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U.S. Edition

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What's News

Business & Finance

- ◆ **China is trying** to defuse a time bomb of hidden local-government debt that could damage its banking system, as Moody's lowered its outlook on the country's credit rating. **A1**
- ◆ **In a sign the labor market** may be cooling, the number of available jobs at the end of October fell to the lowest since March 2021, the Labor Department said. **A2**
- ◆ **The prospect of Fed rate cuts** has helped propel the price of gold to a record—passing a three-year-old mark—as the investing advantage of bonds declines. **B1**
- ◆ **The FTC is investigating** Exxon Mobil's \$59.5 billion plan to buy Pioneer Natural Resources in what would be the largest oil-and-gas deal in two decades. **B1**
- ◆ **A group of activist nuns** filed a shareholder lawsuit to pressure Smith & Wesson to drastically change the way it makes and sells its version of the AR-15 rifle. **B1**
- ◆ **Procter & Gamble** is looking to buy a \$1.3 billion charge on its Gillette business, adjusting the value of a shaving giant that it took over nearly two decades ago. **B3**
- ◆ **Yields on 10-year notes** fell to their lowest level since the summer. The Nasdaq rose 0.3%, while the S&P 500 and Dow industrials lost 0.1% and 0.2%, respectively. **B1**
- ◆ **Developers are launching** a series of residential projects in San Francisco, including a 71-story tower, as the city tries to create more housing. **B1**
- ◆ **Musk's AI company, xAI**, is looking to raise \$1 billion, according to a new filing it made with the SEC. **B4**

World-Wide

- ◆ **Israeli forces** closed in on southern Gaza's largest city, Khan Younis, in what is becoming a decisive battle of the war with Hamas in the militant's group's last bastion. **A1**
- ◆ **The Biden administration** said it would restrict travel to the U.S. by extremist Israeli settlers and others it blames for undermining security in the West Bank. **A7**
- ◆ **The Supreme Court** signaled it was unlikely to impose strict limits on Congress's power to tax income, as it heard arguments in a case challenging principles of the tax code. **A1**
- ◆ **Senate Democrats and Republicans** headed for a showdown on Ukraine aid as the GOP tied its approval to changes in U.S. immigration policy. **A6**
- ◆ **Tuberville ended** his monthslong hold on most military promotions that he placed to protest the Pentagon's abortion policy. **A4**
- ◆ **Rep. McHenry**, who was briefly temporary speaker this year, won't seek re-election. **A4**
- ◆ **Venezuela is ratcheting up** claims to a swath of its oil-rich neighbor Guyana after Maduro staged a referendum that he said backed him. **A10**
- ◆ **U.S. negotiators** made a fresh offer to Russia recently for the release of two American prisoners, including the WSJ's Gershkovich, but it was rejected. **A9**
- ◆ **Republican lawmakers** chastised the presidents of Harvard, MIT and Penn at a hearing about antisemitism on college campuses. **A3**
- ◆ **The NCAA** unveiled a proposal that would allow Division I schools to pay their athletes for the first time. **A1**

Storm Spawns Deadly Floods in Southeast India



BEAST OF BURDEN: People used a bullock cart Tuesday to cross a flooded street in Chennai, India, after heavy rains from Tropical Storm Michaung. At least a dozen people were killed from the storm's downpours and heavy winds. **A10**

Israel Presses Assault In Hamas Bastion

Residents flee after Khan Younis comes under bombardment; 'it's complete chaos'

By DOV LIEBER AND MARGHERITA STANCATI

TEL AVIV—Israeli forces closed in on southern Gaza's largest city in what is becoming a decisive battle of the two-month-old war with Hamas.

Israeli forces moving into the militants' stronghold of Khan Younis are entering a treacherous battleground of narrow streets packed with displaced Palestinians. In close-quarters combat, Hamas fighters there are defending their last major bastion in Gaza, home to its leader, Yahya Sinwar, and the location where Israel believes the group's other leaders are hiding and holding hostages.

The battle for Khan Younis, a city of over 400,000 before the war, also threatens to push tens of thousands of people toward Rafah, about 6 miles away on the Egyptian border, where families are already sleeping in tents and parks, and food, water and cooking gas are scarce.

An Israeli victory in Khan Younis would likely corner remaining Hamas fighters in small areas in central Gaza and close to the Egyptian border, surrounded by Israeli troops. And it could raise al-

Please turn to page A9

◆ **Israeli peace activists face a reckoning.....** A9

Wary Justices Signal Doubts About Upending U.S. Tax Code

By JESS BRAVIN AND RICHARD RUBIN

WASHINGTON—The Supreme Court looked unlikely to impose strict new limits on Congress's power to tax income, with some conservative and liberal justices alike signaling wariness about upending long-settled principles of the federal tax code.

Tuesday's arguments involved a relatively small payment required by a one-time charge under the 2017 tax

overhaul. Challengers are seeking a ruling limiting income that can be taxed to money "realized" by taxpayers—that is, cash they receive or in some fashion control, as opposed to a mere increase in the value of their holdings.

Conservative groups behind the case see it as an opportunity for the court to narrow the definition of income taxable under the 16th Amendment, heading off progressive initiatives such as taxes proposed by Democrats on

wealthy people's unrealized capital gains.

But several justices seemed less concerned with hypothetical future taxes than with possible effects on statutes long familiar to investors, tax advisers and businesses. Those include the Internal Revenue Code provision known as Subpart F, which since 1962 has required many American shareholders in foreign corporations to pay taxes on their pro rata portions of those companies' undistributed pas-

sive income. It prevents Americans from placing assets inside foreign corporations as a way of deferring U.S. taxes.

Justice Amy Coney Barrett asked how Subpart F differed from the tax imposed on the plaintiffs, Charles and Kathleen Moore of Redmond, Wash. They are seeking a \$14,729 refund after making a tax payment required by their investment in an India-based company that they say hadn't paid them any money.

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Home From Ukraine, Convicts Sow Havoc

Former prisoners freed to fight by Russia unleash crime wave upon return

By MATTHEW LUXMOORE

In early August, police in Russia's rural northwest were called to the scene of a mass murder. In the charred remains of two homes set ablaze hours earlier, they found the burned, mutilated bodies of six local residents.

News of the massacre shook Derevyannoye, a village of 1,200 people. Most shocking was the identity of one of the two suspects: a repeat offender freed from a maximum-security prison to fight in Ukraine.

Igor Sofonov had been in and out of jail for 20 years by the time he joined Storm Z, a unit of convicts created to bolster Russia's war effort. If he and others survived long enough to complete their six-month contracts, they were promised their freedom through a secretive program of presidential pardons.

Sofonov survived, and returned to Russia with the remainder of his sentence for

Please turn to page A12

◆ **U.S. says Russia rejects Gershkovich swap.....** A9

Labor Market Cools Further

Available jobs at the end of October hit their lowest point since March 2021. **A2**



Source: Labor Department

Clock Is Ticking On China's Efforts To Stem Local Debt

By REBECCA FENG AND CAO LI

China is trying to defuse a financial time bomb that could severely damage its banking system.

Cities and provinces have accumulated a massive amount of hidden debt following years of unchecked borrowing and spending. The International Monetary Fund and Wall Street banks estimate that the total outstanding off-balance-sheet government debt is around \$7 trillion to \$11 trillion. That includes corporate bonds issued by thousands of so-called local-

government financing vehicles, which borrowed money to build roads, bridges and other infrastructure, or to fund other expenditures.

No one knows what the actual total is, but it has become abundantly clear over the past year that local governments' debt levels have become unsustainable. China's economic growth is slowing, and the country is battling deflationary pressures that will make it harder for local governments to keep up with their interest and principal payments.

Moody's Investors Service on Tuesday lowered its outlook on

Please turn to page A2

The Dullest \$900,000 Book Around * * * IPO prospectuses 'going the way of the dodo bird'

By CORRIE DRIEBUSCH

In this year's biggest initial public offering, semiconductor designer Arm Holdings raised around \$5 billion in September. One mundane task on its path to IPO riches was the prospectus—the lengthy documents required by U.S. regulators for aspiring public companies.

The roughly 200-page document included a description of its business, audited financial statements and boilerplate legal language about the risks of investing in its shares. The company had to navigate arcane Securities and Exchange Commission rules about for-

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NCAA Proposes Schools Directly Pay Athletes

By LAINE HIGGINS

In a groundbreaking move that would transform how college athletics has operated for more than a century, National Collegiate Athletic Association President Charlie Baker unveiled a proposal that would allow Division I schools to pay their athletes for the first time.

Baker outlined the proposal in a letter sent to member schools on Tuesday. Should Division I schools choose to accept the proposed changes, they would be free to enter into endorsement deals directly with their athletes and remove any cap on educational related benefits. They can also establish a trust fund for their athletes.

The proposal bucks the NCAA's founding principle of amateurism, defined as athletes competing without pay, and ushers the 117-year old or-

ganization into a new era.

It's a revolutionary idea for an often lumbering organization that has struggled in recent years to modernize its rules amid pressure from litigation, state and federal lawmakers and turning public opinion. Baker's letter, viewed by The Wall Street Journal, also represents a marked shift in the organization's tone, from defensive and reactive to sweeping and proactive.

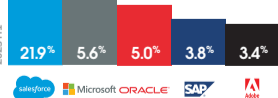
"Colleges and universities need to be more flexible, and the NCAA needs to be more flexible, too," Baker wrote.

The proposed changes would create a new top tier, or subdivision, for the richest programs. Those schools would be required to set aside at least \$30,000 per year for at least half of their eligible athletes in an educational trust fund designed to serve as a launching pad fund. The sub-

Please turn to page A16

Salesforce. #1 CRM.

Ranked #1 for CRM Applications based on IDC 2023H1 Revenue Market Share Worldwide.



Source: IDC, Worldwide Semiannual Software Tracker, October 2023.



salesforce.com/number1CRM

CRM market includes the following IDC-defined functional markets: Sales Force Productivity and Management, Marketing Campaign Management, Customer Service, Contact Center, Advertising, and Digital Commerce Applications. © 2023 Salesforce, Inc. All rights reserved. Various trademarks held by their respective owners.

U.S. NEWS

Fresh Data Signal a Cooling Labor Market

Available jobs declined in October to the lowest level since early 2021

By AUSTEN HUFFORD

The hot labor market that underpinned a surprisingly strong economy this year is showing signs of cooling, an indication that growth could ease in 2024.

The number of available jobs at the end of October was the lowest since March 2021, the Labor Department said Tuesday.

Fewer openings come as the unemployment rate has edged higher this year, Americans are taking longer to find new jobs, and wage growth is slowing.

The November jobs report, out Friday, could provide additional clues about whether the historically tight labor market is loosening further.



Job seekers spoke with prospective employers at a Los Angeles career fair last month. Hiring has eased this year as the Fed raised rates to fight inflation.

Less help wanted

Job openings fell 617,000 in October to 8.7 million. That level is well down from a record high of 12 million in March 2022, though higher than before the pandemic began.

There are still plenty of jobs available—more than the 6.5 million unemployed Americans seeking work—but that gap has narrowed. The number of open jobs in insurance, real estate and retail have all declined during the past year. One ominous sign: Businesses have said they need fewer extra workers for holiday jobs this fall.

Workers quit quitting

The jump in resignations earlier in the pandemic recovery has dissipated.

Economists see a declining rate of quitting as a sign that workers are less certain about the labor market or that they are more satisfied with their current roles.

In October, the quit rate held steady from the prior month at 2.3%, but has trended down since touching 3% in April 2022.

Workers might have good

reason not to leave their jobs without another lined up.

The rate of hiring ticked lower in October from the prior month, extending a slow decline this year, suggesting employers are less desperate to fill roles.

Hiring slows down

Employers have added 239,000 jobs a month on average this year through October. That is a slowdown from nearly 400,000 a month in 2022 and more than 600,000 in 2021. Economists surveyed by The Wall Street Journal estimate that this cooling trend continued in November, with payrolls growing by 190,000. The Labor Department will release figures on Friday.

Hiring has eased this year as the Federal Reserve pushed interest rates to a 22-year high this summer to combat inflation. That action has slowed the housing market and business investment, which has follow-on effects on the labor market.

There are exceptions. For instance, healthcare hiring is booming. The government and leisure and hospitality employers are also adding jobs at a solid clip.

Wage growth cools

When businesses were desperate to find employees in recent years, they offered workers some of the best raises of their careers. Now that companies appear less eager to hire, wage growth has cooled.

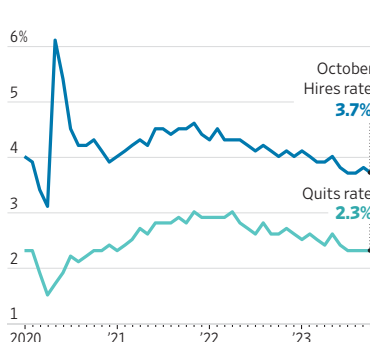
Pay gains remain above historic levels, and this year wages are rising faster than prices after falling behind earlier in the pandemic recovery. Slower wage growth can help cool inflation, especially for labor-intensive services.

Job search is harder

More people are having trouble finding a job when they are laid off. Nearly two million Americans have been applying for continuing unemployment benefits in recent weeks, the most in about two years, according to the Labor Department. The level is still historically low and just approaching the prepandemic average.

Similarly, the unemployment rate remains very low. Economists estimate it held at 3.9% in November. But it has risen by a half-percentage point since the spring. Such an increase usually comes right before a recession.

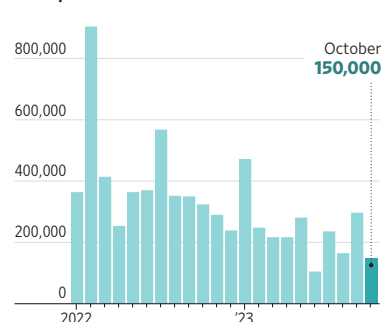
Quits and hires rates*



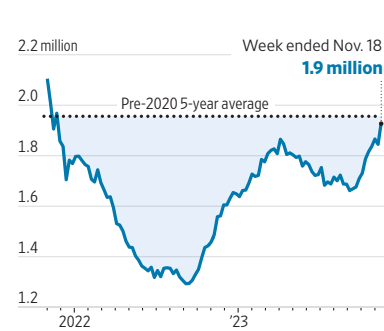
Hourly wage growth, change from a year earlier†



Nonfarm payrolls, change from previous month*



Continued unemployment claims*



*Seasonally adjusted †Three-month moving average of median hourly wage growth
Note: October 2023 hire and quit rates are preliminary and both rates are a percentage of total employment.
September and October 2023 payrolls are preliminary.
Sources: Labor Department (hires and quits rates, payrolls); Atlanta Federal Reserve (wage growth); Labor Department via St. Louis Fed (claims)

Local Debt Plagues Beijing

Continued from Page One

China's credit rating to negative from stable because the country is likely to provide more support to financially stressed local governments and state-owned enterprises. The credit-rating company also cited risks to China's economic growth. Moody's rates China A1, an investment-grade rating four notches below its top rating.

Economists say a significant chunk of the hidden debt—their estimates range from \$400 billion to more than \$800 billion—is particularly problematic and at high risk of default.

Chinese authorities have realized that the risks to the country's financial stability and overall growth have be-

come too large to ignore. They are trying to tackle the problem more systematically and are starting to swap out some hidden debt for new—and explicit—government debt.

The big worry is that a wave of defaults could spread losses far and wide. That could quickly snowball into a nationwide financial crisis if credit markets seize up and retail and corporate depositors start to get worried about the financial stability of banks that hold a lot of local-government bonds.

"Once a local-government financing vehicle defaults, the situation can easily get out of hand," said Yao Yu, founder of YY Rating, an independent Chinese credit-research firm. Bonds from local-government financing vehicles make up close to half of China's domestic corporate-bond market, according to Wind, a financial-data provider, and defaults could choke funding for other borrowers if many investors and bond buyers back away.

In early November, China's

central government said it places "great importance to the prevention and resolution of the risk of hidden debts of local governments." Bankers and local government officials were also warned they would be held accountable for life if they raised new hidden debt.

Pan Gongsheng, the governor of the People's Bank of China, said at a Beijing financial forum in November that the central bank would also provide emergency liquidity support to regions with relatively high debt burdens. He said China's total government debt isn't high by international standards and that the country is taking steps—including asset disposals and refinancing debt—to mitigate the risk posed by its local-government debt.

China has muddled through a yearslong property bust and dozens of real-estate developer debt defaults without massive losses to the country's banks. That is largely because many property developers had raised money offshore by sell-

ing bonds to international investors and were less dependent on bank loans.

The situation is different for local-government financing vehicles. Most of their bonds are held by Chinese commercial banks, which also extended loans to them. A recent UBS report said domestic banks' total exposure to local-government financing vehicles at the end of last year was equivalent to about \$6.9 trillion—representing about 13% of the banking sector's total assets.

For more than a decade, Chinese regulators have been trying to address the hidden-debt risks. The latest round of major efforts occurred between 2015 and 2018. During that time, Chinese local governments also sold new public bonds to swap out their hidden debt, effectively giving the latter explicit government backing.

China's Finance Ministry also told local governments to borrow more responsibly in the future. However, under pressure to stimulate growth,

local governments went on another borrowing spree, and by the end of November, the outstanding bonds of their financing vehicles ballooned to more than twice what it was in 2018, according to Wind data.

Some cities and provinces are starting to show financial strains after a brutal property downturn caused local government income from land sales to plunge. Three years of heavy spending to contain the Covid-19 pandemic has also depleted their cash coffers.

"In a lot of economically weaker regions and provinces, we've seen near misses and the last-minute scrambling to repay public bonds. It's attracted more attention from the government to help alleviate these immediate liquidity problems," said Chris Yip, a credit analyst at S&P Global Ratings.

There has been an urgent push for local governments to issue so-called special refinancing bonds to replace some of their off-balance-sheet debt.

Since October, close to 30 Chinese provinces and cities have raised the equivalent of around \$200 billion in such bonds. The fundraising was mostly in regions with high leverage including the provinces of Guizhou and Yunnan, and the city of Tianjin. The debt swaps have helped lower the risk of imminent local-government debt defaults, by giving local governments more time to come up with funds.

"It's not enough, but I think this is just the beginning," said Robin Xing, Morgan Stanley's chief China economist, of the debt exchanges that have been done so far. He reckons that there will need to be at least \$700 billion of debt swaps to resolve the bulk of the troubled hidden debt.

"It is not really a restructuring plan but a refinancing plan. It leaves most of the problems with local government debt in place," said Logan Wright, director of China research at Rhodium Group, a research firm.

—Serena Ng contributed to this article.

CORRECTIONS & AMPLIFICATIONS

Muhammad Ali won his first fight with Sonny Liston when Liston quit at the beginning of the seventh round. A Review article on Saturday about trash talk at preflight events in combat sports incorrectly said that Ali knocked Liston out.

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

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Moody's Cuts China Credit Outlook

Moody's Investors Service lowered its outlook for China's credit rating from stable to negative on Tuesday, warning the financial stresses of some regional and local governments will require Beijing to provide support to them. That could weigh on China's government finances as its economy is slowing.

The firm kept its long-term rating of A1 on the nation's sovereign debt, a level four notches below its top Aaa rating. But the outlook change signaled how the risks from China's local government debts have become too big to ignore.

Chinese cities and provinces have as much as \$11 trillion in off-balance-sheet debt, according to some estimates. Many econo-

mists have warned that a large chunk of it is at a high risk of default.

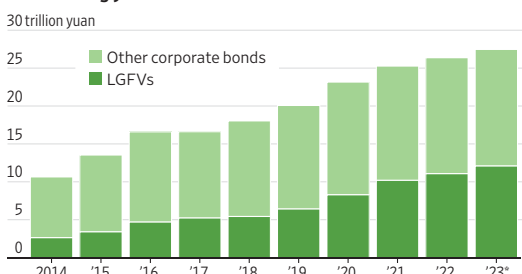
Pan Gongsheng, governor of the People's Bank of China, has said the central bank would provide emergency funding to highly indebted local governments. A broad effort is under way to refinance some of the problematic hidden debt.

Moody's said the financial support would pose risks to China's fiscal, economic and institutional strength. It also warned of risks to China's growth.

"We are disappointed," a spokesperson for China's Ministry of Finance said about Moody's decision. The spokesperson added that China's economy is continuing to recover.

—Weilun Soon

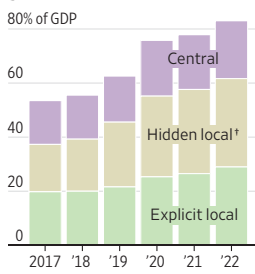
Outstanding yuan-denominated bonds



Government debt as a percentage of GDP



Breakdown of China's government debt



*Through Nov. 30 †Off-balance-sheet debt issued by local-government financing vehicles
Note: 10 trillion yuan = \$1.4 trillion
Sources: Wind; CEIC

U.S. NEWS



Presidents Claudine Gay of Harvard, Liz Magill of Penn and Sally Kornbluth of MIT testified at a Congressional hearing Tuesday.

University Chiefs Face Criticism Over Antisemitism on Campus

BY JOSEPH DE AVILA AND MELISSA KORN

Republican lawmakers chastised the presidents of three elite U.S. universities during a congressional hearing about efforts to curb rising antisemitism on their campuses.

Claudine Gay of Harvard University, Liz Magill of the University of Pennsylvania and Sally Kornbluth of the Massachusetts Institute of Technology acknowledged Tuesday to lawmakers on the House Committee on Education and the Workforce that antisemitism was a growing problem at their schools.

The leaders said they are taking steps to combat hate, including beefing up security on campuses and taking action against anyone who harasses or discriminates against students, faculty or staff. They also said their schools want to ensure the safety of their students while still protecting free speech.

“The right to free speech does not extend to harassment, discrimination or incitement to violence in our community,” Kornbluth said. Republicans on the committee criticized the university presidents and said their actions led to verbal and physical attacks and intimidation that made Jewish students feel unsafe and unwelcome on their campuses.

In one particularly tense exchange, Rep. Elise Stefanik (R., N.Y.), challenged Harvard’s Gay on where she draws the line between protected speech and incitement to violence, and whether she would take disciplinary action against individuals who participated in rallies where there were calls for an intifada, or a violent Palestinian uprising.

Gay said the school does give a wide berth to protected speech, but acts when rhetoric crosses into conduct that violates the school’s policies on harassment, bullying or intimidation. Stefanik called for Gay’s resignation.

College campuses have been riled by protests since the start of the Israel-Hamas war, with hundreds or even thousands of students, faculty and staff at schools around the country joining pro-Palestinian rallies. Jewish leaders say chants such as “From the river to the sea, Palestine will be free” and “Globalize the intifada” are incitements to violence against Israelis and Jews more broadly.

Students and alumni groups say anti-Jewish antagonism has increased amid the rising tensions, prompting

calls for schools to do more to protect Jewish students from bigotry.

The universities represented at the hearing Tuesday are all private institutions, but Congress has some oversight role because the schools receive significant federal funding for research and student financial aid.

The leaders of Penn, Harvard and MIT each said harassment and discrimination against Muslim and Arab students has also been growing, and the schools are taking steps to support those communities as well.

The Harvard, Penn and MIT leaders say they are taking steps to combat hate.

“We will continue to deploy all the necessary resources to support any member of the community experiencing hate,” said Magill, of Penn.

Pamela Nadell, an American University professor of Jewish history who testified Tuesday, said antisemitism wasn’t a new scourge on campuses. A few witnesses and lawmakers referenced the 2017 rally in which white supremacists marched across the campus of the University of Virginia shouting lines including “the Jews will not replace us.”

“Antisemitism is a symptom of ignorance, and the cure

for ignorance is knowledge,” Gay, of Harvard, said Tuesday. “Harvard must model what it means to preserve free expression while combating prejudice and preserving the security of our community.”

College leaders around the country stumbled in their early responses to the Oct. 7 attacks, attempting to appease activists on both sides of the seemingly intractable issue. Some issued updates to their public statements, or clarifications to those updates, as they weighed their responsibility as moral arbiters, protectors of free speech and administrators aiming to keep their campuses safe.

Donors at Penn, Harvard and other elite schools have criticized the schools’ leadership and threatened to withhold contributions, saying the institutions didn’t quickly or forcefully condemn antisemitism on campus following the Hamas attack and have done a poor job of protecting Jewish students.

A survey released last month by the Anti-Defamation League, a Jewish advocacy group, and collegiate Jewish organization Hillel International found 73% of Jewish college students have experienced or witnessed antisemitism since the start of the 2023-24 school year. About 46% of Jewish students said they felt safe on campus, according to the poll.

Students Suffered Big Setbacks in Pandemic

BY MATT BARNUM

The most comprehensive global look at test scores since the pandemic shows learning loss is a stubborn worldwide problem, with American 15-year-olds experiencing similar or slightly less severe setbacks compared with peers in other countries.

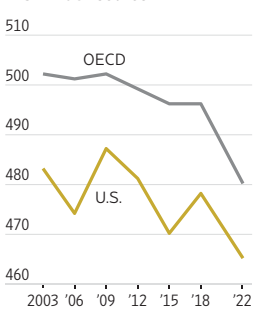
Economically developed nations saw substantial drops in reading and math on international exams, according to new data released on Tuesday. U.S. scores also declined sharply in math but held roughly steady in reading.

Among 37 participating countries in the Organization for Economic Cooperation and Development, which coordinates the exam, the U.S.’s scores now rank sixth in reading, 12th in science and 28th in math. These were slight improvements compared with 2018, the last time the exam was given.

“Learning loss due to the pandemic was a global phenomenon,” said Martin West, the academic dean at Harvard Graduate School of Education. “We’ve never seen, in an international assessment, consistent declines across a large number of school systems in the way we see here.”

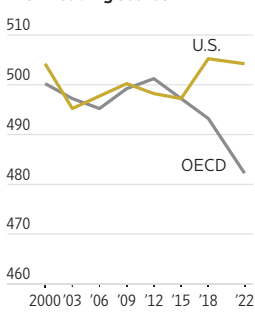
The Program for International Student Assessment was administered last year to 15-year-olds in math, reading and science. That included a sample of 4,600 U.S. students who were typically in 10th grade when they took the test.

PISA math scores

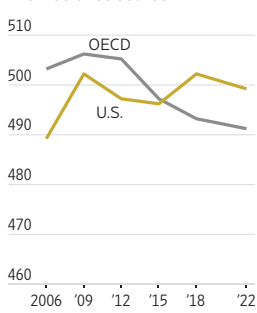


*U.S. results are not available for 2006. Source: OECD

PISA reading scores*



PISA science scores



that were closed for longer tended to experience bigger declines in test scores, according to some studies.

The recent test was the first PISA exam since the pandemic disrupted children’s lives in and out of school. American students were more likely than students from other countries to say they had experienced lengthy school closures, according to a survey accompanying the test.

Education Secretary Miguel Cardona said the international results show that the Biden administration’s emergency funding distributed to schools prevented a worse showing. “At an extremely tough time in education, the United States moved up in the world rankings,” he said in a media call on Monday.

West said it is too soon to say whether the extra money for schools, including \$123 billion in the Biden-backed Amer-

ican Rescue Plan, has helped students recover.

Cardona said American schools do need to improve their instruction in math, an area where the country has long lagged behind on PISA.

U.S. scores have held roughly steady in reading and science since the early 2000s, even as many other countries have seen their scores fall.

Countries’ scores are seen as the product of both their educational system and factors outside of school, including socioeconomic circumstances. PISA exams have long been closely watched as a measure of a country’s educational success and economic competitiveness.

In the latest results, PISA researchers note that participation in the exams is voluntary in the U.S., which creates some risk of bias. Participation among private-school students was particularly low.

SCAN FOR A CLOSER LOOK

Buttoned Up

PAUL MORELLI

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U.S. NEWS

Biden Sharpens His Attacks on Trump

By Ken Thomas
and Catherine Lucey

WASHINGTON—With President Biden struggling to bring his polling numbers up, he and his fellow Democrats are sharpening their focus on a different task—pushing former President Donald Trump's support down.

The 2024 campaign appears likely to pit two exceedingly well-known candidates against each other, an incumbent and his predecessor. Polls show that the contest is essentially tied, and to Democrats' chagrin, that many voters remember Trump's presidency in positive terms and think he would handle several issues better than Biden has.

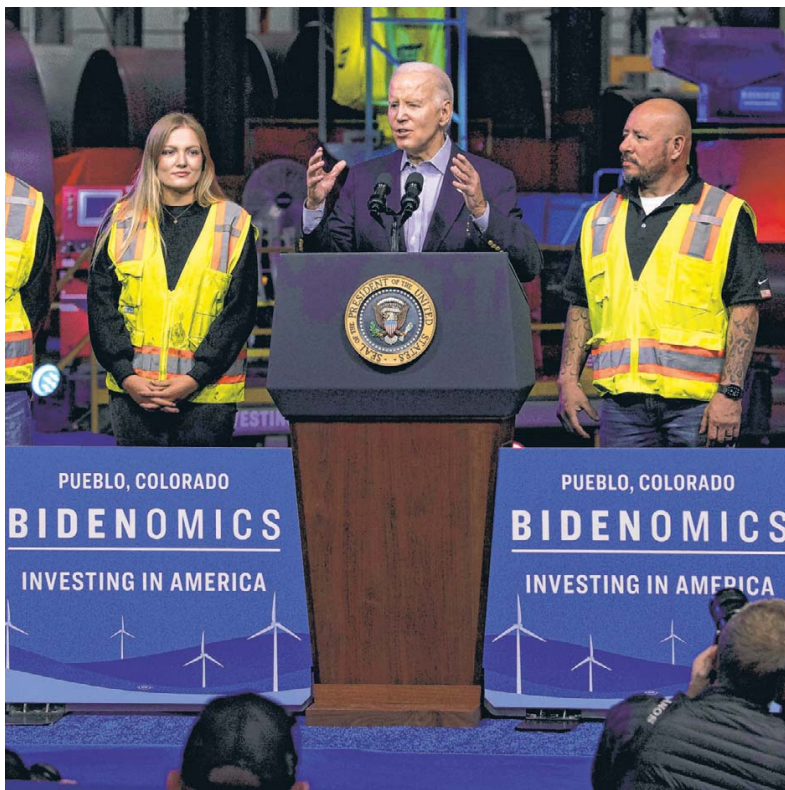
So Biden is issuing a stark reminder of what life could be like if his rival—the expected Republican challenger—returned to the White House.

In speeches, fundraising appearances and on the airwaves, Biden is laying out what he says is at stake, painting an apocalyptic picture of a second Trump term, saying his predecessor would gut the Affordable Care Act, enact a nationwide ban on abortion and ship jobs overseas if elected.

Trump has also been campaigning on aggressive plans to use his executive authority to influence schools and police departments in an unprecedented fashion, and has pledged to marshal the power of the government to investigate and punish his critics.

"Trump's not even hiding the ball anymore. He's telling us what he's going to do. He's making no bones about it," Biden said at a fundraiser in Boston on Tuesday, citing Trump's pledge to repeal and replace the Obama-era health-care law.

The moves come as Democrats have been calling on Biden to go negative on Trump,



Democrats have argued President Biden's effort to promote his economic agenda isn't working.

arguing that Biden's efforts to promote his economic agenda aren't working.

"They want to use this opportunity to start to remind people of what four years of Trump looked like and what it would mean if he were back in office," said Kate Bedingfield, a veteran of Biden's 2020 campaign who served as White House communications director until this year.

But whether the newly aggressive approach will benefit Biden is unclear, as many voters have made up their minds about Trump—and the former president has proven resilient against many attacks.

Members of Trump's orbit contend that Biden has struggled to sell his own agenda and dismiss the president's early attempts to undermine Trump.

"If they can't define Joe Biden, how can they define Donald Trump?" asked David Urban, a former senior adviser to the Trump campaign.

A recent YouGov/Economist poll found that 51% of respondents said Trump had done a better job as president, while 41% said Biden had. While that and other national surveys have shown a very close race, some battleground-state polls have shown Trump with an

edge in the places that will determine the outcome of the election.

Trump's team thinks it will have an advantage over Biden on top issues for voters such as inflation and the economy, crime, the U.S. southern border and anxieties over the U.S. getting pulled into foreign entanglements.

"If we have a debate on who handled the economy better, it benefits Trump," said Marc Short, who served in the Trump administration and was a top adviser to former Vice President Mike Pence's presidential campaign.

Under the Trump adminis-

tration, the U.S. economy reached historic milestones for jobs, income and stock prices until the Covid-19 pandemic hit in March 2020 and sent unemployment to historic depths. Unemployment later improved, but only partially. Trump also presided over four straight years of rising annual deficits.

Trump, in a weekend appearance in Cedar Rapids, Iowa, called Biden the "destroyer of American democracy," trying to flip an argument Biden has been making for years about him. Trump continues to falsely claim the 2020 election was stolen from him and, with his allies, sought to overturn his loss in the 2020 election.

In recent weeks, Biden has unleashed a torrent of attacks on Trump, and his campaign has begun airing critical TV ads.

Biden's campaign released a new ad on Thursday featuring a pediatric nurse in Nevada who speaks about lower prescription drug costs under Biden and warns of a return to "policies that helped the rich get richer...we can't go back," she said. The ad will air in Phoenix, Atlanta, Detroit, Las Vegas, Philadelphia, Milwaukee and Raleigh, N.C.

Democrats had expected Republicans to devote an extensive amount of time attacking Trump's record in the GOP primary field but the former president has largely avoided criticism on his term in office.

Biden's team said the shift to critical messaging was always planned as 2024 drew closer and that they are now jumping on moments like Trump's healthcare comments. A campaign official argued that in 2020 Trump was so visible that people didn't need any reminders about how he would govern, but that several years later that isn't the case.

McHenry Decides He Won't Run for a New Term

By Kristina Peterson

WASHINGTON—Rep. Patrick McHenry, who steered the House through unprecedented turmoil as the temporary speaker for three weeks this year, said he wouldn't run for re-election.

"I will be retiring from Congress at the end of my current term," McHenry said on Tuesday. "This is not a decision I come to lightly, but I believe there is a season for everything and—for me—this season has come to an end."

The North Carolina Republican—also the chairman of the House Financial Services Committee—was thrust into the spotlight this year when he was tapped to be speaker pro tempore after eight dissident Republicans engineered the ouster of former House Speaker Kevin McCarthy (R., Calif.).

McHenry, 48 years old, worked to keep his role as



Rep. Patrick McHenry (R., N.C.)

temporary speaker as narrow as possible, to establish a precedent that reserved power for elected leaders. While Democrats grumbled about his decision to boot former House Speaker Nancy Pelosi (D., Calif.) from her ceremonial Capitol office, he received bipartisan praise for his role maintaining order in a tumultuous House through several failed rounds of voting until Speaker Mike Johnson (R., La.) was elected in late October.

In his 22 days in the post, McHenry resisted pressure from lawmakers including McCarthy who wanted him to bring legislation to the floor. He later said he was ready to resign if they pushed him to go further.

McHenry was the youngest member of Congress when he arrived at the age of 29 in 2005. He transformed from a firebrand in his earliest days to the beating heart of the GOP whip operation, becoming chief deputy whip in 2015.

He diverged from many House Republicans in January 2021 by voting to certify President Biden's electoral victory.

After Republicans won back the House majority in the 2022 midterm elections, McHenry opted to become a committee chairman, rather than ascend GOP leadership, saying he viewed it as a better way to advance conservative legislation.

Tuberville Backs Down on Military Promotions

By Lindsay Wise
and Nancy A. Youssef

WASHINGTON—Sen. Tommy Tuberville ended his months-long hold on nearly all military promotions, clearing the way for hundreds of officers to move forward immediately, while still demanding individual votes for about a dozen four-star generals and admirals.

"I'm not going to hold the promotions of these people any longer," the Alabama Republican told reporters on Tuesday. "We fought hard. We did the right thing for the unborn and for our military, fighting back against executive overreach and an abortion policy."

Tuberville had said he wouldn't let the Senate fast-track any military promotions, as is traditionally done, until the Pentagon ended its policy of allowing troops time off and travel funds for reproductive healthcare, including abortion.

His reversal resolved an impasse the Pentagon has said has affected military readiness amid threats from Russia, China and a war in Israel. Senate Majority Leader Chuck Schumer (D., N.Y.) quickly

moved through the several hundred promotions by unanimous consent and said he planned to hold votes on the exempted officers soon.

"Today hundreds—hundreds—of military families across the country can breathe a sigh of relief," he said. "I am glad this pointless and gravely damaging ordeal has finally, finally ended."

Tuberville's holds had drawn sharp criticism for months from Democrats, and he also had lost the support of some of his fellow Republicans, who tried various ways to move the promotions forward and bypass rules that allow one senator to exert considerable sway over the process.

A group of Senate Republicans, most with military backgrounds, confronted Tuberville on the floor in November, pleading with him to lift his holds. They said ending the holds had taken on a new urgency in recent weeks because of events overseas and escalating threats to national security.

As of Nov. 27, 451 generals and admirals have been blocked from speedy Senate confirmation because of Tu-

berville's holds, which began in February. Of those, 11 are four-star admirals or generals, a U.S. defense official said.

"Certainly we're encouraged by the news," said Air Force Brig. Gen. Pat Ryder, a Pentagon spokesman.

Among the top officers who would need to be confirmed individually are Adm. Samuel J. Paparo, Jr., who is slated to lead U.S. Indo-Pacific Com-

mand, responsible for all U.S. military operations in that region; Air Force Lt. Gen. Timothy D. Haugh, who has been nominated to lead Cyber Command; and Air Force Lt. Gen. Gregory M. Guillot, who, if confirmed, would command U.S. Northern Command, responsible for military operations over North America.

Tuberville had said his hold didn't prevent the Democratic-



Sen. Tommy Tuberville said he would still demand individual votes for about a dozen four-star generals and admirals.

ment imposed no realization requirement on taxing income, but even if it did, the Moores' investment would fall under it.

Justice Neil Gorsuch said that argument troubling, saying the government's argument opened the door to taxing "millions of Americans who hold small amounts of stock in their retirement investment accounts."

Prelogar said that while Congress had that power, it has never sought to impose such taxes and that such far-fetched hypotheticals were a distraction from the narrow question before the court.

Justice Brett Kavanaugh agreed. "Members of Congress want to get re-elected," he said. "That's why they are far-fetched."

Some justices suggested the court could sidestep the question of whether the Constitution requires realization for income taxation under the 16th Amendment by holding that Congress has the authority to attribute a company's unrealized income to its shareholders.

The court could "assume that there's a realization requirement—and it was met here," said Justice Sonia Sotomayor.

Despite the breadth of her argument, Prelogar conceded that a federal tax on property, in contrast to state or local property taxes, would be an unconstitutional "direct tax" unless each state paid in proportion to its population.

That pointed to an obstacle for measures such as an annual wealth tax proposed by Sen. Elizabeth Warren (D., Mass.).

But Prelogar urged the court to avoid ruling on other ways that Democrats have considered raising taxes on the super-rich. President Biden and Senate Finance Committee Chairman Ron Wyden (D., Ore.), for instance, have proposed taxes on the unrealized gains of very wealthy people.

Under those plans, increases in the value of stocks and other assets could be considered income and taxed annually. Prelogar acknowledged that such taxes would be novel and asked the court not to opine on them while they remained speculative.

The fundamental question before the court—whether income must be realized, or received, to be taxed under the 16th Amendment—could apply to tax-code sections affecting bond investors, partnerships and multinational corporations.

If the court issued a broad ruling that income must be realized to be taxed, it could prompt a wave of lawsuits challenging other tax provisions, lawyers say.

The 2017 tax law, written by Republicans and signed by then-President Donald Trump,

included a one-time charge on profits that U.S. companies held in their overseas subsidiaries. It was part of the transition to a new international tax system. The one-off tax also applied to some individuals, such as the Moores, who owned more than 10% of a foreign company.

The government argues Congress has the power to tax shareholders on their portion of undistributed earnings. The 16th Amendment, ratified in 1913, gave Congress the power to tax "incomes, from whatever source derived" without having to collect money from each state in proportion to its population, as a constitutional provision from 1789 required in some instances.

The 1789 provision placed that limit on "direct" taxes, but as with income, that is a term the court never has squarely defined.

At Tuesday's arguments, Justice Ketanji Brown Jackson said that apart from whether the 2017 provision was specifically allowed by

the 16th Amendment as an income tax, to prevail, the Moores would also have to show that it was a direct tax.

The definition of such a tax under the Constitution, she said, was narrow, based on a founding-era compromise between free states in the North and the slaveholding states of the South.

Jackson cited a 1796 opinion by Justice William Paterson, who in *Hylton v. U.S.* wrote that without the apportionment provision for direct taxes, Congress "might tax slaves at discretion or arbitrarily."

Such considerations, Jackson suggested, should not limit federal taxation of income today.

The *Hylton* case upheld a federal tax on carriages as a permissible excise tax.

Grossman noted that Paterson wrote only for himself and said his opinion "certainly didn't stand for the position of the court."

A decision in the case, *Moore v. U.S.*, is expected before July.

Justices Wary of Tax Change

Continued from Page One

Andrew Grossman, representing the Moores, said Congress enacted Subpart F to target tax-avoidance schemes, which wasn't an explicit purpose of the 2017 provision.

"So there's some kind of fraud overlay to this, is this really functioning as a tax shelter?" Barrett said. "That's a constitutional requirement?"

Grossman said lawmakers "could not ordinarily attribute corporate income to shareholders, but could do so only in the instance where there was some sort of fraudulent abuse of a corporation to avoid income."

Solicitor General Elizabeth Prelogar, defending the Trump-era tax law, told the court that the 16th Amend-

If the court issued a broad ruling, it could prompt a wave of lawsuits.



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U.S. NEWS

Border Rift Threatens Ukraine Aid Deal

By SIOBHAN HUGHES
AND MICHELLE HACKMAN

WASHINGTON—Senate Democrats and Republicans were headed for a showdown over a \$111 billion foreign-aid package that includes money to back Ukraine in its war with Russia, as differences over border policy proved too contentious to quickly resolve.

Senate Majority Leader Chuck Schumer (D, N.Y.) lined up an initial vote related to the package on Wednesday, but the broken state of talks meant it was likely headed for defeat. The White House has warned that the U.S. won't be able to keep providing weapons to Ukraine if Congress doesn't act before the end of the year.

The two parties spent Tuesday in a war of angry words. Democrats said that Republicans' demands regarding immigration policy amounted to a poison pill that would sink the aid bill, which includes money for Ukraine, Israel and Taiwan. Republicans said Democrats weren't taking border concerns seriously enough.

"If this fails because of border, that's not a bipartisan failure—that's a failure of the Republicans and the Republican leadership," said Schumer. Senate Minority Whip John Thune (R., S.D.), the No. 2 Senate Republican, said the package "has to deal with the national-security crisis that we're facing now on a daily basis at our southern border."

The money for Ukraine is part of a broader package—based on an earlier proposal from President Biden—that also includes money to hire immigration judges and to process migrants, as well as money for Israel's missile-defense capabilities. The funds earmarked for Ukraine include nearly \$12 billion to keep Kyiv's government afloat, \$15 billion in military support, and \$2.3 billion for Ukrainian refugees.

Schumer tried to put the onus on Republicans, saying



Asylum-seeking migrants in California. Republicans say border-policy changes will help generate support for Ukraine aid.

that he would give Republicans a vote on a GOP-written border-policy amendment if they voted Wednesday in favor of opening debate on the foreign-aid package. Schumer will need 60 votes to open debate in the chamber, where Democrats have a 51-49 majority. Senate Minority Leader Mitch McConnell (R., Ky.) immediately rejected the offer.

Senate lawmakers received a classified briefing on Ukraine on Tuesday afternoon. Underscoring the bad feelings, several Republicans left early, telling reporters that they learned no new information.

The prolonged stalemate highlights the influence of a hard-line faction of the Republican party, and the challenges of accommodating their concerns on critical policy issues. In making his case, McConnell was repeating an argument he has made for weeks—that comprehensive border-policy changes are needed to clear

any legislation through Congress, in particular given the GOP control of the House.

House Speaker Mike Johnson (R., La.) said in a letter to the White House on Tuesday that "supplemental Ukraine funding is dependent upon enactment of transformative change to our nation's border security laws."

Republicans said Democrats need to help them persuade voters to back more money for Ukraine—both by linking Ukraine to border policy and by more clearly laying out the U.S. strategy in the war. Many conservative voters have cooled on aid to Ukraine, in turn softening support among GOP lawmakers.

Over the weekend, bipartisan Senate talks to strike an immigration compromise stalled, with Democrats complaining that Republicans were seeking sweeping changes to the asylum system they knew Democrats

wouldn't support.

Senate Democrats have said they are open to a change to current asylum policy that would raise the initial threshold migrants must pass to claim asylum at the border.

Sen. James Lankford (R., Okla.), the lead Republican negotiator, dismissed such a change as insufficient, as very few migrants are subject to asylum screenings to begin with. He said the group is looking at other options, including increasing detention bed space or writing a new requirement into the law that would allow the government to permanently send asylum seekers to third countries it deems safe for them.

Lankford said he was prepared to vote against Ukraine aid if necessary. "You can't just do a little bit on border security issues," he said. "Our focus is what is the minimum that's going to secure the border."

Some Republican colleagues

said that Johnson would still be likely to bring to the floor any measure that cleared the Senate, as long as it contained border provisions.

"The Senate's just got to move a bill and get it over here to us—and it needs to have some border policy changes in it," said House Armed Services Committee Chairman Mike Rogers (R., Ala.). "But I think if that's in there, we'll cobble together the votes to pass it."

Illegal crossings at the border have again risen in recent weeks to above 8,000 a day, some of the highest daily numbers ever recorded. Migration has become a pressing issue for Democrats as well as Republicans because many of the migrants have been heading—either on buses sent by Texas or on their own—to Democratic-led cities.

—Lindsay Wise and Katy Stech Ferek contributed to this article.

Suspect Presumed Dead After Virginia Explosion

By GARETH VIPERS
AND JOSEPH PISANI

The suspect who fired a flare gun from inside his Arlington, Va., duplex home, which later exploded, is presumed to be dead, police said. Arlington County Police Chief Andy Penn said investigators are identifying the remains found at the property in the Washington, D.C., suburbs, and believe them to belong to the suspect, 56-year-old James Yoo.

Police visited the house at around 4:45 p.m. Eastern time Monday to execute a search warrant in response to a man firing a flare gun. Yoo fired the flare gun about 30 or 40 times from the house, according to police. Officers tried to enter the property after the suspect barricaded himself inside, discharging several rounds of what was believed to be a firearm, police said.

The police used nonflammable chemicals to try to get the suspect to leave the home, Penn said Tuesday. He didn't say what the chemicals were.

At around 8:25 p.m. ET, a large explosion occurred, completely destroying the house. The cause of the blast was under investigation, officials said Tuesday.

Penn said Yoo made concerning posts on social media, but didn't say what they were.

The comments from Yoo were about perceived frauds committed against him, Sundberg said.

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U.S. WATCH



MOUNTING A PROTEST: As the Los Angeles City Council debated outlawing rodeos within city limits on Tuesday, rodeo supporters demonstrated their opposition outside City Hall.

OREGON

Lesser Charges for Pilot in Midair Scare

An off-duty Alaska Airlines pilot accused of attempting to shut down an airplane's engines midflight avoided attempted murder charges after a grand jury indicted him instead on charges of reckless endangerment.

Joseph Emerson was indicted on one count of endangering an aircraft in the first degree and 83 counts of recklessly endangering another person, the Multnomah County District Attorney's Office, in Portland, Ore., said Tuesday.

The district attorney's office had previously charged Emerson with 83 counts of second-degree attempted murder and one count of endangering an aircraft, to which he had pleaded not guilty. He is also facing a federal felony charge of interfering with flight crew members and attendants.

Emerson's lawyers said they were pleased he hadn't been indicted on the attempted murder charges but disappointed with the charges he faces. They said he thought he was in a dream and never intended to hurt anyone.

Emerson said he had taken "magic mushrooms" about 48 hours before the flight, according to court documents.

—Talal Ansari

CALIFORNIA

2021 Oil Spill Spurs A Safety Proposal

Federal officials on Tuesday recommended increasing the distance from undersea pipelines that vessels are allowed to anchor in Southern California, citing a 2021 oil spill they said was caused by ships whose anchors were dragged across a pipeline after a storm.

The leak occurred in a ruptured pipeline owned by Houston-based Amplify Energy. National Transportation Safety Board officials concluded damage to the pipeline had been caused months earlier when a cold front brought high winds and seas to the Southern California coast, causing two container vessels that were anchored offshore to drag their anchors across the area where the pipeline was located.

The October 2021 spill of 25,000 gallons sent blobs of crude ashore in Huntington Beach and nearby communities, shuttered beaches and fisheries, coated birds with oil and threatened area wetlands.

The NTSB recommended that authorities increase the safety margin between ships anchored on their way to and from the ports of Los Angeles and Long Beach and undersea pipelines in the area.

—Associated Press

FLORIDA

State Discontinues Manatee Program

A two-year experimental feeding program for starving Florida manatees won't immediately resume this winter as conditions have improved for the threatened marine mammals and the seagrass on which they depend, wildlife officials said.

Thousands of pounds of lettuce were fed to manatees that typically gather in winter months near the warm-water discharge of a power plant on Florida's east coast. State and federal wildlife officials launched the program after pollution killed off vast seagrass beds, leading to a record of over 1,100 manatee deaths in 2021.

This season, the Florida Fish and Wildlife Conservation Commission and U.S. Fish and Wildlife Service determined the seagrass has started to recover in key winter foraging areas on the east coast, and that there appear to be fewer manatees in poor physical condition going into the colder months.

The starvation problem has been traced to nitrogen, phosphorus and sewage pollution from agriculture, urban runoff and other sources that trigger algae blooms.

—Associated Press

WORLD NEWS

Extremists in West Bank Face Limits on Visas

U.S. policy is aimed at those who are 'undermining peace' in occupied territory

By VIVIAN SALAMA

WASHINGTON—The Biden administration is set to restrict travel to the U.S. by extremist Israeli settlers and others it holds responsible for undermining security in the West Bank.

The decision, announced on Tuesday by Secretary of State Antony Blinken, comes in response to rising tension in the West Bank and a spike in clashes between Israeli settlers and Palestinian civilians following Hamas's deadly attack on Oct. 7. The statement didn't specify that Israeli settlers in particular would be targeted by the visa restrictions, instead describing "individuals believed to have been involved in undermining peace, security, or stability in the West Bank."

The statement also indicates the restrictions could apply to Palestinians who attack Israelis.

President Biden said in a Washington Post article on Nov. 18 that he was prepared to take steps to hold Israeli extremists responsible for instability in the West Bank.

"I have been emphatic with Israel's leaders that extremist violence against Palestinians in the West Bank must stop and that those committing the violence must be held accountable," Biden wrote, adding that he called on Israel's Prime Minister Benjamin Netanyahu and others in his government to take their own steps toward accountability.

The Israeli Embassy in Washington didn't respond to

a request for comment.

Since the Oct. 7 Hamas assaults and the outbreak of the war in Gaza, attacks by Israeli settlers on Palestinians in the West Bank have doubled, the United Nations says. Armed settlers in uniforms have shown up in Palestinian villages threatening to kill those who don't leave, say residents, Israeli peace activists and the United Nations.

The incidents have prompted more than 1,000 Palestinians from at least 15 communities to flee their homes in the West Bank, according to the U.N. and Israeli human-rights group B'Tselem. The number is more than double the total displaced in the West Bank between early 2022 and Oct. 6 this year, B'Tselem said.

U.S. officials told The Wall Street Journal that concern about attacks on Palestinians featured in Blinken's talks with Palestinian Authority President Mahmoud Abbas in November. Blinken told Palestinian officials that he had pressed Israel's government to do more to prosecute offenders. His statement on Tuesday said he also is engaging with the PA to curb Palestinian attacks against Israelis.

"Both Israel and the Palestinian Authority have the responsibility to uphold stability in the West Bank. Instability in the West Bank both harms the Israeli and Palestinian people and threatens Israel's national-security interests," Blinken said. "Those responsible for it must be held accountable."

The State Department didn't respond to a request for a list of individuals subject to the ban, but spokesman Matthew Miller told reporters on Tuesday that dozens of individuals and their family members would be affected.



A man accused of fatally stabbing a tourist in Paris this past weekend told police he acted because of the deaths of Muslims.

Terrorism Threats Rising in Europe

By MATTHEW DALTON AND BERTRAND BENOIT

PARIS—Europe's security services are confronting a resurgence of terrorism threats, in a sign of how fallout from the Israel-Hamas war is rippling across the West.

Radicals pledging allegiance to Islamic State have carried out three attacks on European soil—killing two people in France and one in Belgium—since the Oct. 7 Hamas attack.

"The danger is...as high as it's been for a long time," Thomas Haldenwang, president of Germany's domestic-intelligence agency, said last week.

The threat has morphed since 2015 and 2016, when Islamic State operatives killed more than 150 people in attacks in Paris and Brussels. Now security services are worried about lone-wolf attackers who operate without

the support of known terror groups. That makes them less lethal but harder to detect.

Governments have stepped up security at borders and sensitive targets, in particular Jewish institutions. Some governments are aiming to intensify surveillance of extremists.

European Union justice and home affairs ministers met Tuesday in Brussels and discussed the security threats. The European Commission said it would make €30 million, about \$32.3 million, available to protect member states' at-risk sites.

"With war between Israel, Hamas and the polarization it causes in our society, with the upcoming holiday season, there is a huge risk of terrorist attacks in the European Union," said European Justice Commissioner Ylva Johansson. She didn't say whether there is a specific threat.

The killing of a tourist near

the Eiffel Tower on Saturday by a man who authorities said was on France's terrorism watch list has provoked new worries. He told the police he acted because of the deaths of Muslims in Afghanistan and the Palestinian territories.

French officials are trying to determine whether they need new powers to stop attacks.

German authorities also say the threat is acute. On Saturday, police in the south ordered a Christmas market near Stuttgart to shut for three hours after they said they were warned about a possible attack.

Haldenwang, the German intelligence official, said recent calls by jihadists for Muslims to attack the West and statements by al Qaeda and Islamic State focusing on the conflict in the Middle East have struck a nerve among highly emotional followers in the West. The spectrum of potential attackers

was also growing, he warned, with Hamas and Hezbollah sympathizers, pro-Palestinian activists, Turkish extremists and far-left militants possible candidates for radicalization.

In the U.K., police said reports from the public to the government's antiterror hotline more than doubled after Oct. 7 compared with a year earlier.

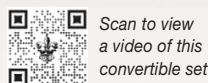
"We're acutely aware of the energizing effect the conflict could have on those with extremist or terrorist intent," said Laurence Taylor, deputy director of the U.K.'s counterterrorism policing unit.

Last month, senior U.K. ministers held an emergency meeting to assess the terror threat amid a surge in hate incidents against both Jews and Muslims. The U.K. terror-threat level is "Substantial"—which means an attack is likely—but hasn't been raised since the Oct. 7 attack in Israel.



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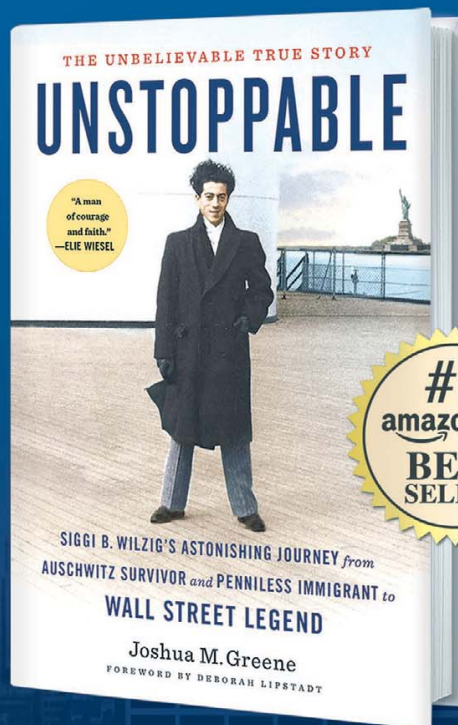
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It's been more than 250 days since our friend and colleague Evan Gershkovich was detained by Russia during a reporting trip and falsely accused of espionage. The Wall Street Journal and the U.S. government vehemently deny the allegation and continue to call for his immediate release.

It's no secret that press freedom is under attack at a time when the need for factual and reliable information has never been greater. Evan's fight is a fight that we all must embrace.

As many of us are preparing to gather with friends, family and loved ones, we ask that you consider saving a seat for Evan at your holiday table. Share your photos using the hashtag **#IStandWithEvan** to show your support.

There are no holidays in a Russian prison and no respite in our efforts to secure Evan's freedom. Every day is a day too long. It's time to bring him home.

You can read more about Evan and his commitment to his work here:



#IStandWithEvan

THE WALL STREET JOURNAL.

WORLD NEWS

Russia Rejects Prisoner Swap, U.S. Says

Moscow rebuffed 'significant proposal' to free Americans Gershkovich, Whelan

BY LOUISE RADNOFSKY
AND WILLIAM MAULDIN

WASHINGTON—U.S. negotiators made a fresh offer to Russia in recent weeks to secure the release of detained Americans Evan Gershkovich and Paul Whelan, but Moscow rejected the U.S. proposal, the State Department said Tuesday.

The offer involved trading prisoners, people familiar with the matter said, but they didn't offer further details.

"In recent weeks, we made a new and significant proposal to secure Paul and Evan's re-

lease," State Department spokesman Matthew Miller told reporters Tuesday. "That proposal was rejected by Russia."

The U.S. hasn't previously acknowledged making a concrete offer seeking to bring home both Gershkovich, a Wall Street Journal reporter who has been imprisoned for more than 250 days in Russia, and Whelan, a Michigan corporate security executive held in Russia since late 2018.

Moscow and a representative for the Russian Embassy in Washington didn't respond to a request for comment.

The Journal in a statement Tuesday said: "We are disappointed with Russia's response to the offer from the U.S. At the same time, we encourage the administration to continue to push strongly for



Wall Street Journal reporter Evan Gershkovich, who recently spent his 32nd birthday in detention, was arrested in March.

Evan's release."

Both Gershkovich and Whelan are U.S. citizens and considered by Washington to be wrongfully detained, on espionage charges that the men

and the U.S. government deny. Whelan was convicted of espionage in 2020 and sentenced to serve 16 years in a penal colony.

Moscow has said it is acting

in accordance with its laws.

Earlier this year, Secretary of State Antony Blinken said the U.S. made a significant proposal for Whelan, a 53-year-old former U.S. Marine who wasn't included on two previous occasions when Washington brought home the Americans Trevor Reed and Brittney Griner in prisoner exchanges that resulted in the release of Russians Konstantin Yaroshenko and Viktor Bout.

Since then, Moscow hasn't shown signs of interest in the release of other Russian citizens in U.S. custody, prompting American officials to eye Russian citizens held elsewhere in the world for possible exchanges.

A U.S. official, speaking on condition of anonymity, said

Tuesday the U.S. is "constantly discussing this issue with third countries who can assist."

Speaking on Fox News on Tuesday, Gershkovich's mother, Ella Milman, said: "We had President Biden's promise to do whatever it takes to bring Evan back. He also told us that he relates to us as a parent, he feels our pain, and his words are in my ears every single day."

"But it's been 250 days, and Evan is not here," she said.

Gershkovich, who recently spent his 32nd birthday in Russian detention, was accredited by Russia's Foreign Ministry to work as a journalist at the time of his arrest. He is being held in pretrial detention on an allegation of espionage that the Journal and the U.S. government vehemently deny.

Israel Moves On Hamas Stronghold

Continued from Page One

ready intense international pressure on Israel to end the war and seek a settlement that ends Hamas's rule in Gaza and frees more than 100 hostages still being held there.

The Biden administration, while pressing Israel to do what it can to avoid civilian casualties in Gaza, has supported its Mideast ally's goal of eradicating Hamas, which the U.S. designates as a terrorist organization.

On Tuesday, President Biden reiterated the U.S. position that fighting had resumed because of Hamas's refusal to release remaining hostages, ending a pause in fighting—and said Hamas fighters raped and mutilated women during their Oct. 7 attack on Israel that started the war.

"Over the past few weeks, survivors and witnesses of the attacks have shared the horrific accounts of unimaginable cruelty," Biden said at a fund-raising event in Boston. "It is appalling."

Hamas denied Biden's claims.

Israeli military spokesman Rear Adm. Daniel Hagari said many of the Hamas militants who took part in the group's Oct. 7 attack on Israel were from Khan Younis and returned there after the bloodshed. Hamas has four battalions positioned throughout the area, he said, calling them along with Hamas's forces in Gaza City the group's "dominant brigades."

"If Hamas loses Khan Younis, they are done. They may have some enclaves there, but they will lose their centers of gravity," said Kobi Michael, a senior fellow at the Institute for National Security Studies, a security think tank in Tel Aviv.

The area of Khan Younis, Israeli analysts said, has an extensive tunnel network like in Gaza City. Destroying Hamas's tunnel networks is one of Israel's key goals of the war. Israel uses various methods for destroying tunnels, including pumping them with liquid explosives or strikes from the air. The military is also considering flooding the tunnels with seawater, an option the Israeli military chief Herzi Halevi called "a good idea" in a news conference, without elaborating further.

Israeli forces told residents of Khan Younis on Tuesday to urgently evacuate its eastern and northern neighborhoods.

The Gaza Strip has experi-

enced some of the heaviest fighting of the war in recent days, following the collapse of a cease-fire between Israel and Hamas on Friday. With Israel shifting the focus of its assault to the south, while barring people from returning to the north, Gazans searching for safety are left with few options.

"The whole night we heard artillery shelling and rockets," said Nasser Qassem, who lives in Khan Younis with his family. "People here are so afraid, it's complete chaos, people broke into schools and took humanitarian aid by force, the situation is terrible."

Others in Khan Younis described heavy bombardment overnight as well as ground combat in the city's east. Residents said they saw Israeli tanks and that troops were taking control of buildings, while Israeli forces were also seen setting up positions to the city's north.

Tens of thousands of people have already fled Khan Younis, where the humanitarian situation is rapidly deteriorating. Many have arrived in Rafah, which is already overcrowded and getting hit by Israeli strikes.

Families are sleeping in tents and sidewalks in the border city of Rafah. The limited aid that is reaching the town is insufficient for the swelling numbers, people there said.

"It's so overcrowded, everyone is rushing to leave Khan Younis," said Marah Jamala, who fled to Rafah before the latest offensive in Khan Younis began. "We cannot find enough food."

Hamas leaders, including Sinwar, are believed to be hiding underground in Khan Younis. The group still retains the majority of its fighting forces.

Israel has killed around 5,000 of Hamas's 30,000 fighters since the start of the war, according to Israeli officials. Palestinian militants still hold more than 100 hostages from the Oct. 7 Hamas attack in Israel in which Israeli officials say more than 1,200 people were killed.

Health authorities in the Hamas-run territory say around 15,900 people have been killed in Gaza since the war began, most of them women and children. The figure doesn't distinguish between militants and civilians.

—Abeer Ayyoub, *Anas Baba, Shoshanna Solomon, Daniel Nasaw and Catherine Lucey* contributed to this article.

Watch a Video



Scan this code for a video on Israeli forces closing in on Khan Younis.



The Oct. 7 Hamas attacks in Israel burned the home, left, of Sharone Lifschitz's parents at the Nir Oz kibbutz. They were kidnapped, but her mother was released later. Her 83-year-old father is still being held. "How do you keep humanity?" said the 52-year-old Lifschitz, above.

Israeli Peace Activists Face a Reckoning

BY SUNE ENGEL RASMUSSEN
AND ISABEL COLES

Weeks after Hamas attacked southern Israel, Sharone Lifschitz stood in the charred ruins of her parents' home in the Nir Oz kibbutz and listened to the bombs falling on the nearby Gaza Strip.

Five bullet holes scarred the door of the safe room where her mother and father—both longtime peace activists and founding members of the kibbutz—sheltered for hours until Hamas militants broke through on Oct. 7 and took them hostage. Her mother was released weeks later; her 83-year-old father is still being held.

"How do you keep humanity?" said Lifschitz, who is 52. "How do you not wish destruction on their children?"

The Oct. 7 attacks that Israeli authorities say killed more than 1,200 people are prompting a reckoning in parts of southern Israel that bore the brunt of the violence, and that for decades have been home to scores of activists who promoted coexistence and more rights for Palestinians.

The region, home to many collective communities known as kibbutzim, has been far more supportive of pursuing negotiations for a two-state solution with Palestinians than the rest of Israel, which has moved sharply to the right since the failure of peace talks more than two decades ago.

In Nir Oz, Be'eri and Kfar Aza—three of the kibbutzim that were among the hardest hit in the Hamas attacks—right-wing parties garnered on average less than 10% of the vote in last year's elections, which resulted in what analysts consider the most right-wing, religious and ultranationalist government in Israel's history. Among Israelis who identified as left-wing, 83% were in favor of a two-state solution, in contrast with 16% on the right, according to a recent poll.

Overall, support for peace negotiations with the Palestinian Authority among Israeli Jews fell from 47.6% in September to 24.5% in a survey conducted in late October by Tel Aviv University's Peace Index. Support for a two-state solution among Jewish Israelis dropped from 37.5% in September to 28.6% in after the attacks, the poll said.

"The kibbutzim were bas-

tions of the left. You'll find in the kibbutzim people who went out of their way to cooperate with Arabs," said Benny Morris, a historian of the Israeli-Palestinian conflict. "I fear that Oct. 7, with the mass killing of civilians, has further undermined the left in Israel."

For years, the left in Israel drove the peace process. The Labor Party, whose roots go to the state's founding, led by Prime Minister Yitzhak Rabin, signed the 1993 Oslo Accords that were seen as laying the groundwork for a Palestinian state.

After the collapse of peace talks, Palestinians launched a yearslong bloody uprising known as the Second Intifada that left many previously pro-peace Israelis disillusioned. Support for a two-state solution fell and right-wing political parties rose to power, and have continued to dominate Israeli politics.

Now, activists in southern Israel who have long said that peaceful coexistence with Palestinians was possible are being forced to rethink those beliefs following the attacks, which also resulted in some 240 people being taken hostage. The Israeli military campaign has so far killed more than 15,500 Palestinians, according to the health authorities in Hamas-controlled Gaza. The number doesn't distinguish between civilians and combatants.

"I feel such as I'm fighting to stay human and to not change, but it isn't easy," said Yael Noy, the head of Road to Recovery, an organization that helps Palestinians in Gaza and the West Bank access medical care in Israel.

Some of Hamas's victims were involved in fostering ties with Palestinians, including veteran Canadian-Israeli activist Vivian Silver, whose remains were identified last week. Silver, 74, was a co-founder of Women Wage Peace,

which promotes peace-building efforts, and worked as a volunteer for Noy's group, transporting Palestinians from the Gaza Strip to Israeli hospitals.

Three other volunteers for Road to Recovery also were among the victims of the attacks, and several others were taken hostage. Noy said that since the attacks, she has faced anger from neighbors on her parents' kibbutz who say she should abandon her peace-building work, and some of her volunteers have yet to return to their work.

Nonetheless, Road to Recovery, whose founder's brother was killed by Hamas three decades ago, resumed transporting Palestinians from the occupied West Bank to hospitals in Israel the day af-

ter the attacks, Noy said. It is no longer possible to collect patients from Gaza because Israel has sealed off the enclave.

"It is a big struggle inside myself to keep on doing it and maintain hope," she said.

Activists in Israel have found partners in the Palestinian territories who have similarly defied a hardening of their society to pursue peace. But the war will further shrink the space for activism on both sides, said Khalil Shikaki, director of the Palestinian Center for Policy and Survey Research in Ramallah. "Only the very committed, those who are willing to risk everything, will be willing to continue to do so again," he said.

—Anat Peled contributed to this article.



A woman mourns her husband and child in Khan Younis.

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WORLD NEWS

Venezuela Ramps Up Threat to Guyana

Caracas says vote gives public approval for annexing much of the oil-rich neighbor

BY KEJAL VYAS

TUSCHEN, Guyana—Venezuela is ratcheting up its claims to a swath of Guyana, its oil-rich neighbor, which has recently become one of the world's hottest energy frontiers.

The growing dispute between Venezuela's authoritarian regime and tiny Guyana involves an area called Essequibo, and comes as an Exxon Mobil-led consortium has made a series of offshore oil discoveries and Guyana pushes for more hydrocarbons exploration in areas that Venezuela claims as its own.

On Sunday, Venezuelan President Nicolás Maduro staged a referendum on Guyana, which he says gives him public approval to annex much of the country. The Guyanese deny that any part of their country belongs to Venezuela, and say their neighbor's claim has been a constant impediment



The Kaieteur waterfall sits in Essequibo, which is administered by Guyana but which Venezuelans voted to claim as theirs.

ment to their economy and has stymied foreign investment.

"We're not going to succumb to Venezuela's bullyism," Guyana Vice President Bharrat Jagdeo said at a recent news conference. "We're not a belligerent country...but we will defend our country by any means whatsoever."

Jagdeo said Guyana, which has no navy, is working on increasing its defense cooperation with a number of allies, including the U.S., because of Maduro's threats. Two delega-

tions from the U.S. Defense Department are expected to visit Georgetown, Guyana's capital, in the coming days, he said.

Essequibo, a sparsely populated and mostly jungle-covered terrain that makes up two-thirds of Guyana, is pockmarked by informal gold and diamond mining, and logging operations. Venezuela has claimed it for more than a century. Maduro said his country will now take back the land robbed from Venezuela by colonial powers.

"We've taken a new step



Source: GuyNod (Stabroek block)

toward a new stage of history," Maduro said on Sunday in a speech in Venezuela's capital, Caracas, as he and his aides hailed victory in the referendum, but didn't explain how they planned to retake the land. "How much they've underestimated us. How much they've underestimated me."

Sadio Garavini, a former Venezuelan ambassador to Guyana, said the referendum was largely a wag-the-dog moment for Maduro as he tries to rally support ahead of presi-

dential elections he is supposed to hold next year as part of a tentative arrangement his government recently reached with the Biden administration. The U.S. in October eased economic sanctions in exchange for democratic overhauls, which Caracas has yet to make.

"It's largely an internal political maneuver to distract public attention from the enormous social disaster we're living," Garavini said, referring to Venezuela's economic crisis during Maduro's 10-year rule.

Reclaiming the Essequibo is one of the few issues on which the Venezuelan regime and its opposition agree. But voting stations were largely empty on Sunday, with critics calling it a desperate attempt by the embattled leader to drum up nationalist fervor.

Venezuelan electoral authorities said about 10.4 million voters participated, just under half of eligible voters. Opposition politicians, pollsters and electoral analysts cast doubts on the veracity of the results. The government has been accused of widespread fraud in past elections.

The dispute has raised concerns from neighboring Brazil to the U.S. to the United Nations. Guyana has filed suit at the U.N.'s International Court of Justice seeking to reaffirm its borders and lay rest to Venezuela's claims after refusing Maduro's efforts to settle the dispute through bilateral negotiations. The case is likely to drag on for years.

The border controversy is the byproduct of the territory being passed from one colonial ruler to the next, from the Spanish to the Dutch to the British, who took over in 1831.

British Guyana gobbled up much of the Essequibo through expansions of gold-mining settlements and deceitful map drawings, said Rafael Badell, a professor at the Academy of Political and Social Sciences in Caracas. Under British rule, Guyana saw its land area nearly quintuple.

Badell said there is little doubt Venezuela was cheated. But much depends on Maduro's government sticking to the U.N. court and presenting evidence. "It's our last opportunity and we're hoping they do it."



Kim Jong Un, center, met with participants at the National Conference of Mothers in Pyongyang on Monday.

Kim—No Kidding—Calls for a Baby Boom

BY DASL YOON

SEOUL—Kim Jong Un has a new mission for North Korean women: Have more babies.

Kim acknowledged the impoverished nation's plunging birthrate for the first time publicly at a rare National Conference of Mothers. Wiping away tears, the 39-year-old dictator, a father of three, described mothers as revolutionaries who were on the front lines of rooting out anti-socialist behavior and helping the nation prosper.

Households producing "many children" would be given higher priority for housing, food and medical services, as well as unspecified subsidies and preferential treatment, Kim said, according to a Tuesday state-media report.

"When all mothers clearly understand that it is patriotism to give birth to many

children and do so positively," Kim said, "our cause of building a powerful socialist country can be hastened faster."

Declining birthrates are a problem for many of the world's wealthiest countries, including the U.S., much of Western Europe and Asia's most advanced economies. The trend threatens labor forces and government budgets as populations get older and leave fewer working-age people to spur economic growth.

But North Korea's birthrate—a snapshot of the average number of babies a woman would have over her lifetime—is unusually low for a poor country, standing at 1.6, according to South Korean estimates. That is about half the rate of African countries with a similar economic profile. Countries need fertility rates of around 2.1 to maintain the population, demographic experts say.

North Korea needs a robust population more than other nations. Farming, construction and other projects require significantly more manpower than elsewhere, as sanctions make it difficult to upgrade the country's infrastructure. North Korea also boasts one of the world's largest standing armies with more than one million personnel.

North Korea faces some particularly acute challenges to boosting its birthrate. Its economy has suffered under sanctions and isolation during the pandemic. Much of its 26 million population suffers from food shortages and rampant human-rights abuses—especially so for women.

Cases of domestic violence and sexual harassment against North Korean women go virtually unreported, Human Rights Watch said. Women also face widespread discrimination in

the country's deeply patriarchal society, the group said.

In his recent speech to mothers, Kim said housewives who promote domestic harmony and manage their family affairs are a great thing for the country. He urged them to become a "meticulous mother, a grateful wife and a kind-hearted daughter-in-law."

Kim's emphasis on North Korean mothers follows his calls for the country's youth to reject foreign culture. The younger generation's exposure to foreign culture challenges Kim's attempt to keep a tight grip on information to maintain loyalty to the regime.

"Unless a mother becomes a communist, it is impossible for her to bring up her sons and daughters as communists and transform the members of her family into revolutionaries," Kim said at the two-day conference that ended on Monday.

Ideology Drives Cuba Spy Recruits

BY JOSÉ DE CÓRDOBA AND ARUNA VISWANATHA

The Cuban espionage case involving former U.S. Ambassador Victor Manuel Rocha might turn out to be the most egregious in how long it is said to have gone on, but it is far from the first.

In what Attorney General Merrick Garland called one of the highest-reaching and longest-lasting security breaches of the U.S. government, Rocha was detained on Friday on allegations of spying for Cuba's intelligence service for decades, according to a complaint unsealed on Monday.

In an indictment obtained Tuesday, a grand jury also charged Rocha with wire fraud, in connection with retirement benefits he collected for his U.S. government service.

Former U.S. officials say the damage Rocha is accused of causing might be worse than the harm done by Cuba's most successful spy, Ana Belén Montes. The senior Cuban analyst at the Defense Intelligence Agency pleaded guilty to spying for Cuba in 2002 after working for the island's intelligence service for 17 years. Montes was released from prison in 2023.

The accusations against Rocha also echo the case of a former State Department official and his wife, Walter Kendall Myers and Gwendolyn Steingraber Myers pleaded guilty in 2009 to having spied for Cuba for 30 years.

What the cases have in common, U.S. officials and intelligence analysts say, is that the agents of Cuba appear to have been driven by deep sympathy for the island nation's revolution, rather than by financial gain for spying on the U.S.

In three long recorded meetings with an undercover FBI agent, Rocha showed his

hostility toward the U.S. and made it clear that his work for Cuba wasn't for money.

"He was still professing to be in love with the revolution," said Brian Latell, a retired former Central Intelligence Agency analyst, referring to Rocha's taped declarations to the undercover Federal Bureau of Investigation agent during the investigation of the former diplomat.

In that, he is similar to a handful of other former U.S. officials recruited to spy for the Cuban government during the 1980s and 1970s, current and former U.S. officials say. During those Cold War days, Fidel Castro's Cuba still had the élan of a revolutionary David facing off against a mighty imperialist Uncle Sam, particularly across Latin America.

"The normal motivation for American spies is that they are irritated by somebody they worked for, or they need the money," said Kevin Whitaker, a former U.S. ambassador to Colombia. "But these people recruited by the Cubans are motivated by their commitment to the revolution."

Pete Lapp, a retired FBI agent who investigated Montes, said Cuban intelligence was very good at recruiting people sympathetic to their cause, while Russians usually paid.

During the Montes investigation, the FBI had been tipped off to the presence of numerous Cuban spies within the U.S. government but didn't have enough information at the time to identify the others.

In the Rocha case, U.S. officials are worried that he provided top-secret information to Cuba over a span of more than 40 years during a career occupying top posts across half a dozen embassies in Latin America, including that of ambassador to Bolivia.

INDIA

At Least 12 Die In Heavy Rains

At least 12 people died in the downpour before Tropical Storm Michaung made landfall along India's southeast coast Tuesday, officials said.

The storm entered Andhra Pradesh state with maximum sustained winds of 56-62 mph, the Indian Meteorological Department said.

Another state in the south, Tamil Nadu, experienced days of heavy rains ahead of the storm. Downpours triggered accidents that led to at least 12 deaths, officials told the Press Trust of India news agency.

In Tamil Nadu's capital city of Chennai, rain caused walls to collapse, uprooted trees and submerged roads. Videos on Monday showed water streaming onto the city's airport tarmac, forcing authorities to temporarily shut it. The downpours have begun to recede, but many parts of the city remained flooded Tuesday.

—Associated Press

PERU

Court Orders Ex-President Freed

Peru's constitutional court ordered an immediate humanitarian release Tuesday for imprisoned former President Alberto Fujimori, who was serving a 25-year sentence in connection with the death-squad slayings of 25 Peruvians in the 1990s.

The court ruled in favor of a 2017 pardon that granted the former leader a release on humanitarian grounds but that later was annulled. In a resolution, the court told the state prisons agency to release Fujimori "on the same day."

Fujimori, now 85 years old, was sentenced in 2009 to 25 years in prison on charges of human-rights abuses. He was accused of being the mastermind behind the slayings of 25 Peruvians by a military death squad during his 1990-2000 administration, while the government fought the Shining Path communist rebels.

—Associated Press

NIGERIA

Army Drone Kills At Least 85 People

At least 85 civilians were killed when an army drone attack erroneously targeted a religious gathering in northwest Nigeria, officials confirmed Tuesday. The president ordered a probe into the latest in a series of such deadly mistakes in Nigeria's conflict zones.

The strike occurred Sunday night in Kaduna state's Tudun Biri village while residents observed the Muslim holiday marking the birthday of the Prophet Muhammad, government officials said. The military believed it was "targeting terrorists and bandits," they said.

At least 66 people also were hurt, the National Emergency Management Agency said. Nigeria's army chief, Lt. Gen. Taoreed Lagbaja, apologized during a Tuesday visit to the village, saying it was carried out "based on the observation of some tactics usually employed by bandits."

—Associated Press

WORLD WATCH



FREEZE FRAME: A fish seller is seen at a market in Yakutsk, in Russia's Republic of Sakha.

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FROM PAGE ONE

Russia's Ex-Cons Sow Havoc

Continued from Page One
drug trafficking erased. He is among around 30,000 enlisted ex-prisoners, many of whom had been serving long prison terms for violent crimes, who have returned home to liberty.

Many are traumatized by their experiences of war, in which their underequipped, all-convict units, such as Storm Z, were commonly used in near-suicidal assaults. Others are emboldened by a Kremlin narrative that portrays them as heroes deserving respect.

Communities across Russia have been brutalized by scores of crimes perpetrated by these returning convicts, according to a Wall Street Journal review of court documents, interviews with friends and relatives of suspects and victims, and reports in Russian media. Rights activists said dozens more go unreported.

One man staged a shootout in a cafe, killing a person and wounding another, according to court documents. Another is accused of raping two girls. A third, who had been convicted of murder three times, poured gasoline on his sleeping sister and burned her alive, according to the court's press office.

The offenses committed by the convict soldiers risk shattering Russian President Vladimir Putin's narrative that the war protects Russia from its enemies.

"I don't feel safe. Thousands of criminals are walking our streets," said Anna Pekaryova, whose grandmother was killed in March by convicted murderer Ivan Rossomakhin. He had wandered the streets of her village, swinging an ax, after fighting for the Wagner paramilitary force in Ukraine and returning a free man.

Convict fighters

Prisoners were dragged into armies for centuries. Napoleon deployed penal brigades in the 19th century. Hitler had his *Strafbataillon*, and Stalin's Red Army drafted criminals and political prisoners from labor camps.

Few survived. Putin's convict army has suffered heavy casualties, too—first under Wagner, led by Putin's former lieutenant Yevgeny Prigozhin, then in the Russian army's penal units, formed after Prigozhin rebelled against military leadership before his death in August.

Wagner corralled convicts into disposable penal units that were thrown into the fray. Ex-Wagner fighters said Prigozhin embraced a policy in place under Stalin of executing on the spot those who retreated.

When the prisoner recruitment started, Putin's campaign in Ukraine had largely stalled, and his army needed more troops. Offering convicts their freedom was a way to expand the ranks without an unpopular mobilization of more reservists.

In June, Putin confirmed that he pardons ex-convicts, and acknowledged that some reoffend. "This is inevitable," he said. "But the negative consequences are minimal."

Russia hasn't confirmed the total number of convicts recruited by Wagner and the Defense Ministry, but figures from the prison service show a reduction of more than 35,000 in the country's total prison population between May 2022 and January 2023, the peak of Wagner recruitment. It hasn't



A house in Derevyannoye that Igor Sofonov, below, and an alleged accomplice are accused of having burned down following the murder of six residents.

published such figures since.

The Kremlin was asked in November by reporters whether it would reconsider its policy of pardoning people convicted of the most gruesome crimes, such as a member of a cannibal gang who returned to Russia after cutting short a prison term for multiple murders.

The policy remains unchanged, Putin's spokesman Dmitry Peskov replied. He said that the freed men were "atonement for their crimes on the battlefield with their blood."

In September, a court in Rostov near the border with Ukraine sentenced 34-year-old convicted murderer Sergei Rudenko to 11½ years behind bars for strangling a woman to death after an argument over an apartment rental, according to prosecutors. He had been serving an 11-year sentence for murder and theft when the war began and was freed after fighting for Wagner, local reports said.

Sergei Khadzhiurbanov, who was sentenced to 20 years in 2014 after being convicted as an accomplice in the murder of journalist Anna Politkovskaya, was pardoned after a six-month tour in Ukraine last winter with the Russian army.

Fresh start

The pardons can also mean expunging the criminal records of repeat offenders. Olga Romanova, head of prisoners' rights NGO Russia Behind Bars, said Russian courts are removing from databases the criminal records of many men amnestied to fight in Ukraine.

If they commit more crimes, they aren't tried as reoffenders, meaning they can't be punished to the full extent of the law. And some are given more lenient treatment by judges because they served in Ukraine, according to court records and interviews with lawyers.

The spate of crimes leaves the Russian state in a bind. Putin has lionized the Russian men who fight in Ukraine. War gives convicted criminals a chance to be depicted as patriots. Some are invited to give talks at Russian schools, more than 60 of which have been renamed in honor of soldiers.

Once convict recruits return to Russia, they are free to live their lives. Most struggle to find work and many look for ways to fight again in Ukraine by signing up with Defense Ministry units, according to Yana Gelmel, a Russia Behind Bars activist who regularly speaks with discharged convicts and convicts serving on the front lines.

There is no government program in place to smooth their transition to civilian life, she said, which leaves scores of villages worrying over what

will come next.

The prison recruitments began in the summer of 2022, when Prigozhin, who had served nine years in prison during the Soviet era, promised a state pardon to inmates who fought alongside regular Russian forces for his Wagner group in Ukraine.

When the first batches of pardoned convicts returned from Ukraine in January, Prigozhin lauded their exploits and said society should treat them with the utmost respect. "I told you I need your criminal talents to kill the enemy at war," he said in a speech broadcast by Russian media. "Now those criminal talents aren't needed."

By June, shortly before his death, Prigozhin said 32,000 of the convicts Wagner hired had returned to Russia, their records wiped clean, while the Defense Ministry had begun to scale up its own recruitment of prison inmates.

Sofonov, 37, who is accused of the killings in Derevyannoye, signed up to fight in October last year when Defense Ministry representatives visited the St. Petersburg prison where he was nine months into a four-year sentence on a drug trafficking charge.

He created a new account on the Russian social-media platform VK, using his surname and his new military call-sign, the Karelian, after his home region. One of the first photos he posted shows him with three other men, all in military uniforms with rifles in their hands. "Everyone here is from the camp," Sofonov wrote, using a Russian slang term for prison.

He left for Ukraine in December. "That's it. I'm off," he wrote on his VK page, beside a photo



of himself in an olive-green coat with army patches. "Awaiting your return home, alive!" his mother, Lyudmila Sofonova, wrote in the comments section.

Sofonova, a single mother of five who lives several hours' drive north of Derevyannoye, in a small village that has already lost three residents on the Ukrainian front lines, said she opposed her son's decision to fight. "I told him, 'You know this is a one-way ticket?'" she said in a phone interview. "He said 'yes, but it's still better than sitting in jail.'"

Anatoly Maslov, a soldier who met Sofonov in December during Russia's offensive to take Soledar, a town in east Ukraine, said that Sofonov joined the Defense Ministry's penal battalion, Storm Z.

Convicts are the lowest rung in Russia's military hierarchy, routinely subjected to hazing. There is strict discipline; those who drink, take drugs or are caught trying to desert are executed, former fighters say. Captured Storm Z recruits have said they were issued Soviet-era rifles and

thrown into futile assault waves against well-defended Ukrainian positions.

One former Wagner fighter said a member of his penal unit was savagely beaten in December, tied to a tree and left to freeze to death after a dispute with an officer. The fighter said he saw others shot for refusing orders.

The convict soldiers were also complicit in war crimes. The former Wagner fighter gave a detailed account of a massacre of civilians that he said his unit conducted in Soledar following the Russian takeover of the city. "They called us dogs," he said of his commanders. He fled in January and has been hiding in Russian-occupied territory.

New purpose

For many, the offer of cash and a pardon outweighed the fear of death. One Storm Z fighter said he received a salary of 70,000 rubles a month, double the average wage in his part of Russia. "I had a choice: rot in prison another eight years, or try to survive six months in Ukraine," he said. "I chose the latter."

The Russian Defense Ministry has never acknowledged creating Storm Z units. It didn't respond to a request for comment on the scale of convict recruitment or the treatment of convict recruits.

The last time Maslov saw Sofonov was in March, around the time Sofonov returned to Russia. "Demobilization," Sofonov wrote on VK that month.

Alexey, a friend of Sofonov's, said Sofonov "discovered himself" at war, finding at last a sense of purpose.

In a video message to Alexey

on July 22, Sofonov said he was staying with his mother, helping with odd jobs. He said he wanted to marry a medic he met while recuperating from light shrapnel wounds in Russian-occupied Luhansk.

Sofonova, his mother, said her son was quiet after his return, refusing to speak about his time at war. He was wounded when a Ukrainian drone dropped a bomb into his dugout. The attack killed several of his fellow soldiers.

She said he had lost his passport and because of that couldn't find work back in Russia, and was despondent. And far from being treated like a hero, he had his jaw broken when he was mugged on a visit to his brother in the regional capital. The assailants took his watch, his wallet and his military documents, Sofonova said.

In late July, Sofonov traveled to stay with his sister. One evening he got a call from a friend he had served time with in jail, Sofonova said. The friend asked him to come to Derevyannoye, and bring booze.

That night with his prison friend, on Aug. 1, Sofonov began drinking heavily. At around 2 a.m., residents said, the two men broke into a house, stabbing and killing the owner and his father when they tried to fend off the intruders.

They then entered a second house where a female acquaintance lived, and got into a fight with her husband. According to a person familiar with the case files, Sofonov shouted that everyone living in the house were "ukropy," a derogatory term for Ukrainians.

"We need to clean the place out," he said, using military jargon. Investigators said the men killed four people in that house, before setting both houses alight to cover up evidence of their crimes.

Sofonov is in pretrial detention as investigators gather evidence for trial. Since he has had his record wiped clean, he won't be tried as a repeat offender.

Romanova from Russia Behind Bars said that as crimes committed by reoffenders mount, the government is trying to keep convict recruits from returning home. In September, the head of the Russian parliament's defense committee, Andrey Kartapolov, said service members will only return home once the war is over. Convicts recruited by the Defense Ministry since April said they have been forced to renew contracts that were set to expire after six months.

Sofonov's mother said men like her son should never have been released from prison. "If they end up in Ukraine," she said. "They should stay there until the end."



Captured Russian soldiers at a POW camp in Ukraine. Many of them are former prisoners.

You Can Put This Book Down

Continued from Page One
matting and get the placement of the banks involved just right on the prospectus cover.

Its team rushed over Labor Day weekend to get it done—despite the fact that almost no one would read it in full. Estimated total cost for drafting and printing: \$900,000.

Putting together the prospectus has long been a rite of passage for pre-IPO companies. For years, companies dutifully printed up thousands of copies for bankers to share as they made the rounds drumming up investor interest.

Today, most of those meetings are virtual and companies print far fewer copies. While investors do pounce on new prospectuses, most pluck out key figures in digital copies. But the most boring book in the world lives on.

The business has been a moneymaker for the unassuming printer that handles most of the jobs. Donnelley Financial Solutions, which did Arm's printing job, says it has worked on prospectuses for around 70% of all sizable U.S. IPOs over the past six years. This year's jobs have included two other hotly anticipated debuts: grocery-delivery company Instacart (which didn't print any paper copies and had estimated prospectus expenses of \$161,189) and sandal-maker Birkenstock (\$900,000).

Donnelley's services include formatting and project management, and it is known for

guiding companies.

In the early aughts, a large technology company might print as many as 35,000 copies, according to Craig Clay, president of global capital markets at Donnelley. The SEC stopped requiring print copies in 2005, and now around 100 copies is more standard. That's how many Arm printed, and those were given as keepsakes. A person close to Arm said only about 20% of the \$900,000 cost went toward actual printing and that it paid extra to have it done over the holiday weekend.

Even as companies print fewer copies, the estimated prospectus expenses, called "printing fees and expenses" or "printing and engraving expenses" on regulatory filings, are holding relatively steady.

The prospectus has evolved from a nondescript black- (or blue-) and-white document to a company's coming-out party.

Pinterest (\$850,000) spent around six months turning its prospectus into "an inspirational experience," with card-stock paper and lots of high-quality photos, according to Jane Penner, the company's former vice president and head of investor relations. Roughly 100 pages in, Pinterest included a colorful illustration of how users can "pin" a recipe on its platform.

In a previous job, Penner worked on the prospectus for Chinese e-commerce giant Alibaba's IPO (\$1 million, one of the most expensive on record), which made a splash by making its cover page entirely orange in 2014. Five years later, ride-sharing company Lyft (\$320,000) unveiled an all-pink cover page for its prospectus.

Allbirds CEO Joey Zwilling recalls when the shoe and clothing company was preparing to go public. Covid-19 was

in full swing and investor pitches were mostly on camera, so the company known for its wool sneakers only printed a handful of copies of its prospectus, spending \$225,000.

Still, his team was hyper-focused on ensuring the document had high production value, including flashy photos that illustrated the materials and comfort of the shoes.

Company executives begin fretting over which pictures to include in the first few pages of their prospectus months in advance, while bankers quibble over the font size and position of their firm's names on the front cover. If the deal is led by Morgan Stanley bankers, chances are the document is printed not in black type but "Morgan Stanley blue."

The format of a prospectus has spawned some of Wall Street's most widely used terms. Being "lead left" on an

IPO, which denotes the bank with the top role on an offering, comes from the placement of a bank in the top, left-hand position on the cover page. And "bulge-bracket bank," which refers to large, full-service banks such as Goldman Sachs and JPMorgan Chase, comes from the underwriter names listed in the biggest font size, many advisers say.

"These things are kind of going the way of the dodo bird," said Jonathan Curtis.

Curtis, director of portfolio management at Franklin Templeton's Franklin Equity Group, said in the future he expects investors to feed digital prospectuses into models like ChatGPT to do things like help distill pages of risk factors into a paragraph. "If I'm being presented with a highly produced prospectus, I think maybe management teams are focused on the wrong thing," he said.



CARRY ON
DAWN
GILBERTSON

POP QUIZ: Which of these is not a new hotel chain?

- A) Spark
- B) StudioRes
- C) Garner
- D) Tempo

Trick question. All of them are brands introduced by big hotel companies this year. (Extra credit if you know which name falls under which corporate umbrella.)

Hilton, Marriott, IHG, Hyatt and Accor already offer lodging for every conceivable customer, but are thin-slicing the market into ever more pieces.

There aren't just economy hotels anymore—there are now premium economy hotels. Looking for luxury? There's classic luxury, distinctive luxury, cutting-edge luxury, all-inclusive luxury and lifestyle luxury.

Chains want to keep travelers and hotel developers loyal. But the proliferating offerings—and their interchangeable names—mean travelers face a “confusing sea of sameness,” in the words of Chekistan Dev, a professor at Cornell University's hotel school.

The many flavors of Marriotts have inspired a bingo game making the rounds on Reddit. Its 32 brands include the apartment-like StudioRes coming next year. Hilton has 22 brands, such as premium-economy Spark and an extended-stay chain, temporarily dubbed Project H3. Accor has more than 40 brands, including a new collection of independent hotels called Handwritten.

Even seasoned travelers struggle to keep them straight. I mixed up Hyatt House and Hyatt Place this year when telling someone where I was staying. Don't ask me to tell you how those are different from Hyatt Centric. What I do know is that I've stayed at all three this year.

“I think the practice is getting confusing and they're not putting enough thought into it,” Dev says of hotel chains.

He sees a shakeout coming, with weaker brands disappearing. That's bad news for travelers who have grown attached to a particular chain, he says.

Hotel executives say they know what they're doing and insist each of the new hotels has a different “brand essence,” marketing speak for distinct offerings.

Spark, Hilton's new budget brand, will feature newly renovated hotels previously operated under different names. Its first Spark, in Mystic, Conn., is a former Days Inn, and rates start



Hotels Have a Brand For Every Traveler

Customers face a ‘confusing sea of sameness’ as new options keep popping up; do you want ‘classic luxury’ or ‘lifestyle luxury’?



▲ Hampton Inn, Home2 Suites and Motto hotels, all owned by Hilton, are located in the same Midtown Manhattan complex.

around \$100 a night. The chain says it didn't have a budget offering like Spark before. Tru by Hilton was the lowest-tier hotel in the chain.

Hilton Chief Executive Officer Chris Nassetta said on an earnings call this year that he is as excited about Spark as anything the chain has done, unsexy though it may be. The pool of potential guests is large, and at least half of them are



▲ Hilton has launched its Tempo brand this year, including this one near New York City's Times Square.

younger, he says. Like a lot of big businesses, Hilton aims to own customers through their life cycle.

“The sooner you get them into the system and [start] building loyalty with them, the better off you are,” he said.

The big got bigger

The pandemic changed travel-bookings habits, says Bruce Ford, senior vice president of Lodging

Econometrics, a research and consulting firm based in New Hampshire.

A number of travelers who previously booked via online travel agencies like Expedia and Booking.com started reserving directly with hotels for easier cancellation policies, cleanliness pledges and other factors.

Hotels seized on those new relationships and boosted the ranks of their loyalty programs, Ford says.

Now they want to keep travelers in the fold. One way to do that, Ford and other lodging experts say, is to have options for business trips, vacations, family and friend visits and, yes, leisure.

The new brands are also designed to keep or lure hotel developers. Most major hotel companies no longer own the hotels bearing their names. They receive fees for brand or management deals. If a market has too many

economy hotels from one brand, a developer might jump to another chain if there isn't a suitable alternative, longtime industry analyst Bjorn Hanson says.

“The primary customer for a lot of these hotel companies is not the guest, it's the owner,” Dev says.

Starting to blur

Robert Breckenridge travels frequently as a regional medical director for a chain of labs. The Texas resident and pathologist has platinum status with Marriott and sticks with the chain for business and personal trips.

He favors nicer brands when traveling with his wife, booking the Westin near the Champs-Élysées on trips to Paris. On business trips, he tries to stay under for \$150 a night in a location near one of his company's labs. That typically lands him in a more utilitarian hotel.

Just don't ask him whether that was a SpringHill Suites or Residence Inn he stayed at in Albuquerque last month.

“There's not much of a difference,” he says.

For now, the new-brand parade goes on. Hilton has a new luxury brand on tap for 2024. The chain already has Waldorf Astoria, Conrad and LXR Hotels and Resorts at the high end. Nassetta says there's room for more.

“Every room counts, and having more really high-quality products in the right locations we think continues to build our network effect,” he said on the chain's October earnings call.

The chain says it will be a “luxury lifestyle” brand, a “very bespoke” thing. Whatever that means.

What Air Deal Could Mean for Hawaii Trips

By JACOB PASSY AND ALISON SIDER

You could end up spending more for a trip to Hawaii once the proposed deal between Alaska Air and Hawaiian Airlines is completed.

The owner of Alaska Airlines said this week that it plans to purchase Hawaiian, in an agreement that would pair Pacific-region carriers. The airlines said in an investor presentation that they expect to have greater than 50% market share in Hawaii should the deal receive regulatory approval. The companies estimate that the deal will close within 12 to 18 months.

Flight costs to Hawaii were rising even before the proposed deal. Airline couplings can lead to higher prices, says Katy Nastro, spokesperson for Going, a subscription service for discounted flights. “Competition is the No. 1 factor in why we see cheap airfares.”

Flights to Hawaii were already increasing before the deal, with average prices more expensive now than in 2019, despite there being 8% more seats today as airlines have added capacity.

The average cost of a one-way economy ticket between the conti-

ental U.S. and Hawaii was \$321 in September, up 13% from 2019, according to aviation analytics company Cirium. The average cost of flying to the island state on Alaska and Hawaiian flights was cheaper, at \$294 and \$292, respectively.

The American Economic Liberties Project, an advocacy group that has opposed airline consolidation, said in a statement that it believes the deal will reduce competition on routes between Hawaii and the West Coast, resulting in higher fares.

An Alaska spokesman said the combined airlines would offer “price points to make air travel accessible to a wide range of consumers across a range of cabin classes.”

The companies said both brands would continue to operate after the deal closes. The carriers compete on 12 routes. There are only three routes that the two carriers exclusively serve: Honolulu-Portland, Ore.; Maui-Portland and Maui-San Diego, according to an analyst note from Deutsche Bank.

Analysts have long questioned whether Hawaiian could remain independent. It has recently struggled with increased competition from



▲ A possible deal between Alaska Air and Hawaiian Airlines could nudge fares higher for flights to Hawaiian sites such as Kauai.

Southwest Airlines, slow recovery of tourism from Asia and an engine recall that affects a chunk of its fleet.

“This is not an anticompetitive merger,” says Helene Becker, an analyst with investment bank TD Cowen. The proposed agreement comes at a challenging time for Hawaiian tourism, particularly in the wake of devastating wildfires on Maui.

Here's what else travelers need to know about the proposed deal and the cost of Hawaiian vacations:

How might fliers benefit?

Executives from Alaska and Hawaiian said they believe that their combined networks, with about 1,400 daily flights, offers benefits to consumers. Hawaiian and its customers

will gain access to a broader network of destinations within the continental U.S., and the deal would give Alaska a platform to extend flying to Asia and the South Pacific.

Alaska pledged to continue flights between the Hawaiian islands—a priority for local residents who depend on that air service.

Even together, the airlines would remain a distant fifth place to larger rivals nationally.

What else could affect the cost of Hawaiian air travel?

The deal could narrow competition in one way, but then open the door for other carriers to expand their offerings to Hawaii, or enter the market. Deutsche Bank analysts noted that JetBlue Airways and Frontier Airlines have expressed interest in expanding in Hawaii.

The entrance of new airlines in the past has meant lower costs for

travelers. Southwest Airlines began operating flights to and within Hawaii in 2019. Its arrival had a temporary effect on the cost of air travel there, analysts say. In 2018, the average one-way economy fare was \$309, according to Cirium, but that figure dropped to \$278 in 2019.

Could antitrust regulators hold up the deal?

The Biden administration has vowed to be aggressive in challenging corporate consolidation.

Some analysts expect that the Alaska-Hawaiian deal could draw opposition, even though it doesn't raise some of the same issues as a tie-up between JetBlue and Spirit Airlines. In that deal, the Justice Department objects to the elimination of an ultra low-fare carrier.

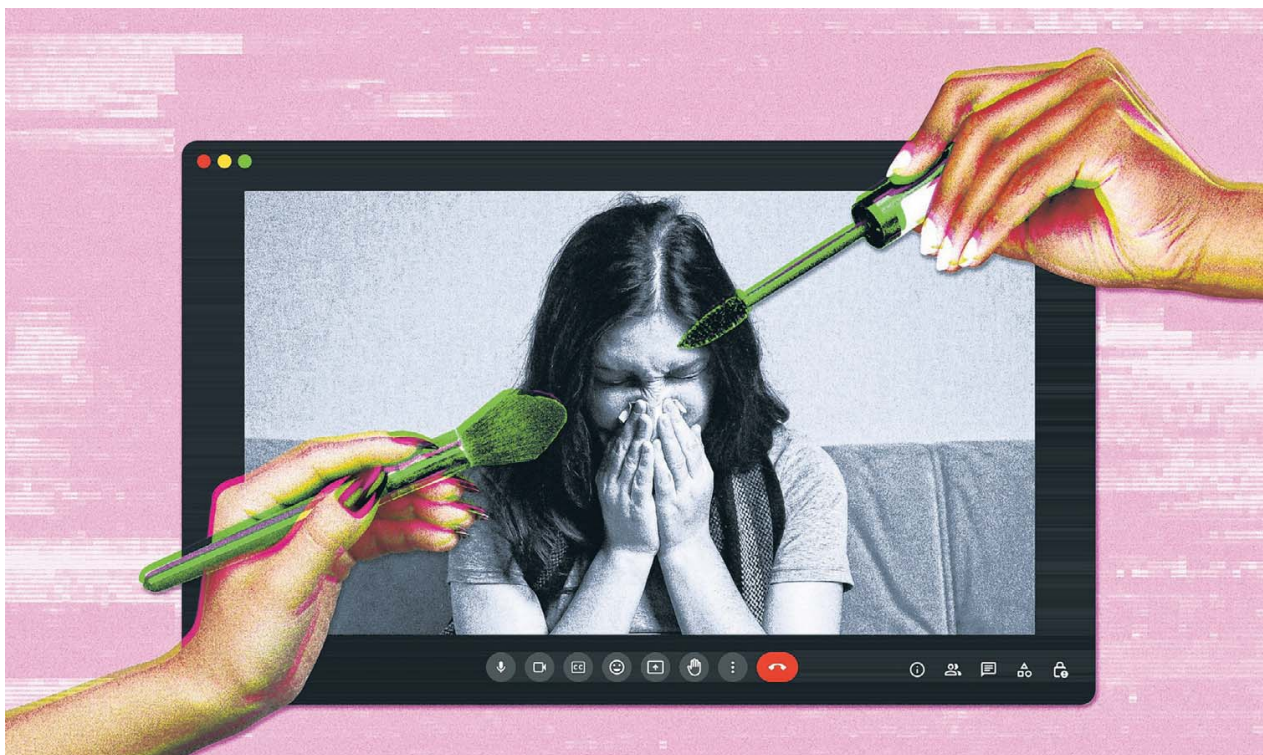
Has tourism recovered from the wildfires?

Hawaii benefited when people began traveling in droves in 2021 and 2022, especially since travel restrictions were still in place in many countries for foreign visitors.

This year, domestic tourism demand slipped as travelers visited Europe and Asia. Hawaii's tourism industry was still recovering when wildfires hit the western part of Maui.

“Tourism is still down in Maui since the fires,” Becker says. Around eight million people had visited Hawaii by air in 2023 as of October, according to data from the state's Department of Business, Economic Development and Tourism. While the state has seen an uptick in international visitors, domestic tourism to the state is down roughly 3% this year versus 2022.

PERSONAL JOURNAL.



Tips for How to Look Better On Video Calls Without Trying

Face-enhancing software tricks can help smooth skin and eliminate dark circles



PERSONAL TECHNOLOGY
NICOLE NGUYEN

Old and flu season is in full swing. And so is the year-end work rush.

Last week, I didn't want to bring my runny nose to the office. But I still felt pressure to show up to video calls—with my camera on.

There are new face-tracking software tricks that can touch up your appearance if you're not looking your best. Google Meet recently added a beauty filter that eliminated the dark circles under my eyes and the Kleenex-induced redness around my nose. Meanwhile, the latest Mac operating system includes a face-illuminating effect that made my tired visage glow. **Zoom** and **Microsoft Teams** even provide virtual lipstick.

Some tools perk up your look naturally, while others can feel like a gimmicky Snapchat filter. Where to draw that line depends on you. It's worth previewing the settings on a test call before you

► On a no-makeup day, left, columnist Nicole Nguyen applied Google Meet's new Smoothing filter, right, to brighten her face and minimize imperfections.

join any meetings.

If you are really ill, please take a sick day. And if you can keep your video off, you might as well. But if you're on the mend and are staying home to spare your office-mates your germs, the following tips will make you look great on camera. Even when you're a picture of health, you can use these to up your video-call game.

Just note: Most people are beholden to their company's chosen videoconferencing software, so I've laid out a few different options, including some that work with any app.

Airbrush yourself

These settings are like digital Botox. They smooth your face, eliminating wrinkles, dark circles and redness. I'm going to keep these virtual touch-ups on, even when I'm fully recovered. The key is to dial down the intensity to keep it looking natural. Settings are app-specific and might require a corporate account.

► **Google Meet:** In October, Google began rolling out a new portrait touch-up filter for the Meet mobile app. A Google spokeswoman said a web version will arrive by the end of the year. Right now, it

only works for Google accounts through your workplace or school, not personal accounts.

You can enable the feature while in a meeting on an iOS or Android device. Tap the three dots for more options, then Settings. Choose Subtle to smooth skin, lighten the under-eye area and whiten your eyes. Choose Smoothing for a more intense version of those effects. I found that the Smoothing option works best when there's plenty of light on your face.

► **Zoom:** The "Touch up my appearance" setting softens the focus on your face. The effect makes it look smoother and more evenly toned, like you've added a layer of foundation makeup.

You can use the effect with a free or corporate Zoom account. Enable the setting in the desktop app's Preferences or Settings menu, in the video tab. Use the slider to keep it dialed down for the most natural look. On mobile, go to Meeting Settings.

► **Microsoft Teams:** The soft-focus setting applies a skin-smoothing effect. You need to use the paid version



Are Clothes 20 Years Old Vintage? Collectors Say Yes



ON TREND
JACOB GALLAGHER

To collect vintage clothes is to know that one day, you'll come across a shirt that will send you into an existential spiral.

For me, that moment came last month, as I was tooling around eBay in search of aged band tees. Bam, there it was. The very same Green Day "American Idiot" shirt that I bought new as a sneering tween was now being sold as "vintage" for a not insignificant sum of \$100. To see your childhood resold as vintage—could anything make you feel older than that? Mind you, I'm just 32.

"I'm 41. And of course when I see somebody selling something from the 2000s, my knee-jerk reaction is, that's not vintage," said Brian Davis, owner of Wooden Sleepers, a vintage shop in Tuckahoe, N.Y. He admits to wincing when he spots Gap (Gap!) being repackaged and upsold as vintage. "But then I have to think, well, to somebody who's 18, that's very much vintage."

To Davis and any vintage dealer

worth their weight in denim, the universal standard for vintage apparel is two decades. If a shirt is old enough to drive a car, go to war and is within spitting distance of ordering a beer, it's vintage.

"We've always stood by 20 years" as the benchmark for vintage, said Patrick Klima, owner of WyCo Vintage in Kansas City, Mo. Twenty-plus years works because one man's trash is another man's trend. You might look back with cringey regret on the low-rise jeans, nu-metal tees and trucker hats of your youth. But to today's teens and 20-year-olds, such clothes are considered exciting and even investment-worthy.

Twenty years may be the agreed-upon dividing line, but 20 years isn't what it used to be.

Since the turn of the millennium, the pace of pop cultural evolution has slowed to a crawl. Thanks to the regurgitative powers of streaming, "The Office" and "Gilmore Girls" are as watched as ever. Beyoncé's debut solo album came out in 2003 and she certainly hasn't exited yet. Even a Coke can largely looks as it did in the early aughts.

So, yes, a tee advertising the 2002 Spider-Man movie is now vintage, though there was yet another Spider-Man movie in theaters this year. Want one? WyCo Vintage has it for \$250.

And while you may feel like you're still young (at least at heart), vintage clothes are beginning to



Stores such as WyCo Vintage in Kansas City, Mo., offer concert T-shirts from the early 2000s.

"The '90s were kind of the last time I feel like overall stuff was made to last through, like, a season," said Tommy Dorr, owner of Lost and Found and Mothfood, vintage stores in Royal Oak, Mich., and Los Angeles, respectively. Dorr pointedly specializes in gear closer to AARP age: '70s work shirts, '50s faded sweatshirts, '60s Levi's. A cotton dress shirt made today, said Dorr, is noticeably made more poorly than dress shirts of the '40s and '50s.

Many resellers blame the quality nosedive on the 1994 passage of the North American Free Trade Agreement, which exploded the global apparel industry. Suddenly, it was significantly easier for domestic apparel manufacturers to produce clothing around the world, often at a far lower cost and at lower standards than just years before.

Nafta "started pushing that race to the bottom on quality," said Klima

of Teams to access the filter in Device settings, then Video settings. There's a slider below to adjust the effect's opacity.

Add digital makeup

► **Zoom:** There's a virtual makeup kit in settings for free and paid accounts. Go to the Background & Effects tab, then click Studio Effects (bottom-right corner). You can add eyebrows, facial hair and/or lip color. Under each section, you can adjust the opacity. Since I wear glasses, the eyebrows didn't work for me, but I loved the lip color.

The software is impressively accurate at face tracking. Just don't touch your face while on camera, or the virtual effect will glitch.

► **Microsoft Teams:** Corporate users can apply virtual makeup using the Maybelline Beauty integration. There are a number of lip and eye-color styles to choose from. I didn't love the look on myself. It's a bit heavy-handed, and you can't modify the amount of makeup applied. But it might work for you. Join a meeting, then select Video Effects. Click on More Video Effects and under Filters, select Maybelline.

Get a glow up

A little light on your face goes a long way. It can make the difference between spooky and serene. You can add luminescence digitally, without a ring light (though I do recommend a great one later).

This year's MacOS Sonoma and iOS 17 iPhone software include a flattering Studio Light setting that dims the background and lights up your face. The effect can be applied to any videoconferencing app.

To use the webcam built into your Mac, the machine must run on an Apple-designed M chip. Open any video app—not just FaceTime but third-party ones, too—then click the green video icon that appears in the menu bar. Click Studio Light, then the arrow next to it to adjust the intensity.

If you have an Intel-based Mac, you can get the effect by using an iPhone as a webcam for your laptop, though both iPhone and Mac need to be updated to the latest OS. To hang your phone from your screen, you can use a third-party accessory, such as Belkin's for MacBooks (\$30) or external displays (\$40). With Bluetooth and Wi-Fi on for both devices, look for your iPhone in your videoconferencing app's camera settings.

Windows users can try the Camo app to turn an Android device or digital camera into a webcam. It's free to download, though the face-enhancing lighting features only come with the \$50-a-year (or one-time \$100) Camo Pro.

If you're willing to invest in some hardware, I recommend Logitech's \$60 clip-on Litra Glow, which produces a soft, warm light that makes everyone look good, sick or not. Even better is a free option, courtesy of Mother Nature. If you have access to a window, swivel your setup so the natural light shines on your face from the front. No more backs to the window, people!

of WyCo, noting that newer T-shirts are "crappier."

Around the turn of the millennium, the apparel industry was hit with a surge of clothes made from synthetic materials, a decline in tags that read "Made in U.S.A." and a downturn in craftsmanship. There's a reason vintage collectors swoon for conspicuous markers of quality: the selvedge line on older jeans, the studious single stitch on a T-shirt, the sturdy hand feel of an all-cotton crewneck.

For years now, vintage dealers like Davis from Wooden Sleepers have taken pains to send the message that vintage goods are harder, more dynamic and overall worth their increasingly elevated price tags. If "vintage" starts to encompass cheapo fast fashion, that pitch withers on the rack.

This might be an overblown anxiety. As Davis noted, pop culture has sway over the market—often to an even greater degree than craftsmanship. Most younger shoppers want aughts cargo pants and low-rise jeans because Kaia Gerber or Hailey Bieber wore them, not because they give two cents (or more likely \$200) about the quality of the garments.

Klima is fine selling tees from newer bands because they "already got this fan base that's going to value those shirts." It helps that many, such as Incubus or Tool, continue to tour, or, like Kanye West, remain culturally relevant. And newer does not mean cheaper: WyCo Vintage currently offers an Usher and Kanye West tour tee for \$500 and a 2002 Rolling Stones tee for \$300.

ARTS IN REVIEW

ART REVIEW

A Master Painter's Skills on Paper

An exhibition focuses on Sandro Botticelli's rare, refined drawings

BY CAMMY BROTHERS

San Francisco

In the popular imagination, Sandro Botticelli (c. 1445-1510) is associated with ethereal nymphs, idealized nudes, and blond beauties, thanks largely to the ubiquity of his most famous paintings, "Primavera" and "Birth of Venus." But as a stunning new show at San Francisco's Legion of Honor museum establishes, he is a more complex, intellectual, conflicted and varied artist than superficial familiarity might suggest.

Organized by the museum's Furio Rinaldi, "Botticelli Drawings" features 27 sheets by the artist and 12 paintings along with other Renaissance works and two fragments of classical sculpture, all secured from an impressive array of European collections and several on loan from their home museums for the first time.

The reason this is the first such exhibition is that not many of his drawings survive. Among the works here, some are by members of his workshop, and many look a lot like those by his teacher Fra Filippo Lippi or rivals Verrocchio and Filippino Lippi. Rather than see these circumstances as impediments, however, Mr.

▼ 'The Devout People of Jerusalem at the Gates' (c. 1500-05), by Sandro Botticelli

Rinaldi provides a generous context around the drawings, staging a dialogue between Botticelli's work and that of his contemporaries. Along the way, he suggests five new attributions.

Among the most striking works on paper here is a delicate profile of a woman with lush, wavy hair, a study for "Portrait of a Lady (Simonetta Vespucci)" (c. 1480). In metalpoint on prepared paper with white heightening, the traditional 15th-century technique, it is far from the spontaneous sketch visitors may expect, instead sharing the precision and refinement of the finished painting. Artists used white heightening, applied with a brush, to add tonal range to their drawings, but in Botticelli's hands it achieves much more than that. In his portrait study, Simonetta appears illuminated by natural light, glistening on the contours of her face and curls of hair while also lending the paper a remarkable liveliness.

Another drawing worth lingering on is much stranger. Reflecting the technical shift in the early 16th century to black chalk and unprepared paper, "The Devout People of Jerusalem at the Gates" (c. 1500-05) depicts the perplexed response of several men of that city to hearing the apostles speaking different languages during the descent of the Holy Spirit. The expressive gestures, awkward poses, and frenetic sense of movement in the drawing offer a sharp contrast

to the calm poise of Simonetta's profile, and demonstrate the range of his graphic skills.

Close in date to this odd drawing is one of Botticelli's most significant works, and the only one he signed, the Nativity of Christ known as the "Mystic Nativity" (1501). Although the central subject is conventional, its depiction here is not, with Botticelli's aesthetic choices reflecting his devotion to the legacy of the heretical friar Fra Girolamo Savonarola. For example, the Wise Men, typically shown as sumptuously dressed kings bearing gifts, are here in unadorned clothes, almost as peasants, reflecting Savonarola's renunciation of luxury.

While Mr. Rinaldi does not dwell on the more sensational aspects of Botticelli's biography, such as his movement from the circle of Lorenzo de' Medici to that of Savonarola, the shift in Botticelli's work that came out of this change in his sphere of influence is hard to avoid. Emblematic of this period is a small painting depicting an unusual subject, "The Last Communion of St. Jerome" (c. 1495). In place of the Tuscan gray stone architecture of many of his panels, here he depicts a plain wooden hut, adorned only by a crucifix. The figures are dressed with extreme simplicity, and the entire effect is austere.

An irony, but not a weakness, of the exhibition is that although it is focused on Botticelli's draw-



▲ Study for 'Portrait of a Lady (Simonetta Vespucci)' (c. 1480)

ings, the importance of drawing to his work overall may come through most clearly in his paintings. This reflects the concept of *disegno*, devised by the Florentines to assert their superiority over Venetian artists who in their view were only good at *colore*. "Disegno" means both drawing and design, and if there is any Florentine artist in whose work it is exemplified, it is Botticelli.

This quality comes through most notably in a magnificent roundel in the show's last room, "The Virgin and Child With St. John the Baptist and Six Singing Angels" (c. 1490). Normally it is hung high on the wall in Rome's Borghese Gallery, and it is a revelation to see it at eye level here. With six angels tightly grouped around the Virgin and Child, it could easily have become muddled. But Botticelli, demonstrating the double senses of "disegno," arranges the fictive room so that the figures occupy distinct spaces, and articulates the facial features with such well defined lines that they could almost be templates for stone carving. The effect of the clearly delineated architecture and faces might have been stark, but Botticelli balances it with subtle choreography of the figures, in the angles of the heads, the hand gestures, the way an angel turns a book's page as another gently cradles it. The Virgin and Child are at the center of the painting, but compositionally Botticelli insists on their belonging to a group, one

in which all the faces bear a family resemblance.

The precision of the roundel contrasts with the confusion of one of Botticelli's last paintings, his "Adoration of the Magi" (c. 1500-06). When seen united here with the three surviving preparatory drawings on linen, it becomes clear that the shadow, emotion and haziness of the painting also belonged to the initial conception.

This is a quiet exhibition that challenges viewers to slow down, look closely, and adjust their eyes to the subtlety of metalpoint drawings. That effort is richly rewarded, revealing sides of the artist virtually unknown to American audiences, from the refinement and influence of his drawings to the drama of his turn toward spirituality and the austere visual mode that accompanied it. The Legion of Honor is the show's only venue, and for lovers of Botticelli it has made itself a destination rivaling Florence.

Botticelli Drawings

Legion of Honor, through Feb. 11, 2024

Ms. Brothers is a professor at Northeastern University and the author of "Giuliano da Sangallo and the Ruins of Rome" (Princeton).



FROM TOP: ASHMOLEAN MUSEUM, FINE ARTS MUSEUMS OF SAN FRANCISCO

TELEVISION REVIEW | JOHN ANDERSON

Becoming Cary Grant, a Hollywood Star

American cinema died in 1966, a European friend used to say, because that's when Cary Grant retired. The friend favored turtlenecks and mohair and was a style-extremist, but is Grant still held in such regard by anyone? Do people below a certain age even know who he is? As it happens, on the afternoon I watched the four-part "Archie"—Grant having been born Archibald Leach in 1904—Turner Classic Movies was devoting an entire day to Cary Grant movies. If there were a Mount Rushmore dedicated to matinee idols of the Golden Age of Hollywood, two of the four heads would belong to Cary Grant. But what kind of place he holds in the mainstream movie mind now is something of a puzzle.

Likewise, the casting of Jason Isaacs as Grant—the on-screen engine of such screwball classics as "Bringing Up Baby" and "The Awful Truth"; one of the biggest stars ever deprived of a competitive Oscar; and, like Chaplin before him, a product of English poverty who conquered America. Mr. Isaacs seems hardly an obvious choice—aside from having little natural resemblance to Grant, he has played some truly bad eggs (Lucius Malfoy in the "Harry Potter" series; the loathsome Col. Tavington in "The Patriot") and is called upon in "Archie" to play one of American film's

more beloved figures. You search Mr. Isaacs's face for signs of Cary, and you find them, albeit in flashes; he has the walk, and a craggy version of Grant's younger, springy, English-y inflection. Still, as portrayals go, this one makes you work.

But impersonation is the point of the story as scripted by Jeff Pope, based partly on "Dear Cary: My Life With Cary Grant" by Grant's fourth

wife, Dyan Cannon, and on the idea that Grant was a creation both on and off the screen. He was never averse to admitting that he had created the perfect man and inhabited him ("in order to survive," Mr. Isaacs says) and that his public persona reflected a man-

ufactured reality. Any Grant fan will be waiting for the famous quote, the recycling of which Mr. Pope found irresistible: "Everybody wants to be Cary Grant," Mr. Isaacs says. "Even I want to be Cary Grant."

Years ago, another friend told an astonished me that in the early '80s, in Stamford, Conn., he had attended something called "A Conversation With Cary Grant." It was a one-man presentation starring no less than Grant himself. "What a very un-Cary thing to do," I thought, but it was true: As we see in "Archie," the actor toured theaters across the country in the last years of his life, subjecting himself to his audience's questions, basking in their adulation and



▲ Jason Isaacs as the beloved actor, born Archibald Leach, in the series written by Jeff Pope

perhaps getting a little more comfortable with who he was, and who he had been. "Archie" is bookended by one such appearance, in Joliet, Ill., in 1986 (the year Grant died at age 82), which provides the launch point for flashbacks—to Archie's impoverished childhood, his father's cruelty, his mother's banishment to an insane asylum, his apprenticeship with Bob Pender's troupe of ragamuffin vaudevillians and its tour of America, where young Archie stayed, and became Cary Grant.

"This is a true story," we are told at the outset, though we are then cautioned that certain characters

with roommate Randolph Scott (debunked), Grant's use of LSD (confirmed) and his psychological self-flagellation over his inability to keep a marriage together. (He was married five times.)

As Ms. Cannon's book is a source for Mr. Pope, it is the latter years of Grant's life that are the chief focus of the series, along with the relationship with Ms. Cannon (Laura Aikman, who really does resemble her real-life character, unlike so many members of the cast. Is that really supposed to be Grace Kelly? Audrey Hepburn? Is that Thanksgiving parade float really Alfred Hitchcock?). For all its soapy tone and faux antique trips into Edwardian England, "Archie" is about the aging Grant, which suits the message of the piece, and even perhaps the Grant-adjacent impersonation by Mr. Isaacs: The subject was never the man he

pretended to be, or whom his fans wanted him to be, or whom Hollywood molded into perhaps the most perfect male movie star in an era when that term meant something epic. "Archie" may be engaged in image-deflation, but Grant likely wouldn't have minded. Besides, even an exercise in unpleasant facts can be executed with a great deal of affection.

Archie

Thursday, BritBox

Mr. Anderson is the Journal's TV critic.

SPORTS

The Bombshell Rumor Gripping Professional Golf

Whispers about Jon Rahm joining LIV Golf have become the talk of the sport—ahead of a deadline for a deal with the PGA Tour

By Andrew Beaton and Louise Radnofsky

Jordan Spieth is a three-time major champion, a newly minted member of the PGA Tour's board and just spent his weekend on the course with many of the world's top players. But even he seemed to be totally in the dark about the potential bombshell gripping the world of golf.

Is Jon Rahm about to bolt from the PGA Tour for the Saudi-backed LIV Golf?

"I know he's maybe weighing some decisions, maybe not," Spieth said. "I really don't know, so I don't want to insult him and say he's weighing decisions if he already knows he's not or he is."

One thing Spieth clearly understood was the stakes involved in any move by the world's No. 3-ranked golfer. "Jon Rahm," he said, "is one of the biggest assets that we have on the PGA Tour."

Speculation over the future of a notoriously temperamental Spaniard and Ryder Cup hero is the subject of feverish gossip across two circuits because it's really speculation about the future of the entire sport: LIV would be stealing one of the biggest global golf stars just ahead of a rapidly approaching Dec. 31 deadline for its Saudi backers to join forces with their former sworn rivals—and Rahm's current bosses—at the PGA Tour.

While LIV pilfering a marquee Tour player might not violate the letter of the agreement between the two sides, which initially included an anti-poaching clause that was later tabled over anti-trust concerns, it would most definitely upend the dynamics of their tentative truce.

Rahm hasn't commented on the latest rumors, and his agent didn't respond to a request for comment. But LIV adding the reigning Masters champion to its roster, for what would likely be an enormous sum of money, would represent a coup on numerous levels: Rahm is the world's No. 3 golfer. He would be backtracking on his previous opposition to LIV's format. And it would undermine the many forecasts of LIV's demise after the Saudi Public Investment Fund stunningly cut a deal with the Tour. By signing Rahm, LIV would be doing more than running on fumes—it would be stepping on the accelerator.

"LIV Golf is moving full steam ahead and remains as committed as ever to its mission to enhance the game of golf for both players and fans through a franchise model that is quickly becoming the norm," said LIV Golf spokesman Doug Mayer. "The 2024 season will feature world class golfers in elite team and individual competition at courses all over the globe—showcasing a new and fresh style of professional golf."

At the same time, it's equally possible that the smoke around Rahm is coming from the charged negotiations between PIF, the Tour and Europe's DP World Tour—and not from Rahm's actual intention to make a surprise pivot. In that way, the hubbub about Rahm reflects the ongoing talks that will shape the industry: there's tension, uncertainty and nobody is quite sure how all of this will shake out.

Rahm, in the past, had not been subtle about his loyalties. In February of 2022, he bluntly stated: "I am officially declaring, let's say, my fealty to the PGA Tour."

Then again, other top players like Dustin Johnson have said something similar—only to join LIV anyway. Rahm also has a longstanding relationship with LIV team captain Phil Mickelson, whose brother Tim coached Rahm in college at Arizona State.

Still, later in 2022,

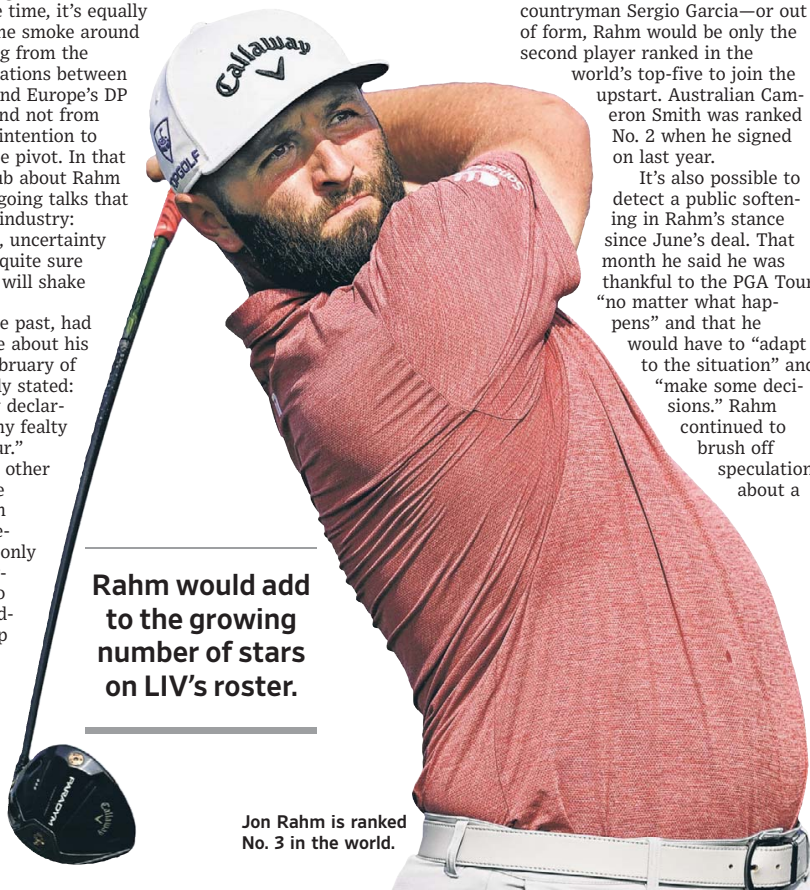
Rahm expanded on his lack of interest in joining LIV. He dubbed its format, which features shotgun starts for three-day events without a cut, unappealing and "not a golf tournament." He said he wanted to play against the best competition and touted the PGA Tour's history. He even put a hypothetical price tag on the proposition, saying a \$400 million offer wouldn't change his life.

"I've never really played the game of golf for monetary reasons," he said. "My heart is with the PGA Tour."

Still, he's precisely the type of player who would be a paradigm-changer for LIV.

Rahm, 29 years old, would add to the growing number of stars the Saudi-backed league has gobbled up since the circuit first teed off in 2022. While many of the early defectors were older—like Rahm's countryman Sergio Garcia—or out of form, Rahm would be only the second player ranked in the world's top-five to join the upstart. Australian Cameron Smith was ranked No. 2 when he signed on last year.

It's also possible to detect a public softening in Rahm's stance since June's deal. That month he said he was thankful to the PGA Tour "no matter what happens" and that he would have to "adapt to the situation" and "make some decisions." Rahm continued to brush off speculation about a



Rahm would add to the growing number of stars on LIV's roster.

Jon Rahm is ranked No. 3 in the world.

move to LIV, however. In July, he told a Spanish podcast that the rumors made him laugh and that a switch to LIV still didn't appeal to him.

Another of Rahm's recent moves ramped up the intrigue still further. Rahm pulled out of the new virtual golf league, TGL, started by Tiger Woods and Rory McIlroy before its inaugural season was postponed because the venue's roof collapsed. The venture is aligned with the PGA Tour and was launched as a counter-punch to LIV and conceived as an additional way to line the pockets of big-name players who stuck with the establishment body.

Just like everything else in this frenzy, that was subject to multiple interpretations. To some, it was a sign of Rahm wavering. But the Arizona-based Rahm explained that the Florida-based upstart was simply too big of a time commitment.

"It's quite a bit of extra hours of flight, quite a bit of extra time of being away from home," Rahm said in November.

The timing of Rahm's potential departure is curious beyond its proximity to the deadline for a definitive agreement between the PGA Tour and PIF.

Because he won at Augusta National in April, he doesn't have to worry about getting into the majors in the coming years even if his world ranking slips—and his green jacket means he's set at the Masters for life.

It's also possible that if Rahm were to actually join LIV, he would get something that hasn't been afforded to anyone else over the last two years: a pathway to also playing on the PGA Tour. One of the negotiating points between the players, the Tour and PIF has been whether there's a fair way to reintegrate those who quit the Tour to return in some form.

It's seemingly a mystery even to one of the players' lead negotiators whether Rahm plays with LIV next season, or if the question is even up for debate.

Asked last week at the Bahamas tournament he hosts if he was surprised by speculation about players signing for LIV, Tiger Woods had a follow-up question. Woods needed to clarify what was supposed to be surprising:

"The chatter, or people leaving?"

The WSJ Daily Crossword | Edited by Mike Shenk

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- 23 FDR power project
- 24 Bedrock mom
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- 31 Collins cousin
- 32 Welcome in Waikiki
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- 50 Chicken or human
- 51 Bond holdings?
- 54 Baltic capital
- 56 The Tarheel State: Abbr.
- 58 Operation Overlord's launch
- 60 Really liked
- 61 Took in
- 62 Gardner of "On the Beach"
- 63 Gender-specific pronoun
- 64 Quirky

STATELY ROLES | By Alan Levin

Across	30 Annette Bening's stately role in "Bugsy"	54 Cracker with a scalloped edge	55 Dijon dissent
1 Swamped	33 Jai ___	57 Wrap up	59 Milestone corp. event
5 Sack	34 Gadot of "Justice League"	60 Jason Momoa's stately role in "Dune"	65 Rock in a band
10 Overly glib	35 Smoothie berry	66 Kriegsmarine vessel	67 In the cloud, say
13 Shakespeare title starter	38 Jackie Gleason's stately role in "The Hustler"	68 Show interrupters	69 Western, e.g.
15 Joel Coen's younger brother	42 Letter before Bravo	70 Football pickup	
16 Japan's prime minister until 2020	43 Do some hacking, perhaps		
17 Al Pacino's stately role in "Scarface"	44 The Big Easy, familiarly		
19 Oxford Word of the Year for 2021	46 Harrison Ford's stately role in "Raiders of the Lost Ark"		
20 Galley item	50 Istanbul has a Grand one		
21 JFK listing	52 Rocksteady relative		
22 Sleeveless undershirt, to a Brit	53 Scrollwork shape		
23 Howard Hughes owned it from 1939 to 1966			
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- 18 Triple sec flavor
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Previous Puzzle's Solution

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NCAA Proposes Athletes' Pay Plan

Continued from Page One
division would also require schools to work together to make their own rules for things like scholarship limits, recruiting windows and transfer requirements.

The letter appeared to receive a warm reception. Ohio State athletic director Gene Smith wrote on X, the platform formerly known as Twitter, "I am 100% supportive of your efforts. Intercollegiate Athletics needs the proactive and forward thinking you are providing."

At its core, the NCAA is a membership organization and championship operator that sets the rules for competition. It has more than 1,100 members with dramatically different budgets, prestige and expectations, and has attempted to group like-minded institutions accordingly.

Over time, the differences within that top division widened, but the NCAA was still mostly making blanket-decisions for all of Division I. It became harder and harder to follow a one-size-fits-all approach when annual athletics

spending in the top division ranged from \$5 million to \$250 million. There was a growing gap within the top of the top, too: 91 programs spent at least \$50 million on athletics, 59 of them spent over \$100 million.

All of that money flowed to athletes indirectly. It paid for the salaries of the best coaches, renovated facilities and enhanced educational and medical benefits. NCAA rules, however, prohibited any of it from lining athletes' pockets.

There have been incremental financial gains for athletes in recent years. The

NCAA authorized cost of attendance stipends and educational bonuses. Athletes also gained the ability to profit from endorsement deals with third parties in July 2021, but the NCAA's policy and most state laws banned schools from getting involved as either the broker or the bankroller.

Baker's proposal, should it be codified, would allow any Division I school to compensate its athletes. They wouldn't necessarily need to opt into the new subdivision to pay their star soccer player, however.

for allowing schools to directly compensate athletes is gender equity. Since the NCAA began allowing athletes to profit from their name, image and likeness in 2021, the vast majority of deal activity has involved athletes in men's sports. There are a handful of top-earning women, like Louisiana State gymnast Livvy Dunne, but by and large women athletes have financially benefited less than their male counterparts. Under Baker's proposals, payments to athletes would be subject to Title IX rules and would "help level what is

fast becoming a very unlevel playing field between men and women student-athletes," Baker wrote.

For now, Baker's proposal is just that—a proposal. Undertaking such a monumental change would require several steps, including feedback from Division I members. A person familiar with the NCAA said the association doesn't have a definitive timeline for implementing the proposal.

Meanwhile, the NCAA is facing attacks on several fronts over athlete compensation. There's a lawsuit in Pennsylvania arguing that athletes should be classified as employees eligi-

ble for minimum wage and a class-action lawsuit in California demanding that athletes who competed before endorsement deals were permitted should be paid compensation. Other efforts have routed through the National Labor Relations Board, including a complaint filed jointly against the association, Pac-12 and Southern California and an effort by Dartmouth College basketball players to unionize.

It isn't clear what might happen to those efforts should the NCAA change its rules before verdicts are reached.



NCAA President Charlie Baker

ROSS KINNAIRD/GETTY IMAGES

DARREN ABATE/ASSOCIATED PRESS

OPINION

Crunch Time in Ukraine



BUSINESS WORLD
By William W. Jenkins, Jr.

Will the eruption of a wider global war derail the Biden-Trump rematch that seems in the offing for 2024? Would a bad thing therefore be, in one respect, a good thing?

Nobody begrudges the ransoming of a 4-year-old Hamas hostage. It's a tad absurd, however, to read that Mr. Biden pressed by name on behalf of a toddler related to a major Democratic donor who also happens to have bought a Hunter Biden painting.

For his part, Donald Trump both increased arms supplies to Ukraine and was impeached for allegedly trying to condition those supplies on Ukraine's provision of dirt on

the Bidens. Mr. Trump was victimized by U.S. intelligence agencies and the Clinton campaign's promotion of false evidence that he was illegally in cahoots with Russia, but he also said many foolish things about Vladimir Putin and kept trying to get paid for putting his own name on a Trump Tower in Moscow.

Then again, Hunter's father played along, at a crucial moment in the 2020 campaign, with intelligence veterans

falsely framing Russia for his son's laptop humiliation. After Mr. Biden won, Mr. Putin launched the biggest challenge to the West's security architecture since Stalin cut off access to Berlin.

Mr. Trump plays a good game now pretending his legal jeopardy arises from his service to voters. But he's fighting for personal survival, which isn't what the country needs in its president. As for Mr. Biden, if his opponent were anyone else, he might already be disqualified because of his family's ridiculous influence peddling in countries where the U.S. now risks military engagement.

Meanwhile, notice what isn't happening—the big U.S. rearment effort that the moment calls for. The U.S. is running down its stocks to support Israel and Ukraine. If anything might save the peace right now, it's a conspicuous U.S. military buildup to deter Russia, China, North Korea and Iran. Yet something close to paralysis prevails in Washington instead.

Luckily, a mysterious winnowing also sometimes supplies America the leader it needs. Nikki Haley isn't deep, but has executive chops, listens to advice and is a demon for getting things done.

The need is acute right now with respect to Ukraine, thanks to a surprising failure of the U.S. to assert itself as senior partner. The U.S., let's remember, does not labor under the political imperative of Ukraine's leaders to be seen



On the front line near Zaporizhzhia.

urgently trying to win back territory in the short term. If a lengthy account in the Washington Post is right, the U.S. essentially acceded unquestioningly in this agenda while nagging about tactics.

It isn't what you're used to hearing, but Washington would have done better to big-foot Ukraine's desire for an early offensive in favor of a more deliberate military and political strengthening to outlast Mr. Putin. Especially if Washington was going to back the offensive in a halfhearted way. Notice this doesn't mean conceding territory. A daily sacrament could be made of insisting that Ukraine must be restored to its 1991 borders, but coupled with helping Ukrainians understand that the route is a long one through integration with Western security structures and building up Ukraine's military power.

Bluntly, the U.S. would have best served itself and Ukraine by standing between President Volodymyr Zelensky and the demand of his voters for a

quick and happy ending that isn't in the cards. The long political fight is what matters now. This column saw merit in a limited offensive aimed at reclaiming Bakhmut to rob Mr. Putin of the short-term prestige boost he sought in capturing the city. Ultimately the war can't be won on the ground. Ukraine won't be marching on the Kremlin to install a new regime to make peace on Ukraine's terms.

Now a problem looks dangerously likely to last through Election Day and perhaps beyond—the lack of a U.S. president willing to impose a new approach. Trump voters need someone to tell them, whatever their grievances from four years ago, that his brand of chaos won't be useful in the world that has come into being on Joe Biden's watch.

By all appearances, neither is Mr. Biden's. His NATO muscle memory was valuable at the war's start, but Mr. Biden isn't, and probably never was, a Lincoln-FDR-Nixon type to chart a tortuous path through history to bring a new strategic reality into being.

The lack of direction engulfing the U.S. effort doesn't arise from any innate hopelessness of Ukraine's position, which is still enviable if seen in the right light. The Putin autocracy has fatally injured itself in Ukraine. Time is on the West's side whenever Kyiv and the West are ready to start playing for the long term. But it requires a different sort of president than offered by today's two front-runners.

Are Americans in the Mood for More Trump?



POLITICS & IDEAS
By William A. Galston

Every presidential campaign unfolds against the backdrop of a distinctive national mood, and candidates who capture this mood have an advantage over those who don't.

In 1960, John F. Kennedy campaigned on a pledge "to get this country moving again." He understood that while older Americans welcomed the Eisenhower years as a return to stability after the tumultuous years of the Great Depression and World War II, younger Americans felt stagnation and complacency. JFK's famous and often-imitated appeal to a "new generation of Americans" proved strong enough to overcome Richard Nixon, whose two terms as Dwight Eisenhower's vice president had made him the candidate of continuity.

Ronald Reagan's re-election campaign 24 years later unveiled one of the most effective advertisements in American political history. Over soothing music, a rich baritone voice proclaimed "It's morning again in America" and spoke of Americans going to work as the economy recovered, buying homes after interest rates had fallen by half from their 1980 highs, and getting married with confidence in the future because

inflation had been cut. Under Reagan's leadership, the narrator said, the country was "prouder and stronger and better." The spot ended with a killer question: "Why would we ever want to return to where we were less than four short years ago?"

This ad worked because it understood that people were feeling better after the stormy years of Watergate, soaring inflation and the Iran hostage crisis. In a mirror image of the Kennedy campaign, the Reagan campaign underscored that Americans would welcome a return to tranquility. That Democratic nominee Walter Mondale had served as Jimmy Carter's vice president only intensified the power of the ad's concluding query.

By contrast, Vice President Hubert Humphrey kicked off his 1968 campaign by promising to practice "the politics of happiness, the politics of purpose and the politics of joy." Commentators noted that it was an odd time for joy. Martin Luther King Jr. had been assassinated three weeks earlier. Cities had erupted in riots, and with 500,000 Americans on the ground in Vietnam, college radicals were taking over campus buildings. President Lyndon B. Johnson's refusal to choose between guns and butter had sparked a surge in inflation that ended years of rapid growth with price stability. Although Humphrey's campaign failed for many reasons, a key was his

inability to identify with the troubled feelings of many voters.

What is the national mood today? According to the latest Economist/YouGov survey, 20% of registered voters feel that "things in the country these days are under control," compared with 66% who feel that things are "out of control." The poll doesn't probe the reasons behind this sentiment, but here's my hunch.

Voters think things are out of control. He will reassure some and terrify others.

Families see inflation as a loss of control over their financial future. Rising crime rates create a sense of insecurity and foster the belief that leaders have lost control over the most important responsibility of government. According to Gallup, 28% of households reported that they had been hit by crime, up from 20% in 2020, 63% of Americans describe the crime problem as "extremely" or "very" serious, the highest Gallup has ever recorded, and 56% say that there is more crime in their local area than there was a year ago, also a record high.

The situation at our southern border also contributes to the sense that things are out of control. Direct experience

of this situation once was confined to border states, but as record numbers of migrants spread across the country, big cities are being overwhelmed physically and financially. Americans can see it for themselves on the local news.

Another factor is the proliferation of illegal and increasingly dangerous drugs, especially fentanyl. Deaths from drug overdoses rose from 52,404 in 2015 to 106,699 in 2021, and there is little evidence that this epidemic has abated. Efforts to halt the flow from China of precursor chemicals used to make fentanyl have shown only limited success.

Instability abroad also is adding to this sense of a loss of control. Historically, this feeling has fueled public demands for a strong hand prepared to do what it takes to get things back under control.

Unfortunately for President Biden, only 38% of the electorate views him as a strong leader, compared with 55% who believe former president Donald Trump is one. It's easy to imagine a Trump general-election campaign that focuses on regaining control through strong leadership. The outcome of the 2024 election may well be determined by how many Americans would feel reassured by the prospect of Mr. Trump's again exercising the powers of the presidency compared with how many find this prospect terrifying.

BOOKSHELF | By Kyle Smith

Ticked Off In Tinsel Town

Everywhere an Oink Oink

By David Mamet
Simon & Schuster, 256 pages, \$27.99

David Mamet is ornery and funny—a delightful grump. He's also 76 and doesn't need anybody's permission to say what's on his mind. He never seems to forget anything, least of all a grudge.

Rummaging through his memory bank, Mr. Mamet gives us "Everywhere an Oink Oink: An Embittered, Dyspeptic and Accurate Report of Forty Years in Hollywood," a short, chatty, discursive book padded with the author's comic doodles. Reading it is akin to spending an evening with the Pulitzer Prize-winning playwright, Oscar-nominated screenwriter, film director and TV-show creator, who has a lot to get off his chest.

Only a handful of writers alive can boast of Mr. Mamet's level of achievement, yet he bristles with frustration, vexation and indignation. All of which is to the good. Who

wants to hear from a smug member of the cognoscenti boasting of his success? It's much more pleasing to watch Mr. Mamet kick his enemies in the shins.

"The Untouchables," the 1987 smash he wrote for Brian De Palma, may strike most of us as a triumph, but Mr. Mamet remembers every annoyance that went into it. After its co-star Robert De Niro incessantly picked apart the script—"I have a problem with your Scene Two"—Mr. Mamet became, well, exasperated: "You read it before you took the part. . . . Why'd it get worse just because you have to act it?" The writer and the actor didn't speak for 10 years, even though Mr. Mamet wrote three more films in which Mr. De Niro appeared.

The author of the plays "American Buffalo," "Glenrarry Glen Ross" and "Oleanna," as well as innumerable screenplays—and the man who gave us such catch phrases as "coffee is for closers" and (roughly paraphrased) "never bring a knife to a gun fight"—loves to mix the earthy with the airy. "I must shake my head at the support positions sheltering those who, though they have a right to live, could perhaps employ that right other than in f— up my films." Then there is this nugget of wisdom, referring to the showbiz executives who think they can improve on Mr. Mamet's ideas: "The Committee is a tool in movies as in government, devouring the greatest of the organization's resources. It might seem to exist as a Counsel of the Wise, but it is actually a mechanism for the apportionment of blame." He adds that "the urge to share responsibility, and the fear of both error and censure, are inevitable and ineradicable components of communal life. So far, so good, but fear makes wretched storytellers."

Mr. Mamet went to Hollywood to write the 1981 remake of "The Postman Always Rings Twice" (with Jack Nicholson) and has worked there steadily, if biliously, ever since. ("No one out there, in forty years, liked my scripts.") The director of his own scripts for such indie movies as "House of Games," "Oleanna" and "The Spanish Prisoner," he learned to expect what he calls the "standard ruse" of producers who, as shooting is about to start, sadly confess that there is no longer room in the budget to pay a director, so would he like to waive his fee or watch the entire project collapse? All the money seems to wind up with "lemmings called Producers" and "various set harpies, political commissars, COVID annoyers, and other attack-puritans." Directing a film, he says, "is like playing chess while wrestling."

Mr. Mamet's movie-star recollections are generally good-humored, if at times off-color. He says that the first words he ever heard from Paul Newman (who starred in Mr. Mamet's script for "The Verdict") were: "I just got laid." This was in response to Mr. Mamet's "Hello." When filming "Spartan" with Val Kilmer, Mr. Mamet recalls lying

A memoir that offers broadsides, anecdotes and sharp comments instead of meditations on, say, the craft of screenwriting.

flat on the floor of the actor's camper, "beyond fatigue, drinking Bloody Marys, half vodka, half V8, and half horseradish, while he explained the Commerce Clause." He says that no force on earth could stop Marlon Brando when he had the munchies. Brando's Mulholland Drive neighbor, Mr. Nicholson, felt obliged to "wreath his refrigerator with thick padlocks and chains."

Experience pushed Mr. Mamet rightward politically, and he became increasingly outspoken about his views. Though he'll "read the instructions for a hammer, if well written," he asserts that "Inequity, Gender Politics, Feminism and like doctrines are like modern art: a first glance is sufficient. There's no information to be gleaned from an in-depth study." Of the self-righteous Oscar speech: "We speak and, as we are celebrities, believe that our speeches from the podium are other than platitudes or nonsense." He once went in the wrong entrance of a store and when a worker objected said: "It's alright, I'm an illegal immigrant."

Mr. Mamet has a fine cache of Hollywood quips and one-liners, passed along from one smart-aleck to the next. They were once common joshing, then became politically incorrect and are now career-endingly toxic. Playing off the Comintern, he calls the fellows who clustered around the gay director George Cukor the "Homintern." He rails against "the destruction of the Biz by Diversity Commissars" and compares the idea of making a version of "Wuthering Heights" with a mixed-race cast to making "a biography of Harry Truman, with the lead portrayed by an Asian woman."

One might expect someone of Mr. Mamet's stature to muse on the craft of writing or the artistic merit of Hollywood's best creations. But, really, there is plenty of that kind of thing elsewhere. "Everywhere an Oink Oink" is nothing but wicked jokes, angry broadsides and pointed gossip: in other words, the ideal Hollywood book. Mr. Mamet may grouse that something called the Eastern Cultural Bloc has treated his work with "grudging acknowledgment, maturing through antipathy into loathing," but those of us in the Normal Cultural Bloc have savored his words for decades. His is one of the great American voices. Who would disagree with Danny DeVito, who while shooting Mr. Mamet's sinewy thriller "Heist" added to the end of one hunk of dialogue: "I could say this s— all day"?

Mr. Smith is the Journal's film critic.

From Which River to Which Sea?

By Ron E. Hassner

When college students who sympathize with Palestinians chant "From the river to the sea," do they know what they're talking about? I hired a survey firm to poll 250 students from a variety of backgrounds across the U.S. Most said they supported the chant, some enthusiastically so (32.8%) and others to a lesser extent (53.2%).

But only 47% of the students who embrace the slogan were able to name the river and the sea. Some of the alternative answers were the Nile and the Euphrates, the Caribbean, the Dead Sea (which is a lake) and the Atlantic. Less than a quarter of these students knew who Yasser Arafat was (12 of them, or more than 10%, thought he was the first prime minister of Israel). Asked in what decade Israelis and Palestinians

had signed the Oslo Accords, more than a quarter of the chant's supporters claimed that no such peace agreements had ever been signed. There's no shame in being ignorant, unless one is screaming for the extermination of millions.

College students don't know, yet they agree with the slogan.

Would learning basic political facts about the conflict moderate students' opinions? A Latino engineering student from a southern university reported "definitely" supporting "from the river to the sea" because "Palestinians and Israelis should live in two separate countries, side by side." Shown on a map of the region that a Palestinian state would stretch from the Jordan River

to the Mediterranean Sea, leaving no room for Israel, he downgraded his enthusiasm for the mantra to "probably not." Of the 80 students who saw the map, 75% similarly changed their view.

An art student from a liberal arts college in New England "probably" supported the slogan because "Palestinians and Israelis should live together in one state." But when informed of recent polls in which most Palestinians and Israelis rejected the one-state solution, this student lost his enthusiasm. So did 41% of students in that group.

A third group of students claimed the chant called for a Palestine to replace Israel. Sixty percent of those students reduced their support for the slogan when they learned it would entail the subjugation, expulsion or annihilation of seven million Jewish and two million Arab Israelis. Yet another 14% of

students reconsidered their stance when they read that many American Jews considered the chant to be threatening, even racist. (This argument had a weaker effect on students who self-identified as progressive, despite their alleged sensitivity to offensive speech.)

In all, after learning a handful of basic facts about the Middle East, 67.8% of students went from supporting "from the river to sea" to rejecting the mantra. These students had never seen a map of the Mideast and knew little about the region's geography, history or demography. Those who hope to encourage extremism depend on the political ignorance of their audiences. It is time for good teachers to join the fray and combat bias with education.

Mr. Hassner is a professor of political science at the University of California, Berkeley.

OPINION

REVIEW & OUTLOOK

LETTERS TO THE EDITOR

The Supreme Court and a Wealth Tax

You almost have to admire the big-government legal lobby. Sensing a threat to their designs for a wealth tax, they turned the runup to the Supreme Court's Tuesday oral arguments in *Moore v. U.S.* into tax Armageddon.

"Supreme Court Will Hear Case That Could Upend The Current Tax System," headlined Forbes. The Washington Post called it "the Supreme Court tax case that could blow a hole in the federal budget," as if Congress hasn't already done that. Even former House Speaker Paul Ryan pushed the panic button, but he's been led astray.

The real danger is the Justices will blow up the Constitution's limits on Congress's taxing power. While the case involves a discrete provision of the 2017 tax reform, Solicitor General Elizabeth Prelogar acknowledged Tuesday that a ruling for the government could open the door to a wealth tax.

Congress in 2017 imposed a one-time "mandatory repatriation tax" (MRT) to pay for the transition to a territorial corporate tax system whereby U.S. corporations are taxed only on domestic income. The MRT taxed the U.S. owners of primarily American-controlled foreign corporations in proportion to their ownership stakes, based on the companies' retained earnings from 1986 to 2017.

This putative income tax was levied at a rate of 15.5% on earnings held in cash or, alternatively, 8%. The MRT targeted American multinationals with foreign subsidiaries that avoided U.S. taxes by accumulating earnings offshore. But Charles and Kathleen Moore were ensnared by the tax grab.

In 2005 the Moores invested in a friend's venture to distribute farm equipment in rural India. The company reinvested its earnings, and the Moores received no payout. They were nonetheless hit in 2018 with a \$14,729 tax bill on \$132,512 in "income" attributed to them based on their stake in the company.

They argue that the tax violates the Constitution's requirement that direct taxes levied on property and individuals be apportioned among the states based on population. The Framers enshrined this limitation on Congress's taxing authority to guard against "partiality or oppression" against disfavored persons and places, as Alexander Hamilton put it.

Congress 126 years later carved out an exception in the Sixteenth Amendment by letting it tax "incomes, from whatever source derived." The High Court's *Macomber* (1920) precedent held that a gain in asset value qualifies as income only if it is "received or drawn by the recipient (the taxpayer) for his separate use, benefit and disposal" (our emphasis).

The Ninth Circuit Court of Appeals rejected

the Moores' challenge and said "realization of income is not a constitutional requirement." The Ninth Circuit's opinion opened up a freeway to tax wealth and property. And wouldn't you know, President Biden's budget this year includes a 25% tax on the appreciation of assets of Americans with more than \$100 million in wealth.

During oral arguments, the Solicitor General claimed the MRT is no different than some other income taxes that Congress imposes, such as on undistributed earnings of partnerships and S-Corps. Invalidating the MRT, she warned, would "cause a sea change in the operation of the tax code and cost several trillion dollars in lost tax revenue."

But this need not be so. Under the High Court's doctrine of constructive realization, Congress can tax income that hasn't been physically received but which a taxpayer can still control or utilize. This is how Congress justified taxing income earned by "controlled foreign corporations" as the income of their controlling U.S. shareholders.

But the Moores couldn't control or demand payment of the reinvested earnings on which they were taxed. This distinguishes the MRT from the other taxes the SG cites. The Court could rule in the Moores' favor and overturn the Ninth Circuit without upending the tax code.

The government argued in its brief with the Court that the Sixteenth Amendment doesn't require that income be realized for it to be taxed. But the SG shifted during oral arguments to arguing that the MRT is merely a tax on "paradigmatic realized income at the entity-level, and this functions just like the pass-through taxes on partnerships."

In other words, as long as income is realized by someone at some time, someone else can be made to pay tax on it. But as the Moores' attorney Andrew Grossman asked, what's to stop the government from taxing shareholders of Exxon-Mobil on all of the company's reinvested earnings going back many years, even during years they didn't own shares?

Or as Justice Samuel Alito asked: "What about the appreciation of holdings in securities by millions and millions of Americans, holdings in mutual funds over a period of time without selling the shares in those mutual funds?" Ms. Prelogar replied: "I think if Congress actually enacted a tax like that, and it never has, that we would likely defend it as an income tax."

There you have it. The Biden Administration believes the Sixteenth Amendment lets Congress tax the unrealized appreciation of assets. As Justice Neil Gorsuch noted, when the Supreme Court opens a door, "Congress tends to walk through it." The Justices should close the wealth-tax door.

Tuberville's Hard Beltway Education

The Senate on Tuesday approved 425 U.S. military promotions, which usually wouldn't attract much attention. But Republican Tommy Tuberville had for months held these officers as hostages in a fight with the Biden Pentagon over abortion. Give the Alabama Senator credit for relenting.

Sen. Tuberville announced he'd release most of his holds, with the exception of a handful of four-star officers. Senate Democrats had been floating a procedural resolution to duck Sen. Tuberville's blockade, a risky precedent that could cramp every Senator's prerogatives to review nominees. That was an institutional outcome worth avoiding.

The Pentagon was the aggressor and wrong on the merits of public financing for abortion. In saner times the Biden Administration would have dropped its travel policy underwriting trips for an abortion. But the Biden crowd is bloody-minded enough to subjugate military promotions to their culture-war priorities.

Rep. Patrick McHenry Bows Out

With the national debt at \$33 trillion and counting, and the economy on a slow-growth trajectory, economic policy-making should be at a premium on Capitol Hill. Yet Republicans are losing another lawmaker who's serious about such things, after North Carolina Rep. Patrick McHenry said Tuesday he won't run for re-election next year.

Mr. McHenry's most famous role was spending three weeks as interim Speaker, after the GOP mutiny that ousted Kevin McCarthy. It was a silly interlude, but Mr. McHenry presided ably, in his trademark bow tie. His statement Tuesday didn't give a specific reason for stepping aside in 2024, other than that there's "a season for everything." He even tried to tamp down pessimism.

"There has been a great deal of handwringing and ink spilled about the future of this institution because some—like me—have decided to leave. Those concerns are exaggerated," Mr. McHenry wrote. "Whether it's 1974, 1994, or 2010, we've seen the House evolve over time. Evolutions are often lumpy and disjointed, but at each stage, new leaders emerge. There are many smart and capable members who remain, and others are on their

Yet that was also predictable. The Biden Administration will now declare victory on abortion because Mr. Tuberville blinked.

The Senator gives up an abortion fight he was always going to lose.

Democrats will take military officers hostage en masse next time they don't like the priorities of a Republican President, and they will cite the Tuberville blockade as precedent.

Sen. Tuberville was egged on by right-wing groups, which valorized him as a fighter for the sincerely held anti-abortion beliefs of much of the country. But Sen. Tuberville took a hill he couldn't hold, and the political damage compounded as more military officers became ensnared in the fight, unable to move their families or start new billets.

Don't be surprised if more Republican voters end up more cynical, having been promised a pro-life victory that was never attainable. The practical problem with scorched-earth political strategy is that it's usually more cathartic than successful.

way. I'm confident the House is in good hands."

In any case, Republican intellectual capital on economics is in need of renewal on Capitol Hill, and Mr. McHenry is only the latest departure. The three Ways and Means chairmen—Dave Camp, Paul Ryan and Kevin Brady—who laid the groundwork for the 2017 tax reform are gone. In the

Senate, Pat Toomey's retirement this year left a void on economic thinking that still hasn't been filled.

Mr. McHenry was first elected in 2004, and one perspective is that he's served his sentence as a conservative in Washington and is now eligible for parole. Yet he's 48 years old, and he took over the gavel on the Financial Services Committee only this year. It's hard not to wonder whether in an alternative universe, one with a less-dysfunctional House GOP conference, Mr. McHenry might stay to work on the next generation of conservative policy.

But is Congress no longer a place for serious people and instead mainly a venue for loudmouths who want to burnish their media brand? Readers can wish the best to Mr. McHenry and his family, while continuing to worry about the trend of smart conservatives who decide their options are better elsewhere.

Build Now to Be Able to Deter China Tomorrow

Gambling that no conflict happens in the Indo-Pacific is a dangerous bet unless the U.S. maintains effective military deterrence. Economic headwinds alone are unlikely to dampen President Xi Jinping's ambition to absorb Taiwan into the People's Republic of China or slow expanding Chinese influence throughout the region ("Don't Count on Economic Woes to Deter China" by Rep. Michael Gallagher, op-ed, Nov. 29).

Instead, it is plausible that economic woes caused by declining growth rates may tempt Mr. Xi to ramp up aggressive action overseas to shift domestic attention away from the economy. All the more so if Taiwan's ruling Democratic Progressive Party and its presidential nominee Lai Ching-te defeat a Beijing-friendly opponent in the coming election.

China's already large navy is grow-

ing and becoming a more capable threat to U.S. naval dominance in the Western Pacific. Meanwhile, the U.S. lacks adequate ship-repair capacity for its current fleet. Even under optimistic assumptions, existing construction capabilities can't meet the U.S. Navy's stated requirement for new attack submarines until 2049.

This situation inevitably erodes deterrence, but it can be fixed. Accelerating expansion and modernization of the U.S. defense industrial base needs to start now to stop China from achieving a naval advantage with potentially fatal consequences for America and our allies.

PROF. JAMES REGENS AND ALEXANDER GRAY
University of Oklahoma
Nichols Hills, Okla.

Mr. Gray served as chief of staff of the White House national security council, 2019-21.

'Between Dr. Strangelove and Machiavelli'

Reading about the policy successes and prescience of Henry Kissinger, along with the perennial droning criticism of him by the usual suspects ("Henry A. Kissinger, 1923-2023," Review & Outlook, Dec. 1), I am reminded of the adage: People may forgive you for being wrong, but they'll never forgive you for being right. And so it goes with liberals and Kissinger.

GREG DEBSKI
Howell, N.J.

As secretary of state, Kissinger was quite an influential political figure. His leadership dominated the news media. When I was a child, not fully understanding our executive branch's chain of command, I actually perceived him as being the president of the United States.

WAYNE E. WILLIAMS
Camden, N.J.

Kissinger projected an aura rarely seen in diplomacy. Although not an imposing figure, between the accent and demeanor he gave the impression of competence, knowledge and understanding. One simply had the feeling

that he knew the best strategy and everything would work out, somewhere between Dr. Strangelove and Machiavelli. We were lucky to have him on our side.

Our current guy, on the other hand, gives off the aura of the kid who gets his lunch money stolen at grade school.

JON LINKER
Houston

Former U.S. Sen. Joe Lieberman's comments on Henry Kissinger's sense of humor ("Around the World With Henry Kissinger," op-ed, Dec. 4) remind me of an incident I witnessed during one of Kissinger's speeches in the 1980s. Addressing a large formal dinner audience in a Los Angeles hotel ballroom, he was interrupted by loud rock music that struck up from an adjoining party room. Pausing as the pulsing music stunned the audience, Kissinger looked up with a smile and remarked, "Usually I have violins."

RAYBURN HANZLIK
Leesburg, Va.

Mr. Hanzlik served with Dr. Kissinger on the White House staff, 1971-74.

A Refundable Tax Credit for Kidney Donation

The Coalition to Modify NOTA—the National Organ Transplant Act of 1984—was created by four people, Ned Brooks, Matt Harmody, Cody Maynard and me, Elaine Perlman, who gave our kidneys to strangers. The coalition proposes legislation to launch a trial of removing disincentives for kidney donors who give to strangers.

"Why You Should Be Able to Sell Your Kidney" (Exchange, Nov. 25) doesn't explore our proposal, which we believe is an ethical, safe and regulated alternative: a refundable tax

credit of \$50,000 over five years to living kidney donors who give kidneys to strangers. About 93,000 Americans are on the kidney wait list, and 13 of them die daily. We estimate a million Americans will have failed kidneys by 2030.

The U.S. government spends nearly \$50 billion a year to pay for 550,000 Americans' dialysis, a treatment far more expensive in the long run than transplantation.

Each kidney transplant saves taxpayer money, and living kidney transplants are the gold standard for treating kidney failure. We estimate that taxpayers will save over \$10 billion by year 10 under our proposal. We need only one kidney to maintain vitality and longevity, and 95% of donors say they would do it again if they could. Providing a tax credit for donors is both logical and favored by over half of Americans surveyed.

ELAINE PERLMAN
New York

Repurpose the Covid Money

I'm no budget expert, but perhaps we could explore redirecting the \$90 billion in unspent Covid emergency money ("Treasury's Hidden Stash of Covid Cash," Review & Outlook, Dec. 4) to pay for most of the \$106 billion needed for Ukraine, Israel, the southern border, etc. ("Can Washington Still Do Anything?" Review & Outlook, Dec. 4). Or is this type of solution too obvious ever to be considered in Washington?

Of course, the most likely outcome is that we will waste the \$90 billion in excess Covid money and also never fully agree on supplemental funding for Ukraine, Israel and the border, thus producing multiple failures. That's how Washington works.

DANA R. HERMANSON
Marietta, Ga.

We Taught Young People To Handle Stress All Wrong

Allysia Finley makes many good points in "Chinese and American Hospitals Learn the Value of Germs" (Life Science, Nov. 27), but I have one quibble. She writes, "The problem isn't that young people are overly stressed. It's that they haven't been stressed enough." Neither statement is quite accurate.

The problem is that young people have been conditioned to believe that any challenge or discomfort is cause for not only stress but also real trauma, something that inflicts psychosocial harm. They are told that any criticism of their actions or words is criticism of their identity.

Too many young people are told that any and all discomfort they experience is a result of some overarching injustice to which they are unfairly subjected. This belief doesn't foster a mind-set that allows these people to live and function well in an imperfect world.

TERESA FOSTER
Delmar, N.Y.

Lawmakers, Do Your Jobs

I agree with your editorial "A Mail-Vote Time Bomb Keeps Ticking" (Nov. 27) that election regulations in Pennsylvania should be clarified before the 2024 election. But why is that job being forced onto the courts?

Pennsylvania law requires mail-in ballots to be dated, but it doesn't say what should be done if the date isn't there. Ideally, the Pennsylvania legislators would pass a law stating whether undated ballots should be counted. I can understand the reluctance of the Supreme Court to decide what should rightly be decided by Pennsylvania's elected officials.

RICHARD ABRAHAM
Havertown, Pa.

Letters intended for publication should be emailed to wsj.letters@wsj.com. Please include your city, state and telephone number. All letters are subject to editing, and unpublished letters cannot be acknowledged.

Pepper ... And Salt

THE WALL STREET JOURNAL



"The pump shut off five minutes ago, Frank."

OPINION

Another Wrong Way to Measure Poverty

By Phil Gramm
And John Early

The credibility of the Census Bureau's official measure of poverty didn't survive the pandemic. Though government payments for social benefits rose by \$1.5 trillion, or 47%, between 2019 and 2021, they didn't dent the official poverty rate. The rate rose to 11.6% from 10.5%. President Biden claimed that the pandemic increase in the refundable child tax credit would cut child poverty in half, but the subsequent official census rate rose from 14.4% to 15.3%. These results were predictable because the official poverty measure fails to count 88 social benefits that low-income Americans receive from the government as part of their income, including almost all of the pandemic benefits.

The real rate is 2.5%, but the Census Bureau inflates it by excluding most social-welfare benefits.

With the official poverty measure discredited, the Biden administration is pushing the experimental Supplemental Poverty Measure, which counts about half of the social benefit payments as income but redefines the income thresholds that determine who is counted as poor in a way that ensures the poverty threshold rises as median income rises. The official poverty measure has hardly changed for more than 50 years, even as social benefit payments to the average household in

the bottom 20% of income earners have risen from \$9,700 to \$45,000 in inflation-adjusted dollars, because most of these payments simply aren't counted as income to the recipients.

To address the public incredulity and embarrassment arising from its preposterous official measure of poverty, the Census Bureau began highlighting the Supplemental Poverty Measure by publishing it in the same press release along with the official measure. This newer measure, which counts refundable tax credits and other pandemic benefits as income, produced a poverty rate that declined from 11.7% in 2019 to 7.8% in 2021 and the politically desired effect of reducing child poverty from 12.6% to 5.2% over that period.

The fatal flaw of the official poverty measure is that it doesn't count most government subsidies, such as Treasury checks beneficiaries receive from refundable tax credits, debit cards loaded with food-stamp allowances, and Medicaid payments as income to the recipients. When all benefits are counted, the percentage of Americans living in poverty falls to only 2.5%. Bruce Meyer of the University of Chicago and James Sullivan of the University of Notre Dame arrived at a similar figure by comparing the actual goods and services consumed by poor households in 1980 with the actual level of consumption of households that were being counted as poor in 2017. They found that only 2.8% of households in 2017 were consuming at or below the actual poverty consumption level. These findings also comport



DANIEL ALEXANDER/REUTERS

with the Census American Housing Survey, which has found that 42% of poor households own homes with an average of three bedrooms, 1½ bathrooms, a garage and a porch or patio. The average poor American family lives in a home larger than the average home of middle-income families in France, Germany and the U.K., and 80% of poor American households have air conditioning.

Although the Supplemental Poverty Measure counts more government benefits as income than the official measure, it defines poverty in relative terms so that it rises as median income rises. The Census Bureau defines the official poverty measure as "the inability to satisfy minimum needs." By that definition, "the poor are those whose resources—their income from all sources, together with their asset holdings—are inadequate." The thresholds used in the official measure are the cost of a defined quantity of goods and services required

by a specific size and type of family to satisfy its minimum needs. The thresholds have been adjusted for inflation, increasing in current dollars by 776% since 1967, but the definition hasn't changed.

The Supplemental Poverty Measure defines the poverty threshold in relative terms as the amount of income necessary to purchase 83% of the median family's consumption of food, apparel, shelter and utilities plus an additional 20% of that total for other smaller necessities. Under this relative definition, no matter how much the median household spends on food, apparel and other necessities and no matter how luxurious those items might be, members of families that don't have enough income to pay for that percentage of median household consumption will always be counted as poor, no matter how well off they are.

Since its inception in 1999, the supplemental poverty thresholds have risen by 42% more than the

official poverty thresholds and about the same amount as median income simply because median households have bought more and higher-quality items in categories defined by the Census Bureau as necessities. Adopting the Supplemental Poverty Measure as the official measure would assure that economic growth that raises the level of income and consumption across the entire economy wouldn't significantly reduce the poverty rate. It would decline significantly only with additional income redistribution. The American Enterprise Institute's Kevin Corinth has shown that adopting the supplemental measure as the qualification standard for welfare payments alone would add more than three million households to the welfare rolls and increase federal welfare payments by more than \$124 billion over the next 10 years.

When will Congress end this charade and demand that the Census Bureau give the nation an accurate measure of poverty? At what point does bureaucratic and political bias become fraud when it raises government spending by hundreds of billions of dollars and causes millions to leave the workforce?

Mr. Gramm is a former chairman of the Senate Banking Committee and a nonresident senior fellow at the American Enterprise Institute. Mr. Early served twice as assistant commissioner at the Bureau of Labor Statistics and is an adjunct scholar to the Cato Institute. They are co-authors with Robert Ekelund of "The Myth of American Inequality."

The Border Crisis Stymies Needed Immigration Reform

UPWARD
MOBILITY
By Jason L.
Riley

Illegal border crossings continue to dominate the migrant debate, which is understandable given that we are, as John Adams put it, a nation of laws. Illegal entries have reached record highs in recent years, and the Biden administration's response is best summarized as somewhere between incompetence and indifference.

Republicans want Democrats to pay a political price in next year's election, and perhaps they will. But the situation on the border isn't simply another political headache for the administration, like high gasoline prices or upticks in violent crime. Rather, it's a major issue that could reverberate for decades—no matter which party wins next year.

For starters, porous borders compromise homeland security. The world is a dangerous place, as recent events have reminded us, and the government needs to know who's entering the country. Increasingly, the southern border has be-

come a portal not only for Central Americans but also for tens of thousands of foreign nationals from as far away as Asia and Africa. A large majority are economic migrants in search of employment and better living conditions. Still, the possibility that some small percentage is coming here to do us harm deserves more attention than it's getting from the White House.

Releasing millions of "asylum seekers" into the U.S. interior with little clue of who they are or where they are headed may seem like madness, but Democrats in Congress think it's a pathway to comprehensive immigration reform. Which brings us to a second pressing problem with the current migrant mess. So long as the border problem persists at crisis levels, the debate over how to repair our immigration system for admitting people legally is going nowhere.

Donald Trump believes that foreign nationals reduce job opportunities for U.S. natives, but the fact remains that despite heightened levels of undocumented immigration, the country still has far more job openings than job seekers. The real problem is a labor shortage

that hasn't gone away even as wages have risen. According to Douglas Holtz-Eakin, a former head of the Congressional Budget Office, demographic trends are to blame, and more legal immigration should be part of any solution.

"The retirement of the Baby Boom generation is swelling the ranks of retirees entering the large entitlement programs that rely on

Too many migrants are entering illegally, but the system for legal admissions has broken down as well.

labor taxes for their funds, raising the specter of a future of smaller cohorts of workers paying higher taxes in a slower-growing economy," Mr. Holtz-Eakin writes in a new paper. "The reform of employment-based immigration can address the near-term scarcity of labor, as well as the looming demographic crisis created by low fertility and the retiring Baby Boom generation."

Among the changes that Mr. Holtz-Eakin calls for is a less-restrictive H-1B visa program for skilled workers. The number of visas, which often go to graduates of U.S. universities, has been capped at 85,000 since 2004, even though more than 480,000 people are currently seeking one. Visa holders aren't permitted to switch jobs or start businesses. In addition to the low cap, no country may receive more than 7% of the annual allotment, a rule that stymies nationals from populous countries such as India. "The result is long wait times for skilled workers and an inflexible system for employers," Mr. Holtz-Eakin writes.

Opponents of the visa program argue that employers use it to hire foreign nationals at lower salaries than they would have to pay an American worker. But that would be a clear violation of the law, and academic studies repeatedly have shown that H-1B visa holders receive the same or higher pay than comparable U.S. professionals.

Mr. Holtz-Eakin stresses that our inefficient migrant policies are noticed by other countries and have put us at a competitive disadvan-

tage in the international competition for human capital. Earlier this year Canada announced that it was offering 10,000 work permits to foreigners residing in the U.S. on H-1B visas. Within 48 hours of the program's launch, all the slots were taken. "At present," Mr. Holtz-Eakin writes, "the near-term outlook for labor is scarcity, the long-term trend is slowing population growth, and the United States' global competitors are more successful in attracting high-skill immigrants."

You can support more legal immigration and better border security at the same time, and polling shows that most Americans do. They understand that allowing more people to come lawfully will help reduce unlawful entries. Moreover, there is agreement among Democratic and Republican lawmakers that the system is dysfunctional and outdated. There is no reason we can't upgrade our policies in a way that accommodates the aspirations of migrants and satisfies the demands of a 21st-century economy. But don't expect to see bipartisan appetite for constructive reform so long as illegal immigration rages unchecked.

A Documentary Honors the 'Magnificent Ukrainians'

By Tunku Varadarajan

Paris

Every isolationist American politician who would turn his back on the Ukrainians should be made to watch "Glory to the Heroes," a film by Bernard-Henri Lévy that premieres in New York on Wednesday. The film highlights the valor of Ukraine's soldiers, as well as the crimes of a Russian army that has raped, tortured and murdered civilians, blown up a dam, and bombed apartment blocks, churches and schools.

The documentary is Mr. Lévy's third on the Ukraine war, all co-directed with Marc Roussel. The first and second were "Why Ukraine" (2022) and "Slava Ukraini" (2023), the latter title a patriotic salute that means "Glory to Ukraine." He prays he won't have to make a fourth. For that would mean the Ukrainians haven't won the war, and that his mission to ensure the

world pays heed to Ukraine, "that it doesn't switch off," is still unfinished. "I hope this is the last film," Mr. Lévy says in an interview in his Paris apartment, "but it depends on Biden."

It depends on Congress, too, which is squabbling over how much aid to give Kyiv, or whether to give it at all. The "magnificent Ukrainians," Mr. Lévy says, "do the best they can. They cannot do more. They cannot shed more blood. They cannot show more bravery. They cannot have higher morale. They are at the maximum." He is unabashed in expressing his "love and admiration for these people." They are "heroic, chivalrous, like knights on Europe's front line." What is missing is game-changing support, which must come from America.

When the history of the Ukrainian war is written one day—God willing, by victorious Ukrainians—there will be a grateful paean to Mr. Lévy, a 75-year-old French phi-

losopher who has made the war his righteous obsession. He has traveled to Ukraine 12 times since Vladimir Putin invaded in February 2022, and he doesn't simply park himself in the capital. He ventures almost always to the front lines at personal peril, taking risks that he, a wealthy author renowned in France, has no need to face. He embeds with Ukrainian troops—"eating what they eat, sleeping where they sleep"—and reports on the combat, highlighting how they have been more than a match for the vaunted Russian army.

In startling footage, Mr. Lévy's film shows interviews with captured Russian soldiers, non-Slavic conscripts sent to fight with no military training. One prisoner says he was released from jail by the Russian Defense Ministry on condition that he go to Ukraine. He was told he would be an auxiliary but was sent to the front lines. Surrendering was a no-brainer, the only

way to escape certain death in an unequal battle against war-hardened Ukrainian soldiers.

Mr. Lévy would like Russian citizens to watch his film and is working on ways—which he won't disclose—to make it available to stream in Russia. With this film, he

A French philosopher and filmmaker embeds with troops, says Biden could turn the war for Kyiv.

says, "they will see the truth face to face. The movie is a terrible condemnation for them, of what they've done in Ukraine, of the mediocrity of their army. They should be ashamed."

But not all Russian soldiers are feckless conscripts, and the Ukrainians are at a stalemate. "We ha-

ven't provided what we promised," Mr. Lévy says of the West. "If Ukraine does not win, it will be a disaster for the whole world. If Putin wins in Ukraine, China will attack Taiwan." Mr. Lévy laments in his film, which he narrates, that "we provide enough weapons for the Ukrainians not to lose, but not enough for the Ukrainians to win." He calls this "a sort of devilish, diabolic calculation. It's not consciously made, of course, but the dosage is exactly what's necessary to hold the line, but not to advance."

Mr. Lévy acknowledges that his is "a partisan film, committed and passionate. I take sides." He marvels at the morale of Ukrainians. "When your very existence is at stake, you have no choice." And so their resolve, their spirit, is a form of self-protection. The Ukrainians also have "great values," he adds. "You can see if a people are great or not by the way they react when they face annihilation—of their culture, their identity, their children."

To watch the Ukrainians fight back against the Russians has been a "revelation" for Mr. Lévy, and his films are a tribute to their martial will to survive. He contrasts this—he's "sad to say"—with the record of his own countrymen in World War II. "Eighty-five years ago the French were facing their own existential threats. And except for a few, they did not behave so well." If Ukraine had behaved like France, he says, "the war would be over." *Slava Ukraini!*

Mr. Varadarajan, a Journal contributor, is a fellow at the American Enterprise Institute and at the Center on Capitalism and Society at Columbia University.

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Notable & Quotable: Speech

Legal scholar Eugene Volokh in an interview with Politico, Dec. 5:

To the extent that people do conclude, "Yes, this speech is beyond the pale, we have to suppress this kind of speech," and that it's legitimate for the government to suppress this kind of speech or for private universities that have before endorsed broad free speech rights . . . I think it would be very dangerous.

There's a phenomenon I call "censorship envy," which I think we're seeing a lot of here. It's just a reflection of what I think is human nature. If somebody says things that I find

really offensive, but everybody else has to deal with things that they find offensive, I can say, OK, fine, I'm just going to try to ignore this person or argue against them or just have to deal with it, because everybody has to deal with it.

But if I see that other groups have gotten speech that they dislike suppressed, then I think what kind of chump am I if I tolerate speech I dislike. I should get at least the kind of protection against offensive speech that other groups are getting. And I think we're seeing that in a lot of arguments for suppressing the anti-Israel speech.

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Gold Soars on Prospects for Fed Cut

Bets that lower rates will hurt bond market have lifted the metal to a record

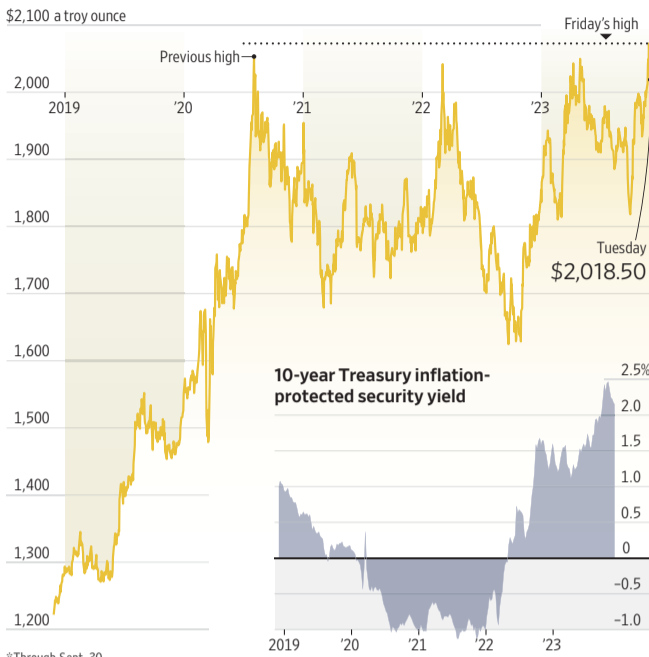
By BOB HENDERSON AND YUSUF KHAN

The prospect that interest rates might have peaked is powering gold prices to record highs.

Futures for delivery of gold in December settled at \$2,071 a troy ounce Friday, topping their previous high of \$2,051.50 an ounce hit in August 2020. Gold has advanced for seven of the past eight weeks, bringing its gain this year to 11%. That puts futures on track for their best annual performance since 2020, when Covid-19 crashed the economy and lifted the precious metal 24%. Futures have fallen 2.5% to \$2,018.50 this week through Tuesday.

The record is being watched closely on Wall Street, where gold stands at the intersection of several market crosscurrents at a particularly puzzling time. People often buy the precious metal as protection against inflation, but inflation is falling. Gold attracts investors seeking to hide out from economic downturns, but the economy remains strong, and expectations it will slow just moderately—while contentious—have helped fuel stock gains.

Gold futures price, front-month contract



*Through Sept. 30 Sources: FactSet (Futures); Federal Reserve via St. Louis Fed (Treasury inflation-protected security yield); Metals Focus, Refinitiv GFMS, World Gold Council (gold purchases)

Many cite the potential for rate cuts from the Federal Reserve as a factor behind gold's current climb. Expectations that rates will come down sparked rallies in stocks and bonds in recent weeks, with investors betting that cooling inflation means the Fed will cut with or without a recession. Bond yields have

dropped sharply, including on an inflation-adjusted basis.

Investors often turn to gold instead of bonds when inflation-adjusted yields—known as real yields—decline. That reduces the benefit of bonds' regular payments compared with gold, which pays no income. It also marks a switch from recent years,

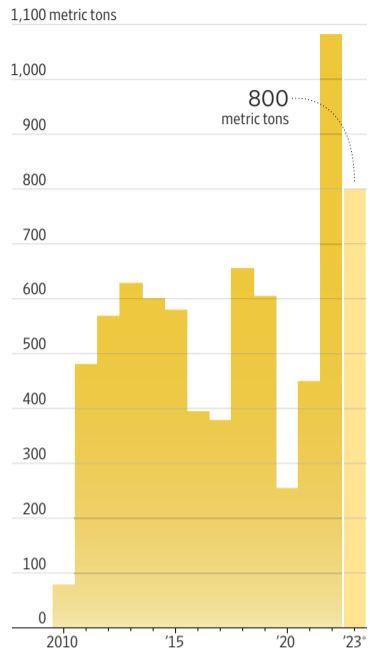
when rising real yields weighed on gold prices, disappointing those who had touted the metal's potential as protection against the spike in inflation. The fall in yields has also dragged down the dollar, making gold cheaper for investors outside the U.S.

Investors tend to buy gold

when they are nervous. Futures first crossed \$2,000 during gold's pandemic run, jumped after Russia invaded Ukraine in 2022 and leapt again when Silicon Valley Bank collapsed in March. Gold gained more than 5% in the week after Hamas attacked Israel on Oct. 7.

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Central bank gold purchases



FTC Probes Exxon's Deal for Pioneer

By DAVE MICHAELS AND COLLIN EATON

U.S. antitrust enforcers are investigating Exxon Mobil's plan to acquire Pioneer Natural Resources, which would be the largest oil-and-gas deal in two decades, according to securities filings.

The Federal Trade Commission has sought additional information from the companies about the deal, a step it takes when reviewing whether a merger could be anticompetitive under U.S. law, Pioneer disclosed in a filing Tuesday. Merger investigations on average take about 10 months to complete, according to data compiled by law firm Dechert.

The FTC, which shares antitrust authority with the Justice Department, can sue in court to block a merger or decline to take action, effectively clearing the deal. Companies sometimes cancel deals when they learn an antitrust agency plans to sue to stop the transaction. The agencies annually investigate about 2% to 3% of the deals that are large enough to require reporting to the government.

Exxon in October proposed to buy Pioneer in a \$59.5 billion all-stock deal, a takeover that would make Exxon the largest oil producer in the Permian Basin of West Texas and New Mexico, the most active U.S. oil field. It would be Exxon's largest deal since its \$75 billion merger with Mobil in the late 1990s.

"We're working to provide requested information," Exxon spokeswoman Michelle Gray said. "From an anticompetitive perspective, it's critical to remember the com-

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Nuns Sue Smith & Wesson Over AR-15s

By CAMERON McWHIRTER AND ZUSHA ELINSON

A group of activist nuns filed an unusual shareholder lawsuit to pressure gun maker Smith & Wesson to drastically change the way it markets, makes and sells its popular version of the AR-15 rifle.

The shareholder derivative action, which the nuns filed in Nevada state court Tuesday against publicly traded Smith

& Wesson, alleges that company leaders are putting shareholders at risk. They argue the leaders are exposing the company to liability by the way they have made and sold the rifle, which has been used in several mass shootings in recent years.

Smith & Wesson didn't respond to a request for comment about the suit.

This type of lawsuit is brought by a group of share-

holders against the company's leadership claiming they have breached their duties. Such suits are common with publicly traded corporations, but lawyers said it appeared to be the first time one has been brought against gun makers over the manufacture and marketing of guns.

The legal action by the nuns, who aren't major shareholders and collectively own about 1,000 shares of the com-

pany, comes amid a flurry of lawsuits against gun companies that were spurred by a \$73 million settlement between the families of those killed in the Sandy Hook Elementary School massacre and Remington in a suit over its marketing practices.

Though the 1,000 shares are a small portion of Smith & Wesson shares, it allows the group to raise governance questions as shareholders. The

nuns have used the strategy of owning shares to raise concerns on a range of issues with other large companies, including Hyatt Hotels and General Electric.

Lawrence Keane, senior vice president and general counsel for the National Shooting Sports Foundation, which represents gun makers, called the lawsuit frivolous.

"This same group has been

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San Francisco Developers Tackle Housing Woes

By PETER GRANT

Real-estate developers are launching a series of residential projects in San Francisco, responding to new efforts by the state and city to create more housing in one of the country's most expensive places to live.

In what would be the city's most ambitious residential development in several years, local property developer Bayhill Ventures last month announced plans for a 71-story rental tower in San Francisco's ailing financial district.

Elsewhere, 10 office-to-residential conversion plans have been submitted to the city in neighborhoods including the financial district. If completed, they would add more than 1,250 units to the city.

Property developers say the plans for new projects reflect government efforts to reduce costs and eliminate red tape for new construction and conversion of office buildings to apartments.

"There is no better time to entitle a project than right now," said Anne Taupier, development director of the city's Office of Economic and Workforce Development.

In some cases, the city and state are easing or rolling back other political priorities to foster more housing. In September, San Francisco changed the rules so that developers can build market-rate apartments with fewer requirements to provide affordable housing. Recently passed state legislation reduces environmental and other reviews facing some

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STREETWISE | By James Mackintosh

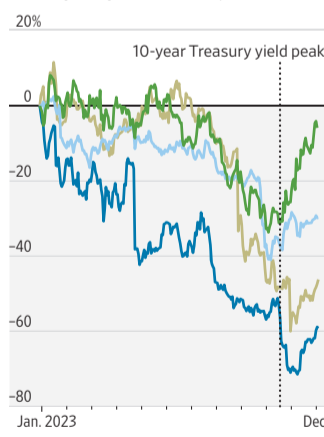
Green Investments Have Room to Grow

Invest according to your political views, and you're unlikely to make money. Companies that appeal to left-wingers or to right-wingers might be good or bad investments, but the fact of being, on current politics, clean and union-friendly for the left or oily and gun-friendly for the right is neither here nor there. What matters is their ability to make money and how highly they are valued.

This has been rammed home for environmentally-minded investors in the past year, as a coordinated selloff in anything with green credentials crushed the idea of making money while doing good.

It turns out that the real world is tougher than advocates of ESG—environmental, social and governance—investing claimed. The lessons have been hard, but should remind investors in the sec-

Share-price performance, year to date



Source: FactSet

tor of some of the basic facts of investing. The fall in prices has improved the outlook for the stocks.

This year has been almost universally bad for clean in-

vestments. The two worst performers still in the S&P 500 are solar companies Enphase Energy and SolarEdge Technologies, down 60% and 70%, respectively. Hydrogen

L&G Hydrogen Economy ETF, since launch



stocks have fallen sharply, led by Plug Power, which warned it might not survive. Wind-farm developers have been doing so badly they have pulled out of some con-

tracts, with Denmark's Ørsted off 48% in dollar terms and Florida-based NextEra Energy off 29%.

Electric cars have disappointed, too, hitting startups and suppliers and pushing the price of lithium ores, used to produce the battery metal, down by three-quarters or more, although market leader Tesla's stock has been an exception.

Just as there was a coordinated green selloff, there has been a coordinated partial rebound in the past month or so.

This provides the first lesson: debt. The clean-energy sector is dependent on vast amounts of borrowing, so high interest rates really hurt. Roman Boner, who runs a clean-energy fund at Dutch fund manager Robeco, points out that major projects are typically financed with 80% debt, so rises in financing

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Procter & Gamble logs a \$1.3 billion charge as it lowers the value of its Gillette unit. **B3**



PROPERTY REPORT
Builders chase a new niche in Florida's booming aerospace sector. **B6**

Biotech Executive to Oversee Industry's Powerful Lobby Effort

By BETSY MCKAY

John Crowley burst into the back hallway of a Cheesecake Factory in New Jersey where his daughter Megan and her nurse had just finished lunch.

Megan, 26 years old, was lying unconscious on the tile floor next to her wheelchair. She was grayish, her lips purple. Nearly a quarter-century after plunging into biotech to find drugs to save Megan and her younger brother, Patrick, from a rare and deadly genetic

disease, Crowley feared the battle had suddenly been lost.

A police officer performed CPR and got Megan's pulse back. Crowley grabbed a manual breathing bag and started giving Megan air the way he knew works best for her.

A day later, Megan was home recovering from her most life-threatening emergency since she had pneumonia as a baby. The scare jolted Crowley toward a realization: As far as rare-disease drugs have come, they need to be

much better. He resolved to devote the next act of his career to saving not just his children but the biotech industry.

"There is massive unmet need, and the whole ecosystem just isn't coming together," said Crowley, 56, executive chairman of Amicus Therapeutics. He helped develop two drugs to treat Megan, Patrick and others with Pompe disease, which causes heart and skeletal muscles to

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Biotech Lobby Gets New Chief

Continued from page B1 waste away. The Food and Drug Administration approved the second drug in September.

Crowley will take on his biggest role yet in March, when he becomes chief executive officer of Biotechnology Innovation Organization, a powerful trade group whose members are mostly small health-focused companies. Crowley will succeed Rachel King, who has served as interim CEO since Dr. Michelle McMurry-Heath resigned after disagreements with some BIO board members.

Board members had just met in Washington, D.C., in October and interviewed candidates for permanent CEO when Crowley, the board's vice chair, broached the idea of applying for the job. It was three days after Megan's collapse and a day after meeting with patients and advocates at a conference held by BIO.

"I used to say I have two hats. I have my biotech CEO or entrepreneur hat, and I have my dad hat," Crowley had told attendees of the conference at a Washington hotel. "And then I realized it's really just one great big hat."

BIO's board chair, Dr. Ted Love, said Crowley stood out for his experience as a biotech CEO as well as the breadth of his connections with lawmakers, executives and patients. "John is a guy who can help us change the narrative about



John Crowley, above, helped develop medicine for his daughter, Megan, and her brother Patrick.

the industry," Love said.

The Wall Street Journal chronicled the early years of Crowley's work on the first drug, which he credits with fixing his children's hearts, the most life-threatening aspect of the disease.

Reporter Geeta Anand expanded on her stories in a book, "The Cure," that inspired the 2010 movie "Extraordinary Measures" starring Brendan Fraser as Crowley, Keri Russell as his wife, Aileen Crowley, and Harrison Ford as a researcher Crowley worked with.

Science behind treating and curing diseases is more promising than ever, Crowley said. But political problems, regulatory requirements, instances of exploitative pricing in biotech and middlemen adding further costs are getting in the way of more medical advances.

"We need to get back the magic of biotechnology," he said.

A slump in biotech stock prices and planned changes in what the government pays for some drugs have hurt companies' ability to raise money for research and development. Crowley said his mission will be to "prevent bad laws and promote good laws and policies."

He said he would advocate for patients to get drugs they need and for lower out-of-pocket costs and other policies to ensure universal access and make drugs affordable.

"We've got to put patients at the center," he said.

He will push for less bureaucratic and more flexible processes for approving drugs. And he is pressing for technical fixes to drug-price controls included in the Biden

administration's Inflation Reduction Act. Pharmaceutical companies say parts of the law discourage investment in the types of drug that often come in pill form and make up about 90% of pharmaceuticals.

While drugs for rare diseases are exempt from price negotiation under the act, the exemption is removed if a drug is approved for more than one indication. Companies often try to get more than one indication for a rare-disease drug to find a wider market and reach more patients.

He also wants to distance the industry from companies that have given biotech a bad name by charging exorbitant prices for drugs that they didn't invest in developing, he said.

"We need to call out the bad actors," he said.

Smith & Wesson Is Sued

Continued from page B1

filing shareholder proposals and losing so I guess they're trying a new tactic," Keane said.

Jeffrey Norton, a partner with the New York law firm of

Newman Ferrara and the lead attorney for the nuns on the case, said that the approach has worked in other industries.

"The theory we are pursuing has been successful in a lot of different situations, but it's novel in pursuing it with the gun industry," Norton said.

Joe Kavan, a lawyer who represents firearms companies, said it was an unusual legal tactic and the case will be watched closely.

"It will get a great deal of publicity initially and if they

get an activist judge it may survive summary judgment," said Kavan. "But with most judges I can't see how it will survive. It's just too speculative."

The nun groups—the Adrian Dominican Sisters in Adrian, Mich.; the Sisters of Bon Secours USA, based in Marriottsville, Md.; the Sisters of St. Francis of Philadelphia, based in Aston, Pa. and the Sisters of the Holy Names of Jesus & Mary, U.S.-Ontario Province, based in Marylhurst, Ore.—filed the 47-page suit in

Clark County District Court in Las Vegas.

The gun company's marketing practices "played a significant role in contributing to many of the most heinous gun crimes in United States history" by promoting its guns in ads mimicking first-person shooter games "appealing to young, and predominantly male consumers of such games," the suit says.

The nuns are calling on the company to adopt a new marketing approach to limit the gun's appeal to younger men,

including teenagers, or disturbed people.

"We're trying to get it out of the hands of troubled people," Norton said. The nuns also called for stricter safety standards for how the gun is manufactured, so that gun owners can't easily adapt the semiautomatic rifle so that it mimics a machine gun.

The AR-15 rifle first was developed for the military in the 1950s, and a version of the rifle, capable of automatic and semiautomatic fire, was adopted by the U.S. military in

the 1960s and named the M16. A civilian, semiautomatic version of the AR-15 today has become the most popular rifle in America. Civilians today own more than 20 million, according to industry estimates.

Smith & Wesson first started selling its version of the rifle called the M&P 15 in 2006 and was a major producer of an AR-15 rifle by 2020, according to the suit. The company made more than \$695 million in revenue from the sale of AR-15s from 2012 to 2021, according to the suit.

Exxon Deal Draws FTC Scrutiny

Continued from page B1

bined companies represent approximately 5% of the total U.S. oil and gas production."

Oil companies' shares fell as U.S. crude prices dropped Tuesday. Exxon shares fell almost 2% Tuesday to \$100.44. Pioneer shares also fell 2% to \$225.78.

Some oil executives and deal makers had anticipated a recent series of acquisitions would draw federal antitrust scrutiny. But antitrust regulators have rarely taken measures to thwart deals involv-



The deal would be Exxon's largest since its merger with Mobil. Vintage gas pumps on display at Exxon headquarters.

ing oil producers, often taking the view that their products compete globally.

Investors expect larger oil companies to continue scooping up smaller rivals. As top-tier drilling spots have become harder to find in the

Permian, executives have realized they can extract more value out of their land by selling it than by drilling it.

Two weeks after Exxon announced its plans, Chevron said it would buy Hess in a \$53 billion all-stock deal. Oc-

cidental Petroleum is in talks to purchase CrownRock, a large private oil company in the Permian, for more than \$10 billion, The Wall Street Journal reported last week.

Some analysts have argued that Exxon and Pioneer together make up a negligible portion of global oil production and that the deal couldn't affect prices for oil or fuel. Exxon said it could save billions of dollars in value via synergies by bringing its operations to Pioneer's land and played down the need to make cuts to head count.

Exxon Chief Executive Darren Woods said the deal would increase U.S. energy security and benefit consumers by bringing the oil company's technical prowess and financial wherewithal to bear on shale resources.

The question is whether the hype has left. Laud worries that one year of high rates won't have crushed all the excesses built up in 12 years of near-zero rates. But clearly valuations are much lower than they were, and she is hopeful there are opportunities to be found now.

"The huge green premium you had previously is no longer there," says Velislava Dimitrova, who runs sustainable funds at Fidelity International. Clean-energy stocks are "much more interesting than they used to be—I don't believe that renewables are dead."

In the bond market, investors are no longer paying much if any "greenium," or extra price for green bonds. In stocks, it is harder to judge: The S&P Global Clean Energy index trades at a discount to the global market on some measures, but not others, making it difficult to conclude that the sector as a whole is a wonderful bargain.

Still, it is good news for buyers that the hype has evaporated. Investors who care about profits more than purpose can finally consider clean-energy stocks again.

Green Investors' New Hope

Continued from page B1

costs have a big impact on competitiveness.

Investors who bought into green stocks probably didn't think they were making a leveraged bet on Treasuries, but that is what they ended up with. It isn't only about corporate financing costs, either. High borrowing costs hit consumer demand for rooftop solar and for electric cars, both of which are often leased, since leasing costs depend on the cost of debt.

At a very high level, this is about long-term thinking. Low rates encourage investors to think long term, because they make future profits almost as valuable as current profits, and encourage borrowing to try to secure those future profits.

High rates encourage short-term thinking by making profits today far more valuable than future profits.

Why bet on the future when you can earn 5% from Treasury bills? Short-term we get fossil-fuel profits, while long-term we get either clean energy or global warming; recently investors have been encouraged by rising rates to think short term.

The second lesson: government. Ronald Reagan overstated it when he said: "The nine most terrifying words in the English language are: 'I'm from the government, and I'm here to help.'" But investors who rely on state subsidies to ensure profits leave themselves at the mercy of both fickle politicians and the bureaucrats Reagan was concerned about. This year's sell-off has been worsened by the bureaucrats and their failure to provide the details of many of the subsidies promised in last year's badly named Inflation Reduction Act.

"We're still hoping to get them by year-end," says Ed Lees, co-head of the environmental strategies group at

BNP Paribas Asset Management. The next problem might be the politicians, at least if Donald Trump wins the presidency and torches the IRA. Lees thinks this will be hard, because so many IRA-subsidized projects are heading for Republican states. But Trump certainly has no sympathy for environmental causes.

The third lesson is the one most relevant to buying today: valuation. Buying stocks when they are trendy and wildly overpriced is a recipe for disaster. Perhaps the most extreme example of late is the L&G Hydrogen Economy ETF, launched in London at the height of clean-energy excitement in February 2021. It plummeted from day one, never regained its launch price, and is down 55% since then.

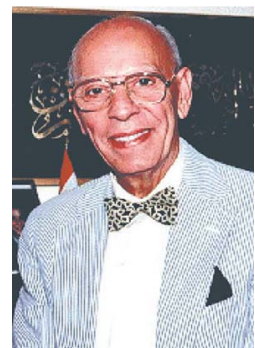
"We've seen a very harsh reality check," said Sonja Laud, chief investment officer of L&G Investment Management.

It is good news for buyers that the hype around green stocks has evaporated.

In Memoriam

For more information: wsj.com/inmemoriam

Ibrahim M. Oweiss, Ph.D.



BETHESDA, MD. - A beloved husband, father, brother, and professor, Dr. Ibrahim M. Oweiss died on Monday, November 27th, 2023, in Bethesda, MD, USA, leaving behind a rich legacy in social sciences and distinguished service in Egypt, the country of his birth, and in the United States, the country in which he lived since early 1960. Starting in 1961, Professor Oweiss taught at University of Minnesota, Western Maryland College, Johns Hopkins University, Harvard University and with the longest tenure at Georgetown University since 1967 until he retired in 2009 with the last four years teaching at the School of Foreign Service of Georgetown University in Qatar.

While on leave from academia in 1977-79, he was the Chief of the Egyptian Economic Mission to the U.S. with the rank of Ambassador. He earned his undergraduate degree from King Farouk University in Alexandria Egypt, while his M.A. and Ph.D. degrees in economics from the University of Minnesota in the United States.

Dr. Oweiss authored over sixty scholarly publications among which were: Petrodollar Surpluses, Arab Civilization, The Political Economy of Contemporary Egypt, The Arab Gulf Economies Challenges and Prospects, A View on Islamic Economic Thought and in a pioneering work on oil revenues, he coined the terms "Petrodollars" and "Hostage Capital" in 1974. The "Oweiss Demand Curve" was first presented at Oxford University in 1982. His autobiography, A Tale of Two Cultures, was published in September 2011.

In addition to other national and international honors, President Anwar Sadat awarded Dr. Oweiss with Egypt's Order of Merit, First Class. Her Majesty Queen Elizabeth sanctioned his admission to the order of St. John. In addition, he holds the Grand Cordon of the Order of Mohammed Ali Pasha and the Knight of the Order of the Queen of Sheba as well as the Burmese Knight Grand Commander.

Dr. Ibrahim M. Oweiss is survived by his wife Céline, his daughter Yasmeen, his son Kareem, four sisters: Zeinab, Khadija, Eisha (Safia), & Fatma, a brother Zakaria M. Oweiss M.D., a daughter-in-law Julia White, a son-in-law Dr. Mark Burns, four grandchildren: Ashling Burns, Kieran Burns, Sofia Oweiss, and Lexi Oweiss.

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BUSINESS NEWS

P&G Takes Hit Of \$1.3 Billion On Gillette Unit

By NATASHA KHAN

Procter & Gamble said it was booking a \$1.3 billion charge on its Gillette business, adjusting the value of a shaving giant that it took over nearly two decades ago.

P&G bought Gillette for stock initially valued at \$54 billion in 2005, making it a dominant player in the global razor business. The unit has struggled in recent years as upstarts, such as Dollar Shave Club and Harry's, have entered the market with lower prices. As of June 2023, P&G estimated its grooming business was worth about \$14.1 billion. It isn't the first time that P&G has had to write down the value of its shaving business. In 2019, it took an \$8 billion charge on Gillette, citing currency devaluations and a contraction in the blades business in more developed markets.

On Tuesday, P&G said in a securities filing that the underlying performance of the Gillette business remains strong and the latest adjustment is a noncash accounting

charge. The company and its auditors at Deloitte re-evaluated the value of the Gillette brand and expected future earnings each year as they adjust their forecasts of inflation and impact of events such as the Russian-Ukrainian war.

At a Morgan Stanley conference on Tuesday, P&G's finance chief, Andre Schulten, also issued cautious commentary about the state of business in China, a major market for the consumer goods giant.

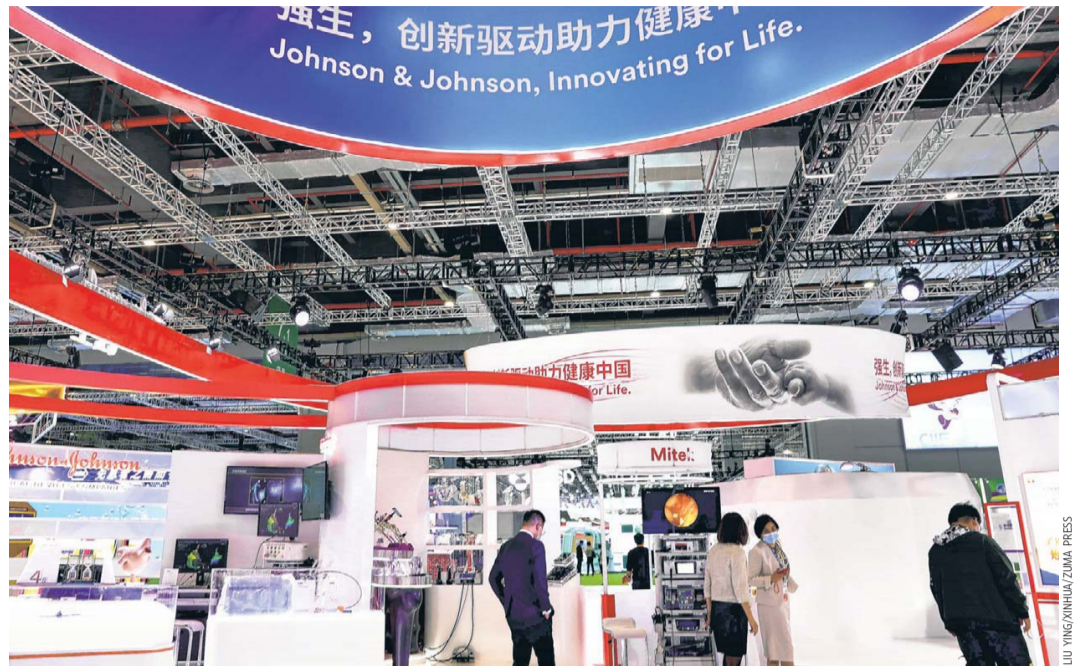
"We said all along we believe the recovery to be slow and bumpy," said Schulten. "And honestly, what we're seeing is right now that China will probably get worse in all categories before it gets better."

P&G shares closed down 3.5% Tuesday.

In the latest fiscal year, sales in P&G's grooming segment fell about 3% to \$6.42 billion while profit slipped 2% to \$1.46 billion. The segment includes Gillette razors for men, Venus razors for women and Braun electric shavers.

—Robb M. Stewart contributed to this article.

Johnson & Johnson Eyes 7% Yearly Sales Growth



Johnson & Johnson is targeting sales growth of as much as 7% a year in the coming years, driven by its innovative medicine and MedTech operations.

The company, which planned to host a meeting with investors in New York Tuesday to present its strategy, said it anticipates opera-

tional sales growth of 5% to 6% in 2024. Adjusted operational per-share earnings are set to come in at \$10.55 to \$10.75 for the year, which at the midpoint would mark a rise of 7.3%.

Over the five years through 2030, Johnson & Johnson said it expects compound annual sales growth of

5% to 7%, including at least 3% operational sales growth in 2025 despite the entry into the U.S. of a Stelara biosimilar.

Johnson & Johnson said its MedTech operations aim to build its position with continued expansion into high-growth markets such as interventional cardiovascular,

robotics and digital. The business is targeting operational sales growth in the upper range of its markets, which the company said are projected to expand 5% to 7% through 2027. It added the business is expected to generate one-third of sales from new products in 2027.

—Robb M. Stewart

Prime-time viewership, select cable-news channels



Note: 2023 data through Nov. 30 Source: Nielsen

News Upstart Gets a Chance to Shine in GOP Debate

By ISABELLA SIMONETTI

The next Republican presidential primary debate will give the two-year-old cable-news upstart NewsNation a chance to introduce itself to a wider audience.

Launched in 2021 as a fully fledged news network, NewsNation has struggled to make a mark in the crowded cable-news landscape, trailing behind the more established brands despite high-profile hires such as former CNN host Chris Cuomo. Adding to its chal-

lenges, the overall audience for cable TV keeps shrinking every year amid cord-cutting.

NewsNation on Wednesday is slated to host the fourth Republican presidential debate, bringing the event to a platform unfamiliar to many.

It is unusual for such a young network to host a high-profile event like a presidential debate. It comes as the Republican National Committee is trying to balance reaching conservative audiences via conservative media outlets with a desire to reach viewers outside of

the conservative ecosystem. NewsNation has been pitching itself as a just-the-facts alternative to the big cable-news networks.

The event will be hosted by NewsNation anchor Elizabeth Vargas and two outside co-moderators: former Fox News and NBC News host Megyn Kelly and Washington Free Beacon editor in chief Eliana Johnson.

Jonathan Klein, the former president of CNN US who now runs a sports streaming platform, said the debate is going

to put NewsNation "in front of a lot of people who might not have even heard of them before, or might've heard of them but dismissed them."

NewsNation was the result of a rebranding of WGN America, an entertainment-focused network that parent Nexstar Media Group decided to turn into a news channel.

Hosting presidential debates can be challenging for even the most seasoned moderators, as candidates eager to stand out frequently interrupt one another and look to deliver head-

line-making barbs.

Of the three moderators, Kelly is the only one with experience on a presidential debate stage, including a memorable exchange with candidate Donald Trump during the first Republican debate of the 2016 cycle, in August 2015.

The debate, which starts at 8 p.m. ET, will be available on NewsNation and the CW, which is controlled by Nexstar. Additionally, the debate will be livestreamed on NewsNation's website and Rumble, a conservative news platform.

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TECHNOLOGY

WSJ.com/Tech

Podcasters Advertise Like Hollywood

Competition pushes more audio firms to pay to promote their shows like movies

BY KATIE DEIGHTON

In a shopping mall in Los Angeles' Century City, a 1,200-square-foot room was painted green, covered in Christmas decorations and filled with an espresso bar, a cotton-candy stand and a step-and-repeat area for photoshoots. An actor dressed in a furry green suit makes an appearance on weekends.

The Grinch's Holiday Green Room, as it is called, is one of L.A.'s latest pop-up experiences, the kind usually deployed to build excitement around big-budget TV shows and movies. But this one is promoting a podcast, an entertainment format that until recently got by almost entirely with low-key marketing support.

For its "'Tis The Grinch Holiday Podcast," Amazon podcast studio Wondery rolled out in an expansive campaign that has more in common with the movie-marketing playbook than

the far cheaper one employed by many podcast makers for the past decade and a half: bartering host-read ads and hoping for a good placement on the home page of podcast apps.

Other podcast companies are taking a similar approach as competition for listeners mounts and investors start to get serious about profitability. They are turning the audible into the visual to advertise shows across billboards, streaming platforms and the internet, and hiring marketing executives from studios and streamers to lead the charge.

"Our starting point was always Hollywood-style content," said Nicole Blake, Wondery's head of franchise development. "And now we're bringing that Hollywood approach to how we go to market."

Podcast listenership has been on an essentially upward trajectory since the medium first emerged in the mid-2000s. The industry is primarily funded by two groups: advertisers sold on the premise that they can reach young, educated consumers, and technology companies looking to turn listeners into paying subscribers with a relatively cheap form of media. Spotify, which this



For its "'Tis The Grinch Holiday Podcast,' Wondery rolled out in an expansive campaign.

week said it would lay off 17% of its workforce, poured more than \$1 billion into the category.

Successful podcast companies in the 2010s seldom considered advertising their shows in the traditional sense, podcast executives said. With demand on the rise but the pool of shows still relatively small, most studios could rely on word-of-mouth, PR and bartering, whereby one podcast

would advertise another in exchange for the same favor.

"We used to be able to roll out a podcast, mention it on a few other shows and boom, we'd have like 200,000 downloads a week, easy," said Kristin Hume, senior director of brand and marketing at NPR.

Then a wave of new shows came. More than one million new podcast series were released in 2020, up from over 23,000 in 2010, according to

podcast search engine Listen Notes.

The visuals that appear with a podcast in apps and in marketing now require more investment, executives say. So more cash is being spent on designing striking artwork to stand out on the likes of Spotify and Apple Podcasts, and on filming studio talent for YouTube and TikTok. Offline, billboards are an appealing visual medium for podcast marketers,

who rarely have big enough budgets to buy TV commercials.

Podcasters including Slate, Pushkin Industries and iHeartMedia have placed ads in busy areas like Times Square and alongside roads across the country to spark interest for shows including "Slow Burn," "The Happiness Lab" and "Atlanta Monster."

NPR, which went through layoffs and had its marketing budget cut this year, now advertises its podcasts on YouTube, Spotify and connected TV platforms including Hulu. Since 2021, it has run at least one million-dollar campaign a year, the latest of which promoted the work of its Black podcast hosts.

Blake, the Wondery executive behind the Grinch campaign, joined the company in 2021 from Warner Bros., where she led global franchise development of the Harry Potter brand. The company, which declined to say how much it is spending on the campaign, plans to apply the tried-and-true Hollywood concept of intellectual property to more podcasts, giving priority to ideas that might expand into books, TV series, live events and other podcasts, Blake said.

Musk AI Startup Seeks to Raise \$1 Billion

BY ALEXA CORSE

Elon Musk's artificial-intelligence company, xAI, is looking to raise \$1 billion, according to a new SEC filing.

Musk launched xAI in July, with the company saying its mission is "to advance our collective understanding of the universe." Musk spent months recruiting researchers and has envisioned the new effort as becoming a rival to OpenAI, whose ChatGPT sparked an AI frenzy in the tech industry.

According to the filing with the Securities and Exchange

Commission, xAI has already raised a total of nearly \$135 million from four investors.

Musk has also said the world needed an alternative AI option to Alphabet's Google which helped pioneer the modern era of artificial intelligence, and to Microsoft, which is OpenAI's largest investor.

Musk co-founded OpenAI but left the company after a dispute over its control and direction. He has since criticized OpenAI's ChatGPT as being tainted by what he called "the woke mind virus," among other issues.

Last month, xAI launched

its first product, a bot called Grok.

The company said that Grok will "answer spicy questions that are rejected by most other AI systems," and warned, "please don't use it if you hate humor!"

xAI said that Grok accesses real-time knowledge of the world via X, the social-media platform formerly known as Twitter that Musk acquired over a year ago.

The company says on its website that it is separate from the social-media company X but that it plans to work closely with X, Musk's

automaker Tesla and other companies.

In a post on X in November, Musk said that investors in the social-media company X will own 25% of xAI. He recently said that access to Grok is being slowly rolled out to people who purchase a Premium+ subscription via the X platform, which starts at \$16 monthly.

While Musk has a history of trying to influence the development of artificial intelligence, he has also expressed concerns about the potential safety risks and has called for government regulation.

Shop the Scene: Why Walmart Launched a 23-Episode Rom-Com Series



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BUSINESS & FINANCE



Wall Street's analysts are broadly bullish about gold's medium-term prospects. Gold jewelry is sold at a store in India.

Rate Outlook Helps Gold

Continued from page B1

But investors said more prosaic worries abound, including fears that the rally in stocks and bonds has carried their prices too high, especially if the economy lands in a recession.

"Gold has become a proxy for Fed rate-cut expectations and general unhappiness," said Nicky Shiels, metals strategist at MKS PAMP.

The recent run-up has boosted shares of miners. The VanEck Gold Miners exchange-traded fund, which holds stakes in diggers such as **Newmont**, **Barrick Gold** and **Agnico Eagle Mines**, saw a surge of inflows in November and rose 12% over the month, compared with an 8.9% gain for the S&P 500 index.

Investors, however, are di-

vided about gold itself, said Suki Cooper, precious-metals analyst at Standard Chartered. Individuals are buying gold coins at a brisk pace, which she interprets as concern about geopolitical risk. Meanwhile, ETFs such as **SPDR Gold Shares** that hold the physical metal have seen outflows this year, which Cooper chalks up to professional money managers forgoing gold for higher-yielding assets.

Such signs that many speculators are on the sidelines and might still buy into the rally buoy traders who already own gold such as Stephen Klein, chief operating officer and co-portfolio manager at hedge fund AFBI.

"It's super underinvested, and everybody hates it," Klein said of gold. "I love the fact that positioning's not there."

Another factor powering 2020 prices' recent climb is a recent rush to gold by many of the world's central banks. They were largely net sellers of gold for decades after 1971, when then-President Richard Nixon cut the link between gold and the U.S.

dollar. But central banks became buyers after the 2008 global financial crisis, seeking to diversify their holdings, said Krishan Gopaul, a senior analyst at the World Gold Council.

Led by those of China, Poland and Singapore, central banks this year are on pace to surpass their record gold purchases of 2022, when the roughly 1,100 metric tons they acquired made up nearly 30% of the world's mining production. Central-bank buying was a key reason gold's value held fast last year, despite the rapid climb in rates, said Aakash Doshi, Citigroup's head of commodities research, Americas.

"The structural price floor for gold is higher," said Doshi, "and central banks are a big part of that story."

Some factors could still work against gold. A bond selloff could generate a reversal in real yields. Prices this high are also likely to slow buying of physical gold—by central banks, but also in China and India, the two largest buyers of bars, coins and jewelry, said James Steel,

chief precious-metals analyst at HSBC.

Steel added that recycling rates have jumped in places like India when prices reached \$1,900 an ounce, with more consumers looking to cash in on the high gold prices. "If you effectively do not have retail consumers supporting then you really only have investors to keep supporting the market," he said.

Still, Wall Street's analysts are broadly bullish about gold's medium-term prospects. J.P. Morgan forecasts a series of Fed rate cuts between the second half of 2024 and the first half of 2025 will lift prices to \$2,300.

Traders for now are focused on next week's Fed meeting. Independent metals trader Tai Wong, a 30-year markets veteran, is holding off on adding to his core long gold position because he thinks the central bank is likely to signal a slower pace of rate cuts than the market expects. "I do think the market is getting ahead of itself," Wong said, "This Fed meeting will be very important to reset expectations."

Australia's Evolution To Raise \$348 Million For Northparkes Mine

By RHIANNON HOYLE

Evolution Mining said it will raise 525 million Australian dollars in equity, equivalent to \$348 million, to buy an 80% stake in the Northparkes copper and gold mine in Australia's New South Wales state from China's **CMOC Group**.

The Australian gold miner said Tuesday it will purchase the operation for an upfront payment of \$400 million and up to \$75 million in further payments linked to market prices. The deal will be partly funded by a new five-year debt facility equivalent to \$132 million, Evolution said.

The global mining sector is experiencing a wave of deal making, contrasting with a lull in overall global M&A activity. Miners seek to secure a pipeline of commodities essential to the global energy transition such as copper, used in electric vehicles and renewable energy infrastructure.

U.S.-based **Newmont** recently bought Australia's largest listed miner, Newcrest, in part to increase its exposure to the copper market.

Evolution's own production of copper is expected to account for roughly 30% of total revenue in fiscal 2024, the miner said. Northparkes has been operating since 1994,

and a processing plant at the site produces a copper, gold and silver concentrate for export.

"Following a period of higher capital investment, the asset is now entering a cash-flow-generation phase, aligned with our strategy to continue to deleverage our balance sheet while delivering returns to our shareholders," said Chief Executive Lawrie Conway.

The mine is located in a region well known to Evolution, and it has significant mineral resources, Evolution said.

Roughly 138.2 million new Evolution shares will be issued under the fully underwritten placement, at a price equivalent to \$2.52 a share, an 8.2% discount to Monday's closing price.

Evolution will also undertake a share-purchase plan for eligible retail shareholders, which will be used to help with integration costs and for working capital.

The company also said it has agreed to a separate deal to supply a unit of CMOC with copper concentrate from the Northparkes mine. It expects the Northparkes acquisition to be completed before the end of the month.

Japan's **Sumitomo** will keep its 20% interest in the operation, said Evolution.



Part of Evolution's gold operations in Mungari, Australia.



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Notice regarding a voluntary public acquisition offer in the form of a partial offer to the shareholders of Telefónica Deutschland Holding AG

Telefónica Local Services GmbH ("**Bidder**"), a wholly-owned subsidiary of Telefónica, S.A., is making an offer to acquire up to a total of 550,882,742 non-par value registered shares in Telefónica Deutschland Holding AG (each a "**Share**") for cash consideration of €2.35 per Share pursuant to an offer document approved by the German Federal Financial Supervisory Authority on the date hereof (the "**Offer**").

The acceptance period for the Offer commences today and expires on January 17, 2024 (inclusive), unless extended.

While the Bidder has published a non-binding English convenience translation of the offer document, the German version is the only binding offer document. Both versions, which include the terms and conditions of the Offer as well as other information, are available at <https://www.td-offer.com>.

Ismaning, December 5, 2023

Telefónica Local Services GmbH

THE PROPERTY REPORT

Florida's Space Coast Lures Builders

Developers look to aerospace niche as offices struggle and apartment rents cool

BY KONRAD PUTZIER

Hines is developing a sprawling industrial park near Florida's Cape Canaveral, aiming to cash in on the booming aerospace industry.

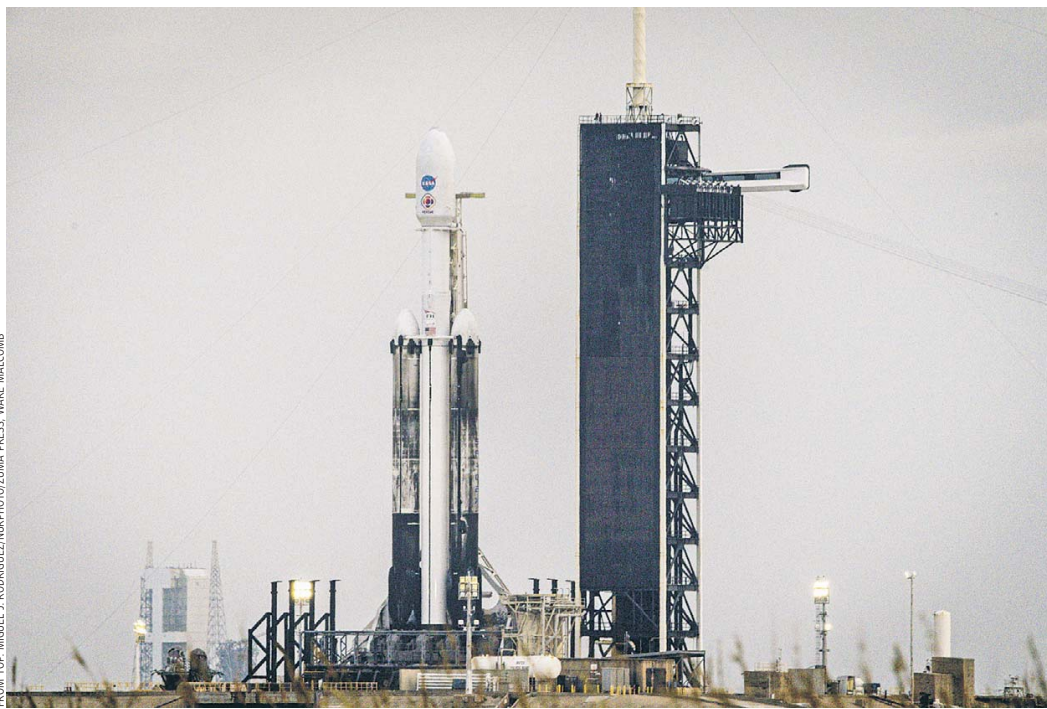
The giant Texas real-estate firm is betting that companies such as Jeff Bezos' **Blue Origin** and Elon Musk's **SpaceX** and their suppliers will pay high rents for warehouses and manufacturing space close to launch sites that can store rockets, space shuttles, satellites and any parts used to build and maintain them.

Hines's \$500 million project in partnership with local developer Key Group highlights a shift in the real-estate industry: Developers are increasingly looking to niche industries as offices and some retail spaces struggle, and as apartment-rent growth slows. Some property firms are building data centers to capitalize on the growth of artificial intelligence. Others, such as Hines, are turning to outer space.

"Aerospace is really a new and emerging supply chain," said Ryan Wood, managing director of industrial development and acquisitions at Hines for the Southeast region. "We feel like the real-estate industry hasn't quite kept up."

Rockets and spaceships are big and expensive, making it hard to transport them to launch sites by road or rail. They also require an army of suppliers. That creates demand for storage and manufacturing facilities close to launch sites.

The development also shows how the space industry is transforming a mostly sleepy coastal stretch east of Orlando. Hines and Key Group control a 450-acre property in Titusville, a short drive from the Cape Canaveral rocket-launch site. The developers plan to break ground on the project's first three warehouses spanning 639,000



Below, a rendering of an industrial park Hines plans to build near Florida's Cape Canaveral, above.

square feet in early 2024 and complete them in 2025, Wood said.

The companies said they are in talks with possible tenants but have yet to sign any leases. The total project will span around 3 million square feet.

SpaceX has launched rockets from Cape Canaveral, and companies such as Blue Origin, **Boeing** and **Lockheed Martin** have facilities nearby. Despite the booming space business, the area still has relatively little warehouse space, pushing up rents.

"It is very tough to find space out there right now," said David Murphy, an executive vice president at real-estate brokerage CBRE. That makes the area appealing to developers despite higher interest rates, which have pushed up the cost of buying and building real estate.

Hines and Key Group aren't the only developers looking to



make the math work. Key Group's principal Kathleen Yonce said she began looking for land near Cape Canaveral in 2019. The company signed a deal to lease the site from the Titusville-Cocoa Airport Authority in 2022 and brought on Hines as a partner this year.

Building warehouses for space companies has its challenges. Because rockets are a lot bigger than Amazon packages, the distance between columns needs to be longer and roads need to be wider. But for the most part the buildings will look like any other warehouse, Yonce said.

With its fresh capital, Ares said it aims to pursue real-estate deals in which a fund manager offers all investors in a particular pool the chance to cash out their holdings to incoming secondary buyers or remain invested in the vehicle. The firm intends to acquire secondhand fund stakes directly from investors.

Ares Banks \$3.3 Billion To Acquire Fund Assets

BY ROD JAMES

Ares Management wrapped up fundraising for its latest program dedicated to acquiring stakes in private real-estate investment vehicles and aims to capitalize on mounting refinancing needs among asset managers in the sector.

The listed alternative-assets firm, best known for its roughly \$268.9 billion private-credit operation, collected \$3.3 billion for its Landmark Real Estate Fund IX and related vehicles.

The secondaries program focused on property funds is the first raised by Ares since it entered the market by purchasing secondaries firm Landmark Partners for \$1.08 billion in 2021.

The amount collected matches the size of Landmark's eighth real-estate fund, which the firm closed in 2018. Ares had targeted \$3.5 billion for the latest fund, according to a document prepared for the Connecticut Retirement Plans and Trust Funds. The state committed up to \$150 million to the program last year, including capital for co-investments.

This year, even the largest fund sponsors have struggled to meet their fundraising goals, as research provider PitchBook Data reports. Carlyle Group in Washington ended its latest flagship buy-out fund campaign with \$14.8 billion after seeking at least \$21 billion and peer TPG is expected to miss a \$15 billion target for its ninth main fund, PitchBook said in a report last week.

Deals led by a fund's general partner, often called GP-led transactions, give managers of an investment pool extra time and capital to hold on to properties rather than sell them. Such transactions provide an increasingly useful tool when debt needs to be refinanced at a far higher interest rate than the original loans carry, according to Michelle Creed, a firm partner and co-head of real-estate secondaries at Ares.

"We can be that friendly liquidity provider," she said. "It really does help to bridge that moment in time when the capital markets start to unfreeze and there is a buyer on the other side who can acquire it well capitalized." The assets involved in GP-led deals are often performing well despite the need to refinance at higher rates, she said. Roughly \$2.75 trillion of U.S. commercial real-estate debt will reach maturity from this year to 2027. At the same time, the Mortgage Bankers Association predicts commercial-property lending this year will fall 38% compared with last year, creating a need for refinancing that firms such as Ares hope to meet.

Ares also expects to invest in data centers, European student housing and rental homes through its new fund, added James Sunday, a firm partner and co-head of real-estate secondaries. The firm's outlook on U.S. office space remains unfavorable so it is unlikely to invest in such opportunities unless a highly diversified portfolio includes the asset as a small component, he added.

The number of real-estate secondary deals that closed or were placed under contract rose 17% to a record \$12.4 billion last year compared with 2021, according to Ares data. The firm is the second large player in the sector to wrap up a new fund recently, after Blackstone concluded fundraising for its eighth program in November.

Ares had \$23.3 billion of secondary assets under management at the end of September, including private-equity, property, infrastructure and credit funds, the firm said.

Airbnb Appoints New Chief Of Finance

BY WALDEN STEW

Airbnb appointed Ellie Mertz, an 11-year veteran of the short-term rental company, as its new chief financial officer.

Mertz succeeds Dave Stephenson, Airbnb's CFO since 2019, who was promoted to become the company's chief business officer, a newly created role.

"Under her leadership, our company grew from adolescence to adulthood, with revenue growing over 100x," Airbnb co-founder and Chief Executive Brian Chesky said in a statement. "Ellie's superpower is that she combines a comprehensive knowledge of our business with impeccable judgment."

Chesky said the company created the chief business officer role "to embark on our next chapter as a company. Airbnb is at an inflection point. We spent 2023 perfecting our core service, and we're now ready to turn the corner," Chesky said in an email to staff on Tuesday.

The company also said that Catherine Powell, global head of hosting at Airbnb, has decided to move to an adviser role and leave Airbnb next year.

Mertz previously served as vice president of finance, leading strategic finance and analysis, corporate development, and investor relations. She also oversaw Airbnb's successful 2020 IPO. She will transition to CFO after the company's February earnings call. Before Airbnb, Mertz served as vice president of finance at Netflix, where she held various finance leadership roles from 2007 to 2013.

Developers Tackle Housing

Continued from page B1

multifamily projects. Some affordable-housing advocates said they grudgingly accepted the changes because they recognized the need to jump-start the broader housing market. A \$300 million housing ballot measure next year proposes to make up for some of the lost resources, said John Avalos, executive director of the Council of Community Housing Organizations.

"There was a lot of grumbling" among affordable-housing advocates, he said. But, he added, "We had to be able to give up something to change market conditions for any kind of development." San Francisco experienced an acute housing crisis in the years leading up to the pandemic, partly because of what developers called onerous rules that limited new development. The low supply, combined with the city's booming economy and tech sector, produced some of the highest rents in the country.

The pandemic sent rents and occupancies plummeting as San Francisco's population declined and companies adopted work-from-home policies. The exodus did nothing to fix the city's homelessness crisis, but it did create other headaches for the city: emptied-out office districts and closed hotels and stores.

Many of the new state housing initiatives are designed to address the affordable-housing shortage that is affecting many California cities. San Francisco's rule changes are focused primarily on ways to ease the office-space glut and its overall economic decline through the production of market-rate housing.

The city's office vacancy jumped to a record 25% as of



A rendering of Bayhill Ventures' planned rental tower in San Francisco's financial district.

late November, compared with about 5% in the fourth quarter of 2019, according to data firm CoStar Group.

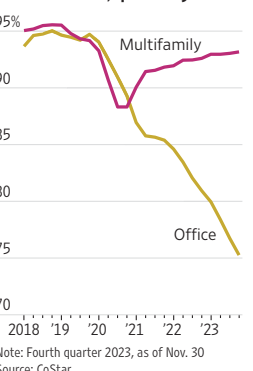
Developers and city officials are focusing more on residential projects because San Francisco rental apartments have rebounded more than other commercial-property sectors. Vacancies declined to 7% in November, compared with a pandemic high of 12% in 2020, CoStar said.

Apartment rents have been "clawing their way back" thanks to the growing number of San Francisco companies that are requiring employees to work out of their office at least a few days a week, said Sean Burton, chief executive of Los Angeles-based Cityview, a rental-apartment firm that owns two San Francisco properties.

But Burton pointed out that the San Francisco market hasn't fully recovered. Out of Cityview's 55 properties in Western states, the two in San Francisco are the only ones with rents that haven't returned to or exceeded prepandemic levels, he said.

Bayhill Ventures said it expects its proposed San Francisco project to complete the government approval process by next summer. The development still needs to obtain con-

Occupancy rate in San Francisco, quarterly



struction financing, which is problematic in today's high-interest-rate environment.

Paul Paradis, who founded Bayhill this year, hopes the financing climate will be better when he gets closer to breaking ground. "We're sort of avoiding that issue right now," he said.

If the project proceeds as planned, it would open in 2028. Bayhill said it would charge top-of-the-market rents of more than \$8 a square foot a month. That would come to more than \$8,000 a month to rent a 1,000 square foot apartment.

The 672-unit building will

BONDS

Tracking Bond Benchmarks

Return on investment and spreads over Treasurys and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%) Latest	Yield (%) Low	Yield (%) High	Total return close	YTD total return (%)	Index	Yield (%) Latest	Yield (%) Low	Yield (%) High
Broad Market Bloomberg Fixed Income Indices						Mortgage-Backed Bloomberg Fixed Income Indices					
2006.59	2.8	U.S. Aggregate	4.90	4.180	5.740	1973.75	1.9	Mortgage-Backed	5.090	4.140	6.050
U.S. Corporate Indexes Bloomberg Fixed Income Indices						Global Government J.P. Morgan ¹					
1951.12	2.4	Ginnie Mae (GNMA)	5.120	4.170	6.020	533.52	2.3	Global Government	3.250	2.680	3.810
3026.55	5.3	U.S. Corporate	5.450	4.830	6.430	1159.84	1.8	Fannie mae (FNMA)	5.090	4.140	6.050
2927.38	5.0	Intermediate	5.400	4.730	6.350	1796.98	2.8	Freddie Mac (FHLMC)	5.020	4.090	6.190
4023.33	5.9	Long term	5.560	5.010	6.600	577.97	3.9	Muni Master	3.335	2.757	4.311
582.28	4.2	Double-A-rated	4.880	4.320	5.760	411.30	3.3	7-12 year	3.061	2.392	4.097
811.11	6.1	Triple-B-rated	5.700	5.080	6.700	464.99	5.0	12-22 year	3.732	3.257	4.742
High Yield Bonds ICE BofA						Global Government J.P. Morgan ¹					
510.25	10.1	High Yield Constrained	8.334	7.781	9.560	436.15	5.8	22-plus year	4.373	4.020	5.274
482.79	14.8	Triple-C-rated	14.152	13.413	15.718	533.52	2.3	Global Government	3.250	2.680	3.810
3442.93	10.6	High Yield 100	7.769	7.022	9.101	790.78	3.5	Canada	3.360	2.880	4.260
443.75	9.4	Global High Yield Constrained	8.311	7.868	9.440	349.85	5.0	EMU\$	3.033	2.461	3.790
338.43	9.5	Europe High Yield Constrained	6.899	6.646	8.022	647.74	4.5	France	2.900	2.290	3.630
U.S. Agency Bloomberg Fixed Income Indices						Global Government J.P. Morgan ¹					
1755.73	3.7	U.S. Agency	4.760	4.130	5.390	460.08	3.7	Germany	2.340	1.730	3.030
1554.63	3.7	10-20 years	4.750	4.120	5.370	277.92	0.05	Japan	1.070	0.710	1.300
3311.96	3.8	20-plus years	4.890	4.300	5.740	499.16	4.1	Netherlands	2.600	1.970	3.320
2659.18	4.8	Yankee	5.250	4.670	6.110	777.86	-0.6	U.K.	4.320	3.310	4.880
						Emerging Markets ™ 7,702 7,102 8,842					

¹Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds ²In local currency \$ Euro-zone bonds ³EMBI Global Index Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P. Morgan

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasurys on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Coupon (%)	Maturity, in years	Country/	Latest (▲/▼)	Yield (%)	0	1	2	3	4	5	Previous	Month ago	Year ago	Spread Under/Over U.S. Treasurys, in basis points	Year ago	
														Latest	Prev	Year ago
4.875	10	U.S.	4.575 ▼	4.575							4.656	4.828	4.392			
4.500	10		4.171 ▼	4.171							4.286	4.557	3.598			
0.250	2	Australia	4.098 ▼	4.098							4.131	4.364	2.994	-46.8	-133.9	
3.000	10		4.427 ▼	4.427							4.462	4.736	3.374	24.9	-21.1	
0.000	2	France	3.051 ▼	3.051							3.126	3.370	2.125	-151.6	-220.9	
3.500	10		2.799 ▼	2.799							2.922	3.235	2.326	-137.9	-125.9	
3.100	2	Germany	2.609 ▼	2.609							2.680	2.961	2.115	-195	-221.9	
2.600	10		2.250 ▼	2.250							2.659	2.648	1.883	-192	-170.2	
3.600	2	Italy	3.211 ▼	3.211							3.252	3.702	2.612	-135.6	-172.2	
4.200	10		3.988 ▼	3.988							4.121	4.446	3.748	-19.0	16.4	
0.005	2	Japan	0.045 ▲	0.045							0.025	0.133	-0.016	-452.1	-434.9	
0.800	10		0.673 ▼	0.673							0.691	0.916	0.258	-350.6	-332.7	
0.000	2	Spain	3.071 ▼	3.071							3.179	3.388	2.323	-149.5	-201.1	
3.550	10		3.242 ▼	3.242							3.357	3.689	2.885	-93.6	-70.0	
3.500	2	U.K.	4.503 ▼	4.503							4.615	4.671	3.288	-6.4	-104.6	
4.250	10		4.037 ▼	4.037							4.203	4.293	3.103	-14.2	-48.2	

Source: Tullett Prebon, Tradeweb ICE U.S. Treasury Close

Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Current	Spread ¹ , in basis points	Last week
Canadian Pacific Railway	CP	7.125	5.28	Oct. 15, '31	111	-9	n.a.
Canadian Imperial Bank of Commerce	CM	5.926	5.18	Oct. 2, '26	83	-7	n.a.
Royal Bank of Canada	RY	1.150	5.16	July 14, '26	82	-7	81
Dow	DOW	7.375	5.05	Nov. 1, '29	90	-4	n.a.
PACCAR Financial	...	5.200	4.64	Nov. 9, '26	31	-4	29
Procter & Gamble	PG	3.950	4.32	Jan. 26, '28	18	-4	n.a.
Banco Santander	SANTAN	5.294	5.67	Aug. 18, '27	151	-4	161
Toyota Motor Credit	TOYOTA	4.450	4.85	May 18, '26	51	-4	55

...And spreads that widened the most

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Current	Spread ¹ , in basis points	Last week
Wells Fargo	WFC	5.606	6.10	Jan. 15, '44	153	331	n.a.
Bank of America	BAC	3.500	5.11	April 19, '26	77	94	79
Ares Capital	ARCC	7.000	6.49	Jan. 15, '27	215	77	220
Bank of Montreal	BMO	1.250	5.20	Sept. 15, '26	86	76	104
JPMorgan Chase	JPM	4.950	5.53	June 1, '45	104	47	104
TTX	TTXCO	5.875	5.71	Dec. 1, '40	116	17	n.a.
Metropolitan Life Global Funding I	...	3.450	5.24	Dec. 18, '26	88	13	86
Duke Energy Florida Project Finance	...	2.538	5.26	Sept. 1, '29	87	12	n.a.

High-yield issues with the biggest price increases...

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Current	Bond Price as % of face value	Last week
Dish DBS	...	5.875	19.55	Nov. 15, '24	88.750	1.00	87.980
Teva Pharmaceutical Finance Netherlands	...	4.100	7.35	Oct. 1, '46	64.287	0.86	62.000
FirstEnergy	FE	7.375	4.66	Nov. 15, '31	117.844	0.82	115.853
Bath & Body Works	BBWI	6.750	7.46	July 1, '36	94.250	0.78	91.375
Occidental Petroleum	OXY	7.500	5.85	May 1, '31	109.775	0.72	108.902
Hughes Satellite Systems	SATS	6.625	16.92	Aug. 1, '26	78.697	0.63	79.000
Macy's	M	6.700	9.04	July 15, '34	84.215	0.59	n.a.
Bausch Health	BHCCN	11.000	23.87	Sept. 30, '28	64.230	0.48	62.250

...And with the biggest price decreases

Issuer	Symbol	Coupon (%)	Yield (%)	Maturity	Current	Bond Price as % of face value	Last week
Bath & Body Works	BBWI	6.875	7.42	Nov. 1, '35	95.750	-0.61	92.750
Bombardier	BBBDCN	7.450	5.76	May 1, '34	113.069	-0.55	n.a.
OneMain Finance	OMF	7.125	6.52	March 15, '28	101.250	-0.43	100.797
Transocean	RIG	6.800	9.89	March 15, '38	76.616	-0.38	74.500
American Airlines	AAL	3.750	7.19	March 1, '25	96.000	-0.25	95.750
CSC Holdings	CSCHLD	5.250	14.65	June 1, '24	95.750	-0.25	95.000
Teva Pharmaceutical Finance Netherlands	...	3.150	6.68	Oct. 1, '26	91.063	-0.19	90.750
Prime Security Services Borrower	PRSESE	5.750	6.26	April 15, '26	98.892	-0.09	98.740

¹Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more Source: MarketAxess

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 OFFICE-RETAIL • Palm Beach Co. 45K+ SF, M-U conversion, dual water views - \$13.5MM
 VACANT INDUSTRIAL • Orlando 84K+ SF, downtown I-4, 2-3 tenants, dock-high - \$8.5MM
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COMMODITIES

Futures Contracts

	Open	High	Low	Settle	Chg	Open interest
Metal & Petroleum Futures						
Copper-High (CMX) -25,000 lbs.; \$ per lb.						
Dec	3.8120	3.8230	3.7590	3.7725	-0.0480	3,448
March'24	3.8270	3.8410	3.7700	3.7840	-0.0515	116,336
Gold (CMX) -100 troy oz.; \$ per troy oz.						
Dec	2035.10	2037.00	2010.20	2018.50	-5.60	2,228
Jan'24	2039.20	2050.00	2019.90	2026.90	-6.00	3,666
Feb	2049.00	2059.60	2027.60	2036.30	-5.90	400,682
April	2068.10	2078.80	2047.00	2055.70	-5.90	42,843
June	2087.10	2098.20	2068.40	2075.10	-6.20	22,528
Aug	2110.90	2116.10	2085.00	2092.50	-6.50	12,313
Palladium (NYM) -50 troy oz.; \$ per troy oz.						
Dec	959.00	962.00	958.00	930.20	-38.10	128
March'24	971.00	987.50	926.50	940.30	-40.40	20,206
Platinum (NYM) -50 troy oz.; \$ per troy oz.						
Dec				902.60	-18.50	16
Jan'24	923.20	926.50	899.50	906.60	-18.50	56,611
Silver (CMX) -5,000 troy oz.; \$ per troy oz.						
Dec	24.555	24.655	24.000	24.201	-0.354	1,554
March'24	24.915	25.020	24.320	24.546	-0.361	123,759
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.						
Jan	73.30	74.12	72.02	72.32	-0.72	318,986
Feb	73.59	74.34	72.24	72.53	-0.79	163,208
March	73.71	74.50	72.41	72.70	-0.83	148,127
April	73.80	74.60	72.56	72.80	-0.88	74,867

BIGGEST 1,000 STOCKS

How to Read the Stock Tables
The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISE.

Table with columns: Tuesday, December 5, 2023, Stock, Sym, Close, Chg, Net. Includes rows for AECOM, ACM, 90.63, 0.03.

Main table of 1,000 largest stocks with columns: Stock, Sym, Close, Chg, Net. Includes rows for AbbottLabs, Altria, Amazon.com, Ambev, AppFolio, Apple, AppMaterials, Applvivo, Aptargroup, Aramark, ArcellorMittal, ArchCapital, ADM, AresMgmt, Argem, AristaNetworks, ARM, AspenTech, Assurant, AZN, AstraZeneca, ATSS, ATSS, ATSS, ATSS.

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COMMERCIAL REAL ESTATE

UCC PUBLIC SALE NOTICE
Please take notice that RDC Real Estate (the "Secured Party") shall sell collateral described below ("Collateral") to the highest or otherwise best bidder at a public auction ("Sale") on Monday, December 18, 2023, at 2:30 p.m. (ET) at the offices of Kasowitz Benson Torres LLP at 1633 Broadway, 21st Flr, New York, NY 10019.

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PUBLIC NOTICES

Case number 2:22-cv-01370-RMG
LEGAL NOTICE OF SERVICE
In the United States District Court, District Court of South Carolina, Charleston Division, in the matter of K.M., a minor, by and through Felicia Sanders, as Natural Guardian and Next Friend vs. Defendants Concord Management and Consulting, LLC, Concord Catering, Internet and Research Agency, LLC, legal action (lawsuit) was filed on April 5, 2023 alleging civil conspiracy in violation of the Ku Klux Klan Act, 42 U.S. Code § 1985(3).

Case number 2:22-cv-03830-RMG
LEGAL NOTICE OF SERVICE
In the United States District Court, District Court of South Carolina, Charleston Division, in the matter of M.P., a minor, by and through Jennifer Piconer, as Natural Guardian and Next Friend vs. Defendants Concord Management and Consulting, LLC, Concord Catering, and Internet Research Agency, LLC, legal action (lawsuit) was filed on November 2, 2022, alleging civil conspiracy in violation of the Ku Klux Klan Act, 42 U.S. Code § 1985(3).

NOTICE OF SALE

PLEASE TAKE NOTICE, that in accordance with applicable provisions of the Uniform Commercial Code as enacted in New York, by virtue of certain Event(s) of Default under those certain Ownership Interests Pledge and Security Agreements, each dated as of April 12, 2023 (collectively, the "Pledge Agreement"), executed and delivered by J. SUPOR REALTY LLC, SUPOR PROPERTIES BOONTON HOLDING LLC, SUPOR PROPERTIES BOONTON DE LLC, SUPOR MANOR REALTY LLC, JOSEPH SUPOR, III, ROSEANIN SUPOR and THE MARITAL TRUST UNDER THE LAST WILL AND TESTAMENT OF JOSEPH SUPOR, JR., DATED SEPTEMBER 13, 2002, AS AMENDED BY FIRST CODICIL DATED JUNE 14, 2007 (collectively, the "Pledgor"), and in accordance with its rights as holder of the security, 1000 FRANK E. ROGERS I LLC (the "Secured Party"), by virtue of possession of those certain Share Certificates held in accordance with Article 8 of the Uniform Commercial Code of the State of New York (the "Code"), and by virtue of those certain UCC-1 Filing Statements made in favor of Secured Party, all in accordance with Article 9 of the Code, Secured Party will offer for sale, at public auction, (i) all of Pledgor's right, title, and interest in and to the following: J. SUPOR REALTY MEZZ LLC, SUPOR PROPERTIES BOONTON LLC, SUPOR MANOR REALTY MEZZ LLC, SUPOR PROPERTIES-400 LIMITED LIABILITY COMPANY, and SUPOR FAMILY, L.L.C. (individually a "Pledged Entity"), and collectively, the "Pledged Entities"; and (ii) certain related rights and property relating thereto (collectively, (i) and (ii) are the "Collateral").

NOTICE OF SALE

Mannion Auctions, LLC ("Mannion"), under the direction of Matthew D. Mannion (the "Auctioneer"), will conduct a public sale consisting of the Collateral (as set forth in Schedule A below), via online bidding, on January 17, 2024 at 3:00pm, in satisfaction of an indebtedness in the approximate amount of \$90,268,291.69, including principal, interest on principal and reasonable fees and costs, plus default interest through January 17, 2024, subject to open charges and all additional costs, fees and disbursements permitted by law. The Secured Party reserves the right to credit bid. Online bidding will be made available via Zoom Meeting; Meeting link: https://bit.ly/UCCSupor (URL is case sensitive); Meeting ID: 840 9275 9057; Passcode: 8501199; One Tap Mobile: +16469313860; 84092759057; 8501199; US +16465 580656; 84092759057; 8501199; US New York Dial by your location: +1 646 931 3860 US.

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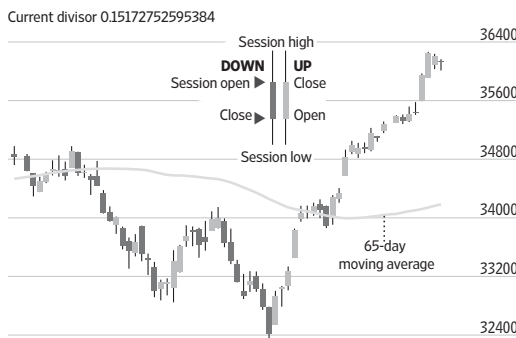
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MARKETS DIGEST

EQUITIES

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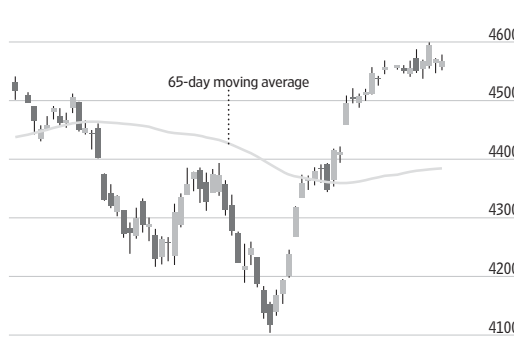
36124.56 ▼79.88, or 0.22%
 High, low, open and close for each trading day of the past three months.



Current divisor 0.15172752595384
 Bars measure the point change from session's open
 *Weekly P/E data based on as-reported earnings from Biringi Associates Inc.; *Based on Nasdaq-100 Index

S&P 500 Index

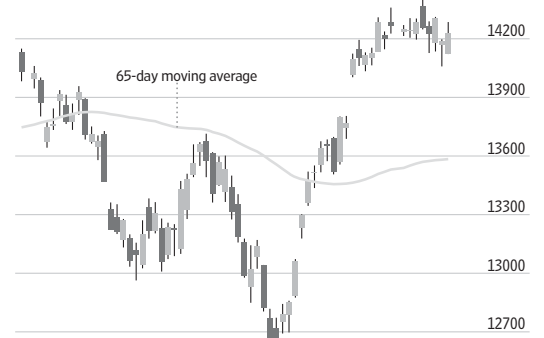
4567.18 ▼2.60, or 0.06%
 High, low, open and close for each trading day of the past three months.



Current divisor 0.15172752595384
 Bars measure the point change from session's open
 *Weekly P/E data based on as-reported earnings from Biringi Associates Inc.; *Based on Nasdaq-100 Index

Nasdaq Composite Index

14229.91 ▲44.42, or 0.31%
 High, low, open and close for each trading day of the past three months.



Current divisor 0.15172752595384
 Bars measure the point change from session's open
 *Weekly P/E data based on as-reported earnings from Biringi Associates Inc.; *Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

	High	Low	Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Dow Jones									
Industrial Average	36164.68	36010.85	36124.56	-79.88	-0.22	36245.50	31819.14	7.5	9.0
Transportation Avg	15471.00	15261.88	15289.69	-235.92	-1.52	16695.32	13298.36	10.0	14.2
Utility Average	875.02	863.94	866.99	-7.78	-0.89	1002.11	783.08	-11.4	-10.4
Total Stock Market	45649.89	45405.86	45528.45	-97.26	-0.21	45969.67	37910.34	15.1	18.2
Barron's 400	1011.56	1000.93	1001.56	-10.00	-0.99	1036.97	881.58	6.1	8.8

	High	Low	Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Nasdaq Stock Market									
Nasdaq Composite	14285.66	14121.76	14229.91	44.42	0.31	14358.02	10213.29	29.2	36.0
Nasdaq-100	15931.84	15760.59	15877.71	38.04	0.24	16027.06	10679.34	37.5	45.1

	High	Low	Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
S&P									
500 Index	4578.56	4551.68	4567.18	-2.60	-0.06	4594.63	3783.22	15.9	19.0
MidCap 400	2635.50	2607.00	2610.62	-35.46	-1.34	2728.44	2326.82	5.2	7.4
SmallCap 600	1215.36	1199.83	1201.66	-18.58	-1.52	1315.82	1068.80	0.2	3.8

Other Indexes	High	Low	Close	Net chg	% chg	52-Week High	52-Week Low	% chg YTD	% chg 3-yr. ann.
Russell 2000	1876.60	1855.05	1856.04	-25.98	-1.38	2003.18	1636.94	2.4	5.4
NYSE Composite	16232.82	16108.73	16123.04	-109.79	-0.68	16427.29	14599.05	5.2	6.2
Value Line	561.52	553.33	553.95	-7.57	-1.35	606.49	498.09	0.6	3.3
NYSE Arca Biotech	4964.89	4912.65	4932.36	-32.52	-0.66	5644.50	4544.40	-5.7	-6.6
NYSE Arca Pharma	891.56	883.07	888.20	-3.36	-0.38	925.61	791.91	2.8	2.3
KBW Bank	87.25	86.27	86.69	-1.00	-1.14	115.10	71.71	-13.4	-14.0
PHLX [®] Gold/Silver	121.91	119.19	120.08	-2.37	-1.94	144.37	103.31	0.6	-0.6
PHLX [®] Oil Service	82.38	80.52	80.52	-1.91	-2.32	98.76	69.29	0.9	-4.0
PHLX [®] Semiconductor	3680.50	3641.92	3672.40	-21.04	-0.57	3861.63	2453.49	37.4	45.0
Cboe Volatility	13.76	12.81	12.85	-0.23	-1.76	26.52	12.46	-42.0	-40.7

§Nasdaq PHLX Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SPDR S&P 500 ETF Trust	SPY	5,968.9	456.45	-0.16	-0.03	456.86	456.24
Apple	AAPL	3,069.3	193.22	-0.21	-0.11	193.51	192.19
iShares Russell 2000 ETF	IWM	2,890.4	184.40	0.01	0.01	184.51	184.35
RLX Technology ADR	RLX	2,501.6	2.12	...	unch.	2.15	2.11
Carnival	CCL	2,474.0	16.48	-0.02	-0.12	16.53	16.47
Match Group	MTCB	2,437.4	32.30	-0.02	-0.06	32.49	32.21
CNH Industrial	CNHI	2,365.3	11.00	0.04	0.36	11.00	10.94
Merck	MRK	2,271.2	106.00	-0.23	-0.22	106.75	106.00

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
SentinelOne	S	2,140.6	23.54	3.54	17.70	24.40	19.49
Corebridge Financial	CRBG	397.3	21.12	0.98	4.87	21.12	20.14
Yum! Brands	YUM	55.2	128.12	3.74	3.01	128.12	123.95
AES	AES	114.1	18.46	0.52	2.90	18.46	17.86
Yalla Group ADR	YALA	84.1	6.20	0.17	2.82	6.20	6.03

...And losers

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
Yext	YEXT	171.9	6.16	-0.85	-12.13	7.01	5.86
Box Cl A	BOX	897.1	23.76	-2.93	-10.98	27.00	23.58
Asana	ASAN	1,148.9	21.17	-2.14	-9.18	24.50	20.80
Fluence Energy	FLNC	76.8	23.75	-1.99	-7.73	25.74	23.04
MongoDB	MDB	1,101.0	408.75	-24.92	-5.75	459.98	396.00

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	899,217,199	10,593,924
Adv. volume*	178,829,724	2,273,754
Decl. volume*	715,010,310	7,600,432
Issues traded	2,952	308
Advances	853	118
Declines	1,994	170
Unchanged	105	20
New highs	87	2
New lows	15	10
Closing Arms*	1.56	1.59
Block trades*	3,852	131

	Nasdaq	NYSE Arca
Total volume*	6,179,126,251	307,283,982
Adv. volume*	2,088,049,646	84,869,574
Decl. volume*	4,072,333,708	216,233,054
Issues traded	4,415	1,815
Advances	1,450	590
Declines	2,800	1,201
Unchanged	165	24
New highs	90	30
New lows	74	26
Closing Arms*	1.01	0.96
Block trades*	58,740	1,545

*Primary market NYSE, NYSE American NYSE Arca only. (TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg	
World	MSCI ACWI	693.17	-1.31	-0.19	14.5	
	MSCI ACWI ex-USA	300.28	-1.12	-0.37	6.7	
	MSCI World	3023.22	-3.37	-0.11	16.2	
	MSCI Emerging Markets	972.03	-8.21	-0.84	1.6	
Americas	MSCI AC Americas	1732.94	-1.56	-0.09	18.9	
	S&P/TSX Comp	20375.93	-34.28	-0.17	5.1	
	Latin Amer.	2451.51	-10.05	-0.41	15.2	
	Brazil	126903.25	100.46	0.08	15.6	
	Chile	3318.81	46.06	1.41	4.6	
	Mexico	54120.91	67.28	0.12	11.7	
	EMEA	STOXX Europe 600	467.62	1.84	0.40	10.1
		Eurozone	466.04	3.30	0.71	13.7
		Belgium	3626.88	33.34	0.93	-2.0
		Denmark	2218.41	-7.26	-0.33	20.9
France		7386.99	54.40	0.74	14.1	
Germany		16533.11	128.35	0.78	18.7	
Israel		1807.00	17.15	0.96	0.6	
Italy		30082.88	168.79	0.56	26.9	
Netherlands		774.07	3.46	0.45	12.3	
Norway		1502.88	0.03	0.002	10.3	
Asia-Pacific	FTSE/JSE All-Share	75215.49	-725.57	-0.96	3.0	
	Spain	10238.40	60.10	0.59	24.4	
	Sweden	848.92	7.87	0.94	8.6	
	Switzerland	10964.81	12.37	0.11	2.2	
	Turkey	8057.42	-29.82	-0.37	46.3	
	U.K.	7489.84	-23.12	-0.31	0.5	
	U.K.	18487.53	126.28	0.69	-1.9	
	Australia	159.80	-1.63	-1.01	2.6	
	China	7061.60	-63.05	-0.89	0.3	
	China	2972.30	-50.62	-1.67	-3.8	
Hong Kong	16327.86	-318.19	-1.91	-17.5		
India	62926.14	431.02	0.63	13.9		
Japan	32775.82	-455.45	-1.37	25.6		
Singapore	3077.16	-6.92	-0.22	-5.4		
South Korea	2494.28	-20.67	-0.82	11.5		
Taiwan	17328.01	-93.47	-0.54	22.6		
Thailand	1383.54	...	Closed	-17.1		

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Latest Session Close	Net chg	% chg	High	52-Week High	52-Week Low	% chg
Chanson Intl Hldg	CHSN	4.76	1.86	64.14	5.84	1.04
KALA BIO	KALA	8.91	2.42	37.29	56.72	3.54	81.5	...
Cepton	CPTN	4.28	0.94	28.14	14.40	2.38	-68.3	...
Carbon Revolution	CREV	42.10	8.32	24.63	197.99	6.30	318.9	...
Incannex Healthcare	IXHL	8.73	1.58	22.10	12.68	0.80	167.8	...
Adit EdTech Acqn Cl A	ADEX	9.59	1.56	19.43	11.38	7.52	-4.4	...
PHAXIAM Therapeutics ADR	PHXM	5.01	0.81	19.27	14.00	3.00	-10.5	...
Traverse Therapeutics	TVTX	7.40	1.11	17.65	23.18	5.25	-63.2	...
Journey Medical	DERM	5.74	0.77	15.49	5.75	1.02	237.3	...
Siyata Mobile	SYTA	3.58	0.48	15.48	204.40	2.33	-96.6	...
Viking Therapeutics	VKTX	17.36	2.28	15.12	25.72	3.54	366.7	...
Xenetic Biosciences	XBIO	4.06	0.53	15.04	7.50	2.40	-1.0	...
Pharvius	PHVS	20.95	2.73	14.98	26.86	2.02	829.0	...
Cano Health	CANO	9.46	1.19	14.39	211.00	5.27	-94.6	...
Clearmind Medicine	CMND	4.37	0.54	14.10	153.00	2.52	-95.9	...

Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session Close	% chg	52-Week High	52-Week Low
Bit Brother Cl A	BETS	852,104	1910.4	0.03	-51.73	12.00	0.02
Esports Entertainment	GMBL	335,510	1615.9	0.02	-7.		

BIGGEST 1,000 STOCKS

Table listing the 1,000 largest U.S. stocks by market capitalization. Columns include Stock, Sym, Close, Chg, Net Chg, and various financial metrics. Includes sub-sections for 'W X Y Z', 'R S', 'T U V', and 'M N O P Q'.

BANKRATE.COM MMA, Savings and CDs

Table showing Average Yields of Major Banks for Tuesday, December 05, 2023. Columns include Type, MMA, 1-MO, 2-MO, 3-MO, 6-MO, 1-YR, 2-YR, 2.5YR, 5YR. Includes sub-sections for National average, Savings, Weekly change, and Savings Rates.

Consumer Savings Rates

Below are the top federally insured offers available nationwide according to Bankrate.com's weekly survey of highest yields. For latest offers and reviews of these financial institutions, please visit bankrate.com/banking/reviews. Information is believed to be reliable, but not guaranteed.

High yield savings

Table listing high yield savings accounts from various banks. Columns include Bank, Phone number, Minimum, Yield (%), Bank Name, Phone number, Minimum, Yield (%).

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG-Daily percentage change from the previous trading session.

Table showing 52-Week % Highs and Lows for various stocks. Columns include Stock, Sym, Hi/Lo, Chg, 52-Wk % High, 52-Wk % Low, Stock, Sym, Hi/Lo, Chg, 52-Wk % High, 52-Wk % Low.

Mutual Funds

Top 250 mutual-funds performance for Nasdaq-published share classes by net assets. e-X-distribution, F-Previous day's quotation, G-Footnotes x and s apply, J-Footnotes x and s apply, K-Recalculated by Lipper, using updated data, p-Distribution costs apply, 12B-1-r-Redemption charge or apply, s-Stock split dividend, J-Footnotes x and s apply, N-Fund available due to incomplete price, performance or cost data, NE-Not released by Lipper, data under review, NN-Fund not tracked, NS-Fund didn't exist at start of period.

Table showing mutual fund performance for Tuesday, December 5, 2023. Columns include Fund, NAV, Chg %YTD, Fund, NAV, Chg %YTD, Fund, NAV, Chg %YTD, Fund, NAV, Chg %YTD, Fund, NAV, Chg %YTD.

Notes: Accounts are federally insured up to \$250,000 per person. Yields are based on method of compounding and rate stated for the lowest required opening deposit to earn interest. CD figures are for fixed rates only. MMA: Allow six (6) third-party transfers per month, three (3) of which may be checks. Rates are subject to change.

Source: Bankrate.com, a publication of Bankrate, Inc., Palm Beach Gardens, FL 33410. ©2023 Bankrate.com. All rights reserved. www.bankrate.com

MARKETS

Treasury Rally Lifts Tech Stocks

By RYAN DEZEMBER

The bond rally resumed, driving yields on benchmark 10-year U.S. notes to their lowest level since summer and lifting technology shares on an otherwise downbeat day for stocks.

The technology heavy Nasdaq Composite added 0.3%. In the S&P 500, technology and consumer-discretionary shares failed to offset declines in utilities, energy, materials and real-estate stocks, and the broad index shed 0.1%. The Dow Jones Industrial Average fell 0.2%, or about 80 points.

All but one of the Magnificent Seven technology stocks that dominate the market rose on Tuesday. Facebook and Instagram owner **Meta Platforms** lost 0.5%. Chip maker **Nvidia** rose 2.3%. **Apple**, up 2.1%, ended with a stock-market value above \$3 trillion for the first time since August. The yield on the 10-year

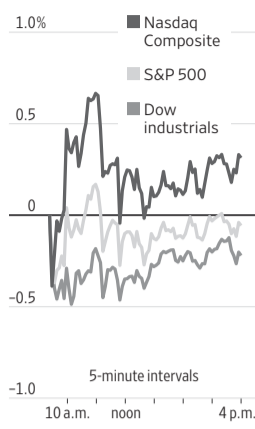
Treasury note ended at 4.171%, down from 4.286% on Monday. The yield, which falls as prices rise, hasn't been so low since Aug. 31.

"There's a significant difference in what the Fed is likely to do and what the market is pricing in," said Carl Ludwigson, managing director at Bel Air Investment Advisors, which manages money for wealthy families, foundations and endowments.

On Tuesday, the biggest gainer in the S&P 500 was a bond-trading firm, further highlighting the debt market's sway over stocks lately.

MarketAxess Holdings led the S&P 500 higher, rising 5.3% after it told investors that credit-trading volumes on its electronic bond-trading platform hit a record of \$303.3 billion in November. Daily trading volumes were 9.3% higher than a year earlier and up 13% compared with October, before the bond rally began. **CVS Health** added 3.7%. The largest U.S. pharmacy chain

Index performance on Tuesday



Source: FactSet

said it was moving to a simpler pricing model for the drugs it sells, hoping to revive stagnating margins on dispensing prescriptions.

Alaska Air rose 4.4%, rebounding from Monday's sell-off that came in response to its

deal to buy rival Hawaiian Airlines for \$1 billion.

Investors cheered quarterly earnings from peanut-butter and jelly giant **J.M. Smucker**, up 3.3%, and plumbing supplier **Ferguson**, which added 3.5%.

The response to retailers' results was a mixed bag. **Lands' End** and **Signet Jewelers** rose 9.6% and 5.9% respectively. But women's-apparel seller **J.Jill** fell 8.8% and DSW shoe-store owner **Designer Brands** dropped 3.3%.

Benchmark U.S. crude futures lost 1% to end at \$72.32 a barrel. U.S. oil prices are down 7.1% since Nov. 29, right before OPEC+ announced supply cuts.

Overseas, the Stoxx Euro 600 rose 0.4%. At midday Wednesday, Asian stocks moved higher. Japan's Nikkei 225 was up 1.7%, Hong Kong's Hang Seng Index was up 0.8% and South Korea's Kospi was up 0.4%. S&P 500 futures rose 0.25%.

EXCHANGE-TRADED PORTFOLIOS

Largest 100 exchange-traded funds, latest session				
Tuesday, December 5, 2023				
ETF	Symbol	Closing Price	Chg (%)	YTD (%)
CnsmrDiscSelSector	XLV	170.74	0.18	32.2
ConsStaplesSPDR	XLP	70.48	-0.79	-5.5
DimenUSCoreEq2	DFAC	27.72	-0.61	14.2
EnSclSectorSPDR	XLE	83.15	-1.75	-4.9
FinSelSectorSPDR	XLF	35.95	-0.50	5.1
HealthCareSelSector	XLV	131.91	-0.13	-2.9
InvscNasd100	QQQM	159.35	0.26	45.5
InvscQQQ	QQQ	387.24	0.25	45.4
InvscS&P500Ew	RSP	149.26	-0.89	5.7
iShCoreDivGrowth	DGRO	51.87	-0.59	3.7
iShCoreMSCIEAFE	IEFA	67.51	-0.30	9.5
iShCoreMSCIEM	IEEM	49.16	-0.43	5.3
iShCoreMSCITotInt	IKUS	62.90	-0.45	8.0
iShCoreS&P500	IUV	458.75	-0.02	19.4
iShCoreS&P500	IUJ	260.97	-0.13	7.9
iShCoreS&P500	IUR	98.82	-1.51	4.4
iShCoreS&P500	ITOT	100.98	-0.20	18.6
iShCoreTotalUSDBd	USDB	45.06	0.51	0.3
iShCoreUSAggBd	AGG	97.10	0.66	0.1
iShEdgeMSCIMinUSA	USMV	76.58	-0.34	6.2
iShEdgeMSCIUSQual	QUAL	141.12	-0.05	23.8
iShGoldTR	IAU	97.95	-0.19	10.5
iShiBoxx\$HYCPBd	HYG	75.87	0.09	3.0
iShiBoxx\$IGCPBd	LQD	107.53	0.80	2.0
iShMBS	MBB	91.56	0.53	-1.3
iShMSCIACWI	ACWI	97.95	-0.19	15.4
iShMSCIEAFE	EFA	72.35	-0.36	10.2
iShMSCIEM	EEM	39.04	-0.61	3.0
iShMSCIEAFEValue	EFV	50.56	-0.22	10.2
iShNatHumbd	MUB	107.01	0.29	1.4
iSh1-5YIGCorpBd	IGSB	50.70	0.19	1.8
iSh1-3YTreabD	SHY	81.62	0.12	0.6
iShRussMC	IWR	73.23	-1.01	8.6
iShRuss1000Grw	IWF	251.24	-0.09	19.3
iShRuss1000Val	IWD	158.01	-0.79	4.2
iShRuss2000	IWM	184.39	-1.34	5.8
iShS&P500Gw	IYW	72.60	0.40	24.1
iShS&P500Value	IVE	165.71	-0.47	14.2
iShSelectDiv	DVY	113.13	-0.89	-6.2
iSh7-10YTreabD	IEF	94.31	0.70	-1.5
iShShortTreabD	SHV	110.17	0.02	0.2
iShTIPSBondETF	TIP	105.60	0.54	-0.8
iSh20-YTreabD	TLT	266.1	2.15	-5.0
iShUSTreasuryBd	GOVT	22.62	0.58	-0.4
iSh3-MTreabD	SGOV	100.35	0.02	0.2
JPMEquityPrem	JEP1	54.38	-0.42	-0.2
IPMUSIncrm	IPST	50.19	0.06	0.1
PacerUSCashCows100	COZW	50.16	-0.79	8.5

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation			
Oct. index	Chg From (%)	Sept. '23	Oct. '22
U.S. consumer price index			
All items	307.671	-0.04	3.2
Core	311.380	0.18	4.0

Federal funds			
Effective rate	Week Latest	52-Week-High	52-Week-Low
High	5.3300	5.3400	3.8400
Low	5.3100	5.3100	3.8000
Bid	5.3300	5.3300	3.8200
Offer	5.3500	5.3500	3.8400

Treasury bill auction			
Week	Latest	52-Week-High	52-Week-Low
4 weeks	5.290	5.300	3.190
13 weeks	5.250	5.280	3.345
26 weeks	5.190	5.240	3.350

Secondary market			
Week	Latest	52-Week-High	52-Week-Low
30 days	6.357	6.632	7.495
60 days	6.360	6.643	7.554

Fannie Mae			
Week	Latest	52-Week-High	52-Week-Low
30-year mortgage yields			
30 days	6.357	6.632	7.495
60 days	6.360	6.643	7.554

DTCC GCF Repo Index			
Week	Latest	52-Week-High	52-Week-Low
Treasury	5.387	36.976	5.435
MBS	5.427	53.490	5.449

Notes on data: U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective July 27, 2023. Other prime rates aren't directly comparable; lending practices vary widely by location. Discount rate is effective July 27, 2023. Secured Overnight Financing Rate is as of December 4, 2023. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded in billions of U.S. dollars. Federal-funds rates are Tullett Prebon rates as of 5:30 p.m. ET. Sources: Federal Reserve; Bureau of Labor Statistics; DTCC, FactSet; Tullett Prebon Information, Ltd.

Cash Prices | wsj.com/market-data/commodities

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Tuesday		Tuesday		Tuesday	
Energy		Copper,Comex spot	3.7725	Wheat,No.2 soft red,St.Louis-u	6.2675
Coal,C.Apic.12500Btu,1.2502-r,w	74.000	Iron Ore, 62% Fe CFR China-s	*1311.0	Wheat - Hard - C (USDA) \$ per bu-u	6.9775
Coal,PwdrRvrBsn,8800Btu,0.8502-r,w	14.000	Steel, HRC USA, FOB Midwest Mill-s	*1000.8	Wheat,No.1 soft white,Portld,OR-u	6.9250
Battery/EV metals		Metals		Food	
BMI Lithium Carbonate, EXW China, +99%2-v,w	18400	BMI Lithium Hydroxide, EXW China, +99%2-v,w	17350	Beef,carcass equiv. index	
BMI Cobalt sulphate, EXW China, +205%5-v,m	4690	BMI Nickel sulphate, EXW China, +222%5-v,m	3885	choice 1-3,600-900 lbs-u	272.95
BMI Flake Graphite, FOB China, 100 Mesh, 94.95% v,m	5650	BMI Fable Graphite, FOB China, 100 Mesh, 94.95% v,m	3650	select 1-3,600-900 lbs-u	241.66
Fibers and Textiles		Grains and Feeds		Broilers, National comp wtd. avg-u,w	1.2130
Burlap,10-oz,40-inch NY yd-u,w	0.7200	Bran,wheat milling, KC-u,w	140	Butter,AA Chicago-d	2.6700
Cotton,11/16 std lw-mdMphs-u	0.7693	Corn,No.2 yellow,Cent IL-bp,u	4.5000	Cheddar cheese,bk,Chicago-d	160.00
Cotlook 'A' Index-t	*89.80	Corn gluten feed,Midwest-u,w	170.6	Cheddar cheese,blk,Chicago-d	160.00
Hides,hvy native steers piece fob-u	n.a.	Corn gluten meal,Midwest-u,w	574.7	Milk,Nonfat dry,Chicago lb-d	116.50
Wool,64s, staple, Terr del-u,w	n.a.	Cottonseed meal-u,w	355	Coffee,Brazilian,Comp-y	1.7613
Silver, tray oz.	24.5000	Hominy feed,Cent IL-u,w	145	Coffee,Colombian, NY-y	2.0126
Engelhard industrial	2025.00	Meat-bonemeal,50% pro Mnpls-u,w	318	Eggs,large white,Chicago-u	1.9750
Handy & Harman base	2245.92	Oats,No.2 milling,Mnpls-u	416.75	Flour,hard winter KC-p	18.15
LBMA Gold Price PM	*2066.95	Rice, Long Grain Milled, No. 2 AR-u,w	35.88	Hams,17-20 lbs,Mid-US fob-u	0.89
LBMA Gold Price AM	*2049.05	Sorghum,(Milo) No.2 Gulf-u	n.a.	Hogs,lowa-So, Minnesota-u	69.16
Maple Leaf-e	2099.14	SoybeanMeal,Cent IL,rail,ton48%u,w	447.50	Pork bellies,12-14 lb MidUS-u	n.a.
American Eagle-e	2119.32	Soybeans, No.1 yllw,IL-bp,u	12.6200	Pork loins,13-19 lb MidUS-u	1.0613
Mexican peso-e	2441.58	Wheat,Spring14%pro Mnpls-u	9.5900	Steers,Tex.-Okla. Choice-u	n.a.
Austria crown-e	1981.44			Steers,feeder Okla. City-u,w	265.88
Austria phi-e	2119.32			Fats and Oils	
Other short-term rates				Degummed corn oil, crude wtd. avg-u,w	0.4200
Call money	7.25 7.25 7.25 5.75			Grease,choice white,Chicago-h	n.a.
Commercial paper (AA financial)				Lard,Chicago-u	0.5392
90 days	5.34 n.a. 5.54 4.29			Soybean oil,crude,CentIL-u,w	0.4950
Secured Overnight Financing Rate	5.37 5.32 5.39 3.80			Tallow,bleach,Chicago-h	0.4950
				Tallow,edible,Chicago-u	0.4900

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Soiland Publishing; R=S.N. Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 12/4

Source: Dow Jones Market Data

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Yields Mask ETFs' Paltry Returns

A retail trading boom spawned these funds paying fat dividends, but caveat emptor

For conservative income investors, some new funds look too good to be true. That's because they are.

Touting annual distribution rates of 50% or more, they generate cash by selling options contracts on some of the most speculative parts of the stock market. The good news is that the exchange-traded funds don't carry the risk of instant ruin that sellers of the derivatives can face. The bad news is that what sounds edgy and lucrative are new flavors of an old and often disappointing strategy.

Take the **YieldMax TSLA Option Income Strategy ETF** with the ticker symbol TSLY, just one letter off from that of **Tesla**. In addition to buying Tesla's stock, individual investors piled into call options on the electric-vehicle company—contracts allowing them to buy shares at a future date and a set price. TSLY takes the other side of those often money-losing options bets while owning options that give it some exposure to any appreciation in Tesla stock. The fund's recent monthly dividend was at an annual distribution rate of 57.79%.

But since being launched November 2022, TSLY declined in price from \$20.44 to \$11.58 on Monday. That loss is slightly

greater than the amount investors received in payouts.

Meanwhile, someone who just bought and held a share of Tesla would have received no income (Tesla doesn't pay a dividend), but would have made a profit on paper of 29%. The value of any investment is its total return over time, including capital gains.

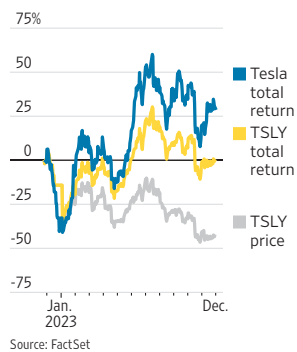
A more recently launched fund has had even juicier payouts. Defiance ETFs launched funds taking the opposite side of short-term bets on the direction of stock indexes. Called zero-day-to-expiry options, they surged to about a trillion dollars a day in notional value, according to Defiance. Derivatives exchange Cboe recently said about half of the turnover in short-term options on the S&P 500 index was by individual investors.

Since options buying is seen as a sucker's bet—and particularly very short-term options that lose value almost instantly—Defiance's fund might seem to be profiting from others' folly. "This new ETF wins as day traders lose!" reads one headline describing them.

The first three annual distribution rates on Defiance's fund that writes put contracts on the Nasdaq-100 Index have been 67.55%, 65.78% and 60.52%.

"When I hear that, my alarm bells start to go off," says Andrew

Price and return of YieldMax TSLA covered call fund compared with Tesla shares



Lo, a professor at the MIT Sloan School of Management.

The profits aren't proportional to the foolishness of the bets as the headline about day traders lining fund buyers' pockets suggests. Instead, the funds' return is a function of how much people pay for future volatility minus the cost to the fund of actual volatility.

Both happen to be very high. Big yields can therefore come at the expense of investors' own capital.

Lo, a veteran observer of the investing industry, ran his own option-selling hedge fund in the

1990s, CDP. It had an amazing seven-year run during which it made 41% a year with hardly any losing months by selling put contracts on the S&P 500 that would only pay off if stocks plunged. The catch? The initials stood for Capital Decimation Partners and the fund only existed on paper. Had CDP stayed "open" through the dot-com crash, Lo says it would have suffered a devastating loss. "If you wait long enough, in the parlance of Wall Street, you get your face ripped off," says Lo.

By contrast, the funds being offered to individual investors that seem to have CDP-like returns are selling "covered" calls and puts. This means they own some collateral—it can be the underlying stock, options that simulate ownership of a stock or index or a pile of safe securities—that prevent the fund from having its face ripped off. That safety naturally limits actual returns, and such strategies are nothing new. They have mainly been pursued by investors hungry for a bit more income than bonds or dividend-paying stocks might provide.

"It truly is more boring than people think," says Defiance Chief Executive Sylvia Jablonski.

But it doesn't look boring and that seems to be the point. It has helped the new funds gather

money rapidly from investors who might not understand how they operate. The new funds have a higher expense ratio than most funds in their category.

The 18 funds under the YieldMax name as of late November had gathered \$1.3 billion in assets with about half of that in the Tesla options fund, according to Jay Pesticelli, CEO of their sub-adviser, Zega Financial. His firm advises Defiance's funds, which he says had about \$300 million in their suite of option-selling funds. Those are impressive sums in an old and crowded category where many funds languish in the double- or even single-digit millions of dollars.

Funds with big payouts may or may not do well, but they carry an additional pitfall for less-sophisticated investors: Since their prices tend to decline over time, an investor who fails to reinvest those big dividends might see similar yields from month to month but less actual monthly income. Like TSLY, Defiance's put writing fund has seen its price fall and lagged behind the underlying return of simply owning a Nasdaq-100 Index fund from its September launch through Friday.

Generating chunky income comes at a cost. Investors need to understand that. —Spencer Jakob



PDD, China's most valuable e-commerce company, owns Temu and Pinduoduo. A Pinduoduo booth in Hangzhou, China.

Rise of Temu's Chinese Parent Will Reshape E-Commerce

Fast-growing app's owner is muscling into the U.S. in a way Alibaba never did

Move over, **Alibaba**. There's a new online-shopping champion in China. **PDD**, the company behind discount-retailing app Temu, is now the country's most valuable e-commerce company.

After a 78% rise this year, PDD's market value has hit \$193 billion, snatching the crown from Alibaba. Though PDD's revenue last quarter was less than a third of Alibaba's, it's growing much faster. Revenue for the three months ended in September surged 94% from a year earlier—Alibaba's grew 9%. That breakneck growth means the market is willing to assign a much higher multiple to PDD stock: It trades at 34 times earnings compared with 11 times for Alibaba, according to S&P Global Market Intelligence.

At home, PDD's Pinduoduo app has outshone more established rivals like Alibaba and JD.com. At a time when Chinese consumers are more price-sensitive, Pinduoduo's reputation as the platform selling goods at affordable prices—after years of offering discounts and rebates—gives it an edge. The company has cultivated a network of low-cost manufacturers targeting budget buyers, particularly in clothing, allowing it to maintain low prices on its platform. That's a key difference with Alibaba's Taobao, which has long operated primarily as a pure market—and focused less on directly building

up suppliers itself.

PDD's hybrid model gives it more direct sway over pricing—a key advantage in a more thrift-conscious China. Morgan Stanley estimates that PDD's domestic gross merchandise value—the value of goods sold on its platform—grew 25%, year over year, last quarter, far outpacing the 5% growth for overall online retail goods sales in China.

And Temu, PDD's international business, is flying high. It now has 52 million monthly active users in the U.S. just a year after its launch, according to data tracker Sensor Tower. The company hasn't provided much information on how the business is doing, but Goldman Sachs estimates Temu's GMV last quarter at \$6.5 billion, more than twice the amount from a quarter earlier. The bank reckons Temu accounted for around 28% of PDD's revenue last quarter.

Temu is likely still losing money though. PDD's operating margin last quarter, for example, narrowed to 24% from 29% a year earlier. Even so, the firm seems to be able to afford it. Improving margins at its domestic business helped it deliver a whopping 60% growth in operating profit last quarter.

Investors are hoping the playbook PDD mastered in China will eventually work abroad too. PDD lost money for years after the

company was founded in 2015, as it splashed on subsidies and rebates. But after achieving larger scale, it became profitable in 2021.

There are still a few big challenges waiting abroad. Consumption habits in other countries might differ from those in China. Costs like delivery and marketing are higher in developed economies too. And it is already bumping up against another low-cost champion that has mastered Chinese supply chains to muscle in on U.S. e-commerce—fast-fashion heavyweight Shein. If the sort of brutal, expensive price wars that have long characterized Chinese e-commerce migrate to the U.S. too, then margin pressure could remain intense.

Temu's growth in the U.S. seems to have plateaued lately—monthly active U.S. users this quarter are down 6% from the previous quarter, according to Sensor Tower. But Temu's global growth remains strong, and it has expanded to more countries in regions like the Middle East.

Chinese technology stocks have suffered over the past couple of years. But PDD's standout growth and canny supplier strategy set it apart. If Sino-U.S. tensions or sluggishness with other Chinese firms eyeing the U.S. market don't trip it up, it could yet grow into its heady valuation.

—Jacky Wong*

The 'Magnificent Seven' Stocks' Future Clouds

As in the eponymous 1960s Western, the so-called "Magnificent Seven" stocks keep on winning. This also means investors are betting the farm on just a handful of bullets hitting their targets.

The S&P 500 is in a bull market, fueled by soft inflation data in the U.S. and Europe and the widespread belief that interest rates will start coming down early next year. Yet the stock market has become so top-heavy that speaking of a bull market carries less meaning than before. Without **Apple, Microsoft, Alphabet, Amazon, Nvidia, Tesla and Meta Platforms**—the high-growth, technology-related companies that analysts have dubbed the "Magnificent Seven"—the S&P 500 would be up only 8% this year, rather than 19%. Some 44% of stocks in the index are down this year.

That poses a conundrum for investors, who increasingly use index funds. Right now, buying an S&P 500 tracker means investing 30% of the money in just seven stocks. Historically, the top seven have accounted for 21% of the benchmark, taking the end-of-year average of the past decade.

This not only runs counter to the principle of diversification, but it also means the most important stocks investors own are pricey. The seven companies have posted strong profits lately, but they are still trading at an average of 32 times forward earnings, compared with 19 times for the broader index.

Is the market turning? Cheap or "value" stocks have surged over the past week, while the Magnificent Seven have struggled. But look back to the end of October, when the current rally started, and value has had a mediocre run. If a big stock rotation is at hand, the market isn't providing strong clues.

Academic research has consistently found that small-caps offer a "size premium"—that is, they tend to provide extra returns over the

long term with no additional risk. The theory goes that markets undervalue companies that are less well known and get less attention from brokers. This hasn't prevented them from vastly underperforming the market this past decade, as the S&P 500 became ever more concentrated at the top.

Still, a working paper by Logan Emery and Joren Koeter confirms the historical existence of the "size premium," and finds that it grows larger as market concentration increases. This evidence suggests today's savers should start diversifying, Emery said.

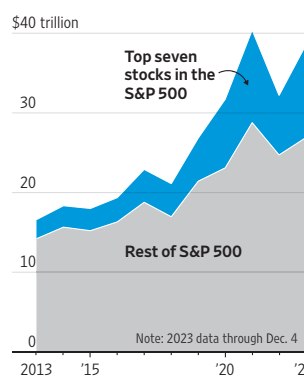
However, the paper also finds a countervailing force that reduces the size premium: The very fear of having a portfolio that is increasingly exposed to the ups and downs of a few companies sometimes leads investors to place a lower value on them, paving the way for outperformance. So far, this factor has tended to lose out to the small-cap effect, but it doesn't mean it always will.

With so much market value concentrated in those seven stocks, the benefits of diversifying into small caps can be severely reduced when a few of their company-specific investments pay off, the research also suggests. The artificial-intelligence boom sparked by **OpenAI's ChatGPT**, which has already helped chip maker Nvidia to triple its revenue relative to a year earlier, could be just such a payoff.

But who will benefit most from AI is still an open question. And other megatrends are underpinning the value of the Magnificent Seven, such as Meta's metaverse or Tesla's self-driving cars, that are showing less promise.

With valuations working against the giants of the stock market, investors are ultimately placing bets on a few massive, unpredictable technological developments. In the film's end, only three gunmen survive. —Jon Sindreu

S&P 500 market value



*Based on 12-month forward earnings expectations †Apple, Microsoft, Alphabet, Amazon.com, Nvidia, Tesla and Meta Platforms Source: FactSet

Price/earnings ratio*

