

# THE WALL STREET JOURNAL

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## What's News

### Business & Finance

**OPEC and an alliance of other top oil producers agreed to boost their collective production by more than two million barrels a day over coming months, betting on resurgent demand. A1**

◆ **Auto makers are reporting a jump in U.S. vehicle sales in the opening months of 2021, but chip shortages and other supply-chain snags threaten to derail that momentum. A1**

◆ **The S&P 500 closed above 4000 for the first time, rising 1.2% to a record 4019.87. The Nasdaq and Dow gained 1.8% and 0.5%, respectively. B1**

◆ **The Archegos blowup is spurring calls for tougher regulation of the shadowy swap trades that fueled billions of dollars of losses at global investment banks. A1, B1**

◆ **Factories world-wide are struggling to keep up with soaring demand for all types of goods as the global economic recovery from the pandemic accelerates. A2**

◆ **Initial jobless claims in the U.S. rose to 719,000 last week but remained near their lowest levels since the onset of the pandemic. A2**

◆ **TSMC, the world's largest contract chip maker, said it would invest \$100 billion over the next three years to increase production capacity. B1**

◆ **Airlines that focus on offering leisure travelers cheap fares are launching IPOs as air travel shows more signs of rebounding. B1**

◆ **China approved a merger between chemical firms Sinochem and ChemChina, paving the way for another giant state-run enterprise. B1**

### World-Wide

◆ **Biden's infrastructure plan encountered immediate hurdles on Capitol Hill, where Republicans criticized the proposed corporate tax increases as a nonstarter and some Democrats began to jockey for their own demands. A1, A4**

◆ **The president has directed the Pentagon to begin removing some military capabilities and forces from the Gulf region in the first steps of an effort to realign the U.S. global military footprint away from the Mideast. A1**

◆ **The sergeant overseeing Derek Chauvin on the night of George Floyd's death testified that the former officer could have stopped restraining Floyd shortly after he quit resisting arrest. A3**

◆ **Many states are broadly expanding Covid-19 vaccine eligibility this week, unleashing more demand in a time of still-tight supplies. A6**

◆ **The Pfizer-BioNTech vaccine remains highly effective six months after its second dose, a sign that protection could last even longer. A6**

◆ **The Supreme Court unanimously upheld a regulatory rollback of federal limits on media ownership in local markets. A3**

◆ **A shooting in Orange, Calif., that left four people, including a 9-year-old boy, dead and a woman critically injured was a targeted attack, investigators said. A3**

◆ **Democracy advocates Martin Lee and Jimmy Lai were among seven veteran activists found guilty on charges tied to a 2019 mass demonstration in Hong Kong. A16**

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## Baseball Is Back, and So Are (Some of) the Fans



**STANDING ROOM:** The New York Yankees' Gerrit Cole pitches to the Toronto Blue Jays' Cavan Biggio at the opening day game in the Bronx Thursday. Crowds, capped at limited capacity, returned to regular-season games for the first time in a year.

# OPEC, Allies to Boost Output, Expecting Stronger Demand

By SUMMER SAID AND BENOIT FAUCON

OPEC and an alliance of other top oil producers agreed to boost their collective production by more than two million barrels a day over the coming months, betting on resurgent demand as they and the rest of the world assess the economic consequences of the pandemic's trajectory.

The Organization of the Petroleum Exporting Countries and a group of other big producers led by Russia agreed to boost output in May by 350,000 barrels a day, and by the same amount again in June, according to delegates. They agreed to then increase output by an additional 450,000 barrels a day in July.

Saudi Arabia, meanwhile, agreed to start easing separate, unilateral cuts of one million barrels a day that it put in place earlier this year. It plans to end those cuts altogether by the end of July, delegates said.

The agreement made public Thursday between the two groups, together called OPEC+, was a compromise between Saudi Arabia, OPEC's de facto leader, and Russia. Saudi Arabia had sought to maintain cuts, skeptical of a quick return in oil demand during the pandemic.

Russia, meanwhile, has said the world already needs more oil to feed resurgent economies in many regions.

The decision is another sharp swerve in OPEC's zigzag oil strategy over the past year, underscoring the difficulty among forecasters in the group—and elsewhere—to call the start of a sustained global recovery from the pandemic. Traders took the OPEC easing in good faith.

Traders took the OPEC easing in good faith. Please turn to page A8

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## U.S. Trims Its Forces Stationed In Mideast

By GORDON LUBOLD AND WARREN P. STROBEL

WASHINGTON—President Biden has directed the Pentagon to begin removing some military capabilities and forces from the Gulf region in the first steps of an effort to realign the U.S. global military footprint away from the Mideast, changes that come as Saudi Arabia endures rocket and drone attacks from inside Yemen and Iraq.

In moves that haven't been previously reported, the U.S. has removed at least three Patriot antimissile batteries from the Gulf region, including one from Prince Sultan Air Base in Saudi Arabia, that had been put in place in recent years to help protect U.S. forces.

Other capabilities, including an aircraft carrier and surveillance systems, are being diverted from the Middle East to answer military needs elsewhere around the globe, according to U.S. officials. Additional reductions are under consideration, officials said.

Mr. Biden, a Democrat, pledged after taking office that he would recalibrate the U.S.-Saudi relationship, taking several tough steps against the kingdom, including freezing the sale of offensive weapons that Riyadh has used in its six-year military intervention in Yemen. He also made public an intelligence report saying Crown Prince Mohammed bin Salman, the country's de facto leader, approved the operation that led to the 2018 killing of journalist Jamal Khashoggi.

But administration officials also have said they don't want to destroy the U.S.-Saudi relationship, and have said they would seek ways to help Riyadh defend against rocket and missile attacks from militant fighters.

The removal of Patriot batteries is part of a broader effort to realign the U.S. global military footprint away from the Mideast, officials said.

## S&P 500 Speeds Past 4000

The S&P 500 closed above 4000 for the first time, buoyed by a continuing rebound in technology stocks. The broad stock gauge jumped 46.98 points, or 1.2%, to 4019.87. B1



Sources: FactSet; Dow Jones Market Data (trading days)

## Inside Archegos's Epic Meltdown

Banks were eager to finance Bill Hwang's big bets—until they realized their exposure

Bill Hwang was in trouble. On Thursday of last week, the firm managing the former hedge-fund trader's wealth arranged a conference call with executives at some of the largest investment banks in the world. The urgent topic: mounting losses at Mr. Hwang's family office, Archegos Capital Management, from a handful

By Gregory Zuckerman, Juliet Chung and Maureen Farrell

of large bets on major stocks. Because the wagers had been made in part with so-called total-return swaps—investments made by banks on behalf of clients for a fee—they had obscured Mr. Hwang's large exposure to several companies. Archegos shocked its lenders when it told them the size of its portfolio and how little cash it was holding.

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Archegos shocked its lenders when it told them the size of its portfolio and how little cash it was holding.

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◆ Firm's blowup shows gap in swaps regulation..... B1

## Supply Woes Threaten Auto Sales Momentum

By NORA NAUGHTON

Auto makers are reporting a jump in U.S. vehicle sales in the opening months of 2021, boosted by continued consumer demand and some easier year-ago comparisons, but chip shortages and other supply-chain snags threaten to derail that momentum.

Overall, U.S. auto sales rose 11.3% for the three-month period, according to industry data firm Wards Intelligence. The industry's annualized selling pace in the quarter hit 16.8 million vehicles, according to Wards, a sign that the level of demand is about on par with what it was before the Covid-19 pandemic.

The increase is in part being driven by the collapse in business at the end of March 2020, when the economy began to shut down to limit the spread of the coronavirus.

Auto-industry sales in January and February were still off 3.3% and 13%, respectively, according to automotive-data firm Motor Intelligence. March sales, however, are expected to leap, with car companies posting double-digit gains for the

month compared with a year earlier, industry forecasts show.

For the U.S. car business, it has been a choppy start to the year. A global shortage of semiconductors has disrupted production at many U.S. factories.

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For the U.S. car business, it has been a choppy start to the year. A global shortage of semiconductors has disrupted production at many U.S. factories.

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◆ Heard on the Street: CarMax pulls into the passing lane..... B12

## Revolutionary War Re-Enactors Rebel Against the Pandemic

By CAMERON McWHIRTER

It's springtime in New England, and for Steve Crosby, that can mean only one thing: Revolution is in the air.

The 58-year-old carpenter heads a group of Revolutionary War re-enactors based in Acton, Mass., and, with the 246th anniversary of the "Shot Heard Round the World" approaching, they are starting to feel a little seditious. Last year, amid statewide orders prohibiting large gatherings, he and a few friends marked the occasion by walking in uniform to the North Bridge in Concord.

The increase is in part being driven by the collapse in business at the end of March 2020, when the economy began to shut down to limit the spread of the coronavirus.

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## INSIDE



**MANSION**  
A Scottish castle may be the ultimate status symbol—rare, expensive and enormous. M1



**JOE MORGENSTERN**  
'Concrete Cowboy,' a drama from Netflix, rides the inner-city range. A10



# U.S. NEWS

## Factories Hum as Demand Surges

By PAUL HANNON AND JOSH MITCHELL

Factories around the world are struggling to keep up with soaring demand for all types of goods as the global economic recovery from the pandemic accelerates.

In the U.S., factory production and product sales soared in March, according to the Institute for Supply Management, an industry trade group. Its index of factory activity—a measure that takes into account new orders for goods, production, inventory levels and commodity prices—rose to 64.7 last month from 60.8 in February. Any figure above 50 suggests industry expansion.

The expansion—driven largely by American consumers venturing out in public again armed with government stimulus money—was broad-based, with demand rising from every major industry, from restaurants to chemical companies.

The resurgent global economy, led by the U.S., will likely drive world trade higher this year, despite a series of acute disruptions to already strained supply chains, including last week's blockage of the Suez Canal.

In the eurozone, factory activity grew at the fastest pace in at least two decades, according to the forecasting firm IHS Markit. Its purchasing managers index for the area rose to 62 in March from 57 a month earlier.

China, the world's No. 2 economy and a major global exporter, had trouble keeping up with the rise in demand last month, as supply-chain disruptions impeded the flow of goods. The country's factory-sector growth eased slightly last month, according to IHS Markit.

"It's started to really transition to an extremely strong, demand-driven economy," said Timothy Fiore, head of the

panel that oversees the ISM factory survey. He said the industry is in a V-shaped recovery. "Companies and their suppliers have not been able to react quick enough to staff up."

Factory inventory levels in the U.S. are at record lows, and companies are struggling to replenish them, for two

World Trade Organization expects flows of goods across borders to increase by 8% this year, more than reversing the 5.3% drop seen in 2020 as the pandemic hit factory output and shipping.

The recent blockage of the Suez Canal by the Ever Given, a giant cargo ship, has delayed scores of ships that rely on the canal to ferry goods from Asia to Europe and the U.S. Delays to supplies are likely to be felt by retailers and manufacturers over coming weeks.

"The fact that the Ever Given was able to cause so much disruption is a sign that global merchandise trade is relatively robust, and that global supply chains have held up through the pandemic," said Ngozi Okonjo-Iweala, the WTO's director general, at a news conference unveiling its new forecasts.

The Geneva-based trade regulator estimates that just 0.38% of annual global trade flows were delayed by the

Ever Given, which was freed Monday after six days.

Purchasing managers responding to IHS Markit's monthly questioning reported strong rises in the prices they have had to pay for their supplies, even where output is relatively subdued. Taiwan, South Korea and Vietnam have been big beneficiaries of the surge in U.S. demand for consumer goods, and factories there are reporting lengthening waits for the supplies they need as well as rising prices. So too are factories in Thailand and Malaysia, which are still struggling to recover from the pandemic.

Before the Suez Canal accident, Europe's factories were booming, according to the IHS Markit surveys, with Germany's manufacturers during March reporting the fastest increase in activity in the 25-year history of the monthly poll. That was partly driven by export orders, which reached what IHS Markit said were unprecedented levels.

## Jobless Claims Rise, but Trend Is Downward

By AMARA OMEOKWE

Filings for unemployment benefits rose last week but remained near their lowest levels since the pandemic's onset, amid signs of a broader U.S. economic recovery.

Workers filed 719,000 initial jobless claims, on a seasonally adjusted basis, in the week ended March 27, the Labor Department said Thursday. The increase followed a downward revision to 658,000 initial claims the prior week, the lowest point since the pandemic hit in March 2020.

The four-week moving average, which smooths out volatility in the numbers, fell to 719,000, also a low during the pandemic. Initial jobless claims, a proxy for layoffs, remain well above pre-pandemic levels—the weekly average in 2019 was 218,000—but have trended downward since the start of the year.

The labor market has shown other signs of gaining steam, which economists expect will be captured in the Labor Department's March employment report that will be released Friday. Economists forecast the U.S. economy added 675,000 jobs last month, compared with a gain of 379,000 in February, and that the jobless rate ticked down to 6% from 6.2%.

"Higher jobless claims in

'Higher jobless claims...don't detract from the strong downward trend.'

the most recent week don't detract from the strong downward trend," said Robert Frick, corporate economist at Navy Federal Credit Union.

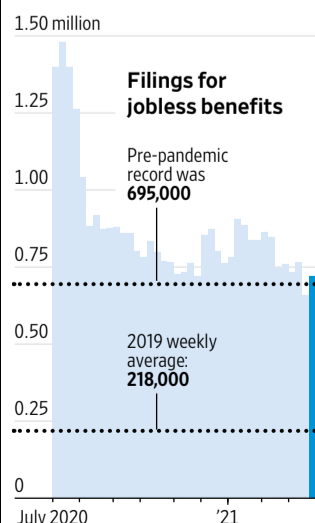
There were about 3.79 million continuing jobless claims—a proxy for the number of people receiving benefits through regular state programs—in the week ended March 20, down from 3.84 million the week before. The four-week moving average in continuing claims also fell.

Signs of an improving job situation come as state and local governments have eased restrictions on businesses and activity this year. Rising Covid-19 vaccinations and federal stimulus measures have helped spur a pickup in consumer spending, particularly for services such as dining, hotels and flights.

"All of this is predicated on the trajectory of the virus," said Constance Hunter, chief economist at KPMG. "If we can really get the virus under control, then we would expect to continue strong payrolls and at least one, if not two, really strong months of upside."

Brian Vlasak, 41, said he has been out of work since March 2020, when he was furloughed from his job as a theater stagehand at a Boston-area college. He said he doesn't yet know when the work might resume, and his search for other employment has been limited because he has health concerns that put him at high risk for contracting the coronavirus.

"I'm only going to get back into the workforce as soon as I know for sure that this is under control," Mr. Vlasak said.



Note: Seasonally adjusted. Source: U.S. Employment and Training Administration via St. Louis Fed

# 64.7

Index of March U.S. factory activity, up from 60.8 in February

main reasons: a shortage of workers and supply-chain disruptions. Factories can't get supplies fast enough.

Pent-up demand has been so high that shippers are running low on containers in which to ship goods by sea. Despite those shortages, the

### U.S. WATCH

#### VIRGINIA

##### Confederate Statues Cleared for Removal

Virginia's highest court ruled that the city of Charlottesville can take down two statues of Confederate generals, including one of Robert E. Lee that became the focus of a violent white nationalist rally in 2017.

The state Supreme Court on Thursday overturned a Circuit Court decision in favor of a group of residents who sued to block the city from taking down the Lee statue and a nearby monument to Thomas J. "Stonewall" Jackson. Charlottesville's City Council voted to remove both.

White supremacist and neo-Nazi organizers of the August 2017 "Unite the Right" rally in Charlottesville said they went to the city to defend the statue of Lee. They clashed with counter-protesters before a man plowed his car into a crowd of people, killing a woman.

City officials praised the ruling and said they plan to redesign the park spaces where the statues are located "in a way that promotes healing and that tells a more complete history of Charlottesville."

State Supreme Court Justice Bernard Goodwyn said both statues were erected long before a 1997 state law that barred local governments from removing them and that law shouldn't be applied retroactively. Those seeking to keep the statues in place had argued that the legislature's intent was to do just that.

—Associated Press



**WILD RIDE:** Six Flags Magic Mountain reopened Thursday to members and pass holders in Valencia, Calif. The theme park had been closed since March 2020 due to the pandemic.

#### FLORIDA

##### School District Faces Ransomware Attack

The computer system of one of the nation's largest school districts was hacked by a criminal gang that encrypted district data and demanded \$40 million in ransom or it would erase the files and post students' and employees' personal information online.

Broward County Public Schools said Thursday that there is no indication any personal information has been stolen and that it made no extortion pay-

ment to the ransomware gang. The Fort Lauderdale-based district said it was working with cybersecurity experts "to investigate the incident and remediate affected systems. Efforts to restore all systems are under way and progressing well. We have no intention of paying a ransom."

With 271,000 students, Broward is the nation's sixth-largest school district with an annual budget of about \$4 billion—a fact the hackers kept returning to as they demanded \$40 million, to be paid in cryptocurrency. The ransomware caused a brief shutdown of the district's com-

puter system in early March, but classes weren't disrupted.

—Associated Press

#### OKLAHOMA

##### Five More Murder Convictions Tossed

A state court on Thursday tossed out five more first-degree murder convictions based on a recent U.S. Supreme Court decision about criminal jurisdiction.

Two of the rulings by the Oklahoma Court of Criminal Appeals also affirm Congress never formally disestablished the res-

ervations of the Choctaw and Seminole nations, and because of a U.S. Supreme Court decision in the McGirt case the state lacks jurisdiction to prosecute crimes by or against Native Americans inside those historical boundaries.

Combined with previous rulings about the reservations of the Chickasaw, Cherokee and Muscogee (Creek) nations, state prosecutors no longer have jurisdiction over crimes involving Native Americans in nearly the entire eastern half of the state.

—Associated Press

#### LOUISIANA

##### No Damage or Injuries As Minor Quake Hits

A minor earthquake early Thursday shook northwest Louisiana, the U.S. Geological Survey and the U.S. Department of the Interior confirmed.

A 3.0 magnitude earthquake struck near the Blanchard area, northwest of Shreveport, in Caddo Parish around 2:30 a.m., multiple news outlets reported.

According to the reports, there was very little to no shaking. No damage or injuries were reported.

A 3.0 magnitude earthquake is considered weak by the USGS.

The earthquake was felt within a 2.3-square mile area around Blanchard and just north of Cross Lake. While earthquakes have grown more common in Texas and Oklahoma, they have been rare in northwest Louisiana, officials said.

—Associated Press

## Supplies Threaten Auto Sales

Continued from Page One

ries, hitting car-company earnings and leaving dealerships with lower inventory, particularly on popular trucks and sport-utility vehicles. Then, in February, winter storms in Texas further disrupted the production of plastics used in seat foam and other materials, adding to the industry's supply-chain woes.

Still, customers kept buying.

"Honestly, the numbers probably would have been even higher," said Judy

Wheeler, Nissan Motor Co.'s U.S. sales chief. "Between the chip shortage and the weather—it definitely did have an impact."

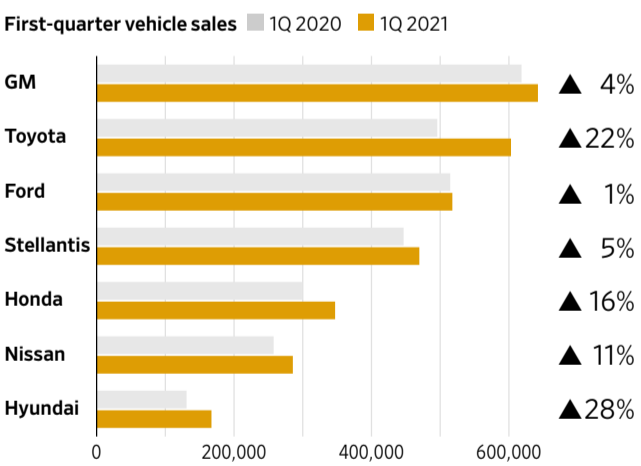
Nissan reported a nearly 11% increase in U.S. sales for the first quarter.

Among the U.S. car companies, General Motors Co. posted on Thursday a nearly 4% increase in its U.S. sales for the January through March period and said it expects auto demand to remain strong throughout the year.

Stellantis NV, formerly Fiat Chrysler Automobiles, reported a 5% increase in U.S. sales for the first quarter, and Ford Motor Co.'s U.S. sales were near flat for the period, according to company figures.

Toyota Motor Corp. and Honda Motor Co., which weren't hit by the chip shortage until later in the quarter,

Major auto makers reported strong U.S. sales.



said U.S. sales in the first quarter increased 22% and 16%, respectively.

Meanwhile, South Korean auto maker Hyundai Motor Co.

said it was able to keep U.S. dealer inventory steady during the first quarter and reported a 28% increase in sales.

New-vehicle demand is expected to grow in the coming months as the car business hits the busy spring selling season and the distribution of new stimulus checks puts more money in shoppers' pockets. Tight inventory levels didn't have much of an impact on buyers in the first quarter, but that is likely to change in the coming months, Cox economist Charlie Chesbrough said.

Already, at the end of February, vehicle stock levels at dealerships and in transit were down 26% compared with a year earlier, according to research firm Wards Intelligence. That is near the lows reached last summer when auto makers were starting to recover from the pandemic-related factory closures in the spring.

Ford said Wednesday that it would halt production in April at several U.S. factories, in-

cluding its two major truck plants.

Stellantis, the maker of Jeep, Ram and Chrysler, said it would halt production at five North American plants through mid-April, following other major car companies that have paused work at factories in the region because of parts shortages and backups at West Coast ports.

While demand continues to outstrip supply, car companies have pulled back on deep discounts offered early in the pandemic and consumers are spending more to drive off the lot in a new ride. The average price paid for a new vehicle in the first quarter was \$37,314, the highest ever recorded for the quarterly period, according to J.D. Power.

Some dealers worry the extended inventory shortages could disrupt some important new-model launches this year.

Joe Shaker, owner of Shaker Automotive Group, which has stores in Connecticut and Massachusetts, said he is most concerned about any delays of long-awaited vehicles such as the Ford Bronco and Jeep Wagoneer.

"We'll keep battling through and hopefully be better for it when we're on the other side," Mr. Shaker said of the inventory crunch.

Jeff Dyke, president of Sonic Automotive Inc., a publicly traded dealership chain based in North Carolina, is more optimistic. Mr. Dyke said that while sales during the summer months could be lean as dealers restock, he is encouraged by the strength in demand throughout the pandemic. "As we roll into the third and fourth quarter, this too shall pass," he said.

## CORRECTIONS & AMPLIFICATIONS

**UCLA's basketball team** plays in the Westwood neighborhood of Los Angeles. A Sports article on Thursday about the NCAA Final Four incorrectly referred to the location as Westwood, Calif.

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U.S. NEWS

# Supervisor Says Chauvin Had a Choice

Sergeant phoned after alert from dispatcher; girlfriend, paramedics also give testimony

By JOE BARRETT AND ERIN AILWORTH

MINNEAPOLIS—The sergeant overseeing Derek Chauvin on the night of George Floyd's death testified that the former officer could have stopped restraining Mr. Floyd shortly after he quit resisting arrest, rather than keeping his knee on his neck for more than nine minutes.

"When Mr. Floyd was no longer offering up any resistance to the officers, they could have ended their restraint," said David Pleoger, who was with the Minneapolis Police Department for about 27 years before retiring.

It was the first testimony from a superior of Mr. Chauvin's that he had used what could be considered excessive force. Mr. Chauvin, 45 years old, has been charged with second- and third-degree murder and manslaughter. He and three other officers involved

in the arrest of Mr. Floyd on May 25 last year were all fired the day after the incident.

During Mr. Pleoger's testimony, prosecutors also played part of a phone call between Mr. Pleoger and Mr. Chauvin shortly after his deadly encounter with Mr. Floyd. The sergeant had called Mr. Chauvin after being alerted to what a 911 dispatcher—who testified Monday—felt was a concerning use of force. The recording offered a rare explanation in Mr. Chauvin's own words for how he and other officers handled Mr. Floyd.

"I was just going to call you and have you come out to our scene here," Mr. Chauvin told Mr. Pleoger, according to the recording. "We just had to hold a guy down. He was going crazy," Mr. Chauvin can be heard saying, adding that Mr. Floyd "wouldn't go in the back of the squad."

During cross examination, Eric Nelson, the attorney for Mr. Chauvin, asked if Mr. Pleoger had conducted a full use-of-force review of the incident. Mr. Pleoger said he had not, since it had been upgraded to a critical incident after Mr. Floyd's death and the review



George Floyd's girlfriend, Courtney Ross, answering questions during the trial of former Minneapolis police officer Derek Chauvin.

was handled by others higher up the chain of command.

Earlier on Thursday, Mr. Floyd's girlfriend of several years, Courtney Ross, battled tears as she testified about her relationship with Mr. Floyd, including their struggles with opioid addiction.

"It's something we dealt with every day," said Ms. Ross, who wore a necklace that spelled Floyd. She said she last saw Mr. Floyd the day before he died.

Mr. Nelson sought to establish that Mr. Floyd had been hospitalized from a drug over-

dose two months before his death. When questioned by the prosecution following Mr. Nelson's examination, Ms. Ross said Mr. Floyd's previous overdose had not led to any permanent impairment.

The Hennepin County medical examiner has ruled that Mr. Floyd's death was a homicide. The defense has argued that his death was caused by a combination of a heart condition and drugs he took on the day of his arrest.

Ms. Ross described Mr. Floyd as a gentle man who loved to work out and play

sports despite chronic pain in his neck, shoulder and back. She also talked about his devastation over his mother's death and his battle with Covid-19.

After Ms. Ross, the prosecution questioned two paramedics called to 38th and Chicago to attend to Mr. Floyd on May 25. They each individually described receiving a nonemergency call that was upgraded to an emergency a minute and a half later. When the paramedics arrived six and a half minutes after the initial call, they found Mr. Floyd with three officers on

top of him, with no pulse and nonresponsive, they said.

"In lay terms, I thought he was dead," said Derek Smith, a paramedic who described arriving at a scene that "didn't feel like a welcoming environment." He said he checked Mr. Floyd's pulse and did not find one.

Mr. Smith's partner, Seth Bravinder, described motioning to an officer to get him to move off of Mr. Floyd, so they could get him into the ambulance, he testified.

"He was a human being, I wanted to give him a second chance at life," Mr. Smith said.

# California Gunman Knew His Victims, Police Say

By JIM CARLTON

Four people, including a 9-year-old boy, were killed and a woman was critically injured in a shooting at an office building in Orange, Calif., that investigators said was a targeted attack.

The suspect, identified as 44-year-old Aminadab Gaxiola Gonzalez, was also injured during an exchange of gunfire with police Wednesday evening, Orange Police Lt. Jennifer Amat said. The motive for the attack is still under investigation, but the suspect and victims all had "a business and personal relationship," Lt. Amat said during a news briefing Thursday.

The suspect and the injured woman were being treated at a local hospital.

The names of the deceased, which include a man, two



A 9-year-old boy was among the four people killed in the shooting at an Orange, Calif., office building.

women and the boy, were withheld pending notification of kin. The child is believed to be the son of one of the victims.

Lt. Amat said the injured woman was embracing the boy when officers arrived in a

courtyard outside the office suites of Unified Homes, a real-estate firm that specializes in manufactured-home sales, according to its website. The other three victims were found inside the office suites.

Mr. Gonzalez is a licensed trucker whose name is on the deed of a mobile home owned by Unified Homes, according to public records.

Lt. Amat said officers responded to multiple calls of

shots fired around 5:30 p.m. Wednesday at a small office complex in the Orange County city of 138,640 about 30 miles southeast of Los Angeles. The shooting was still under way, but officers couldn't immediately enter the courtyard because two gates had been locked from inside with bicycle-type locks, Lt. Amat said.

Two officers engaged the suspect from outside, and he was injured, she said. They used bolt cutters to get in and found the victims and suspect. The suspect used a semiautomatic handgun and had a backpack with pepper spray, handcuffs and ammunition, Lt. Amat said.

Orange Police Chief Tom Kisela, who is set to retire in July, called the attack the worst mass shooting in the city

since 1997, when four people were killed in another workplace attack.

"Anytime something like this happens, it is a horrible event," Chief Kisela said. "I don't wish it on anybody."

The shooting in Orange capped a month during which there were two other high-profile mass shootings and more than a dozen smaller ones. On March 16, a gunman killed eight people at three spas in the Atlanta area. On March 22, another gunman shot and killed 10 people, including a responding police officer, at a supermarket in Boulder, Colo. The outbreak of shootings after months of relative calm during the pandemic shutdowns has prompted President Biden and other Democratic lawmakers to call for new gun laws.

# Court Sides With FCC On Media Ownership

By BRENT KENDALL AND JESS BRAVIN

WASHINGTON—The Supreme Court unanimously upheld a regulatory rollback of federal limits on media ownership in local markets, a decision that could open the door to further industry consolidation.

The court, in an opinion by Justice Brett Kavanaugh, ruled Thursday that the Federal Communications Commission acted reasonably in 2017 when it loosened three longstanding media-ownership restrictions.

The FCC's action came when the commission was under Republican control, led by then-Chairman Ajit Pai. Citing dramatic changes to the media landscape, the commission, split along partisan lines, made it easier for one entity to own multiple TV stations in the same market. It also removed prohibitions on common ownership of both a TV station and a newspaper in the same market, or a TV station and a radio station.

Some ownership limits had been in place for decades, to prevent concentration and preserve viewpoint diversity in local markets.

The rollback came after the commission concluded in 2016 that the rules were still needed. The FCC, across administrations, had been tied up in court on the rules for nearly 20 years.

In the latest round of litigation, a federal appeals court in 2019 agreed with critics who challenged the FCC rollback on the grounds that the commission didn't adequately assess whether the changes would harm ownership of broadcast media by women and minorities.

The Supreme Court reversed that ruling and sided with the FCC.

"The FCC considered the record evidence on competition, localism, viewpoint diversity, and minority and female ownership, and reasonably concluded that the three ownership rules no longer serve the public interest," Justice Kavanaugh wrote for the court in FCC v. Prometheus Radio Project.

The court said the FCC had only sparse evidence to work with on minority and female ownership and made a reasonable prediction that its rollback wouldn't harm minority and female ownership levels.

The FCC and a group of media companies, including News Corp, owner of The Wall Street Journal, had appealed the case to the high court.

Other ownership restrictions remain in place, notably limits that still generally prohibit ownership of multiple top stations in the same market, and more FCC action is possible in the future.

"While I am disappointed by the court's decision, the values that have long upheld our media policies—competition, localism, and diversity—remain strong," said FCC Acting Chairwoman Jessica Rosenworcel, a Democrat who voted against the rollback. "I am committed to ensuring that these principles guide this agency as we move forward," she said.

Helgi Walker, a partner at law firm Gibson Dunn who argued the case for the National Association of Broadcasters and other industry challengers, said the decision "gives broadcasters the freedom to innovate and compete in today's highly competitive media marketplace."

# Justices Back Georgia in Water Dispute

By JESS BRAVIN

WASHINGTON—The Supreme Court resolved a long-running water dispute between Florida and Georgia on Thursday, rejecting the Sunshine State's claim that its northern neighbor had devastated its oyster industry by diverting more than its share of the Apalachicola River.

Writing for a unanimous court, Justice Amy Coney Barrett said there was no doubt the oyster population had collapsed since 2012, when a drought struck Apalachicola Bay on Florida's northwest coast. But rather than point fingers at the Peach State, she suggested that Tallahassee reflect on its own behavior for the oysters' demise. "Florida's mismanagement of its oyster fisheries" was as likely a cause, Justice Barrett wrote.

Georgia Attorney General Chris Carr said the Supreme Court "affirmed what we have long known to be true: Georgia's water use has been fair and reasonable. We will continue to be good stewards of our water resources, and we are proud to have obtained a positive resolution to this yearslong dispute on behalf of all Georgians."

"Disappointing," said the Florida attorney general's office. "We remain committed to supporting [the state Department of Environmental Protection] in protecting Apalachicola Bay and the jobs that this important resource supports."

Florida filed the case in 2013, demanding that the Supreme Court devise "an equitable apportionment" of the Apalachicola-Chattahoochee-Flint River Basin, an area of some 20,000 square miles in

Georgia, Florida and Alabama that contains the three rivers that make up its name.

Florida contended that Georgia drew too much water for agriculture, increasing the salinity of Apalachicola Bay, which in turn attracted predators and disease that destroyed the oyster population. Georgia replied that Florida overfished the bay and failed to replenish the population by replacing harvested oyster shells to house the next generation of viscous bivalves.

The Supreme Court holds authority to try lawsuits between states, but in this case, as is typical, assigned the dispute to an outside lawyer, called a special master.

After an 18-month deluge of discovery, the special master held a five-week trial but found few pearls of wisdom. He ultimately concluded that even if

Georgia had overindulged in the Apalachicola, the Supreme Court could provide no remedy, as the Army Corps of Engineers, which operates the reservoirs, wasn't party to the case.

In 2018 the justices called for additional proceedings, this time before a new special master, since the first had retired.

Three more years and much more evidence later, the case returned to the Supreme Court for argument in February.

Justice Samuel Alito asked then how much a part of Florida's diluvial patrimony the Apalachicola oyster beds actually were. "Was something like this present when Ponce de Leon sailed up, or is this something that oyster farmers have created?" he said.

The lawyer for Georgia, Craig Primis, conceded that "the oysters do occur naturally in Apalachicola Bay," but added that "they have to be managed and the resource has to be cared for by humans."

Florida's lawyer, Gregory Garre, said: "It's hard to imagine New England without lobsters or, say, the Chesapeake without crabs, but, in effect, that's a future that Apalachicola now faces when it comes to its oysters and other species."

But Justice Barrett wrote: "Florida failed to prove by clear and convincing evidence that Georgia's alleged overconsumption caused serious harm to Florida's oyster fisheries or its river wildlife and plant life."

While the definitive cause of the oyster apocalypse remained the subject of scientific debate, Justice Barrett observed that Florida had authorized unprecedented harvests in recent years. "The record also shows that Florida failed to adequately reshell its oyster bars," she noted drily.



The town of Apalachicola, Fla., once had a booming wild oyster industry. The Supreme Court said Florida failed to prove that Georgia's actions were to blame for the collapse of the industry.



# U.S. NEWS

## Package Aims to Boost Economy in Long Run

By KATE DAVIDSON

WASHINGTON—The Biden administration's \$1.9 trillion Covid-19 relief package enacted last month aimed to get the economy back on track fast. Now, officials are set on increasing the speed limit for the long term.

The roughly \$2.3 trillion spending proposal unveiled Wednesday would make investments in infrastructure over the coming decade that officials say would enhance the economy's productivity, such as through public transportation upgrades that make it easier for commuters to get to their jobs, or rural broadband expansion that improves workplace technology.

Economists say those types of changes could enable the economy to grow more rapidly over the long term and lift liv-

ing standards without triggering worrisome inflation.

But critics, including business groups and many Republican lawmakers, say the administration's plan to pay for the measures through tax increases will damp investment, undercutting the boost to growth. Some note the plan will add to federal budget deficits, at least temporarily. And some observers say parts of the package won't do much to raise productivity and change the economy's long-term growth trajectory.

"It depends on the investment," Alan Auerbach, an economist at the University of California, Berkeley, said of the potential for raising long-term growth. "Anything that makes workers more productive and private businesses more productive would all seem to be helpful."

The goal is different from the most recent stimulus package, which aimed to provide immediate, short-term aid through checks to individuals, enhanced jobless benefits and expanded tax credits. The government borrowed all of the money and is expected to spend most of it this year, ramping up consumer demand, economic output and job growth, which will taper off in 2022.

The new package focuses on long-term economic goals that predate the Covid-19 crisis, including repairing roads and bridges, investing in research and development, and making new investments in clean-energy technology such as electric-vehicle charging stations. Funding for the projects would be spent over eight years, and while the benefits could be slow to materialize,



A fiber-optic cable was installed in Amherst, Va., in December to expand high-speed internet access.

KENDALL WARNER/THE NEWS & ADVANCE /ASSOCIATED PRESS

they would likely be felt for much longer, supporters say.

"We could be talking a couple of years before firms start to see the benefits," said Harvard University economics professor Karen Dynan, a Treasury official during the Obama administration. "But of course you want to look all the way through the life of the

infrastructure [to see] what the payoff is over the longer run."

President Biden's proposal includes \$621 billion to modernize transportation infrastructure, \$300 billion to boost the manufacturing industry, \$213 billion on retrofitting and building affordable housing and \$100 billion to

expand broadband access, among other investments.

The administration intends to pay for the plan with tax increases on corporations spread out over 15 years, reversing most of the tax law changes Republicans made in 2017. The proposal would raise the top corporate tax rate to 28% from 21%.

## Biden Plan Encounters Obstacles

Continued from Page One

ing what legislation can advance with a simple majority.

Unlike the \$1.9 trillion coronavirus relief measure Mr. Biden recently signed into law, lawmakers don't face a looming deadline to pass this package. House Speaker Nancy Pelosi (D., Calif.) set July 4 as a tentative goal for passing the bill, according to a person familiar with the matter, though she indicated that timeline could slip until later in July. The White House said it would like the package to be passed by this summer.

Sen. Bob Casey (D., Pa.) said

the infrastructure push would likely prove more difficult than enacting the relief, in part because of funding questions.

"It has more challenges not just because of the size and scope or scale of it, but because you have two initiatives that you have to walk through how to align the payfors and getting support for that," he said, referencing the provisions to offset the cost in the infrastructure package and the White House's coming education and antipoverty proposal.

The president's infrastructure plan serves as a general framework that lawmakers will need to translate into legislation. Mr. Biden said at his first cabinet meeting Thursday that he tapped five cabinet secretaries including Transportation Secretary Pete Buttigieg and Energy Secretary Jennifer Granholm to oversee the plan and negotiate with Congress.

Mr. Biden, a Democrat, has

said he would court GOP support, with the White House saying he would reach out to Republicans as the legislation comes together over the next several months.

Many GOP lawmakers torched Mr. Biden's proposed corporate-tax increases, which

**'I'm going to fight them every step of the way,' Sen. Mitch McConnell said.**

would roll back key elements of the 2017 Republican tax law, and criticized the scope of the package. Some said they supported narrower investments in infrastructure.

Sen. Mitch McConnell of Kentucky, the chamber's GOP leader, said he opposed Mr. Bi-

den's package and didn't expect other Republicans to support it. "I'm going to fight them every step of the way because I think this is the wrong prescription for America," he said at an event in Kentucky Thursday.

Rep. Sam Graves of Missouri, the top Republican on the House Transportation and Infrastructure Committee, said he was open to the administration's proposals on surface infrastructure if they were considered on their own. "If they can work with us and compromise, then there's absolutely a path forward," he said.

An attempt at narrowing the scope and cost of the bill to win GOP support would likely collide with progressives' efforts. Rep. Pramila Jayapal (D., Wash.), the head of the Congressional Progressive Caucus, said it should be substantially larger.

To pass the proposal without Republican support, Democrats

could use a budgetary process called reconciliation to skirt the 60-vote threshold typically necessary for advancing legislation in the Senate due to the filibuster. Under the chamber's rules, the reconciliation procedure can be used only a limited number of times a year and limits lawmakers to approving measures related to the budget.

Aides for Senate Majority Leader Chuck Schumer (D., N.Y.) recently started lobbying the Senate parliamentarian, the nonpartisan adjudicator of the chamber's rules, to give Democrats more opportunities to use the process this year. If that effort fails, Democrats could pass only one more package through reconciliation this year, meaning the party might have to combine the \$2.3 trillion infrastructure package with Mr. Biden's education and antipoverty plan.

Passing the bill without sizable Republican backing will re-

quire Democrats to support it almost unanimously. Narrow margins in the House and the 50-50 split in the Senate mean Democrats can afford to lose not one vote in the Senate and no more than three in the House, empowering lawmakers to make demands on the legislation.

In an early sign of the bartering to come, three Democrats from New York and New Jersey said they wouldn't support tax changes unless they included a full restoration of the state and local tax deduction, which is now capped at \$10,000 under the 2017 Republican tax law.

Mrs. Pelosi cautioned on Thursday against deciding whether to oppose the bill because of it.

"I'm sympathetic to their position. I would say that I withhold any comment about whether to vote for a bill or not until you see what the bill is," she said.

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## U.S. NEWS

# Lawmakers Mull Requiring Hack Reports

By DAVID UBERTI

The hack of companies and federal agencies through compromised software from SolarWinds Corp. has breathed new life into an old idea: The U.S. must require businesses to report cyberattacks.

Lawmakers are examining how to craft such legislation after executives and government officials told Congress in recent weeks that details on how hackers penetrated their defenses could help the government and companies thwart nation-state hacks.

But structuring such requirements is contentious. While companies welcome disclosures from other organizations, some fear detailing their own incidents could fuel bad press and investor panic, yield legal trouble and give hackers information to use in future attacks.

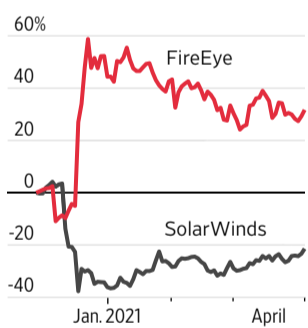
Still, said Tom Fanning, chief executive of the Atlanta-based utility Southern Co., digitized businesses and interconnected supply chains make such transparency crucial. "What's happening to us might also be happening to finance, telecom or natural-gas pipelines," Mr. Fanning said, adding that his company faces millions of cyber threats each day. "That's why we need this."

Staffers for Sen. Mark Warner (D., Va.) are speaking with companies and cyber experts in the hope of writing a bill, an aide said.

Separately, Rep. Jim Langevin (D., R.I.) is fine-tuning two proposals in a pincer-like approach to the issue, an aide said. One rule would require a broad array of businesses to report specific incidents, such as personal data theft and ransomware, Mr. Langevin's aide said. The other would mandate

Breaches can hurt a company's public image and spook investors—or not. FireEye's shares dropped after reporting a hack in December, but shot up in the ensuing investigation.

## Share-price performance



Source: FactSet

much more data-sharing from organizations that operate infrastructure deemed critical to national security.

The latter proposal will likely be more politically fraught, said Mark Montgomery, former executive director of the Cyberspace Solarium Commission, a bipartisan policy group that includes Mr. Langevin. Such a law would have to specify what constitutes an incident, what information the private sector must share and what companies it covers—a definition that wouldn't necessarily include a relatively obscure tech vendor like SolarWinds, he said.

"Where people cut the deck is a little different," said Mr. Montgomery, who now serves as a senior adviser to the commission.

Certain businesses in heavily regulated sectors, such as defense, already have detailed reporting requirements under agency rules, said Jennifer Urban, a partner at law firm Foley & Lardner LLP, whose clients include Pentagon contractors.

President Biden is also considering ways to facilitate such notifications by government information-technology vendors as part of a broader executive order on cybersecurity, according to a senior administration official.

The Cybersecurity Information Sharing Act of 2015 allows companies to share details about threats with the Department of Homeland Security under liability and confidentiality shields. But a report last year by the DHS inspector general found that only nine of 252 participants in the program in 2018 voluntarily handed over information.

At a February hearing of the Senate Select Committee on Intelligence, senior executives from Microsoft Corp. and FireEye Inc., firms near the center of the SolarWinds incident, said they supported confidential reporting requirements, with liability protection against risks such as shareholder lawsuits.

Microsoft declined to comment further. A SolarWinds spokesman said the company supports "transparent and responsible sharing of information."

Lawmakers have applauded FireEye's decision in December to report a breach of its systems to both the government and the public. Neither disclosure was required by law, but they jump-started an investigation in which U.S. officials determined the attack likely originated in Russia. Moscow has denied the claim.

## Biden Cabinet Convenes for the First Time



**ROOM TO BREATHE:** Cabinet members, masked and spaced several feet apart, gathered in the East Room of the White House on Thursday. The meeting took place here instead of in the Cabinet Room to allow for proper social distancing.

## Cuomo Probe Extends to Memoir

By JIMMY VIELKIND

ALBANY, N.Y.—The impeachment investigation into Gov. Andrew Cuomo will examine whether official state resources were used to produce the memoir that the Democratic governor published in October, a key state lawmaker said Thursday.

Democrats who dominate the New York state Assembly were already investigating accusations that Mr. Cuomo behaved inappropriately toward multiple women as well as how his administration handled complaints of faulty bolts in a bridge over the Hudson River and policies related to Covid-19 in nursing homes.

Assemblyman Charles Lavine, a Democrat from Long Island who oversees the chamber's investigation, said those areas remain the inquiry's primary focus but that it also will examine recent news reports about the production of the book, "American Crisis: Leadership Lessons from the Covid-19 Pandemic."

Mr. Lavine also said the Assembly had established a hotline for members of the public to provide information relevant to the inquiry.

Mr. Cuomo's memoir describes the activities of him, his closest aides and family members during the early days of the coronavirus pandemic, which has killed more than 50,000 New Yorkers.

Senior aides to the governor reviewed a draft of the book manuscript during weekend sessions at the executive mansion this summer, people familiar with the matter said. Rich Azzopardi, a senior adviser to the governor, said that Mr.



**Gov. Andrew Cuomo's book describes his activities and those of his aides and family members in the early days of the pandemic.**

Cuomo's aides volunteered to work on the project and "to the extent an aide printed out a document, it appears incidental."

"The Executive Mansion is treated differently than other state buildings because it is legally the governor and first family's personal private residence," Mr. Azzopardi said in a statement. "Anything that comes with the mansion is available for his personal use. That said, equipment used for media appearances for this project were paid for or provided privately and any staff who volunteered did so on their personal time."

The New York Times first reported that Mr. Cuomo's staff had assisted with the book.

State Attorney General Letitia James is also overseeing an investigation into accusations by current and former aides of

Ethics, according to correspondence reviewed by The Wall Street Journal. State law requires that JCOPE review requests by state officers related to significant outside employment activity.

JCOPE deputy general counsel Martin Levine replied to Ms. Mogul on July 17, saying Mr. Cuomo's request was granted subject to several conditions, according to a copy of the approval letter reviewed by the Journal. One of the conditions stated that "no State property, personnel or other resources may be utilized for activities associated with the book," the letter said.

JCOPE Commissioner Gary Lavine, who was appointed to JCOPE by state Senate Republicans, said the matter was never discussed or voted on by JCOPE's commissioners.

Gary Lavine, who isn't related to Charles Lavine, said in an interview that the governor's book deal was approved by the JCOPE staff under an illegal protocol that bypassed commissioners' review. "I can tell you questions would have been asked—what assistance did the governor have? Where's the contract for the book?" he said.

JCOPE spokesman Walter McClure declined to comment specifically about Mr. Cuomo's book, but said commission staff have reviewed and approved requests for outside activity by state officers since 2012. Mr. McClure said the authority to do so was based on existing precedent from previous state ethics agencies that were combined after the creation of JCOPE in 2011.

Mr. Azzopardi deferred comment to JCOPE.

## U.S. Trims Its Forces In Mideast

Continued from Page One

teries, the permanent aircraft-carrier presence and other military capabilities means that several thousand troops might leave the region over time. As of late last year there were about 50,000 U.S. troops in the region, down from a high of about 90,000 at the height of tensions between the Trump administration and Iran about two years ago.

Defense officials declined to provide specifics about the reductions in military capabilities or forces. Saudi officials didn't respond to a request to comment about the U.S. plans.

A missile defense system known as a Terminal High Altitude Area Defense, or Thaad, which protects against the kinds of ballistic missiles used frequently by Iranian allies, was also proposed to be removed, but officials said it would remain in the region for now.

The military withdrawals amount to the early stages of a Biden administration effort to further reduce the U.S. posture in the Mideast after several decades of military engagement there, officials said.

Some equipment, including surveillance drones and antimissile batteries, may be redeployed to focus on what offi-



**The U.S. has removed Patriot antimissile batteries from the Gulf region, including one from a base in Saudi Arabia, seen above.**

cialists consider to be leading global competitors, including China and Russia.

Aircraft carriers in recent years have been deployed as symbols of U.S. deterrence in the Middle East. Earlier this year, the USS Nimitz left the region, and the USS Eisenhower now is headed there. However, the Eisenhower isn't expected to stay for the duration of a normal month-long deployment, leaving what Navy officials refer to as a "carrier gap" in the area overseen by U.S. Central Command.

Amid the withdrawals, officials said, a Pentagon team is looking at what equipment and training it can share with Saudi Arabia as it continues to come under withering rocket and missile attacks from fighters believed allied with Iran. The idea is to shift more of the burden of defending Saudi territory from Washington to Riyadh.

Saudi Arabia has come under what U.S. officials said is an un-

acceptable level of violence from rocket and drone attacks from Iranian-backed Houthis in Yemen and pro-Iranian militias in Iraq. Since January, there have been more than 80 such attacks, some involving multiple, simultaneous drone assaults, that have U.S., Saudi and other allies in the region on alert.

"By far that's worse than any other period since before the beginning of the conflict," a U.S. official said, referring to the war inside Yemen. Iran has denied it controls the Houthis or sponsors attacks through other groups.

As the U.S. moves toward reducing its own military capabilities there, the Pentagon in recent weeks assembled a "tiger team"—an ad hoc group of defense policy and military experts—to find ways to help the oil-rich kingdom protect its facilities and oil installations, U.S. officials said.

Options on the table include sales of specific, defensive

weapons, such as missile interceptors; expanded intelligence-sharing; additional training; and military-to-military exchange programs, officials said.

The Pentagon effort to find additional ways to help the kingdom to defend itself hasn't been previously disclosed.

Meanwhile, the Saudis' efforts to bolster their own defenses, including their Patriot missile systems, long considered to be undermanned and overworked, are improving, U.S. officials said. For the past several years, the U.S. military has worked closely with the Saudis to improve the systems, officials said.

"The Saudis have been pretty effective at knocking this stuff down. They are doing better and better," a senior U.S. official said, referring to incoming rockets and drones.

While officials said that most attacks against Saudi Arabia emanate from the Houthi militia inside Yemen, they couldn't explain why the Houthis have escalated at this time. The militant group has claimed responsibility for many of the attacks.

"The bottom line is that the Houthis need to know that we are standing with the Saudis and we will continue to support their right to self-defense," another U.S. official said.

The defensive help is intended to make good on Mr. Biden's promise to lend the Saudis a defensive hand, after he took a series of steps signaling his administration would deal differently with Riyadh than did former President Donald Trump, a Republican.

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U.S. NEWS

Across U.S., Many More Now Qualify for Vaccine

By JON KAMP AND JOSEPH DE AVILA

Many states are broadly expanding Covid-19 vaccine eligibility this week, unleashing more demand in a time of still-tight supplies by targeting the shots at millions more people.

Several states, including Texas, Ohio, Louisiana and Indiana, have set eligibility requirements to ages 16 years and up this week, joining states such as Arizona and Georgia that made the move recently.

to vaccine providers nearing the end of their waiting lists, said Chris Van Deusen, spokesman for the Department of State Health Services.

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The new minimum age for eligibility in several states

health conditions, he said.

"We're still limited by the amount of vaccine coming to the state each week, so it will still take some time to vaccinate everyone who wants a shot," he said.

Epidemiologists say progress in vaccinating older people creates an opportunity to start shifting the focus to others, so long as states continue to make sure the most at-risk people aren't left behind.

The U.S. is facing climbing Covid-19 case counts again, often because younger people are catching and spreading infections.

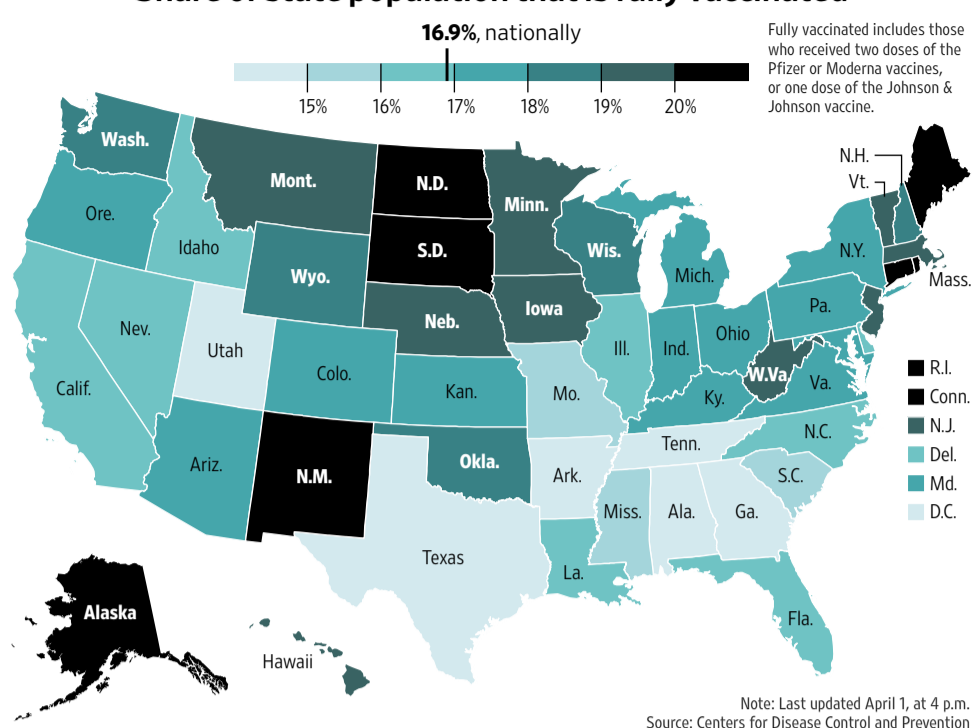
"We are in a race between infections and the variants, so the more people we can get vaccinated the better," said Catherine Troisi, an infectious-disease epidemiologist at UTHealth School of Public Health in Houston.

In Georgia, demand hasn't been as strong in southern parts of the state where vaccine supplies have been more abundant, while competition for shots has been fiercer in the Atlanta area and the northern part of the state.

"But on the other hand, there were a lot of people in the southern half of the state who wanted the vaccine but couldn't get to it because of eligibility requirements," Dr. Schmidtke said.

Some available appointments were going unfilled before the state opened up vaccinations to people 16 and up.

Share of state population that is fully vaccinated



Note: Last updated April 1, at 4 p.m. Source: Centers for Disease Control and Prevention

Pfizer Shot Effective After Six Months

By JARED S. HOPKINS

The Covid-19 vaccine from Pfizer Inc. and BioNTech SE remains highly effective six months after its second dose, an indication that protection could last for an even longer period.

The findings, released Thursday, emerged from a continuing review of how volunteers in the shot's late-stage trial were faring and whether they contracted Covid-19 with symptoms.

In the rush to introduce vaccines for a new virus, companies and other vaccine researchers were unable to determine how long shots would provide protection, or whether booster shots would be needed to ensure protection.

Pfizer said it hopes to provide more information on protection beyond six months in the coming weeks. The companies said they planned to continue to monitor study subjects for two years.

The further analysis suggested the vaccine worked effectively against a variant first identified in South Africa, Pfizer and BioNTech said. And the companies said they haven't found serious safety concerns so far.

"It is an important step to further confirm the strong efficacy and good safety data we have seen so far, especially in a longer-term follow-up," said BioNTech Chief Executive Ugur Sahin.

Pfizer Chief Executive Albert Bourla said the additional results provide "further confidence in our vaccine's overall effectiveness."

The companies said they now expect to file for full approval of the vaccine in the U.S. as early as this month. It has been cleared for use so far on an emergency basis.

The vaccine was the first



A man received the Pfizer vaccine at a clinic in New York City last week.

authorized in the West last year, after the late-stage, or Phase 3, trial found it was 95% effective at preventing Covid-19 with symptoms and was generally safe.

In the U.S., the vaccine is cleared for use in people age 16 and older.

The shot has now become a key cog in global vaccination efforts. The companies have distributed more than 200 million doses globally and plan to produce 2.5 billion doses this year.

On Wednesday, the companies said the vaccine was 100% effective in children ages 12 to 15, results that could lead to the vaccine's U.S. authorization for use in adolescents in May.

The vaccine uses a new gene-based technology, named messenger RNA after the molecules that carry genetic instructions to cells to make proteins. Production of the proteins trains the immune system to recognize the coronavirus and fight it.

The new analysis looked at the vaccine's performance in 46,307 people who enrolled in

the Phase 3 trial, starting in July.

Of the 927 cases of symptomatic Covid-19 observed through March 13, 850 were in people who received a placebo and 77 in people who were vaccinated, according to the companies.

That corresponds to a vaccine efficacy of 91.3% up to six months after getting the second dose, Pfizer and BioNTech said.

The protection remained generally consistent across age, gender, race and ethnicity, as well as among individuals with underlying health conditions, the companies said.

The vaccine was also 95% to 100% effective against severe disease, with the precise figure depending on whether researchers used a definition of severe disease from the U.S. Centers for Disease Control and Prevention or one from the U.S. Food and Drug Administration.

Some 800 trial subjects were enrolled in South Africa, where a more contagious variant of the virus was first identified. Among those volun-

teers, there were nine cases of Covid-19, all in people who got a placebo. Sequencing confirmed six of the nine cases were of the variant.

The findings, the companies said, support earlier analyses that have shown the vaccine generated a slightly lower immune response against the variant than the more common strain circulating in the U.S., but was still effective at neutralizing the variant virus.

Of the 697 cases of symptomatic Covid-19 among study subjects in the U.S., 647 were in people who received a placebo, with the rest in vaccinated subjects, indicating 92.6% efficacy, according to the companies.

Despite the success of Covid-19 vaccines, health authorities and vaccine experts have said it is possible that booster shots will be needed seasonally or annually to ensure protection until the virus is fully stamped out around the world.

They also say the vaccines might need to be updated to address potential variants that escape protection.

FDA Probes Cause For Scrapped Batch

By PETER LOFTUS AND THOMAS M. BURTON

The Food and Drug Administration is investigating what caused a batch of the active ingredient for Johnson & Johnson's Covid-19 vaccine to be scrapped for failing to meet quality standards at a contract manufacturing plant, according to a person familiar with the matter.

The FDA may send an inspection team to assess the situation at the Baltimore plant operated by contractor Emergent BioSolutions Inc., the person said.

The regulatory scrutiny follows J&J's disclosure Wednesday that a batch of the main ingredient for its Covid-19 vaccine manufactured at the Emergent plant didn't meet standards. The batch didn't reach the vial-filling and finishing stage, and no doses from it were distributed.

J&J says the quality lapse didn't affect vaccine doses that have been distributed in the U.S. since the vaccine was authorized in February, and the company still has enough supply to meet near-term commitments. J&J also makes the main ingredient for the vaccine at its own plant in the Netherlands.

Emergent BioSolutions, of Gaithersburg, Md., said Thursday that it isolated the batch of vaccine ingredients because it didn't meet specifications and quality standards. Emergent said it would dispose of the batch properly. The company said that discarding a batch is disappointing but occasionally happens during the complex vaccine-manufacturing process.

The White House said Thursday it didn't expect the issue to affect the promised U.S. supply of J&J's vaccine. J&J expects to deliver about 100 million doses for use in the U.S. by midyear, under the terms of a \$1 billion purchase agreement with the federal government.

"We have been assured that they expect to meet those deadlines," White House press secretary Jen Psaki said at a briefing. Ms. Psaki said "the issue was identified as part of rigorous quality control system checks," and the Department of Health and Human Services notified the White House late last week.

Asked if the White House should have revealed the problem publicly earlier, Ms. Psaki said the plant hasn't yet been FDA-approved. "This is probably the process of working as it should," she said. Drug plants can manufacture ingredients for a drug or vaccine but finished products can't be released until the FDA authorizes them.

J&J's vaccine is the third to be authorized in the U.S., after shots from Pfizer Inc. with its

A contractor says a batch of J&J vaccine ingredients didn't meet standards.

partner BioNTech SE, and Moderna Inc. Health authorities have been counting on the arrival of the single-shot J&J vaccine to boost the overall supply of shots and to simplify vaccinations because it doesn't require a second dose.

Emergent said that it was confident in its ability to meet FDA requirements.

Emergent makes the main ingredient for AstraZeneca PLC's Covid-19 vaccine at the same plant, though that vaccine isn't authorized for use in the U.S. An AstraZeneca spokeswoman said the company was "aware of the reports regarding the facility and we understand Emergent is investigating the matter."

—Tarini Parti contributed to this article.

Agency Clears Home Tests for Frequent Use

By BRIANNA ABBOTT

The U.S. Food and Drug Administration authorized the first Covid-19 tests for repeated, frequent use by consumers at home to screen for infections even if they don't have symptoms.

The FDA late Wednesday gave the green light to three tests that are meant to be used frequently or multiple times over a few days—called serial tests.

Consumers will be able to buy two of them over the

counter without a prescription; the other, for use in such places as schools and doctors' offices, requires a prescription. The FDA had previously authorized them for use among people with symptoms.

For almost a year, some U.S. public-health authorities have called for rapid Covid-19 tests that can quickly and frequently screen for the virus to help control the spread of the infection among people without symptoms.

The FDA has already cleared a handful of tests that

consumers can purchase over the counter and use at home. But they aren't designated as serial tests and aren't yet widely accessible.

Wednesday's authorizations, awarded to companies with bulk manufacturing power, add to the tests that can be purchased over the counter among people without symptoms, potentially enabling rapid, at-home testing to become more widely accessible and affordable.

"It's putting control into the hands of Americans di-

rectly," said Mara Aspinall, co-founder of the Biomedical Diagnostics program at Arizona State University. "This is a step forward."

The FDA has been saying that they want to encourage more at-home tests. This is taking those words and making them very real."

The three tests search for pieces of virus protein, called antigens, to help determine whether someone is infected. They were developed by Quidel Corp., Abbott Laboratories and Becton, Dickinson & Co.



Abbott's BinaxNOW is one of two tests for use at home. A third test is for use in schools, doctors' offices and nursing facilities.



## WORLD NEWS

## U.K. Sees Gains in Covid Vaccine Gamble

Delaying second shot to get more first doses to people seems to have paid off, authorities say

By MAX COLCHESTER  
AND JASON DOUGLAS

LONDON—The U.K.'s bold call to delay giving people a second dose of a Covid-19 vaccine has put it out in front in the race to inoculate the world against the disease.

Behind that decision: a group of 16 scientists who advocated a controversial move to overrule some manufacturers' guidelines in order to get more first doses to people.

The gamble appears to have paid off, with data pointing to durable protection against illness after one vaccine dose. But while some countries, such as Canada, have followed the U.K.'s lead, others including the U.S. are saying to do so could pose a risk to public health.

The decision by British authorities holds lessons for other countries as they fight to contain the pandemic. Indeed, the dosing debate raises difficult questions about whether some governments and their scientific advisers—for instance in the European Union, where vaccination campaigns are painfully slow—are being too risk averse.

In December, as a highly infectious Covid-19 variant ripped across the U.K., the group of scientists sitting on Britain's Joint Committee on Vaccination and Immunisation concluded that delaying a second vaccine dose by up to 12 weeks could save lives.

"It would have been cowardly not to make that decision," said Adam Finn, an immunologist at the University of Bristol who sits on the JCVI. "We had a certain amount of vaccine and a certain amount of time."

Faced with a crisis, the U.K. government was open to doing things differently, said former British Prime Minister Tony



With limited vaccine doses and soaring Covid-19 infections, British officials ripped up the rule book and delayed second shots.

Blair, an early advocate of delaying the second dose.

"The traditional way is 'Well, we can't be sure, we need more data, blah, blah, blah.' OK, fine, but you know in a pandemic you're losing lives and livelihoods every week," he said.

Altering rules on the fly risks stoking vaccine hesitancy if something does go wrong, said Jennifer Nuzzo, a professor and epidemiologist at the Johns Hopkins Bloomberg School of Public Health. "It is hard for me to imagine the U.S. making that decision," she said.

Britain's Covid-19 response has been marked by a series of calculated gambles. Some went wrong. It initially held off on lockdown to allow the population to acquire some herd immunity. It now has the highest cumulative death toll from Covid-19 in Europe.

On vaccines, the bets have so far paid off. The government spent big and early to acquire the inoculations. U.K.

### Soaring Shot Rate Drives Fall in Deaths

The U.K. has injected more than half its adult population with at least one shot of vaccine, putting it ahead of the U.S. and its European neighbors.

Every adult is due to have received at least one shot of vaccine by the end of July.

regulators signed off on vaccines before anyone else. The country doled out a British vaccine developed by AstraZeneca PLC and the University of Oxford to its elderly population despite limited data available on whether it was effective in that age cohort.

The British government "took punts on things before there was data to support them," said Jeremy Brown, an

expert on respiratory diseases who advised on the U.K. vaccine deployment.

Normally, vaccine doses are administered to the public in the same way that they were during clinical trials. To change dosing typically requires further real-world trials. Going into the pandemic, the JCVI had a record of recommending dosing changes without conducting more trials, arguing

elderly if immunity quickly fades after an initial dose.

The delayed-dose strategy is also set to be tested in the coming weeks, as the rate of second doses is expected to fall while vaccine makers struggle to keep up with global demand and countries spar over who gets priority for scarce shots.

So far, 31 million Britons have received the first dose and just 4.1 million a second shot.

initially, as the trial data

came in from shots developed by Pfizer Inc. and BioNTech SE, Moderna Inc. and AstraZeneca, the British government played it by the book: After quickly approving the Pfizer shot, it said there should be a three-week gap between injections.

When the trial data for the AstraZeneca vaccine was published in November, scientists were flummoxed by an accidental finding. Volunteers who were given a half-dose shot followed by a full dose a month or more later had much better immune response than those who were given two full doses more closely together.

The error raised questions about whether the better immune response was down to the half dose or the time between shots. "That was what got us thinking," said Prof. Finn. The JCVI met in late December and after a short debate backed delaying the second dose, members say.

Though the 12-week dosing schedule was in line with what had been tested in AstraZeneca's trials, Pfizer and Moderna said extending the dosing interval wasn't something they would recommend, given that their vaccine trials looked at shorter, three-to-four-week intervals to determine efficacy. The U.S. Food and Drug Administration said delaying the second dose beyond the limits assessed in human trials poses a risk to public health.

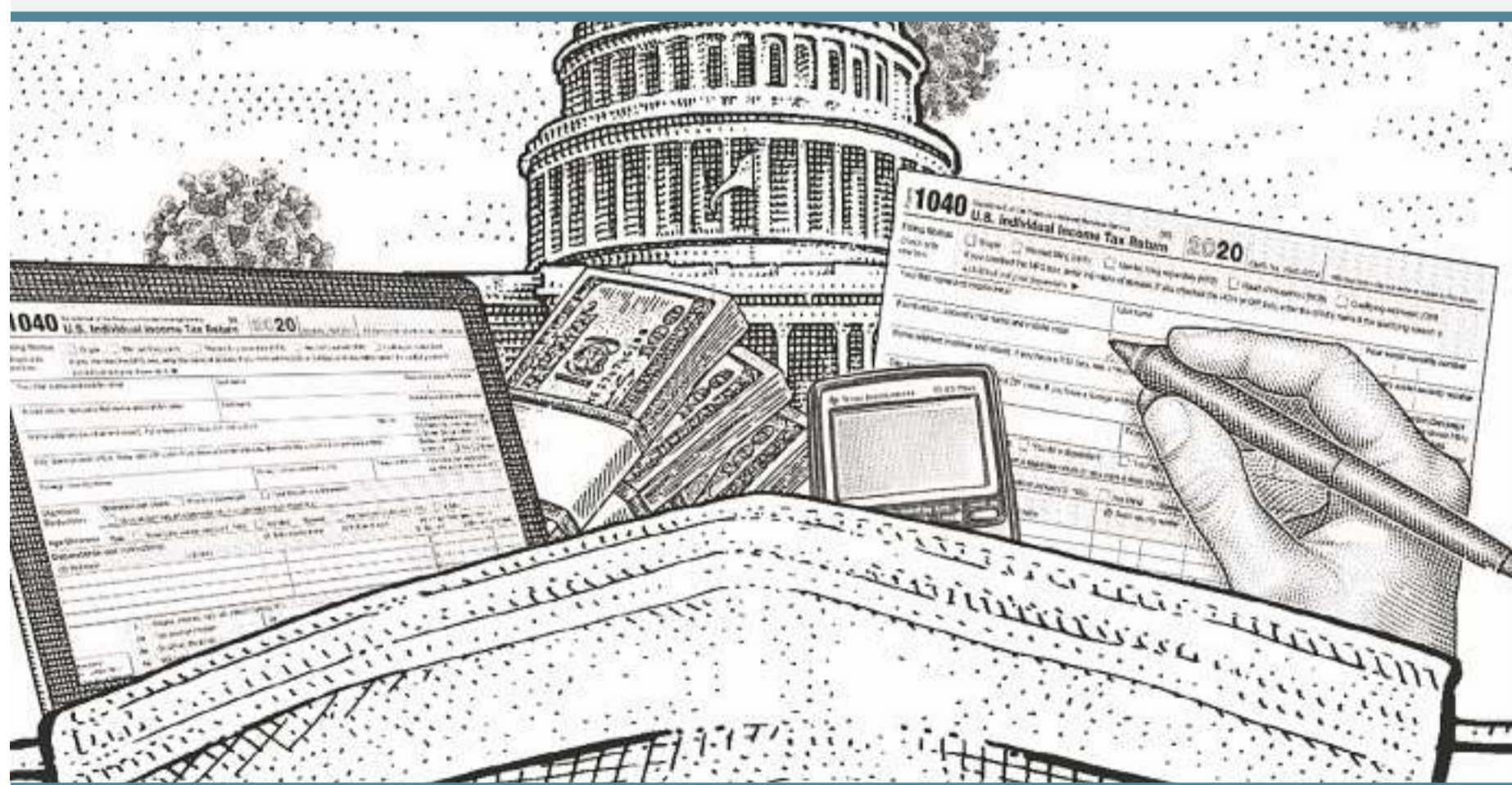
Data so far have mostly provided support for the dose-extension call. Studies of vaccinated British healthcare workers, for instance, have shown a strong immune response after just one dose of vaccine. One analysis concluded it was comparable in potency to that obtained by previous natural infection.

"We find it quite reassuring," Susanna Dunachie, global research professor at the University of Oxford, told reporters during a recent briefing on that finding. "They are kind of getting the immune response from someone who's had Covid already from that single dose."

HENRY NICHOLS/REUTERS

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## WORLD NEWS

# Poor Nations Fear Capital Flight

By PAUL HANNON

The red-hot U.S. economy is drawing billions of dollars in capital from emerging markets, stirring concerns that investor flight may destabilize poor countries where Covid-19 infections remain high and the prospect of a robust economic recovery seems distant.

According to figures compiled by the Institute of International Finance, a research body for international banks, developing countries saw an outflow of capital in March of \$5.16 billion. This week, Turkey, which raised official interest rates to contain a rise in inflation and a drop in its currency, saw the biggest weekly outflow of capital since 2015.

While modest, the March outflows were the first from emerging markets since the Biden administration's \$1.9 trillion economic-support package, combined with a rapid vaccination program, dramatically raised expectations for U.S. economic growth. Economists project the U.S. economy would grow 6.5% this year, the fastest pace in three decades.

Although largely good for the global economy, the torrid growth in the U.S. is straining some weaker countries.

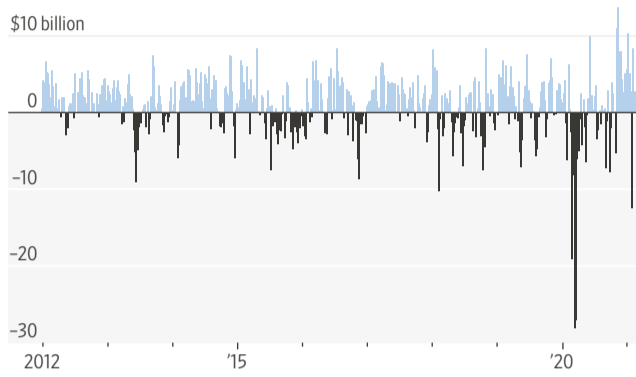
As investors rush to buy U.S. assets, they have driven U.S. Treasury bonds yields sharply higher this year. Should that continue, economists worry that the higher returns offered for riskless investments in the world's largest economy could pull money from emerging markets, where vaccine campaigns have barely begun.

"Faster U.S. recovery could cause a rapid rise in interest rates, which could lead to a sharp tightening of financial conditions, and significant capital outflows from emerging and developing econo-



Turkish President Recep Tayyip Erdogan abruptly dismissed the central bank governor last month.

Net flows in emerging-market stocks and bonds, weekly



Note: Non-resident purchases; excludes Turkey and Mexico  
Sources: National sources, Institute for International Finance

mies," said Kristalina Georgieva, the International Monetary Fund's chief, in a speech Tuesday.

The March outflows were the first since October. Back then, the outflows reflected a flight by investors to havens. The current exodus is instead driven by the rise in U.S. yields—a more worrisome trend.

Indeed, during the past month, central banks in Brazil and Russia, in addition to Tur-

key, have raised interest rates, in part to defend against capital outflows and to support their currencies.

Investors grew concerned when Turkish President Recep Tayyip Erdogan abruptly dismissed central bank governor Naci Agbal last month for his decision to raise interest rates to contain double-digit inflation.

In the week after his dismissal, foreign investors withdrew a net \$1.1 billion from

Turkish lira-denominated bonds, the biggest weekly drawdown since January 2015. They also pulled a net \$800 million from Turkish stocks, the worst weekly retreat since January 2007.

In total, the flight of foreign capital that week represented more than 40% of the net \$4.6 billion investors had put into Turkish lira assets under Mr. Agbal's roughly four-month tenure.

The increase in emerging markets' interest rates awakened memories of the so-called Taper Tantrum of 2013.

In May of that year, then-Federal Reserve Chairman Ben Bernanke told lawmakers the central bank was considering a slowdown in its purchases of government bonds, without actually announcing such a change.

To many Fed watchers, he was simply repeating a view first expressed in January 2013. But investors took fright and pushed yields on U.S. government bonds sharply higher, sending shock waves around the world, with particularly

troubling consequences for emerging markets.

To stem the 2013 outflow of capital, a number of central banks in large developing countries had to raise their key interest rates, thereby slowing their economies. Should they be forced to do so again this year, it would add to an already weak recovery from the pandemic.

But economists largely don't expect a repeat of the taper tantrum.

First, developing countries had seen strong economic growth and a surge in capital inflows in the years before Mr. Bernanke's remarks. Rich countries such as the U.S. had recovered much more slowly from the global financial crisis, and international investors had placed especially large bets on faster-growing developing countries.

According to the International Monetary Fund, capital flows to developing countries in the years following the financial crisis jumped to nearly 50% of the global total capital flows from 20% in the years running up to the crisis.

By contrast, emerging countries didn't see large inflows in the years before the pandemic.

"This is not the death knell for developing economies," said Adam Posen, president of the Peterson Institute for International Economics.

In 2013, current-account deficits—a measure of how much capital a country needs—had been large for a number of years, so it was a problem when investors became reluctant to provide more capital. Now, according to Fitch Ratings, those gaps are significantly smaller.

Fitch economists estimate that current-account deficits for 81 countries they monitor will be just 2% of annual economic output this year, compared with 3.2% in 2013.

## U.S. Backs IMF Bid To Ease Pandemic Poverty

By YUKA HAYASHI

WASHINGTON—The Treasury Department notified Congress of its support for a plan by the International Monetary Fund to use its reserve assets to help poor nations battle the Covid-19 pandemic and the resulting economic slump.

Thursday's action by the Biden administration moves the IMF a step closer to issuing \$650 billion of Special Drawing Rights, a plan that already has the support of other major economies.

The IMF needs the consent of the U.S., its largest shareholder.

The SDR is an international reserve asset that countries can exchange for dollars or other major currencies to make debt payments or pay for imported goods.

The IMF last issued SDRs in 2009, in the aftermath of the global financial crisis.

"An allocation of new Special Drawing Rights at the IMF could enhance liquidity for low-income countries to facilitate their much-needed health

# \$650B

Would be set aside from the fund for low-income nations

and economic recovery efforts." Treasury Secretary Janet Yellen said in a letter to leaders of the Group of 20 advanced and major emerging market economies in February.

IMF officials have said that while the global economy is rebounding from the pandemic's impact, the recovery is uneven.

While wealthier countries have used their ample resources to fuel growth and vaccinate their citizens, poor nations are lagging behind and racking up debts.

In all, more than 30.4 million cases have been reported in the U.S. and more than 552,000 people have died. World-wide, more than 128.9 million cases have been reported and more than 2.8 million people have died.

The Trump administration blocked the use of SDRs for pandemic response last year, and some Republican lawmakers have expressed their opposition to the latest iteration of the plan, saying it would benefit U.S. adversaries who are IMF members.

The Treasury must notify Congress of the move but doesn't need its approval for the proposed size of the allocation.

"The proposed allocation of SDRs would be inappropriate, ineffective, and a wasteful use of taxpayer dollars that would end up benefiting repressive regimes and state sponsors of terrorism," Sen. Pat Toomey (R., Pa.), the top Republican on the Banking Committee, and three other Republican senators wrote in a letter to Ms. Yellen on March 24.

Member states are issued SDRs in proportion to their stakes in the IMF, which was created near the end of World War II to oversee the global exchange-rate system and act as a lender of last resort to countries in financial distress.

The U.S. has the right to refuse to exchange dollars for the SDRs of any country "whose policies run counter to U.S. interests," according to a Treasury fact sheet.

The U.S. is expected to receive about 17%, or \$113 billion, of the allocation, and G-20 members including the U.S. will together get roughly 70%.

That has led to criticism that the small allocations received by low-income countries will be of little help.

However, the Treasury said it is working with other advanced nations to lend a portion of their SDRs to support low-income countries.

The SDR is based on a basket of currencies made up of the dollar, the euro, the Japanese yen, Chinese yuan and British pound.

## Suez Canal Head Says Egypt Is Seeking Compensation for Blockage



Egypt is seeking more than \$1 billion in compensation after a cargo ship blocked the Suez Canal for nearly a week, according to the top canal official. He said the ship and its cargo will not be allowed to leave if the issue goes to court.

Lt. Gen. Ossama Rabei, head of the canal authority, said in

an interview with a pro-government TV show Wednesday that the amount takes into account the costs of the salvage operation, stalled traffic and lost transit fees for the days the Ever Given blocked the canal.

Gen. Rabei didn't say who would be responsible for paying the compensation. The vessel is

owned by a Japanese firm, operated by Taiwan-based Evergreen Group, and flagged in Panama.

The vessel is anchored in the Great Bitter Lake, a stretch of water half way between the north and south ends of the canal, where a probe is underway.

On Thursday, the ship's technical managers, Bernard Schulte

Shipmanagement, told the Associated Press that the crew was cooperating with authorities in the investigation. They said Suez Canal Authority investigators have been given access to the Voyage Data Recorder, the vessel's black box.

Gen. Rabei said that if an investigation went smoothly and

the compensation amount was agreed on, the ship would be allowed to depart.

However, if the issue of compensation involved litigation, the Ever Given and its some \$3.5 billion worth of cargo would not be allowed to leave Egypt, he said.

—Associated Press

## Producers To Boost Output

Continued from Page One  
ing in stride, with analysts saying the boost was measured. Brent, the international crude benchmark, closed at \$64.86 a barrel, up \$2.12, or 3.38%. The front-month contract for West Texas Intermediate, the U.S. benchmark for crude oil, was up \$2.29, or 3.87% to \$61.45 a barrel.

"There is a recognition that this is a phased return that can be fairly easily reversed," said Helima Croft, the chief commodities strategist at Canadian broker RBC.

Ahead of the meeting between the two groups, Saudi Arabia had initially backed plans to keep production unchanged, delegates said. The decision to increase output "was a complete U-turn," one

of them said.

Throughout the pandemic, the group has appeared to shift sharply from optimism to pessimism over the prospects of a post-pandemic economic recovery—and a strong rebound in oil demand. Saudi Arabia has pushed to stay cautious, while Russia has been eager to lift output.

The divide was on display ahead of Thursday's meeting. Saudi Energy Minister Abdulaziz bin Salman warned the "sea remains rough" in terms of stabilizing the oil market. Russian Energy Minister Alexander Novak said the oil markets were undersupplied by some two million barrels a day, and "it's important not to let the market overheat."

Keeping a tight lid on output can bolster prices, but it can also suppress revenue for many of Russia's independent producers. Oil supply lines also were disrupted recently by the six-day closure of the Suez Canal, offering another case for easing the taps.

Many forecasters are bracing for a strong global recov-

ery this year, but it remains an uncertain picture. Oxford Economics forecast 6% global growth in 2021, the fastest rate in almost half a century, as Covid-19 vaccine campaigns allow pandemic restrictions to be lifted and businesses to snap back in some places. In China, consumer spending at home and demand for Chinese-made goods abroad

added economic steam there in March.

The U.S. economy is picking up, with an accelerating vaccination drive progressing relatively smoothly. Consumers are increasing their spending, particularly on in-person services that were battered by the pandemic. Still, clouds remain. Reported U.S. Covid-19 cases remain elevated and

have risen steadily despite the vaccine rollout. Fast-rising cases in much of Europe are triggering new Covid-19 restrictions and threatening a deeper-than-expected, double-dip recession there.

As Covid-19 started shutting down economies last year, grounding flights and closing businesses, OPEC and its allies cast aside a bitter price war and cut nearly 10 million barrels of crude a day, or about 10% of pre-pandemic demand, from their collective production. Since then, the group has agreed in fits and starts to restore a chunk of that—about 3.15 million barrels a day, including Thursday's new barrels.

Saudi Arabia surprised markets in early January by agreeing to act unilaterally and slice a further one million barrels of its own production to help stabilize markets at a time it felt earlier vaccination optimism was premature and cases in Europe and the U.S. were soaring.

—David Hodari contributed to this article.



Saudi Energy Minister Abdulaziz bin Salman, shown in January, warned the 'sea remains rough' for stabilizing the oil market.







## GREATER NEW YORK

## State Limits Use of Solitary Confinement

Cuomo signs measure capping the practice in New York prisons and jails to 15 days

By BEN CHAPMAN

New York Gov. Andrew Cuomo has signed a law that places new limits on the use of solitary confinement in the state's correctional facilities, following years of pressure by lawmakers and advocacy groups.

The law limits to 15 days

the amount of time incarcerated people may spend in solitary confinement, which is also called segregated confinement or administrative segregation.

Known as the Humane Alternatives to Long-Term Solitary Confinement Act, the law also defines the disciplinary infractions eligible for segregated confinement and exempts certain vulnerable populations from the practice, including young and elderly prisoners, pregnant women and people with disabilities or serious mental illness. All state prisons and local jails in New

York are covered by the law.

A spokesman for the state Department of Corrections and Community Supervision declined to comment on the act and referred questions to Mr. Cuomo's office.

Mr. Cuomo, a Democrat, said the new law builds on changes that his administration had previously made to the state incarceration system to reduce the use of solitary confinement.

New York City had also previously reduced the use of the practice in city jails, and Mayor Bill de Blasio has

vowed to end its use.

Advocacy groups and lawmakers have long pushed for laws limiting the use of solitary confinement in New York, arguing that the practice is inhumane and harmful to prisoners. Advocates for the end of solitary confinement say that the practice is mostly used on minorities and has led to deaths.

State Assemblyman Jeffrien Aubry, a Queens Democrat who sponsored the measure, said Thursday that the act places democratically determined limits on the use of solitary confinement. "This was

being done in our names as citizens of New York, without us having the ability to determine whether it was appropriate," he said.

Some law-enforcement groups have said that segregated confinement is useful to separate prisoners who may act violently toward others or themselves.

"You need administrative segregation to separate inmates for various reasons," said Nassau County Sheriff's Correction Officers Benevolent Association President Brian Sullivan. "Sometimes you have

combatants."

New York Civil Liberties Union Executive Director Donna Lieberman, whose organization supported the act, said that thousands of prisoners in New York correctional facilities are harmed in solitary confinement each year. According to a report by the NYCLU, prisoners were placed in solitary confinement in 38,249 instances in 2018.

"This is so monumental for New Yorkers, because it will end the torture that is long-term solitary confinement," Ms. Lieberman said.



People received food last month at a Bronx church. Food insecurity increases when the economy falters and recovers slowly.

## Many Still Relying on Food Pantries

By KATE KING

Economic strain caused by the Covid-19 pandemic likely will leave an estimated 1.4 million New York City residents struggling to afford adequate food this year, according to Feeding America, a nationwide network of food banks.

Before the pandemic, in 2019, slightly more than 1 million experienced food insecurity, meaning a lack of access to nutritionally adequate food, the group said.

Food insecurity is closely linked to unemployment, and while many sectors of the city's economy have reopened, the labor market is still scarred, particularly for low-wage workers. New York City lost nearly 630,000 private-sector jobs in February compared with the prior year, according to the state Department of Labor, pushing the unemployment rate up nearly 10 percentage points, to 13%.

Enrollment in food-stamp benefits among city residents has increased nearly 12%, to 1.66 million recipients as of January, compared with the same month last year, according to the city Department of Social Services Human Resources Administration.

Food Bank for New York City, which distributes food and operates anti-hunger programs through 1,000 pantries and other charities citywide, has provided nearly 100 mil-

lion pounds of food since the start of the pandemic, a 61% increase over the same period the year before, said Zac Hall, vice president of programs for the nonprofit. "I don't have a crystal ball, but I think the same level of response that we have today is going to at least be needed for the next couple of years," he said.

Food insecurity increases when the economy falters and recovers slowly. The 2008 recession pushed up nationwide food insecurity rates to 21% that year from 16% in 2007 for households with children, according to the U.S. Department of Agriculture. It took a decade for it to fall to prerecession levels before reaching a two-decade low of 14% in 2019.

Children are particularly vulnerable now compared with previous economic downturns because remote learning has made it harder for them to access free school meals, said Sherry Tomasky, director of communications and public affairs for the statewide nonprofit Hunger Solutions New York.

All New York City public-school students are eligible for free lunch and breakfast, and schools served 1 million free meals a day before the pandemic. When school buildings closed in 2020 due to Covid-19, many students lost easy access to free food.

The city Department of Education is offering free grab-and-go meals to all residents at

1,100 locations and 260 community sites across the city. But with the majority of students still learning remotely, the school system is serving far fewer meals, about 400,000 a day, said a schools spokesman.

Christiana Nichols, a pediatrician in Harlem, said picking up the free meals is difficult for families when students are learning remotely.

"If you're the only caregiver at home and you're supposed to be homeschooling...how do you get to those lunches?" Dr.

1.4M

Number of NYC residents struggling to afford food

Nichols asked. "Take all the kids to school to pick them up? Leave kids home while you go get it? People are having to make hard choices."

Poverty Tracker, a partnership between the nonprofit Robin Hood and Columbia University that conducts quarterly surveys of 4,000 New York City households, found that a third of respondents got free groceries or meals from food pantries, churches and other services last year compared with about 10% before the pandemic.

Last spring, Mayor Bill de Blasio's administration started

an emergency home food-delivery program, which provides fresh and frozen meals to New Yorkers who can't leave their homes to get food themselves, don't have anyone who can get food for them and can't afford food delivery.

The program delivers, through contracts with food vendors, about 60,000 meals a week at a cost of about \$14 million a month, said Kate MacKenzie, director of the Mayor's Office of Food Policy. The city expects to be fully reimbursed by the Federal Emergency Management Agency.

In July, Mr. de Blasio's administration signed a \$50 million contract with Driscoll Foods to ensure that the city would have a food reserve during the crisis. When it became clear the pandemic wasn't disrupting the city's food-supply chain, officials began dispersing the reserve to emergency food programs and community organizations.

"We're spending more than we ever have to make sure our food pantries continue to be stocked," Ms. MacKenzie said.

On the federal level, a new program provides money for food via debit cards to students who were eligible for free or reduced-price school meals.

Despite the influx of resources, many people who lost their jobs or income are still struggling to put food on the table.

## New Jersey Woos Film Studios Amid Georgia Voting-Law Outcry

By JOSEPH DE AVILA AND ERICH SCHWARTZEL

New Jersey is trying to poach movie and television studios from Georgia after the state passed a voting law that has drawn criticism from business leaders and some major corporations.

Gov. Phil Murphy sent a letter Thursday to major studios including Walt Disney Co., Warner Bros. and Netflix Inc., offering them tax credits on up to 30% of production costs—equal to what Georgia currently offers. He also proposed a 40% subsidy for bricks-and-mortar studio development, according to the letter viewed by The Wall Street Journal.

The governor's tax credit offering is the same as what is included in New Jersey's economic-incentive package that the state Legislature passed last year.

In his letter, the governor drew a contrast between voting rights in Georgia and New Jersey. He signed a law on Tuesday authorizing early in-person voting to begin 10 days before Election Day for general elections. Georgia currently allows three weeks of early in-person voting conducted Monday through Friday, as well as two mandatory Saturdays and two optional Sundays, according to the Secretary of State's Office.

Mr. Murphy, a Democrat, called Georgia's new voting law an "un-American" attack on people of color. "They are going in one direction, and we are going in the opposite direction," he said in an interview.

Georgia's law, signed by Republican Gov. Brian Kemp last week, includes stricter identification requirements for voters to use absentee ballots. The law also puts new limits on how parties and voting groups mail out absentee-ballot request forms and limits the number of ballot drop boxes to one per county except for large counties, which can set up one box for every 100,000 registered voters.

In New Jersey, voters don't need to provide a copy of their identification to cast votes by mail except in certain circumstances for first time voters. Voters in New Jersey can also request a ballot to vote by mail for any reason. Each county in

the state must maintain at least 10 drop boxes for ballots.

Mr. Kemp has defended the new law as a necessary measure to give voters confidence in the state's electoral system and to ensure that it is free of fraud. No court or legislative body has found evidence of widespread voter fraud in the 2020 presidential election.

"While New Jersey just passed a law with these reforms, Georgia already has on-line voter registration, automatic voter registration and no-excuse absentee balloting," a spokeswoman for Mr. Kemp said. "We also have a minimum of 17 early voting days, while they have nine."

Several voting-advocacy groups have sued Georgia officials over the new law, and multiple Georgia-based businesses have spoken out against it, including executives from Delta Air Lines Inc. and Coca-Cola Co. The film companies didn't respond to requests for comment.

Among the major production companies, only ViacomCBS Inc. has commented on Georgia's new law. The company didn't address whether it would pull productions from the state. It said it would "continue to educate the public on the importance of an open and fair voting system through our programming and extensive partnerships with grass roots organizations."

Over the past decade, film and TV production has departed Los Angeles for some states and countries offering lucrative tax credits.

Georgia's package, which offers producers a credit up to 30% on production costs, has attracted hundreds of productions since it was introduced in 2005, including numerous Marvel Studios epics like "Avengers: Endgame" and "Black Panther."

The years of production have established a robust supply of massive sound stages, crews of local workers who can handle big-budget jobs and the local nickname "Yallywood."

Georgia's politics have clashed with the largely liberal leanings of Hollywood in the past. In 2019, a state law that restricted abortion access prompted some outcry among producers and actors but did little to change studio plans to film in the state.

## On Opening Day, Fans Return to Yankee Stadium After Being Shut Out by Coronavirus Last Season



**GLAD TO BE BACK:** Temperature checks were mandatory for entry to the stadium. Fans reached for a ball thrown to them before play started Thursday. Gary Sánchez hit a two-run homer in the second inning, but the Toronto Blue Jays ended up defeating the Yankees, 3-2.





## GREATER NEW YORK WATCH

### BROOKLYN Plea Deal Offered in Police-Car Torching

Federal prosecutors told a judge Thursday they have offered a plea deal to two Brooklyn attorneys charged with fire-bombing an empty police vehicle last year amid demonstrations in New York City following the death of George Floyd.

U.S. District Judge Brian Cogan set a 90-day deadline for lawyers for Colinford Mattis and Urooj Rahman to accept the government's offer or proceed to trial on charges, including arson conspiracy, that could land them in prison for nearly 50 years.

The U.S. attorney's office in Brooklyn and defense attorneys for both lawyers declined to comment on the plea negotiations.

—Associated Press

### MANHATTAN

### Life Sentence Sought For Failed Bomber

A Bangladeshi immigrant who set off a pipe bomb attached to his chest in New York City's busiest subway station should spend the rest of his life behind bars for a "premeditated and vicious" terrorist attack committed on behalf of Islamic State group, prosecutors said Thursday.

In papers filed in federal court in Manhattan, the government argued that Akayed Ullah has never taken proper responsibility for the December 2017 attempted suicide bombing in a

pedestrian tunnel beneath Times Square and the Port Authority bus terminal.

The government's request comes a week after lawyers for Ullah argued in their own papers that a mandatory 35-year prison term is punishment enough because his attack was an aberration from an otherwise peaceful life. He is scheduled to be sentenced on April 8.

—Associated Press

### NEW YORK CITY

### Fake Heiress Is Held In Federal Custody

U.S. immigration authorities said Thursday they have detained Anna Sorokin, the con artist who passed herself off as a wealthy German heiress and served more than three years behind bars for defrauding New York banks and hotels.

Ms. Sorokin, 30 years old, who finagled her way into the Manhattan elite using the name Anna Delvey, remained in New Jersey's Bergen County Jail days after she was scheduled to be deported to her native Germany.

The delay could mean the onetime darling of New York's social scene is challenging her deportation, which has been in the works since she was convicted in 2019 on multiple counts of larceny and theft.

U.S. Immigration and Customs Enforcement declined to comment on Ms. Sorokin's immigration proceedings. Her attorney declined to discuss the case.

—Associated Press



GREG ALLEN/ASSOCIATED PRESS

'David Byrne's American Utopia' opened in October 2019 at the Hudson Theatre, one of the Ambassador Theatre Group's venues.

# Theater Owner Expands Role

BY CHARLES PASSY

The Ambassador Theatre Group, a British-based company that owns or operates venues in New York and elsewhere, is looking to strengthen its position on the Broadway scene, even as the industry remains shut down by the Covid-19 pandemic.

In March, ATG's parent company, International Entertainment Holdings Ltd., announced that it had acquired three U.S. theaters—the Golden Gate and Orpheum in San Francisco, and the Fisher in Detroit—for an undisclosed price from the Nederlander Company.

All three venues have been home for many years to touring Broadway shows.

While the theaters would retain their role as touring houses, ATG Chief Executive Officer Mark Cornell said the company is also considering using them as a stage for shows in development, including ones

it might produce itself, before bringing them to Broadway, potentially at its own venues.

On Broadway, the company took over operations of the venue now called the Lyric Theatre in 2013 and established the Hudson Theatre as Broadway's newest space in 2017. An ATG spokesman said the company's investment in developing and renovating Broadway theaters totals more than \$100 million.

ATG has a global portfolio, with theaters from Boston to Berlin, plus 10 venues in London's West End. It also operates Brooklyn's Kings Theatre, a 3,000-seat venue that has been used primarily for concerts in recent years.

The Lyric has been home in recent years to "Harry Potter and the Cursed Child," the two-part drama tied to J.K. Rowling's literary franchise. The Hudson has featured a variety of shows, including rock star David Byrne's acclaimed "American Utopia," a theatri-

cally conceived concert presentation. Both venues have been closed since the pandemic-related shutdown of Broadway theaters in March 2020.

ATG has put its pipeline-to-New York approach into practice with its Boston venue, the Emerson Colonial Theatre, where such shows as "American Utopia" and "Moulin Rouge! The Musical" have played before opening on Broadway.

A revival of the Neil Simon comedy "Plaza Suite," starring Sarah Jessica Parker and Matthew Broderick, also ran at the Colonial in early 2020 and is set to come to the Hudson when Broadway reopens.

ATG's aspirations could extend to adding more Broadway venues, Mr. Cornell said. But at issue is the fact that none are currently for sale, he noted. "If something did come on the market, we'd be extremely interested," he said.

Industry professionals said it is unlikely that any Broad-

way theaters will change hands, at least in the short term. Still, veteran Broadway producer Ken Davenport said there might be other options, noting that a company with ATG's growth ambitions could purchase property in New York City's theater district and build a new venue.

The city's pandemic-depressed real-estate market "creates opportunities" for ATG, he added.

Beyond Broadway, ATG could also look at Kings Theatre as a place to bring shows. Mr. Cornell said the Brooklyn venue is currently geared for concerts and would require work to be converted into a genuine Broadway-style theater, but he didn't rule out the possibility.

Given Brooklyn's size and population of more than two million, "there's no reason they shouldn't have a glorious theater of their own," Mr. Cornell said.



STOPPING THE SPREAD: A Covid-19 testing center in Manhattan. Several new test sites are opening as the state looks to reopen.

# BUILD A BRIDGE OVER THE CHASM OF ADDICTION.

Physical distance can keep you safe and healthy. But if an emotional distance forms between you and those closest to you, it may be due to drug or alcohol use. Partnership to End Addiction works with you to establish the connections that can help save lives and end addiction.

Get support to help your child at [DrugFree.org](https://www.drugfree.org)

## Partnership to End Addiction



## ARTS IN REVIEW



Idris Elba and Caleb McLaughlin, right; Lorraine Toussaint and Mr. McLaughlin, below

FILM REVIEW | JOE MORGENSTERN

## ‘Concrete Cowboy’: Riding the Inner-City Range

The concrete in “Concrete Cowboy” surrounds the grazing pasture of the Fletcher Street Stables, a real-life, century-old institution in North Philadelphia. That’s where a tradition of inner-city Black horsemanship survives under threat of gentrification in this coming-of-age drama streaming on Netflix. The film, a work of fact-inspired fiction with an excellent cast that includes several nonprofessionals, was a labor of love, and there is lots to love about it—moments of fleeting beauty that come and go without emphasis, as if caught on the fly. There’s also a lack of narrative clarity that might have pulled together the compelling characters and their pungent recollections into a more resonant whole. Still, this is the feature debut of a distinctive filmmaker, Ricky Staub, who identified intensely with his subject, and it was shot by a cinematographer, Minka Farthing-Kohl, with a taste for poetic images and the technique to bring them to light.

The story starts briskly. Fifteen-year-old Cole (a fine performance by Caleb McLaughlin) faces expulsion from his Detroit high school; he can’t control his violent behavior. His mother, Amhale (Liz Priestley), can’t control him, so she sends him to Philadelphia to spend the summer with his estranged father, Harp (Idris Elba), a scruffy urban cowboy who figures prominently in the Fletcher Street Stables community. Doesn’t cow-



boyhood, strictly speaking, require the presence of cows? Maybe it does, but Harp and his friends draw a direct line between themselves and the Black cowhands of the Old West, while the screenplay, adapted by the director and Dan Walsler from the novel “Ghetto Cowboy” by G. Neri, frames its uncommonly rich setting in a familiar drama of tough love, anger and forgiveness.

As soon as his son arrives, Harp turns him over to the stable staff so he can learn the value of hard work. Along the way Cole connects not only with the father he hadn’t known, and with a supposedly un-

trainable horse, but, for the first time, with an extended family—the riders, trainers, stable hands and assorted neighbors who are glad to take him in. At the same time, he secretly explores an alternative life of criminality with a drug-dealer cousin, Smush (Jharrel Jerome), who leads him into a lurid subplot that seems to have been lifted from another movie, and not a good one.

Choices, choices. If you choose to watch “Concrete Cowboy,” it should be because of the horse-stable setting and the beguiling people in it. Many fiction films ride roughshod over their back-

grounds. These filmmakers were clearly enchanted by the history of the place, and what was left of it when location shooting began. Many films try to whip up excitement with a hurtling pace. This one dawdles so agreeably, and observes so well, that it reminded me of the wonderful 2002 comedy “Barbershop”—not because both films have predominantly Black casts, but because both are about community, cultural continuity and the pleasures of telling, and hearing, good stories.

Cole hears some of those stories, and learns the fine art of shoveling horse manure, from Paris (Jamil

“Mil” Prattis). “You ain’t rakin’ no leaves, man,” Paris tells his new mucker, as he calls him. (The Auguean stables never looked so grimy. Neither did Hercules.) Mr. Prattis’s performance struck me as a study in the sort of droll understatement best exemplified by Brad Pitt, but it turns out he’s one of the locals, not an actor at all; so much for blithe assumptions.

Lorraine Toussaint is quintessentially professional, meaning she plays Nessie, the neighborhood’s guiding spirit, spellbindingly well. At the start of one long sequence staged at night on the edge of the pasture, around a campfire in a 55-gallon drum, Nessie explains to Cole why Black cowboys have a special understanding of horses. Others, including his dad, trade tales of their spiritual and literal forebears—from frontier days, through an era when Black Philadelphians delivered food and dry goods around the city in horse-drawn wagons, to a more recent time when inner-city stables became community centers and shelters for abandoned horses.

For a movie star of such formidable power, Mr. Elba gives a performance that’s notable for its modesty—he’s part of the acting ensemble, just as Harp is one of the Fletcher Street regulars. But it’s far too modest, and the fault isn’t his. It lies with a script that doesn’t dramatize Mr. Elba’s character so much as give him a few good speeches, and doesn’t develop the evolution of the father-son relationship so much as have Harp and Cole make occasional speeches at each other, some of them very affecting. Nor does the script establish Harp’s role in the stable’s hierarchy or connect the stable to the community; we’re never sure how it serves the neighborhood. “Concrete Cowboy” is far from perfect, but it’s vividly alive. If the choice must be between that and careful craftsmanship, life carries the day.

TELEVISION REVIEW | DOROTHY RABINOWITZ

## Cold-Blooded, Venomous and Deadly

Unlikely as it once seemed, true-crime tales of serial killers haven’t finally repelled enough TV viewers to cause wholesale abandonment of the genre, which seems to be enjoying steady popularity thanks to greatly improved subject matter. There are far fewer mutilated women’s bodies in the darkness of someone’s garage. We now have, to the contrary, elegant vistas, exotic backgrounds, and serial killers who will on occasion talk to reporters. Such is the case with Charles Sobhraj, subject of “The Serpent” (Netflix), who operated in mid-’70s South and Southeast Asia—a magnet, of sorts, for youthful travelers with an appetite for exploration—and murdered at least 12 people with the help of a female colleague. He is, today, serving a life sentence in Kathmandu, Nepal, doubtless a far

cry from any future existence he imagined in his career as a suavely persuasive gem dealer—a role blood-chilling in its artfulness, as this eight-part drama shows. This largely thanks to Tahar Rahim, who brings a breathtaking subtlety to the part of Sobhraj. The quintessence of a calm, no-pressure jewelry expert, he would entice customers with—

**The story of a serial killer who used charm, deception and poison on his victims.**

among other lures—estimates of how much money they could earn for themselves by selling the jewelry they bought from him. And he was insistent on having them over for dinner.

The series’ portrayal of potential customers reacting to the pressures visited on them by this gem dealer eager to educate them, and to have them dine with him in his pleasant apartment—pressures they had trouble acknowledging to themselves—is one of the most absorbing



Jenna Coleman and Tahar Rahim in Netflix’s ‘The Serpent,’ which tells the tale of Charles Sobhraj

aspects of this story. It takes time, admittedly, until the full details of the master plan Sobhraj followed sink in. He got his customers to his apartment, where he poisoned them and then seemed to nurse them back to health. But, even then, that was only part of the scheme.

It’s not a story that lacks a hero. For here was one Herman Knippen-

berg (Billy Howle), a youngish member of the Dutch Consulate, who could not rest because two Dutch citizens had mysteriously disappeared and he could get no help from the local police or authorities of any kind. And, it was explained, nobody was interested, anyway, in what happened to some useless hippies. A term, it will be

remembered, in use at the time. The resolute Mr. Knippenberg, who refused to hide his contempt for the indifference displayed by the forces of law and order, is, it’s good to report, alive and well, and, one hopes, enjoying himself.

**The Serpent**  
Friday, Netflix



ARTS IN REVIEW

THEATER REVIEW | TERRY TEACHOUT

Success Is Counted Sweetest

Emily Dickinson is not only a great poet but an artistic giant who casts a long shadow across both high and popular American culture.

caused her to be indissolubly identified with part and play alike. While "The Belle of Amherst" continues to be performed by regional theater companies all over the U.S. and was revived off Broadway in 2014, nobody ever writes about it without making mention of Harris's delicate, subdued performance, which is widely regarded as definitive.

You'd think such a play would have been taken up as soon as the Covid-19 pandemic closed American theaters and forced them to resort to streaming video, not least because as a one-hander it presents none of the logistical challenges of an ensemble production.

"The Belle of Amherst," William Luce's 1976 one-woman play about Dickinson, falls somewhere in between these distant extremes, if far closer to the former than the latter. Solidly stitched together by Luce from her poems and correspondence, it is no masterpiece by any means, but Luce tells the tale of her reclusive life with a proper regard for such verifiable facts as are known, and the result is one of the most commercially successful solo bioplays in the history of the genre.



Margery Lowe as Emily Dickinson

thing seems to be emanating straight from Ms. Lowe, though Mr. Hayes clearly plays a crucial part in shaping her distinctive interpretation. The in-house design team—sets by Michael Amico, lighting by Kirk Bookman, costumes by Brian O'Keefe—has just as clearly gone to infinite trouble to make the show look just the way it should, played out as it is in a simple but comfortable 19th-century Massachusetts home.

The only thing missing is the warming presence of a live audience. It always comes as a surprise to hear Harris's audience chortling in the 1976 telecast—she doesn't do much to amuse them—whereas Ms. Lowe's performance is at times audaciously funny, and it would be lovely to hear a roomful of delighted people responding to her crisp wit.

but Ms. Lowe's performance is superior in certain important ways to that of Julie Harris.

Heresy? Perhaps, but Harris's Dickinson was too closely tied to the outmoded view of the poetess (a loaded word I use deliberately in this context) as a tremulous recluse. Ms. Lowe doesn't play her that way at all: Her Dickinson is witty, occasionally peppery and more than a little bit sly. She

makes no bones about being amused to think of her puzzled neighbors regarding her as "Squire Edward Dickinson's half-cracked daughter," and you can tell that, like Jane Austen, she has everybody's number.

William Hayes, PBD's producing artistic director, has staged "The Belle of Amherst" in so subtle a way that you never notice his fine directorial hand at work. Every-

The Belle of Amherst

Palm Beach Dramaworks, West Palm Beach, Fla. (viewable online through Tuesday, \$30). To watch, go to palmbeachdramaworks.org.

Mr. Teachout, the Journal's drama critic, is the author of "Satchmo at the Waldorf." Write to him at tteachout@wsj.com.

PALM BEACH DRAMAWORKS

IT'S HARD TO BELIEVE

that human minds conceived the story line of "Godzilla vs. Kong"—not because it's so intricate, elegant or spiritually elevated, but because it's so incoherent and idiotic.

Apart from the battles, which are computer-generated and sometimes quite beautiful—though sometimes not—the film functions as a gibberish generator. People spew fragmentary techie phrases. ("A psionic interface!") They commit ritual hyperbole. ("This is a power beyond our understanding!") They discuss matters that have nothing to do with anything but filling time.

FILM REVIEW | JOE MORGENSTERN

A Mental Mash of a Monster Mash



In a patchwork production full of bad ideas poorly executed, Jia also embodies the story's only good idea. (Adam Wingard directed from a screenplay by Eric Pearson and Max Borenstein.)

Kong has always had a soft spot for human females. In this case the appeal is instantly clear. A native of Skull Island, where the action resumes many years after the ragtag events of the 2017 film

"Kong: Skull Island," Jia was orphaned by a storm that wiped out the island's indigenous population. She needs Kong's protection, and gives him a gift in return—her sign language, which he picks

up spontaneously, with no urging on her part. What a promising development that is, and how stirring the consequences might have been, plumbing the depths of Kong's psyche in the simian equivalent of "Garbo Speaks!" But it, too, comes to almost nothing, just some rudimentary exchanges that give way to the big guy's usual bellows and grunts.

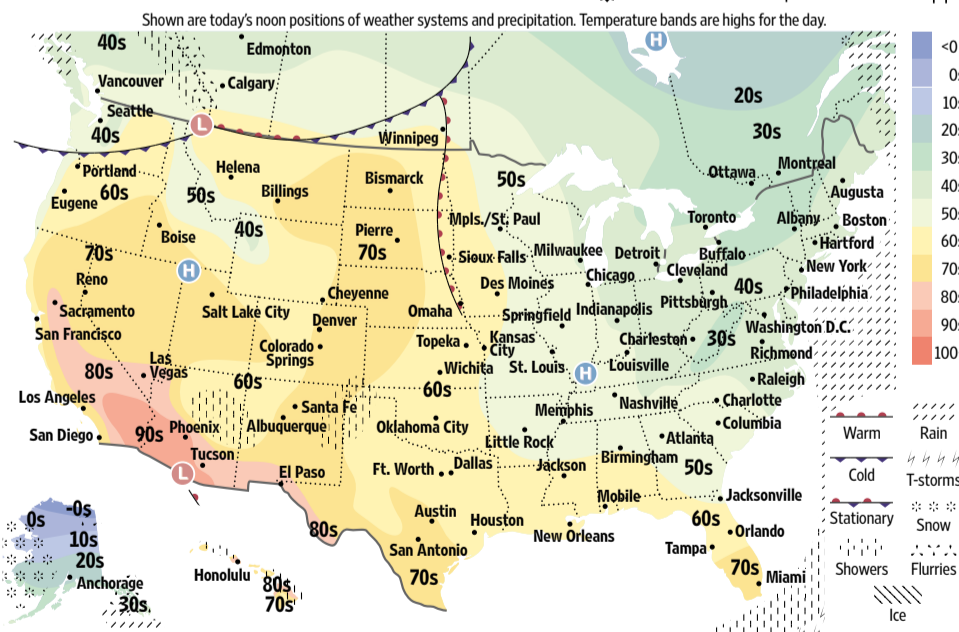
There be other monsters as well—not only Godzilla, once the

spawn of atomic bombs and now a slithery cipher who undergoes what would be a personality change if he had a personality, but Mechagodzilla, a revenant from Japanese epics whose

high-voltage predations may put you in mind of the worst "Transformers" film you've ever seen. All three duke it out in a Hong Kong climax that looks, for all its digital wizardry, like a World Wrestling Entertainment show. Oh, for the magical days of men in rubber gorilla suits.

WARNER BROS. PICTURES AND LEGENDARY PICTURES

Weather



U.S. Forecasts

Table with columns for City, Today (Hi, Lo, W), and Tomorrow (Hi, Lo, W). Lists major cities like Anchorage, Atlanta, Austin, Baltimore, Boston, Boise, Boston, Boston, Burlington, Charlotte, Chicago, Cleveland, Dallas, Denver, Detroit, Honolulu, Houston, Indianapolis, Kansas City, Las Vegas, Little Rock, Los Angeles, Miami, Milwaukee, Minneapolis, Nashville, New Orleans, New York City, and Oklahoma City.

International

Table with columns for City, Today (Hi, Lo, W), and Tomorrow (Hi, Lo, W). Lists international cities like Amsterdam, Athens, Baghdad, Bangkok, Beijing, Berlin, Brussels, Buenos Aires, Dubai, Dublin, and Edinburgh.

The WSJ Daily Crossword | Edited by Mike Shenk

Crossword puzzle grid with numbers 1-66 and a 'Down' list of clues on the right.



TWO FOR THE SHOW | By Mike Shenk

Two-for-the-show crossword puzzle with clues and answers. Clues include 'The answer to this week's contest crossword is a famous painter.' and '19 Forest in Nottinghamshire'.

Down clues for the crossword puzzle, including '1 Luna's Greek counterpart', '2 Meeting plan', '3 Reckless flight', etc.

Previous Puzzle's Solution grid with words like PROBE, LEVER, IDENTIC, DASH, TWEAK, ONELIFET, BIALESA, MALLEE, ARCW, RIO, TINH, NEONATIS, ATTLAISIE.



## SPORTS

By JARED DIAMOND

## Mets Make Move With Lindor Extension

Owner Steve Cohen aims to shift the balance of power in New York as the MLB season opens

With just hours to go before the first pitch of the 2021 season, Steve Cohen finally made the move that will define the early part of his tenure as New York Mets owner.

Cohen, a hedge-fund manager who bought the team for \$2.4 billion in November, agreed to give shortstop Francisco Lindor a 10-year contract extension worth \$341 million. The deal doesn't start until 2022, potentially keeping Lindor in Queens for more than a decade.

"He's all about winning, and I think we won with this," Lindor said of Cohen. "Both sides are happy, are in a good, friendly zone, and I can't wait, like he said, to be stuck to his hip for the next 11 years."

Cohen showed restraint for much of this offseason, refusing to extend his budget for any of the top free agents available on the market. The Mets missing out on players like Trevor Bauer, George Springer and J.T. Realmuto surprised some fans, who expected Cohen to immediately flaunt his \$14 billion net worth.

As opening day approached, however, Cohen went on the prowl to complete a long-term contract for the 27-year-old Lindor, pouncing on who he perceived to be the right player. Cohen mounted an aggressive Twitter campaign, posting details of his efforts to make a deal.

"What do you think Lindor will accept?" Cohen tweeted last week. "I'm going to crowd-source the answer." Lindor said Thursday he thought that particular tweet was funny and told Cohen as much at a recent dinner they had to discuss a potential contract. As for Cohen's other tweets about him, Lindor said, "I didn't really care too much for it because at that point, it was like, 'All right, are we going to get this done or not?'"

All along, Lindor had set a deadline of opening day to sign an extension with the Mets. In another twist, that now won't be until Saturday at the earliest. MLB postponed the Mets' opener following at least one positive coronavirus test on the Washington Nationals and issues related to contact tracing.

Still, the Lindor deal marks the dawn of a new era in which the historically one-sided relationship between the two New York teams could be transformed. Before this, the largest contract the Mets had ever awarded was to former captain David Wright for \$138 million—not even half as much as they will pay Lindor.

Time will tell whether the Mets made the right decision, of course. They essentially bid against them-



FROM TOP: MICHAEL REAVES/GETTY IMAGES, DAVID DEE DELGADO/GETTY IMAGES



Steve Cohen, left, made a big move by signing Francisco Lindor, above, to a 10-year extension.

claimed a title since 1986.

Now there has been a landscape

shift where it's suddenly unclear which New York franchise is better positioned—both for this season and in the future.

"New York needs a shot of great news, energy, and I think the Mets and Yankees will provide that this year in a big way," said Alex Rodriguez, the former Yankees third baseman and current ESPN analyst who last year competed with Cohen to purchase the Mets. "It's exciting when you have Goliath versus Goliath, and it seems that's the case now and for the future."

The Mets acquired Lindor in a trade with the Cleveland Indians in January and set their sights on keeping him long-term. A four-time All-Star, Lindor has been one of the best all-around players in baseball almost from the moment he made his debut in 2015, winning two Silver Sluggers and two Gold Gloves.

He arrives in New York at a mo-

ment where the Mets are commanding more attention than their American League cousins. The Yankees—despite their prestige, star power and massive payrolls—haven't won a pennant since 2009. The 2010s was the first full calendar decade that the Yankees didn't appear in the World Series since the 1910s.

Instead, they decided to make a statement in an effort to forge a new identity as a powerhouse more along the lines of the Yankees, MLB's premier organization.

The move comes at the dawn of the Mets' 60th season since the franchise's birth in 1962. For most of those six decades, they've hardly competed with the Yankees.

They've had a better record than their crosstown rival in the Bronx just 15 times—only three of them this century. They've qualified for the playoffs in years the Yankees didn't just five times, and only once since 1989. The Yankees have won eight championships over that span versus two for the Mets, who haven't

their division from the 2019 World Series champion Nationals and the Atlanta Braves.

Just as notably, Cohen's first offseason at the helm wasn't exactly smooth. He failed in his quest to hire an established executive to lead the baseball operations department and was frustrated when opposing teams rejected the Mets' request to interview potential candidates. The person Cohen hired as GM, Jared Porter, was soon fired after it was revealed that he had sent sexually explicit, unwanted text messages and images to a female journalist while working for another team.

"When you have 29 teams that have been bleeding and you have one owner that's coming in hot and ready to win a world championship, there's an immense competitive advantage for the Mets," Rodriguez said.

From Major League Baseball's perspective, having both New York teams thriving is an ideal situation. The Yankees and Mets are big drivers of attendance and merchandise sales, and rarely have they both been good in the same year.

This season is different, with the Yankees and Mets both looking like powerhouses—and for the first time in a long while, it isn't clear who has control of the New York baseball scene moving forward.

JASON GAY

## NFL Wants Full Stadiums. Will It Happen?



I want to talk about the NFL expanding to a 17-game season, and its public hope for full stadiums next fall, but before I go there, I want to quickly address the NCAA's appearance in the Supreme Court on Wednesday:

It was an overdue moment. If you're someone who finds the economic model of big time college sports rather skewed—coaches making market-rate millions, conferences making zillions, while the governing body ferociously fights to limit player compensation—it was quite something to hear the NCAA buffeted on all sides by justices who sounded equally baffled by the situation.

"It just strikes me as odd," said Justice Clarence Thomas.

The NCAA's case is, effectively, doomsday: *This is the way college sports work, and it's our product, and if you change the way things have always been, it's no longer the product, and we are going to be toast.* While that may be an explanation of the NCAA's "amateurism" model, it's not really a convincing antitrust defense, a distinction the justices leapt on:

"It doesn't move me all that much that there is a history to this, if what is going on now is that competitors—as to labor—are combining to fix prices," said Justice Elena Kagan.

"Antitrust laws should not be a cover for exploitation of the student athletes," said Justice Brett Kavanaugh.

The whole thing felt a little bit like watching the NCAA march into court and say, *Hey, look at this duck*, and the Supreme Court jus-

tices saying, *Wait, that's not a duck—that's very clearly a squirrel* and the NCAA's defense being, basically: *Well, we really need it to be a duck.*

As others have noted, pointed questions from justices don't necessarily indicate the direction of a ruling. The case here is limited, pertaining to education-related benefits, and whether the NCAA is entitled to set stringent caps on them without violating antitrust laws. It's unclear if the court would want to issue a sweeping challenge to the structure of the NCAA—Justice Stephen Breyer signaled his concern, saying he worried about "judges getting into the business of deciding how amateur sports should be run."

Still, Wednesday felt like a long day coming.

OK, so the couple thoughts about the NFL and 17 games and full stadiums:

1. It's a testament to the NFL's modern popularity that it's the only sports league in the U.S. that could possibly get away with expanding its regular season right now.

Imagine the public groaning if baseball came out and said: *Hey, check it out, everyone, we also want to increase our regular-season schedule by 6%, so we're going to go from 162 to 172 games.*

People would act like they were getting served an extra helping of math homework and asparagus mash!

Baseball is under pressure to chop down its season, play speedier games, lock batters in the box and ban managers from loitering on the pitcher's mound. Basketball and hockey, too—no one's asking for more regular-season action



RONALD MARTINEZ/GETTY IMAGES

A general view of AT&amp;T Stadium. The NFL says it is planning on having its stadiums at full capacity for the 2021 season.

there, either. The fact that football can lard itself, and the public reaction is more or less a shrug—*eh, what am I doing on Sundays, anyway*—speaks to its unique place in the cultural diet. If the NFL came out and said the 17th games would all be played on Friday mornings at 4 a.m. ET, in a stadium under the sea, the reply would likely be: *Yeah, fine, I guess that makes sense.*

2. The NFL is getting to 17 by eliminating a preseason contest, and that's good, because mostly everyone despises preseason games, but as the Journal's Andrew Beaton noted earlier this week, the additional regular season game doesn't exactly square with the scrutiny football's been getting over health and safety. The NFL maintains that preseason football, played early in the year, with less experienced players, is a bigger magnet for injury than regular-season games, but presumably, these 17th games are going to be intensely-contested

affairs. This is more football, and given the physical, collision-based nature of the game, and the growing science around head injuries, and it's hard to argue that more football is better from a physical standpoint. Money is driving this, and players are on board—the 17th game was agreed to with the players association—but there's a difference between agreeing to something in the abstract, and what it will be like to put on the helmet for one more game. Whether this manifests into a player issue will be fascinating to see.

3. Let me be the latest person to point out that the end of the 16-game regular season means the sad, anticlimactic end of the 8-8 season, which was a sad, anticlimactic event itself, a mark of running-in-place mediocrity that nearly every football fan experiences at one point. *Are we good? Are we bad? Or are we just...8-8?* I suppose it's possible that you'll now get a team that finishes 8-8-1,

or 7-7-3, but that's just weird.

4. The NFL says it is planning on having its stadiums at full capacity for the 2021 season. It may sound like stubborn magical thinking from a powerful sport, but I believe this sort of goal-setting is fine. The final call isn't going to be the NFL's anyway—that will be up to state and local health officials, as the San Francisco 49ers learned last season—and as the vaccination rollout continues, there should be upbeat incentives for the public to do its part to get the pandemic under control and accelerate a return to normal.

For some people, the return to normal will be a much-delayed hug with a parent. For others, it may be the opportunity to stand shirtless in the upper deck with three other shirtless individuals, collectively spelling J-E-T-S, or a tipsy E-S-T-J, on a frigid December Sunday. Whatever gets people motivated, I support. Here's hoping we get there.



## OPINION

## Corporate America's 'Big Lie'



**POTOMAC WATCH**  
By Kimberley A. Strassel

lie about elections.

According to Delta CEO Ed Bastian, there is only one reason Georgia passed a voting reform: to suppress the votes of black Americans and other minorities. Georgia's Republican Legislature used the "excuse" of voter fraud to "make it harder for many underrepresented voters" to "exercise their constitutional right to elect their representatives," Mr. Bastian wrote this week in a memo to employees.

### ID requirements are no more racist at the ballot box than they are on a Delta flight.

Mr. Bastian has plenty of company in the C-suites. Some 72 black executives, including the CEO of Merck and a former CEO of American Express, signed an open letter calling on corporate colleagues to fight "undemocratic" and "un-American" GOP efforts across the states to "assault" the "fundamental tenets of our democracy." Coca-Cola, Microsoft and Apple chimed in, and dozens more are readying outraged press releases.

Nancy Pelosi couldn't be more thrilled. Democrats and the activist left have long honed their techniques for in-

timidating corporations. They successfully pressured companies into withdrawing contributions from free-market groups, into embracing a climate-change agenda, into refraining from political contributions, into adopting new "social" investment criteria.

Enlisting corporate America to help peddle a patently false narrative is their biggest success by far. The left spent last year using litigation and political pressure to alter and weaken election standards across the country. Democratic lawmakers and the Biden administration moved swiftly to cement this effort with a federal takeover of state election law, the bill known as H.R.1.

Its enactment is still no sure thing, so the left is trying to block election-reform efforts at the state level. Central to this campaign is the dishonest claim that Republicans are launching these efforts only because they lost the White House and because they want to cripple the minority vote. Activists have spent weeks threatening companies that didn't join them with boycotts, protests and the label of "Jim Crow racists," and companies have complied.

Thus the sight of the nation's top business leaders monotonously reciting a fact-free narrative. As they know, state legislatures are moving to reaffirm longstanding rules and restore confidence in electoral systems that were arbitrarily remade during Covid. ID requirements are no more racist at the ballot box than on a Delta flight. Some



A protest in Atlanta, March 15.

36 states have them, and they've been upheld by the Supreme Court. It isn't Jim Crow to codify the use of the ad hoc drop boxes that sprung up last year. It isn't voter suppression to reaffirm that activists aren't allowed to approach voters in line, especially to solicit votes with gifts (contrary to urban legend, the Georgia law allows poll workers to provide water). The Georgia law expands voting, adding early voting on more weekends and providing additional equipment and poll workers in larger precincts.

Mr. Bastian's moralizing memo fails to cite a single one of the supposedly "egregious measures" in the bill that will suppress the vote, although he does stress he hears his employees' "pain."

The letter from the 72 executives misstates the Georgia rules, suggesting the only way to satisfy the ID requirement is with a driver's license, even though "200,000 Georgians lack a license." In fact, voters can also use a free, state-issued nondriver

ID, and those who lack one can fulfill the requirement with a Social Security number or even a copy of a "current utility bill, bank statement, government check, or paycheck." The letter suggests the Georgia "playbook"—enacting rules less onerous than those in many blue states, as Karl Rove has noted in these pages—is of a piece with "police dogs, poll taxes, literacy taxes." One can only hope Merck is more rigorous when conducting pharmaceutical trials.

Corporate CEOs may think this virtue signaling will spare them the left's boycotts or Democrats' punitive legislative measures. That's a sucker's bet given this week's Democratic plan to siphon \$2.3 trillion from corporations to fund new spending. Meanwhile, longtime Republican defenders of corporate activity are rapidly losing interest in aiding CEOs who promote partisan conspiracy theories. Witness Sen. Marco Rubio's fuming tweet on Thursday calling Delta a "woke corporate hypocrite," noting that the company is "business partners with the Chinese Communist Party," raking in "billions of dollars in a country that doesn't even have elections."

Smart executives have long understood the value of political neutrality. Corporate America is now throwing its lot in with one of the most partisan, brass-knuckle, dishonest campaigns in recent political history. It will be a long time mending fences with Republicans—if that's even possible.

Write to kim@wsj.com.

BOOKSHELF | By Matthew Hennessey

## Death and The Archbishop

Things Worth Dying For

By Charles J. Chaput  
(Holt, 257 pages, \$25.99)

What, if anything, would you be willing to die for? The question has occupied the minds of patriots, philosophers and poets for millennia. Family tops the list for most people. God and country often come next. *Dulce et decorum est pro patria mori*, mused Horace, the Roman lyric poet who, as far as anyone knows, perished peacefully a few years before the birth of Jesus. The Nazarean took a somewhat different view: "No one has greater love than this, to lay down one's life for one's friends."

For nearly all of us, the question will never be more than a theoretical one. Odds are you won't be asked to give up a seat on a lifeboat or take a bullet for a president. In the age of drone warfare and guided missiles, few will know the terror of being ordered over the top of a military trench into a wall of machine-gun fire. Fewer still—at least in the secular West—will be asked to lay down their lives for a religious belief.

Charles J. Chaput, the former Roman Catholic archbishop of Philadelphia, thinks it's a question that you—that's right, you—ought to think about. It's good and right, he contends in "Things Worth Dying For: Thoughts on a Life Worth Living," to search for someone or something that ranks higher than life itself. "To even pose that question is an act of rebellion against

a loveless age," he writes. "And to answer it with conviction is to become a revolutionary."

Revolutionaries need a target—the thing against which they revolt. Archbishop Chaput finds his in the abandonment of God, a culture of self-invention, the decline of marriage and the family, a lack of reverence for the past, and the broad tendency toward idolatry in American life—the sins, in short, of the "late-modern West," a civilization he deems as no longer capable of imagining "anything worth dying for, and thus, in the

long run, anything worth living for." That Western liberalism has exhausted itself—whatever "liberalism" may mean in any given context—is now a common trope among right-leaning Catholic intellectuals. Recent years have revealed a surplus of professors, essayists and Twitter polemicists eager to argue that individual liberty leads inexorably to Drag Queen Story Hour at the public library. I don't get the sense from "Things Worth Dying For" that Archbishop Chaput is ready to call it quits on liberal democracy.

I also don't get the sense that he has thrown in with these self-styled "common good" conservatives. It is "proper" and "important," he writes, "for Americans to express gratitude for our democratic institutions." They aren't perfect, he allows, but "when we visit Philadelphia's Independence Hall we celebrate a remarkably durable design of government of which we ought to be proud, and to which we ought to be loyal." Loyalty implies worthiness, and a thing worth being loyal to might be a thing worth dying for, too.

In the 245 years since the Declaration of Independence was written and signed, millions of Americans have willingly given the last full measure of devotion for their country's flag and the values of the republic for which it stands. No one, so far as I am aware, has volunteered to die for his Twitter followers.

Archbishop Chaput is not unacquainted with death's sting. His father was a mortician in Concordia, Kan., and the family lived above the funeral parlor where he worked: "In our home, death and all of the complex emotions that surround it were a natural part of living." One imagines that in his 50-year career as a priest Archbishop Chaput has presided at hundreds of funerals and sat with thousands of grieving family members as they tried to process the meaning of death. Most people, he observes, struggle with two great temptations: "The first is to try to create life's meaning for themselves, which translates in the end to no meaning at all. The second is to live and die for the wrong meaning, the wrong cause, the wrong purpose."

### The archbishop emeritus of Philadelphia contrasts the vanity of 'creating life's meaning' with the joy of loving things higher than life itself.

So what constitutes the right purpose? Along with family, friends and the church, Archbishop Chaput's list of things ranking higher than life includes honor and integrity. That's notable, because when Pope Benedict XVI installed Archbishop Chaput in Philadelphia in 2011, the German pontiff somehow neglected to elevate him to the rank of cardinal. The Philadelphia archdiocese has traditionally been led by a cardinal, and Archbishop Chaput's five immediate predecessors had all been given the red hat marking a bishop as a "prince of the church." Only cardinals participate in the conclaves that elect popes.

Making Archbishop Chaput a cardinal would have made history. He is a member of the Prairie Band Potawatomi Nation and only the second Native American to be ordained a bishop. He would have been the first Native American cardinal. Most Catholics figured that the conservative-minded pope would get around to elevating the conservative-minded archbishop to the college of cardinals eventually, but he never did. Then, in 2013, Pope Benedict unexpectedly resigned and was replaced by Pope Francis, who is not conservative-minded. The American cardinals appointed by Francis have all hailed from the church's more progressive wing.

In keeping with church tradition, Archbishop Chaput offered his resignation to Pope Francis upon turning 75 in September 2019. Bishops are frequently given the option to stick around a few more years when they are willing, mentally fit and physically able. Archbishop Chaput appeared to check all of those boxes. But the Jesuit pope didn't hesitate to accept the Capuchin Franciscan archbishop's resignation.

An objective observer might consider that an insult, but, try as you might, you won't find a negative word about Pope Francis in "Things Worth Dying For." No doubt Archbishop Chaput was disappointed, but he's not the sort of man to trash the boss in public. He has too much honor and integrity for that. The things worth dying for, he understands, are also the things worth living for.

Mr. Hennessey is the Journal's deputy editorial features editor.

### Coming in BOOKS this weekend

Philip Roth: The biography • Winston Churchill & son • The world's cleverest birds of prey • How to listen to American music, 1900-1960 • The short stories of Jean Stafford • Love, friendship & bull terriers • & more

## Papal Intervention in Baseball Is Overdue

HOUSES OF WORSHIP  
By Matthew Walther

Baseball was never Jorge Bergoglio's game. Like millions of children in Latin America then as now, the boy who would one day become Pope Francis grew up playing soccer with improvised balls made of rags. By his own account he was never very good. Yet throughout his papacy he has used sports as a metaphor for Christian life and held up the virtues proper to them—selflessness, teamwork, discipline—as worthy of cultivation by the faithful and all people of goodwill.

One Catholic journalist has even suggested that Francis' scattered comments could be put together to form an encyclical of sorts. At any rate magisterial intervention in baseball is long overdue. Fresh heresies such as the new extra-innings rule crop up each year, and more-established ones (the Donatism of those who oppose the designated hitter, for example) maintain their stubborn hold over much of the faithful.

I would like to read what the pope has to say about baseball, but the game also has a theological significance, one that is never more obvious than on Opening Day.

I have never found the day

especially pleasurable. Unlike the NCAA basketball tournament, with which it frequently overlaps, baseball seems inappropriate during Lent. March Madness is an essentially penitential affair; a series of physical and spiritual trials interrupted by familiar rhythms, not unlike the experience of a novice in a monastery. Opening Day, meanwhile, brings with it an irruption of promise for even the most hopeless teams that is more suitable for Easter.

It is no accident, as the former baseball commissioner Bart Giamatti observed, that baseball arrives, like Easter, in the spring. We are given a glimpse of the answer to a question nearly as old as our species: Why is there such a thing as death, and is it possible for us somehow to escape it?

The response to the latter for more than 2,000 years has been affirmative: "For God so loved the world, as to give his only begotten Son; that whosoever believeth in him, may not perish, but may have life everlasting." It is the same unequivocal answer that seems almost to shout from the trees coming at last into full bloom and from the parks with their grass as unsullied as the baptismal promises that Catholics renew each year at the Easter Vigil.

This year Opening Day falls

right before Easter, on Maundy Thursday, when the Catholic Church commemorates the Last Supper, after which the altar is ceremonially stripped bare. The consecrated hosts from the evening Mass will be taken to a separate altar of repose to await the memorial of Christ's death on Good Friday,

### Opening Day for the sport comes during a time of dejection for Catholics.

the gloomy seventh-inning stretch of the church calendar. My instincts tell me that I must reject whatever consolations the arrival of baseball might offer amid religiously enforced dejection.

This is where the pope should come in. Pope Francis, who has had harsh words throughout his papacy for "rigorists" and "doctors of the law," would have little patience with calendrical objections to Opening Day, which will give mostly harmless pleasure to millions, including many Catholics.

It may well be that if baseball had been invented in the 13th century, at the zenith of medieval Christendom, fans

would have had to wait until the relaxation of Lenten disciplines before watching teams of imperial clerks and jolly friars going at it in pinstriped cassocks. But this misses the point, which is that baseball is here to show us deracinated moderns those things that our medieval ancestors accepted as a matter of course, not only from church teaching but from the testimony of their senses.

This week—one year after the start of Major League Baseball's season was delayed, ultimately by four months, and churches around the world were closed at Easter—empty stands and vacant pews will give way to cheering crowds and millions of the faithful affirming their hope in a promise of new life. Unlike the fleeting one of Opening Day, this new life cannot be disappointed by future vicissitudes or even by the Detroit Tigers' starting lineup. This promise—that when death, our last enemy, is destroyed, our human nature will be perfected by grace and restored to a primordial harmony with our Creator—is one at which baseball only hints.

One doubts that the pope would ask anyone to reject such intimations.

Mr. Walther is editor of the *Lamp* magazine.

## When Blue Laws Applied at the Ballpark

By Randy Maniloff

Joseph Neet was once behind bars in a Missouri county jail. He lost his freedom over a century ago for playing baseball on a Sunday. A state law forbid horse racing, cockfighting or playing "cards or games of any kind." Lawmakers sought to promote religion or a day of rest.

Neet was sprung after the state's highest court, in *Ex Parte Neet* (1900), concluded that baseball was not a "gambling game or productive of immorality." Rather, the court declared it to be a "sport or athletic exercise."

This Sunday, players from nearly all Major League Baseball teams are scheduled to take the field. No arrests are expected. But that wasn't always the case.

Around the turn of the last century, as baseball soared in popularity, some players found themselves on the wrong side of state and local laws that banned certain ac-

tivities on Sunday. Offenders sometimes challenged their convictions. Unlike Neet, most whiffed.

George Hogreiver was found guilty of violating an Indiana law that prohibited playing baseball on a Sunday where a fee is charged. He was fined \$25. Hogreiver balked because the penalty for

### Sunday baseball used to be a crime in some American states.

Sunday hunting and fishing was only \$10. He argued that the law violated the equal protection clauses of the federal and Indiana constitutions.

The state's Supreme Court disagreed, finding in *State v. Hogreiver* (1899) that the Legislature had the authority to graduate penalties for offenses that differ in their circumstances. The court observed that baseball games

can disturb the peace and quiet. Lawmakers can be less concerned with someone who "shot a partridge" on Sunday.

William Hiller also turned to the constitution for help following his conviction for playing baseball on a Sunday. He argued that the Baltimore ordinance, which outlawed the playing of a "game or sport" on that day, violated the guarantee of religious liberty.

But Maryland's highest court, in *Hiller v. State* (1914), was unconvinced. The justices observed that they had "never heard of a religious denomination which declared as an article of faith that it was the duty of its members to play baseball on Sunday."

Four years later Baltimore passed a law to allow Sunday afternoon baseball. But Maryland's top court, in *Levering v. Williams* (1919), struck it down.

Over 5,000 people were in attendance on a Sunday in 1914 to witness a professional baseball game in Scranton,

Pa. The contest was stopped as soon as it started. The president of the league was arrested and found guilty of violating Pennsylvania's 1794 "Act for the prevention of vice and immorality, and of unlawful gaming, and to restrain disorderly sports and dissipation."

The league official was unable to convince a Pennsylvania appeals court to toss his conviction. The tribunal in *Commonwealth v. Coleman* (1915) concluded that the act was violated because baseball invites "extreme enthusiasm, excessive noise and occasional physical controversies."

Much has changed about the national pastime since its earliest days, including the need to hire someone in a pin-striped suit to play ball on Sunday.

Mr. Maniloff is an attorney at White & Williams LLP in Philadelphia and an adjunct professor at Temple University's Beasley School of Law.



## OPINION

## REVIEW &amp; OUTLOOK

## Woke and Weak CEOs

The public debate on Georgia's new voting law has become a stew of falsehood, propaganda and panic. Part of the blame lies with the partisan distortion of Democrats, part with their media echoes, and now part with CEOs of major companies who are uninformed at best or cowardly at worst.

### They're denouncing Georgia's election law, but have they read it?

Start with President Biden, the great unifier, who on Wednesday to ESPN called the law "Jim Crow on steroids," while saying he'd "strongly support" moving the Major League Baseball all-star game out of Atlanta. He's picking up the smear about Georgia from Stacey Abrams, who still hasn't accepted that she lost the race for Peach State Governor in 2018.

"You're going to close a polling place at 5 o'clock, when working people just get off?" he said to ESPN. "This is all about keeping working folks, and ordinary folks that I grew up with, from being able to vote." Mr. Biden either doesn't know what's in the Georgia bill or he is lying about it. We'd like to believe it's the former, but that gets harder to credit as his falsehoods multiply.

On Election Day in Georgia, anyone in line by 7 p.m. gets a ballot. The new law requires an extra Saturday of voting, while specifying early voting hours: The minimum is 9 a.m. to 5 p.m., but counties may run 7 a.m. to 7 p.m. In metro areas, "you might not notice a change," explains Georgia Public Broadcasting. Elsewhere, "you will have an extra weekend day, and your weekday early voting hours will likely be longer."

\* \* \*

Then there are the big companies racing out PR statements of condemnation, though what's often most conspicuous is their vagueness. The voting law "is unacceptable and does not match Delta's values," said the airline's CEO, Ed Bastian. He groveled that he'd had "time to now fully understand all that is in the bill."

What a clumsy emergency landing. Last week Mr. Bastian said that "concerns remain" about the law, while he explained—accurately—that it "expands weekend voting, codifies Sunday voting and protects a voter's ability to cast an absentee ballot without providing a reason." He added: "For the first time, drop boxes have also been authorized for all counties statewide."

What changed in the interim? Could it be that he has bowed to the woke mob, as the path of least political and commercial resistance? Why not stay silent if you don't know what you're

talking about or can't stand the heat?

Gov. Brian Kemp, who signed the bill, rightly called foul: "Today's statement by Delta CEO Ed Bastian stands in stark contrast to our conversations with the company, ignores the content of the new law, and unfortunately continues to spread the same false attacks."

Or take Coca-Cola's watery statement. "We are disappointed in the outcome of the Georgia voting legislation," said CEO James Quincey. "Our focus is now on supporting federal legislation that protects voting access and addresses voter suppression across the country." He cited no specifics about either bill. Apparently Coke's secret ingredient is pandering.

When woke progressives target a company with tactics like a "die-in," as Coke received last month, CEOs seem to view a mealy-mouthed statement as cheap insurance. But surely we should expect more from senior business executives, who are supposed to have some backbone and concern for the facts. They'd react with high dudgeon if similar falsehoods were spread about their companies.

Yet so much of this CEO posturing cites no facts—or even fails to mention the word "Georgia." American Express stands "against any efforts to suppress voting," said CEO Steve Squeri. "BlackRock is concerned about efforts that could limit access to the ballot," said CEO Larry Fink. "Governments should be working to make it easier to vote, not harder," said Cisco CEO Chuck Robbins.

Georgia's law does make it easier to vote, though it also tries to reassure citizens about ballot integrity. The state provides far more days of early voting than New York. It offers no-excuse absentee ballots, unlike Mr. Biden's beloved Delaware. So who's really suppressing whom? Georgia's new law puts limits on drop boxes, but as Delta's Mr. Bastian now regrets pointing out last week, it also makes them a permanent part of the voting system. In 2019, before Covid, drop boxes were illegal.

\* \* \*

CEOs may think there's no downside to hopping on a bandwagon that insinuates that Georgia's GOP leaders are inveterate racists. But far from dodging our partisan political warfare, they're taking a side and promoting more division. They and their companies may pay the price when the woke mob decides to turn on them and they need GOP protection.

## Convicted in Hong Kong

A Hong Kong court Thursday convicted Jimmy Lai, Martin Lee and five others of organizing or taking part in a pro-democracy protest. Mr. Lai, 72, is a billionaire who founded and publishes Apple Daily, which is a frequent critic of the Chinese Communist Party and among Hong Kong's most popular news outlets. Mr. Lee is 82 and known as Hong Kong's "father of democracy."

Everyone in the former British colony understands the message being sent from Hong Kong's new masters in Beijing: If we can get these men, we can get you too.

That's especially true for the thousands of other Hong Kong citizens, far less well known, who were also arrested on charges relating to participating in such protests. The Aug. 18, 2019, protest at the center of this trial drew 1.7 million people, which is roughly a quarter

of Hong Kong's population, though police had not granted a permit.

### China sends the message that if we can get them, we can get you.

The convictions are the flip side of the recent rewrite of Hong Kong's election rules meant to ensure that only pro-Beijing "patriots" hold positions of power. This week the U.S. consul general to Hong Kong, Hanscom Smith, explained that the new rules "will not produce meaningful democratic results, and will be neither inclusive nor credible representations of the will of people in Hong Kong."

For China that's a feature, not a bug. The real crime of those convicted this week is that they took seriously China's promise of autonomy for Hong Kong in the 1984 Sino-British Joint Declaration. They are being punished today simply for trying to make the governments in Beijing and Hong Kong honor that promise.

## Biden's Stumble in the Global Tax Race

The pro-tax spin machine is on full blast in the Biden Administration. Before the President announced his corporate tax increase, Treasury Secretary Janet Yellen laid the groundwork last week by saying, "We've had a global race to the bottom in corporate taxation and we hope to put an end to that."

### He wants to raise corporate rates as other nations cut them.

Ms. Yellen is right that there has been a world-wide trend toward cutting taxes on business. Her mistake is trying to reverse it, and thinking that if the U.S. first punishes its companies, every other nation will do the same.

To pay for his latest \$2 trillion spending bill, President Biden wants to raise the federal tax on corporate income to 28% from 21%. Announcing the bill in Pittsburgh Wednesday, he said the GOP's 2017 tax cut had been "bad for American competitiveness." The idea is that reducing the corporate tax from 35% was a reckless giveaway that did little to boost U.S. competitiveness.

Yet the leaders of other major economies had a different response to the Trump tax cut: They mimicked it. Since 2017 several of the largest and wealthiest countries in Europe and Asia have slashed taxes on business, while few have increased them.

Nine of the world's largest and most advanced economies have reduced their top corporate tax rate in the past four years. France, India and Belgium, which all had rates near the old U.S. level of 35% (or 38.9% including state and local taxes), have cut levies on business to 32.02%, 30% and 25%, respectively. Greece, Israel and Sweden, which already had top rates in the mid-20% range, cut their levels to keep pace:

They now stand at 24%, 23% and 21.4%.

The trend isn't slowing. The Tax Foundation reports that "several countries are planning to reduce their corporate tax rates in the coming years," as competition for mobile capital and jobs intensifies. The Netherlands will slash its rate to 21.5% this year from its current 25%. France and Sweden will build on recent cuts by reducing their rates to 25.8% and 20.6%. By the way, China's corporate rate is 25%, compared with the combined 32.4% U.S. federal and state rate if Mr. Biden's proposal becomes law.

Contra President Biden, these countries are betting that low corporate taxes will increase business investment, economic growth and government revenue in the long term. "Producing in France will be cheaper—it's as simple as that," said French Finance Minister Bruno Le Maire when he laid out the tax plan last summer. Companies repatriated more than \$1.6 trillion in foreign profits to the U.S. in 2018-2020 after the 2017 corporate tax reform, and competitors have rushed to mimic that success.

Pandemic spending has put pressure on national budgets, but few countries have tapped business to patch their fiscal holes. So far the U.S. and U.K. are the only major economies to announce corporate tax increases since last year. "Yes, debt will have to be paid back," Mr. Le Maire said. "But not by raising taxes—by raising growth."

Ms. Yellen will presumably try to persuade Mr. Le Maire and other finance ministers that they should join the Biden Administration in making their tax systems less competitive. Let's hope they aren't as self-destructive.

## LETTERS TO THE EDITOR

## New York Lawsuits Are About Smog, Not CO2

Your editorial "Biden's 'Backdoor' Climate Plan" (March 18) weaves an elaborate scheme for why my office purportedly is pushing the Environmental Protection Agency (EPA) to tighten national air-quality standards for smog. There is only one simple motivation for my action: I care about New Yorkers' right to clean, healthy air.

Smog is a dangerous pollutant that triggers asthma attacks and can cause premature death. Children, the elderly and those with lung ailments are at especially high risk. Millions of New Yorkers have been breathing unhealthy air for decades.

My office has brought litigation to ensure that the EPA does its job to set health-protective standards based on the best, latest science, and require sources in upwind states to limit emissions that contribute to the dangerous smog levels in New York. Several of our lawsuits over the past four years have addressed these concerns, one of which is the

subject of your editorial claiming that the "aim" of that legal action "is to hasten a replacement ozone rule that regulates CO2." That's simply not true.

Our coalition sued President Trump's EPA because it failed its legal responsibility to establish national standards that protect American's ability to breathe clean, healthy air. Its decision ignored evidence proving that the current standards are too weak to protect against asthma and other respiratory illnesses, harms that are suffered disproportionately by minority and low-income communities.

In this instance, the simplest explanation is the right one. I am fighting to strengthen the national air-quality standards for smog because all New Yorkers have a right to breathe clean, healthy air.

LETTITIA JAMES  
Brooklyn, N.Y.

Ms. James is attorney general of the state of New York.

## India Helped Bangladesh to Its Independence

Tunku Varadarajan's case for Bangladesh ("Bangladesh Turns 50," op-ed, March 26) is a rare cause for celebration, especially for a Muslim-majority country. Had he had more space he might have been able to give credit to India for Bangladesh's independence. The brutal civil war that Mr. Varadarajan mentions was really a merciless crackdown by the Pakistani army on the civilian population that led to a huge refugee influx into India. India housed and fed almost 10 million Bangladesh refugees from 1971 to 1973, and India's citizens paid a special stamp tax for a number of years to cover the expenses. India's army liberated Bangladesh in December 1971 and forced the surrender of the Pakistani army. Henry Kissinger and the Nixon administration op-

posed this "war of liberation" and made a toothless show of force by sending the U.S. Seventh Fleet into the Bay of Bengal that December to intimidate India. None of this detracts from the success that Bangladesh has achieved.

TEJAS VAKIL  
Austin, Texas

Mr. Varadarajan notes "a very Bengali choice" in celebrating independence on March 26, rather than on the date when the Pakistanis surrendered months later in 1971. Such optimism is notable but not unique, as other colonials have chosen to celebrate independence even while fighting to secure it—as on July 4, 1776.

JONATHAN DANIEL  
Chicago

## Editing Brahms for Modern Young Listeners

The March 20 letter from Shawn Dilles "Adapting Classics for Modern Young Readers" captured my attention. It bothers me that there are those who feel compelled to "adapt classics for modern young readers." So let's see what happens when we apply this theory to a piece of classical music. I've chosen Piano Concerto No. 1 by Johannes Brahms. Let's make it "a more hip, current, and relevant product" as Mr. Dilles advocates.

Brahms was in his twenties when he composed it, so he was obviously young. Mr. Dilles asserts "that many parents assumed their children were reading the same books they had read as children is hard to fathom, since the new books are a fraction of the size of their predecessors." So I'm going to "fix" the Brahms con-

certo to make it more hip, current and relevant. Starting with the first movement, let's cut out the entire development section. That gets rid of 84 bars. In the second movement, marked "adagio," which means "slowly," let's change Brahms's directive to "presto," so we can get through it much faster. Finally, in the third movement, we can omit the final portion of the "rondo." Voila! Now it has become, more or less, a "fraction of the size" of the original composition. We've now condensed it to "a more hip, current, and relevant product."

By the way, I, and many others, continue to listen to the original Brahms, the same as our parents listened to when they were young.

MARLANE HODGES  
Seneca, S.C.

## Fed Mission Creep Abets Congress's Spending

Alexander William Salter and Daniel J. Smith ("End the Fed's Mission Creep," op-ed, March 26) are correct in saying that the Federal Reserve is getting too involved in things that have nothing to do with its mission or monetary policy. However, their suggestion that Congress rein in the Fed is a nonstarter. As long as the Fed is helping finance the debt with its massive bond-buying program, Congress will let the Fed alone. As of the end of March, the Fed held 22% of the debt held by the public, compared with 7% before its bond-buying program, which began in March 2009. The Fed also has returned over \$1 trillion in interest payments to the Treasury since then. Consequently, the debt is \$1 trillion lower than it would have been otherwise.

Messrs. Salter and Smith are also wrong to suggest that Congress should require the Fed to target nominal GDP. Nominal GDP targeting implicitly assumes that the Fed would have to be indifferent regarding the growth rate of output and inflation. For example, if the target is 5% nominal GDP growth, the Fed would be indifferent whether it's 1% growth and 4% inflation or 4% growth and 1% inflation. But the Fed isn't indifferent. Chairman Jerome Powell and several other members of the Federal Open Market Committee have said they would accept higher inflation for a lower unemployment rate. This is why no central bank has adopted nominal GDP targeting and none ever will.

DAN THORNTON  
Des Peres, Mo.

Mr. Thornton is a retired vice president of the Federal Reserve Bank of St. Louis.

The Fed—irrespective of Congress's partisan composition—has been Con-

gress's surrogate since the 2007-08 financial crisis. The 2010 Dodd-Frank Act merely legalized the surrogacy. Congress has artfully used this surrogacy to shield itself from electorate accountability on fiscal policy until the pandemic. Pre-pandemic, Congress conveniently avoided legislating fiscal policy and relied on the Fed to do so on a de facto basis under the illusion of monetary policy. The result: a bubble economy comprised of real estate, stock market, private debt, government debt and discretionary-spending bubbles. Amid the pandemic, at the behest of the pre-Biden Congress, the Fed's mission creep became a sprint of myriad "monetary" intervention to pre-empt the bursting of any of these bubbles. Today, at the behest of the Biden Congress, the Fed's mission has expanded beyond preserving the bubble economy to include implementing the Green New Deal along with other socialist objectives like economic equality. The likelihood of the Biden Congress (or any subsequent Congress) reining in the Fed is nil.

ANDREW E. BALOG  
Hollywood, Fla.

## Pepper ... And Salt

THE WALL STREET JOURNAL



"It's always a bad sign when they get out your job description."

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## OPINION

## U.K. Vaccination Puts U.S. to Shame

By Marty Makary

The U.S. will soon achieve herd immunity against the novel coronavirus, but the U.K. will get there sooner. That's because medical leaders across the pond put the priority on first-dose vaccination, delaying booster shots so that more people could get the initial shot. Fifty-nine percent of British adults are now vaccinated with one dose, vs. only 38% in the U.S.

Far more Americans are fully vaccinated—21% have received either a booster or the single-dose Johnson & Johnson shot. In the U.K., where the only options are two-dose vaccines, only 8% of adults are fully immunized.

In both countries, the number of daily deaths peaked in January—3,352 on Jan. 12 in the U.S. and 1,248 on Jan. 23 in the U.K. Since then, the U.S. count has declined 72%—which sounds impressive until you put it up against Britain's 96%. U.K. deaths now average 47 a day. The U.S. figure, 938, is 20 times as high in a country less than five times as populous.

**American authorities rejected advice to delay the second dose. Britain shows that approach's wisdom.**

Many public-health experts thought the U.S. should take the "one dose is better than none" approach, including Ashish Jha of Brown University, Robert Wachter of the University of California and Christopher Gill of Boston University. Even Michael Osterholm of the University of Minnesota, a member of President Biden's Covid task force known for speaking his mind, suggested delaying second doses. "We could get



MARTIN KOZLOWSKI

more of our over-65 age group vaccinated," he told the Star Tribune. "I think the data will support that actually is a very effective way to go."

But Anthony Fauci publicly disagreed. On one occasion, Dr. Fauci warned of "the danger" that could come from focusing on the first dose. And at a Feb. 19 White House briefing Dr. Fauci played down a single-dose study from Israel. White House senior adviser Andy Slavitt chimed in, telling reporters, "We're not going to be persuaded by one study that happens to grab headlines."

The Israeli study demonstrated that the first Pfizer dose was 85% effective at two to four weeks. But it isn't the only study. Moderna's phase 3 trial included 2,000 people who received only a single injection of either a placebo or the vaccine. In that group, the efficacy of the single vaccine dose was 80% to 90%. A Feb. 17 New England Journal of Medicine letter notes that first doses of Pfizer and Moderna had an extraordinary 92% effectiveness at three to four weeks. The authors concluded: "A scarce supply of vaccine could be maximized by deferring second doses until all priority group mem-

bers are offered at least one dose." I agree. Why use half the nation's vaccine supply to boost immunity by 3% to 15% in the short-term when we could give lifelines to more vulnerable Americans during a vaccine shortage?

But this week, in response to a new Centers for Disease Control and Prevention study showing a first-dose efficacy of 80% at two to four weeks, Dr. Fauci said that it isn't known whether the protection drops "off a cliff after two weeks or three weeks." That doesn't happen with other vaccines. Why dismiss data and real-world U.K. experience with an untested hypothesis?

Regulators also shot down the idea of delaying the second dose. In January the Food and Drug Administration issued a statement rebuking those "suggesting changes to the FDA-authorized dosing or schedules," claiming they are "not rooted solidly in the available evidence." The FDA warned that delaying the second shot could make people "assume that they are fully protected when they are not, and accordingly, alter their behavior to take unnecessary risks."

The scientific rigidity and pater-

nalism of health officials sidelined a smart policy that would have resulted in more Americans being vaccinated faster, including in minority communities. A January Annals of Internal Medicine study estimated that delaying the second dose could have averted up to 29% of Covid-19 cases over an eight-week period.

The U.K. not only reduced Covid-19 deaths more quickly but beat out a contagious new variant as the U.S. lags behind. Some may argue that the U.K.'s rapidly declining death and hospitalization numbers are really due to their lockdowns, but Germany has had near-identical lockdowns and cases there have doubled over the past four weeks. That's because only 11% of the total German population is vaccinated (vs. 45% in the U.K.).

The second dose is important. It creates more-durable immunity and better protection against variants. Spacing the doses further apart may also help. With other two-dose vaccines, a longer spacing interval usually results in a stronger immune response. That was true for the only Covid-19 vaccine formally studied with two different dosing intervals. The study of the Oxford/AstraZeneca found that a "higher vaccine efficacy is obtained with a longer interval" of 12 weeks instead of six.

On March 1, Senate Democrats Chris Van Hollen of Maryland and Martin Heinrich of New Mexico sent a letter to the White House urging the administration to consider the "one dose is better than none" approach. It isn't too late. Refusing to think outside conventional wisdom may be the norm in politics, but it isn't how science is supposed to work.

*Dr. Makary is a professor at the Johns Hopkins School of Medicine, Bloomberg School of Public Health and Carey Business School. He is chief medical adviser to Sesame Care and author of "The Price We Pay."*

## The Spy Who Loved Me? Check It Out

By Ted Rall

If your mother says she loves you, check it out, goes an old reporter's saying. What if the intelligence community says so?

On March 15 the National Intelligence Council declassified an "intelligence community assessment" titled "Foreign Threats to the 2020 Federal Election." From a journalistic standpoint, the section titled "sources of information" is of interest. It says only that "we considered intelligence reporting and other information made available to the Intelligence Community as of 31 December 2020."

To put that in layman's terms: Some of our guys told us stuff. We won't tell you who or why you should trust them, and we won't show you any evidence that backs them up. The intelligence community is making a bald appeal to its own authority—an authority of which journalists have good reason to be skeptical.

**Reporters uncritically echo intel agencies' election claims. Did they learn nothing from the Iraq war?**

Organizations like the Central Intelligence Agency have a history of propagating disinformation to media outlets. Their biases are obvious: They exist not to report the truth but to disrupt foreign adversaries and, at least in theory, to further American interests. Formally they answer to the president and are overseen by Congress, but they also protect their parochial interests like all bureaucracies. (Speaking of bias, I draw cartoons for Sputnik News and frequently appear on their radio programs. I have many other clients as well. That may affect how seriously you take this article.)

Yet many in the media greeted the report with utter credulity. NPR aired a story March 17 titled "Russia's Efforts at Information Warfare Against the West Continue"—not "Intelligence Agencies Claim . . ." Reporters Mary Louise Kelly and Greg Myre framed the report's election-interference claims as straightforward fact, analyzed the political implications, and discussed what the U.S. might do to retaliate. "But the bigger question, Mary Louise, is how can the U.S. stop these major breaches being carried out by Russia?" Mr. Myre said.

The segment ignored the possibility that the report's claims might be false or mistaken. It failed to mention the lack of documented evidence and the anonymous sourcing. NPR interviewed a single expert: Glenn Gerstell, a former general counsel of the National Security Agency, identified only as an "official," who took the report at face value.

Other media outlets were careful to use proper journalistic form, such as "report says" and "report alleges." Yet they too presented unsourced allegations as fact. CNN said the report "confirms what was largely assumed" and called it "a wholesale repudiation of many false narratives that were pushed by right-wing news outlets." CNN didn't address the questions of anonymous sourcing or reliability.

While the New York Times allowed that "the declassified report did not explain how the intelligence community had reached its conclusions," it bent over backward to give the benefit of the doubt to the intelligence community: "The officials said they had high confidence in their conclusions about Mr. Putin's involvement, suggesting that the intelligence agencies have developed new ways of gathering information after the extraction of one of their best Kremlin sources in 2017."

In May 2004 the Times's editors published a 1,200-word letter to readers apologizing for their coverage of Saddam Hussein's nonexistent weapons of mass destruction. "We have found a number of instances of coverage that was not as rigorous as it should have been," they wrote. "In some cases, information that was controversial then, and seems questionable now, was insufficiently qualified or allowed to stand unchallenged. Looking back, we wish we had been more aggressive in re-examining the claims as new evidence emerged—or failed to emerge."

You'd think they'd have learned something from the mother of all intelligence—and journalistic—failures.

*Mr. Rall is a political cartoonist, columnist and author of "The Stringer," a graphic novel forthcoming in April.*

## It's Not Bigotry to Tell the Truth About China



**EAST IS EAST**  
By Sadanand Dhume

Does criticism of China imperil Asian-Americans? A rash of recent commentary in the wake of last month's shootings in Atlanta that killed eight people, six of them Asian women, makes that claim. But its factual basis is doubtful.

Columbia University historian Mae Ngai wants the U.S. to "pull back from treating China as an adversary." In the Washington Post, Pulitzer Prize-winning author Viet Thanh Nguyen and Asian-American studies professor Janelle Wong argue: "When officials express fears over China or other Asian countries, Americans immediately turn to a timeworn racial script that questions the loyalty, allegiance and belonging of 20 million Asian Americans." Journalist Peter Beinart warns that "if America's leaders are serious about combating anti-Asian violence" at home, "they must stop exaggerating the danger that the Chinese government poses."

Such arguments are deeply misguided. There is no contradiction between abhorring violence against Asian-Americans and criticizing a repressive regime that squelches human rights at home and undermines liberal democracy abroad. Most Americans are capable of making this elementary distinction. They make it every day.

How we approach this issue matters. China's authoritarian system of government, economic heft and technological prowess make it the foremost challenger to the U.S.-led international order that has underwritten global peace and prosperity for more than seven decades. At the same time, Asian-Americans and Pacific Islanders—some 19.3 million strong according to the Census Bureau—are America's fastest-growing demographic group. Those who call on the U.S. to drop its criticism of China for

the supposed well-being of Asian-Americans are asking Washington to enter a geopolitical boxing ring with one arm tied behind its back.

This plays into China's hands. Like the Soviets in the Cold War, China's Communists seek to exploit domestic divisions to weaken the U.S. In Alaska last month, China's top diplomat, Yang Jiechi, accused America of having "slaughtered" blacks, a transparent attempt to deflect attention from

**The Communist Party and its U.S. apologists try to hide behind victims of anti-Asian violence.**

China's horrific treatment of ethnic minorities, including Uighur Muslims and Tibetan Buddhists. With its usual subtlety, the Communist Party-linked media outlet Global Times used the Atlanta killings to charge "brazen Western politicians, scholars, media and other China-haters who take advantage of the pandemic" with stoking "hate crime incidents" against Asian-Americans.

The argument that we must tread softly around China for the sake of Asian-Americans mistakenly conflates the 19.3 million Asian-Americans with 4.4 million Chinese-Americans. Additionally, most ethnic Chinese came to America fleeing political persecution or seeking economic opportunity. Like most other Asian groups, they have thrived because the U.S. has rewarded education, hard work and entrepreneurial drive. There is no evidence that Chinese-Americans have greater affinity for the Chinese Communist Party than any other group of Americans do. Given their circumstances, the opposite is often true.

This isn't to dismiss all criticism of U.S. political rhetoric about China. You could argue that in a racially charged environment it makes more

sense to refer to the Covid-19 pathogen as the Wuhan virus rather than the Chinese virus; the former refers to a place and is difficult to confuse with a race. Besides, at this point, virtually every sentient being outside China knows that the pandemic originated in that country.

America's mainstream discourse around Asian-Americans largely ignores inconvenient facts. Attacks on Asian-Americans have indeed risen in recent years. According to the Center for the Study of Hate and Extremism at California State University, San Bernardino, anti-Asian hate crimes reported to the police in major cities in 2020 rose to 145% of the number of reports in 2019. But this refers to only 120 incidents in a nation of 330 million. This jump also runs up against longer-term trends. Between 1996 and 2019 the number of hate crimes against Asian-American and Pacific Islanders declined nearly 50%, from 355 to 179, according to FBI figures. At the

same time, the AAPI population more than doubled.

Moreover, the professional activists who most loudly decry a largely imaginary "white supremacist" assault on Asian-Americans are often the same people whose ideas threaten the community's hard-earned success. They are the ones pushing to end race-blind admissions to some of the most selective public schools across the country. They are the ones who want an emphasis on equality of opportunity to give way to equality of outcome, an approach that already penalizes Asian-American applicants to leading U.S. universities like Harvard and Yale.

In the end, America has no choice but to grapple with the threat of an authoritarian and increasingly belligerent China. But the best way to strengthen the country domestically is to reject both white supremacy and "wokeism" by striving toward a society that is race-blind, not race-obsessed.

## The Dead Letterbox

By Bob Greene

A few steps off U.S. 41 in Naples, Fla., near a bank building, there is a mail-collection box I've used every time I pass through the town. That's the nice thing about mailboxes: You get to know right where they are.

On this trip I walked to the box and saw a U.S. Postal Service vehicle idling directly in front of it. It wasn't the usual squat kind—this one had a flat bed behind the driver's compartment.

I said good morning to the man sitting behind the wheel, he nodded back, and I dropped my envelope into the box. I departed to continue my walk.

But two minutes later, I thought: Oh, no. Was that guy the Postal Grim Reaper?

That's how I've come to think of the workers whose job it has been, in recent years, to yank mailboxes from where they're bolted down and drive them away, never to be seen again. This is unrelated to last year's controversy about mailbox removals in the runup to the presidential election. Mailboxes have been disappearing for decades, and the reason is simple: Americans are mailing far fewer letters. The Postal Service has responded by auditing how many envelopes are collected from the boxes. When the average daily number drops below 25, a street-corner box becomes a candidate for extinction. This saves on fuel and labor costs.

But it's a pain in the neck for residents of neighborhoods that lose their mailboxes. Since 2000 more than half of all mailboxes have been taken out of service: More than 200,000 boxes that once were there are now gone.

Last week Postmaster General Louis DeJoy announced a plan to fend off billions of dollars in projected losses over the next decade. Among his proposals: Slow the window of delivery for first-class mail to five days from the current three, and increase the price of stamps.

There is a frustrating inevitability to this. For centuries the Post Office (the first postmaster general was Benjamin Franklin) has represented one of America's grand triumphs: constitutionally authorized couriers serving every U.S. address daily, delivering a letter a block away or 3,000 miles away for pocket change. Yet how can the Postal Service continue to strive competitively for speed when emails and texts are sent and received instantly, virtually free?

Americans' desire to receive written information rapidly is not new. Early in the 20th century, the main post office in New York City made nine daily deliveries. Baltimore's and Philadelphia's made seven. Sending and receiving mail was quick and dirt cheap; from 1932 to 1958, the price of a first-class stamp stayed at 3 cents. At 55 cents it still feels like a bargain for door-to-door nationwide delivery.

In Naples, I turned around and retraced my steps. I said to the guy in the postal truck: "You're here to take this mailbox away, aren't you?"

He laughed. "Relax," he said. "I'm just here to put a new sticker on it."

The Postal Grim Reaper can grant reprieves. But a reaper's reprieve is, by doleful definition, always temporary.

*Mr. Greene's books include "Chevrolet Summers, Dairy Queen Nights."*

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## WORLD NEWS

## Pressure Builds on Thai Protesters

More pro-democracy demonstrators are being arrested for challenging royal family

By FELIX SOLOMON

SINGAPORE—One of the leaders of Thailand's protest movement, a 22-year-old university student, was led into a Bangkok court on Monday, slumped in a wheelchair and tethered to a saline drip after two weeks on hunger strike.

Parit Chiwarak, whose friends call him Penguin, has been accused of insulting Thailand's royal family. He has been in prison for more than 50 days after being denied bail by two courts.

Friends say Mr. Parit typically was animated, often scribbling poetry in a notebook and incessantly singing Thai folk tunes. "We used to complain about it, but now we miss his songs," said a friend.

Mr. Parit was one of the young leaders of a stunning movement that directly challenged the country's powerful monarchy, which was long considered beyond scrutiny. Demanding curbs on King Maha Vajiralongkorn's powers, Mr. Parit and a few fellow activists emerged as the vanguard of broader pro-democracy protests that began last year and have gained momentum.

As authorities have criminally charged critics and escalated police action on the streets, protests have dwindled since their peak around August, when tens of thousands regularly gathered for demonstrations. They have continued, but with smaller turnout and less frequency.

Protesters face many criminal charges in what they say is a strategy of attrition to blunt their movement. The most



Accused of insulting the monarchy, jailed activist leader, Parit 'Penguin' Chiwarak, center, has been on a hunger strike for two weeks.

prominent among them, including Mr. Parit, are facing multiple allegations that have either landed them behind bars or require attendance at frequent hearings.

Defense lawyers say they are inundated by an expanding roster of clients whose cases could drag on for years. In an interview late last year, Mr. Parit said he has been accused of "so many charges I can't even keep track."

Mr. Parit is one of 19 people connected to the protests who are in jail, awaiting trial on charges including sedition, unlawful assembly and violation of pandemic-related restrictions, according to the legal-aid nonprofit Thai Lawyers for Human Rights. Twelve of them, including Mr. Parit, are

accused of insulting the royal family, a crime known as lèse-majesté that is punishable by up to 15 years in prison.

The law has long been described by human-rights groups as a tool to crush dissent. A spokesman for the Thai government defended it in December, saying it is necessary to protect the royal family and denying it is used to curb people's rights.

The number of individuals facing what the nonprofit considers political cases has crept higher each week, reaching at least 582 by late March. Nearly two dozen of them are minors, including a teenager accused of lèse-majesté for participating in a satirical fashion show referencing the king's unconventional fashion choices. Others face potentially lengthy

prison sentences for alleged offenses such as causing mischief and damaging an ancient monument, and penalties for using loudspeakers, obstructing traffic and littering.

"This is part of a broader process of the Thai state attempting to make the potential cost of dissent too high," said Tyrell Haberkorn, a professor of Southeast Asian studies at the University of Wisconsin-Madison. She said legal harassment and violence may succeed in fostering fear, "but the blatant display of injustice" could backfire by eliciting more sympathy for the protesters.

Government spokesman Anucha Burapachaisri said laws are being applied justly, and that the activists detained were denied bail to avoid re-

peat offenses.

Most of the 19 people currently detained were leaders of an association called Ratsadon Group, which put the palace front-and-center of the protest movement's agenda. Seven of the group's core members were accused of lèse-majesté over speeches they gave at a rally in September.

Mr. Parit's mother said she finds herself filled with recollections of his boyhood days when she would drop him off at bookstores at opening time and fetch him when they closed. These days, he barely has the strength to speak and appears in a constant sleep-like state, his lawyers say. He is refusing solid food until he and others like him are freed, he said at a court appearance.

## North Korea Ramps Up Its Weapons Testing

By ANDREW JEONG  
AND TIMOTHY W. MARTIN

SEOUL—It was always more a question of when, not if, North Korea would return to weapons provocations. Now that it has, the Kim Jong Un regime is poised to unshelve new weaponry that it has quietly developed in recent years.

First came a cruise-missile test in March that President Biden played down. Days later, Pyongyang unleashed a pair of ballistic missiles that Mr. Biden and other leaders decried as a violation of United Nations Security Council resolutions.

North Korea in recent weeks also engaged in increased activity at facilities suspected of making plutonium and uranium, key materials for nuclear weapons, according to satellite imagery analyzed by the Center for Strategic and International Studies, a think tank in Washington.

Moreover, satellite pictures of a port on North Korea's east coast showed movement near the port's submarine-launch quay, indicating the regime could soon roll out a new missile-launching submarine, according to an analysis by 38 North, a website focusing on North Korea.

The activities suggest the regime is returning to a delicate but familiar dance.

The recent weapons tests ratcheted up pressure but are calibrated to avoid blowback from China or Russia.

Detonating a nuclear bomb



Kim Jong Un is said to be trying to pressure the Biden administration but not close the door on it.

or launching an intercontinental ballistic missile would likely risk triggering responses from not only the U.S. but also Moscow or Beijing. The North, though, has plenty of options shy of those steps, say Pyongyang watchers.

"Time is very much on Pyongyang's side," said Adam Mount, a senior fellow at the Federation of American Scientists, a Washington think tank. "North Korea is steadily acquiring each of the capabilities that have kept U.S. officials up at night."

The Kim regime has expressed indignation over the international backlash to its recent missile launches. This week, a senior North Korean

Foreign Ministry official called those accusing the regime of violating U.N. resolutions hypocrites. "Any attempt to infringe upon our right to self-defense will inevitably prompt a countermeasure in kind," he said.

Pyongyang has attracted the attention of the Biden administration. On Friday, U.S. national security adviser Jake Sullivan is scheduled to meet with his South Korean and Japanese counterparts to discuss maintaining peace and stability on the Korean Peninsula.

Mr. Biden hasn't shut the door on diplomacy. Asked on Tuesday if the president would sit down with Mr. Kim, a

is to maintain stability in the Korean Peninsula, even if this means pushing off denuclearization," she said.

Pyongyang pivoted back to smaller-scale weapons launches just months after the Hanoi summit abruptly ended without a deal in February 2019. Since then, it has conducted more than 20 missile and engine tests.

The activity didn't feature nuclear or long-range missile tests, but North Korea eked out learnings elsewhere: It has unveiled at least five new types of launch systems, honed short-range weapons designed to evade U.S. missile defenses and upgraded its ability to launch missiles from submarines.

Virtually all of the tests involved weapons with ranges of roughly 370 miles, a distance that covers all of South Korea—but falls short of reaching Tokyo or Beijing. Many of the tested weapons were upgraded versions of existing missile technology.

Last week's launch of two ballistic missiles, based on state-media photographs, appeared to be improved versions of what national security experts refer to as Pyongyang's KN-23 missiles, which resemble Russian Iskander missiles that can carry nuclear bombs.

"The missile demonstrated improvements in surprise, accuracy and ability to evade U.S. and South Korean missile defense systems," said Kim Jung-sup, an ex-Seoul official who recently joined the Sejong Institute, a think tank.

"China's foremost priority



HIKE: A woman strolled past the Acropolis in Athens on Thursday, a day after Greece said it was relaxing some restrictions on shops and outdoor activity despite a surge in Covid-19 infections.

## MYANMAR

## Protests Mark Coup's 2-Month Anniversary

Protesters in Myanmar on Thursday marked two months since the military seized power by again defying the threat of lethal violence and demonstrating against its toppling of the country's democratically elected government.

Security forces have been unable to crush the massive public resistance to the Feb. 1 coup despite their use of escalating violence, including routinely shooting protesters. International efforts including sanctions imposed by Western nations on the military regime have failed to restore peace.

In Yangon, the country's big-

gest city, a group of young people gathered shortly after sunrise Thursday to sing songs honoring the more than 500 protesters killed so far. They then marched through the streets chanting slogans calling for the fall of the junta, the release of deposed leader Aung San Suu Kyi and the return of democracy. Protests were also held in Mandalay and elsewhere.

—Associated Press

## UNITED KINGDOM

## Senior Black Adviser To Johnson Resigns

The most senior Black adviser to U.K. Prime Minister Boris Johnson has resigned, the government said Thursday, the day after a report on racial disparities con-

cluded that Britain doesn't have a systemic problem with racism.

The Conservative government denied any link between the departure of Samuel Kasumu and the much-criticized report, which activists and academics have accused of ignoring the experiences of ethnic-minority Britons.

The prime minister's office said Mr. Kasumu would leave his job as a special adviser for civil society and communities in May, as had "been his plan for several months." But Simon Woolley, a former government equalities adviser and a member of the U.K. House of Lords, said Mr. Kasumu's exit was connected to the "grubby" and "divisive" report.

The government launched the inquiry into racial disparities after antiracism protests last year.

—Associated Press

## Hong Kong Democracy Activists Convicted

By JOHN LYONS

HONG KONG—Martin Lee, the 82-year-old lawyer credited with helping found Hong Kong's democracy movement, and newspaper publisher Jimmy Lai were among seven veteran activists found guilty by a judge on charges related to a mass demonstration in 2019.

The guilty verdicts on Thursday raise the prospect of jail time for a prominent group of democracy campaigners who have been fighting to preserve the rule of law in the former British colony since before it was returned to China in the late 1990s. Sentencing on the charges, which can carry up to five years in jail, was set for later this month.

"It will be a badge of honor for us to go to jail for fighting for freedom and rights for Hong Kong people," said the labor leader Lee Cheuk-yan, one of the defendants, after the verdict.

The trial is part of a wave of prosecutions under way in Hong Kong as China crushes dissent in the former British colony. Amid a continuing crackdown that worsened last year when Beijing imposed a sweeping national security law, many of the city's democracy campaigners are now either on trial, in jail or living in exile.

After the judge read out the verdict, a lead prosecutor called on the judge to revoke bail until sentencing, saying the offenses were serious and risked plunging Hong Kong into anarchy by undermining public order. Defendants, however, were granted bail but can't leave Hong Kong.

The group was found guilty of organizing and attending an unauthorized assembly in August 2019 during which hundreds of thousands of people protested Beijing's growing intervention in the city.

Police initially approved a gathering at Hong Kong's Victoria Park, but declared it illegal after the huge crowds overflowed into the streets.

Many of the activists convicted Thursday are facing additional illegal-assembly charges in coming trials stemming from other protests.

Mr. Lee has been singled out for criticism for decades by Beijing as a symbol of democratic opposition to authoritarian Communist Party rule. Many in Hong Kong see his prosecution as an indicator of how far Beijing will go to stamp out dissent in Hong Kong.

Mr. Lai, publisher of Hong Kong's pro-democracy newspaper Apple Daily, is facing a number of legal charges, including foreign collusion under the new national security law. That could put him behind bars for the rest of his life.



Martin Lee helped found Hong Kong's democracy movement.

## WORLD WATCH

## RUSSIA

## Official Says Ties To West At 'Bottom'

Russia's top diplomat said Thursday that the country's relations with the United States and its allies have "hit the bottom" and no date has been set for sending the Russian ambassador back to Washington.

Russia recalled its ambassador to the U.S. after President Biden was asked in an interview if thought Russian President Vladimir Putin was a "killer" and replied, "I do." Addressing the issue Thursday, Russian Foreign Minister Sergei Lavrov called the remarks "appalling" and said they had forced Moscow to rethink its ties with Washington.

—Associated Press



# BUSINESS & FINANCE

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## TSMC Acts to Boost Chip Output

### Citing rising demand, Apple supplier allots a record \$100 billion to increase capacity

By Stephanie Yang and Yang Jie

TAIPEI—Taiwan Semiconductor Manufacturing Co., a major chip supplier to Apple Inc., said it would invest \$100 billion over the next three years to increase production capacity as demand surges.

The planned investment is a record for the world's largest contract chip maker as well as the broader industry, analysts said, at a time when chips are in short supply around the world. In a statement, the company said it expects strong demand over the

next several years, a trend driven by growth in 5G and high computing capabilities and accelerated by the Covid-19 pandemic.

"TSMC is working closely with our customers to address their needs in a sustainable manner," the company said Thursday.

In a letter to clients sent by The Wall Street Journal, Chief Executive C.C. Wei said that the company hadn't been able to keep up with demand over the past year despite running its fabrication plants at over 100% utilization. Mr. Wei wrote that TSMC had started hiring thousands of new employees, and planned to both build new fabs and expand existing ones.

The \$100 billion allocation for the next three years would be more than double what the company spent in



The planned investment is a record for the world's largest contract chip maker as well as the broader industry.

the previous three years, according to New Street Research analyst Pierre Ferragu.

In January, TSMC announced a record capital-expenditure budget for 2021 of

\$25 billion to \$28 billion to develop advanced chips and building plant capacity.

Other chip makers are also pouring money into increasing capacity, though none as

heavily and quickly as TSMC. Intel Corp. recently said it would spend \$20 billion on two new chip factories in the U.S., starting in 2024. The semiconductor giant had lagged behind competitors such as TSMC and Samsung Electronics Co. in market share and technology capabilities, leading to the ouster of Bob Swan as chief executive.

Samsung plans to invest about \$116 billion by 2030 to further diversify its semiconductor production. GlobalFoundries Inc., a major U.S.-based contract chip maker, has said it is doubling its capital investment this year to boost capacity.

Semiconductors are an important component in many consumer goods from phones to cars, and the pandemic created new demand for elec-

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## S&P Passes 4000 Milestone

By Joe Wallace and Paul Vigna

The S&P 500 closed above 4000 for the first time to kick off the second quarter, buoyed by a continuing rebound in technology stocks.

The broad stock gauge jumped 46.98 points, or 1.2%, to 4019.87, after closing out a fourth consecutive quarterly advance on Wednesday. It took just 434 trading days for the index to set its latest 1,000-point milestone, far fewer than the 1,227 trading days it needed to climb to 3000 from 2000.

The Nasdaq Composite rose 233.23 points, or 1.8%, to 13480.11. The Dow Jones Industrial Average added 171.66 points, or 0.5%, to 33153.21.

"There's always some excitement starting a new quarter," said Lindsey Bell, chief investment strategist at Ally Invest. Having the S&P cross a milestone is another confidence booster. She cautioned, however, that the market can get stuck on these numbers, too. "Lots of times the market has to test that level a few times before it can go higher."

Many investors expect stocks will continue to climb in the second quarter. Their optimism is pegged to the prospect

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## Businesses Gird for Logjams at U.S. Ports

By Kara Dapena and Dylan Moriarty

The giant container ship that blocked the Suez Canal for six days was freed Monday, but another bottleneck in the supply chain remains, this one in Southern California.

On Monday morning, 24 container ships—with a combined maximum carrying capacity nearly 10 times that of the newly freed ship—were anchored off the coast waiting for space at the ports of Los Angeles and Long Beach, according to the Marine Exchange of Southern California, which keeps tabs on vessels and directs ship traffic.

The ships are carrying tens of thousands of boxes holding millions of dollars' worth of washing machines, medical equipment, consumer electronics and other of the goods that make up global ocean trade, all of it idling in the waters in sight of docks that are jammed with still more containers.

One was on its 12th day of waiting in the seemingly unending queue. And the vessels keep coming.

Backups started building late last year as retailers and manufacturers tried to rebuild inventories that were depleted in the early months of the coronavirus pandemic.

A stark difference can be seen comparing the movements of container ships around the ports in February of 2020 with February 2021, according to location data from shipping tracker Marine Traffic.

The two ports together handle more than a third of U.S. container imports, and

### February 2020

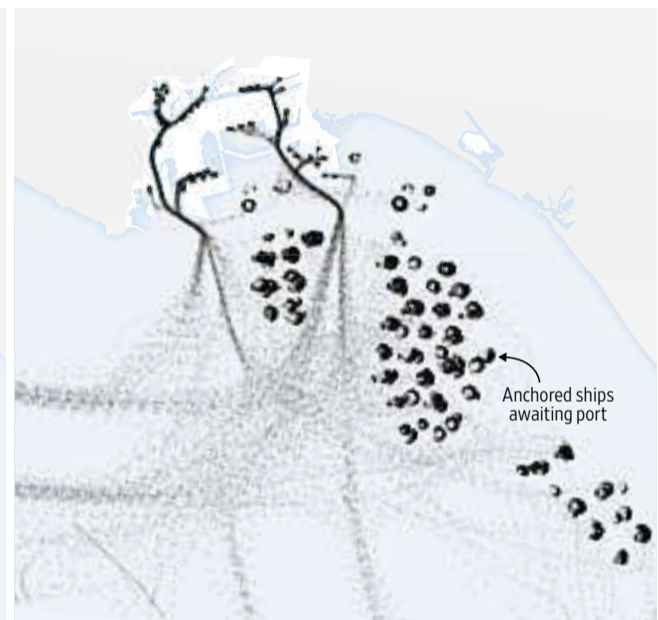
Steady access to the docks meant that ships rarely anchored offshore.



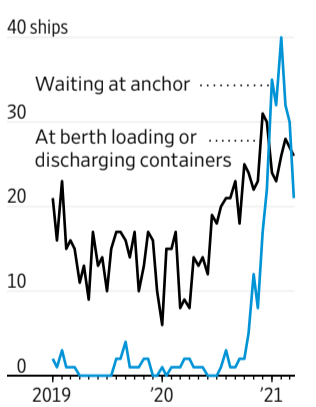
TIME A SHIP SPENT IN A LOCATION LESS MORE ANCHORED SHIP

### A year later

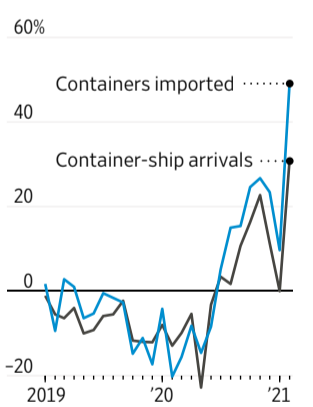
Many ships had to anchor offshore as they waited for dock space.



Container ships at the ports of Los Angeles and Long Beach, by status\*

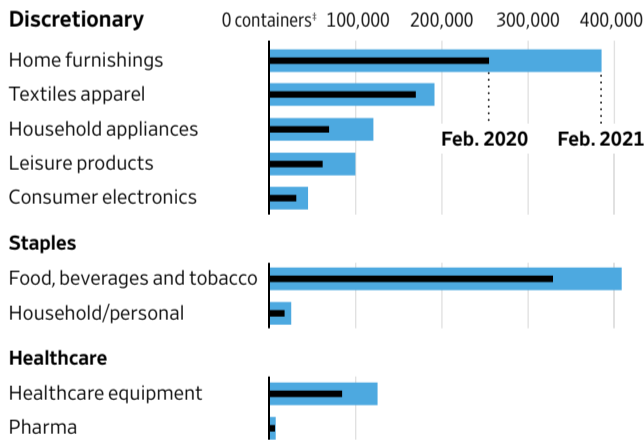


Import activity at the ports of Los Angeles and Long Beach, change from a year earlier†



\*Figures are bimonthly, on the 1st and 15th of the month. Earlier counts taken at 7 a.m. local time, more recent counts at noon. †Figures are monthly. Containers include loaded and empty TEUs (20-foot-equivalent units). Note: Ship traffic includes container ships, car carriers and refrigerated vessels. Sources: Marine Traffic (ship traffic); Marine Exchange of Southern California (ships by status, ship arrivals); the ports (containers imported); S&P Global Panjiva (imports by industry).

Seaborne imports to the U.S. in February, by select industry



## Airlines Signal Recovery

By Alison Sider

As air travel shows more signs of rebounding from its pandemic lows, airlines that focus on offering cheap fares to leisure travelers are cashing in on the stock market.

Frontier Group Holdings Inc.'s initial public offering raised \$570 million after shares of the Denver-based budget carrier were priced at \$19 each. Sun Country Airlines Holdings Inc., which largely flies Midwesterners to sunny vacation locales, raised more than \$250 million in its initial public offering in March.

U.S. airlines lost some \$35 billion last year, and most are still losing money. But the stock-market offerings are a sign that investors are betting

Please turn to page B2

## Archegos Shows Gap In Swaps Regulation

By Alexander Osipovich and David Benoit

The blowup of Archegos Capital Management is spurring calls for tougher regulation of the shadow swap trades that fueled billions of dollars of losses at global investment banks.

Former regulators and financial-overhaul advocates say one rule change, in particular, could have prevented the debacle: requiring greater disclosures of the bets that investors such as Archegos place on companies using swaps.

Archegos—the family investment vehicle of hedge-fund veteran Bill Hwang—established large, concentrated positions in ViacomCBS Inc., Chinese internet giant Baidu Inc. and other companies. It used a mix of shares and derivative contracts called total return swaps. Such swaps allowed Archegos to put on huge trades with relatively small upfront payments but exposed

the firm to severe losses when the trades went bad.

Total return swaps are brokered by Wall Street banks. They provide investors with exposure to the profits or losses of stocks or other assets, without the investor actually holding the underlying shares. Archegos's strategy backfired in recent weeks after ViacomCBS and other stocks sold off. Mr. Hwang's firm was unable to meet its obligations to its banking partners, which in turn liquidated large chunks of stock they had amassed to underpin the trades. Among the banks facing steep losses are Credit Suisse Group AG and Nomura Holdings Inc.

By using swaps, sophisticated investors can sidestep requirements to disclose big stakes in companies. Under Securities and Exchange Commission rules, any person or firm that acquires more than 5% of a company's shares must publicly disclose the stake.

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## China Blesses Chemical Deal Creating \$150 Billion Giant

By Jing Yang and Martin Mou

China approved a merger between the country's top two chemical companies, paving the way for another supersonic state-run enterprise that Beijing hopes will become a dominant global player.

Sinochem Group Co. and China National Chemical Corp., also known as ChemChina, will be placed under a new holding company funded and overseen by a government body that holds state enterprises, according to a Sinochem statement, confirming a Wall Street Journal article in December. The Chinese body, called the State-Owned Assets Supervision and Administration Commission, controls both enterprises.

The combination—which has been in the cards for years—would minimize competition between the two companies and create the

world's largest chemicals conglomerate, with around 1 trillion yuan in annual revenue, equivalent to about \$153 billion.

The new holding-company structure was designed to avoid triggering a U.S. national-security review of ChemChina's ownership of Swiss agro-giant Syngenta AG, the Journal reported.

ChemChina acquired Syngenta in 2017 for \$43 billion. The deal for the seed company remains China's biggest foreign acquisition and received regulatory clearance in more than 20 jurisdictions. The acquisition was approved in 2016 by the Committee on Foreign Investment in the U.S., a powerful interagency panel that reviews cross-border deals for national-security concerns.

Any change in ownership of Syngenta would trigger a review by the panel, Cfius, people familiar with the matter

previously told the Journal. The panel has stepped up scrutiny of deals involving foreign investors in recent years amid heightened political concerns that China could acquire strategic U.S. technology through business acquisitions by Chinese companies.

Sinochem said its merger with ChemChina would create economies of scale, optimize the allocation of corporate resources and "help forge a comprehensive, industry-leading chemicals group." It also noted a trend among international chemical giants toward reorganizations that have improved their competitive positions.

The two Chinese state-owned enterprises have competed in fields such as refineries and specialty chemicals. They produce materials used in the production of a variety of goods and industries, including agriculture, construction, energy and autos.



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## Firms Gird For Port Logjams

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delays there are part of a global supply-chain mess that continues even after the ships are unloaded. In January, more than a quarter of imported containers at those gateways had to wait more than five days for handling once they reached the dock, according to the Pacific Merchant Shipping Association. In June 2020, before the logjam, about 2% had to wait that long.

U.S. imports from international trading partners picked up as coronavirus restrictions eased and demand rebounded in the summer of 2020. The U.S. imported a record \$219.86 billion in goods in January of this year on a seasonally adjusted basis, about 9% higher than a year earlier.

"Under normal conditions,

March of this year. "The ports are setting records moving cargo," he said.

The sudden uptick in shipments last year after a lull in the spring and summer "shocked and choked the goods movement system," Capt. Louttit said.

The extra ships arrived when the system was operating at reduced capacity and efficiency, a bottleneck partly due to transportation and logistics personnel being off the job because of Covid-19 infections and exposure, he said.

The ports of Los Angeles and Long Beach continue to work through the backlog as the number of ships arriving continues to rise. In February of this year, 177 container ships and more than 800,000 containers (in 20-foot equivalent units, or TEUs) arrived at the ports. That's 31% more ships and 49% more containers than the same month last year.

Seaborne imports into the U.S. have been building for months, starting with a surge in shipments of consumer goods as far back as August, according to Chris Rogers, supply-chain analyst at S&P Global Market Intelligence Panjiva.

"The goods where we have seen the fastest growth in shipments are those that take up a lot of space on container ships relative to their value, with the result that the growth in volume of trade has been faster than the growth in value of trade," Mr. Rogers said.

The supply-chain analyst cited marked increases in containers of furniture, home appliances, large consumer electronics, medical supplies and home and personal-care products.

The disruptions show how vulnerable supply chains are, and why it has been so challenging for many U.S. businesses to rebound a year after the pandemic's onset even as the economy begins to recover.



The ports of Los Angeles and Long Beach continue to work through the backlog as more ships arrive. The L.A. port on Feb. 22.

## Vimeo George C. Wolfe, Spike Lee Join Board

Video platform Vimeo Inc. named members of its new board on Thursday, ahead of a planned spinoff from its parent company IAC/InterActive Corp.

The board includes film director and actor Spike Lee, known for "Do The Right Thing" and "25th Hour," and film and theater director George C. Wolfe, who directed the recent Netflix Inc. release, "Ma Rainey's Black Bottom."

In addition to Vimeo Chief Executive Anjali Sud, some IAC executives will comprise the board, including CEO Joseph Levin and Chief Financial Officer Glenn Schiffman.

The company plans to spin off from IAC as an independent company in the second quarter.

—Kimberly Chin

## CARMAX Federal Stimulus Boosts Sales

CarMax Inc. reported higher sales for its February quarter, as more government stimulus helped maintain used-car demand despite the pandemic's disruption to retail operations and February's



Film director George C. Wolfe, center, is a new member of Vimeo's board of directors.

severe weather.

The Richmond, Va., used-car retailer also said that it agreed to buy the rest of Edmunds Holdings Co. in a deal that values the online automotive-information guide and digital car-shopping platform at \$404 million. CarMax had invested \$50 million for a minority stake in Edmunds last year.

Edmunds generated revenue of \$140 million in 2020, while CarMax reported revenue of nearly \$19 billion for the fiscal

year ended Feb. 28. In the fourth quarter, CarMax sales improved to \$5.16 billion from \$4.96 billion in the year-ago quarter.

—Matt Grossman

## NIKE Shipments of Satan Shoes Are Halted

A federal judge granted Nike Inc.'s request to halt shipments of the Satan Shoes and the company that released the custom-

ized sneakers said it wouldn't proceed with plans to give away the final pair.

U.S. District Judge Eric Komitee on Thursday granted Nike's request for a temporary restraining order against MSCHF Product Studio Inc. MSCHF last week released black-and-red sneakers with satanic symbols in collaboration with rapper Lil Nas X. Nike filed a trademark lawsuit and said it hadn't authorized the product.

—Allison Prang



Frontier is hoping to get back on the rapid growth trajectory it had been on before the pandemic. It flies to 110 airports, up from 61 in 2017.

## Airlines Signal Recovery

Continued from page B1

that some of the industries hit hardest by the pandemic are poised to bounce back. Airports are busier than they have been anytime in the past year amid bustling spring break traffic, and airlines say summer bookings have picked up.

In the latest sign of an expected recovery in travel, United Airlines Holdings Inc. is planning to restart the pilot-hiring process it halted last year, the company told pilots in a memo. United plans to begin with 300 pilots who had conditional job offers last year or whose new-hire training was canceled during the pandemic. The hiring was first reported by CNBC. Some other airlines have also said they are planning to hire this year.

Frontier and Sun Country each say they stand to benefit as vaccinations accelerate and spark renewed appetite for travel. "The vaccine is unlocking the demand that we're seeing in the country," Frontier Chief Executive Barry Biffle said.

Still, another wave of infections, rising fuel prices and stiff competition for the same pool of travelers all present challenges. Frontier shares slid in their market debut Thursday, dropping 15 cents to \$18.85.

Airlines have had little trouble raising money during the pandemic, despite the industry's troubles. With U.S. government grants and loans shoring up investors' confidence that carriers could make it through the lean months, airlines were able to sell shares and mortgage everything from planes to bring in billions of dollars of cash.

Now Frontier and Sun Country are hoping to get back on the rapid growth trajectory they had been on before the pandemic hit.

"We're spring-loaded to add capacity into a recovery," Sun Country Chief Executive Jude Bricker said. "That money is for growth and buying planes and hiring people," he said of the

cash raised in the IPO.

Neither airline escaped the pandemic unscathed. Frontier lost \$225 million in 2020 after posting a \$251 million profit in 2019. Sun Country lost \$3.9 million in 2020, just a year after a financial turnaround propelled the small airline to a \$46 million profit in 2019.

Things are turning around. Frontier said its operation generated cash in March. Sun Country said it repaid a government loan it took in October.

In times of economic stress, lean low-fare airlines are often in a position to seize opportunities while legacy carriers with complicated international networks, costly hubs and hefty overhead costs must retrench.

So far, this travel recovery is playing to discounters' strengths. Travelers flying to see family and friends within the U.S. or to nearby vacation spots like the Caribbean have been much quicker to return than the business and international travelers who are traditionally mainstays for big, global airlines. Many of those major airlines also borrowed heavily to survive the pandemic. They will likely have to charge higher fares to cover the additional interest payments, Cowen & Co. analyst Helene Becker said. That could be an advantage to more nimble discount airlines that didn't go as deeply into debt last year.

Still, competition is likely to be fierce. Rival discounters like Spirit Airlines Inc. and Allegiant Travel Co. are starting to add more routes. Spirit on Wednesday announced service to Puerto Vallarta, Mexico—the ninth new destination the airline has added to its network since the start of the pandemic.

Bigger airlines are also turning their focus to the increasingly crowded domestic market. United last week announced plans to fly more than two dozen new domestic routes. Many of those routes fit the profile for the type of flights that ultra-low-cost carriers typically dominate, including from Midwestern cities that bypass big hubs and go straight to vacation destinations.

United Chief Executive Scott Kirby said this week that the airline's domestic leisure business is nearly back to normal. American Airlines Group Inc. said this week that its domestic flights are 80% full and book-

ings over the previous week were almost back to pre-pandemic levels. It plans to put nearly all its jets back to work this summer. Meantime, Delta Air Lines Inc. said Wednesday that it will start filling middle seats in May after blocking them off for more than a year for social distancing, a move that will immediately boost Delta's seating capacity.

Mr. Biffle, Frontier's CEO, said he believes there is more than enough demand to go around. "Everybody has been cooped up for a year now," he said.

Indigo Partners LLC, a private-equity firm led by longtime airline investor William Franke, purchased Frontier in

2013 after Mr. Franke failed to persuade Spirit Airlines, where he had been chairman, to buy it.

Mr. Franke and Mr. Biffle, a former Spirit executive, cut costs and rebuilt Frontier on a model of charging extremely low fares but reaping fees for add-ons like carry-on luggage and advance seat assignment. The airline flies to 110 airports, up from 61 in 2017. Frontier made plans for an IPO that year, but it didn't pull the trigger, and eventually shaved the offering last summer amid the air travel rout. Sun Country was also in the midst of a turnaround before the pandemic, after being acquired by the private-equity firm Apollo Global Management Inc. in 2018.

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## BUSINESS NEWS

# AMC Weighs Paring Debt With Equity

Theater chain could also use the proceeds from stock issue to pay off deferred rent

By ALEXANDER GLADSTONE

**AMC Entertainment Holdings Inc.** is exploring using a possible equity issuance to pare debt obligations or overdue rent, the theater chain's chief executive said.

If shareholders authorize the issuance of up to 500 million additional shares, as AMC has proposed, the company would consider using proceeds from stock sales to buy back debt at a discount or issuing shares to landlords as compensation for deferred rent, CEO Adam Aron said in an in-

terview. The company also could keep the proceeds as a cash buffer against a longer-than-expected recovery from the coronavirus pandemic.

When AMC has recovered from the industrywide downturn, the company also would consider using shares or proceeds from stock sales to acquire other movie theater chains or related businesses, Mr. Aron said.

"If you don't have optionality and flexibility you can find yourself in a real jam. And that's a place that I don't want AMC to be in," Mr. Aron said.

AMC, the world's largest cinema chain, with close to 1,000 locations, came close to running out of cash during the pandemic, and even created a contingency plan in case it had to file for bankruptcy.



A small number of moviegoers at an AMC multiplex in Burbank, Calif., in mid-March. AMC had reopened 98% of its U.S. theaters.

To avoid that outcome, the Leawood, Kan., company raised substantial amounts of debt and equity financing. After raising enough money to take the prospect of an imminent bankruptcy filing off the table, AMC's stock caught fire

as it became a darling of the retail investing community and the subject of countless memes from risk-hungry day traders. On Thursday, AMC shares were down 8.3%, for a market capitalization of \$4.6 billion; the company's \$1.5 bil-

lion second-lien notes due 2026 traded at 82 cents on the dollar.

AMC has a shareholder vote scheduled for May 4 to authorize the issuance of up to an additional 500 million shares, which if sold would nearly

double the number of shares outstanding. Mr. Aron said that even if granted approval, AMC wouldn't necessarily sell all of those shares, but would more likely issue chunks of stock over time as the company sees fit.

# More Companies Add Carbon Footprints to Labeling

By SAABIRA CHAUDHURI

Shoppers have long been able to use nutrition labels to choose low-salt meals or reduced-sugar cereal. Now some companies want to use labels to help them pick everything from shampoo to milk, based on products' carbon emissions.

The growing use of so-called carbon labels comes as consumers, investors and regulators are increasingly interested in emissions amid rising concern about global warming. But similar labeling efforts have flopped before, while some environmentalists and executives question how accurate—and useful—they can be.

Dove soap maker **Unilever PLC** says it wants to introduce carbon-footprint details for all

70,000 of its products, and is exploring how best to gather and present the information. The company says sales of brands perceived as sustainable have grown faster than those of brands that aren't.

A string of companies have recently adopted carbon labels. Last year, meat-substitute brand **Quorn**, owned by **Monde Nissin Corp.**, started displaying on-pack carbon footprints—an assessment of carbon emissions from farm to shelf—for some products. The figures reflect all greenhouse-gas emissions, showing them as carbon-dioxide equivalents per kilogram.

Swedish oat-drink maker **Oatly AB**, **Country Crock** spread owner **Upfield Holdings BV** and restaurant chain

**Just Salad** also put carbon figures on packs or menus, as do some nonfood companies such as computer keyboard maker **Logitech International SA**. Other consumer-goods giants such as **L'Oréal SA** are embracing the trend, saying carbon labels will be available for all its rinse-off products, like shampoos, by next year. It already provides an online environmental impact score, including carbon emissions, for its **Garnier** hair products in France.

"Over the next decade we'll see an explosion of this sort of product labeling," said Dexter Galvin, director at the Carbon Disclosure Project, a U.K. nonprofit that works with companies wanting to disclose their environmental impacts. "It

could be hugely positive, or hugely negative since companies could use it to completely green wash and bamboozle people with numbers."

Companies say they expect regulators to require more disclosure about carbon emissions, motivating businesses to better understand products' carbon footprints. Consultants helping companies create carbon labels say they are likely to be used as a marketing tool and could spur competition that accelerates moves toward net-zero emissions.

Labels could also become more relevant if more consumers start tracking carbon the way they count calories, Mr. Galvin said.

But today, credible product-level data doesn't exist, Mr.

Galvin said. Attributing a specific amount of carbon to a particular product typically relies on "fairly crude secondary data and you can use different types of logic to get to the number you want," he said. After one company gives a carbon figure for its product, a rival could find a way to arrive at a lower number, he warned.

To allay such concerns, companies such as **Unilever**, **L'Oréal** and **Colgate-Palmolive Co.** say they are in favor of a standardized way for product-level emissions to be measured and communicated. The European Union is considering requiring companies to use standard methods to substantiate claims about the environmental footprint of their products and services.

To deduce accurate product-level emissions, **Unilever** is working to get direct information about the footprint of the ingredients that go into each product. It is setting up a system for its suppliers to declare the carbon footprint of goods and services on invoices. **Unilever's** sustainability head, **Thomas Lingard**, said it is important such measurements aren't estimates and are standardized and verified so the company is confident about what it is buying.

For **Colgate**, a lack of data has kept it on the sidelines. "Most suppliers cannot tell you their carbon footprint and without that it blows down the process," said **Vance Merolla**, a senior sustainability executive at the toothpaste maker.

# Accounting Errors Hit French IT Company

By MATTHEW DALTON

PARIS—France's **Atos SE** said its auditors have found accounting errors at two U.S. subsidiaries and were unable to verify Atos's complete accounts ahead of the information-technology firm's annual shareholder meeting.

The two U.S. units, **Atos IT Solutions and Services Inc.** and **Atos IT Outsourcing Services LLC**, represent 11% of the company's revenue and 9% of its operating margin, Atos said Thursday.

The French IT services company's shares fell 12% in Paris Thursday. Atos said it hasn't identified any material misstatements in its annual accounts.

Atos has pursued a string of U.S. acquisitions in recent years, including the \$3.4 billion deal in 2018 to buy rival **Syntel**, based in Troy, Mich. Atos, which reported €11.2 billion, equivalent to \$13.14 billion, in revenue last year and a net profit of €725 million, said it has made nine small acquisitions over the past year in areas including cybersecurity and cloud analytics.

An excerpt of an audit report disclosed by Atos Thursday said the company's auditors found "several matters relating to internal control weaknesses over financial reporting process and revenue recognition" that led to several accounting errors. The errors relate to an accounting rule that determines how a company reports revenue from its customers, according to the excerpt.

Atos lists **Grant Thornton** and **Deloitte** as its accounting firms. **Grant Thornton** and **Deloitte** didn't immediately respond to a request for comment. Atos didn't respond to requests for further comment.

Atos IT Solutions and Services, one of the units under scrutiny, is mentioned in the company's annual report as the division that purchased **Maven Wave**, a Chicago-based consulting firm.



The company's name change to 'Volkswagen' was meant as a joke.

# VW's U.S. CEO Takes Responsibility For Prank on Name

By BEN FOLDY

The chief executive of **Volkswagen AG's** U.S. subsidiary said he took personal responsibility for an early April Fools' Day prank this week in which the company sent out a news release saying it was changing its U.S. name to "Volkswagen."

"Never in our wildest dreams did we imagine it taking hold," said **Scott Keogh**, CEO of Volkswagen Group of America, in an interview with *The Wall Street Journal* on Thursday. "If there's any trust or credibility to be rebuilt from me, I'm going to do it."

The German auto maker later admitted that the name change was a joke and a marketing stunt, but that was only after many news organizations reported it as a legitimate development and social media litigated up with commentary about the move.

The gag-gone-wrong started Monday when VW communications in the U.S. published a draft of the release on the company's website and quickly took it down.

The release, initially picked up by several news outlets, said the company would rebrand itself "Volkswagen of America" to promote its electric-car strategy. The fake news release also quoted Mr. Keogh as saying: "We might be

changing out our K for a T, but what we aren't changing is this brand's commitment to making best-in-class vehicles for drivers and people everywhere."

The next day, Volkswagen's U.S. unit published the release in full on its website, a move that suggested the name change was in fact real and would take effect in May. The company's stock rose 4.7% on the Frankfurt stock exchange that day.

It was only later that day that a Volkswagen spokesman in Germany confirmed to *The Wall Street Journal* that the name change was an early April Fools' Day stunt, meant to get people talking about the company's first all-electric sport-utility vehicle, the **ID. 4**.

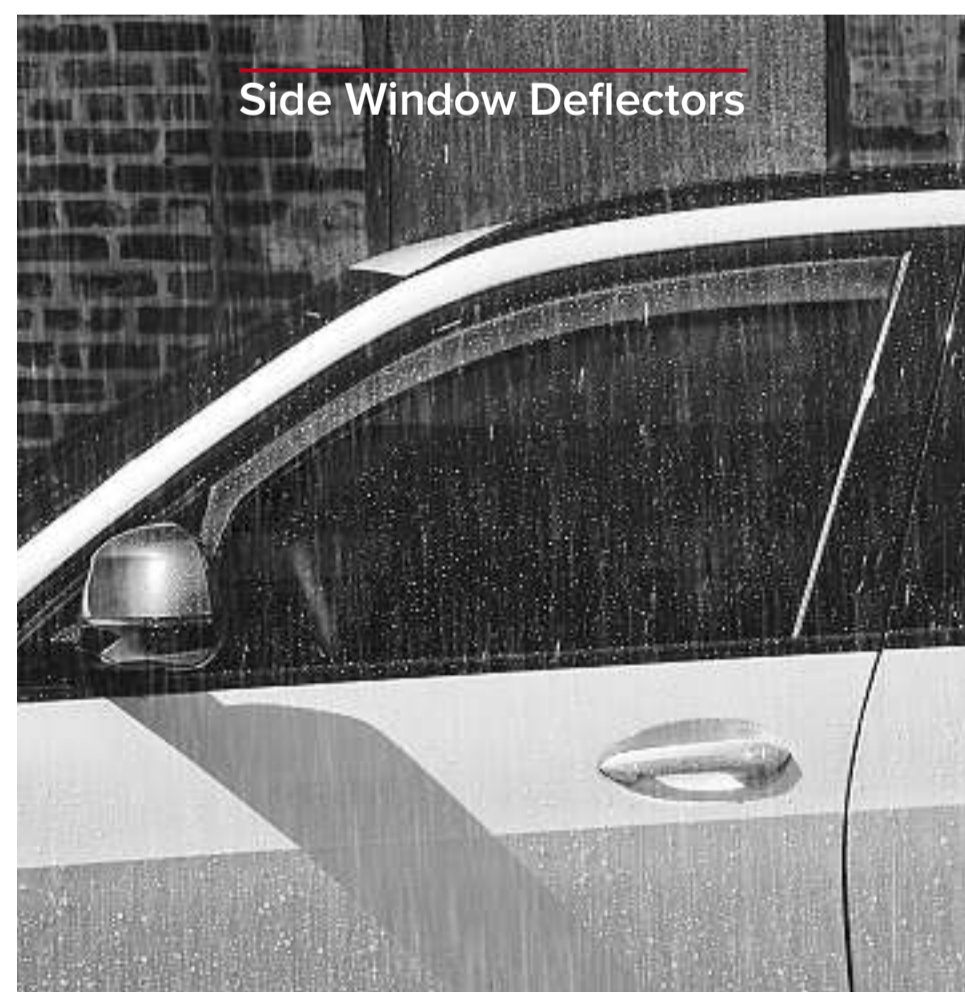
"We didn't mean to mislead anyone," the spokesman said at the time.

Mr. Keogh said Thursday the stunt was in some ways a success in drawing attention to the brand's commitment to electric vehicles and the intent wasn't to deceive the public. He said the company thought it would be obvious to everyone that it was a joke, but bungled the execution.

"It was a gag with humor, whether you like it or not," he added. "The upside is, obviously, the social response has been the biggest numbers we've ever seen."

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## TECHNOLOGY

# Big Brands Retool Their Data Strategies

Marketers lean more on first-party research as Google and Apple tighten privacy control

By ALEXANDRA BRUELL

Bacardi last October ran a test to tell whether its campaign promoting Bombay Sapphire in the U.K. could boost sales and brand favor—and in the process help answer a broader question about the long-term fate of its digital marketing as the way consumers are targeted for ads faces a shift.

The campaign took 10,000 anonymized identities of people who had visited the gin brand's distillery or website, and sent them offers like promotional emails or Instagram ads promising drink recipes and early access to new products.

The result was a click-through rate, which indicates how often ad exposures lead to clicks, around 9% higher than previous campaigns that relied on common but now endangered targeting methods, such as using data from third-party sources. The new campaign also saw a 14% increase in cost efficiency as measured by a cost-per-click metric.

Bacardi says those and other encouraging signs give it confidence in its ability to build its brand and sell products even once it no longer has access to individual ad tracking and targeting technology that Google plans to move against next year.

The tech company more



Bacardi ran a test to see if its campaign promoting Bombay Sapphire in the U.K. could boost sales.

than a year ago revealed plans to eliminate third-party cookies on its Chrome browser in favor of a more privacy-compliant approach, and in March said it won't offer or use alternatives that allow individual ad targeting. Cookies, which are files in a browser that carry information about a person's online behavior, have become key tools for marketers trying to put the right digital ads in front of the right people.

Apple Inc. also has unveiled plans that likely would make it harder for mobile apps to collect the data that helps advertisers send targeted digital ads.

The changes are delivering a seismic shift to Madison Avenue, forcing brands to rely less on Alphabet Inc.'s Google for targeting individuals—for example, by sending a shoe ad

to someone who previously viewed the shoes online—and to invest in new ways to collect and use first-party data.

"We will need to hold and own a lot more of our own consumers' data ourselves, and rely less on the gatekeeping of Google and Apple or borrowing in other people's data," said Sebastian Micozzi, senior vice president of digital transformation at Bacardi. "This challenges us to look at new data sets."

The shift also requires advertisers to make changes without a lot of visibility into how digital advertising will work without cookies, said Sebastian Hernoux, U.S. managing director of data and technology transformation at media agency OMD. "We are building a cookieless future but without really knowing

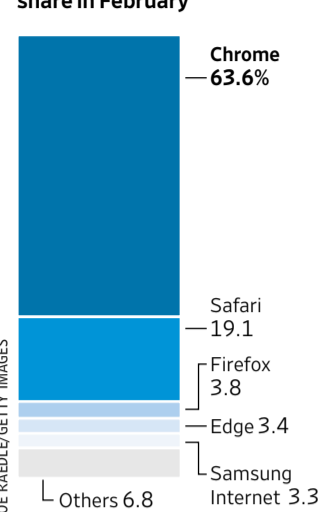
what that future is," he said.

To replace individual ad targeting, Google says it will build tools that let advertisers target large groups of people with common traits when sending ads outside Google's walls. Within Google properties like YouTube and Gmail, it will in some cases let marketers apply their first-party data to target individuals.

Other technology and data companies are working on tools meant to help advertisers target individuals beyond Google, without relying on cookies. Advertising technology company Trade Desk Inc., for example, is recruiting publishers and other companies to create a privacy-compliant identifier for individuals called a Unified ID.

The changes have marketers examining everything from the

World-wide browser market share in February



Source: StatCounter

ways they try to get customers' information to how they manage the data they collect.

Google's March announcement reaffirmed the importance of investments that Clorox Co. already was making in first-party data, partly in response to consumers' changing attitudes toward privacy, said Stacey Grier, chief marketing and strategy officer at Clorox. "We're working to bring people to our website so they can and will share their data," Ms. Grier said. "It helps us understand how we can have a better and more fruitful relationship with them as cookies disappear."

In 2019, Clorox announced a plan to acquire information on about 100 million people by 2025. The data encompass the browsing behavior of consum-

ers who visit the company's websites, as well as contact information from people who sign up for loyalty programs or newsletters. Its "Ranchology" program for Hidden Valley Ranch food products, for example, asks consumers to provide their email address to receive recipe ideas. Marketers have long collected that sort of information, but the changing landscape is adding new urgency to their efforts.

"Ranchology" has increased the company's return on investment for the brand, Ms. Grier said.

But it isn't easy to move past third-party cookies, she said. That is especially true for packaged-goods companies without as much consumer data as, for instance, retailers awash in first-party purchase and browsing information.

"It's a hard journey to be on, particularly for advertisers who haven't had direct access," Ms. Grier said.

Clorox is shuffling its technology partners and systems to account for a shift to first-party data and the need to make more personalized creative marketing content ready to be sent to consumers, she said.

The company is moving out of the data-management platform it uses for audience data largely from third parties and is launching a system that can ingest and process data that the company collects from its own programs and properties, said Ms. Grier. That may include information on what consumers do when they visit its own e-commerce sites.

## AI Set to Reshape Workplace as Offices Begin to Open Up

By ANGUS LOTEN

Encouraged by the rapid pace of Covid-19 vaccinations, employers planning to reopen physical workplaces face a number of unique challenges—not least keeping elevators safe, says Adam Stanley, chief information officer and chief digital officer at commercial-real-estate-services company Cushman & Wakefield PLC.

Speaking at The Wall Street Journal's Pro AI Executive Forum on Wednesday, Mr. Stanley said on a recent trip back to the office, he and a colleague stood in opposite corners of an elevator as an impromptu safety measure. "We

Smart software can help support a range of advanced tools for monitoring safety.

both laughed because it was so awkward."

Mr. Stanley said many companies are approaching these and other back-to-work issues by leveraging software and platforms powered by artificial intelligence. They are also increasingly likely to adopt a hybrid model that splits employees' time between in-person and remote, he added, along with a greater reliance on the role of smaller, satellite offices.

"I think AI will help buildings get better with traffic management," among other post-coronavirus workplace problems, Mr. Stanley said. As such, the use of AI in the business world is fast becoming essential for daily operations. "It's no longer just nice to have," he said.

Among other applications, smart software can help support a range of advanced safety-monitoring tools, such as contact tracing, health check-ins, contagion-risk alerts and social-distancing notifications that flag overcrowded office floors or conference rooms, he said.

AI algorithms can be fine-tuned over time with an ever-larger pool of data on the comings and goings of employees, providing insights for corporate executives and building managers to optimize work schedules and other on-site activities, Mr. Stanley said.

To further minimize contact, he added, many Cushman & Wakefield corporate clients have signaled they are eager to get people back into physical workplaces, with AI-enabled safety precautions, while keeping a permanent segment of remote workers.

An estimated 60% of global companies are developing a hybrid workplace model, where most employees come into the office no more than three days a week, according to Suzanne Adams, an analyst at information-technology research and consulting firm Gartner Inc. Gartner estimates that more than 1.1 billion workers globally worked remotely last year, up from 350 million in 2019.

Likewise, a February survey of 1,000 global companies commissioned by national staffing firm LaSalle Network found a majority were pursuing a hybrid model. But there are signs that many of these plans are still in the early stages. A separate poll of 2,200 U.S. workers by the Conference Board, a research group, found that 44% of employees polled didn't know their company's plans to return to the workplace.



Dutch company Koninklijke Philips began experimenting with artificial intelligence about two years ago.

## Companies Use Artificial Intelligence For Stresses in Their Supply Chains

By JAMES RUNDLE

Supply chains have taken a battering this year from the coronavirus pandemic and other extreme events—and artificial intelligence has emerged as a critical tool for navigating everyday business in this environment.

The use of AI and its various subsets, such as machine learning, is enabling these companies to forecast demand with increasing accuracy and to optimize their supply chains, executives say.

"As a supply-chain provider, as a logistics provider, we are very much in the data business," said Mario Harik, chief information officer at XPO Logistics Inc., while speaking Wednesday on a virtual panel at the WSJ Pro AI Executive

Forum

Mr. Harik said that events such as the accidental blocking of the Suez Canal by a shipping vessel this week demonstrate how supply-chain optimization and diversification have become essential. AI is a useful tool to quickly figure out how to reroute shipments and plan for extreme events by building redundancy into operations through multiple distribution facilities, he said.

AI can help optimize the placement of these facilities, he said, as well as the "intake flow and the outbound flow at facilities as well."

The Greenwich, Conn.-based company has views into consumer purchasing trends, as well as data from transport networks and other parts of the supply chain that give it

unique insights into how best to organize supply routes, he said.

"We collect millions of data points from our operation and then we use our machine-learning algorithms to be able to help forecast either where demand is going to come from, or how to best optimize a certain part of the supply chain to be as effective as possible," he said.

Others have found that investments in AI have been paying dividends during the pandemic. At Koninklijke Philips NV, for instance, the company began experimenting with AI around 18 to 24 months ago, said Ivanka Janssen, its global head of supply chain, while speaking on the same panel.

As the pandemic hit, the company ramped up its pro-

duction of ventilators and other medical equipment five or six-fold. But it also had to simultaneously scale down production in other areas as supply chains buckled under the strain of the pandemic. Operating in such a dynamic environment means that forecasting models become increasingly important, Ms. Janssen said.

Although companies have always invested in planning tools, the use of AI is showing promise in improving forecasting models, she said, even if getting it right is still a work in progress.

"With the use of artificial intelligence, we see that we get a different level of forecasting accuracy that has a true benefit throughout the supply chain," she said.

## Carlyle in Deal to Sell Tire-Recycling Company

By LUIS GARCIA

Carlyle Group Inc. said it agreed to sell Liberty Tire Recycling LLC to infrastructure investor ECP, which people familiar with the matter said is paying roughly \$750 million for the company.

The deal for the tire-recycling company reflects the continuing efforts by Summit, N.J.-based ECP—which recently changed its name from Energy Capital Partners—to capitalize on increased demand for businesses that help protect the environment, one

of the people said.

Pittsburgh-based Liberty Tire collects and recycles about 190 million scrap tires a year, more than a third of all those disposed of across the U.S., according to its website. Its more than 25 processing plants turns them into products including rubber mulch for landscaping, fuels, raw material for paint and auto parts, as well as crumb rubber used in asphalt and running tracks.

The many applications of tire-recycling products help the company generate steady cash flows that appealed to

ECP, a person familiar with the matter said. The private-equity firm has made environmental infrastructure companies one of its main investment targets, alongside power generators, renewable-energy developers and pipeline operators.

For example, in 2018 ECP acquired Gopher Resource LLC, a lead-acid battery recycler in Eagan, Minn. It also owns nuclear-waste-management company EnergySolutions Inc.

Liberty has had several private-equity backers since it

was formed in 2000. In 2004, it was acquired by merchant-banking firm Liberty Capital Partners and midmarket firm Park Avenue Equity Partners. New York-based American Securities then acquired the company in 2008 in a \$220 million deal, LBO Wire reported at the time.

The company completed an out of court restructuring of its debt in 2015 and Carlyle acquired it out of another debt restructuring completed in 2017. Last year, Liberty bought peer Lakin Tire in Santa Fe Springs, California.

## TSMC Acts To Boost Output

Continued from page B1

tronics such as work-from-home equipment and gaming consoles. As a result of the supply constraints, auto manufacturers such as Ford Motor Co. and Volkswagen AG have halted production of vehicles that use chips for functions such as engine management, automatic braking and

assisted driving.

The shortage has also highlighted the supply chain's dependence on TSMC and Taiwan's semiconductor industry. President Biden's \$2.3 trillion infrastructure plan included \$50 billion for the U.S. semiconductor industry in an effort to mitigate reliance on overseas suppliers.

TSMC said last year, in a decision praised by the Trump administration, that it would invest \$12 billion to build a chip factory in Arizona with the support of the federal and state governments. The two factories that Intel announced in March will also be built in Arizona.



BUSINESS NEWS

Cannabis Companies Agree to Combine

By MICAH MAIDENBERG

Parallel, a cannabis operator led by the former top leader of the Wrigley gum and candy company, agreed to buy an Illinois marijuana firm for \$100 million, a deal that would give it access to a new market as it prepares to go public.

Parallel said it will pay \$60 million in cash and \$40 million in stock to acquire assets associated with Windy City Cannabis, which has four marijuana dispensaries open in Illinois and plans to open two more this month. The stock for the deal is tied to a merger Parallel is planning that would take it public.

Deal making in the cannabis industry has picked up this year as companies look to bulk up operations and expand their geographic footprints with more states permitting adults to use marijuana medically or for recreational purposes. Through the first 12 weeks of the year, there were 66 merger and acquisition deals in the cannabis industry, up from 20 during the same time in 2020, according to Viridian Capital Advisors.

Marijuana is considered a controlled substance by the federal government, but additional states have decided to decriminalize it. On Wednesday, for example, New York Gov. Andrew Cuomo signed a bill allowing adults to use cannabis recreationally.

Parallel Chief Executive William "Beau" Wrigley Jr. said the Windy City stores are expected to generate an estimated \$75 million in revenue in 2021, meaning the company overall would produce an expected \$525 million in revenue for the year. "It gives us, really, a significant foothold in that marketplace. We'll have six stores [with] the opportunity to find some more if we choose," he said.



ETIENNE LAURENT/EPA/SHUTTERSTOCK

The growth plans stand in contrast to the wider fitness-center industry, which has shrunk over the past year after virus-related restrictions forced gyms to close.

Planet Fitness Targets Expansion

By KRISTIN BROUGHTON

Low-cost gym operator Planet Fitness Inc. plans to open new locations and invest in advertising and digital offerings in a bid to grow its business as its competitors keep struggling.

The Hampton, N.H.-based company known for its bright purple exercise equipment expects to open up to 100 gyms in the coming fiscal year, on top of the 2,124 it operated at the end of December. Planet Fitness also wants to boost investment in its app, hoping to appeal to new customers who are prioritizing their health in light of the pandemic, Chief Financial Officer Tom Fitzgerald said.

The company's expansion plans stand in contrast to the wider fitness-center industry, which has shrunk over the past year after virus-related restrictions forced gyms to close.

Roughly 6,800 gyms, or 17% of all fitness locations in the U.S., shut down permanently in 2020, according to the International Health, Racquet & Sportsclub Association, a trade association. Several major chains, including 24 Hour Fitness Worldwide Inc. and Gold's Gym International Inc., last year filed for bankruptcy.

Planet Fitness spent \$61.3 million on national advertising during the 2020 calendar year, up 22% from a year earlier. It declined to provide an estimate for 2021, but said that expenses rise as new customers join. The company last year generated \$406.6 million in revenue, down 41% from a year earlier. "We consider ourselves as much a marketing company as a company that operates gyms," Mr. Fitzgerald said.

Planet Fitness operates mostly as a franchise, with 95% of its locations owned independently. The company doesn't

provide its franchisees with funds to open new locations, but is involved in decisions such as site selection, approval and layout. Planet Fitness nearly doubled its total store count since it went public in 2015. The company and its franchisees last year added 123 locations, compared with around 200 a year before the pandemic.

Planet Fitness's no-frills business model helped it weather the pandemic, said Mr. Fitzgerald, who took on the role in January 2020. The company targets customers who have never been members of a gym, charging a \$10 monthly fee and providing basic equipment. It doesn't offer higher-end amenities such as swimming pools or climbing walls.

By comparison, the average monthly membership fee paid across all U.S. gyms is about \$50, and boutique fitness studios cost about twice as much,

according to the IHRSA. Planet Fitness's low price point makes it easy for customers to sign up, analysts said. "It's not dissimilar to Netflix," said Joe Altobello, a managing director at financial services firm Raymond James Financial Inc., de-

41%

Drop in annual revenue last year for the gym operator

scribing why customers often remain members of the gym even if they rarely use it.

The business still took a hit last year. The number of members on its rolls fell 6% to 13.5 million as of Dec. 31, after soaring 15% to 14.4 million in 2019.

One way Planet Fitness makes money is by charging

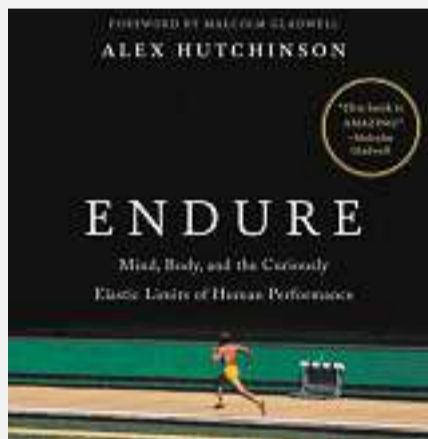
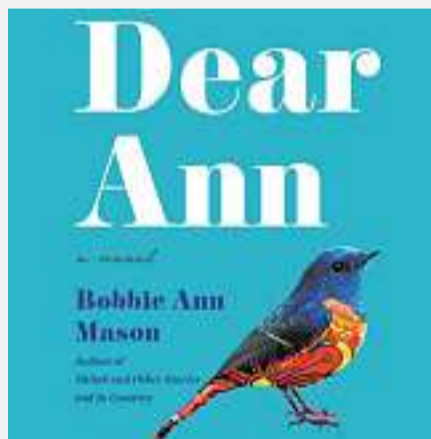
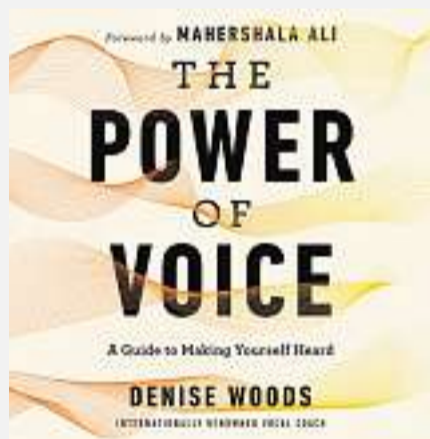
franchisees a portion of their membership fees. The company generated \$162.2 million in franchise revenue in 2020, down 27% from a year earlier due to virus-related gym closures, during which customers weren't charged. About 50 gyms are currently closed due to government restrictions, according to the company.

Planet Fitness also sells equipment to franchisees, which have to replace their exercise machines and weights every five to seven years. The company gave franchisees more time to meet these requirements during the pandemic. Equipment sales were \$83.3 million last year, compared with \$251.5 million in 2019.

The company's expansion plans come as more people work out at home. Sales at companies that make domestic fitness equipment, such as Peloton Interactive Inc., have surged over the past year.

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BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NASDAQ, NYSE American and Nasdaq Stock Market listed securities.

Footnotes:
\*New 52-week high.
†New 52-week low.
dd-Indicates loss in the most recent four quarters.

Table with columns: Stock, Sym, Close, Net Chg. Includes CVS Health, Cabot, CableOne, etc.

Table with columns: Stock, Sym, Close, Net Chg. Includes Essex, Estote, IQVY, etc.

Table with columns: Stock, Sym, Close, Net Chg. Includes Intuitive Surgical, Invitae, National Grid, etc.

Table with columns: Stock, Sym, Close, Net Chg. Includes Regency, Regions, Reynolds, etc.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Table with columns: Stock, Sym, Close, Net Chg. Includes Thursday, April 1, 2021. Lists various stocks like ABB, AECOM, AES, etc.

Table with columns: Stock, Sym, Close, Net Chg. Includes CVS Health, Cabot, CableOne, etc.

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CLASS ACTION

UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF ILLINOIS

Who is a member of the Settlement Class?
Subject to certain exceptions, the proposed Settlement Class consists of all persons and entities that purchased or sold any E-Mini Index Futures or Options on E-Mini Index Futures on the CME and/or the CBOT from at least March 1, 2012, through October 31, 2014.

What is this lawsuit about and what does the Settlement provide?
Class Plaintiffs allege that Defendants, a group of futures traders and the trading firm that employed them, unlawfully and intentionally manipulated E-Mini Index Futures traded on the Chicago Mercantile Exchange and the Chicago Board of Trade, and Options on E-Mini Index Futures from at least March 1, 2012, through October 31, 2014.

Will I get a payment?
If you are a member of the Settlement Class and do not opt out, you will be eligible for a payment under the Settlement if you file a Claim Form. You also may obtain more information at www.eminifuturesclassactionsettlement.com or by calling toll-free 1-877-933-3281.

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When is the Fairness Hearing?
The Court will hold a hearing at the United States District Court for the Northern District of Illinois, Everett McKinley Dirksen U.S. Courthouse, 219 South Dearborn Street, Chicago, IL 60604 on July 30, 2021 at 10:00 a.m. Central time to consider whether to finally approve the proposed Settlement, Distribution Plan, the application for an award of attorneys' fees and payment of litigation costs and expenses, and the application for service awards for the Class Plaintiffs.

For more information, call toll-free 1-877-933-3281 (if calling from outside the United States or Canada, call 1-414-961-7838) or visit www.eminifuturesclassactionsettlement.com.

Dividend Changes

Dividend announcements from April 1.

Table with columns: Company, Symbol, Yield, Amount, Dividend Date, Payable Date. Includes Camden National, Eaton Vance, etc.

New Highs and Lows

WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE, American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session.

Table with columns: Stock, Sym, Hi/Low, Chg. Includes Amazon, Apple, etc.

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Business Opportunities

Business Opportunities

Franchise

MEGA C-Store/Gas/Real Estate
High Volume 4 Years New Location.
2019 Gross Sales \$8.3M+

Need Loan of \$10MM for 14 months
Principal guaranteed and insured.
8% Interest and 5% Equity paid.

ATTENTION INVESTORS/VETERINARIANS
Brand new clinic concept in veterinary medicine, URGENT CARE FOR PETS.

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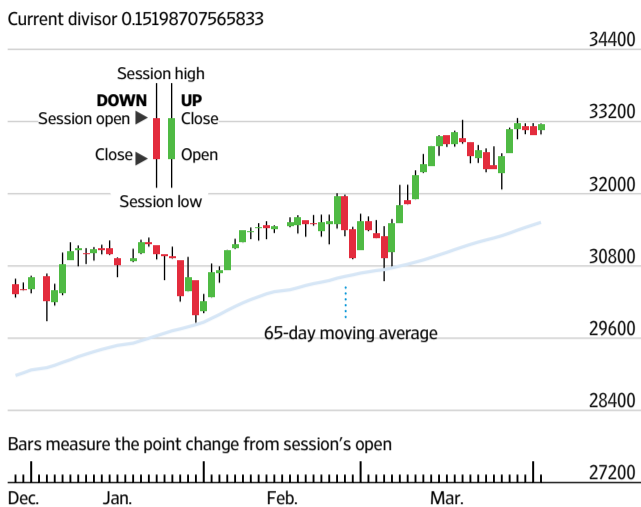
# MARKETS DIGEST

## EQUITIES

### Dow Jones Industrial Average

**33153.21** ▲171.66, or 0.52%  
 High, low, open and close for each trading day of the past three months.

Last Year ago  
 Trailing P/E ratio 33.62 16.67  
 P/E estimate \* 21.35 15.12  
 Dividend yield 1.81 3.05  
 All-time high 33171.37, 03/29/21



Current divisor 0.15198707565833  
 Bars measure the point change from session's open  
 \*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. †Based on Nasdaq-100 Index

### S&P 500 Index

**4019.87** ▲46.98, or 1.18%  
 High, low, open and close for each trading day of the past three months.

Last Year ago  
 Trailing P/E ratio \* 45.45 20.11  
 P/E estimate \* 23.12 15.82  
 Dividend yield \* 1.45 2.41  
 All-time high 4019.87, 04/01/21

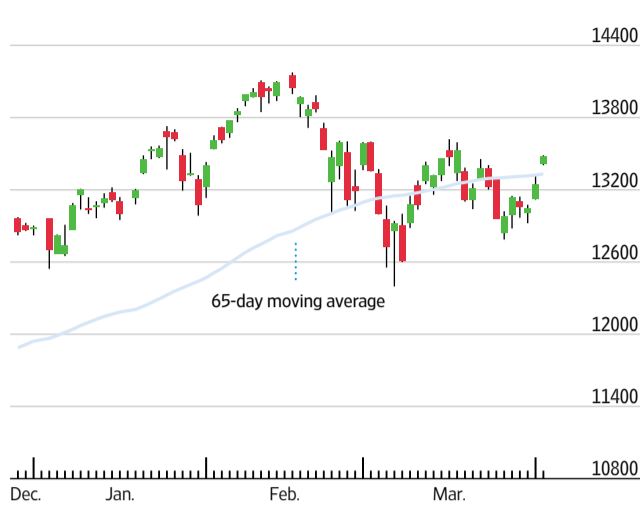


Current divisor 0.15198707565833  
 Bars measure the point change from session's open  
 \*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. †Based on Nasdaq-100 Index

### Nasdaq Composite Index

**13480.11** ▲233.23, or 1.76%  
 High, low, open and close for each trading day of the past three months.

Last Year ago  
 Trailing P/E ratio \* 38.14 23.25  
 P/E estimate \* 29.05 19.75  
 Dividend yield \* 0.76 1.15  
 All-time high: 14095.47, 02/12/21



Current divisor 0.15198707565833  
 Bars measure the point change from session's open  
 \*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. †Based on Nasdaq-100 Index

### Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD	% chg 3-yr. ann.
<b>Dow Jones</b>										
Industrial Average	33167.17	32985.35	<b>33153.21</b>	171.66	0.52	33171.37	21052.53	54.8	8.3	11.2
Transportation Avg	14754.78	14617.81	<b>14748.38</b>	116.99	0.80	14748.38	7305.31	98.1	17.9	12.4
Utility Average	881.33	873.95	<b>879.51</b>	-0.83	-0.09	917.38	706.01	20.6	1.7	8.3
Total Stock Market	42143.88	41897.48	<b>42138.31</b>	535.66	1.29	42138.31	24860.74	66.6	7.4	15.5
Barron's 400	977.16	962.96	<b>977.16</b>	14.20	1.47	978.36	500.47	90.8	14.7	11.2
<b>Nasdaq Stock Market</b>										
Nasdaq Composite	13487.08	13404.18	<b>13480.11</b>	233.23	1.76	14095.47	7373.08	80.0	4.6	24.0
Nasdaq-100	13333.41	13255.82	<b>13329.51</b>	238.07	1.82	13807.70	7528.11	74.6	3.4	26.5
<b>S&amp;P</b>										
500 Index	4020.63	3992.78	<b>4019.87</b>	46.98	1.18	4019.87	2488.65	59.1	7.0	15.0
MidCap 400	2647.72	2619.15	<b>2647.71</b>	38.47	1.47	2682.61	1337.95	92.5	14.8	12.1
SmallCap 600	1340.30	1324.97	<b>1340.30</b>	20.95	1.59	1397.66	622.35	107.7	19.8	12.6
<b>Other Indexes</b>										
Russell 2000	2253.90	2225.29	<b>2253.90</b>	33.38	1.50	2360.17	1052.05	107.6	14.1	13.8
NYSE Composite	15752.33	15601.74	<b>15752.24</b>	150.50	0.96	15775.50	9880.63	56.5	8.4	8.2
Value Line	648.75	639.51	<b>648.75</b>	9.24	1.44	662.15	328.00	93.0	14.1	5.9
NYSE Arca Biotech	5615.70	5479.34	<b>5571.95</b>	92.61	1.69	6319.77	4410.88	24.7	-2.9	7.3
NYSE Arca Pharma	695.21	690.39	<b>692.35</b>	-1.04	-0.15	725.03	580.21	19.3	0.4	9.4
KBW Bank	121.42	119.80	<b>121.40</b>	1.27	1.05	123.35	60.19	94.8	24.0	4.5
PHLX <sup>S</sup> Gold/Silver	139.94	136.16	<b>139.93</b>	5.54	4.12	161.14	84.36	65.6	-3.0	19.9
PHLX <sup>S</sup> Oil Service	55.21	53.47	<b>55.13</b>	1.43	2.67	63.89	24.06	122.6	24.4	-25.9
PHLX <sup>S</sup> Semiconductor	3242.33	3180.48	<b>3240.17</b>	115.23	3.69	3240.17	1443.04	119.7	15.9	34.6
Cboe Volatility	18.64	17.29	<b>17.33</b>	-2.07	-10.67	50.91	17.33	-66.0	-23.8	-4.6

†Nasdaq PHLX Sources: FactSet; Dow Jones Market Data

### Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. 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	9,945.1	401.10	0.49	0.12	401.20	400.53
Bank of America	BAC	5,782.1	39.50	0.01	0.03	39.55	39.45
AeroCentury	ACY	4,903.4	10.60	0.90	9.28	12.50	9.53
GlaxoSmithKline ADR	GSK	4,503.3	35.82	...	...	35.87	35.72
iShares Core MSCI EM	IEMG	4,229.1	65.96	0.89	1.37	65.96	65.03
Intel	INTC	3,845.2	64.46	-0.09	-0.14	64.60	64.24
Xtrackers USD HY Corp Bd	HYLB	3,691.2	49.80	-0.05	-0.10	49.80	49.80
Tencent Music Ent ADR	TME	3,541.0	20.13	0.02	0.10	20.20	20.03

#### Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
dMY Tech Grp II Cl A	DMYD	754.8	19.36	3.73	23.86	19.90	15.63
AeroCentury	ACY	4,903.4	10.60	0.90	9.28	12.50	9.53
Avalon Holdings	AWX	571.6	4.35	0.25	6.10	5.10	4.11
Taylor Morrison Home	TMHC	182.6	33.01	1.34	4.23	33.01	31.67
Medallia	MDLA	93.7	29.84	1.14	3.97	29.99	28.70

#### ...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
New Concept Energy	GBR	84.3	4.90	-0.34	-6.49	5.24	4.75
Analog Devices	ADI	108.1	153.00	-7.38	-4.60	160.49	153.00
Horizon Acqn II Cl A	HZON	719.5	10.02	-0.41	-3.93	10.44	9.67
HighPoint Resources	HPR	71.2	4.58	-0.15	-3.17	4.85	4.55
AgEagle Aerial Systems	UAVS	93.5	7.10	-0.22	-2.94	7.31	7.01

### Trading Diary

#### Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	876,524,837	27,423,779
Adv. volume*	605,344,136	22,820,858
Decl. volume*	265,300,011	4,426,805
Issues traded	3,414	282
Advances	2,664	224
Declines	666	52
Unchanged	84	6
New highs	191	8
New lows	11	1
Closing Arms <sup>†</sup>	1.93	1.27
Block trades <sup>†</sup>	5,228	149
	Nasdaq	NYSE Arca
Total volume*	4,500,800,031	277,450,321
Adv. volume*	2,962,980,100	232,747,337
Decl. volume*	1,457,008,396	44,581,256
Issues traded	4,310	1,494
Advances	3,172	1,290
Declines	1,015	193
Unchanged	123	11
New highs	132	177
New lows	24	19
Closing Arms <sup>†</sup>	1.54	1.28
Block trades <sup>†</sup>	24,975	1,033

\*Primary market NYSE, NYSE Amer, NYSE Arca only. †(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

### International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
<b>World</b>	<b>MSCI ACWI</b>	<b>680.47</b>	7.18	1.07	5.3
	MSCI ACWI ex-USA	338.91	2.84	0.84	3.8
	MSCI World	2840.19	28.49	1.01	5.6
	MSCI Emerging Markets	1335.24	18.81	1.43	3.4
<b>Americas</b>	<b>MSCI AC Americas</b>	<b>1560.99</b>	18.62	1.21	6.3
Canada	S&P/TSX Comp	18990.32	289.65	1.55	8.9
Latin Amer.	MSCI EM Latin America	2280.71	-21.46	-0.93	-7.0
Brazil	Sao Paulo Bovespa	115253.31	-1380.41	-1.18	-3.2
Chile	Santiago IPSA	3327.17	-8.74	-0.26	16.4
Mexico	S&P/BMV IPC	47246.26	...	Closed	7.2
<b>EMEA</b>	<b>Stoxx Europe 600</b>	<b>432.22</b>	2.62	0.61	8.3
Eurozone	Euro Stoxx	435.38	3.28	0.76	9.5
Belgium	Bel-20	3938.63	39.15	1.00	8.8
Denmark	OMX Copenhagen 20	1471.77	...	Closed	0.5
France	CAC 40	6102.96	35.73	0.59	9.9
Germany	DAX	15107.17	98.83	0.66	10.1
Israel	Tel Aviv	1610.22	5.60	0.35	7.4
Italy	FTSE MIB	24710.00	61.44	0.25	11.1
Netherlands	AEX	708.43	8.58	1.23	13.4
Russia	RTS Index	1457.37	-19.74	-1.34	5.0
South Africa	FTSE/JSE All-Share	67236.31	751.02	1.13	13.2
Spain	IBEX 35	8577.60	-2.38	-0.03	6.2
Sweden	OMX Stockholm	879.01	5.62	0.64	14.4
Switzerland	Swiss Market	11118.03	70.66	0.64	3.9
Turkey	BIST 100	1426.56	34.83	2.50	-3.4
U.K.	FTSE 100	6737.30	23.67	0.35	4.3
U.K.	FTSE 250	21732.67	213.96	0.99	6.1
<b>Asia-Pacific</b>	<b>MSCI AC Asia Pacific</b>	<b>205.68</b>	2.11	1.04	2.9
Australia	S&P/ASX 200	6828.70	38.03	0.56	3.7
China	Shanghai Composite	3466.33	24.42	0.71	-0.2
Hong Kong	Hang Seng	28938.74	560.39	1.97	6.3
India	S&P BSE Sensex	50029.83	520.69	1.05	4.8
Japan	Nikkei Stock Avg	29388.87	210.07	0.72	7.1
Singapore	Straits Times	3181.68	16.34	0.52	11.9
South Korea	Kospi	3087.40	25.98	0.85	7.4
Taiwan	TAIEX	16571.28	140.15	0.85	12.5
Thailand	SET	1595.12	7.91	0.50	10.1

Sources: FactSet; Dow Jones Market Data

### Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	52-Week High	52-Week Low	% chg
AeroCentury	ACY	9.70	6.15	173.24	38.04	0.71	708.3
Liberty TripAdvisor B	LTRPB	68.00	29.98	78.85	134.00	3.67	1752.9
Applied Molecular Transpt	AMTI	63.57	19.56	44.44	78.22	17.05	...
Kelly Services Cl B	KELYB	30.49	8.17	36.60	90.36	10.35	168.9
Universe Pharmaceuticals	UPC	5.25	1.24	30.92	11.99	3.75	...
Nuvve Holding	NVVE	12.86	2.76	27.33	22.74	9.70	...
Moxian	ESTE	8.96	1.81	25.31	9.43	1.44	417.9
Earthstone Energy	GBR	5.24	0.95	22.14	30.99	0.72	445.3
New Concept Energy	KARO	33.99	5.99	21.39	39.00	28.00	...
Karoooont	PLBY	23.38	3.79	19.35	25.73	9.85	...
PLBY Group	YGMZ	5.47	0.88	19.17	58.00	3.66	...
MingZhu Logistics Hldgs	MOXC	5.39	0.86	18.98	5.87	0.52	798.3
Sonoma Pharmaceuticals	SNOA	8.80	1.37	18.44	19.60	4.60	76.0
Cyclerion Therapeutics	CYCN	3.29	0.50	17.92	8.96	2.18	38.8
Greenbrook TMS	GBNH	13.62	2.07	17.88	17.55	5.06	141.8



COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Table with columns: Metal & Petroleum Futures, Open, High, Low, Settle, Chg, Open interest. Includes Copper-High, Gold, Palladium, Platinum, Silver, Crude Oil, Natural Gas, Gasoline, and other commodities.

Table with columns: Agriculture Futures, Open, High, Low, Settle, Chg, Open interest. Includes Corn, Soybeans, Wheat, Rice, and other agricultural products.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Milk, Cocoa, Coffee, Sugar, and other food and beverage commodities.

Table with columns: Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, and other fixed income instruments.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, Australian Dollar, Mexican Peso, and Euro.

Table with columns: Mini DJ Industrial Average, S&P 500 Index, Mini S&P 500, and other index futures.

Cash Prices

wsj.com/market-data/commodities

Thursday, April 1, 2021

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.

Table with columns: Energy, Metals, Fibers and Textiles, Grains and Feeds, and Food. Lists various commodity prices and their changes.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; M=monthly; N=nominal; n.a.=not quoted or not available; R=SMI Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; W=weekly; Z=not quoted. \*Data as of 3/31

Exchange-Traded Portfolios | WSJ.com/ETFresearch

Table showing the largest 100 exchange-traded funds, latest session. Columns include ETF, Symbol, Closing Price, Chg, YTD, and others.

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table with columns: Inflation, U.S. consumer price index, International rates, Prime rates, Policy Rates, Overnight repurchase, U.S. government rates, Discount, and Federal funds. Lists various interest rates and their changes.

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 16, 2020. Other prime rates aren't directly comparable; lending practices vary widely by location. Discount rate is effective March 16, 2020. Secured Overnight Financing Rate is as of March 31, 2021. DTCC GCF Repo index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal-funds rates are Tullett Prebon rates as of 5:30 p.m. ET. Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table showing bond benchmarks, including Broad Market Bloomberg Barclays, U.S. Corporate Indexes, Mortgage-Backed Bloomberg Barclays, and Global Government J.P. Morgan. Columns include Coupon, Maturity, Yield, and others.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose (▲) or fell (▼) in the latest session

Table showing global government bonds with columns for Country, Maturity, Yield, and Spread. Includes U.S., Australia, France, Germany, Italy, Japan, Spain, and U.K.

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table showing investment-grade spreads for various companies like Sumitomo Mitsui Financial, Toronto-Dominion Bank, Stellantis, Walt Disney, General Motors, etc.

...And spreads that widened the most

Table showing investment-grade spreads that widened the most for companies like Royal Bank of Canada, Apple, Cooperatieve Rabobank, etc.

High-yield issues with the biggest price increases...

Table showing high-yield issues with the biggest price increases for companies like Transocean, HCA, Occidental Petroleum, etc.

...And with the biggest price decreases

Table showing high-yield issues with the biggest price decreases for companies like Genworth Financial, United Airlines Holdings, Dish DBS, etc.

\*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

Source: MarketAxess



BANKING & FINANCE

Bank Faces Greensill Roadblocks

Complicated ownership structure muddies efforts by Credit Suisse to recover investments

BY DUNCAN MAVIN AND JULIE STEINBERG

Credit Suisse Group AG's effort to recover \$10 billion invested in loans from Greensill Capital faces roadblocks because of a complicated structure that makes it difficult for the parties to agree on who owns the loans, according to people familiar with the matter.

clude loans to Greensill's biggest borrower, GFG Alliance, the metals empire controlled by British-Indian tycoon Sanjeev Gupta.

The emergence of the double-trust issue has the potential to complicate Credit Suisse's ability to recover money for the more than 1,000 investors in its supply-chain funds.

Credit Suisse said it has so far returned \$3.1 billion to investors. More cash has recently flowed into the funds as Greensill's borrowers pay back some of the loans, according to a person familiar with the matter.

The problems with Greensill comes at a difficult time for the Swiss bank while it deals with

the liquidation of Archegos Capital Management. The bank has said it expects to take a loss on both Greensill and Archegos.

Greensill, a financial startup that specialized in business lending, was founded in 2011 by former Morgan Stanley and Citigroup banker Lex Greensill. The firm specialized in supply-chain finance, a form of short-term corporate lending, and filed for bankruptcy earlier this month after it lost credit insurance that was crucial to its business.

Discussions between lawyers for Credit Suisse, Grant Thornton, which is acting as administrators for Greensill, and GFG have become increasingly bogged down in recent days over the trust structure, according to people familiar with the matter.

Citigroup Inc. operates a special-purpose vehicle, called a trust by some in the industry, that collects payments from Greensill's borrowers and forwards money on to the Credit Suisse funds, according to people familiar with Greensill's business.

This week, at the instruction of the Credit Suisse, Citigroup filed a case in a U.K. court to force one of Mr. Gupta's commodities-trading businesses into insolvency, according to people familiar with the matter.

A spokesperson for Mr. Gupta said GFG Alliance is in "constructive discussions with Grant Thornton" and said it would vigorously defend any legal action. The company is taking steps to refinance its business, the spokesperson added.

Mr. Gupta said on a podcast for GFG employees last week

that he "has a defense which is ready because we had committed facilities for three years." He said that GFG would use the defense if there were any dispute with Greensill's administrators.

Further complicating matters: Although Credit Suisse investments were backed by loans that renewed every few months, Greensill had provided GFG and some other clients with long-term commitments of up to three years, according to an internal July 2020 Greensill memo reviewed by The Wall Street Journal as well as people familiar with the loans.

This could open the door to the argument that Mr. Gupta and other Greensill clients won't have to pay back their supply-chain loans for an extended period.

—Alistair MacDonald contributed to this article.

BlackRock's Fink Gets 18% Raise In His Pay

BY DAWN LIM

BlackRock Inc. Chief Executive Larry Fink earned \$29.85 million last year, a 18% pay increase.

Mr. Fink's raise caps a year in which the world's largest asset manager took in \$391 billion in new money and gained ground over rivals as markets were rattled by the pandemic and a fee war roiled the investment industry. During the turmoil, the Federal Reserve tapped BlackRock for help in buying bonds and funds as part of a series of interventions to prop up markets.

BlackRock, which has \$8.7 trillion under management, is best known for its sprawling lineup of exchange-traded funds that trade rapidly and track indexes. It has been looking to grow in higher-fee and lucrative areas such as the private markets. It has tried to aggressively market funds that pick companies with higher environmental, social and governance scores.

As BlackRock uses its control over shareholder votes to nudge companies to improve their governance for investors, it faces growing scrutiny on how it is managing its own house.

The firm has battled criticism from former employees about a high-pressure office culture. Some have accused the firm of a sexist, exclusionary and discriminatory environment.

Mr. Fink said in a March statement to employees that "incidents we've read about today and in recent weeks vary widely, but what they all have in common is that they should not happen at BlackRock." The firm said recently it was establishing a new investigations team to handle workplace complaints and hired law firm Paul, Weiss, Rifkind, Wharton & Garrison to conduct an internal review and recommend how it could improve its handling of workplace issues.

Mr. Fink's pay for 2020 included a \$9.5 million cash award, \$18.85 million in stock and other incentives and a base salary of \$1.5 million, the firm said. That proposed executive package was disclosed in a proxy statement. A measure of his compensation package will be put up to a vote this year.

Gap Seen In Swaps Regulation

Continued from page B1

ditional disclosure rules apply if the stakes exceed 10%. Large investment firms must also disclose their stockholdings at the end of each quarter, albeit with a 45-day delay.

None of those rules apply if an investor uses swaps to amass the equivalent of a large stake in a publicly traded corporation. That appears to have helped Archegos stay under the radar until it blew up. Archegos is estimated to have had exposure to the economics of more than 10% of multiple companies' shares.

If the SEC's disclosure rules applied to swaps, Archegos's banks would have had more insight into the outside positions that Mr. Hwang's firm was taking on, said Andres Vinelli, vice president for economic policy at the Center for American Progress. That may have helped them reassess Archegos's riskiness and limit their business with the firm, he added.

"The private marketplace was not aware of the extent of the risk exposure, because it did not have enough information," said Mr. Vinelli. "The antidote for that is more disclosure."



Among the banks facing steep losses are Credit Suisse Group and Nomura Holdings.

Critics say swaps have long been used to avoid the SEC's disclosure rules, particularly by activist investors who prefer to acquire their positions secretly. Wachtell, Lipton, Rosen & Katz—a law firm that helps companies play defense against activist investors—petitioned the SEC 10 years ago to broaden its disclosure rules to include synthetic positions created by swaps.

"The Archegos meltdown amid continued regulatory shortfalls highlight the need (which we continue to think is urgent, indeed increasingly so) for comprehensive reform," Sebastian Niles, a Wachtell partner, said in an email.

The SEC says it has been monitoring the Archegos situation since last week. The agency has opened a preliminary investigation into the matter. The SEC has said in the past that investors aren't required to disclose positions in equity derivatives unless they have voting power over related shares.

The Archegos fallout has also raised concerns about whether banks were extending the firm too much leverage—the ability to place large bets with a small upfront payment.

Total return swaps can be used to place highly leveraged bets, especially if the bank doesn't demand a significant amount of collateral from the

land who now chairs the Systemic Risk Council, a group of former financial regulators and risk experts. "The collateral requirements just gradually keep coming down and everybody thinks it's all very sensible, or at least unavoidable."

The Dodd-Frank Act, passed in 2010, sought to prevent a repeat of the crisis by imposing a sweeping regulatory framework on swap trades. The law's provisions didn't apply to the swaps that Archegos used, though, because it took until December 2019 for the SEC to complete its rules for security-based swaps, and the rules are only set to take effect later this year.

Starting in October, banks and other firms that trade significant volumes of such swaps must comply with several new rules, including "know your counterparty" obligations aimed at ensuring they understand the risks of their trading partners.

Trades in security-based swaps will also need to be reported to giant surveillance databases that regulators could potentially use to monitor market activity, though details of the trades, such as the identity of the firms behind each trade, wouldn't be made public.

Proponents of stronger swap regulation say the Archegos mess underscores why Dodd-Frank was implemented in the first place. —Dave Michaels contributed to this article.

Family Offices Turn to Private-Equity Firms for Investing Talent

BY PREETI SINGH

Family-office investors poured more money into private companies in the quest for higher returns and greater control over investment portfolios.

Now, more of these private-investment firms are luring private-equity talent, offering them a chance to manage expanding portfolios and promising improved work-life balance. Executive recruiters say that searches among family-office investors to recruit private-equity talent are increasing as more family offices seek to deploy more capital directly into private companies rather than solely through funds managed by outside firms.

Direct investments by family offices surpassed an estimated 9,000 deals at the end of 2019, from just a few thousand at the beginning of the year, according to Russ D'Argento, founder

and chief executives of Fintrx, a family office database and research provider. In 2019, at least 49.7% of all family offices in North America made direct investments, according to a Fintrx report released in August 2020.

Even family offices managing less than \$1 billion in assets are searching for specialized investment talent as they seek to make more direct investments, recruiters say.

"The asset levels are going down, meaning families are more quickly deciding to bring their capability in house," said Derek Braddock, co-founder and partner at BraddockMatthews, an executive-search firm that helps family offices recruit talent. "I think that generally stems from the fact that they'd like more control."

Private-equity firms offer a pool of trained talent, often with networks of contacts and experience sourcing deals and

managing investments.

Family offices looking to attract professionals from private-equity firms often need to offer incentives such as mechanisms that allow investment staff to invest directly in deals alongside the family office or by offering them a cut of the profits generated by the deals they do, often referred to as carried interest.

Increasingly, family offices are emphasizing a better work-life balance and the security that comes with investing with long-term capital, saving them from the fundraising cycle tied to private-equity firms, according to Forrest Tempel, partner at single family office Reynolds Capital Partners, which invests in private-equity funds and makes direct investments.

For Kevin Chen, a principal at Strand Equity Partners, a position with the family investment firm offered an entrepreneurial approach to investing

that he found attractive. Mr. Chen joined Strand, a Los Angeles firm launched by entertainment and marketing entrepreneur Seth Rodsky and cable television and radio advertising pioneer Ted Schwartz, in 2017 after three years with Los Angeles-based private-equity firm Leonard Green & Partners.

Even offices managing less than \$1 billion in assets seek specialized talent.

Mr. Chen said working for a family investment firm has offered him an opportunity to explore the most rewarding aspects of investing, such as "forming relationships with founders and coming up with creative deal structures." He

added that family offices have the ability to be more patient and flexible in their approach.

More recently, the pandemic prompted an exodus of investment professionals from larger cities like New York, enabling more of them to appreciate the advantages of less expensive towns. That has made private-equity professionals more inclined to explore opportunities with family offices located outside of the big investing hubs, according to Jeff Warren, a managing director who co-heads the Americas private-equity practice at executive-search firm Russell Reynolds Associates.

Demand for investment professionals among family offices surged in August after a slowdown during the initial pandemic lockdowns, according to Tayyab Mohamed, co-founder of Agreus Ltd. and president of Agreus USA, a New York- and London-based

resourcing and recruiting company that works exclusively with family offices.

A family office investment firm launched by Bob Levine, the founder of midmarket-focused Milestone Partners, L2 Capital Partners turned to recruiting private-equity talent as his firm's portfolio of direct investments grew. Last year, L2 Capital recruited a senior associate at lower midmarket private-equity firm ABS Capital Partners to join the firm as a vice president. Another private-equity professional is set to join the team soon, he said.

"If you can become part of a team building up the PE practice within a family office, you are basically on that ground floor and can use that to support your career and build a career," Mr. Levine said, adding that private-equity jobs at well-established firms offered good pay but uncertain long-term career path opportunities.

Mutual Funds

Data provided by LIPPER

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets. e-Ex-distribution. f-Previous day's quotation. g-Footnotes x and s apply. j-Footnotes e and s apply. k-Recalculated by Lipper, using updated data. p-Distribution costs apply. 12b-1. r-Redemption charge may apply. s-Stock split or dividend. t-Footnotes p and r apply. v-Footnotes x and e apply. x-Ex-dividend. z-Footnote x, e and s apply. NA-Not available due to incomplete price, performance or cost data. NE-Not released by Lipper; data under review. NN-Fund not tracked. NS-Fund didn't exist at start of period.

Table with columns: Fund, NAV, YTD, Net Chg, %Ret. Lists various mutual funds like Artisan Funds, Baird Funds, BlackRock Funds, etc.

Table with columns: Fund, NAV, YTD, Net Chg, %Ret. Lists various mutual funds like Vanguard Funds, Fidelity Funds, etc.

Table with columns: Fund, NAV, YTD, Net Chg, %Ret. Lists various mutual funds like iShares Funds, etc.

Table with columns: Fund, NAV, YTD, Net Chg, %Ret. Lists various mutual funds like iShares Funds, etc.



MARKETS

Gold Prices Suffer Reversal

By JOE WALLACE

The gold market has lost its glint, dashing the hopes of people who predicted that lavish stimulus spending by central banks and governments would send bullion prices to new heights this year.

Gold futures on Wednesday closed their worst quarter since 2016, falling 9.5% to \$1,713.80 a troy ounce. Few assets have fared worse; namely, the price of orange-juice futures, cocoa, Turkey's lira and long-term U.S. government bonds.

The precious metal has suffered since August, when prices closed at a record \$2,069.40 a troy ounce. Gold has since dropped 17%. Forecasts of a rapid global economic expansion this year, powered by vaccinations and U.S. stimulus, have tarnished gold's allure as a haven in uncertain times.

"As people have got more optimistic about the world economy, interest rates have risen and the relative perception of gold to other yielding assets has become less attractive," said Nabeel Abdoula, deputy chief investment officer at Fulcrum Asset Management.

The London-based hedge fund has cut its gold investments in the past year. It still has holdings in the precious metal using futures and options, said Mr. Abdoula.

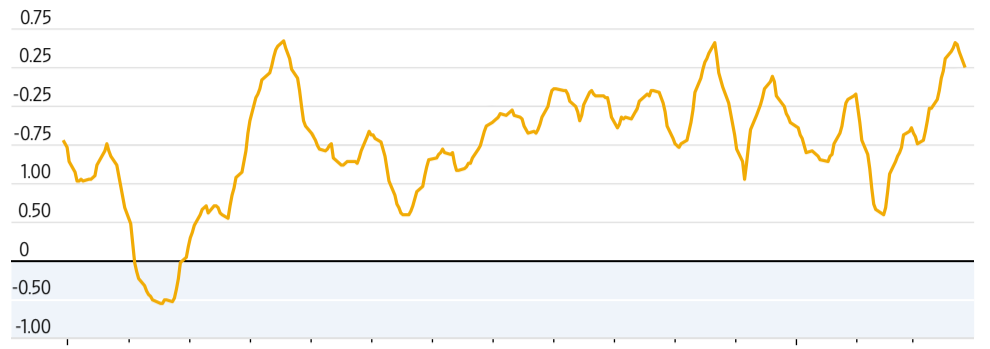
Gold's 75% surge starting in August 2018 had prompted bulls to say low interest rates and swelling deficits would debase the dollar, fueling inflation and pushing the metal higher still. Concerns about inflation have long failed to materialize: Forces including an aging population and globalization have helped to keep U.S. inflation low and stable for about three decades.

Instead, robust U.S. growth has unexpectedly strengthened the dollar: The WSJ Dollar Index rose 3.1% in the first quarter. A stronger greenback makes many commodities more expensive for buyers using other currencies.

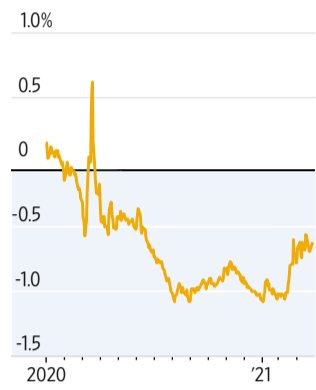
The argument for holding gold as a hedge against inflation has also endured a setback this year. The prospect of buoyant economic activity and higher inflation fueled a steep rise in yields on U.S. government bonds in the first quarter. Real yields, or the returns on government bonds after adjusting for inflation expectations, also jumped, raising the opportunity cost of owning gold, which doesn't offer income.

Fulcrum's Mr. Abdoula sees three paths for gold from here. In the first scenario, bond investors who are betting the Federal Reserve will raise interest rates sooner than it says to curb inflation may be proved right. That could send gold prices spiraling lower. In the second, Fed officials

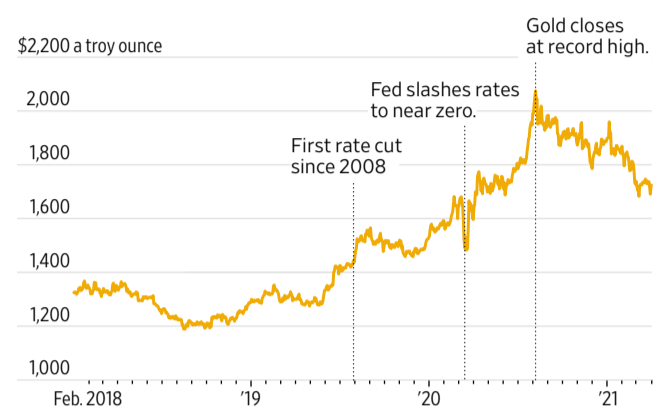
Rolling 10-trading-day correlation\* between daily price changes in gold and the S&P 500



Real yield on 10-year U.S. government bonds†



Price of most-active gold futures since 2017



\*Smoothed trend. Levels above 0 indicate prices move together; below 0 indicates they move inversely. Data through March 29. †Yield on constant-maturity 10-Year Treasury inflation-protected securities

Sources: FactSet (correlation and government bonds); Federal Reserve Bank of St. Louis (gold futures)



Speculative investors have lowered net bets on higher prices.

Copper Retreats From Near-Decade Highs in February

By AMRITH RAMKUMAR

Copper prices have fallen about 7% from a near-decade high hit in late February, part of a broad retreat from speculative trades even as the Biden administration pledges to pump trillions of dollars into the economy.

Most actively traded copper futures edged down 0.1% to \$3.99 a pound on Thursday, bringing their slide for the week to roughly 2%. The industrial metal could benefit from President Biden's recently released \$2.3 trillion infrastructure plan, but some traders are skeptical the proposal will pass in Congress and say any boost to demand has already been baked into prices.

Copper is used to build everything from houses to electric cars, making prices sensitive to changes in the global economic outlook. They are particularly tied to demand in China, which accounts for roughly half of the world's consumption.

The recent volatility highlights how many investors have already wagered on swaths of the Biden agenda, anticipating a brighter economic outlook as stimulus and coronavirus vaccines accelerate growth. Everything from electric-vehicle stocks to shares of renewable-energy companies also soared following Mr. Biden's victory in November.

Investors have pared back such speculative wagers in recent weeks as government-bond yields climb, underscoring how it could be difficult for "Biden trades" to rally from here.

"Some of the froth had built up earlier this year based on expectations—most of the expectations have already been realized," said Edward Meir, a consultant focused on metals at brokerage ED&F Man Capital Markets. "People are saying, 'Now what?'"

A similar dynamic played out following Donald Trump's

victory in 2016, with investor anticipation of a large infrastructure spending package eventually fading. Even if Mr. Biden's plan moves through Congress, its impact on copper demand will still pale in comparison with Chinese economic activity, analysts say.

Shares of electric-car makers like Tesla Inc. and other stocks tied to green energy advanced Thursday, paring some of their recent losses.

Still, higher Treasury yields have hurt those stocks and commodities like copper by increasing investor returns from ultrasafe government bonds, making riskier trades less appealing. Other factors hurting growth-sensitive raw materials in recent weeks include a sluggish vaccine rollout in Europe and data indicating that the Chinese economic recovery might slow following a hot start to 2021.

And a stronger dollar has made assets priced in dollars like commodities more expensive for overseas investors.

Hedge funds and other speculative investors have lowered net bets on higher copper prices, cutting them by nearly 50% in the five weeks ending March 23, Commodity Futures Trading Commission data show.

Many analysts view the recent pullback as a healthy correction following a period of excess optimism. Investors had piled into shares of copper miners like Freeport-McMoRan Inc., sparking nearly uninterrupted gains to start the year.

Some commodity analysts have even predicted a commodity supercycle featuring a yearslong synchronous climb in prices of oil, copper, livestock and grains. Their price projections would see copper soar past its 2011 record above \$4.60 a pound to new highs, a scenario that some analysts say is unlikely given that supply will likely recover following the pandemic.

"There are some crazy numbers out there," Mr. Meir said.

S&P Passes 4000 Mark

Continued from page B1

a surge in economic growth amid widespread vaccinations, fresh spending programs from the Biden administration and earnings expectations. Still, they point to risks stemming from rising bond yields, new lockdowns in Europe and signs of excess in corners of the market.

Over the past year, stocks have risen sharply in expectation of an economic rebound, said Shawn Snyder, a strategist at Citi U.S. Wealth Management. Now that it appears to be here, investors have "Covid jitters," he said, looking warily at inflation expectations and, ultimately, a reversal of Federal Reserve policy.

"We're exiting this Goldilocks situation [for stocks] and wondering if the porridge is too hot," he said.

Some are questioning whether this year's rotation out of technology stocks and into economically sensitive sectors like banks and energy has gone too far. Having powered the broad market higher in 2020, the rally in tech stocks slowed in the first quarter as investors bought into companies that stood to benefit from

the economic rebound. That thinking was evident Thursday.

"We are entering a period of time when there is a bit more risk, and for that I want to have a more balanced approach," said Lars Skovgaard Andersen, investment strategist at Danske Bank Wealth Management. Mr. Andersen said he thinks information-technology stocks such as Microsoft and Salesforce.com would provide a cushion if cyclical stocks lose momentum.

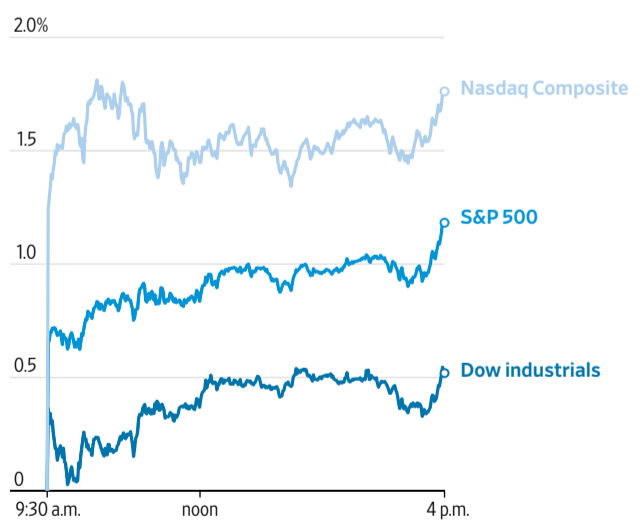
Despite the sector rotation in the stock market this year, tech stocks were the biggest drivers of the S&P 500's latest 1,000-point milestone. Five stocks—Apple, Microsoft, Amazon.com, Facebook and Alphabet—contributed 44% of the gains, according to S&P Dow Jones Indices.

On the economic front, new claims for jobless benefits edged up to 719,000 last week from 658,000 the previous week, data from the Labor Department showed. Economists had expected unemployment to decline—a proxy for layoffs—to decline. The figures are followed by investors 1% seeking to gauge the pace of the economic rebound.

Although U.S. investors will also be eager to see the March payrolls report Friday morning, they won't be able to trade on the data until Monday, as the equities markets will be closed for Good Friday.

The Institute for Supply Management's March survey of purchasing managers at U.S. factories was better than ex-

Index performance, Thursday



Source: FactSet

pected, showing another solid month for new orders, output and employment. The March PMI came in at 64.7, higher than the projected 61.7.

That is another welcome sign for the economy. On Wednesday, President Biden unveiled a \$2.3 trillion infrastructure plan centered on fixing roads and bridges, expanding broadband internet access and boosting funding for research and development. Semiconductor producers and others stand to benefit from Mr. Biden's infrastructure package, Mr. Andersen said.

In corporate news, shares of Micron Technology rose \$4.20, or 4.8%, to \$92.41 after The Wall Street Journal reported that the memory-chip maker was exploring a potential deal for Japan's Kioxia.

are correct in projecting that a spurt of inflation this year will be short-lived and that the central bank will keep rates near zero through 2023. In that scenario, Mr. Abdoula reckons gold prices have fallen too far.

The third possibility is that disruptions to the global supply chain for vital products such as electronic chips and plastics, or other factors, generate higher and longer-lasting inflation than investors or the Fed predict. That might depress real bond yields and boost gold, Mr. Abdoula said.

Gold's decline has knocked down shares of mining companies including Barrick Gold Corp.

It has also weighed on exchange-traded funds backed by gold, which are a cheap and easy way for individual and institutional investors to bet on prices. Investors have pulled a net \$75.2 billion this year from

the SPDR Gold Trust, the biggest spurt this fund, according to FactSet.

In the early months of the pandemic, the metal was a prime beneficiary of a collapse in interest rates. Analysts at banks including Goldman Sachs Group Inc. and Citigroup Inc. touted gold as an investment. Money poured into gold-backed ETFs. Warren Buffett's Berkshire Hathaway Inc. added to the excitement when it invested in Barrick.

That zeal has cooled. Several banks have slashed their forecasts for gold prices. Goldman Sachs in February cut its 12-month outlook to \$2,000 a troy ounce from \$2,300 in August.

"What we got wrong is the underlying economic growth environment is far stronger," said Jeffrey Currie, head of commodities research at the bank. Investors have switched

out of gold and into markets that stand to prosper from the lifting of lockdowns, such as industrial metals, he said.

Another factor reducing the attraction of gold is that the metal has failed to act as a hedge that zigs when riskier assets like stocks zag. In recent months, the correlation between the metal and the S&P 500 has been consistently positive.

Some investors remain bullish on gold and see now as a time to buy. Daniel Egger, chief investment officer at Switzerland's St. Gotthard Fund Management, said central banks will push back against rising bond yields, giving gold a new lease of life.

A sustained rise in inflation-adjusted yields "would suffocate the real economy considering the enormous amounts of debt that have come to the market," Mr. Egger said.



Several banks have slashed their forecasts for gold prices. A refinery in Australia.

at SEB Investment Management. "Bond volatility is going down, which is part of feeling more confident in seeing the opportunity in growth stocks."

Oil prices rose after the Organization of the Petroleum Exporting Countries and a group of other big producers led by Russia agreed Thursday to add about 350,000 barrels a day in production, with more loosening later this year.

U.S. crude rose 3.9% to \$61.45 a barrel. Analysts expected the cartel to keep output cuts in place to bolster the oil market after a recent slide in prices.

Overseas, the Stoxx Europe 600 rose 0.6%, led by tech and real-estate stocks. Early Friday, Japan's Nikkei was up 1.1%, Hong Kong's Hang Seng was up 2% and South Korea's Kospi was up 1.1%. S&P futures were up 0.2%.

AUCTION RESULTS

Here are the results of Thursday'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 2 columns: Bid Type and Amount. Includes rows for FOUR-WEEK BILLS and EIGHT-WEEK BILLS.

The bills, dated April 6, 2021, mature on May 4, 2021.

Coinbase Exchange Set to Go Public

By PAUL VIGNA

Coinbase Global Inc. plans to go public in a highly anticipated direct listing on April 14, the U.S.'s largest cryptocurrency exchange said Thursday.

Coinbase, founded in Silicon Valley in 2012, provides services for institutional and individual clients in the crypto markets. It has grown to about 1,200 employees and 43 million customers in more than 100 countries. In 2020, it brought in \$1.3 billion in revenue and turned a profit of \$322 million.

In private markets, shares had recently changed hands at a price that would give the company a valuation of \$67.6 billion, it disclosed in a regulatory filing. Whatever it does raise will be added to the \$1 billion in cash the company has on hand, giving it a big war chest to ride bitcoin's ups and downs.

Coinbase's fortunes are intertwined with bitcoin, the digital currency launched more than a decade ago. Fully 96% of Coinbase's revenue comes from transaction fees, which means the company benefits when bitcoin is in one of its frantic trading phases.



# HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

## When Doors Open, Stocks' Window Closes

People are starting to have better things to do than invest in markets for entertainment

Many on Wall Street turn to the "boredom market hypothesis" to explain the stunning rally of the past year: Bereft of travel and other pursuits, stimulus-check recipients gambled on hot stocks ranging from **GameStop** to electric-vehicle startups. As economies reopen, investors will need to grapple with the consequences of more people spending their checks outdoors.

It has been two weeks since the Treasury Department started sending \$240 billion worth of electronic payments to households. Spending on Chase credit



People turned to hot stocks like GameStop for entertainment.

cards jumped and is 1.6% below its pre-Covid trend—compared with a 40% fall in March 2020—JPMorgan Chase data showed this week.

This time, though, the stimulus isn't filtering through to the stock market.

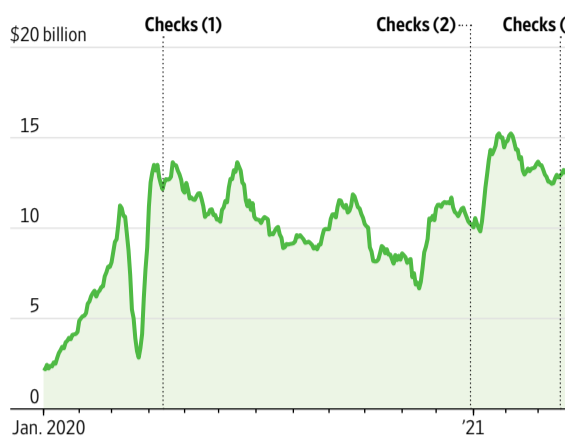
Daily equity purchases by individual investors have remained stable at around \$11 billion in recent weeks on a 10-day rolling basis, data from flow tracker VandaTrack shows. This is sharply different from what happened in April 2020, when checks immediately led to a jump in retail flows, or January of this year, when the impact was clearly noticeable two weeks in.

Both amateur and professional money managers need to pay close attention. In a paper published this week, researchers from the Swiss Finance Institute found that individual investors had a disproportionate market sway versus institutional ones during the second quarter of 2020 because they reacted more to price changes: Every dollar going into zero-fee investing application **Robinhood** caused a \$5 increase in equity capitalization.

Households usually make decisions about spending first and then decide how to invest their savings, rather than making a choice between going to the cinema or buying GameStop shares. But forcing people to stay indoors

Previous rounds of U.S. stimulus checks led to a surge in trading, but not this time...

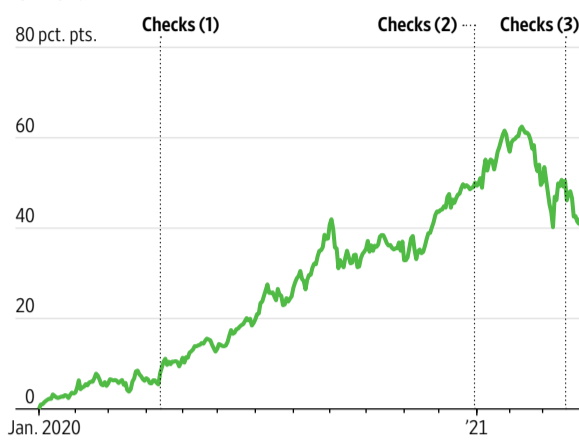
Net equity purchases by retail investors



Source: VandaTrack

...unlike in previous stimulus-check rounds, retail investors have been underperforming the market.

Retail-investor model portfolio performance relative to the broader S&P 500, cumulative returns since the end of 2019



turned gambling on hot stocks into a new form of entertainment. Behavioral-economics research also shows that people tend to spend one-off windfalls more recklessly.

Now, thanks to vaccinations and lockdowns easing, there are more ways to spend money recklessly away from home. Chase figures suggest that the largest increases in card payments were registered in lodging establishments, restaurants and retail stores.

Also, previous rounds of stimulus hit people's bank accounts at a time when the stocks favored by individual investors were doing well. This time it happened right after a big drawdown in their

portfolios, VandaTrack estimates. Playing Wall Street trader is far less fun when you are losing.

The absence of this tidal force should have consequences for how markets trade, at least in the short term.

For one, much of the 2020 enthusiasm for "reopening" trades was driven by individual investors. Without them, sectors such as airlines, hotels and cruise ships offer less of an upside even if the summer season meets now-elevated market expectations.

Retail money also favored electric-vehicle, space and cannabis stocks, which have all stalled lately.

The impact on the wider tech sector is less clear-cut. Retail

money is very exposed to it, yet flows into tech-centered passive vehicles are still increasing. That suggests many see them as a prudent place to put long-term savings. Staples like **Apple** and **Alphabet** may be in a better position than smaller startups.

The no-fee app trading boom wasn't purely a pandemic phenomenon. Funds seem to keep flowing into online-forum darlings like GameStop, suggesting that a few organized enthusiasts are still eager to prop up individual firms. On the whole, though, the role of boredom in asset-pricing models should greatly diminish as Americans shift a chunk of their lives offline.

—Jon Sindreu

Evergrande liabilities as a percentage of assets



Sources: Capital IQ; Evergrande Group

## China Evergrande Is Still Building Up Its Liabilities

**China Evergrande Group** aims to slash its debt load at a rapid clip to meet government-mandated targets. But beneath the headline metrics, the group is still accumulating leverage in disguise.

Evergrande currently finds itself breaching all three "red line" metrics for property companies that Beijing began monitoring last year, constraining its capacity to issue more bonds. With its annual results on Wednesday, the company said it intends to trim its liability-to-asset ratio to below 70% by the end of next year—from around 85% at the end of

rearrangements are technically equity investments, they start to look rather a lot like debt—at a very high interest rate—if the subsidiaries aren't floated.

Rebranding debtlike arrangements is central to Evergrande's deleveraging effort. Another crucial element of financing, pre-sales of not-yet-built housing, is also excluded from the three red lines.

That may explain why Evergrande's borrowings have fallen by around 10% since the end of 2019, while contract liabilities—typically dominated by pre-sales—rose 43%. Trade and other payables, typically owed to contractors, rose by around 16%. These are liabilities but without fixed maturities, allowing the company to perform well on debt metrics while the amount it owes actually rises.

Evergrande is the white whale for dozens of funds and skeptical analysts who have decided that the company's financial model isn't sustainable. But the harpoons have repeatedly failed to pierce the company's hide.

The conclusion from their attempts, unsatisfying as it is, can only be that Evergrande's financial health is a function of its political support and little else. It lives at the nexus of China's biggest financial and arguably political frailty: the dependence of local governments on land sales, and the fact that the most household wealth is tied up in a real-estate market that bears the hallmarks of speculation.

As befuddling as it may be to true believers in markets, Evergrande can survive—and keep shuffling its significant liabilities around—as long as Chinese officials want it to.

—Mike Bird

## Kioxia Is a Must-Have for Both Western Digital and Micron

Go big or go home. That's the reason for deals in the memory-chip market.

Memory-chip makers **Micron** and **Western Digital** are weighing bids to buy rival **Kioxia**, which could value the Japanese company at around \$30 billion, according to people familiar with the situation. Kioxia, formerly Toshiba Memory, is the second-largest maker of NAND flash memory, used in storage, according to Trendforce.

Consolidation in the capital-intensive industry is inevitable. Total capital expenditure for the memory-chip business in 2020 amounted to \$39.3 billion, more than a third of the total for the semiconductor industry, according to IC Insights. Spreading that enormous fixed investment over a larger volume helps lower costs. Fewer players in the industry means better pricing power and more disciplined spending.

Similar consolidation happened in another corner of the memory-chip market. In DRAM, used for processing, three companies—**Samsung Electronics**, **SK Hynix** and **Micron**—have nearly all of the market.

**Toshiba**, which owns 40% of Kioxia, gained 5% Thursday, but SK Hynix went up 6%, probably because a more consolidated market benefits everyone remaining.

SK Hynix's \$9 billion purchase of Intel's NAND flash memory business announced in October



SAMSUNG ELECTRONICS/EPFL/SHUTTERSTOCK

Total capital expenditure for the memory-chip business in 2020 amounted to more than a third of the total for the semiconductor industry.

kicked off the wave. The combination will transform SK Hynix into the second-largest supplier in the NAND market in 2020—the two together had 21% market share in 2020. That has put pressure on smaller players like Western Digital or Micron to pursue deals to expand their scale.

For Kioxia, the deal offers a price too good to refuse. The Japanese company failed to list its shares in Tokyo in September at a valuation of \$16 billion. The company blamed the pandemic and stock-market volatility, but investors probably snubbed the deal because the valuation was seen as too high. Market sentiment has improved since then: Micron and SK Hynix both gained more than 60%. But Kioxia is

likely worth much more as part of a rival's empire than it would be if it tried to list again as a stand-alone player.

Western Digital, which has a joint venture with Kioxia, looks like a natural buyer. But Micron, bigger and more financially sound, could potentially proffer a better bid. Micron's market value is five times that of Western Digital, and it is sitting on net cash and generates higher operating cash flow.

Assuming some sort of deal goes ahead, whoever fails to buy Kioxia would become the smallest player in the NAND flash industry, pitted against three much bigger players—a precarious and probably untenable place to be.

An intense fight for the prize is all but guaranteed. —Jacky Wong

## CarMax Owners Love That Old Car Smell

**CarMax** was practicing defensive driving against online upstarts last year. Now it has pulled into the passing lane.

The used-car seller had a decent quarter ended Feb. 28, with total sales increasing 4.1% compared with a year earlier. Both revenue and net income were in line with Wall Street's expectations—a solid performance given some challenges.

Earlier in the quarter, a surge of Covid-19 cases forced some stores to restrict occupancy. In February, sales slowed because of delays in tax refunds and because severe winter weather held back the retailer's ability to recondition used cars.

The road ahead looks smoother. In an earnings call Thursday, CarMax noted that sales had grown by double digits in March compared with March 2019, which was the retailer's last record month of sales.

Selling used cars is lucrative at the moment. New car supply has been constrained since last year,

first due to Covid-19 restrictions and then a global semiconductor shortage. The latest bottleneck is the disruption in plastics production due to brutal winter storms in Texas. Wholesale used vehicle prices were 23.7% higher as of mid-March than they were a year earlier, according to Manheim.

Even with a strong demand backdrop, though, CarMax is stepping on the gas. In 2020, its market share of vehicles up to 10 years old fell to 4.3% from the prior year's 4.7%. That seemingly small drop is notable given that the retailer traditionally has the largest share of a fragmented market. Online sellers such as **Carvana** are growing quickly.

CarMax is becoming more competitive. Last year, it completed the full rollout of online selling capabilities. This past February, it finished rolling out online instant appraisals nationwide—a feature that online sellers like Carvana offer.

Going forward, CarMax might need to sacrifice some profitability to pull ahead. In January, it announced a 30-day money-back guarantee for its used-car purchases, throwing down a challenge to competitors that offer seven-day guarantees. On Thursday, it announced it had agreed to buy the remaining stake in Edmunds, a popular online automotive research site consumers use to gauge car prices.

CarMax shares are finally gaining traction, notwithstanding a 7% drop following Thursday's call. Its shares are up more than 30% year to date compared with Carvana's 11% gain. Its shares no longer look as cheap, commanding more than 25 times prospective earnings compared with its five-year average of 17 times.

Further gains might induce sticker shock unless CarMax proves it can stop losing market share.

—Jinjo Lee

Rebranding debtlike arrangements is central to the company's deleveraging effort.

2020—and move the two other debt metrics out of the red zone this calendar year.

On Monday, the company announced a sale of shares in subsidiary FCB Group to support that deleveraging. That raises a little over \$2 billion for 10% of the online platform for home and car sales, a rather lofty valuation. If there is no IPO in the next 12 months, the investors are entitled to demand the shares be repurchased at a 15% premium.

That might ring a bell for readers who have followed the Evergrande saga.

Last year, the company ran into trouble with strategic investors in Hengda, a subsidiary it had promised would go public as long ago as 2016.

In both cases, though the ar-





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# MANSION

HOMES | MARKETS | PEOPLE | REDOS | SALES

THE WALL STREET JOURNAL.

**Lorraine Toussaint**  
A hard life hard-wired her for acting. **M10**



Friday, April 2, 2021 | **M1**



JO HANLEY FOR THE WALL STREET JOURNAL (3)

## At Home in a Scottish Castle

These historic buildings are the ultimate status symbol—rare, expensive and enormous. These are some of the challenges and joys of living in, and maintaining, them.

By RUTH BLOOMFIELD

**P**ortraits of James Ramsay's forebears line the walls of his Scottish castle, and although it is 36 times the size of a typical British home, there are plenty of ancestors to fill the space.

Brechin Castle has been a stronghold of the Ramsay family since around 1645. Mr. Ramsay is the 17th member to hold the title Earl of Dalhousie and own the landmark castle in the county of Angus, eastern Scotland.

Soon, however, and to his great regret, Brechin Castle will have a new master. Lord Dalhousie and his wife Marilyn, Countess of Dalhousie, are selling the



family seat. The castle, plus 70 acres of grounds and five houses, is listed with Savills, for offers over \$4.135 million. "My father inherited the castle from

his brother, and we moved here when I was 2 years old," said Lord Dalhousie, 73. "All my memories are from here. It is not a scary sort of castle; it feels like a very friendly family home. I had two brothers and two sisters, and there were lots of passages for us to run about in and woods where we could build huts and muck about. At that time, the estate employed a lot more people and their children were our playmates. It was a really nice community to grow up in."

A Scottish castle is, perhaps, the ultimate trophy property. They are rare; according to the conservation organization Historic UK, there are just over 100 in Scotland. They are also very expensive.

Current castle owners include Ellis  
*Please turn to page M6*



James Ramsay, Earl of Dalhousie, and his wife Marilyn, Countess of Dalhousie, are selling Brechin Castle, which has been in the Ramsay family since 1645. They want to avoid burdening their son, Simon, with the upkeep, since he would eventually inherit it.

## The Whitney Family's Last Stand

The family behind the Whitney Museum of American Art is selling the last piece of what once was a 1,000-acre estate

By CANDACE TAYLOR

**IN THE EARLY** 1900s, the wealthy family of Gertrude Vanderbilt Whitney owned roughly one thousand acres on the North Shore of Long Island. The sprawling estate included a McKim, Mead & White-designed mansion, a horse stable with 83 stalls, a tennis house with an indoor pool and an art studio for Mrs. Whitney, a sculptor who founded New York's Whitney Museum of American Art.

Over the years, the Whitneys demolished the mansion and sold off bits and pieces of the property; the stable is part of the campus of the New York Institute of Technology, and the tennis house is part of a country

Roughly 7,000 square feet



On Long Island's North Shore, this art studio—now a home—comes with formal gardens and swimming pool.

club. Now the family is selling the last remaining piece of the original estate: the art studio, a circa 1912, Palladian-style structure with its own formal gardens and swimming pool. It will list for \$4.75 million.

In the 1980s, the family

added to the structure to convert it to a five-bedroom, roughly 7,000-square-foot home. The original studio space and gardens remain almost entirely intact, however, down to the dolphin-shaped door

*Please turn to page M4*

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## PRIVATE PROPERTIES

# Jerry Seinfeld Lists Home With Views, Gym, Yadda, Yadda, Yadda



Jerry Seinfeld is listing his Telluride, Colo., home for a second time—not that there's anything wrong with that.

The comedian and his wife, Jessica Seinfeld, are seeking \$14.95 million for the main house on roughly 27 acres, according to

**FOR SALE**  
**\$14.95**  
**MILLION**

12,300 sq. ft.,  
11 bedrooms,  
11 full bathrooms,  
yoga studio

listing agent Bill Fandel of Compass. A four-bedroom guest house on a separate, roughly 17-acre parcel is also for sale asking \$2.775 million.

The Seinfelds first put the main property on the market in 2011 for \$18.3 million, but took it off after only a few months because they decided not to sell, Mr. Fandel said. Avid skiers, they frequently vacationed at the property with their three children, he said. They are now selling because their children are older and because of the fast-moving real-estate market.

"Recognizing the strong demand for properties, they felt this was a good time," Mr. Fandel said, noting that he already has showings lined up.



The main property first listed for \$18.3 million in 2011.

Modern Farmhouse in style, the roughly 12,300-square-foot main house is designed to resemble a series of connected Western ranch structures. It has 11 bedrooms, 11 full bathrooms and two half baths, according to Mr. Fandel.

A vaulted great room has floor-to-ceiling windows with mountain views. There is also a gym, a yoga studio and a four-car garage. Located about 10 minutes from Tel-

luride Ski Resort, the property also includes a creek and a private trail system through aspen and spruce trees.

The Seinfelds bought the circa-1991 main house in 2007 for \$7.55 million, according to public records. They purchased the guest house a year later for \$2.3 million, Mr. Fandel said, and have used it as a caretaker's cottage.

"After the Seinfelds purchased the property, they did a remodel and reimagined the whole place," he added.

The Seinfelds also have homes in Manhattan and in the Hamptons, according to public records. Mr. Seinfeld, 66, rose to fame in the 1990s as the star of the sitcom "Seinfeld," which he co-created. More recently, he hosted the series "Comedians in Cars Getting Coffee." His book "Is This Anything?" was published in October. Ms. Seinfeld is a cookbook author and founder of the nonprofit Good+ Foundation.

Mr. Fandel said the Telluride area is seeing bidding wars and record-breaking prices. This summer, director Barry Sonnenfeld closed on the sale of his home next door to the Seinfelds' for about \$13 million. Tom Cruise's estate in the area is listed for \$39.5 million.

— Candace Taylor



The Seinfelds paid \$7.55 million in 2007 and remodeled.



FROM TOP CLOCKWISE: ROY ROCHLIN/WIREIMAGE/GETTY IMAGES; JOSH JOHNSON (2 LIVING ROOM & KITCHEN); DAVID O. MARLOW (2)

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PRIVATE PROPERTIES



# Onetime Bing Crosby Home In San Francisco Area Lists

In the San Francisco Bay Area, the onetime home of Bing Crosby is listing for \$13.75 million.

The late crooner bought the Tudor-style home in Hillsborough, a tree-lined suburb about 20 miles south of San Francisco, in 1963 for \$175,000, according to press reports from the time, moving with his then-wife Kathryn and their three young children from Beverly Hills.

The Crosbys moved to Hillsborough because they didn't want to raise their children in Hollywood, said their son, Nathaniel Crosby, 59. But he said they only lived in the house for about 18 months before buying a larger estate across town, where his mother still lives.

Built around 1930, the Tudor-style home is about 10,000 square feet and has 10 bedrooms and two wood-burning fireplaces, according to listing agent Charles Griffith of Golden Gate Sotheby's International Realty. The house also has a large ballroom, a dining room which opens to a terrace and a library paneled in English-pickled pine. The roughly 3 acres of grounds include a heated swimming pool and a three-car garage with an apartment above it.

The home's current owners are Paul and Suzanne Roche, who bought the property in 2014 for around \$8 million, according to property records. Mr. Roche is senior partner at McKinsey. Ms. Roche said they are selling because they are getting divorced.

"I loved the idea of it being Bing Crosby's house, because I'm so into

**FOR SALE**  
**\$13.75 MILLION**  
10,000 sq. ft.,  
10 bedrooms,  
a heated pool,  
a library



The owners paid \$8 million for the house in 2014.



old Hollywood and the American Songbook," Ms. Roche said.

The Roches extensively remodeled the house, maintaining original details like leaded-glass windows but revamping the kitchen and bathrooms, Ms. Roche said. When they moved in, they found labels in the linen closets detailing where Mr. Crosby's washcloths and sheets should be stored, she said.

Ms. Roche started hosting jazz concerts in the home's ballroom, eventually founding a nonprofit known as Jazz at the Ballroom. The organization, which supports music education,

now holds concerts up and down the West Coast. Kathryn Crosby, Mr. Crosby's widow, has performed in some of the organization's concerts, said Ms. Roche.

Ms. Roche said now that she is getting divorced, managing the house feels too daunting. "It's not a place that you just live in," she said. "It is a piece of artwork that you need to take care of."

—Candace Taylor

Kayak CEO lists in Miami for \$39.9 million. **M9**

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MANSION

The Whitneys

Continued from page M1 handles.

They are hoping a buyer will continue to preserve the structure, which sits on about 6 acres. "It's 100 years that we have kept this thing going," says John LeBoutillier, Mrs. Whitney's 67-year-old great-grandson who owns the property with his sister, Susan S. Humes. "We'd like someone to come along and keep it going for another 100 years."

A descendant of robber baron Cornelius Vanderbilt, Gertrude Vanderbilt was born into one of the country's wealthiest families, and married into another one. Her husband, Harry Payne Whitney, was also heir to a fortune.

Mrs. Whitney was a sculptor. Her best-known works include the Titanic Memorial in Washington, D.C., and the Christopher Columbus memorial in Huelva, Spain. Also a leading arts patron, she offered her collection of works by American artists to the Metropolitan Museum of Art. When it was declined, she founded the Whitney Museum of American Art in 1930.

The Whitneys, who married in 1896, lived primarily in New York City and used their Long Island estate as a country home. They hired architects Delano & Aldrich to design an art studio a short distance away from their main house. The workspace—now used as a living and dining room—has 20-foot-high ceilings and a massive north-facing skylight to provide the ideal sculpting conditions, Mr. LeBoutillier explains. He points out a hook hanging from the ceiling which Mrs. Whitney used to lower her creations through a trap door into the cellar, where they were loaded onto carts and pulled by pony through a 100-foot-long tunnel to the kilns.

The studio wasn't just a workspace. Inspired by an Italian villa, the building had a limestone facade, multiple bedrooms and re-



Gertrude Vanderbilt Whitney, right, was a sculptor who founded the Whitney Museum of American Art. Her art studio, once part of a 1,000-acre estate, was turned into a home. Now the home—the last piece of the original estate—is up for sale.



The original studio space is used as a living and dining room.



A trap door under this rug was used to transport sculptures to the kiln.



ception rooms for entertaining. It also served as Mrs. Whitney's refuge from an unhappy marriage, Mr. LeBoutillier says. He believes his great-grandmother had numerous extramarital affairs. "Gertrude was very avant-garde," he explains in a posh Locust Valley Lockjaw

("toe-mah-toes"). The studio was also the scene of wild parties frequented by the likes of Albert Einstein, he says. For one soiree, the Whitneys emptied out the swimming pool to make space for two kangaroos. Mr. LeBoutillier, a writer and commentator who

served one term in Congress, frequently gives tours of his home to various groups, so his explanations are well-practiced. He deftly rattles off the names of the artists whose works are on display in the home

alongside Mrs. Whitney's, including Charles Baskerville and Robert Winthrop Chanler. On an early spring morning, Mr. LeBoutillier wears a blue sweater over a red polo shirt, brown corduroys, and a navy pea coat. He recounts how he came to live in the house: When his father died in the late 1970s, his mother decided she wanted to live in the studio. No one had used it since his great-grandmother died in the 1940s, although as a child he occa-

sionally visited to swim in the pool. "She loved it over here," LeBoutillier says of his mother. "It's a beautiful place and it was allowed to go to hell. And she saw the potential to bring it back to the way it was. I guess she remembered it from her youth."

Mrs. LeBoutillier added a wing on either side of the original studio structure to make it function as a home. One of the wings contains a large, modern kitchen. But *Please turn to page M5*



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Circa 1912, the Palladian-style structure is inspired by an Italian villa.



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# MANSION



Mrs. Whitney's descendants left the interiors of her studio untouched. They turned one of the reception rooms into a replica of Mrs. Whitney's bedroom in her Paris home, below. They used furniture that had been in storage, including her bed, chaise, desk—and even a letter opener.



she was careful to make the new sections blend seamlessly into the original.

"Everything was done to keep it in the spirit of the studio, but to make it a living house," says Mr. LeBoutillier, who moved in along with his mother in 1982.

The LeBoutilliers left the interiors virtually untouched. Details like the dolphin door handles and hand-wrought iron decorative screens are intact. On the second floor in what was Mrs. Whitney's bedroom, the walls are still covered in the original black-and-gold mural by Mr. Chanler. The adjoining bathroom still has Mrs. Whitney's sunken bathtub tiled in greenish blue, as well as the original sink, toilet and even her soap dish. A narrow spiral staircase leads from the second floor, through the back of a closet on the main floor, and down to the cellar; what Mrs. Whitney used it for is unclear.

The house "really is a living museum," says listing agent Paul Mateyunas of Douglas Elliman. He anticipates that the purchase will be "an emotional sale."

The building's main stairwell was originally adorned by a brightly colored, 73-foot-long mural, which includes an image of

Mrs. Whitney. The artist was her friend Howard Gardiner Cushing, who Mr. LeBoutillier believes was also her lover. The original was removed at the Cushing family's request and replaced by a copy.

Outside, the swimming pool is surrounded by gardens; water flows from a fountain to the pool by an aqueduct. The grounds also include a two-bedroom caretaker's cottage.

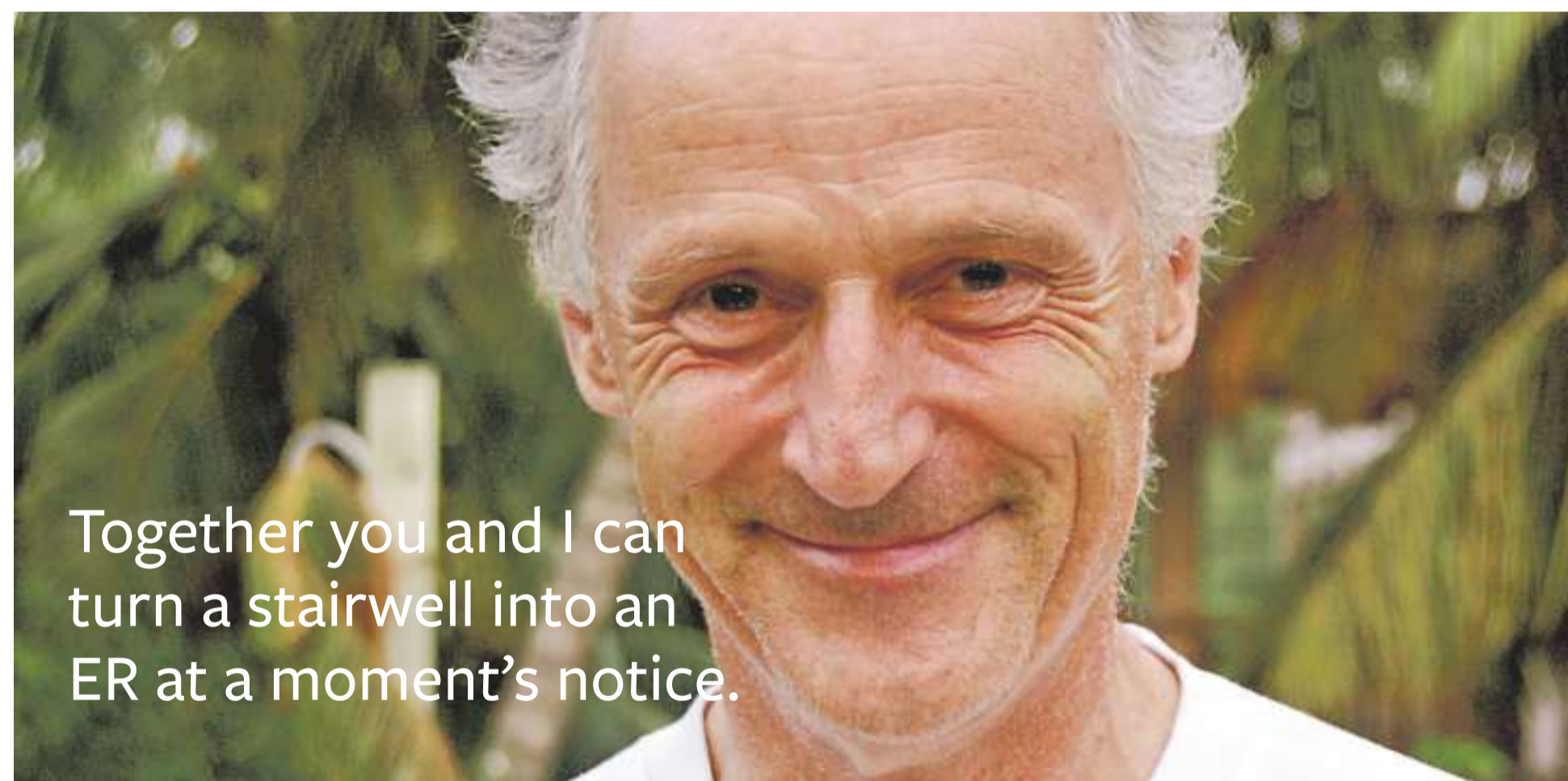
The house also serves as a display space for Whitney and Vanderbilt family memorabilia. The walls are covered with black-and-white photos of the stylishly dressed Mrs. Whitney as well as other family members. On a table in the living rooms sits a photo of Mr. LeBoutillier's younger sister with Mick Jagger, a friend of the family. The LeBoutilliers turned one of the reception rooms into a replica of Mrs. Whitney's bedroom in her Paris home, using furniture of hers that had been in storage: There is a bed draped in a baby-blue canopy, a chaise and a desk complete with Mrs. Whitney's tape dispenser and letter opener.

Mr. LeBoutillier says he's not sure what will happen to the furniture and art when the studio is sold. He hopes that whoever buys the house will continue to preserve it, perhaps as a museum or an art space, and will want to keep some of the artifacts in place. "My mother said, 'John, we live in the most special place. We ought to share it,'" he recalls. "So we'd like to find someone to buy it in that spirit, who would keep it going and honor her and art."

As for himself, he now lives alone in the building with his cat, Plumley, and he's ready to pass the job of preserving the property on to someone else. "It's time," he says. "It really is time."



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MANSION

Highlands Home

Continued from page M1

Short, a Missouri-born private equity chief, who paid a reported \$31.7 million for Skibo Castle in 2003. In 2018, John Paul DeJoria, co-founder of the haircare brand John Paul Mitchell Systems, bought 469-year-old Taymouth Castle. Danish fashion magnate Anders Holch Povlsen has extensive holdings in Scotland including fairy-tale Aldourie Castle, which he purchased in 2014 for \$20.68 million, located on the banks of Loch Ness.

Before Lord Dalhousie inherited his title from his father in 1999, he had worked as a banker in London and New York. He and his wife then relocated to the castle. It dates from the early 1700s and incorporates sections of a previous 13th-century castle, according to conservation organization Historic Environment Scotland.

The couple are selling partly because they want to downsize. The castle has eight reception rooms, 16 bedrooms, 10 bathrooms, and measures 35,843 square feet. Recent U.K. government figures found that the average British home measures 993.5 square feet.

Castle living also has its challenges: Some rooms are cold in winter, the layout can be inconvenient, and it takes a lot of cleaning and maintaining.

"It was built in the days when there were lots of servants, so the kitchen is a long way from the dining room, and things like that," added Lord Dalhousie. "It is a bit like owning a yacht. There are always things that need doing and it is quite hard without a large crew."

Currently, the house has one full-time and one part-time housekeeper, and a full- and a part-time gardener. Lord Dalhousie estimates that basic running costs are about \$344,000 per year.

"I took the view that future generations were not going to make enough money to be able to keep it up properly," he said.

"Rather than live beyond one's means, it seemed sensible to make the decision to do the dirty, rather than palm it off onto my son. I feel desperately sad about so many things. There is more than 350 years of history here. But it is the way things have gone."

John Bound, a partner at Galbraith estate agents, says a castle generally comes onto the market "every year or two." Selling them is an unpredictable business.

"It is a bit like selling an island," he said. "They are slightly whimsical and it really just depends who is looking at the time. You generally get a lot of foreign interest. Castles are romantic and historical and I think that appeals to Americans in particular. And somebody who has just sold a house in London can afford to buy a castle up here. They are not expensive in terms of what you get for your money."

Castles also attract tourists eager to peak at a landmark home they have no intention of buying.

"They always bring out the time wasters," said Mr. Bound. "You always get someone who pretends he's a multimillionaire. You can always spot them; you start asking for proof of funding and that tends to frighten them off."

Owning a castle was a lifelong dream for Paul Veenhuijzen, 76, whose career in shipping saw him travel the world with his wife, Josine Veenhuijzen, 68. Their first home together in 1973 was in Edinburgh. In the mid-1990s, the couple, who have three daughters, decided to buy an apartment there.

When they started looking for a country property for weekends, they came across Earls Hall Castle, close to the university town of St. Andrews. With 53 acres of grounds and three cottages, the 8,393-square-foot castle was an extravagant vacation home. But having been brought up in modern houses, Mr. Veenhuijzen had always wanted a truly ancient home.

Sir William Bruce, a Scottish nobleman, began building the castle in 1546, and it was finally completed in 1620, according to the Gazetteer for Scotland, a survey of Scottish history.

The Bruce family owned the castle until 1708. After that it changed hands several times, eventually becoming derelict until



**TAYMOUTH CASTLE**  
469 years old



**SKIBO CASTLE**  
2003 Purchase Price: \$31.7 million



**ALDOURIE CASTLE**  
2014 Purchase Price: \$20.68 Million



**FORTER CASTLE**  
1988 Purchase Price: \$34,400  
Interior renovations: \$345,000  
Annual electricity bill: \$48,000  
5,000 sq. ft.

Robert Pooley, left, with his daughter Katharine Pooley, bought the ruins of Forter Castle in 1988. It was built in 1560 by clan Ogilvy, but was destroyed 80 years later.

Sir Robert Mackenzie, a bleach merchant from Perth, bought and began restoring it in 1890. He planted the stunning topiary hedges that still surround the castle, according to the book "On the Trail of Mary Queen of Scots," by J. Keith Cheetham.

"I just fell madly in love with it," said Mr. Veenhuijzen. "It is exactly as it was when it was built, like living in the Middle Ages. It is what I had always wanted."

The Veenhuijzens bought the castle in 1998 for an amount they declined to disclose. They have lived there ever since. When they moved in, there were plenty of repairs and upgrades to tackle. They added two bathrooms, bringing the total to six, and redid the kitchen. Since then, Mr. Veenhuijzen has found running the 10-

bedroom castle manageable. He believes the secret is to hire full-time staff—he and his wife have three—rather than paying for lots of individual tradespeople.

Now, after nearly 23 years, the couple have decided to return to their native Netherlands. The castle is listed with Savills for offers over \$6.89 million. "I am nearly 77," said Mr. Veenhuijzen. "If I make a move now, I think I can do one more project. But we are not in a rush. I am certainly not worried about run-

ning it. I am not particularly rich, but we bought it without a mortgage which helps."

Mr. Veenhuijzen's account of falling in love with a castle would likely resonate with British businessman Robert Pooley, now 86. A regular visitor to the ski slopes of Scotland as a younger man, he often passed the romantic ruins of Forter Castle. Set in the county of Perthshire, about 75 miles north of Edinburgh, it was built in 1560 by the powerful Ogilvy clan. The original



**EARLS HALL CASTLE**  
List Price: \$6.89 million  
8,393 sq. ft., 10 bedrooms, six bathrooms



**BRECHIN CASTLE**  
ANNUAL MAINTENANCE  
**\$344,000**  
35,843 sq.ft.

In the early 2000s, by which time Ms. Pooley was an interior designer, she bought the castle from her father, who had run an aviation company and now manufactures swords for the British Army.

She then embarked on a full-scale, \$345,000 revamp of its interiors. She replaced basic pine floorboards with oak. She had a

mural painted on the ceiling of the great hall, the main living room where the family congregates when in the home. She also refurbished the whole property.

To try to keep the seven-bedroom, four-bathroom castle as warm as possible, she lined the walls with cashmere fabric and added modern luxuries like en-suite showers. At around 5,000 square feet,

Forter Castle is petite by castle standards. Nonetheless, its running costs are formidable and involve the services of a gardener and a housekeeper.

"It is a complete sieve of money," said Ms. Pooley. "The electricity bills are colossal, and heating it costs £35,000 per year," which is roughly \$48,000 annually. "The water comes from a

well, and we have to have a plumber come and check it every quarter," she said. "It can be quite stressful."

Despite this, Ms. Pooley, who is married with two young children, has no intention of selling. The family live near London during the school year and spend vacations at the castle. Her sister and three brothers also bring their

families, and her father still spends as much time there as he can. When it is not in use, the castle is rented to help with its running costs.

"I am just very proud of what we have done," said Ms. Pooley. "It means our names are in history somehow. I want it to stay in the family. It is important to have roots."



Paul and Josine Veenhuijzen bought Earls Hall Castle in 1998. The castle was built by Sir William Bruce, a Scottish nobleman, and completed in 1620. The Bruce family owned the castle until 1708. The Veenhuijzens are selling because they are moving back to their native Netherlands.



Brechin Castle has eight reception rooms, 16 bedrooms, 10 bathrooms. It is located in Angus, in eastern Scotland. Lord Dalhousie moved into the castle when he inherited his title in 1999.



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## MANSION

JUMBO JUNGLE | ROBYN A. FRIEDMAN

# Privacy Takes a Hit

Taking title to a new home using an LLC once protected the buyer's identity. New reporting requirements make that anonymity less certain.

**C**ongratulations on finding your dream home. As you prepare to close on the deal, you're likely vetting potential movers, interior designers and landscapers. But have you determined the best way to hold title to the property?

Most buyers don't even consider this issue and take title in their own names, either as sole owner, joint tenants with right of survivorship, or as tenants in common (for co-owners with no right of survivorship). Married couples often own as tenants by the entirety, which gives each spouse an equal and undivided interest in the home and includes survivorship rights.

But celebrities and high-net-worth buyers often turn to other options. "Entities such as trusts, family limited partnerships or limited liability companies are preferred for several reasons," said Paul Krasker, a real-estate attorney in West Palm Beach, Fla. "Confidentiality is at the top of the list, estate-planning concerns are secondary, and then homestead and liability concerns."

Confidentiality is the reason many celebrities use LLCs to own their homes, since that allows them to shield their identity and avoid having their true name and home address posted in county registries, which are easily accessible online in many states. But due to new laws designed to crack down on money laundering and tax evasion, buyers may find that even an LLC doesn't protect their personal information from disclosure these days.

"Anonymous shell companies have been used to launder money by a variety of nefarious actors, and it's been identified as a key national security and corruption risk," said Ian Gary, executive director of the Financial Accountability and Corporate Transparency Coalition, which seeks to combat the impacts of corrupt financial practices.

Mr. Gary said that the United States is one of the easiest countries in the world to create an anonymous shell company. "It requires less information to create an anonymous shell company here



than to get a library card in all 50 states," he said.

As a result, buyers using LLCs or similar entities to purchase their homes need to be aware of state and federal disclosure laws that might impact them.

The Corporate Transparency Act, enacted as part of the National Defense Authorization Act for Fiscal Year 2021, requires disclosure of the beneficial owners of certain entities—those who either exercise substantial control over the entity or who own not less than 25%—to the Financial Crimes Enforcement Network. This law requires corporations, LLCs and

"similar entities" to report the name, date of birth and address, as well as an identification number from a document such as a driver's license or passport. Updated reports must be filed if there are any changes in beneficial ownership. The reporting requirement kicks in for newly formed entities right after final Treasury regulations implementing the statute become effective, although existing entities have a two-year grace period to file.

Experts don't think this law will affect the use of LLCs to hold title. "A significant majority of buyers set up an LLC to reduce li-

ability or as an investment vehicle, so they really don't care," about the requirement to disclose, said Neil B. Garfinkel, a real-estate attorney and managing partner of Abrams Garfinkel Margolis Bergson in New York City. "They're not trying to hide anything. They're using the LLC for the purpose it was created."

Since 2019, New York state has required disclosure of the name and address of every manager or member of an LLC that buys or sells any one- to four-family residence in the state. The disclosure forms are filed with the state. Since the law doesn't include cor-

porations, partnerships or trusts, buyers could maintain their confidentiality by using one of those entities rather than an LLC.

Here what to know if you're thinking of using an LLC to hold title to your home.

## Don't fear the LLC

The Corporate Transparency Act requires disclosure to FinCEN, but there is no requirement for public disclosure. "Assuming the individual isn't up to some nefarious purpose, they shouldn't have any qualms about having their beneficial ownership information in a nonpublic database accessible to law enforcement," said Erica Hanichak, government affairs director for the FACT Coalition.

## Get an expert opinion

Using an LLC isn't just a privacy issue; the way you take title can also affect estate planning, taxation and homestead exemptions. "There are implications down the road—gift tax and estate implications potentially—so buyers need to speak with a trusts-and-estate attorney or tax planner about the best way to set up these vehicles," said Mr. Garfinkel. Mr. Krasker said he explores the reasons why a client is purchasing a particular property. For example, if someone is buying a home in Miami Beach to gain the benefits of Florida residency, he has them take title in their individual names or as a trust because the use of an LLC can prevent a homeowner from claiming the homestead exemption in Florida without a complicated legal workaround.

## Use a trust

Dana Koch, a real-estate agent with The Corcoran Group in Palm Beach, said his clients frequently use trusts, which aren't subject to disclosure laws, to take title to their mansions. But he said that the names of celebrities and high-net-worth buyers often leak, not from the brokers or attorneys but from contractors brought in by buyers to do renovations. "Palm Beach is a small town," he said. "The only way you don't figure out who bought is if they drive their car in and never leave."

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PRIVATE PROPERTIES

# Kayak CEO Lists in Hot Miami Market

Steve Hafner, the chief executive of travel company Kayak, is putting his Miami Beach penthouse on the market for \$39.9 million.

Mr. Hafner bought the apartment, which is perched atop L'Atelier Miami Beach, an 18-story beachfront residential tower, for \$21 million in 2017, records show. He said he purchased the duplex as an investment while the building was still under construction after riding up to see the views in a construction elevator.

He and his wife, Staci Hafner, spent the last several years designing the property, which is about 8,000 square feet and has roughly 8,500 square feet of outdoor space, to their own tastes. They ripped out the developer's finishes and replaced a "subpar" pool and hot tub on the rooftop terrace with a 40-foot infinity pool and summer kitchen.

The centerpiece: a glass elevator

that goes from the lower floor of the duplex up to the roof, with panoramic views of the ocean upon arrival. A floating staircase with bronze railings, which was imported from Paris, wraps around the elevator. The apartment has 22-foot-tall ceilings, six bedrooms and a sprawling open-plan living and dining area.

"We aren't into the generic, white-marble-floors look that is so common in Miami," Mr. Hafner said. "We went with more of a Scandinavian design with wood floors, dark doors and lots of European finishes."

Mr. Hafner, 52, said he and his wife, 40, moved into the apartment last fall after construction delays related to the Covid-19 pandemic. They are still waiting for some of their furniture to be delivered from Europe.

Mr. Hafner said he and Ms. Hafner decided to list in part because of the high levels of activity in the



Purchased for \$21 million in 2017 and redesigned.

LIFESTYLE PRODUCTION GROUP

Miami market, which was boosted significantly by New Yorkers and other Northeasterners fleeing to Florida amid the Covid crisis.

They are also looking to move slightly closer to their children's school, which is about 30 minutes away, he said.

"We made this bet that the world was going to see the beauty of Miami. We were expecting to

live there for a couple of years while it appreciated in value," Mr. Hafner said. "But the market got a lot hotter more quickly than we anticipated."

Condo sales in Miami Beach and the Barrier Islands were up by 36.2% in the fourth quarter of 2020, according to a report by Douglas Elliman.

Eloy Carmenate and Mick Du-

chon of the Corcoran Group have the listing. Mr. Carmenate said the market in Miami has been so active that his biggest challenge is finding inventory for buyers.

"We've sold ourselves out of a job," he said. —Katherine Clarke

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MANSION

HOUSE CALL | LORRAINE TOUSSAINT

# From the Yellow Pages To Lady Macbeth



Lorraine Toussaint in 2019, above, and at age 5 with her mother, Janet Bean, in San Fernando, Trinidad, below.

Corporal beatings were routine when I grew up in Trinidad. That's how adults communicated with children there in the 1960s and '70s.

I don't mean spanked. We were beaten with leather belts and ironing cords and almost anything at hand. Parents weren't to be loved. They were to be feared. Though I had a wonderful mother, part of being a "good mother" meant you beat your children. She knew my teachers did as well. Reasons for their beatings were random.

I grew up in San Fernando, just south of Trinidad's capital, in a middle-class neighborhood. Our first house was a two-story wood building. My mother, Janet, Auntie Una and I lived in the upstairs flat. They rented out the downstairs space.

The old house was torn down after a 1968 hurricane, when I was 8. My family built a concrete two-story building with beautiful teak floors in its place.

I was lonely. Across the street lived the only child of a Canadian diplomat who was my age. But she was white and forbidden to play with me. We would wave to each other from our windows.

The other children living next door cursed and spat, so I wasn't allowed to play with them, either. I would hear them having fun.

My parents divorced a year and a half into their marriage.

Even though my mom was a Montessori teacher and a pianist, she wanted a better life for us. In 1967, she took advantage of a U.S. immigration policy that allowed Caribbean women to emigrate to America as a nanny or a housekeeper. If you worked for a family for two years, you'd receive a green card and could sponsor family members to come to America.

I was left behind with Auntie Una. For two years, I felt abandoned. I wasn't told why Mom left or when she was returning.

In those years of desolation, I



played the violin. It was then taken away when I started failing school. A sadistic teacher regularly whispered that my mother was never coming back.

When two years passed, my mother sent for me. I moved from the Caribbean to a one-bedroom apartment in Brownsville, Brooklyn, with gates and chains on the windows.

While my mother worked as a computer operator, I was a latch-key kid. I did my homework, cooked dinner, read and watched

old movies.

Leafing through the Yellow Pages, I saw a huge ad for an acting school. I decided I was going to be an actress. I called the school and made an appointment. When I told my mom what I'd done, she said she couldn't afford the tuition.

Six months later, we were shopping for dresses when we passed the school. We went inside. Instead of buying a dress, Mom paid for my tuition.

In acting school, I learned that behind my stoic face was a developed imagination. My hard life had hard-wired me for acting.

When I was 15, my mother came down with multiple sclero-

sis. I had auditioned at the High School of Performing Arts and got in. I went to school and came home each day to take care of her. Between her private piano lessons and our baking bread and wedding cakes, we earned enough to live on.

After high school, I won a full scholarship to the Juilliard School. It wasn't a warm and fuzzy place, but the discipline felt ordered and safe.

The day I graduated, I took the subway from the ceremony to my first rehearsal at the Public Theater. I was cast as Lady Macbeth.

For the next 12 years, I performed Shakespeare and classical theater at regional theaters. The

LORRAINE EXPLAINS

**What's "The Equalizer" about?** It's a crime-drama. Queen Latifah protects those who can't defend themselves. I play her parental aunt.

**And "Concrete Cowboy"?** A boy from Detroit is sent to North Philadelphia to live with his father, an urban cowboy. I'm a cowhand.



**Favorite actors as a kid?** Gary Cooper, Barbara Stanwyck▲ and Jean Simmons.

**Did you spend summers in Trinidad?** Yes. My most profound friendships were formed then.

TV projects that raised my visibility were "A Case of Deadly Force" in 1986 and then as Shambala Green on "Law & Order" in the early '90s."

Today, I live in a cozy 1822 farmhouse on 17 acres in upstate New York. The wooden floors are original, and there's something rickety and inviting about my sweet old house.

Before my mom died in 1997, she had a chance to see a few of my early successes. She was so proud of me. I'd catch her looking at me with unconditional love and bewilderment.

Now, I often feel the same look on my face watching my 16-year-old daughter, Samara, a dancer at Alvin Ailey. I shake my head in wonder and say, "Wow. Where did you come from?"

—As told to Marc Myers

Lorraine Toussaint, 60, is an actress who has appeared in the films "Selma" and "The Glorias." She currently co-stars in CBS's "The Equalizer" and stars in the film "Concrete Cowboy" (Netflix).

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