

The administration is seeking \$813 billion for military spending in fiscal year 2023, which begins Oct. 1, a roughly 4% increase from the \$782 billion enacted for this fiscal year. Budget figures aren't adjusted for inflation.

The requested increase is more than double the 1.6% boost the administration sought for military spending in last year's budget. The proposal calls for \$682 million to go to Ukraine to counter Russia and shore up its security and economic interests.

The proposed military spending would be the largest ever, if enacted, but it wouldn't be the biggest one-year increase when compared with some years during the wars in Iraq and Afghanistan. The U.S. ended its 20-year war in Afghanistan in August.

U.S. military spending also will likely require additional long-term investments, particularly in the Navy, to stay focused on China as the larger, more strategic threat. Officials said investments in hypersonic missiles, machine learning, artificial intelligence and other military capabilities appropriate for confronting China will require billions of dollars in new investments over time.

While top Democrats cheered the Biden administration's request, some lawmakers were critical. Sen. Bernie Sanders (I, Vt.), the chairman of the Senate Budget Committee who caucuses with Democrats, said that a large increase for the military was unnecessary.

"At a time when we are already spending more on the military than the next 11 countries combined, no we do not need a massive increase in the defense budget," Mr. Sanders said.

Sen. Mitch McConnell of Kentucky, the chamber's GOP leader, said the administration's proposed increase in military funding was inadequate because it doesn't keep up with inflation. He said the administration's budget overall was a failed attempt at pivoting to the political center.

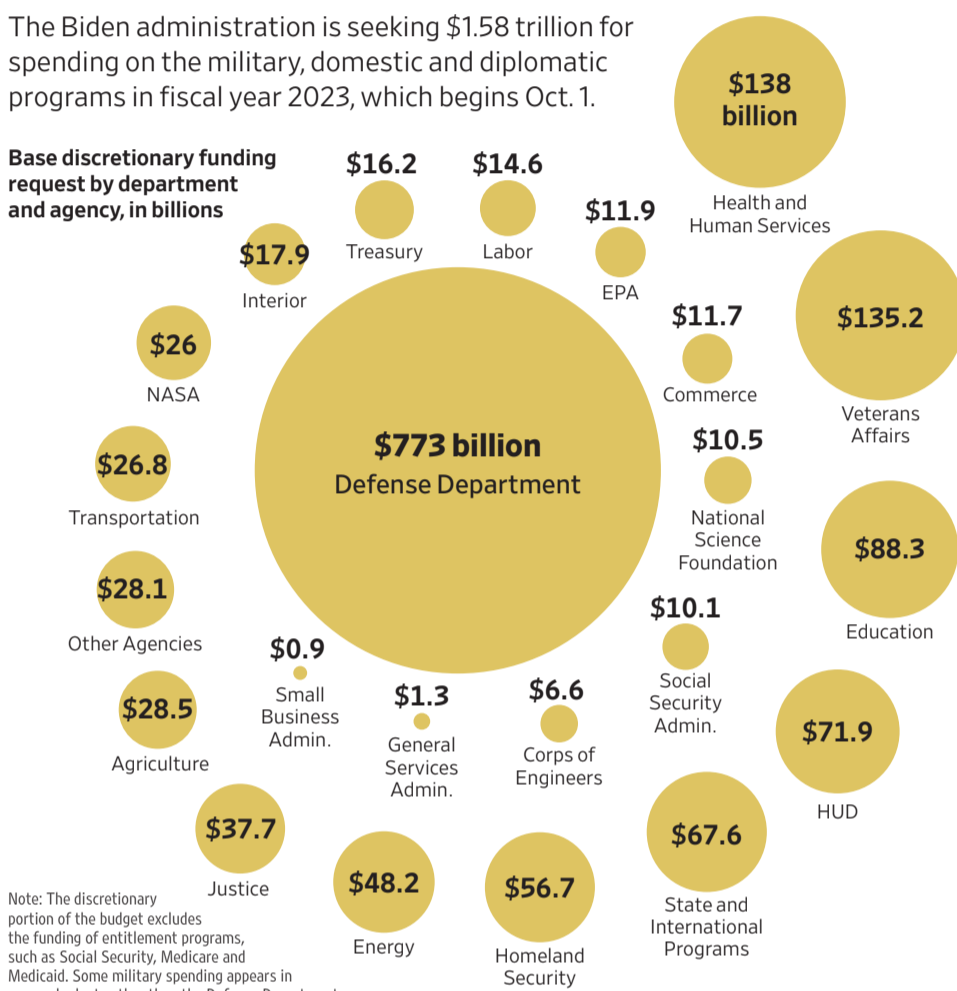
"The White House is desperately spinning to call this



President Biden, at the White House, announced a budget that proposes \$17.4 billion for law enforcement at the Justice Department.

The Biden administration is seeking \$1.58 trillion for spending on the military, domestic and diplomatic programs in fiscal year 2023, which begins Oct. 1.

Base discretionary funding request by department and agency, in billions



Note: The discretionary portion of the budget excludes the funding of entitlement programs, such as Social Security, Medicare and Medicaid. Some military spending appears in agency budgets other than the Defense Department.
Source: Office of Management and Budget

budget centrist, but there's nothing remotely moderate about what's in it," he said, pointing to the funding increases for non-defense agencies such as the Environmental Protection Agency.

In an interview, Deputy Secretary of Defense Kathleen Hicks said the assumptions about inflation might not be accurate in the next several months. "We built this budget on the absolute best inflation information that we had at the time we built it back in the end of '21," she said, adding that some provisions were

built into the budget that would make it "resilient to inflation."

Mr. Biden's budget proposes \$17.4 billion for law enforcement at the Justice Department, including \$1.7 billion to fight gun trafficking and for other firearm-related efforts, and provides funding for the U.S. Marshals and the Federal Bureau of Investigation to address violent crime. It also calls for funding 300 additional border patrol agent positions.

Overall, the proposal seeks \$769 billion for non-defense

spending and the medical care program at Veterans Affairs in fiscal 2023, versus the \$691 billion Congress enacted for those items in the current year.

The administration forecasts a yearly drop of roughly 50% in the U.S. deficit during fiscal 2022, to \$1.4 trillion, as spending on Covid-19 relief programs wanes and a stronger economy generates more tax revenue.

The budget plans would narrow the deficit by more than \$1 trillion relative to where it would stand over a

decade under current law.

Mr. Biden and other top Democrats have in recent weeks talked up the party's work to reduce the deficit as they seek to win the support of Sen. Joe Manchin (D, W.Va.) for their stalled economic agenda.

Democrats are still in the early stages of figuring out how to resurrect that agenda in a way that can win the support of centrists such as Mr. Manchin, who scuttled the House version of the legislation. Mr. Manchin has repeatedly said that he will only support legislation that reduces the deficit, a step that he sees as a way to fight inflation.

Rather than lay out possible ways to overhaul the legislation, the White House budget broadly reiterates the Biden administration's goals for the bill, listing a series of policy ideas—including free community college—that died during talks among Democrats last year. The tax increases most likely to pass Congress soon, including a surtax on top earners, a 15% minimum tax on corporations and higher taxes on U.S. companies' foreign earnings, would be part of this revised legislation.

The budget includes a proposal for a 20% minimum tax rate on income, including unrealized gains in assets, for U.S. households worth more than \$100 million. This would apply to the top 0.01% of households, the White House said. That is likely under 20,000 households.

The Biden administration would also earmark almost \$82 billion over five years on preparing for another pandemic and also for biodefense, including investing in the making of vaccines.

—Richard Rubin, Gordon Lubold and Nancy A. Youssef contributed to this article.

Trump Adviser Loses Bid On Emails

WASHINGTON—A federal judge said that former President Donald Trump and a law professor "more likely than not" committed a felony in their efforts to block the 2020 election results, in a ruling clearing the way for related emails to be turned over to congressional investigators.

By Lindsay Wise, Byron Tau and Natalie Andrews

John Eastman had sought to stop the release of the emails to the House select committee probing the Jan. 6, 2021, riot at the Capitol. In rejecting his lawsuit, Judge David O. Carter of the Central District of California cited the crime-fraud exception, which removes protections for documents written in furtherance of crime.

"Based on the evidence, the Court finds that it is more likely than not that President Trump and Dr. Eastman dishonestly conspired to obstruct the Joint Session of Congress" the day of the riot, ruled Judge Carter, who was appointed to the bench by President Bill Clinton in 1998.

Mr. Eastman, a former professor at Chapman University in Orange, Calif., had advanced a fringe legal theory claiming that Vice President Mike Pence could stop certification of the election on Jan. 6, 2021, as part of his ceremonial role as vice president. Mr. Eastman could appeal the ruling.

While Judge Carter's ruling is only on the narrow question of legal privileges over the documents, it could put more pressure on the Justice Department to consider a more formal investigation of Mr. Trump and the people around him in the waning days of his presidency.

The two men 'more likely than not' committed a felony, judge says in ruling.

The Jan. 6 committee itself first raised the possibility that the evidence supported criminal charges against the former president and his associates in an earlier filing in the Eastman case.

Attorney General Merrick Garland has declined to say whether such an investigation is ongoing, saying it was "standard practice" for the department not to comment in situations such as this.

Mr. Eastman said he plans to comply with the judge's order rather than seek an appeal. His suit against the Jan. 6 committee wasn't "an attempt to 'hide' documents or 'obstruct' congressional investigations, as the January 6th committee falsely claims," said Charles Burnham, a lawyer for Mr. Eastman. He said his client "respectfully disagrees with the judge's findings."

People familiar with the matter said Jared Kushner, Mr. Trump's son-in-law and a former White House adviser, is scheduled to meet virtually with the committee this week.

The panel is interested in talking to conservative activist Virginia Thomas, Supreme Court Justice Clarence Thomas's wife, according to a person familiar with the matter. The panel wants to talk to Mrs. Thomas about her texts to Mr. Trump's then-chief of staff, Mark Meadows, urging him to stand firm in pressing to overturn Mr. Biden's 2020 election victory. The panel hasn't decided how to proceed with Mrs. Thomas, who couldn't be reached for comment.

The Jan. 6 committee also voted 9-0 Monday to recommend holding two former Trump administration officials, Peter Navarro and Dan Scavino, in criminal contempt of Congress for defying a congressional subpoena.

The committee's vote holding them in contempt sends the matter to the full House, which is controlled by Democrats. Passage in the House would send the issue to the Justice Department to consider whether to pursue a criminal case. Both Mr. Navarro and Mr. Scavino have cited executive privilege in declining to cooperate with the probe.

—Siobhan Hughes and Michael C. Bender contributed to this article.

For Pentagon, 4% More to Spend

By DOUG CAMERON

The White House requested an initial \$773 billion budget for the Pentagon in fiscal 2023, up 4% from the prior year and the starting point for discussions with Congress, elevated by the continuing war in Ukraine.

The request, released Monday, continues the Pentagon's focus on what the White House called the "pacing" threat of China, which has rapidly expanded its military forces with more advanced weaponry.

Pentagon leaders on Monday called Russia a secondary "acute" threat, though the request was finalized before Russia's invasion of Ukraine last month and allocated just \$300 million in military support, on top of the \$3.6 billion recently agreed by Congress.

The Biden administration's military budget request focuses on development of new weapons systems, especially refreshing America's arsenal of long-range nuclear missiles delivered from bombers, land-based silos and submarines.

The request will be sent to Congress, which typically changes the amounts spent on individual weapons systems, such as the F-35 combat jet made by Lockheed Martin Corp. Analysts said they don't expect a final budget to be approved before the midterm elections in November.



Planned U.S. purchases of Lockheed Martin F-35 combat jets were trimmed from recent years.

The overall request for military spending of \$813 billion, which includes departments outside the Pentagon, is also up 4% from the prior year. However, inflation left the budget request up just 1.5% in real terms from funding in the 2022 budget, Pentagon Comptroller Mike McCord said at a briefing.

The U.S. spends more by far on defense than any other country, with watchdogs such as the Project on Government Oversight estimating an annual budget of over \$1 trillion on national security. That estimate includes the Department of Veterans Affairs and the cost of servicing debt from previous defense spending.

Shares in military contractors such as Lockheed Martin and Northrop Grumman Corp. have been trading around all-time highs in recent weeks. Analysts attributed the gains

to investor expectations of higher global military spending following Russia's invasion of Ukraine, especially among European governments such as Germany.

Northrop Grumman is developing a new U.S. bomber and intercontinental ballistic missiles, while General Dynamics Corp. is building new submarines. Planned U.S. purchases of Lockheed Martin F-35 combat jets were trimmed from recent years, while Boeing-made fighters and refueling tankers secured more funding.

Boeing in recent years lost out to Northrop Grumman on deals to build the B-21 long-range bomber and new nuclear missiles. On Monday, Boeing said Leanne Caret would step down in April as head of its defense business, succeeded by Ted Colbert, who currently leads its services unit.

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U.S. NEWS

Prosecutors Advance Hunter Biden Probe

A federal tax investigation into Hunter Biden is gaining momentum as prosecutors gather information from several of his associates about the sources of his foreign income, including from Ukraine, and examine President Biden's son's relationship with a company that handled some of his finances, according to people familiar with the matter.

By Aruna Viswanatha,
Sadie Gurman
and James T. Areddy

In recent weeks, prosecutors from the U.S. attorney's office in Delaware have sought information and grand-jury testimony about the money Mr. Biden received several years ago from Ukrainian natural-gas company Burisma Holdings Ltd., and how he used that money to pay some obligations, one of those people said.

Last month, prosecutors also extensively questioned at least one other associate of Hunter Biden about Mr. Biden's drug and alcohol use, spending habits and state of mind in 2018, another person said, suggesting prosecutors are exploring whether such activity would present a defense against a potential criminal tax case.

Grand Jury

Prosecutors often seek to get such testimony on the record to secure it before the defense gets a chance to present it more favorably at trial. "It doesn't necessarily mean an indictment is imminent, but it is indicative of trying to lock in testimony with an eye towards a potential trial someday," said former federal tax prosecutor Matt Mueller, of the law firm Fogarty Mueller Harris, who isn't involved in the investigation.

In the past year, prosecutors have called several of Mr. Biden's associates and other

witnesses to testify before the grand jury as part of their wide-ranging investigation into Mr. Biden's business dealings. They are examining whether he violated tax or other laws, including those governing lobbying for foreign governments, through his business relationships in Ukraine, China, Kazakhstan and elsewhere, some of the people said.

Prosecutors have focused in particular, those people said, on payments from Burisma, which first flowed to a company called Rosemont Seneca Bohai LLC before going on to Mr. Biden. Between 2014 and 2019, Hunter Biden held a Burisma board seat for which he was paid around \$50,000 a month.

That post was the focus of then-President Donald Trump's efforts to get Ukrainian President Volodymyr Zelensky to announce an investigation into Joe Biden, whom Mr. Trump saw as a potential opponent in the 2020 election. That request prompted Mr. Trump's first impeachment. The GOP-controlled Senate ultimately acquitted Mr. Trump, and Hunter Biden later said he displayed poor judgment in accepting the board seat.

In December 2020, soon after his father won the presidency, Hunter Biden said his tax matters were under investigation by the U.S. attorney's office in Delaware, adding he was "confident that a professional and objective review of these matters will demonstrate that I handled my affairs legally and appropriately."

Prosecutors have asked questions about several companies associated with Hunter Biden and are examining whether he moved funds in a way to obscure his tax liability, one of the people familiar with the matter said. That person and others said the prosecutors have also focused on how he received money from Burisma and other

sources, including via Rosemont Seneca, a Delaware entity that received some of Hunter Biden's earnings and did some of his spending.

Prosecutors have also asked about paperwork the younger Mr. Biden used to purchase a car through funds from Rosemont Seneca, according to people familiar with the matter. In April 2014, a business associate of Mr. Biden from Kazakhstan wired \$142,300 to Rosemont Seneca, according to bank statements reviewed by The Wall Street Journal and highlighted in a September 2020 report from Senate Republicans.

The money came from a Singapore company controlled by Kazakhstan banker Kenges Rakishev, the documents show, and the Senate Republican report said they were earmarked in a bank record as "For a Car." Mr. Rakishev, who was close to Kazakhstan's leadership, had sought business opportunities with Hunter Biden in the U.S. and elsewhere, said a former associate of Hunter

Prosecutors sought information about money received from a Ukrainian firm.

Biden who has been questioned by prosecutors. Mr. Rakishev didn't respond to requests to comment.

A day after the money was received by Rosemont Seneca, the entity's banking statements show, it wired the same amount to a New Jersey car dealer. The money purchased a Fisker sports car for use by Hunter Biden to be owned in the name of Rosemont Seneca, said the former associate and another person. Hunter Biden later traded the Fisker for a silver Porsche,



President Biden's son Hunter Biden held a board seat on Ukrainian natural-gas company Burisma.

the ex-associate added.

The Journal couldn't determine how close the investigation is to completion, and the progress prosecutors have made doesn't mean they will ultimately bring charges.

The investigation is one of several politically charged probes unfolding under Attorney General Merrick Garland, who hasn't made any public comment about where the Biden case stands as he tries to keep the Justice Department out of the partisan battles that dogged his predecessors. While he replaced many of the U.S. attorneys appointed by Mr. Trump, Mr. Garland left in place Delaware's top federal prosecutor, David Weiss, to continue the investigation.

Spokespeople for the Justice Department and the U.S. attorney's office in Delaware declined to comment. Asked about Hunter Biden during a routine briefing on March 18, White House spokeswoman Jen Psaki said he was a private citizen and declined to comment further. A lawyer for Hunter Biden didn't respond to requests to comment.

The Journal has reported how Hunter Biden, a lawyer who is now 52 years old, ap-

peared to leverage his family's name in business dealings with tycoons in Europe and China who were seeking to bolster credibility at home or gain footholds in the U.S., with signs the activity accelerated in 2016, the last full year of his father's vice-presidential term. The tycoons stood to benefit from association with the Biden family name while their money allowed Hunter Biden to maintain a globe-trotting lifestyle, the Journal has reported.

Struggle With Drugs

As the investigation has unfolded, Justice Department officials have discussed whether Hunter Biden's well-documented problems with drug abuse and his efforts to treat it could serve as a defense for the potential criminal tax case, some of the people said.

Mr. Biden has also paid around \$1 million that he had owed in back taxes, some of the people said. It isn't known if that represents his entire tax liability.

In his 2021 memoir, "Beautiful Things," the younger Mr. Biden detailed his battle with alcohol and crack cocaine,

writing, "We're all alone in our addiction. It doesn't matter how much money you have, who your friends are, the family you come from. In the end, we all have to deal with it ourselves—first one day, then another one, and then the next."

During his 2020 campaign, the elder Mr. Biden frequently pointed to his son's struggles.

The New York Times earlier reported some details of the continuing inquiry and that Hunter Biden had paid off a significant tax liability.

Investigators have asked questions about some of the people Hunter Biden was working with and could bring cases against others, people familiar with the matter said.

A consulting firm Burisma hired, Blue Star Strategies, used Hunter Biden's name in a request for a State Department meeting in early 2016 and then mentioned him again during the meeting as part of an effort to improve Burisma's image in Washington, the Journal reported in 2019.

Prosecutors are examining whether Mr. Biden or Blue Star should have registered under the Foreign Agents Registration Act.


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THE UKRAINE CRISIS

War Divides Russian Speakers in Latvia

More young people reject older relatives' allegiance to Moscow as conflict deepens

BY SUNE ENGEL RASMUSSEN

RIGA, Latvia—For years, the Kremlin thought it had a toe-hold in the Baltic states that were once part of the Soviet Union. Large numbers of Russian speakers, many of whom were left behind after the fall of the Iron Curtain, provided Moscow a way to sway public opinion and undermine the West's expansion toward Russia's borders, security officials say.

Now those old allegiances are being tested and generational divides exposed by President Vladimir Putin's war on Ukraine.

In Latvia, many young ethnic Russians say they try to sidestep what is happening there when talking with older family members, fearing it might damage their relationships.

"I try to avoid the topic," said Sophia Dubova, a 16-year-old fruit seller in a central market of Riga. She said her parents watched Russian state media until those channels were blocked, but she gets her news from Ukrainian citizens and journalists on Telegram, the messaging site. Nearly 100 Russia-based television networks and websites have been blocked in Latvia since the invasion began and at least five activists were arrested this month for their allegedly pro-Russian sympathies as security forces try to limit the Kremlin's reach.

Other young people are trying to change the minds of the older generation by gently feeding them with information that doesn't come from Moscow.



A protest in Latvia against the war in Ukraine. Old allegiances are being tested and generational divides exposed by the conflict.

Journalist Anna Leitland-Grigorjeva and her husband, Arturs, an engineer, run a YouTube channel where she interviews experts about the war in Russian. The couple have only carefully broached the subject of the war with her parents back in Russia, and his in Riga.

"It's important to speak to them without aggression," said Ms. Leitland-Grigorjeva, who was born in Russia and was a Putin supporter when she arrived in Latvia in 2017 but soon changed her views. "We're trying to help people find their own way to the truth."

Whether they and others like them succeed could determine Russia's future influence among its aging pockets of sympathizers, for whom the wounds of the Cold War had never fully healed.

A 2017 report by Rand Corp., a U.S. think tank, said Russia might try to mobilize loyal groups in Latvia and Estonia to declare independence and invite Russian troops to annex territory, akin to what breakaway groups did in the Ukrainian Donbas region in 2014.

"The leadership in the Kremlin very much wants to

use Russophone minorities outside Russia for their political purposes," said Janis Kazocins, national security adviser to the Latvian president. "It's a way to weaken the country by creating splits in society."

Normunds Mezviets, director-general of the Latvian domestic intelligence agency, agreed, saying Moscow's goal was to chip away at Latvia's membership in the European Union and the North Atlantic Treaty Organization.

Other European countries have enclaves of Russian supporters. The rifts run deepest in

Latvia, where 37% of the population are Russian speakers and 25% of the population are ethnic Russians.

After Latvia gained independence in 1991, many Russians, Belarusians, Ukrainians and other ethnicities stayed in the country. But in 1995, hundreds of thousands of them were effectively made second-class citizens, said Elizabete Krivcova, a lawyer in Riga who focuses on minority rights. A new law placed noncitizen status on ethnic minorities from the former Soviet Union whose ancestors didn't have citizenship

from Latvia's first period of independence from 1918 to 1940.

Noncitizens can't vote or work as civil servants, police or practice law. Gaining citizenship requires passing a language exam that many aren't able to pass. About 10% of Latvia's population remain non-citizens, according to the Latvian Office of Citizenship and Migration Affairs.

Many Russian speakers have pro-European social views but lean toward the Kremlin on geopolitical issues, said Martins Kaprans, an expert on Russian-speaking minorities in post-Soviet states at the University of Latvia.

However, the war in Ukraine could change views among Russian speakers, he said, weakening Moscow's leverage in the community.

"This is an existential tipping point for Russophone Latvians," Mr. Kaprans said. "Russia is the source of their collective identity and language, and the image of Russia as a peaceful country will be very hard to maintain."

For some, but not all.

Although traditionally pro-Russian political parties have condemned Mr. Putin's war, public-opinion polls suggest loyalties are more divided. An independent opinion poll conducted in March for Latvian television showed only 22% of Russian speakers supported Ukraine in the current war, compared with 90% of ethnic Latvians. Some 21% of Russian speakers supported Russia and 57% declined to take sides or found it difficult to answer.

The clampdown on Russian state media and pro-Russian activists has prompted some critics to say Latvia could be worsening the disaffection many Russian speakers feel.

Israel Grapples With Refugee Wave

BY DOV LIEBER AND YARDENA SCHWARTZ

TEL AVIV—Israel is bracing for one of the biggest waves of non-Jewish refugees in its history, as incoming Ukrainians force the country to balance its historic desire to help people fleeing war with its responsibility as a haven for Jews.

About 18,000 Ukrainian refugees have arrived in Israel but two-thirds of them don't have Jewish roots. While most of the 3.7 million Ukrainians who have fled the war are headed to neighboring European countries, the influx has jolted Israel, which has a population of 9.3 million.

Some Israeli officials fear that an unchecked wave of refugees could undercut the country's Jewish majority. Israel's Central Bureau of Statistics said in 2021 that 74% of Israel's population identify as Jewish, and 21% are Arab. A further 5% are largely non-Arab Christians, most of whom were among or born to the nearly one million immigrants from the former Soviet Union who came to Israel during the 1990s.

Israeli Interior Minister Ayelet Shaked on March 8 announced a policy to cap non-Jewish refugees from Ukraine at 5,000 while permitting an additional 20,000 Ukrainians residing in Israel largely without legal status before the war to remain during the hostilities.

Five days later, Ms. Shaked changed course after she was condemned from centrist and left-wing members of her government. The issue has similarly divided the country largely along political lines, according to polls, with left-wing Israelis supporting a more-open policy to absorbing non-Jewish refugees. The revised policy keeps the non-Jewish refugee quota at 5,000 but allows an uncapped number of Ukrainians with family in Israel to stay until the hostilities cease. It also requires Ukrainians to apply for approval from Israel before being allowed to board a plane to Tel Aviv.

Israel's current quota for Ukrainians entering the country and the requirement that they receive prior approval while abroad effectively suspended a visa-waiver agreement Israel has with Ukraine. The nearby United Arab Emirates took a similar step in early March before quickly backtracking.

On Monday, Israeli officials said they were approaching the quota, with 4,975 non-Jewish Ukrainian refugees



Alla Misiuk and her 13-year-old daughter Lisa are hoping to find a haven in Israel as war rages.

without family in Israel here.

Ms. Shaked has said her policy is meant to give priority to Ukrainians with Jewish roots who are eligible for citizenship. "We have to remember that the state of Israel is a national homeland of the Jewish people," Ms. Shaked said. She has argued that, relative to the size of its population, Israel is expected to take in and naturalize more Ukrainian refugees than any other country that doesn't border Ukraine.

Ukraine President Volodymyr Zelensky has criticized Israel's refugee policy in a Zoom-hosted speech to Israeli lawmakers. "Why isn't Israeli help, or even entry permits, forthcoming," he said.

Mr. Zelensky, who is Jewish, compared Ukrainians fleeing the war to Jews escaping Nazi persecution during the Holocaust. That specific appeal drew outrage from a largely Jewish audience, who considered the comparison incorrect and unnecessary.

Israel's Supreme Court had given the government until Monday to revise the current policy before ruling whether the quota of Ukrainian refugees and the requirement for entry approval from abroad is legal. On Monday, Ms. Shaked notified the court that the existing quota would remain in place.

The petition to the court is backed by Ukraine's embassy in

Tel Aviv. Israeli officials have argued the visa-waiver program is for touristic purposes, while those fleeing war would be more likely to remain in the country.

"We showed that the law relates to any visitor from Ukraine and to any purpose, not only tourism, and the Supreme Court hinted that indeed this is how they see it," said Tomer Warsha, who filed the petition challenging the current refugee policy.

Israel has sought to balance

Some officials fear an unchecked influx could undercut the Jewish majority.

its close relationship with the U.S. and Europe with diplomatic and security ties it has developed with Moscow in recent years.

Israel's position is that it opposes Russia's invasion of Ukraine but can provide only humanitarian—not military—aid to maintain its ties with Russia. Moscow has forces in Syria, where Israel has been conducting a long-running aerial campaign against Iranian-backed militants. Israel has a deconfliction line of communication with Russia to prevent the possibility of un-

intended clashes over Syrian skies. Israel has established a field hospital in Ukraine and Israeli Prime Minister Naftali Bennett is one of a handful of state leaders mediating between Kyiv and Moscow.

Ukrainian officials say some non-Jewish refugees have been mistreated as they tried to enter the country, in contrast to the relatively easy process for refugees with Jewish roots.

Yulia Tomin, a 25-year-old refugee who fled her hometown of Ivano-Frankivsk with her two young children and her grandmother, isn't Jewish but has Israeli relatives. She said she slept on the floor in the airport from March 8 to March 11 while nursing her 1-month-old son and trying to take care of her 4-year-old daughter. She was transferred to a hotel and slated for deportation before an immigration lawyer took up her case and won. Israel's immigration authority hasn't responded to a request for comment on Ms. Tomin's case.

Alla Misiuk and her daughter are among about a dozen non-Jewish families being brought to Israel with the help of Jerusalem's Yad Vashem Holocaust Museum because their families saved the lives of Jews during World War II. She doesn't know if they will be allowed to stay in Israel permanently. "My home is destroyed. There is no place to go back to," she said.

Oligarch Is Sickened In Attack

Continued from Page One

Western experts who looked into the incident said it was hard to determine whether the symptoms were caused by a chemical or biological agent or by some sort of electromagnetic-radiation attack, the people familiar with the matter said.

The Kremlin didn't respond to a request to comment about the suspected poisoning.

The investigation was organized by Christo Grozev, an investigator with the Bellingcat open-source collective who concluded that a Kremlin team poisoned Russian opposition politician Alexei Navalny with a nerve agent in 2020. Mr. Grozev said he saw the images of the effects of the attack on Mr. Abramovich and Ukrainian negotiators. But he added that examinations of the affected individuals couldn't be arranged in the western Ukrainian city of Lviv, through which they were traveling, because these people were in a hurry to get to Istanbul.

Too much time had passed for the suspected poison to be detected by the time a German forensic team performed an examination, he said. "It was not intended to kill. It was just a warning," Mr. Grozev said. Bellingcat said the three men who are suspected to have been poisoned consumed only chocolate and water in the hours before the symptoms appeared. The men went to an apartment in Kyiv that night after the talks concluded and began to feel ill, according to Bellingcat. The next day, the group drove from Kyiv to Lviv, on their way to Poland and then Istanbul.

The Russian government previously has been accused of using poison to punish enemies. In 2004, pro-Western Ukrainian presidential candidate Viktor Yushchenko was poisoned. Mr. Yushchenko, who became president after protests known as the Orange Revolution, blamed the attack on Russia.

In 2018, Britain blamed Russia's intelligence services for a nerve-agent attack on Sergei Skripal, a former Russian military officer who defected to the U.K., and his daughter Yulia. Both survived, as did a British police officer hospitalized after contact with the poison. A British woman later died after accidentally coming into

contact with the nerve agent.

The Kremlin has denied involvement in the Skripal poisoning.

Mr. Abramovich, who has longstanding links to President Vladimir Putin of Russia, became involved in attempts to end the war in Ukraine shortly after Moscow launched the invasion on Feb. 24, people familiar with the matter said.

His efforts are sometimes in conjunction with and sometimes parallel to a separate, official, negotiating track between Ukrainian and Russian representatives, they said. The Kyiv meeting where the suspected poisoning took place involved Mr. Abramovich and members of the official Ukrainian negotiating team.

Mr. Zelensky has asked President Biden not to impose sanctions on Mr. Abramovich, who owns a minority stake in the steel company Evraz PLC and has Portuguese citizenship, because he is involved in the negotiations, people familiar with the call said. The U.K. and the European Union have imposed sanctions on Mr. Abramovich, who also owns the Chelsea soccer club.

Asked about Mr. Abramovich in an interview with independent Russian media organizations on Sunday, Mr. Zelensky said he wouldn't comment on his discussions with Mr. Biden. He said Mr. Abramovich was initially a member of a subcommittee of the Russian negotiating team, and then tried to help with humanitarian matters, particularly the evacuation of Ukrainian civilians from the besieged city of Mariupol.

Mr. Abramovich was seen in Belarus in late February as initial, official talks began between Kyiv and Moscow, and he has acted as a back channel for talks with the Kremlin, personally meeting with Mr. Putin on Ukraine, people familiar with the matter said. His role in the talks varies regularly and he has tried to engage others, including former Chancellor Gerhard Schröder of Germany, those people said.

Despite the suspected poisoning, Mr. Abramovich has decided to remain involved in the peace talks, a person close to him said. In the past week, he has traveled to Poland and Ukraine and traveled Monday to Istanbul, this person said.

The talks have failed to gain much traction, as the war has ground to a stalemate.

A new round of negotiations is set for Tuesday in Turkey, as negotiators discuss both a potential political settlement to the war and immediate humanitarian issues.

THE UKRAINE CRISIS

Credit Suisse Probed Over Compliance With Sanctions

BY MARGOT PATRICK

U.S. lawmakers asked Credit Suisse Group AG to hand over information related to the bank's compliance with sanctions over Russia's invasion of Ukraine.

In a letter to Credit Suisse Chief Executive Thomas Gottstein on Monday, Rep. Carolyn B. Maloney (D., N.Y.), chairwoman of the Committee on Oversight and Reform, and Rep. Stephen F. Lynch (D., Mass.), chairman of the Subcommittee on National Security, asked the bank to hand over information on its financing of yachts and aircraft owned by potentially sanctioned individuals.

They are seeking the information following reports that Credit Suisse instructed investors in a recent debt deal to destroy and erase information related to its dealings with wealthy clients.

The debt deal, reported by the Financial Times in February, reduced some of the bank's exposure to \$2 billion loans it made to rich clients to finance yachts and jets.

The FT reported that a presentation for the deal said there were four loan defaults in the 2017-18 period because of U.S. sanctions against Russian oligarchs. It later reported investors had been asked to destroy deal documents.

"This report raises significant concerns about Credit Suisse's compliance with the severe sanctions imposed by United States and its allies and partners on the architects and enablers of Russia's brutal and unprovoked invasion of Ukraine, including Russian President Vladimir Putin and oligarchs in his inner circle," the committee chairs wrote.

A Credit Suisse spokesman declined to comment on the letter and pointed to the bank's earlier remarks on the

deal and sanctions. On March 3 the bank said it had asked investors who hadn't participated in the deal to destroy documents, citing market practice, and that it had nothing to do with recent sanctions. It said no data was erased within Credit Suisse.

The lawmakers said they were particularly concerned that the instruction to destroy documents coincided with Switzerland saying it would join other countries in applying sanctions.

There were also questions about whether investors in the deals had adequate information to comply with sanctions if any of the loans had been made to sanctioned people.

Earlier this month, Mr. Gottstein said Credit Suisse follows all U.S., U.K. and European Union sanctions as binding, and that Switzerland applying them Feb. 28 was "almost irrelevant."

Credit Suisse has acknowledged freezing \$5 billion in client assets in 2018 to comply with earlier sanctions imposed over Russia's aggression in Ukraine. It disclosed up to \$1.1 billion in exposure to Russia earlier this month and said exposure to sanctioned individuals was minimal.

The committee wants to review a list of the investors in the deal, as well as documents pertaining to Credit Suisse's due diligence on the deal and its underlying assets in relation to sanctions.

The committee requested all communications and documents relating to any instructions to destroy the deal-related information, as reported by the FT. The lawmakers also are seeking any bank communications with the owners of the underlying assets.

In the letter, the committee asked Credit Suisse for documents dating back to Jan. 1, 2017, by April 11.

Ruble Rebounds With Bank's Help

BY CAITLIN OSTROFF

The ruble is in a central-bank-induced coma.

While Russia's currency can still see sharp swings in a day, it has trimmed its steep losses and begun to stabilize. It is now trading at about 99 rubles to the dollar, roughly 17% weaker than it was before Russian troops invaded Ukraine on Feb. 24 but stronger than its record low of 151 on March 7, according to FactSet.

Rising currency prices often reflect a general strengthening of a country's economic outlook. Not so in Russia.

Rather, central bank moves to limit ruble selling and force ruble buying have effectively manufactured demand for the currency.

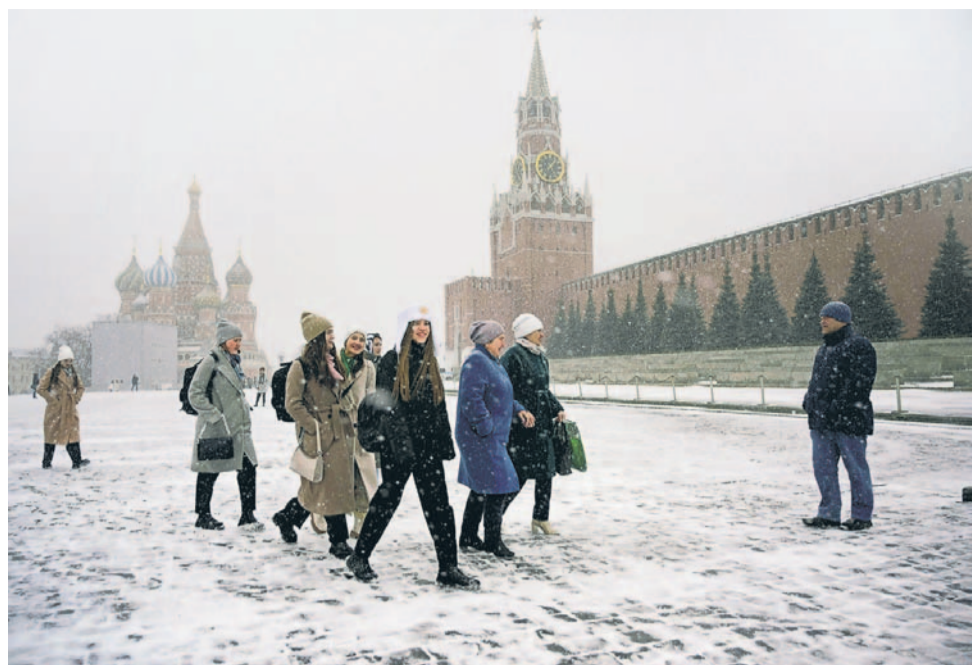
Russia capped the amount of dollars that residents can withdraw from foreign-currency bank accounts and barred banks from selling foreign currencies to customers for the next six months.

Russian brokerages also aren't allowed to let foreign clients sell securities. These measures have made it more difficult to sell the ruble, thereby limiting its losses.

Western sanctions against Russia left carve-outs for exporters of energy upon which Europe is particularly dependent, which kept dollars and euros flowing into the country. Russia ordered those exporters to sell 80% of their foreign-currency revenues and buy rubles, helping the currency appreciate.

"It is fair to say that the ruble is not a market price," said Robin Brooks, chief economist at the Institute of International Finance. "If there were a free flow in both directions, we would see a far weaker ruble."

Russian President Vladimir Putin recently said he wants European nations to begin buying Russian gas with rubles rather than dollars and euros. That would reverse the current flow of money, making sanctioning nations support Russia's currency and ensuring



Russia capped the amount of dollars that residents can withdraw from foreign-currency bank accounts and barred banks from selling foreign currencies to customers for the next six months.

that all funds from energy sales support its value, said Christian Kopf, head of fixed income at asset manager Union Investment. Such a move is unlikely, but it signals Russia's desire to boost demand for the ruble.

Currencies often move with the ups and downs of a country's economy. Investors want to put money into economies they think will thrive, buying stocks and bonds denominated in that country's tender.

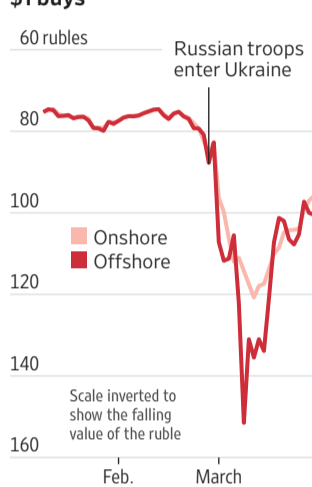
It is harder to take such insights from the ruble.

Hundreds of companies have announced a withdrawal from Russia, meaning imports are likely to contract. At the same time, Russia is continuing to sell its oil, meaning exports and money gained from those will more than make up for the money necessary for imports.

Oil prices above \$100 a barrel are also adding a boost to revenue, even as Moscow's inventories trade at a discount. The imbalance could strengthen the ruble, though it doesn't make Russia's economy any stronger.

"There's so much stuff you're not allowed to buy or

How many Russian rubles \$1 buys



Sources: FactSet (offshore); Moscow Exchange (onshore)

sell," said George Parkes, a macro strategist at Bespoke Investment Group. "The ruble could strengthen a lot from here, and it wouldn't mean anything."

After the war broke out, the ruble market split to have one value within Russia and another on international markets. In onshore trading, Russia's currency was valued at 94 rubles to the dollar on

Monday, while it traded at 98 in international markets. That gap has narrowed from early March.

Russian banks offered slightly fewer rubles for customers' dollars than the Moscow Exchange on Monday. Sberbank PJSC offered about 89 rubles for a dollar while the Russian website of Austria's Raiffeisen Bank quoted 86.

Many Western banks are no longer providing electronic quotes to buy and sell the ruble. Clients instead must call the bank and ask if it is willing to process a trade and at what rate.

Banks, worried about running afoul of Western sanctions, are having to clear every ruble transaction with their legal and compliance departments, traders say.

European countries have announced plans to shift away from Russian energy in the coming years, which also would weaken the ruble over the long term.

"We're looking at a Russian ruble that is longer-term significantly weakened," said Jane Foley, head of foreign-exchange strategy at Rabobank.

Japan's Leader Knows the Local Need for Russian Gas

BY PETER LANDERS

TOKYO—The global crisis over Russia's invasion of Ukraine is also a hometown one for Japanese Prime Minister Fumio Kishida, because constituents in his Hiroshima district rely on Russian gas to cook their dinners.

Japan and European nations have excluded Russian natural gas and oil from the sanctions they imposed after President Vladimir Putin started the Ukraine war, allowing Mr. Putin to keep his principal source of foreign currency. Mr. Kishida says Japan's energy security would be imperiled by a sudden cutoff.

The situation is particularly acute in Hiroshima prefecture, part of which Mr. Kishida represents in parliament. **Hiroshima Gas Co.** gets about half its gas from Russia, a much higher proportion than the rest of Japan.

It is one example of how the web of connections between Russia and the global economy make it hard for leaders of democracies to punish Mr. Putin for the Ukraine invasion without blowback at home. German Chancellor Olaf Scholz has ruled out canceling its Russian energy deals for now, saying that would plunge all of Europe into recession.

Western companies continue to sell products like cosmetics and ice cream in Russia, while Japan Tobacco Inc., one-third owned by the Japanese government, is keeping its large Russian cigarette business.

Japan imports most of its



Prime Minister Fumio Kishida (gray tie), hosted Ambassador Rahm Emanuel in Hiroshima Saturday.

energy, including natural gas from the Russian island of Sakhalin in the Far East just north of Japan. At a news conference on March 16, Mr. Kishida was asked about the Sakhalin gas field and responded, "In terms of stable

supply of energy, I view this as an important project for our nation."

Overall, Japan gets about 9% of its natural gas from Russia. But Hiroshima Gas committed itself more deeply to Moscow in a 2006 deal under

which it is importing up to 210,000 tons of liquefied natural gas from Sakhalin every year from 2008 to 2028. The company says that contract accounts for about half the gas it needs annually.

A Hiroshima Gas spokes-

man said supplies from Sakhalin were coming in normally. The company is watching the situation and planning for alternatives should Russian gas be cut off, he said.

Hiroshima Gas is based in the central Hiroshima city district represented since the 1990s by Mr. Kishida. Starting in 2009, Hiroshima Gas executive Hideki Fukayama, then president and subsequently chairman, donated ¥240,000, equivalent to \$2,000, each year to the ruling Liberal Democratic Party's political organization in the district, which is headed by Mr. Kishida.

After Mr. Fukayama retired as chairman in June 2017, he halted his donations and the new chairman, Kozo Tamura, started donating at the same \$2,000-a-year pace through 2020, the most recent year for which records are available. Mr. Tamura was one of only three individuals in that year to donate more than \$500.

Hiroshima Gas and a representative of Mr. Kishida said the donations were personal and had nothing to do with the company's business. The donations were within legal limits and reported as required by the ruling party. The company declined to make Mr. Tamura available to comment, and calls to numbers listed for him and Mr. Fukayama weren't answered.

Japan paid more than \$3 billion for Russian gas in 2021. If it had to replace that with supplies purchased at current sky-high spot prices, it would cost many more billions, ana-

lysts say.

"The economic consequences would be forbidding," said Rystad Energy analyst Kaushal Ramesh. He observed that Sakhalin gas is also convenient, taking just two days to get to Japanese ports, compared with more than a month for many American shipments.

Already, a typical household in Tokyo is paying about 30% more for electricity than in early 2021 because of high prices for natural gas and other fuels.

The prime minister's aides rejected the notion that Japan's purchases from Russia amounted to significant support for Mr. Putin's war machine. One aide said the Japanese money is less than a 10th of what European nations are paying. The aide said if Japan canceled its contracts, other buyers such as China would step in to buy the gas, perhaps at a higher price than Japan had locked in.

"It would be more like sanctions on Japan than sanctions on Russia," he said.

The energy trade has been one of the few areas of cooperation between Japan and Russia amid a long-running dispute over islands seized from Japan by Soviet troops at the end of World War II. Former Prime Minister Shinzo Abe met Mr. Putin more than two dozen times in a fruitless effort to strike a deal. On March 21, Russia's Foreign Ministry, citing Japan's sanctions, said it was ending the talks.

—Chieko Tsuneoka contributed to this article.

Brewers Heineken and Carlsberg to Dispose of Their Assets in Russia

BY ALISTAIR MACDONALD AND SAABIRA CHAUDHURI

Heineken NV and **Carlsberg A/S**, the world's second- and third-largest global brewers, respectively, said they would list Russia, joining a growing list of major Western companies leaving the country.

The moves by the beer giants further narrow the pool of big global companies still doing business in Russia. Hundreds of businesses, including

fast-food chains, auto makers, oil giants and banks, have said they are pausing or ending operations in Russia in the wake of the invasion of Ukraine.

Heineken and Carlsberg previously had halted new investments in Russia and scaled back some operations, while continuing to do business there. On Monday, they said they had reviewed their operations and decided to dispose of their assets in the country. Upon completion of the moves, neither

will have a presence in Russia.

The decision is particularly significant for Carlsberg, which is among the Western companies with the biggest exposure to Russia. The Danish brewer generates about 10% of its annual revenue and more than 6% of its operating profit from Russia, where it owns eight breweries and has about 8,400 employees.

"We have taken the difficult and immediate decision to seek a full disposal of our business in

Russia, which we believe is the right thing to do in the current environment," Carlsberg Chief Executive Cees 't Hart said.

The company warned of a "substantial" noncash impairment charge related to the disposal. It said any profit generated from its Russian business during the war would be donated to relief organizations.

Dutch relief Heineken said it decided to leave Russia after a review concluded that ownership of its business there was

"no longer sustainable nor viable in the current environment."

Heineken said it would continue to pay its 1,800 staff in Russia until the end of the year and that it wouldn't profit from any transfer of ownership of its operations there. It added that the move would result in a one-off charge of 400 million euros, equivalent to \$440 million.

The exits leave Budweiser brewer **Anheuser-Busch InBev**

SA as the last remaining major global brewer to retain a presence in Russia. The world No. 1 beer company has asked joint venture partner, Turkey's Anadolu Efes, to suspend brewing Bud in Russia and has said it would forfeit its profits from the joint venture. AB InBev doesn't disclose how much revenue it earns through the Efes joint venture in which it has a noncontrolling stake. A spokeswoman previously described it as immaterial.

THE UKRAINE CRISIS

Talks Set
In Bid for
Cease-Fire

Continued from Page One
tion forces leave Ukraine's territory.

The Kremlin said negotiations so far haven't yielded any breakthroughs, and Western officials have expressed doubts about whether Russia is ready to halt hostilities in Ukraine.

At the White House on Monday, President Biden said his comment suggesting President Vladimir Putin of Russia shouldn't continue to hold power reflected moral outrage he was feeling, and he said it didn't hurt attempts to end the war in Ukraine.

"I'm not walking anything back," Mr. Biden said of his remarks on Saturday, in which he said of Mr. Putin: "For God's sake, this man cannot remain in power." The White House said shortly after he made the comment that he wasn't calling for regime change.

"I wasn't then nor am I now articulating a policy change," Mr. Biden, a Democrat, said Monday. "I was expressing the moral outrage that I feel and I make no apologies for it."

Ukrainian forces on Monday continued to counterattack Russian positions around Kyiv. Ukrainian troops took back the strategically important town of Irpin, north of Kyiv, which fell under Russian control earlier this month, according to Irpin's mayor, Alexander Markushin. A senior U.S. official said the U.S. couldn't verify that Irpin was back in Ukrainian hands.

Russian missiles struck Kyiv and the cities of Kharkiv, Lutsk, Rivne and Zhytomyr, according to Ukrainian officials. Russian forces continued to try to push toward Kyiv from the east and northwest, attempting to control key roadways.

Ukraine's Emergencies Ministry said the strike on Lutsk hit fuel-storage facilities, and authorities were still trying to extinguish the blaze. The head of the provincial military adminis-



The funeral on Monday for a Ukrainian soldier killed in action outside Kyiv. Ukraine has been counterattacking to regain lost territory.

tration, Yuriy Pohuliako, said the attack had been carried out with cruise missiles launched from neighboring Belarus.

Russian forces also appeared to push farther into Mariupol, a strategically important city linking Russian-controlled parts of the eastern Donbas region with territory Moscow has captured in the south.

In an interview with Russian journalists over the weekend, Mr. Zelensky said Ukraine could make a formal statement renouncing its aim of joining the North Atlantic Treaty Organization, in return for binding security guarantees from foreign partners.

Ukraine's neutrality would need to be ratified in a referendum, Mr. Zelensky said, since the country's constitution currently sets out its aspirations to join NATO and the European Union.

Mr. Zelensky said Russian troops would have to withdraw from Ukrainian territory before a referendum could be held, since a fair vote wasn't possible under foreign military

occupation.

"No one will ever recognize the results of a referendum if there are troops or illegal armed formations on the territory of the country," he said.

Mr. Zelensky said that countries acting as guarantors of Ukraine's security would need to make legally binding commitments that are ratified

Mr. Zelensky held
out the possibility of
Ukrainian neutrality
if Russia withdraws.

by their parliaments. He pointed to the 1994 Budapest memorandum, in which Ukraine renounced nuclear weapons in return for security guarantees from Russia, the U.S. and the U.K., noting that Russia had invaded Ukraine anyway and Western countries hadn't prevented it.

He reiterated that Ukraine's

government won't step down, nor accept demilitarization of the country, rejecting two of Russia's war aims.

The office of President Recep Tayyip Erdogan of Turkey said Mr. Erdogan urged Mr. Putin in a phone call Sunday to accept a cease-fire with Ukraine.

Kremlin spokesman Dmitry Peskov said Monday that there had been no significant breakthroughs in negotiations and no progress on a potential meeting between the Russian and Ukrainian presidents. Foreign Minister Sergei Lavrov of Russia said that a meeting between the two presidents now would be counterproductive.

Authorities in Kyiv said they were bracing for renewed attacks by Russian forces. "They are preparing for a major push, it is always like this ahead of big negotiations with Russians," said a Ukrainian official close to the talks. The official said the chances of success in cease-fire talks had grown in recent weeks, "from 10% two weeks ago to 50%."

Foreign Minister Mevlut Ca-

vusoglu of Turkey said over the weekend that, to his knowledge, there was a diplomatic back channel between Mr. Putin and Mr. Zelensky.

"It seems that they have been negotiating serious issues, serious items," Mr. Cavusoglu said.

Ahead of Tuesday's talks, Ukraine's Deputy Prime Minister Iryna Vereshchuk said humanitarian corridors for evacuating civilians wouldn't be open Monday after Ukrainian intelligence reported possible Russian attacks. Recent efforts have focused on evacuating civilians from the southeastern cities of Melitopol and Mariupol.

Mr. Zelensky has described the cease-fire talks in Istanbul as important. He said Ukraine was still pushing for the West to impose further sanctions on Russia, including the blacklisting of all Russian public officials as well as law enforcement and military elites.

—Isabel Coles
and Jared Malsin
contributed to this article.

Ukraine
Military's
Internet
Provider
Attacked

By ROBERT McMILLAN
AND DUSTIN VOLZ

A Ukrainian internet service provider used by the country's military suffered a massive cyberattack on Monday.

The attack on **Ukrtelecom** PJSC was described by some experts as among the most harmful cyberattacks since the Russian invasion of Ukraine on Feb. 24. About 3:30 p.m. ET on Monday, Ukrainian officials said they repelled the attack, and that the company could restore services, according to Ukraine's State Service of Special Communication and Information Protection, which is responsible for cybersecurity.

The Ukrainian cyber agency didn't say who was responsible for the attack. Security experts have said Russian-linked hackers launched cyberattacks against financial-services companies, internet-service providers and government agencies in the run-up to the Feb. 24 invasion and after. Russia has denied involvement.

Ukrtelecom's ability to connect to the internet to provide services to customers began dropping about 5 a.m. ET and gradually fell off throughout Monday, show data from the Georgia Institute of Technology's Internet Outage Detection and Analysis project, which monitors internet blackouts.

As of 4:30 p.m. ET, about 8% of the Ukrtelecom networks that the Georgia Tech project measures were online. Ukrtelecom didn't return messages seeking comment, but the company acknowledged service outages in a post Monday to its Facebook page, and said it was working to restore stable service.

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WORLD NEWS

IMF Chief Ignored Harassment Warnings

Former World Bank head extended term of Indonesia official despite allegations

By SANTIAGO PÉREZ

Former World Bank chief Kristalina Georgieva knew about a top official's alleged sexual misconduct but failed to take action despite publicly saying she was a strong defender of female victims of sexual harassment, according to current and former bank staff.

Ms. Georgieva, now the head of the International Monetary Fund, agreed to extend the term of the bank's then-chief in Indonesia in 2018 even after a staff outcry about his behavior. The misconduct of the bank official, Rodrigo Chaves, continued in Indonesia, people familiar with the matter said.

Mr. Chaves, who has since left the bank, is now leading the polls to become Costa Rica's president in a vote on Sunday.

Mr. Chaves faced several sexual-harassment complaints, which led to a three-year probe and an apology from the World Bank to the women involved. At least six women, including direct subordinates who were in their early 20s, testified to World Bank investigators about actions during Mr. Chaves's time in the bank's headquarters in Washington,

D.C., that included lewd comments, kissing attempts and unwelcome invitations to hotels and vacations.

Mr. Chaves has denied he sexually harassed female colleagues. He has said the complaints against him likely originated from "cultural differences and behaviors that, for other people, would not be offensive."

Mr. Chaves was demoted by the World Bank for "misconduct" in 2019, and left soon after. An appeal by two female employees who had accused Mr. Chaves of harassment led to hearings by the World Bank's internal tribunal, which adjudicates staff complaints. The female workers sought an explicit recognition that Mr. Chaves had engaged in sexual harassment.

The outcome of the hearings, released to staff employees this past June, concluded that senior management mishandled the case against Mr. Chaves by failing to protect the women he harassed or take proper disciplinary action against him, despite a pattern of behavior that stretched back years, the investigation found.

In response to the internal tribunal's ruling, current World Bank President David Malpass set up a task force in November to give "urgent attention" to managerial accountability and fear of retaliation among staff reporting misconduct.

The full extent of Ms. Georgieva's role in the sexual-ha-



Kristalina Georgieva said she was told no World Bank staffers recounted any firsthand experience or specific accusations.

arrassment scandal, however, wasn't previously known.

Ms. Georgieva left the World Bank in 2019 to lead the IMF. Last year, she told The Wall Street Journal through a spokeswoman that she didn't know about the details of the probe while it was under way, adding that the internal investigation was handled by the ethics and human-resources departments, neither of which reported directly to her.

But one of the senior officials familiar with the situation said Ms. Georgieva was aware of the internal investigation and was directly briefed on the allegations about Mr. Chaves's conduct after staff in Brazil complained about the prospect of his tak-

ing over that office. Ms. Georgieva said at the time that the allegations against Mr. Chaves seemed unfair to his reputation, the senior official added.

Last week, Ms. Georgieva said through the spokeswoman that she had learned at the time about concerns among some staffers about Mr. Chaves's reputation. However, she was told that "none of the staff recounted any firsthand experience or specific accusations against Mr. Chaves," she said through the spokeswoman.

The spokeswoman said Ms. Georgieva takes sexual harassment seriously and that she held town-hall discussions with staff while at the World Bank.

"It is something she has experienced during her own ca-

reer, and she cares very much about it. Nevertheless, as CEO of the World Bank, she couldn't take action against an employee without evidence," the spokeswoman added.

In 2018, the year before Mr. Chaves left the World Bank, he was in his fifth year as country director in Indonesia. He was then tapped as the next country director for Brazil until staff in the Brazil office protested against his taking the job, which prompted Ms. Georgieva to withdraw his appointment.

According to the case-related document released in June by the bank's labor tribunal, several employees publicly complained against Mr. Chaves's taking the job during a staff meeting in 2018. The document quoted one Brazil-based employee as saying, "He is a well-known sexual harasser."

After further inquiries from the Journal about why his transfer didn't happen, Ms. Georgieva's spokeswoman said she withdrew consideration of him for the Brazil post "given the risks to staff morale." But Mr. Georgieva also agreed to keep Mr. Chaves as Indonesia country director to honor requests by Indonesia's government to leave him in the Southeast Asian nation, she added.

Ms. Georgieva's spokeswoman told the Journal that staff under investigation aren't placed on administrative leave during probes because doing

so would go against the presumption of innocence and the confidentiality of investigations that staff are granted by World Bank rules.

She took no further action to investigate the allegations against Mr. Chaves, several senior World Bank officials with knowledge of the matter said.

Mr. Chaves remained in Jakarta. In April 2018, the two female employees who had worked for Mr. Chaves in the World Bank's Washington office and filed the harassment complaint during his time there asked the bank to place him on administrative leave because they feared for their safety, according to the tribunal's document. They would have had to work with Mr. Chaves if he were transferred to Brazil. The request was denied.

After oral proceedings at the tribunal last May, the bank acknowledged that Mr. Chaves's conduct amounted to sexual harassment and apologized to the women for its mishandling of the case.

When asked about the accusations by staff in Indonesia, Mr. Chaves denied wrongdoing. In an email to the Journal, he said he complied with the bank's ethical and professional principles during his time in Jakarta.

Through her spokeswoman, Ms. Georgieva said no reports of alleged misconduct in the Indonesia office were brought to her attention.

Lockdown Tests Chinese Exports

By YOKO KUBOTA

BEIJING—A Covid-19 lockdown in Shanghai marks another potential setback for China's export machine, reigniting concerns over the risk of renewed disruption to global supply chains pummeled by the pandemic and war in Ukraine.

Authorities imposed a two-stage lockdown on China's most populous city on Monday, the latest reverberation from the country's zero-tolerance strategy that is facing its toughest test yet from the highly contagious Omicron variant.

Tesla Inc. is suspending production at its car plant in Shanghai for four days, people familiar with the matter said, but chip maker **Semiconductor Manufacturing International Corp.**, which has two fabrication plants in the city, is producing and operating as usual, a company representa-

managing the shocks, but the shocks are getting bigger," said Hui Shan, chief China economist at Goldman Sachs in Hong Kong.

A surge in coronavirus cases this month prompted Chinese authorities to impose lockdowns and factory closures in chunks of the country, including manufacturing hubs such as Shenzhen and the city of Changchun in the northern province of Jilin.

Shanghai ordered citizens on the eastern side of the city to stay home on Monday and shut down public transportation for four days while public-health officials conduct a testing blitz. The lockdown is due to switch to the Western half of the metropolis of about 25 million on April 1.

For now, the city's port remains open around the clock as usual, operator Shanghai International Port Group said. Essential workers and service providers such as medical staff, police and food delivery workers will still be allowed to move about provided they show a work pass.

Companies and factories will be allowed to maintain operations under "closed-loop production," municipal authorities said, a system that involves staff working, living and staying within the factory campus.

But even with such measures, keeping the flow of goods moving from factory to port to customers overseas is tricky as the lockdown ensnares truckers, warehouses and other critical links in supply chains.

"Warehouses have shut down and transportation to and from the port has been disrupted," Zou Xiaodong, vice general manager at **Shanghai Gangxian International Freight Forwarding Co.**, said Monday.

Some drivers are avoiding transporting goods through Shanghai altogether, fearful of ending up in quarantine.

Repeated flare-ups and logistical headaches are weighing on industry.

tive said Monday. Shanghai's port remains open, but exporters are bracing for delays as the lockdowns hit warehouses, transport and staffing, a pattern experienced during similar targeted lockdowns such as the one in the southern city of Shenzhen.

Though China is getting better at keeping ports open and factories humming when restrictions tighten in response to rising caseloads, economists and company executives say the repeated flare-ups and logistical headaches of navigating shifting public-health measures are nonetheless weighing on industry, keeping up inflationary pressure on a world economy struggling with surging prices.

"China is getting better at



Chinese authorities imposed a two-stage lockdown on Shanghai—the country's financial capital and most-populous city—on Monday.



Secretary of State Antony Blinken, second right, greeted foreign ministers from Bahrain, left, Israel, second left, and the U.A.E. on Monday.

Israel, Arab Nations Aim to Firm Ties

SDE BOKER, Israel—A historic gathering of U.S., Israeli and top Arab diplomats concluded Monday with fresh momentum for discussions to create new Middle East defense partnerships, as onetime foes pledged to meet regularly to boost economic and security ties.

By Dov Lieber, Summer Said and Courtney McBride

Motivated by a shared desire to contain Iran and navigate a shrinking U.S. footprint in the Middle East, Israeli Foreign Minister Yair Lapid met with his counterparts from Bahrain, Morocco and the United Arab Emirates—three of the Arab countries that normalized relations with Israel in 2020 in the so-called Abraham Accords. U.S. Secretary of State Antony Blinken and Egyptian Foreign Minister

Sameh Shoukry also took part. Standing together to deliver closing statements, the ministers said they discussed new security alliances, especially against perceived threats from Iran and its proxies.

"This new architecture, the shared capabilities we are building, intimidates and deters our common enemies—first and foremost Iran and its proxies. They certainly have something to fear," Mr. Lapid said.

The summit came after a flurry of closed-door talks this year about creating a new defense alliance in the Middle East that includes Israel, the U.A.E., Bahrain and Egypt, with hopes of eventually including Saudi Arabia, Middle East officials close to the discussions said.

In a meeting in the Red Sea resort of Sharm El Sheikh last week with Egypt President Abdel Fattah Al Sisi and the

U.A.E.'s de facto ruler, Sheikh Mohammed bin Zayed al Nahyan, Israeli Prime Minister Naftali Bennett proposed a Middle East "defensive envelope" featuring Israeli air-defense systems, people familiar with the talks said.

Mr. Bennett pointed to a new laser system developed in Israel that he said would be able to shoot down drones for a fraction of the cost of the country's Iron Dome defense or the Patriot missiles used in the Persian Gulf, the people said.

"Friendly countries will get anything Israel can give, of course with collaboration with the United States," said Israel's ambassador to the U.A.E., Amir Hayek.

The proposal is being crafted by Israel and the U.A.E., whose ties have grown closer since the Emiratis were the first country to launch the Abraham Accords in 2020, the

people said.

U.S. officials said they support the discussions. The Trump administration tried unsuccessfully to create a Middle East Strategic Alliance, known colloquially as the "Arab NATO." The plan foundered amid disagreements among the key players over what the group would do.

Fault lines were already beginning to emerge in talks to include Israel in a new defense framework. Mr. Sisi was reluctant to sign up Egypt, as he doesn't view Iran as the same kind of threat that Israel or the Emiratis do, Egyptian officials said.

Another complication is Saudi Arabia, which has no formal relations with Israel. The kingdom was a part of the Arab NATO talks and interested in joining an alliance some day, but hasn't been engaged in the most recent discussions, Saudi officials said.

WORLD WATCH

ISRAEL

Islamic State Says It Killed Two Officers

Islamic State took responsibility for an attack in which gunmen killed two Israeli border police officers and injured at least six others during a shooting spree Sunday night in the streets of Hadera in central Israel, the second deadly incident linked to the militant group in the country in under a week.

Monday's announcement is the first time Islamic State has claimed responsibility for an attack in Israel since 2017. Israeli security officials said the two gunmen who carried out the shooting were Arab-Israeli citizens who had become Islamic State operatives.

It comes less than a week af-

ter and Arab-Israeli man who had tried to join Islamic State in Syria killed four people in southern Israel.

The shooters on Sunday were carrying more than 1,100 bullets, three handguns and knives, as well as protective armor, police said.

—Dov Lieber

CANADA

Deal for Child-Care Subsidy Is Approved

Canada approved a landmark plan for subsidized \$8-a-day child care, a major win for Liberal Prime Minister Justin Trudeau. He said Monday his Liberal government has now delivered one of its key economic promises after striking a deal with Canada's largest province, Ontario.

Now, the whole country is on

the path toward delivering child care to households at a daily cost of 10 Canadian dollars, or the equivalent of \$8. Earlier, the other nine Canadian provinces, which have jurisdiction over the administration of child care, all reached their own deals on child-care subsidies. The provinces will receive tens of billions of dollars from the federal government to help reduce fees paid by parents, build more spaces and increase pay for child-care workers.

—Paul Vieira

HONDURAS

Court Allows U.S. to Extradite Ex-Leader

The Supreme Court of Honduras ruled unanimously that former President Juan Orlando Hernández should be extradited

to the U.S. and face trial in New York on charges he helped smuggle tons of cocaine in exchange for millions of dollars in bribes, a court spokesman said Monday.

Mr. Hernández was arrested by Honduran security forces in February after the U.S. requested his extradition following a three-count indictment made on Jan. 27, hours after Mr. Hernández left office.

U.S. prosecutors charged him with one count of conspiracy to manufacture and import cocaine and two counts of using weapons, including machine guns, over the course of at least 18 years, according to the extradition request seen by The Wall Street Journal.

Mr. Hernández has denied involvement in drug trafficking or corruption.

—Santiago Pérez

FROM PAGE ONE

Peru's Risqué Statues

Continued from Page One
the region's past with a bawdy idea: Put up a giant replica of an erotic ceramic from the pre-Incan Moche civilization that once flourished in the area.

Before Covid-19, visitors marveled at Moche's massive mud-brick temples and ornaments from royal tombs. And they ogled the ceramics that archaeologists consider to be among the finest from the ancient Americas, typically reddish and cream-colored pots about 10 inches tall.

The pots appear to depict people, mythical animals and human sacrifice. They also feature naughty images, by modern sensibilities. Some jars and jugs depict sex acts so explicit that museums keep them separated from main exhibitions.

In early January, residents were bewildered to find, on a road into town, a large replica of a Moche sex pot—a man with disproportionately large privates that were, shall we say, upstanding. It was the brainchild of Mayor César Fernández, a gynecologist by training.



A visitor poses at the feet of the 9-foot-tall 'Ceramic of Love' statue in Moche, Peru.

He celebrated the fiberglass statue—"Ceramic of Fertility"—as a homage to the civilization that ruled the area from about A.D. 100 to A.D. 800.

"Egypt has the pyramids, New York has the Statue of Liberty and Paris has the Eiffel Tower," said Mr. Fernández, "but in Moche we had nothing."

The figure's critics, calling it lewd, said the mayor should stick to projects like improving roads. "It's grotesque," said Gerda Palacios, a 36-year-old from the nearby city of

Trujillo who recently visited with her husband and daughter. "Is it really necessary to do something like this?"

A few days after Mr. Fernández unveiled the statue, someone vandalized it. Then it burned to the ground.

Mr. Fernández inaugurated another version—"Ceramic of Love"—in February with fireworks, a DJ and free condoms as part of a family-planning campaign. He installed six more Moche-inspired statues on the road, including less-risqué ones

depicting a woman giving birth and a mother nursing a baby.

The largely Catholic nation once treated Moche's erotic vessels as pornographic. Jeffrey Quilter, an American archaeologist and Moche expert, recalled visiting the Larco Museum in Lima in the 1960s. Away from the main hall was the "Pornographic Room" housing the Moche's erotic vessels. It still has a separate "Erotic Room" open to everyone, including teenagers on school trips to learn about pre-Columbian so-

cieties and their norms.

The Moche were long gone when the Spaniards arrived and began imposing their norms, including destroying indigenous ceramics. Archaeologists and looters unearthed from sand-covered tombs the Moche pottery that survived years later.

Anthropologist Irene Silverblatt, who worked extensively in Peru and is retired from Duke University, recalled the first time she saw Moche erotic pots in Lima: "It was one of those, 'Oh, my God' moments."

In the mid-20th century, some researchers believed the Moche used the pottery for teaching birth control and sexual education. Most archaeologists today doubt that was the case. Some say the pots tie to notions of fertility and the agriculture cycle. Others suggest they relate to the afterlife, as many depict skeletal figures engaged in nonreproductive acts. Still others believe the pots were key to understanding the Moche's relationship to the arid environment and the importance of storing liquids. Or maybe the pots were sometimes Moche attempts at racy humor, said Mary Weismantel, a Northwestern University anthropologist and author of "Playing with Things: Engaging the Moche Sex Pots," a book on the subject.

"There is a lot of playfulness in the pots and a lot of

visual puns," she said.

The mayor's motives continue to draw skepticism from locals like Rosa Benites, an artist who has worked on municipal culture projects in Trujillo. "The intention is to create a scandal," she said. "Where is the educational aspect?"

The statues are a hit with Peruvian families like those on a recent day who giggled for pictures beside the ancient man's depiction. Wilmer Ramos and Estefani Arrana, a couple visiting from the town of Pacasmayo, said the statues represented their heritage. Nathaly Vera, who flew in from Lima, saw humor in the figures.

"I don't feel uncomfortable," said Natalie Valiente, who came from Trujillo with her 9-year-old nephew and 15-year-old niece. "I try to see it as something natural."

Local vendors sell key chains, hats and T-shirts with sex-pot images. Restaurants use the male statue's depiction to promote lunch specials.

Jesus Enco, a local artisan who makes replicas, said his erotic ceramics are bestsellers. Before the giant statues appeared, only the odd visitor would inquire if he had sex pots. Some women would reprimand him if they saw an erotic vessel in his main showroom.

"I'd turn red like a tomato," said Mr. Enco. "Now they are buying more than ever."

Leak Shows Pro-Russia Hackers

Continued from Page One
exchanged by 450 Trickbot managers, staff and business partners since June 2020 reveal a well-organized criminal syndicate with possible connections to Russian intelligence agencies. They show an organizational resilience that allowed the group to rapidly recover from counterattacks by law enforcement, and grand ambitions to diversify and develop a cryptocurrency.

Life inside the group swings wildly between the dangerous and the mundane, with managers at once hatching extravagant plans, such as opening a pro-Russian espionage division, while also budgeting vacation time and smoothing over workforce conflicts.

Russia's invasion of Ukraine last month prompted the researcher to leak the information, according to two people who know him and can verify the work he did to capture Trickbot communications and pass them on to Western cybersecurity professionals. The researcher didn't respond to requests for comment sent to him via an intermediary.

U.S. law-enforcement officials haven't publicly verified the materials. Cybersecurity researchers and former security officials say the chat logs and other leaked documents appeared to be authentic. The Federal Bureau of Investigation declined to comment.

The data include technical details that align with attacks using ransomware called Conti that Trickbot has previously claimed, as well as a breach previously attributed by security

Russia's invasion of Ukraine prompted the researcher to leak the information.

experts to another strain of ransomware developed by the group called Ryuk, according to an analysis of the data by The Wall Street Journal.

A malware developer participating in the chats used a nickname previously identified in a federal indictment as a coder for Trickbot. And gaps in the logs coincide with periods when the group's computer infrastructure was known to have been disrupted, according to security researchers and the security blogger Brian Krebs.

Ransomware locks up a target computer network's files until payment is made for their release. It has ballooned as a criminal enterprise in recent years. The U.S. Treasury Department said last fall that ransomware payments by American companies that were flagged by U.S. banks in the first six months of 2021 had nearly doubled to almost \$600 million from the previous year's period. President Biden began put-

ting pressure on Russian President Vladimir Putin last summer to take action to limit ransomware originating in Russia. Much of the world's cybercrime—including ransomware—originates there or in Eastern Europe, say security researchers and government officials.

Russia has denied U.S. accusations its state security apparatus is involved with cybercrime or tolerates it. Russia's embassy in Washington didn't respond to requests for comment.

Officials say cybercriminal groups could target the U.S. as a form of retaliation for the West's support for Ukraine against Moscow's invasion. Gen. Paul Nakasone, the head of the National Security Agency and U.S. Cyber Command, warned during a Senate hearing this month that Russia could become more likely to lash out with ransomware or other aggressive cyberattacks as the Ukraine conflict drags on.

On Monday, a Ukrainian internet service provider used by the country's military suffered a massive cyberattack, disrupting its services. Officials didn't say who was responsible.

Mr. Biden last week said evolving intelligence indicated the Kremlin was looking to target the U.S. with cyberattacks in response to economic sanctions.

U.S. officials are weighing whether to sanction the Trickbot group, according to sources familiar with the Treasury Department's thinking. Such a move would make it illegal for U.S. companies to pay its ransomware demands.

Top ransomware

Trickbot is one of the most prolific and widely feared of the ransomware groups, and its Conti ransomware was the most used in 2021, according to cyber-threat researchers at Unit 42, at Palo Alto Networks. Trickbot runs an affiliate program that allows other criminals to sign up as partners and wield the group's ransomware, servers and ransom negotiators in exchange for payment.

The group's Conti ransomware strain was used in 16 targeted attacks on U.S. emergency responders last year, including hospitals and 911 call centers, according to the FBI. It was also used in attacks on Ireland's national healthcare system that forced doctors to cancel stroke and cancer treatments. The group's other ransomware code, Ryuk, has been used in attacks on at least 235 general hospitals and other healthcare facilities in the U.S. since 2018.

On Feb. 27, the anonymous researcher posted nearly two years of data—private chat messages, financial information, source code and other technical details—which he described as belonging to the operators of the Conti ransomware.

The leaks depict a highly professional and ruthless ransomware organization at the top of its game, said John Fokker, head of cyber investigations with the security firm Trellix. "They don't care if they go after a hospital," he said. "It's all about making money."

The anonymous source of the leak is one of a handful of cybersecurity analysts who have been secretly infiltrating Trick-

bot's electronic infrastructure, according to Alex Holden, a security analyst whose company, Hold Security, monitors Eastern European cybercrime and Trickbot. The researchers have recorded private chats undetected and undermined some of the group's plans.

In September 2020, U.S. officials at U.S. Cyber Command and elsewhere were successful in freeing thousands of computers from the hackers' control, according to current and former officials and others familiar with the operation. The network of machines had been infected for the purpose of conducting cyberattacks, they said.

At around the same time, Microsoft Corp. worked with a world-wide coalition of technology companies to block servers at eight U.S. hosting companies that Trickbot rented to run the back-end of its operations.

The chat messages show flashes of frustration with the counterattack. "[T]hese offline bots will demoralize everyone," one Trickbot manager complained, referring to the hacked PCs that abruptly stopped accepting orders from the group.

The group began rebuilding its network of compromised computers immediately, and within weeks had returned to full strength and started a dangerous revenge plot, the messages show. The hackers began methodically penetrating U.S. hospitals, intent on simultaneously crippling hundreds of them as they struggled with rising Covid infections.

Cybersecurity researchers who had been tracking the group warned U.S. authorities, and the Department of Homeland Security warned hospitals. Cybersecurity experts worked to minimize the damage. "I don't think I've ever been as scared as

FROM THE CHAT LOGS

Second-level manager Target delegates a coordinated attack on U.S. hospitals.

Target to Troy, Oct. 26, 2020

• (05:32:20) In the US

• (05:32:21) There will be panic

• (05:32:29) 428 hospitals

• (05:32:34) 2 to 4 coordinated contacts

• (05:32:47) Now everything depends on you

Target updates Stern after word of the planned hospital attack leaks out, and describes his efforts to plug the leak.

Target to Stern, Oct. 30, 2020

• (03:20:11)

I find it all funny, but Iгла and Troy are very busy.

• (03:21:13)

Checked everything back and forth, nothing is left on the PC, no traffic is leaking.

Mango shares a brainstorm on how to monetize stolen data by auctioning it off on the dark web.

Mango to Professor, April 9, 2021

• (18:59:51)

Salute hooligan! While I was sleeping, I came up with a very cool idea about the data auction.

New Years Eve wishes from Elroy

Elroy to all, Dec. 31, 2021

• (13:21:35)

Happy New Year, friends. The past year was very interesting. It was a lot of things))

• (13:21:35)

I wish you in the new year:

- Patience to our admins.
- vitality to our bots.
- Fortitude to our cryptos.
- Diligence to our reverses.
- Resourcefulness to our programmers.
- Attention to our testers.
- Profit to our partners.
- Kindness to our managers.
- Great patience to our management.

• (13:21:35)

And good luck, gentlemen, to all of us, and even to those whom I do not know yet

Top boss Stern complains about the quality of his workforce in a chat with one of his middle managers.

Stern to Mango, July 5, 2021

• (13:59:01)

I have 100 people here, half of them [...] do not do what is necessary

• (13:59:09)

and only ask for money because they think they're fucking useful

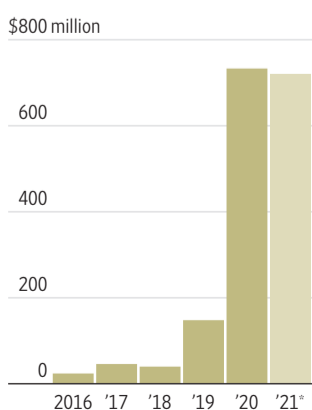
I was that week," said Joshua Corman, former chief strategist with the Cybersecurity and Infrastructure Security Agency's Covid Task Force, a Homeland Security group set up to protect the healthcare sector during the pandemic.

After the hospital attack plan was countered, the messages show Trickbot managers searching for how their plans leaked. "Checked everything back and forth, there's nothing on the PC, no traffic leaks," one of the group reported to "stern."

Though the coordinated hospital attacks didn't work out, funds were flowing in from desperate victims in other corporate sectors. The group's Conti ransomware business received payments of \$70 million in 2020 and more than \$200 million in 2021, according to blockchain analytics firm Chainalysis. As of early March, it had taken in \$13.5 million, Chainalysis said.

The chats offer a number of references to possible connec-

Total global ransomware payments in cryptocurrency



*Incomplete analysis for 2021; updated figure expected to be significantly higher. Chainalysis says numbers are underestimates because many attacks aren't reported. Source: Chainalysis

tions between the Trickbot gang and Russian security officials.

"We can see conversations that are very suggestive that at least a small portion of these threat actors might have some sort of relationship with Russian intelligence or the Russian government apparatus," where the hackers may work to obtain intelligence for the government, said Kimberly Goody, director of cybercrime analysis with the security firm Mandiant.

In October, a member called "kagas" passed along word of a newly reopened investigation in Russia into the group spurred by a request from U.S. officials.

"[T]he investigator said why it was renewed—the Americans officially requested information on Russian hackers...We were summoned by the investigator next Tuesday for a talk, but sort of as witnesses for now."

Russian 'patriots'

Earlier last year, members of the group discussed specifically targeting "people who work against the Russian Federation," instead of limiting their attacks to large corporations that can afford sizable ransom payments, their previous strategy.

One of the hackers claimed to have breached the email of a reporter at the open-source investigations organization Bellingcat, and scoured for information on an investigation implicating Russia's FSB, its civilian intelligence agency, in the 2020 nerve agent poisoning of Russian opposition leader Alexei Navalny. "Of course we are patriots," another group member wrote.

Russia's invasion of Ukraine stirred patriotic sentiments in some group members. "Happy holidays, cyber troops!" wrote one group member on Feb. 23, Defender of the Fatherland Day

in Russia and the day Russian troops entered Donbas, a day before the broader invasion. "Let's beat the Americans!"

At other times, group members resemble the nerds and schemers on the HBO television series "Silicon Valley." The logs show some members pitching senior managers on pet projects and new monetization strategies. "While I was sleeping, I came up with a very cool idea," wrote a midlevel manager called "Mango," who then proposed a micropayment auction system to sell uncooperative victims' stolen data in dribs and drabs.

Visit to dentist

The group maintained offices in Moscow, which it used to recruit new talent, but, like other businesses, switched to a work-from-home model during the Covid outbreak, according to Vitali Kremez, the chief executive with the security company AdvIntel, who reached those conclusions based on his own intelligence gathering.

Hackers took breaks to visit the dentist, the chats show, and appeared to have human-resources staff. The hackers talk about the struggle to recruit technical talent, tell jokes, grouse about vacation and even muse about launching their own cryptocurrency blockchain.

Last year, the FBI arrested Alla Witte, a Latvian national accused of serving as one of the cybercrime group's key developers. The hackers worked to hire a lawyer for Ms. Witte, and discussed using their ransom profits to fund her defense. Their strategy would be to portray Ms. Witte as an unwitting accomplice to the group's crimes, wrote "Mango": "We will try to make a victim out of her, got a job on the Internet, didn't see who she was working with."

The group tried to steer victims toward preferred ransomware negotiating companies and pressure victims to submit to escalating extortion demands. In one of the chats, Trickbot's operators claim to have a journalist, whose name and organization wasn't revealed, in the payroll who would take a 5% commission on extortion payments in exchange for pressuring victims by threatening critical coverage of breaches.

In late February, Trickbot announced it was supporting the Kremlin and threatened to respond forcefully to any cyberattacks against Russia.

That prompted the researcher to release megabytes of logs, code and documents he had compiled from his time monitoring the group, according to Mr. Holden, the security analyst at Hold Security.

"The gang itself is in shambles," said Mr. Holden, indicating the leak disrupted the group's operations. "We've seen them try to reassemble a little bit, but they're not rebuilding in any meaningful way."

The large leak was followed in early March by a smaller dump by the same researcher of chat logs capturing the hackers' response to the leak. The logs show Trickbot scrambling to rip down infrastructure and destroy evidence. "Who leaked?" one member demanded.

—Mauro Orru contributed to this article.



RATINGS IMPROVE OVER 2021'S LOW

More than 15 million people tuned in to watch ABC's coverage of the 94th annual Academy Awards, according to preliminary numbers from TV-ratings firm Nielsen.

That is a significant increase from last year's record low of 10.4 million viewers of ABC's broadcast of the ceremony, which was much smaller in scale due to Covid-19 concerns. ABC is a unit of Walt Disney Co.

Whether Will Smith's slap of Chris Rock after the comedian made a joke about Mr. Smith's wife, Jada Pinkett Smith, boosted ratings in the last hour of the show won't be known until Nielsen issues its final ratings later this week, which will include quarter-hour breakdowns of viewership.

While the audience for Sunday's telecast was a vast improvement from 2021, it is still a big decline from the 23.6 million who tuned in to watch the 2020 Oscars and continues a trend of declining viewership for the award ceremony.

—Joe Flint

Will Smith Sorry for 'Inexcusable' Smack

Academy to investigate the Oscar winner's slap of Chris Rock

By ELLEN GAMERMAN AND JOE FLINT

Will Smith on Monday evening apologized to comedian Chris Rock for his behavior in Sunday night's Academy Awards ceremony, which included slapping him on stage over a joke about the Oscar winner's wife, Jada Pinkett Smith.

"My behavior at last night's Academy Awards was unacceptable and inexcusable," Mr. Smith wrote in an Instagram post. "Jokes at my expense are a part of the job, but a joke about Jada's medical condition was too much for me to bear and I reacted emotionally."

"I would like to publicly apologize to you, Chris. I was out of line and I was wrong. I am embarrassed and my actions were not indicative of the man I want to be."

In rehearsals for the awards show, Mr. Rock didn't tell the joke that led Mr. Smith to slap the comedian, people close to the production said.

Mr. Rock's joke, a riff about Ms. Pinkett Smith's short hair, also wasn't on the teleprompter for the show, they said.

Ms. Pinkett Smith has said on social media that she has alopecia,

a medical condition that causes hair loss. Representatives for Mr. Rock didn't respond to a request for comment.

Later in the evening Mr. Smith won the Oscar for best actor for his performance in "King Richard," a biopic about Richard Williams,

The academy said it can take disciplinary action, including revoking an award or honors.

the father of tennis stars Venus and Serena Williams.

Mr. Smith also apologized to the Academy of Motion Picture Arts and Sciences, which puts on the Oscars; the producers of the show and its attendees and viewers; the Williams family; and "my King Richard Family."

Earlier that day, the academy launched a formal investigation into the incident.

"The Academy condemns the actions of Mr. Smith at last night's show," the organization said in a

statement. "We have officially started a formal review around the incident and will explore further action and consequences in accordance with our Bylaws, Standards of Conduct and California law."

The academy's standards of conduct state that the organization can take disciplinary actions including "revoking Academy awards or honors." It can take less drastic measures, too, including private or public reprimand, and temporary or permanent loss of eligibility for future Oscars.

Mr. Rock declined to file a police report against Mr. Smith, according to the Los Angeles Police Department, which released a statement saying that it was aware of "an incident between two individuals" at the Academy Awards. "The incident involved one individual slapping another," it read.

After the ceremony, Mr. Smith continued in the manner of any Oscar winner. He posed for photographs, smiling with children Willow, Jaden and Trey Smith, alongside Ms. Pinkett Smith. The family huddled close for a photo portrait at the Vanity Fair Oscar party.

During Mr. Smith's acceptance speech, he apologized to the Acad-



Will Smith hit Chris Rock shortly before he received the best actor Oscar. He later posed for photographs at the Vanity Fair party with children Willow, Jaden and Trey, and his wife, Jada Pinkett Smith, far left.

emy, but not to Mr. Rock.

This wasn't the first time Mr. Rock had fun at the expense of the couple. When the comedian hosted the 2016 Academy Awards, he also made jokes about the pair, including questioning Mr. Smith's high salary.

Mr. Smith's family appeared to close ranks around him. His son Jaden Smith tweeted: "And That's How We Do It."

Some of the loudest critics of Mr. Smith were comedy professionals, including filmmaker Judd Apatow, stand-up comedian Jim Gaffigan and personality Kathy Griffin.

At the ceremony, Mr. Smith appeared to be consoled by other celebrities in the room, including

Denzel Washington, Bradley Cooper and Tyler Perry.

Tributes to him followed after the show. Rapper Nicki Minaj said Mr. Smith was right to defend his wife. "This is what any & every real man feels in that instant," she wrote on Twitter. "While y'all seeing the joke he's seeing her pain."

Video posted on social media from the Vanity Fair afterparty showed Mr. Smith clutching his Oscar, dancing and rapping along to his hit "Gettin' Jiggy Wit It." He was surrounded by guests holding up their phones to capture the moment as they danced along with him.

—Omar Abdel-Baqi contributed to this article.

By ANNE TERGESEN

Phased retirement arrangements might be a good fit for older employees who want to scale back on work but aren't yet ready to leave for good.

Committing to a part-time retirement plan can affect your pay, job responsibilities and benefits. Not everyone can afford to give up pay in return for more free time.

"It requires some planning," said Elliot Dole, an adviser in St. Louis.

Talk to your employer

Clarify how your role will change and whether you will shift some responsibilities to colleagues, or move to a position suited to working fewer hours.

"You don't want to be paid less to put forth the same effort and time," said Mr. Dole, who has two clients assessing such a program at a large financial-services firm.

Find out how phased retirement will affect your health insurance. Many employers don't provide coverage to part-time workers, and some who do require them to pay a higher portion of their premiums.

If you don't qualify for the company plan, ask for money to purchase an Affordable Care Act plan, said Karen Burke, an HR adviser at the Society for Human Resource Management.

Planning your income

To supplement your phased-retirement pay, you might want to take withdrawals from your 401(k) plan. Many employers allow employees ages 59½ or older to tap their accounts, but some don't, a detail



Planning for Part-Time Retirement

you'll find on your plan's summary plan description.

If you want to continue contributing to your retirement account, find out whether you remain eligible. Once an employee's hours fall below certain thresholds—often 1,000 hours a year or 500 for long-term part-timers—some 401(k) plans prevent participation. And if your pay declines, your 401(k) contributions, as well as your employer

match, might fall, too.

Another way to supplement a phased-retirement salary is to tap into your pension. Congress recently enacted legislation that gives those on the payroll access to their pension checks starting as early as age 59½. But employers don't have to amend their plans to make that possible. Taking benefits early might lock you into a lower monthly benefit, said Chantel Sheaks, vice

president of retirement policy at the U.S. Chamber of Commerce.

Most pension plans weigh factors including an employee's salary and tenure when calculating pension benefits. If your plan considers the years just before retirement rather than the highest three or five years of pay, going part time at the end of a career might result in a reduced pension benefit, Ms. Sheaks said. Ask your employer about the

benefit formula and whether you'll accrue pension benefits while working part time, she added.

Social Security

Starting at age 62, individuals can tap Social Security benefits. But doing so then might hurt your finances in the long run, since the longer you can delay claiming between ages 62 and 70, the bigger the monthly benefit you'll get. Plus, Social Security penalizes many who continue to earn an income before reaching full retirement age, which is 67 for those born after Jan. 1, 1960.

In 2022, for every \$2 above \$19,560 earned by a Social Security recipient younger than full retirement age, the Social Security Administration reduces his or her benefits by \$1. In the year in which the recipient reaches full retirement age, the reduction is \$1 in benefits for every \$3 earned above \$51,960.

Shortly before full retirement age, the deductions stop. Benefits are then raised such that the reductions would be recouped if the recipient lives to about age 80, according to Bill Reichenstein, head of research at SocialSecuritySolutions.com, which sells Social Security claiming advice.

Social Security recipients who earn wage income might also owe income tax on as much as 85% of their benefits.

Andrea Eaton, an adviser in Minneapolis, said phased retirees looking to supplement a part-time income should opt for 401(k) withdrawals over claiming Social Security, especially before full retirement age to avoid any reduction in their Social Security benefits.

GETTY IMAGES/AVETENDI

PERSONAL JOURNAL.



PERSONAL TECHNOLOGY
NICOLE NGUYEN

Your Phone Is Too Big—Here's How to Handle It

Phones are getting bigger and heavier every year. Six-inch-plus screens are great for displaying easy-to-read text and watching videos. But they make one-handed swiping and typing tough—not just for people with small hands, but also for those with normal-size mitts.

In some cases, depending on how you use your giganti-phone, you could even cause yourself pain and injury, hand surgeons say.

“Texting thumb” is caused by repeatedly raising the thumb to type and hinging your wrist to hold your phone, said Andrew Li, assistant professor in hand and plastic surgery at the University of California, Davis. To prevent smartphone-related injuries, he recommends giving your hand a break from continuous texting and scrolling, ideally every 15 minutes.

What about a smaller phone? Apple sells the smallish iPhone SE and even smaller iPhone 13 Mini, though analysts predict the Mini model's days are numbered. On the Android side, there are few name-brand options with screens smaller than 6 inches. There is the adorable, credit-card-size Palm, but it isn't powerful enough for most people.

I can't shrink your phone, but I can guide you to accessories and settings that can make your big phone easier to use.

Get a Grip

Be conscious of how you hold your phone, said Brandon Donnelly, an orthopedic hand surgeon based in New Orleans. Swiping and typing in the same hand or even holding your phone to your ear, with your elbow bent like a V, for long periods can cause numbness or tingling. Phone grips, he said, could help with adjusting hand position and reducing strain on the thumb. Some grips double as a stand, so you can give your hand the rest that Dr. Li prescribed.

I tried five types of grips that can attach to the back of your phone. All these accessories helped my thumb reach the far corners of a too-big phone—but some got in the way of wireless charging and

the MagSafe magnetic accessory system found on newer iPhones. Here's what you need to know:

► **PopGrip for MagSafe (\$30):** This PopSockets grip, which magnetically attaches to the back of a MagSafe-enabled iPhone, is surprisingly secure, surviving multiple shake tests, but it easily comes off if you want to charge your phone wirelessly. (MagSafe phone cases have extra magnetism so that accesso-

ries including this one stick well; on a bare phone, the PopGrip came right off.) PopGrip also doubles as a stand, at least in landscape mode, so it's good for watching videos. My primary issue is that the accordion-style grip is hard to pop open with just one hand.

► **PopGrip Slide (\$17):** The PopGrip Slide is secured by two arms that expand to hug the sides of the phone. I preferred this PopSockets

model because it allows you to adjust the location of the grip. When it's positioned lower, my thumb can more easily reach most apps' navigation bars. Just note: The Slide with square edges is for iPhones and the kind with curved edges is for devices such as Samsung's Galaxy S22. Buy the wrong grip and it could go flying off.

► **Speck GrabTab (\$9.95):** PopGrips can feel bulky in pants

pockets. Speck's GrabTab has a slimmer profile, and a nice loop to slide your finger into. The card-size grip attaches to a phone or case with an adhesive. The grip also doubles as a stand in either orientation. You can get wireless charging to work with the GrabTab, but because of the extra left, you need to be more careful with placement. Make sure you see the charging icon on your phone before walking away.

► **LoveHandle (\$10):** This elastic strap, attached with an adhesive, was the most comfortable low-profile grip I tested. But it can't be used as a stand, and it doesn't work with wireless charging.

► **Lamical Ring Stand (\$8.49):** The ring style is a more sleek low-profile option that can be used as a kickstand in either orientation. But it's also incompatible with wireless chargers.

Finger-Friendly Settings

Apple's iOS and Google's Android have smartphone settings to bring hard-to-reach screen elements closer to your fingers.

On the iPhone, go to Settings > Accessibility > Touch and turn on Reachability. Once this is enabled, hold the phone in portrait orientation. If you have a device with Face ID, swipe down on the bottom edge of the screen, over the bar, and the top half of the screen will drop down. If you have a home-button iPhone, double-tap the button.

To move the keyboard to the side for easier typing, tap and hold the emoji icon when the keyboard is on screen. If you have multiple languages enabled, tap and hold the globe icon, then tap one of the keyboard layouts.

On a Samsung device, go to Settings > Advanced features and enable One-handed mode. (On other Android devices, go to Settings > System > Gestures.) Shrink the screen so it's within thumb's reach by swiping down on the bottom edge of the device or double tapping the home button.

Right now, I'm trying out Dr. Li's other advice, which is to use voice-to-text as much as possible.

“For my own hand pain, I started using the dictation function,” he said, before quickly adding a caveat. “But don't forget to spellcheck—I accidentally called someone a whetstone.”



PHOTO ILLUSTRATION BY CHAYVA HOWELL/THE WALL STREET JOURNAL. GETTY


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E-Scooters Gaining in Popularity

BY RACHEL WOLFE

Sky-high gasoline prices, new commuting habits and a tough car-buying market are sending more people shopping for electric scooters.

Miami e-scooter marketplace and manufacturer Fluidfreeride has sold more than twice as many units this month compared with last, founder Julian Fernau says. Sales are 70% higher than in March 2021, he added, and website traffic is up about 30% since gasoline prices began to shoot up at the fastest rate on record earlier this month. At Bird, another manufacturer, sales have increased 60% and website traffic is up 30% during the same time, according to a spokeswoman.

Interest in e-scooters and similar e-bikes, which are just like the original versions only with a motor, has been rising for a couple of years, as supply issues have hurt car availability and commuting habits have changed during the pandemic. That interest has been supercharged more recently by pain at the pump. Some people have been thinking about buying an e-scooter for years; others had never even ridden before, but now say they want to scoot, instead of drive, to their office, grocery store or friends' houses.

Kris Mercado recently hit purchase on an e-scooter on Amazon after visiting a gas station. The 32-year-old freelance photo retoucher—who uses plural pronouns and the gender-neutral Mx.—says \$20 once nearly filled their Subaru Impreza's 13-gallon tank, but this time it barely paid for a quarter tank.

“I was like, ‘This is unacceptable,’” Mx. Mercado says. “I couldn't do it anymore.”

Mx. Mercado calculated that a new Hiboy S2 scooter, which cost \$460, would pay for itself after about five trips from their home in Newark, N.J., to their girl-

friend's apartment in Queens, N.Y., using an e-scooter and public transportation, compared with the roughly \$100 round-trip cost of going by car, after factoring in tolls, parking and gas.

They have a disability that makes it difficult to walk from home to the train station, and say public transit becomes easier when they can scoot when making transfers. They chose an e-scooter

\$300

Approximate starting price for a basic e-scooter model

model that comes with a detachable seat and weighs 33 pounds, so they can carry it up and down subway steps.

Electric scooters start at around \$300 for a basic model, but e-scooter manufacturers and riders say all are not created equal. Some

Dual-suspension models that start at around \$1,200 hold up better to potholes and longer trips, says Kevin Grandon, who runs Alien Rides, a company that sells and reviews these models.

“It still pays off pretty fast if you're saving \$15 to \$20 a day on gas,” he says, adding sales at the company have increased about 20% over the past month.

A scooter holds about a kilowatt of energy, which costs roughly 50 cents and allows you to ride the equivalent of 2 to 3 gallons of gas, says Mr. Grandon. Charging from empty usually takes five to six hours with the charger plugged into a standard wall outlet. Fast chargers capable of charging a scooter in an hour or two are also available.

Tyler Klahn, a specialty computer programmer in Colorado Springs, Colo., says he couldn't afford an electric vehicle, which costs about \$56,000 on average, according to J.D. Power. Three years ago, he bought an e-



Kris Mercado and their dog travel via e-scooter and subway.

less-expensive models can feel less stable to ride and go only about 10 miles on a charge, says David Vosk, community manager for review site the Electric Scooter Guide. (His favorite, the \$4,799 Nami Burn-E 2 Max, can go 90 miles on a charge and reaches speeds up to 60 miles an hour.)

scooter instead.

Now, he owns four and hardly ever uses a car. The 32-year-old has even found community through the activity. Since joining the “Charge Colorado Springs” Facebook group last year, he has met up with 15 to 20 other members every Friday night to ride around the city.

TONIE THILSEN FOR THE WALL STREET JOURNAL

ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

A Mild Album From the Red Hot Chili Peppers

The 12th studio LP from the band, 'Unlimited Love,' features their classic sound but little that's new or exciting

The Red Hot Chili Peppers have often seemed on the verge of implosion, but so far the group has always bounced back. The Los Angeles quartet, whose mix of punk and funk proved hugely influential in the 1990s and beyond, has scaled heights few current rock acts can touch—a performance at the Super Bowl in 2014, 100 million records sold. But every few years the hard-living outfit finds itself on the brink of collapse. After the massive success of the band's 1991 breakthrough "Blood Sugar Sex Magik," wunderkind guitarist John Frusciante left the Peppers and struggled mightily with heroin addiction. Lead singer Anthony Kiedis, bassist Flea and drummer Chad Smith have all had their share of substance abuse issues as well.

Mr. Frusciante rejoined and then left once again after 2006's "Stadium Arcadium" to focus on his solo work, which is strange and sometimes wonderful and has earned him a cult following. The two records without Mr. Frusciante were decidedly uneven—one poor (2011's "I'm With You"), the other intriguing (2016's unusually lush "The Getaway," produced by Danger Mouse and mixed by Radiohead associate Nigel Godrich). Yet despite all this tumult, somehow the Red Hot Chili Peppers have endured.

On "Unlimited Love" (Warner), the group's 12th studio LP, out Friday, Mr. Frusciante returns to the fold, for the first time in 16 years, as does super-producer Rick Rubin, who was integral to the group's earlier success but hasn't worked with them in over a decade. With the personnel behind the band's biggest hits all back in place, it's not surprising that the new set feels like a deliberate return to basics. The production is ultra-simple, keeping the focus on the group's most identifiable qualities—Flea's percussive bass, Mr. Smith's rock-solid backbeat and Mr. Frusciante's minimalist guitar.

And then there's Mr. Kiedis. Plenty of people have poked fun at the silliness of his lyrics over the years. When he's not crooning a ballad, his primary strategy is to deliver stream-of-consciousness observations pitched somewhere between a hepcat disc jockey from the 1960s and an old-school rapper. But if he's heard the complaints, he's chosen to ignore them, and goofy choices abound. This is apparent from the opening track and first single on "Unlimited Love," "Black Summer," which finds the frontman tossing off non sequiturs such as "My Greta weighs a ton" and "platypus are few" in what sounds like an Irish brogue. But the tune's catchy and



The Red Hot Chili Peppers performing in Los Angeles in 2019

memorable chorus—traditionally a band speciality—blots out the song's shortcomings.

Unfortunately, with a few notable exceptions—the following "Here Ever After," "These Are the Ways" halfway through the record—killer choruses are in disconcertingly short supply on "Unlimited Love." The songs are well played and logically arranged but also weirdly inert. As one midtempo groove follows another, we recognize Flea's popping bass and Mr. Smith's steady snare, but the song constructions are rote, enlivened only by the occasional guitar excursion from Mr. Frusciante.

On the one hand, the band and Mr. Rubin show remarkable restraint—there's no attempt to dress up the group's sound or bring it in line with current trends, and the simple arrangements will be easy to replicate live. But many songs feel half finished. As is typi-

cal for Mr. Rubin's productions, each instrument is loud, heavily compressed and in your face. Which is ironic given that this is easily the Peppers' mellowest record: The tempos are mostly slow, and there's very little in the way of

Guitar hero John Frusciante and super-producer Rick Rubin return for the new album.

power chords. Unless you're listening closely, the songs on this lengthy album—17 tracks, 73 minutes—bleed together.

The skeletal, funk-inflected R&B of early Prince seems to be a primary influence. This sounds promising on paper, but Mr. Kiedis's attempts at lyrics about

love and companionship fall flat. He has little to say about the finer points of relationships, and on the bland "She's a Lover"—the most obvious Prince nod here—he falls back on groan-inducing come-ons like "She's so full of learning curves."

Here and there, Mr. Kiedis looks back on his life in music. The third track, "Aquatic Mouth Dance," pays tribute to some of the group's early influences over a busy bassline while horns add a touch of color; the fifth cut, "Poster Child," is especially nutty, as he free associates about music history with no particular point in mind ("Steve Miller and Duran Duran / A joker dancing in the sand / Van Morrison the astral man"). Mr. Kiedis sounds like he's having fun, but these songs don't hold up to repeated listening.

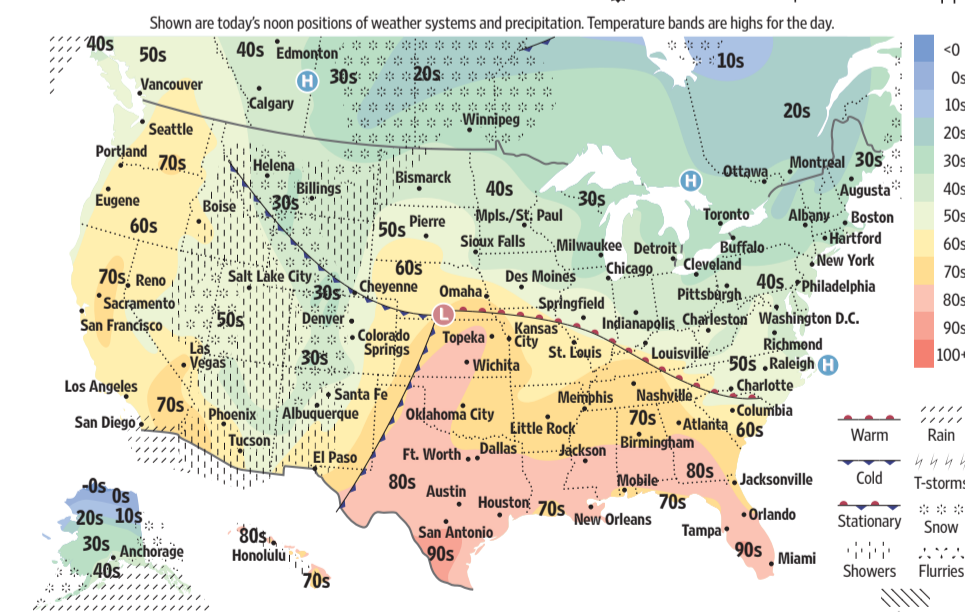
The penultimate track, "The Heavy Wing," is one of very few places on the record where the

Peppers really rock out, but the closing "Tangelo," yet another quiet ballad, brings them back to earth. It's so spare, the only things that pop out are awkward lines like "the smell of your hello" and "the smile of a knife / Is seldom befriending."

The band and Mr. Rubin have been at this far too long to make a truly awful album—these are pros who know how to get these songs to the "listenable" stage, at the very least. But there's a serious lack of energy and purpose on "Unlimited Love." It's as if everyone involved was so happy to have the classic lineup back in place that they thought more about trying to sound like the Red Hot Chili Peppers than about actually playing like them.

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

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	W	Hi	Lo	W
Anchorage	42	32	pc	43	37	pc
Atlanta	74	54	pc	81	60	c
Austin	82	60	c	83	44	s
Baltimore	47	27	s	56	49	c
Boise	66	39	pc	62	36	pc
Boston	39	26	s	48	35	pc
Burlington	31	21	pc	42	33	pc
Charlotte	59	45	c	80	64	pc
Chicago	43	39	r	66	42	r
Cleveland	38	32	pc	67	59	r
Dallas	82	62	c	70	47	pc
Denver	55	29	sh	49	29	pc
Detroit	40	31	pc	60	53	r
Honolulu	82	69	c	83	70	pc
Houston	84	69	pc	84	50	t
Indianapolis	46	42	c	73	47	t
Kansas City	73	53	c	56	32	sh
Las Vegas	71	57	pc	79	58	s
Little Rock	78	65	c	68	46	t
Los Angeles	66	52	pc	68	54	pc
Miami	84	73	s	83	74	pc
Milwaukee	39	36	r	54	39	r
Minneapolis	41	35	sh	40	29	r
Nashville	73	63	c	82	56	t
New Orleans	82	69	pc	82	59	t
New York City	42	29	s	45	40	pc
Oklahoma City	78	53	c	59	36	sh

International

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	53	38	c	48	35	c
Athens	64	49	pc	65	55	pc
Baghdad	78	48	s	82	57	pc
Bangkok	92	79	pc	94	80	t
Beijing	54	43	sh	53	30	pc
Berlin	52	33	c	48	31	c
Brussels	55	39	r	51	35	c
Buenos Aires	76	52	c	63	49	s
Dubai	84	68	s	89	70	s
Dublin	53	41	pc	47	32	c
Edinburgh	51	33	pc	43	27	r

Today Tomorrow

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Frankfurt	63	44	c	52	37	r
Geneva	63	46	c	59	44	sh
Havana	87	64	s	87	68	s
Hong Kong	73	67	r	78	72	pc
Istanbul	58	47	c	59	50	c
Jakarta	90	75	t	91	76	pc
Jerusalem	68	46	pc	64	46	s
Johannesburg	76	56	pc	78	56	s
London	52	40	r	52	36	c
Madrid	56	48	sh	55	39	sh
Manila	95	82	c	97	82	t
Melbourne	69	59	pc	66	56	pc
Mexico City	82	57	s	85	57	r
Milan	67	49	c	59	47	r
Moscow	40	23	c	36	20	sn
Mumbai	96	80	pc	96	79	pc
Paris	62	48	t	53	39	c
Rio de Janeiro	82	74	t	88	76	s
Riyadh	78	56	s	85	62	s
Rome	64	50	pc	61	54	r
San Juan	84	73	sh	83	73	pc
Seoul	61	39	pc	59	40	c
Shanghai	67	55	c	73	52	c
Singapore	90	78	t	89	78	t
Sydney	71	68	sh	73	65	sh
Taipei City	78	67	sh	83	68	t
Tokyo	56	52	sh	64	57	c
Toronto	36	23	s	36	35	sn
Vancouver	54	44	c	51	39	pc
Warsaw	52	34	c	49	35	r
Zurich	65	45	c	58	41	sh

The WSJ Daily Crossword | Edited by Mike Shenk

1 2 3 4 5 6 7 8 9 10 11 12 13

14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69

BIRDS OF A FEATHER | By Lucy Howard

- Down**
- Holland who plays Spider-Man
 - In the style of
 - Hwys.
 - Bibliography listing
 - "Bye!"
 - Unfavorable review
 - Greek vowel
 - Like wicker baskets
 - Rose family shrub
 - Workplace for a massage therapist
 - Sagal of "The Connors"
 - Peter and Gordon song "___ Pieces"
 - Prout's "À la recherche du temps ___"
 - Slow down
 - "Muchas ___"
 - Over again
 - Lyft alternative
 - Aardwolf's cousin
 - Flamenco shout
 - Miner discovery
 - Catch a bug, say
 - "Oh, it's no longer important"
 - Annapolis sch.
 - Surrounding glow
 - Singer with the 2004 #1 hit "Goodies"
 - Lettuce buy
 - Rearred
 - Goad
 - Big name in stationary bikes
 - Texas A&M athlete
 - Baseball's first female general manager
 - "Jeepers!"
 - Find hilarious, perhaps
 - "Sick burn!"
 - Dmitri's denial
 - Something to close before time
 - Offshore sight
 - "Well, obviously!"
 - Admission of defeat
 - Davis of "Thelma & Louise"
 - Longest bone in the body
 - One who might cry "uncle!"
 - Down
 - Word often represented by its middle letter in texts
 - Wee bit
 - Worn-out mount
 - Makeup of una medalla olimpica
 - In need of some blush, say

Previous Puzzle's Solution

BARE	BESET	SYNC
ALEX	OLIVE	MOPE
MAICE	DINER	EURO
BRAIG	TOURIS	SELF
TMP	ARTS	ESTEEM
STU	ELIS	ELO
ACRE	BONDY	FIELDS
THIEF	NAN	EAMES
BANNER	YEAR	VERY
ARG	VEX	OWE
TOATTE	BAISE	AFET
BORNYE	STIE	RDAY
CREW	TORTE	IMP
ROLLE	ERROR	FINE
YELL	REARS	ETAS

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

SPORTS

JASON GAY

A Final Four Revenge Twist

In Coach K's farewell season, Duke is getting another shot at North Carolina

Want to read an article about something besides "The Slap?" Terrific. Sports! College basketball. March Madness! Yes, you remember. Big, consequential games. Happened before Sunday's Oscars went haywire.

Cinderella is heartbroken and heading home. The long, magical run of Saint Peter's finally came to an end in the Elite Eight of the NCAA men's basketball tournament.

The best sports story of the month is no more. The Peacocks are no longer peacocking.

Instead: *CarolinaDukemaggedon* is coming to New Orleans.

Oh yeah. It's here, it's loud, it's going to be obnoxious—and also amazing.

The University of North Carolina at Chapel Hill.

Duke. As in Duke. You're either in or you're out. There is no in-between.

The Tar Heels vs. Blue Devils. Shockingly, they've never played in a Final Four. They've never met in the NCAA men's tournament, period, despite each school playing hundreds of games.

It's a Tobacco Road intramural, an ACC forever feud, and easily one of the juiciest Final Four games ever. The winner will play the victor of Saturday's other semifinal, Kansas vs. Villanova, in the championship game on Monday, April 4.

You don't need me to tell you that Duke vs. North Carolina is always an event. But this one is superfrothy because of the circumstances: This is Duke coach Mike Krzyzewski's last year on the sideline, and hard feelings linger from the way Carolina skunked Duke in Durham at the regular season's end.

You remember that, too. It was rough—or, depending on the level of your Duke antipathy, exquisite.

The Blue Devils threw a giant farewell party for Coach K at Cameron Indoor Stadium. They invited the famous basketball alumni, and packed the rest of the barn with face-painted crazies who had been sleeping in tents for months, plus bigger crazies who reportedly spent tens of thousands of dollars for tickets on the secondary market.

Duke stocked the afternoon with program pageantry and assorted Coach K worship...and then Carolina ran them right off the floor.

"Unacceptable," Krzyzewski, 75, sternly called it when it was over. He actually *apologized* to the crowd for the way the Blue Devils played. Then he had to sit through



FROM TOP: JARED C. TILTON/GETTY IMAGES; EZRA SHAW/GETTY IMAGES



North Carolina's Brady Manek, left, and Duke's Paolo Banchemo will square off again. Duke coach Mike Krzyzewski, bottom, is seeking his sixth national title.

a lot of them claim it didn't matter what happened in the tournament, that spoiling the Krzyzewski finale gave them enough Schadenfreude to smile until next season.

Now the rest of the season includes Duke, once more, in the Superdome.

I still think Heels fans are emotionally nourished by the Cameron victory and this tournament run in head coach Hubert Davis's first year is more or less playing with house money. There's no way a game on a sanitized neutral court—even a *Final Four* game—can match the in-state energy of what happened earlier in March.

But a chance to soul-crush Duke again? In a Final Four? That's zesty.

Carolina is looking the part. The eighth-seeded Heels made short work of Saint Peter's Sunday evening. They've made it to Louisiana via an impressive run that included an upset of defending champion and No. 1 seed Baylor, and a Sweet 16 triumph over No. 4 UCLA.

As for Duke, they look like an

utterly different team than the outfit which fizzled in the Durham finale. The second-seed Blue Devils are flush with elite NBA-level talent, and they're at last playing like it, easily running away from fourth-seeded Arkansas Saturday.

Duke has that look. And the chance of Krzyzewski exiting the sport with a national championship, as John Wooden did in 1975, is irresistible drama. If you have alternative plans for Saturday, I'd cancel them. If you root for the Wildcats or Jayhawks, I apologize if you're feeling like the B-side.

It's funny: This men's tournament came to be defined by the saga of the outsider Saint Peter's Peacocks, the 15th seed from Jersey City, which made a magical run to the penultimate weekend.

But this Final Four is nothing but insiders. It's chalk all around. Each team has cut championship nets before, and more than a few.

Cinderella is gone, it's now heavies and behemoths. With a splash of revenge. Duke vs. North Carolina. It's almost a bit too much.

The Real Sports Cinderella This March: North Macedonia

By JOSHUA ROBINSON

Porto, Portugal
THE NATIONAL SOCCER TEAM of North Macedonia has never been to a World Cup. In its three decades as an independent nation, it hasn't even come close. The prospect of meaningful on-field success seemed so remote that when the country's president met with the pope last year, his most pressing request was a prayer for the soccer team.

Twelve months later, the miracles are beginning to stack up. North Macedonia beat Germany on the road to the World Cup qualifying playoffs and, last week, it knocked out Italy to stay alive in those playoffs. Now the country with the population of Brooklyn is 90 minutes from its first trip to the biggest tournament in sports.

Standing in its way, in a do-or-die match here on Tuesday, is Cristiano Ronaldo's Portugal.

"We won against one of the best teams in the world," said Blagoja Milevski, North Macedonia coach. "We won't stop here."

Just in case this does turn into the end of the road, North Macedonia has already held a celebration in the center of Skopje. The team flew back from its epic in Palermo and was greeted by thousands of flag-waving, chest-thumping supporters in the country's capital. They understood that North Macedonia had no business beating Italy 1-0 on Italian soil.

It isn't as if the format of World Cup qualifying did North Macedonia any favors. The whole process is designed to protect the soccer superpowers from upsets. But by dealing the Azzurri their most embarrassing defeat since losing to North Korea at the 1966 World



North Macedonia pulled off a stunning upset of 2020 European champion Italy in a World Cup playoff on March 24.

Cup, North Macedonia carved out a rare opening for itself.

"You beat Italy away, you would hope that would be enough for a World Cup berth," said Aleksandar Zlateski, who blogs about the team and immigrated from Macedonia to the U.S. in 2001. "Not even close. You're just halfway there."

After eliminating the 2020 European champion, North Macedonia now has to finish the job against the 2016 European champion.

Portugal is only in this situation because it conceded a last-gasp goal to lose 2-1 to Serbia in November. That defeat bumped it into a four-team playoff bracket, where Portugal's chances of missing the World Cup skyrocketed, because it suddenly needed two more victories in one-off matches. Ronaldo,

37, confronted the possibility that he might not make one more trip to the World Cup after all.

Then North Macedonia did him an enormous favor. A match between Portugal and Italy for a single spot in the World Cup would have been too close to call. One game against North Macedonia looks far more manageable. Most of the time, these are two squads that rarely inhabit the same sport.

Portugal has perhaps the most famous athlete on Earth, a man with 418 million followers on Instagram. (That's 302 million more than NBA star LeBron James.)

The sum total of all the transfer fees ever paid for the current members of the North Macedonia squad doesn't add up to the \$100 million Real Madrid paid for Ronaldo when

it signed him from Manchester United in 2009. The bulk of the team plays for clubs in the Balkans or Hungary, with a small handful in Italy and Spain. Aleksandar Trajkovski, who scored the 92nd-minute winner in Palermo, plays for Al Fayha, a club based in Saudi Arabia.

"When you compare the value of the players and the celebrity of the players...it's almost laughable," Zlateski said.

Until last summer, North Macedonia had never appeared at a major tournament of any kind since the breakup of Yugoslavia. Its inexperience showed when, in the buildup to the European Championship, its biggest story line was a controversy over jerseys that were the wrong shade of red. Instead of

the vibrant red that's on the country's flag, the team's supplier issued them jerseys that were far too burgundy for North Macedonia's liking. Fans complained that the shirts made them look like Latvia.

The team reverted to its older uniforms—with the correct shade of red—and proudly wore them into the Euros. That's when President Stevo Pendarovski traveled to the Vatican.

"I asked the pope to support our national team and he promised me that he will pray for us," Pendarovski told The Wall Street Journal.

The blessing took a little while to kick in. North Macedonia lost all three of its matches at the tournament—to the Netherlands, Austria and Ukraine. But by World Cup qualifying, North Macedonia no longer needed Hail Marys. Its underdog tactics were working.

North Macedonia spent the entire game under assault. Sitting back on defense, it weathered 32 attempts from the Azzurri and barely tried to create anything at the other end of the field. In soccer, this underdog tactic is known uncharitably as "parking the bus." Milevski, an admirer of classical Italian defense, had another description for it.

"We won Italian-style against the Italians," he said. "A goal with two shots on target."

North Macedonia makes no secret that it will deploy a similar strategy against Portugal's vast array of attacking talent. Then again, Italy thought it was heading into a mismatch too.

"Everyone [seemed to know] what was going to happen," Portugal coach Fernando Santos said, "except the North Macedonian people."

ALBERTO LUNGRI/ANSA/GETTY IMAGES

OPINION

Putin's War Unifies Europe



GLOBAL VIEW
By Walter Russell Mead

Vladimir Putin hoped to break up the European status quo with his attack on Ukraine. Increasingly, it appears that the chief consequence will be to reinforce it. President Biden may have gaffed his way across Europe last week, but Mr. Putin's unhinged behavior has removed any doubts European policy makers may have had about the value of the trans-Atlantic alliance. Worse for Russia, Mr. Putin's war is making Germany more powerful, more activist and more Atlanticist, a combination likely to support American power and undercut Russian influence in Europe for many years to come.

To describe Germany as a winner in Mr. Putin's war against Ukraine would go too far. The war upended the assumptions on which German energy and security policy has long rested and forced Germany to make harsh decisions it preferred to avoid. Angela Merkel's Germany dreamed that its companies could prosper indefinitely while a great green energy transition rippled painlessly through an ever-democratizing, ever-disarming world. Thanks to the war, German business is reassessing its relations with China as well as Russia. The military plans spending increases, and

energy policy is shifting from "climate first" to "security first" to reduce dependence on Russian imports.

The consequences of these changes for Germany's place in Europe and Europe's role in the world will be profound. Assuming Berlin follows through with its pledge to raise defense spending to 2% of gross domestic product, Germany is on course to become the military as well as economic powerhouse of the European Union. France will remain the only nuclear-armed EU member and will likely remain better placed to engage outside the EU than Germany, but Berlin's growing conventional military power will inevitably tip the balance further toward Germany in the internal politics of the EU.

There is more. Managing a massive refugee program, supporting Ukraine economically in the wake of a devastating war, and building up the strength of frontline states are generational tasks that will engage European policy makers and soak up European economic resources for years. The EU expansion process had ground to a halt in recent years as some member countries fretted over the cost of including new members and others worried that a growing membership could make it harder to reach timely decisions and limit the prospects for a deeper and stronger union. Those concerns remain, but the need to promote economic and political stability on the EU's eastern flank will

likely make the case for expansion harder to resist as more EU money flows east.

All this makes Germany's role as the EU's central power-broker—balancing the conflicting agendas of the Frugal North, the Endangered East and the Indebted South—more crucial to Europe's future than ever. This will likely be good news for American strategists

The conflict positions Germany to be the military and economic powerhouse of the EU.

who have long hesitated between two scenarios for Europe's future. On one hand, almost everyone in the world of American foreign policy wants Europe to become stronger militarily, as that would help stabilize the region while reducing the cost to the U.S. of European security. On the other hand, a Europe so powerful that it would no longer need American protection might become a political and economic rival in ways that Americans would not always welcome. The German awakening suggests that we are about to see a Europe that is both stronger and less Gaullist than most thought possible before Mr. Putin's invasion.

Germany's attitudes about European independence and American power are complex. Germans do not always see the

world as Americans do, and the election of Donald Trump significantly reinforced German skepticism about American reliability and strategic competence. But strong trans-Atlantic ties help solidify Germany's place in Europe. The American military presence in Europe calms countries like Poland that might otherwise fear a rearming Germany even as the NATO security guarantee provides much more confidence than EU security guarantees alone ever could.

Germany won't, however, turn its back on Brussels or Paris. For both economic and security reasons, Germany needs the EU, and the commitment to a deep relationship with France remains embedded in German political culture and strategic thought. Berlin will deepen defense cooperation with Paris even as it bolsters its Atlantic ties. Presumably one aspect of this will be that much of its new defense budget ultimately will involve joint ventures with French and other European weapons makers.

Mr. Putin wanted a weaker Europe, increasingly separated from the U.S. It looks as if he's going to get exactly the opposite. Mr. Putin's war, so far at least, looks set to promote the emergence of a Europe that is militarily stronger and more deeply engaged with the U.S. than at any time since the end of the Cold War.

William McGurn is away.

BOOKSHELF | By Michael Shermer

A Man In Whole

Whole Earth

By John Markoff
(Penguin Press, 404 pages, \$32)

When I first met Stewart Brand at an upscale ideas festival, I expected to engage with an aging beatnik or hippie, the tree-hugging, whale-saving environmentalist I associated with the "Whole Earth Catalog"—that '60s-era collectanea of books, resources, tools, technologies and assorted products that became the bible of a technoutopia DIY movement focused on self-sufficiency, education and ecology. But I found Mr. Brand more like Elon Musk than Timothy Leary, and was astonished to witness him make the best argument I'd ever heard for including nuclear power in plans to replace fossil fuels.

In fact, writes John Markoff in "Whole Earth," an illuminating biography that captures Mr. Brand's rich and varied life, "Brand was not a beatnik, nor would he become a hippie. He was far too ambitious to fit in comfortably with his peers. As often as not he has found a way to go against the grain. He has floated upstream."

Indeed, Mr. Brand's iconic question "Why haven't we seen a photograph of the whole Earth yet?" was inspired by an acid trip. "In his mind's eye he rose above San Francisco, and the planet suddenly became as a glorious globe," Mr. Markoff reveals. Long before Carl Sagan's "pale blue dot" soliloquy, Mr. Brand campaigned for the release

of a NASA photo of the planet from space—"so graphic, this little blue, white, green and brown jewel-like icon amongst a quite featureless black vacuum." He used it on the cover of the first "Catalog" (1968), declaring that the image made him realize that "we are as gods and might as well get good at it." (Forty years later he admonished "we are as gods and have to get good at it.")

Lives turn out through some admixture of genes, environment, luck and pluck. Born in 1938 in Rockford, Ill., Mr. Brand was the youngest child in a book-filled home. His early education at Phillips Exeter engaged him with the "Harkness method" of Socratic questioning. A 1960 biology degree from Stanford, where he heard Aldous Huxley lecture and was advised by the population biologist Paul Ehrlich, cemented his intellectual bona fides.

Instead of following a path into academia, Mr. Brand, a ROTC graduate, served two years in the U.S. Army, later studying art and design in San Francisco, which placed him at "the center of one of the most creative places in the country just at the moment when a great rupture from mainstream culture was about to occur," a moment full of innovation, from the computer revolution at Stanford to the human potential movement at the Esalen Institute. And his circle of associates, friends and influencers was a veritable who's who of the era: Abbie Hoffman, Paul Krassner, Ralph Metzner, Ram Dass, Tom Wolfe, John Brockman, Allen Ginsberg, Ken Kesey, Timothy Leary, Ansel Adams, Norbert Wiener, Kevin Kelly, Buckminster Fuller, Danny Hillis.

Although many contemporaries dropped acid for the pure experience, Mr. Brand said he took LSD (and other psychedelics) because he hoped they would accentuate his appreciation of beauty, especially that found in the photographic skills he was developing. For him psychedelics were a tool of creativity: "When you design a tool," he wrote in 1971, "the best you can do is fashion a prototype and hand it over to the local evolutionary system: 'Here, try this.'"

Stewart Brand, the visionary behind the 'Whole Earth Catalog,' is an unorthodox 'solutions guy'—tuned-in and turned-on but hardly a dropout.

His model was Arthur Koestler's "bisociation," the blending of unrelated concepts into something new. Mr. Brand's ability to discern unlikely complements, along with the organizational skills he'd honed in the military, helped bring numerous projects to fruition: His imagination had him bounce from one to the next; his pragmatic propensities put them into effect. Decades after the "Whole Earth Catalog" project, for example, Mr. Brand published "Whole Earth Discipline," which proposed integrating nuclear power, geoengineering, genetic engineering, wildlife restoration, species protection and other environmental technologies aimed at creating a sustainable future for life on Earth. He's a solutions guy, not a New Age guru—his ability to convene like-minded innovators has resulted in the WELL (Whole Earth 'Lectronic Link), the Global Business Network for futurists and business leaders, the Long Now Foundation, and Revive & Restore, a project to bring back extinct species like passenger pigeons and woolly mammoths.

As for Mr. Brand's politics, he's off the spectrum, mostly identifying as a small-l libertarian (he read Ayn Rand at Stanford), committed to bottom-up democracy, with an aversion to orthodoxy of any sort, which means he must adapt when the marginal becomes the mainstream, as in his shift from environmentalism to conservationism, from organic foods to GMOs, and from anti- to pro-nuclear power. One of the most famous Brandisms, "information wants to be free," reveals this tension. Here's the full passage, from the first Hackers Conference he convened in November 1984:

"On the one hand, information wants to be expensive, because it's so valuable. The right information in the right place just changes your life. On the other hand, information wants to be free, because the cost of getting it out is getting lower and lower all the time. So you have these two fighting against each other."

It is a challenge to capture the essence of a protean life while the subject is still writing the script, but Mr. Markoff, a longtime tech journalist for the New York Times, has done it beautifully. "Telling the story of Stewart Brand"—now a vital 83—"poses a puzzle, for he isn't someone who can be neatly categorized," Mr. Markoff reflects. "Perhaps it is so difficult to put him in a box because he has such an uncanny knack for seeing the world from outside the box."

How do you do that for decade after decade? A one-liner from Mr. Brand's personal journal in March of 1966 is as good an answer as any: "Stay hungry. Stay foolish."

Mr. Shermer is the publisher of *Skeptic* magazine, a presidential fellow at Chapman University and the host of the "Michael Shermer Show" podcast. His book "Conspiracy: Why the Rational Believe the Irrational" will be out this fall.

Biden's Better Plan to Tax the Rich

By Jason Furman

President Biden's "billionaire minimum income tax," which the White House announced Monday as part of its 2023 budget, is a serious tax-reform proposal. By proposing a large broadening of the tax base, which would raise revenue in a fair and efficient manner from high-income households, this plan could solve many of the problems that have bedeviled earlier approaches to taxing the income from wealth.

Currently taxes are collected on capital gains only when an asset is sold, not when an asset increases in value. This matches the payment of taxes with the cash that is generated to pay those taxes. But waiting to tax until gains are realized through the sale of an asset has three major disadvantages. First, linking taxation to realization encourages people to hold on to assets. These gains escape taxation at death, which turbocharges the incentive not to sell and prevents capital from flowing freely to those who can make the best use of it.

Second, taxing gains when they are realized is unfair because it allows two people with similar income or wealth to be taxed at different rates for arbitrary reasons. For example, if you hold stocks that appreciate, they will be taxed less than similar stocks that do not appreciate but do pay a dividend.

Finally, taxing only realized

gains narrows the tax base and requires higher federal tax rates and more kinds of taxes to meet revenue goals.

Proposals to tax unrealized gains (or wealth directly) have posed policy objections, implementation challenges and constitutional concerns. Mr. Biden's team thought through these issues and came up with the most workable proposal to date. The plan—which would apply only to households with a net worth of \$100 million or more—would levy a minimum

His budget proposes a levy on unrealized capital gains for high-net-worth households.

tax of 20% on all income plus unrealized capital gains. The levy on unrealized capital gains would be a prepayment on taxes that would be due on the asset's future sale. Assets would be valued at their market value. If that is not available the Treasury Department, through simple rules of thumb like original cost plus an adjustment, would determine market value. The prepayments would be spread over five years with no requirement to prepay for taxpayers who primarily have illiquid assets. However, if a taxpayer is exempted for having primarily illiquid assets, a deferral charge will be applied upon the sale of an asset

which would effectively increase the tax rate on capital gains to compensate for the benefit of delaying tax payment. More than half the revenue from this proposal would come from households worth more than \$1 billion.

The Biden plan cleverly addresses several problems with taxing unrealized gains. Not requiring advance payments by people with primarily illiquid wealth would allow payments to be spread over multiple years, ensuring that the tax doesn't force innovative founders to sell prematurely, thus separating them from control of their businesses.

By requiring people with sufficient liquid wealth to pay taxes on their unrealized illiquid gains and having a top-up payment on the sale of illiquid assets for everyone else, the plan also wouldn't create an artificial incentive for people to shift into illiquid assets to avoid the tax. Simple rules to calculate approximate returns on illiquid wealth that Treasury would be instructed to devise—with a reconciliation when an asset is actually sold—would make calculating prepayments much easier than calculating estate taxes, which requires exact valuations.

Mark-to-market taxes can create problems for people whose assets fall in value after Dec. 31, leaving them with a tax bill for phantom gains. Spreading out tax payments over multiple years would solve this problem for most taxpayers, because if the

gains disappear, they would have paid only a fifth of the taxes upfront and wouldn't be on the hook for future tax payments.

Finally, shifting capital-gains policy between administrations creates opportunities for avoidance. Requiring prepayment protects this plan against future capital-gains changes and minimizes perverse incentives.

The Biden proposal deserves the same critical scrutiny that should be applied to anything that might become law. Clever tax lawyers may discover loopholes in the proposal that need to be closed, or, conversely, there may be ways to make the capital taxation easier and more flexible. The proposed rates, repayment periods and other parameters are a starting point and ultimately could be changed as well as mixed and matched with other changes to capital taxation.

Tax reformers have long focused on broadening the tax base and minimizing distortions by treating different economic decisions as similarly as possible in the tax code so that decisions can be made for economic reasons, not tax reasons. I believe the tax system should raise revenue in a more progressive manner, and the Biden proposal is a great place to start.

Mr. Furman, a professor of the practice of economic policy at Harvard, was chairman of the White House Council of Economic Advisers, 2013-17.

You Likely Don't Need a Fourth Covid Shot

By Philip Krause And Luciana Borio

How many Covid shots are enough? Pfizer and Moderna have asked the Food and Drug Administration to authorize a second booster (a fourth shot) for patients over 65 and all adults, respectively. The FDA reportedly will authorize (but not recommend) the fourth shot for patients over 50. But if your immune system is healthy, three or even two doses of these mRNA vaccines should be sufficient.

Vaccine-induced protection against *infection* is short-lived and doesn't get much of a boost from extra shots. Yet the initial two-dose regimen is enough to provide most patients excellent protection against severe disease—mediated by durable cellular responses, not the neutralizing antibodies that rise and wane quickly after vaccination.

The New York State Health Department's large database shows the effectiveness of full

vaccination (that is, at least two mRNA doses) remained above 90% against hospitalization, including during the recent Omicron surge. A study from Sweden found the same. Studies from Qatar and California showed no decline in protection against severe disease with Omicron.

Unless you're at high risk, the initial two doses are enough.

Booster advocates point to other studies that show declining vaccine effectiveness over time, especially against Omicron. But these appear unreliable, reporting a range of results for vaccine efficacy against symptomatic disease from as high as 40% to 50% to as low as *negative* 40%.

When assessing vaccine efficacy, scientists compare the rate of disease between vaccinated and unvaccinated groups; a larger difference indicates

higher vaccine efficacy. But as more unvaccinated people become immune through infection—especially with a highly transmissible variant—the gap between the groups narrows even if the vaccines are still effective.

What about studies that report reduced rates of Omicron hospitalization in the boosted vs. the unboosted? The variant's reduced virulence means that a much smaller percentage of vaccinated people end up in the hospital. Those who do are likelier to have serious underlying health conditions. Boosting *this* population helps. But for immunocompetent people with one or no risk factor, two doses remain 95% effective in preventing severe Covid.

Evidence for a fourth dose is even less compelling. The largest Israeli study reported that fewer than 1 in 200 people over 60 who got Omicron ended up with severe disease after three doses. A fourth dose further reduced that likelihood, but the effect was

driven by those with major risk factors. There's no evidence that introducing boosters last fall had a significant impact on the course of the Omicron surge in the U.S.

If you've had two doses of vaccine, you have a lot of protection against severe Covid. Likewise if you've been infected with the virus, including with Omicron. If you're over 65 or otherwise at high risk of severe disease, it's reasonable to get a third dose. A fourth dose is already authorized for the immunocompromised. For everyone else, the data haven't shown meaningful benefit of three doses, never mind four.

Dr. Krause is a consultant to the World Health Organization and was deputy director of FDA's Office of Vaccines Research and Review, 2011-21. Dr. Borio is a senior fellow for global health at the Council on Foreign Relations and was director for medical and biodefense preparedness policy at the National Security Council, 2017-19.

OPINION

REVIEW & OUTLOOK

Biden's Big New Wealth Tax

So much for President Biden's pivot to the political middle. The fiscal 2023 budget he unveiled Monday re-proposes most of the bad ideas that haven't passed Congress and adds a new one—a tax on wealth that he refused to endorse as a candidate in 2020. On the economy, he's pivoting further left—presumably to fire up sullen progressives in November.

The White House is proposing a new “billionaire minimum income tax,” which the Federal Trade Commission would call false advertising if a private company tried that description. The tax isn't limited to billionaires and it applies to more than income.

* * *

It's a new tax on Americans with \$100 million or more in assets whose effective tax rate in any year is less than 20% of their income. But these taxpayers already pay a 23.8% tax rate on capital gains and 37% on ordinary income. The average tax rate for the top 1% of taxpayers in 2019 was 25.6%.

Here's the Biden trick: The 20% minimum tax rate would apply both to ordinary income and the increase in the value of assets in a given year. This means taxing unrealized capital gains, which currently aren't taxed until assets are sold and income is actually realized. In other words, this is a new tax on wealth—even if it's structured differently than what Elizabeth Warren and Bernie Sanders have proposed. The White House is redefining wealth as income.

Some details of the plan aren't fleshed out, but the targets would appear to have nine years to pay the 20% tax on the growth in their assets from the first day they accumulated them. Going forward they'd have five years to pay the tax on their annual unrealized capital gains.

It's not clear whether losses in future years would be allowed to offset annual gains. So a taxpayer might have to pay a tax, say, of \$2 million on an unrealized gain in 2022 of \$10 million. But if the asset declined by the same \$10 million the next year, tough luck. The government would win whether financial and other assets rise or fall.

Taxpayers would have to report their assets to the IRS annually. Non-tradeable assets like a stake in a private company would be assessed at the last valuation event, increased annually at the five-year Treasury rate plus two percentage points or “other methods approved” by the Treasury Secretary.

The White House proposal would enormously complicate the tax code and create huge investment distortions. “Illiquid” taxpay-

ers—defined as those whose tradeable assets make up less than 20% of their wealth—could defer payments until their sale and incur an interest charge. Investors would thus have an incentive to pile into illiquid assets such as real estate to avoid regularly liquidating stock to pay taxes. Rather than sell stock to invest in other ventures, investors might have to sell stock they'd prefer to hold in order to pay taxes on unrealized capital gains.

Progressives claim the tax will unlock capital by discouraging the wealthy from holding stock over time. But if liberals want to encourage capital to flow more freely, they should make the capital-gains rate zero. That's what some countries do. And hasn't the left spent years deploring investor “short-termism”?

Another disingenuous argument is that taxing only realized gains narrows the tax base and requires higher tax rates on income. But the Administration isn't proposing to reduce tax rates. Its budget proposes raising the corporate rate to 28% from 21% and the individual top rate to 39.6%. The wealth tax is intended as an entirely new and additional revenue stream that would rake in close to \$360 billion over 10 years.

The Administration says the tax would apply only to the top 0.1%—meaning hundreds of successful entrepreneurs and small business owners who accumulated wealth over decades through innovation and hard work. But these new taxes always start out applying to a few and then spread to millions.

The income tax in 1913 applied a 7% top rate on taxpayers making more than \$500,000 (\$14.5 million today). The Alternative Minimum Tax was created in 1969 as a flat 10% tax on the uber-rich but grew to cover tens of millions in the middle class.

* * *

This all assumes the wealth tax would make it past the courts. The Constitution says Congress may only impose “direct taxes” if they are apportioned among the states according to their population. The Sixteenth Amendment lets Congress tax income, but unrealized capital gains aren't income any more than unvested stock options are.

A tax increase of this magnitude is never desirable, but the timing now is especially bad. The Federal Reserve is raising interest rates to counter inflation, and the bond-market yield curve is close to inverting, which can sometimes augur recession. Democrats already own inflation politically. If they now pass a giant tax increase, they will own all of the economic damage.

He pivots left again, with a 20% tax on unrealized asset gains.

Washington's Record Tax Windfall

The Biden Administration on Monday rolled out a fiscal 2023 budget proposal of \$5.79 trillion. That's 31% more than in 2019, the last pre-Covid year, which is staggering enough. But the real budget news that Washington would prefer that Americans not know is that tax revenue is booming.

The money has been rolling in, as the most recent Congressional Budget Office figures show. In the first five months of fiscal 2022 through February, federal receipts climbed a remarkable 26% from a year earlier. That's \$371 billion more—to \$1.8 trillion in five months. Individual income taxes rose \$271 billion, or 38%, to \$975 billion. Corporate income taxes rose 31%, or \$28 billion, to \$117 billion.

These fiscal 2022 increases follow enormous increases in fiscal 2021, which ended Sept. 30. CBO's summary for that year shows federal receipts at a record \$4.05 trillion, an 18% increase over fiscal 2020 and the largest annual revenue increase in five decades.

Individual income taxes for fiscal 2021 rose \$436 billion, or 27%, to reach \$2.04 trillion, which CBO notes was a function of “workers with relatively high incomes who face higher tax rates.” Income taxes equalled 9.1% of GDP, well above the 50-year average of 7.9%. Corporate income taxes climbed 75.5%, or \$160 billion, to \$372 billion. Philosophical question: Does all of this qualify as paying a “fair share” of the tax burden?

The explanation for this gusher is an economy that rebounded strongly after the destructive Covid lockdowns. Revenue also flowed in late in calendar 2021 as some investors cashed out in anticipation of a possible tax increase that so far hasn't happened. (Though it still might if the White House gets its way; see nearby on its new wealth tax.)

But an under-appreciated reason for the Beltway boom is inflation, which is pushing more taxpayers into higher tax brackets as their nominal incomes rise. Inflation also raises nominal corporate profits. Washington won't admit it, but inflation is good for the government while it lasts—though it can lead to crushing new deficits when the music stops.

Remember when the political class was claiming that tax cuts had produced an historic decline in federal revenue? The pandemic lockdowns certainly hurt.

But the nearby chart shows that revenues are back above the modern-era average of 17.3% of the economy, and are heading higher. Revenues hit 18.1% of GDP in fiscal 2021,

and this year on present trend will come close to 19%. The Biden budget is underestimating this revenue trend.

The only recent periods when revenues were this high as a share of the economy were the economic boom of the late-1990s, and the roaring inflation of the Jimmy Carter years.

This flood of taxpayer dollars—which CBO estimates will hit \$4.53 trillion this year—would not so long ago have been more than adequate to fund Washington's spending needs. The federal government in fiscal 2019 spent

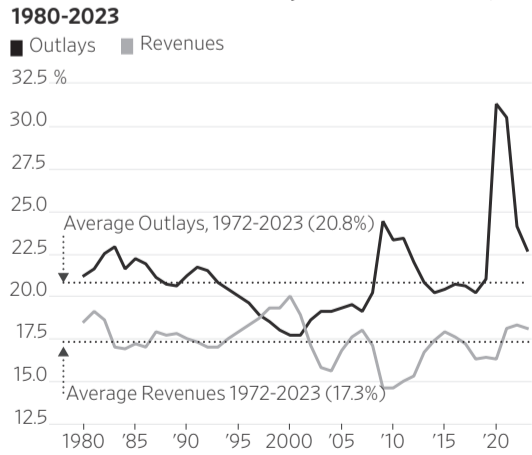
\$4.4 trillion. But as CBO blandly notes, spending in 2020 and 2021 “was roughly 50 percent greater than in 2019”—\$6.6 trillion in 2020 and \$6.8 trillion in 2021.

Spending is falling as a share of the economy now that the pandemic is easing. But it remains well above the modern-era average of 20.8%. In the first five months of this fiscal year, CBO reports outlays fell a mere \$201 billion (8%) compared to a year ago.

This decrease is largely thanks to the September end of the government's enhanced unemployment benefit program, and fewer loans to small businesses. But most of the government's pandemic programs are rolling merrily along, with a 13% increase (\$26 billion) in Medicaid, a 52% increase (\$30 billion) in food aid, and a 66% increase (\$26 billion) in education spending.

We labor all of these numbers to show that Washington is doing fine, thank you. The current tax system is throwing off revenue to spend if the politicians would show a modicum of restraint. Yet the Biden Administration is proposing \$2.5 trillion in tax increases over 10 years. That would take the tax share of GDP to new records, and it's the last thing that taxpayers or the economy need.

Federal Revenues and Outlays as a Share of GDP, 1980-2023



Source: Congressional Budget Office, Office of Management and Budget

LETTERS TO THE EDITOR

Law Students, Their Teachers and Our Future

Your editorial “Yale Law Students for Censorship” (March 21) focuses largely on the appalling behavior of the students concerned. If there had been only a handful of them, that would be fair enough. But when a hundred-strong mob is involved, more important issues arise.

Who is teaching these students, and what are they teaching them? What conditions produce large, spiteful, anti-intellectual mobs? When these events occur, as they do with regularity across the country, our focus ought not be primarily on the students, but rather on the professors who are evidently persuading their students that any opinion contrary to their own is an evil not to be tolerated.

Shutting down dissent is something the one-party campuses have been doing by means of politicized faculty appointments for many years. Student intolerance is only a symptom of a larger and far more important underlying problem.

EM. PROF. JOHN M. ELLIS
University of California, Santa Cruz

As a second-generation alumnus of the Berkeley free-speech movement (after my sister, who was present when Mario Savio gave his famous extemporaneous speech), I never thought I'd be to the right of a Jour-

nal editorial. Your admonition is to “warn these students there may be consequences.” The disruptive students should be expelled. They broke at least two laws: disturbing the peace and attempting to block the exercising of the First Amendment rights of others. Their behavior was neither a civil-rights nor antiwar protest. They hark more to fascism than any liberalism.

JACK KNUTSON
Pebble Beach, Calif.

I would like to add to Senior Judge Laurence Silberman's call for judges not to hire as clerks those Yale law students who disrupt public debates. I would further advise law firms not to hire such persons.

Do you really want such whiners and crybabies, who do not understand or appreciate the basics of the First Amendment, in your law firm? Are those the type of attorneys to whom you could trust clients' needs when their own personal agenda is obviously more important?

A question also for Yale Law School: Do you admit these types of persons knowing their propensities toward disruption and self-importance, or do you create them once they arrive on campus?

CHRIS HEINRICH
San Antonio

What the SEC Needs to Hear on Climate Risk

Regarding your editorial “Gensler Stages a Climate Coup” (March 22): Let's save time and money and simply require every company to include the following language in its 10-K: “It might get hotter in the future, it might get colder, or it might stay about the same. Public companies have almost no ability to affect the global climate. Our company's greatest climate risk is costly regulation, and this risk is significantly enhanced when progressives are in charge.”

DANA R. HERMANSON
Marietta, Ga.

There's an infinite range of greenhouse-emission details that could fall under the SEC's newly proposed climate-disclosure rules. No doubt the agency will cut that down a bit, but there's one category that I hope it

doesn't drop: the Scope 3 emissions of publicly-held hospitals. That is, the emissions not only of hospital facilities, but of their suppliers and customers as well. Specifically, we need to know the CO2 emissions of the patients treated at their maternity wards. Why? Because nothing expands our carbon footprint like babies, who then grow up and have their own children. For government regulators, mission creep like that is to die for.

SAM KAZMAN
Competitive Enterprise Institute
Washington

SEC Chairman Gary Gensler has pushed ESG investing further toward its real purpose for the left: Every Single Grievance against capitalism.

BYRON ANDERSON
Saratoga, Calif.

The Case for Vaccinating Children for Covid

Regarding Allysia Finley's “Healthy Children Don't Need Vaccines” (op-ed, March 21): Florida got it wrong. Covid-19 vaccines are essential for children's health. Florida officials underestimate the risks of the virus and the benefits of vaccination.

Nearly 1,100 children have died from Covid—more than five times as many that die in a typical flu season. More than 6,800 cases of MIS-C have been reported in children, including 48 deaths. We are only beginning to understand the long-term complications of Covid in children.

By preventing transmission in schools, vaccines minimize gaps in in-person learning, safeguarding children's developmental well-being. High

vaccination levels reduce the need for other mitigation measures, like masking and distancing, allowing children to play, see grandparents and generally return to their normal lives. Vaccination also protects our health systems from becoming overwhelmed, allowing all children to access care.

Vaccinating children protects broader public health. Even if their own infections are mild, children can transmit Covid to others who may be at higher risk of serious illness. Increased transmission drives the emergence of new variants.

Parents deserve the ability to protect their kids with the best that medicine has to offer. Partisan politics must not take away that choice.

PROF. TINA TAN, M.D.
Northwestern University
Chicago

Are We Sure Putin Was a Brilliant KGB Operative?

In Douglas London's op-ed “Spies Will Doom Putin” (March 24), one point is questionable. Mr. London states that Vladimir Putin “might have been a capable operations officer during his KGB career.” He wasn't. Mr. Putin was demonstrably second rate.

In the 15 years he spent as a KGB foreign intelligence officer, he spent six in Dresden, East Germany. How difficult could that have been? He didn't even rate a posting to East Berlin. Meanwhile, KGB pros were sent to the West. Incompetents went to subdued Eastern European chunks of the Soviet empire. Posted there, he couldn't screw up.

PATRICK DONOHUE
Rock Hill, S.C.

Why Not Pick Up the Phone?

Emails are two-dimensional, impersonal and ignore the value of relationships (“The Real Reason Our Inboxes Are Crushing Our Souls,” Exchange, March 19). Rather than “set aside time for emotional or high-stakes responses,” I see an opportunity to simply pick up the phone and call the sender. When it comes to resolving any issue, the sound of the human voice is always more effective than an email.

Thomas Merton said it succinctly before emails existed: In the end, relationships save everything.

THOMAS G. FERRARA
Pound Ridge, N.Y.

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

Vladimir Putin Will Win; He Has No Other Choice

I disagree with your editorial “Ukraine Can Win With Enough Help” (March 24) mainly because Vladimir Putin can't afford to lose. I'm sure he sees Mussolini's fate in his future should he scuttle out of Ukraine with his tail between his legs.

Given how he has treated his political opponents, he knows he can expect no mercy. Consequently, he will do whatever it takes to win, pouring men and materiel into the fight until Ukraine submits. All the West can do is raise the cost of that victory. But when has a dictator ever cared about his cannon fodder? In the end, Mr. Putin will declare a great patriotic victory, and NATO will have Russian tanks on its eastern flank.

STAN CONNELL
Charlotte, N.C.

Pepper ... And Salt

THE WALL STREET JOURNAL



“Be nice to people climbing the wall, because you'll meet them again rappelling down.”

OPINION

The ‘Rules-Based International Order’ Is a Myth

By Jakub Grygiel

The Biden administration has been vocal in defending what it calls the “rules-based international order,” but there is no such thing. An Earth-spanning security space governed by global rules or a few key powers doesn’t exist, as the war in Ukraine should remind us. There is also no “global threat” facing all states equally but, rather, regional revisionist powers threatening nearby states. Temporary regional equilibria with their own power dynamics are driven by local historical competitions. They are unstable and prone to wars. They require persistent attention and management.

There are no global threats or standards, only regional equilibria requiring constant maintenance.

Over the past three decades these regional orders—in Europe, the Middle East and Asia—have been relatively stable and the local competitions subdued. The resulting impression was of a world order. Liberals saw this global stability as the product of international rules, a growing number of democracies, and greater international trade—a “rules-based order” enhanced by democracies and commercial peace. Realists saw a world order underwritten by a rough equilibrium between the great powers—the U.S., Russia and China—with nuclear

weapons as an effective pacifying equalizer.

Both visions of world order put too much emphasis on the global nature of this stability. If we look at the world through the lens of regional orders, the picture is more worrisome.

Russia’s wars in Georgia in 2008 and Ukraine since 2014, as well as Iran’s actions in Iraq, Yemen and Syria, and China’s military expansion in Asia, were signs of growing local volatility. But until now these had been tentative pushes, conducted by hesitant revisionist powers and checked by American power. Russia’s war in Ukraine is the first full-fledged military offensive that aims to change the local balance of power drastically. Russia seeks to be the decisive power in Europe, and for that it needs to dominate Ukraine.

Regional orders are fragile for two reasons. First, military force is more likely to be used in local contests than in disputes between distant rivals. The stakes are high for the local parties, the perceived risks limited. A revisionist power is likely to pursue its goals, such as conquest of territory or control over a neighboring state’s political life, through war more than through negotiations. And the revisionist power’s targets won’t accept a hostile takeover without a fight. In the end, both sides are interested less in preventing war than in making war usable for their own objectives. War is an enduring regional reality.

The U.S. tends to think of stability as a broad goal of its grand strategy. As President Biden has said, the goal is to “strive to pre-



DAVID GOTHARD

vent” World War III. But regional revisionists in Eurasia aren’t afraid of putting pressure on their own frontiers to extend their influence. The states they threaten will also choose war over submission, regional disorder over loss of independence. The U.S. will have to figure out how to navigate, even embrace, instability and war in regions that are important to its national interests.

The second reason regional orders are unstable is that local contests are geographically limited but last a long time. Local conflicts are based on, or justified by, historical claims. Perceived or real offenses committed in the past generate desires for revenge; aspirations to grandeur spur territorial demands; and national self-confidence motivates a stubborn hostility to aggres-

sive neighbors. When the roots of a political action lie in national claims to greatness, diplomatic compromise becomes difficult. Lengthy conflict begins to look preferable to a negotiated settlement. It is more legitimate to dig trenches than to sit at negotiating tables.

Local antagonists are willing to incur high costs both when attacking (like Russia) and when defending (like Ukraine). The expectation is that the high risk will be rewarded with a high payoff: The aggressor anticipates greater influence or a larger territory, while the defender expects independence and greater security.

For a distant power such as the U.S., the enduring nature of regional conflicts in Eurasia is a political challenge. Managing such

conflicts requires consistent involvement and a permanent presence. But the U.S. approach is to participate in regional geopolitical dynamics only when necessary to restore an equipoise, and then to move to a different region. Thus we hear talk of “uniting” Europe and “pivoting” to Asia.

It is historically rare for a local contest to come to a permanent end—usually only when a devastating war redraws the map in blood. The Franco-German conflict of the 19th and early 20th centuries turned into friendship only after two gruesome world wars. The end result was good for Europe, but getting there was tragic and something to be avoided.

The current war between Russia and Ukraine will end at some point, but the contest between the two nations won’t. The best that can be hoped for is a delicate local equilibrium demanding constant maintenance through Western economic and military support of Ukraine.

If Ukraine survives Russian aggression as an independent state, the Biden administration’s liberal temptation will be to call it a victory for world order based on rules and democracies. That would be a mistake. The victory will be Ukraine’s, resulting in a moment of fragile regional stability and not in a renewed world order.

Mr. Grygiel is a professor at the Catholic University of America, a senior fellow at the Marathon Initiative, and a visiting fellow at the Hoover Institution.

Biden at the Improv: The Dangers of Foreign Policy by Open Mic



FREE EXPRESSION
By Gerard Baker

At what point does Joe Biden’s verbal incontinence start to become a mortal threat to Americans?

Until now we’ve mostly had the luxury of observing the president’s many rhetorical infelicities with a mixture of mild puzzlement and gentle concern, as one might watch an aging relative struggle to remember the name of one’s children.

But some words have larger consequences than others—especially when you’re the president of the United States. It’s one thing to misidentify your vice president as the first lady, quite another to call for the ouster of an autocratic and belligerent leader of a nation with nuclear weapons. That is the kind of thing that can trigger wars that could result in the annihilation of much of humanity.

It’s a sign of the rising alarm the presidential blunders must be causing in diplomatic circles that the White House communications shop

has stopped attempting to correct the gaffes that come flying like grapeshot from a cannon. Instead they take the Humpty Dumpty approach. Instead of issuing corrections or clarifications of Mr. Biden’s words, they simply invoke Humpty’s philosophy on the president’s behalf: “Whenever I use a word . . . it means just what I choose it to mean—neither more nor less.”

This exercise in through-the-looking-glass semantics was on display last week throughout the president’s trip to Europe, where he sought to rally allies in support of Ukraine and against Russian aggression.

At North Atlantic Treaty Organization headquarters in Brussels on Thursday, Mr. Biden was asked what the U.S. would do if Vladimir Putin used chemical weapons in Ukraine. He said the West would respond “in kind.” You might think, deploying commonly understood definitions, that he meant to convey the somewhat shocking threat that NATO would retaliate against use of a weapon of mass destruction with a like attack. But you’d be wrong. Later, Jake Sullivan, the president’s national security adviser, said that while Russia would pay a heavy price if it used such weapons, the

U.S. had “no intention of using chemical weapons, period, under any circumstances.”

The next day in Poland, the president casually remarked to American troops stationed there that some of them had already been in Ukraine and others would be going soon.

What if someone takes seriously his talk of U.S. troops in Ukraine or regime change in Russia?

Soon another administration Humpty was on the line to reporters, insisting that Mr. Biden’s words were in no way inconsistent with the fact that the U.S. had no forces in Ukraine and no plans to send any.

On Saturday we had the most arresting breach between presidential words and improvised official definitions. At the end of an impassioned speech that denounced Vladimir Putin’s aggression and framed the struggle as a battle between democracy and tyranny, Mr. Biden threw down a gauntlet: “For God’s sake, this man cannot remain in power.”

This apparent call for regime change in Moscow, was, we were instantly told, nothing of the sort. “The president’s point was that Putin cannot be allowed to exercise power over his neighbors or the region,” according to an unnamed White House official. “He was not discussing Putin’s power in Russia, or regime change.”

We can’t go on like this. Credibility is essential to the effective and safe conduct of national security. No amount of hasty cleanup will erase the words that come from the lips of a commander in chief. And no, it is not a defense of the president to note—accurately—that his immediate predecessor was as notorious for his verbal indiscipline as Mr. Biden is.

For now, we have an immediate and escalating problem with this presidency. We can certainly hope that Russians understand as well as we do that, at 79, Mr. Biden is prone to saying things he doesn’t mean. But we can’t be sure. What we can be sure of is that Mr. Putin, who has already whipped up his compatriots into a frenzy of paranoia about the “real” intentions of the U.S. in arming Ukraine—to wit, an attempt to weaken and destroy Russia itself—

will seize on every piece of evidence he can find to bolster his case.

Diplomacy is a subtle activity that combines artful deception with necessary candor. States convey to each other only what they want or need to convey; they willfully mislead each other about some aspects of their objectives and capabilities while drawing bright red lines around their nonnegotiable truths. Strategic ambiguity helps induce in allies and adversaries alike a distinct uncertainty about intentions. But clarity is essential when the stakes are existential. Decoding these complex messages, sifting the signal from the noise, is the essence of successful statecraft.

Mr. Biden’s penchant for reckless language simply bludgeons through this delicate diplomatic infrastructure. It compromises the ability of the U.S. and its allies to achieve our objectives, while significantly increasing the risk of a miscalculation on either side.

John F. Kennedy said that during World War II, Winston Churchill “mobilized the English language and sent it into battle.” Mr. Biden seems intent on doing the same—only he may be sending it into battle on the wrong side.

The U.S. Needs to Bankrupt North Korea’s War Machine

By Nicholas Eberstadt

Rocket Man is on another blasting spree. Last week Pyongyang tested a “monster” intercontinental ballistic missile, reportedly designed to strike any spot in the U.S. and overwhelm American missile defenses with multiple warheads. Since the beginning of the year North Korea has conducted more than a dozen launches—including cruise, rail-based, hypersonic and intermediate-range ballistic missiles—as well as an unsuccessful long-range missile test earlier this month. But why now? What does Kim Jong Un want from his sudden fireworks display?

The explanations from Washington and Asian capitals for these latest launches sometimes sound like the naive foreign-policy punditry from the 1990s, at the very start of Pyongyang’s methodical march to nuclear status. We hear that the Kim regime is trying to get our attention,

for example, or that it is shoring up its domestic legitimacy.

Have we really learned so little from a generation of confrontation with this revisionist state? By now it should be clear to observers that Pyongyang fires off new weapons because their development is vital to its fundamental strategic goal of unifying the Korean Peninsula under Kim rule.

To achieve unconditional unification on its own terms, North Korea would first have to break the U.S.-South Korean military alliance. Pyongyang hopes to do that through a nuclear showdown with America. We don’t need to guess about this. Immediately after the latest ICBM launch, one North Korean media outlet explained Mr. Kim’s reasoning for building these new armaments: “the long-term demand of our revolution,” the North Korean term for conquest of the South, presupposes “the inevitability of the longstanding confrontation with the U.S. imperialists.”

The logic is simple: No weapons testing, no unification.

This is why regular and recurrent missile launches and nuclear detonations are an essential and entirely predictable feature of North Korea’s behavior. New weaponry has to be tested before the North’s scientists and generals can be certain that it works. Pyongyang is totally committed to strategic modernization, for which Mr. Kim laid out a program in detail at the Party Congress early last year. Advancing that agenda will require continual performance checks on the new equipment, just as past progress in nuclear and missile capabilities necessitated North Korea’s previous experiments.

But why the current flurry of launches? The likely answer is that this is simply Pyongyang’s first opportunity to conduct them. Though Pyongyang has proved adept at keeping outsiders in the dark about its weapons programs, the record suggests North Korea tests prototypes essentially as soon as it can.

The regime seems unwilling (perhaps doctrinally incapable) of waiting until later to test its munitions when it can launch them now—hoping to rush them to mass production as soon as possible.

Planned tests are of course sometimes scheduled for propagandistic considerations—July 4 and North Korean national holidays being especially favored dates for launches and explosions. But the North generally seems to test its new equipment as soon as it is deemed ready, which sometimes turns out to be before it actually is, as this month’s launchpad failure of a long-range missile attests.

Yet for all its haste, Pyongyang also takes curiously long breaks between

launches. It’s been more than four years since the North last tested an intercontinental ballistic missile.

Outsiders know precious little about the workings of the overall North Korean economy and even less about its defense sector, but it’s a fair guess that protracted hiatuses between weapons tests are often the result of resource constraints. North Korea’s economy is tiny, inefficient and undependable, while missile and

Diplomacy doesn’t move Pyongyang. It stops testing weapons only when the money runs out.

nuclear programs are exacting and extremely expensive (and all the more costly for technologically backward societies). Furthermore, the North Korean economy is painfully prone to unexpected dislocations and severe slumps.

The most recent tests signal that the North Korean economy is finally recovering after Mr. Kim’s draconian Covid lockdowns all but incapacitated it. Economic constraints may also be a reason Pyongyang’s weapons testing dropped off after the United Nations Security Council’s 2017 spate of comprehensive economic sanctions. And they could help explain why the tempo of missile and nuke tests under Kim Jong Il (a notoriously miserable economic manager, even by North Korean standards) was so much slower than under his son Kim Jong Un before those 2017 sanctions. Declaring a self-imposed moratorium—as the North did in 2018—sounds so much better than saying

you are unable to scrape together the cash.

President Biden caught a break by entering office while North Korea was suffering from acute, if self-inflicted, economic woes. The recent spate of missile tests suggests North Korea’s weapons programs are back in the black. Further menacing tests may lie in store—we shouldn’t rule out nuclear ones. And the return to testing means we should also expect a resumption of North Korea’s brand of nuclear diplomacy.

Rather than trying to appease Mr. Kim, the Biden administration and the rest of the international community would be well served in identifying, and squelching, the new resource flows funding the North Korean war machine. Pyongyang has launched a lucrative new career in cybercrime. The Kim regime has also benefited from Russian and Chinese sanction-busting. There could well be other illicit revenues worth pursuing; the U.S. intelligence community should find out.

Thirty years of fruitless attempts at diplomatic engagement with the North have demonstrated that outsiders can’t alter the regime’s determination to become a nuclear power. But forceful international economic penalties, tirelessly and creatively applied, can throw sand in the gears of the North’s military programs. We should address this task with the seriousness it deserves. If we don’t try to stop North Korea from becoming a greater threat, we will enter a world in which Pyongyang can credibly threaten the American homeland with nuclear missiles.

Mr. Eberstadt holds a chair at the American Enterprise Institute and is a senior adviser to the National Bureau of Asian Research.

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THE WALL STREET JOURNAL.

Tuesday, March 29, 2022 | B1

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Walmart Pulls Back on Cigarettes

By Sarah Nassauer and Jennifer Maloney

Walmart Inc. is ending cigarette sales in some U.S. stores after years of debate within the retail company's leadership ranks about the sale of tobacco products, according to people familiar with the matter. Cigarettes are being removed in various markets, including some stores in California, Florida, Arkansas and New Mexico, according to the people and store visits. In some of these stores, Walmart has rolled out a design with

more self-checkout registers, as well as other items such as grab-and-go food or candy sold near the front of stores in place of Marlboro, Newport and other tobacco products. Walmart, which has more than 4,700 U.S. stores, is removing tobacco products from select locations where the retailer has decided to use the space more efficiently, a spokeswoman said. "We are always looking at ways to meet our customers' needs while still operating an efficient business," she said. She declined to say how many locations will continue to sell

cigarettes but said Walmart isn't halting all tobacco sales. The shift comes after years of internal debate at Walmart about cigarettes, which U.S. health officials say are linked to 480,000 deaths in the country each year and which are complex for big-box retailers to sell because of regulations. Top Walmart executives decided to start moving out of the category in some locations before the Covid-19 pandemic, some of the people said, a decision now playing out in stores. For years Walmart Chief Executive Doug McMillon has challenged other executives to

find a way to stop selling tobacco, without demanding that the company do so, according to people familiar with those discussions. Tension around the issue has risen as Walmart works to become a larger player in the healthcare industry, say some of these people. Many top executives argued that cigarettes are legal products that customers want and that Walmart shouldn't be in the business of morally policing its shoppers, according to some of the people. As with tobacco, Walmart has pulled back on sales of

firearms in recent years after similar internal discussions. It raised the age to purchase guns to 21 after the 2018 high-school shooting in Parkland, Fla., and discontinued sales of ammunition used in semiautomatic weapons and handguns after a 2019 shooting at a Walmart in El Paso, Texas. At Walmart, sales of cigarettes are generally less profitable than some other items sold near the front of stores such as candy, according to the people familiar with the situation. It is also an operationally complex sale, eating

Tesla to Request Approval To Split Its Stock

By Will Feuer

Tesla Inc. said it would request shareholder approval at its annual meeting for an increase in the number of shares of the electric-car maker to enable a stock split, though the company didn't specify when such a split would take place or what the ratio of shares would be. Tesla shares closed Monday at \$1,091.84, up 8%. The auto maker typically holds its shareholder meeting in the fall. Tesla is currently authorized to issue 2 billion shares. As of Jan. 31, the company had 1.03 billion shares outstanding. The move comes after Amazon.com Inc. this month said it would split its stock 20-for-1. Google parent Alphabet Inc. said on Feb. 1 that it would enact a 20-for-1 stock split, giving shareholders 19 more shares for every one they own. Stock splits change the

Please turn to page B2

Musk has Covid-19, explores social-media platform B4

Shoppers For EVs Line Up And Wait

By Mike Colias

Bill Plein was interested in buying one of several electric pickup trucks coming to the U.S. market. So he did what many shoppers of high-demand vehicles have done lately: He made a reservation. Mr. Plein plunked down a refundable deposit last May for a spot on the waiting list to buy Ford Motor Co.'s new electric pickup truck, the F-150 Lightning, set to start distribution this spring. Late last year, he made a separate reservation to buy an electric pickup from startup Rivian Automotive Inc.

"As soon as one of them says 'Your truck is ready,' then I'll make a decision," said Mr. Plein, a 57-year-old sales engineer who lives near Austin, Texas. He said he doesn't expect to get his truck until the end of 2023, and might go with the Rivian if it is available sooner.

Auto makers increasingly are deploying reservation systems for their most buzzed-about new models, a tactic popularized over the past decade by Tesla Inc.

Auto executives say wait lists can give them a rough idea of the consumer interest in a new entry, which they say is especially important for electric cars, given the uncertainty around Americans' appetite for EVs. For consumers, an online reservation offers an easier way than calling up a local dealer to secure a spot in line. Car companies also use their reservation tallies to signal to Wall Street that there is

Please turn to page B2

Transport Stocks Flash Good Sign

By Karen Langley

Transportation stocks have been zipping higher, a sign of optimism about the economy's strength that could fuel a broader market rally.

Companies that operate trains, planes, boats and trucks tend to see their prospects brighten when a growing economy boosts demand for goods, materials and travel. For that reason, some investors look to the performance of transportation shares as an indicator that a robust commercial environment will underpin gains across industries.

This month, the Dow Jones Transportation Average, which tracks 20 large U.S. companies ranging from United Parcel Service Inc. to Union Pacific Corp., has jumped ahead of other market gauges. The transportation average has advanced 8% in March, compared with a 3.1% gain for the Dow Jones Industrial Average and a 4.6% rise for the S&P 500.

The rally is a promising signal for investors worried how the U.S. economy will fare as the Federal Reserve begins raising interest rates to combat inflation.

"It suggests that perhaps the U.S. economy is more resilient or on firmer footing than some people would give it credit for," said Michael Arone, chief investment strategist at State Street Global Advisors.

Fed Chairman Jerome Powell has said the central bank is prepared to raise interest rates high enough to slow the economy if it determines that is needed to bring down inflation. Some analysts have pointed to the converging of yields on shorter-term and longer-term U.S. government bonds as a concerning sign that the bond market is close to predicting a recession.

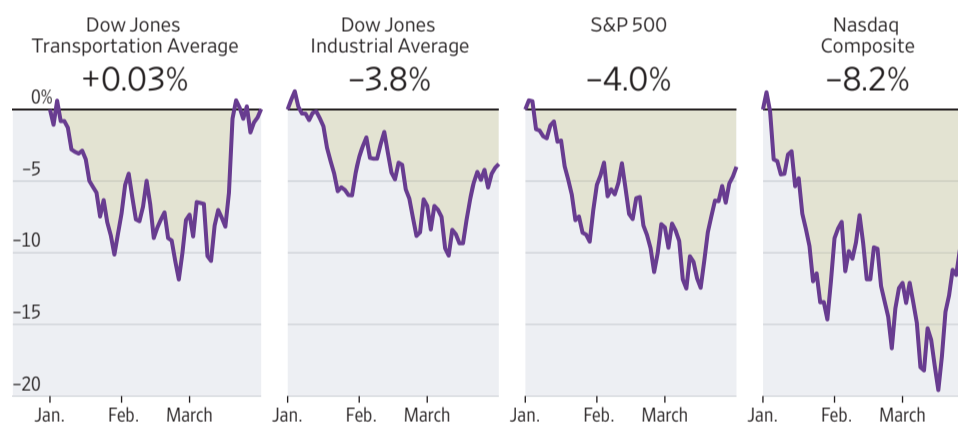
Transportation stocks' recent leg higher has helped the group recoup its year-to-date

Please turn to page B10

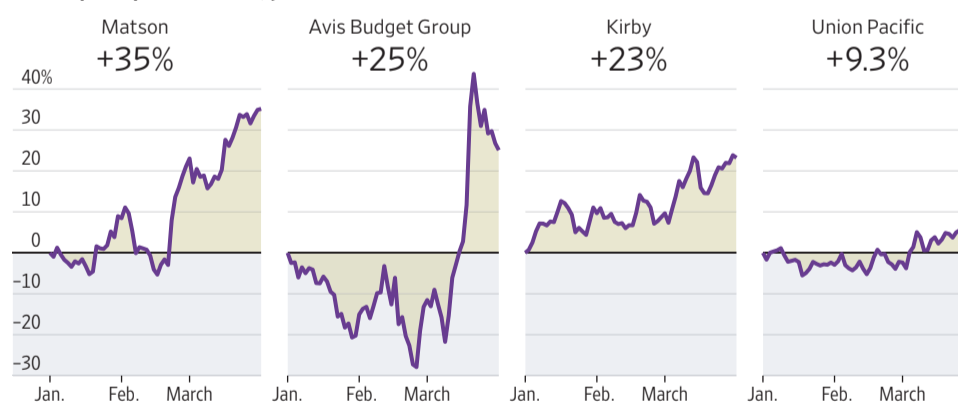


Maritime shipper Matson, whose stock is up 35% this year, is among the sector leaders.

Index performance, year to date



Share-price performance, year to date



Source: FactSet

FedEx Founder To Give Up CEO Post

By Paul Zioebro

FedEx Corp. founder Fred Smith is stepping down as chief executive of the company he started more than 50 years ago with a handful of planes and built into a global delivery network that moves millions of packages a day.

Mr. Smith, 77 years old, is handing the CEO role to President and Chief Operating Officer Raj Subramaniam.

Mr. Smith, who is also chairman of FedEx, will transition to executive chairman on June 1, when the leadership change will take place.

Mr. Subramaniam, a company veteran of more than 30 years, is being named CEO.

Please turn to page B4

INSIDE



TECHNOLOGY
Huawei's CFO makes first major appearance since her release from detention in Canada. B3



CURRENCIES
The yen's fall against the dollar is fueled by Japan's preference for lower rates. B6

Apple's Streaming Tactic Pays Off at Oscars

By Joe Flint

Apple Inc.'s boutique-store approach to streaming is paying off with tastemakers.

While Apple TV+ doesn't have nearly as deep a catalog as streaming companies such as Netflix Inc. and Walt Disney Co.'s Disney+, it has become a critical darling. Sunday night's Academy Award win for "CODA"—the first time a streaming service won best picture—comes just months

after Apple TV+'s "Ted Lasso" took home the Best Comedy trophy at the Emmy Awards.

Launched in 2019, Apple TV+ has opted for a more tactical approach to streaming than its rivals—Netflix, Amazon.com Inc.'s Prime Video, Disney+ and AT&T Inc.'s HBO Max—which are locked in an arms race to create as much content as possible.

"It appears that Apple, due to a lack of library and [intellectual property] portfolio, has

really tried to stick to quality over quantity," said Michael Nathanson, a media analyst with MoffettNathanson.

After "CODA" premiered at the Sundance Film Festival in January 2021, Apple paid \$25 million for distribution rights to the movie—a record for Sundance. It put the movie on Apple TV+ and in a limited number of theaters for a brief run.

Helmed by former Sony Television executives Jamie Erlicht and Zack Van Amburg,

Apple TV+ has also made plenty of deals with big-name talent and companies including Julia Louis-Dreyfus, producer Ridley Scott and Imagine Entertainment.

Apple's streaming offering is part of a push the company has made to diversify its revenue sources beyond iPhones and other hardware sales. Revenue from its services business, which includes Apple TV+ subscriptions, rose

Please turn to page B2

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INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	G	P
Alaska Air.....B10	GameStop.....B10	Pearl Energy Investments.....B10
Alibaba.....B11	General Dynamics.....A4	Poly.....B11
Alphabet.....A3, B1	General Motors.....B2	Post Oak Energy Capital.....B10
Altria.....B2	H	R
Amazon.com.....A3, B1	Heineken.....A7	Rivian Automotive.....B1
AMC Entertainment.....B10	Honda Motor.....B2	S
American Airlines.....B10	HP.....B4,B11	Shell.....B6
Anheuser-Busch InBev.....A7	Huawei Technologies.....B3	Shopify.....B6
Apple.....A3, B1,B10	J	Space Exploration Technologies.....B4
AT&T.....B1	J.B. Hunt Transport Services.....B10	T
Auxin Solar.....A2	K	Target.....B2
Avis Budget.....B10	Kirby.....B10	Tencent.....B11
B	L	Tesla.....A9,B1,B4,B6,B10
Barclays.....A1,B11	Lime Rock Management.....B10	Twitter.....B4
Boeing.....A4	Lockheed Martin.....A4	U
BP.....B6	M	Union Pacific.....B1
British American Tobacco.....B2	Matson.....B10	United Parcel Service.....B1
C	Microsoft.....B6	W
Carlsberg.....A7	N	Walmart.....B1
Citigroup.....A1	Netflix.....B1	Walt Disney.....B1
Credit Suisse.....A7	News Corp.....A2	X
CVS Health.....B2	Northrop Grumman.....A4	Xiaomi.....B11
D - F	Noya.....B6	Z
DroneSeed.....B6	O	Zoom.....B11
Evraz.....A6	Occidental Petroleum.....B6	
FedEx.....B1,B10		
Fisker.....B2		
Ford Motor.....B1		

INDEX TO PEOPLE

A	N
Arone, Michael.....B1	Nathanson, Michael.....B1
B	S
Bell, Mike.....B10	Sacconaghi, Toni.....B2
C	Schwaber, Jeff.....B10
Caret, Leanne.....A4	Smith, Fred.....B1
Chapek, Bob.....A3	Smith, Richard.....B4
Cochran, Frost.....B10	Staley, Jes.....B11
Colbert, Ted.....A4	Subramaniam, Raj.....B1
Coombs, Andrew.....B11	V
D	Venkatakrishnan, C.S.....B11
Dickerson, Joseph.....A1	W
E	Wanzhou, Meng.....B3
Eaton, Jeff.....B10	Z
F	Zhengfei, Ren.....B3
Farley, Jim.....B2	
Farr, Michael.....B10	
Fisker, Henrik.....B2	
G	
Gottstein, Thomas.....A7	
H	
Hart, Cees't.....A7	
Herzog, Bonnie.....B2	
J	
Joseph, Jay.....B2	
K	
Kauk, Stacy.....B6	
L	
Lores, Enrique.....B11	
M	
McMillon, Doug.....B1	
Musk, Elon.....B2,B4	

Walmart Curbs Some Cigarettes

Continued from page B1 into profit. Tobacco is kept in a locked case or blocked from shoppers. Food and Drug Administration regulations require that an employee make the sale. At Walmart, that employee must be over a specific age based on local laws and trained in tobacco sales. Theft is high throughout the supply chain, said some of these people.

Some retailers stopped selling tobacco products years ago. Target Corp. eliminated all tobacco sales in 1996. CVS Health Corp. said that its decision in 2014 to stop tobacco sales would result in an estimated \$2 billion loss in annual revenue but that those sales ran counter to the company's goals as a healthcare provider.

U.S. cigarette sales totaled about \$95 billion last year, and most of those purchases occur at gas stations and convenience stores, according to data from Euromonitor International. Walmart supercenters and other mixed retailers accounted for 14% of U.S. cigarette sales volume in 2020, according to Euromonitor.

The volume of cigarettes sold in the U.S. rose in 2020 during the pandemic, reversing a yearslong decline in smoking rates. In 2021, as pandemic restrictions ended and consumer mobility increased, U.S. cigarette industry sales fell 5.5%, according to Marlboro maker Altria Group Inc.

Shares of tobacco companies fell in Monday's trading. Altria dropped 3% while American depositary receipts of British American Tobacco PLC, which owns Reynolds, slipped 1.2%.

"Retailers have the right to choose what products they want to sell," an Altria spokesman said. "We value the rela-

tionship we have with more than 200,000 retailers across the country."

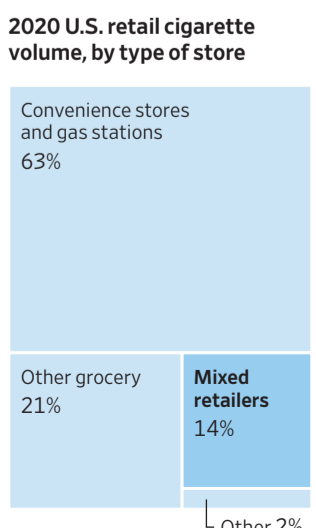
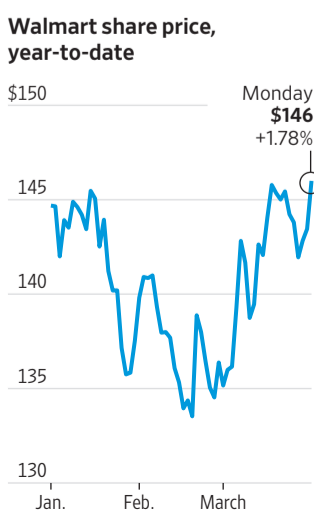
Walmart represents about 5% of U.S. cigarette sales volumes, Goldman Sachs analyst Bonnie Herzog wrote in a note Monday. She said Walmart's decision shouldn't make a dent in cigarette makers' sales because shoppers would buy cigarettes elsewhere.

Walmart has backed away from some tobacco products in recent years. In 2019, Walmart said it would sell tobacco products only to people 21 or older in the midst of regulatory pressure to stop sales to minors. A federal law passed later that year raised the minimum tobacco-purchase age to 21 nationwide. Also that year, Walmart halted its e-cigarette sales, citing regulatory uncertainty around vaping.

Like other retailers, Walmart doesn't sell tobacco in municipalities such as New York and parts of Massachusetts that won't allow locations with retail pharmacies to sell tobacco. Sam's Club, Walmart's warehouse chain, started gradually stopping sales of cigarettes in 2018. Sam's Club now sells tobacco products in fewer than 40 of its approximately 600 U.S. stores, a spokeswoman said.

In recent years, Walmart has focused on redesigning existing stores rather than building new ones. The redesign often includes adding more self-checkouts to save money on staffing. "When you had mostly self-checkouts, manned by one or two associates, tobacco became really problematic," said one of the people familiar with Walmart's business.

At the same time, Walmart aims to build a larger healthcare business. The company is one of the biggest pharmacy chains in the country. It is opening primary-care clinics, hosting wellness days that offer shoppers free health screenings and has administered millions of Covid-19 vaccines. Last year, Walmart bought MeMD, a telehealth provider.



BUSINESS & FINANCE



Ford Motor's new electric pickup truck, the F-150 Lightning, seen last month in Chicago, is set to start distribution this spring.

Shoppers For EVs Must Wait

Continued from page B1 strong appetite for future EVs, executives say.

Things don't always go smoothly, though, say dealers and prospective buyers. Some customers complain that they have difficulty getting status updates through the dealership or the manufacturer.

Some dealers say they have mixed feelings about the process. While each reservation is a new potential sale, it also puts them on the hook to manage customer frustration as reservation holders wait, often for more than a year, dealers say.

"We're the ones who take the brunt of the complaints," said Deuce Waikem, general manager at a dealership group near Canton, Ohio, that sells Ford, Honda and other brands. The use of reservations is another relatively new wrinkle

in a car-buying environment that has been scrambled over the past two years. A shortage of semiconductors and other supply-chain snares have reduced new-car inventories, sent prices soaring and driven more of the buying process online.

Traditional car makers already were turning to deposit-based reservations before the market upheaval, though, trying to emulate the buzz Tesla generates for its car launches. After Tesla Chief Executive Elon Musk unveiled the Model 3 sedan during a boisterous reveal party in 2016, more than 500,000 reservations eventually poured in, with refundable deposits of as much as \$1,000, the company said.

Typically, prospective buyers submit a deposit, which is often refundable, through a website set up by the auto maker. Traditional car companies, which use dealerships, have shoppers select a dealer as the point of contact and delivery location.

Ford said in December that it stopped taking reservations for the Lightning after the list reached 200,000 trucks because of manufacturing con-

straints. Ford executives have said strong interest in the pickup contributed to the decision to nearly double production from earlier plans.

Ford Chief Executive Jim Farley has said opening reservations during an onstage unveiling has become the company's primary way of creating buzz and gauging consumer interest in a future model. Ford revealed the Lightning at a party near its headquarters last May.

"Our new Detroit motor show is our reveal, because this starts the clock on reservations," he told analysts in October, likening it to a Super Bowl ad.

General Motors Co. said it has received 130,000 reservations for the electric version of its Chevrolet Silverado pickup truck, which was unveiled in early January and is scheduled to go on sale next year. A spokeswoman said the company uses that data, along with input from dealers and commercial customers, to plan the model mix and production numbers.

Honda Motor Co.'s Acura brand began taking reservations recently for a new ver-

sion of the MDX crossover SUV as well as the Integra sporty sedan. Jay Joseph, Honda's U.S. vice president of marketing and customer experience, said the wait list is intended to give customers peace of mind that their spot for a high-demand model is secure.

"That deposit puts somebody first in line above some other relationships the dealer might have," he said.

It is common for EV shoppers to make reservations for more than one model in hopes of getting one sooner. That makes reservation tallies an imprecise gauge of consumer interest, analysts say.

Startup EV maker Fisker Inc. has tried to curb that practice by charging a fee for people who back out after putting down the \$250 deposit for its coming Ocean SUV. Chief Executive Henrik Fisker said he thinks 31,000 Ocean reservations are reflective of the demand.

"This was born of consumer demand and, of course, for investors on Wall Street it gives them an idea about whether people like your vehicle or not," he said.

Apple Scores at Oscars

Continued from page B1 by about 24% to \$19.5 billion in the October-to-December quarter.

While the streaming service, which costs \$4.99 a month, makes up a small portion of those revenues, it has grown steadily since its launch. Revenue for Apple TV+ nearly doubled in its fiscal 2021, which ranges from October to September, compared with its fiscal 2020, to an estimated \$2.2 billion, according to Toni Sacconaghi, an analyst for Bernstein.

Plenty of people have access to Apple TV+ without necessarily paying for it. Apple makes the streaming service available free of charge for three months to people who buy an Apple device. Apple hasn't disclosed the number of subscribers for Apple TV+, and MoffettNathanson estimates that the service has about 12 million paying customers in the U.S.

Besides "Ted Lasso," Apple TV+'s breakout original shows include "The Morning Show," a look at the world of TV news with a high-profile cast headed by Jennifer Aniston and Reese Witherspoon, and the new dystopian workplace drama "Severance" directed by Ben Stiller and starring Adam Scott and Patricia Arquette.

Apple also has invested heavily in news and documentary programming, including a weekly show hosted by Jon Stewart.

Landing a hit show isn't a guarantee of continued success for streaming services. A recent Wall Street Journal analysis of data from subscriber-measurement company Antenna showed that highly anticipated content helped draw large numbers of new subscribers, but only half of these subscribers stuck around for at least six months.

Apple occasionally gets into bidding wars for content. It has bested Netflix and others out for several high-profile projects, including "Killers of the Flower Moon," a coming Leonardo DiCaprio movie di-



A scene from 'Ted Lasso,' one of the biggest hits on the streaming platform.

rected by Martin Scorsese.

Unlike most of its rivals, Apple lacks a big library of content to mine for its streaming platform. HBO Max relies heavily on sister studio Warner Bros. for library fare, while Disney has a trove of content, from its old movies and shows to everything it absorbed when it acquired the 21st Century Fox entertainment assets—including "The Simpsons" and "Avatar."

Amazon's Prime Video made its own big content acquisition last year by purchasing the movie and TV studio MGM in a deal valued at \$6.5 billion.

Apple looked at MGM but passed because it felt the price was too high, people close to the company said.

Instead, Apple has made some smaller deals, such as landing the rights to Charles Schulz's Peanuts specials including "A Charlie Brown Christmas."

Apple is also venturing into sports as a way to boost interest in its streaming service. It recently struck a deal with Major League Baseball for exclusive rights to a Friday night package of games.

In addition, Apple is among those kicking the tires of the National Football League's "Sunday Ticket" package, which allows users to watch any game on Sunday, people familiar with the matter said. DirecTV is the current Sunday Ticket rights holder, but that deal will expire after next season.

—Bradley Olson contributed to this article.

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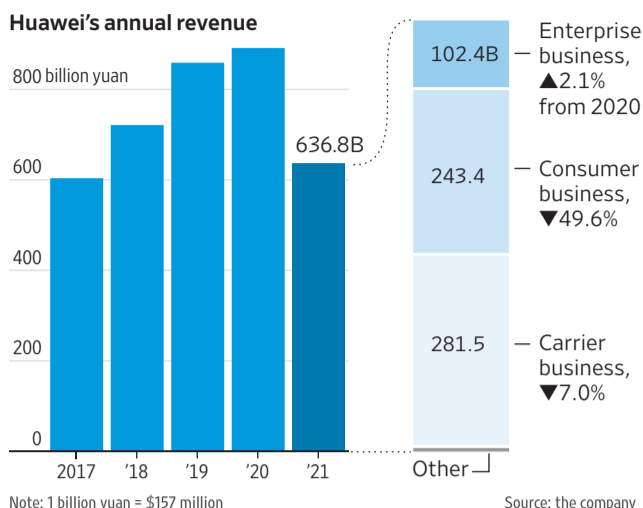
Huawei Finance Chief Returns to Spotlight

BY DAN STRUMPF

HONG KONG—Months after returning home to a hero's welcome in China, **Huawei Technologies Co.** Chief Financial Officer Meng Wanzhou was back in the spotlight Monday. This time, she was in more familiar surroundings, taking the stage at Huawei's headquarters to deliver the company's closely watched annual results.

Ms. Meng has kept a low profile since she was released from house arrest in Canada in September after ending a three-year legal fight against extradition to the U.S. on fraud charges, avoiding major events featuring other top Huawei executives. But with the company giving an update on finances Monday, she took the lead at a press conference, unveiling a mixed slate of figures that show the tech giant is still working to reboot in the face of long-running U.S. restrictions.

Revenue fell 29% last year to 636.8 billion yuan, equivalent to about \$100 billion, from 2020, mainly due to sharp declines in smartphone sales and decreasing revenue from its core business of selling to telecom operators. Net profit, however, rose 76% to a record 113.7 billion yuan, boosted by the sale of a mobile phone unit to a government-led consortium. The sale allowed the phone unit to main-



tain its access to crucial U.S. chips following an export blacklisting of Huawei that has barred its purchase of many parts and software.

Speaking in Mandarin and accompanied by an interpreter, Ms. Meng offered few details about her life back at the company helm in Shenzhen, but said the company's cash flow has improved to make Huawei "more capable of dealing with uncertainty."

"The world has changed so much," she said. "Over the past six months, I've been learning and trying to catch up."

The release of Ms. Meng, the daughter of Huawei founder Ren Zhengfei, capped a high-

stakes legal drama that made her the center of a geopolitical standoff between the U.S. and China, and transformed her into a celebrity in her home country on her return.

Ms. Meng spent three years in Vancouver fighting a legal battle with the U.S., which sought to extradite her on charges of bank fraud related to Huawei's alleged violations of U.S. sanctions on Iran. The U.S. agreed to defer and ultimately drop the charges against Ms. Meng in a deal that also saw the release of two Canadians being held in China. Huawei has continued to contest the U.S.'s separate sanctions-busting charges.



Huawei CFO Meng Wanzhou, seen Monday at the company's headquarters in Shenzhen, China.

Before her arrest, Ms. Meng was among Huawei's most high-profile executives, crisscrossing the world to speak at conferences, meet heads of state and pitch the company's technology to customers. She was widely seen as a potential heir to her father, who remains Huawei's chief executive almost 35 years after founding the firm.

Ms. Meng on Monday discussed the company's finances in a ballroom with chandeliers before an audience of journalists at its Shenzhen headquarters and others tuning in online from overseas.

Although privately held, Huawei offers a limited, unaudited snapshot of some of its fi-

nances each quarter, and releases more detailed audited figures once a year, alongside a lengthy annual report.

Revenue from Huawei's consumer business, formerly the company's biggest revenue generator, fell by almost half last year. Once the world's largest seller of smartphones, the company is now a minor player in the market due to its inability to source advanced chips. It has shifted its consumer business to focus on software and other gadgets less dependent on advanced chips, such as smartwatches and fitness trackers.

Meanwhile, revenue generated from Huawei's carrier business fell 7%, a sign that the

U.S. restrictions are curbing the company's core business of selling telecom equipment to global carriers.

The company's enterprise business unit, which sells an array of software and other technology to businesses and governments, grew just 2.1%, a sharp slowdown in growth from the year before.

Although Huawei's annual revenue fell, the pace of the decline slowed toward the end of the year. After declining in 2020, the company's cash and short term investments rose 17% to about \$65 billion.

"Huawei's overall financial position is sound," Ms. Meng said.

Pension Adds Pool For Private Equity

BY PREETI SINGH

The Los Angeles City Employees' Retirement System is increasing the amount of capital its staff can commit to private equity without preapproval as part of a bid to form fewer but larger relationships with fund managers and get better legal and economic terms for investments.

The board on March 22 approved raising the pension system's limit on the amount its investment staff can commit to private-equity funds to \$150 million without prior approval.

The move by the \$23.2 billion pension follows a reset in its target allocation for private equity to 16% of total assets last year, up from a 14% target set in February 2019.

The 16% target represents about \$3.7 billion of total plan assets.

Gas Provider Files for Bankruptcy

BY JONATHAN RANGLES

Volunteer Energy Services Inc., which provide natural gas and electricity to homeowners and businesses in Ohio, Michigan, Kentucky and Pennsylvania, has filed for bankruptcy and intends to wind down its business.

Family-owned Volunteer Energy filed for chapter 11 protection in the U.S. Bankruptcy Court in Columbus, Ohio, after defaulting on about \$12.6 million in payments due to wholesale energy providers that the company works with.

Based in Pickerington, Ohio, Volunteer Energy said it defaulted after spending months marketing its assets to prospective buyers, a process that was unsuccessful.

Now in bankruptcy, Volunteer will begin transitioning its roughly 212,000 customers to new energy service providers and "conduct an orderly winddown for the benefit of all stakeholders," Chief Financial Officer David Warner said in a sworn declaration filed in bankruptcy court.

Volunteer Energy could be subject to daily penalties totaling as much as \$1.5 million or more if it is unable to provide energy service to its customers, according to court documents.

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TECHNOLOGY

WSJ.com/Tech

Elon Musk Tests Positive for Covid

Diagnosis from auto maker's boss comes as company suspends production in Shanghai

By Yoko Kubota

BEIJING—Tesla Inc. Chief Executive Elon Musk said he has tested positive for Covid-19. Meanwhile, in China, the electric-vehicle maker suspended production at its car plant in Shanghai amid a partial city lockdown to contain an outbreak there, according to people familiar with the matter.

Mr. Musk tweeted Monday "I supposedly have it again (sigh), but almost no symptoms" after referencing Covid-19 earlier in the tweet. Mr. Musk in 2020 also said he had tested positive for the virus.

Mr. Musk made the comment after Tesla suspended work at its largest car factory as Shanghai started putting its 25 million citizens in a staggered two-stage Covid-19 lockdown. The company told its employees and suppliers that its production halt will last for



The company told its employees and suppliers that its production halt will last for four days.

four days from Monday through Thursday, the people said.

The Shanghai plant is located in the eastern side of the city, where residents were ordered to stay inside their residential compounds, public transportation was halted and strict limits were imposed on traffic in and out of the area from Monday to 5 a.m. on Friday. Shanghai, a manufacturing hub in eastern China, has been grappling with an outbreak of

coronavirus cases involving the Omicron variant in recent weeks. Earlier this month, Tesla suspended production for two days at its Shanghai plant to test its employees for Covid-19, the people said.

Tesla is implementing Covid-19 control requirements and is making work arrangements according to the government's policies, a Tesla spokeswoman said Monday. Tesla's latest production halt

is a sign of the challenges that the sudden lockdown poses to manufacturers in Shanghai, as well as to the global supply chain that relies on goods made in or shipped from the city.

It comes even as Shanghai's municipal government said that factories will be allowed to continue operating under what it calls a "closed-loop production," or a bubblelike environment in which staff could keep working, living and staying

within the factory campus without leaving the site.

Tesla, after its earlier production halt in Shanghai, has been preparing to build such a bubblelike environment, one of the people said. But the latest lockdown order came abruptly for Tesla and the car maker didn't have enough provisions to sustain such an environment for four days, the person said.

Tesla produces the Model 3 and the Model Y at its Shanghai plant, one of the two overseas plants for the U.S. electric car maker—the other one opened in Germany this month. Tesla sold more than 470,000 cars made at its Shanghai factory last year, around a third of which were exported, data from the China Passenger Car Association showed.

When Tesla briefly suspended production in Shanghai earlier this month, it cordoned off some workers in nearby residential compounds for two days, the people familiar with the matter said. Workers who tested negative returned to the factory, they said.

—Raffaele Huang contributed to this article.

HP Deal Places Bet On Hybrid Workplace

By Will Feuer

HP Inc. agreed to buy Poly, a maker of workplace communications products, for \$1.7 billion in a bet on the rise of hybrid work.

HP will pay \$40 cash for each outstanding share of Poly, a premium of more than 50% from its close on Friday. The companies valued the deal for Poly, formerly known as Plantronics, at \$3.3 billion, including debt.

Poly makes audio and video products, such as headsets, desk phones and other conferencing products. The company is expected to report annual sales of about \$1.53 billion for its fiscal year that ends this month, according to analysts surveyed by FactSet.

HP had annual sales of \$56.7 billion in its most fiscal year that ended in October. It said the deal, expected to close by year-end, would help expand its hybrid-office offerings.

The maker of PCs, printers and other computer products said office workers are investing to improve their home setups, while businesses are reconfiguring office spaces to support hybrid work.

"Only 10% of the offices have been equipped with video-conferencing solutions" HP Chief Executive Enrique Lores said on a call with analysts Monday. "We expect that more and more will be as...companies will start reopening and allow people to work from home."

HP expects the transaction to immediately add to its revenue growth and profitability, and the company said it remains committed to buying back at least \$4 billion in the current fiscal year. Shares of HP fell 2.7% Monday to \$38.75. Poly shares jumped 53% to \$39.99.

◆ Heard on the Street: HP banks on pandemic changes..... B11

Tesla Chief Considers Social-Media Platform

By Allison Prang

Billionaire Elon Musk said he is "giving serious thought" to creating a new social-media platform, without disclosing specifics.

Mr. Musk, the world's richest person, was critical of Twitter Inc. in several tweets in recent days.

He polled his followers for their thoughts on whether the social network adheres to free-speech principles, and said he would give serious thought to building a new platform.

"Free speech is essential to a functioning democracy," Mr. Musk said in a tweet. "Do you believe Twitter rigorously adheres to this principle?" In the

accompanying poll, 70% of the more than two million respondents voted no.

"The consequences of this poll will be important," Mr. Musk said in a follow-up tweet. "Please vote carefully."

Twitter declined to comment. The company says on its website that "defending and respecting the user's voice" is a core value.

Mr. Musk, the chief executive of electric-vehicle maker Tesla Inc. and rocket company Space Exploration Technologies Corp., known as SpaceX, is known for his commentary on Twitter, where he has nearly 80 million followers.

In November, he polled users as to whether he should sell 10% of his stock in Tesla.



Elon Musk poll of his followers. The consequences of this poll will be important. Please vote carefully. 4:26 AM · Mar 25, 2022

About 58% of those who voted were in favor of a sale.

In December, the Tesla leader also tweeted that he was thinking of quitting his

jobs and becoming an influencer, and asked people what they thought.

In early 2021, Mr. Musk said he was taking a break from the social-media platform before chiming in again shortly afterward.

Mr. Musk's Twitter pronouncements have landed him in hot water.

In 2018, Mr. Musk falsely asserted he had secured funding to take Tesla private. The Securities and Exchange Commission claimed in doing so, Mr. Musk defrauded investors, a claim that Mr. Musk has disputed.

Earlier this month, he asked a federal judge to scrap a settlement with regulators about that incident, requiring some

of his tweets be preapproved.

Mr. Musk's net worth was \$256 billion as of Monday, according to the Bloomberg Billionaires Index, a ranking updated daily of the richest people in the world.

Twitter has banned some users from its platform. Early last year, it banned former President Donald Trump's personal Twitter account over the risk of inciting violence. Mr. Trump is behind a new social-media network called Truth Social.

Earlier this year, Twitter permanently suspended an account of Georgia Republican Rep. Marjorie Taylor Greene, saying the account repeatedly violated Twitter's Covid-19 misinformation policy.

EV Maker Seeks to Split Stock

Continued from page B1
stock price, not the total value of an investor's holding, although they have a history of generating a short-term rally in a company's stock price.

The proposal comes almost

two years after Tesla enacted a 5-for-1 stock split as shares of the company run by Elon Musk rode to new heights. Tesla, at the time, said it was making the move "to make stock ownership more accessible to employees and investors."

Tesla shares surged last year as the company's vehicle deliveries rose strongly despite global supply-chain constraints, and its profit advanced, too. The rally has turned Mr. Musk into the world's richest person, accord-

ing to the Bloomberg Billionaires Index.

The stock is down around 3% this year amid wider market turmoil following Russia's attack on Ukraine. Tesla shares are still up more than 60% over the past year.

Tesla's stock-split announcement comes as the company is temporarily idling its factory in Shanghai amid wider Covid-19 lockdown measures in China.

Mr. Musk on Monday also tweeted he has again tested positive for the virus.



Tesla shares surged last year as its vehicle deliveries rose strongly despite supply-chain constraints.

FedEx Names New CEO

Continued from page B1
elect immediately. The 56-year-old has steered FedEx's embrace of online shopping and was seen as Mr. Smith's likely successor after he was named the No. 2 executive and joined the board in early 2020.

In a letter to staff Monday, Mr. Smith said that he timed the appointment of his successor to the company's 50th anniversary, and that making Mr. Subramaniam CEO-elect will allow him to oversee the development of the business plan for the next fiscal year.

Mr. Smith invented the concept of express delivery when he founded Federal Express in 1971 by forming an airline net-

work that flew time-critical packages overnight.

The concept was spelled out in a term paper during his time at Yale University.

The Memphis, Tenn., company employs more than 600,000 people and had \$92 billion in revenue last year.

Lately, FedEx has been trying to capitalize on changing shopping habits driven by the e-commerce boom.

FedEx started to split ways in 2019 with Amazon.com Inc., which was building up its own logistics operations.

Instead, FedEx focused on other merchants and transformed its Ground unit into a low-cost network that delivers everything from toothpaste to toilet paper to U.S. homes and played a crucial role during the pandemic when online shopping soared.

Mr. Smith has been FedEx's CEO for nearly its whole history. The billionaire was preparing to hand over the reins before the pandemic but ex-

tended his stay after two top executives, including his heir apparent, abruptly left, The Wall Street Journal has reported.

The founder had started to take a step back from FedEx more recently, bowing out of some quarterly earnings calls and generally leaving investor questions to his executive team.

He has been focusing on policy topics like trade. As executive chairman, Mr. Smith said he plans to focus on corporate governance and topics like sustainability.

One of his sons, Richard, is set to take on a bigger role at the company.

FedEx recently said Richard Smith, who has been with the company in various executive roles since 2005, would lead the Express unit starting in September.

FedEx said it would keep the chief-operating-officer role, which has traditionally been seen as the next in line to CEO, vacant for now.

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BUSINESS & FINANCE

China Lockdowns Drag on Demand, Pressing Oil Prices

By MATT GROSSMAN

New Covid-19 restrictions in China dragged oil prices further below recent highs on Monday, with the prospect of reduced fuel demand easing some pressure on global crude markets.

U.S. oil prices slid 7% to \$105.96 a barrel, continuing their fall from a recent closing high of \$123.70 reached earlier this month. Oil prices remain sharply higher since Russia invaded Ukraine in February, as Western sanctions against Russia have cut world-wide supply. Brent crude, the global price benchmark, dropped about 6.8% to \$112.48.

China's aggressive approach to containing Covid-19 is likely to dent the country's demand for oil, analysts at Commerzbank wrote in a Monday note to clients, after rising cases sent half of Shanghai into lockdown. Public-transit lines were suspended and some manufacturers paused operations. Tesla Inc. said it would close production there for four days.

"There was some hope that China this time around would not go through a lockdown, but the message from the country

is that that's out of the question," said Natasha Kaneva, J.P. Morgan's head of global commodities research. "I think the market is definitely afraid of what is coming next."

A reduction in demand from China could ease pressure on global markets after prices surged to multiyear highs following the Ukraine invasion. Traders, banks and shipping companies have shunned Russian oil and shortfalls have begun hitting the market, with many predicting more ahead. The rise in prices has translated into more expensive gasoline—now averaging over \$4.20 a gallon in the U.S.—denting consumers' wallets and contributing to persistent inflation.

Western drillers such as BP PLC and Shell PLC have pulled out of Russia. Russia's exporters have turned to selling crude at steep discounts in off-market transactions that allow buyers to shield their identities from the stigma of trading with Russian firms.

Meanwhile, U.S. oil producers face bottlenecks hampering their ability to respond to higher prices by expanding their output. Ramping up drilling takes time—especially after many domestic drillers already tapped a large portion of their ready-to-go wells as fuel demand recovered since the start of the pandemic. Disappointing returns on oil drilling during the 2010s have also reduced investors' appetite for big capital outlays to expand production.

Investors will look for more clarity on the supply outlook from Thursday's meeting of the Organization of the Petroleum Exporting Countries. The group will most likely modestly increase supply, without adjusting to make up for the fall in Russian exports, analysts at Ritterbusch & Associates wrote.

U.S. crude-oil futures price, front-month contract



Source: FactSet



Drastic Covid-19 curbs in Shanghai dimmed the energy outlook.



The U.S. tacitly accepts Tokyo's preference for a weaker yen, which benefits Japanese exports. A currency trading brokerage in Tokyo.

Yen Weakens Against the Dollar As Japan Stays Dovish on Rates

By MEGUMI FUJIKAWA

TOKYO—The dollar rose to a more than six-year high against the yen Monday, fueled by Japan's preference for a weaker currency and—in a shift—tacit acceptance from U.S. officials focused on inflation.

For the first time since August 2015, a dollar on Monday briefly bought more than 125 yen on foreign-exchange markets, compared with around 110 yen a half-year ago. The dollar was changing hands at around 123.93 yen late Monday in Tokyo.

The strong dollar means Americans and others whose currencies are linked to the dollar get more bang for their buck when they buy goods made in Japan, a potential boon with U.S. inflation running at nearly 8%.

It also means Japanese manufacturers have lower costs in dollar terms and gain an edge over U.S. competitors. That is driving Japanese policy makers to say that, on the whole, they are fine with the currency moves.

"There is no change in the basic structure that a weaker yen has positive effects on the Japanese economy by pushing up the overall economy and prices," Bank of Japan Gov. Haruhiko Kuroda said at a parliamentary session on Friday.

The central bank estimated in a January report that a depreciation in the yen by 10% would push up Japan's gross

domestic product by about 1%. On Monday, the chief government spokesman, Hirokazu Matsuno, said Japan was watching the market closely and "any rapid movements are not desirable."

The yen's fall stems largely from the widening interest-rate differential between Japan and the U.S. The U.S. 10-year Treasury now yields nearly 2.5%, after the Federal Reserve raised rates and penciled in six more increases this year. That is 10 times the 0.25% yield on the equivalent Japanese government bond—at the top of the Bank of Japan's targeted range. Meanwhile, the two-year Treasury yield is 2.3%, while the Japanese equivalent yield is just under zero.

On Monday, the Bank of Japan stepped into the market to defend its policy, offering twice to buy an unlimited quantity of 10-year government bonds at a price that would prevent the yield from rising further. It said it would conduct similar operations Tuesday through Thursday. Though low, the Japanese yield is still higher than at any time since January 2016.

Other things being equal, the U.S.-Japan interest-rate gap makes it better to hold dollars than yen because the returns are higher. In particular, analysts say the yield gap is revisiting the "carry trade," in which investors borrow yen at low rates and convert the money into dollars earning

How many Japanese yen \$1 buys



Source: Tullett Prebon

more interest. Mr. Kuroda at the central bank is under little pressure to raise rates to match the U.S. trend, because inflation remains relatively quiet in Japan.

In the past, a sharp fall in the yen would likely have drawn outrage from U.S. politicians and companies. When he was in office, President Donald Trump frequently expressed dissatisfaction with other countries' weak currencies.

"They play the devaluation market, and we sit there like a bunch of dummies," Mr. Trump said shortly after taking office, singling out Japan, China and Germany.

But now, a strong dollar pushes down the cost of imported goods and tamps down inflation, a top concern for the Biden administration.

The Treasury Department's most recent foreign-exchange report, released in December at a time when the yen was already weakening, expressed no concern about the moves.

While many Japanese companies have shifted production overseas, limiting the benefits of a weak yen, enough manufacturing remains in Japan that the benefits can be considerable.

Daiwa Institute of Research estimates that a 10-yen depreciation against the dollar—for example, if the dollar buys 125 yen instead of 115 yen—would raise one measure of Japanese companies' collective operating profit by nearly ¥1.5 trillion, equivalent to about \$12 billion. Auto makers in particular still export many made-in-Japan vehicles to the U.S., and the dollars they earn from American car buyers are now worth more in yen terms.

Takahiro Sekido, a strategist at MUFG Bank, said it would be difficult for the U.S. to push down the dollar even if it wanted to, because the world is turning to the U.S. to substitute for Russian energy. To buy American oil and gas, countries need dollars. "The U.S. has no choice but to accept a strong dollar, at least in the short term," Mr. Sekido said.

The weak yen isn't entirely good for Japan because it adds to the burden of oil and gas imports, which Japan needs dollars to buy. Higher oil prices eventually get passed to consumers.

Shopify Finances Carbon-Capture Projects, Reforestation by Drones

By ED BALLARD

E-commerce company Shopify Inc. agreed to provide \$13.5 million to nine projects in its latest round of carbon-removal purchases.

One of the recipients is a startup that retrofits cooling towers to help cool the planet. America's roughly 2 million cooling towers remove heat from HVAC systems and industrial processes by bringing hot water into contact with a stream of air. Noya Inc., a San Francisco startup founded in 2020, has developed a system that captures carbon dioxide from those air currents. The gas can then be pressurized so it can be moved elsewhere to be stored underground or sold.

Noya's strategy is one way of removing carbon from the atmosphere—a challenge many scientists say is essential for keeping global warming in check.

Shopify's latest agreements take its total funding since 2019 for carbon-removal projects to \$32 million, said Stacy Kauk, director of the Ottawa-based company's sustainability fund. These aren't huge sums for Shopify, which saw its sales rise 57% to \$4.6 billion last year, but the company is a big player in this small but growing industry. Like a handful of other early adopters, including Microsoft Corp. and payments company Stripe Inc., Shopify says that by signing up to pay for new carbon-removal technologies, it can help unproven concepts blossom into an in-



Noya, a startup founded by Daniel Cavero and Josh Santos, is among the carbon-removal startups backed by Shopify.

dustry capable of dialing down the planet's thermostat.

High-tech carbon removal remains expensive. Ms. Kauk declined to say how much Shopify was paying Noya, but said it generally has paid an average of over \$600 per metric ton of carbon dioxide for long-term carbon removal. At Shopify's average rate, the total cost would be above \$870,000. Scientists say billions of tons would have to be removed every year to deliver a significant climate benefit.

The carbon-removal industry is evolving fast. About 200 companies entered Shopify's latest procurement round, according to Ms. Kauk, and nearly half of the 25 leading applicants were formed in the past three years. Of the nine startups Shopify is funding, "We are the first purchaser for four of

them, which tells you that there are new companies joining the ecosystem," she added.

The companies that Shopify is paying to remove carbon are approaching the challenge in various ways. DroneSeed Inc. uses seed-dropping drones to reforest areas devastated by wildfires. Some, such as Noya and Cary, N.C.-based Sustaera Inc., have systems that suck CO2 from the air. Others are addressing how to store the captured gas, such as 44.01 LLC—the name refers to carbon dioxide's molecular mass—which turns CO2 into rock. Some are looking into commercial applications, such as Los Angeles startup CarbonBuilt Inc., which is using CO2 captured from industrial processes in building materials.

Noya's system works by redirecting the airflow in a cool-

ing tower into equipment containing a chemical compound that captures CO2. Co-founder and Chief Executive Josh Santos declined to name the chemical, but said it is "easy to source and not something that is hazardous in any way."

The money from Shopify will let Noya, which is testing equipment at its headquarters, build a pilot facility, he said.

Mr. Santos, who previously worked for Harley-Davidson Inc. and Tesla Inc., said an advantage of Noya's system is that it uses cooling towers' existing air currents, without the need for new equipment to move the air. "The installation costs will vary by geography and cooling-tower size but we expect them to be an order of magnitude cheaper than other approaches," he said.

Ms. Kauk said the growth of the market depends on more companies paying a premium to help nurture early-stage carbon-removal businesses so they can bring down costs, rather than offsetting their emissions with conventional carbon credits. Those can cost as little as a few dollars a metric ton but often come with questionable climate benefits.

There are signs of growing corporate appetite. Plane maker Airbus SE March agreed to buy 400,000 tons of carbon credits over four years from a unit of Occidental Petroleum Corp., which is building a carbon-capture facility in the Permian Basin in the Southwestern U.S., using technology from Carbon Engineering Ltd.

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BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from the p.m. the previous day.

Monday, March 28, 2022

Table of stock prices for Monday, March 28, 2022. Columns include Stock, Sym, Close, Net Chg, and Net Chg %.

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Dividend Changes

Dividend announcements from March 28.

Table of dividend announcements with columns for Company, Symbol, Yld%, Amount, Frq, and Payable/Record.

Reduced

Reduced dividend announcements.

Table of reduced dividend announcements.

Initial

Initial dividend announcements.

Table of initial dividend announcements.

Stocks

Stock price changes.

Table of stock price changes.

Foreign

Foreign stock price changes.

Table of foreign stock price changes.

Exchange-Traded Portfolios

Exchange-traded fund performance.

Table of exchange-traded fund performance.

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Public Notices

IN THE MATTER OF THE ACCELERON HOLDING LTD.

NOTICE IS GIVEN pursuant to Section 1048(2)(e) of the Companies Act 1981 of Bermuda that the Company intends to merge with Accelaron Pharma Inc.

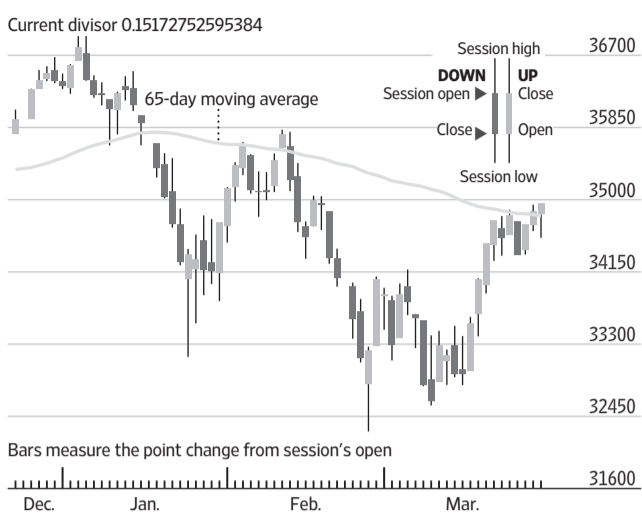
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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

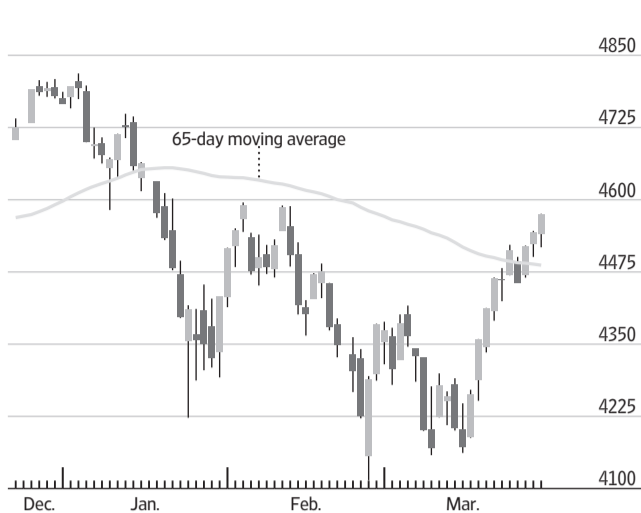
34955.89 ▲94.65, or 0.27%
 High, low, open and close for each trading day of the past three months.
 Last: 19.41, Year ago: 33.67
 Trailing P/E ratio: 18.14, P/E estimate*: 21.24
 Dividend yield: 2.02, All-time high: 36799.65, 01/04/22



*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; *Based on Nasdaq-100 Index

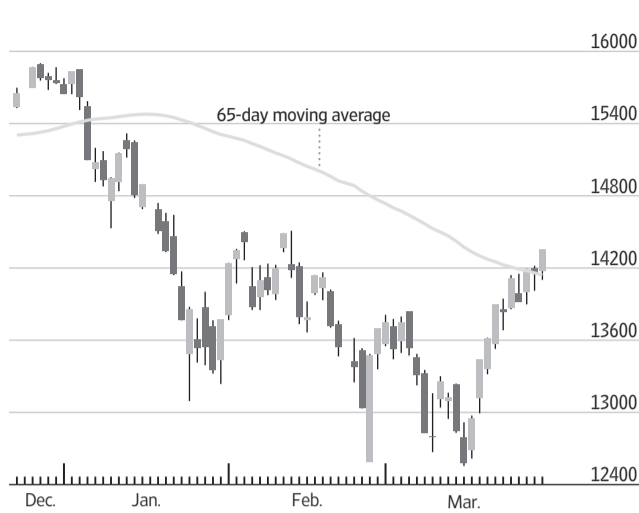
S&P 500 Index

4575.52 ▲32.46, or 0.71%
 High, low, open and close for each trading day of the past three months.
 Last: 24.78, Year ago: 44.66
 Trailing P/E ratio*: 19.85, P/E estimate*: 22.62
 Dividend yield*: 1.39, All-time high: 4796.56, 01/03/22



Nasdaq Composite Index

14354.90 ▲185.60, or 1.31%
 High, low, open and close for each trading day of the past three months.
 Last: 33.35, Year ago: 37.55
 Trailing P/E ratio*: 25.75, P/E estimate*: 28.12
 Dividend yield*: 0.69, All-time high: 16057.44, 11/19/21



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	34957.93	34552.23	34955.89	94.65	0.27	36799.65	32632.64	-3.8	10.8
Transportation Avg	16484.38	16279.51	16482.79	96.67	0.59	17039.38	14000.78	0.03	16.9
Utility Average	1022.04	1010.75	1022.03	5.39	0.53	1022.03	869.74	4.2	9.7
Total Stock Market	46260.98	45644.27	46259.87	314.67	0.68	48929.18	41386.65	-4.9	16.8
Barron's 400	1035.87	1021.12	1032.99	-2.88	-0.28	1127.20	954.00	-6.6	14.7
Nasdaq Stock Market									
Nasdaq Composite	14356.00	14101.34	14354.90	185.60	1.31	16057.44	12581.22	-8.2	23.2
Nasdaq-100	14989.08	14705.92	14987.40	233.09	1.58	16573.34	12896.53	-8.2	27.0
S&P									
500 Index	4575.65	4517.69	4575.52	32.46	0.71	4796.56	3958.55	-4.0	17.6
MidCap 400	2717.21	2683.26	2717.04	4.61	0.17	2910.70	2517.18	-4.4	12.9
SmallCap 600	1328.19	1312.33	1325.61	-5.41	-0.41	1466.02	1252.49	-5.4	12.2
Other Indexes									
Russell 2000	2078.30	2049.54	2078.06	0.08	0.004	2442.74	1931.29	-3.7	-7.4
NYSE Composite	16798.72	16640.14	16798.72	5.91	0.04	17353.76	15601.74	7.6	-2.1
Value Line	639.39	631.98	639.30	-0.09	-0.01	696.40	596.67	1.1	-4.9
NYSE Arca Biotech	5077.01	4953.02	5026.87	-0.60	-0.01	6022.37	4677.66	-7.1	-8.9
NYSE Arca Pharma	836.95	830.13	836.15	3.44	0.41	836.15	687.67	19.4	1.1
KBW Bank	130.57	127.88	129.82	-1.52	-1.16	147.56	116.87	9.2	-1.8
PHLX ^S Gold/Silver	158.65	155.40	156.16	-4.63	-2.88	166.01	117.06	14.9	17.9
PHLX ^S Oil Service	81.41	78.21	78.93	-3.64	-4.41	82.57	48.31	49.7	-6.0
PHLX ^S Semiconductor	3548.54	3450.94	3547.17	21.83	0.62	4039.51	2851.15	16.1	-10.1
Cboe Volatility	23.33	19.54	19.63	-1.18	-5.67	36.45	15.01	-5.4	14.0

^SNasdaq PHLX

Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
SPDR S&P 500	SPY	6,897.9	455.92	0.01	unch.	456.20	455.73
AMC Entertainment Hldgs	AMC	5,908.8	28.71	-0.62	-2.11	30.24	28.53
Bank of America	BAC	4,793.4	43.50	-0.05	-0.11	43.68	43.47
ICICI Bank ADR	IBN	4,526.9	18.38	-0.18	-0.97	18.59	18.38
KE Holdings ADR	BEKE	4,428.4	12.30	-0.01	-0.08	12.33	12.11
Comcast Cl A	CMCSA	4,039.6	47.56	0.03	0.06	47.60	47.53
Ovintiv	OVV	3,945.2	54.46	0.62	1.15	54.46	52.98
Viatis	VTRS	3,593.9	10.92	0.02	0.18	10.96	10.76

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
NexImmune	NEXI	98.5	3.52	0.28	8.64	4.05	3.26
Akebia Therapeutics	AKBA	124.5	2.57	0.13	5.33	2.58	2.43
Myovant Sciences	MYOV	98.4	14.28	0.68	5.00	14.69	13.49
Duolingo	DUOL	178.7	97.71	4.65	5.00	97.71	94.00
CSG Systems Intl	CSGS	126.1	65.61	3.12	4.99	65.61	62.49

...And losers

Company	Symbol	Volume (000)	Last	Net chg	% chg	High	Low
Marin Software	MRIN	1,496.5	3.20	-0.47	-12.81	3.94	3.14
Lightning eMotors	ZEV	269.7	5.03	-0.63	-11.13	6.28	4.62
Dave Buster's Ent	PLAY	352.9	39.20	-3.92	-9.09	44.00	38.11
1Life Healthcare	ONEM	116.1	9.94	-0.52	-4.97	10.55	9.94
Radius GI Infr Cl A	RADI	115.1	13.40	-0.70	-4.96	14.10	13.40

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	856,443,357	24,292,264
Adv. volume*	416,171,332	9,651,512
Decl. volume*	432,400,969	14,200,504
Issues traded	3,499	284
Advances	1,642	94
Declines	1,705	177
Unchanged	152	13
New highs	75	4
New lows	139	8
Closing Arms*	0.89	0.52
Block trades*	4,346	210

*Primary market NYSE, NYSE American, NYSE Arca only. *(TRN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg	
World	MSCI ACWI	712.16	2.58	0.36	-5.7	
	MSCI ACWI ex-USA	319.32	-0.97	-0.30	-7.3	
	MSCI World	3061.63	12.52	0.41	-5.3	
	MSCI Emerging Markets	1124.82	-0.19	-0.02	-8.7	
Americas	MSCI AC Americas	1755.72	11.92	0.68	-3.9	
	Canada S&P/TSX Comp	21977.83	-28.11	-0.13	3.6	
	Latin Amer. MSCI EM Latin America	2629.97	-30.36	-1.14	23.5	
	Brazil BOVESPA	118737.78	-343.35	-0.29	13.3	
	Chile S&P IPSA	3187.44	-41.01	-1.27	13.6	
	Mexico S&P/BMV IPC	55685.14	249.09	0.45	4.5	
	EMEA	STOXX Europe 600	454.17	0.62	0.14	-6.9
		Eurozone Euro STOXX	432.54	2.21	0.51	-9.7
		Belgium Bel-20	4130.93	11.51	0.28	-4.2
		Denmark OMX Copenhagen 20	1720.20	29.56	1.75	-7.7
France CAC 40		6589.11	35.43	0.54	-7.9	
Germany DAX		14417.37	111.61	0.78	-9.2	
Israel Tel Aviv		2030.08	-5.09	-0.25	2.6	
Italy FTSE MIB		24712.60	153.86	0.63	-9.6	
Netherlands AEX		720.36	-3.54	-0.49	-9.7	
Russia RTS Index		823.04	-6.58	-0.79	-48.4	
South Africa FTSE/JSE All-Share		74194.35	-130.32	-0.18	0.7	
Spain IBEX 35		8365.60	35.00	0.42	-4.0	
Sweden OMX Stockholm		880.63	9.45	1.09	-15.1	
Switzerland Swiss Market		12155.95	34.28	0.28	-5.6	
Turkey BIST 100	2172.48	-3.03	-0.14	16.9		
U.K. FTSE 100	7473.14	-10.21	-0.14	1.2		
U.K. FTSE 250	21070.03	113.82	0.54	-10.3		
Asia-Pacific	MSCI AC Asia Pacific	178.40	-0.92	-0.51	-7.6	
	Australia S&P/ASX 200	7412.40	6.15	0.08	-0.4	
	China Shanghai Composite	3214.50	2.26	0.07	-11.7	
	Hong Kong Hang Seng	21684.97	280.09	1.31	-7.3	
	India S&P BSE Sensex	57593.49	231.29	0.40	-1.1	
	Japan NIKKEI 225	27943.89	-205.95	-0.73	-2.9	
	Singapore Straits Times	3431.99	18.30	0.54	9.9	
	South Korea KOSPI	2729.56	-0.42	-0.02	-8.3	
	Taiwan TAIEX	17520.01	-156.94	-0.89	-3.8	
	Thailand SET	1684.30	7.50	0.45	1.6	

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	52-Week Low	% chg
Plantronics	POLY	39.99	13.79	52.63	43.40	22.69	8.6
AMC Entertainment Hldgs	AMC	29.33	9.09	44.91	72.62	8.31	183.4
Newegg Commerce	NEGG	7.40	2.24	43.41	79.07	4.14	-13.2
Marin Software	MRIN	3.67	0.97	35.93	27.26	1.34	107.3
Creative Medical Tech	CELZ	4.54	1.06	30.46	30.95	1.32	-73.2
enVeno Medical	NVNO	6.08	1.28	26.67	11.38	4.08	-7.2
GameStop Cl A	GME	189.59	37.64	24.77	344.66	77.58	4.6
Koss	KOSS	10.25	2.00	24.24	43.92	5.89	-51.7
Immunome	IMNM	5.93	1.11	23.03	35.24	3.79	-80.7
Neonode	NEON	6.17	1.02	19.81	12.42	3.70	-30.2
Dynagas LNG Partners	DLNG	4.10	0.61	17.48	4.40	2.55	43.9
BOS Better Online Solns	BOSC	3.03	0.44	16.99	5.12	2.26	-17.9
Atreca Cl A	BCEL	3.83	0.55	16.77	15.55	1.56	-73.0
Bed Bath Beyond	BBBY	26.32	3.73	16.51	44.51	12.39	-7.3
Amrep Corp	AXR	13.33	1.86	16.22	18.80	9.75	25.8

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Hycoft Mining Holding	HYMC	359,968	1219.7	2.32	81.25	4.37	0.28
AMC Entertainment Hldgs	AMC	224,715	375.4	29.33	44.91	72.62	8.31
Sundial Growers	SNDL	220,770	147.3	0.78	-4.19	1.49	0.40
DatChat	DATS	188,850	5681.1	2.68	61.45	18.50	1.39
BitNile Holdings	NILE	167,048	1528.0	0.95	14.46	3.70	0.50
Mullen Automotive	MULN	145,885	54.2	2.45	4.26	15.90	0.52
Advanced Micro Devices	AMD	92,804	-4.4	120.24	0.48	164.46	72.50
ProShares UltraPro QQQ	TQQQ	91,422	-20.3	59.52	4.55	91.68	39.56
Tilray Brands Cl 2	TLRY	91,408	236.2	7.99	-6.66	24.13	4.78
Apple	AAPL	90,165	-2.9	175.60	0.50	182.94	118.86

*Volumes of 100,000 shares or more are rounded to the nearest thousand

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Futures Contracts

Metal & Petroleum Futures						
	Open	Contract High/low	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
March	4,650	4,704	4,630	4,710	0.0280	745
May	4,690	4,730	4,640	4,725	0.0270	119,579
Gold (CMX) -100 troy oz.; \$ per troy oz.						
March	1932.60	1933.40	1932.60	1939.60	-14.20	66
April	1958.70	1959.80	1924.50	1939.80	-14.40	108,964
May	1959.10	1962.00	1928.00	1942.30	-14.60	4,932
June	1962.50	1965.20	1930.10	1944.70	-15.10	419,165
Aug	1967.80	1968.30	1935.30	1949.90	-15.00	36,806
Oct	1965.60	1974.00	1942.80	1955.70	-15.00	10,540
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
March				2238.50	-151.90	5
June	2335.50	2396.00	2151.50	2242.40	-151.90	6,633
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
March				990.40	-17.40	2
July	1010.30	1011.20	984.70	993.80	-16.90	47,070
Silver (CMX) -5,000 troy oz.; \$ per troy oz.						
March	25.185	25.210	25.030	25.176	-0.419	51
May	25.725	25.795	24.940	25.196	-0.419	115,976
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
May	112.92	112.93	102.83	105.96	-7.94	282,016
June	110.22	110.22	100.43	103.42	-7.64	189,319
July	106.59	107.09	97.86	100.72	-7.21	111,352
Dec	93.50	94.50	87.12	89.61	-5.22	252,093
June'23	85.94	86.87	81.24	83.43	-3.89	111,316
Dec	81.20	82.14	77.91	79.83	-3.03	126,823
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.						
April	4.0710	4.0730	3.6570	3.7834	-3312	20,256
May	3.7465	3.7465	3.3451	3.4532	-2980	56,683
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.						
April	3.4740	3.4740	3.1389	3.2188	-2512	23,969
May	3.4220	3.4220	3.1157	3.1962	-2401	110,444
Natural Gas (NYM) -10,000 MMBtu.; \$ per MMBtu.						
April	5.551	5.652	▲ 5.419	5.508	-0.63	15,760
May	5.595	5.707	▲ 5.452	5.538	-0.73	232,175
June	5.633	5.747	▲ 5.494	5.582	-0.69	72,258
July	5.683	5.796	▲ 5.544	5.636	-0.65	93,928
Sept	5.654	5.768	▲ 5.529	5.616	-0.68	77,138
Oct	5.674	5.778	▲ 5.537	5.626	-0.67	80,488

Agriculture Futures

Corn (CBT) -5,000 bu.; cents per bu.						
May	749.00	750.25	740.50	748.50	-5.50	515,280
July	729.25	731.00	721.25	730.50	-4.25	400,362
Oats (CBT) -5,000 bu.; cents per bu.						
May				756.00	18.00	1,750
July	699.75	706.50	▲ 684.75	709.50	15.00	545
Soybeans (CBT) -5,000 bu.; cents per bu.						
May	1703.00	1710.00	1661.00	1664.25	-46.00	272,177
July	1681.00	1687.25	1643.50	1646.75	-41.75	181,670
Soybean Meal (CBT) -100 tons; \$ per ton.						
May	486.00	487.20	477.20	478.90	-9.00	166,893
July	478.60	479.40	471.10	472.80	-7.60	121,347
Soybean Oil (CBT) -60,000 lbs.; cents per lb.						
May	74.56	74.60	72.34	72.45	-2.30	130,894
July	72.40	72.42	70.42	70.58	-2.03	85,560
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.						
May	16.20	16.24	15.86	15.96	-2.29	7,613
Sept	16.07	16.07	15.88	15.95	-2.20	1,610
Wheat (CBT) -5,000 bu.; cents per bu.						
May	1092.75	1096.00	1047.00	1057.00	-45.25	127,799
July	1080.00	1082.25	1038.75	1051.50	-41.00	98,163
Wheat (KC) -5,000 bu.; cents per bu.						
May	1101.50	1103.25	1058.75	1070.50	-40.25	74,233

Cash Prices | wsj.com/market-data/commodities

Monday, March 28, 2022

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.

Monday	Monday	Monday
Energy	Iron Ore, 62% Fe CFR China-s	152.4
Coal,C.Aplc,12500Btu,1.25O2-r,w	Shredded Scrap, US Midwest-s,m	n.a.
Coal,PwdrFvRvBsn,8800Btu,0.85O2-r,w	Steel,HRC USA, FOB Midwest Mill-s	1400
Metals	Batteries/ EV metals	
Gold, per troy oz	BMI Lithium Carbonate, EXW China -99.2%-vk	76700
Engelhard industrial	BMI Lithium Hydroxide, EXW China -56.5%-vk	71825
Handy & Harman base	BMI Cobalt sulphate, EXW China >20.5%-vm	17729
Handy & Harman fabricated	BMI Nickel Sulphate, EXW China >22%-vm	6479
LBMA Gold Price AM	BMI Flake Graphite, FOB China -100 Mesh, 94-95%-vm	685
LBMA Gold Price PM	Fibers and Textiles	
Kruggerand,wholesale-e	Burlap,10-oz 40-inch NY yd-nw	0.8600
Maple Leaf-e	Cotton,11/16 std lw-mdMphs-u	1.4007
American Eagle-e	Cotlook 'A' Index-t	*147.75
Mexican peso-e	Hides,hvy native steers piece fob-u	n.a.
Austria crown-e	Wool,64s, staple, Terr del-u-w	n.a.
Austria phil-e	Grains and Feeds	
Silver, troy oz.	Barley,top-quality Mnpls-u	n.a.
Engelhard industrial	Bran,wheat middlings, KC-u	180
Handy & Harman base	Corn,No.2 yellow,Cent IL-lb-pu	7.2800
Handy & Harman fabricated	Corn gluten feed,Midwest-u-w	222.9
LBMA spot price	Corn gluten meal,Midwest-u-w	683.1
(U.S. \$ equivalent)	Cottonseed meal-u,w	355
Coins,wholesale \$1,000 face-a	Hominy feed,Cent IL-u,w	178
Other metals	Meat-bonemeal,50% pro Mnpls-u,w	388
LBMA Platinum Price PM	Oats,No.2 milling,Mnpls-u	7.1950
Platinum,Engelhard industrial	Rice, Long Grain Milled, No. 2 AR-u,w	29.25
Palladium,Engelhard industrial	Sorghum,(Milo) No.2 Gulf-u	n.a.
Aluminum,LME, \$ per metric ton	SoybeanMeal,Cent IL,rail,ton48%-u,w	510.40
Copper,Comex spot	Soybeans,No.1 yllw IL-lb-pu	16.3700
	Food	
	Beef,carcass equiv. index	227.95
	choice 1-3,600-900 lbs.-u	218.69
	select 1-3,600-900 lbs.-u	1.5573
	Broilers, National comp wtd. avg.-u,w	2.7375
	Butter,AA Chicago-d	225.00
	Cheeddar cheese,bbk,Chicago-d	226.00
	Milk,Nonfat dry,Chicago lb-d	184.75
	Coffee,Brazilian,Comp-y	2.2072
	Coffee,Colombian, NY-y	2.8557
	Eggs,large white,Chicago-u	2.4650
	Flour,hard winter KC-p	28.95
	Hams,17-20 lbs,Mid-US fob-u	n.a.
	Hogs,Iowa-So. Minnesota-u	101.09
	Pork bellies,12-14 lb MidUS-u	2.2758
	Pork loins,13-19 lb MidUS-u	1.1321
	Steers,Tex.-Okla. Choice-u	n.a.
	Steers,feeder,Okla. City-u,w	185.50
	Fats and Oils	
	Degummed corn oil, crude wtd. avg.-u,w	70.0000
	Grease,choice white,Chicago-h	0.7100
	Lard,Chicago-u	n.a.
	Soybean oil,crude,Cent IL-u,w	0.7713
	Tallow,bleach,Chicago-h	0.7375
	Tallow,edible,Chicago-u	n.a.

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=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 3/25

Source: Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

March 28, 2022

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation	Week Latest	Week ago	-52-WEEK-High	-52-WEEK-Low
Feb. index level	Chg From (%) Jan. 22	Feb. 21		
U.S. consumer price index				
All items	283.716	0.91	7.9	
Core	288.059	0.72	6.4	
International rates				
	Week Latest	Week ago	-52-Week-High	-52-Week-Low
Prime rates				
U.S.	3.50	3.50	3.50	3.25
Canada	2.70	2.70	2.70	2.45
Japan	1.475	1.475	1.475	1.475
Policy Rates				
Euro zone	0.00	0.00	0.00	0.00
Switzerland	0.00	0.00	0.00	0.00
Britain	0.75	0.75	0.75	0.10
Australia	0.10	0.10	0.10	0.10
Overnight repurchase				
U.S.	0.25	0.30	0.30	-0.02
U.S. government rates				
Discount	0.50	0.50	0.50	0.25
Federal funds				
Effective rate	0.3400	0.3400	0.3400	0.0500
Secondary market				
Fannie Mae				
30-year mortgage yields				
30 days	4.253	3.866	4.253	2.216
60 days	4.384	3.917	4.384	2.261
Other short-term rates				
	Week Latest	Week ago	-52-Week-High	-52-Week-Low
Call money	2.25	2.25	2.25	2.00
Commercial paper (AA financial)				
90 days	0.75	0.80	1.12	0.04
Libor				
Onemonth	0.44943	0.44400	0.46757	0.07263
Three-month	0.99629	0.95757	0.99629	0.11413
Six-month	1.49271	1.33614	1.49271	0.14663
Oneyear	2.19886	1.86814	2.19886	0.21950
Secured Overnight Financing Rate	0.28	0.30	0.30	0.01
	Value Latest	Value Traded	-52-Week-High	-52-Week-Low
DTCC GCF Repo Index				
Treasury	0.295	14.850	0.295	-0.006
MBS	0.311	34.150	0.311	0.004
Notes on data:				
U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective March 17, 2022.				
Other prime rates aren't directly comparable; lending practices vary widely by location.				
Discount rate is effective March 17, 2022.				
Secured Overnight Financing Rate is as of March 25, 2022. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars.				
Federal funds rates are Tullett Prebon rates as of 5:30 p.m. ET.				
Source: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.				

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

Federal funds (effective)	Week Ended Mar 25	Week Ended Mar 18	High	Low
0.33	0.08	0.33	0.05	
Commercial paper				
Nonfinancial				
1-month	0.33	0.36	0.36	0.02
2-month	0.47	0.64	0.64	0.03
3-month	n.a.	n.a.	n.a.	n.a.
Financial				
1-month	0.42	0.46	0.46	0.05
2-month	0.64	0.63	0.64	0.08
3-month	0.78	0.87	0.87	0.07
Discount window primary credit	0.50	0.50	0.50	0.25
Treasury yields at constant maturities				
1-month	0.18	0.22	0.22	0.00
3-month	0.52	0.43	0.52	0.01
6-month	0.94	0.82	0.94	0.03
TIPS				
5-year	-1.16	-1.31	-0.95	-1.88

MARKETS

Consumer Stocks Spur Modest Gains

Energy sector follows oil prices lower; Tesla jumps on plan to seek approval for split

By Caitlin Ostroff and Hardika Singh

Stocks closed slightly higher following a choppy session, and bond yields remained near their highest levels in three years, with investors preparing for a campaign of interest-rate increases from the Federal Reserve.

Stocks rose at the open, lost ground throughout the morning and then recovered to finish the day. The S&P 500 added 32.46 points, or 0.7%, to 4575.52.

Consumer discretionary, technology and real-estate stocks rose, while energy shares led the benchmark's decliners.

The tech-focused Nasdaq Composite rose 185.60 points, or 1.3%, to 14354.90, while the Dow Jones Industrial Average added 94.65 points, or 0.3%, to 34955.89.

The moves followed last week's rebound, as stocks rose for a second consecutive week.

Fed officials have recently signaled openness to the central bank making half-percentage-point interest-rate increases if the economic outlook calls for it, rather than the quarter-percentage-point changes that are more customary.

This has led economists and investors to re-evaluate how



AMC Entertainment Holdings gained 45%, its largest percentage increase since last summer.

quickly they expect rates to climb.

As an era of easy-money policies ends, markets could be in for a choppy ride, according to Jeff Schwaber, chief executive of BlueRock Capital Markets.

"Investors will be put more to a test—with regard to capital preservation and portfolio positioning—now than they have been in decades," said Mr. Schwaber.

The yield on the 10-year Treasury note declined to 2.476%, while the two-year Treasury note climbed to 2.340%.

Investors are eyeing the possibility of a yield inversion, where the two-year note's yield is higher than that of the 10-year. That gauge is historically tracked as a predictor of recession.

Meme stocks rose, with GameStop adding \$37.64, or 25%, to \$189.59.

AMC Entertainment Holdings gained \$9.09, or 45%, to \$29.33, representing its largest percentage increase since last summer.

Tesla added \$81.20, or 8%, to \$1,091.84 after the electric-car maker said it would request shareholder approval at its annual meeting for an increase in the number of shares of the company to enable a stock split.

Apple gained 88 cents, or 0.5%, to \$175.60. The move marked the stock's 10th consecutive daily gain, its longest winning streak since 2010.

Oil prices fell after Shanghai imposed stringent pandemic restrictions that could weaken energy demand in China.

Brent crude futures, the in-

ternational benchmark, declined \$8.17 a barrel, or 6.8%, to \$112.48.

Concerns over how Russia's war with Ukraine will disrupt energy production have kept oil prices at about \$100 a barrel in recent weeks.

Heightened prices also have bolstered concerns that consumers will have less money to spend on nonessential items, weighing on growth.

The S&P 500's energy sector retreated 2.6%.

The sector has been the benchmark's best performer so far this year, but analysts caution that a shrinking demand outlook could cool the rally.

"The market, at the moment, is assuming that [higher energy prices] will moderate the pace of growth and central banks will tighten," said Mike Bell, global market strategist

at J.P. Morgan Asset Management.

The degree to which central banks may increase interest rates is likely to depend on global growth and whether higher prices for energy and oil require lower rates to cushion growth, he added.

Federal-funds futures, derivatives used by traders to bet on the path of interest rates, show that investors have increased bets on a half-percentage-point rate increase at the Fed's May meeting since last week.

Russia's benchmark MOEX index fell 2.2% in a shortened session as Moscow allowed all Russian shares to trade.

Foreigners remain barred from selling shares, helping underpin the benchmark's level.

The pan-continental Stoxx

Europe 600 added 0.1%.

In cryptocurrencies, bitcoin's dollar value rose for the fifth consecutive day, adding 4.1% to \$47,944.16, from its 5 p.m. New York level Sunday.

The Japanese yen fell 1.2% against the dollar to a more-than-six-year low after the Bank of Japan signaled that it wants to keep a cap on rising yields.

Early Tuesday, Japan's Nikkei was up 0.6%, Hong Kong's Hang Seng was up 0.2% and Australia's S&P ASX 200 was up 0.8%. S&P 500 futures were flat.

AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

Table with 3 columns: Bid Type, 13-Week, 26-Week. Includes rows for Applications, Accepted bids, noncomp, foreign noncomp, and Auction price (rate).

Both issues are dated March 31, 2022. The 13-week bills mature on June 30, 2022; the 26-week bills mature on Sept. 29, 2022.

TWO-YEAR NOTES

Table with 3 columns: Bid Type, 13-Week, 26-Week. Includes rows for Applications, Accepted bids, noncompetitively, foreign noncompetitively, and Auction price (rate).

The notes, dated March 31, 2022, mature on March 31, 2024.

FIVE-YEAR NOTES

Table with 3 columns: Bid Type, 13-Week, 26-Week. Includes rows for Applications, Accepted bids, noncompetitively, foreign noncompetitively, and Auction price (rate).

The notes, dated March 31, 2022, mature on March 31, 2027.



Shares of Union Pacific, a member of the Dow Jones Transportation Index, are up 9.3% for the year to date.

Transports Signal Rebound

Continued from page B1 losses. The benchmark closed Monday up less than 0.1% in 2022, versus a loss of 3.8% for the Dow industrials and a decline of 4% for the S&P 500.

The tech-heavy Nasdaq Composite has suffered even more amid expected interest-rate increases and is down 8.2% in 2022.

Among the stocks driving the rebound are maritime shipper Matson Inc., up 35% in the year to date; Avis Budget Group Inc., up 25%; barge operator Kirby Corp., up 23%; and Union Pacific, up 9.3%.

The Dow transports are off 3.3% from their November record, closer than the major U.S. stock indexes to their highs.

Freight activity has risen lately to reverse some of the decline recorded during the surge of the Omicron variant of Covid-19. In seasonally adjusted terms, U.S. shipping volumes in February recovered almost half of the decline suffered the prior month, according to the Cass Freight Index.

There are also signs of pricing power. FedEx Corp. recently reported stronger-than-expected quarterly sales after higher shipping rates made up for shipping fewer packages overall. The delivery company's shares are up 3.5% in March but down 11% in the year to date.

Airline executives have said demand for travel is bouncing back, and that they believe

customers are willing to pay more to cover higher fuel costs. Shares of carriers are mixed this year, with Alaska Air Group Inc. up 9.8% and American Airlines Group Inc. down 3.7%.

"When the airlines tell you that they've got gangbuster demand, that tells you they're seeing a very strong consumer with disposable dollars for travel," said Michael Farr, chief executive and founder of investment-management firm Farr, Miller & Washington.

"That gives you an indication the consumer is going to be spending in other areas of the economy as well."

One wrinkle for investors looking to the Dow transports for insights about the broader market: The popularity of Avis with online traders has inclined its shares toward outsize moves that sometimes seem disconnected from the

economic outlook.

That volatile stock-market performance has made Avis the biggest contributor this month to the gains of the price-weighted transportation average, according to Dow Jones Market Data. Avis shares jumped 22% on March 16 after the company added \$1 billion to its share-repurchase authorization.

But shares of the rental-car company are still down 27% from the Dow Jones Transportation Average's Nov. 2 record, and Avis has subtracted more points from the index since that time than any other member.

The biggest contributors of points since the November high are Matson, Union Pacific, Kirby and freight bellwether J.B. Hunt Transport Services Inc.—companies moving goods and commodities through the economy.

Higher Prices Spark Investors' Interest In Oil, Gas Strategies

By Luis Garcia

Rising commodity prices are rekindling investors' interest in oil- and gas-focused private-equity strategies after years of depressed fundraising, while more frequent exit deals give investors additional capital to redeploy in the sector.

"We see investors more interested in investing in our new funds going forward than we've seen in the last 18 to 24 months," said Frost Cochran, a managing director and founding partner at Post Oak Energy Capital. The Houston-based private-equity firm backs oil- and-gas businesses.

The firm expects to launch a fund later this year as it sees more opportunities to invest the roughly \$200 million remaining in its current vehicle, Post Oak Energy Partners IV LP, which wrapped up in 2017 with \$600 million, Mr. Cochran said.

Another private-equity firm, Lime Rock Management, recently raised \$538 million for a new fund dedicated to buying oil- and-gas fields. Also, Pearl Energy Investments as of December had raised roughly half of the \$900 million it is seeking for its third oil- and-gas-focused fund, said people familiar with the matter.

Poor returns and a dearth of exit opportunities drove private-equity investors out of the sector in recent years, industry consultants said. In addition, many pension funds and endowments shun fossil-fuel-related assets because of climate-change concerns.

U.S. private-equity managers raised about \$2.48 billion

across seven funds focused on oil and gas last year, compared with \$15.66 billion raised for 21 funds in the previous year, according to PitchBook Data Inc. Fundraising in the sector has been trending lower since 2017, when firms raised about \$20.18 billion for 31 funds.

But as Russia's invasion of Ukraine helps drive crude prices to their highest levels in more than a decade, some investors are taking a new look at such strategies, said Jeff Eaton, a global co-head and managing director of fund placement agent Eaton Partners. U.S. crude futures reached almost \$124 a barrel this month and settled Monday at \$105.96 a barrel.

"We are still not seeing a lot of that activity with endowments and foundations that made it a policy not to invest in fossil fuels anymore," Mr. Eaton said. "We're seeing it from some of the groups that either don't have those policies in place or are willing to look past them a little bit because they're starting to see a potentially attractive investment opportunity."

Those investors, he added, are encouraged by an increased number of private-equity exit deals in the sector as publicly traded energy companies, after years in retreat, returned to buying private-equity-backed peers last year.

Privately held U.S. oil- and-gas producers sold \$31.43 billion of assets across 66 announced deals last year, roughly eight times the \$3.94 billion recorded a year earlier, according to data provider Enverus.

Mutual Funds

Data provided by LIPPER

Large table with 12 columns: Fund, NAV, Chg, %Ret, Net YTD. Lists top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Chinese Tech Stocks Stage A Comeback

But their glory days haven't returned

Don't fight Beijing. That was the investment mantra behind the brutal, long-running selloff in Chinese technology stocks that began in late 2020. That belief is also why they rebounded so strongly in the past couple of weeks: a marked change for the better in the tone from top Chinese policy makers.

In the longer term, some important uncertainties are hanging over the market.

Namely, whether a return to the heady growth and cash generation of the pre-crackdown days is really possible. Based on the evidence so far, the answer seems likely to be no.

The swing in Chinese technology stocks in the past few weeks has been phenomenal. The KraneShares CSI China Internet exchange-traded fund, which tracks offshore Chinese technology listings, had its worst week ever for the week ended March 11, logging a 19% drop. Then it rebounded 29% the week after—its best weekly performance.

The important turning point was a supportive message from a meeting of policy makers, chaired by China's economic czar, Liu He. Though there were no concrete policies announced, the tone was music to investors' ears, especially the bit specifying that any policy that could affect the market should be coordinated with financial regulators first. Soothing language on the overall regulatory crackdown and regarding the delisting risks faced by U.S.-listed Chinese companies also helped.

This is a signal that policy makers probably don't want to see the market go lower—definitely not in the stomach-churning fashion that preceded the abrupt turnaround. Economic stability is a policy priority in 2022 given that President Xi Jinping will likely seek a precedent-breaking third term as the Communist Party's head this fall. It helps that Chinese stocks are trading at historically cheap levels. Hong Kong's Hang Seng Index is trading at 8.6 times forward earnings, compared with a 10-year average of 10.3, according to S&P Global Market Intelligence.

Stock buybacks might also provide support in the coming months. Alibaba increased its share-buyback program to \$25 billion from \$15 billion last week. That is roughly equivalent to 8% of its market value. Smartphone maker Xiaomi said last week it would buy up to \$1.3 billion of its own shares. Goldman Sachs said the cash-to-market capitalization ratio has reached a record of 23% for companies in the MSCI China index, excluding financials.

But in the long run, the fundamentals of the consumer internet sector may indeed have shifted. Alibaba and Tencent both reported the slowest growth since they went public in their most recent earnings reports. In other words, the sort of enormous cash generation that can fund big buybacks in the future might get trickier.

For now, investors seem to still be pricing in a less-rosy future: Even after the recent rebound, many Chinese technology stocks are still worth less than half what they were at their peak.

The market probably has found a bottom for the near term. Returning to the glory days is a different matter.

—Jacky Wong

Hang Seng Index's forward price/earnings ratio



Source: S&P Global Market Intelligence



Maryland, Connecticut and Georgia are among the states cutting gasoline taxes. Ohio, West Virginia and New York are among those weighing such measures.

Gas Tax Breaks Are Low-Octane Lift

Motorists receive only a partial benefit of state fuel-tax suspensions

Fuel tax cuts are getting popular. Mileage will vary, but they are likely to be disappointing.

With gasoline prices near their highest-ever level, the U.K. and Germany announced reductions on taxes last week. In the U.S., Maryland, Connecticut and Georgia are temporarily cutting state taxes. Others could follow: Ohio, West Virginia and New York are among states considering such measures.

Fuel tax cuts do flow through to motorists, though not entirely. A 2006 study by Profs. Joseph Doyle of the Massachusetts Institute of Technology and Krislert Samphantharak of University of California, San Diego on a gasoline tax moratorium in Indiana and Illinois in 2000 found consumers saw prices decline by roughly 70% of the tax cut. But there are two other losses here to consider: First, 30% of that benefit goes toward suppliers of gasoline—an odd beneficiary at a time when some U.S. lawmakers

are making charges without evidence that the oil-and-gas industry is price-gouging.

Second, cuts to fuel taxes—especially in the U.S.—often come at the expense of funding for road and transportation infrastructure. The U.S. has among the lowest rates of fuel taxes among industrialized countries.

Whether the tax cuts translate to lower pump prices partly depends on the size of the market and how strained a region's refining system is, notes Prof. Severin Borenstein, energy economist at University of California, Berkeley. Suspending the gas tax in a small state is likely to flow through to consumers largely intact. That is because even if cheaper fuel prices spur additional demand, it will be a drop in the bucket in global terms and won't suddenly move the needle for oil suppliers or refiners. In a larger state like California, which happens to have lim-

ited refining capacity, tax cuts are especially ineffective because those cuts are more likely to flow to refineries instead. Notably, both California and New York are considering consumer rebates.

The scale of the problem gets worse if the gas tax cut gets applied widely. Cutting the U.S. federal gas tax, as modest as it is (18.4 cents a gallon), could affect enough demand that it pushes up the price of oil, notes Mr. Borenstein. The U.S. accounts for roughly one-fifth of global crude demand. The more countries that start adopting fuel tax cuts, the more such measures might stoke demand at the worst time.

By putting the focus on gasoline prices, governments seem to be jumping the gun on public sentiment. A national poll conducted this month by Quinnipiac University found that 71% of Americans support a ban on Russian oil, even if it means higher gasoline prices

in the U.S. That sentiment is bipartisan and comes despite the fact that nearly two-thirds of Americans said the price of gasoline has either been a very serious problem or a somewhat serious problem.

If the intention is to cushion households' finances, a more-effective solution might be through some form of direct payment, especially if aimed at households feeling the most pinched. Although gasoline demand generally tends to be relatively insensitive to prices (drivers can't immediately change their cars or start changing commutes), higher earners these days have much more flexibility to work from home if they choose.

Cutting levies on the one product whose price is displayed on huge signs at every major thoroughfare has obvious political appeal. Unfortunately, it is a leaky way of shielding consumers.

—Jinjo Lee

HP Banks on Pandemic Changes Sticking

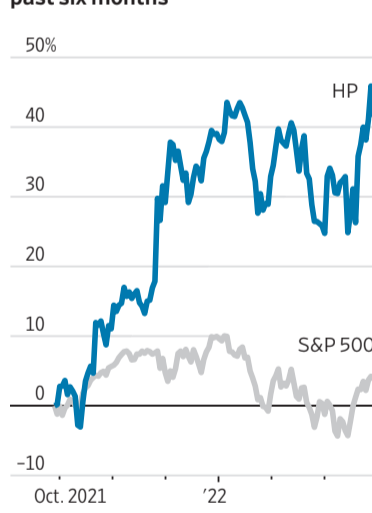
Zoom can't afford Zoom fatigue. And now, neither can HP Inc.

The maker of personal computers and printers is buying videoconferencing-gear maker Poly for about \$1.7 billion in cash. The deal, which carries a price tag of about \$3.3 billion including Poly's net debt, is the largest HP has undertaken since the split of the Hewlett-Packard conglomerate in 2015.

It is a major move even by those standards, considering the only time the old Hewlett-Packard wagered a larger amount on a hardware-focused business was the \$23 billion acquisition of PC maker Compaq, which was completed in 2002.

In that light, picking up Poly for a relative fraction hardly seems a stretch. And HP has long been broadcasting its intentions to broaden its exposure to other types of technology gear used by businesses and consumers. Chief Executive Officer Enrique Lores told analysts at a meeting in Octo-

Share and index performance, past six months



Source: FactSet

ber that "M&A is going to be an important part of our strategy," with a particular focus on the market for computer peripherals that

can include everything from webcams to mouse devices to headsets. The company also reiterated Monday its plan to buy back at least \$4 billion worth of its own stock this year.

Still, HP's shares fell 2.8% on the news on Monday. Poly, formed by the combination of Polycom and Plantronics in 2018, hasn't been able to fully cash in on the same work-from-home trend that has boosted other hardware makers. Adjusted revenue rose less than 1% for the fiscal year ended March 2021 and is projected to fall more than 3% in the current fiscal year to a little under \$1.7 billion. The company has blamed supply-chain constraints for its woes and said in its most recent quarterly investor call last month that it now has a backlog worth "hundreds of millions of dollars."

HP is betting it can clear that clog, and then some. Mr. Lores said Monday that HP's supply-chain heft will accelerate Poly's

growth, so much so that HP is targeting 15% annual growth for Poly's revenue over the next three years. Wall Street was projecting a 5% pace for the 2023-24 fiscal years, with no consensus estimates available for Poly's fiscal year 2025.

That will depend greatly on the pandemic-driven shift to hybrid work environments sticking around for the long haul, driving employers to invest in high-quality videoconferencing capabilities for both homes and offices. Such an outcome is hardly guaranteed, though; a recent survey of companies in the tech-savvy Bay Area by Robert Half found 71% of employers want their workers back in the office full time. But a separate survey of more than 1,000 professionals by the same firm found that half said they would quit their jobs under such a demand.

HP is effectively banking on workers keeping the upper hand.

—Dan Gallagher

Barclays Trips Itself Up

Barclays shareholders woke on Monday to the unwelcome news of a sizable hit to its U.S. structured products business. These are generally cleverly designed instruments—sometimes too cleverly for an unpredictable world—but the British bank was tripped up by a much more elementary error.

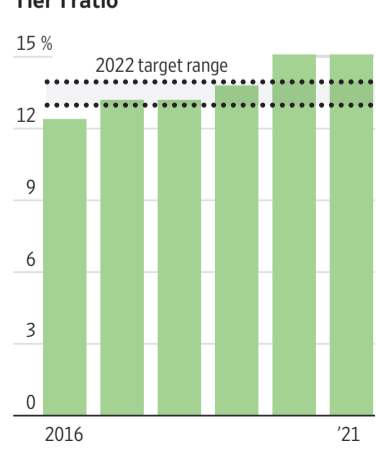
Structured products slice and dice debt, equities or other assets and can mix in some derivatives to offer buyers a narrowly defined exposure. They have been known to explode spectacularly on occasion, usually when something happens that wasn't built into their risk models. For example, French banks lost hundreds of millions of euros on their structured products when European bank dividends were banned at the start of the pandemic—a long-tail event not foreseen by their financial engineers. The collateralized debt obligations at the heart of the 2008 banking crisis were also a type of structured product built

on what turned out to be faulty assumptions.

Barclays's trouble appears mundane by comparison. The bank said it would offer to buy back a chunk of structured and exchange-traded securities at their original purchase price, having issued \$36 billion worth but pre-authorized only \$20.8 billion in paperwork filed in August 2019. Barclays expects to take a £450 million after-tax loss, equivalent to \$591 million, to clear up the mess. Its capital levels will also be hit and a £1 billion buyback will be delayed until the second quarter of this year.

This might be nothing more than a clerical error, albeit an embarrassing and costly one. However, in a business where risk tracking and management are crucial, it inevitably raises further questions. The bank has commissioned an independent review into the matter and the control environment that made it possible. Regulators are also conducting

Barclays's common equity Tier 1 ratio*



*As at year-end

Source: company

inquiries. Awkwardly, recently appointed Chief Executive C. S. Venkatakrisnan was in charge of risk management at the time the paperwork was filed.

Barclays shares fell about 4%—equivalent to just over £1.1 billion

in market value. That fall covers the headline hit and leaves a bit of room for concerns about the bank's controls or profitability. The bank also predicted it would come in at the middle of its 13% to 14% capital target range for the end of March, which "seems to suggest no underlying organic capital generation in the first quarter," Citi analyst Andrew Coombs wrote in a note.

A flat first quarter would be surprising given the supportive macro trend of rising interest rates in Barclays's key U.S. and U.K. markets, as well as nascent signs of growth in consumer debt. The explanation could be that investment banking income is normalizing.

Whether just administrative incompetence or something more, this misstep isn't a good look and complicates the new chief executive's efforts to move on from the inglorious exit of his predecessor Jes Staley.

—Rochelle Toplensky



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