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THE RISK REPORT BY IAN BREMMER

# Netanyahu faces his biggest test yet



AFTER MORE THAN 15 years, spread across three separate runs as Israel's Prime Minister, Benjamin Netan-

yahu has plenty of hard-won political experience. He's never needed it more.

Deadly confrontations between Israelis and Palestinians in the West Bank have been building for the past year. As in the past, Israeli defense forces claim to have killed militants, while Palestinians charge that many civilians are among the dead. The result: the Israeli human-rights group B'Tselem has called 2022 the deadliest year in the West Bank and East Jerusalem in nearly 20 years, with an estimated 154 Palestinians killed. Palestinian attacks killed 25 Israelis and foreign nationals in the same period. So far this year, Israelis have killed 80 Palestinians, and Palestinian attacks have killed 14 Israelis.

Even more startling is the increasingly intense political battle among Israelis over changes proposed by Netanyahu to the authority of Israeli courts. His government has proposed a plan that would strip Israel's Supreme Court of much of its power in three ways. First, it would allow the Knesset, Israel's parliament, to override court decisions with a simple majority vote. Second, it would end the Supreme Court's right to strike down pieces of legislation that the court finds incompatible with Israel's Basic Laws, which serve as the country's constitution. Third, it would give elected officials

a greater role in selecting the judges who serve on the court.

**SUPPORTERS OF THE PLAN** say it's a long-overdue reform that will limit the ability of unelected judges to wield unchecked power over legislation created by the people's chosen representatives. That's especially true for those who say the court is dominated by activist judges who rule against them on im-

court should keep the right to strike down legislation that judges believe violate the Basic Laws. In fact, nearly half of voters who support Likud, Netanyahu's own party, agree.

That might explain why anti-government protests of recent weeks have been so large and loud. On March 11, weeks of demonstrations culminated as hundreds of thousands of Israelis took to the streets in a display of antigovernment fury un-

precedented in Israel's history. Adding to the drama, a showdown between the government's National Security Minister and Israel's Attorney General over how to respond underscored the depth of anger on both sides.

There are also fears that unless he makes major changes to the proposed judicial reforms, Netanyahu may soon be managing serious economic fallout. Venture-capital and tech firms have threatened to leave the country if the law is passed, and analysts both inside and outside the country have

warned that judicial reforms could lower the country's credit rating, sharply raise the cost of borrowing, and scare off foreign investment.

In recent years, Netanyahu has struggled to form majority governments without support from far-right parties and populist lawmakers that seek confrontation rather than compromise—including with Palestinians. The Prime Minister himself has proved an able political acrobat, one who can appease just enough people to keep the lights on and his government moving forward. But these are his biggest tests yet.



Israelis protest efforts by the hard-right government to undercut the judiciary, in Tel Aviv on Feb. 25

migration laws, West Bank settlement policies, and military conscription for the ultra-Orthodox. Critics charge that Netanyahu, who is on trial now for allegations of corruption, wants to remove checks and balances on his power, dangerously undermining Israeli democracy by allowing any government that can muster 61 of 120 Knesset votes to enact whatever it can pass.

A solid majority of Israelis oppose the reform. A February survey from the Israel Democracy Institute, for example, found that about two-thirds of respondents say the

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# The View

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ECONOMY

## THE REAL BANK CRISIS

BY JEFFREY SONNENFELD AND STEVEN TIAN

The collapse of Silicon Valley Bank and the Biden Administration's unprecedented response, guaranteeing deposits and backstopping regional banks, has catalyzed an important and necessary national conversation over what went wrong, and what can be done to prevent future crises. But SVB's fall has also set off a frenzy of mythmaking, ranging from ideological clichés to hyperbole. ▶

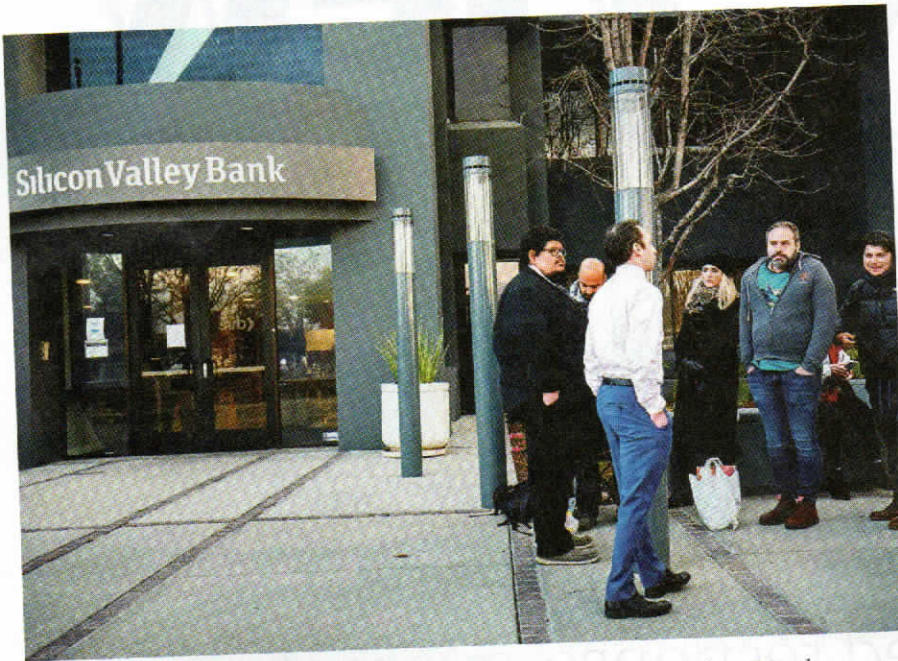
INSIDE

ISRAEL FACES A  
GROWING POLITICAL CRISIS

WHAT THE OMICRON WAVE  
MEANS FOR LONG COVID

A CHRISTIAN REVIVAL AND  
A SENSE OF COMMUNITY





SVB clients speak to FDIC reps near a bank in Santa Clara, Calif., on March 13

These fact-free myths dangerously confuse the general public. Even more important, they obfuscate some of the genuine underlying drivers of SVB's collapse.

**False narrative No. 1: Ideological opportunism:** The fallout from SVB's collapse is much more of a political problem than it is an economic problem—and it is being driven by the politics of the left and the right.

Sadly, flagrant, clichéd ideological opportunism cuts across both sides of the aisle. On the far right, extremist, self-styled antiwoke warriors such as Vivek Ramaswamy and Josh Hawley are absurdly blaming “ESG” and “wokeism” for the demise of SVB. Their use of this politicized rhetoric is equivalent to somebody blaming their weight-loss program when they have to replace a tire on the car—it is just completely irrelevant. Likewise, on the left, progressive voices have rushed to blame greedy fat-cat corporate cronies and pointed the finger at lax regulation by government entities at the supposed beck and call of their corporate overlords. Frankly, even if SVB had been subject to stronger liquidity and capital requirements, it is hard to imagine what regulations could have abated SVB's most

foundational challenges, which are practically universal to all banks—an asset-liability duration mismatch and higher interest rates eroding the value of their securities. These are not challenges that can be regulated away, lest credit creation come to a complete stop.

**False narrative No. 2: Hysterical hyperbole:** Several financial-industry voices are wildly distorting President Biden's necessary emergency measures, which were designed to prevent spreading contagion from taking down even more banks and to make innocent depositors whole. While these emergency measures will have far-reaching and long-lasting consequences, there is zero intention to fundamentally transform the banking industry into a regulated utility or to permanently destroy all prospects of shareholder value creation. The overextrapolation of a set of interim emergency measures fosters more confusion and angst when sentiment is already eroding.

**False narrative No. 3: Retrospective prophets:** A few shameless commentators have seized on the SVB collapse to become retroactive prophets, crowing, “I told you so, I saw this coming,” when in reality, virtually none actually

did, and certainly none who said it on the record. While it's been said that those who can't predict accurately instead predict often to create a haze of distractions, the reality is these sudden seers, along with the SVB depositors and investors, were ambushed by reality. The structural challenges gnawing away at SVB were hardly unique to SVB—ranging from higher rates eroding the value of its securities to consumer-deposit withdrawals to its asset-liability duration mismatch—even if they were more exaggerated given SVB's rapid growth and tech-startup depositor base.

**False narrative No. 4: Fighting last year's war with inflexible economic dogma at the Federal Reserve:** We should make no mistake about one of the prime drivers underlying SVB's implosion—Fed overtightening not only killed this bank but may also send the economy into recession. The job of a central bank should be to provide steady steering to gently smooth cyclical peaks and valleys, not to violently jerk from one extreme to another. Unfortunately, by keeping rates at 0% for too long and then by raising rates by nearly 5% in less than one year to compensate, the Fed appears to be continuing to fight last year's war while failing to recognize the changes in the underlying environment as well as its own destructive impact on businesses across the nation, whose strategic planning has been derailed. In fact, any rational analysis of the underlying inflation data should reveal that inflation is already dramatically coming down across the board.

Clearly it is now past time for the Fed to pivot, and the full impact of one of the most rapid tightenings in Fed history is still yet to be felt amid signs of disinflation. With the collapse of SVB and other banks, the Fed will realize its waiting to act might bring down more businesses with dire implications for the whole economy.

Sonnenfeld is the Lester Crown Professor in Management Practice at Yale School of Management; Tian is the research director of the Yale Chief Executive Leadership Institute

Handwritten notes in Chinese and English: “外押法”, “disinflation”, “9.11”, “1-2 稳定”, “3”



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BUSINESS

## Luxury watches search for a different kind of green

BY ROBIN SWITHINBANK

AS WATCHMAKERS FROM AROUND THE WORLD GATHER in late March in Geneva for one of the industry's biggest events—the Watches and Wonders fair—Switzerland-based Oris will announce a luxury diver's watch with a swirly blue and green dial. There's nothing remarkable in that, except that the dial of the Oris X Bracenet (2,350 Swiss francs, or \$2,508) is made of upcycled ghost fishing nets recovered from the ocean. Luxury watches have always been about communicating more than the time, and what this one gets across is its maker's sustainability program.

Oris became climate neutral in 2021 and frequently collaborates with conservation organizations. It stands out against others in the Swiss watch industry, which have been slow to respond to consumer appetite for products with a strong environmental profile.

The scale of the ambivalence was exposed five years ago when the World Wide Fund for Nature (WWF) published a report examining Swiss watchmaking's social and environmental impact, concluding that it "does not meet good environmental standards." Well-known names like Rolex, Omega, and Patek Philippe were classified as "latecomers" and "nontransparent," while only IWC received praise. (Oris wasn't included in the report.)

This could prove a thorn in the industry's side. Deloitte's 2022 annual report on the Swiss watch industry found "sustainability and environmental impact" is now the third most powerful driver behind a watch purchase (after brand and price) for buyers in China, the world's second largest importer of Swiss watches. With climate-conscious millennial and Gen Z consumers now purchasing luxury in greater numbers, the trend will likely gather momentum.

But the luxury-watch industry appears to be waking up. Strategies vary: last year, IWC hired supermodel Gisele Bündchen as an environmental and community-projects adviser, Chopard's watches contain only so-called ethical gold from traceable sources, while Panerai and Breitling have replaced wooden boxes with lower-impact packaging.

Damien Oettli, head of the markets team at WWF Switzerland, says that the industry has started to take the "first steps to address sustainability issues" but that "too many brands are still only paying lip service" to the problem.

The watch sector has recovered well from the pandemic, with record exports last year. But its growth has hampered its sustainability efforts. Richemont,

parent company of Cartier and Montblanc, said in its 2022 sustainability report that its emissions had increased from the prior year.

FOR CONSUMERS, LUXURY WATCHES with clear sustainability efforts remain scarce. Some brands, like Oris, have used recycled materials. Two years ago, Panerai said it had set a record for the watch with the most recycled components, claiming the Submersible eLAB-ID was 98.6% recycled by weight. Ulysse Nardin used recycled fishing nets for the Ocean Race Diver's case. Both were limited in production.

A more common approach for companies is to partner with an environmental project. Omega, for example, has helped fund conservation projects

with the GoodPlanet Foundation, among other initiatives.

In the fall, Breitling used its Super Chronomat Origins to spearhead its switch to what it calls "artisanal gold" and "lab-grown diamonds" by the end of 2025. "These will be responsibly sourced from accredited suppliers and backed by end-to-end traceability," says CEO

Georges Kern. "As a watchmaker, this is where we can use our influence."

Other brands are teaming up. Last April, Cartier and luxury group Kering established the Watch & Jewellery Initiative 2030. The concept is similar to the Fashion Pact of 2019, which saw more than 250 companies commit to science-based targets and meeting the goals of the 2015 Paris Agreement. Chanel, Gucci, IWC, and Jaeger-LeCoultre are among its 25 member brands. All have signed up to the U.N.'s 17 Sustainable Development Goals.

One thing brands engaged in sustainability agree on is their hold over consumers. "We have to reduce our footprints," says Panerai CEO Jean-Marc Pontroué, "but also to educate and convince the wider public so that they become part of the change."

▼  
The Oris X Bracenet diver's watch will contain upcycled fishing nets



**'This is where we can use our influence.'**

—GEORGES KERN,  
CEO, BREITLING





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CLIMATE

## A solar revolution driven by power cuts

BY ADAM RASMI/BEIRUT

ABOUT 2,300 FT. ABOVE BEIRUT IN THE MATN DISTRICT mountains, Roger Mazloun and his brother Elias greet me on an unusually balmy winter day as they chop wood to help keep their early 20th century home warm before the cold returns. I'm no match for these burlier Lebanese men, who grew up in Broummana, a town about a dozen miles east of the Lebanese capital, but I take my turn, meekly swinging an ax at the tree stump before us. After a lackluster start, and plenty of patience from the pair, something akin to firewood begins to splinter off.

Roger takes me through the family home's front door—past a living room with traditional Lebanese floor tiles and artwork dedicated to Umm Kulthum, the Egyptian titan of Arabic music—and up the stairs to the roof. The pine-covered mountains and the Mediterranean Sea are a pleasant distraction, but the real purpose of the tour is to see the 18 solar panels slightly obscuring the vista. Like tens of thousands of Lebanese people, the Mazlouns have turned to solar power to generate reliable—and cost-effective—electricity in

a crisis-stricken state that provides as little as one hour of power a day.

"In the past, even when the situation was normal, we used to have five, six, seven hours of power cuts a day," says Roger, as the three of us sip Arabic coffee on their balcony. He is referring to the period before an economic crisis began in 2019 that has seen the Lebanese lira lose more than 98% of its value against the U.S. dollar.

The state-run Electricité du Liban (EDL) has a generation capacity of around 1,800 megawatts, according to Pierre Khoury, director of the Lebanese Center for Energy Conservation (LCEC), compared with the 2,000 to 3,000 MW the country needed before the crisis. But EDL provides only around 250 MW today, because the government struggles to pay for the imported fuel used to power the country's main electricity plants.

I lean over while Elias, a civil engineer by training, pulls out his Android phone. As the TBB Nova app he uses to manage the Mazlouns' solar-power system shows, the 18 panels are generating

**'This is my mission: kill the generator.'**

—PHILIPPE EL KHOURY, CEO, ME GREEN



over one kilowatt per hour, enough to power their large, multigenerational home. He says that the solar panels and battery system—installed in July 2020 at a cost of over \$10,000—are saving the family between \$3,000 and \$4,000 a year in electricity and generator bills. “But the main thing is reliability,” Elias says. “For the last two years, we basically didn’t have power cuts.”

The Mazloums are hardly alone in Lebanon. Solar panels have cropped up across the country over the past two years, from the rooftops of rural households and family-run businesses to urban apartments and multinational organizations. The country generated zero solar power in 2010 but had 90 MW of solar capacity in 2020; 100 MW were added in 2021, and 500 MW more in 2022. Khoury says the LCEC believes Lebanon could source 30% of its energy from renewables by 2030, which the government committed to in 2018, with solar power being “one major contributor.”

**ATOP SEVERAL CAMPUS BUILDINGS** at Sagesse University in Furn El-Chebbak, a suburb southeast of Beirut, row upon row of solar panels gleam under the bright afternoon sun. The Catholic university, home to some 3,500 students, is one of the many organizations in Lebanon that have turned to solar power. When I visit, Salim Nasr, a project manager at ME Green, is overseeing the last few steps of the installation of around 460 solar panels. “We are talking about

Solar panels at Beirut’s Luna Park amusement center

Solar panels being installed at Fouad Chehab stadium in Jounieh, Lebanon, on Feb. 14

300 kW peak, on a sunny day like this,” Nasr says, which is enough to power everything, including “lights, chillers, ACs, refrigerators, coolers, heaters.”

To keep costs down, the university has opted not to install a battery. The campus still relies on generators, but the panels cut their use by around 70%—an enormous financial saving, not to mention the green benefits of using less diesel. Lara Boustany, the president of Sagesse, says the decision to install the solar-power system is part of a wider green initiative on campus. “But we started with solar energy sooner than expected, because of the lack of electricity in Lebanon,” she says.

ME Green, which launched in 2010, was one of the early solar-power firms in Lebanon, but the sector has ballooned, from around 150 registered businesses in 2020 to more than 800 today. These companies work on everything from small household systems—which start at \$2,000 to \$3,500—to projects involving hundreds of panels or more.

“We wanted to start in Lebanon because you have an energy problem, and you have renewable energy resources, with more than 300 days of sunshine,” says Philippe El Khoury, co-founder of ME Green. Yet he, and others quoted in this story, have mixed feelings about the solar-power boom. On one hand, they say, it has undeniable environmental benefits. On the other hand, the benefits are piecemeal. EDL’s failure to provide electricity, coupled with a lack of large-scale solar farms and green infrastructure, means that overall Lebanon still relies more on heavily polluting generators. “The amount of CO<sub>2</sub> you are reducing from using solar panels, you are also turning on diesel generators for longer,” says Marc Ayoub, an energy expert at the American University of Beirut.

The real green solution, Ayoub says, needs to come at “the community level—villages, municipalities, regions. This is where you start having a big environmental impact.” But these kinds of projects need a level of investment that Lebanon’s cash-strapped government can’t deliver. Foreign lenders could step in, but experts say most are reluctant until the country finalizes a deal with the International Monetary Fund; talks over a \$3 billion loan contingent on reforms have been sluggish.

In the meantime, ME Green and other small companies are continuing to encourage solar power in Lebanon. El Khoury, the ME Green executive, sees every installation that his company completes as a victory against diesel-spewing generators. “Every time I kill a generator, I’m very happy,” he says. “This is my mission: kill the generator.”

It helps that solar power is now the most affordable source of new electricity globally, thanks to rapid technological gains and a glut in solar-panel production.

Back at the Mazloums’ balcony, as we have our last sips of coffee, Elias says they hardly use generators anymore because “one, the sound; two, the maintenance; and three ... it’s not as efficient and reliable as the solar system.” It’s a conclusion many in Lebanon have come around to, regardless of the environmental considerations. “People are seeing the real benefits,” he says. “Look, at the end of the day, we are becoming green without even noticing it.”



MYRIAM BOULDES—MAGNUM PHOTOS FOR TIME



B



## Everything, every win

Actors Ke Huy Quan and Jamie Lee Curtis celebrate as *Everything Everywhere All at Once* wins Best Picture at the 95th Academy Awards. The film from directors Daniel Kwan and Daniel Scheinert won the most major-category Oscars ever at the March 12 ceremony when it netted seven awards in total—including Michelle Yeoh's historic Best Actress award.

### THE BULLETIN

## Scientists sound the alarm over a growing trash problem in space

SIXTY-SIX YEARS AGO, THERE WAS a single human-built object in earth orbit: Sputnik, the world's first satellite. Today, there are 100 trillion objects circling the planet. That's the jaw-dropping number cited by international researchers in an open letter published March 9 in *Science*, calling for a global treaty to curb the ever-growing debris belt in low-earth orbit.

**DANGEROUS DEBRIS** The junk belt includes 9,000 active satellites. Then there are the spent boosters, stray bolts, and floating paint chips that go along with launching all of that hardware. Orbiting the earth at 28,200 km/h (17,500 m.p.h.), even the smallest pieces of rubbish can strike an object like a bullet. Astronauts aboard the International Space Station

must routinely shelter in the attached Soyuz or SpaceX spacecraft to wait out a passing swarm of debris in case the station gets catastrophically struck and they have to bail out in a hurry. Ultimately, the debris will fall back to earth and incinerate in the atmosphere, but we're replacing the junk at a faster pace than orbits decay.

**TIME FOR A TREATY** The researchers liken the space trash problem to the mess we've made of the oceans. The difference: we've had centuries to foul the oceans and only decades to do the same in space. In March 2022, world leaders signed a global plastics treaty to curb mounting plastic waste in the oceans and eliminate what is already there. Similar initiative should be taken now, the authors write, to

implement treaties that hold both government and commercial space-launch services liable for minimizing the amount of debris their launches create, deorbiting satellites after they've reached the end of their functional life, and developing technologies to clean up at least some of the rubbish.

**TIDYING UP** A species that is smart enough to reach space—certainly more difficult than learning to sail (and foul) the oceans—should be smart enough not to make a mess once it gets there. As Moriba Jah, a co-author and associate professor of aerospace engineering at the University of Texas at Austin, put it in a statement: "Marine debris and space debris are both an anthropogenic detriment that is avoidable." —JEFFREY KLUGER

OPPOSITE PAGE: CONOCOPHILLIPS/AP; THIS PAGE: CARLOS BARRIA—REUTERS

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# The Mail Man

INITIALLY CAST AS A TRUMP VILLAIN, LOUIS DEJOY IS DELIVERING FOR THE POSTAL SERVICE, AND DEMOCRATS

BY ERIC CORTELLESA

739

PHOTOGRAPHS BY KENDRICK BRINSON FOR TIME





*DeJoy with a package sorter at a new Postal Service processing center in Atlanta*

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**L**OUIS DEJOY THOUGHT his workday was done as he arrived home one evening in February 2022. The Postmaster General was locked in a grueling, monthslong battle with Congress over a bill to shake up the Postal Service. But as he settled in, his cell phone rang and, pulling it out, he saw who was calling and could already guess why. It was Senate majority leader Chuck Schumer. The second most powerful Democrat in America wanted to know how the whip count was coming.

As it happened, the count was coming along very nicely. DeJoy may be best known as the Trump-era GOP megadonor the left accused of meddling with mail-in voting to subvert the 2020 election. But by the time Schumer called him on that frigid winter night, DeJoy was on his way to persuading congressional Republicans—120 in the House and 29 in the Senate—to buy into a lengthy Democratic wish list of postal reforms. When President Joe Biden signed the landmark legislation into law two months later, it guaranteed a union-friendly version of six-day mail service and stabilized health coverage for the 650,000 USPS employees. “There’s no way we could have gotten [the] votes without Louis DeJoy,” says Jim Sauber, the chief of staff for the National Association of Letter Carriers at the time. “That’s for sure.”

The notion that DeJoy, 65, would help advance a key Democratic agenda item would have seemed unfathomable a few years ago. But to the astonishment of many in Washington, the man Democrats once denounced as a threat to American democracy has become one of their most important allies in government. Defying the far right, he delivered more than 500 million COVID-19 test kits to Americans in the winter of 2022. Crossing conservatives last December, he agreed to transition the Postal Service’s entire fleet to electric vehicles by 2026. DeJoy’s capstone collaboration with Democrats was the Postal Service Reform Act, which is arguably the most bipartisan piece of major legislation in the Biden era, drawing more than twice as many



A post office in Comer, Ga., that DeJoy intends to upgrade

GOP Senate votes as the \$1 trillion infrastructure bill.

DeJoy may be the only person on earth who could have delivered these wins for America’s beloved, beleaguered agency. That’s partly because of the perverse credibility his association with former President Donald Trump and the scandalous 2020 headlines give him with Republicans. It’s also his stubborn insistence that he wasn’t going to allow allegations levied against him in the thick of an inflammatory political season to define him.

Sitting at a long oak table above a 4,000-sq.-ft. Postal Service processing center outside Atlanta in February, DeJoy, sporting a tailored blue suit and a shiny silver Rolex, ticks off in his heavy Brooklyn accent the details of his demonization: ad hominem attacks in the media, congressional scrutiny, lawsuits, federal investigations. Even his children needed a security detail while they were off at college. It was hell, he says, but not enough to make him quit. “I would not want to live the rest of my life if I walked away because of this bullsh-t,” he says. “It’s that simple.”

He had other reasons for staying too. His Nixon-to-China-like efforts on the postal-reform bill helped DeJoy secure a broad mandate to transform

the agency. Drawing on his decades as a business executive, when he built and sold a logistics firm worth north of \$600 million, DeJoy is enacting a 10-year plan—apart from the reforms—that aims to remake a delivery service that deals increasingly less with traditional mail and more with packages.

The plan grows the agency, building new processing centers and centralizing the delivery network. It converts more than 100,000 part-time employees to full-time. And it adds new services, such as partnerships with local retailers to help them compete with Amazon. These potentially dramatic changes are a chief reason why the postal unions have embraced the self-made man who shares some of their blue collar roots.

Still, it won’t be easy. DeJoy is a prickly but flexible businessman who has at times struggled to adapt to operating within the constraints of a government bureaucracy. When he ordered postal trucks to “run on time” in early July 2020, he set off a chain of events that led to a slowdown of mail delivery for weeks as trucks left their depots without any mail. The misstep helped fuel reports of attempts to undermine the 2020 election, reports that proved to be erroneous but continue to fuel distrust of him among progressives.

ad hominem

run on time





A new Postal Service processing facility in Palmetto, Ga.

While the unions and the Biden-appointed Democratic majority on the USPS Board of Governors have bought into his plan, there remains fierce resistance in Congress, largely because it raises rates and relies more on trucks than planes to move mail, thereby slowing down the delivery of some first-class mail. He has faced multiple ethics probes, all of which appear to have been dropped. And there are plenty of Republicans who still would like to see the post office die through privatization.

That remains a real possibility. When DeJoy started, the USPS was months away from running out of money. His mission, he says, is to make the Postal Service not only more efficient but eventually profitable (something it hasn't been since 2006) and to beat out FedEx and UPS, private delivery firms that pose an existential threat. Says DeJoy: "That's what I'm trying to do: to set the organization up to compete." He has a personal stake in the effort. "He is fighting for redemption,"

**'He is fighting for redemption.'**

—RON BLOOM

says Ron Bloom, a former Democratic member of the USPS Board of Governors. "That's what he wants you to write whenever he rides off into the sunset—that he executed the greatest corporate turnaround in history."

**EXHIBIT A IN DEJOY'S EFFORT** is the USPS regional processing center in Atlanta, and as he walked through it in early February, he was eager to talk it up. The plant is replete with new equipment. Nowhere can you escape the hum of construction. Crews are installing charging stations for the soon-to-come electric vehicles. Postal workers keep approaching him. It's a far cry from where things were when he started. "I used to walk into a plant and, like, one or two of them would walk over," he says. "They would ask, 'Hey, how's my buddy?'" They were talking about Trump. "I was like, 'I don't know! I don't talk to him!'"

DeJoy grew up in working-class Brooklyn, the son of second-generation Italian immigrants and the oldest of five children. DeJoy's father was frequently absent, he says, because he was on the road as a self-employed truck driver. By high school, DeJoy craved a different lifestyle. "I was interested in money," he says, with a smirk on his face. He was also desperate to escape. So he enrolled

in Stetson University, in Florida, where he earned a degree in accounting. After graduating and spending a few years in Fort Lauderdale as a CPA, he was beckoned home. His father had been assaulted on the job and nearly killed. "It was New York. It was the trucking business," DeJoy says in a matter-of-fact tone. "He got beat up."

While his father convalesced, DeJoy took control of the family business, changing the schedules, cutting expenses, adding new routes. The few years he planned to spend rehabilitating the company became a few decades, and New Breed Logistics grew from 10 employees to 10,000. In the 1990s, he relocated the headquarters to Greensboro, N.C., where his clients included Boeing, Disney, Verizon, the Department of Defense, and the Postal Service itself. In 2014, he sold the firm for \$615 million.

As he built his fortune, DeJoy became a major player in GOP politics. In 2000, he held fundraisers for George W. Bush. After Bush won, the President appointed DeJoy's wife Aldona Wos as U.S. ambassador to Estonia. In the years to come, their North Carolina mansion became a required visit for every serious Republican hopeful, including Trump, who as President offered



DeJoy an ambassadorship. DeJoy turned it down. "I wanted something I could fix," he says.

**DEJOY REMAINED** on the board of another logistics firm and ran a real estate investment shop. But then, in January 2020, he got a call from a USPS recruiter. They wanted to talk to him about becoming Postmaster General. Roman Martinez, a Trump-appointed member of the USPS Board of Governors who helped lead the search, says DeJoy beat out hundreds of others because of his logistics expertise, but faced potential Democratic opposition in the byzantine process required to get the job. "We knew he would have a bull's-eye on his back because of his Republican connections," Martinez says. "But we felt that what he brought to the table was worth that risk, because he was the kind of guy who could shake the place up. And the place needed shaking up."

If DeJoy wanted a fix-it project, he was getting one. In April 2020, his predecessor warned that the agency was at risk of financial insolvency by the fall. When DeJoy took the helm on June 16, with the pandemic raging and demand for mail-in voting surging countrywide, it wasn't clear the agency would be able to deliver last-minute absentee ballots in time. Trump, who despised mail-in voting, made matters worse by trashing the USPS and refusing to sign the first COVID-19 relief bill until Congress removed increased funding for the agency.

A month into the job, DeJoy made a consequential snap decision. He had learned that mail trucks were routinely leaving behind schedule, as drivers would wait for more mail to come in. Even then, they were less than half full. DeJoy told his deputies to "run the trucks on time." The decision was made in a style that even DeJoy's defenders characterize as more befitting a corporate executive than a high-level bureaucrat. At first, it seemed to be going swimmingly. "I'm getting reports saying the trucks are running on time," DeJoy recalls as he pumps his fists in the air and laughs. "Look at this—we're doing great!" There was one problem. "Nobody's telling me we're not putting the mail on the trucks!"

The snafu led to major slowdowns in



DeJoy surveys construction at the Atlanta processing center

mail service, causing a national panic. Americans were relying more on the post office amid the pandemic, and within months millions of voters were expected to vote by mail. The problem was resolved a few weeks later—DeJoy set up a new team to monitor operations and troubleshoot any lingering issues—but the debacle helped fuel an emerging narrative that DeJoy, a major Trump donor, was out to sabotage the election.

DeJoy's antagonists also started spreading allegations that he was whisking away sorting machines and iconic blue mailboxes to subvert the vote. In fact the USPS had been cutting back the boxes for decades because of the declining use of first-class mail, and the sorting machines were obsolete and had been sitting under tarps, according to Amber McReynolds, a Biden appointee on the Board of Governors. McReynolds was, at the time, working closely with the Postal Service as CEO of the National Vote at Home Institute, and has emerged as a DeJoy defender. "I tried to correct disinformation as much as I could," she says. DeJoy was also falsely

accused in the press and by some in Congress of eliminating overtime for postal workers. Union leaders insist otherwise. "Believe me, if they cut off overtime, our members would tell us," says Sauber, the former senior postal union official.

With Trump openly undermining the vote, Democrats were nevertheless convinced that DeJoy was scheming to hamper Democratic turnout. "It was a deliberate and malign effort to disrupt that election in favor of Trump," says Representative Gerry Connolly of Virginia. In August, state attorneys general and activist groups filed lawsuits accusing DeJoy of trying to disenfranchise voters. Speaker Nancy Pelosi interrupted the House's summer recess to vote to revoke any USPS policy changes until after the pandemic.

Amid the uproar, DeJoy announced he was suspending those measures "to avoid even the appearance" of impacting the election. When he testified before Congress, his image as a Trumpian villain only grew. One Democratic lawmaker asked him, "Is your backup plan

tarps





believed DeJoy's standing with the GOP could be the ticket to passing postal reform, which a small bipartisan group of lawmakers had been pushing for years.

Then Representative Carolyn Maloney, the chair of the House Oversight Committee at the time, brokered a compromise with Representative James Comer, the Kentucky Republican, union leaders, and DeJoy. The main priority, they all agreed, was repealing a George W. Bush-era mandate that required the Postal Service to prepay health plans for retirees, an onerous requirement imposed on no other federal agency. By ending the prefunding requirement the agency would be free of \$58 billion of liabilities.

Many GOP lawmakers reflexively saw the proposal as a bailout, but DeJoy was uniquely positioned to convince them otherwise. "The key to getting Republicans' support, for me, was to prove to Republicans that we had the right person in place to make the reforms," says Comer. "You can't reform a government agency with a career bureaucrat." It wasn't easy on the other side of the aisle, either. Maloney took considerable heat from her own party for working with DeJoy. "I used to tell them: Do you want to fire him, or do you want postal reform?" she says.

DeJoy's lobbying effort reached a peak in February 2022, when Comer brought him to Capitol Hill to address the entire GOP caucus. "There were a lot of undecideds," Comer recalls. "Once they listened to him talk from a business standpoint, and how he was specifically going to cut losses at the Postal Service without harming performance, I think they were sold." The next day, the legislation passed the House with 342 votes.

In the Senate, DeJoy kept in regular touch with Schumer and the bill's two co-sponsors, Democrat Gary Peters of Michigan and Republican Rob Portman of Ohio. Bloom, a former USPS Board of Governors member, remembers Peters telling him, "I can't get the Republican votes without DeJoy." It passed the 50-50 Senate with 79 votes.

DeJoy's pivotal role in breaking a 20-year logjam didn't earn him an embrace from Biden. The White House didn't invite him to the bill-signing ceremony until the night before. The event itself

would leave the public with no clue that the Postmaster had anything to do with the bill: DeJoy wasn't mentioned in the President's remarks, and wasn't onstage for the signing. He was sitting in the back of the room.

But DeJoy is not one for hard feelings. Six months later, after Biden signed the Inflation Reduction Act allocating \$3 billion to help the Postal Service go electric, he reached out to John Podesta, Biden's climate adviser. By Christmas 2022, they announced a plan for the USPS to fully electrify in four years. "Given the earlier track record, I didn't know what to expect," says Podesta. "We ended up, I think, respecting one another. He walked into an institution that had a lot of issues, but I think he has tackled them in a way that's brought over his skeptics—of which I probably counted myself among them."

There have been other victories and vindications. Last winter, he worked with the White House to deliver half a million COVID-19 test kits to Americans across the country; roughly 60% of the orders were fulfilled within 24 hours, 90% within 48 hours. And there's no longer an ethical cloud hanging over his head. Both the Federal Election Commission and the FBI closed investigations into him related to campaign contributions, and the USPS Inspector General said he met "all applicable ethics requirements related to disclosure, recusal, and divestment" pertaining to his holdings with Postal Service contractors upon taking the job.

All the while, DeJoy's 10-year plan to save the USPS is in motion. The new million-sq.-ft. regional processing plant near Atlanta, set to open next year, is one of 60 such facilities he aims to launch. How long DeJoy will be there to oversee the plan is another matter. His tenure as Postmaster General is up to the board—and him.

DeJoy has his own metrics for success: saving the USPS may be the only way to transcend his 2020 infamy. "I hope all this stupid nonsense stuff is not on my obituary," he says. In the next two or three years, he says, the USPS may be transformed enough for him to move on. After that? "I don't know if it's my last rodeo," says DeJoy. "I feel pretty young. I got other things to do." □

to be pardoned like Roger Stone?" DeJoy, defensive and combative, didn't win over any adversaries. By September, a federal judge had said he tried to tamper with the vote.

Ultimately, voting by mail was a resounding success. DeJoy embraced a union idea to expedite mail ballot delivery and set up a panel to monitor election mail. As a record 43% of Americans voted by mail, the USPS handled more than 135 million mail ballots. Roughly 94% were processed on time, and 99% made it to election boards within a week. "We had the best delivery rates on election mail that we've ever had," says McReynolds.

**AT THE START** of the Biden Administration, many assumed DeJoy's days as Postmaster General were numbered. Others had different ideas. "With all the outcry and all the Trump this and Trump that," says Fred Rolando, then the president of the National Association of Letter Carriers, "I just saw opportunity." Rolando and a group of union heads and key Democrats