

What's News

Business & Finance

- ◆ **Big tech names** Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla and Meta, the so-called Magnificent Seven, have collectively jumped 75% in 2023, leaving the other 493 companies in the S&P 500 in their dust. **A1**
- ◆ **The lowest mortgage rates** since the summer are starting to lure frustrated home shoppers back to the market, but few owners who have locked in much lower rates appear ready to sell. **A1**
- ◆ **Robinhood Markets**, known for a clientele of first-time investors, is attracting customers with fatter wallets from other brokerages, company filings indicate. **B1**
- ◆ **Gene-sequencing** company Illumina said it would divest itself of cancer blood test maker Grail, following Illumina's loss in its legal battle against U.S. anti-trust regulators. **B3**
- ◆ **Dozens of New York Times employees** formed a group to take a stand on journalistic independence as concerns grow that the labor union that represents the Times and other outlets has veered toward advocacy. **B3**
- ◆ **Consumers are shifting** more of their spending to so-called buy now, pay later lenders, sounding alarms at consumer-advocacy groups that say these companies provide fewer protections than credit cards. **B1**
- ◆ **Chinese travelers** are venturing abroad again in the wake of the Covid-19 pandemic, but are spending differently, denting sales at retailers that operate in nodes like airport gates, border shops and duty-free zones. **B1**

World-Wide

- ◆ **Israeli troops** recently discovered a large tunnel near a crossing between Israel and northern Gaza that a military spokesman described as strategic, meant "for moving massive assets" in connection with Hamas's subterranean warfare. **A1, A7**
- ◆ **U.N. officials** called for an investigation into an Israeli military raid on a Gaza hospital during which patients died and the armed forces said they detained scores of Hamas militants and recovered a trove of weapons. **A6**
- ◆ **Senate negotiators** failed to reach a deal on a framework for border-security measures that Republicans have demanded as a condition of passing Democrats' \$110.5 billion aid package containing new funding for Ukraine. **A4**
- ◆ **The chairman** of the Florida Republican Party will lose his salary and duties after the party's executive committee voted to censure him following a rape allegation. **A4**

◆ **Chileans rebuffed** another proposal for a new constitution that would have reinforced safeguards for private property, opting instead to keep the current charter. **A9**

◆ **A Vatican court** found Italian Cardinal Giovanni Angelo Becciu guilty of embezzlement and fraud and sentenced him to 5½ years in prison in a case centered on a failed London property investment. **A8**

◆ **North Korea** fired a second ballistic missile into the sea off its east coast, South Korea said, hours after Seoul reported that Pyongyang had conducted a short-range ballistic missile test into the sea. **A10**

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Santas Slay in Their Annual Race in Venice



ROUTE CANAL: People in Santa costumes filled the Grand Canal in Venice on Sunday in the annual Santa Claus regatta.

Israeli Military Reveals Tunnel It Says Hamas Built for Attack

BY DOV LIEBER

GAZA—A quarter of a mile from a civilian border crossing between Israel and northern Gaza lies what Israel's military says is the largest tunnel discovered in the enclave. It is large enough that large vehicles can drive through it, and yet, until recently, Israel didn't know the tunnel reached right up to its border. Israeli troops uncovered the tunnel exit buried under a sand dune a few weeks ago. Israeli officials believe that the tunnel, up to 50 yards deep at points, and 2½ miles long, took years and millions of dollars to build and was meant to facilitate a large-scale attack on Israel.

"This is for moving massive

assets," Israeli military spokesman Lt. Col. Richard Hecht told reporters on Sunday. "It's strategic."

The discovery of the large tunnel near the Israeli border provides further insight into how much Hamas has invested into its tunnel program and how little Israel knew about it before the group's Oct. 7 attack. Some analysts say this large tunnel demonstrates how Hamas has improved its subterranean warfare over the years and raises questions about how many other tunnels of that size are located near Israel without the military being aware of them.

Israeli military spokesman Daniel Hagari called the large tunnel "Sinwar's secret," a reference to Hamas leader

Yahya Sinwar, and his brother Mohammad Sinwar, who Israeli officials say headed the tunnel-building project.

Hamas representatives didn't respond to questions about the group's tunnel network.

"Hamas has the most extensive and most sophisticated tunnel network ever encountered in warfare," said Daphné Richemond-Barak, professor at Israel's Reichman University and author of a book on underground combat.

The Israeli military took a group of reporters, including from The Wall Street Journal, into the tunnel on Friday. Journalists were able to enter only the first roughly 50 yards of the tunnel, a limitation the Israeli military said was for their safety.

In one video the Israeli military showed journalists, Mohammad Sinwar can be seen driving a car through what they say is the tunnel. The video also shows Hamas using a large tunnel-drilling machine that has allowed it to expand the size and quality of the passages.

Israeli military officials say their war to destroy Hamas's military capabilities won't be finished until the group's tunnel network has been eliminated. That process, which officials say will take time, could put Israel at odds with international demands to wrap up

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- ◆ **U.N. urges probe** into Gaza hospital deaths..... **A6**
- ◆ **Hostage killings** fan debate on strategy..... **A6**

Big Seven In Tech Sector Dominate Market

Stocks have jumped 75% in 2023 and make up about 30% of S&P 500's value

BY HARDIKA SINGH

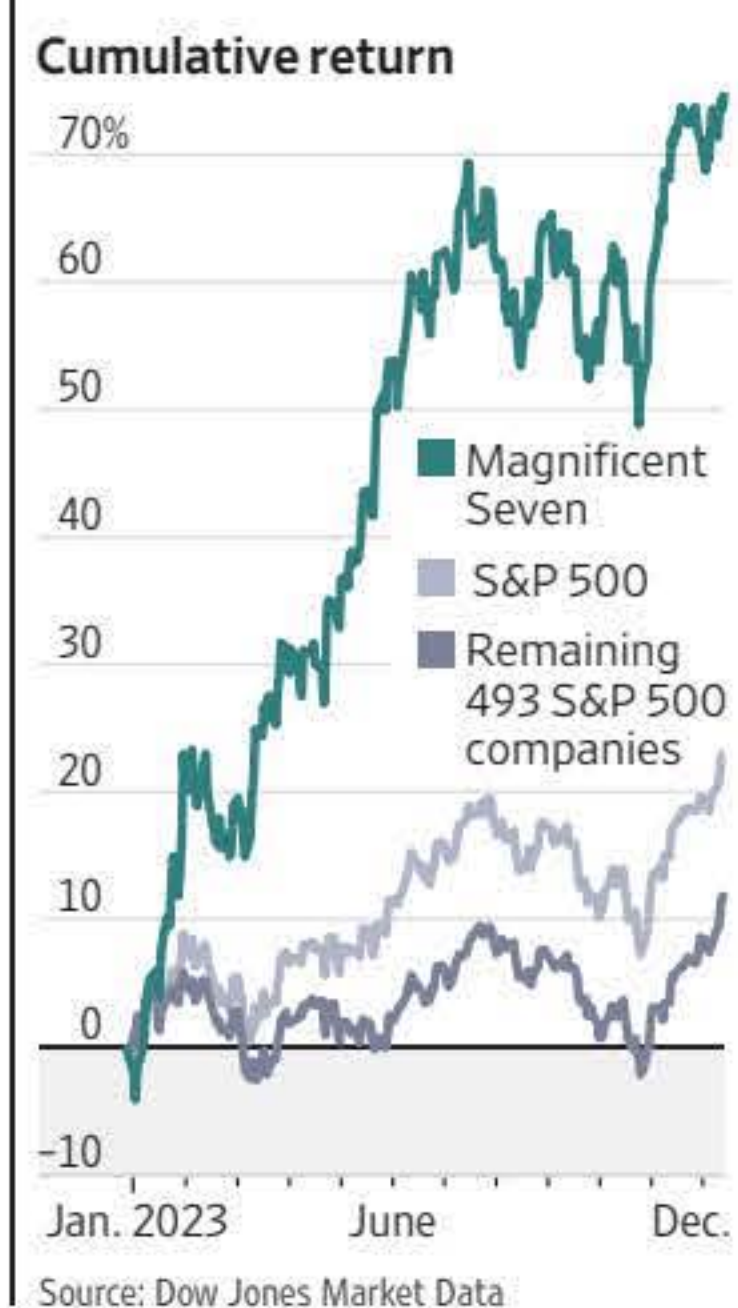
Big tech stocks reclaimed their position as the market's leaders this year. Just how far ahead of the pack have they run?

Collectively, the stocks known as the Magnificent Seven—Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla and Meta Platforms—have jumped 75% in 2023, leaving the other 493 companies in the S&P 500 in their dust. (Those have risen a more modest 12%, while the index as a whole is up 23%.)

The Magnificent Seven stocks have swelled to represent about 30% of the S&P 500's market value, according to Goldman Sachs Global Investment Research. That is approaching the highest-ever share for any seven stocks.

"It's a mind-blowing number to me when I think about an index that's supposed to

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Source: Dow Jones Market Data

An American Jewish Family Wrestles With War in Gaza

BY ARIAN CAMPO-FLORES

Emanuelle Sippy, a 20-year-old junior at Princeton University who heads the campus's Alliance of Jewish Progressives, came to believe in recent years that Israel is an apartheid state guilty of committing human-rights abuses. The war in Gaza has reinforced her views, and she has responded by participating in vigils, walkouts and other actions demanding a cease-fire.

Sippy's father, David Wirtschafter—a Reform rabbi in Lexington, Ky., who attended rabbinical school in Jerusalem—aches when he hears some of her harshest criticisms of Israel. And Sippy's grandmother, Carol Wirtschafter, who lived with her husband and children in Jerusalem during the 1973 Yom Kippur War, laments that Sippy has lost hope for the country.

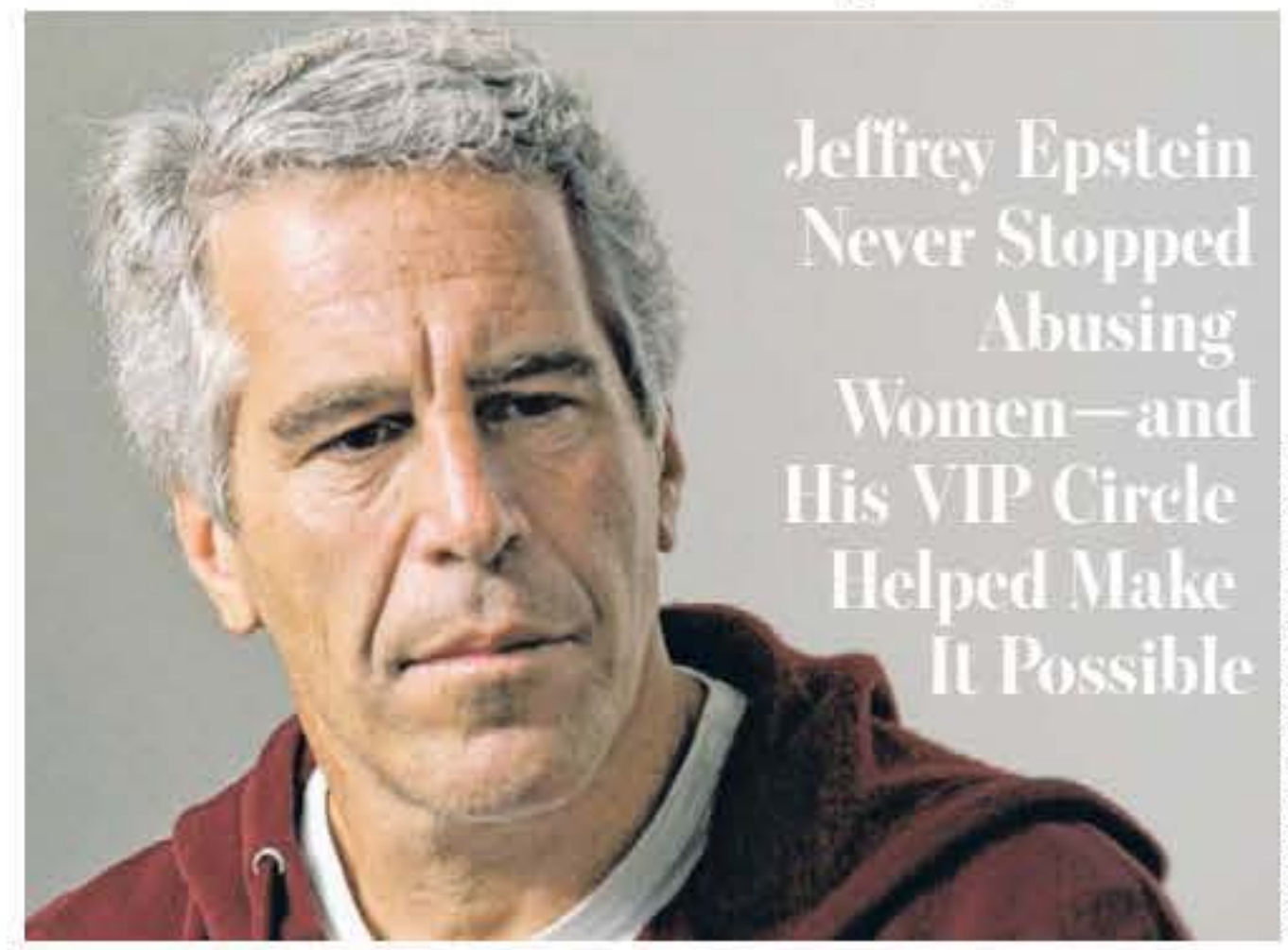
"I think she's given up on

Israel," she said. "That makes me sad."

Hamas's Oct. 7 attack in Israel, and the nation's military response, has plunged three generations of this family into mourning over the lives lost on both sides—and pushed them to wrestle with thorny issues related to the Jewish state. They have debated vigorously over the Israeli-Palestinian conflict, how to channel Jewish grief and ways to re-

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The Lies of Jeffrey Epstein



A WSJ investigation shows Epstein continued ensnaring young women for abuse after his 2008 conviction. This is their story of what happened. **Pages B7-B10**

National Park Soap Opera Faces Cancellation of Its Equine Stars

Government might remove wild horses, riling fans who follow drama of the herd

BY JOE BARRETT

MEDORA, N.D.—Chris Kman used a long-lens camera to scour sprawling grasslands tucked among snow-dusted buttes in Theodore Roosevelt National Park for signs of what she calls her family. She was most excited to spot Flax, who's been hard to find lately.

"He's the Fabio of this park," said her husband, Gary, 61, noting the sorrel horse's noble bearing and flowing mane.

And he's been going through some drama lately, says Chris Kman, 55, who

tracks the trials and trysts of the nearly 200 horses in the park for the 100,000 social-media followers of the couple's horse-themed gift shop and a nonprofit called Chasing

Horses Wild Horse Advocates. In the last two years, Flax has sired three offspring, kicked two sons out of his band, picked up two mares and lost a mare—along with their two daughters and his traditional grazing grounds—to a bach-

elor stallion named Cagney. "For a lot of people it's like a soap opera," said Kman. "You never know what's going to happen."

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Wild drama

INSIDE



YEAR IN REVIEW

From Israel to the Fed, a look at some of the biggest stories of 2023. **R1-28**

BUSINESS & FINANCE

Robinhood woos richer clients, luring \$1.1 billion in transfers from bigger brokers. **B1**

Home Buyers Tiptoe Into a Tough Market

BY NICOLE FRIEDMAN

The lowest mortgage rates since the summer are starting to lure frustrated home shoppers back to the market. The problem is that few homeowners who have locked in much lower rates appear ready to sell.

Home sales this year are on track to be the lowest since at least 2011. But as mortgage rates retreated from nearly 8% in October to below 7% last week, buyers are responding. Mortgage applications have increased for six straight weeks on a seasonally adjusted basis, though they are still down from year-ago levels, according to the Mortgage Bankers Association.

Real-estate agents say they expect more buying activity in the new year, after home shoppers return from a break over the holidays.

"There's just a lot of pent-up demand," said Lisa Sturtevant, chief economist at Bright MLS, a real-estate listings database that covers parts of six eastern states and Washington, D.C. "There's a lot of people out there who are still waiting to get into the market, and they're making it work however they can."

Home-buying affordability, which hit the worst level in decades this fall, is improving. The typical housing payment for a buyer purchasing a median-priced home with a 20% down payment was \$2,503 in the four weeks ended Dec. 10, the lowest level since April, according to real-estate brokerage Redfin.

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- ◆ **Outlook: Rents** are driving the inflation fight..... **A2**
- ◆ **Fed rate cuts** would give home buyers a boost.... **A12**

U.S. NEWS



THE OUTLOOK | By Gabriel T. Rubin

Rents Push Inflation Fight to Finish Line

Home buyers keeling over from sticker shock might think it crazy that housing could deliver significant relief on inflation. Yet that is economists' base case for 2024.

The fight against inflation has reached its proverbial "last mile," and the biggest remaining obstacle is shelter.

Consumer prices rose 3.1% in November from last year. That was helped by declining prices for some long-lasting goods like used cars, furniture and electronics over the past year. That has raised optimism that some measures of inflation could return to the Federal Reserve's target of 2% early in 2024.

The single most important factor standing in the way is shelter: It rose 6.5% in the year through November. And because it makes up 35% of the CPI, it has an outside impact. Without shelter, inflation in that period would have been just 1.4%.

(The Fed targets a measure, the personal-consumption expenditures index, which weighs prices differently and has been running somewhat below CPI inflation.)

Home prices rose 3.4% in October from a year earlier, hitting a record for that month, according to the National Association of Realtors, though that is well down from a comparable 25.2% gain in May 2021.

So it might seem strange that shelter inflation is expected to slow. But shelter inflation is based on rents, not housing prices, and rent growth over the past year has fallen to 3.3% through November, according to Zillow, lower than the average during 2018-19.

Moreover, this slowing takes time to show up in the CPI. Most tenants' rents change just once a year and thus lag what tenants pay on new leases. To capture what the typical tenant experiences, the CPI measure of tenant rent includes new and existing leases, and therefore will tend to lag behind measures of new leases only.

The U.S. Bureau of Labor Statistics surveys cohorts of properties at six-month intervals, then calculates the price change using a six-month moving average, adding to the lag in data.

That's for tenant rent, which makes up 7.7% of the CPI. For owner-occupied housing, which comprises

Seattle metro area housing inflation and year-over-year rent changes*



*Data through October 2023. †Consumer-price index, shelter component. Sources: Apartment List (rent estimates), Labor Department via St. Louis Fed (CPI)

25.8%, the BLS calculates so-called owner-equivalent rent, equal to the hypothetical rent a homeowner would pay to rent their own house, based on similar rental properties in their area. (For that reason, it is influenced more by rents on single family homes, the majority of the U.S. housing stock, than on apartments.)

The BLS doesn't use home prices because it considers a home a long-term investment as well as a consumer good. If your home is worth \$100,000 more, your monthly payment doesn't change.

Consumer-price index, change from a year earlier



So even as goods prices stop declining, cooling rents should keep putting downward pressure on inflation next year. Alan Detmeister, an economist at UBS, estimates that the shelter component of CPI inflation will fall to 3.75% by the end of 2024.

"That gives you a little bit more time" for the lags in rents to trickle into the data, he said. At that point, there will be little inflation left to fight. "If you have those finally coming down, it's over."

Fed officials are aware of this, and it's one reason the

central bank signaled this past week it may cut interest rates next year. "Activity in the housing sector has flattened out and remains well below the levels of a year ago," Fed Chair Jerome Powell said at his postmeeting press conference last week.

The Seattle area is an extreme example of how lagging housing indicators can skew the inflation picture. Seattle-Tacoma has one of the highest inflation rates in the country for a major metro area, at 4.8% in October.

That was fueled by 8.1% shelter inflation, by far the biggest contributor. But rents in Seattle have declined every month since April, according to apartment listing site Apartment List, and more downward price pressure is in the pipeline. In the medium term, home values and rents there are expected to plummet, according to a report by Capital Economics. That's driven by the sharpest projected rise in vacancies of any metro area.

"Seattle, the Bay Area, even Denver—we've seen some improvement in affordability because people have been migrating out and demand pressures have not

been as large," said Selma Hepp, chief economist at CoreLogic, a global provider of real-estate data and analytics.

The national boom in multifamily supply has already resulted in cooler rent growth, which economists expect to continue next year as more units become available.

"It will soften the market," said Lu Chen, senior economist at Moody's Analytics. "The gradual, continuous, consistent decline in rent growth is what we need to tame shelter inflation."

Still, she said, "the housing shortage will remain with us." The demographic pressure of home demand from Gen Z—typically defined as being born from the mid-1990s to 2012—and millennials will continue to collide with a limited supply of single-family properties, putting pressure on prices unless supply catches up. When families are priced out of homeownership, that feeds back into demand for rentals.

"People in the single-family rental market are often there out of necessity," said Hepp. "The demand for single-family inventory is going to remain."

U.S. WATCH



HEARTBREAK: Jeannie Tuomala left a message Sunday at a memorial for four teenagers killed in a crash Saturday in Billings, Mont.

FLORIDA DeSantis Campaign Strategist Resigns

Internal turmoil continued for Florida Gov. Ron DeSantis's presidential bid as a top strategist resigned.

Jeff Roe, who led the Never Back Down super PAC handling an outside role in the campaign, resigned Saturday night, citing critical comments from another official with the group in a story by the Washington Post.

"I can't believe it ended this way. I'm so proud to have worked alongside these men and women at NBD," Roe said on the social-media platform X. He declined to comment on Sunday.

Roe is the latest in a string of people who have left or been fired from the group in recent weeks as DeSantis allies worked to gain control. Never Back Down handled much of the organizing for DeSantis, arranging events and bus travel and assembling a large canvassing team.

"We have full confidence in the NBD ground game and field operation" the DeSantis campaign said.

—Alex Leary

OBITUARY Renowned Sculptor Richard Hunt, 88

Richard Hunt, a prolific Chicago artist who was the first Black sculptor to receive a solo retrospective at New York City's Museum of Modern Art and whose public works drew praise from presidents, has died at age 88.

Hunt "passed away peacefully" Saturday at his home, according to a statement posted on his website. No cause of death was given.

During his career, Hunt created more than 160 commissioned pieces of public art that are displayed nationwide, including at libraries and college campuses. In Chicago, his 35-foot high stainless steel "Flight Forms" is at Midway International Airport. In 2021, his monument with bronze columns honoring the late civil rights icon Ida B. Wells was dedicated in the city's Bronzeville neighborhood.

"A lifelong Chicagoan, his extraordinary career spanning 70 years leaves an indelible impact on our city and our world," Chicago Mayor Brandon Johnson said.

—Associated Press

Buyers Find Few Homes For Sale

Continued from Page One

That buying appetite is poised to grow further owing to the recent retreat in mortgage rates. According to Freddie Mac, the average rate on a 30-year fixed mortgage has declined for seven straight weeks, falling to 6.95% as of Dec. 14 after hitting a two-decade high of 7.79% in October.

The most significant constraint is the shortage of homes on the market. Many homeowners who locked in low mortgage rates in recent years are unwilling to give up

those loans to take on a different mortgage at a significantly higher cost.

After a boom in home purchases and refinancings when rates were near a bottom, more than 32 million homeowners have mortgage rates below 4%, according to Intercontinental Exchange.

New for-sale listings are going up, but slowly. In November, they rose 7.5% from a year earlier, but the active inventory of homes for sale was almost 38% below typical pre-pandemic levels, according to Realtor.com. (News Corp, parent of the Journal, operates Realtor.com.)

Homeowners' unwillingness to sell their homes because they don't want to let go of their low mortgage rates is keeping home prices near record highs. Mortgage rates would need to fall another

percentage point or more to entice many homeowners to sell, economists and real-estate agents say.

The current dichotomy between more buyers who see mortgage rates as attractive enough to transact and homeowners who still consider them too steep to sell is likely to keep the housing market from really taking off.

A combination of low inventory, high prices and high mortgage rates has stifled the housing market this year. Existing-home sales slumped in October to the lowest rate since August 2010, according to the National Association of Realtors.

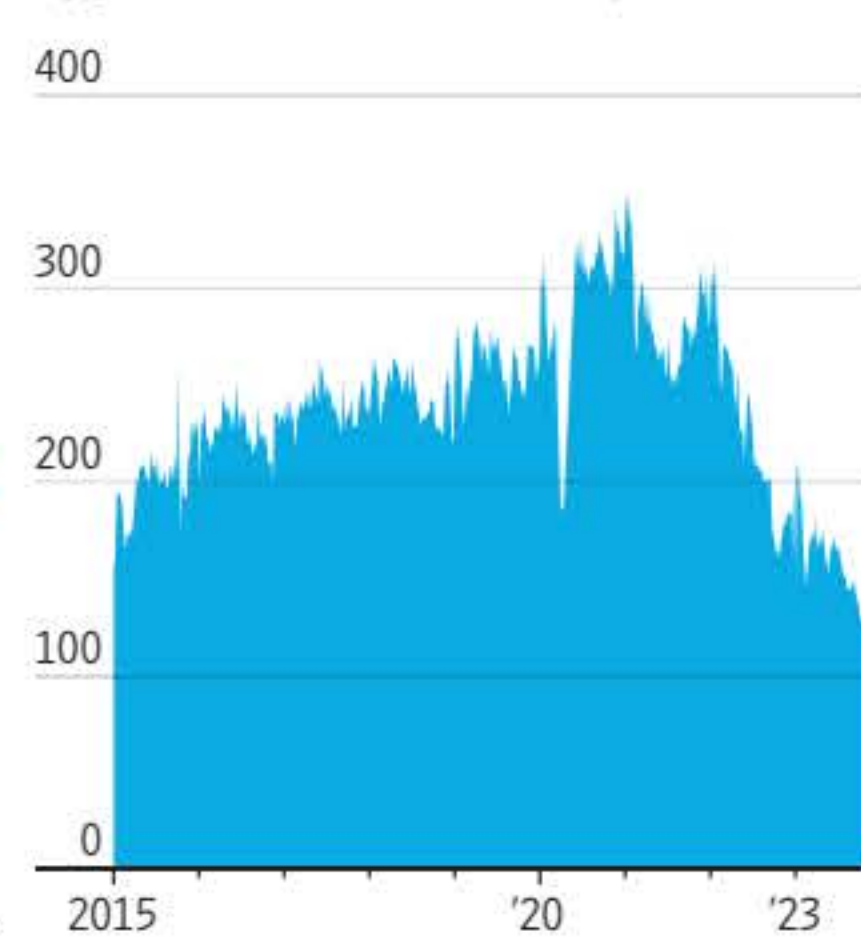
In a sign of how much consumer expectations have changed, a mortgage rate near 7% is now attracting buyers, while a 7% mortgage rate in late 2022 led to a sharp drop

Average rate on a 30-year fixed mortgage, weekly



*Seasonally adjusted. Sources: Freddie Mac via St. Louis Fed (mortgage rate); Mortgage Bankers Association (index)

Mortgage purchase applications index, weekly*



in sales activity.

Carly and Vincent Bove have been trying to buy a home in New Jersey since the summer of 2022 and have made about 15 offers on homes. The couple is expecting their first child this spring.

The listings they see on the market are typically estate sales or homes owned by sellers who are moving to another state, Carly Bove said. When they do find homes that appeal to them, they often face bidding wars, she said.

While the recent decline in rates could make a purchase more affordable, she doesn't expect it to lure more sellers onto the market.

"It just feels like a desert. There is nothing there for us to even look at," she said. "We are saving money and we're ready to spend it, but we have nothing that meets our criteria to spend it on."

When rates declined in early 2023 after rising above 7% the prior fall, activity

surged as buyers rushed to take advantage. Existing-home sales jumped almost 14% in February from January, the first monthly increase in a year, according to NAR.

Market participants expect another pickup in sales in early 2024. Interest from buyers typically increases in the first quarter, said Anthony Aldridge, executive director of sales at Service First Mortgage in Fort Worth, Texas.

"If we're met with lower interest rates in that seasonally strong period, it should be a great start to the year," he said.

Aldridge said he expects the most activity from first-time home buyers who aren't locked into an existing mortgage and are frustrated with high rent costs.

Some housing economists are forecasting that mortgage rates could continue to slowly decline in 2024. The housing-market slowdown since early 2022 is one of the biggest ef-

fects of the Federal Reserve's efforts to curb inflation and cool the economy by raising its benchmark interest rate. Last week, the Fed kept its benchmark rate steady at a 22-year high and released new projections showing Fed officials anticipated three rate cuts next year.

Some market watchers also expect inventory to creep higher next year, because would-be sellers might not be able to keep waiting for lower rates.

"I can't imagine that we would go much lower in terms of existing inventory," said Christine Cooper, chief U.S. economist at CoStar Group. "There's got to be a number, a percentage of homeowners, that do have to move. They've inherited a house, for example, or they have a job change."

The sellers who are listing their homes right now are typically people who are relocating for job opportunities, empty-nesters who are downsizing, investors, or families who are moving into multi-generational homes to share costs, said Juan Castro, a real-estate agent at Redfin in Orlando.

Other types of sellers are still staying put, he said. That includes move-up sellers, many of whom are holding on to starter homes that would appeal to first-time home buyers.

"You're not going to see people sell a small house to move into a big house...It's too much of a payment shock," Castro said. "You'll see inventory go up a little bit, but it will not be like it was four years ago."

CORRECTIONS & AMPLIFICATIONS

Activision agreed to pay \$35 million earlier this year to settle Securities and Exchange Commission claims tied to its process for deciding whether disclosures to investors should reflect employee complaints about workplace misconduct. A Business & Finance article Saturday about Activision settling a California Civil Rights Department lawsuit incorrectly said the SEC agreement was reached in 2021.

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U.S. NEWS

Rich Nations' Taxpayers Foot Rising Bills

By TOM FAIRLESS

Rich countries are raising more money from taxpayers than they have in decades to finance a burst of state spending as surging interest rates make borrowing less attractive.

Tax revenues have risen to record levels as a share of economic output in a number of major economies, including France, Japan and South Korea, according to data published by the Organization for Economic Cooperation and Development, the club of mainly rich countries.

The increases are worth hundreds of billions of dollars in additional revenue for governments that are navigating an array of new spending needs, from military priorities to industrial policy. They underline a trend toward big government, amplified by the Covid-19 pandemic and fueled by national-security concerns in a world of geopolitical divisions, the need to care for aging populations and the fight against climate change.

In the U.S., tax receipts at all levels of government climbed to nearly 28% of GDP last year, up from 25% in 2019 and the highest level since at least 1965, aside from a brief period of budget consolidation during the Clinton administration. During the late 1990s, the U.S. turned budget deficits into surpluses with tax increases, spending restraint and fast economic growth.

In France and Germany, tax receipts have increased by around one percentage point of GDP since 2019 from already high levels, to about 46% and 39% of GDP, respectively. In both countries, tax-to-GDP ratios are at the highest levels since records began in 1965. The German government last week announced a series of energy-tax increases and spending cuts to plug a hole in next year's budget.

In Asia, where taxes and social spending have long been leaner than in Europe, tax-to-GDP ratios have climbed to records in Japan and South Korea, and are approaching European levels. Japan's latest data are from 2021.

That tax revenues are rising as a share of GDP means their increase is outpacing economic growth, signaling a growing government role in the economy. Economists say the trend tends to weigh on household spending and entrepreneurship, as a larger share of people's income goes to taxes, dragging on the economy.

Governments haven't necessarily raised tax rates. Rather,

many are benefiting as high inflation pushes up both prices and wages, propelling taxpayers into higher brackets, a phenomenon known as fiscal drag. Still, experts say actual tax increases are likely in the cards for a number of advanced economies, including Germany and the U.K.

The trend toward higher tax receipts is likely to continue as rising borrowing costs collide with increased state-spending needs, from military budgets to welfare for aging populations to climate change, said Kurt van Dender, an OECD official responsible for tax statistics. "It looks difficult to move away from a situation of increased role for governments in the economy," van Dender said.

Governments across advanced economies are spending about 2 percentage points more as a share of gross domestic product than they did in 2019, or around 41% of GDP compared with 39% before the pandemic, according to International Monetary Fund data.

Government revenue is expected to rise to around 32% of GDP in the U.S. in 2027 from 30% in 2019, according to IMF data. The Congressional Budget Office sees federal tax revenue declining from its fiscal-2022 level, then rising on the assumption that tax cuts enacted under President Donald Trump will expire after 2025. But Republicans vow to block all tax increases and Democrats vow to block any increases on anyone making under \$400,000. Absent full Democratic control

Tax receipts at all levels of government in U.S. hit nearly 28% of GDP.

of the White House and Congress, significant U.S. tax increases are unlikely.

Governments are also tapping debt markets heavily: Across advanced economies, government debt stands at around 112% of GDP, up from 104% in 2019, and will likely increase, according to IMF data. With interest rates higher, borrowing and refinancing existing debt has become expensive.

Governments globally are expected to spend a net \$2 trillion paying interest on their debt this year, up more than 10% from 2022, according to an analysis of IMF data by research consulting firm Teal Insights. By 2027, it could top \$3 trillion.

As one of the lowest-taxed rich countries in the world, the U.S. has more scope than many countries to raise taxes, although that path would be politically tricky. China's share of tax revenue is lower still, at around 21% of GDP, according to OECD data.

—Richard Rubin
contributed to this article.

Fire Destroys Church in Los Angeles Area



HUGE LOSS: Victory Outreach Church in Pomona was reduced to rubble by a blaze early Sunday morning. No one was hurt.

Colleges' Clash on Hot Issues Boils Over

By DOUGLAS BELKIN

The recent resignation of University of Pennsylvania President Liz Magill was a rarity in higher education—outside forces had stormed up the ivory tower and dethroned a leader.

It was an uprising years in the making.

The events that unfolded were, on their face, about inconsistently applied free-speech protections and antisemitism, after the presidents of Penn, Harvard University and Massachusetts Institute of Technology failed to say unequivocally that calls for genocide of Jews would violate their school's harassment policies during disastrous congressional testimony.

The skirmishes were part of a wider battle between academia and its critics that has been simmering for a half-century as scholarship and teaching have broadened beyond classical Western thought and shifted leftward.

Conservatives, many situated outside academia, contend schools indoctrinate students in echo chambers. That environment discourages freedom of thought and embraces a view of the world that ignores the successes of Western civilization and capitalism, they argue.

Traces back decades

The seeds of the debate were planted in the 1960s and 1970s, when antiestablishment faculty and more racially diverse students flooded into colleges and ushered in the rise of critical theory, the predecessor to critical race theory. Generations of students began deconstructing the systems of power largely controlled by white, European men. Faculty launched departments in subjects like gender studies and African-American

studies to focus on the history and experiences of marginalized communities.

Tenure committees rewarded scholars with left-leaning politics and over generations those sensibilities saturated departments.

By 2018, the ratio of Democrats to Republicans was 70 to 1 among faculty who taught religion, 48 to 1 in English, 17 to 1 in philosophy, history and psychology and 8 to 1 in political science, according to a study of the political affiliations of faculty at 51 of the top liberal-arts colleges. More than three-quarters of Harvard's faculty of arts and sci-

Student tolerance for opposing ideas declined and attempts to disinvite or cancel speakers on campuses increased about fourfold since the year 2000, according to a database maintained by the Foundation for Individual Rights and Expression. A majority of the speakers canceled have been conservative.

Binary view prevails

A widespread view on campuses now is that the world is made up of people who fit into one of two categories—oppressed and oppressor, said Samuel Abrams, a professor of

to any educational mission.

"Diversity has become the most important thing to universities—beyond inquiry," said Tom Ginsburg, law professor and faculty director of the University of Chicago's Forum for Free Inquiry and Expression. "The purpose of the university has nothing to do with truth, it has to do with your ability to give the right answer."

A few years ago, alumni of some of the most prestigious schools concluded their alma maters were choking off viewpoint diversity. They started taking action. In 2021, for instance, Princeton University alum Edward Yingling, a former president and chief executive of the American Bankers Association, heard that conservative students who disagreed with the prevailing orthodoxy on campus were being ostracized by classmates and blackballed by prospective employers.

He helped to start Princetonians for Free Speech and The Alumni Free Speech Alliance which now has chapters on 25 campuses. The groups began trying to leverage their power as donors to demand more free speech protection and viewpoint diversity on campus.

But Magill's fall and the realization that the Ivy League had been breached, has sent waves of anxiety through faculty across the country.

"If higher education gets co-opted by outside forces, we're turning into an authoritarian state," said Irene Mulvey, president of the American Association of University Professors. A democracy can't function in a country "where the government tells you what you can learn. The government tells you what you can research. The government tells you what's true, the government tells you what to believe."



Harvard President Claudine Gay, left, and Liz Magill, then president of the University of Pennsylvania, on Capitol Hill.

ence now characterize their political leanings as liberal or very liberal, while less than 3% identify as conservative or very conservative, according to a Harvard Crimson survey.

The nation's faculty are now the most politically homogeneous since the 1800s, when universities were divinity schools, according to Jonathan Haidt, a professor of ethical leadership at New York University's business school who co-founded Heterodox Academy, which advocates viewpoint diversity on campus.

political science at Sarah Lawrence College.

Universities hired hundreds of administrators to carry out new diversity, equity and inclusion guidelines. Students at hundreds of schools can now anonymously report one another for exhibiting discrimination or bias.

In response, conservative politicians and free speech advocates have stepped up their criticism of the academic world, arguing that faculties have given priority to social justice above the pursuit of truth, which should be central

Growing Use of Ketamine Gets a Closer Look After Perry's Death

By ROLFE WINKLER
AND BRIANNA ABBOTT

Matthew Perry's death from the effects of ketamine brought new scrutiny to the booming business to prescribe the powerful anesthetic to patients in clinics and online.

Perry was receiving ketamine infusions for depression and anxiety before he was found unresponsive in the pool at his Pacific Palisades, Calif., home on Oct. 28. Drowning, coronary artery disease and effects of buprenorphine, a medication used to treat opioid-use disorder, contributed to his accidental death, the autopsy report released on Friday said.

The high level of ketamine in his blood when he died at 54 years old couldn't have come from his last known treatment at a clinic a week and a half before his death, the report said. Traces of the drug usually linger in the blood for a few days. It isn't known whether Perry purchased more ketamine from another provider or the illicit market.

"This really should be a wake-up call that ketamine needs to be used appropriately," said Dr. Gerard Sanacora, director of Yale University's depression-research program.

He noted that the Food and Drug Administration's approval of a version of ketamine for treatment-resistant depression requires that the drug be given under a health-care professional's observation in a clinical setting. The treatment approved in 2019 requires follow-up reporting to track adverse events, and it isn't approved for at-home use. The FDA didn't respond to a request for comment.

With safeguards in place, the treatment has been shown to be safe and effective, doctors said. But regulators and doctors have expressed concern over ketamine's expanding use and the dangers of taking it at home without supervision.

Ketamine has been used in hospitals and clinics for decades to numb people during surgeries. It is also a common party drug, nicknamed Special



Actor Matthew Perry had ketamine in his blood when he died.

K, that has hallucinogenic properties and creates an out-of-body feeling.

Clinics have opened across the country to administer it off-label to treat severe depression, other mental-health conditions and chronic pain.

Researchers are studying whether ketamine could help treat substance-use disorders and doctors sometimes prescribe it for that purpose. Others don't prescribe it to people with a history of addiction.

Online providers started prescribing the drug for home use during the Covid-19 pandemic, thanks to relaxed federal rules on remote prescription.

Also, telehealth providers can advertise drugs in ways many pharmaceutical companies can't. Ads by Mindbloom, one online ketamine provider, have noted that ketamine has "minimal side effects" without listing them, and claimed that ketamine works more effectively than antidepressants.

Mindbloom said its ketamine treatment has helped thousands of people with depression and that its safeguards include monitoring during sessions. It didn't comment on its advertising but in the past has said its ads comply with all applicable regulations.

Safety concerns with ketamine include increases in blood pressure, respiratory depression and bladder problems, according to the FDA. People can also get into accidents if taking the drug unsupervised, doctors said.

Ketamine clinics often use

intravenous infusions or injections and have medical staff monitor patients during treatment. At home, patients use oral lozenges or nasal sprays. The FDA has warned about the use of compounded ketamine, including lozenges and sprays. Its warnings in 2022 and this October said the lack of monitoring when the drug is prescribed online and used at home puts patients at risk.

Mindbloom and other online providers often instruct patients to have someone monitor them at home while they take the drug.

The American Society of Ketamine Physicians, Psychotherapists and Practitioners said it is working on ethical and scientific standards for providers to use, including for at-home prescribing, and educating on best practices.

"While the evidence of its efficacy is overwhelming, ketamine as a mental-health treatment is still off-label and unregulated," Dr. Sandhya Prashad, the group's president, said earlier this month. "This has created a 'Wild West' dynamic."

U.S. NEWS

Border-Bill Negotiators Fail to Reach Accord

WASHINGTON—Senate negotiators failed Sunday to reach a deal on a framework for border-security measures that Republicans have demanded as a condition of passing new funding for Ukraine, further slimming the chances of any vote before Christmas.

By *Siobhan Hughes, Katy Stech Ferek and Kate O'Keefe*

The lack of a breakthrough by the self-imposed weekend deadline underscored the difficulties facing the Senate talks, even after the Biden administration signaled it was prepared to make significant concessions on immigration policy. Many Republicans not involved in the discussions have expressed skepticism in recent days about any deal, while progressive Democrats have raised concerns that the White House was bowing to conservative demands.

"We've got lots of issues to work through, in which there

are many different ways to try and address and solve problems," Sen. Kyrsten Sinema (I, Ariz.) said Sunday evening. "We have to choose the one that works the best and that allows us to earn the votes of both houses [of Congress] and both parties."

Sens. Sinema, Chris Murphy (D, Conn.) and James Lankford (R, Okla.) met with Homeland Security Secretary Alejandro Mayorkas in the offices of Senate Majority Leader Chuck Schumer (D, N.Y.) to discuss proposals that would tighten border security. Negotiators were tight-lipped about details of the talks or issues that remain to be agreed upon, while emphasizing the intricacies of immigration policy. Talks were set to resume Monday.

"People see these big ideas and say it's simple just to be able to settle that," said Lankford. "But underneath every big idea is 100 smaller decisions that all have to be made, and every one of them is complicated."

Talks picked up this month

after Senate Republicans blocked a \$110.5 billion foreign-aid bill that includes assistance for Ukraine and Israel from coming to the floor. Ukrainian President Volodymyr Zelensky's personal appeal to senators and House Speaker Mike Johnson (R, La.) didn't change their view that the U.S. border needed to be dealt with in tandem with Ukraine, amid a historic level of illegal migration.

Shortly afterward, the White House, backed by Democratic negotiators, indicated it was open to creating a new expulsion power at the border that would allow the government to turn away asylum seekers without letting them claim asylum, akin to the pandemic-era Title 42 policy employed by the Trump administration. The White House has emphasized

that Ukraine needs new aid as soon as possible, prompting Schumer to keep the Senate in session this week in hopes of passing a compromise.

Congressional negotiators and administration officials have said that the details of any legislation would be tricky to translate into writing, and they knew they had a narrow window to reach a framework agreement and give their colleagues enough time to review it before any vote.

Some GOP senators said the window for this year had already closed.

The talks have faced skepticism from other lawmakers, who have said they would need to see the actual language of the deal before getting on board and doubted such text could come together quickly enough for a vote before Christmas. Sunday, Senate Minority Leader Mitch McConnell (R, Ky.) sent a note to Senate Republicans that

called into question whether Schumer would have a vote this week on any deal, and if so, whether the measure could pass.

"Without text and sufficient time to review it, it would not succeed," said the note McConnell circulated to Republican senators, which was also signed by Lankford. "There are significant issues still under discussion and a lot of very technical work on drafting which takes time to get right."

Some Republicans said that the window for this year had already closed, and on Sunday a group of 15 senators asked Republican leaders to schedule a meeting of the GOP conference the week of Jan. 8, when the House is back in session, and put off a vote until after that. Sen. John Barrasso (R, Wyo.), the chairman of the Senate Republican Conference, said that he would work to schedule such a meeting, according to his spokeswoman.

Most legislation needs 60 votes to advance in the Senate,

and lawmakers have said a strong show of GOP support in the chamber will be needed to persuade House Republicans to also back any agreement.

Some Democrats have been alarmed by the proposed concessions, saying they are cruel and could make the situation at the border even worse. House lawmakers warned that any deal struck by a small group of senators could run into hurdles.

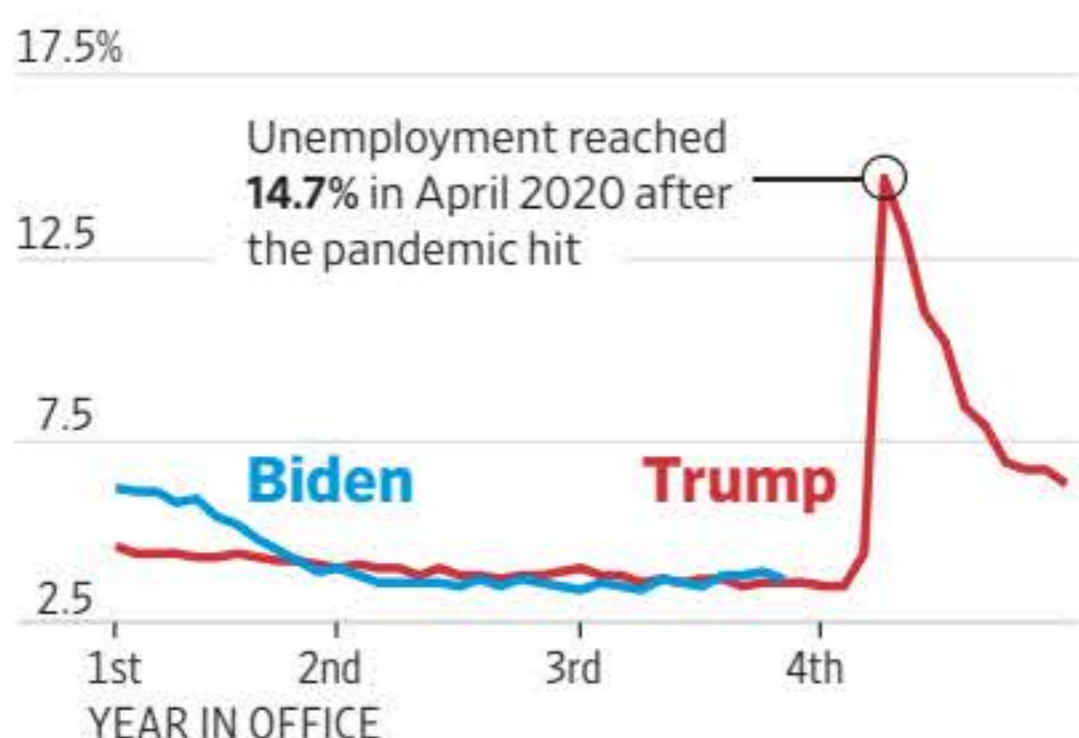
"No backroom deal on the border without the involvement of the House, the House Hispanic caucus, Latino senators, is going to pass," said Rep. Ro Khanna (D, Calif.).

On the other side, many Republicans said the White House's offer wasn't far-reaching enough. They have pushed to include language making migrants ineligible to apply for asylum if they didn't ask for humanitarian protection in the first safe country they passed through—such as Mexico.

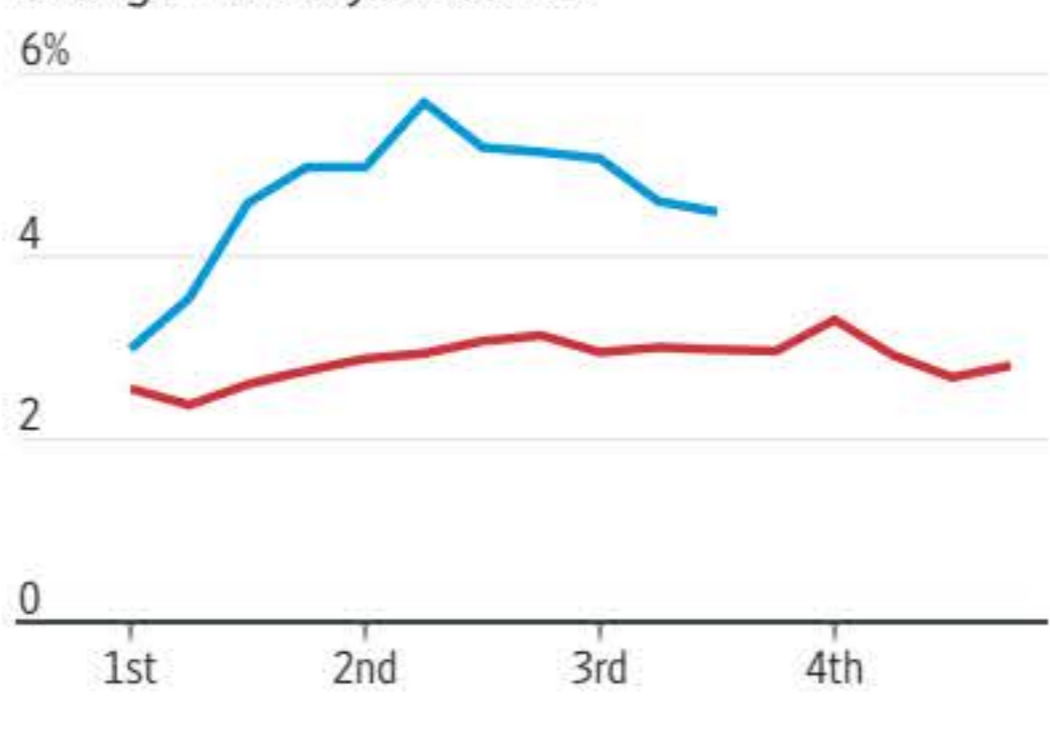
—Michelle Hackman and Paul Kiernan contributed to this article.

On Biden's watch, inflation soared after low levels under Trump, although unemployment fell sharply and wages accelerated.

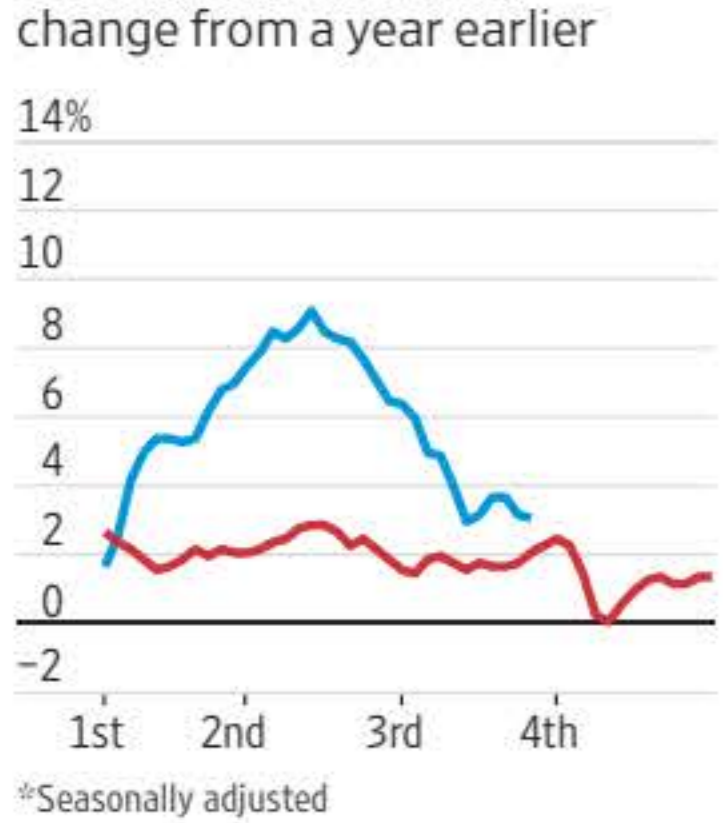
U.S. unemployment rate, monthly*



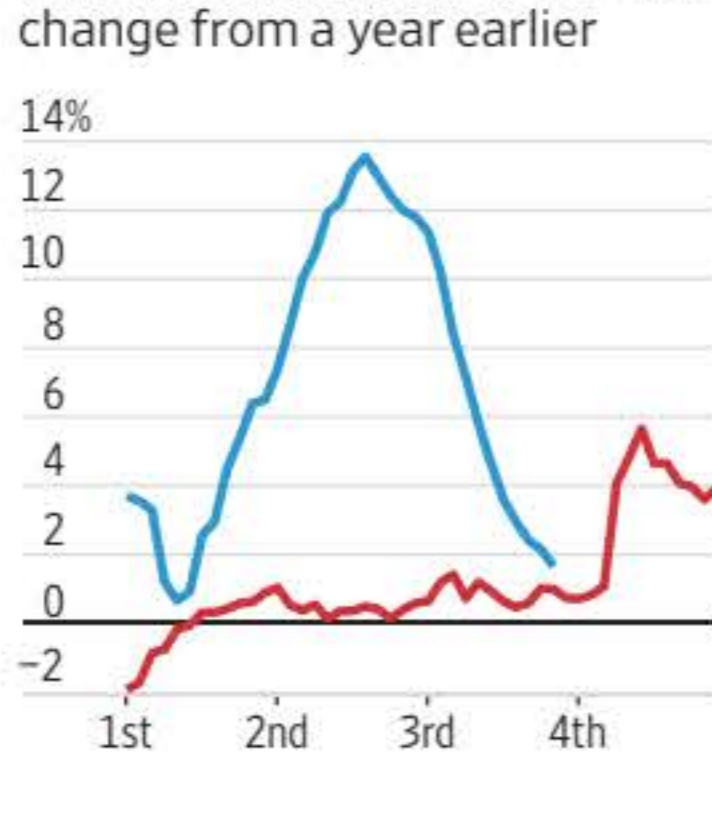
Private industry wages and salaries, change from a year earlier



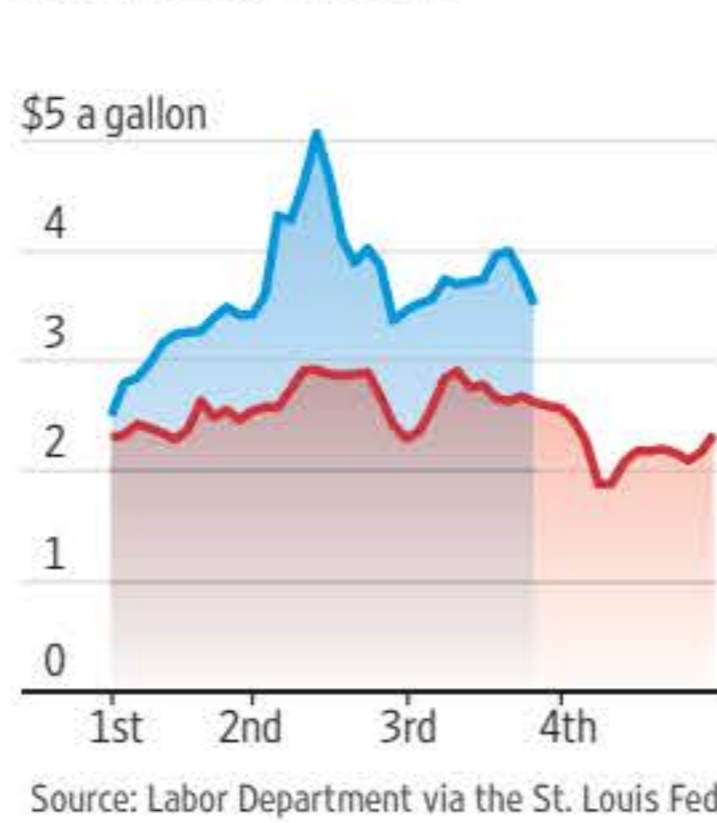
Consumer price index, change from a year earlier



Consumer prices for groceries, change from a year earlier



U.S. gasoline prices



*Seasonally adjusted. Source: Labor Department via the St. Louis Fed



President Biden and former President Donald Trump both made appearances this past week.

Florida GOP Chair Censured As Unfit

By *Matt Barnum*

The chairman of the Florida Republican Party will lose his salary and duties after the party's executive committee voted Sunday to censure him following a rape allegation.

Christian Ziegler was accused in October of sexual assault involving a woman who said that she had been part of a three-way relationship with him and his wife, a well-known Florida Republican who supported the state's law restricting discussion of sexual orientation in schools.

"Christian Ziegler has engaged in conduct that renders him unfit for the office of Chairman," read a motion that was unanimously passed by the Republican Party of Florida Executive Committee.

Ziegler wasn't removed from office, but his authority as chairman was suspended and his salary reduced to \$1. The full state committee will consider removal next month.

Ziegler hasn't been charged with a crime and has previously denied the allegation. According to a search warrant originally obtained by the Florida Center for Government Accountability, he told detectives in November that the encounter had been consensual. Ziegler couldn't be reached Sunday afternoon. His lawyer previously expressed confidence to several media outlets that "no charges will be filed, and Mr. Ziegler will be completely exonerated."

His wife, Bridget Ziegler, has also been caught up in the controversy, although there is no allegation of wrongdoing against her. She helped found the conservative parents' rights group Moms for Liberty, and is a member of the Sarasota County School Board and the Central Florida Tourism Oversight District board.

The search warrant said detectives had interviewed her and that she "confirmed having a sexual encounter with the victim and Christian over a year ago and that it only happened one time."

Last week, members of the Sarasota school board approved a resolution urging Bridget Ziegler to resign from office. During the meeting, some people from the community said that her alleged sexual encounter with another woman would amount to hypocrisy since she had been a vocal supporter of the Florida law dubbed "don't say gay" by its critics.

The school board has no authority to remove a member, and Bridget Ziegler voted against the resolution. "I am disappointed," she said at the board meeting. "I serve on another public board and this issue did not come up and we were able to forge ahead with the business of the board."

Bridget Ziegler, who left Moms for Liberty soon after its 2021 founding, couldn't be reached for comment Sunday.

Biden Policies Get Low Marks From Voters

By *Andrew Restuccia and Amara Omeokwe*

WASHINGTON—Robert Gilbert is fed up with high prices for groceries and other necessities, and he has given up hope that President Biden can help.

"I don't think he has really done much for us, nothing that benefits me, really," said Gilbert, 65 years old, a retiree living on a fixed income in Fenton, Mo. He voted for Biden in 2020, but doesn't think

he will support him again.

Gilbert isn't a fan of Donald Trump either, but he felt the economy was better when Trump was in office. "I think Trump did a pretty good job if he shut his mouth," said Gilbert, who is considering voting for a third-party candidate.

More than half the country now thinks Biden's policies have done them harm and nearly as many voters think Trump's policies helped them, a foreboding sign for the incumbent heading into a likely rematch with his 2020 foe.

For Biden, the finding in a recent Wall Street Journal poll offers a stark explanation of why support from those who helped put him in office is waning. It also illustrates why Democrats are increasingly worried about his prospects, even against an unpopular Republican opponent.

Voters across the political spectrum single out inflation and high prices as a chief complaint about Biden's presidency, but some also are upset with his broader record on domestic and foreign policy. Many voters couldn't cite specific Biden administration policies they disliked, but instead channeled a pervasive malaise in the country that they said was difficult to pin down. Several said they were considering supporting an alternative to either party's front-runner or not voting at all.

In interviews with voters, what's striking is that the frustration is coming from all sides of the coalition that put Biden in the White House. Liberal voters are angry about Biden's approach to Israel's war in Gaza, and complain that he hasn't done enough to enact the progressive policies he laid out during the 2020 campaign, including large-scale student loan forgiveness. Centrist voters want him to do more to secure the border, while left-leaning voters think his immigration policies have moved too far to the right.

Among Democrats and independents who lean that way, 45% say Biden's policies hurt

them personally or had no impact on them, according to the Journal poll. Among voters overall, 53% said Biden's policies hurt them, and less than a quarter—23%—said they were helped by his policies. Some 49% of voters said Trump's policies personally helped them, while just 37% said they hurt them.

Democratic pollster Michael Bocian said voters are "hearing a lot right now about how things are bad for them economically and they're remembering that inflation was lower during the time that Trump was president." He conducted the Journal poll in late November and early December with Republican pollster Tony Fabrizio, who characterized the findings as "very startling." Fabrizio works for a Trump super PAC.

Voters' low marks on Biden's record come as many of them remain pessimistic about the economy despite relatively strong economic data. During Biden's nearly three years in office, inflation reached 9.1%, its highest in more than four decades, but has since plummeted to 3.1%. Meanwhile, the labor market has remained strong throughout his presidency, with relatively low unemployment, and wage growth that started to outpace prices earlier this year. Stocks reached record highs after easing inflation prompted the Federal Reserve on Wednesday to extend a pause in interest-rate hikes and signal further increases are unlikely.

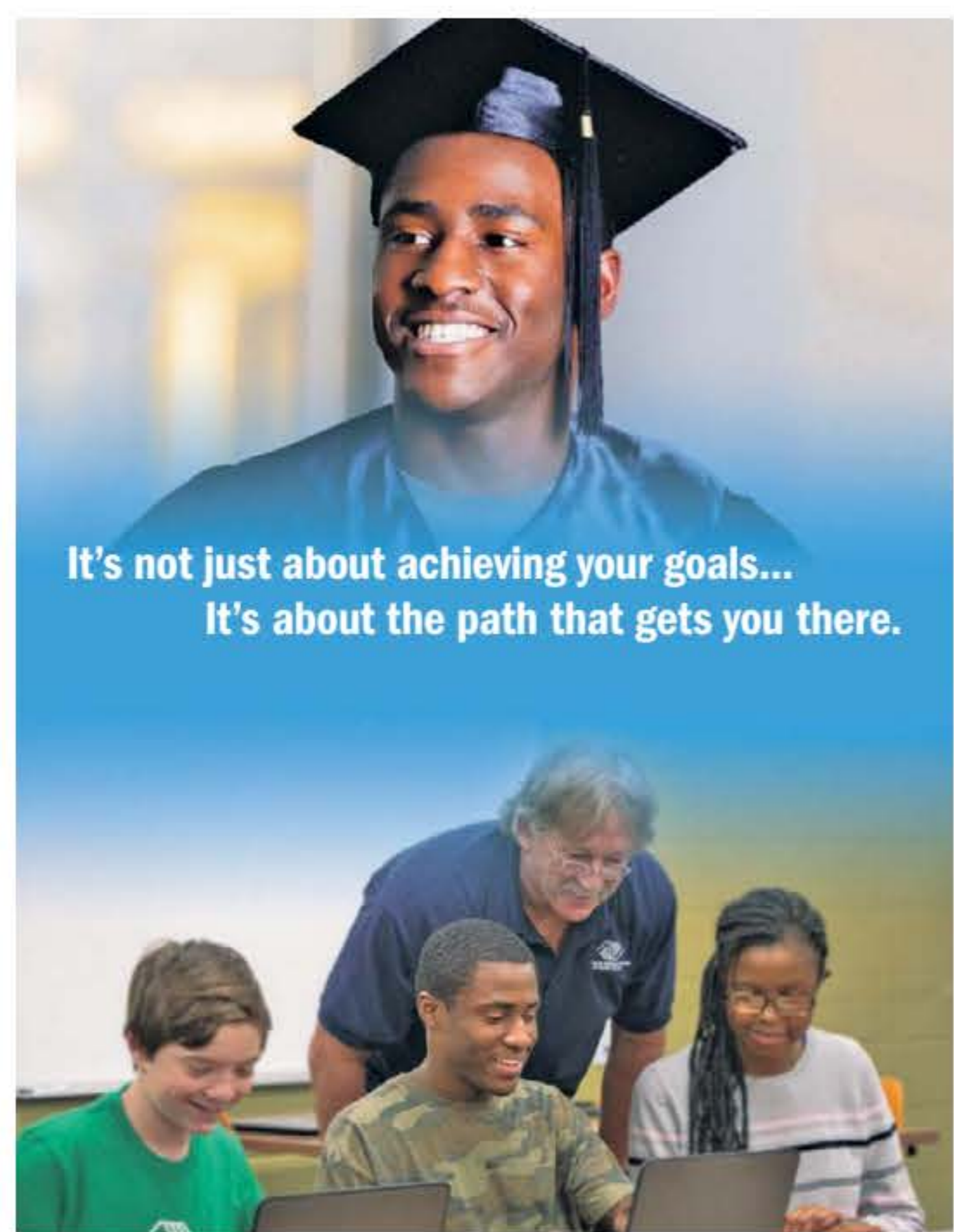
Biden has presided over one of the most sweeping legislative agendas of any president in decades, including a roughly \$1 trillion infrastructure bill, a massive climate change, tax and healthcare package and a multibillion-dollar measure to strengthen the domestic semiconductor industry. Biden's \$430 billion plan to eliminate student loans held by 40 mil-

lion Americans was blocked by the Supreme Court.

Trump's marquee legislative accomplishment was the most far-reaching overhaul of the U.S. tax system in decades, a measure that reduced the corporate tax rate and lowered taxes on most individuals. He presided over the establishment of a new U.S.-Canada-Mexico trade agreement, while placing tariffs on other major trading partners, namely China. The Trump administration built nearly 500 miles of border wall to stem unlawful entries, though much of it replaced existing, shorter barriers. Trump oversaw the initial U.S. response to the Covid-19 pandemic, which featured the federal government shoveling trillions into the economy. Economists say spending approved by Trump and Biden cushioned the economy during the early months of the pandemic, then sped its recovery. Still, when the economy began to reopen in 2021, that demand collided with labor shortages and supply-chain bottlenecks to fuel inflation, which was compounded when Russia's invasion of Ukraine in 2022 sent gasoline prices up sharply.

Gabrielle Nixon, 24, who lives outside Savannah, Ga., faulted Biden for resuming construction of the border wall, for failing to follow through on his promise to forgive student debt on a massive scale and for not doing more to protect civilians in Gaza. "He's alienating his younger base," said Nixon, a manager at a shipping warehouse who voted for Biden in 2020 and said she likely won't vote for him in 2024. Like some others interviewed by the Journal, she said she would never support Trump. But she is considering other candidates like Cornel West and Claudia De la Cruz.

—Aaron Zitner contributed to this article.



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U.S. NEWS

Long-Shot Christie Pins His Hopes on Independent Voters

By ELIZA COLLINS

LONDONDERRY, N.H.—Chris Christie's most promising path to the Republican presidential nomination is in winning over voters who aren't Republicans.

Christie, a moderate former New Jersey governor, has centered his long-shot bid in New Hampshire because the state's open primary system allows independents to cast ballots in either party's primary. The state's Jan. 23 primary—the second contest in the GOP nominating process—provides Christie's best hope of reversing former President Donald Trump's march toward his third nomination.

Trump leads all early state and national polls by wide margins. In New Hampshire, Christie also lags behind former United Nations Ambassador and South Carolina Gov. Nikki Haley, although they are separated only by single digits, according to recent polls.

In other early states, such as Iowa, Christie is polling behind several other candidates. A recent Wall Street Journal national poll had him at 2%.

Yet, Christie is plowing forward with an unorthodox campaign by attempting to capture voters outside the Republican base. He is attacking Trump, with whom he was once close, as a liar unfit to be president. He calls some abortion restrictions too aggressive and says he wouldn't sign a federal ban. Even on issues such as immigration, where he is in step with the GOP base, he has said he would find a compromise with Democrats.

Thalia Floras, 61 years old, a Nashua, N.H., resident who works in retail, said Christie is the GOP candidate most aligned with her on the issues.

But in deciding between Christie and Haley, she said she would vote for the one with the best chance of blunting Trump's candidacy. Given Haley's recent momentum, including an endorsement from the state's popular Republican governor, Chris Sununu, Floras feels she will end up casting her ballot for Haley.

"My heart is with Christie, but my brain is with Haley," she said.

Supporters at events last week for both Christie and Haley—many of them independents or even Democrats—said they were ready to move on from Trump. They were torn between which of the two candidates could be most competitive.

Christie has begun criticizing Haley more aggressively.

"On Gov. Haley's part, if the question is really hard, she wants to make everybody happy," Christie said at a town hall last week. "Beware of the person who won't answer your question." He has also continued to question why Haley and others in the race aren't more critical of Trump.

The Haley campaign didn't respond to a request to comment. Asked about abortion at a New Hampshire town hall last week, she replied that she is "unapologetically pro-life" but called for consensus on the issue. When asked about her position on Trump she has said, "Anti-Trumpers don't think I hate Trump enough. Pro-Trumpers don't think I love Trump enough."

Christie's approach has made an impression on Gary Goudreau, 66, a retiree from Chester, N.H., and an independent voter who will support him in the GOP primary. "He's not afraid to say his positions and the others won't," he said.

Christie, a charismatic two-term governor and former U.S. attorney, does well with New Hampshire's intimate campaign settings. He told The Wall Street Journal he expects independent voters to make up close to half of the primary electorate in New Hampshire. They are the state's largest voting bloc.

In 2016, the last time Republicans had a competitive primary in New Hampshire, a CNN exit poll had independent voters making up 42% of the GOP primary electorate. Trump won the state.

Christie has said he doesn't need to come in first in New Hampshire but will need to show that he can be competitive. If Trump gets under 50%,

the former president will be wounded, Christie said. Christie's plan is then to remain in the race as other candidates drop out and focus on winning other states where not just

Republicans vote in the primaries, such as Michigan. But Trump could be racking up delegates through-

New Hampshire lets independent voters cast ballots in either party's primary.

But the longer the field remains crowded and vote shares remain divided, the harder it will be for any candi-

date to present a viable alternative to Trump.

Sununu, the New Hampshire governor who endorsed Haley, said the field should consolidate behind Haley.

"I'm not going anywhere," Christie told reporters when asked about that comment.

Barb Matto, 58, an airport employee from Derry, N.H., who is a Trump supporter, said there was no point in talking about Christie or any other candidate: "Nothing matters, Trump is gonna win."

Christie says he is the only candidate trying to beat Trump by confronting the former president head-on.

Christie says he is the only candidate trying to beat Trump by confronting the former president head-on.

Christie says he is the only candidate trying to beat Trump by confronting the former president head-on.



Chris Christie, who spoke at a town hall in New Hampshire last week, hopes to capture voters outside the Republican base.

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WORLD NEWS

U.N. Urges Hospital-Death Probe

Israeli military says it detained militants, found weapons at Gaza health facility

United Nations officials called for an investigation into an Israeli military raid on a Gaza hospital during which patients died and the armed forces said they detained scores of Hamas militants and recovered a trove of weapons and other military equipment—some of which officials said was hidden inside an infant incubator and a resuscitation station for newborns.

By Fatima AbdulKarim, Saeed Shah and Margherita Stancati

Israeli forces withdrew from Kamal Adwan Hospital in northern Gaza on Saturday after entering the facility on Tuesday. The U.N. Human Rights Office said it was calling for an investigation of what transpired during the raid, citing allegations from medical staff that patients had died because of conditions there.

Late Sunday, the Israel Defense Forces said its troops had communicated with medical personnel in the hospital before entering. Most people evacuated the hospital, but “a few dozen” civilians refused. The military said Hamas, which the U.S., EU, Israel and others have designated a terrorist organization, had run a headquarters from one section of the hospital.

Among the roughly 90 militants detained, the military said, were some who had participated in Hamas’s Oct. 7 assault on southern Israel, which included terrorist attacks on a music festival and agricultural community and left some 1,200 dead, Israeli authorities said. The military released a video it said showed weapons hidden in the hospital that it uncovered after interrogating detainees.



Palestinians on Saturday inspected damage to Kamal Adwan Hospital in northern Gaza following an Israeli raid.

In addition to patients and staff, around 3,000 displaced Gazans were living at the hospital, which focuses on pediatric, maternal and oncologic care, the U.N. said.

Medical staff at the hospital said the Israeli raid exacerbated conditions at the facility and that those arrested by the Israeli military also included doctors, nurses and civilians who had been sheltering there.

Hospitals in Gaza have found themselves on the front lines of the conflict between Hamas and Israel.

The Israeli military says it can’t allow Hamas to use hospitals as shields and as bases to conduct attacks against Israel. Medical and humanitarian groups warn that military action in and around hospitals puts the lives of patients and displaced people at risk. Hamas has denied its mili-

tants are using hospitals as shields or for their operations.

Authorities in Gaza say about 18,800 people have been killed in the enclave since Oct. 7, most of them women and children, and that more than 51,000 have been injured. The figures don’t distinguish between militants and civilians.

The humanitarian crisis inside Gaza has contributed to growing international pressure, including from some of Israel’s close allies, to wrap up major combat operations.

The foreign ministers of the U.K. and Germany in a joint opinion piece in the U.K. Sunday Times said they were in favor of what they called a “sustainable” cease-fire in Gaza, which they said could only happen if Hamas laid down its arms. They said they were pushing for more pauses in the fighting to get humanitarian

aid into Gaza and release hostages taken on Oct. 7 who are still being held in the enclave.

Both countries had abstained in a vote at the U.N. General Assembly last week in which 153 nations voted in favor of an immediate cease-fire in Gaza. General Assembly votes aren’t legally binding.

The U.S. military’s top two leaders, meanwhile, are heading to Israel to deliver an increasingly urgent message from the Biden administration that it is time for the Israelis to dial back their campaign in Gaza to decrease civilian casualties and allow in more humanitarian aid.

Defense Secretary Lloyd Austin and Chairman of the Joint Chiefs of Staff Gen. CQ Brown will meet with Israeli leaders on Monday. Their visit follows one by White House national-security adviser Jake

Sullivan on Thursday, in which he delivered a similar message. The top military commander in the region, Army Gen. Erik Kurilla, also met in Israel with top security leaders in recent days.

Israeli Prime Minister Benjamin Netanyahu on Sunday said the military would continue its operations.

Dr. Hussam Abu Safyia, a pediatrician at Kamal Adwan hospital, said in an interview on Sunday that 65 patients, including infants and many with severe injuries from the war, remained at the hospital when the Israeli military took control of the facility’s entrances on Tuesday.

Abu Safyia, who is also the lead physician in Gaza for the U.S.-based charity MedGlobal, said 12 patients died as a result of a shortage of water, food and medical supplies.

War Splits American Family

Continued from Page One

spond to the atrocities of the past two months. Jewish families across the U.S. and the world are grappling with such questions. Some have split acrimoniously, with older members arguing that Israel has a right to defend itself forcefully against threats to its survival. Meanwhile, some younger Jews have assailed Israel as a powerhouse that has generated enmity by subjecting Palestinians to second-class status.

The Sippys and Wirtschafers have jostled over various aspects of the conflict—often loudly, sometimes heatedly. Shaping the discussion, in part, have been the experiences each has had in Israel. Through it all they have kept at the forefront their shared values of social justice and human rights, a vital reason their family hasn’t ruptured as they waded into dense colloquies over morals and geopolitics.

“There are people who say, ‘Don’t talk about religion and politics at the dinner table,’” Sippy said. “We only talk about religion and politics at the dinner table.”

Polling over the years has shown that older American Jews tend to have a firmer connection to Israel, which scholars attribute to their recollections of a time when the country was still getting established and seemed vulnerable.

A 2020 Pew Research Center survey found that 67% of U.S. Jews aged 65 and older said they were very or somewhat emotionally attached to Israel, compared with 48% of those aged 18 to 29.

A recent poll by The Wall Street Journal found a majority of Americans overall hold a favorable view toward Israel in its war with Hamas, though younger respondents were more likely to say Israel’s military action was disproportionate than older participants in the survey.

Such divides have played



Carol Wirtschaffer, Emanuelle Sippy, and Rabbi David Wirtschaffer at home in Lexington, Ky.

out bitterly in some Jewish-American families. Jaimie Elowsky, a 33-year-old graduate student at the University of Nebraska-Lincoln, posted regularly on social media after Oct. 7, including how the Hamas attack, while unjustified, was the culmination of the brutality to which Palestinians were subjected.

The posts drew angry rebukes, including from some family members in Israel and the U.S. who called her a self-hating Jew, a traitor and someone her grandparents would be ashamed of, Elowsky said. Her parents refused to speak with her for two weeks, until they broke the ice and sought to dialogue, she said. But no thaw has occurred with her other relatives.

“It has been very heartbreaking,” Elowsky said.

Carol Wirtschaffer, 86, and her husband Jonathan—a neuro-ophthalmologist from a Zionist family—moved temporarily to Jerusalem in 1973 with their five children after he took a work sabbatical. When the Yom Kippur War broke out, Jonathan Wirtschaffer treated wounded people on both sides of the conflict, sometimes removing

shrapnel from their eyes. Two of their children’s teachers died.

The experience left an imprint on the family, Carol Wirtschaffer said. Israel at the time was a vibrant, welcoming place, she said, but still insecure as a nation. She considered herself a Zionist—an identity reaffirmed years later when the family lived in Minnesota and she volunteered to

interview Holocaust survivors for what is now the USC Shoah Foundation. Their son David, who was 3 years old during the Yom Kippur War, returned to Israel on a high-school exchange program and later attended his first year of rabbinical school there. He self-identifies as a progressive Zionist.

David Wirtschaffer married Shana Sippy, who grew up in Berkeley, Calif., and attended Jewish schools that included progressive Zionist ideas. Yet in her academic career—now as a professor at Centre College in Danville, Ky.—she has studied right-wing religious movements and said she is troubled by ethnonationalism in all its forms.

David, 53, and Shana, 52, said they are strong believers

in “tikkun olam”—Hebrew for “repairing the world”—a Jewish concept of pursuing social justice. They imparted that to their two children and encouraged them to think critically and speak up.

“I don’t agree with Emanuelle on every political issue,” David Wirtschaffer said of his daughter, “including aspects of this current crisis. But I’m tremendously proud of her for standing up for what she believes in.”

Emanuelle Sippy grew up attending Jewish schools where she learned Hebrew, celebrated Israeli Independence Day and sang the Israeli national anthem. She considered herself a Zionist when she was young, but over time, she found it increasingly difficult to square that with a commitment to Palestinian human rights. She had intended discussions with her older brother, Zachariah Sippy, who had long been critical of Israel.

In 2019, the family visited Israel, Emanuelle Sippy’s first and only trip. They took a tour with the group Breaking the Silence, made up of veteran Israeli soldiers seeking to expose the public to the reality of life in the occupied territories. One detail in particular stuck with Emanuelle Sippy and Zachariah Sippy—that streets Palestinians were forbidden to travel were called “sterile” by the Israeli mili-

tary.

By 2021, when violence flared anew between Israelis and Palestinians, Emanuelle Sippy reached an inflection point: “That’s when I gave up on being pro-Israel or celebrating ethnonationalism anywhere,” she said.

Zachariah Sippy said that unlike his parents, who have memories of an Arab-Israeli peace process and the 1990s Oslo Accords, he has never seen peace talks yield fruit.

“It’s no surprise that so many of us are alienated,” said Zachariah Sippy, now 23, adding that Israel’s government has moved steadily toward the right.

The Oct. 7 attack killed Israeli peace activists Shana Sippy knew, and one of the hostages taken by Hamas is the cousin of a friend. David Wirtschaffer responded by participating in events including an Israel solidarity gathering with other Jewish organizations.

Emanuelle Sippy said some of the events, featuring Israeli flags, made her uncomfortable, and she raised her concerns with her father. She recoiled at forms of mourning that showcased a flag that she associates with occupation and right-wing nationalism.

About a week after the attack, Shana Sippy and her children clashed in phone calls and text messages over two articles they had read. One, by the writer Joshua Leifer, criticized some on the left as indifferent to Hamas’s slaughter of Israelis and urged the valuing of all human life. The other, a response by historian Gabriel Winant, argued that such grief has regularly been weaponized by Israel to direct violence at Palestinians.

Zachariah Sippy leaned toward Winant’s view. His mother was more aligned with Leifer’s. Emanuelle Sippy sat somewhere in the middle. “The minute we aren’t acknowledging the horrors of all the violence, we have already succumbed,” Shana Sippy said. What the family agrees on, she said, is that the primary focus needs to be on the suffering of innocent people and the achievement of a just and lasting peace, not on the war’s reverberations in the U.S. “We are all—all four of us—praying that this violence ends,” she said.

Hostage Killings Fan Doubts On Strategy

By SHAYNDI RAICE AND CARRIE KELLER-LYNN

TEL AVIV—The death of three Israeli hostages in Gaza shot and killed by Israel’s own military in a case of mistaken identity has sparked fresh anger among the families of captives kidnapped by Hamas and renewed questions about the conduct of the war.

That is translating into growing political pressure on Prime Minister Benjamin Netanyahu to strike a deal to get back the hostages, scores of whom were snatched during Hamas’s Oct. 7 deadly assault on Israel and are believed to still be held by the U.S.-designated terrorist group.

The Israeli government says its war aims are to uproot Hamas and release the hostages. But those goals now appear contradictory. The deaths on Friday underscored the difficulties of pursuing an aggressive air-and-ground campaign in a densely populated urban space while also trying to save hostages.

The three hostages had stripped off their shirts and carried a white cloth on a stick in an apparent effort to show potential rescuers that they were unarmed and not a threat, but they were shot in what Israeli military officials described as a tragic violation of rules of engagement that prohibit shooting anyone who is surrendering.

On Saturday night, thousands of Israelis came out to call for the release of the hostages, and some have started to call for Netanyahu to resign.

So far, he has shown no signs of backing away from the strategy, despite U.S. pressure on Israel to shift to more-targeted, less-destructive raids.

“We will achieve all of our goals: eliminating Hamas, releasing all of our hostages and ensuring that Gaza doesn’t again become a focus of terrorism, incitement and attacks against the State of Israel,” Netanyahu said on Sunday.

He has insisted that military pressure on Hamas is what will push the group to the negotiating table, attributing the war campaign with securing the release of 110 hostages during a temporary cease-fire in November.

Former Israeli hostages are now warning that the military’s campaign is endangering the lives of those who remain inside Gaza.

Raz Ben Ami, who was held captive for 54 days, said at a rally in Tel Aviv that after her release, she told Israel’s cabinet members that hostages could be caught up in the fighting.

“Unfortunately I was right,” Ben Ami, whose husband remains a captive, said on Saturday. “Military action alone won’t save the lives of the hostages.”

On Sunday, Lt. Gen. Herzi Halevi, Israel’s senior military officer, told a group of commanders and soldiers that if civilians appear to be surrendering, soldiers can’t shoot them. “If it’s two Gazans with a white flag coming out to surrender, why would we shoot at them? Absolutely not,” he said. “That’s not the IDF.”

The army also released new details about the three hostages on Sunday, sharing photographs of what they believe to have been their hiding place with signs calling for help written in leftover food.

Israelis are broadly supportive of the war and the government’s aim of removing Hamas from the Gaza Strip. But polls show an overwhelming majority of Israelis no longer have faith in the prime minister.

Guy Laron, a senior lecturer at the Hebrew University in Jerusalem, said Netanyahu won’t change his war strategy because his right-wing, religious and ultranationalist coalition partners won’t remain in his government if he does a deal with Hamas that would include the release of large numbers of Palestinian prisoners.

“The entire conduct of the war is dictated by the politics of preserving this specific coalition, this specific composition of parties,” he said.

WORLD NEWS

Israel Shows Big Tunnel Near Border

Continued from Page One
its war in Gaza as the civilian death toll mounts.

“Without demolishing the tunnel project of Hamas, we cannot demolish Hamas,” Hagari told reporters in a briefing.

There are hundreds of miles of underground tunnels in Gaza, Israeli officials say. Some, like the one found near the Israeli border, are meant to facilitate cross-border attacks or attacks within Gaza. Israeli officials say they have located and are destroying dozens of such tunnels.

While some of Hamas’s tunnels are barely wide and tall enough for one person to move through crouched down, Israeli officials say this tunnel, near the Erez border crossing and adjacent Israeli military base, is a key part of Hamas’s infrastructure.

The tunnel’s reinforced cement walls are lined with electrical wiring, making it not just a passageway, but also a living space where Hamas fighters can stay underground for a long period. Israel’s military said the tunnel has ventilation and sewage systems, bathrooms, blast doors, multiple branches, communication networks and weapons.

Despite battling Hamas’s tunnel network for two decades, including after the Oct. 7 attack, Israel was unaware such a massive tunnel was located on its border and near the Erez crossing and a military base. The Erez crossing—now closed—was used by Gaza’s civilians to move in and out of Israel for work, medical treatment or travel abroad, among other purposes.

The Hamas militants who attacked the civilian crossing and adjacent military base on Oct. 7 drove motorcycles, pickup trucks and tractors to demolish the protective fencing. The Israeli military said



Israeli forces display an entrance to the Gaza tunnel near the Erez border crossing and adjacent Israeli military base that Israeli officials say has been a key part of Hamas infrastructure.

some part of the large tunnel was likely used to help in that attack, but they believe the part that extends to the Israeli border was being saved for a later date.

North Gaza is a five-minute drive from the base across the sand dunes of Gaza, and militants attacked early in the morning and on a Jewish holiday, when the base had fewer soldiers at hand.

Hamas started its tunnel program with crude small passageways reinforced with wooden planks. Over the years, the group has built tunnels reinforced with concrete through which vehicles can pass, similar to those North Korea built into South Korea, Richmond-Barak said.

In 2014, after Israel discovered Hamas had built dozens of passageways into Israel

from Gaza, it built an underground barrier and invested in a system to detect tunnel digging called “the Obstacle.”

But Hamas also has a vast network located within the enclave, and tunnels on its border with Egypt for smuggling weapons and a potential route for senior militants to flee.

Hamas has dug tunnels that include underground bases,

living quarters, and weapons depots throughout Gaza’s urban landscape. The group’s militants use those tunnels to battle Israeli soldiers by popping out and mounting a quick attack, such as firing an RPG at an Israeli tank, and rushing back into the underground system.

Israeli soldiers say they have found tunnel shafts in grocery shops and schools, and in or near hospital complexes, universities, private homes and even a graveyard. The tunnels’ locations make it a challenge to destroy them without harming Gaza’s civilian population.

Israeli troops have located at least 800 tunnel exits since the current war began, but the military says the majority of the network remains undiscovered. Military analysts say a variety of techniques will be needed to destroy or damage the underground system.

The Israeli military has attacked the underground network with airstrikes and filled them with liquid explosives, and has also begun flooding some tunnels with seawater. Before sending in soldiers, it explores the tunnels using robots, dogs and drones.

Dealing with the tunnels has been one of the deadlier tasks for Israeli soldiers. This month, Gal Eizenkot, son of Gadi Eizenkot, a former Israeli military chief and one of five members in Israel’s war cabinet, was killed by a booby trap at the entrance to a tunnel shaft.

—Anat Peled and Saleh al-Batati contributed to this article.

Watch a Video

Scan this code for a video on the discovery of the tunnel by the military.



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WORLD NEWS

Oligarch's Funds for Aid Languish in U.K.

Disputes delay offer of \$3 billion for Kyiv from Abramovich's sale of Chelsea FC

By MAX COLCHESTER

LONDON—Two weeks after Russian tanks rolled into Ukraine, Russian oligarch Roman Abramovich said he would sell his soccer club Chelsea FC and donate the billions of dollars in proceeds to the victims of the war in Ukraine. At the time, it seemed an elegant solution for a billionaire under growing scrutiny in the West for his ties to Russian leader Vladimir Putin.

Yet more than a year and a half later, the \$3 billion donation is sitting frozen in a U.K. bank account amid a long-running dispute with the British government over how the vast sum should be spent.

Abramovich, who is now under sanctions in the U.K., wants the money spent partly in Ukraine but also for good causes across the world, including Africa, British officials and people close to him say. The U.K. government, which must grant a license to allow



Oil tycoon Roman Abramovich, seen in 2011, is under sanctions in the U.K. but not the U.S.

the frozen funds to be transferred to a foundation, said they should be disbursed solely in Ukraine.

Sanctions experts say donating frozen funds raises a host of potential red flags, including worries that Abramovich would use the money to whitewash his reputation, or fears that the funds could end up in the hands of Kremlin al-

lies or in places that have nothing to do with Ukraine.

While the impasse rumbles on, the foundation has drawn up a board of bigwigs from the worlds of politics and finance. It has mapped out grand plans to disburse millions of dollars to projects ranging from education in Africa to grain production in Ukraine. But it doesn't yet legally exist. Nor

does it have a name. The man who is being paid to set it up, former Unicef U.K. director Mike Penrose, provisionally calls it "The foundation for the victims of conflict."

"There is no point in having an entity if I haven't got any money to put into it," he said.

How \$3 billion got stuck in a Barclays bank account is an insight into the complexity of

global sanctions and the balancing act Abramovich has played since Russia's full-scale invasion of Ukraine.

Abramovich made a fortune in the oil industry thanks in part to the Kremlin's patronage in the 1990s and has a close relationship with Putin, the British government says. Western officials say he hopes one day to rehabilitate his reputation in the West when the war ends, while also continuing to prove useful to Putin. This has partially worked, with the U.S. holding off on imposing sanctions.

The issue of where the billions from Chelsea go highlights this balancing act, said Tom Keatinge, director of the Centre for Financial Crime and Security Studies at the Royal United Services Institute, a London think tank. If \$3 billion in aid is shipped only to Ukraine, "that might not be looked on too kindly by the Kremlin," he said. Meanwhile, the British government is nervous in case it greenlights the release of the funds, which then end up in the pocket of an unsavory Kremlin ally, he said.

Penrose, who hopes to helm the foundation, disputes this, saying large humanitarian

foundations must have flexibility to put money not just into a single conflict zone but also neighboring countries, to help refugees, for instance. He said the foundation would be independent of Abramovich and that a large chunk of the \$3 billion would go to Ukraine.

British government officials argue they introduced sanctions on Russia in response to the harm it is doing to Ukraine, so the money needs to only go to Ukraine. "We want this money to reach Ukraine as quickly as possible and remain open to any arrangement that clearly delivers this in line with these conditions," a Foreign Office spokeswoman said.

Penrose said it wouldn't make sense for a charity of that size to agree to only spend money in Ukraine. "As soon as a Ukrainian victim of war crossed the border into another country, we would have to cease all aid," he said. "We would struggle to spend it inside Ukraine on just humanitarian things," he added.

The EU disagrees. "There is more than enough room for the money to be spent in line with sanctions legislation," the European Commission said.

Vatican Court Convicts Cardinal of Embezzling, Fraud

By FRANCIS X. ROCCA

ROME—A Vatican court found Italian Cardinal Giovanni Angelo Becciu guilty of embezzlement and fraud and sentenced him to 5½ years in prison, marking a stunning fall from grace for a man who was once one of the most powerful advisers to the pope.

Becciu, who has denied wrongdoing, was the first cardinal to be tried in Vatican City's criminal court. "We reiterate the innocence of Cardinal Angelo Becciu and we will appeal," his lawyer, Fabio Viglione, told reporters after

Saturday's verdict and sentence were announced.

The 75-year-old Italian cardinal was the highest-ranking of 10 defendants in the 2½-year Vatican trial, which centered on losses from a failed London property investment. The charges also concerned the alleged misuse of money intended to help free a kidnapped nun, but allegedly spent instead on resort vacations and luxury goods.

The court on Saturday found Becciu and Raffaele Mincione, an Italian financier based in London, guilty of embezzlement for their roles in

the Vatican's investment of \$200 million in a fund managed by Mincione.

Mincione, who has denied wrongdoing, was also found guilty of money laundering and sentenced to 5½ years in prison. Mincione said he intended to appeal the conviction.

Prosecutors also charged Becciu regarding his relationship with Cecilia Marogna, an intelligence consultant who met Becciu in 2016 and offered her services to the Vatican.

The Vatican sent Marogna more than 570,000 euros (equivalent to about \$625,000 today) to help free a Colom-

bian nun kidnapped by Islamist militants in Mali. The nun was freed in 2021 after nearly five years in confinement.

Prosecutors argued that Marogna spent much of the money on luxury goods and costly vacations. Marogna denied wrongdoing. The court found her guilty of aggravated fraud and sentenced her to three years and nine months in prison. A lawyer for Marogna said she would appeal.

The judges also found Becciu guilty of embezzlement for sending €125,000 to a nonprofit organization in Sardinia run by his brother.



Cardinal Giovanni Angelo Becciu faces 5½ years in prison.

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WORLD NEWS

Chileans Vote to Keep Status Quo

By RYAN DUBÉ

Fifteen months ago, Chileans resoundingly rejected a constitution that would have upended the country's free-market economy with far-reaching overhauls, from increasing environmental oversight in mining to guaranteeing new social rights that would have boosted taxes.

On Sunday, dogged by economic stagnation and worsening crime, Chileans rebuffed another proposal for a new constitution that would have reinforced safeguards for private property, this time drafted by conservatives.

They instead opted to keep the current, dictatorship-era charter, which economists credit with helping turn the country into Latin America's most affluent country through its protections for foreign and local investors.

With nearly all the ballots counted, 56% of Chileans rejected the new constitutional draft, according to the state election agency.

"After four years of discussing the content of the new constitution and the direction that Chile should go in," said Patricio Navia, a Chilean political scientist at New York University, "Chileans are like, well, the constitution we have is not that bad."

Sunday's referendum puts to an end, for now, a constitutional debate that began in 2019 after mass protests over grievances ranging from low pensions to shoddy schools led to more than 20 deaths and billions of dollars in damage.

The results of the referendum reaffirmed Chilean support for its market-friendly economic model, which is enshrined in the current constitution and would have been maintained in the conservative proposal.

"There is a big part of society that does not want radical changes," said Arturo Ferman, a Chilean constitutional expert and ex-ambassador to the U.S.

That is a relief for investors.



A woman voted in Santiago, the Chilean capital, in Sunday's constitutional referendum.

The upheaval in 2019 seemed to signal that the country of 20 million people was ready to ditch the economic model upheld in the 1980 constitution and go with a more left-leaning, progressive charter that would give the state a bigger role in a country that is home to some of the world's largest copper and lithium mines.

In 2019, after the mass protests, the country responded with a constitutional assembly that sought to tackle inequality, give priority to the environment over industry, give sweeping rights to indigenous people, and ensure gender parity in state agencies.

Proponents of the process argued that the current constitution is illegitimate because it was written during the military dictatorship of Gen. Augusto Pinochet, even though it has been amended dozens of times and purged of provisions that banned Marxist parties and restricted union activities.

But Chileans today are pessimistic about the state of their country, polls show, with people far more concerned

about tackling a rise in violent crime and reviving an economy that used to be a star in Latin America but more recently has been battered by the highest rate of inflation logged in three decades.

With concerns about crime at records, about 60% of Chileans want the government to focus on improving security, according to pollster Cadem. About 35% of Chileans say the government should focus on the economy.

Just 2% say the government's focus should be on gender equality and the environment.

Virtually no one wants to resume the constitutional debate, Cadem said.

"Chile is in a very different moment than it was in 2019," said Robert Funk, a political scientist at the University of Chile. "There is a much more reactionary mood in the country than four years ago."

Chile's new constitutional proposal was a sharp reversal from the initial attempt to rewrite the current constitution.

That proposed document was drafted by an assembly of

left-wing independents whose prescriptions for governing the country included closing the Senate, weakening judicial independence, and granting indigenous people the right to run their own judicial systems. They also proposed granting rights to nature.

The proposal was seen as too radical by many Chileans and prompted a backlash, particularly from conservatives who said their input was ignored.

It was rejected in September 2022, delivering a blow to President Gabriel Boric, a leftist former student-protest leader whose disapproval rating is now more than double his level of support.

A few months later, voters elected a new council to draft another constitution. This time, the council was dominated by members of the right-wing Republican Party led by José Antonio Kast, a conservative who lost to Boric in the 2021 election.

"It's clear that the majority of Chileans are tired of these processes that don't provide real solutions to their problems," Kast said Sunday night.

Hong Kong Trial Opens For Noted Dissident Lai

By AUSTIN RAMZY AND ELAINE YU

HONG KONG—The highest-profile case in Hong Kong's yearslong effort to snuff out dissent after protests rocked the city began on Monday as newspaper tycoon Jimmy Lai went on trial under the national-security law imposed by Beijing.

Lai, a child immigrant to the city who built a clothing and media empire, was among the most defiant critics of China's Communist Party and a prominent backer of 2019 pro-democracy demonstrations through his now-closed Apple Daily.

Chinese officials and state media for years targeted Lai with fierce criticism. Last week, the country's foreign ministry described him as "one of the most notorious anti-China elements bent on destabilizing Hong Kong and a mastermind of the riots that took place in Hong Kong."

"If you put it in a ranking, they hate him more than anyone else," said Victoria Hui, an associate professor of political science at the University of Notre Dame.

Lai, 76, faces possible life imprisonment if convicted on charges of collusion with foreign forces. He has also been charged with publishing seditious material under a colonial-era law that long sat dormant before being taken up again after the protests that

swept across Hong Kong.

Lai is accused of using his newspaper, media interviews and social-media posts to call for sanctions on Hong Kong and Chinese government officials for the clampdown that followed the protests. Prosecutors also allege he helped fund an ad campaign in international newspapers to rally support for such a move.

The national-security law, which went into effect in 2020, criminalized appeals for foreign sanctions and various forms of dissent. Some 285 people have been arrested under the law, while more than 10,000 people were arrested in connection with the 2019 protests.

Sebastien Lai, the media mogul's youngest son, who now lives in Taiwan, said his father—a holder of a British passport—is willing to face the risk of imprisonment to encourage others who share his beliefs.

"Dad staying in Hong Kong is really proof that this intangible thing called liberty is a thing that people yearn for," he said. "You can call it Western values, but it's not really, in the sense that it's not something that only people in the West want or deserve."

On Monday, attendees at his trial including visitors, lawyers and journalists were required to go through scanners before entering the courtroom. Police and sniffer dogs patrolled the building.



News tycoon and activist Jimmy Lai in 2020, before his arrest.

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WORLD NEWS

LIBYA
Dozens of Migrants Drown Off Coast

A boat carrying dozens of migrants trying to reach Europe capsized off the coast of Libya, leaving more than 60 people dead, including women and children, the United Nations migration agency said. The shipwreck, which took place overnight between Thursday and Friday, was the latest tragedy in this part of the Mediterranean Sea, a key but dangerous route for migrants seeking a better life in Europe. The U.N.'s International Organization for Migration said late Saturday that the boat had been carrying 86 migrants when strong waves swamped it off the town of Zuwara on Libya's western coast. It said 61 migrants drowned, survivors said.

—Associated Press

NORTH KOREA
Pyongyang Fires Ballistic Missiles

North Korea fired a second ballistic missile into the sea off its east coast Monday, the South Korean military said, hours after Seoul reported that Pyongyang had conducted a short-range ballistic missile test into the sea, in a resumption of its weapons testing activities. Observers said the North's back-to-back launches were likely a protest against moves by South Korea and the U.S. to bolster their nuclear deterrence plans in the face of North Korea's evolving nuclear threats. On Sunday, North Korea's Defense Ministry slammed a plan by the U.S. and South Korea to include nuclear operation scenarios in their joint drills.

—Associated Press

KUWAIT
Sheikh Nawaf, Ruling Emir, Dies

Sheikh Nawaf Al Ahmad Al Sabah, Kuwait's ruling emir, died on Saturday after a three-year, low-key reign that was focused on trying to resolve the tiny, oil-rich nation's internal political disputes. Sheikh Nawaf was 86. No cause of death was given by authorities. Sheikh Nawaf's half-brother, Sheikh Meshal Al Ahmad Al Jaber, 83, a long-time leader in Kuwait's security services, was named emir on Saturday afternoon, the state-run KUNA news agency reported. Defense Secretary Lloyd Austin stopped in Kuwait on Sunday to pay his respects to Kuwaiti officials; he was expected to be in Israel on Monday.

—Associated Press

WORLDWATCH



SCARY FACE TO FACE: Dragon kites flew at a beach in Yogyakarta, Indonesia, on Sunday.

FROM PAGE ONE

Magnificent Seven Stocks Dominate

Continued from Page One represent such a broad group of companies," said Ann Milletti, head of active equity at Allspring Global Investments, of the wide outperformance gap.

The influence of the big tech stocks is massive on a global scale, too. Within the MSCI All Country World Index—a benchmark that claims to cover about 85% of the global investible equity market—the combined weighting of the Magnificent Seven is larger than that of all of the stocks from Japan, France, China and the U.K.

Investors and strategists have long raised concerns about market concentration. When just a handful of stocks are responsible for most of the market's gains, it becomes more vulnerable to a downturn if a few heavyweights fall.

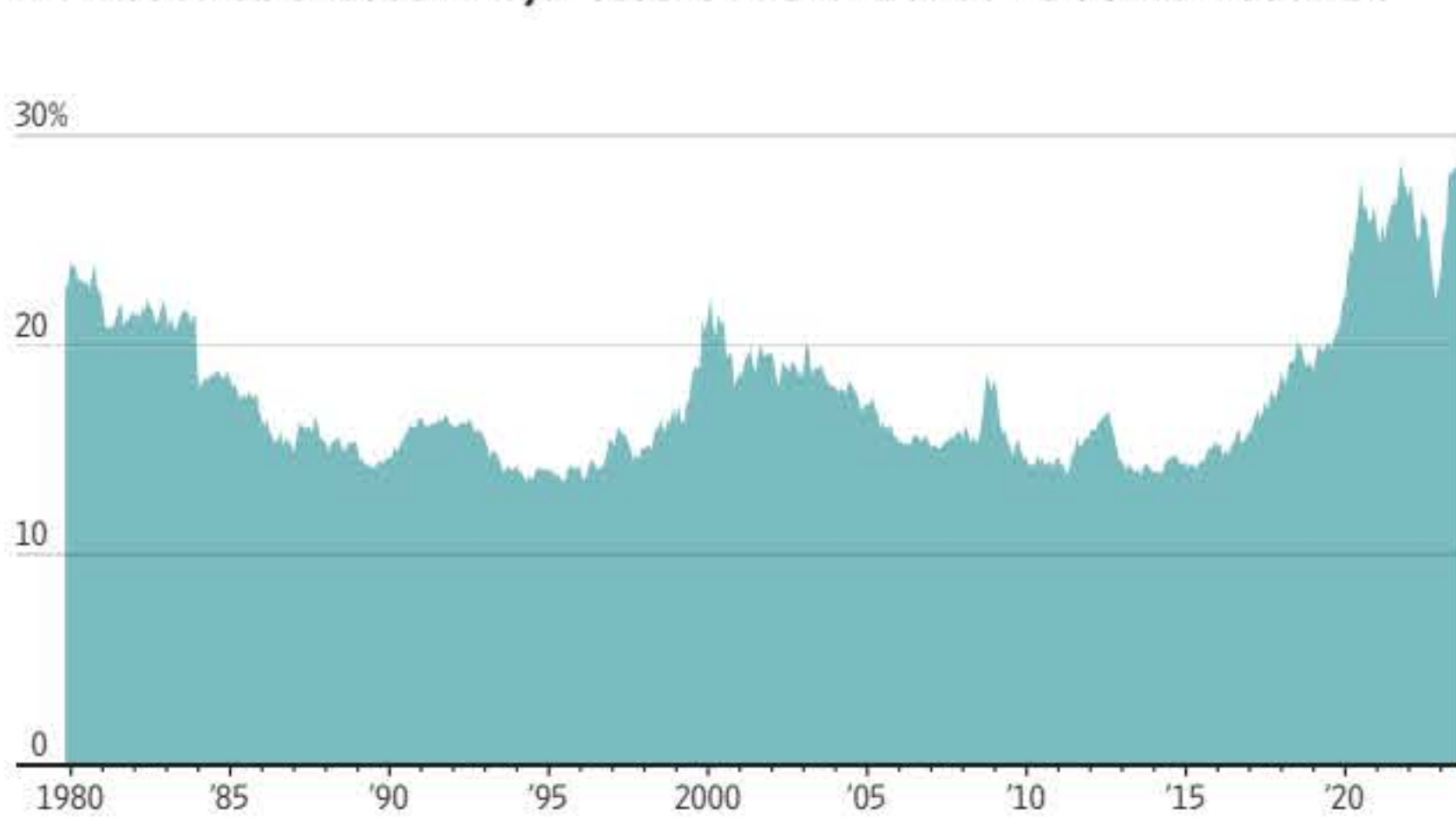
Those worries appeared prescient last year when big tech stocks tumbled as the Federal Reserve began raising interest rates.

When rates were near zero, investors chased the robust returns offered by tech and other growth stocks, but when rates started rising, those shares suddenly faced competition from less-risky investments.

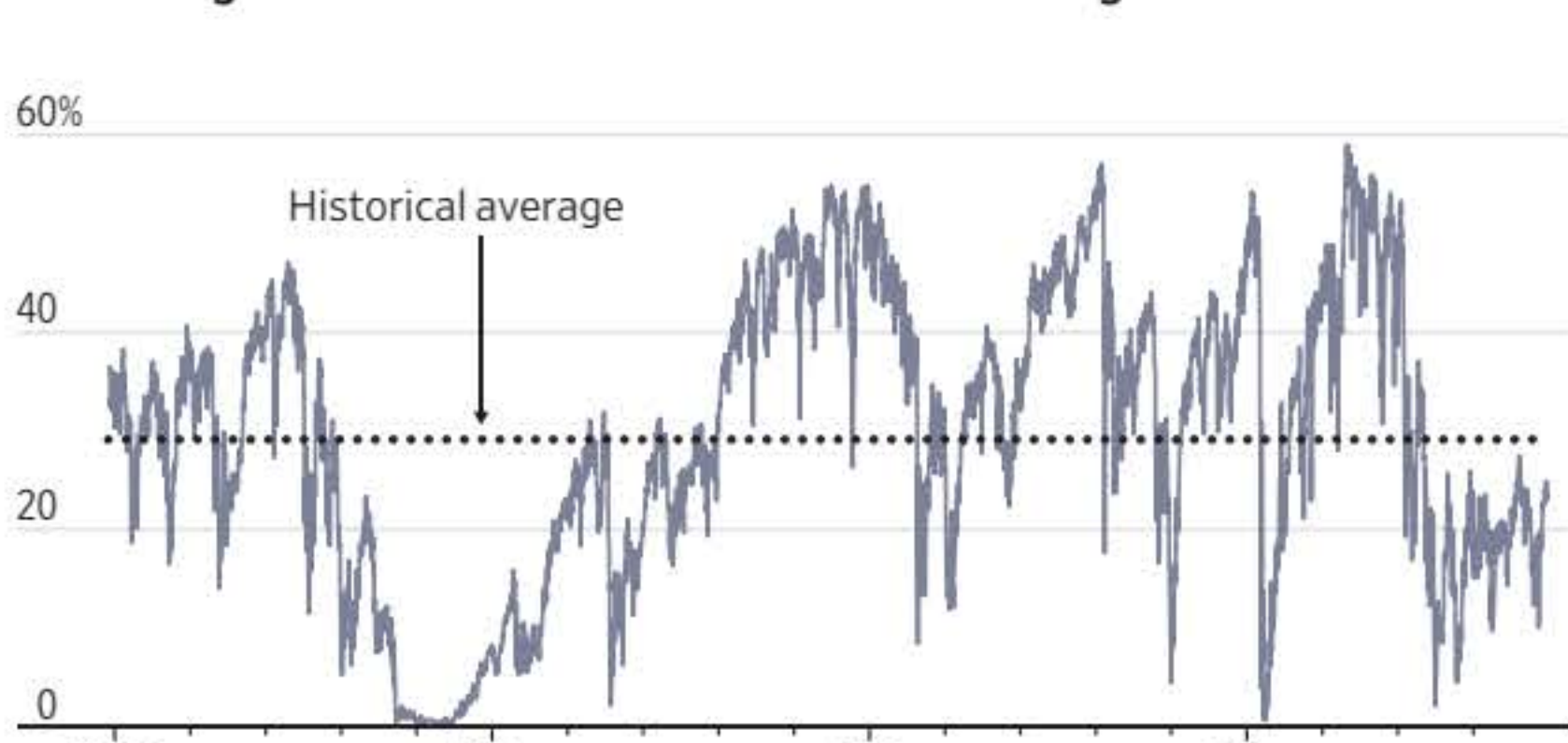
The Magnificent Seven finished 2022 down 40%, losing \$4.7 trillion in combined market value, whereas the remaining stocks in the S&P 500 dropped 12%.

Most investors expected more of the same in 2023. Instead, big tech embarked on a furious rally that overcame a banking-sector crisis, worries

Market value of seven major stocks as share of S&P 500 market value*



Percentage of stocks within 10% of their all-time highs

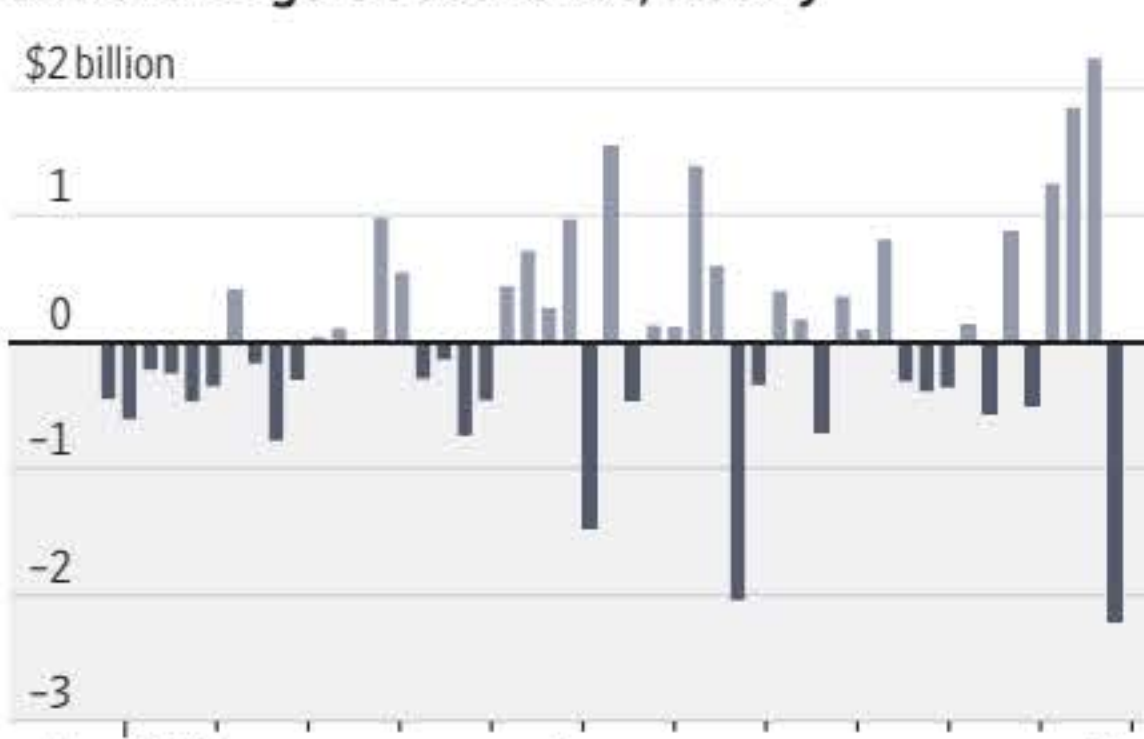


*Data through Nov. 16 for Alphabet, Amazon.com, Apple, Meta Platforms, Microsoft, Nvidia, Tesla. †2023 and 2024 data is blended, which means it includes actuals and estimates. Sources: Dow Jones Market Data, FactSet (market value, P/E ratio, all-time highs); Goldman Sachs Global Investment Research (market value); MSCI, Allspring Global Investments (weighting); Refinitiv Lipper (net flows)

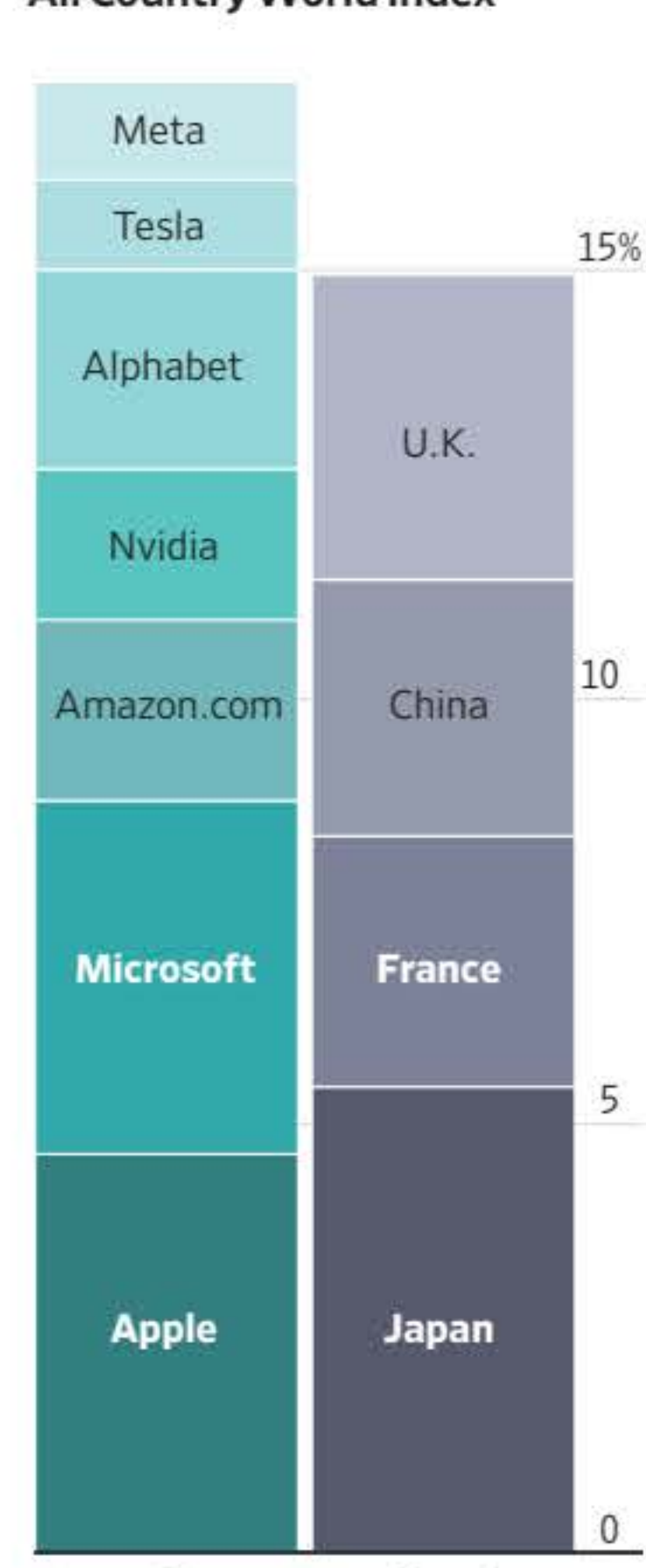
Average price/earnings ratio for S&P 500 stocks, next 12 months



Net flows into U.S.-based tech mutual and exchange-traded funds, weekly



Weighting in the MSCI All Country World Index



about a government debt default and wars in the Middle East and Europe.

Behind the blockbuster gains? Artificial-intelligence hype took Wall Street by storm, bolstering hopes that these companies would generate windfall profits in the future. Plus, strong economic data, coupled with easing inflation, powered bets that interest rates have peaked, providing tech stocks another boost.

Microsoft has rallied 55% in 2023, with shares setting record highs in November. Apple has added 52% and in June became the first U.S. company whose valuation eclipsed \$3 trillion. Nvidia shares have more than tripled, pushing its market value above \$1 trillion.

Few other stocks have kept pace. Although the S&P 500 is

just 1.6% from its January 2022 record, only 23% of the stocks in the index are within 10% of their record highs, according to Dow Jones Market Data. That is below the historical average of 28%.

The Magnificent Seven deserve credit for the market's earnings growth as well. Earnings among companies in the S&P 500 are expected to tick up 0.7% this year. Without their contribution, earnings would be on track to fall 4%, according to FactSet.

Some analysts don't expect tech stocks' dominance to extend into next year, betting instead that beaten-down sectors such as industrials, materials and transportation will outperform.

Matt Orton, chief market strategist at Raymond James Investment Management, rec-

ommends that investors boost their positions in selective small-caps and emerging markets, which he predicts could benefit from a falling dollar and lower interest rates.

"You probably, hopefully, will not have the same sort of roller coaster of emotions that we have had, going forward," Orton said. "We have moved to a little bit of a more normalized market environment where some of the stuff that hasn't worked for a long time finally starts to work again."

Some of the big tech stocks still haven't recovered from last year's beating. Amazon, Alphabet, Meta and Tesla are trading below the levels where they ended 2021.

Investors appear cautious as well. Although they added a net \$4.1 billion to tech-focused equity mutual and exchange-

traded funds through November this year, that was about half of the about \$7.9 billion that they pulled through the same period in 2022, Refinitiv Lipper data show.

Michael Rosen, chief investment officer at Angeles Investment Advisors, said one reason that tech stocks have come roaring back is that higher interest rates have helped them earn yields on cash for the first time in decades. That has strengthened their balance sheets and helped them churn higher profits.

"Interest rates just don't matter as much as profits matter," Rosen said. "Where are the profits being generated? Because that's what I want to own."

Tech stocks still look expensive compared with the

broader market. Nvidia is trading at 25 times its projected earnings over the next 12 months, while Microsoft's multiple is 31 and Apple's is 30. In comparison, the S&P 500 trades at 19 times future earnings.

Nancy Tengler, chief executive officer and chief investment officer at Laffer Tengler Investments, said it is worth paying up for tech stocks because they can outperform during periods of higher interest rates.

"Everybody comes back to valuations, 'Oh, but they're so expensive,'" Tengler said. "But they're not. In a slowing economic environment, you want to be invested in reliable growers. These are the kind of companies that deliver."

—Alana Pipe contributed to this article.

Park Sets Off Equine Melodrama

Continued from Page One

Now the show is facing the threat of cancellation. National Park Service officials are in the final stages of a review that could lead to the reduction or elimination of the park's equine population to restore the prairie ecosystem.

Public comments are galloping overwhelmingly toward keeping the horses, which could be descendants of legendary chief Sitting Bull's war ponies, according to one study. Kman and other advocates argue that wild horses roamed the Badlands when Roosevelt fell in love with its rugged terrain as a rancher and hunter and deserve to be preserved in the park.

"Those wild horses are part of our culture," said Mike Lefor, majority leader of the North Dakota house of representatives. A resolution calling on the Park Service to keep the horses in the park passed the legislature unanimously—without a single neigh—earlier this year.

Park officials, who are conducting an environmental assessment that by next year is expected to determine



Flax and his brother Frontier. Fans follow the activities of wild horses in Theodore Roosevelt National Park in North Dakota.

whether to cut the horses' numbers by about 150 or remove them entirely, are adamant the horses aren't only non-native, but mere livestock. The park should be maintained for native wildlife like bison and elk, they say.

"There is really just a love for these animals, I get that," said Angie Richman, the park's superintendent, who stressed the final decision has yet to be made and public input would be considered. "The purpose and the need of this was to realign our management actions to preserve the native ecosystem and the native species within the park."

In Medora, population 120, where a deer calmly drank from a puddle in the middle of

a downtown street on a recent day, businesses rely on the 700,000 or so people who visit the park each year—and the horses are the main attraction, said Doug Ellison, a former mayor who owns a bookstore and six-room inn.

The town is expected to get a boon from the opening in 2026 of the Theodore Roosevelt Presidential Library, but for now, seeing the horses is a highlight for most visitors and the reason some come again and again, he said. "It's almost like a cult following and it would be a shame to lose that."

Sarah Geist, 44, an amateur nature photographer in Washington state who visits the park multiple times during an-

nual trips to the area, relies on Kman for updates.

During one of her visits Geist saw a stallion named Arrowhead stop a car on a park road and even make the vehicle back up several feet so his brother Copper, who was injured, could cross to the other side.

"People say they are just horses, but, no, these horses have strong bonds," she said.

Nicki Frey, an associate extension professor of wildlife biology at Utah State University, said an ancestor of the horse disappeared from the North American continent about 10,000 years ago. Then horses underwent about 6,000 years of domestication and selective breeding before being reintroduced to North Amer-

ica by Europeans.

"Scientifically, they didn't evolve on this continent. They don't have any predators really that can keep the populations in check. And they forage differently than other ungulates, so they do act as invasive species because the plants have not evolved with them," she said. The issue of feral horses is increasingly pressing in the West where the long-term drought means they are competing with native species, she said.

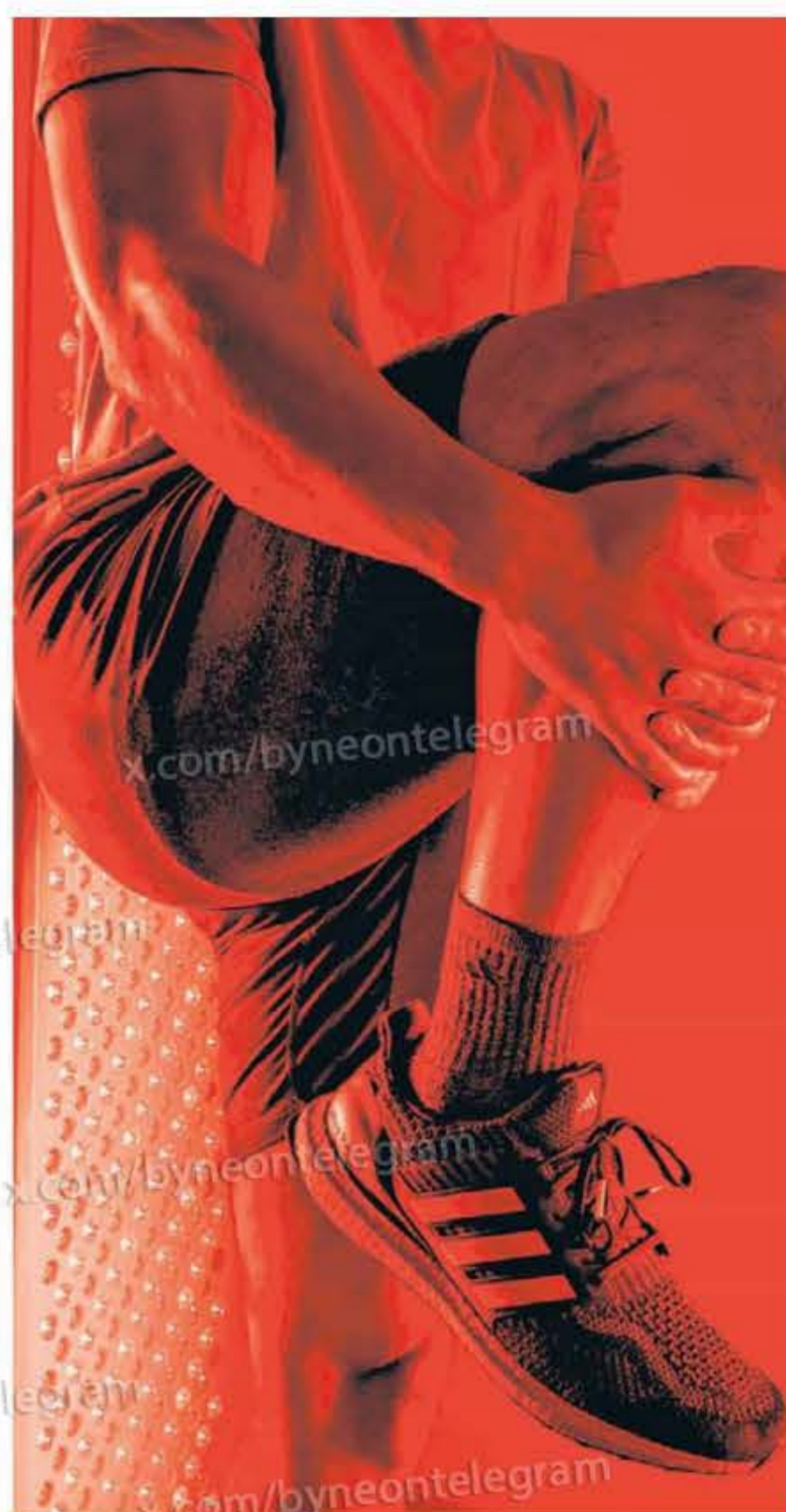
Richman acknowledges there is little evidence the horses are doing much damage at the North Dakota park, but as the climate changes the competition with other large mammals could intensify. That

riles up some locals.

"We care about the park, it's our heritage," said Wally Owen, 75, who ran a now-closed concession where visitors could rent riding horses inside the park. "If they have the evidence to show that the horses are doing damage, we'll go out and shoot them ourselves." (Park officials say they would offer the horses to tribes or other entities or sell them. Euthanasia would be a last resort.)

The Kmans, who spend much of their time leading the charge to keep the horses in the park, check on them a few times a week so Chris can keep her readers updated on favorites, such as Boomer. The 3-year-old colt's mother died in November 2020 when he was six months old, giving him a slim chance of surviving his first winter. That's when his older brother Amite took him under his wing with the approval of their eldest brother Xander, who had taken over the band from their father, Thunder Cloud, she said.

"Everyone asks, 'How's Boomer doing?' People just love him," Kman said. She sells calendars, T-shirts and postcards of park horses including Boomer, whose floppy mane gives him the air of an emo rock star. One recent day, Boomer and Xander were having a fine time chewing tall grass near the eastern fence, under the watchful eyes of Xander and several of his mares.



in recent years, including IV drips, infrared and light therapy, and a brain-wave scan that purports to “optimize cognitive performance.”

Questions about effectiveness

Traditional doctors and researchers encourage gym-goers to talk to their primary-care providers before signing up for these treatments, especially the more invasive ones. Risks associated with some of these treatments, many of which aren't FDA-approved or covered by insurance, include possible contamination, interaction with other medications and overdose of a vitamin or active ingredient.

“The bottom line is that there is no strong evidence backing any of these therapies to increase longevity,” says Wen Chen, who oversees a branch of research initiatives at the National Institutes of Health's National Center for Complementary and Integrative Health. “Some consumers may embrace these approaches, but should be wary about practitioners claiming that they are scientifically backed.”

The gyms say these treatments should supplement, not replace, a member's standard medical care. Xponential says Lindora provides its offerings in consultation with experienced clinical advisers.

When Stephanie Wolf, a Life Time member and lawyer in Minneapolis, saw the email from her gym announcing Miora's opening, she was intrigued but skeptical. She was glad to see the center's focus would be on preventive health. But she said the price tag and a lack of clear understanding about the scientific evidence behind the center's services would likely keep her from signing onto a monthly membership.

“The thing that scared me at first was like, wait, I'm getting a blood draw at the gym?” says Wolf, 28. She added that she might consider paying for the initial Miora assessment, but not before consulting her primary-care team: “Those are the

people who I already give my money to for health advice.” Some studies suggest certain treatments, such as cryotherapy and infrared sauna, might provide short-term benefits, including subjective measures of muscle recovery, pain relief or sleep improvement.

But it isn't likely to be better than exercise, which a robust body of research indicates is a powerful tool to live healthier for longer.

“People want the hack, they want the pill, they want the magic, and they think that's going to have some dramatic effect,” says Dr. Steven Novella, a neurologist at the Yale School of Medicine.

“You're at the gym, just work out.”

Gyms Pump Up Longevity Care

Fitness centers get into antiaging, with IV drips, peptide injections and infrared saunas

By ALEX JANIN

Would you get blood work done at your gym? Longevity treatments like IV vitamin drips, biological-age testing and peptide injections—questioned by many doctors but embraced by a growing group of health enthusiasts—are coming to mass-market fitness centers. Some fitness brands are adding or investing in clinics that offer access to weight-loss drugs, too. The push has the potential to bring once-fringe treatments purported to fight aging further into the mainstream.

Health and fitness giant Life Time opened a longevity and concierge medicine clinic in its downtown Minneapolis location this month, and plans to add others. The Houstonian Club in Texas, a 185,000-square-foot fitness facility with upward of 13,000 members, opened an on-site location of a longevity and wellness center earlier this year.

Xponential Fitness, which owns boutique fitness brands like Pure Barre and Club Pilates, is acquiring a chain of clinics offering wellness treatments and access to weight-loss medications called Lindora.

Membership prices at any of these wellness centers range from roughly \$90 to \$380 a month, with options for add-on treatments, on top of monthly fitness club mem-

berships that can cost between \$180 and \$650.

Proponents say the new offerings are low-risk and fill a need for those frustrated with traditional medicine. Skeptics say some treatments are a waste of money at best and carry the potential for harm at worst. Many lack robust substantiation of their health claims, traditional doctors and researchers caution.

The gyms' moves are an attempt to capitalize on Americans' growing interest in finding novel ways to live healthier for longer, industry professionals and analysts say.

Seeing your trainer, then a doctor

Wellness offerings at these clinics range from cryotherapy, infrared sauna, light therapy, biological-age testing, hormone replacement therapy and personalized diet and exercise plans, to more invasive treatments like IV vitamin and NAD+ drips.

The treatments largely fall outside the realm of mainstream medicine and purport to do everything from boosting energy and immunity to fighting the biological aging process. Depending on the treatment, you may be helped by a licensed doctor or nurse, or another staff member.

Kimberly Brant, a 23-year-old human resources consultant and Life Time member in New York

City, said she would “try anything and everything” in pursuit of her health, including joining the longevity clinic, called Miora, if it opened at her member location.

The move into longevity was a natural progression for Life Time, says company president and chief operating officer Jeff Zwiefel, which has ventured into personalized health services like metabolic assessments, nutrition coaching and even a primary-care effort that fell through in 2021.

People who sign up for the \$299 assessment at Miora answer pages of questionnaire prompts like “Do you feel that your physical appearance is aging more rapidly than you would like?” and “Do you feel there is too much stress in your life?”

That is followed by a blood draw, and a roughly 50-page report that details results for 90 health metrics, from body-mass index to liver enzymes and lipoproteins, and includes personalized recommendations for additional evaluations, diet and exercise, and supplements and medical treatments.

Zwiefel says he expects to open these clinics, which aren't exclu-



▲ An infrared sauna and cryo-chamber at the Houstonian Club's new location of a longevity and wellness center called TheCOVERY.

sive to Life Time members, to drive up revenue per square foot at clubs and plans to open them at other locations in major U.S. cities over the next year.

“We're a company that's always been committed to our members in the community achieving health optimization,” he says. “Our personal trainers today can only take our customers so far in that journey.”

High-end gym chain Equinox has also introduced longevity-focused treatments in some of its facilities

Reservations Needed At Yosemite Again

By ALLISON POHLE

Visitors driving into Yosemite National Park will need reservations once again.

Travelers planning to drive into or through the park from April through October will often now need to snag a morning or afternoon entry slot. If you plan to take a bus or enter by bike, horseback or on foot, you won't need individual reservations. The required reservations will vary by month and time of day.

Some local businesses and travelers say the new rules are confusing. Many travelers book months in advance and may need to scramble to make sure they can still get into the park. Others welcome the change in the hope that it will limit crowds and create a better experience.

Park officials say they developed the system based on three years of past reservation pilots, extensive public feedback and a traffic analysis.

Yosemite's new rules for travelers come as many national parks continue to re-evaluate whether to have reservations. Many of the most popular instituted new policies at the height of the pandemic to tamp

down overcrowding and protect wildlife. Some have kept those policies. Others reworked or unwound them in response to calls from visitors and tourist-facing businesses.

High-season rules

Most reservations for visits from April 13 through Oct. 27 will be available at recreation.gov on Jan. 5. Additional slots will become available one week ahead of the reservation date.

The park also will require reservations on weekends Feb. 10 through Feb. 25, during the popular time when Horsetail Fall appears to be on fire because of lighting from the sun.

Two of the park's major roads couldn't open until July due to record amounts of snowfall during the previous winter. That left travelers concentrated in smaller areas of the park.

Those conditions, combined with the lack of reservations, meant people overwhelmed the park, visitors said.

The park posted an advisory last summer cautioning visitors that they could wait one to four hours at entrance stations at any time spring through fall. It also warned of two-to-three-hour delays in the popular



▲ Park visitors watched the sun rise from Tunnel View in Yosemite National Park in July. Yosemite is instituting a new reservation system.

Yosemite Valley. In addition to the traffic, tourists left human waste along roadsides and in parking lots.

Lee Zimmerman, chief executive of the Evergreen Lodge and Rush Creek Lodge, which are both near the park, helped draft a competing proposal that would have limited access to the popular Yosemite Valley, rather than the whole park.

Local visitors associations, lodging associations and hotels endorsed the plan. It would have delegated a certain number of vehicle passes on a first-come, first-served basis, but permitted open access to the rest of the park.

Zimmerman says the 2024 reser-

vation system is well-intentioned, but misses the chance to test a completely different strategy that didn't require travelers to plan as much in advance.

He's disappointed, he says. “But maybe someday.”

Park officials must consider the entirety of the park because during the busy season, factors like heavy snowpack can limit access to specific areas, Scott Gediman, a park ranger and Yosemite spokesman says.

Yosemite is in the middle of seeking public comment for a long-term, visitor-management plan.

Climbing demand

Yosemite was the sixth-most visited national park in 2022, according to annual visitation data. As of October, the most recent data available, year-to-date visitation climbed 3.5% from the comparable period in 2022, preliminary figures show.

Other national parks will require reservations this coming season, as they have in previous years. Montana's Glacier National Park will require reservations at some entrances beginning in May, as will Colorado's Rocky Mountain National Park. Utah's Arches National Park will require timed entry tickets beginning in April.

Entry to Yosemite is subject to a \$2 reservation fee. A chunk of the money ends up with consulting firm Booz Allen Hamilton, per its government contract to operate the Recreation.gov website.

From July 1 through Aug. 16, visitors will need a reservation from 5 a.m. to 4 p.m. every day. From April 13 through June 30, and from Aug. 17 through Oct. 27, reservations will be required from 5 a.m. to 4 p.m. on Saturdays, Sundays and holidays.

There are two types of peak-hours reservations: full-day and afternoon arrival. Peak-hours reservations are valid for up to three consecutive days, including the arrival date.

The park's website gives this example: If users make a reservation for a Friday arrival, they won't be able to make a second reservation for an arrival that Friday, Saturday or Sunday.

This summer, travelers will also see major infrastructure improvements because roadway and visitor center projects are completed, Gediman says.

“The park belongs to the American people and we've been working really hard to achieve all of these goals, and we're feeling really good about it,” he says.

CLOCKWISE FROM TOP RIGHT: THE HOUSTONIAN HOTEL (BY CLUB & SPA); ISTOCK

TRACY BARBATES FOR THE WALL STREET JOURNAL

PERSONAL JOURNAL.

By ERIC NILER

Rule the Slopes With Top Skis

A ski's rocker, camber, core and width all matter and the right combination will give you a lift

Ski manufacturers have turned choosing the right skis into a science—whether you want to slip down the bunny slope or hunt for powder among the trees. If you plan to buy a new pair of downhill skis this season, here are a few guidelines to keep in mind.

Pick your width

One of the most important characteristics of each ski is the width underfoot, measured at the spot where the boot attaches to the ski binding. Ski widths range from 65 millimeters for narrow racing skis to upward of 120 millimeters for fat powder skis.

A wider ski gives a skier buoyancy and control in soft powder snow that many skiers pursue at destination resorts in Utah or Colorado, for example. Powder skis generally range between 100 and 120 millimeters wide, are typically made of lighter materials and aren't as easy to handle on bumps or harder, groomed trails.

Hard-packed machine-made snow and icy surfaces, like those found at Eastern resorts between Pennsylvania and Maine, are better suited to narrower carving skis that range from 70 to 80 millimeters wide. These skis are easier to put on edge and arc smooth turns on groomed trails.

In the middle, measuring 84 to 95 millimeters wide, are all-mountain skis that can float through powder but still have enough stiffness to handle icy slopes or off-trail meanders.

Know your curves

The ski's geometry and shape—its sidecut, camber and rocker—are just as important as its width, and affect its performance on the snow.

A ski's sidecut, or the curve between the widest points of the ski at its tip and tail, creates the turning radius.

A short-radius ski allows the skier to make tighter turns while navigating bumps, or moguls, while a ski with a longer radius is designed for wider turns at higher speeds such as on a racecourse.

A radius of 10 to 15 meters works best for beginners, but also for advanced skiers navigating bumps or skiing on smaller hills.



▲ A worker sands the bases of a ski at the DPS Skis factory in Salt Lake City.

Medium-radius skis range from 15 to 20 meters and are often found on all-mountain skis. Skis with a turn radius above 20 meters are designed for bigger mountains and racers making longer and faster turns.

Camber describes the natural arch of the ski between the tip

and the tail and provides a springy grip and control on the surface of the snow.

Rocker is the opposite of camber. Think of the bottom of a rocking chair. Powder skis tend to have more rocker than race skis, although rocker has been incorporated into many models at the tips and the tails of skis because of its advantages, according to Matt Farness, Alpine product manager for Dynastar, Lange and Look, equipment brands owned by the France-based Rossignol Group. Most skis today use a combination of camber and rocker in their design.

"Having rocker makes the turn a little bit more effortless, a little bit smoother, not quite as sharp or abrupt," Farness said.

Materials make the ride

Nearly all skis start with a laminated wood core that provides the ski with its strength, stiffness and ability to absorb vibration from the snow surface. This core is surrounded by a layer of composite material, such as fiberglass. The sidewall, base and a top sheet give the ski its structure and flex, while steel edges along the length of the ski reinforce the entire design and help transfer energy between the ski and the snow sur-

face. A top layer of plastic decorates the ski and keeps it waterproof, and another along the base allows it to glide.

Other materials, such as titanium, aluminum and foam, influence the stiffness, softness, weight and flex of the skis. Carbon fiber, for example, reduces weight while maintaining strength.

Salt Lake City-based DPS Skis uses high-end carbon fiber on the top and bottom sheets of its skis rather than fiberglass and metal because it is more responsive and lasts longer, according to Thomas Laakso, DPS senior vice president. He has been working with carbon

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◀ Thomas Laakso oversees the design and production at DPS Skis' manufacturing facility in Salt Lake City, which produces about 20,000 pairs of skis a year.

Fed Rate Cuts Give Home Buyers A Boost

By VERONICA DAGHER

Getting a mortgage should be slightly less painful in 2024.

On Wednesday, the Federal Reserve said it expected to cut interest rates three times next year. The Fed's forecast brings a dose of holiday cheer to hopeful home buyers who have felt squeezed out of the market.

If you have been in the hunt for a new home, but couldn't stomach mortgage rates pushing 8% this year, the Fed's move will make your mortgage payments cheaper. Though the impact won't be immediate, rates are nearly certain to come down if the Fed sticks to its forecast.

For those who did get a mortgage at a higher rate this year, the math on refinancing could become a no-brainer.

Over the past two years, a string of rate increases by the Fed stung hopeful buyers by making mortgages much more expensive. At one point recently, the average 30-year fixed-rate mortgage was above 8%. Just a few years ago, a mortgage under 3% was possible.

The difference between an 8%

mortgage and a 3% mortgage on the same 30-year \$500,000 loan is about \$1,560 a month, according to Ted Rossman, a consumer-spending analyst at Bankrate.

After the Fed decision, the average 30-year fixed-rate mortgage was 6.95% as of Dec. 14, according to Freddie Mac.

But mortgage rates should come down gradually and continue to decline throughout the year to the mid-6% range, said Redfin economist Chen Zhao.

Will homes be more affordable?

Prospective home buyers should generally be pleased by the Fed's announcement. Higher mortgage rates had a chilling effect on the home market, and the Fed is now on a path to lower rates sooner than expected, economists said.

The Fed doesn't set mortgage rates directly, but rate cuts lower the yield on the 10-year Treasury, which in turn would lower the cost of a mortgage.

In addition to simply lowering your monthly costs, lower rates should also convince more homeowners to sell, offering buyers more choice. If supply increases more than demand, then prices could even drop a small amount, said Zhao.

Buyers should manage their expectations, however. We are unlikely to see the 3% mortgage rates that were available in the pandemic-era soon.

Aspiring buyers will also still likely face a shortage of desirable homes for sale as home building re-



mains relatively low and many existing owners are reluctant to part with the low rates they locked in years ago, say economists and consumer analysts.

Falling rates would also mean buyers could have more competition. "Home buyers should be mindful of the fact that if they are hoping to buy a home as soon as rates fall, they aren't the only ones," said Matt Vernon, head of consumer lending at Bank of America.

Should we wait a bit longer for rates to fall?

The overwhelming guidance from financial advisers is to not try to time the housing market.

Consider your personal finances above all else when deciding whether or not to buy, said Erik

Baskin, a financial planner in Dayton, Ohio.

If you have a stable job, little consumer debt and it is important to your family to live in a certain area, it might make sense for you to buy right away, he said.

For now, the key is to position yourself to act quickly when the right house does come along. In advance of making an offer, buyers can check their credit score and history to ensure that there aren't any errors and research various loan options, said Emily Irwin, senior director of advice for Wells Fargo.

How about refinancing?

About 82% of U.S. homeowners have mortgages with an interest rate below 5%, according to Redfin.

This means that even if mort-

◀ Prospective home buyers should generally be pleased by the Fed's announcement.

gage rates fall to between 5% and 6% next year, a majority of mortgage holders might not benefit from refinancing, said Catherine Swanson, associate director of home and mortgage at Credit Karma.

To make refinancing worthwhile, consider how the closing costs and the break-even point will affect your overall finances, said Vernon at Bank of America. The closing costs on a mortgage refinance for a single-family home averaged \$2,375 in 2021, according to ClosingCorp.

The other thing to keep in mind is that rates might be falling steadily. If you jump to refinance at 5.5% and rates fall below 5% a few months later, you might regret it.

Preston Caldwell, chief U.S. economist at Morningstar, said those looking to refinance might be better off if they wait until mortgage rates are back below 5%. Given the fees, you don't want to refinance above 6% and then have to repeat the process when rates fall further, he said.

What else do home buyers need to consider in 2024?

There is also an impact on rental prices thanks to the Fed and the past few years of building. Zhao said 2024 is a year where rents are unlikely to rise and might fall a bit in some places due to new construction.

The median U.S. asking rent declined 2.1% year over year in November to \$1,967, according to Redfin.

ARTS IN REVIEW

ART REVIEW

Michelangelo's Flawless Human Forms

An exhibition explores the artist's idealized nudes and their lasting legacy

By MARY TOMPKINS LEWIS

The enduring impact of Michelangelo's canon of the heroic male nude, shaped over the course of his career, is hard to overstate and thrilling to watch unfold. The Albertina Museum's rich graphic-arts collection allows us to do so in considerable and illuminating depth. "Michelangelo and Beyond"—a fascinating exhibition organized by the museum's director, Klaus Albrecht Schröder; its curator of 15th to 19th century Italian drawings and prints, Achim Gnann; and other scholars—explores the subject in 139 works largely drawn from the Albertina's holdings. In it, we see the development of Michelangelo's incomparable figural vocabulary, the emergence of drawing as an autonomous medium, and the evolution of the ideal nude as a triumphant modern subject.

Antonio del Pollaiuolo's engraving "Battle of the Nude Men" (c. 1470-90) serves as a precursor to Michelangelo's depictions of heroic male protagonists. Its scene of rugged combatants in a strangely balletic composition allowed the artist to demonstrate what he had learned from anatomical treatises and his scrutiny of flayed figures.

But as we see in the gorgeous black chalk drawing "Male Nude Seen From the Rear" (c. 1504), Michelangelo's far greater understanding of human anatomy allowed him to more fully capture the complexities of physical move-

ment that, along with an intangible sense of inner turmoil, would animate his male subjects. This elaborately muscled figure, a study for his unfinished "Battle of Cascina" mural in Florence, is informed by the artist's sedulous drawings of dissected cadavers, while its flawless proportions and sculpted contours reflect the classical tradition of the undraped male body.

The sensational discovery in 1506 of the ancient Greek "Laocoon" just outside Rome brought Michelangelo into direct contact with his antique forebears, and influenced his formal vocabulary. The life-size sculpture of three tragic nudes—a father and two sons entrapped in the writhing coils of sea serpents—is represented here by a small bronze copy from the Florentine sculptor Giovanni Francesco Susini (1585-1653).

Michelangelo's Ignudi, the suite of strapping young men on the Sistine ceiling, were inspired by the "Belvedere Torso," another Hellenistic sculpture that had resurfaced in Renaissance Rome. In his red chalk drawing of a seated nude youth (c. 1510-11), a study for one of them, the artist exploits the twisting pose of the antique model to suggest both an explosive physical potency and confining inner tension. And in his magnificent "Studies for the Libyan Sibyl" (1510/11), a preparation for one of the monumental, mythical figures

on the frescoed ceiling, he exploits the properties of his red chalk medium, accentuating the nude's graceful turning pose with rich tonal gradations that model and unify its taut, sculptural anatomy.

Michelangelo's preferred media and figural language appealed to his younger contemporary Raphael (1483-1520), whose study for the wall painting "The Fire in the Borgo" included "A Young Man Carrying an Old Man" (1514), a beautiful red chalk drawing. The affecting image of two intertwined, naked figures, in which the youth's smooth



▲ Clockwise from above: 'Study of a Male Nude Leaning Forward' (c. 1613), by Peter Paul Rubens; 'Studies for the Libyan Sibyl' (1510/11), by Michelangelo; and 'A Young Man Carrying an Old Man' (1514), by Raphael

skin and empowered posture contrasts with the sagging elder's limp form, evokes the narrative of self-sacrifice of a son for his aged father exclusively through the subject of the heroic male nude.

Albrecht Dürer (1471-1528) based his own figural canon on the study of nature and his mastery of theoretical rules of measurement. In his engraving "Adam and Eve" (1504), Dürer's idealized subjects assume classically inspired *contrapposto* stances against a dense, forested backdrop in an image that suggests the innocence and perfection of their prelapsarian existence. A century later, and hanging nearby, Rembrandt's thoroughly naturalistic etching of the two figures (1638) defies such elevated approaches, and includes at least one nude (Adam) indisputably drawn from life. Titled "The Fall of Man," his brutally unidealized composition rejects Michelangelo's and Dürer's criteria to give form to the moral conflict and loss of paradisiacal harmony at the heart of his subject.

Peter Paul Rubens's profound engagement with Michelangelo's ideal of the athletic male body would shape such superb works as



his "Study of a Male Nude Leaning Forward" (c. 1613), a black and red chalk drawing marked by its monumental, lifelike musculature, precise anatomical detail and the figure's beautiful, haunting expression. A clutch of 18th-century drawings shows that Michelangelo's influence would continue into the Age of Enlightenment.

The show's later galleries turn to the evocative subject of the female nude, exploring it through such thematic lenses as witchcraft,

idealized love and fear of the malevolent sexualized woman. Although this segment reveals more of the Albertina's manifold gems and is absorbing on its own, it seems far afield from the brilliant foregoing discussion of Michelangelo's canonical nudes and their progeny.

Equally puzzling is the small coda devoted to the Vienna Secessionist painter Gustav Klimt and to his Austrian protégé, Egon Schiele. The former's dream-like female nudes, exhibiting an unveiled eroticism, and the latter's raw, sexualized naked figures are offered as proof that Michelangelo's canon finally lost its authority in the modern era. In some quarters, perhaps. But Paul Cézanne, Henri Matisse and other artists studied him closely.

Nonetheless, "Michelangelo and Beyond" is a probing, scholarly and deeply rewarding exhibition that opens important new avenues for critical investigation.

Michelangelo and Beyond

The Albertina Museum, through Jan. 14, 2024

Ms. Lewis, who taught art history for many years at Trinity College, Hartford, Conn., writes about art for the *Journal* and other publications.

▼ 'Adam and Eve' (1504), by Albrecht Dürer



CULTURAL COMMENTARY

'The Exorcist' Still Spins Heads at 50

By PETER COWIE

The horror film has proved a sturdy pillar of the American cinema for more than a century, from "Frankenstein," produced by Edison Studios in 1910, to "Five Nights at Freddy's" in 2023. Monsters, zombies, slashers, witches and creatures from outer space have repeatedly slain the international box office. From Hitchcock to Kubrick, Polanski to Spielberg, major directors have rejoiced in the genre. Some have opted for in-your-face terror ("Jaws," "Psycho"), others for the ominous, unseen menace ("Cat People," "Rosemary's Baby"). Often the most unnerving examples of the genre ("Don't Look Now," "Midsommar," "A Quiet Place") have been bathed in a benign mood that makes the revelation of evil even more effective.

Fans of the horror film live in expectation of violence, which may explain the enduring appeal of "The Exorcist," 50 years after its appearance on screen. Its initial box-office gross of \$193 million back in the 1970s may seem almost puny by comparison with mega-hits of the 21st century such as "Avatar" and the "Avengers" series, but few horror movies have continued to shock and unnervingly audiences of every generation. Even "The Silence of the Lambs," the only "horror" movie to have won Best Picture at the Acad-

emy Awards, grossed only \$130 million when it was released in 1991.

William Peter Blatty, who started the novel "The Exorcist" in 1968 and saw it published in 1971, had always been known as a comedy writer, but he found himself absorbed by a case of demonic possession and reputed exorcism that had been documented in 1949 in Maryland. Although the victim in the book is Regan, a 12-year-old girl, Blatty saw the nub of the drama as the encounter between Father Damien Karras, a Jesuit priest who feels he has lost his faith, and

Chris MacNeil, Regan's mother and an atheist who comes to believe in possession. William Friedkin, the director of "The Exorcist," regarded the story as a Christian parable: the struggle between good and evil in all of us—and the mystery of faith. But it also

presents a battle between the rational and the supernatural. The demon Pazuzu, whose effigy Father Lankester Merrin confronts in Iraq at the outset of the film, deploys every imaginable stratagem to destroy the humans he abhors.

The intensity of the dialogue and the subtlety of Mr. Friedkin's direction lift "The Exorcist" a cut above most horror movies. The balance between the terrifying and the absurd is hard to achieve and although some of the special effects are bru-



▲ Max von Sydow in the movie, which explores the mystery of faith

tally explicit, the atmosphere created by Blatty and Mr. Friedkin conspires to lull us into an almost inescapable state of dread. The quietness of some scenes offers a contrast to the explosions of violence in Regan's bedroom, and the unhurried, mundane rhythm of life in Washington's Georgetown and its Jesuit university is enhanced by Mike Oldfield's tinkling "Tubular Bells" (a hit that helped launch Richard Branson's Virgin Records label).

A talented crew and an adroitly chosen cast bolster the power of

"The Exorcist." Dick Smith, whose gruesome makeup came in the wake of his work on "The Godfather"; Fred Brown, for his sound-effects editing; Marcel Vercoutere, with some of the most impressive special effects of the period; Mercedes McCambridge, who voiced the snarls and growls of the demon within Regan; the Pulitzer Prize-winning playwright and occasional screen actor Jason Miller as Father Karras; and above all the majestic Max von Sydow, who believed that Father Merrin was modeled on the theologian Teilhard de Chardin. Linda Blair played Regan at the age of fourteen, receiving an Academy Award nomination for her efforts,

and would reappear in a cameo role fifty years later in "The Exorcist: Believer," as did her screen mother (and fellow Oscar nominee), Ellen Burstyn.

"The Exorcist" raised the bar for savagery on screen, with Tobe Hooper's "The Texas Chainsaw Massacre" opening less than a year later. Stephen King's debut novel, the horrific "Carrie," was published in 1974, and brought to the big screen by Brian De Palma two years later. In 1975, Steven Spielberg offered a plethora of bloodletting in "Jaws," and at the close of the 1970s Ridley Scott's "Alien" introduced one of the deadliest of all movie predators. Since then, the genre has yielded one hit after another—"Poltergeist," "The Blair Witch Project," "The Sixth Sense," "The Ring" and "Cloverfield."

"The Exorcist" epitomizes our enduring fascination with the supernatural, in an age where religious convictions have given way to an almost unfettered acceptance of science and technological advances. And so, whenever a film discusses profoundly the conflict between the sacred and the profane, between the spiritual and the carnal, and above all between good and evil, then "The Exorcist" will come to mind as the pinnacle in its field.

Mr. Cowie has written numerous books about the cinema, the most recent being "God and the Devil: The Life and Work of Ingmar Bergman" (London, Faber and Faber), which will be released in the U.S. in April 2024.

SPORTS

College Football's Most Coveted QB

As a high school prospect, Cam Ward was passed over by every major program

By LAINE HIGGINS

Less than a week before national signing day, there's no hotter name in college football than Cam Ward, a star quarterback getting buckets of money thrown at him by the best teams in the country. Which is perfectly normal for a 5-star recruit at the game's most important position—except for one thing.

Ward isn't a highly touted high-school prospect. In fact, when he finished his senior year of high school in Texas, he wasn't considered a prospect at all. He didn't receive a single scholarship offer from a major program. His official recruiting ranking: zero stars.

"It's crazy," said Patrice Ward, his mother. "He's come from zero stars and he's making his own name for himself."

That a player could fall through the cracks and emerge just four years later as the game's most coveted quarterback feels like something that should be impossible these days in college football. As it turns out, it was only possible because of college football.

There may be nobody who explains the sport's recent history of radical upheaval and glorious mayhem better than Cam Ward.

It started when his freshman year happened to coincide with the pandemic, delaying the season for smaller Division I programs and giving Ward a bonus year of eligibility. Then the NCAA relaxed its transfer rules just before Ward found himself wanting to switch schools. His new team's conference dissolved just as he blossomed into an exciting upper-classman quarterback, putting him on the move once again at a time when endorsement money has made college football's version of free agency phenomenally



The schools bidding for quarterback Cam Ward's talents now are among the biggest names in college football.

one school whose coach took a chance on him: Incarnate Word. The small Catholic school in San Antonio that competes in the smaller Football Championship Subdivision wasn't an obvious fit—not least because coach Eric Morris had just spent two years working in an Air Raid offense at Texas Tech with a quarterback named Patrick Mahomes.

But Morris squinted and saw shades of his former quarterback in Ward. He told him that not only did he want him—he wanted him as a passer that would throw at least 40 times per game.

"The real big selling point," said Calvin Ward, his father, "was that Cam wouldn't have to run much."

When Morris announced in 2021 he was leaving Incarnate Word to become offensive coordinator at Washington State after that season, it might have marked the end of Ward's improbable rise. Instead, the NCAA changed its transfer rules that same year, lifting its requirement that athletes sit out for a year after switching schools. Ward was now in a position to follow his coach.

Once reunited with Morris at Washington State, Ward put up huge numbers in 2022 and outdid himself in 2023.

With one year of eligibility remaining, his parents say Ward is torn on whether to return to college or declare for the NFL Draft, where he is currently projected as a day-two pick. Not long ago, he would've had to jump to the pros to collect millions of dollars, but NIL has changed the game. Nebraska coach Matt Rhule said last month that top quarterbacks on the transfer market can fetch between \$1 and \$2 million, meaning Ward stands to cash in on endorsement deals that could hit seven figures if he picks a new college.

For now, Ward is keeping his options open. His third collegiate recruitment is somehow even crazier than the last one. This time, the zero-star recruit has his pick of five-star destinations.

"The word I'll use," his mother said, "is overwhelmed."

lucrative.

The schools bidding for Ward's talents now are among the biggest names and most successful in the sport: Miami, Florida State, Southern California, Washington, Auburn and Ohio State. After finishing his finals and graduating on Dec. 9, he's visited Miami and Florida State and may schedule more trips, his father said.

Those close to Ward say the quarterback won't simply choose

the highest bidder. He's looking for the right scheme, a stout offensive line to protect him, athletic receivers to catch his passes and the chance to compete for a national title and contend for the Heisman Trophy.

None of which looked remotely in the cards when Ward went through his first recruiting cycle.

Back then, in 2019, every major college looked at film of Ward as a quarterback in West Columbia,

Texas, and came to the same conclusion: They passed—because Ward almost never passed.

At a time when pretty much every other school playing under the Friday night lights ran a version of the spread offense, Ward's school operated the run-heavy Wing-T. During his senior year, he averaged less than 11 pass attempts per game, and he completed less than 50% of them.

He ultimately enrolled at the

The WSJ Daily Crossword | Edited by Mike Shenk

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ARTIFICIAL INTELLIGENCE | By Dave Rus

Across	31 Sinking hazard in an adventure movie	63 New mortgage deal, for short	9 Welcomes at the front door
1 Alan of "M*A*S*H"	35 Luke or Leia, for example	64 Kellogg's antioxidants cereal, and a clue to 17-, 24-, 31-, 45- and 51-Across	10 Page removed from a magazine or newspaper
5 Speedy Amtrak train	39 Extremely, in slang	66 Common street name	11 Make it up on stage
10 Word after tall or fairy	40 Houston pro	67 Spine-tingling	12 German camera maker
14 Ruin in the oven	42 "On the Waterfront" director	68 Noted fashion magazine	13 Keypad key
15 Page in a game box	43 Indian region known for its tea	69 Hitch	18 "Frida" star
16 Adam's garden	45 Hard left or right, on the road	70 Gathers from the fields	24 Wimbledon surface
17 Prominent color in Barbie posters	47 Bolo or ascot, e.g.	71 Profound	
19 Came down to earth	49 Kings and Wizards' org.		
20 Chance to see if the ref blew the call	50 "Oh no, it's a mouse!"		
21 "___ the season..."	51 Zinger from the peanut gallery		
22 Sushi chef's supply	56 Unrefined		
23 Susan of "L.A. Law"	58 Love, in La Paz		
24 Apple Store fixture	59 Feel unwell		
26 Spring mo.	60 Wealthy		
28 Spot for a stud			
30 "Huh-uh"			

- 25 Onetime Egypt-Syr. alliance
- 26 Ocean color
- 27 Irish hangouts
- 29 Politician Hutchinson
- 32 Falling fast, as a stock
- 33 Utmost degree
- 34 Took a swig
- 36 World's largest mammal
- 37 Dublin's land, to natives
- 38 Tall and thin
- 41 Planet, in poetry
- 44 Voice amplifier
- 46 City on the Seine
- 48 Pencil end
- 51 Goes up a few degrees
- 52 "In other words..."
- 53 Capital of Bulgaria
- 54 Mann with two Grammys
- 55 Barton of the Red Cross
- 57 Assumed a role
- 60 Rds. with numbers
- 61 Writer — Stanley Gardner
- 62 Dance move
- 65 Shred

Boosters Have a Long History Of Getting What They Want

By JARED DIAMOND AND RACHEL BACHMAN

As college presidents struggle with the surging power of donors to demand changes, they can look to one corner of their campuses where that's an old story: the athletics department.

When Nike co-founder Phil Knight wanted to build and donate to a gleaming new facility for the football team at his beloved University of Oregon, members of the state's board of higher education balked at the project even before they saw a blueprint.

That's when the school's president delivered them a warning. Richard Lariviere told them at a 2010 meeting that the billionaire shoe magnate wanted this done quickly. If the board didn't approve the football plans that day, the consequences "could be really, really profound over the longer term," he cautioned. "Really profound."

The board soon changed its tune, narrowly voting to approve the football building. Since then, Knight has donated hundreds of millions more to Oregon. "My contributions to the academic side of the university have far exceeded my contributions to athletics," he said in an email.

The influence of boosters like Knight has long been familiar to anyone who closely follows college sports. But in the highest echelons of academia, away from the bubble of athletics, university leaders are just beginning to learn how powerful they can be.

Political conflicts have erupted at Harvard and Penn over the Israel-Hamas war, with major donors calling for the dismissal of leaders and threatening to pull millions in funds. At Harvard it's a hedge fund billionaire calling for the university to fire its president over her handling of antisemitism.



Nike co-founder and Oregon booster Phil Knight on the field before a College Football Playoff game in 2015.

At Penn, it's financier Ross Stevens, who threatened to cancel a \$100 million gift if the school didn't replace President Liz Magill. Magill and board chairman Scott Bok both resigned last weekend.

The college sports landscape is littered with examples of wealthy fans such as these putting their giant foam fingers on the scale to get what they want. "They are essentially low-budget major-league team owners," Andy Schwarz, an antitrust economist who has consulted on cases challenging NCAA rules, said of boosters. "It's, 'I can't afford to buy an NBA team, but I can afford to be one of 10 guys running the A&M program.'"

Schwarz was referring to Texas A&M for a reason. The Aggies fired football coach Jimbo Fisher last month, knowing that they would still owe him nearly \$77 million.

It didn't matter that Fisher had compiled a 45-25 record, or that Texas A&M had beaten a Southeastern Conference opponent that week, or that the school had just given him a massive extension two years prior amid fears he would decamp for another school.

Aggies boosters, frustrated that Fisher hadn't built on the success of the team's 9-1 record in 2020, determined that it was worth canning him immediately, regardless of the price. And the school didn't have to worry too much: The boosters would fund a huge chunk of the cost to make Fisher go away.

Texas A&M athletic director Ross Bjork said the 12th Man Foundation, a long-standing athletics fundraising arm that operates separately from the university, would cover the first lump-sum payment owed to Fisher.

OPINION

Small Talk, Big Revelations



INSIDE VIEW
By Andy Kessler

Ring a ding-ding. Hot toddlers. Ugly sweaters. It's that time of year, when you will find yourself stuck at a family gathering with your cosmic second cousin. Or chatting with rando at a cocktail party where you know only the host. You're forced to converse. But there's good news. Everyone has a unique story—success, tragedy, oddity. It just takes effort to extract it.

I wish I were better at conversations. Unlike writing, there's no backspace key. I often chat with folks who babble away about how important they are, until I eventually pick a spot on their forehead to stare at and plot my exit. Or worse, they don't talk much and leave uncomfortable silent gaps, making my exit even harder.

Some people jump right in with conversation starters like, "How 'bout those Niners?" Others accumulate trivia to lubricate their cocktail-party conversation. "Did you know that there are more rabbits than rabbis in Israel?" Good, though not my style.

Still, interactions with others are the spice of life. Stuck? Try the FORD method: Ask about family, occupation, recreation and dreams. Questions

about kids, jobs, travel or hobbies usually can get people talking until you can eventually ask, "But what do you really want to do?" If they're under 35, the answer is often "save the world." OK, save away. At least they're talking.

We're always told to avoid getting blinded by the light of MPR: money, politics and religion. But mama, that's where the fun is! There's nothing better than conversations with strangers or folks you've known your whole life that flow, with back and forth, give and take, volleys and counter-volleys, even if it gets a little spicy, until you've learned something new about them and maybe about the world.

But FORD goes only so far—something is always missing. Conversations can be shallow. I don't care that you're just back from Florence or that your kid works in private equity. I want to hear something interesting, something that makes you unique. There is no such thing as ordinary, everyday Americans. Everyone, from a janitor to a CEO, has a story. But no one really asks because few know how to ask.

This summer, my wife and I took a rafting trip down the Yellowstone River near Livingston, Mont. We saw a bald eagle grab a trout out of the river. Our guide was a Texan in his mid-30s with a long ZZ Top beard. We talked about everything. Two hours in, he

said, "For the last 10 years, I've been traveling around the country blowing up stuff." Do tell. I wish he had led with that.

How do you get the fascinating stuff out of people, that extra oomph of detail, and in only 10 minutes at a party? Hint: Don't ask "What's your spirit animal?" Try the HILO method. Probe for highs and

At holiday parties, ask about highs and lows to get people to tell their best stories.

lows: What's your greatest memory from growing up? When were you most scared? Who is the most famous person you've met? Worst job? Best meal? Coolest place you've been? Ever been arrested? Your "Rocky" moment? Getting people to tell stories about extremes leads them to tell more stories. Even introverts will give interesting answers. Get a trickle started and waterfalls will flow.

Some I've heard: Was stationed in Antarctica. Mother invented Mr. Potato Head. Dated Ann Coulter. Parents arrested for cooking meth. Was at the tip of the spear in Desert Storm. Grandfather swam across the Rio Grande. Invented airbags. Restores P-51 Mustang fighter planes. Fam-

ily owns largest mink farm in the U.S.

Since people rarely ask, here are some of mine: I saw the Ramones and Talking Heads at CBGB in New York. Attended a pope's funeral. Flew the Concorde to Paris for a one-hour lunch and the first 10 minutes of discussion was "red or white?" Did a shot of Old Grand-Dad with Bruce Springsteen on his 35th birthday at Big Man's West in Red Bank, N.J. He gave me sage advice—actually, he just grunted "eh" in my ear. So I've got that going for me.

A few weeks ago, the National Football League ran its "My Cause My Cleats" campaign to raise money for players' charities. What a perfect cocktail-party question: "If you had to decorate cleats, what would your cause be?" It's so personal that answers would be eye-opening. Do you volunteer or just give money away? Is it because of a personal experience? Oh, your family was helped by soup kitchens? Wow.

I enjoy stories of adversity, of overcoming hurdles. I'm surprised at so many humble beginnings. Same for "almosts"—you know, "coulda, woulda, shoulda" stories. But I most enjoy hearing about perseverance and achievement and about the honesty and humility of luck. What's your story?

Write to kessler@wsj.com.

BOOKSHELF | By Charles Gasparino

The Milken Story Revisited

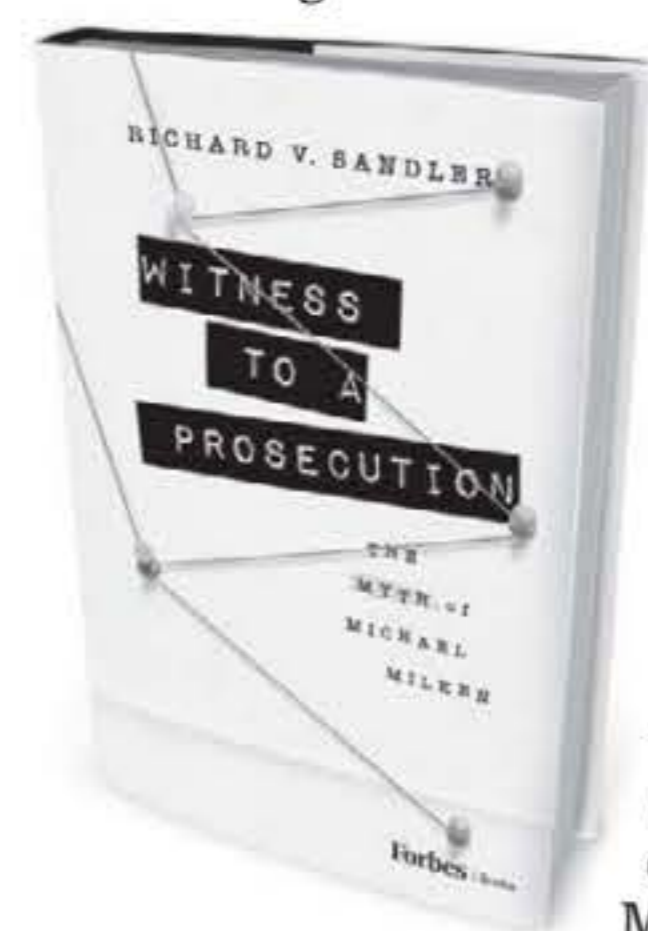
Witness to a Prosecution

By Richard V. Sandler

ForbesBooks, 352 pages, \$34.99

In the popular perception of the typical white-collar case, a judicious government prosecutes a mendacious executive on a mountain of incontrovertible evidence. Think Bernie Madoff or Sam Bankman-Fried. Then there's Michael Milken, the former "junk bond king" from the infamous "decade of greed." If there were a Mount Rushmore of white-collar crime, all three men might have a place.

Thanks to Richard Sandler, however, you can now scratch one of those names off that list. In "Witness to a Prosecution," Mr. Sandler, a childhood friend who was Mr. Milken's personal lawyer at the time, walks the reader through Mr. Milken's 30-plus year legal odyssey, beginning in 1986 with the federal government's investigation, followed by his



indictment, plea bargain, and prison term, right through to his pardon by President Donald Trump in 2020. The author tells a convincing and concerning story of how the government targeted a largely innocent man and, when presented with proof of that innocence, refused to turn away from a bad case.

I have always been more than a bit skeptical about Mr. Sandler's underlying thesis—and the thesis of many of Mr. Milken's supporters on this page. After all, Mr. Milken served nearly two years in

jail, pleaded guilty to six felonies and paid a large fortune to settle with the government.

I have also read books, chief among them James B. Stewart's "Den of Thieves" (1991), that seem to make the case for Mr. Milken's culpability—the methods he employed as head of Drexel Burnham Lambert's high-yield department, the alleged epicenter of the destructive "leveraged buyout" mania of the 1980s that cratered companies and led to mass unemployment; his alliances with smarmy corporate raiders; his supposed insider trading with the notorious arbitrageur Ivan Boesky. The list goes on.

After reading Mr. Sandler's account, I no longer believe in Mr. Milken's guilt, and neither should you. The author argues that most of what we know about Mr. Milken's misdeeds is grossly exaggerated, if not downright wrong. What the government was able to prove in the court of law, as opposed to the court of public opinion, were mere regulatory infractions: "aiding and abetting" a client's failure to file an accurate stock-ownership form with the SEC, a violation of broker-dealer reporting requirements, assisting with the filing of a false tax return. There was no insider-trading charge involving Mr. Boesky or anyone else, because the feds couldn't prove one.

The witnesses against Mr. Milken, among them Mr. Boesky, led investigators on a wild-goose chase that turned up relatively little. One key piece of evidence linking the two men: A \$5.3 million payment to Drexel from Mr. Boesky for what turned out to be routine corporate finance work that the feds thought looked shady.

When you digest the reality of the case against Mr. Milken, you find that much of it was nonsense. As Mr. Sandler puts it: "The nature of prosecution and the technicality and uniqueness of the regulatory violations . . . certainly never would have been pursued had Michael not been so successful in disrupting the traditional way business was done on Wall Street."

That gets us to why Mr. Milken was prosecuted so viciously. The lead prosecutor on the case, Rudy Giuliani, was the U.S. Attorney for the Southern District of New York. It's hard to square the current Mr. Giuliani, fighting to keep his law license while being enmeshed in Mr. Trump's election-denying imbroglio, with the man who was then the nation's foremost crime fighter, taking on mobsters, corrupt politicians and those targeted as unscrupulous Wall Street financiers.

When you digest the reality of the case the government made against Michael Milken, you find that much of it was nonsense.

Mr. Giuliani's ambition for political office—he would later become mayor of New York City—made Mr. Milken an enticing target, Mr. Sandler tells us. The author suggests that Mr. Giuliani made up for his weak legal case by crafting an image of the defendant as an evil banker and feeding it through leaks to an all-too-compliant media. "Michael Milken became the subject of intensive newspaper articles, press leaks, rumors, and innuendo for years before he was charged with anything," the author writes. "I am sure Giuliani and his team of prosecutors believed that Mike would succumb to the pressure and quickly settle and cooperate and implicate others. When this did not happen, the prosecutors became more committed to using their immense power to pressure Michael and try to win at all costs."

Mr. Sandler, who is also the chair of Milken Community School, hasn't exactly compiled a traditional narrative; his writing moves but at times the book reads like a legal brief. He has obvious contempt for Mr. Giuliani. Ditto for Mr. Stewart, whom Mr. Sandler believes played a significant role in convicting Mr. Milken in the media. Mr. Sandler should have spoken to both men. Mr. Giuliani probably would have agreed to a meeting. As Mr. Sandler points out, Mr. Giuliani and Mr. Milken recently reconciled, first over their shared battle with prostate cancer, then more recently given Mr. Giuliani's efforts to help Mr. Milken get a pardon from President Trump.

Mr. Milken has come a long way from those dark days in his life. He has rebuilt his wealth. His eponymous Milken Institute conference is one of the best confabs of thought leaders from business, politics and even sports. His philanthropy, particularly in the area of cancer research, is legendary. The junk-bond market he helped create has opened up cheaper and more efficient financing to many more companies than it ever destroyed. What started as a \$10 billion market is now standing at around \$1.4 trillion.

None of that will erase what Mr. Sandler calls "the pain Michael Milken went through" and what Mr. Sandler himself experienced by being there every step of the way. "Was it worth it?" he asks, as he concludes his book. He explains that he was 38 years old when the case started in the mid-1980s, and that defending Mr. Milken has been a nearly all-consuming task over the next four decades. His own family has suffered through the ordeal.

Yet he'd do it again, he writes. The reason is friendship, but also, he says, because Mr. Milken "is a historical figure, whether he wants to be one or not, and history needs to know the truth about the Michael Milken case."

Mr. Gasparino is a Fox Business senior correspondent and a columnist for the New York Post.

Can Chile Escape Stagnation?



AMERICAS
By Mary Anastasia O'Grady

Chile continued its search on Sunday for a new constitution, allegedly the cure to the unrest that rocked the country four years ago. In a national referendum, in which voting was obligatory, the electorate was asked to approve or reject the latest proposal written by an elected constituent assembly. With 99% of the vote tallied, the proposal failed 56%-44%. This means that Chile will keep the 1980 constitution drafted during the military government of Gen. Augusto Pinochet but amended many times over by center-left governments to guarantee democracy.

It also means that the constitutional underpinnings of Chile's free-market model, which extremists sought to destroy, are safe for the foreseeable future. To paraphrase Mark Twain, reports of its death have been greatly exaggerated.

Now maybe policy makers will address the actual source of popular discontent, namely sluggish economic growth. Other problems on voters' minds are high crime rates, difficulty accessing high-quality education and corruption.

In many ways the Sunday vote was anticlimactic. The extremists who rampaged through the country in October 2019 had hoped to upend a modern liberal democracy. But their effort to turn Chile

into a soviet paradise was stymied in May when right and center-right parties won three-fifths control of the constituent assembly.

As expected, that assembly produced a draft constitution heavy on individual freedom and civil liberties. It would have modernized the Chilean state and improved governability by reducing the political fragmentation that has occurred since a 2015 political reform. The Republican Party and the Let's Go Chile coalition (both on the right) campaigned to approve the draft. So too did the center-left Democrats and the centrist Yellows for Chile, both hoping to close the book on the Pinochet era. But for the hard left, the ghost of Pinochet is a weapon. Surrendering it in exchange for an economically liberal document was unthinkable.

In March 2022, the leftist President Gabriel Boric said that any new constitution "will be better than a constitution written by four generals." But in a delicious irony, his Broad Front coalition, the Communist Party, the Socialist Party and the former urban guerrilla party MIR all campaigned ahead of Sunday's vote to keep the amended 1980 constitution. They may have been helped by rising antigovernment sentiment, producing an appetite to vote "against" anything official, and by public-sector unions that stood to lose privileges. On the right there was opposition from Pinochet loyalists and those who saw the process as illegitimate.

This was Chile's second recent try at a new constitution. The first draft, written by an assembly elected in a non-obligatory process, would have weakened property rights, empowered the state, and made Chile into a country of multiple "nations." It was rejected in an obligatory referendum, 62% to 38%, in September 2022. That ought to have been the end of the mental gymnastics. But both sides insisted on trying again.

The country dodged a constitutional coup, but it still needs an economic revival.

A lot of trouble might have been saved if the problem hadn't been misdiagnosed from the start. Peaceful marches by hundreds of thousands of Chileans weren't a national outcry against economic freedom. They were the opposite.

The Chilean economy grew at an average annual rate of 7.2% from the mid-1980s until the 1997 Asian financial crisis, according to former Finance Minister Hernán Büchi, who wrote about the country's transformation for the Heritage Foundation in 2006. That was followed by "an average annual rate of 3.5 percent between 1998 and 2005." After that, with the exception of 2009, when the financial crisis hit, annual Chilean growth was 3.3% or better until 2014. In the three years 2010-12

Chile turned in growth rates of 5.9%, 6.2% and 6.2%.

Center-right President Sebastián Piñera pushed through a 2013 corporate tax hike to 20% from 17%—retroactive to 2012—as a concession to militant university students who went to the streets. When Socialist President Michelle Bachelet began a second (nonconsecutive) term in 2014 she initiated a process of raising the corporate tax to 27% and eliminated an incentive to reinvest distributed income in Chile. Capital ran away. During her four-year term the economy grew at an average annual rate of 1.8%.

By the time Mr. Piñera returned as president in March 2018, the high expectations set over so many years of fast growth were already colliding with economic stagnation. The economy grew 4% that year but it was too late. Nine months into his second term the country exploded. Mr. Piñera gave in to the constitutional project.

In November, at a conference of business leaders in San Francisco, Mr. Boric acknowledged the cost of the "uncertainty" of the past four years and the need to restore stability. "I can assure you that after the [December] plebiscite," he told the audience, "whatever result the people choose, that process will come to an end." It would be nice if that were true—and even after he leaves office. But it doesn't seem to be what his fellow travelers have in mind.

Write to OGrady@wsj.com.

Claudine Gay and My Scholarship

By Carol M. Swain

Harvard's governing fellows last week decided to stand behind President Claudine Gay despite her disastrous congressional testimony and multiple allegations of plagiarism. In a statement, they dismissed the latter as "a few instances of inadequate citation" that constituted "no violation of Harvard's standards for research misconduct."

I write as one of the scholars whose work Ms. Gay plagiarized. She failed to credit me for sections from my 1993 book, "Black Faces, Black Interests: The Representation of African Americans in Congress" and an article I published in 1997, "Women and Blacks in Congress: 1870-1996." The damage to me extends beyond the two instances of plagiarism identified by researchers Christopher Rufo and Christopher Brunet.

"Black Faces, Black Interests" received numerous accolades and recognitions. In

1994 it was selected one of Library Choice Journal's seven outstanding academic books and won the Woodrow Wilson Foundation Award and the V.O. Key Award for political science. It won the D.B. Hardeman Prize for its scholarship on Congress in 1995. My

She failed to credit me for sections of my book, 'Black Faces, Black Interests.'

book has been cited in court opinions, including by U.S. Supreme Court justices in *Johnson v. De Grandy* (1994) and *Georgia v. Ashcroft* (2003).

Ms. Gay's damage to me is aggravated because her early work was in the area where my research is considered seminal. Her scholarship on black congressional representation, electoral districting and descriptive representation builds on terrain where I

plowed the ground.

When one follows in the footsteps of a more senior scholar, one is expected to acknowledge the latter's contribution to the field and how one's own research and ideas refute, affirm or expand knowledge in the area. Ms. Gay ignored the substantive importance of my research, which she should have acknowledged and engaged. A single citation or two wouldn't usually be considered intellectually honest.

When scholars aren't cited adequately or their work is ignored, it harms them because academic stature is determined by how often other researchers cite your work. Ms. Gay had no problem riding on the coattails of people whose work she used without proper attribution. Many of those whose work she pilfered aren't as incensed as I am. They are elites who have benefited from a system that protects its own.

Even aside from the documented instances of plagia-

rism, Ms. Gay's work wouldn't normally have earned tenure in the Ivy League. Tenure at a top-tier institution normally demands ground-breaking originality; her work displays none. In a world where the privilege of diversity is king, Ms. Gay was able to parlay mediocre research into tenure and administrative advancement at what was once considered a world-class university.

Harvard can't condemn Ms. Gay because she is the product of an elite system that holds minorities of high pedigree to a lower standard. This harms academia as a whole, and it demeans Americans, of all races, who had to work for everything they earned.

Ms. Swain is a senior fellow at the Institute for Faith and Culture and a co-author of "The Adversity of Diversity: How the Supreme Court's Decision to Remove Race from College Admissions Criteria will Doom Diversity Programs."

OPINION

REVIEW & OUTLOOK

The Houthi Assault on Shipping

The press is reporting that the Biden Administration is contemplating the use of military force in response to continuing attacks on commercial shipping by the Houthi militia in Yemen. It's about time. The Houthi missile attacks pose the most significant threat to global shipping in decades, and they will continue unless a global coalition unites to stop them.

The USS Carney, a destroyer operating in the Red Sea, shot down no fewer than 14 attack drones launched from Houthi-controlled territory in Yemen on Saturday. A British warship shot down a Houthi drone after it was dispatched to the region to protect commercial ships. This follows weeks of similar attacks that U.S. warships have felt obliged to intercept to protect themselves and other ships.

The Houthis have said their attacks are aimed at stopping Israeli vessels transiting the Red Sea, which is bad enough. But the missiles and drones are targeting commercial ships willy-nilly. On Friday a Houthi drone struck a Liberian-flagged ship in the Red Sea, and the Houthis launched two ballistic missiles, one of which struck another commercial ship.

The well-armed Houthis have long been a regional threat, but now they are becoming a global menace. They may be the strongest Iranian proxy, stronger even than Hezbollah. They are the only one with medium-range ballistic missiles and the only one to fire antiship ballistic missiles.

Their attacks are making the Red Sea non-navigable, and major commercial shipping lines have announced they will cease sending ships into harm's way. Maersk, the shipping giant, has stopped sending vessels through the Bab el-Mandeb Strait between the Red Sea and Gulf of Aden that has become a Houthi fire zone.

This will have major economic consequences if it continues. It's also another test for Western nations as the world's bad actors try to foment as much trouble as they can. The U.S. has long used its warships to counter Iranian attempts to disrupt oil shipments through the Persian Gulf, and the Houthis have opened up another naval front.

The U.S. doesn't want the conflict in the Middle East to expand, but the Navy is already engaged in defensive operations. The question

is whether the U.S. and other Western navies are merely going to play defense and catch missiles as the Houthis set the terms of battle. Sooner or later a Houthi missile may get past U.S. naval defenses and kill American sailors. Then the White House will have little choice other than to strike back.

Reuters reports that the Saudis have asked the U.S. not to escalate because it wants calm in the Gulf region. The Kingdom doesn't want to resume its draining war with the Houthis, and it has tried to improve relations with Iran. Yet the Saudis can't expect the U.S. to protect Arab oil transportation while leaving the rest of the world's shipping vulnerable to Houthi-Iranian missiles.

And make no mistake: Iran is ultimately responsible for this Houthi offensive. The Houthis retain some autonomy, but they wouldn't be able to continue without the arms sent by Iran's Islamic Revolutionary Guard Corps. Iran activated the Houthis to further complicate U.S. support for Israel and pressure the West to pressure Israel to stop its defensive campaign against Hamas in Gaza.

All of this should influence the U.S. calculation of how to respond militarily. One option no doubt under consideration is to take out Houthi ammunition stores and missile-launch sites. Such an attack would have to be extensive, and perhaps over multiple days, to send the proper message. Pin-prick strikes like those the U.S. has conducted in response to Iranian militia attacks in Syria and Iraq would betray American weakness.

But even a major bombing response in Yemen would spare Iranian assets. Tehran might conclude that the U.S. fears escalation so much that it can keep its proxies in action on multiple fronts with impunity. Eventually Iran's rulers have to know that their assets—military and nuclear—are at risk if they continue to foment disorder, attack U.S. allies, and target American bases or ships.

The expanding Houthi threat, like the Hamas massacre and Russia's invasion of Ukraine, is another example of the disorder that spreads when U.S. deterrence fails. The restoration of deterrence is crucial to reducing the spread of global mayhem. It should be front-and-center in the U.S. presidential campaign.

The Tragedy of Rudy Giuliani

The tragedy of Rudy Giuliani continues to escalate with last week's jury award of \$148 million in a defamation suit brought by two Georgia election workers. What a long, strange decline it's been for the former mayor who rescued New York City from a previous era of progressive decline.

The eight-member Washington, D.C., jury awarded the two election workers three times more than the \$48 million they sought, and that is likely to be reduced by the trial judge or an appellate court.

But Ruby Freeman and Wandrea ArShaye Moss, of Fulton County, Ga., persuaded the jury and judge that they were falsely accused of manipulating absentee ballot counts. There's no doubt the two women endured considerable abuse and damage to their reputations after they were singled out by Trump campaign allies, though Mr. Giuliani says he wasn't the only

person who identified the workers and that other people did the abusing.

"The absurdity of the number underscores the absurdity of the entire proceeding," Mr. Giuliani said, adding that "I have not been allowed to offer one single piece of evidence in defense, of which I have a lot." He'll get his chance on appeal.

The judgment illustrates the fate of so many who promoted Donald Trump's claims of election fraud in 2020. Some, like lawyer Sidney Powell, have pleaded guilty to crimes. Those who breached the Capitol on Jan. 6, however naively, have had their lives turned upside down by indictments and in some cases jail time. Mr. Giuliani could be left bankrupt and lose his law license.

The only person who may emerge unscathed from his election falsehoods is Mr. Trump. There's a lesson in that for those who put loyalty to a person above their better judgment.

Biden's Drug-Price Boomerang

President Biden keeps trying to persuade Americans his policies are helping them, but voters aren't buying it. The latest example is the Inflation Reduction Act's (IRA) Medicare drug rebates, which are raising the cost of medicines.

The White House on Thursday proclaimed that the IRA's drug rebates are already saving seniors money: "President Biden's prescription drug law cracks down on price gouging from Big Pharma."

Under the IRA, drug makers must pay Medicare rebates if they raise list prices more than the rate of inflation. If a company increases the price of an immunotherapy by, say, 8% while inflation is increasing at 3%, it must pay Medicare the 5% difference. Co-insurance payments made by patients are then based on the inflation-adjusted price.

Rebates are deposited in the Medicare Supplementary Medical Insurance Fund, which is mainly financed by general tax revenue. In other words, politicians, not seniors, are the real beneficiary of the rebates.

According to the Administration, IRA drug rebates save seniors "as much as \$618 per average dose on 47 prescription drugs" (our emphasis). This is deceptive marketing. It's possible that Medicare co-insurance as a result of the IRA could be hundreds of dollars less on a cancer drug that costs tens of thousands of dollars per dose and whose list price increases by double digits. But most Medicare patients will see little benefit.

On the other hand, privately insured patients will likely pay much more for drugs owing to the rebates. Democrats tacitly conceded this when they drafted the law. They initially planned to apply the IRA inflation rebates to the private insurance market too. That's because

employers worried that drug makers would offset the cost of the Medicare rebates by raising prices for their workers.

This is what has happened in Medicare with hospital and physician fees. Because Medicare typically pays less than the cost of care, providers charge privately insured patients more to compensate.

Private health plans paid hospitals 224% of Medicare rates in 2020, according to a Rand Corp. study. Between 2013 and 2018, prices paid to providers increased at double the rate for commercial insurers as for Medicare fee for service.

Medicaid's mandatory rebates—23.1% for brand drugs and 13% for generics off the average manufacturer price—save Medicaid tens of billions of dollars a year. But drug makers have raised prices that privately insured and Medicare patients pay to offset those Medicaid rebates, especially for drugs used mostly by low-income patients. Medicaid rebates have also reduced the already slim margins for making generic drugs, contributing to the current shortages.

Senate budget rules blocked Democrats from extending inflation rebates to private markets. So drug makers will invariably raise prices for privately insured patients and launch new drugs at higher prices. This may already be happening. Prescription drug prices have increased at a faster rate since the IRA passed, even as overall inflation has moderated.

Prescription drug prices increased by 2% during the Trump Presidency owing to greater generic competition, yet they've increased 5.5% so far under Mr. Biden. In November they rose at an annual rate of nearly 6%. Has the White House considered that the reason Americans don't believe that the President's policies have helped them is because they haven't?

Iran is ultimately responsible for the attacks by its proxy.

LETTERS TO THE EDITOR

A College Freshman vs. the Harvard President

One has to admire the logic behind the Harvard Corporation's decision to retain Claudine Gay as president of the university ("America Gets a Harvard Education," Review & Outlook, Dec. 13). First, she failed in her response to the Oct. 7 Hamas massacre of Israelis. Second, she failed to do anything about the exploding antisemitism on her campus. Third, she failed in her testimony before Congress. Fourth, she failed to cite and quote sources in her academic work.

I guess that's the kind of four-for-four consistency Harvard wants.

JOEL KRISCHER
Beverly Hills, Calif.

My son's first college paper had weak paraphrases and missing citations, as in Ms. Gay's publicly available work. He wasn't rewarded with Harvard's presidency but accused of plagiarism, given an "F," and threatened with more dire consequences if he ever did it again. (In all subsequent undergraduate and graduate work, his paraphrases and citations were perfect!)

Sadly, Ms. Gay reportedly got, and is still getting, a pass on apparent plagiarism in her academic writings, including her doctoral thesis. What a poor example for faculty, students, alumni and everyone else. This, along with her weak response to the Hamas terrorist attack and antisemitism on campus, demonstrates her moral failure. Time for her to resign.

NANCY BRENNER
New York

As an immature and inexperienced freshman at a nonelite college, I was humiliated by escorted to the college library by a professor who had uncovered my "inadequate citation"—otherwise known as plagiarism—similar to President Gay's omission in her doctoral thesis and subsequent work.

I received a failing grade on that paper. I should have taken it to the Harvard administration, which would have found "no violation of . . . standards for research misconduct."

MARY ELLEN BOBB
San Clemente, Calif.

The three presidents of Harvard, Penn and M.I.T. failed a single-question test. The first one received an "F" and had to step down. The second received an "A," with the backing of faculty and the administration. The third's grade is still to be determined.

Considering the variance of these results, is it any wonder our elite universities have abandoned standardized-testing requirements for admissions?

PATRICK T. PALMIERI
Danbury, Conn.

If Bill Ackman's business decisions were as astute as his decision to give up to \$50 million to his alma mater, Harvard, he would be penniless today.

American Jews have a left-leaning political history that has been hard for me to understand, but Mr. Ackman is the epitome of capitalism at work. How could he have missed the decadeslong movement of Harvard—and most of higher education—toward its antisemitic, anticapitalist anti-American philosophy of today? I hope he will become the leader of a corporate movement to reinvest those institutions with the spirit of America's greatest aspirations.

JIM BARBER
Mesa, Ariz.

The Harvard Business Review can now develop a more current case study: "How iconic brands like Bud Light and Harvard University can be quickly decimated."

DAN MEYVIS
Peachtree City, Ga.

The 'Test' of Civil Rights, Past and Present

Your editorial "A Moot Supreme Court on ADA Lawsuits" (Dec. 7) characterizes the issue at hand in *Acheson Hotels v. Laufer* as a frivolous question of whether disabled people have standing to sue over a mere hotel "website omission" when they never planned to book a room. Testing, however, has long been vital in ensuring the enforcement of civil-rights laws. A decision that eroded the standing of testers could hinder people with disabilities and other communities from protecting their rights.

Justice Clarence Thomas opined that the reservation rule, which is used to enforce the Americans with Disabilities Act, doesn't create a "right to information," and, as such, Deborah Laufer has no standing to sue as a tester because somehow it isn't her place to ensure the enforcement of civil rights for people like her.

Justice Thomas acknowledges, however, that testers aren't a novelty. He cites *Havens Realty Corp. v. Cole-*

man, in which the court sided with a black man who acted as a tester and brought a suit under the Fair Housing Act for racial discrimination after an apartment complex told him there were no units available, but told a white individual that there were units available to rent. Mr. Coleman, like Ms. Laufer, had no intention of actually renting an apartment.

When hotel websites don't contain the accessibility information required by the reservation rule, it sends the message that disabled people aren't welcome at that hotel, as several justices acknowledged during oral argument. We are grateful for the work of Ms. Laufer and testers everywhere. We are also glad the court recognized the harm that lack of access causes disabled people and our community. We hope to see prompt website updates from hotels and third-party booking groups.

MARIA TOWN
President and CEO, American Association of People with Disabilities
Washington

Is the Church After Restoration or Revolution?

Regarding William McGurn's "Cheer, Cheer for Old Notre-Dame" (Main Street, Dec. 12): The Archdiocese of Paris has other ideas. Archbishop Laurent Ulrich recently wrote French President Emmanuel Macron to request six contemporary stained-glass windows to replace the traditional 19th-century windows that would be transferred to a museum.

In 2021 the same archdiocese sought permission to gut side altars and confessionals in Notre-Dame to construct a "discovery trail." Replacing the spaces used over the centuries for masses and confessions, it would resemble a Disney World jour-

ney through the cathedral.

Finally, instead of using the cathedral's main altar, which survived the fire, the archdiocese has hired a furniture designer to produce a new free-standing altar. Sketches portray a concept somewhere between an operating table and an unfinished workbench.

How ironic to see the secular government of postrevolution France advocate a traditional restoration of Notre-Dame, while Catholic authorities push for a modernist interior redesign.

KENNETH J. WOLFE
Alexandria, Va.

Will Israel Again Be Feared?

As a sailor who spent 22 years helping win the Cold War, I can attest that there used to be two countries that all others feared to confront: Russia and Israel ("Israel's Message in Gaza to Iran and Hezbollah" by Yonah Jeremy Bob, op-ed, Dec. 11). If either were provoked, retaliation would be sure, swift and severe, as neither country cared about world opinion when it came to punishing enemies for crimes against their citizens.

When North Korea captured the USS Pueblo in 1968, the joke around the fleet was: "If we wanted it returned, we would sell it to the Israelis. They would have it back in two days." It seems Israel had lost that aura of invincibility, but now it is getting it back, and Iran is taking note.

J.C. SNEAD
Virginia Beach, Va.

Divided by Race at City Hall

I am confused by Boston Mayor Michelle Wu's invitation ("Notable & Quotable: 'Electeds,'" Dec. 14). Would my half-Asian grandchildren not be invited or would they be able to attend only half of the Electeds of Color Holiday Party?

KEITH PAUL BISHOP
Orange County, Calif.

Pepper ... And Salt

THE WALL STREET JOURNAL



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OPINION

How Jews Escaped Their Dismal Fate

By Alan G. Futerman
And Walter E. Block

Throughout history Jews have suffered mass murder on a regular basis. It began with the expulsion from Judea (which the Romans renamed Syria Palestina) after the Bar Kokhba rebellion in the year 135. Crusaders killed thousands in the Rhineland massacres of 1096. During the Black Death of 1346-53, Jews were blamed for the plague and murdered. Many more were tortured to death and burned during the Spanish Inquisition. In 1648-49, Bogdan Chmielnicki and his Cossacks slaughtered tens of thousands of Jews in Ukraine. The same thing occurred during the Russian pogroms. In Kishinev, 49 Jews were savagely annihilated in 1903, and more were killed in 1905. Arab riots in Hebron and other places in 1929 resulted in 133 Jews killed. Two millennia of murders reached the unthinkable with the Nazi *Einsatzgruppen* and extermination camps.

Liberalism calls on them to outsource their protection to the goodwill of others. That failed time and again.

These massacres all had one thing in common. After they took place, the same thing happened, again and again: nothing. That is, after being expelled from their land, Judea, two millennia ago, no matter the location or era, Jews were prisoners of an inescapable sinister circle: Enter a society, live and thrive there for some time, and soon enough be robbed, attacked, murdered or expelled. And



Israeli soldiers near the Gaza Strip in Israel, Dec. 13.

then, each time, nothing happens.

It was as if this circle was a metaphysical fact. Get ready to be destroyed. Prepare to be beaten. Accept your destiny as “a people that shall dwell alone” (Numbers 23:9). But keep your faith, for the Lord will redeem you in the messianic era. In the meantime, your fate is a force of nature, a curse, a Hokusai painting: the unstoppable wave.

Every living entity tries to survive—to sustain itself and avoid death at all costs. Jews lived, but the possibility, the probability, of violent death was always there, hanging over their heads.

This closeness to death, accompanied by latent, primal fear, followed Jewish existence and persisted in this people’s subconscious minds for millennia. It made Jews carry with them a chronic sensation of inevitable doom. The circle remained inescapable. No matter how successful Jews were in specific times, places and societies, the shape of this accursed circumference assured their inevitable fall.

This same fear, this feeling of in-

evitable catastrophe, is what most Jews felt on Oct. 7. That applied especially to those in southern Israel, who were victims of the modern-day *Einsatzgruppen*—Hamas Islamists. The circle was lurking again.

But no. Because something changed on May 14, 1948. On that day, the circle was broken.

Throughout the ages, Jews wondered how they could escape their fate. In the 19th century, Jewish emancipationists and Zionists proposed two solutions: liberalism and nationalism, respectively. The former defended the idea that universal values and free societies would protect Jews. The latter maintained that only a Jewish state would do so.

Theodor Herzl wasn’t the first Jew to think of the necessity of a Jewish state. But he was the first to recognize that it was both possible and inescapable. When Herzl witnessed the followers of Karl Lueger, the antisemitic mayor of Vienna, he understood that liberalism was hopeless as a solution to assure Jewish survival. The only option for Jews was a Jewish state.

As any other living beings, Jews

need to defend themselves. There is no other way to assure freedom and flourishing if their precondition, self-protection, is outsourced to the goodwill of others. A free society can fall, and the Jews go down with it, as they did in Europe facing the Nazis. A Jewish state can always fight back.

With their national homeland, Jews gained the power to defend themselves. The circle was finally broken. But it continues to haunt them, as Oct. 7 showed. For a few hours, we saw with utmost clarity what it means to be Jewish without Israel, and especially without the Israel Defense Forces.

What we have witnessed these past few months hasn’t been the exception throughout Jewish history. Rather, it has been the norm. Rallies composed of varying and contradictory groups calling for mass murder, condemnation, denunciations of Jews—and all of this while the Jews have had to endure a barrage of horrific images and testimonies of the massacres. Well, this wasn’t new. This was Jewish history for 2,000 years. It now seems like the exception because there is a factor that didn’t exist 75 years ago. The same factor that allows Jews, instead of crying over their inevitable doom, to strive for victory in the face of their enemies: the glorious and blessed state of Israel.

Jews are human beings with self-respect. They won’t accept gratuitous and unwarranted attacks or vicious rapes. They won’t accept mass murder—never again. Jews will defend themselves. They may be condemned to dwell alone, but if so, they will do it as a people. In their own homeland. Finally.

Messrs. Futerman and Block are the co-authors of “The Classical Liberal Case for Israel.”

Minnesota’s Xenophobic Restrictions On Speech

By Bradley A. Smith
And Eric Wang

A federal judge on Monday will consider a Minnesota law that surreptitiously attempts to overturn the U.S. Supreme Court’s holding in *Citizens United v. FEC* (2010) that corporations have a constitutional right to speak independently about politics.

While *Citizens United* and other judicial decisions have loosened restrictions on corporate political speech, courts have upheld longstanding bans on political speech by foreign nationals. Therefore, Minnesota and other opponents of corporate speech now seek to redefine large swaths of American businesses as “foreign influenced” to stop their political engagement. Seattle, St. Petersburg, Fla., and Alaska have joined Minnesota in passing laws banning political speech by so-called foreign-influenced corporations. Lawmakers in numerous other states and Congress have introduced similar bills.

The Minnesota law is typical of these measures, making Monday’s hearing an early test of their constitutionality. The law defines “foreign-influenced corporations” as including any U.S. company in which a single foreign investor has “direct or indirect beneficial ownership” of as little as 1% of total equity. This status also may be triggered if hundreds or even thousands of foreign stockholders collectively own 5% of shares. It doesn’t require these stockholders to be of the same nationality or to collude to influence so much as the corporate cafeteria menu.

The law’s breadth is matched by its vagueness. Foreign-influenced status also may be triggered if any foreign investor “participates directly or indirectly in the corporation’s decision-making process with respect to the corporation’s political activities in the United States.” If a single foreign stockholder casts a proxy vote on an activist-shareholder proposal, that could bring the state’s corporate speech ban into effect.

Its ban on political speech by ‘foreign influenced’ companies defies U.S. Supreme Court precedent.

The charade is obvious: The left-wing Center for American Progress estimates that 98% of publicly traded companies would trigger these thresholds. Many privately held business likely would as well. Once defined as foreign-influenced, a corporation is prohibited from making contributions or independent expenditures to promote or oppose candidates for public office. This includes lobbying legislators and the governor on appointed positions. The ban further applies to corporate activities that promote or oppose ballot measures. Foreign-influenced corporations also may not contribute to organizations that support or oppose candidates or ballot measures. The Minnesota law even seems to ban companies from engaging in these activities at the federal level, despite federal law to the contrary.

Though opponents of corporate political speech act as if large businesses serve as the puppet masters of politics, most corporations don’t engage in campaign spending at all. For-profit corporate funds amount to about 2% of total political spending in the U.S. per election cycle. For businesses, the right to speech serves mostly as an emergency tool. Elected officials wielding enormous power to regulate the private sector shouldn’t be permitted to immunize themselves against critique from those they govern.

The Minnesota Chamber of Commerce, with support from the U.S. Chamber of Commerce, is seeking a preliminary injunction against the state’s law at Monday’s hearing. The Minnesota Chamber merely seeks to preserve its right, and that of its members, to respond when government threatens workers’ livelihoods, investors’ interests and the vibrancy of free enterprise.

How the court rules will determine if all-American brands that manufacture in the U.S.—such as Louisville Slugger, Jeep and Harley-Davidson—can keep the First Amendment rights the Supreme Court has upheld.

Mr. Smith is chairman of the Institute for Free Speech. He served as chairman of the Federal Election Commission in 2004. Mr. Wang, a senior fellow at the institute, practices campaign-finance law at The Guber Group.

Harvard Is Big Business at Its Worst

LIFE SCIENCE
By Allysia Finley

Most Americans probably heard of the Harvard Corp. for the first time last week, when it issued a supercilious statement affirming its support for Harvard President Claudine Gay. The corporation, Harvard’s governing body, wrote that Ms. Gay “is the right leader to help our community heal and to address the very serious societal issues we are facing.”

The statement was effectively a middle finger to alumni such as hedge-fund titan Bill Ackman, who had demanded Ms. Gay be canned after she equivocated before Congress over whether calling for the genocide of Jews violated Harvard’s rules against bullying. The corporation wished to convey it wouldn’t bow to outside pressure.

Corporation is an apt appellation for Harvard and other Ivy League schools, considering they operate more like for-profit businesses than educational institutions. Unlike businesses, however, they lack shareholders to hold them accountable. This makes them models of the left’s “stakeholder capitalism” paradigm.

The Harvard Corp. consists of 13 members, including the president. It is self-selecting—members elect new members—and boasts that it is “the oldest corporation in the Western Hemisphere.” Governing bodies of other Ivy League schools, including Yale and Columbia, are also referred to as corporations, which are structured to limit alumni influence in their affairs.

The Internal Revenue Service recognizes Harvard and most private colleges as nonprofits, meaning they don’t have to pay taxes. This exemption saves Ivy League schools hundreds of millions of dollars each year and has enabled them to grow their fiefs and endowments.

Columbia is New York City’s largest private landowner, with more than 320 properties, valued at nearly \$4 billion. The school saves more than \$182 million annually by not paying property tax. Harvard avoids some \$50 million annually. Property tax exemptions allow colleges to offer low-cost housing to faculty and

reduce the cost of building facilities to house new bureaucracies.

At the same time, Ivy League endowments—Harvard (\$50.7 billion), Yale (\$40.7 billion), Princeton (\$34.1 billion) and the University of Pennsylvania (\$21 billion)—exceed the market values of most publicly traded corporations. These endowments wouldn’t be anywhere near as large if the schools had to pay a 23.8% tax on capital gains, as their wealthy alumni must on their investment earnings.

With large, tax-insulated endowments, Ivy League schools act like companies without market pressure.

Yet despite their nonprofit status, Ivy League schools operate like the business corporations that leftists assail. Not only do the colleges avoid most taxes, they gouge customers by charging exorbitant prices for a product—a prestigious degree—with inelastic demand. If campus antisemitism or high tuition turn off some prospective students, plenty of others are eager to enroll.

Ivy League schools also practice price discrimination by awarding financial aid to lower-income kids so

the schools can market themselves as diverse and accessible even though most of their matriculants are affluent and ideologically homogenous. It’s essential to their branding that customers—i.e., undergraduate students—believe they are open to all.

The schools exploit low-cost labor by employing graduate students to teach classes for higher-paid faculty. At most Ivy League schools, grad students outnumber undergrads. At Harvard the ratio is about 2 to 1. Like Big Tech companies, universities have created a progressive corporate culture in their selective hiring and admissions of like-minded leftists.

It’s no surprise, then, that grad students have spearheaded anti-Israel protests at many colleges. It was a Harvard grad student who was captured on video accosting an Israeli student. After Harvard removed him from his position as a residential proctor for undergrads, its graduate student union—an affiliate of the United Auto Workers—complained on Twitter that “Harvard is actively punishing and evicting” black, Palestinian and Muslim students.

The university presidents’ reluctance to condemn antisemitism on campus no doubt stems in part from the institutions’ dependence on cheap labor. Universities don’t want to risk a grad-student strike, which could compel faculty to teach sections and grade papers.

DeSantis Is Right About Medicaid

By Brian Blase

North Carolina has become the 40th state to succumb to federal cash and adopt ObamaCare’s Medicaid expansion for able-bodied working-age adults. A new study from the Paragon Health Institute shows there is little to celebrate. Overall health is unlikely to improve despite this massive increase in public welfare.

We now have 10 years of data on ObamaCare’s Medicaid expansion. The evidence against the policy is overwhelming: Expansion leads to a surge in spending but reduces healthcare access for traditional Medicaid enrollees such as low-income children and people with disabilities.

And it doesn’t improve health.

The Paragon study contains specific estimates for Florida, one of the most populous states that have resisted the policy. If Florida expands Medicaid, some 2.5 million people would newly enroll in the program. Three in 10 Floridians would be on Medicaid, and there would be only 1.5 workers for every Medicaid enrollee. Among people who join Medicaid, 65% would replace private coverage.

The cost of expansion to Florida’s state taxpayers would reach \$2 billion by the end of the decade. To pay for that, the state would need to raise its sales tax from 6% to 6.4% or significantly cut other public priorities such as education.

Expanding Medicaid also leads to much higher federal deficits. Florida’s decision to reject ObamaCare’s Medicaid expansion has already saved American taxpayers nearly \$50 billion.

After ObamaCare’s Medicaid spending surge, federal officials found that more than 20% of payments nationwide were improper—mainly payments to health insurers for ineligible recipients. A much bigger Medicaid program hasn’t improved health. In the first four years of Medicaid expansion, mortality trends were worse in expansion states.

Medicaid expansion reduces healthcare access for traditional program enrollees. After expansion, Medicaid enrollees were one-third less likely to secure doctor appointments, driving more people into

emergency rooms. A Mercatus Center study found that Medicaid spending stagnated for children and people with disabilities and significantly increased for able-bodied working-age adults in expansion states.

Part of a state’s calculus should be how vulnerable it would be to a change in federal Medicaid financing that lowers the ObamaCare reimbursement rate to the traditional enrollee rate, which is 30 percent age points lower for Florida. This policy change passed the House in 2017 and will undoubtedly be on the table when Washington next pursues deficit reduction. If Florida decides to expand and the enhanced match rate ends, the state’s extra costs will exceed \$40 billion over the next decade, according to my estimates. North Carolina’s decision to expand creates fiscal risk for the state exceeding \$10 billion over the next decade.

Leaders in 10 states have kept Medicaid a priority for those who most need it, and saved Americans from higher taxes that don’t improve health. That is the correct approach—and a courageous one, given enormous pressure from the healthcare industry and the left to expand the program.

Mr. Blase, who served as a special assistant to President Trump at the National Economic Council, is president of Paragon Health Institute and a co-author of “Resisting the Wave of Medicaid Expansion: Why Florida is Right.”

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Robinhood Woos Richer Clients

Firm offers 1% match, luring \$1.1 billion in transfers from bigger brokers

By HANNAH MIAO

Robinhood Markets, known for a clientele of first-time investors, is attracting customers with fatter wallets from other brokerages.

Through Wednesday, the trading app received about \$1.1 billion in account trans-

fers since Oct. 23, when it began offering a 1% match on transferred brokerage accounts, the company said. In the second and third quarters of this year, customers transferred about \$350 million and \$375 million, respectively, to Robinhood from other brokerages, according to company filings.

Many accounts coming to Robinhood through the promotion are much larger than the average Robinhood account. More than 150 account transfers topped \$1 million,

the company said. The customers have been coming primarily from bigger brokerages, including **Charles Schwab**, **Fidelity Investments** and **Morgan Stanley's E*Trade**, according to Robinhood.

Robinhood has far less assets on its platform compared with other brokerages. The company reported \$94 billion in assets under custody at the end of November, while Schwab had \$8.2 trillion. Schwab brought in \$21.7 billion in core net new assets in

November alone. Fidelity reported \$11.5 trillion in assets under administration, and Morgan Stanley reported \$4.8 trillion in total client assets in its wealth-management arm at the end of the third quarter.

The brokerage industry has consolidated in recent years, with Schwab buying TD Ameritrade and Morgan Stanley buying E*Trade. Schwab earlier this year reported some expected client attrition as it moved TD Ameritrade customers to its platform.

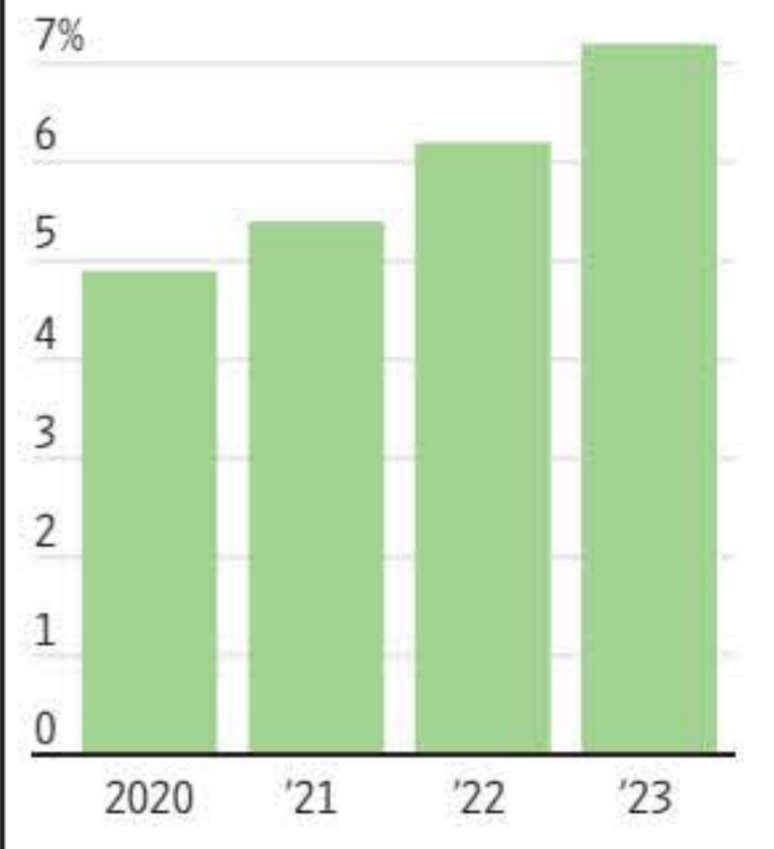
"There is some disruption

happening in the space right now, probably the biggest disruption I've seen in my life," Steve Quirk, chief brokerage officer at Robinhood and a former TD Ameritrade executive, said of the industry consolidation. "For us, it's an opportune time."

Schwab said that it has seen "absolutely no meaningful flows" going to Robinhood and that the majority of the brokerage's new individual-investor clients are under 40 years old.

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Percentage of online shopping that used buy now, pay later loans during Black Friday and Cyber Week



Source: Adobe

Shoppers Pivot to Buy Now, Pay Later Spending

By ANGEL AU-YEUNG

Priscilla Rodriguez, an overnight stocker at a Walmart, has a strategy to protect her credit score as she and her husband look to buy a house.

The Sunland Park, N.M., resident uses installment loans from **Afterpay** to buy groceries, her pricey skin-care products and art supplies for her 10-year-old son, which keeps the balance on her two credit cards low—and the credit agencies in the dark.

"Afterpay doesn't report to Equifax," Rodriguez, 31 years old, said. "That was very appealing to me."

Consumers are shifting more of their spending to buy now, pay later lenders, a trend that is only accelerating as high interest rates dent budgets and pandemic savings dry up. That is sounding alarms at consumer-advocacy groups that say companies like Afterpay, **Affirm** and **Klarna** provide fewer protections than credit cards and encourage shoppers to take on more debt than they can afford.

A quarter of all American adult consumers have used buy now, pay later loans, according to LexisNexis Risk Solutions. Over Black Friday and Cyber Week, such payment plans accounted for 7.2% of all online sales, a 25% jump from last year, Adobe found. (They were also a big factor in the declining use of store credit cards.)

Buy now, pay-later firms can extend loans as large as \$25,000, offering annual interest rates ranging from 0% to 36%. The rates offered are dynamic and depend on the borrower's standing, payment timeline and the item being purchased. Retailers can also pay fees to offer better terms, such as 0% interest, at checkouts. In comparison, the average annual interest rate on credit cards is 21.19%, according to the Federal Reserve.

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Shift in Chinese Tastes Hits Tourism Retailers

By NATASHA KHAN

HONG KONG—The retail world used to cater to Chinese tourists. Luxury shops opened wherever they went, and Parisian department stores hired Mandarin speakers. Mom-and-pop stores in Hong Kong were replaced by vendors offering products Chinese tourists demanded, such as milk powder and medicines.

Now, after being grounded for three years during the pandemic, Chinese travelers are taking to the skies again. But they don't look or spend the same.

The new wave of traveling shoppers is dominated by people under 40, and they are forging less of a well-traveled path, eschewing the big bus tours that drop off tourists at malls and shopping districts. Many use an app called Xiaohongshu, nicknamed "China's Instagram" and translated as "Little Red Book." It helps them find new spots to visit and take selfies.

That is affecting companies that have made big bets on "travel retail," or operating stores in tourists' favorite destinations. The cosmetics company **Estée Lauder** saw its shares drop sharply on Nov. 1 after a profit warning that was primarily driven by expected pressures on its Asia travel retail business and a slower-than-expected recovery in mainland China. The company has invested in stores at various checkpoints of travelers' journeys: at airport gates, border shops, shopping malls in popular tourist destinations and duty-free zones.

Last month, **Shiseido**, a Japanese rival, cut its full-year profit forecast by 36%, citing weakness in its China and

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A Climeworks plant near Reykjavik, Iceland, where an air-scrubbing machine sucks air into boxes that filter out carbon dioxide.

Long-Shot Bet on Removing Carbon From the Air Turns Into Big Winner

By AMRITH RAMKUMAR

It seemed like a far-fetched idea not that long ago—sucking carbon from the sky to prevent it from warming the planet.

Now, companies are spending billions of dollars to make it happen.

Big companies racing to meet their climate goals are striking deals with firms promising to remove carbon dioxide from the atmosphere in coming years. Companies purchased about \$1.6 billion in carbon-removal credits in the first 11 months of 2023, according to data provider CDR.fyi. That is up from roughly \$333 million during the same period last year.

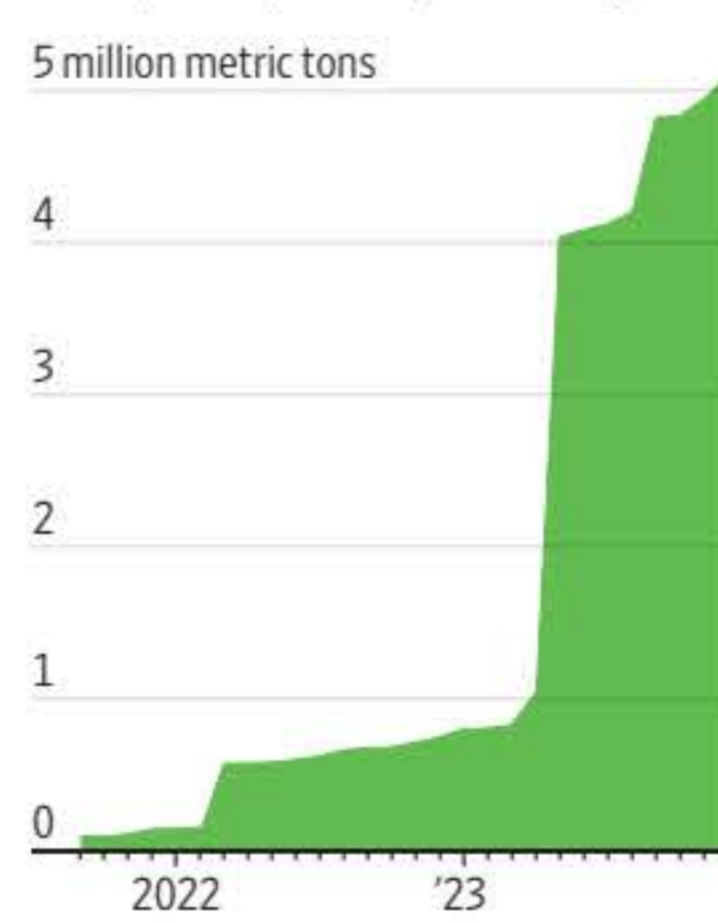
The investments are accelerating the development of technologies that aren't yet operational on a large scale but could one day help neutralize the emissions companies can't eliminate.

"We're at this really exciting inflection point," said Gi-ana Amador, executive director of the Carbon Removal Alliance, an industry group.

In western Texas, a major carbon-removal plant that is under construction also recently got a \$550 million investment from **BlackRock**. Once it is up and running in 2025, the plant will use fan-like devices roughly the size of tennis courts to pull carbon from the air and bury it underground, a process known as direct-air capture.

The flood of funding is being encouraged by U.S. government grants, tax credits and a federal purchasing program for carbon-removal credits. At the United Nations summit known as COP28, carbon removal was also part of an agreement to transition away from fossil fuels and accelerate efforts to fight climate change.

Cumulative amount of carbon-dioxide removal paid for by companies, monthly



Notes: Latest figures through mid-December. Many purchases are commitments before removals are completed; data provider aggregates data from public sources and private sector. Source: CDR.fyi

The technology is considered essential because the world is expected to continue burning fossil fuels for decades even in the most optimistic

scenarios. Carbon removal could help neutralize those emissions as well as some of what is already in the atmosphere, but it hasn't been proved at anywhere near the scale that is needed.

The deals announced so far would remove more than 5 million metric tons of carbon—a far cry from the billions of metric tons a year that need to be removed to limit the worst effects of global warming. Still, the investments are helping lower costs and boosting the chances of scaling up operations more quickly.

BlackRock's investment also signals that Wall Street sees the industry as potentially lucrative.

"We're not doing it to be green," said Mark Florian, the firm's global head of diversified infrastructure.

The world's largest asset manager is backing **Occidental**

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Big Accounting Firms' Layoffs Reach Partners

By MARK MAURER AND ALEXANDER SAEEDY

An **Ernst & Young** senior partner, during a call with some of the accounting firm's U.S. partners and staff, delivered a sober message usually reserved for clients: It's time to cut costs.

"This has been a difficult week as we took needed action to address resource challenges in our business, where growth has notably slowed or where we have excess capacity," said Dave Burg, EY's head of Americas cybersecurity, in the web-cast call on Thursday.

The accounting firm is laying off dozens of U.S. partners, The Wall Street Journal reported last week, a rare tactic that extends ongoing job cuts to the top echelon of one of the Big Four firms. That followed the roughly 5% cuts to **KPMG's** U.S. workforce this summer, which also included partners.

While EY, KPMG and **Deloitte** have collectively laid off

thousands of U.S. workers this year, partner layoffs are far less common in the industry. Firms generally have to buy out the partner's equity and make an additional payment based on the person's seniority and tenure when they leave, said Tom Rodenhauer, managing partner at Kennedy Research Reports, which tracks the consulting industry.

The Big Four—EY, KPMG, Deloitte and **PricewaterhouseCoopers**—had a combined 15,700 U.S. partners in 2022, including 3,600 at EY and 2,344 at KPMG, according to market research firm Statista.

Consulting partners and managing directors also are needed to drum up new business when the economy rebounds, said Andrew Nicholas, a research analyst at investment bank William Blair & Co.

But the less-than-expected demand for consulting and transaction services is cutting

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New York Times staff grapples with union over journalistic independence. **B3**



TECHNOLOGY

Epic Games, maker of 'Fortnite,' is gearing up after its win against Google in court. **B4**

Former Shale Oil CEO Sets Sights On the Shift Toward Green Energy

By PHRED DVORAK

For almost a decade, Tony Sanchez III was the epitome of a shale-boom CEO—furiously drilling oil wells, piling on debt and hunting with fellow executives near his family's ranch in South Texas.

Then tumbling oil prices and heavy debt helped send his company, Sanchez Energy, into bankruptcy in 2019.

Now Sanchez is starting a second act as a CEO, but not in oil and gas. Instead, like many of his peers, he is joining a new-energy boom—this one in climate-friendly businesses that range from building solar farms and manufacturing sustainable jet fuel to cleaning up emissions generated from the use of coal, gas or oil.

In the latest sign of the shifting energy landscape, the recent annual United Nations climate summit, for the first time called for a transition away from fossil fuels as well



Tony Sanchez III of OneNexus.

as a tripling of renewable power capacity in order to keep global warming in check.

Sanchez's new company, **OneNexus**, is offering what he calls life insurance for oil wells—policies that pay out money needed to shut down and cap wells after they expire. Currently, many struggling oil-

and-gas companies abandon their wells without capping them, leading to tens of thousands of so-called orphan wells that leak methane—a potent greenhouse gas—as well as other toxic fumes.

After the bankruptcy, "I was thinking about what I wanted to do as the next phase [of my career], including getting back into oil and gas," Sanchez says from a Houston office. The opportunities in new-energy businesses looked more enticing, and the prevention of orphan wells was pressing, he says: "I wanted a big problem to solve."

As the world ramps up efforts to curb climate-warming emissions, more oil-and-gas veterans who rode a wave of U.S. shale-boom money in the 2010s are now jumping to a new bonanza in clean energy.

Some executives, such as Sanchez, need new jobs after hundreds of companies failed

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Robinhood Eyes Richer Customers

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“Younger investors may get started with smaller startup firms, but they often move to firms like Schwab as their needs evolve,” a spokeswoman said.

Robinhood has been trying to become more than just a trading app for young, first-time investors as trading activity has dropped. The brokerage's monthly active users have roughly halved from pandemic-era highs, while revenue from interest has eclipsed that of trading-related activi-

ties. Robinhood this year launched retirement accounts and 24-hour trading, bought a credit-card startup and raised the yield it pays on customer cash.

The company said it has received more account transfers into Robinhood than accounts transferred out since the 1% match promotion began, both in number of accounts and assets, but it declined to share details on account transfers out of the platform. In the third and second quarters, more money was transferred out of Robinhood to other brokerages than transferred in.

Robinhood extended its promotion to Jan. 31 from the original end date of Dec. 8. Customers must keep their transferred money in their Robinhood account for at least two years to retain the 1% match.

Accounting Layoffs Hit Partners

Continued from page B1

into profit. The Big Four accounting firms depend on their consulting businesses for 43% to 66% of their global revenue depending on the firm, a situation that evolved over the past two decades.

U.S. worker exits at the Big Four firms—both voluntary and not—are up 43% through October from the year-earlier period, to about 65,800, according to a review of online professional profiles by Revelio Labs, a provider of workplace data.

Globally, there were about 307,000 Big Four exits this year through October, up 15.4% from the prior-year period, Revelio said.

“Consultants are supposed to see over the horizon, and they don’t,” Rodenhauer said. “They thought the good times are going to continue to be relatively good into the foreseeable future. Now it’s clear that’s not true, which is why the cutbacks have occurred.”

A hiring hangover

The Big Four accounting firms expanded their consulting practices over the past two decades, with the related business lines contributing a greater share of their total global revenue compared with audit. Over this time, they have faced repeated concerns over conflicts of interest between their consulting and auditing work. More recently, EY looked to separate its audit and advisory businesses, but had to scrap the plans in April.

Many consulting operations ballooned in staff during the pandemic, convinced that companies would continue to lean on consultants as they adapted their business models to a new normal, said Allan Koltin, chief executive at advisory firm Koltin Consulting Group.

As the economy recovered and interest rates began to

BUSINESS & FINANCE



The Big Four accounting firms expanded their consulting practices over the past two decades.

rise, however, some clients put less priority on spending on business transformation projects, he said. And more companies are pulling back spending on third-party advisory services, even while they confronted weakening economic conditions and geopolitical uncertainty.

A sharp drop in deal volume and sluggish private-equity transactions also are hurting what was a profitable and reliable business for EY, executives have said in other webcasts earlier this year. EY didn't respond to a request for comment.

“In 2023 especially, the number of deals being done everywhere declined, and that led to a material impact for many consulting firms,” Koltin said. “That includes transaction advisory work, due diligence assignments and quality of earnings reports.”

All four big firms booked slower growth in 2023 in terms of overall global revenue and had slower global growth in advisory work.

KPMG, which reported its revenue last week, was hit hardest in global advisory among the Big Four, with revenue climbing 2.98% to \$15.9

billion for the year ended Sept. 30. That compares with a 13.1% increase the prior-year period and marks the smallest growth since a 2.3% decline in the 2020 period, at the height of the pandemic.

Not nimble enough

The firms have grown exponentially since the last major retrenchment in consulting in 2008, potentially making it harder for them to respond nimbly to economic challenges, Rodenhauer said.

KPMG over the summer laid off advisory, tax and back-office staff, which followed cuts of some advisory personnel as part of a nearly 2% U.S. staff reduction earlier in the year.

The firm's Americas head count fell by 6%, or about 4,000, to nearly 62,800 people for the year ended Sept. 30.

KPMG declined to comment on questions related to U.S. partner layoffs. The firm has made discrete adjustments on staff levels within business lines, a U.S. spokesman said.

Deloitte cut 1.5% of its U.S. staff in April. The firm added that this was a continuing process: “Based on moderating

growth and very low levels of voluntary attrition, we are taking modest personnel actions where necessary,” a spokesman said.

PwC hasn't had any U.S. layoffs and isn't planning any, a U.S. spokesman said.

EY, along with consulting giants McKinsey and Bain, are among the firms that have delayed start dates for some new hires.

Firms have remained cautious on U.S. hiring following the layoffs earlier this year. U.S. job postings at KPMG, Deloitte and EY across all business lines dropped 61% in December compared with a year earlier, according to William Blair, which doesn't track PwC due to an inability to determine the number of positions on its internal job postings board.

That compares with a 44% year-over-year decline in December 2022 and a 255% increase in December 2021.

The firms will likely continue looking for ways to save money while trying to avoid additional layoffs, William Blair's Nicholas said.

“Even if firms' inclination is that things will get better, they will probably play that a little bit more cautiously in 2024 given how that kind of prognostication played out in 2023,” he said.

—Walden Siew contributed to this article.

THE TICKER

MARKET EVENTS COMING THIS WEEK



Cruise operator Carnival is slated to post results Thursday.

Monday	Mort. bankers indexes	Nov., expected
Earnings expected	Purch., previous	down 0.5%
Estimate/Year Ago	up 4.0%	Philadelphia Fed survey
Heico 0.69/0.70	Refinan., previous	Nov., previous -5.9
Tuesday	up 19.0%	Dec., expected -3.5
Building permits	Earnings expected	Earnings expected
Oct., previous 1.487 mil.	Estimate/Year Ago	Estimate/Year Ago
Nov., expected 1.46 mil.	General Mills 1.16/1.10	CarMax 0.45/0.24
Housing starts	Micron Technology	Carnival (0.13)/(0.85)
Oct., previous 1.372 mil.	(1.01)/(0.04)	Cintas 3.49/3.12
Nov., expected 1.36 mil.	Toro 0.56/1.11	Nike 0.84/0.85
Earnings expected	Thursday	Paychex 1.07/0.99
Estimate/Year Ago	EIA report: natural gas	Friday
Accenture 3.15/3.08	Previous change in stocks in	U.S. bond market closes early at 2 p.m.
FactSet Research	billions of cubic feet	ET, ahead of Christmas
Systems 4.11/3.99	down 55	Durable-goods orders
FedEx 4.19/3.18	GDP Deflator	Oct., previous
Wednesday	3rd qtr. sec. est. up 3.6%	down 5.4%
Consumer Confidence	3rd qtr., third est.	Nov., expected up 1.9%
Nov., previous 102.0	up 3.6%	Personal spending
Dec., expected 104.0	Gross domestic product:	Oct., previous up 0.2%
Current account	Percentage change, annual rate	Nov., expected up 0.3%
2nd qtr., previous	3rd qtr., sec. est. up 5.2%	Personal income
\$212.1 bil. deficit	3rd qtr., third est.	Oct., previous up 0.2%
3rd qtr., expected	up 5.2%	Nov., expected up 0.4%
\$199.4 bil. deficit	Initial jobless claims	U.Mich. consumer index
EIA status report	Previous 202,000	Dec., prelim. 69.4
Previous change in stocks in	Expected 213,000	Dec., final 69.4
millions of barrels	Freddie Mac mortgage survey	New-home sales
Crude oil	Previous weekly averages	Oct., previous 679,000
down 4.3	30-year fixed 6.95%	Nov., expected 688,000
Gasoline up 0.4	15-year fixed 6.38%	
Distillates up 1.5	Leading indicators	
Existing-home sales	Oct., previous	
Oct., previous 3.79 mil.	down 0.8%	
Nov., expected 3.77 mil.		

* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ♦ Adjusted for stock split
Note: Forecasts are from Dow Jones weekly survey of economists

Carbon Removal Advances

Continued from page B1

Petroleum's first direct-air capture plant, which is expected to remove 500,000 metric tons of emissions annually once it is operational. That is equivalent to the annual emissions of more than 100,000 gasoline-powered cars.

Occidental and Climeworks, a Europe-based startup, were until recently two of the only notable companies in the sector. But government incentives and growing interest in the sector are boosting startups pursuing new techniques.

Graphyte, which recently signed a deal with American Airlines, uses leftover plant materials like sawdust to absorb carbon and says its process costs \$100 a metric ton. That is a fraction of what companies pay for direct-air capture and the holy grail price many executives say makes carbon removal more widely affordable.

Other startups are also hoping to rapidly reduce costs. Among them is Lithos, which works with farmers to sprinkle volcanic rock dust on crop land; the dust traps carbon when it rains, while also boosting crop yields. The \$100 a metric ton price could be in reach by 2030, Chief Executive Mary Yap said.

Lithos recently struck a five-year, \$57 million deal with Frontier, an alliance of carbon-removal buyers including Google parent Alphabet and Facebook parent Meta Platforms.

In Brazil, a startup called Mombak is removing carbon by planting tens of millions of trees in the Amazon rainforest. Microsoft recently agreed to pay Mombak for 1.5 million metric tons of carbon removal, one of the industry's largest deals so far. Such deals are becoming more common, giving companies the backing they need to grow.

“If that market doesn't happen, then carbon removal doesn't happen,” said Peter Fernandez, Mombak's CEO.

JOURNALISTS DON'T 'JUST WRITE STORIES.'

THEY RECORD HISTORY.

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BUSINESS NEWS

Illumina to Unwind Its Deal With Grail

Decision follows losses in antitrust battle with U.S., European regulators

By PETER LOFTUS

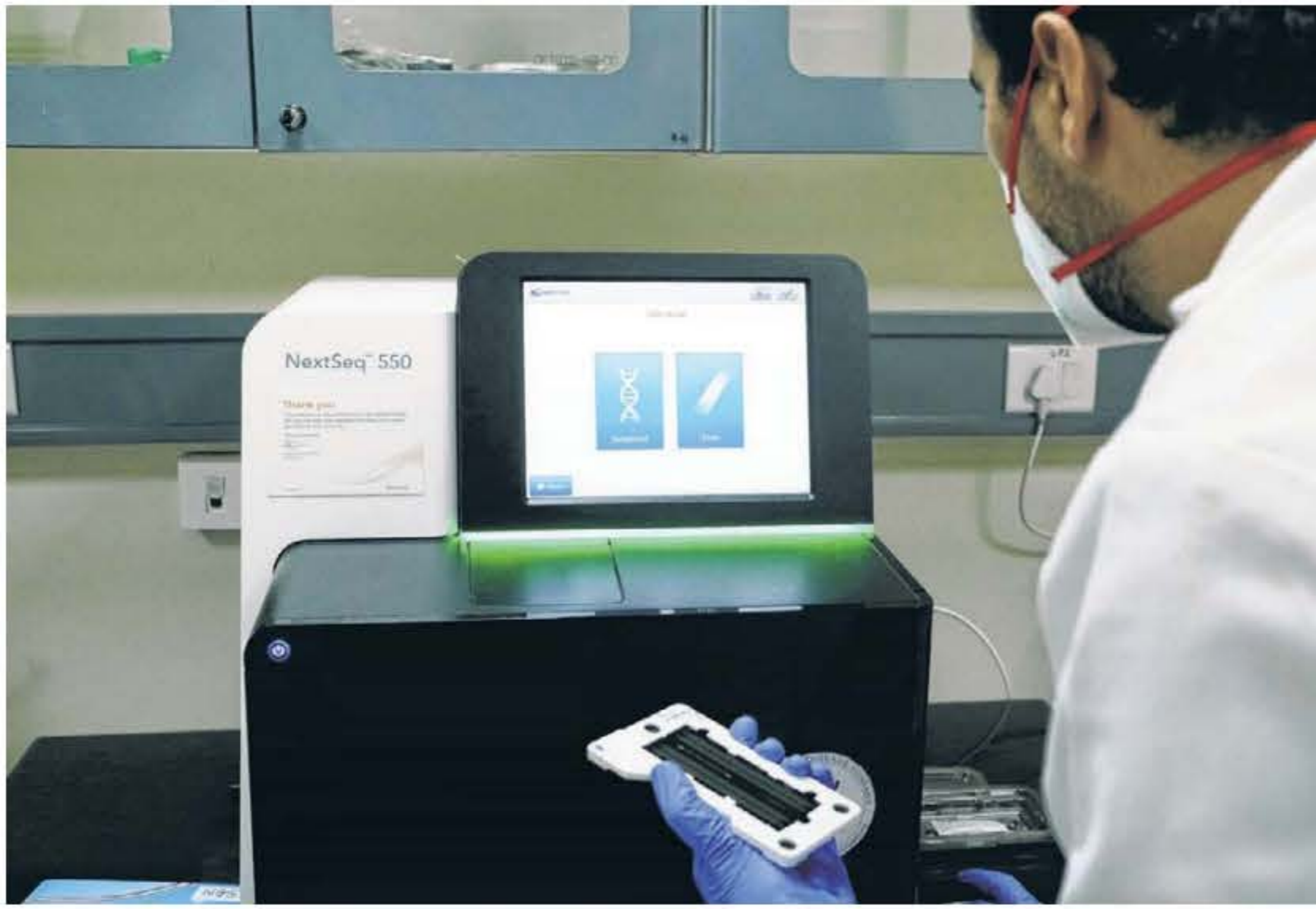
Gene-sequencing company **Illumina** said Sunday it will divest itself of cancer blood test maker Grail, following Illumina's loss in its legal battle against U.S. antitrust regulators.

Illumina said it will pursue the divestiture through a third-party sale or capital-markets transaction, with a goal of completing terms by the middle of next year.

The decision represents a victory for antitrust authorities in the U.S. and Europe and their tougher scrutiny of corporate combinations.

In 2020, Illumina agreed to a \$7.1 billion deal to buy the part of Grail, of Menlo Park, Calif., that it didn't already own. Illumina said the tie-up would pave the way for a new frontier in diagnostic medicine.

But the U.S. Federal Trade Commission and its counterpart in Europe challenged the deal, saying the combination would stifle innovation.



A technician in New Delhi uses an Illumina Advantage Flow Cell Cartridge while testing samples.

In October, the European Commission, which oversees antitrust regulation for the bloc, said Illumina would have to unwind the deal.

The company's decision to divest itself of Grail ends a long-running saga that had weighed down the stock and forced the departure of the chief executive who had championed the combination.

Once Grail departs, Illumina can focus on its gene-sequencing business.

Grail's outlook, meantime, will depend upon whether it is sold to a buyer or is spun out as a standalone company.

If Illumina sheds Grail through a capital-markets transaction such as an initial public offering, Illumina is required by European regula-

tors to capitalize Grail with 2 1/2 years of funding. The European regulators also said that Grail must be as competitive after the divestment as it was before the acquisition.

Illumina's announcement comes two days after the U.S. Court of Appeals for the Fifth Circuit ruled that the U.S. government was right to

challenge the purchase.

The appellate court largely sided with the FTC's argument that Illumina's ownership of Grail could put Grail's competitors in the fledgling cancer blood-test market at a disadvantage.

Illumina said Sunday it won't pursue further appeals of the Fifth Circuit's decision.

"We are committed to an expeditious divestiture of Grail in a manner that allows its technology to continue benefiting patients," said Illumina Chief Executive Jacob Thaysen. "The management team and I continue to focus on our core business and supporting our customers. I am confident in Illumina's opportunities and our long-term success."

FTC Chairwoman Lina Khan has vowed to strengthen antitrust enforcement. The agency has challenged a number of deals but with mixed results.

This year, federal judges rejected the FTC and allowed Microsoft to go ahead with its \$75 billion purchase of videogaming company Activision Blizzard and Facebook parent Meta Platforms to acquire a virtual-reality startup.

Given the opposition it faced from regulators, Illumina had been preparing for the possibility it would have to hive off Grail.

Illumina had kept the Grail business separate from the rest of its business while the legal challenges played out.

Thaysen said last month the company had retained advisers to prepare for a potential divestiture of Grail.

San Diego-based Illumina is a leading maker of gene-sequencing machines and the related products needed to run them. Grail uses the machines to conduct blood tests that can detect multiple types of tumors much earlier than conventional testing.

Analysts expect the market for blood tests that detect cancers could eventually reach \$50 billion.

The antitrust battle over the acquisition of Grail weighed on Illumina. Activist investor Carl Ichan mounted a proxy battle earlier this year against Illumina's board and management, citing discontent with how the company had handled the situation.

Ichan's challenge was a contributing factor to the departure of former CEO Francis deSouza in June.

Times Staff Caucus Grapples With Newsroom Union

By ALEXANDRA BRUELL

Dozens of **New York Times** employees have formed a group to take a stand on journalistic independence as concerns grow that the labor union that represents the Times and other outlets has veered toward advocacy.

The Times faction, which includes high-profile journalists such as Megan Twohey, Julian Barnes and Emily Bazelon, has created what it calls an "independence caucus" within the NewsGuild-CWA, the parent of the Times newsroom union that represents some 1,500 people at the publication.

The creation of the new caucus, which is currently led by the Times employees but is open to staffers from rival publications, comes as tensions between the newsroom and the union—which also has advocacy groups among its members—have grown over the past year or so.

Most recently, some Times staffers chafed when the NewsGuild held a virtual meeting during which some members debated the merits of issuing a statement calling for a cease-fire in Gaza and an end to U.S. government aid to Israel, a move that they said would compromise their neutrality and put colleagues in war zones at risk.

NewsGuild President Jon Schless said the union hadn't considered issuing such a statement, and that it held the meeting to listen to its hundreds of members who wanted the union to issue a statement, as well as to people who opposed it.

There have been other flashpoints that stoked concerns about the journalistic neutrality of the union, including when it invited a politician to join a Times picket line during tense labor negotiations, and when the union got involved in a dispute between some Times employees and management over the New York Times's coverage of transgender issues.

Such incidents overstep the union's mandate or violate the Times's antiactivist policies, some Times staffers said.

The New York Times declined to comment for this article.

In a separate effort, a smaller group of Times employees is exploring options to break away from the NewsGuild and has held conversations with lawyers to that effect, people familiar with the matter said.

Some Times employees involved in the caucus said they disagree with the idea of a split and would rather work to improve the existing NewsGuild.

The NewsGuild represents 26,000 people from 468 workplaces, including 294 media organizations, it said. These organizations, in turn, have separate unions under the



Demonstrators protest the newspaper's coverage of the Israel-Hamas War. Some Times staffers chafed when some members of their union debated the merits of calling for a cease-fire. The staffers said such a move would compromise their independence.

NewsGuild—including The Wall Street Journal, whose union operates under the Independent Association of Publishers' Employees, while the Times is represented by the NewsGuild of New York.

In an interview, NewsGuild's Schless said he supported the caucus, "and will always support workers coming together debating issues and making our union stronger." For those exploring re-treating from the union, he said, "It's not the way I handle fixing problems. I'm more of the mind if I want to change something, I get more involved."

Bill Baker, the chair of the Times Guild, recently told union members that "our Guild is inherently what the 'Independence Caucus' has set itself out to be," according to a copy of an internal message that he sent members on the union's Slack—a messaging platform—which was reviewed by the Journal.

The tensions over the NewsGuild's actions show how the strong impulse of some workers to take a stand on major political or social debates is running up against long-held values at major journalistic institutions. The voices at the table are changing as newsrooms focus more on digital strategies and add roles in areas such as engineering, product management, design, data and analysis.

Frustrations escalated a few weeks ago when the NewsGuild held the virtual

meeting during which several member organizations—many of which are advocacy groups, not journalistic enterprises—pushed for the union to issue the statement on the Israel-Hamas conflict.

"We had hundreds of people write to us and call us on all sides," Schless said. "What we had was a listening session to hear from people directly."

In addition to media outlets, the NewsGuild's membership includes groups advocating on a range of issues including the conflict in the Middle East, civil liberties and abortion rights.

Schless said the union's members and leaders have issued statements and resolutions going back 90 years, including in 1981, when its convention passed a resolution stating that abortion and contraception "should be a personal matter for a woman to decide." It reaffirmed that statement last year after the Supreme Court overturned Roe v. Wade.

Jacob Bernstein, a reporter for the Times's Styles section, said it was a mistake for the union to even host such a debate without making an effort to have in the room war correspondents, who can speak to the actual safety concerns with the people advocating for or against a statement on a cease-fire. "What does that say about your commitment to discovery, to facts, and to our welfare?" he said in an interview.

Schless said the NewsGuild did listen to the views of such correspondents.

Given the atmosphere and nature of the discussions, the virtual meeting felt like the type of event the Times prohibits, according to people familiar with the meeting. A Times policy states: "Staff members may not march or rally in support of public causes or movements."

The meeting was also a reminder that the NewsGuild represents groups with conflicting rules and philosophies, according to Times staff.

"We've represented folks outside of media for a very long time," Schless said. "And these debates are good for us, I think."

Twohey, a Times reporter who was part of a team that won a Pulitzer Prize for uncovering allegations of sexual harassment by the movie producer Harvey Weinstein, is one of the caucus's organizers. "Our national union has grown by leaps and bounds, and some members do not work at media organizations," she wrote in a recent note to members on Slack, which was reviewed

by the Journal. "We see this caucus as, in part, a way to continue important conversations in our union about how to respect and balance the different priorities of our broad membership."

In an interview, Twohey added: "We want to articulate the standards many members are required to follow and why we think they're important, and undermining them and compromising them for us is a problem."

The caucus "believes that journalists must be able to report freely, following the facts where they lead with an open mind and without outside interference," according to a document sent by the caucus's organizers to members of the Times Guild.

Some Times staffers expressed reservations about the need for such a caucus, according to a Slack exchange that was reviewed by the Journal.

"I will not be joining," reporter Kevin Draper wrote on Slack. "I think the international and the local have been pretty responsible with their statements, and that what this caucus is calling for is basically already the status quo," referring to the parent, NewsGuild, and the more local NewsGuild of New York.

Others said the caucus was necessary.

"I wish we lived at a time where we could let our work speak for ourselves," Times reporter Matthew Rosenberg, who has been covering the Gaza conflict, wrote on Slack. "We don't, and all too often we sit in silence while colleagues in the media (mostly outside the NYT) take overtly political stances...Some of us felt it was time that we spoke up."

Tensions between the newsroom and union have been growing.

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'Fortnite' Maker Is Leveling Up

Epic aims to keep challenging tech giants after beating Google in court

By SARAH E. NEEDLEMAN

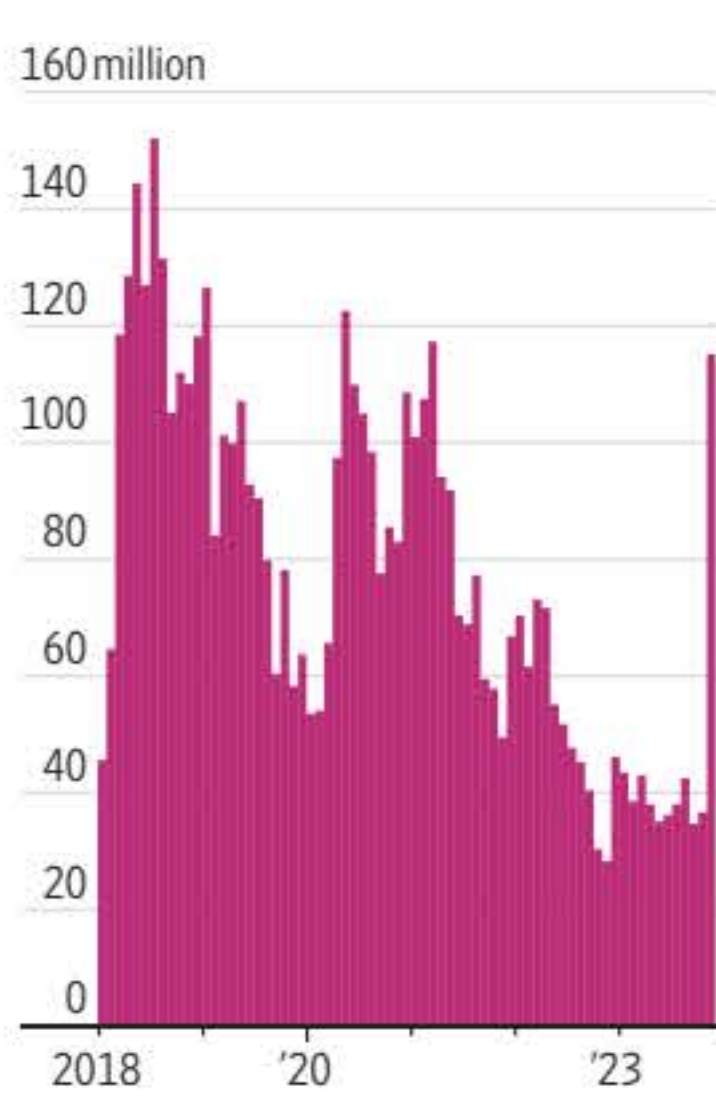
Videogame boss Tim Sweeney is on a winning streak.

His company, closely held **Epic Games**, defeated tech behemoth Google in court last week, and its years-old mega-hit "Fortnite"—which served as the catalyst for the legal battle—is undergoing a resurgence in popularity.

Both positive developments for Epic are the outcomes of years of work by Sweeney and his team, after "Fortnite" soared to become one of the world's hottest games, then lost some of its traction with users while also slogging through difficult legal battles with **Alphabet's** Google and **Apple**. Epic has worked to beef up "Fortnite" with new features and additional games, while also reckoning with cost overruns that led to layoffs.

Sweeney persevered with his company's legal battles, which were in response to "Fortnite" being removed from app stores because of in-game payment systems that skirted fees collected by Google and Apple. He kept pursuing the Google case after other companies in the suit settled and a similar case against Apple was lost earlier this year. The game

Hours spent watching people play 'Fortnite' on Amazon's Twitch, monthly



Source: Newzoo



A 'Fortnite' tournament in Saudi Arabia this past summer.

has remained cut off from the tech giants' app stores, limiting its reach to mobile users on the two dominant software platforms.

"This victory over Google reinvigorates us to do everything we can to succeed on Android," he said in an interview. Sweeney, who is the company's controlling shareholder, said he doesn't have any current plans for an initial public offering, but "could do that opportunistically at some point."

In a statement, Google said it would appeal the verdict and that its Android operating system and app store "provide more choice and openness than any other major mobile platform."

Sweeney founded Epic in

1991 at age 20, funding it with \$4,000 in personal savings. Under his stewardship, "Fortnite" has transformed the global videogame industry, which is expected to reach \$184 billion this year, according to estimates from Newzoo.

In 2019, Epic said "Fortnite" had ballooned to 250 million registered players. But "Fortnite" fell out of favor for many players as the game cycled through multiple seasons and chapters that weren't as well-received as earlier releases.

"Fortnite" also shed players when it was booted from Google's and Apple's app stores in 2020. The app was ousted after Epic rolled out a new way of making purchases in the game to circumvent the

30% cut the tech giants take from digital transactions within apps. Epic then sued both companies in retaliation. "Fortnite" has remained off their app stores ever since.

During the years of uncertainty around the court battles, Epic has worked to expand its reach. The company held concerts within "Fortnite" featuring artists such as Travis Scott and Ariana Grande, and it added the ability for users including brands to create their own games within "Fortnite."

Epic also has grown through acquisitions of studios such as the makers of "Rocket League" and "Fall Guys." The company also makes Unreal Engine, a suite of game-development tools.

Buy Now, Pay Later Draws Fans

Continued from page B1

Buy now, pay later payment plans aren't the same as putting a purchase on a credit card.

Say a borrower buys a \$100 outfit. With a credit card, he will need to pay that off by the next due date or carry a card balance, which can last months if he makes only the minimum payments and racks up interest charges. With an installment loan, he pays a fixed amount with each payment—say, \$25 each month over the following four months, or more depending on interest or other charges—and knows ahead of time what the total will be.

What started as a payment option mostly for luxuries like beauty products and purses is rapidly expanding to other categories, including groceries and medical procedures. Shoppers' use of these payment plans for "necessary" and "everyday" purchases expanded 434% from 2020 to 2021, according to the Consumer Financial Protection Bureau.

Paden Brown, a truck driver from Texas, uses Affirm to buy groceries and household essentials on slow driving weeks when his pay is low. A recent bill at Walmart was roughly \$465, and Affirm offered him a choice of three payment plans. He chose a six-month loan with a 36% interest rate that didn't require a down payment.

He has also used the service to buy nearly \$4,000 of gaming equipment and \$1,100 in tickets to WrestleMania events, both on interest-free payment plans with longer timelines.

Brown, 35, said his father damaged his credit score when he was younger by taking out cards in his name. Though he has built it back up, he is still wary of credit cards.

"The difference between this and a credit card is that Affirm won't threaten to garnish your wages," Brown said. "They'll just say, 'We're not doing business with you anymore.'"

Stigma around credit cards has driven people away from them, even though they are better regulated and come with fraud protections and other perks, said Peter Smith, senior researcher at the Center for Responsible Lending, a consumer-advocacy group.

His group and others are calling on regulators to develop a framework to oversee the buy now, pay later industry. "We see this as the Wild West right now," he said.

Roughly a year ago, CFPB director Rohit Chopra said his agency intends to regulate the industry the same way it regulates credit cards, noting, "It's critical that this growing category does not hide in the shadows." Putting that into practice has been slow-going, though Affirm has said it is subject to CFPB supervision and supports the agency's efforts.

Affirm said the company is motivated to extend credit only to consumers who can pay on time because it doesn't charge late fees.

While the three major credit reporting bureaus, Equifax, Experian and TransUnion, gave buy now, pay later companies the option last year to report payment-plan activity, the majority aren't yet doing so. Affirm said it reports some longer-term loans to Experian and might report to others in the future.

Afterpay doesn't report to U.S. credit bureaus. Neither does Sweden-based Klarna.

Afterpay and Klarna have argued that reporting to U.S. credit bureaus would hurt their customers even when they are making payments on time.



Paden Brown uses Affirm to buy groceries and essentials.

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CLASS ACTION

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

In re ENVISION HEALTHCARE CORPORATION SECURITIES LITIGATION
Civil Action No. 3:17-cv-01112 (Consolidated with Case Nos. 3:17-cv-01323 and 3:17-cv-01397)
CLASS ACTION
Honorable William L. Campbell, Jr. Magistrate Judge Jeffery S. Frensell

SUMMARY NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION

TO: ALL PERSONS AND ENTITIES WHO PURCHASED OR OTHERWISE ACQUIRED THE COMMON STOCK OF ENVISION HEALTHCARE CORPORATION ("EHC") AND/OR ENVISION HEALTHCARE HOLDINGS, INC. ("EHH") AND COLLECTIVELY WITH EHC, "ENVISION") BETWEEN FEBRUARY 3, 2014 AND OCTOBER 31, 2017, INCLUSIVE ("CLASS" OR "CLASS MEMBERS")

THIS NOTICE WAS AUTHORIZED BY THE COURT. IT IS NOT A LAWYER SOLICITATION. PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY.

YOU ARE HEREBY NOTIFIED that a hearing will be held on March 21, 2024, at 10:00 a.m., before the Honorable William L. Campbell, Jr. at the United States District Court, Middle District of Tennessee, Nashville Division, Fred D. Thompson U.S. Courthouse and Federal Building, Courtroom 6D, 719 Church Street, Nashville, TN 37203, to determine whether: (1) the proposed settlement (the "Settlement") of the above-captioned Litigation as set forth in the Stipulation of Settlement ("Stipulation"); for \$177.5 million in cash should be approved by the Court as fair, reasonable, and adequate; (2) the Judgment as provided under the Stipulation should be entered dismissing the Litigation with prejudice; (3) to award Plaintiffs' Counsel attorneys' fees and expenses out of the Settlement Fund (as defined in the Notice of Pendency and Proposed Settlement of Class Action ("Notice"), which is discussed below) and, if so, in what amount; (4) to pay Plaintiffs for their costs and expenses in representing the Class out of the Settlement Fund and, if so, in what amount; and (5) the Plan of Allocation should be approved by the Court as fair, reasonable, and adequate.

There exists the possibility that the Court may decide to conduct the Settlement Hearing by video or telephonic conference, or otherwise allow Class Members to appear at the hearing by phone or videoconference, without further written notice to the Class. In order to determine whether the date and time of the Settlement Hearing has changed, or whether Class Members must or may participate by phone or video, it is important that you monitor the Court's docket and the Settlement website, www.EnvisionSecuritiesLitigation.com, before making any plans to attend the Settlement Hearing. Any updates regarding the Settlement Hearing, including any changes to the date or time of the hearing or updates regarding in-person or telephonic appearances at the hearing, will also be posted to that website. Also, if the Court requires or allows Class Members to participate in the Settlement Hearing by telephone or videoconference, the access information will be posted to the Settlement website, www.EnvisionSecuritiesLitigation.com.

IF YOU PURCHASED OR OTHERWISE ACQUIRED ENVISION COMMON STOCK BETWEEN FEBRUARY 3, 2014 AND OCTOBER 31, 2017, INCLUSIVE, YOUR RIGHTS ARE AFFECTED BY THE SETTLEMENT OF THIS LITIGATION.

To share in the distribution of the Settlement Fund, you must establish your rights by submitting a Proof of Claim and Release Form ("Proof of Claim") by mail (postmarked no later than April 8, 2024) or electronically (no later than April 8, 2024). Your failure to submit your Proof of Claim by April 8, 2024 will subject your claim to rejection and preclude your receiving any of the recovery in connection with the Settlement of this Litigation. If you purchased or otherwise acquired Envision common stock between February 3, 2014 and October 31, 2017, inclusive, and do not request exclusion from the Class, you will be bound by the Settlement and any judgment and release entered in the Litigation, including, but not limited to, the Judgment, whether or not you submit a Proof of Claim.

The Notice, which more completely describes the Settlement and your rights thereunder (including your right to object to the Settlement), the Proof of Claim, the Stipulation (which, among other things, contains definitions for the defined terms used in this Summary Notice), and other important documents, may be accessed online at www.EnvisionSecuritiesLitigation.com, or by writing to:

Envision Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 301170
Los Angeles, CA 90030-1170

Inquiries should NOT be directed to Envision, Defendants, the Court, or the Clerk of the Court.

Inquiries, other than requests for the Notice or for a Proof of Claim, may be made to Class Counsel:

ROBBINS GELLER RUDMAN & DOWD LLP
Ellen Gusikoff Stewart
655 West Broadway, Suite 1900
San Diego, CA 92101
Telephone: 1-800-449-4900
settlementinfo@rgdlaw.com

IF YOU DESIRE TO BE EXCLUDED FROM THE CLASS, YOU MUST SUBMIT A REQUEST FOR EXCLUSION SUCH THAT IT IS POSTMARKED BY FEBRUARY 29, 2024, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE. ALL CLASS MEMBERS WILL BE BOUND BY THE SETTLEMENT EVEN IF THEY DO NOT SUBMIT A TIMELY PROOF OF CLAIM.

IF YOU ARE A CLASS MEMBER, YOU HAVE THE RIGHT TO OBJECT TO THE SETTLEMENT, THE PLAN OF ALLOCATION, THE REQUEST BY PLAINTIFFS' COUNSEL FOR AN AWARD OF ATTORNEYS' FEES NOT TO EXCEED 30% OF THE \$177.5 MILLION SETTLEMENT AMOUNT AND EXPENSES NOT TO EXCEED \$1.9 MILLION, PLUS INTEREST ON BOTH AMOUNTS, AND/OR THE PAYMENT TO PLAINTIFFS FOR THEIR COSTS AND EXPENSES NOT TO EXCEED \$95,000 IN THE AGGREGATE. ANY OBJECTIONS MUST BE FILED WITH THE COURT AND SENT TO CLASS COUNSEL AND DEFENDANTS' COUNSEL BY FEBRUARY 29, 2024, IN THE MANNER AND FORM EXPLAINED IN THE NOTICE.

DATED: November 20, 2023

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF TENNESSEE
NASHVILLE DIVISION

¹ On May 15, 2023, Envision Healthcare Corporation filed a voluntary petition under Title 11 of the United States Code, Chapter 11, Case No. 23-90342, in the United States Bankruptcy Court for the Southern District of Texas.
² The Stipulation can be viewed and/or obtained at www.EnvisionSecuritiesLitigation.com.



The listings are for baristas, delivery drivers and the like.

Jobs Site Targets Hourly Workers

By MARC VARTABEDIAN

In the U.S. labor market, demand is holding up for food and hospitality personnel, less so for software developers. That has startup **Gigs** thinking now is its moment.

Launched this year, the Los Angeles-based job-posting site is tailored to the hourly-pay workforce. Job seekers enter their ZIP Code and see listings for everything from delivery drivers, construction workers and repair and maintenance personnel to coffee-shop baristas, retail clerks, childcare teachers and pet groomers. The company uses artificial intelligence to weed out salaried jobs, but includes both full- and part-time jobs, while about 20% of the jobs

currently listed on the site are gigs, the company said.

SMALL BUSINESS Gigs' focus on jobs that pay by the hour could be well-timed: America's smallest employers—bars and fast-food restaurants, for instance—are hiring. Establishments with one to nine employees accounted for nearly 20% of job openings in October, their second-highest share on record dating back to 2000, according to Julia Polak, chief economist at jobs website ZipRecruiter. In her analysis of Labor Department data, the only higher period was the previous month.

At the same time, software development postings fell 66% from the start of 2022 to Dec. 8, according to data from hiring powerhouse Indeed. The number of construction jobs declined 14% over the same period.

That dynamic reflects new, broader economic conditions as pandemic-era shocks fade, said Nick Bunker, Indeed's director of economic research for North America.

Meanwhile, household consumption is still healthy. "That's why you're seeing stronger demand for lots of positions linked to services

that people are still spending money on," Bunker said.

Existing job sites are frustrating those on the hunt for a paycheck by showing them postings for "ghost jobs." On the other side of the equation, employers are inundated with applications from unqualified candidates, Gigs Founder and Chief Executive Allen Narcisse said.

Gigs says it wants to make it easier for job seekers and employers. The company uses AI to screen the jobs employers post to make sure they are relevant to the particular applicant. For job seekers who lack the necessary skills for a specific job, Gigs' AI will direct them to others that are a better fit based on their résumé, Narcisse said.

Gigs charges job posters for each application they get. The price is determined by the size of the job's market and the level of experience or skill the post requires.

"If there are fewer workers that fit, we charge more because it's harder to find that worker that fits the needs," said Narcisse, who worked previously as chief operating officer at energy company Workrise and before that as head of market strategy for ride-hailing company Lyft.

To be sure, Gigs faces rough competition from entrenched giants such as Indeed and Craigslist. Startups such as venture-backed BlueRecruit, which matches employers with skilled trades workers, are also grappling for market share. Narcisse, however, believes employers will opt to list on Gigs because it will bring them applicants who more closely meet the job requirements—and save time, he said.

"We've designed Gigs to feel like platforms that younger job seekers use already," Narcisse said. "One of the arguments we've made with employers is that we're focused on acquiring the younger job seekers that you need for your businesses."

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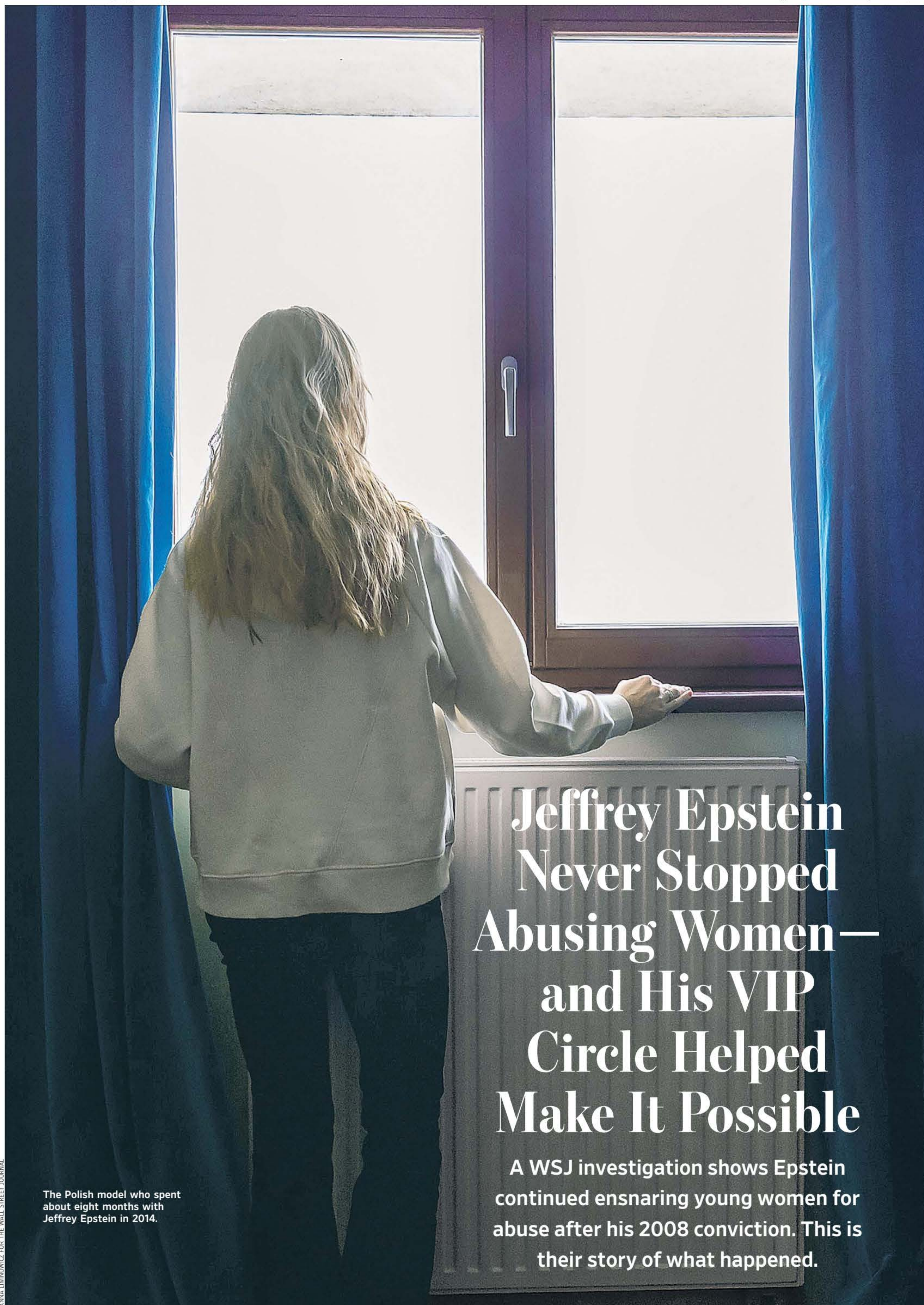
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THE LIES OF JEFFREY EPSTEIN

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THE WALL STREET JOURNAL.

Monday, December 18, 2023 | B7



Jeffrey Epstein Never Stopped Abusing Women— and His VIP Circle Helped Make It Possible

A WSJ investigation shows Epstein continued ensnaring young women for abuse after his 2008 conviction. This is their story of what happened.

The Polish model who spent about eight months with Jeffrey Epstein in 2014.

ANNA LIMONOWICZ FOR THE WALL STREET JOURNAL

By Khadeeja Safdar

IN MARCH 2014, Jeffrey Epstein took his private jet to Seattle to visit Bill Gates at his office. Epstein brought along a Polish model he had met a few months earlier. Dressed in a long gray coat, she posed for a photo with the Microsoft co-founder. Epstein took the picture.

Looking at the photograph now brings back difficult memories for the Polish model, who was then in her 20s. She notes how young she looks at the time. And how strange she must have appeared to Gates and other famous people that Epstein was escorting her to meet.

“Now when I look at myself there, it couldn’t have looked normal,” she said in a recent interview. “I saw the looks of those people, like what is she doing here?”

In the years after he registered as a sex offender, Epstein was rarely alone. He was often accompanied by attractive young women in their late teens or 20s. They opened the door at his New York townhouse when billionaires came calling. They sat beside him at meetings with bankers and celebrities. They traveled with him on his private jet to visit scientists, political leaders

and tech-company founders. Photos of some of them with Epstein appeared in tabloid newspapers.

Earlier this year, The Wall Street Journal revealed that numerous prominent people had met with Epstein after he pleaded guilty in Florida in 2008 to soliciting and procuring a minor for prostitution. Many of those people said they believed the convicted sex offender had reformed. Most, including Gates, said they now regret their association with Epstein and that they didn’t know Epstein was using those ties in his dealings with the women. A Gates spokeswoman said the software billionaire neither knew nor interacted with the woman that Epstein brought to Seattle.

The trove of documents reviewed by the Journal, which included Epstein’s daily calendars and his typo-laden private emails, also contained hundreds

of entries with young women, including the Polish model. Many of those women were Russian or European models that Epstein had lured into his orbit and sexually exploited while he was hobnobbing with the powerful and wealthy people.

Interviews with several of those women, others familiar with his operations and the trove of documents reveal, for the first time, how Epstein, who died in jail in 2019 awaiting trial on federal sex-trafficking charges, used his powerful connections to groom a new generation of women to exploit.

The Journal’s investigation shows that Epstein’s sexual exploitation and abuse didn’t end with his 2008 conviction—as many of his famous associates later said they believed—but continued until his second arrest in 2019. He lured dozens of women by promising

Please turn to the next page

THE LIES OF JE

Continued from the prior page to use his connections to powerful people to get them jobs or other opportunities. He then groomed most of the women for his personal sexual exploitation, and passed a select group to other men for sex.

Epstein told some of the women he could get them into Woody Allen films or secure them a job at the United Nations. He promised others he could help them get modeling gigs at Victoria's Secret. He told the Polish model he could help her get involved at the Gates Foundation. He conjured up many such offers for women.

"Without having legitimate connections to so many high-powered people, Jeffrey Epstein would not have been able to traffic most of these women after 2008," said lawyer Brad Edwards. Along with his law-firm partner, Brittany Henderson, he represents the Polish model and more than 150 of Epstein's accusers. "These are smart women who would not have believed him otherwise."

Under federal law, sex trafficking of adults involves the use of force, fraud or coercion to compel sex acts in exchange for money or favors. The law doesn't require movement across a border, and the coercion can be psy-



Epstein connected a Russian model with Terje Rod-Larsen, former head of the International Peace Institute.



Lesley Groff, Epstein's executive assistant, circulated his daily schedules.

chological. When the victims are minors, the law doesn't require proof of fraud or coercion.

Edwards's clients have sued Epstein's estate and financial institutions that provided banking services to him. Edwards said that most of the women were sexually abused and exploited by Epstein himself, but that he also groomed some for certain of his friends. He said a total of more than 20 men have been named as participants in sexual exploitation or abuse by women who were trafficked by Epstein. He declined to name the men, citing client confidentiality.

Epstein often instructed women to report back their encounters with other men, Edwards said. "He would make the women describe the details of the abuse, and if they were upset, it would get him excited," he said.

Henderson recently interviewed more than 130 Epstein accusers who came forward in class actions against the banks. She said about 45 of the roughly 55 women who told her they had been sexually exploited by Epstein after 2008 were models from Eastern Europe or Russia, and they were all at least 18 at the time.

The Polish model spent about eight months with Epstein in 2014. She met him through one of Epstein's middlemen, and Epstein drew her in by promising career help. Epstein took her to academic conferences and to his private island. He photographed her with famous people who visited his New York townhouse, including Allen and former Israeli Prime Minister Ehud Barak.

Both men have since said they weren't aware of Epstein's alleged crimes.

Privately, Epstein began to sexually exploit her. He told her she needed to stop being prudish, should take massage courses instead of singing classes, start birth control and watch pornography. He berated her for buying her own car and advised her to marry another woman to get a green card. He eventually told her she could get millions of dollars to become a mistress for one of his friends. She realized it was a trap and tried to cut contact.

"At the end, he told me that I'm not going to do well," she said. "I'm not going to even find a job, and I'm going back to Poland to my small room."

She is one of dozens of women whose names appear in Epstein's private calendars. Epstein's executive assistant Lesley Groff circulated the daily schedules that between 2010 and 2018 listed hundreds of appointments and flights with women in their teens or 20s, sometimes referring to them in the schedules only by their first names and phone numbers. On many days, Epstein would have appointments scheduled with young women between his meetings with businesspeople, politicians and celebrities.

A lawyer for Groff said that part of her job, as a member of Epstein's professional staff, was to make appointments as directed by Epstein. "At no time during Lesley's employment with Epstein did she ever engage in any misconduct," said the lawyer, Jonathan Whitcomb.

On Epstein's daily schedules for those years, which were reviewed by the Journal, roughly one of every five meetings was with a young woman. The Journal couldn't identify or reach all of the women listed in the documents.

Many of the appointments with the women at his New York townhouse were for massages that involved sexual activity, according to the women. The schedules don't capture all of Epstein's activity. Several women said Epstein would personally text or invite them for visits that weren't listed on the schedules. Some of the women said Epstein brought them to his business meetings.

Separate interviews with more than half a dozen women, most of whom don't know each other, reveal eerily similar experiences: Intermediaries, including other female models, pitched Epstein as a wealthy philanthropist who helped struggling models with their careers. After they met him, he gave them money and dangled career opportunities, then coerced them to perform sex acts. The women interviewed by the Journal either said they weren't passed by Epstein to his friends or declined to address the matter.

The women described similar patterns of how the sexual exploitation began: Epstein offered massages to get them relaxed and then began masturbating and pressuring them into sex acts, sometimes involving a sex toy and participation from other women he was exploiting. Some also said Epstein sexually assaulted them. Afterward, he often made jokes about their discomfort, shared tips on how they could improve their sexual prowess for next time and pressured them to bring their female friends.

Epstein was never charged with a crime for his activities after 2008. His arrest and indictment in 2019 focused on his alleged abuse and exploitation of underage girls between 2002 and 2005 in Palm Beach, Fla., and New York. The indictment accused him of enticing the girls to engage in sex acts with him in exchange for money, and of paying several of those victims to recruit other underage girls to engage in similar sex acts for money.

Although his accusers after 2008 were mostly adults, lawyers representing the women said his behavior constituted criminal sex trafficking because he coerced and defrauded the women into commercial sex acts.

Some of the women, including the Polish model,

said they realized that they were being exploited and distanced themselves after a few months despite fearing consequences, while others said they were sexually exploited for years and still have trouble reconciling what happened. Most of the women told the Journal that they feel intense shame and fear public exposure of their association with Epstein.

Some have gone on to successful careers. Others are married and have started families. Many said they are still struggling with trauma. Few have shared their ordeal with their parents or spouses.

"It's part of life after Jeffrey Epstein," said a Ukrainian model who said she was sexually exploited by Epstein in 2011, when she was 19. "You feel totally embarrassed and can't really share anything with people close to you." She said she decided to share her story with the Journal in hopes that it might help other women. "It's better for women to understand that you cannot blame yourself," she said. "You should not suffer alone."

Recruitment

THE POLISH MODEL was renting a room in New York in 2013 when she was introduced by another model to Ramsey Elkholy, who billed himself to her as a modeling scout. She had been modeling for years, but confided in Elkholy that she was struggling with finding modeling jobs

'If you're not smiley and positive, he was going to give you a talk.'

Russian model who said Epstein sexually exploited her

in the U.S. and wanted to branch out from modeling.

Elkholy, an anthropologist and musician living in New York, suggested that she meet a friend of his with connections to Harvard University who could help her pursue other careers. "He said this person had helped so many people already," she said. "He never mentioned that this Jeffrey Epstein had a criminal record."

Harvard said in a 2020 report that Epstein donated \$9.1 million before 2008 and had visited the campus dozens of times after his conviction. It declined to comment further.

Unbeknown to the Polish model, Elkholy was communicating with Epstein about finding attractive women who might interest him, and Elkholy brought several of them to Epstein, according to the schedules and people familiar with the matter.

In an interview earlier this year, Elkholy said he brought friends, including models, to Epstein's townhouse. He said he knew Epstein was a wealthy bachelor who liked beautiful women and massages, but wasn't aware of the extent of Epstein's activities. He said Epstein had told him his arrest in Florida occurred because he had been entrapped by a minor who lied about her age.

"On the one hand, you can call that a red flag," Elkholy said. "On the other hand,

you don't know. It's just one of those things where you try not to judge. And so if somebody actually went to jail, did his time, then at that point, is he still unsavory or was he unsavory?"

Bruce Rosen, a lawyer for Elkholy, said his client was a modeling agent and that he believed Epstein was going to use his fashion contacts to further the careers of the models he introduced. Elkholy didn't know that any guests he brought to the townhouse were later sexually exploited by Epstein, Rosen said.

"He did not realize at the time that Epstein was such a manipulator and sexual predator," Rosen said. "My client was star-struck being around Epstein and the celebrities in his orbit and tried to impress him...he deeply regrets his interactions with Epstein."

EPSTEIN USED a network of intermediaries to find and bring him women. Some were people who owed him favors. Others were women he was sexually exploiting.

The Ukrainian model said she attended a 2010 fashion event for Naomi Campbell in Paris when Epstein spotted her and sent a Russian woman to talk to her. The woman described Epstein to her as a wealthy philanthropist who was a friend of Campbell and could help her modeling career. "She seemed very upper-class," the Ukrainian said of the Russian woman. "I saw her standing next to the celebrities in the VIP crowd."

achieve their career goals.

A second Russian model was scheduled to bring at least five women to Epstein's townhouse between 2010 and 2016, according to the documents. In an interview, she said the women were mostly her roommates who were agency-signed models. "They wanted to meet him because they have no one else—no money, no family, no [immigration] papers," she said. "They needed his help."

She said she met Epstein when she was 17. Her agency, MC2, put her in an apartment shared with other models and sent her to meet Epstein at his office. She showed Epstein her portfolio, and was surprised that he pulled out \$300 in cash from his pocket and told her that he wanted to make her week a little easier. Over the years, Epstein helped her in emergencies, including a 2008 stay at his apartment in Paris and a 2018 flight from Moscow.

She said Epstein tried to massage her and discuss sex, but she declined his offers. She said she doesn't know what happened between Epstein and the women she introduced and that she wasn't compensated for the introductions. "I'm confused about it," she said. "I'm not sure if I was being manipulated or used. I'm working with a psychiatrist to figure out the reality."

Mental Manipulation

IN LATE 2013, Elkholy brought the Polish model to Epstein's townhouse for the first time. They met Epstein in his office there. A taxidermied tiger was sprawled on the floor in front of his desk.

Epstein invited her back for a one-to-one appointment. In that meeting, they discussed her professional goals. She told him she aspired to a career in the arts, including singing and acting.

After the meeting, the model had a fever. A few days later, Epstein contacted her on Skype. "I have no clue where he got my nickname from, because I don't have an obvious nickname on Skype," she said. He offered to bring her medicine or connect her with a doctor. Neither her modeling agency nor her friends checked in. "Nobody else cared at all,"



Top: One of the apartments Jeffrey Epstein used to house young women in a building near his townhouse in Manhattan.

Bottom: The Polish model photographed, on the left, Epstein in 2014 on his private island in the Caribbean, at center, the grounds of

ANNA LIMONOWICZ FOR THE WALL STREET JOURNAL

The Polish model displaying on her pl

she said.

Epstein offered to mentor her in her career and pay for her studies. He told her he had a girlfriend, which she took as assurance he wasn't interested in her. He transferred around \$1,000 to her account and told her to travel with him. In January 2014, he invited her on a trip to his private island in the Caribbean.

The documents indicate the Polish model took a January 2014 flight to St. Thomas along with the first Russian model and one other woman.

The Polish model said that when they got to Epstein's island, she was "so uncomfortable." The Russian model, she said, "was walking around naked, and he wanted me to become like her."

She said Epstein sexually assaulted her, and before she left, gave her \$500 in cash.

Upon her return home, he started emailing her suggestions for her career. He told her that she should take classes at a university and that he would pay for them, as well as provide an apart-

JEFFREY EPSTEIN



A photo she took in 2014 when she visited Epstein's private island.

ment. "I suspect that you are a quasi sex virgin," he wrote in a Jan. 18 email. "Its ok. your sensitvity to the subject and highly emotional reactions to concepts leads me to beleive that this is an issue."

In another email, he also told her to take the TOEFL, a test measuring English proficiency, and sent links to specific art classes. He said she needed to improve her sexual prowess to gain self-confidence and achieve success.

"Is my impression correct of what you said that braking moral beliefs is a must to achieve sth in life?" she replied in a Jan. 20 email. "I know you would like to help but sex education is not what i want right now. If you feel disappointed i can send you money back."

"again you misunderstood," he wrote back within minutes. "I am making an investment in your future , asking if you should return the money , makes little sense. if you dont wnat to do as i recommend thats ok. , I don't use money as a



that property, and on the right, at a hair salon in New York City.

means to control you. only to empower you."

Despite his assurances, he continued sexually exploiting her. She said the sexual demands didn't stop even after she confided in him about her past struggles with physical abuse and anorexia.

He also pressed her to live in apartments provided by him, which she said she declined, and continued paying her sporadically. "I never asked for any money," she said.

OTHER WOMEN said Epstein showed keen interest in their troubles and asked them intimate questions about their pasts. Several said they confided in him not just about their financial and visa problems, but also relationship troubles, eating disorders and mental-health problems. Two women said they told him about previous sexual assaults.

He typically started by giving them small amounts of cash. The Ukrainian model said when she arrived in New York, Epstein put her up in an apartment and gave about \$200—just enough for food and toiletries. "I remember that I couldn't even afford a return ticket," she said.

Epstein promised to help the women make powerful connections, find work, pay for their university studies, obtain immigration papers or get an apartment. When they accepted, he would begin to both counsel them and critique them.

He advised some to change their physical appearance. If their hair was longer than he liked, he sent them to "Patrick" at celebrity stylist Frédéric Fekkai's salon for a haircut. If he thought their teeth were crooked or yellow, he sent them to Manhattan dentist Thomas Magnani for a consultation. Sometimes they were sent shopping to dress how Epstein advised. One of his favorite looks was baggy pants, a lace bra and a semi-sheer top.

The Russian model said

Epstein frequently weighed her and other women. He told her she needed to lose weight—she said she was around 5 feet 10 inches and 130 pounds—to qualify for better modeling gigs including Victoria's Secret, and he urged her to do liposuction in 2010 with Steven Victor, a dermatologist who had appointments with other women sent by Epstein. Epstein also advised her to go on a juice diet when she became bulimic.

"I needed to put on weight, then I needed to lose weight," she said. "There was always something with my body that was not right."

'You complain about many mnay things, though it is better than going back to russia.'

Epstein in a 2013 email to one female 'assistant'

A spokesman for Leslie Wexner, the billionaire behind Victoria's Secret, said Wexner "severed all ties with Epstein in 2007 and never spoke with him again." Epstein had been Wexner's money manager before his first arrest. The dentist, the dermatologist and hair stylist didn't respond to requests for comment.

Henderson, the lawyer representing Epstein's accusers, said his favors and criticisms were often customized to women's insecurities, calling his tactics "insidious mental manipulation."

Epstein set up an array of nonprofits and other entities and paid the women as if they were employees, Henderson said. From 2009 to 2013, he sent payments totaling about \$1.8 million through JPMorgan Chase accounts to women, including many with Eastern European names, court documents show.

Henderson said Epstein targeted vulnerable women who didn't have family

around, including several with a history of sexual abuse in their native countries. "He knew they weren't going to report it because they were trained not to report abuse," she said.

Some arrived through modeling agencies on tourist visas and weren't yet legally allowed to work in the U.S., making them particularly vulnerable, she said. Epstein sometimes sent intermediaries to find women in this predicament before they arrived in the U.S., she said. The women didn't know they were targeted.

"This was international human trafficking," said Henderson. "These women came to this country deserving and hoping for more."

Powerful People

EPSTEIN FORWARDED emails to the Polish model that he had exchanged in January 2014 with Thorbjørn Jagland, a former Norwegian prime minister who had several scheduled meetings at Epstein's townhouse. "Jagland is head of the council of Europe and the chair of the Nobel peace prize, I want you to meet," he wrote to the Polish model. Jagland didn't respond to requests for comment.

In the first half of 2014, the Polish model said, she flew with Epstein to various places, including his Paris apartment and his ranch in New Mexico. When her modeling agency called her for a job, she sometimes had to decline because she was in a different part of the world with Epstein.

During that time, she met Epstein's associates, including Gates, Terje Rød-Larsen, then president of the International Peace Institute, and Ariane de Rothschild, the head of a Swiss private bank. That is when the Polish model took the photos at the New York townhouse with Allen and Barak.

She posed in photos with

did it," he said.

A company lawyer said de Rothschild declined to comment. Barak and Ito didn't respond to requests for comment.

After her March 2014 visit to Gates's office, Epstein's accountant, Richard Kahn, emailed the Polish model a letter of support for a visa, which said she planned to survey the progress of the Gates Foundation's work in three African countries.

"This work is critical to our continued operations in Africa," Kahn wrote in the July 25 letter. "Please accelerate the visa process so that she may continue this valuable work." A lawyer for Kahn said he had no comment.

Epstein had forwarded to the model a suggested itinerary for an Africa trip for her that was sent to him by Melanie Walker, whose email identified her as a Gates Foundation deputy director. Epstein also connected the Polish model with Walker, who acknowledged she had her résumé. Walker, who had known Epstein for years, was one of several Gates Foundation employees who had visited the townhouse.

A spokesman for Walker, who no longer works at the Gates Foundation, said: "Melanie has always been happy to provide career advice to anyone who asks."

SEVERAL WOMEN said Epstein led them to believe he could make or break their careers and name-dropped contacts in the fashion industry, including designer Vera Wang and Naomi Campbell, who both appear in Epstein's schedules after 2008, according to documents.

Wang said she regrets ever associating with Epstein. "I never knew he was using my name in any capacity, and it horrifies and repulses me to now hear that he did so," she said.

He controlled units in an apartment building near his townhouse where he housed dozens of young women as well as prominent guests, the documents show. The Ukrainian model said Epstein regularly instructed her and two other young women by email when to walk from the apartment unit to the townhouse.

After sexual activity, which she described as a ritual for Epstein akin to brushing his teeth, they stuck around for other meetings. "He was speaking business, and we were just listening in silence," she said. "It was fascinating because I was never able to meet these kinds of people anywhere else in the world."

Epstein frequently had the women attend such meetings or listen to calls with billionaires. He sometimes brought them on trips to visit Harvard and other universities, the documents show.

"He used the powerful people he was intermingling with to further facilitate his sex trafficking scheme, whether those people knew it or not," said Henderson. "He was using everyone around him to create this facade of legitimacy."

In 2010, Epstein told the Russian model that she could get an audition with a Hollywood film director, then instructed her to wear a Snow White costume in the townhouse to practice for a role. She said she didn't get any auditions for the role.

When it became clear to the Russian model that she wasn't getting the types of acting or modeling jobs Epstein had been promising for years, he connected her with Rød-Larsen, then head of the International Peace Institute, and dangled an opportunity to work at the United Nations.

"Jeffrey said the IPI people loved me," she wrote in an email to her mother in Russia in 2012. "Waiting to hear back from their lawyers."

Rød-Larsen wrote an email in 2013 inviting her to Norway, which she used to obtain a visa to travel with Epstein to Norway. She said she accompanied an IPI team to Kazakhstan and Azerbaijan in 2014, but a job never materialized. The Journal reviewed emails exchanged with IPI staff, including one in which she sent her résumé in 2013.

Rød-Larsen resigned from the nonprofit in 2020 after disclosing he had taken donations and a personal loan from Epstein.

The IPI said it has new leadership and that it finds the revelations in the Journal's reporting to be "utterly shocking and shameful."

The Russian model said Epstein asked her and other women to pose with famous men, then encouraged them to post the pictures on social media. The Journal reviewed three photos of her with Gates in different locations, including a Four Seasons Hotel in New York and Epstein's townhouse.

"Epstein tried, unsuccessfully, to connect himself to Mr. Gates by any means possible, including spontaneously bringing in people for photos with Bill, whom Bill did not know or interact with further," said a Gates spokeswoman. "Mr. Gates only ever met with Epstein for philanthropic purposes, which he regrets."

Epstein also used the women to try to impress his guests. The second Russian model said Epstein sometimes asked her to dress in expensive brands like Chanel and sit in on meetings with high-profile men. He showed off Playboy covers for which she had posed. She declined to name the men, fearing retaliation.



Lawyers Brittany Henderson (above) and Brad Edwards represent the Polish model and more than 150 of Epstein's accusers.



"He would ask me to show up to meet some super-wealthy people who he probably needed for an investment," she said. "The request was to sit there and look pretty."

The Cult

AS THE POLISH model spent more time with Epstein, he tried to take charge of her life. He pushed her to quit modeling and become a massage therapist. She said she stopped modeling.

"I want you to be serious about making your life secure and better," he wrote in April 2014.

He said he could help her with a green card if she would agree to marry another woman. He also told her to watch pornography and take birth control. She didn't do either.

That May, Epstein told her Woody Allen wanted to use her as an extra in one of his films. The offer didn't materialize.

In emails, Epstein expressed frustration that she wasn't working on massage therapy enough or learning the skills of becoming a personal assistant.

"I am your friend, I am also your employer, but I am your friend first," he wrote. "I believe in you, I understand you, I seem unable to communicate the need to grow up."

By then, the Polish model understood the interactions were hurting her mental health. Epstein kept telling her she was "too old," she said, but also kept sexually exploiting her.

She said she had taken about 10 courses in massage therapy, but Epstein still wasn't satisfied. She was

Please turn to the next page

THE LIES OF JEFFREY EPSTEIN

Continued from the prior page struggling with anorexia. In August 2014, she returned to Poland.

"I saw what was happening to his assistants," she said. "They were really dependent on Jeffrey. I witnessed a few conversations between them, and it was pretty shocking to me the way they acted so devoted to him. So, yeah, it was a trap."

EPSTEIN CALLED some of the young women he sexually exploited "assistants." They were expected to dress how he wished, come when he called and travel with him at a moment's notice. The ones he kept around for years became part of his inner circle.

"These women didn't go there to be assistants, but they became so reliant on him," said Henderson. "It's a textbook cult where everybody is taught they have to worship the guy at the top."

Existing assistants taught new ones Epstein's preferences and how to interact with him. They sometimes gave him foot massages and combed their fingers through his hair in front of guests. On his private island, some were instructed to walk around naked.

"He created this group where his behavior appeared completely normalized," said the Ukrainian model. "Once, the assistants found some news article on the Internet, and I remember hearing, 'Oh, my God, I cannot believe they wrote again about you, Jeffrey. Like, you know, you're so nice, Jeffrey.'"

"It was like the book by George Orwell," she said. "Black is white. White is black. Rape is good."

The documents show how Epstein oversaw the assistants' lives. The schedules included visits by their family members, haircuts and doctors' appointments, including to gynecologists. He arranged for some female assistants to marry other women he was exploiting to get green cards. He even drafted their messages to boyfriend.

When the assistants complained, he berated them or made subtle threats. "You have been eating and eating, though you say you want to lose weight," he wrote in a July 2013 email to one assistant. "You complain about many many things, though it is better than going back to russia."

Around Thanksgiving 2013, several assistants received a note from Epstein that said: "When I ask that a job get done, I will no longer accept an answer that says, I called, I texted, I emailed, contacted and I NEVER HEARD BACK. This is unacceptable. Call a minimum of twice a day and then you are to move into high gear and call 10 times a day if necessary until you receive an answer."

Sometimes, he put his fingers on his lips, advising the women not to talk too much, or he waved his hand in a downward motion to tell women to remove their clothes. Some women said he talked about himself in the third person, describing what "Jeffrey" likes and dislikes.

Epstein often reminded them that their fate was tied to his. "We are like a family," Epstein wrote to a group of the assistants in 2015.

The first Russian model, who became part of the inner circle, said Epstein dictated when she could leave the townhouse, tracked her daily activities and usually emailed her "???" when he didn't hear from her. She said the women in the inner circle didn't have many out-



ANNA LUMINOWICZ FOR THE WALL STREET JOURNAL

▲ The Polish model said her last interactions with Epstein came in the summer of 2015.



Epstein photographed the Polish model when she met in 2014 with several of his VIP connections; clockwise from top right: Ehud Barak at Epstein's townhouse, Woody Allen at the townhouse; and Bill Gates at his office near Seattle.



side friends because they had to be available to fly with Epstein on demand.

He required thank-you notes for the favors he did for them. He instructed them to smile in naked photos and videos. "It was almost like he was documenting everything so we can't go against him," she said.

"If you're not smiley and positive, he was going to give you a talk, because then you're acting ungrateful," she said. "And those gratitude letters, I'm sure he was using them as just another guarantee that we wouldn't go against him." The Journal reviewed emails from Epstein to several women demanding gratitude.

The women catered to his various peculiarities. Some were asked to familiarize themselves with a recipe for muffins made with whole wheat flour and digestive bran that they packed in Epstein's luggage, along with his passport and \$6,000 in cash, documents show.

"After a couple of years in the JE circle, none of us had any legitimate things to add to our résumés, and none of the jobs he promised ever materialized," said the Russian model. "The only option was to stay and keep waiting to see if he fulfills his promises."

Escape

WHEN SHE returned home, the Polish model had trouble finding a modeling job. She said she suspected Epstein had used his connections to obstruct her.

Epstein barraged her with messages and Skype calls. He criticized her when she told him she had enrolled in a university on her own and

bought herself a car. He wrote that she shouldn't go on the Gates Foundation trip to Africa. The trip didn't happen.

"I really am trying to be a friend, and guide you," he wrote in an email in September 2014. "I have to see many former models whose lives are troubled because they did not make hard choices."

He told her to visit a doctor and take contraception. "The hormones will do you good," he wrote later that month.

"taking your own advice, is rarely the way to succeed," he told her in a November email.

He forwarded her thank-you notes he had received from other women, including a long email exchange he had with a young woman whom he had paid to visit Africa for development work—the type of work the

Epstein Dangled VIP Connections As a Lure

Polish model had wanted to explore.

"He was trying to make me feel bad because he knew that I was having a hard time," she said.

While he was trying to lure her back, Epstein told a different story to the other women around him. He told the first Russian model that the Polish model wanted to be his girlfriend. "He said he had to get rid of her and send her back home," the Russian model said.

In March 2015, Epstein emailed the Polish model the photo with Gates from their visit to the Seattle area, and reminded her what her life was like before she left. "now you are back in your room, as you only follow your own advice," he wrote.

Soon after, Epstein suggested that she could earn millions of dollars if she was a mistress for one of his

OTHER WOMEN who tried to distance themselves also said Epstein showed them the thank-you messages from others. They said they received subtle threats and reminders of the favors he had done. At times, he sent intermediaries to coax women into staying in touch.

The women said they were afraid that Epstein could end their careers or ruin their reputations, and believed the only way to avoid consequences was to cave to his demands. "If they disobeyed him, he could take it all away, and he really could take it all away," said Edwards.

When some women in his inner circle tried to cut ties, they were presented with bills showing they were on the hook for hundreds of thousands of dollars in housing, dental and other expenses—money they didn't have. The Journal reviewed one woman's bill detailing years of expenses totaling more than half a million dollars.

The Ukrainian model said Epstein told her that if she left the U.S., she wouldn't get a visa to come back. Her mental health deteriorated so badly that he had to send her back to Europe after a few weeks. "I looked and felt terrible," she said. After her visa expired, she said she hasn't been able to re-enter the U.S., just as Epstein warned.

The first Russian model said she never cut ties. "The more you are in, the harder it was to leave," she said. "My life didn't begin until his death, and I still have nightmares that he might be alive."

The Fallout

IN THE YEARS after the Polish model left, the schedules show Epstein continued having appointments with aspiring models. In 2015 alone, the schedules show more than 60 appointments with young women.

Several of the women told the Journal that they didn't report Epstein because they feared deportation or consequences for their careers because of his connections. Some said they blamed themselves for not being good enough to get the jobs they thought Epstein was pursuing for them.

After the Miami Herald reported that dozens of women said they were abused by Epstein, calling into question the leniency of his 2008 plea deal, prosecutors charged Epstein in July 2019 and indicted him on federal charges of sex-trafficking underage girls from 2002 to 2005. That August, he died in jail in what the New York City medical examiner ruled a suicide.

Edwards said Epstein defrauded the adult victims after 2008 by luring them under false pretenses and dangling connections and career prospects that he usually didn't deliver, and that he coerced them into his scheme by making them believe they could be deported or face other consequences if they declined his demands.

"The power disparity is too great," Edwards said. "What was left in their mind is that their career is going to be ruined, their reputation is going to be ruined and they personally could be in danger."

In late 2022, Edwards and Henderson filed class-action lawsuits on behalf of the women, accusing JPMorgan and Deutsche Bank of enabling sex trafficking by Epstein. In settlements with the banks, more than 200 accusers who said they were abused from the 1990s to 2019 are eligible to receive compensation—a process that requires them to provide emails, photos and other material to support their stories.

To settle the suits, JPMorgan agreed to pay \$290 million to Epstein accusers, while Deutsche Bank agreed to pay \$75 million. Neither bank admitted wrongdoing. JPMorgan said it regretted its association with Epstein. Deutsche Bank also said it regretted the association and had taken additional measures to combat trafficking.

Not all the women who appeared in the schedules and spoke to the Journal were part of those lawsuits. Henderson said she also knows of dozens of women who were sexually exploited by Epstein but didn't come forward for compensation out of fear of exposure.

In 2017, long after the Polish model last communicated with Epstein, Elkholy reached out to her on Facebook. "Jeffrey is always asking about u, he thinks we are friends, lol," Elkholy wrote in a message. "Why don't you email him?" Elkholy doesn't recall the exchange, his lawyer said.

The Polish model is married now and has a family. She works at a large financial-services firm. She said she has tried to forget that period in her life, but still ruminates about what happened.

"He abused me for so long that I don't understand myself and how I let this happen," she said. "I'm never going to get rid of those thoughts."

—David Benoit, Emily Glazer and Elisa Cho contributed to this article.



Epstein's townhouse in New York City, where many of his meetings took place.

Inside Jeffrey Epstein's Circle
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Epstein Courted Notable Friends With Favors

Epstein Tried to Tap Into Trump's Circle

Epstein Seemed to Threaten Microsoft's Gates Over Affair

JPMorgan's Epstein Ties W Deeper Than Bank Has Said
Epstein's Private Calendar Reveals Prominent Names



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THE WALL STREET JOURNAL.

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The Decision Makers Driving Today's Most Influential Brands

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THE WALL STREET JOURNAL.
TRUST YOUR DECISIONS

MARKETS DIGEST

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

None expected this week

Lockup Expirations

None expected this week

IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	IPO date/Offer price	Friday's close (\$)	% Chg From Offer price	1st-day close	Company	SYMBOL	IPO date/Offer price	Friday's close (\$)	% Chg From Offer price	1st-day close
Bayview Acquisition	BAYAU	Dec. 15/\$10.00	10.07	0.7	...	Signing Day Sports	SGN	Nov. 14/\$5.00	0.85	-83.0	-56.0
Aimeil Health Technology	AFJKU	Dec. 4/\$10.00	10.16	1.6	0.1	CARGO Therapeutics	CRGX	Nov. 10/\$15.00	18.16	21.1	25.0
Garden Stage	GSIW	Dec. 1/\$4.00	7.23	80.8	-29.1	Hamilton Insurance Group	HG	Nov. 10/\$15.00	14.45	-3.7	-3.7
Fenbo Holdings	FEBO	Nov. 30/\$5.00	5.00	...	12.6	Agriculture & Natural Solutions Acquisition	ANSCU	Nov. 9/\$10.00	10.14	1.4	0.8
Colombier Acquisition II	CLBR.U	Nov. 21/\$10.00	10.10	1.0	1.1	AI Transportation Acquisition	AITRU	Nov. 9/\$10.00	10.20	2.0	0.4
Elevai Labs	ELAB	Nov. 21/\$4.00	1.81	-54.8	-46.8	Globavend Holdings	GVH	Nov. 8/\$4.00	1.08	-73.0	-58.1
DDC Enterprise	DDC	Nov. 17/\$8.50	4.35	-48.8	-30.0	Lexeo Therapeutics	LXEO	Nov. 3/\$11.00	12.51	13.7	24.5
Richtech Robotics	RR	Nov. 17/\$5.00	4.71	-5.8	-10.3	Pineapple Financial	PAPL	Nov. 1/\$4.00	1.78	-55.5	-20.9
Global Lights Acquisition	GLACU	Nov. 14/\$10.00	10.26	2.6	0.9	Alpha Technology Group	ATGL	Oct. 31/\$4.00	10.54	163.5	139.5
Shimmick	SHIM	Nov. 14/\$7.00	6.19	-11.6	-3.3	Mach Natural Resources LP	MNR	Oct. 25/\$19.00	14.96	-21.3	-18.4

Sources: Dow Jones Market Data; FactSet

Public and Private Borrowing

Treasurys

Monday, December 18	Thursday, December 21
Auction of 13 and 26 week bills; announced on December 14; settles on December 21	Auction of 4 and 8 week bills; announced on December 19; settles on December 26
Wednesday, December 20	
Auction of 17 week bill; announced on December 19; settles on December 26	

A Week in the Life of the DJIA

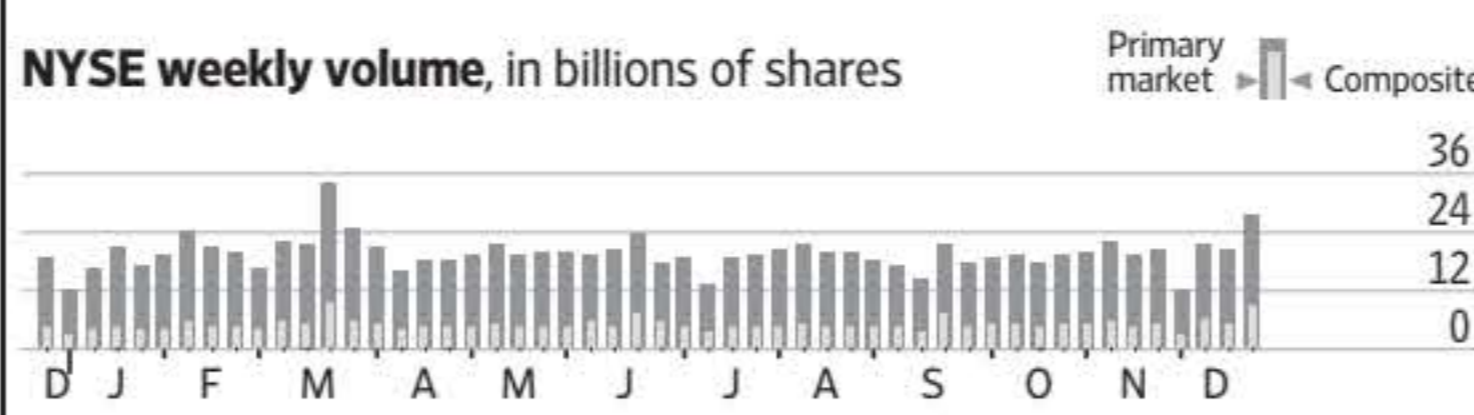
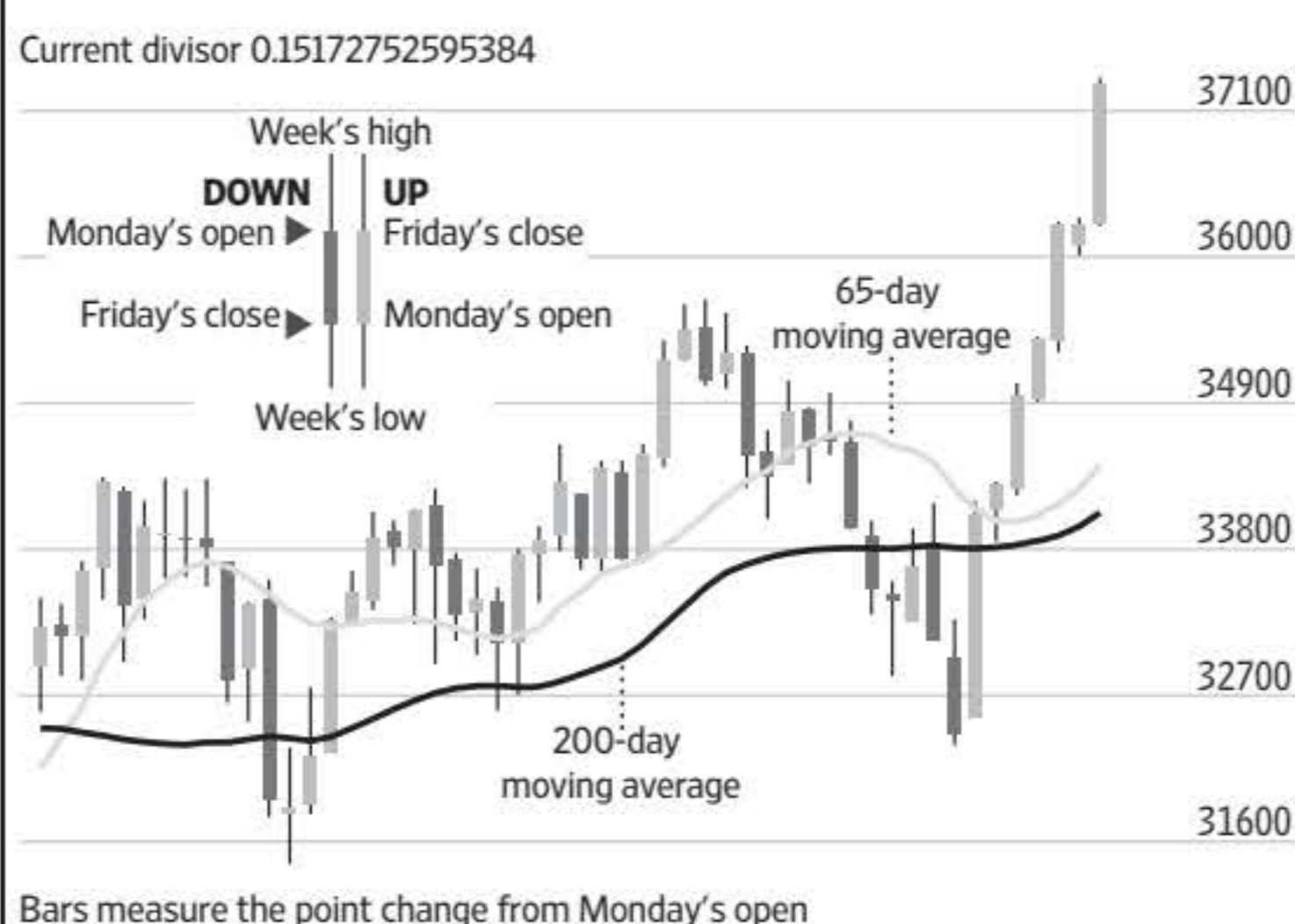
A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 1,057.29 points, or 2.92%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$34,697, or a gain of 15.66%, on the \$30,000 investment, including reinvested dividends.

The Week's Action		Company		Symbol	Close	\$1,000 Invested (year-end '22)
Pct chg (%)	Stock price	Point chg in average	Company	Symbol	Close	\$1,000
10.11	26.24	172.94	Caterpillar	CAT	\$285.74	\$1,217
8.81	2.04	13.45	Walgreens	WBA	25.20	723
8.46	29.68	195.61	Goldman Sachs	GS	380.51	1,143
8.43	27.53	181.44	Home Depot	HD	354.00	1,152
8.30	3.46	22.80	Intel	INTC	46.16	1,788
8.00	19.57	128.98	Boeing	BA	264.27	1,387
7.17	12.08	79.62	American Express	AXP	180.51	1,240
6.52	3.32	21.88	Dow	DOW	54.24	1,134
4.87	5.64	37.17	Nike	NKE	121.55	1,052
4.52	8.79	57.93	Honeywell	HON	203.40	970
4.30	10.79	71.11	Salesforce	CRM	261.60	1,973
4.23	6.71	44.22	JPMorgan Chase	JPM	165.23	1,269
3.49	3.61	23.79	3M	MMM	106.98	946
3.49	5.04	33.22	Chevron	CVX	149.35	865
3.08	1.49	9.82	Cisco	CSCO	49.87	1,079
2.35	6.33	41.72	Amgen	AMGN	275.45	1,085
1.31	1.36	8.96	Merck	MRK	105.11	974
1.25	1.88	12.39	Walmart	WMT	152.74	1,094
0.95	1.86	12.26	Apple	AAPL	197.57	1,529
0.90	2.29	15.09	Visa	V	258.03	1,252
0.86	1.55	10.22	Travelers	TRV	182.81	997
0.69	0.64	4.22	Walt Disney	DIS	93.46	1,079
0.61	1.74	11.47	McDonald's	MCD	287.27	1,115
0.48	0.74	4.88	Johnson & Johnson	JNJ	155.16	905
0.17	0.27	1.78	IBM	IBM	162.23	1,209
-0.02	-0.01	-0.07	Coca-Cola	KO	58.60	950
-0.82	-1.19	-7.84	Procter & Gamble	PG	143.96	974
-0.94	-3.50	-23.07	Microsoft	MSFT	370.73	1,560
-2.30	-0.88	-5.80	Verizon	VZ	37.37	1,019
-3.39	-18.65	-122.92	UnitedHealth Group	UNH	531.12	1,017

*Based on Composite price. DJIA is calculated on primary-market price. Source: Dow Jones Market Data; FactSet.

Dow Jones Industrial Average

37305.16 ▲ 1057.29, or 2.92% last week Trailing P/E ratio 27.00 20.49
 High, low, open and close for each of the past 52 weeks P/E estimate * 20.47 18.20
 Dividend yield 1.97 2.09
 All-time high 37305.16, 12/15/23



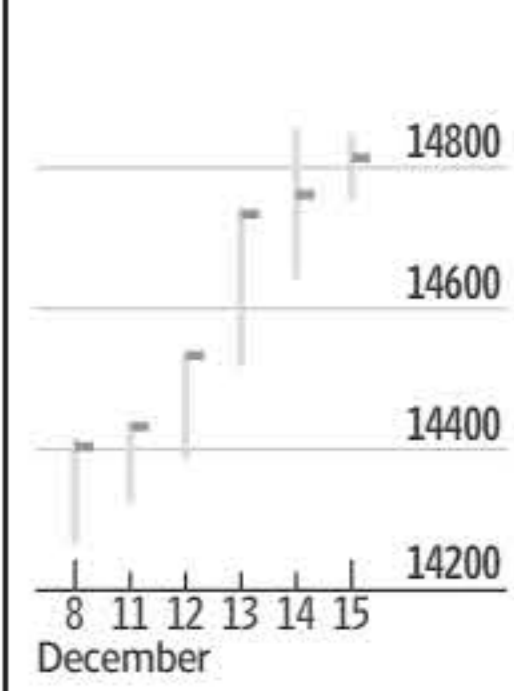
Major U.S. Stock-Market Indexes

Index	High	Low	Latest Week Close	Net chg	% chg	Low	52-Week Close (●)	High	% chg	YTD	3-yr. ann.
Dow Jones											
Industrial Average	37347.60	36231.19	37305.16	1057.29	2.92	31819.14	●	37305.16	13.3	12.5	7.3
Transportation Avg	16131.04	15198.95	16016.11	805.05	5.29	13298.36	●	16695.32	16.6	19.6	8.7
Utility Average	917.78	868.46	881.89	7.87	0.90	783.08	●	1002.11	-8.4	-8.8	0.4
Total Stock Market	47464.97	45851.04	47232.67	1309.39	2.85	37910.34	●	47278.59	22.2	22.6	7.0
Barron's 400	1066.58	1016.86	1060.25	46.99	4.64	881.58	●	1065.55	15.4	15.2	8.1
Nasdaq Stock Market											
Nasdaq Composite	14855.62	14324.57	14813.92	409.95	2.85	10213.29	●	14813.92	38.4	41.5	5.6
Nasdaq-100	16669.77	16061.87	16623.45	538.76	3.35	10679.34	●	16623.45	47.8	52.0	9.7
S&P											
500 Index	4738.57	4593.39	4719.19	114.82	2.49	3783.22	●	4719.55	22.5	22.9	8.5
MidCap 400	2779.45	2629.57	2745.60	113.51	4.31	2326.82	●	2770.93	13.6	13.0	6.3
SmallCap 600	1308.33	1217.06	1290.88	70.67	5.79	1068.80	●	1315.82	11.8	11.5	5.1
Other Indexes											
Russell 2000	2009.08	1870.35	1985.13	104.31	5.55	1636.94	●	2003.18	12.6	12.7	0.4
NYSE Composite	16774.06	16194.93	16609.84	402.08	2.48	14599.05	●	16723.92	10.6	9.4	4.9
Value Line	591.84	559.71	584.56	24.32	4.34	498.09	●	606.49	8.9	9.0	1.1
NYSE Arca Biotech	5384.93	4946.77	5274.00	317.72	6.41	4544.40	●	5644.55	-1.0	-0.1	-3.1
NYSE Arca Pharma	899.52	876.67	882.28	-1.92	-0.22	791.91	●	925.61	2.6	1.7	9.1
KBW Bank	97.08	88.12	95.83	7.20	8.12	71.71	●	115.11	-1.9	-5.0	0.5
PHLX Gold/Silver	126.40	113.44	123.76	5.67	4.80	103.31	●	144.37	5.3	2.4	-4.1
PHLX Oil Service	83.35	77.14	83.03	4.016	5.08	69.29	●	98.76	5.8	-1.0	21.4
PHLX Semiconductor	4161.92	3809.31	4117.00	342.83	9.08	453.49	●	4117	56.2	62.6	14.1
Cboe Volatility	13.14	11.81	12.28	-0.07	-0.57	12.07	●	26.52	-45.7	-43.3	-18.7

Source: FactSet; Dow Jones Market Data

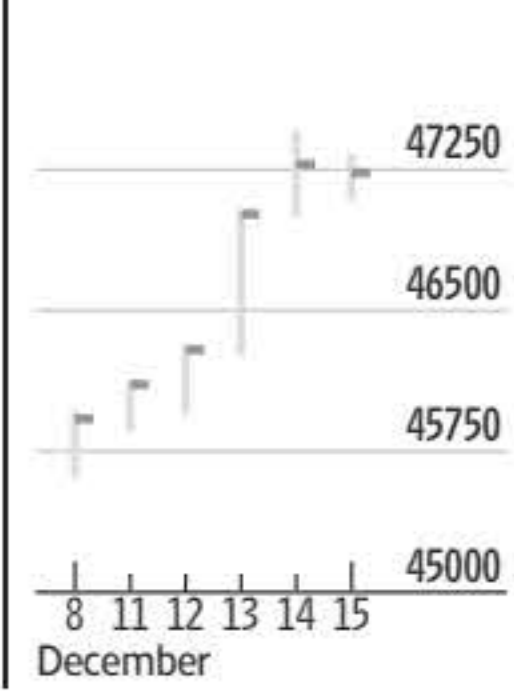
Nasdaq Composite

▲ 409.95, or 2.85% last week



DJ US TSM

▲ 1309.39, or 2.85% last week



International Stock Indexes

Region/Country	Index	Close	Latest Week % chg	Low	52-Week Range	High	YTD % chg
World	MSCI ACWI	716.45	2.60	599.97	●	716.45	18.3
	MSCI ACWI ex-USA	309.84	2.58	276.65	●	314.69	10.1
	MSCI World	3126.14	2.59	2575.16	●	3128.89	20.1
	MSCI Emerging Markets	1000.89	2.65	910.91	●	1052.46	23.0
Americas	MSCI AC Americas	1792.27	2.62	1436.41	●	1793.27	23.7
Canada	S&P/TSX Comp	20529.15	0.97	18737.39	●	20778.80	5.9
Latin Amer.	MSCI EM Latin America	2571.42	3.72	2044.08	●	2586.75	20.8
Brazil	BOVESPA	130197.10	2.44	97926.34	●	130842.09	18.6
Chile	S&P IPSA	3434.34	2.35	3048.00	●	3629.67	8.3
Mexico	S&P/BMV IPC	57130.08	5.03	48197.88	●	57130.08	17.9
EMEA	STOXX Europe 600	476.61	0.92	424.18	●	476.61	12.2
	STOXX Europe 500	4070.63	0.15	3651.83	●	4079.60	11.5
Eurozone	Euro STOXX	476.22	0.80	409.90	●	476.22	16.2
	Euro STOXX 50	4549.44	0.58	3793.62	●	4549.44	19.9
Austria	ATX	3371.39	1.49	3020.72	●	3557.01	7.8
Belgium	Bel-20	3732.72	1.04	3290.68	●	3954.16	0.9
France	CAC 40	7596.91	0.93	6450.43	●	7596.91	17.3
Germany	DAX	16751.44	-0.05	13884.66	●	16794.43	20.3
Greece	Athex Composite	1290.79	1.23	911.85	●	1345.95	38.8
Israel	Tel Aviv	1822.70	1.15	1605.20	●	1902.91	1.4
Italy	FTSE MIB	30373.89	-0.10	23684	●	30427	28.1
Netherlands	AEX	793.13	1.44	689.01	●	794.27	15.1
Norway	Oslo Bors All-Share	1504.40	-0.14	1293.45	●	1537.61	10.4
Portugal	PSI 20	6426.97	-2.13	5689.36	●	6609.90	12.2
South Africa	FTSE/JSE All-Share	75289.86	2.03	69451.97	●	80791.36	31.1
Spain	IBEX 35	10095.60	-1.25	8112.5	●	10258.1	22.7
Sweden	OMX Stockholm	896.81	3.85	753.35			

CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. **NA** signifies that the information is not available or not applicable. **NS** signifies funds not in existence for the entire period. 12-month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Fund (SYM)	NAV	Close/Disc	Ret	Prem	Ttl
ClearBridge MLP & Midst	CEM	42.31	37.04	-12.5	21.6
ChnStrinfr	UTF	22.65	21.59	-4.7	-2.7
Cohen&SteersQualinc	RQJ	12.92	11.89	-8.0	8.3
Cohen&SteersRealEstAnd	RLTY	15.93	13.93	-12.6	10.6
Cohen&SteersTotRet	RFI	11.85	11.67	-1.5	0.8
Cohen&SteersREITPreInc	RNP	20.64	19.65	-4.8	-3.1
Columbia Sel Pm Tech Gr	STK	28.87	31.26	+8.3	37.0
DNP Select Income	DND	8.03	8.60	+7.1	-15.5
Diff&Ph Util&Infra Inc	DPI	NA	9.32	NA	-19.4
EtnVncTxMgdBuyWrtOpp	ETB	14.24	13.10	-8.0	5.8
EtnVncTxMgdBuyWrtOpp	ETV	13.22	12.53	-5.2	9.8
EvTxMnDvsEqInc	ETW	NA	12.04	NA	16.1
EtnVncTxMgdGIB	ETY	NA	7.86	NA	8.3
EVTXMnGblDvEqInc	EXG	8.77	7.76	-11.5	10.6
Ecofin S&S Impact Team	TEAF	NA	11.86	NA	3.7
First Str Energy Inc	FEN	15.72	14.55	-7.4	12.8
First Tr Enhanced Eq	FFA	18.90	17.94	-5.1	21.5
First Tr Energy Infra	FIF	17.24	16.21	-6.0	20.7
First Tr MLP Ener&Infr	FEI	9.32	8.52	-8.6	19.9
Gabelli HealthCare	GRX	11.23	9.13	-18.7	-6.2
Gab Utility	GUT	2.90	6.08	109.7	-1.5
GAMCO Gold&NatRes	GGN	3.93	3.73	-5.1	15.7
J Han Finl Oppty	BTO	30.27	30.90	+2.1	6.8
Neuberger Birm Energy I&I	NML	7.72	6.80	-11.9	10.8
Neuberger Ntl Gen Conn	NBGX	13.50	10.92	-19.1	29.9
Nuv Dow 30 Dyn Overwgt	DIA	10.67	13.96	-13.1	-2.3
Nuv CorEqAlpha	JACE	13.13	13.26	+1.0	4.7
Nuv Nasdaq 100 Dyn Ovr	QQQ	24.38	23.09	-5.5	16.5
Nuv Real Est	JRS	8.76	7.69	-12.2	8.3
NuvS&P500DvYf	SPXX	16.13	14.96	-7.3	-1.4
NuvS&P500Buyfnd	BXMX	13.84	12.67	-8.5	9.0
Reaves Utility Income	UTG	26.62	26.91	+1.1	0.9
Tortoise Energy Infra Cpt	TEG	35.22	28.46	-19.2	-2.3
Tortoise Midstream Energy	NTG	NA	33.74	NA	7.3
VDivInt&PremStr	NFJ	NA	12.19	NA	16.9
V Art Int&Tech Opps	AI	NA	17.35	NA	16.8

Fund (SYM)	NAV	Close/Disc	Ret	Prem	Ttl
AdvmCntrlBt&Infr	AVK	12.45	11.03	-11.4	7.5
CalamosConvHi	CHI	10.64	11.22	+5.5	11.1
CalamosConvOp	CHY	10.07	10.29	+2.2	5.2
V Conv & Inc	NCV	NA	3.33	NA	7.5
V Conv & Incl	NCZ	NA	3.29	-12.4	12.5
V Div Inc & Conv	ACV	NA	20.04	NA	11.5
V Eqty & Conv Inc	NIE	NA	20.69	NA	25.4

Fund (SYM)	NAV	Close/Disc	Ret	Prem	Ttl
Ares Dynamic Crd Alloc	ARDC	NA	13.37	NA	10.4
BlackRock Mt-Sctr Bitt	BIT	14.59	15.35	+5.2	9.8
BlackRock Tax Muni Bdt	BBN	18.04	16.46	-8.8	7.5
DoubleLine Opp Crd Fd	DBL	14.80	15.37	+3.9	8.9
EVLMntDurInc	EVV	NA	9.64	NA	11.0
Franklin Ltd Dur Income	FIV	7.11	6.30	-11.4	11.5
JFH Investors	JHI	14.34	12.89	-10.1	6.9
MFS Charter	MCR	6.95	6.34	-8.8	0.0
NuvCorePlusMact	NPT	11.86	10.15	-14.4	10.9
Nuveen Taxable Muni	NBB	17.43	15.77	-9.5	5.6
PIMCO Corp & Inc Oppty	PTY	11.14	13.42	+20.5	11.4
PIMCO Corp & Inc Strat	PCN	11.44	12.44	+8.7	12.2
PIMCO Hilo	PHK	4.60	4.89	+6.3	12.3
PIMCO IncnStrFid	PFI	8.00	8.29	+3.6	12.1
PIMCO IncnStrFid II	PFN	7.04	7.18	+2.0	12.5
Putnam Prem Inc	PPT	3.85	3.61	-6.2	9.0
Western Asset Dvif Inc	WDI	NA	14.08	NA	11.0

Fund (SYM)	NAV	Close/Disc	Ret	Prem	Ttl
General Equity Funds					
Alternative Strategies I	17.54	NA	NA	-3.6	
First Trust Hdg Strat	10.06	NA	NA	N	
First Trust Hdg Str	10.06	NA	NA	N	
Specialized Equity Funds					
Accordant ODC Index	NA	NA	NA	NS	
Accordant ODC Index Y	NA	NA	NA	NS	
Accordant ODC Index Z	NA	NA	NA	NS	
Apollo Diversified REA	25.87	NA	NA	-3.2	
Apollo Diversified REC	24.31	NA	NA	-3.9	
Apollo Diversified REI	26.42	NA	NA	-3.0	
ARK Venture	26.22	NA	NA	47.6	
ArrowMark Financial Corp	BANK	NA	19.97	NA	NA
BlueRock Total Inc REA	30.31	NA	NA	-12.1	
BlueRock Total Inc REC	28.22	NA	NA	-12.8	
BlueRock Total Inc REI	31.13	NA	NA	-11.9	
BlueRock Total Inc REI	29.82	NA	NA	-12.3	
BlueRock Total Inc REM	28.37	NA	NA	-12.5	
CBRE Global REIT	IGR	6.13	5.30	-13.5	8.2
CIM RASC A	23.85	NA	NA	-0.5	
CIM RASC C	23.22	NA	NA	-1.2	
CIM RASC I	24.06	NA	NA	-0.2	
CIM RASC L	23.62	NA	NA	-0.8	
Clarian Partners REI D	11.90	NA	NA	0.0	
Clarian Partners REI I	11.91	NA	NA	0.2	
Clarian Partners REI S	11.91	NA	NA	-0.6	
Clarian Partners REI T	11.88	NA	NA	-0.7	
Forum RE Income	9.36	NA	NA	NS	
NexPoint REI Strat A	17.37	NA	NA	-9.1	
NexPoint REI Strat C	17.58	NA	NA	-9.7	
NexPoint REI Strat Z	17.60	NA	NA	-8.9	
PIMCO Flexible REI Inc	10.36	NA	NA	9.5	
PREDEX I	25.45	NA	NA	-13.1	
PREDEX T	25.56	NA	NA	-13.3	
PREDEX W	25.56	NA	NA	-13.3	
Principal Real Asst A	25.22	NA	NA	1.5	
Principal Real Asst Ins	25.32	NA	NA	1.8	
Principal Real Asst Y	25.57	NA	NA	2.0	
Redwood REI St	25.11	NA	NA	NS	
The Private Shares A	38.44	NA	NA	-8.0	
The Private Shares L	39.06	NA	NA	-7.7	
The Private Shares S	37.85	NA	NA	-8.2	
ThirdLine Real Estate	10.21	NA	NA	7.8	
USQ Core Real Estate	24.73	NA	NA	-11.7	
USQ Core Real Estate S	24.73	NA	NA	-11.6	
Versus Cap Mgr RE Incl	26.27	NA	NA	NE	
Versus Capital Real Asst	27.70	NA	NA	4.8	
Wildermttl	8.73	NA	NA	-31.9	

Fund (SYM)	NAV	Close/Disc	Ret	Prem	Ttl
Invesco Sr Loan C	NA	NA	NA	11.2	
Invesco Sr Loan B	NA	NA	NA	12.2	
Invesco Sr Loan C	NA	NA	NA	12.1	
Invesco Sr Loan Y	NA	NA	NA	12.2	
Lord Abbett FR HI Incl	10.22	NA	NA	NS	
Lord Abbett FR HI Incl	10.22	NA	NA	NS	
Monarch Credit Income	10.09	NA	NA	NS	
Nomura Alt Incl	10.48	NA	NA	NS	
OPF Credit Company	OCI	NA	6.47	NA	NA
SEI Alternative Income	10.14	NA	NA	NS	
SEI Alternative Income Y	10.15	NA	NA	NS	
Yieldstreet Alt Inc	NA	NA	NA	8.5	

Friday, December 15, 2023

Fund (SYM)	NAV	Close/Disc	Ret	Prem	Ttl
General Equity Funds					
Adams Diversified Equity	ADX	20.33	17.34	-14.7	27.4
Central Secs	CEF	46.31	37.76	-18.5	17.0
Cohen&Steers CEE Opp Fd	FOT	10.72	11.32	+3.7	13.8
EVTX Adv Div Inc	EVT	NA	22.05	NA	1.7
Gabelli Div&Vnc Tr	DV	25.06	21.16	-15.6	9.0
Gabelli Equity Tr	GAB	5.07	5.09	+0.4	0.9
General Amer	GAM	51.24	42.17	-17.7	24.0
JHancock Tax Adv Div	HTD	21.21	18.75	-11.6	-11.7
Liberty All-Star Equity	USA	6.67	6.25	-6.3	17.2
Royce Micro-Cap Tr	RMT	10.12	8.95	-11.6	12.3
Royce Value Trust	RV	16.06	14.05	-12.5	11.3
Source Capital	SOR	43.61	40.19	-7.8	15.6
SPROTT Focus Fund	F80	7.90	9.00	-10.2	5.8
SRH Total Return	STEW	17.18	13.82	-19.6	14.1
Tri-Continental Ty	32.31	28.45	-11.9	14.5	

Fund (SYM)	NAV	Close/Disc	Ret	Prem	Ttl
abrdn Gbl Prem Prop	AWP	4.28	3.88	-9.3	7.4
abrdn Global Infra Inc	ASGI	20.82	19.57	-13.8	10.6
Adams Natural Resources	PEO	24.72	20.58	-16.7	4.3
ASA Gbl & Prec Met Ltd	ASA	17.18	15.22	-11.4	6.9
BR Enh C&I	CHI	19.44	18.71	-3.8	19.1
BlackRock Energy & Res	BGR	13.97	12.20	-12.7	7.3
BlackRock Enh Div	BDJ	8.68	7.79	-10.3	0.1
BlackRock ESG Cap All T	ECAT	17.86	16.06	-10.1	29.3
BlackRock Hth S&S Term	BMEZ	15.52	14.53	-17.1	3.7
BlackRock Hth S&S	BME	41.48	39.02	-5.9	-3.1
BlackRock Innov&Go Trm	BIGZ	8.97	7.45	-16.9	19.9
BlackRock Res & Comm	BCX	10.37	8.89	-14.3	-2.2
BlackRock Sol&Tech Trm	BSTZ	21.31	19.67	-20.4	14.0
BlackRock Sol&Tech	BST	34.44	33.92	-1.5	21.4
BlackRock Util H& Pwr	BUI	22.20	21.19	-4.5	6.3
CLEARBRIDGE ENRG MDS OPP	MEU	36.84	33.35	-9.5	25.7
CLEARBRIDGE ENRG MDS STR	CTR	38.23	33.55	-12.2	28.7

Fund (SYM)	NAV	Close/Disc	Ret	Prem	Ttl
abrdn Gbl Div	AGD	10.95	9.39	-14.2	7.9
abrdn Tot Div Dyn	AOD	9.49	8.08	-14.9	9.8
Allspring GI Div Oppty	EOD	4.96	4.28	-13.7	4.8
BlackRock Cap Alloc	BKAC	17.08	14.81	-13.3	16.6
Calamos Gbl Dyn Inc	CHW	6.63	5.76	-13.1	10.2
EV TX Adv Gbl Div Inc	ETG	19.30	16.98	-12.0	18.3
EtnVncTxAdvOpp	ETV	25.96	23.32	-10.2	16.7
Gabelli Multimeda	GGT	3.62	5.50	+51.9	17.0
GDL Fund	GDL	10.16	8.01	-21.1	6.8
Highland Global Alloc	HGLB	NA	8.18	NA	2.0
India Fund	IFN	17.61	18.07	+2.6	32.4
Japan Smaller Cap	JOF	9.32	7.55	-19.0	18.4
Lazard Gbl TotRet Inc	LGI	17.57	15.06	-14.3	9.6
Mexico	MXF	NA	18.77	NA	33.2
Miller/Howard High Inc	CHE	NA	10.46	NA	7.6
MS China HRF	CAF	NA	12.21	NA	-12.8
MS India	IIF	26.51	21.35	-19.5	19.0
MS CBRE Gln Mgr Trm	MEI	15.40	12.96	-15.8	3.7
Nuveen RI Assct Inc	GRO	13.47	11.60		



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MARKETS

State Official at Hub of Insurance Crisis

Lara said climate change was a threat in California, then insurers departed

By JEAN EAGLESHAM

When he campaigned to be California's insurance commissioner, Ricardo Lara warned about the risk of climate change. Insurers agreed, so they tried to jack up rates and cut back on coverage.

When Lara blocked their rate increases, insurers, including Allstate, State Farm and Farmers Insurance, stopped or restricted new home-insurance business. That put Lara in the middle of the biggest insurance crisis in the country.

"For many Californians, this is an insurance emergency," Lara told state legislators this week.

Insurers have lost billions in California because of wildfires and other climate-related disasters. The state also has some of the strongest rules in the country that protect customers from big rate increases. The two have come into conflict, leaving homeowners in some parts of the state unable to get affordable coverage.

With his pledge to "defend all Californians from the threat of climate change" seemingly in tatters, the 49-year-old regulator is trying to make deals to bring insurers back to the

state.

"This is a no-win situation—it's a question of what Lara is willing to settle for," said Ellen Carney, an insurance analyst at research firm Forrester Research. "I would hate to be a state regulator."

"Making insurance more available is becoming critical for our entire economy," Lara said at a fall news conference. He declined to comment for this article.

Lara faces a make-or-break year as he races to woo back the insurers. His approach could influence other state regulators wrestling with their own insurance no-go areas.

His plan would require insurers to write a number of policies in "distressed" fire-prone areas. In return, insurers would get much of their wish list, including a promise of faster decisions on rate requests.

Lara's fight with insurers was driven in part by the Golden State's tough consumer-protection laws. Insurers need state approval for rate increases, and increases of 7% or more can require a public hearing. That can add delays and costs for insurers.

Many are now seeking far bigger increases to home-insurance rates. Allstate, for example, is asking for a 40% hike. State Farm has requested a 28% increase.

Another reason insurers have left is that California is



California insurance commissioner Ricardo Lara.

the only state that doesn't allow them to use catastrophe models that predict future losses in setting home-insurance rates. And it doesn't let them pass through the cost of reinsurance, which is insurance bought by insurers to limit their risks. Premiums have been surging amid climate-related losses.

Under Lara's plan, insurers will be able to base their rates on predicted future losses, rather than only relying on the past. Lara said his officials also are looking at how to allow insurance companies to pass the cost of buying reinsurance through to policyholders. Lara said he had changed his mind on wildfire forecasts because "we can no longer rely on historical data."

Consumer advocates are

worried. They fear insurers will use a "black box" of opaque algorithms, forecasting future fire losses, to send rates skyrocketing. "Lara [has] pretty much decided to coddle the insurance industry at the expense of the public," said Harvey Rosenfield, the founder of Consumer Watchdog.

The insurance commissioner has hit back at Rosenfield's group, saying it makes millions of dollars in fees from the current rates-approval system. The state's rules allow consumer representatives to intervene in rate decisions, and to be compensated for the cost of this advocacy. "Throwing bombs is easy," Lara said at the fall news conference. "Bombastic statements from entrenched interest groups [do] not benefit anyone."

Lara last week warned rates are set to rise. "Will Californians see increased insurance costs in the future? The only realistic answer is yes," he said. "Increasing availability of insurance is how we will protect affordability."

The lack of insurance in some areas has led homeowners to buy bare-bones policies from the California Fair Plan, the state's insurer of last resort. The number of policies in the plan has more than doubled since 2018.

Insurers have been noncommittal on Lara's plan. "I really don't think there are enough details available to evaluate...whether it's a net positive or not and what actions to take as a result," Michael Klein, head of personal insurance at Travelers, said on an earnings call in the fall.

Many in the industry privately blame Lara for keeping rates too low for too long, saying the crisis illustrates the downside of having a regulator beholden to voters. California is one of 12 states where the insurance commissioner is elected rather than appointed. "[Lara's] political calculus was that people want insurance rates to be low...the reality is, what consumers really want is insurance to be available to them," said Neil Allredge, chief executive of industry body the National Association of Mutual Insurance Companies.

Lara was seen as a rising political star when he campaigned to be insurance commissioner after serving in the state legislature. The son of undocumented Mexican immigrants, Lara became California's first openly gay statewide elected official when he took office in January 2019.

Early in his tenure, it emerged Lara had accepted donations from insurance executives, breaking a campaign vow. He also accepted free tickets to a Beyoncé concert from a fossil-fuel company. Lara apologized and pledged in future to meet the "highest ethical standards." The bumpy first term led to a tight re-election race in 2022.

Now Lara needs to win over voters anew if he is to gain another office when his current job terms out in 2026. The commissioner is considering a run for lieutenant governor of the state, along with many fellow Californian Democrats.

His successor might find life even harder. The proposed new rules, allowing insurers to set prices according to predicted future catastrophes, will likely take years to translate fully into rates charged to consumers. The plan is "not going to be in full effect until after Lara has termed out," said David McCuan, a political-science professor at Sonoma State University.

—Christine Mai-Duc contributed to this article.

China Shift Hits Tourist Retailers

Continued from page B1
travel-retail segments. Luxury companies such as France's LVMH have been downgraded by analysts, including Barclays, because of softer demand from Chinese consumers.

In late November, the luxury department store Harvey Nichols—which sells brands such as Oscar de la Renta, 3.1 Phillip Lim and REDValentino, along with beauty lines such as Chanel and some of Estée Lauder's products—said it would be closing one of its two stores in downtown Hong Kong.

"Chinese tourists coming to Hong Kong are no longer focused on shopping as they used to be before the pandemic," Dickson Concepts, the operating company for Harvey Nichols, said in a regulatory filing. This "has now been proven...despite the reopening of the borders in February," it said.

The company also pointed to the significant growth of e-commerce during the pandemic, the rapid development of the luxury brands' presence in China and the narrowing of price differences between China and Hong Kong—a trend mirrored in other favorite Chinese-tourist destinations.

Estée Lauder said it expects travel retail to continue reaching new consumers globally in the long term. Shiseido and LVMH didn't respond to requests for comment. Dickson Concepts declined to comment.

Yu Jin Huan, a 24-year-old



Social-media apps such as Xiaohongshu have changed how many mainland Chinese visitors shop in destinations including Hong Kong, at right.

export executive from Guangdong province, was on a day trip to Hong Kong on a recent Saturday. Armed with advice from Xiaohongshu, the social-media app, she and a friend were posing for photos along the waterfront in the city's Kennedy Town neighborhood. The spot has become so popular with tourists—some step into traffic to get the perfect shot of the sunset—that the government put up signs along the road: "Do not stay and take photos on carriageway. Offenders are liable to prosecution."

Like many tourists from the mainland these days, Yu is less interested in shopping and more interested in "punching in," or "daka" in Mandarin—a term many use to represent the bingolike drive to visit as many trendy spots as possible. For many tourists, sometimes armed with professional cameras, getting that image of themselves in a coveted destination has become the ultimate



souvenir.

"I can buy anything I want online in China," said Yu, who used to come to Hong Kong on day trips just to buy cosmetics. "Now I'm seeking different things on my trips—I want to get an authentic experience." After taking their waterfront photos, Yu and her friend were planning to go on one of many city walks recommended by the app.

Social-media apps such as Xiaohongshu have played an important role in shaping the behavior of young, relatively wealthy and educated tourists, said Jian Lin, a media scholar who studies digital platforms and cultures at the Chinese University of Hong Kong. Lin himself has visited the app to find interesting places and ca-

fes, using it on a recent trip to Dali, a cultural city popular with tourists in China's southwestern Yunnan province.

On Xiaohongshu, which also features beauty, pets and relationship advice, influential users pose for photos in famous places. Shopping, though, is no longer as popular a traveling activity, data show.

Young Chinese travelers have emerged as the main force in outbound tourism, taking the lead in shaping the preferences and consumption patterns of the market, said Subramania Bhatt, who heads up China Trading Desk, which tracks travel data through its own quarterly survey.

Around 63% of the travelers are under 40 years old, according to the company's data,

while its most recent survey suggests that there is a growing inclination toward creating personal travel narratives—and that shopping is taking a back seat.

Part of that is related to a weakened Chinese economy that is digging into discretionary budgets, while many Chinese are increasingly shopping at home, Bhatt added.

Some signs point to the appetite for travel coming back. During the recent Double 11 shopping festival, more than 400,000 ticket packages—including all-you-can-fly passes and nearly 2.5 million accommodation packages—were sold, according to Fliggy, a travel platform owned by Alibaba Group. Fliggy particularly highlighted the prefer-

ences toward more-flexible travel options.

While domestic sales in China for the luggage maker Samsonite have accelerated in recent months, purchases by Chinese tourists abroad—for example, those buying luggage in Europe to bring home their shopping hauls—are still catching up.

Based on data Samsonite tracks, including credit-card information on country of origin of purchases at its stores, the company estimates that Chinese outbound travel is still about 50% of pre-pandemic levels.

Samsonite expects sales from these customers to continue rising, in recent months launching its biggest ad campaign in cities across China.

Former Shale CEO Goes Green

Continued from page B1
during oil-and-gas slumps during the past several years. Others are selling assets now that share and fuel prices are higher, amid industrywide consolidation.

In the past, oil-and-gas entrepreneurs who closed one drilling venture often started another. Today, money has gotten tight for many new fossil-fuel projects in the U.S. as the productivity of wells wanes and climate-conscious investors shy away, industry executives say. Although many big fossil-fuel companies are spending billions on acquisitions to increase production, the amount of money private investors are committing to funds that invest in oil-and-gas-related assets has roughly halved so far this year versus a

recent peak of \$102 billion in 2016, according to investment data tracker Preqin.

"The capital available for new oil-and-gas businesses is significantly more discriminating and there's a lot less of it," says Dan Pickering, chief investment officer at Houston-based energy investment and advisory firm, Pickering Energy Partners.

Concerns over climate change are also lessening the attractiveness of the oil-and-gas industry. In the U.S., around 235,000 fewer people were employed in activities that pump oil and gas out of the ground early this year than during the shale-boom peak in 2014, a 38% drop, according to Bureau of Labor Statistics figures.

Though the share prices of many renewable companies have suffered lately, green energy continues to attract investment. Private investors put

nearly five times as much money into renewable energy this year through November as they did into conventional energy, Preqin found.

Sanchez's current business, OneNexus, is staffed largely by oil-and-gas veterans. But unlike his drilling outfit, the new company has no debt, he says. So far, it has been funded by millions of dollars in personal savings, he says.

OneNexus offers oil producers policies that pay out only when their wells are capped, ensuring the companies have money set aside to do that, says Sanchez. The rates are determined by actuarial models that were adapted from human life-insurance calculations, and the policy is structured to survive even if the oil producer, or OneNexus, goes bankrupt, he says.

Drillers in Texas are legally required to set aside money to

cap wells, but the amount is typically far short of what is needed and the number of orphaned wells continues to grow.

It would have been impossible a decade ago to convince oil producers they should buy insurance policies for aging wells, but the growing attention to clean energy is changing things, Sanchez says. During the past few years, "there has been a change worldwide around ESG, sustainability, transition," he says. "I think that our industry is more ready for it today than it was 15 years ago."

Many former fossil-fuel executives are heading to new-energy businesses where a lot of the funding and excitement is, says Les Csorba, a partner in recruitment firm Heidrick & Struggles who focuses on the energy industry.

"You follow the money," he says, rattling off examples of oil executives who have defected to clean-energy startups. "The capital over the last four or five years has been flowing to new-energy startups."

There is a groundswell of oil-and-gas producers who want to stop what they are doing and get into cleaner-energy businesses, says Martijn Dekker, a 25-year veteran of Shell who last year set up a company that proposes to help owners do just that.

Dekker's firm, ZeroSix, would help shutter marginally producing wells early by selling carbon offsets tied to the amount of emissions they would have generated had they stayed open. More than 30 companies are interested, he says.

Take On the Week: Spending Data May Offer Insight on Inflation



Scan this code for a podcast on this week's personal consumption expenditures report, or PCE, the Fed's favored measure of inflation. Plus, a look at FedEx, which is expected to release earnings this week.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Tesla's Self-Driving Tech Has Competition

Gradually improving driver-assistance features is the right way to make cars autonomous, but the EV pioneer is far from alone

A mass recall of Tesla's Autopilot feature and crisis at General Motors' autonomous-taxi business might give the impression that self-driving cars have hit a roadblock. In fact, the technology is on the cusp of much wider adoption. Just don't expect it to change your life immediately—or the economics of making cars.

Last Wednesday, the National Highway Traffic Safety Administration recalled more than two million Teslas equipped with Autopilot, which steers them automatically and matches their speed to surrounding traffic. But the news wasn't as bad as the number makes it sound, either for Tesla's profit or for its driver-assistance technology.

The flaw identified by the regulator was with the security measures used by the company to ensure its human drivers keep their hands on the wheel, rather than with the automated driving functions themselves. Monitoring will be beefed up via an over-the-air update that can be delivered at virtually no cost.

The only damage is reputational: The news was a reminder that Tesla's technology is still far from the autonomous dream Chief Executive Elon Musk has long promised.

The problem at GM's Cruise, which was previously running a "robotaxi" service in San Francisco, is more serious. The company fired almost one-quarter of its staff on Thursday amid drastic cuts. California's Department of Motor Vehicles revoked Cruise's self-driving license in October following an accident that highlighted technological and cultural weaknesses, forcing it to halt operations and hit the brakes on its growth plan.

Tesla and Cruise have been approaching self-driving technology from opposite angles: Vehicles with incrementally better driver-assistance features on the one hand; fully driverless taxis on the other. The latter approach received a lot of attention and some sky-high private-market valuations a few years ago, but the former route is now firmly in favor.

Last year Ford Motor canceled its robotaxi project Argo and hired some of the unit's staff to help with BlueCruise, a peer to Tesla's



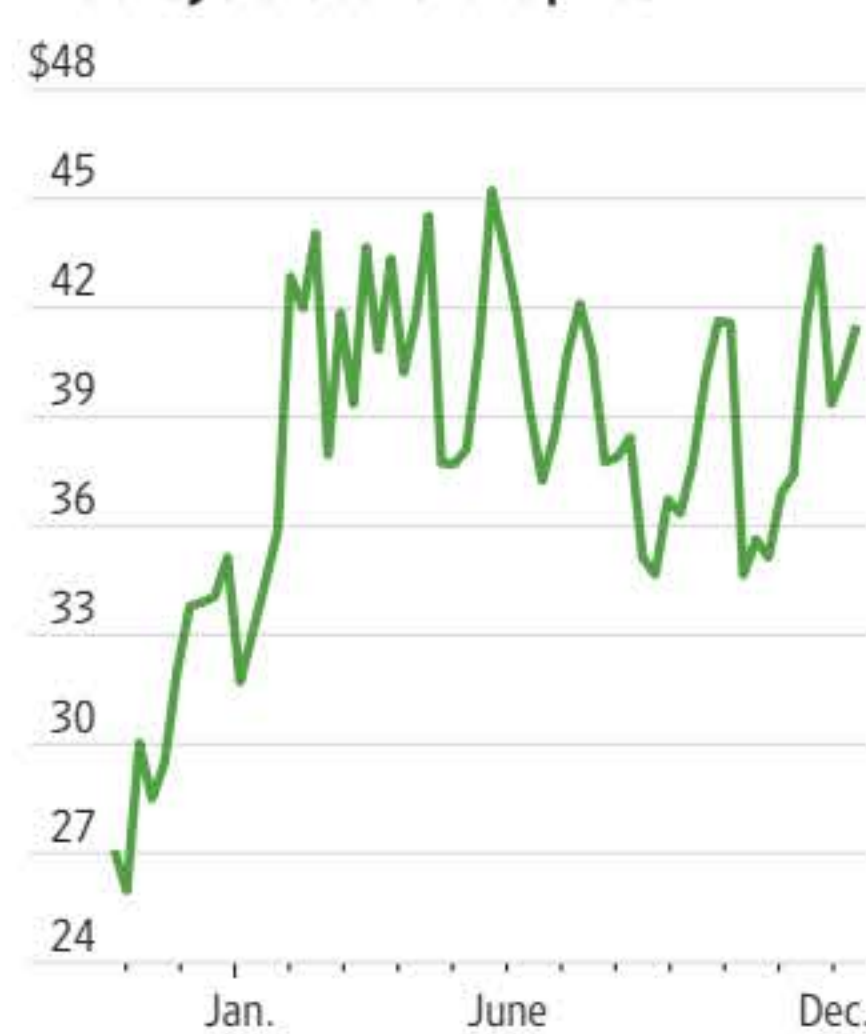
Tesla and GM's Cruise have taken opposing approaches to self-driving technology, even as Ford, Waymo and Mobileye work on their own solutions.

Autopilot. Industry leader Waymo is still plugging away because its majority owner Alphabet can just about afford it. For most, though, robotaxis are too uncertain a bet to warrant the vast expense of mastering driverless technology without selling something else along the way.

The momentum on the other route to potential autonomy can be seen in the share price of Mobileye Global, a pioneer of driver automation that was bought by Intel in 2017 and spun out again last year via a minority initial public offering. The stock is now roughly double its IPO price.

A lot of traditional carmakers seem interested in Mobileye's self-driving package, SuperVision, which competes with Tesla's Autopilot and its upgraded version, Full Self-Driving. Like FSD, SuperVision can do most things a human driver can, while also needing constant monitoring. Mobileye launched the technology with Chinese brand Zeekr last

Mobileye Global share price



Source: FactSet

year, and Porsche has since signed up. Next year the Israeli company should bring more automakers on board while also—crucially in this business—turning a profit on standard driver-assistance features.

Like Tesla with FSD, Mobileye

expects SuperVision to lead eventually to a genuinely autonomous system that won't need so much monitoring.

To achieve this, the supplier would add an additional layer of sensors and computing power but still hopes to deliver the package for under \$6,000 in 2025. Tesla's technological approach is different: Musk is counting on artificial intelligence rather than extra sensors to deliver a breakthrough—a solution that could be cheap to deliver via over-the-air updates if it actually works. Any system that takes responsibility away from the human driver will require a lot of regulatory proofing.

Whatever the prospects for greater autonomy, cars that drive themselves under human supervision are taking off. The caveat for investors is that they might not be huge money spinners. Tesla charges \$12,000 for its FSD package, partly based on the promise that it will be upgraded to something more revolutionary, but the

company might not be able to maintain the premium as more comparable products hit the market. It already reduced the price from \$15,000 in September.

As a comparison, Mercedes-Benz this year got regulatory permission from California and Nevada for a self-driving system that can navigate motorway traffic jams without the attention of the driver—arguably a step up from Tesla's technology, albeit a small one. It will charge \$2,500 for the option on its 2024 S-Class and electric EQS models.

Historically, technology always comes down in price as it has spread through the automotive ecosystem. There is no reason to think self-driving features will be different.

Their gradual normalization will be a boon to highway drivers and to specialist suppliers such as Mobileye. To automakers, though, it might become just another cost of keeping customers.

—Stephen Wilmot

MARKETS

Fed Instant-Payments Network Struggles to Ramp Up

By Andrew Ackerman

WASHINGTON—There is a joke in banking circles that few things have moved as slowly as the adoption of instant payments in the U.S.

FedNow? More like Fed-Later.

Roughly five months after the Federal Reserve launched its instant-payments system, called FedNow, the number of lenders plugged into the network has risen to more than 300 from about 35. Fed officials say FedNow has early momentum, but they acknowledge it will still take years before instant payments become widely available.

"The right way to think about this is over the very long term," Michael Barr, the Fed's point man on bank supervision, said at a recent industry conference.

Fed officials have spent years discussing how to upgrade U.S. payments. A widely used but much slower system for moving money between banks is closed on weekends and can at times take several days before consumers can access their money. Last year that older system, operated by both the Fed and a private group, handled 30 billion payments, valued at close to \$73 trillion. Though generally reliable, it has had some hiccups: A November snafu delayed the delivery of about 900,000 payments worth a total of about

\$2 billion on a Friday payday.

For millions of Americans facing deadlines to pay rent or bills, getting a payment immediately compared with a wait of a day or two is crucial. But when it comes to real-time payments, the U.S. is behind some other major economies, experts say. The U.K., China, India and Brazil already developed instant-payments networks, some of which are privately operated while others are run by central banks.

FedNow is Washington's answer to the problem. The \$545 million system is intended to allow bill payments, paychecks, and other common consumer or business transfers to be available quickly and around the clock. It competes with a similar real-time payments network launched by big banks in 2017, which has taken years to get off the ground and still processes a much smaller volume of payments than the older, slower system.

The Fed declined to release data about use of FedNow, which consumers don't interact with directly. The more than 300 banks it has said are using the platform represent a fraction of the roughly 9,000 U.S. banks and credit unions. Some are tiptoeing onto the service, allowing customers to receive, but not send, instant payments, according to bank and Fed officials.

Some of the biggest U.S.

banks, such as JPMorgan Chase and Bank of New York Mellon, have signed up. Others are taking longer. The CEOs of Citi and Bank of America both told lawmakers at a Dec. 6 Senate hearing that they were preparing to join the network in the coming months.

A representative of one large bank described the behind-the-scenes work to build out a connection to a new payments rail as complex, time-consuming and expensive. In addition to the connection to the system, banks must develop "user experience" software, fraud controls and other systems.

Barr said last month that any payments innovation, from the development of bank notes to the rise of checks in the 1700s, takes a long time to catch on. "Once that network gets built and you have scale, then it really takes off and everybody assumes it's been that way forever," he added.

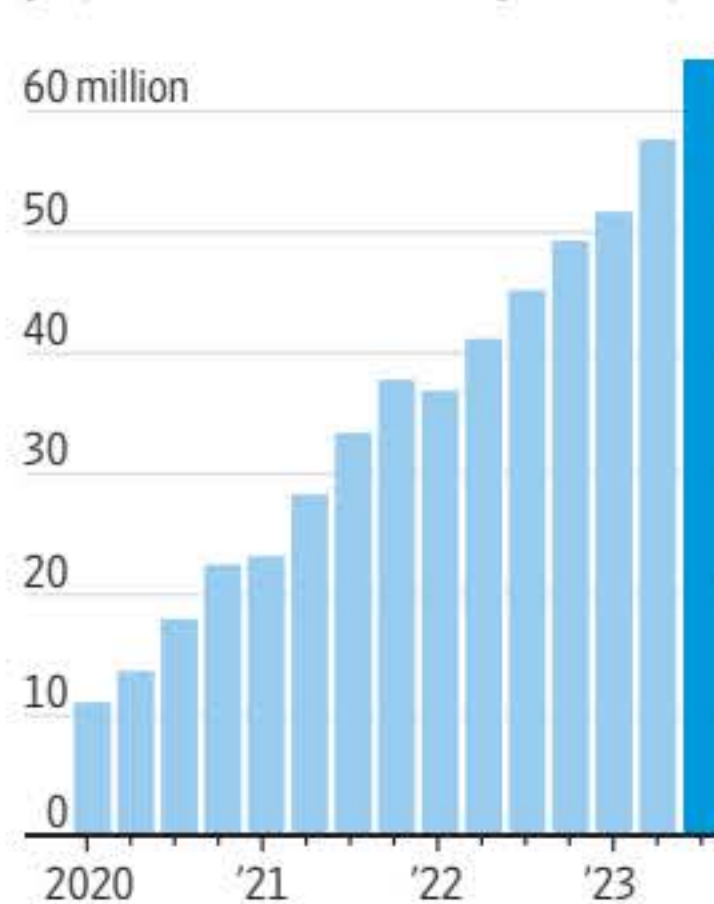
An entire section of the financial-services industry, including payday lenders and check-cashing stores, fills the gaps between when consumers must make payments for rent or electric bills and when their paychecks clear. They effectively offer bridge loans at high interest rates that prevent even more expensive utility shut-offs and overdraft fees.

Peer-to-peer platforms such as Zelle and Venmo appear to transfer money quickly between consumers, but they have typically settled on a slower payment system, which means it can take days



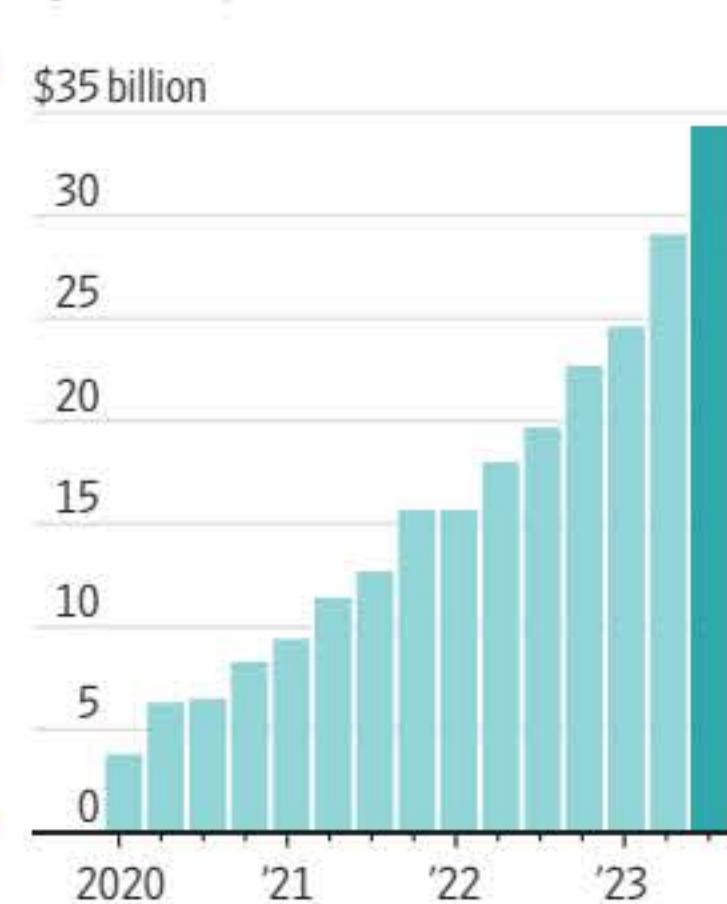
Michael Barr leads the Fed's bank supervisory efforts.

Volume of transactions on private sector's real-time payments network, quarterly*



*The Fed hasn't released usage data for competing FedNow system. Source: The Clearing House

Value of real-time transactions on private-sector network, quarterly



for the money to reach consumers' bank accounts. Instant payments are available on some of these platforms, albeit at a fee.

"The lack of a real-time payments system has cost consumers—especially those living paycheck to paycheck—bil-

ions of dollars in fees," Sen. Chris Van Hollen (D., Md.), said in a statement, urging faster adoption of FedNow.

Christopher Murphy III, the president, chairman and CEO of 1st Source Bank, an \$8.5 billion lender in South Bend, Ind., said real-time payments

are critical to the long-term competitiveness of community banks. So far, his firm has "on-boarded" only about 80 to 90 clients, he said, in part to make sure the bank's fraud controls are strong before marketing instant payments more widely.

"This is a major transitional period and we want to do it right for our customers," Murphy said.

Clients are using FedNow for payroll, intracompany transfers and other purposes, he added. Some trucking companies have used it to more quickly reimburse drivers for expenses while on the road, while online sports-betting companies have used it to rapidly send winnings to their customers.

Big banks, which spent more than \$1 billion on their own real-time payments system, lobbied to stop the Fed from developing FedNow, which would compete with their network. The prospect of a Fed system inadvertently delayed the spread of faster payments, industry officials have said.

RTP, the faster-payments network created by large banks in 2017, now has more than 450 banks connected to its network. Nearly half joined in 2023 and the pipeline grew significantly after July's launch of the Fed's system, according to The Clearing House, which operates RTP.

"It's no secret that we've seen more interest in real-time payments since FedNow went live," said Gregory MacSweeney, a spokesman for The Clearing House.

JOURNAL REPORT | YEAR IN REVIEW



The Fed's Jerome Powell has been calling the shots for the economy and financial markets.

THE ECONOMY

What Grade Does the Fed Get for 2023?

Amid all the uncertainty, the Federal Reserve did some things right, after doing some things wrong

BY ROGER W. FERGUSON JR.

THE PAST two years—2022 and 2023—will long be remembered as two of the most consequential years in monetary policy and macroeconomics.

Few economists would have written this script ahead of time. The two years featured an unprecedented, aggressive tightening of monetary policy by the Federal Reserve. Starting at effectively 0%, the Federal Reserve raised the target federal-funds rate, the overnight rate that it controls most directly, to 5.25%-5.50% through its December meeting. The Fed raised its target for the federal funds at 11 meetings in 2022 and 2023, before pausing in the summer of 2023. For a Fed that normally moves in increments of 0.25%, this tightening cycle featured four extremely large 0.75% increases and two increases of 0.50%.

You only need to have a glancing knowledge of the economy to know how extraordinary all that is.

The need to take such unprecedented action was the result of a post-Covid spike in inflation, with the annual consumer-price index reaching a peak of 9.1% in June 2022.

To date, the Fed's campaign has been successful in reducing inflation, but the job of taming inflation—returning it to the Fed's 2% target—is far from complete. Annual CPI inflation has fallen from its high of 9.1% to 3.1% in November 2023, its most recent measurement. More important to the Fed itself, core inflation, measured without volatile food and energy components, was most recently 2.9%, down from its high of 5.47%.

As unknowable as this script could have been, in some ways, the unwritten script ahead for the Fed is even trickier. Market participants firmly believe that the Fed's tightening campaign has ended, with rate cuts potentially starting in early 2024. At

his most recent press conference following the Dec. 13 Federal Open Market Committee decision, Chairman Powell didn't push back aggressively against that expectation. It remains to be seen if in upcoming commentary, Fed officials wish to address that expectation of rate cuts potentially starting in early 2024.

The grade so far

If we were grading the Fed's 2023 performance, the best I could give would be an "incomplete": too soon to celebrate victory but no reason to call it a defeat. The Fed regained some of the credibility many believe it had lost by being late in confronting the inflation challenge. However, inflation, while declining, remains stubbornly above the Fed's 2% target.

Consequently, there are serious debates among policy makers and observers about the next step in the Fed's battle. Hopes for a "soft landing" have increased, but the elusive goal of achieving a soft landing is still not ensured. Financial markets, businesses and, most important, the American consumer, seem to have been able to withstand the Fed's pivot to aggressive hikes reasonably well, but there are fissures evident in the housing, banking and manufacturing sectors. Some argue that the year's spate of labor unrest has been exacerbated, if not caused, by both the buildup of inflation pressures and the Fed's aggressive rate increases—both of which did the most direct damage to middle-income Americans.

So if the Fed's grade is incomplete, the major theme as we enter 2024, for both the Fed and the economy, is "uncertainty."

Of course, the direction of the economy is always, to some extent, uncertain. But there is normal uncertainty and then there is the current uncertainty. They aren't in the same universe.

For one thing, and central to business thinking, is that the cost of money—that is, interest rates—has likely moved from a pattern of "lower for longer" to "higher for longer," thanks to a return of inflationary pressure. Additionally, the past 30 years have been characterized by wars that were remote and unlikely to

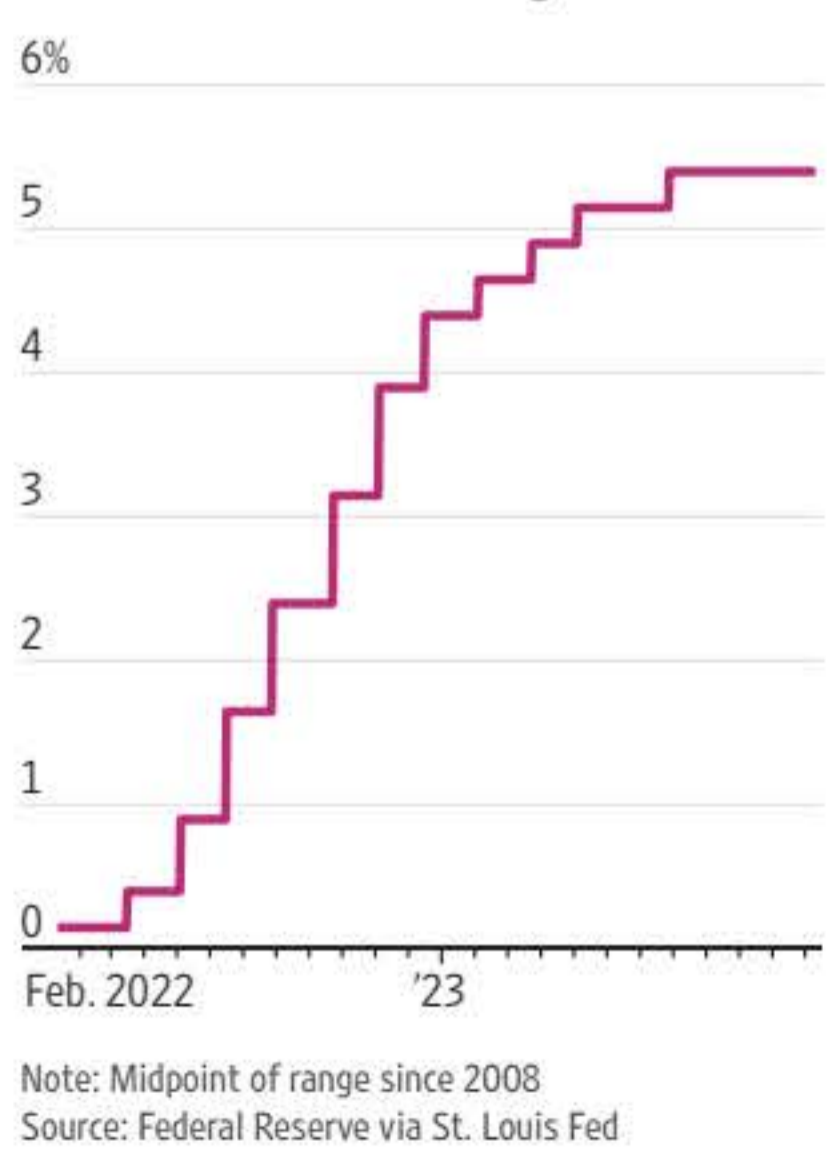
influence the global economy; now we are in a period when conflicts (hot and cold) are having a visible impact on the prices and availability of major resources. Finally, supply chains, which for the past few decades were optimized for efficiency, are now being optimized for security and resilience.

In short, the conditions under which most business leaders operated are being replaced by a new set of realities. And the result: extraordinary uncertainty.

The best target

Another uncertainty surrounds the Fed target itself. There are concerns that getting to the 2% inflation target could seriously harm the American economy, but stopping short will undermine the Fed's credibility. The Fed can choose to stay the course or set-

Federal-funds rate target



tle for inflation that is higher than its traditional target.

The Fed has adopted a policy of greater transparency, in part to reduce all this uncertainty. This includes both publishing the FOMC members' expectations of future policy moves and a process of attempting to signal policy moves to the markets in advance of taking the move.

However, this year has shown the limits to this transparency. The Fed's own expectations have proved inaccurate—the committee has raised rates higher than its members ex-

pected—and the Fed abandoned the practice of providing guidance. Consequently, the Fed itself has moved from being a source of certainty to a source of increased uncertainty.

Finally, the question of whether the Fed will reduce rates in 2024 is inextricably tied to the question of whether the economy will fall into recession next year. The Fed's own projections and market expectations lend support to the notion that the Fed may reduce rates and the economy will still avoid a recession, i.e., it will still achieve the elusive "soft landing." However, a recession is still at least a possibility—driven by a weakening consumer sector that will be buffeted by both higher interest rates and a declining cushion of household savings, as well as the potential fallout from either an internal financial shock, emanating from the interest-sensitive banking or housing sectors, or an external geopolitical shock, emanating from any number of global hot spots.

The degree of uncertainty with which we enter 2024, I believe, is weighing on households and businesses alike. In a recent survey of CEOs that I conducted for the Business Council and the Conference Board, CEOs continued to express pessimism about the outlook for the economy and their sectors.

Meantime, consumer confidence has also dipped, stemming from concerns about higher inflation, future job availability, rising interest rates, future income and personal finances.

The findings for both CEOs and consumers are surprising given the economy's resilience. However, this is yet another result of the uncertain times we're in. When fundamental questions of the direction of interest rates and the outlook for the economy are at the forefront of personal and business decision-making, planning becomes very difficult. And the cost of being wrong rises for both households and businesses.

In hindsight, the most important lesson of 2023 is one many people have had the luxury of forgetting in recent years—that inflation is a pernicious tax on all Americans and must be attacked immediately.

The causes of inflation are numerous and vary from period to period. However, the result of having inflation emerge is always the same. The Fed must administer a tough medicine of higher rates to drive inflation out of the system. This is widely recognized as a blunt tool—a tool that works indirectly and unpredictably, and inevitably creates uncertainty.

We are experiencing that uncertainty now. Uncertainty weighs on us all in making decisions—small and large, for fami-

lies and businesses. A year from now, we should have a much clearer picture of where we are, and whether our individual decisions were wise ones. And we'll know much better what final grade to give the Fed.

Roger W. Ferguson Jr. is a former vice chairman of the Federal Reserve, and a former president and chief executive officer of TIAA. He can be reached at reports@wsj.com.



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More articles—including an expanded 2023 What Was News timeline—are online at [WSJ.com/yearinreview](https://www.wsj.com/yearinreview).

- Vikram Amar on 10 takeaways from the Supreme Court
- Q&A with Chrissie Hynde on the state of music
- Jon Creyts on technology and climate change



- Dylan Burzinski on empty office space
- Andrew Selee on immigration and labor needs
- Six chefs on the latest restaurant trends
- Beth DeCarbo on using the sun to bake and cook

JOURNAL REPORT | YEAR IN REVIEW

SOCIAL MEDIA

Elon Musk as Technoking? More Like DramaKing

From staff cuts at X to a new AI company, it was another zany year

BY TIM HIGGINS

E LON MUSK, when talking about the tumult that he often creates, likes to cite a line from the movie "Gladiator" when Russell Crowe's character finishes slaying his foes in the arena: "Are you not entertained?"

If nothing else, the year 2023 for Elon Musk was filled with drama. Whether it was entertaining is a different question.

One day the billionaire is the self-proclaimed Technoking ushering in a bright new future with SpaceX's giant rocket Starship taking its first launch in April. Or Tesla's long-delayed Cybertruck beginning deliveries in late November.

Another day, Musk is tweeting support for antisemitic vitriol (he has vehemently denied being antisemitic) or admitting he withheld assistance for a surprise Ukrainian attack on Russian ships that was dependent on his Starlink internet service.

It often seemed as if Musk was approaching the year like a gladiator, fighting every day against foes—real and perceived.

He changed Twitter's name and reintroduced the social-media platform as X. The new name wasn't only Musk's favorite letter but also a nod to a dream he held on to from his early days as an entrepreneur trying to build a digital banking empire with what became PayPal.

A little more than a year into owning X, Musk wants to remake it into a super-app, the sort of digital world where users have their social media, communications, commerce and banking all in one place.

He has a long way to go. Meanwhile, his vision for X as being the defender of free speech saw him welcoming Tucker Carlson and his show to the platform after he got ousted from Fox News, and allowing the return of online provocateur Alex Jones.

Still standing

At the beginning of the year, many were quick with predictions of X's demise, in part because of the dramatic staff cuts made by Musk. He said he was trying to prevent the bankruptcy of a business that was troubled even before his takeover—and presence—drove away advertisers.

Some wondered if anyone would be left to keep the servers working.

In the end, the platform remained standing, though groups such as the Anti-Defamation League said it was far more riddled with hate speech. (X has said it has made progress reducing the spread of hate speech.) And there were some embarrassing moments, such as in May when Florida Gov. Ron DeSantis launched his Republican presidential campaign during a live audio event with Musk that was marred with technical difficulties.

"That was insane," Musk said after ironing out the issues. He later tweeted: "Top story on Earth today."

Perhaps the biggest impact of Musk's staff reductions was provoking a broader conversation about staffing needs and overall productivity throughout Silicon Valley.

Even rival Mark Zuckerberg praised Musk for removing layers of management. "I also think that it was probably good for the industry that he made those

landed in early July when X seemed at its weakest.

An AI opening

When it comes to X, the saving grace for Musk might end up being its data and its role in helping him create his own AI company.

This year he added to his stable of businesses a sixth company, dubbed xAI. The startup, with its own chatbot named Grok, aims to catch up with OpenAI, the hot AI company Musk helped found several years ago before leaving after a falling-out.

The breakthroughs in AI this past year put the technology on the front burner for many and made Musk's previous warnings about the technology newly relevant—even as rivals rolled their eyes at some of his more sci-fi-like warnings.

This year Musk ascended to the world stage not just to talk about his business, but as a key force in complex events. One av-

Zelensky was blistering, saying Musk's actions allowed Russia to fire rockets on his country's cities, killing civilians and children. "This is the price of a cocktail of ignorance and big ego," Mykhailo Podolyak tweeted.

It's a decision Musk defended, saying he was trying to avert a nuclear war, and one praised by Russia.

Starlink in Gaza

Similarly, during the early days of the Israel-Hamas war, Musk said he would enable Starlink in Gaza for international aid workers after a wave of Israeli airstrikes knocked out communication systems in the territory.

His promise was quickly rebuked by Israel. Later, during a trip to Israel last month, a top official said Musk reached an agreement with the government that Starlink can only operate in Gaza with Israel's permission.

Israel's embrace, including Prime Minister Benjamin Netanyahu giving Musk a tour of a kibbutz attacked on Oct. 7, came after criticism began swirling around Musk following his November tweet involving an antisemitic conspiracy theory.

Musk conceded his tweet was foolish. Still, after big name advertisers pulled back in spending after the tweet and a report saying some advertising was near Nazi content, Musk lashed out, telling them to "go f—yourself."

A bestselling biography by Walter Isaacson this year gave a new term for Musk's infamous dark-mood swings: "Demon



changes because my sense is that there were a lot of other people who thought that those were good changes but who may have been a little shy about doing them," the Facebook co-founder said.

It was a rare moment of nice words between the two billionaires—who spent the summer months seemingly planning a cage fight like they were Silicon Valley's own gladiators. The Colosseum in Rome was even floated as a venue.

But their proposal evaporated. Instead, the troubles at X gave Zuckerberg an opening to pounce with his own Twitter-like competitor, dubbed Threads, which

enue to involvement was his control of Starlink, the satellite internet launched by SpaceX that has developed into a unique global communication system that crossed traditional borders.

The system has proven immensely useful to Ukraine in its war with Russia. But Musk's lone ability to control the system left some wondering if he possessed too much power after it was revealed this year that Musk refused to turn on the service in Crimea at Ukraine's behest for a covert plan to attack Russian ships.

The criticism from an adviser to Ukrainian President Volodymyr

Mode." And the FU episode answered one of the year's enduring questions: Would Linda Yaccarino, whom he hired away from NBCUniversal to be X's chief executive and woo advertisers back on to the platform, be able to rein in her boss's impulses?

Nope.

Forget being the Technoking. This year Musk was the DramaKing.

Tim Higgins writes a weekly Wall Street Journal business column, typically focused on Elon Musk, his companies and his rivals. Email him at tim.higgins@wsj.com.

What Was News

The big stories of 2023

See an expanded timeline with links to the original Wall Street Journal articles online at [wsj.com/yearinreview](https://www.wsj.com/yearinreview)

Jan. 1
Ukraine Under Fire
As the war enters its second calendar year, Russia attacks with 45 drones.

Jan. 2
On-Field Collapse
The Buffalo Bills' Damar Hamlin goes into cardiac arrest and needs CPR on the field after taking a hit in a nationally televised game, which is suspended. He has returned this season.



Jan. 4
Admitted to Prison
College-admissions cheating mastermind William "Rick" Singer is sentenced to 42 months in prison.

Jan. 9
Deadly Weather
Heavy rains from California's fifth storm since Christmas push through the state. It endures weeks of flooding, landslides, mudslides and record snowfall.



Jan. 11
Airport Chaos
An outage with a pilot-alert system cascades into a nationwide logjam.

Jan. 24
Mass Shootings
Shootings at a dance studio in Monterey Park, Calif., and at two farms in Half Moon Bay add to the debate about gun violence.

QUIZ

How Well Do You Know One-Letter Ticker Symbols (Like X)?

BY BETH DECARBO

I N JULY, inventor-entrepreneur Elon Musk gave his social-media platform Twitter a new name: X. Why? "I like the letter X," Musk posted on the newly branded site.

If X ever goes public, there may be an opportunity to trade its shares under the X ticker symbol. That's because the current X holder, U.S. Steel, announced in August that it was reviewing offers from potential buyers—any of

whom could delist U.S. Steel's X symbol.

Single-letter ticker symbols are somewhat rare on U.S. stock exchanges, simply for the fact that there are only 26 letters to choose from. On the New York Stock Exchange, 20 of the 26 single-letter ticker symbols are in use. (The exceptions are I, N, P, Q, Y and Z.) However, on the Nasdaq market, only one company is identified by a single-letter ticker symbol: Z for Zillow.

Below are the names of companies that currently use single-letter ticker sym-

bols, and then a description of a famous company from the past that formerly used the same letter. Can you name the iconic companies that once owned that letter?

C **CURRENTLY:** Citigroup, an investment bank and financial-services company **FAMOUSLY:** This automaker was founded in 1925. In the 1980s, CEO Lee Iacocca was credited with returning the company to profitability. The company dropped the C ticker symbol when it merged with Daimler-Benz



'X' marks the spot of the former Twitter's headquarters.

in 1992. **ANSWER: Chrysler**

G **CURRENTLY:** Genpact, a back-office business services company **FAMOUSLY:** This company introduced a patented disposable safety razor blade in the early 1900s. In time, it expanded into Duracell Batteries, Oral-B dental-care

products and other consumer goods. It was acquired by Procter & Gamble in 2005. **ANSWER: Gillette**

K **CURRENTLY:** Kellogg, snack-food manufacturer **FAMOUSLY:** The original company

was founded in 1906 and introduced the world to flaked cereal and, eventually, Tony the Tiger. In March 2023, the company was split in two, with the traditional cereal brands now being traded under the KLG ticker symbol. **ANSWER: Kellogg**

S **CURRENTLY:** SentinelOne, a

cybersecurity firm **FAMOUSLY:** A department-store retailer founded in 1893 and best known for its mail-order catalog, which sold everything from sewing machines to ready-to-build "kit homes." **ANSWER: Sears Roebuck**

Z **CURRENTLY:** Zillow, a real-estate website **FAMOUSLY:** This company launched a chain of five-and-dime stores that sold general merchandise at discount prices. Its headquarters in New York City was the tallest skyscraper in the world until 1930. **ANSWER: F. W. Woolworth**

Beth DeCarbo is a writer in South Carolina. She can be reached at reports@wsj.com.

JOURNAL REPORT | YEAR IN REVIEW



Rockets fired by Palestinian militants from Gaza City are intercepted by the Israeli Iron Dome defense system in October.

ISRAEL-HAMAS WAR

For Israel, the Existential Question Returns for the Foreseeable Future

It has been decades since the survival of the country has been front and center. The attacks changed that.

BY ELIOT A. COHEN

DESPITE THE discrepancy in size, Israel and the U.S. have always had much in common—rambunctious democracy, an ethos rooted in immigration, deep innovative and entrepreneurial success, and tragedy at age 75 that called into question their very existence. For the U.S., it was the Civil War; for Israel, the Hamas massacres of Oct. 7, 2023.



The war erupted at a time when in some respects Israel looked successful in ways that would have astonished the founding generation of 1948. In that year, the population consisted of roughly a million Jews (several hundred thousand newly landed from the displaced persons camps of Europe) and perhaps 150,000 Muslim and Christian Arabs, plus several other small minorities. In 2022, the population had burgeoned to nearly 10 million, over seven million of them Jews, making it larger than any Jewish diaspora community in the world for the first moment since ancient times.

The Israel of 1948 was poor; 75 years later it had a GDP of well over half a trillion dollars. In 1948, a military of 90,000 had to scrounge castoff weapons from Allied arms depots and a Communist Czechoslovakia selling German designs from World War II; in 2023, its military now numbered some 170,000 active-duty soldiers and 465,000 in the reserves, equipped with world-class weapons, many of indigenous design. An economy that relied heavily on exporting oranges in 1948 was now one of the technology powerhouses of the world.

These achievements are stunning—indeed, unparalleled, because even a success story like Singapore didn't do all this while absorbing millions of immigrants from around the world, of all skin colors, languages and traditions, while fighting chronic campaigns against its neighbors and terrorist groups committed to its extermination.

On Oct. 6, 2023, Israelis might have been excused for some com-

placency about their situation. Indeed, in previous months and years there was evidence of that. Israel was a "startup nation," a country that according to the World Happiness Report (there is such a thing), ranked No. 4 after Finland, Denmark and Iceland. There is no statement of optimism like having children, and Israel's high fertility rate was unique in the developed world.

Yet such confidence was misplaced because of three seemingly intractable problems.

A war legacy

The first of these was the legacy of the 1967 war.

After Israel's war of independence in 1948-49, the majority of the Arab population that would have resided in the new state had moved—from fear or by compulsion or voluntary choice—to neighboring states a few miles away. The remaining minority was a politically insignificant 10% of Israel's population.

But the 1967 war—launched after Egypt's President Nasser blockaded the Straits of Tiran, evicted U.N. peacekeepers and assembled a coalition that he inspired with bloodthirsty rhetoric—changed all that. Israel occupied the West Bank of the Jordan and the Gaza Strip as well as the Sinai Peninsula and the Golan Heights.

After Oct. 7, Israelis will wonder whether they will live under the constant threat of an unshakably hostile and eliminationist coalition led by Iran.

This was, as Israeli journalist Shabtai Tevet called it, a cursed blessing. As the decades unfolded, Israelis motivated by religious and nationalist ideology or by the simple desire for open space, moved to these areas, in a patchwork of communities that rendered a Palestinian state improbable, and that guaranteed permanent friction with the Arabs.

Moves to mitigate that friction, like the withdrawal from Gaza in 2005, failed, and Israel saw several waves of Palestinian violence that left both sides doubtful that the solution envisaged by the United Nations in

1947—two states, side by side, between the Jordan River and the sea—could ever exist. The situation has been exacerbated by the corruption of Palestinian governmental institutions, the fanaticism of terrorist movements like Hamas, and the continued slippage of Jewish extremists out of the control of the Israeli state. Barrier walls and brilliant intelligence work could mitigate violence, but not end it, and couldn't resolve the fundamental problem: roughly equal numbers of Arabs and Jews live between the river and the sea.

Axis of irreconcilables

The wars of 1967, 1973 and 1982 convinced nearby Arab rulers that the Jewish state couldn't be destroyed. The rise of Iran and of Islamist movements affiliated, however loosely, with the Muslim Brotherhood, led them to believe that Israel was the lesser threat. Israel's military and industrial prowess convinced them that it might even be a useful if unloved partner.

The results were the peace treaties with Egypt, Jordan and more remote Arab states, the Abraham Accords leading to peace with the United Arab Emirates, and the not-so-secret reconciliation talks and tacit agreements with Saudi Arabia, once one of Israel's most impla-

cable enemies.

But meantime, a second intractable issue arose. A new axis of irreconcilables had formed—led by Iran, with clients and proxies in Lebanon, Syria, Yemen and abroad, and reinforced by Sunni Islamist movements that might hate Tehran's Shi'a Islam, but hated Israel more. For the first time, the enemy state wasn't merely far away but would soon have nuclear weapons. And even worse, could look to the open or covert support of two great powers, Russia and China.

Finally and most seriously, Israel on Oct. 6, 2023, faced a do-

mestic crisis, resulting in part from structural problems—in particular, the growth of the ultra-Orthodox community that has great leverage in the political system but is a profound drag on the budget and policies of the state—and a misconceived and dangerously divisive set of policies by the Netanyahu government aimed at weakening Israel's fiercely independent judiciary and advancing a form of plebiscitary authoritarianism.

And then, the massacre, on the heels of a catastrophic failure of military intelligence and preparedness, followed by an invasion of Gaza intended not merely to avenge the horrors, but to eliminate, once and for all, the political and military organization that bred them.

Amid the uncertainty

The uncertainties of the moment are immense, but a few things are clear.

The first is the striking resilience of Israeli civil society, despite an unpopular government that was led by a now largely despised prime minister into a disaster of epic proportions. Hundreds of thousands of Israelis fled not abroad, but home, many of them to don uniforms and join reserve units. Civil action groups, often the same as those demonstrating for months against the government, have filled in all kinds of gaps—from supplying soldiers to replacing labor on Israeli farms.

Second, there will be a reckoning when this ends. As in the past, Israel will undoubtedly have a state commission of inquiry. And as in the past, the judgments will no doubt be thorough and unsparing, and indeed will be preceded by resignations of those who hold themselves accountable. The trauma will be deep and enduring.

Third, what will likely emerge in Israeli will be a new political consensus—possibly more hardline on Palestinian questions, possibly not, but also likely more centrist on matters like judicial reform. The ultra-Orthodox community, already split in its response to the crisis, may be drawn more into the mainstream of Israeli society and crucially, its economy. A prolonged, and not unhealthy, soul-searching awaits a country once again under siege.

That is the main point. For

nearly half a century, the existential question hasn't been on the table for Israel.

After Oct. 7, however, Israelis will wonder whether they will live under the constant threat of an unshakably hostile and eliminationist coalition led by Iran and including Hezbollah, Hamas, Yemen's Houthis and kindred groups that will use any means to weaken and eventually destroy their state.

They will wonder if the brilliant young men and women who drive the Israeli economy will stay. They will ask whether the more than 100,000 displaced persons will return to border settlements near Gaza and in the north. They will brace for new rounds of violence on the West Bank. They will ask whether, once again as in Israel's first quarter-century, they will have to live under perpetual siege, building a society while keeping one wary hand ever on the sword.

They may have to, for at least the foreseeable future. History cannot guarantee how that will turn out, but the first Israelis accepted that challenge and still managed to thrive. Their spirit thus far suggests that one should not doubt that their grandchildren and great-grandchildren are capable of doing the same.

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Feb. 1

2023's First Rate Rise

The Fed nudges up interest rates by a quarter percentage point, following seven increases in 2022, in its campaign to fight inflation.

Feb. 2

Spy Balloon Over U.S.

A Chinese balloon has equipment to collect photos, videos and more information, the U.S. says. The Air Force shoots it down.

Feb. 3

Ohio Train Disaster

A Norfolk Southern train derailed in East Palestine, Ohio—causing 11 tankers with hazardous materials to catch fire.



Feb. 6

Turkey/Syria Quakes

Two earthquakes and their aftershocks shake much of the Middle East, killing thousands.

Feb. 12

Super Bowl Shootout

The Kansas City Chiefs prevail, 38-35, over the Philadelphia Eagles in an epic duel between quarterbacks Patrick Mahomes and Jalen Hurts.

Feb. 14

Inflation Moderates

Still-elevated inflation cools slightly at the start of 2023 to 6.4%.

Feb. 15


Reining In Crypto

A rule could make it harder for asset managers to invest customers' money in cryptocurrencies.

Feb. 24

Stocks Slump Again

U.S. stocks notch their worst week of the young year, as hot economic data rekindles worries that the Fed will keep rates higher.

PUT AI TO WORK WITH SERVICENOW

Everyone's talking about the latest-greatest leap in AI – Generative AI. The news can't stop buzzing about it. The pundits can't stop debating it. The Street is fawning over it. And the board is clamoring for it. Buckle up. The hype machine is in overdrive.

If that's not enough, endless Gen AI "solutions" keep popping up like whack-a-moles. There's AI for this. AI for that. There's even AI for ... creating AI. And you can't throw a rock without hitting some other company promising the future. Big players. Little players. Blue chips. Start-ups. Unicorns. And companies you've never even heard of.

Here's the thing. We quite literally have the most advanced technology in a generation at our fingertips. You don't just want Gen AI for this or that. You want enterprise-ready AI for your entire business. But where do you even start? Who do you trust? How will it work? What can it actually do for your business?

IT'S TIME TO GET REAL ABOUT AI.

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Employees can focus on building the business, not mundane tasks. Just about anyone can easily write apps in natural language, not code. Time-consuming IT issues can be resolved in minutes, not hours. Chatbots can learn from you, behaving more like assistants than machines. Even that skim latte a customer accidentally ordered to the wrong store can be automatically rerouted for pickup nearby. Morning saved.

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We believe AI is only as powerful as the platform it's built on. That's why our technology reaches horizontally across departments, disciplines, and silos – from IT to customer service, finance to supply chain. For CEOs and HR pros, developers and service agents, engineers and legal teams.

Working with what you already have, and what you'll need next. So every system, every process, every app – everything – works better. Turning intelligence into action. Empowering your people to be exponentially more productive. To do the amazing work they were meant to do. To do things they could never do without it. Not next year. Now.

CAN YOU WORK WITH AI NOW? YES.

Rather than choosing what AI to start with, start with what problem you'd like AI to help solve. AI for supercharging your employees? YES. AI for wowing your customers? YES. AI for building apps? YES. AI for reinventing experiences? YES. AI for boosting bottom lines? YES. AI for CRM, HR, or IT? YES. YES. And YES.

It's time to stop the hype bus. It's time to put enterprise-ready AI to work. With the ServiceNow platform, businesses everywhere are already saying YES to entirely new ways of working.

THE WORLD WORKS WITH SERVICENOW™

[ServiceNow.com/GenAI](https://www.servicenow.com/genai)

JOURNAL REPORT | YEAR IN REVIEW

HEALTHCARE

Weight-Loss Drugs Help With Obesity—And Potentially Much More

Ozempic, Wegovy, Mounjaro and Zepbound have become household names. And for good reason.

BY ANGELA FITCH

OBESITY treatment took a leap forward in 2023, propelled by advancements that are reshaping conventional approaches to managing this complex condition.

The treatments offer hope to the hundreds of millions of people who have obesity. For them, successful weight loss could mean a decrease in cancer and heart-disease risk and longer life expectancy, not to mention easing the psychological stigma that our culture too often, and unfairly, imposes on people living in larger bodies.

Until now, long-term weight reduction has been possible for few patients, given the body's natural tendency to put weight back on once lost—an evolutionary by-product of our fight to survive. When people intentionally lose weight, the body slows down the metabolism and releases chemical transmitters that increase appetite and decrease our sense of fullness. All of this drives us to regain our lost weight.

By contrast, these new drugs help people lose weight and not regain it, provided patients stay on the medicine and can tolerate the side effects. That's a life-changer.

Key breakthrough

The breakthrough has been the advent of innovative medications, notably semaglutide (sold under the brand names Ozempic for diabetes and Wegovy for weight management) and tirzepatide (sold under the brand names Mounjaro for diabetes and Zepbound for weight management). In clinical trials with tirzepatide, an unprecedented 60% of patients achieved a substantial 20% reduction in weight, a contrast to older therapies and lifestyle interventions, where about 5% to 15% of patients lost this amount of weight.

In other words, before these drugs, if you are a person who weighs 200 pounds, the chances of you losing 40 pounds and not gaining it back with lifestyle changes alone has been only 5% to 10% (or 15% with previous medications). If you have been one of the lucky treatment responders, good for you! Yet society somehow believes that almost everyone can lose this

much weight with a diet or exercise program. The other 85% to 95% are believed not to have the willpower.

Now, if that same person adds one of the newer medications, there's perhaps a 60% chance of losing the 40 pounds.

The medications work by activating our GLP-1 or GIP receptors in the body, which decreases appetite, increases fat burning and promotes weight loss in addition to decreasing inflammation and blood clotting.

The use of the medications

cardiovascular disease. This is akin to the effects observed with statins in cardiovascular disease prevention.

The Select trial findings also shed light on the potential protective effects of activating the GLP-1 receptor in the human body. Researchers found that for those on the drug, there were cardiovascular benefits even before significant weight reduction—underscoring the need to reframe obesity treatment as a chronic disease, shattering the archaic perception of episodic,



Semaglutide is sold under the brand names Ozempic for diabetes, above, and Wegovy for weight management.

have been held back by shortages. But as more of these drugs are approved and reach pharmacies, those shortages will hopefully ease. More important, these drugs need to be added to insurance formularies. Until that happens, only the wealthy can afford them, creating more inequities in care.

Beyond weight loss

As noted, the importance of these drugs goes well beyond weight loss, as crucial as that is for many people. Data from the so-called Select trial—a study of over 17,000 patients with obesity and known cardiovascular disease—found a strong correlation between the use of semaglutide for obesity treatment and a remarkable 20% reduction in major adverse cardiovascular events among patients with a history of

short-term solutions centered on intermittent dieting.

We also saw a semaglutide trial showing improvements in heart-failure outcomes as well as chronic kidney disease, once again highlighting that obesity treatment is about gains in health and not loss of weight.

All of these results will force a paradigm shift in the way we view obesity, pushing patients and society to accept that what we are trying to do isn't lose weight per se but improve our long-term health. Right now, society tends to overfocus on those people who are trying to achieve a cultural desire for thinness.

This has been a longstanding misguided cultural construct that being thin is somehow better. We are working hard to get away from this idea such that body acceptance and treatment of obesity to improve health outcomes can live together without a need to follow restrictive dietary patterns that aren't sustainable or healthful psychologically.

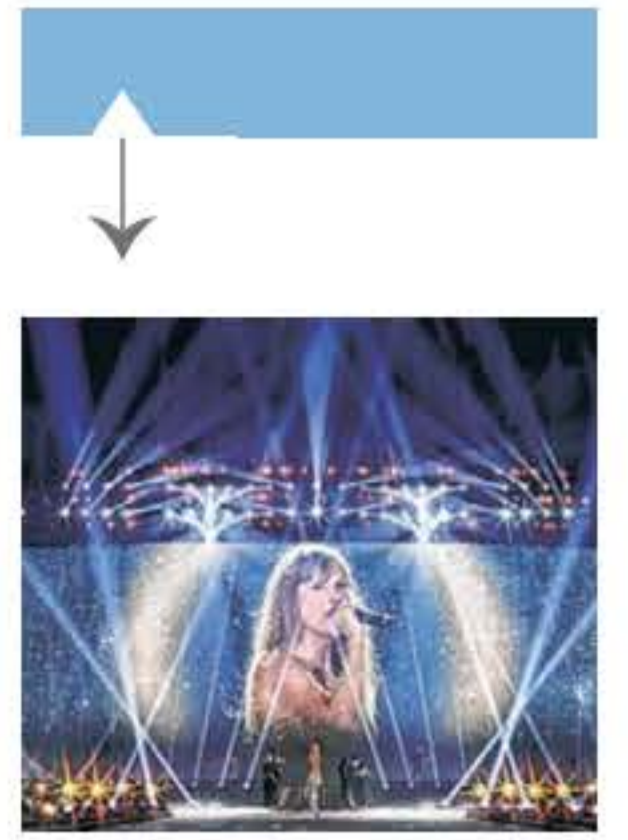
As if all that wasn't enough, this year also witnessed a marked shift away from using body-mass

index (BMI) as a primary metric as a weight-loss target. BMI can be useful at times, but it shouldn't be a diagnostic holy grail. It was never created for that, even if many believe it to be so.

Lifting the stigma

The availability of newer treatments—and the growing acceptance of a need for medication and surgery as tools to treat a chronic disease—is lifting some of the stigma of the disease (much like the advent of SSRIs for the treatment of mental-health conditions). What's more, it has been accompanied by a surge in physician certifications in obesity treatment, making it one of the fastest-growing medical specialties. This increased medical attention signals a reinvigorated commitment to address obesity as a chronic, multifaceted condition demanding comprehensive, specialized care.

All of this, though, comes with one big caveat. An increasing number of employers have opted to retract coverage for obesity treatment, citing the cost of these newer therapies. This regression contradicts the evident benefits of obesity management, which lead to improved productivity, reduced health risks, and a



March 7
An Epic Tour
Taylor Swift's "Eras" concert tour kicks off. It becomes the biggest in history, grossing \$1 billion—as the market booms for arena and stadium shows from Beyoncé, Madonna and others.

March 10
SVB Collapse
Silicon Valley Bank, which catered to venture capital and technology startups, fails after a run on deposits; Signature Bank also closes. The debacle causes weeks of turmoil in the banking sector.

March 14
ChatGPT's Power
Microsoft-backed startup OpenAI rolls out a new version of its artificial-intelligence technology, as regulators, scholars and activists urge technology companies to be careful with generative-AI tools that haven't yet been fully tested.

March 29
WSJ Reporter Is Held
Evan Gershkovich, a Russia correspondent for The Wall Street Journal, is detained while on a reporting trip, accused of espionage—which he, the Journal and the U.S. government vehemently deny. He has been in a Russian prison since then.



March 30
Trump Indicted
Donald Trump is charged in New York for his role in paying hush money to an adult-movie actress on the eve of the 2016 election—the first time a former president has faced criminal charges.

March 31
A Wild Quarter for The Stock Market
Markets show resilience in the first quarter, despite economic and banking-sector turmoil. The Nasdaq Composite Index jumps 17%.



A Working Woman Barbie (1999)

TOYS

Barbie Has Had a Lot of Careers. Here Are the Most Popular.

FOR A FICTIONAL doll, Barbie has a long résumé.

Since 1960, Mattel's iconic doll has enjoyed 250 careers, everything from astronaut to zoologist. Her most recent job: real-life Hollywood star. From its premiere in July 2023, the "Barbie" movie has grossed over \$636 million in domestic box-office sales, according to Box Office Mojo, likely making it the year's highest-grossing movie in North America.

According to Mattel, more than 100 Barbie dolls are sold every minute in the world. We asked the

company to rank the top-selling careers embodied by Barbie over her 64-year working life. (Some of the overlapping careers have been grouped.)

- Ballerina
- Pop star
- Doctor
- Gymnast
- Animal veterinarian/farmer
- Baker/chef
- Teacher
- Astronaut
- CEO/entrepreneur
- President

Some of Barbie's career choices put her way ahead of the real

world, according to Mattel history. In 1965—long before NASA admitted women to the astronaut corps—the company introduced an astronaut Barbie. In 1973, Barbie became a surgeon. In 1985, a CEO Barbie broke the so-called glass ceiling in the corporate world. And in 1992, Barbie ran for president for the first time.

Although "ballerina" is the most popular career choice in terms of sales, she isn't the bestselling Barbie overall. According to Mattel, that title belongs to 1992's Totally Hair Barbie, a doll whose mane of hair reaches her feet.

—Beth DeCarbo

Before you use **AI**
to help get where
you're going

you need to **trust** ✓
what it's doing.

"You need to see what AI can do."

What is often said with excitement,
we say with a sense of responsibility.

Because businesses need to see where the data came from.
How it's making decisions.
When it's drifting.
Showing bias.
And decide when to course-correct.

It's only when AI shows its work
that you should put AI to work.

Which is why we're introducing **watsonx.governance**.

Helping you govern any AI as data, models, and policies change.
So you can use your trusted AI to transform your business.

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JOURNAL REPORT | YEAR IN REVIEW



One of the political spectacles of 2023: Kevin McCarthy, before his ouster as House speaker.

POLITICS

Let's Just Say It: Politics in 2023 Was Pretty Awful

The question is whether the troubles were the cause or the result of a divided electorate

BY GERALD F. SEIB

ASKED TO summarize the year 2023 in politics, Republican pollster Whit Ayres is blunt: "2023 was a terrible year for America's political system."

Indeed, the chronicle of dysfunction and misfires during the year was long and occasionally embarrassing. Both Americans and their representatives in an evenly divided Congress appeared locked into partisan silos that produced more paralysis than progress—though, by year's end, there were a few encouraging signs of willingness to break out of those silos.

The year's biggest political spectacles were mostly unsettling. Republicans took control of the House in January, and proceeded to require four days and 15 ballots merely to pick one of their own, Rep. Kevin McCarthy, as speaker. He then was ousted just 10 months later, leaving the chamber leaderless and paralyzed for three weeks amid yet more GOP infighting over who should fill the spot.

Former President Donald Trump was indicted four times, on 91 felony counts, yet stood throughout the year as the Republicans' leading contender for the 2024 presidential nomination anyway. One Republican House member, George Santos, also was indicted, on charges of identity theft and misuse of campaign funds, and was the subject of a scathing Ethics Committee report that led to his ouster. A regular stream of participants in the Jan. 6, 2021, assault on the Capitol designed to overturn the 2020 election results and keep Trump in office were convicted and some sent to jail.

Democrats had their own list of embarrassing problems. Sen. Robert Menendez and his wife were indicted on bribery charges. President Biden's son, Hunter, pleaded guilty to federal tax and gun charges, only to have the plea thrown out in court, leading to his indictment

and an issue Republicans have used to cudgel the president. The president's approval ratings continued to slump, held down by, among other things, concerns about his age.

Meantime, the two parties appeared on track to produce a rematch in 2024's election between Biden and Trump, a contest that polls suggest two-thirds of Americans don't really want. The bottom line, Ayres suggests, is that "public trust in our political system is in the cellar."

Chicken or the egg

Whether this poor performance by the political system is the cause or the result of a divided American public is one of the great questions of the year, and of our times. Americans are divided along ideological and cultural lines, and those divisions are playing out in their political system.

As a result, while voters say

Americans say they are confident life will be better for their children's generation than it has been for their own.

"What this all tells us is how deeply dissatisfied Americans are with the status quo," he says. He describes the year now ending as a one of "mourning in America."

That sour mood, in turn, helped bounce one of the great mysteries of the year, and a source of frustration among Democrats. On the surface, the American economy appeared to be doing well—perhaps even exceptionally well. Unemployment fell to historic lows, economic growth bounced back nicely from the last vestiges of the Covid slump, wages grew and the stock market was robust.

Yet Americans aren't satisfied, and are giving President Biden low marks rather than plaudits for his management of the economy. In a Wall Street Journal poll in August, for example, just

happiness has proven a drag for the president. By year's end, many Democrats were urging the White House to stop using the term "Bidenomics" to describe the president's economic approach.

If Democrats were disheartened by their inability to convince Americans of the economy's underlying strengths, they were pleased with the outcome of the handful of significant elections held in 2023—results that showed the continuing power of the abortion issue to move voters.

Virginia voters gave full control of the state legislature to the Democrats, in a struggle for power that turned into a referendum on Republican Gov. Glenn Youngkin's plea for a GOP majority that could work with him to pass a ban on abortions after 15 weeks of pregnancy. The outcome spelled doom for that effort—and for the hopes some Republicans had that Youngkin could emerge as a late challenger for the 2024 presidential nomination.

At the same time, Kentucky voters chose to keep Democrat Andy Beshear in office, and Ohio voters approved an amendment placing abortion rights into the state constitution. Democrats even came close to winning the governor's seat in deep-red Mississippi. All those elections showed Democrats have a chance to draw in voters from the other side of the partisan divide.

"Abortion is a key message," says Democratic pollster Celinda Lake. "It mobilized and persuaded. It helped bring out young people." Republicans' counter-strategies—which included an effort to rally around that 15-week ban and attempts to portray Democrats as proponents of abortion-on-demand up to the moment of delivery—"didn't work."

Still, heading into the presidential election year of 2024, Lake adds this cautionary note for fellow Democrats: "We need to improve on the economy to compete. You can't argue with people's lived experience. You need to show you are in touch."

Any challengers?

The presidential campaign will begin to unfold rapidly when the calendar turns to a new year,

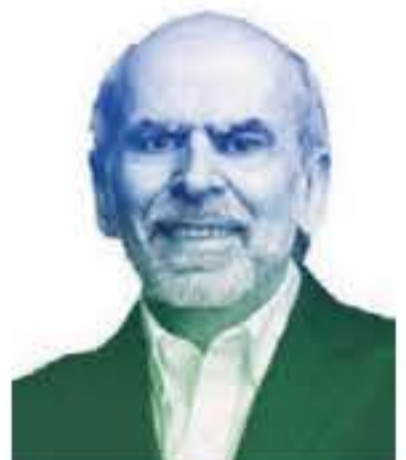
and Republicans battling Trump for their party's nomination—most prominently Florida Gov. Ron DeSantis and former United Nations Ambassador Nikki Haley, who emerged from a series of debates as the strongest alternatives—will need to gain ground quickly to have any chance. The Republicans' primary calendar and rules favor the front-runner, allowing him to wrap up the nomination quickly.

President Biden faces no internal challenges within his Democratic Party, but new threats emerged from the outside. Liberal academic Cornel West and Robert Kennedy Jr., an environmental lawyer and scion of a legendary Democratic family, both announced independent presidential runs. Sitting Democratic Sen. Joe Manchin of West Virginia announced he would retire from the Senate and hinted at a potential presidential run as part of the bipartisan No Labels movement. All have the potential to siphon votes away from Biden, though a Journal poll this month suggested a Kennedy candidacy could be equally harmful to Trump.

Back in Congress, there emerged a few signs of at least some willingness to climb out of the partisan trenches to complete vital work. Leaders of the two parties agreed to raise the national debt ceiling and twice passed short-term measures to fund the government and avoid a shutdown, the second measure engineered late in the year by new House Speaker Mike Johnson.

Still, Congress had to resort to such steps because it remains unable to perform the most basic of legislative functions, which is to pass a budget and appropriations bills—a failure that seemed in keeping with other political miscues in 2023. "We can only hope that 2024 will be better," says Ayres.

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Here's how Democratic pollster Jeff Horwitt describes how Americans are feeling as 2023 is ending: It's 'mourning in America.'

they are unhappy with the two major political parties, they also are exceptionally locked into supporting the one that represents their culture of choice. And as the House rebels who drove the ouster of Rep. McCarthy in October demonstrated, playing to the gallery of ideologically charged activists across the country produces financial rewards in the form of rising campaign contributions from around the country, as well as ample social-media attention.

"We are stuck in place, and no one appears to have any interest in changing the status quo," says Brendan Buck, a political consultant and former top adviser to House Republican leaders. "Or at least the incentives are working to ensure we all remain in our corners," Buck says.

All this left the country in a generally sour mood in 2023. Democratic pollster Jeff Horwitt notes that a record low 19% of

37% of voters said they approved of the president's handling of the economy, and two-thirds said the country overall is headed in the wrong direction.

The price of inflation

The most likely cause for this seeming disconnect is the insidious nature of inflation, which Americans haven't experienced at current, sustained levels in recent memory.

Democrats and the White House are pleased that the rate of inflation declined sharply through the course of the year, reducing the need for the Federal Reserve to further raise interest rates and pleasing financial markets. Yet most Americans pay attention not to the rate of inflation but rather to the absolute prices they are paying. They know the cost of gas and groceries is higher than before the Covid pandemic, and their un-

April 11
EY Calls It Off
Ernst & Young cancels its plan for a split of its auditing and consulting arms, a costly retreat from a proposal that could have reshaped the accounting profession.

April 12
Inflation Eases
U.S. inflation eases to its lowest level in nearly two years but underlying price pressures are expected to keep the door open for more Fed rate increases.

April 13
A Record NFL Sale
The tumult-racked Washington Commanders nears a deal to be sold to a group led by private-equity titan Josh Harris for record-breaking \$6 billion.



April 20
'Mistake' Shootings
Three shootings in less than a week, all allegedly occurring with victims who mistakenly went to the wrong house or car, ignite a debate over why these types of incidents are happening.

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INVESTING

What the Stock Market Taught Us This Year: Don't Fall for These Traps

Investors have been more influenced by perception than reality. And that means opportunities in 2024.

BY MELLODY HOBSON AND JOHN W. ROGERS JR.

THE uncertainty around near-term interest rates has dominated the story of the stock market in 2023. Perhaps not since the 1970s—when runaway inflation and sky-high interest rates were the crisis du jour—has monetary policy affected investment outcomes in such a pronounced way.

Yet look more closely, and it would seem that Wall Street has been more influenced by perception than reality: Company and individual balance sheets remain mostly healthy, businesses are battle tested and unemployment remains low. Similarly, the malaise surrounding the economic environment belies what we are seeing. Cruise ships are sold out, restaurants are packed, holiday shopping was off to a strong start and 82% of S&P 500 companies reported a positive earnings surprise in the third quarter.

Still, a nervous atmosphere has undercut stock performance. Scores of share prices have been lackluster as company fundamentals have been eclipsed by macroeconomic conjecture. We have lost the trees in the forest. But as someone once declared, “It is a market of stocks, not a stock market.” This is a wise reminder that no matter the conditions, there are investment opportunities to be had. In fact, the more economic obfuscation, the more sectors are hammered, the more stocks are orphaned, the better the odds of long-term investment success.

After a year of hand-wringing through monetary policy guesswork and market fluctuations, many wonder how best to maneuver in the new year. Here's our advice: Avoiding some of the biggest market traps can be a winning strategy.



Don't Fed-watch

“Don't fight the Fed” is a well-known market mantra. The idea is to buy stocks when the Fed is lowering interest rates and sell when the Fed is raising them. This psychology has dominated the stock market all year, creating a futile guessing game. Are they still raising rates? For how much longer? Will rates fall soon? Will it be a hard landing or a soft landing? But this Fed obsession, reacting to every pronouncement, simply sucks up time. It has all been noise. Despite the fear and uncertainty, dire predictions didn't come true. What that means is that sectors that sold off because of heightened fears—including

celebrated by the cap-weighted dominance of a few celebrity stocks in the S&P 500 index. A handful of tech and tech-related stocks, weight-loss drugs and artificial-intelligence providers offer the sum total of stock-market outperformance this year. Beyond these headliners, there is less and less attention on individual names. Those tech behemoths, dubbed the “Magnificent Seven,” account for more than 30% of the index and 87% of its return through October. Let us say that again: Just seven stocks represent one-third of the S&P 500 index. Some now consider Google parent **Alphabet**, **Amazon.com**, **Apple**, Facebook parent **Meta Platforms**, **Microsoft**, **Nvidia** and

Seven is now *three times* the size of every single stock in the Russell 2000 index combined—making just seven stocks the equivalent of 6,000 small-cap names. On average, 47 analysts follow the typical Magnificent Seven stock versus just five for a small-cap name. Nine percent of smaller companies have no followers at all. Here's the silver lining: Less coverage means more market inefficiency means more opportunities. Stock prices trade on fundamentals. And when those solid fundamentals shine through, share prices rise. Additionally, when tepid U.S. growth inevitably picks up, small-caps are poised to strongly outperform as they have done every other time in the past.

The upshot is that you can go ahead and buy the hype if you want to, blinded by the celebrity names. But that's not where the upside opportunities are likely to be.

Don't anchor to the here and now

This time is different. Except it hardly ever is. That's a lesson investors rarely learn. Case in point: the extremely low interest rates that have persisted for much of the past two decades. Over the past 50 years, U.S. interest rates have averaged 5.98%. Today's 5.5% rate seems high compared with the 0.25% paid during the recession of 2008, but no comparison to 1980 when rates topped out at 20%.

Similarly, at the start of the new millennium, a 30-year fixed-rate mortgage was 8.08%—basically in line with 2023 levels, but significantly higher than the bargain 2.96% rate that could be had just two years ago.

Higher interest rates now feel like a shock to our systems because we got anchored to some extreme lows. When considered in the full context of a longer history, though, they are in line. Now people are anchored to the S&P 500 beating everything else. But just as we have seen with interest rates in 2023, the trend will revert to the mean, even if it takes a while.

Don't fear volatility

Although it may feel uncomfortable, it is often easier to invest at the extremes—when valuations are crushed, buy signals are blaring and the bad news is priced in. Such conditions have the greatest profit potential, but

The NYSE floor in early 2023. The weird stock market that unfolded might have set the stage for stock success in 2024.

the inherent volatility makes investors nervous.

This angst is playing out in the price action surrounding earnings announcements. FactSet reports that stocks are getting hit harder for negative earnings surprises. In turn, this drives up their volatility. In the third quarter, an earnings miss cost the typical company 5.2% in market value—more than twice the 2.3% average over the past five years.

Instead of running for the exits, we view volatility as our friend and actively seek to take advantage of the price movements. Everyone says they want to buy low, but when the opportunity arises, many wait for the dust to settle and miss the money-making moment.

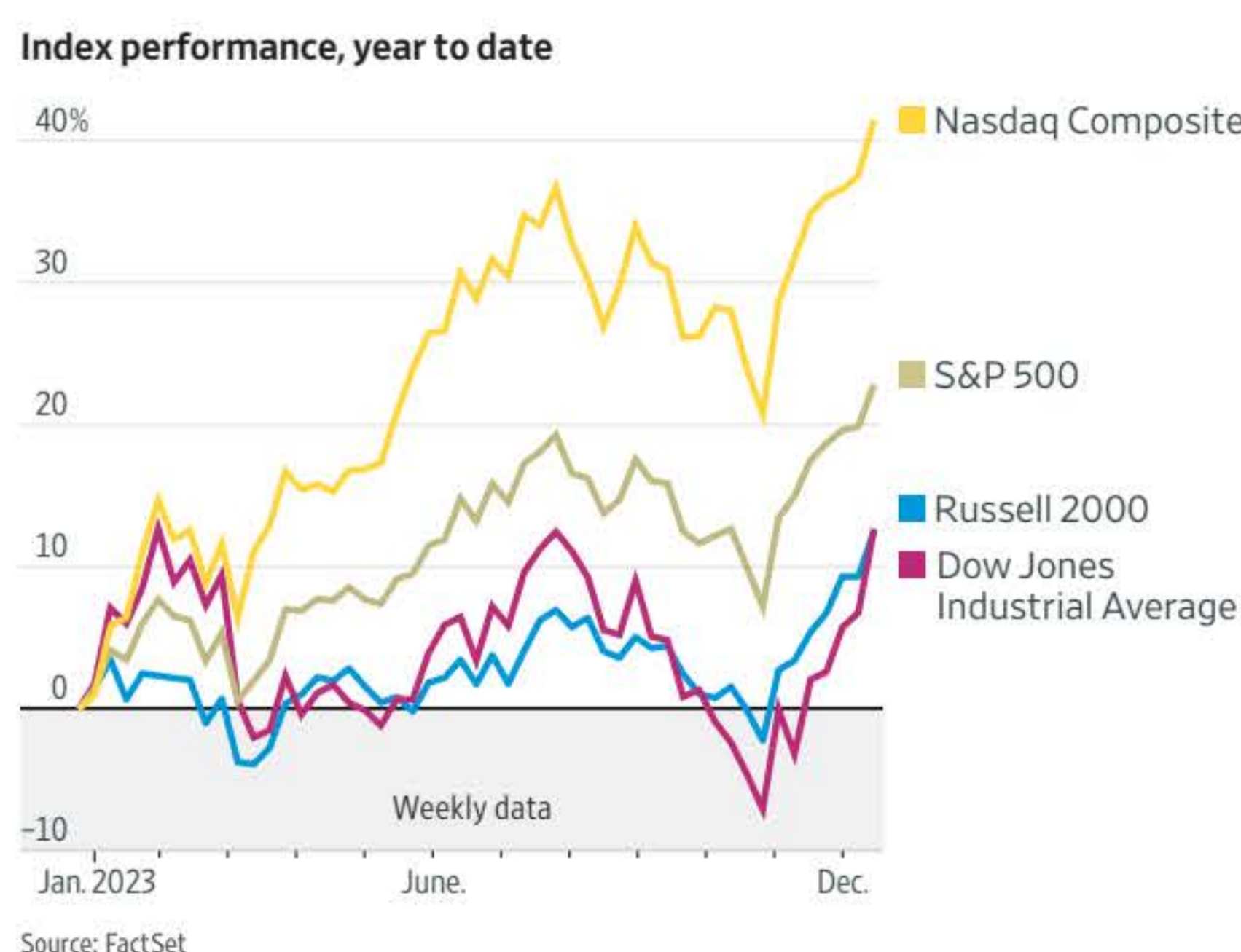
Don't bet against America

The market has turned more optimistic as the year winds down and we see plenty of value-beneath-the-surface stocks. But even if investors have found some trees, they still have some concerns about the forest. Two terrible wars, congressional dysfunction, a border emergency and mounting unrest lurk over our economy as well as those around the globe.

In these unnerving moments, we are comforted by the faith in the resiliency of our capitalist democracy from capitalism's own Yoda, Warren Buffett. He wrote in the 2012 **Berkshire Hathaway** shareholder letter, “Of course, the immediate future is unknown; America has faced the unknown since 1776.... Periodic setbacks will occur, yes, but investors and managers are in a game that is heavily stacked in their favor.”

Indeed, our markets have overcome a Great Depression, multiple recessions, global and regional conflicts, a modern-day pandemic and all other kinds of unforeseeable blows. Through it all, America has endured, and we have every reason to believe she will continue to do so.

Melody Hobson is co-CEO and president, and John W. Rogers Jr. is founder, co-CEO and chief investment officer, of Ariel Investments. They can be reached at reports@wsj.com.



banks, some industrial names and anything real estate related—could be well-positioned for investors willing to take a longer-term view.

After surviving a midyear crisis, for instance, the banking sector is already beginning to show signs of recovery as market anxiety subsides. Similarly, oversold housing-related stocks should rebound once people adjust to the new rate environment, and the U.S. housing shortage, exacerbated by the pandemic, drives new construction.

It doesn't mean every sector that got hit by investor angst is ripe for buying. Commercial real estate is an obvious example. But it does mean that if you invested by watching the Fed like a tennis match, and then reacting to every volley, you will get it wrong.

Don't buy the hype

The selloff in many areas has inflicted pain that has been con-

Tesla to be defensive businesses that can grow through any economic cycle.

We've seen this before, and the lesson is always the same: Winner-takes-all can dominate over shorter time frames but is rarely a winning bet in the long run. At some point, this narrow market supremacy will end, to the benefit of many overlooked issues.

In other words, these hyped celebrity stocks have more downside than upside from here. There are more-compelling opportunities to be had.

For example, the small-fry stocks found in the Russell 2000 index are among the most neglected shares waiting to get their due. The index has been languishing in a bear market since 2021—partially driven by their perceived economic sensitivity and partially driven by Wall Street indifference.

The result is that the total market cap of the Magnificent



April 20
SpaceX's Starship Explodes

The rocket explodes minutes after launching on an uncrewed test flight.

April 23
Bed Bath & Beyond's Bankruptcy

The once-powerful retailer is short of cash after years of losses and failed turnaround plans.

April 25
Biden to Run Again

The president formally launches his bid for a second term, setting up a potential rematch with Donald Trump.



FROM TOP: ANDREW KELLY/REUTERS; PATRICK T. FALLON/AGENCE FRANCE-PRESSE/GETTY IMAGES; JIM LO SCALZO/EP/ALAMY PRESS

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China's prospects, which seemed bright at the start of the year, turned out to be a mirage. The Nanjing Road shopping street in Shanghai.

CHINA

How Is China's Economy Doing? Not as Well as China Says It Is

2023 was supposed to be the year that China turned things around. Instead, the opposite happened.

BY DANIEL H. ROSEN

THIS YEAR was supposed to be a turning point for China, a time when the economy headed toward recovery. It turned out to be the opposite.

It's hard to remember now, but at the start of 2023, the country's prospects couldn't have been brighter—in part because of the terrible human price leaders had elected to pay for getting back to growth by ripping off the Band-Aid of its zero-Covid policy toward the end of 2022.

Six months later, everybody was scrambling to understand why their predictions had gone awry.

The common answer—that it was due to the damage to household sentiment caused by draconian pandemic lockdowns—missed the forest for the trees. Well before the pandemic, Beijing's property bubble, government fiscal tricks and delays in market overhauls had foreordained stagnation. Covid-era conditions didn't cause this structural crunch, but rather masked its inevitability. On the eve of 2023, Beijing was reporting just 3% GDP expansion, though it is easy to argue that growth in 2022 was actually *negative*.

Despite the obvious, Chinese officials forecast a 5% to 6% target for 2023.

Once the target was set, officials got to work to make sure it happened. But with business investment still flat or negative due to the still-falling property sector, net exports declining and government spending constrained by shrinking tax and fee revenues, the full burden of delivering China's forecast growth fell on household consumption.

By spring, it was becoming evident that getting enough consumption to drive 5% GDP growth would require government stimulus. However, though support for state-owned enterprises and banks was perennial,

rumors of leader distaste for support for households as "welfare" swirled, and fiscal stimulus never happened.

Changing the facts

This left officials with only one option for making their targets: They changed previous consumption statistics to make the numbers add up to 5%-plus growth for 2023. While this result is fundamentally inconsistent with evidence over the year, the IMF accepted Beijing's calculations and updated its own 2023 China projection, out of cycle, on Nov. 7.

An independent tally of 2023 growth might accept Beijing's official figures of 5% consumption growth as of the third quarter, but the other components of GDP remain flat or negative: government spending, net exports and business investment. Taken together, depending on how negative property investment is as-

◆ Net collection of debt repayment from Belt and Road Initiative countries rather than new official development assistance

◆ Persistent effort to fix the value of the renminbi stronger against the dollar all year

◆ Among the worst-performing major stock markets of the year

◆ Strong reported and unreported capital outflows

◆ The lowest marriage and birth rates on record

These are just selected bearish indications that are widely known. Officials regularly airbrush over evidence of economic stress, and citizens can be punished for being negative.

Private pessimism

In private, though, Chinese economists were more frank this year. One stated to me that having already shrunk from greater than 70% of the size of the U.S.

China's officials forecast economic growth of 5% to 6% for 2023. Then they set out to make it look like they achieved that.

sumed to have been in 2023, China's 2023 GDP probably grew 0 to 2.5%.

This slower growth estimate is far out of whack with the official figures endorsed by Beijing and the IMF, but is far easier to reconcile with the anecdotal evidence this year:

◆ Localities cutting bus service and street lighting

◆ Unexplained alteration of statistics to inflate apparent growth

◆ Suppression of data series telling a bleak story

◆ Negative foreign direct investment for the first time in modern history

◆ Price deflation

◆ Emergency expansion of fiscal deficit despite reporting solid growth

◆ Further takeover of private developers

economy to 67%, bad policy choices were locking in an inevitable descent to 40%. Another said it was a miracle the property downturn hadn't spilled over into a full-blown financial crisis, yet. Yet another said that neglect of economic growth could lead to social and political instability.

Despite this evidence, Chinese officials put political targets over economic credibility, finding ways to claim growth was on track, such as by stipulating that hard-to-measure services activity was suddenly booming—a claim that couldn't be refuted given the paucity of quality services-sector data. Authorities insisted the system was working fine and GDP growth would be above 5%, brushing off questions about why foreign firms were leaving, private domestic firms were refusing to invest or make new

hires, and consumers were behaving with such caution.

Beijing often claimed weak global conditions explained China's headwinds, but the U.S.'s performance was the mirror opposite of China's this year. Having already jacked up interest rates to 4.5% from near-zero a year before, in 2023 the Fed lifted rates four more times to 5.5%. This was widely expected to lead to recession, but by the third quarter real U.S. GDP was holding even with China's (exaggerated) 4.9% growth, inflation was stabilizing, employment levels were excellent, and foreign firms (including Chinese, where permitted) were making a beeline to the U.S. to avail themselves of subsidies and tax breaks.

What a difference a year makes. In January, the betting was that China's growth would be five times U.S. growth; instead, taking the statistical funny business out of China's numbers, the U.S. growth is outpacing China's. Given the weak renminbi, this picture is even stronger in U.S. dollar terms.

Business leaders have long known that doing business in China meant tolerating risk. There was political risk, intellectual-property-theft risk, market-competition risk, reputational risk, exchange-rate risk, and countless other concerns. But one thing that didn't require CEO attention was *macroeconomic risk*: China was a pain, but since it was a huge fraction of global growth, that was tolerable.

This was the year that changed, and macroeconomic risk became just as concerning in China as it is in other economies. In 2022, Covid could be blamed for everything; in 2023, policy and business leaders recognized that China's goldilocks era was over. Now Beijing would have the same odds of solving unresolved middle-income problems as anyone else.

What next?

Three implications for 2024 flow from this.

First, after the severe 2021-23 property correction, we are approaching a bottom, and construction could add to growth

next year instead of subtracting. But few other cyclical drivers are set to turn up, and long-term structural constraints on consumption, government spending and net exports remain.

Crisis risks and liabilities were only kicked down the road in 2023, not resolved, and will continue to drive anxiety in 2024. Compared with this year's anemic actual GDP, China could see a modest cyclical improvement in 2024, but nowhere near the aspiration of 5%.

Second, 2024 is the year the global spillover implications of China's slowdown will sink in. Advanced economies will downgrade the importance of market access in China, and Global South nations will be forced to find other engines of development. This means a new phase of geopolitical conditions, with the anchor assumption of a rising China and declining U.S. being retired. The implications of this will be far reaching and challenging to forecast.

Finally, the 2024 wild card is that China could turn back to the market pragmatism that made it the star of globalization over past decades. Security and political experts doubt that Xi Jinping has a single reform-oriented bone in his body. Maybe not, but if market overhaul is the only thing that can enable the Communist Party to pay its bills and finance its aspirations, then no one should rule it out.

In fact, in his first term, starting in 2013, Xi tried to make the market more central, only to suspend the effort after realizing how challenging it would be. Yes, it is difficult to imagine China reversing course on statism today, but it was just as hard to imagine it ending zero-Covid policies last year, or selling stakes in the national oil companies to foreigners 20 years ago.

Reform isn't the base case for China 2024, but China has a record of surprising, and reform is more than a trivial possibility. That is why smart firms are protecting the option to stay in the China game, even while breathless American politicians talk about gratuitous and unlimited decoupling. In 2024, smart Western officials will give priority to rationality on China, so they can take advantage of Beijing's economic stumbles—without needlessly damaging the economic and geopolitical interests of their own nations.

Daniel H. Rosen is a co-founder and partner at Rhodium Group. He can be reached at reports@wsj.com.

JOURNAL REPORT | YEAR IN REVIEW

U.S.-CHINA RELATIONS

Why the U.S.-China Relationship Isn't As Predictable as It Often Seems

As evidence of how quickly the mood can change, compare this year's events with those from 2001

BY JEFFREY WASSERSTROM

MIDWAY through 2001, the U.S.-China relationship looked to be in a dire place.

Two years earlier, NATO missiles had hit the Chinese Embassy in Serbia, killing three Chinese citizens. Then the spy plane crisis of April 2001—where a Chinese plane collided with a U.S. jet near China's coast, killing the Chinese pilot—ratcheted tensions up even more.



Many thought that the relationship would keep souring and become a major source, perhaps the major source, of global instability in the coming years.

Yet by late 2001, these forecasts seemed foolish or at least premature. Chinese leader Jiang Zemin and U.S. President George W. Bush exchanged smiles at the annual Asia-Pacific Economic Cooperation meeting. They appeared pleased to be in each other's company at that Shanghai summit, and agreed to work together on combatting terrorism.

The parallels with 2023 are striking. The year began with tensions running high. Another airborne surveillance incident—the February downing of a Chinese spy balloon that had traversed the U.S.—sent a chilly relationship into deep freeze.

Once again, it was thought, a downward spiral in relations was inevitable. The idea that a new Cold War between the countries was under way and getting fiercer gained traction. The notion that this could spill over

into a devastating hot war even started seeming less far fetched. There were also internationally rooted causes of concern, such as Washington's frustration at China's coziness with Moscow despite Russia's invasion of Ukraine, and China's increases in military maneuvers meant to intimidate Taiwan.

But then came a November seismic shift. At the San Francisco APEC summit, President Biden and Xi Jinping had a cordial exchange and smiling photo ops.

There were at least modest steps forward made on some issues (fentanyl, climate, military-hotlines, AI), even if there was silence or discussion but no movement on many others (Taiwan, Tibet, Xinjiang, Hong Kong, Ukraine, Israel, Gaza, the chip industry, and so on). And both leaders conveyed a sense that the countries were moving back from a precipice, returning to a steadier course after moving along a globally dangerous path.

What history teaches us

This is not to suggest that nothing ever changes in U.S.-China relations—nor that history ever repeats itself exactly.

But it does suggest that even in the chilliest times, there are still many factors that make the relationship between Beijing and Washington markedly different from that between Moscow and Washington during the Cold War.

China may be a nominally Communist country and certainly has Leninist features (single-party rule, a love of anti-imperialism rhetoric even while seeking to extend its reach and influence in imperialistic ways), but it is enmeshed in global capitalist structures in a way the Soviet Union never was. And China remains a place filled with consumers that U.S.-based multinational corporations want to get to buy their products, and a place where many of those products are made, even at a time when some manufacturing is moving to new locales.

Beltway talk of “decoupling”

and Chinese state media talk of the evils of American capitalism aside, a lot of business kept being done across the divide in 2023 as in previous years. One thing that should *not* have surprised us in November was that U.S. CEOs wanted to meet with Xi and that Xi wanted to speak to them.

Not exactly parallel

Still, there are important then-and-now contrasts between 2001 and 2023 to keep in mind, lest the parallels between the years seem even greater than they are. In 2001, for example, there were a small set of U.S.-China issues to navigate, now there are many. China in 2001 had a rapidly growing economy but wasn't yet the second biggest in the world.

In addition, at the 2023 summit, the last thing Xi wanted was for Xinjiang to come up. The U.S. rightly sees China as responsible for committing terrible human rights abuses against that territory's Uyghurs. Beijing dismisses all talk of this as misleading propaganda.

In 2001, by contrast, Jiang *wanted* Xinjiang on the agenda. He saw Bush's “War on Terror” as offering an opportunity to get international support for his drive to have a specific small organization of Uyghurs (a largely Muslim ethnic group) designated as terrorists. He succeeded. This was one factor that has led to the repression of hundreds of thousands of Uyghurs with no ties to that or any other organization.

In addition, while in 2001 a meeting between Jiang and Bush was important, it wasn't in a totally different category than bilateral exchanges between other high-level officials. Much more now rides on Xi's meetings with heads of state, for he is much less the representative of a collective leadership group than Jiang was.

Jiang, like Xi, was both Communist Party General Secretary and China's president, but he was expected to cede the former

post—the most powerful one of all—to Hu Jintao in 2002, and the latter to that same designated successor in 2003. And he did.

By contrast, Xi could well be leader for life. His premiers have been lower profile and less powerful than Jiang's were. And he has been more peremptory in dismissing officials, as the recent mysterious falls of the defense and foreign ministers illustrate. The nature of Xi's rule, unconstrained by term limits and accompanied by a growing personality cult, brings an added new dimension of instability to relations between China and all other countries, including the U.S.

The ultimate lesson

And yet, placing 2001 and 2023 side by side reminds us of an enduring feature of the U.S.-China relationship: Unexpected events tangentially related, or not related at all, to that relationship can always affect it. It's easy to fall prey to the idea that the only thing that matters is how powerful people in each capital see each other, and that incidents that involve just the two countries are still all that matters. But it isn't true.

The 2001 Summit would have been different, for instance, had 9/11 not taken place and altered Bush's policy priorities. It also mattered that China was focused in 2001 on its bid to host the 2008 Olympics and join the World Trade Organization. This put a check on how strong a line Beijing would take on the spy-plane incident.

Similarly, factors extraneous to the relationship kept the fallout from the early 2023 dirigible debacle in check. Bad economic news for Xi as the post-Covid recovery stalled, and difficult diplomatic times for Biden with major wars in Europe and the Middle East, were factors shaping both sides' priorities in San Francisco. Neither was in the mood to pick a fight.

What does this mean for the U.S.-China relationship in 2024 and beyond? The past never provides a blueprint for the future, and the prospect of a second Trump presidency is the wildest of wild cards. But we will likely keep seeing a mix of conciliatory moves, strains, hyperbolic predictions. And periodic surprises. What would be most surprising of all would be if the relationship in the years to come did *not* continue to be influenced as much by domestic developments in the U.S. and China and global events as it is by the leaders themselves and their teams of diplomats.

Jeffrey Wasserstrom is Chancellor's Professor of History at UC Irvine, the author of “Vigil: Hong Kong on the Brink,” and the editor of “The Oxford History of Modern China.” He can be reached at reports@wsj.com.

May 1

First Republic Falls
Regulators seize First Republic Bank and strike a deal to sell the bulk of its operations to JPMorgan Chase, heading off a chaotic collapse.

May 3

Rates at 16-Year High
The Fed again boosts interest rates, its 10th consecutive increase aimed at battling inflation.

May 4

Proud Boys Verdict
A jury finds four leading figures of the Proud Boys guilty of seditious conspiracy, the gravest charge brought in connection with the Jan. 6, 2021, attack on the Capitol.

May 5

Pandemic Emergency Over
The World Health Organization declares an end to the Covid-19 emergency.

May 6

King Charles
King Charles III is crowned by the archbishop of Canterbury in Westminster Abbey, the first coronation in Britain in 70 years.



May 11

Migrants Throng U.S. Border
A surge of migrants seeks to cross from Mexico into the U.S. before the pandemic measure known as Title 42 ends.

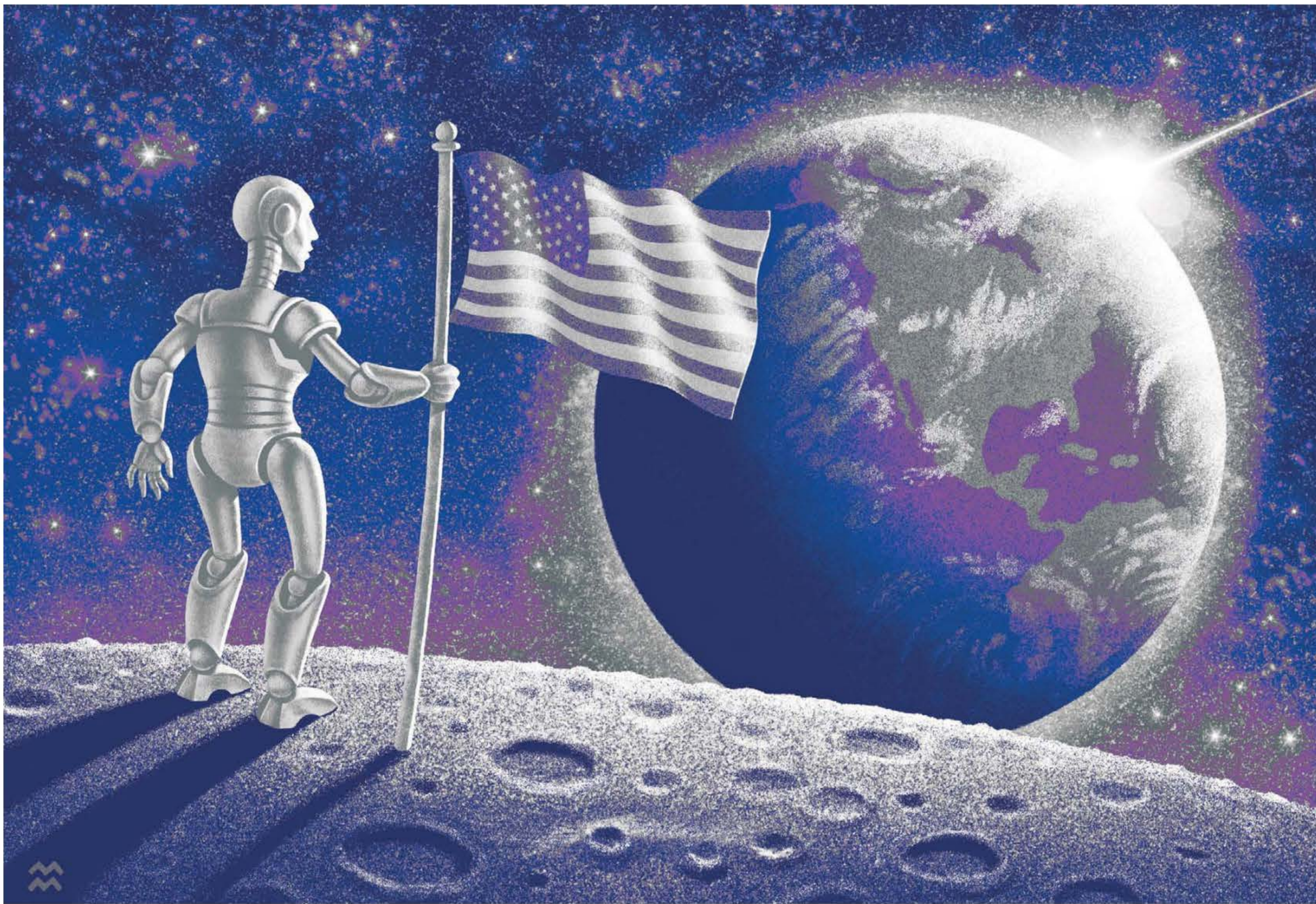
May 17

Overdose Deaths
Federal estimates are released that reflect the continuing fentanyl crisis: Overdose deaths in the U.S. edged higher in 2022—the second year in a row that drugs killed more than 100,000 people.

President Biden and China's president, Xi Jinping, in Woodside, Calif., in November.



JOURNAL REPORT | YEAR IN REVIEW



ARTIFICIAL INTELLIGENCE

The U.S. Needs a Moonshot Mentality for AI—Led by The Public Sector

Artificial intelligence is too important to be left entirely in the hands of the big tech companies

BY FEI-FEI LI
AND JOHN ETCHEMENDY

AMONG OTHER things, 2023 will be remembered as the year artificial intelligence went mainstream.

But while Americans from every corner of the country began dabbling with tools like ChatGPT and Midjourney, we believe 2023 is also the year Congress failed to act on what we see as the big picture: AI's impact will be far bigger than the products that companies are releasing at a breakneck pace. AI is a broad, general-purpose technology with profound implications for society that cannot be overstated.

We saw this early on, and in 2019 established the Stanford Institute for Human Centered Artificial Intelligence, embarking on what was seen at the time as a controversial initiative: the need to engage in deep dialogue and partnership with the policy world, especially those in Washington, D.C.

As we've done this work, we have seen firsthand the growing gap in the capabilities of, and investment in, the public compared with private sectors when it comes to AI. As it stands now, academia and the public sector lack the computing power and resources necessary to achieve cutting edge breakthroughs in the application of AI.

This leaves the frontiers of AI solely in the hands of the most resourced players—industry and, in particular, Big Tech—and risks a brain drain from academia. Last year alone, less than 40% of new Ph.D.s in AI went

into academia and only 1% went into government jobs.

There has been, unquestionably, some progress to address this. In July, Congress introduced the bipartisan, bicameral Create AI Act to give students and researchers access to the resources, data and tools they need to study and develop responsible AI models. One key element is that it establishes the National AI Research Resource (Nairr) that will enable the government to provide much-needed access to large-scale computation and government data sets to academics, nonprofit researchers and startups across the U.S.

And in late October, President Biden signed an Executive Order on the Safe, Secure, and Trustworthy Development and Use of Artificial Intelligence that demonstrates his administration's commitment not only to foster a vibrant AI ecosystem but also to harness and govern the technology.

Still lacking

Despite this progress, we remain concerned that there is a disproportionate amount of interest by policy makers in the voices of industry leaders rather than those in academia and civil society. We worry that government officials will create policy based on a limited set of voices instead of focusing on the larger picture, and that the result will sideline the very engine of American innovation. Most alarmingly, we fear America's longstanding history of creating public goods through science and technology (think the internet, GPS, MRIs) risks being drowned out by increasingly hyperbolic rhetoric.

Some of this rhetoric comes as celebrity Silicon Valley CEOs have descended upon Washington to share their perspectives on the opportunities and challenges of AI.

On the surface, this is a positive development. We now hear

talk of regulation from the most hard-core entrepreneurs, and government officials speak about the latest generative AI technology with an urgency reminiscent of debates about infrastructure, healthcare and taxes.

But we worry that policy makers and the government are hearing only the voices of the most powerful, concentrated industry groups and stakeholders (tech execs at elite companies). The concern is that they are building products and services that are business- and profit-focused. There's nothing wrong with that, but the problem is that those who might approach the technology from a different angle don't have the computing power and resources to pursue their visions.

A call to action

So what needs to happen? President Biden has set the stage, and with all this attention, it's time for Congress to act. They need to pass the Create AI Act, adhere to the elements called on by the new executive order, and invest more in the public sector to ensure America's leadership in creating AI technology steeped in the values we stand for. We also encourage an investment in human capital to bring more talent to the U.S. to work in the field of AI within academia and the government.

But why does this matter? Because this technology isn't just good for optimizing ad revenue for technology companies, but can fuel the next generation of scientific discovery, ranging from nuclear fusion to curing cancer.

Furthermore, to truly understand this technology, including its sometimes unpredictable emergent capabilities and behaviors, public-sector researchers urgently need to replicate and examine the under-the-hood architecture of these models. That's why government research labs must take a larger role in AI.

And last (but not least), government agencies (such as the National Institute of Standards and Technology) and academic institutions should play a leading role in providing trustworthy assessments and benchmarking of these advanced technologies, so the American public has a trusted source to learn what they can and can't do. Big tech companies can't be left to govern themselves, and it's critical there is an outside body checking their progress.

The other area is talent. The president's executive order also outlines a significant push to draw much-needed technical talent to the U.S. by identifying paths to attract, recruit and retain foreign AI talent. This will be crucial to advance the field. On the government side, we need to infuse our political ecosystem with technical expertise to make informed and responsible decisions on AI policy.

In short, to effect change we need a moonshot mentality. In 2024, we need the government to galvanize a broad investment in AI that reflects America's bold innovative spirit, backed by strong public-sector infrastructure.

AI isn't just a bag of clever products. It has tremendous potential to extend our lives, improve our societies and save our planet. Policy makers need to empower the public sector to play a vital leadership role in developing responsible AI that reflects the American values that our Constitution and Bill of Rights have etched into our nation's DNA.

Fei-Fei Li and John Etchemendy are the founding co-directors of the Stanford Institute for Human-Centered Artificial Intelligence. Fei-Fei Li is the author of "The Worlds I See: Curiosity, Exploration, and Discovery at the Dawn of AI." They can be reached at reports@wsj.com.

June 2

Debt-Ceiling Saga
Biden signs bipartisan legislation suspending the \$31.4 trillion debt ceiling, narrowly avoiding a default.

June 12

Denver Rules NBA
The Nuggets defeat Miami for their first championship.

June 13

Nvidia Joins the \$1 Trillion Club
The chip maker, riding the AI boom, becomes the seventh U.S. company to reach \$1 trillion in market value.

June 13

Vegas Rules NHL
The Vegas Golden Knights defeat Florida to grab the Stanley Cup in only their sixth season.

June 18

Titanic Explorers Die
Five adventurers on an expedition to the 1912 Titanic wreck die in a catastrophic implosion of their submersible deep in the North Atlantic.

June 23

Mutiny and Death
Yevgeny Prigozhin of the Wagner paramilitary group leads a mutiny in Russia, the most serious challenge to Putin's 23 years in power. Prigozhin and other Wagner commanders would be assassinated via a plane crash in August.

June 30

Stocks Rock Through Six Months
A strong first half for Wall Street is fueled by optimism that inflation is easing. The tech-led Nasdaq index soars 32% on enthusiasm about artificial-intelligence breakthroughs.

JOURNAL REPORT | YEAR IN REVIEW

TELEVISION

Co-Creator of 'Only Murders' on
What Makes Great TV

John Hoffman talks about the lockdown, strikes and what clicked this year and why

BY JEFF SLATE

HAVING TO be on time constantly for Zoom drives me crazy," John Hoffman confesses at the outset of our interview. "I need some leeway!"

It's no wonder. The onetime actor who moved on to movie screenwriting and then to TV writing and producing (including "Looking" and "Grace and Frankie"), hit it big with the genre-defying Hulu show "Only Murders in the Building," which he co-created with comedy legend Steve Martin. The show just wrapped a star-studded (Meryl Streep and Paul Rudd, to name two) third season, adored by both fans and critics alike.

The Wall Street Journal spoke to Hoffman about the success of "Only Murders in the Building," the double whammy of the pandemic lockdown and recent Hollywood strikes, and about what clicked and why on TV this year. Here are edited excerpts:

The Success of 'Only Murders'

• **WSJ:** A third season can be tricky for any show, but "Only Murders" came back and had a very big season.

• **JOHN HOFFMAN:** Everything was shaded by the time frame in which we started. The challenges, anyway, with starting a new show, and then carrying forth in a second season and then a third, are myriad. But premiering at the tail end of the pandemic, with a show about people who are scared to step outside of their apartment because someone down the hall might kill them, turned out to hit the right notes with people.

• **WSJ:** We were also desperate for new content in that moment.

• **HOFFMAN:** That's it. And the comfort of people that were famil-



John Hoffman, center, flanked by Martin Short and Selena Gomez (and Steve Martin's image peeking in).

iar and that you hadn't seen in a while, and that odd trio of Steve Martin and Martin Short and Selena Gomez that at least piqued interest along the lines of "how the hell is that going to work?" felt very timely for us and nothing we could have planned for.

• **WSJ:** What's been the experience of 2023 within the industry, not just for your own show but in the industry at large?

• **HOFFMAN:** It has been clearly a tumult. And fairly cataclysmic. We were facing the thing that felt to all of us had to come, at some point, because so much wasn't making sense about the business at large. In working at whatever level you were at, I think you had to ask yourself, "How do I spend my time in a more clear-eyed way, about the projects I pick or chase?"

And that's not just because of the strikes, but the tone of the wider world, because of the political and cultural climate we find ourselves right now. So, I was very conscious of the challenges of a new season in this climate, on streaming, where you're lucky if you get anything beyond one or two seasons, especially with a show the scale of ours, a comedy no less, which is a big commitment.

• **WSJ:** The show is set on the Upper West Side, but as a broader New York show, the casting felt honest. But are the current cultural sensitivities something you had to deal with?

• **HOFFMAN:** I think everybody deals with it in many ways: personal ways, familial ways, work ways. I have not had a moment that has been confrontational, but

there have been a couple of moments, honestly, that would surprise you. There were story points that flared sensitivities that we had to grapple with a little bit. But nerve-touching is what art is about. If you're not swinging with authority and confidence, then you're not going to be funny. And you're not going to be true.

Highlights of the year

• **WSJ:** Talk about what the highlights have been for you in television, and particularly what clicked for you in 2023 and why.

• **HOFFMAN:** What clicked has been this wealth of ingenuity and viewpoint and everything else that made the streaming world feel like it had reached its peak.

As for 2023, I loved everything from "Reservation Dogs" and "Succession," to "The White Lotus" and "The Crown." Yes, I absolutely still love "The Crown"! Beyond that, "Dave." I was nuts about it from the beginning because of its blissful stupidly funny inventiveness with a good amount of heart and guts.

"Telemarketers," too, because I do like a wild docuseries, and that one is scratching that itch in a particularly Safdie way [filmmaker brothers Josh Safdie and Benny Safdie]. Finally, "Stath Lets Flats." I'm a big Jamie Demetriou fan from his "Fleabag" days, and that one is sublime for its droll idiotic everything.

• **WSJ:** It seems that younger creators are leading in showing really diverse casting, that it's OK to develop these niche stories, that it's OK to go off the beaten path and swing for the fences. Do you feel that's given people like you to dig in a little bit?

• **HOFFMAN:** I do. I think the DIY part of the business—creators using smartphones and basic movie-making software, and uploading their works to YouTube and other similar sites—has permeated that understanding of what can hit. And, great. It's what we do with it that's the trick. Can creators capitalize on that? I feel that's been the challenge, in many ways. I watched the networks get more bold, and that's thrilling. But you have to step back and realize that the thing that connects is the thing that comes from a place that is pure.

I say this as someone who has more opportunity than I've ever had in my career at this moment—which feels incredible—that it also makes me stop and think, "Do the thing that still feels true; that still feels from your own specific point of view." Stay there. Stay in that lane. Even if it's a big idea, stay particular to your sensibility.

So in the wake of the strike,

there's going to be less content, but I think more than anything, that content is going to land itself, I hope, in the offices of decision makers who will be more open-minded about what audiences want and what feels authentic, and they will recognize that a unique vision is everything. You don't get talked about if you're in the middle. The safe bet is always going to slap you in the face.

But what's beautiful is that authenticity has never been more valued. I see it over and over again, the recognition of it is the thing that's electric to viewers. They're craving it. We're a big show that is kind of insane, but we have an authentic heart at our middle. I think that's the other thing people see.

So, if 2023 had a "click" moment—and this is true in film as well, with "Barbie" and "Oppenheimer"—it's that that sensibility has landed in the mainstream, and hopefully forever.

Favorite shows

• **WSJ:** Let's talk a little more about which shows you think really clicked, were hits, with audiences. What do they say about the type of shows that we're likely to see more of? And is there a "Friends"-type show these days, or do those not make it any longer?

• **HOFFMAN:** There are so many great shows that get made, and it's tricky to look at those that have been deemed "hits" and try to definitively determine why they may have drawn an audience. I'm so stupidly fortunate to have a show that's hit so sweetly.

But because "Only Murders" is a show I know so well, I do see things that our show has in common with other hits that I'm a big fan of. The first is an unexpected cast of characters from multiple generations. Shows like "The White Lotus," "Abbott Elementary," "The Bear" and "The Last of Us" all share qualities in casting to our show. Intergenerational casts don't just appeal to broader audiences—though it's amazing watching Selena Gomez fans discover Steve Martin and Martin Short (and vice versa)—they help to tell richer, more specific stories in very specific worlds that clearly appeal broadly.

And that's the other key thing here: Shows that excite me, shows that I hope continue to get made and are supported by studios and streamers, are shows drawn from rich, textured worlds that reflect our world back to us. Not only through intergenerational representation, but by increasing representation across the board. All of the above shows do that beautifully. They create their own "worlds" and fill it with a hugely diverse mix that represents the greater world at large. It's very encouraging to see all of them do well, and for all of them to be excellent, and for all of them to be good business models. So, more of that, please!

As for shows like "Friends," I hope we get a new show that embodies some of those brilliant qualities. There's clearly a timeless element to what's going at that show's core and, I believe, a real need to remind how important "chosen families" can be in the most formative years, whether coming-of-age or post-schooling.

• **WSJ:** And do you think within the artistic community—regarding the aftermath of the strike—that people are generally happy with the way things landed?

• **HOFFMAN:** I think, in general, yes. I think there was victory in it. Enough at this moment. The fact that it took as long as it did was maddening. I have great respect for so many people on that side, in the offices, because I've recognized great human beings who have good intentions and want to greenlight content that doesn't necessarily feel like an obvious slam-dunk, but feels worthwhile and authentic, especially in these last 10 years. Because, often, they were reluctant because the content explosion didn't feel real or sustainable, and jobs at every end of the business were at stake, not just their own. So, the reckoning felt just as sensible.

Jeff Slate is a writer and musician in New York. He can be reached at reports@wsj.com.

FOUL LANGUAGE

What the %&#!?! Everyone
Curses on the Screen Now

THESE DAYS, just turning on the television seems to trigger a blitzkrieg of F-bombs. Or a real S— show, one could say.

"We're seeing a big spike in the use of crude and profane language in movies and TV shows," says Chad Michael, CEO of EnjoyMoviesYourWay.com, a content-filtering service for smart TVs based in Edwall, Wash. "As it increases, we become numb to it," he adds. "And that gives writers and media [outlets] permission to add even more."

In May, for example, the season finale of "Succession" on Max (formerly HBO Max) featured 235 expletives, according to a script analysis by learning website Preply for the Mental Floss website. Before CBS could air reruns of cowboy drama "Yellowstone" on broadcast TV, it had a little cleaning-up to do. Originally streamed on Paramount+, "Yellowstone" included 24 utterances of the F-word, 14 of the S-word and visual taboos such as blood spatter, breast exposure and pelvic nudity, according to the network's Program Practices department. And that was just the first episode.

In the U.S., 83% of consumers use a subscription video-on-demand service, according to Statista. And these services, such as Netflix, Max and Amazon

Prime, are subscription-based, so they don't have to comply with FCC profanity rules imposed on broadcast television and radio programming.

Engineers at EnjoyMoviesYourWay.com deploy artificial intelligence to identify crude language in programming, allowing the app to filter thousands of titles. In an analysis for The Wall Street Journal, Enjoy scanned over 60,000 popular movies and TV shows released since 1985 and tracked the usage of bleepable words over time.

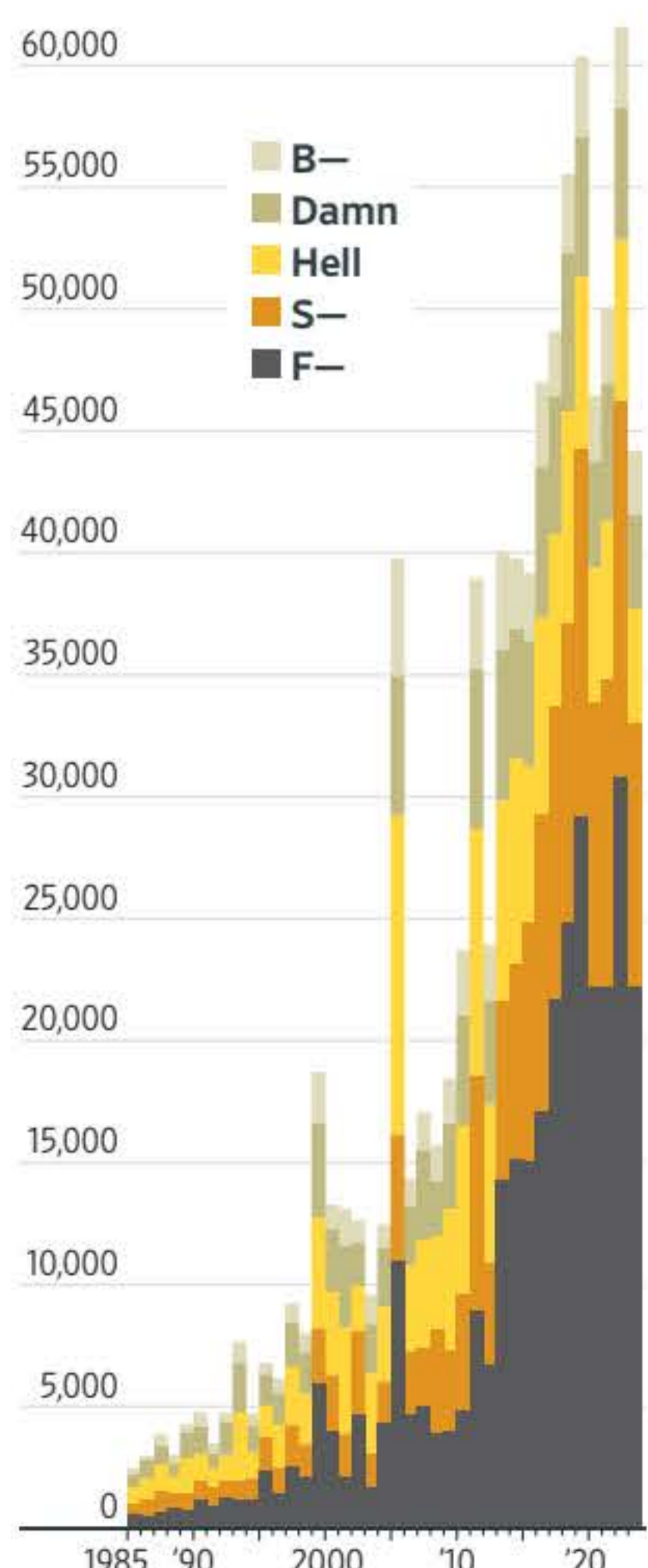
In the sample, usage of the F-word went from 511 in 1985 to 22,177 through early November 2023. The S-word went from 484 in 1985 to 10,864 into November 2023. Of course, the explosion in expletives is also partly due to the sheer volume of programming that's now available to viewers.

The Enjoy analysis shows overall decreases in foul language recently, but Michael attributes the drops to the onset of the pandemic and the Hollywood writers' strike, both of which temporarily shut down entertainment production. "Without those two aberrations, we would see the trend continue to go up," he says.

Had enough? To make TV more family-friendly, parents and other viewers can subscribe to filtering services like EnjoyMoviesYourWay.com to skip or blur objectionable content. The Enjoy app works with users' smart TVs and in-

cludes tools to control which words and behaviors are filtered. The Enjoy app is free for those who want to filter YouTube and Amazon Prime content. To filter other streaming services, users pay a \$7.99 monthly fee.

—Beth DeCarbo

Annual number of curse words on subscription cable and streaming, by select words

Note: 2023 data is through early November. Source: Enjoy Movies Your Way analysis of over 60,000 popular movies and TV shows released since 1985

PHOTO ESSAY

The Horror—and the Normality—of Covering A War at Home

A Ukrainian photographer on how every struggle he documents feels personal. He dreams of when it will end.

STORY AND PHOTOS
BY SERHII KOROVAYNY FOR
THE WALL STREET JOURNAL

ON THE evening of Feb. 23, 2022, I packed a bag and went to bed fully clothed. Tension was in the air. A few hours later, loud explosions broke the winter night silence in the Eastern Ukrainian city of Kharkiv where I was working.

Russia had invaded and the war had begun. The next few days, I was busy ensuring that my family and friends remained safe. Then, I picked up my camera.

I have wanted to be a photojournalist since 2014, when I was 18. But I've never wanted to be a war photographer. Then, Russia invaded, and my privilege of choosing a career path disappeared. Since then, I have been documenting war. Civilians hiding in a subway station. Refugees escaping Russian bombs. Soldiers holding the front line. Medics saving soldiers' lives. People greeting soldiers in liberated territories. Torture chambers and mass graves.

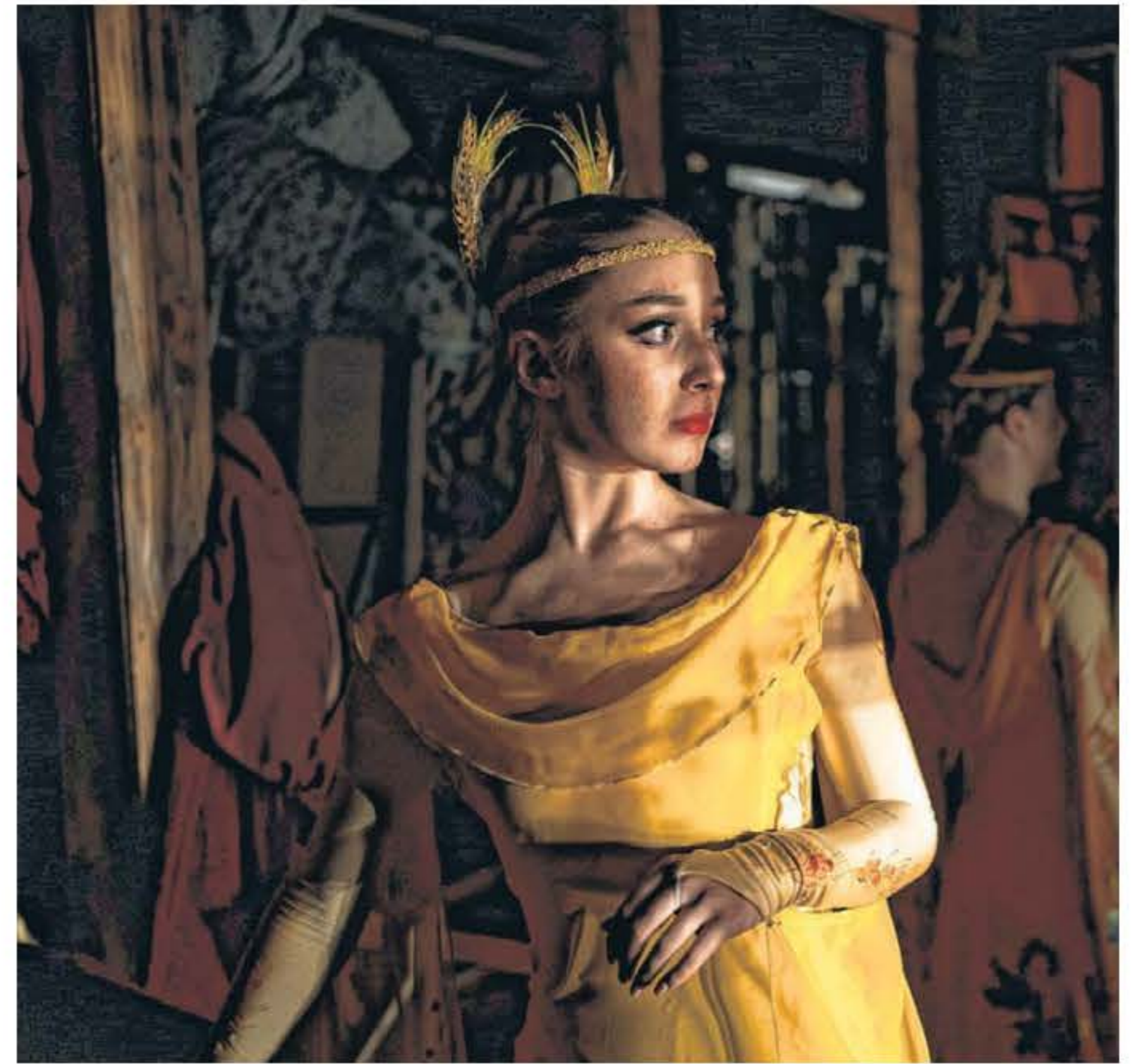
The scary part is how quickly I got used to all of it. As Susan Sontag once wrote: "We can't imagine how dreadful, how terrifying war is; and how normal it becomes."

I've photographed so many destroyed tanks

and bodies that now I barely feel something when I see another one. When a movie is interrupted by an air attack, my wife and I are disappointed that we won't see the ending—not by the fact that dozens of deadly pieces of metal are approaching our home.

Still, every struggle I see in Ukraine feels personal. That's my wife being forced to leave our Kyiv apartment and escape to Western Ukraine. That's my parents trapped under Russian occupation since 2014. That's my hometown I can no longer visit. Cities I loved have become ruins. People I know joined the army to fight against Russian evil. Some of them were injured. Some were killed.

My hope, my dream, is that in the not-too-distant future, I will photograph peaceful (and even boring) stories from a postwar



It is strange to me that war can coexist with a peaceful life, joy and art. The work on frontline stories in the Donetsk region in the morning. In the evening, ballet in the Dnipro Theater or people enjoying nice restaurants. It is a complex

Ukraine. The news from my home won't be about war, but will be about economics or weather or sports.

That is my dream, anyway. For now, I come home and throw my armored vest, helmet and medical kit on the shelf and unpack the go bag I carry with me every-

where. That dream of a peaceful life will surely happen one day. But for now, there is a war to document.

Serhii Korovayny is a Ukrainian photojournalist currently covering the Russian-Ukrainian war. He can be reached at reports@wsj.com.



The poor city of Kherson survived occupation, everyday shelling and flood. Yet people are still living here, and children are playing in front of the house destroyed by a Russian Grad MLRS. All



Wounded soldiers often, understandably, dislike journalists photographing their treatment. However, Stanislav seemed fine with us being there and even asked that I send the pictures to him. Luckily, his wounds were not serious.



Relatives, friends and all comrades from Artan battalion gathered in Kyiv to bid farewell to two soldiers, call signs Medoyed (Honey Badger) and Compass, who were killed during an undisclosed mission on the front line.



These cows died from starvation. Even a year after liberation, owners clean the territory. I know that they but when I see animals struggle, I

YEAR IN REVIEW

THE WAR IN UKRAINE

Neither Ukraine nor the West Can Afford to Lose

The West has to understand that the war is about the future of the West itself

BY SERHII PLOKHY

AS THE NEW Year arrived in Ukraine with the Russian missile attack on Kyiv on the early morning of Jan. 1, 2023, there were two main questions on the minds of policy makers around the world. The first pertained to the fate of the continuing Russian winter offensive, while the second concerned the results of the planned Ukrainian spring counteroffensive.



The answer to the first question came in May when Yevgeny Prigozhin withdrew his Wagner Group troops from the ruins of Bakhmut. Taking control of Bakhmut had come at a high cost to Wagner, with perhaps 20,000 soldiers killed, most of them convicts recruited by Prigozhin from Russian prisons.

This was the sole significant success of the offensive. Bakhmut was to remain under Russian control, but Prigozhin rebelled when the Kremlin decided it didn't need his services and ordered to roll his troops into the regular Russian army. The mutiny revealed fissures between the Russian political and military leadership, which didn't rush to protect the regime. The Kremlin eventually assassinated Prigozhin, but the military brass's dissatisfaction with Putin's handling of the war suggested possible trouble in the future.

The counteroffensive

The failure of the Russian offensive opened the door for Ukraine's June counteroffensive. Despite

Ukrainian counterparts on the required weaponry and timing, quarrels between the allies on who should supply what (notably the public dispute between the U.S. and Germany regarding supply of Leopard and Abrams tanks), and White House concerns about crossing Putin's red lines and provoking a nuclear war.

No end in sight

But efforts to prevent the war from escalating no doubt will contribute to lengthening it, likely through 2024 and beyond. What's more, the battles of 2024 will be fought amid a political event—the U.S. presidential election—that will be as important to the future of the war as any individual offensive. The U.S. remains the largest Western supplier of weapons to Ukraine and is second only to the European Union in financial assistance to Kyiv. The political uncertainty in the U.S. will greatly affect the country's ability to provide Ukraine with crucial military aid. Ukraine is likely to face a shortage of munitions at some point in the coming year. Yet it takes time for Ukraine's Western partners to increase the production of munitions. The U.S. has already doubled the production of some artillery shells, but there is long way to go to meet the demands of the Ukrainian front.

Meantime, the European Union is unlikely to meet its pledge to supply one million shells to Ukraine. The surprise Hamas attack on Israel and the possible start of larger Middle Eastern war could further exacerbate Ukraine's munitions situation.

To be sure, Russia also faces challenges in terms of munition supplies, but has been able to fill the gap with the help of North Korea, which supplied Moscow with one million shells. Beyond that, Putin has been effective in

Minsk agreements never brought peace but provided Russia with the ability to build a stronger army and come back in force a few years later. The Russian policies targeting Ukrainian activists, kidnapping children and replacing school curriculums with the Russian ones would lead to eradication of anything politically and culturally Ukrainian on the occupied territories.

A loss for Ukraine also would be tantamount to a major loss for the U.S. and its allies. Russian victory would result in Moscow strengthening its grip of the post-Soviet space, restoring its positions in the Caucasus, where Armenia indicated its interest in strengthening its relations with the West, and Central Asia, where Kazakhstan uses its ties with China to counterbalance Russian power in the region.

Even more important, Russia's success in Ukraine would increase a threat to NATO's Eastern flank—in particular the Baltic states and Poland. Outside of Europe it would embolden Moscow's allies Iran and North Korea and provide a template for China for the military solution of the Taiwan dispute. In all those cases, the U.S. and NATO troops could find themselves in the midst of a military conflict of the sort that Ukraine fights today without direct involvement of NATO.

In many ways, the biggest disadvantage for the West is the striking difference between the ways in which the war is viewed in Russia and the West.

While the Kremlin perceives it as a life and death struggle with the U.S. and its allies, and whips the anti-Western hysteria in the Russian media to mobilize the population and resources to wage such a war, the Western governments imagine this war largely as a conflict between Ukraine and Russia, and debate the degree to which they should



Wall Street Journal team could photograph the beautiful slicated reality.



July 13
Actors on Strike
TV actors join picket lines alongside screenwriters in what becomes Hollywood's biggest labor fight in decades.

July 24
'Barbenheimer' Heats Up Movies
The "Barbenheimer" weekend—the debut of "Barbie" and "Oppenheimer"—helps to deliver the strongest domestic box-office weekend of the year.



July 25
Twitter Becomes X
The rebranding of Twitter to X elicits excitement as well as exasperation from users as they adjust to Elon Musk's latest change to the social-media platform.

July 26
Hunter Biden's Legal Troubles
The president's son pleads not guilty to tax charges. In September, he would be indicted on gun charges.

Aug. 8
Wildfires in Hawaii
Wildfires tear through Maui, killing 100 people. The historic town of Lahaina is destroyed.



Aug. 15
Trump Indicted Again
Donald Trump and allies are indicted in Georgia over efforts to overturn election results—the fourth time he is indicted ahead of the 2024 elections.

Aug. 17
401(k) Millionaires
The number of people with at least \$1 million in their 401(k)s grows about 25%—there are now 378,000 retirement-plan millionaires in Fidelity Investment plans—thanks to the year's market rally.

Aug. 20
Spain's Soccer Championship Fiasco
In bizarre turns after Spain wins the Women's World Cup, the Spanish soccer federation fires coach Jorge Vilda—and then federation president Luis Rubiales resigns amid furor over his forcibly kissing a player while celebrating. Vilda now coaches Morocco.

Aug. 20
Moon Crash
Russia's first mission to the moon in nearly 50 years ends in a disaster as its unmanned Luna-25 spacecraft crashes into it.

Aug. 24
Home-Mortgage Rates Soar
Mortgage rates push to a 22-year high, at 7.23%, making it tougher for the housing market to emerge from its slowdown.



ways heartbreaking.



at a farm destroyed by Russians. ers still lack the resources to e war is a giant human tragedy, it still makes me so sad.



some optimistic predictions, the destruction of the Russian Army-controlled section of the Kakhovka Dam on the Dnipro River effectively dashed Ukrainian hopes of using the dam as a bridge to cross the Dnipro and sever the supply lines connecting Russian troops in the south of Ukraine with their logistical hubs in Crimea.

As a result, the situation on the mainland reached a stalemate. Less than 200 square miles changed hands since the beginning of the year. Russia managed to stabilize the front line by bringing at least 300,000 additional soldiers and officers into the Russian army. Ukraine, as well as being outnumbered 3 to 1 in terms of manpower, lacked superiority and often even parity in firepower.

While the Ukrainians had received tanks, fighting vehicles and antiaircraft missile batteries, they didn't receive the F-16 fighters they had requested, nor the U.S. ATACMS long-range guided missiles. Delays in supply were caused by various reasons, including disagreements between NATO commanders and their

circumventing Western sanctions, stabilizing Russia's economy and mobilizing its industry for wartime needs.

Land for peace?

As 2023 comes to an end, there are more calls for a cease-fire and eventual "land for peace" settlement.

However, such an outcome won't provide either stable or lasting peace in the region. While Ukraine has been engaged with its allies in discussing the "peace formula," the Kremlin insists on achieving all of its original goals, including the so-called denazification of Ukraine, which is a code word for the destruction of Ukraine's political and intellectual elites.

Ukraine can't lose this war because the very existence of the Ukrainian state and nation depends on its outcome. And ending it with an armistice resulting in the loss of people and territories and without NATO membership is tantamount to losing the war.

Ukraine has been in that position before, in 2014-15, when the

Ukrainian soldiers load a Western-supplied M777 howitzer to be fired at a Russian military position in Ukraine.

help Ukraine without antagonizing Russia too much.

What the West perspective is missing is that the key question on the global agenda is the future of the West itself. At stake in this war isn't just the fate of Ukraine but also the security of the West, the stability of the international order, and the future of democracy as a global force.

The outcomes of wars of such magnitude shape the future for generations to come. Even if much of the West doesn't yet recognize this, this war is no exception.

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FROM TOP: EVAN ANGLASTRO FOR THE WALL STREET JOURNAL; MATTHEW THAYER/THE MAUI NEWS/AP; JOSEPH SYWENKO FOR THE WALL STREET JOURNAL

JOURNAL REPORT | YEAR IN REVIEW

LABOR: THE UAW

Auto Workers Had a Great Year. But Can It Continue?

The UAW scored big victories in 2023. Here's what to watch for in 2024.

Sept. 12
Floods Batter Libya,
Kill Thousands

The natural disaster was decades in the making—a result of years of official neglect of two dams under Gadhafi.

Sept. 15
UAW Strikes

The United Auto Workers union goes on strike against GM, Ford Motor and Chrysler parent Stellantis, the first walkouts to hit all three automakers at same time.

Sept. 19
Armenia-Azerbaijan
Conflict

In the space of just over a week, Nagorno-Karabakh—a self-governing, Armenian region established inside Azerbaijan after the collapse of the Soviet Union—is effectively dismantled.

Sept. 20
Joint Chiefs
Chairman

Air Force Gen. CQ Brown Jr. is confirmed as the 21st chairman of the Joint Chiefs of Staff.

BY KRISTIN DZICZEK

AUTO workers, actors, writers, delivery drivers, graduate assistants, teachers, baristas and healthcare workers all went on strike in 2023—a year that saw a sharp rise in labor actions across the U.S.

Nearly four times as many workers participated in strikes between January and October 2023 than in the same period in 2022, according to the Cornell-ILR Labor Action Tracker.



The strikes—and the contract wins that followed—may prove to be good news for organized labor after years of wage and benefit concessions and decades of shrinking membership.

But such an outcome is anything but ensured. A closer look at what happened with the auto workers—why they have struggled in past years and why 2023 was so different—is revealing.

Foreign competition

U.S. domestic manufacturers faced international competition from imports beginning in the 1960s, and later, from international firms that began producing vehicles and parts in the U.S. So far, the United Auto Workers union has failed to organize these new plants—despite several efforts to do so.

That's partly because federal and state laws have become less favorable to unions over the years. Unions in the U.S. operate with fewer federal protections than in European countries. Right-to-work laws have proliferated at the state level, making it possible for employers to hire nonunion workers in a union shop. Today more than half of states have such laws on the books. In an additional blow, the UAW's reputation was damaged by a corruption scandal where 12 former top UAW officials, including two past presidents, were convicted of federal financial crimes.

New leaders

But 2023 brought change. New UAW leaders took office early in the year and started national

bargaining with **Ford Motor, General Motors and Stellantis** in the summer against a backdrop of tight labor markets, high inflation and workers concerned about job security as automakers shift to building more electric vehicles. Additionally, Covid-era supply-chain disruptions and constrained production resulted in record corporate profits that fueled organized labor's demands for "record contracts."

Many unions that went out on strike in 2023 did so to try to make up for concessions from leaner times. UAW workers, for example, agreed to lower entry-level wages and benefits in 2007 and gave up cost-of-living-adjustments and other gains in 2009 when two of the three U.S.-based automakers filed for bankruptcy. While workers have benefited from lump-sum payments and record profit-sharing checks averaging more than \$10,000 a year since 2011, top production wages grew just 12.5% over the same period.

In 2023 negotiations, the UAW demanded higher wages and that all workers be paid on the same wage scale. The recently ratified contracts raised the top wage 27% over the more than four-

year term, and some lower-paid workers will see even more substantial gains.

Even though the UAW's contracts with Ford, GM and Stellantis cover a minority of U.S. motor-vehicle and parts workers, the pattern set by the union's contracts will influence wages at other automaker and supplier firms. In recent weeks, at least six international automakers—Honda, Hyundai, Nissan, Subaru, Toyota and VW—have also raised wages for their production workers in the U.S.

E-quality demands

Technological change was also a factor feeding labor unrest in 2023. Auto workers won assurances that new jobs building batteries, motors and e-axes that propel electric vehicles would have similar pay and benefits as jobs building engines, transmissions and internal combustion-engine vehicles.

The UAW's new contracts protect current workers' jobs, wages and benefits that could be at risk in the EV transition. Workers at GM's Ultium battery plant in Ohio who voted to join the UAW earlier in 2023 will also be covered by the new contracts, and all three automakers pledged neutrality to organizing at their yet-to-be-built battery plants and a framework for bringing these future workers into the master agreements.

The 2023 UAW strikes didn't have the same economic impact as strikes once did. The main reason the impact wasn't larger is that Ford, GM and Stellantis represent a smaller share of a

smaller industry. Between 1970 and 2023, the three companies' combined market share fell from 87% to just 39% of U.S. sales, and the motor-vehicle sector that represented over 4% of U.S. GDP in 1970 is now just 2.8%.

Is 2023 a sign that the UAW is turning things around in a bigger way? Maybe. Watch in 2024 for how automakers respond, and whether the support for—and victories of—organized labor in 2023 provide fuel for the UAW to expand its ranks.

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The UAW sent strikers to parts distributors such as Mopar Parts, owned by Stellantis, in Center Line, Mich.

SPORTS

The Year That Golf Battled For Its Soul

In 2023, it was money rather than birdies that dominated the sport, as the PGA and LIV Golf fought to rule the links

BY ALAN SHIPNUCK

THE 2021 professional golf season was the last one conducted before the arrival of LIV Golf. At the end of the year, one golf website held a reader poll on the biggest stories the game had faced. No. 1 was Tiger Woods's car crash, no surprise, but No. 2 was nothing more mundane than the USGA's revised mandate that drivers couldn't exceed 46 inches, rather than the old 48 inches. Ah, simpler times.



By 2023, professional golf was aflame with bickering, betrayal and backroom deals cut by a cabal of all-powerful boardroom warriors, as well as Senate hearings and other unpleasantness that spilled onto the business page and then the front page. Money, not birdies, seemed to be the only thing that mattered. LIV Golf had belligerently launched in June 2022, but it wasn't until 2023 that the shock waves were fully felt.

Between the ropes, pro golf's product actually improved in 2023. To fend off the LIV threat, the PGA Tour started its splashy new "designated" events, enticing the top players with \$20 million purses; previously, the Tour aver-

age was less than half of that. These eight tournaments featured a series of shootouts among brand-name players, and the TV ratings spiked accordingly.

(Of course, many B-list tournaments suffered, as the stars consolidated their schedules around the designated events, part of the new class warfare on the Tour between the haves and the have-mores; the entire organization began catering to a small group of top players who were setting policy for a couple of hundred members.)

LIV also began to slowly find its footing, as the tournaments in Australia and Singapore drew large crowds and enthusiastic media coverage. The strong play of

LIV golfers in the major championships—notably Phil Mickelson's run at Augusta and Brooks Koepka prevailing at the PGA Championship—gave the upstart league a much-needed shot of credibility.

From greens to courtrooms

The larger story played out off the course, as the rival tours battled for the soul of golf in front of judges and in the court of public opinion. With the PGA Tour's legal fees running deep into eight figures, and corporate partners pushing back on the spiraling cost of sponsoring a tournament, commissioner Jay Monahan reluctantly sought an armistice in the



Henrik Stenson tees off at a LIV event at the Centurion Club outside of London.

weeks after the Masters. He had spent the previous year demonizing LIV's benefactors—the Public Investment Fund of Saudi Arabia—and besmirching its seemingly endless supply of money. It was an emotion-based strategy that worked in the short term, helping to slow the high-profile defections from the Tour.

But in secret meetings from Venice to San Francisco, Monahan and his most trusted board members (private-equity star Jimmy Dunne and high-powered attorney Ed Herlihy) tried to co-opt the Saudi money for the Tour. They were negotiat-

ing with a powerful presence: Yasir Al-Rumayyan, the governor of the PIF and the chairman of Aramco. Al-Rumayyan was quickly becoming one of the most influential figures in global sports. (As chairman of Newcastle United, he helped oversee a turnaround of the proud English soccer club, and Al-Rumayyan is said to have exerted plenty of soft power in helping Saudi Arabia land the 2034 World Cup.)

On June 6, in a joint TV appearance, Monahan and Al-Rumayyan stunned the sports world by announcing that the war was over. They had collaborated on what would be billed as a merger between the PGA Tour and LIV Golf but

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Kaiser Permanente healthcare workers picket in Los Angeles in October.

LABOR

For Unions, 2023 Was the Year of The Strike—and Big Victories

A new generation of leaders ran smarter, more-militant campaigns. But what if the economy softens?

BY KATE BRONFENBRENNER

2023 WAS a remarkable year for the U.S. labor movement. The country experienced a surge in strikes unlike anything in recent memory. According to Cornell ILR's Labor Action Tracker, as of Oct. 31, there were 354 strikes in 2023 involving roughly 492,000 workers—nearly eight times the number of workers involved in strikes for the same period in 2021 and nearly four times the number for the same period 2022.



Not only were there more strikes, they led to historic company-wide and industry-wide bargaining victories with some of the nation's largest and most powerful corporations—United Parcel Service, Kaiser Permanente, Hollywood, the big three auto-companies, and hotels and casinos in Los Angeles, Las Vegas and Detroit.

For many workers, these were the first contract negotiations since Covid-19, and the first strikes since before the recession of 2008. Spurred on by anger and frustration over the pandemic and lockdowns, skyrocketing corporate profits, deteriorating working conditions, rising prices and decades of concessions and wage stagnation, not only are more workers striking,

but more unions are winning, and winning big.

These victories come at a difficult time for labor. Union representation reached a record low of 6% of private employment in 2022.

New leaders

But last year, a new generation of leaders—such as Sean O'Brien (Teamsters), Shawn Fain (United Auto Workers), Ellen Stutzman (Writers Guild of America) and Fran Drescher (Screen Actors Guild)—had a mandate from their members to run smarter and more militant campaigns. By actively engaging the public, the media and public officials, and changing strike strategies, they left employers in unfamiliar and less comfortable territory.

Strike after strike was framed in terms of standing up for all workers against corporate greed. Issues such as ending two-tier wages and recouping pay and benefit concessions struck a chord with the public, ratcheting up public support for unions and for strikes up to 74%, and, for the first time in recorded history, the U.S. president joined a union picket line, scolding employers for not offering more.

The Teamsters at UPS used the threat of a strike and innovative strategies such as practice picketing, where union members picket before the contract expiration to signal their resolve. That strategy allowed them to win a record contract covering 340,000 UPS employees nationwide, with-

out actually striking, making up for more than two decades of concessionary agreements.

When the 175,000 members of Writers Guild and SAG-Aftra struck Hollywood, the studios let bargaining drag on for seven months, convinced the unions would have to settle once members began to struggle to pay their bills. But workers in both unions stood united, winning not only across-the-board increases in minimums and streaming bonuses, but also the first enforceable protections against the use of artificial intelligence.

Also in California, in October 75,000 nurses and doctors struck Kaiser Permanente, in the largest healthcare strike in U.S. history, winning a 21% wage increase over four years, as well as improvements in training, professional development and staffing.

Similar victories were registered by Los Angeles hotel workers, Las Vegas culinary workers and Detroit casino workers.

The campaign that most captured media attention and the support of the nation was the UAW strike of the Big Three automakers—Ford Motor, Stellantis and General Motors.

New rules

The union played by a new set of rules, bargaining with all companies at once, strategically targeting individual plants with no notice, and calling out the company for its greed. Ultimately the union won an unprecedented agreement, winning on demands

thought by many to be a pipe dream, such as 25% wage increases, reinstating COLA, elimination of two-tier wages, the right to bargain over plant closures, and bringing electric vehicle plants under the Big-3 agreement.

For each of these, rank-and-file participation and engagement were essential elements of the victory. If workers hadn't voted overwhelmingly to strike, showed up every day at the picket line, reached out to community, labor and political allies, and refused to cross the picket line, the strikes would have failed.

It was "labor's hot summer" and labor showed up. Support came from outside the country as well, with unions in other countries staging international days of action in support of striking workers.

The commitment of union leaders to stand strong was critical to the unions' success. If the writers' and actors' unions hadn't held out, even after the company's last, best, final offer, neither union would have won pathbreaking language on artificial intelligence. Nor would the UAW have achieved the last-minute agreements to bring electric vehicle jobs if Shawn Fain had given in to pressure to settle.

Ultimately, though, success depends on unions making the cost to the employer of not settling greater than the cost of settling the contract. As Fain told UAW members, quoting Walter Reuther, "Power is the ability of a labor union like UAW to make the most powerful corporation in

the world—General Motors—say yes when it wants to say no." As my research has shown, for that to occur the unions need to find ways to leverage the power of workers and community allies through escalating tactics targeting the company's profit, growth, key relationships and supply chain.

That is why the Writers Guild focused its attention on Netflix and Walt Disney, the largest and most profitable streaming companies, and the UAW targeted first the parts suppliers and then the companies' cash cows—SUV and trucking plants—because those would have the greatest impact. It's also why the unions expanded their strikes when companies didn't move on key issues, and stopped the escalation when the company did move.

Not all strikes were large. In fact, according to ILR Labor Action Tracker data, 60% of the strikes in the past year were in units with 100 or fewer workers. This isn't surprising, given that most employers in the U.S. have fewer than 100 workers. But it does limit bargaining power if unions only represent a limited number of workers in an industry or parent company.

Nor were all strikes this year successful. In March 2023, United Mineworkers returned to work at Warrior Met Coal without a contract after a two-year strike. Union workers at Starbucks, Amazon.com, REI and Trader Joe's have yet to win first contracts.

Despite immense support from the rank-and-file members and allies, none of these unions could win because they didn't have enough density in the firm or leverage against the company.

Companies on defense

Still, even taking losses into consideration, the current labor climate isn't business as usual. For the first time in decades, unions launched offensive strikes with some of the nation's most powerful employers. Corporations are now on the defensive, explaining to investors why they underestimated the union's commitment to the fight, and billions of dollars were spent dragging out negotiations that could have been settled months earlier.

Meanwhile, nonunion employers feel pressure to raise wages to stop their workers from organizing, when for years declining union density put downward pressure on wages. The groundswell of public support for unions also has strengthened labor's hand in local and state labor policy issues.

What remains to be seen is whether the rise in the intensity and success of union strike activity represents a long-term change in the culture and practice of U.S. collective bargaining, or are these strikes dependent on the current favorable economic and political climate. A more-volatile labor market—or a Republican presidency—could stall labor's resurgence as it just got started.

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was really a new entity to be created by the PIF, the Tour and its counterpart in Europe, the DP World Tour. This framework agreement would reshape the professional game. Monahan's blind-sided players were furious and congressional scrutiny began almost immediately.

"It think it's a really serious thing to have a foreign dictatorship in charge of a major U.S. sports league," said Sen. Chris Murphy (D., Conn.). "This is watershed moment and I think we need to treat it as such." For the PGA Tour, the most important part of the armistice was getting the dueling lawsuits dismissed "with prejudice" (meaning they can't be refiled).

The fallout dominated the second half of the golf season. Monahan's reputation cratered, owing to the duplicity of the negotiations; Sen. Richard Blumenthal (D., Conn.) was among those calling for his resignation. (Monahan took a monthlong leave after a stress-related health scare.) Tour board member Randall Stephenson, the former CEO of AT&T, resigned in protest and a disillusioned Rory McIlroy later did so as well.

Despite the collateral damage, Monahan was committed to boldly reshaping the structure of the Tour from an outdated 501(c)(3) to a modern for-profit entity that could siphon billions of dollars of the institutional investor money that is flowing into profes-

sional sports.

As it became clear that the framework agreement was merely aspirational and not binding, moneyed interests from Wall Street, Silicon Valley and Hollywood maneuvered to get in on the deal. The Tour is seeking billions of dollars in investment, and all these new bidders could come in alongside the PIF—or push out the Saudis entirely.

Dangerous game

The latter scenario is a dangerous game for Monahan, as the fragile cease-fire would end and a spurned Al-Rumayyan could accelerate his bidding war for top talent. But if the Tour rejects the

Saudi money, that would buy back some goodwill from fans and players and make the congressional scrutiny go away. (The Justice Department's lingering antitrust investigation is another matter.)

The negotiations became more complex this month when LIV signed reigning Masters champion Jon Rahm to a blockbuster deal. That puts more pressure on Monahan to consummate a deal with the PIF, so old-line events in the U.S. and Europe can have access to the LIV stars. With Rahm in the fold, LIV is now in a stronger position if the negotiations fall apart and the circuits go back to competing against each other.

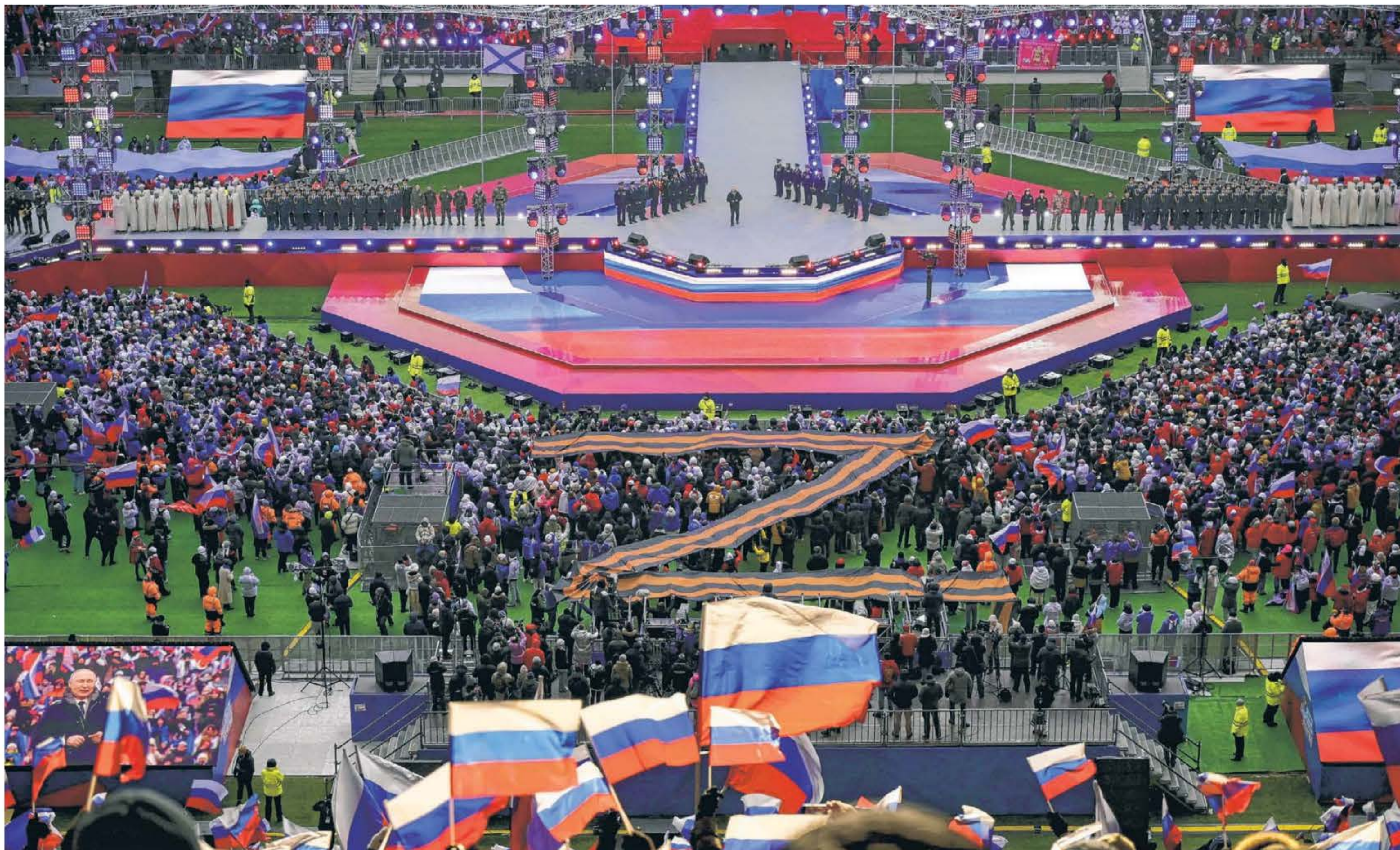
Meanwhile, the products between the two warring tours will

continue to converge. In 2024, the PGA Tour's designated events will have reduced field sizes and no cut, meaning guaranteed money for the players. Sounds a bit like LIV, no?

The framework agreement is due to expire on Dec. 31, 2023, but people close to the deal indicate the deadline is likely to get extended into 2024. The 2023 season may have been one of the messiest ever, but the intrigue is far from over.

Alan Shipnuck is a sportswriter whose latest book is "LIV and Let Die: The Inside Story of the War Between the PGA Tour and LIV Golf." He can be reached at reports@wsj.com.

JOURNAL REPORT | YEAR IN REVIEW



Vladimir Putin, speaking at a patriotic concert in Moscow in February, is set to win a new six-year term in staged elections in 2024.

RUSSIA

In Russia, All Policy Roads Lead To the War in Ukraine

The war is now at the core of Russia's domestic, economic and foreign policy

BY ALEXANDER GABUEV

VLADIMIR Putin broke with tradition when delivering his New Year's televised address on the last day of 2022.

For more than two decades, the Russian president had appeared alone, usually in front of imposing Kremlin backdrops. This time, he stood before a group of men and women in military uniforms who he said had been taking part in the "special military operation"—the Kremlin's code for its brutal war against Ukraine.

It was a sign of things to come. The 12 months following Putin's unorthodox address have shown that

the war is at the core of Russia's domestic, economic and foreign policy—the organizing principle around which most decisions are made.

First, on domestic politics: My colleagues Andrei Kolesnikov and Denis Volkov have found that the war has general approval among about 75% of the population. Many Russians see the conflict as one between their country and the West, not Ukraine.

More specifically, my colleagues have found that up to 22% of the population strongly support the war and oppose cessation of hostilities. Another 53% are somewhat more passive in their support, and most of them agree with the government's course. So if tomorrow, Putin would argue that Russia should start peace negotiations, many of these people would accept that, too.

What war?

That data reinforces what is clear on the ground—that the war has been fully internalized by the majority of Russians, at both the popular and elite levels.

It makes sense. Unlike Ukraine, one-fifth of whose territory is occupied and which is subject to missile and drone attacks every day, most of Russia

hasn't looked like a nation at war throughout 2023—except some settlements on the border with Ukraine that witness regular shelling, and, of course, the territories occupied and annexed by Russia, including Crimea. In fact, when the Ukrainians launched attacks against government buildings in Moscow this summer, Muscovites shrugged and life continued as normal.

"The real downside is that if you live outside of the city, when wining and dining in central Moscow you need to get home by 1 a.m. to beat the drone attacks, just like you would beat the traffic," one of my contacts said to me.

What's more, fewer people than last year are ready to express any form of opposition. Since the full-scale invasion last year, nearly 20,000 people have

dence in 1991, exceeding social expenditure. Around 39% of the budget will go on the war in Ukraine, including beefing up Russia's defense industry and payments to soldiers, and domestic security.

And that isn't all. The rest of the Kremlin's economic policy is shaped by the war and resulting Western sanctions, including efforts to encourage import-substitution, reintroduction of capital controls, and a tolerance to high budget deficits.

War and the boom in military production has driven unemployment to historic lows of 3%. The money that families of those killed and wounded in Ukraine receive from the state is a genuine windfall for the poorer regions from which the Kremlin is predominantly drafting soldiers, and where going to fight in

policy. Every relationship with a foreign power is assessed from the viewpoint of whether ties to that country can directly help Russia's war effort through the supply of military goods, by filling the Kremlin's war chest, or helping Moscow punish the West for its support for Ukraine. This new reality gives tremendous leverage to countries that are still willing to do business with Russia, allowing them to extract hefty prices for their services to Putin's war effort.

When in September, Azerbaijan resorted to military force to resolve the decadeslong conflict in Nagorno-Karabakh, Moscow didn't lift a finger to protect the interests of its treaty ally Armenia, mostly because Baku and President Ilham Aliyev's patrons in Turkey have become indispensable in helping the Kremlin to withstand sanctions.

Moscow was forced to source artillery shells, drones and missiles from Iran and North Korea in exchange for large payments and sharing sensitive military technology with these pariah regimes, and to take sides in regional conflicts where Moscow had previously hedged its bets. This is why the Kremlin's muted reaction to the Oct. 7 terrorist attacks by Hamas and ensuing full-throated criticism of Israel's war in Gaza would once have been unimaginable, but is hardly surprising in 2023.

Nor is it any surprise that in 2023, China has finally become Russia's single most important foreign partner. The relationship with Beijing checks all three boxes, providing the Kremlin with critical components for its war machine, keeping the Russian economy afloat, and making sure that U.S. influence is kept in check by a more assertive and militarily powerful China.

In 2024, when Putin is set to win a new six-year term in staged elections slated for March, he will continue his course of destroying Ukraine in the hope that he will be able to wear down the Ukrainians and their Western supporters. With war the organizing principle of Russian life, the continuation of aggression against Ukraine and the crusade against Western in-

What is guiding Russia's domestic, political, economic and foreign-policy decisions these days? One thing: the war with Ukraine

been detained for antiwar actions, and some have faced Kafkaesque trials and draconian prison terms. So despite occasional acts of individual bravery, Russia hasn't witnessed any mass antiwar protests since September 2022, when a partial mobilization was announced.

At the same time, the elites have demonstrated remarkable cohesion and the inability to challenge the Kremlin's course. Even the failed mutiny by the infamous mercenary boss Yevgeny Prigozhin, whose improvised march on Moscow in June was soon followed by his fiery death in a plane crash, has only strengthened Putin's grip on power.

A war economy

Just as in domestic politics, the war is becoming a mainstay of the Kremlin's economic policy. In the 2024 budget, military spending is set at 6% of GDP for the first time since Russia's indepen-

Ukraine has become a rational economic choice for many: the ability to earn more money—dead or alive—than they could ever make in any other legal way under Putin.

This "coffin money," compensation for injuries, and soldiers' salaries are driving domestic demand and being channeled to finance domestic production or purchase the Chinese imports that have replaced Western brands. As a result, the Russian economy is expected to grow by 2.8% this year, despite mounting sanctions from the West. Bypassing the sanctions has become a cottage industry, and millions are being made by creating logistical and financial schemes to circumvent Western restrictions and smuggle in goods that feed Putin's war machine.

Foreign ties

Finally, war has also become a central tenet of Russia's foreign

Oct. 1
Student-Loan Payments Resume
Borrowers start paying up again for the first time since the pause in March 2020 during the early days of Covid.

Oct. 3
History in the House
In a first in U.S. history, the House removes Kevin McCarthy as speaker, after the California Republican battled with GOP dissidents. Three weeks later, Republican Rep. Mike Johnson of Louisiana succeeds him.

Oct. 7
Hamas Attacks Israel
Palestinian militants pour out of Gaza in a surprise assault, rampaging through villages and taking hostages. By Israel's count, 1,400 people are killed, mostly civilians. Israel declares war. President Biden would condemn Hamas's attack as "an act of sheer evil."

Oct. 19
Backlash at Colleges Over Israel-Hamas
Leaders of some of the most high-profile universities re-think their roles as moral arbiters after trying to appease activists on both sides.

Oct. 25
Shooting in Maine
In Lewiston, Maine, a shooter kills 18 people and wounds 13 in a bowling alley and a restaurant; he is later found dead of a self-inflicted gunshot.

terests at home and abroad is becoming the raison d'être for the entire machinery of Putinism.

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JOURNAL REPORT | YEAR IN REVIEW

OFFICE DESIGN

How Design Has to Change In a Postpandemic Workplace

Hybrid work transformed what offices are hoping to accomplish. The way they look is the next job.

BY ANDY LANTZ

OVER THE past four years, a contentious conversation has played out in the world of design: What is the future of work, and what should it actually look like?

The conversation, once a place of common ground, takes as self-evident our desire not to return to where we were before the pandemic, but to move forward in showcasing a new visual expression of what work can be.



In many ways, that means a wholesale rethinking of how an office looks. As functions change, so must form. But as anybody who has cursed or

praised their workspace knows all too well, design has the potential to be an optimistic act, where invention and ideas have the power to change our lives for the better.

Rarely have we needed that optimism more than we do now in our postpandemic workplace. In our quest, designers have embraced three universal truths about the reinvented workplace: the widespread adoption of hybrid work models; the importance of well-being in the workplace; and the increased desire to make the workplace meaningful. These three priorities have prompted designers to undertake a fresh journey in conceptualizing and designing workspaces crafted for a new era.

The new hybrid workplace

There was a time when the design of an office was simple and straightforward. Everyone had a desk, meetings occurred in conference rooms, and social moments were allocated to corner water coolers, small footprint kitchens and a copy room.

Over the past few decades, the design of the workplace has seen a tremendous evolution beyond the simple and toward the diverse, with workplaces introducing such elements as game rooms, meditation spaces, all-hands assembly halls, screening rooms, full catering kitchens, coffee bars, podcast studios,



The cafeteria in Spotify's Los Angeles office, designed by the author's firm, RIOS.

gyms—just to name a few!

But in many ways, those changes are minor compared with what must happen now. Workers' expectations changed during the pandemic. They got used to many of the pleasures of a home environment—and they want some of those pleasures transferred to the workplace; the separation between what work looks like and what home looks like can't be as stark as it once was.

In addition, home has become a place for "solitary" work time, which means the office becomes a place that has to be more conducive to collaboration and less a place to get away by oneself.

What exactly might that look like? In some cases, desks are being replaced with lounge-configured soft seating and warmer temperature lighting; conference rooms are being removed from their enclosures and being brought out into the open; and private offices are being made bookable, so that more people can access them when they need focus days in the office.

It may appear that these simple changes wouldn't have a large visual impact on the built environment, but they do. Bringing conferencing into the open, offices are visually shifting to a more active and dynamic space where collaboration and activity are front and center. And where clients lean toward

more social and soft seating, the overall vibe quickly moves from a familiar office to more of a buzzy cafe where coming together occurs across a coffee table in lieu of a conference table. It can make all the difference.

Workplace wellness

During the postpandemic recovery period, our clients expressed heightened concern for the safety of their staff. People want to feel protected and healthy when returning to work. That means investing in the mechanical systems and ventilation strategies that clean and move the air within a space, and in materials that remove or reduce airborne toxins and harmful materials from daily touch.

The most visible tie to wellness comes from a renewed desire to connect to nature. That can be a view outdoors, outdoor terraces or designing opportunities to bring nature indoors with lush and verdant interior landscapes. Whether it be the visual connection to, or the direct ability to touch and engage with landscape, the impact on the visual environment is tremendous.

To complement this natural touch, we are also seeing an investment in the use of natural daylighting in spaces through more-intelligent lighting controls and a reduction of artificial

lighting in favor of natural daylighting.

It's more than work

Work and life were distinct in the past, but in the past decade, offices have expanded to include more aspects of daily life. The postpandemic office accelerated that expansion. Today, office design aims to blur these boundaries by inviting everyday experiences into the workspace. This is perhaps the most important, and it's a notion we call "life-ing."

We are seeing a concerted shift toward making the work environment far more participatory with the outside world due to two critical factors—an abundance of space and a need for energy in the workplace. For companies moving toward hybrid, the overall reduction in staff population comes with it a feeling of emptiness in the office. If it feels empty, productivity and absenteeism increase.

For our client Spotify's Content Campus in the Los Angeles Arts District, we designed a space that is a collection of music and podcast facilities that connects artists with what they need to launch their careers—in-

cluding listening rooms, recording studios and a screening room. We also included a 900-person music venue for live performances that is easily configured to open up to the surrounding neighborhood.

The most interesting part throughout these production spaces are the workplaces for Spotify's employees. They are scattered between these active spaces and adorned with traditional, but bookable, desks. Open and flexible collaboration areas are woven through the space, made up of lounge seating, high-top tables and comfortable nooks, various sized conference rooms, game rooms and coffee lounges.

Creativity is further fueled by vibrant, full-height artist murals, and soft music plays across the full space. The mixing of the traditional and familiar work environments with the artists' spaces creates a visual atmosphere that celebrates the overlap of functions to make the overall experience much more than a traditional office space.

Community programming

At our own headquarters in Los Angeles, we have challenged ourselves to use our abundance of newfound space with opportunities to change the visual fabric of our office through new community-driven programming.

For example, our space once defined as our "all hands" now flexes as community space for our neighbors by serving as a polling place, community events, and as a shared co-working site for clients, collaborators and neighborhood researchers. What makes this adjustment successful is the anticipation of the unexpected: Seeing the community step inside our doors and develop new connections that you wouldn't ordinarily find in the workplace disrupts the day-to-day with renewed and visible energy.

Surprise, disruption and renewed energy are the hallmarks of what the next five years could bring, as designers take advantage of a remarkable opportunity to shift away from how work has been defined over the past decades.

As workplace design evolves, we know that the experience of work is more meaningful when we broaden the circle of influence and are connected to who we are—both at work and in life. We all see the reward from opening the doors and embracing the outside world inside the office. In the decades to come, I hope to look back on this moment as the moment the workplace, once again, became irresistible.

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TRIUMPHS

The 10 Best Comebacks of 2023, From Simone Biles to Barney

IN 2023, a number of people, places and things experienced noteworthy comebacks. Here are 10 to remember:

1. Trea Turner

The Philadelphia Phillies' \$300 million shortstop was batting a measly .235 in 107 games through Aug. 3, according to a Washington Post analysis, earning boos from some of the ballclub's notoriously vocal fans.

Then a producer for Philadelphia's SportsRadio 94WIP made a suggestion:

Trea Turner rebounded with a little help from his fans.



As a show of support, let's give Turner standing ovations when he steps up to the plate. Starting on Aug. 4, fans in the City of Brotherly Love rose to the occasion. So did Turner. For the 48 remaining regular-season games, Turner batted .337, with 16 home runs, 42 RBIs and nine steals, helping his team make it to the National League Championship Series.

2. Simone Biles

The American gymnast had dropped out of the 2020 Summer Olympics (held in 2021 because of the Covid-19 pandemic), citing what gymnasts call "the twisties," a mental issue that impairs their performance. After a two-year hiatus, Biles in 2023 earned a

record eighth all-around title at the U.S. Championships in August, and won four gold medals at the world championship in October.

3. Savings accounts

Deposits were earning up to 5.4% interest in high-yield accounts at the end of November, the highest rate in more than 15 years, says Greg McBride, chief financial analyst at Bankrate.com. He adds that top-yielding accounts are also outpacing inflation, which was 3.1% for the 12 months ended November, according to the Labor Department.

4. Former A-list actors

Three actors whose Hollywood profiles had plummeted over the years stepped back into the limelight, and each one openly wept when accepting an Academy Award in



Biles

March. Brendan Fraser won a

best actor Oscar for his role in "The Whale." Ke Huy Quan and Jamie Lee Curtis won best supporting actor/actress Oscars for their roles in "Everything Everywhere All at Once," which also won the award for Best Picture.

5. Ballpark attendance

New Major League Baseball rules aimed at shortening game times and increasing the pace of play brought fans back to the ballpark. Overall, games were 24 minutes shorter in 2023 than they were in 2022, according to MLB. Paid attendance was just over 70 million in the regular season, the first time since 2017. Moreover, 17 teams recorded attendance of over 2.5 million, tied for the most in a season in MLB history.

6. Big-ship cruises

Bookings for 2024 across the cruise industry are running at a 25% to 30% higher rate than in 2019, before the onset of Covid-19, according to the Points Guy travel website.

In a third-quarter earnings call, Carnival—parent company of nine of the world's biggest cruise lines—reported that strong demand is keeping the inventory of available cabins low, despite a 5% increase in capacity due to the arrival of new ships.

7. Driving

Road trip! According to Federal Highway Administration estimates, the number of vehicle miles driven overall in the U.S. is returning to pre-pandemic levels. Through the end of September this year, Americans logged 2.43 trillion vehicle miles, up 2.2% over the same period in 2022.

8. Mac and cheese

Americans ate more than 800 million boxes of macaroni and cheese in the 52 weeks that ended in May of 2023, topping prepandemic consumption levels. Sales exceeded \$2.2 billion over that same period, increasing more

than 7% from 2022, partly because of increased prices from inflation.

9. Diana Nostalgia

This comeback wasn't made in the British royal sort of way. A rap song titled "Princess Diana" was one of the tracks on an Ice Spice album released in January. Then, a remix with superstar rapper Nicki Minaj came out in April, hitting No. 4 on Billboard's Top 100. Lyrics include the lines: "Nowadays, I be duckin' them cameras / And they hype that I'm up on them banners / Callin' my phone, but they know I don't answer (Why?) / In the hood, I'm like Princess Diana."

10. Barney

The iconic purple dinosaur who repeatedly told his preschool fans, "I love you. You love me," is getting a reboot. Mattel announced in February, "Barney and Friends" first hit the airwaves in 1992 on PBS and ended in 2010. In 2024, the toy maker plans to reintroduce the Barney brand with television, film and YouTube content as well as music, toys, books, clothing and more.

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TRAVEL

Air Travel Was a Nightmare. It Won't Get Better in 2024.

Millions of fliers returned postpandemic, but many went nowhere fast

BY SCOTT MCCARTNEY

COMPLAINTS about airlines were so numerous in 2023 that the Transportation Department couldn't even count all the grievances it received for several months. Seriously.

"It is increasingly clear that consumer complaints aren't returning to prepandemic levels," the DOT understated in its Air Travel Consumer Report issued in October. Not even close, in fact. In the first five months of the year, complaints totaled 38,135, a 68% increase compared with the same period of 2022, and 584% above the similar period in 2019.

Millions returned to the skies, and millions went nowhere fast. From a Christmas ruined for many by a Southwest Airlines meltdown, to a summer of delays and cancellations—especially with a one-two punch of severe storms and an even more-severe shortage of air-traffic controllers in New York—air travel suffered in 2023.

Don't count on it getting much better in 2024. Though airlines improved their reliability in the second half of 2023, and vowed they were better-prepared for the holiday surge with more postpandemic hiring and investment in equipment and better technology, structural problems haven't been solved. Shortages of air-traffic controllers, airplanes and pilots all add up to one conclusion: Travelers will likely be facing higher fares along with more delays, cancellations and disruption.

There are also safety concerns, particularly with air-traffic controllers who are working mandatory overtime and suffering from fatigue. A series of near-collisions on runways has prompted continuing safety reviews.

The system is "showing clear signs of strain that we cannot ignore," National Safety Transportation Board Chairwoman Jennifer Homendy told a Senate hearing in November.

Staffing challenges

To get an idea of the problem, consider this: The number of

certified professional air-traffic controllers in the U.S. declined 10% in the decade between 2012 and 2022, according to the DOT's inspector general, while the number of flights the Federal Aviation Administration handled increased 1.4%.

The two main facilities that handle airplanes in the air over New York before they get to airports and after they take off are supposed to have 66 supervisors combined. But New York Center and New York Terminal Radar Approach Control actually have only 20, according to a June inspector general's report. More broadly, 20 of the 26 most-critical FAA facilities are staffed below 85% of full capacity.

"FAA continues to face staffing challenges and lacks a plan to address them, which in turn poses a risk to the continuity of air traffic operations," the inspector general's sobering report said.

tor general's report.

The FAA ordered airlines to thin out flight schedules to and from New York in 2023 and into 2024 because of controller staffing shortages. The lack of controllers most affects travelers when bad weather hits. Blocks of airspace may be shut down, limiting the ability of pilots to re-route around storms, and arrival and departure rates often need to be reduced. The result: Airplanes sit on the ground and wait, or flights get canceled.

A lack of funding

Steve Dickson, the former head of the FAA who resigned in 2022, says skimpy and unpredictable government funding has limited the ability of the FAA to modernize equipment that could increase capacity, improve safety and help controllers. He thinks it will get "more challenging" before it improves.

projects that don't address congestion in the skies, while \$5 billion was targeted to replace old control towers.

"There was no modernization money in there at all," Dickson said recently on the podcast "Airlines Confidential," which I co-host with former Spirit Airlines chief executive Ben Balanza.

"The difficult proposition that the aviation system and the FAA face is that roads and railroads and even airports are things that the public can see. They are tangible," Dickson said. "What happens in the skies...is what has been getting short shrift over the past few years and that's where the emphasis needs to be placed."

More demand

Despite the structural problems and forced schedule cuts, travelers keep coming. Demand for international trips surged in summer 2023, and airline chief executives predict continued hunger for trips in 2024 even with economic uncertainty for consumers.

"Look, it's a rocky time," American Airlines CEO Robert Isom said of the economy recently on CNBC. And yet, he added, "People want to connect. People want to travel. And so, as I take a look out to 2024, I see robust demand."

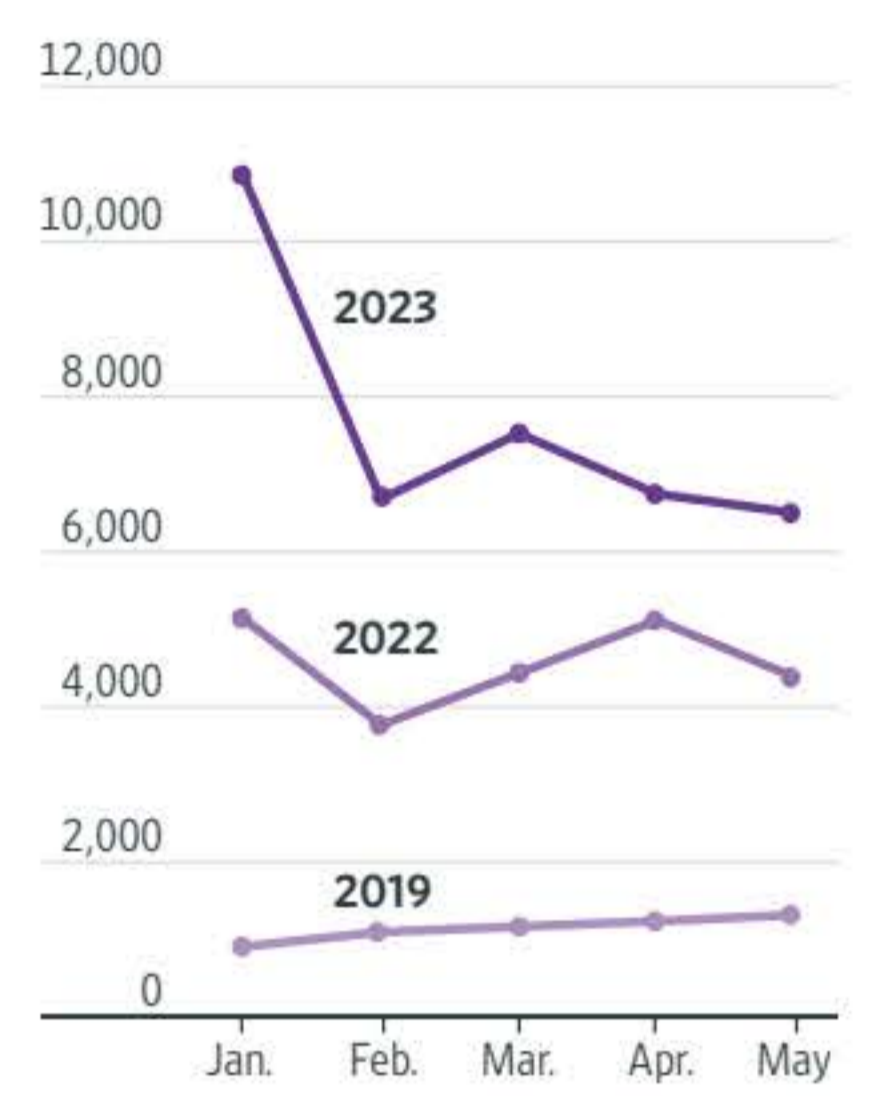
Demand is likely to grow faster than airline capacity, and that's a formula for higher fares in 2024. One major factor is that

to force smaller regional airlines to ground airplanes and cancel service. The Regional Airline Association says 500 regional aircraft—small jets with fewer than 100 seats—are parked and others underused for lack of crews.

Rising pilot salaries and faster career paths to big airplanes are attracting more student pilots, consulting firm Oliver Wyman says, and the severity of the pilot shortage is being reduced. Still, Oliver Wyman predicts it will take several years to ease the shortage, and that the biggest gap for pilots between supply and demand won't peak until 2026.

The coming year also brings unknowns for airlines, such as

Monthly complaint totals to the Transportation Department



Note: 2023 data is available only through May. Source: Transportation Department monthly Air Travel Consumer Reports



At the Senate hearing in November, the FAA said it is working to hire, train and certify controllers, and that staffing, while still challenged, has improved at some facilities since the inspec-

Dickson points to President Biden's \$1 trillion infrastructure bill, which had only \$25 billion—2.5% of the total—for aviation. And, he says, \$20 billion of that was for airport terminal

airlines can't get all the airplanes they want.

Boeing has suffered a slowdown in deliveries of both the 737 narrow-body model and the 787 wide-body jet because of quality issues and FAA certification delays. The 737 MAX 7, originally scheduled to start flying for airlines in 2022, now is projected to start deliveries in 2024. A larger version of the 737, called the MAX 10, also hasn't yet been certified by the FAA and likely won't start deliveries before 2025 at the earliest. Such delays have forced airlines to pull flights from schedules.

Another big problem for airlines: Engine-maker Pratt & Whitney, a unit of RTX, discovered that microscopic contaminants had gotten into batches of a powdered metal used in key engine parts, possibly leading to cracks. Engines have to be removed from planes and inspected. If microcracks are found, engines have to be disassembled and then reassembled with new high-pressure turbine disks.

The repairs have forced the grounding of hundreds of planes worldwide and delayed deliveries of new planes. The number of planes on the ground because of the Pratt issues is expected to peak next year at around 600-650 jets, Pratt said in September.

Filling the cockpit

The shortage of pilots continues

Unclaimed Southwest Airlines luggage in Burbank, Calif., during the late-2022 meltdown.

whether JetBlue will acquire Spirit Airlines. The Justice Department has sued to block the merger, arguing that JetBlue will remove a lot of low-fare seats and consumers will suffer. JetBlue argues it has plenty of low fares—so low it has been losing money—and with Spirit's planes, pilots and established service in the middle of the country, it will be able to better compete against the Big 4 airlines that carry 80% of all U.S. passenger traffic: American, Delta Air Lines, United Airlines and Southwest.

Perhaps the clearest indication of how bad 2023 was for fliers, the Transportation Department said during the summer that there were so many complaints that it had to stop publishing monthly complaint totals because it couldn't get them all counted. In October, the department said it was processing the high volume, but wasn't sure when it could resume publishing data.

Scott McCartney formerly wrote the Middle Seat column for The Wall Street Journal. He is now an adjunct professor at Duke University, podcaster and aviation consultant. He can be reached at reports@wsj.com.

SPIRITS

A Toast to Jimmy Buffett: The Recipe for the Perfect Margarita

WHEN BELOVED singer Jimmy Buffett died in September at age 76, Margaritaville lost its mayor.

Buffett is best remembered for his 1977 breakthrough hit, "Margaritaville," which came to symbolize a laid-back lifestyle to his loyal fan base of "Parrot Heads." Today, the Margaritaville brand includes resorts, restaurants and retirement communities, as well the key to a good margarita: tequila.

In a toast to his memory, Buffett devotees can sip margaritas with names like "Who's to Blame" and "License to Chill" at a 5 o'clock Somewhere Bar & Grill. Or they can celebrate the singer with what a spokesman says was his favorite drink, simply called the

Perfect Margarita. The recipe is included here, and starts with finding that lost shaker of salt.

Jimmy's Perfect Margarita

Kosher salt
1 lime wedge
Ice, preferably crushed
¼ cup aged tequila
2 tablespoons triple sec
1 tablespoon superfine sugar
3 tablespoons fresh lime juice

Place a layer of salt on a small plate. Rub the lime wedge around the rim of a tall glass and then tip the glass upside down onto the plate of salt and coat the rim with salt. Reserve the lime wedge.

Fill a cocktail shaker with ice and add the tequila, triple sec, sugar, lime juice and 3 tablespoons



water. Shake vigorously to combine and then pour the mixture, ice and all, into the prepared glass. Garnish with the reserved lime wedge and serve immediately. Serves one, easily multiplied.

—Beth DeCarbo

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THE CHANGED WORKPLACE

The Biggest Winners and Losers From the Work-From-Home Revolution

Remote or hybrid work has become the new normal for millions of people whose jobs can accommodate it. We are only just starting to see the impact.

BY NICHOLAS BLOOM

THE FIVEFOLD increase in working from home ushered in by the pandemic is perhaps the largest change to hit U.S.

labor markets since World War II. It has touched just about every manager in America, reshaped industries including real estate and business travel, and led to an exodus from city centers to the suburbs.

And working from home is here to stay—at least in a hybrid model where a commute to the office is limited to just a few days each week. Tracking detailed survey data, we see working-from-home levels were rapidly dropping from 2020 to 2022. But by early 2023 they stabilized and have remained flat ever since. Hybrid working has become the new normal for millions of professionals and managers across America.

So, it's time to tally up the impact. Looking ahead to 2024 and beyond, who are the biggest winners and losers from the work-from-home revolution?

Start with the losers

Start with the losers

The biggest losers are likely city-center office and retail property owners. The massive shift to home working has created a doughnut effect in major cities around the world. Millions of employees are no longer commuting every day, leaving many offices half-filled and retail stores struggling for customers. The owners of this real estate—often pension funds, family firms and endowments—have collectively lost hundreds of billions of dollars of investments.

In the long run, the sector will slowly recover as supply contracts. New construction has slowed, some empty buildings are slowly being converted to residential accommodation, and some lower-quality offices will be torn down. But recovery will

take years to complete. Winter has come for the office sector. One forecast that a major leasing company shared with me was it would take until 2033 for occupancy to recover to prepandemic levels in San Francisco—perhaps the hardest hit city.

Another loser has been mass-transit rail systems. Ridership has dropped by 30% nationally as commuters shift from a five-day commuting schedule to two or three days a week. These commuter rail systems have high fixed costs due to inflexible track and train costs, alongside rigid

municipal bonds, providing an ominous signal of the budgetary struggles ahead.

But there are winners

It isn't all gloomy, particularly for the biggest work-from-home winners: the workers. In national surveys, employees report they value the ability to work from home two or three days a week as much as an 8% pay increase. Multiplied across the roughly 70 million Americans who are currently working from home, this is a perk valued at roughly \$500

and retention costs. Firms can save money by trimming office expenses while using remote working to lower labor costs by hiring employees outside major cities.

U.S. firms made about \$1 trillion higher profits in 2022 than in 2019, an increase of almost 50%. While many factors likely contributed to this, including the strong economic growth, it is notable this happened alongside the fivefold surge in working from home. Indeed, the mass adoption of hybrid working by millions of firms across the U.S. and Europe is perhaps the strongest evidence of its positive impact on profitability.

Looking further out, the biggest change will almost surely come from the new technologies we use to work remotely. When I first started working in the 1990s, working remotely meant conference calls and emailing files. Now we telecommute and share files on cloud networks.

The future likely heralds similarly large changes. In discussions with startups and tech firms, I hear about systems for holographic meetings, wall-size screens and global connectivity. This technology means working from home hasn't just stabilized but is now moving into its longer-run phase of expansion. Ten

Working from home, or at least a hybrid model with limited days of commuting, is here to stay. Holographic meetings might be the future routine.

union-controlled labor expenses.

Large drops in ridership revenue translate into larger budget deficits. To date these deficits have been bailed out by pandemic-era federal and state subsidies. But the fear is unless public transit costs can be right-sized, once these subsidies run out they will see devastating service cuts or outright closure.

Growing up in Britain, I heard about the infamous Beeching cuts of the 1960s, which cut station numbers by 55% and devastated rail travel. I fear something similar happening to U.S. transit for 2024 and beyond unless operators and unions can align cost with revenues.

The third big loser has been big cities. American cities occupy surprisingly small spaces. For example, San Francisco is less than 50 square miles, comprising just the tip of a peninsula. So, when city-center residents fled for the suburbs, they took their tax dollars with them.

As we know from the experience of New York in the 1970s, cities can adjust by cutting expenditures. But this will be painful and risks a hollowing out of city centers if key services like police and education are cut. Indeed, bond markets have already cut the prices of many city mu-

nicipal bonds, providing an ominous signal of the budgetary struggles ahead.

One recent study highlighted how the typical U.S. home-working employee spends 40 minutes more a week on child care from the time saved from avoiding the daily commute. This will have longer-run effects ranging from higher labor-force participation rates—possibly pushing up growth rates—to potentially even a fertility dividend as parenting becomes somewhat easier.

Another winner is the environment, thanks to reduced travel and energy needs. A recent study found working from home two days a week reduces pollution by about 15%. This comes from lower commuting emissions alongside additional savings from lower office energy bills. A double dividend is the reduced congestion on emptier roads, with traffic speed data from Inryx suggesting the morning commute is 10% faster.

And perhaps the biggest work-from-home winner are companies. Research finds that hybrid working three days a week in the office has a net neutral on employee productivity, while allowing firms to save on recruitment

years from now we will look back at 2023 as the beginning of the long bull market in hybrid working.

Nicholas Bloom is a professor of economics at Stanford University. He can be reached at reports@wsj.com.

Nov. 1

Texas Wins Series
The Rangers claim their first World Series, defeating Arizona 4 games to 1.

Nov. 2

A Crypto Star's Fall
Sam Bankman-Fried, founder of collapsed crypto exchange FTX, is convicted of stealing billions of customers' dollars in one of the biggest financial-fraud cases in U.S. history.



Nov. 13

The FDIC's Toxicity
A Wall Street Journal investigation finds sexual harassment and misogyny pervade the agency.

Nov. 19

Rosalynn Carter Dies at 96

As first lady of the U.S., she was a key adviser to her husband, Jimmy.



Nov. 21

Drama at OpenAI
Sam Altman will return as CEO of the artificial-intelligence startup that he co-founded, days after he was fired.

Nov. 28

Munger Dies at 99
Charlie Munger was Warren Buffett's closest adviser at Berkshire Hathaway, and a celebrated investor himself.

Nov. 29

Kissinger Dies at 100
As an adviser to presidents, he helped forge U.S. foreign policy in Vietnam and the Cold War.

Dec. 1

Sandra Day O'Connor Dies at 93
Reagan appointee was the first woman on the Supreme Court and its most powerful justice for much of her tenure.

Dec. 8

Colleges and Free Speech
Where's the line between free speech and antisemitism? Penn's president, Liz Magill, resigns along with the chair of the trustees—as debates roll colleges over Israel-Hamas.



Dec. 13

The Fed's Rally
Slowing inflation prompts the Fed to pivot away from raising rates. The Dow is the first index to set a record since the Fed began raising rates in 2022.

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CRITICS ON CULTURE | THE BEST TELEVISION OF 2023

Giving Small-Screen Formulas a Tweak

From 'Beef' to 'The Bear,' new and returning series alike embraced the medium in compelling, creative ways

BY JOHN ANDERSON

IT WASN'T a regular year, this 2023. Writers were on strike; actors were on strike. "Succession" lurched into the grave. Martha the Medicare Lady was making people crazier than they already were. And you know what? Shingles doesn't care.

That said, I had assumed that this retrospective examination and contemplation of TV in the year '23 was destined to be about the new. The novel. The innovative. Which is counterintuitive, to be sure: Television is a medium—or an industry, or whatever it is—that seems passionately dedicated to the idea that viewers don't want to feel too passionately about anything, or have their equilibrium disturbed or their worldview assaulted. Hence the flourishing business of game shows, "unscripted" celebrity-reality series and nonfiction programming about serial murderers, which are always comforting to those of us not being murdered.

Celebrate the fresh, I thought ambitiously. But in surveying what I'd seen over 2023 (you can't see everything; that hasn't changed), the shows that really popped were series I'd seen before, even if they did put a tweak on their own winning formulas.

"**The Bear**" continues to be among the best shows on, and smartly used a second season to take its origin story—about a prodigal four-star chef returning to his family sandwich shop in Chicago—in new directions, devoting various episodes to members of a first-rate cast and, in the "Fishes" episode, providing the opportunity for Jamie Lee Curtis to give a performance of Grendel-ian proportions. OK, it was Emmy bait. But give her one (even if it takes a year, due to strike-delayed awards and rules that are too arcane for a column this size).



Betty Gilpin (center) in 'Mrs. Davis,' above; John le Carré in 'The Pigeon Tunnel,' Errol Morris's documentary on the novelist, right

"**Slow Horses**," now in season 3, starred Gary Oldman again as a not-quite-washed up MI5 agent whose imprudence has landed him in charge of a group of similarly career-hobbled outcasts who can't stay out of the action. ("Don't burn down an orphanage," is the kind of fatherly advice dispensed by Mr. Oldman's caustic Jackson Lamb.) The cast, which includes Jack Lowden, Rosalind Eleazar, Kristin Scott Thomas and a wonderful Saskia Reeves, were given a bit more space this season vis-à-vis Lamb, of whom a little is intended to go a long way; fat, drunk and flatulent, after all, is no way to go through life, though it can be very funny.

Among the brand new, "**Beef**" was prime; the habit-forming "**Mrs. Davis**" was a whack-a-do marvel; and "**Silo**," although it needs to come back and make more sense of itself, was a fairly

unnerving bit of post-apocalyptic dread. They were all very singular series, as was "**The Changing**"—which featured memorable performances by LaKeith Stanfield and Clark Backo. Likewise "**I'm a Virgo**," and the remarkable Steven Soderbergh-powered series "**Full Circle**," in which Claire Danes, CCH Pounder, Zazie Beetz and Dennis Quaid squared off in a sprawling urban drama

Morris. But just because someone is enigmatic doesn't mean he isn't entertaining.

And just because something doesn't make total sense doesn't mean it isn't worth a devoted viewership. Some of the more heated reactions from readers this year were about "**The Diplomat**," in which Keri Russell becomes the ambassador to the Court of St. James's (back in

England again) and OK, it didn't add up in a strictly political sense, or adhere to the protocols of international diplomacy, but the acting was terrific, the characters attractive and sometimes a viewer will have a much better time if he or she simply regards everything on television as science fiction.

And speaking of space, and characters, and spacey characters, I am getting toward the end of this column without having found a graceful way to segue into what I thought was absolutely the best thing on television: "**Wayne Shorter: Zero Gravity**," the years-in-the-making docu-biography on the saxophonist and jazz composer, which bent the rules the way Shorter bent notes. As constructed by director Dorsay Alavi, it was both mystical and personal. It was a wonderful discovery. A stroke of luck, even.

We have just enough time before a commercial break to mention a small catalog of nonfiction that brightened my year and I hope yours: "**Stephen Curry: Underrated**," about the basketball superstar; "**Telemarketers**," which confirms everything you already think about those people who call during dinner; "**After the Bite**," which won't make you want to wade into the waters off Cape Cod; "**A House Made of Splinters**," mournful and timely



FROM TOP: COLLEEN HAYES/PEACOCK; APPLE; ILLUSTRATION: SEAN MCCABE



Mr. Anderson is the Journal's TV critic.

JOURNAL REPORT | YEAR IN REVIEW

CRITICS ON CULTURE | THE BEST MUSIC OF 2023

Rich Rewards Outside The Mainstream

While Taylor Swift dominated the headlines, non-superstars like Boygenius and the Clientele made memorable records

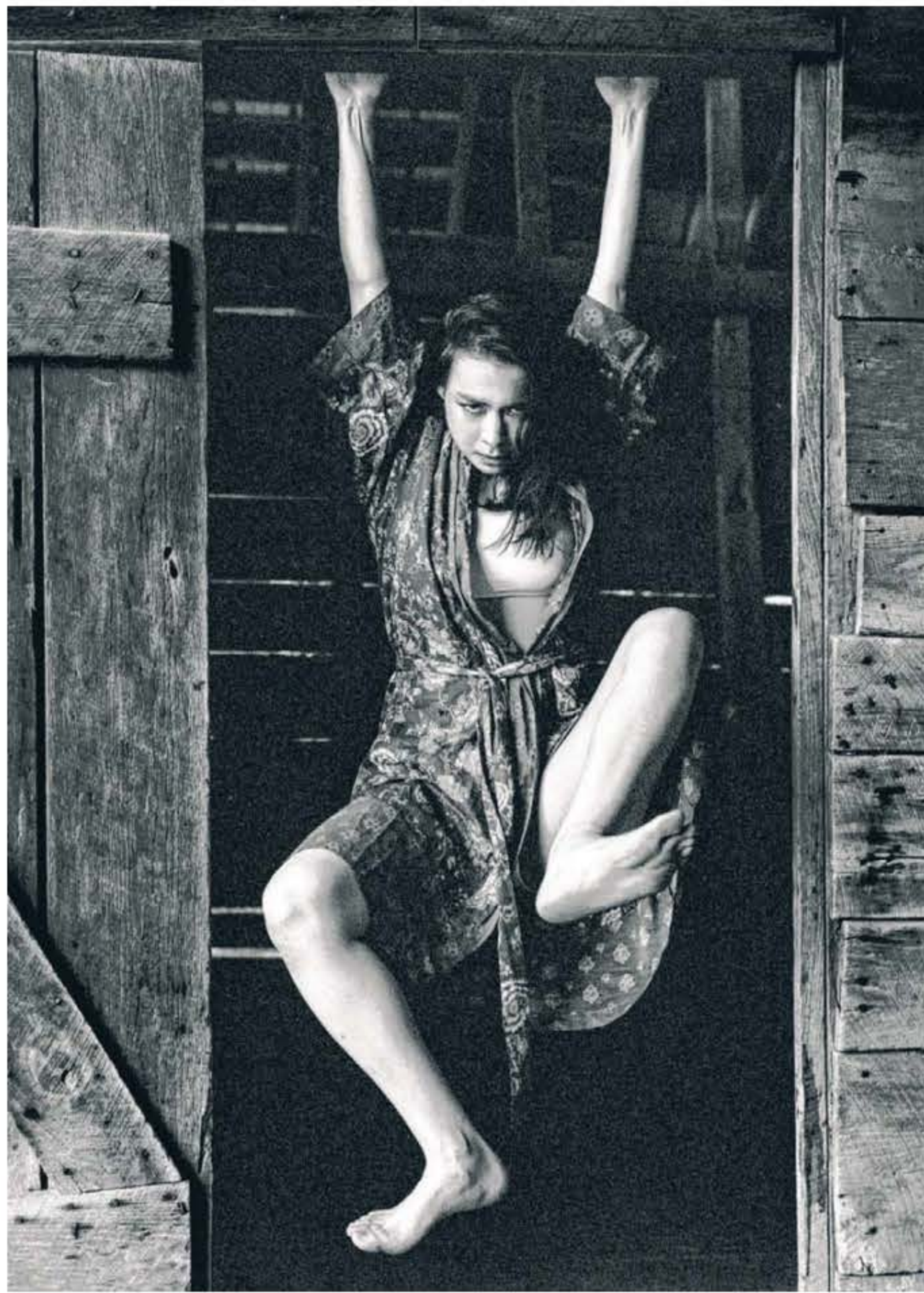
BY MARK RICHARDSON

MOST OF the biggest music news of 2023 had little to do with the release of a new album. Taylor Swift owned the year, with her still-running and record-setting Eras Tour—the receipts of which helped make her a billionaire—along with a concert film, two re-recorded LPs that topped the charts, and just the right amount of drama from her budding relationship with Travis Kelce of the Kansas City Chiefs to keep her in the spotlight 24/7. And yet her most recent record of new material, “Midnights,”



came out in 2022. Other tours dominated the headlines. Beyoncé hit the road to support her excellent 2022 release, “Renaissance,” Bruce Springsteen toured the U.S. and Europe with the E Street Band, and U2 was the first act to play the high-tech Las Vegas venue Sphere. Of these artists, only U2 released a record this year. As with Ms. Swift and her “Taylor’s Version” albums, it was a collection of re-recordings of old material; unlike Ms. Swift, U2’s offering was quickly forgotten. Even the best mainstream album of 2023, the one with big singles that never left the conversation, SZA’s “SOS,” came out in December 2022. It was simply not a year for conversation-dominating LPs.

It was, however, a year for great records that reached smaller audiences. The female singer-songwriters that have become the center of indie rock in the past five years reached a peak of visibility in 2023, and no record exemplified that better than **Boygenius’s** “The Record.” The trio is a modest supergroup of young songwriters—Julien Baker, Phoebe Bridgers and Lucy Dacus—who have issued excellent solo work. Their varied songwriting styles complemented each other perfectly on their first LP,



which ranged from crashing alt-rock to hushed, folky ballads.

Mitski, another female singer-songwriter who has gone from DIY indie upstart to festival headliner, released the best record of her career with “The Land Is Inhospitable and So Are We.” It’s a stirring mix of chamber-pop and folk that underscores her first-rate ability as a lyricist, someone who can conjure drama and psychological insight from something as mundane as seeing an insect floating

|||||

Mitski, above, who made the best record of her career with ‘The Land Is Inhospitable and So Are We’; Julien Baker, Phoebe Bridgers and Lucy Dacus of Boygenius, right

in a glass. Karly Hartzman, who fronts the alternately noisy and countrified North Carolina indie rock band **Wednesday**, is another remarkable songwriting talent. The band’s fifth album, “Rat Saw God,” was its artistic breakthrough and the best traditional indie rock record of the year, with songs that offer a fractured chronicle of struggle and heartbreak in small-town America.

It was a strong year for guitar-toting singer-songwriters, but another exceptional record conveyed hushed intimacy with music fit for a dance floor. “Mid Air,” the debut LP by **Romy**, of the London indie outfit the xx, retained her band’s mix of emotionally devastating songs delivered with a whisper over intricate beats. But she transported the aesthetic from the bedroom

to the club on a collection of songs about personal discovery and self-acceptance. The pranksterish duo **100 Geecs**, who a couple of years ago became the face of the hectic digital-native genre hyperpop, upped their game considerably with “10,000 Geecs,” which transformed critically sidelined music from the ’90s and ’00s—pop-punk, slacker rap, speed metal—into irresistible electro-pop confections.

It was an odd year for hip-hop. A few big names released albums that ranged from weak to pretty good—Drake, Travis Scott—but no single record demanded attention from those interested in the genre. There were reports about rap dipping in popularity compared to pop and rock after years of dominance, and the genre’s most interesting music often seemed to happen off to the side. Against this backdrop, Chicago rapper **Noname** released her second studio LP, “Sundial.” It’s a deft combination of musical simplicity—she favors crisp, uncluttered beats redolent of hip-hop’s ’90s golden age—and lyrical complexity. In her quiet and conversational voice, Noname delivers knotty, winding observations that fold in on themselves as she delivers bold political pronouncements in one line and then wonders about the limitations of her own perspective the next.

Boygenius and Wednesday proved that there are plenty of artists in their 20s whose songwriting is operating at the highest level, but several of the year’s best LPs came from veterans. Singer-songwriter **Anohni** reunited with her backing band the Johnsons for “My Back Was a Bridge for You to Cross,” a deeply soulful work

about hope in the face of loss. The past few Anohni releases found her experimenting with electronic textures and operatic emoting, but “My Back” is loose, warm and low-key, and ultimately hits with much more force. Canadian singer-songwriter **Feist** returned with “Multitudes,” a showcase for her intricate acoustic guitar work and uncanny melodic sense. Though it scanned as folk-pop on the surface, Feist’s album was filled with unusual musical turns and sounded like nothing else.

Two other records, one from a long-running act and one from an artist early in her career, showed how to integrate experimentation with pop forms. London band **the Clientele** returned to record after six years with “I Am Not There Anymore.” The band’s earliest work drew heavily from the jangly rock of the past to frame songs where lonely days are shattered by strange epiphanies. But the new work, a loose concept record about death, was far more ambitious than anything the group had attempted in the past, filled with haunting instrumental interludes and sound effects.

Chicago-based artist **Gia Margaret** has been releasing music for five years, and her work typically mixes a handful of vocal-led songs with ambient interludes. Her third record, “Romantic Piano,” has just two songs with vocals, allowing her to showcase her ability as a composer and songwriter. She mixes field recordings, synthesizers and the titular instrument into compositions of rare beauty. It’s a quiet masterpiece that not enough people have heard. And like quite a few of the records here, it’s not something you’re likely to encounter by chance. This was a year when it paid to do a little digging.

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



JOURNAL REPORT | YEAR IN REVIEW

Jodie Comer in 'Prima Facie,' a one-woman play by Suzie Miller



BY CHARLES ISHERWOOD

THERE IS an obvious reason that the Marvel Cinematic Universe, and its rival universes, have not even attempted to conquer the stage. Theater cannot do spectacle on the scale and with the same éclat that film can, as the debacle of "Spider-Man: Turn off the Dark" memorably, or unmemorably, proved. A distinction to be cherished.

While Broadway is decried for its attempts to out-splash Las Vegas, the wider theatrical ecosphere thrives not on technological prowess, but on the one vital element that movies and television cannot replicate: the intimacy

between the performers onstage and the audience before them.

Most of the best shows I saw this year were in smaller off-Broadway spaces, at which the audience feels a greater comfort, or discomfort, with the actors. That combination of responses was central to the appeal of Annie Baker's "Infinite Life." In this whisper-quiet drama, leavened by gallows humor, women gather at a clinic treating victims of chronic pain. They generally just lie on deck chairs, as if sunning themselves on a cruise liner they fear will sink, and offer casual testimonials to their intransigent health problems. This may sound like a hellish visit to a doctor's waiting room, but Ms. Baker's ever-surprising mind found a moving beauty in the way the women unwrapped parcels of truth about their afflictions.

Chekhov is the acknowledged master of drama that puts a soft spotlight on the shadowy unhappiness and dissatisfaction that underlies much human experience. This year brought two extraordinary productions—vital prisms through which to ponder life, past, present or future. The more traditional was the small-scaled staging of "Uncle Vanya." Presented in a loft space, the production, starring the director and actor David Cromer as Vanya, was illuminated mostly by candlelight, but the performances had a bright, striking freshness: Here were not the usual limply unhappy characters treading along the paths of their doomed-to-disappointment lives, but arrestingly charged people who, while feeling trapped by fate and circumstance, still seemed to see the potential to break free.

Equally revelatory was Thomas Bradshaw's "The Seagull/Woodstock, NY," featuring a savory performance from the idiosyncratic Parker Posey, who played the preening actress Irene (Arkadina in the original) with a cool bluntness that brought out the savage edge in Mr. Bradshaw's adaptation.

While new versions of Chekhov crop up with the regularity and multiplicity of wildflowers, Mr. Bradshaw's bold, bawdy take on the original was infused with quirky intelligence and humor.

Intimacy, of the uncomfortable kind, was central to the Irish Repertory Theatre's revival of Samuel Beckett's "Endgame." It is never a pure delight to be in close quarters with Beckett's characters, trapped in existential limbo—caught between the need

to carry on and an encroaching sense of life's meaningless. But with benchmark performances by John Douglas Thompson as the imperious Hamm, and the comic genius Bill Irwin as his irritated helpmate Clov, the production, directed by Ciarán O'Reilly, neatly balanced despair with the absurdity that is always cackling through the dialogue.

Rebecca Gilman's "Swing State," set in Wisconsin but despite its title thankfully avoiding the fractious state of American politics, was a tautly plotted drama about ecosystems, both natural and human, in peril. Mary Beth Fisher gave an admirably unadorned performance as a widow who sees the protection of the prairie lands she lives among—and to which she and her late husband devoted their lives—under threat. Also imperiled is her maternal affection for the young man who has helped her cope with her husband's death, who finds himself in his own trouble.

The best of a slender number of London imports was Suzie Miller's "Prima Facie," a solo drama brought to heated life by Jodie Comer. As a battering-ram defense lawyer who suddenly finds herself, after a sexual assault, in the witness box and on the defensive, Ms. Comer gave one of the year's outstanding performances as her emotionally rattled character parried

Anne E. Thompson, Kirsten Fitzgerald and Mary Beth Fisher in 'Swing State,' right; Heather Alicia Simms and Billy Eugene Jones in 'Purlie Victorious,' below; Kelli O'Hara and Brian d'Arcy James in 'Days of Wine and Roses,' below right

CRITICS ON CULTURE | THE BEST THEATER OF 2023

Shows That Thrived on Intimacy

Many of the year's best productions, like Annie Baker's 'Infinite Life,' happened in smaller spaces

the abusive tactics that she once specialized in.

Perhaps the most stimulating Broadway revival was "Purlie Victorious," Ossie Davis's 1961 comedy about an itinerant preacher's return to the Southern plantation he had fled years before, aiming to hoodwink the owner into giving him money to start his own church. Leslie Odom Jr. and the brilliant Kara Young, playing the preacher and the young woman he has chosen to aid him in his scheme, brought a frothy humor to Mr. Davis's still-radical comedy, which depicts all its characters with a wry affection that allows their absurdities to shine through their idealism or their benighted perniciousness.

The crop of new musicals was sadly thin and lacking in nutritional value. The exception was "Days of Wine and Roses," a shattering adaptation, with a score by Adam Guettel and book by Craig Lucas, of the movie about a couple's spiraling de-

scend into alcoholism. Starring two of musical theater's most accomplished performers, Kelli O'Hara and Brian d'Arcy James, the show was unsparing in its depiction of the sudden ravages of what begins as a casual romance with the bliss of the bottle. This intimate production moves to Broadway in January; I hope its piercing intensity will not be dissipated in a larger space.

The other musicals of note this year were not new. Broadway's immersive "Here Lies Love," which closed in November after a short run, probably fell afoul of the general distaste of Broadway audiences—largely tourists—for anything unfamiliar. The songwriters, David Byrne, of Talking Heads fame, and Fatboy Slim, presumably do not register high on the pop-culture scale today; and a show about the Marcos regime in the Philippines was probably also not a galvanizing ticket-selling notion. More's the pity, since this was a brave

attempt to move the Broadway musical toward new horizons.

The supremely good revival of "Merrily We Roll Along," the Stephen Sondheim-George Furth musical that was a famous flop in 1981, doesn't need any more hosannas—the ticket prices are already nosebleed-inducing. More startling was the stupendously funny revival of "Spamalot," the Monty Python musical about an endearingly nitwitted King Arthur and his pear-shaped Round Table. With a flawless cast—special mention must go to Leslie Rodriguez Kritzer as the Lady of the Lake—under the direction of Josh Rhodes, the production of this newly revitalized show allows you to leave the world's woes behind and guffaw to your aching heart's content at the fantastical, if fake, follies of Medieval England. Fakery and folly have never seemed so appealing.

Mr. Isherwood is the Journal's theater critic.



JOURNAL REPORT | YEAR IN REVIEW



CRITICS ON CULTURE | THE BEST ART OF 2023

Exhibitions That Put The Familiar in a New Frame

Several shows offered a fresh look at eminent artists, including Van Gogh and Canova

BY KAREN WILKIN

AS IF TO compensate for the deprivations of the peak Covid-19 years, 2023 offered a wealth of notable exhibitions, beginning with last spring's **Vermeer** extravaganza at the Rijksmuseum, Amsterdam. This side of the Atlantic, there was the superb installation of the once-controversial **"Philip Guston Now"** at the National Gallery, Washington, following the equally good version, at the end of 2022, at the Houston Museum of Fine Arts. We encountered Guston as inventor of ambiguous, off-kilter narratives, as eloquent abstract painter and as sensuous manipulator of paint. We noted recurring lightbulbs, rope, masks, strange hats and cigarettes, savored dramatic brushmarks and strove to cope with



pitiless self-portraits, fierce parodic Klansmen and dystopian, rubble-strewn environments. Both beautiful and disturbing, Guston's work seemed to distill all the upheavals of the 20th century.

A very different kind of exhibition from the Guston monograph, **"Promenades on Paper: Eighteenth-Century French Drawings From the Bibliothèque nationale de France,"** at the Clark Art Institute, Williamstown, Mass., offered a multiplicity of stellar works on paper, many never shown before. We explored works in various mediums, some carefully finished, some casually sketched, by the celebrated, the little known and the anonymous, all providing testimony to the importance of drawing in the 18th century and the many ways it functioned in an age before mechanical reproduction. Drawing was fundamental to the training of artists and the education of upper-class children. Architects, craftsmen and garden designers presented proposals with detailed drawings. Significant events provoked drawn images, which were

turned into prints circulated in the period's expanding roster of publications. And more. **"Promenades on Paper"** was both sumptuous and illuminating.

"Canova: Sketching in Clay," seen first at the National Gallery of Art, then at the Art Institute of Chicago (where it remains on view through March 18, 2024), revealed the working methods of the celebrated late 18th- and early 19th-century sculptor of chilly Neo-Classical marbles. Those suave figures began as nervous clay *bozzetti* (sketches) reflecting the intensity with which Canova stabbed with his tools and pressed on lumps of clay. These small studies were translated into larger, elegant plasters, then further enlarged in marble. Some *bozzetti* appeared to test possibilities at high speed, as if Canova's ideas outraced his hand; others were more finished. While the delicacy of the refined *bozzetti* was admirable, it was the roughest little

'Pope Clement XIV' (1783), by Antonio Canova, above right; installation view of 'Manet/Degas,' right; 'Untitled' (2006), by Henry Taylor, below; 'Country Road in Provence by Night' (1890), by Vincent van Gogh, left

'Bombardment' (1937), by American painter Philip Guston

sculptures—never intended for public view—that were most compelling. But we'll never look at Canova the same way again.

"Juan de Pareja, Afro-Hispanic Painter," at the Metropolitan Museum of Art, was an absorbing, informative history lesson that contextualized the Met's great Velázquez portrait of his enslaved assistant and introduced us to Pareja as an artist in his own right, after he was freed. We learned about the social structure of 17th-century Spain and about Arturo Alfonso Schomburg's pioneering research into Pareja's career. A group of Velázquez's portraits from the period, surrounding the work that generated the exhibition, documented the two painters' 1650 sojourn in Rome—when the Met's portrait was painted. The exhibition culminated with some of Pareja's most ambitious paintings, several from the Prado. Did he come close to Velázquez? Well, no. But the exhibition was fascinating and the haunting, vivid portrait of Pareja gained new resonance.

"Van Gogh's Cypresses," also at the Met, explored—remarkably enough—a new aspect of this widely exhibited artist: his fascination with the vertical evergreens that punctuate the south of France. Familiar and unfamiliar works alerted us to Van Gogh's varied responses to the dark, pyramidal trees, now pushed into the distance, now dominating the picture. The context allowed us to see the endlessly reproduced **"Starry Night"** (1889) freshly, shifting our focus from the eponymous swirls in the sky to the looming shaggy cypresses, foreground left, their ribbony strokes unlike the brushmarks of any of the other cypress images. Who knew we could still be surprised by Van Gogh?

The retrospective **"Henry Taylor: B Side"** at the Whitney Museum of American Art (through Jan. 28, 2024) showcases this brilliant black artist's meditations on friends and family, plus early drawings, constructions, enigmatic painted objects and an installation about the Black Panthers. In a sense, **"The Love of Cousin Tip"** (2017), a tribute to a horse-breeder relation, says it all: a man and his family on a porch, with a cat and, in the background, a horse; the wife embraces two of the children protectively. It's a tender scene, but something in the man's expression makes us feel like intruders. Almost every painting in **"B Side"** yields

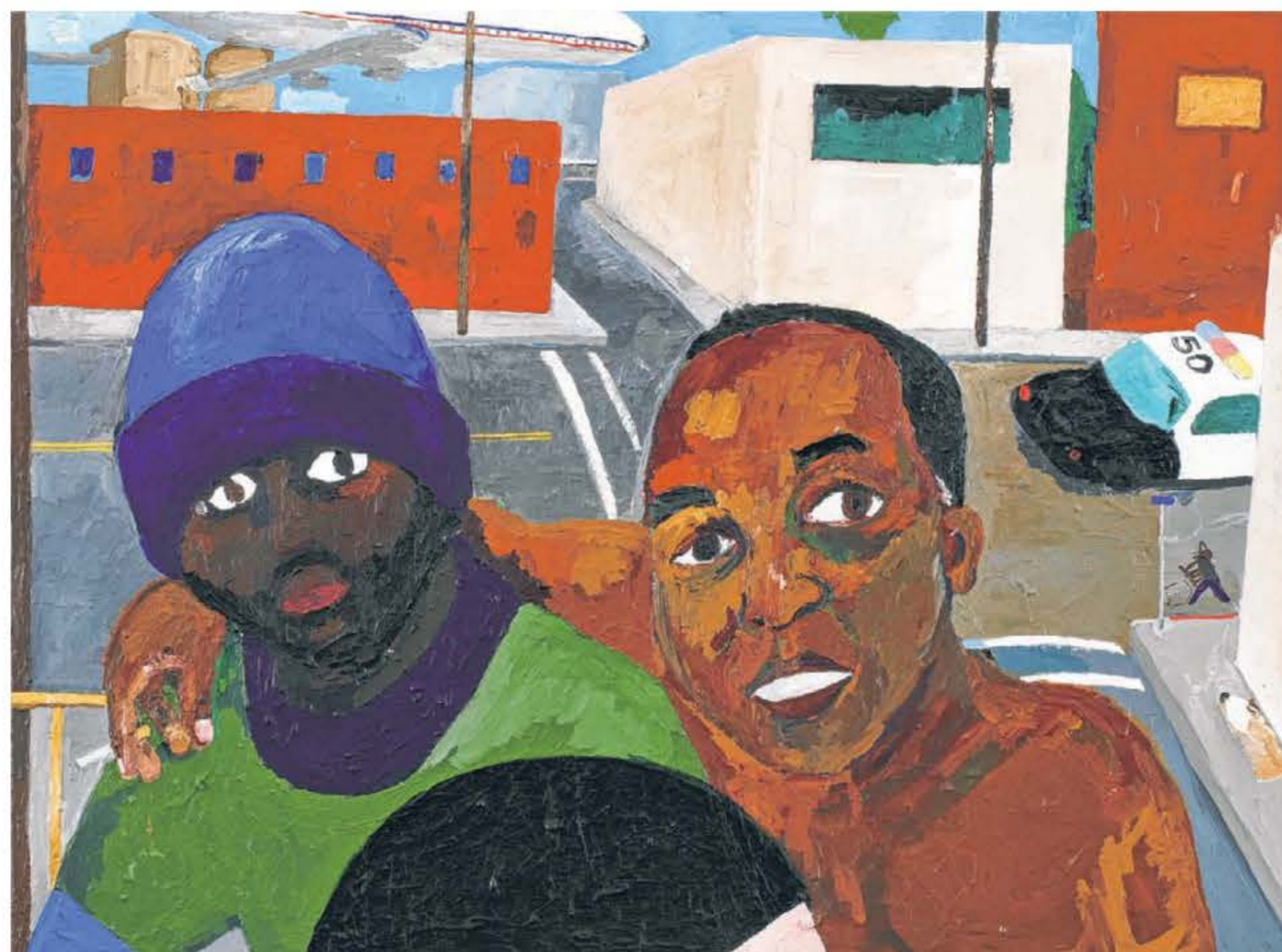
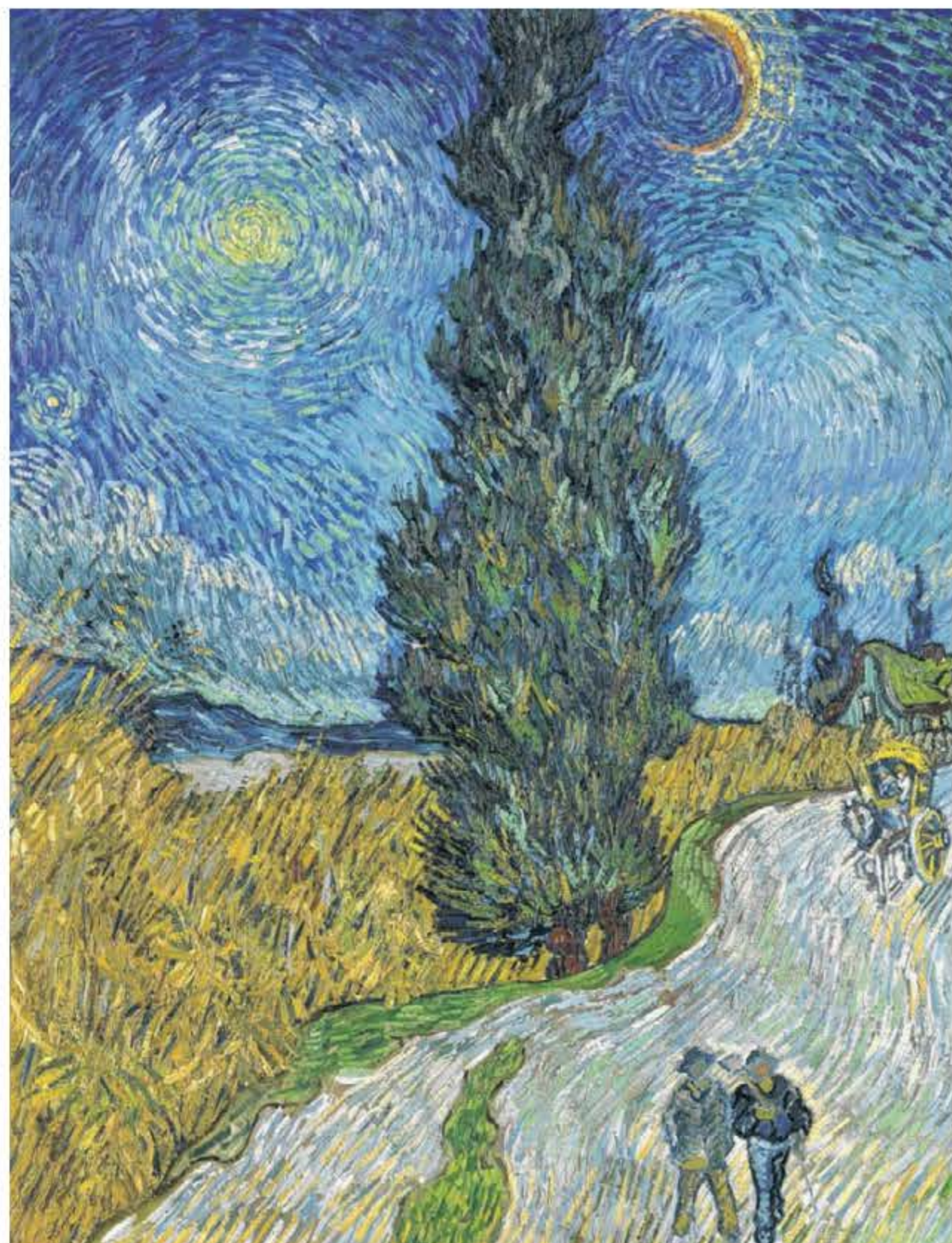
complex, often unsettling readings over time, subtexts on race relations and civil unrest, that disrupt and enrich what initially seem to be straightforward images. That and the lush paint keep us engaged by Mr. Taylor's work.

For sheer impact, it's a draw between **"Manet/Degas"** at the Met (through Jan. 7, 2024) and **"Bonnard's Worlds"** at the Kimbell Art Museum, Fort Worth, Texas (through Jan. 28, 2024). The former makes us privy to Manet's and Degas's individual aspirations, their friendship and implicit rivalry. We see them tackling similar themes, while moving in different directions, each demonstrating an acute awareness of what the other was doing. We follow, as well, the social connections between Manet and Degas.

What makes the exhibition unforgettable are the dazzling works by both artists, a list that includes Manet's notorious **"Olympia,"** **"The Balcony"** with its foaming white dresses and blue green railings, and his portrait of Émile Zola with its implacable black jacket, along with Degas's uncanny portrait of the Bellelli family, his weird image of a fallen jockey beneath galloping horses, and scenes of the New Orleans cotton exchange. Seeing these works in close proximity and provocative relationships is a museum-goer's and a curator's dream.

"Bonnard's Worlds" focuses on the artist's responses to his surroundings. We move from early paintings of the family summer house and garden to interiors and views out the window, ending with the intimacies of bedroom and bath, including three glorious very late paintings of Bonnard's wife reclining in the tub. Bonnard's astonishing gifts as a colorist and his radical experimentation with structure and space are demonstrated by both acclaimed and rarely seen works. We leave feeling that this opulent, exhilarating exhibition has given us privileged insight into the artist's life and his thinking.

Ms. Wilkin is an independent critic and curator.



CLOCKWISE FROM TOP: THE ESTATE OF PHILIP GUSTON, MUSEO GYPSOTHECA ANTONIO CANOVA, THE MET FIFTH-AVE, WHITNEY MUSEUM OF AMERICAN ART, RIK KLEIN GÖTTING/COLLECTION KRÖLLER-MÜLLER MUSEUM

JOURNAL REPORT | YEAR IN REVIEW



Terminal E of Boston's Logan Airport, above; its bright exterior is an homage to the color palette of the city

CRITICS ON CULTURE | THE BEST ARCHITECTURE OF 2023

Solving Problems In Imaginative Style

The year's most impressive feats of design cleared untold hurdles in creative ways

BY MICHAEL J. LEWIS

THE GREAT American Building, like the Great American Novel, is a phrase that can scarcely be uttered today

without irony.

The problem is that if you do not believe in greatness, you do not strive for it, which may explain why today we no longer seem able to make universally acknowledged masterpieces such as Fallingwater or the Chrysler



Building. But if we no longer think in terms of greatness, the past year has given us some very good buildings. Imaginative problem-solving, masterly use of innovative technology, and concern for the human experience of a building: All are there in abundance.

Two museum projects offer instructive lessons in problem-solving. In each case the task was to graft a daringly contemporary addition onto a beloved historical building without compromising its traditional character. The **Richard Gilder Center for Science, Education and Innovation**, Studio Gang's addition to the American Museum of Natural History in New York, is a free-form composition with

New York's **Richard Gilder Center for Science, Education and Innovation**, right; exterior and interior views of the **Jeffrey E. Gundlach Building at the Buffalo AKG Art Museum**, below

hardly a straight line in it except for the floors, and yet it manages to respect both the original building and its urban context. Its pink granite facade billows and ripples, as if struggling to restrain some mighty force within, and yet its materials and mighty scale comport well with the Romanesque brawn of the original building.

More remarkable yet is the interior, which has the character of a natural geological formation, not quite canyon and not quite cavern, suggesting the patient sculpting action of sand and wind. It invites us to approach nature with awe but also with intrigue. It would not be nearly as effective if it were suspended from hidden architecture, in the manner of stage scenery. But what we see is the load-bearing architecture itself, reinforced concrete consisting of shotcrete sprayed onto a steel rebar cage and given a coarse texture to express the mineral quality of the outer material. It is poetic but also has a satisfying sense of reality, which is precisely what one should have when confronting nature.

The task of the **Buffalo AKG Art Museum**, the new name of the Albright-Knox Art Gallery, was easier. The original building, a dignified neoclassical temple of the arts, had already been extended to the south by Gordon Bunshaft, and the architects of the new wing, the Jeffrey E. Gundlach Building, had the opportunity to make something that spoke of the present moment just as the Bunshaft addition spoke of the 1960s. The designer—Shohei Shigematsu of OMA, working in association with Cooper Robertson—must have startled the client with his call for a “radically transparent”

building; a museum, after all, is not a greenhouse. But his solution was ingenious: a double-shell form with a glazed outer wall surrounding the 13 galleries within, comprising over 27,000 square feet, and a pleasantly airy circulation space between the two. All that was expressed as a freestanding polygonal pavilion, rigorously symmetrical in plan, and attached to the original museum by a 300-foot-long serpen-



tine bridge. **Terminal E**, the newly enlarged and renovated international terminal at Logan Airport near Boston, will be discussed in due course. But there is no question that it stands among the exceptional buildings of 2023. The

commission was handled by AECOM, a firm with considerable expertise in infrastructure, while its formal and expressive aspects were handled by Luis Vidal, serving as “vision architect” (a term that is new to me but which I expect will spread).

No airport terminal will ever fill us with joy; all an architect can do is lessen its indignities. One of the worst is the sense of being cut off from the world outside, without familiar points of reference. Mr. Vidal determined to make Boston visible from the terminal, and vice versa. He gave the terminal the sleek aerodynamic lines of a boomerang, whose sweeping windows offer the international traveler a last wistful look at Boston. Its distinct red hue is meant to salute the city's palette, a conflation of its brick and university colors (not to mention the Red Sox). Created by the Swiss firm Monopol, the paint is prismatic, so it shimmers and changes color as you move around it. Used on au-

planning, it comprises 700,000 square feet, all of it underground. A five-block concourse runs beneath Park Avenue from 43rd to 48th streets, its train platforms burrowing deeper yet as they dip under the tracks of Metro North. Even at its lowest point, a full 150 feet below street level, it feels cheerful and spacious. (It is depressing to think Penn Station once inspired similar feelings.)

One need not spend \$11 billion to make a city more gracious. One can reuse defunct industrial facilities. Philadelphia has finally caught up with London in seeing the potential of its old waterfront powerplants. Its burly Delaware Power Station, built in 1923, has now been converted into **The Battery**, “a new 500,000+-square-foot residential and lifestyle campus.” That lan-

tomobiles, it has never been used before on an airport terminal.

AECOM was also responsible for New York's **Grand Central Madison**, the new \$11 billion extension of Grand Central Terminal that services the Long Island Rail Road. A paragon of efficient

guage does not suggest inordinate respect for history but Strada, the architects of the project, has faithfully maintained the elements that give the plant its industrial character, particularly its 167-foot smokestacks and the coal pier that once fed its furnaces.

The biggest surprise of 2023 is the **Perelman Performing Arts Center** at Ground Zero, a building that by all rights should not be good. A responsible client would not normally place a festive, flexible performance space across from a mournful national monument nor set it atop a 21-foot platform of loading docks and ventilation shafts. Yet Joshua Ramus of REX architects has pulled it off. It cannot be appreciated from photographs, and all the critic can say is go and see it.

Mr. Lewis teaches architectural history at Williams and reviews architecture for the Journal.



FROM TOP: EMA; PETER, IVAN; BAAN; MARCO CAPPELLETTI (2)

SAMSUNG

Galaxy Z Flip5 | Z Fold5



Image simulated for illustrative purpose.

[samsung.com](https://www.samsung.com)