

THE WALL STREET JOURNAL.

What's News

Business & Finance

- ◆ **Nelson Peltz** called for Walt Disney to find a clear successor to Chief Executive Bob Iger, improve streaming margins and pull its struggling studios out of their rut, intensifying his proxy battle ahead of the company's annual meeting. **B1**
- ◆ **Hyundai and Kia** are pulling ahead of larger rivals in the U.S. to emerge as Tesla's biggest competitors after jointly capturing the No. 2 slot in electric-vehicle sales last year. **B1**
- ◆ **Germany's new-car** market went into a free fall in December, led by a near halving of new electric-vehicle sales, pulling the sale of new EVs in the broader EU down for the first time since early 2020. **B2**
- ◆ **TSMC** said it expected to delay production at the second of two semiconductor plants it is building in Arizona, the latest setback for a \$40 billion project touted by the Biden administration. **B1**
- ◆ **Rising technology** shares lifted major U.S. stock indexes, with the S&P 500, Nasdaq and Dow gaining 0.9%, 1.3% and 0.5%, respectively. **B9**
- ◆ **Macy's plans to lay off** about 13% of its corporate staff and close five stores in a bid to trim costs and redirect spending to improve the shopping experience for customers. **B3**
- ◆ **Global oil-demand** growth slowed significantly at the end of last year and is expected to weaken further, according to the IEA. **B9**
- ◆ **Boeing said it agreed** to deliver 150 of its 737 MAX aircraft to India's Akasa Air, providing a vote of confidence in one of the industry's fastest-growing markets. **B3**

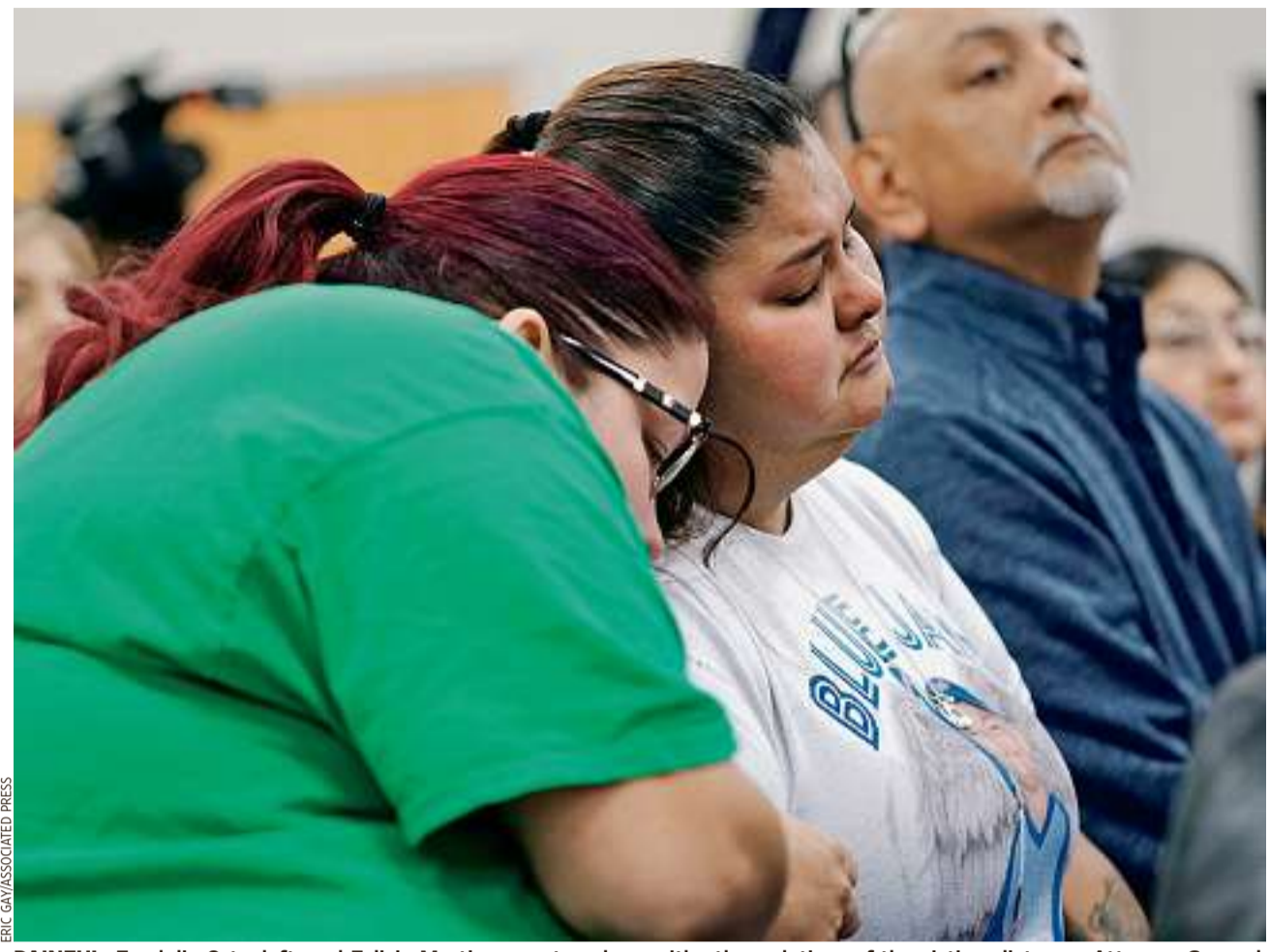
World-Wide

- ◆ **Congress cleared** legislation extending government funding into March, a step that ensures federal workers will remain on the job but does nothing to alleviate underlying political pressures stemming from high U.S. debt levels, record crossings at the southern border and an enduring war in Ukraine. **A1**
- ◆ **Pakistan carried out** what was the first publicly acknowledged airstrike on Iranian territory in decades and the U.S. hit Iran-backed rebels in Yemen, testing Tehran's ability to project power amid heightened tensions in the Middle East. **A1**
- ◆ **The U.S. military** launched a fifth round of strikes on Houthi weaponry in Yemen, targeting antiship missiles in the Red Sea hours after firing an earlier barrage, as rising tensions across the region threaten to pull more parties into a widening war. **A6**
- ◆ **Drugmakers kicked off** 2024 by raising the list prices for Ozempic, Mounjaro and other widely used brand-name medicines. **A1**
- ◆ **The U.S. ambassador** to Russia visited jailed Wall Street Journal reporter Evan Gershkovich, as the Biden administration continues efforts to win his release. **A7**
- ◆ **The projected cost** of replacing the aging nuclear missiles in silos across the Great Plains has soared by more than a third to \$107 billion, the Pentagon said, a development that comes as China pushes ahead with an expansion of its arsenal. **A2**
- ◆ **Russia rejected** an American proposal to reopen an arms-control dialogue with Washington, saying the U.S. was pursuing a hostile policy toward Moscow, U.S. officials said. **A9**

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'Cascading Failures' Cost Uvalde Children's Lives



PAINFUL: Evadulia Orta, left, and Felicia Martinez, center, along with other relatives of the victims, listen as Attorney General Merrick Garland discussed the Justice Department's findings on the Robb Elementary mass shooting in Uvalde, Texas. **A3**

Congress Passes Measure To Avert Shutdown

Bill to fund the government into March shows cracks within House GOP

Congress cleared legislation extending government funding into March, a step that ensures federal workers will remain on the job but does nothing to alleviate un-

By Siobhan Hughes, Katy Stech Ferek and Lindsay Wise

derlying political pressures stemming from high U.S. debt levels, record crossings at the southern border and an enduring war in Ukraine. The Senate passed the measure 77-18, followed by House approval, 314-108, on Thursday. The two votes send the measure to President Biden's desk with time to spare ahead of the weekend deadline.

In a replay of recent votes that underscored the fragility of the GOP majority, House Speaker Mike Johnson (R., La.) relied heavily on Democrats to bring the continuing resolution across the finish line, with almost half of Republicans declining to back the measure.

The day marked the latest turn in a long-running fight that has hobbled Congress and carved divisions through the Republican Party, with conservatives digging in on their demands for deep cuts as a condition for agreeing to back funding the government but being rebuffed by party leaders.

Federal operations have been running on a series of

Please turn to page A4

◆ **Biden relents on border to get war aid.....** A4

Pakistan Retaliates Inside Iran As U.S. Hits Houthis in Yemen

By SAEED SHAH AND BENOIT FAUCON

ISLAMABAD, Pakistan—Pakistan carried out what was the first publicly acknowledged airstrike on Iranian territory in decades and the U.S. hit Iran-backed rebels in Yemen, testing Tehran's ability to project power amid heightened tensions in the Middle East. The Pakistani strikes targeted what Islamabad said were Pakistani separatists in an Iranian border village. Ten Pakistani people were killed, local Deputy Gov. Alireza Mar-

hamati told state media. The U.S. military, meanwhile, launched a fifth round of strikes on Houthi weaponry in Yemen, targeting antiship missiles in the Red Sea hours after firing an earlier barrage. President Biden said the strikes would continue until the Houthis stop their attacks. Thursday's retaliatory moves from Pakistan and the U.S. are the latest signs of how rising regional tensions are threatening to pull more parties into a war beyond the Israel-Hamas conflict in the Gaza Strip. Iran-backed militant groups

such as Lebanon's Hezbollah and the Houthis have been attacking Israel and U.S. interests in the Middle East since the Israel-Hamas war began. But in recent days, after a U.S.-led force struck the Houthis, Iran stepped out from behind its militant allies for the first time since the war began and attacked what Tehran said were Israeli spies in Iraq and terrorists in Pakistan and Syria. Tehran's attacks served as a show of force to Iran's foreign foes and to an Iranian public that has been demanding revenge for a Jan. 3 ter-

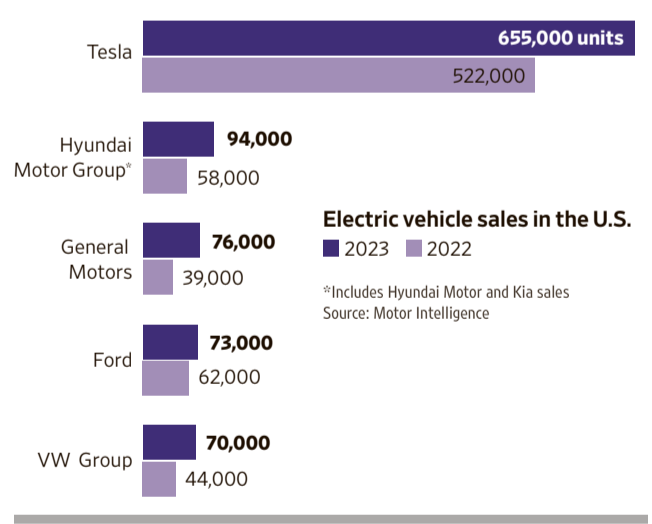
rorist attack that killed around dozens of people in the Iranian city of Kerman. For Tehran, where leaders often lump together the country's enemies—claiming for example that the U.S. and Israel support Islamic State, which claimed responsibility for the Kerman bombings—Iran's strikes this week showed how it might target Please turn to page A6

◆ **U.S. again strikes Houthis in Yemen.....** A6

◆ **Red Sea conflict threatens Europe's economy.....** A6

The EV Race for No. 2 in U.S.

Hyundai Motor and its affiliate, Kia, jointly captured the No. 2 slot last year in U.S. electric-vehicle sales, trailing only Tesla, which still holds a commanding lead. **B1**



Stock-Market Bulls Salivate Over \$8.8 Trillion Cash Pile

By ERIC WALLERSTEIN

Wall Street wants your money off the sidelines. Rising interest rates drew trillions of dollars into money-market funds and other cash-like investments in the past two years, with more than \$8.8 trillion parked in money funds and CDs as of the third quarter of 2023. Investors are optimistic that with rates poised to fall, people will redirect that money and fuel markets' next leg higher. Vivek Trivedi, 37 years old, a pharmacist in Indianapolis,

has around \$80,000, or a bit more than 10% of his overall assets, in money-market funds and inflation-adjusted U.S. savings bonds (I bonds). He plans eventually to use that cash to buy a rental property but would consider blue-chip stocks in the meantime should yields fall to less than 1.5 percentage points above inflation. "Every month, I'm looking at inflation," he said. What Trivedi and others decide is key to what happens in markets. Expectations that the Federal Reserve will cut interest rates later this year spurred

big rallies at the end of 2023, driving major indexes near records. Some investors said markets have little room for further gains and are already priced for a perfect scenario, in which inflation moderates without significant job losses. Wall Street is pinning its hopes on cash moving from money-market funds to provide the next big boost. Rates above 5% were flashy after years of safe investments of Please turn to page A8

◆ **Technology shares lift major indexes.....** B9

On Dating Apps, Some Look for 'The One,' Others for 'Another One'

Open-relationship enthusiasts crash mainstream romance apps, creating confusion

By KATHERINE BINDLEY

Many people using dating apps are on them looking for "the one." Increasingly, they're running into profiles of people looking for a second, third or fourth. The monogamists say mainstream dating apps like Hinge and Bumble are being inundated with users who are in consensual open relationships, and they'd like them to go find their own app. Others say the apps are for people of all relationship styles and, as long as they're up front about it, what's the problem? The profiles state: "ENM." The letters stand for ethical

nonmonogamy and more often than not, aren't spelled out. "I had to Google that," says Natalie Broussard, who lives in southeast Texas. Broussard, 41, uses Hinge, which allows users to fill in prompts on their profiles to share information with potential dates. Over the past two years she says it has become common for her to see the prompt "Let's make sure we're on the same page about..." followed by "I'm married" or "I'm in a committed relationship and my partner is totally cool with it." "I'm looking for a monogamous relationship, which is why I'm on a vanilla app," Broussard says. "I don't judge. I've dabbled Please turn to page A5



Hundreds of Drug Prices, Including Ozempic, Rise

By JENNIFER CALFAS

Drugmakers kicked off 2024 by raising the list prices for Ozempic, Mounjaro and other widely used medicines. Companies including Novo Nordisk, the maker of Ozempic, and Eli Lilly, which sells Mounjaro, raised list prices on 775 brand-name drugs during the first half of January, according to an analysis for The Wall Street Journal by 46brooklyn Research, a nonprofit drug-pricing analytics group. The drugmakers raised prices of their medicines by a median 4.5%, though the prices of some drugs rose around 10% or higher, according to the research group. The median increase is higher than the rate of inflation, which ticked up to 3.4% in December. Price increases above inflation for big-selling medicines, in particular, are likely to

sharpen scrutiny of the industry just as the Biden administration is taking new steps to rein in the federal government's drug spending, including plans to start negotiations over pricing. To blunt criticism from patients, doctors and lawmakers, drugmakers aren't raising prices as much as they had in years past. Yet the latest round of increases means some already expensive drugs will cost hundreds or even thousands of dollars more a month, which could fuel fresh calls for containing the spiraling costs. Among the notable increases: The price for Ozempic, a diabetes treatment that many people are taking to lose weight, went up by 3.5% to nearly \$970 for a month's supply. Mounjaro, a diabetes drug that is also widely used for weight loss, climbed 4.5% Please turn to page A2

INSIDE



JASON GAY
It's time to put the crazy back into the once-swaggering Dallas Cowboys. **A12**



MANSSION
A penthouse on Billionaires' Row in New York City finds a buyer for \$115 million. **M2**

U.S. NEWS

Soaring Costs Plague Nuclear-Missile Rehab

By DOUG CAMERON

The projected cost of replacing the aging nuclear missiles buried in silos across the Great Plains has soared by more than a third to \$107 billion, the Pentagon said, a development that comes as China pushes ahead with an expansion of its arsenal.

The problems at one of its priority programs put more pressure on the Pentagon's funding for other programs as it wrestles with the prospect of cuts over the next several years unless Congress can agree on a broader budget deal.

The Pentagon cited poor budget forecasting, supply-chain challenges and pandemic-driven inflation for a 37% increase in costs for the highly classified Air Force program, known as Sentinel.

The surge has triggered an automatic review by the Defense Department and Congress, either of which could terminate the program.

The Pentagon had already planned to spend an estimated \$756 billion over the next 10 years to maintain and upgrade its nuclear forces, according to the Congressional Budget Office.

Russia and China's expansions of their own nuclear arsenals have lent urgency to these long-delayed improvements.

That spending includes replacing the Cold War-era Min-

uteman intercontinental ballistic missiles with Sentinel, launching a fleet of new missile-carrying Columbia-class submarines, and upgrading nuclear warheads and the communications systems tying them to the president, who has ultimate authority on their use.

Separately, in the third element of the so-called nuclear triad, bombers, the Pentagon has begun building the B-21—a futuristic flying-wing plane intended to fly thousands of miles to strike targets deep behind enemy lines.

The Pentagon's fresh analysis, announced Thursday, revealed that upgrading the 450-missile Minuteman silos, which have dotted four states across the Great Plains since the 1960s, was more complex than anticipated, challenging efforts to make them operational by 2029.

Air Force acquisition chief Andrew Hunter said that the new missiles themselves were progressing on schedule, with most of the problems emerging in rebuilding the silos and communication systems.

He said the Air Force would look at the program's management structure and bring in additional expertise.

"Cost estimating tools were not fully up to the task," he said.

Among other issues, lead contractor Northrop Grumman won't be able to reuse as much

of the existing silo and communications infrastructure as planned, the Air Force said, and the program has required hundreds of real-estate deals to maintain access to the land for the underground silos and the communications systems.

Congress was briefed last month after Air Force Secretary Frank Kendall said Sentinel was "struggling," leading to unease about the transparency of the program among some members.

"The department must ensure that Sentinel is ready in time to replace the current ICBMs before they reach the end of their lives," said Rep. Mike Rogers (R., Ala.), chairman of the House Armed Services Committee.

The new Columbia-class submarines that will carry nuclear missiles also face delays. Pentagon officials have said there is little margin for error in completing the programs on time to replace equipment that is far past its intended lifespan and to deter China's fast-growing nuclear arsenal.

The Pentagon says China possesses about 500 nuclear warheads and is on pace to double that by 2030.

Critics have long argued that U.S. nuclear deterrence is well served by submarines and bombers, rendering a multibillion-dollar investment in underground nuclear missiles unnecessary.



The Air Force's Sentinel program to replace 450-missile Minuteman silos and underground launch capsules is costing 37% more than expected. An original capsule is pictured.

Prices Rise For Popular Medicines

Continued from Page One

to almost \$1,070 a month. Novo Nordisk said list-price changes take into account factors such as market conditions and inflation, and its U.S. list-price rises haven't reached above single-digit percentages since 2016. Lilly said it sets prices according to a medicine's value, efficacy and safety.

Pharmaceutical companies generally attributed the price increases to market trends, inflation and the value the drugs provide. Some companies said the list-price changes wouldn't affect patients' access to the medicines.

Drugmakers usually boost list prices during the first several weeks of a new year. More could come soon because companies like Johnson

& Johnson hadn't made any increases in 46brooklyn's records year to date.

The increases anger patients and doctors, though drugmakers usually discount the price of their drugs to win reimbursement from health plans, and patients who have health insurance typically pay only a portion of the cost.

Yet high drug costs are such a potent political issue—for both Democrats and Republicans—that many pharmaceutical companies have moderated their list-price increases after several years of raising them by double-digit percentages annually.

Last year, the government began imposing penalties on companies that raised the list prices of medicines above the rate of inflation. This year, it is scheduled to begin the first-ever negotiations with companies over the prices of 10 drugs including popular blood-thinner Eliquis.

Mark Vogelzang, a 68-year-old in Las Vegas who is taking Eliquis for a heart-rhythm disorder called atrial fibrillation,

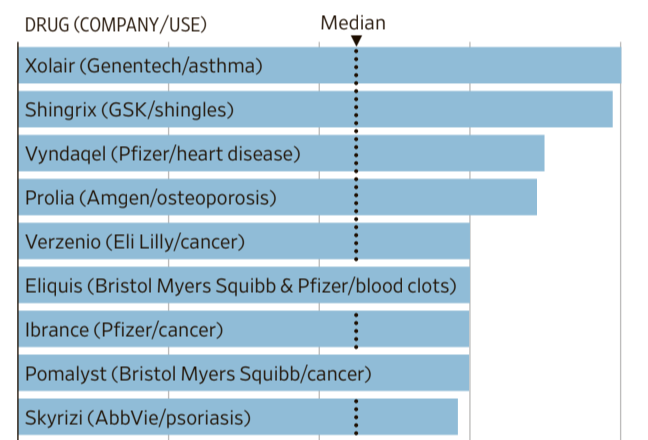
said he is paying \$341 for a 90-day supply through his Medicare health plan.

"I'm all for a free market for drug purposes," said Vogelzang, a retired radio executive. "But, in this case, it's inconsistent and very hard to determine what the real, the right price is for something as crucial as a drug like Eliquis." Bristol-Myers Squibb and Pfizer, which sell Eliquis, increased the list price by 6% this month to \$594 for a month's supply.

Inflation and investment in research and innovation contributed to the company's list-price increases, a Bristol spokeswoman said. The price paid to the company will "remain nearly flat" this year because of rebates and discounts, she said, and half of patients pay \$40 or less a month.

Pfizer referred questions about Eliquis to Bristol. A Pfizer spokeswoman speaking generally said the amount of money the company receives for its drugs and vaccines has dropped for the past five years because of climbing rebates and dis-

Increases in drug list prices made by companies in January



Note: Selection includes drugs with the largest price gains among the 50 bestselling drugs in 2023, where data available, excluding Covid-19 vaccines. Sources: 46brooklyn Research (prices); Evaluate Ltd. (bestsellers)

counts to health insurers and pharmacy-benefit managers.

For its analysis of the list-price increases, 46brooklyn used the wholesale acquisition costs of drugs, which are the prices at which a pharmaceutical company lists a drug for sale to the middlemen that distribute drugs to pharma-

ciens.

The analysis looked at pricing information for prescription drugs through Jan. 15 compared with the previous year.

Health plans, which pay most of the cost of drugs for most people in the U.S., don't usually pay list prices. They typically negotiate discounts

with drugmakers in exchange for agreeing to cover prescriptions and let plan members take them.

Because of the discounting, pharmaceutical companies have said they often don't make more money by raising prices. Rather, the drugmakers have said they raise the list prices to give bigger discounts and ensure their products are covered by the health plans.

Drugmakers don't usually get paid the full list price for a drug because of the discounts they negotiate with the middlemen. Pharmaceutical companies have said they often raise the list prices to give bigger discounts, not to make more money themselves.

While list prices grew by 5.3% in the third quarter of 2023, the amount pharmaceutical companies received fell by 2.2%, according to SSR Health, a research firm.

More than two dozen drug list prices declined by more than 10% this year—a rare occurrence, according to 46brooklyn Research Chief Executive Antonio Giaccia.

U.S. WATCH



LIFTOFF: A SpaceX rocket carrying a four-person crew to the International Space Station launched Thursday in Cape Canaveral, Fla.

WASHINGTON, D.C. Hunter Biden to Sit For GOP Deposition

Hunter Biden has agreed to appear before House lawmakers next month for closed-door questioning as part of the impeachment inquiry into his father, President Biden, heading off a push to hold him in contempt of Congress and setting the stage for a contentious hearing focused on his past business dealings.

for Feb. 28, the younger Biden and House Republicans appeared to resolve a weekslong standoff over his testimony.

Hunter Biden initially said he would only appear in public, arguing that a closed hearing would allow House Republicans to twist and selectively leak his testimony.

In a joint statement Thursday, House leaders said they were planning interviews with other Biden family members and associates in coming weeks.

—C. Ryan Barber

TENNESSEE At Least 14 Deaths Linked to Storm

At least 14 deaths in Tennessee have been linked to a storm system that blanketed the state in snow and sent temperatures plummeting as bitterly cold weather kept an icy grip Thursday on a swath of the U.S. from Oregon to the Northeast.

Tennessee officials updated the state's death toll at midweek after the storm dropped more than 9 inches

of snow since Sunday in parts of Nashville, where only about half that amount falls in a given year.

Even after the snow tapered off, temperatures plunged below zero in parts of the state, creating the largest power demand ever across the seven states served by the Tennessee Valley Authority.

Shelby County, which includes Memphis and is the state's largest county, saw the most deaths, five.

—Associated Press

CORRECTIONS & AMPLIFICATIONS

Spotify pays music labels and other rights holders nearly 70 cents of every dollar it earns from music streaming. A Page One article on Thursday about Spotify said it pays solely music labels nearly 70 cents of every dollar it earns from music streaming.

The Gibraltar Eagle is a bulk carrier. The headline with a Page One article on Tuesday about Houthi attacks in the Red Sea incorrectly called the Gibraltar Eagle a containership. The error was repeated in a World News article on Wednesday about two Navy SEALs lost

off the coast of Somalia.

Ukraine's air force on Sunday shot down a Russian IL-22 command plane over the Sea of Azov, according to the commander of the Ukrainian armed forces. A World News article on Tuesday about the war in Ukraine incorrectly identified the IL-22 plane as a bomber jet.

The last name of attorney Douglas Wigdor was misspelled as Widor in a Business & Finance article on Wednesday about a lawsuit against entertainment-industry mogul James Dolan.

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

THE WALL STREET JOURNAL
 (USPS 664-880) (Eastern Edition ISSN 0099-9660)
 (Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)
 Editorial and publication headquarters: 1211 Avenue of the Americas, New York, N.Y. 10036
 Published daily except Sundays and general legal holidays.
 Periodicals postage paid at New York, N.Y., and other mailing offices.
 Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.
 All Advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, N.Y. 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.
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U.S. NEWS

DOJ Details Failure to Stop Uvalde Horror

BY ELIZABETH FINDELL
AND SADIE GURMAN

UVALDE, Texas—Every aspect of the law enforcement response to the Robb Elementary mass shooting and its aftermath was disorganized, chaotic and marked by failure, the Justice Department said Thursday in a blistering report.

“Had law enforcement agencies followed generally accepted practices in an active-shooter situation and gone right after the shooter to stop him, lives would have been saved,” Attorney General Merrick Garland said, fighting back tears as he spoke in Uvalde.

The botched response has been well-documented, but the nearly 600-page report represents the fullest accounting to date of the response to the May 24, 2022, shooting, in which a gunman killed 19 fourth-graders and two teachers while nearly 400 law enforcement officers failed to intervene. The victims were trapped with the gunman for more than an hour as police remained outside, even as children called 911 pleading for help.

When a Border Patrol tactical team finally took down the killer, they found “LOL” written on a classroom white board in the victims’ blood.

The report described in new detail how the first officers on the scene failed to treat it as an active shooting, even as gunfire continued inside the classroom; how dozens of law enforcement agencies collectively failed to organize a chaotic scene; how misinformation spread by local and state officials contributed to victims’ trauma; and how an error-riddled state investigation in the shooting’s aftermath compromised the crime scene and evidence.

“Their loved ones deserved better,” said Garland, who met with victims’ families.

Family members of victims said Thursday that they appreciated the DOJ’s attention to the issue and they hoped it would advance a probe by the local district attorney that they fear has stalled, and which has blocked them from receiving much information about their children’s deaths. They also called the report important in a divided community, where many have resented continued talk about the shooting.

“The community needs to see this and, because the DOJ stamp is on it, maybe y’all will start taking us seriously and

Days Afterward, More Blunders

The work in the days after the shooting was riddled with mistakes, the Justice Department’s report found.

The Texas Department of Public Safety first set up its command post at a nearby funeral home where shots had been fired, failing to realize it was also part of the crime scene.

During that time, someone threw a “hell-fire” device—used by the gunman to fire rounds at an increased rate—into the trash, apparently not knowing what it was.

As a major storm approached the area, DPS refused the help of the FBI in processing the area where the gunman wrecked his car. The department didn’t process that evidence before the storm and rainfall washed out the crime scene and compromised the evidence, including one of the shooter’s rifles.

DPS Spokeswoman Ericka Miller said the agency has already implemented some of the DOJ’s recommendations. “As DPS Director Steven McCraw first stated in the weeks after the shooting, the law enforcement response that day was an abject failure, and this report’s observations underscore those failures,” she said.

stop telling us to move on, telling us to sweep it under the rug,” said Brett Cross, the guardian of one of the children killed.

The Justice Department’s investigation came at the request of former Uvalde Mayor Don McLaughlin. Investigators conducted over 260 interviews as part of the review, which wasn’t a criminal investigation.

The report described “cascading failures” by law enforcement during the attack. Most significantly, officers should have recognized an active-shooter situation and rushed to stop it. Instead, they followed then-Uvalde school



Memorial crosses stood in front of Robb Elementary Thursday. The U.S. report noted failures by first officers on the Uvalde scene.

Situation Breakdown

A Justice Department report released Thursday detailing the May 24, 2022, shooting at Robb Elementary School in Uvalde, Texas, describes a series of critical failures.

1 At 11:33 a.m., the shooter enters the school with an AR-15 rifle and fires shots in rooms 111 and 112.

2 At 11:35, officers begin arriving at the school.

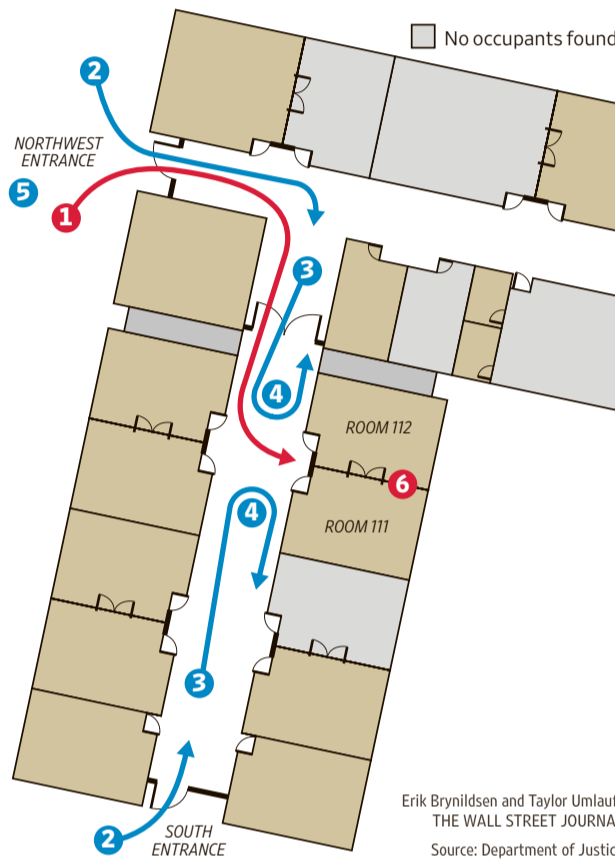
Within minutes, 11 officers, including the school district’s then-police chief, Pete Arredondo, respond to the active shooter event and enter the school by two doors.

The DOJ report says given Arredondo’s experience, training and knowledge of the school, he should have either assumed command or had then-Acting Chief Mariano Pargas, who was also in the school, assume command.

3 Arredondo and others approach the classrooms, but some are hit with shrapnel.

The DOJ report says Pargas should have taken control of the situation when Arredondo moved toward the classroom.

4 After getting hit with shrapnel, the officers, including Arredondo, retreat and start



Erik Brynildsen and Taylor Umlauf/
THE WALL STREET JOURNAL
Source: Department of Justice

treating the incident as a barricaded shooter, not an active one, and direct officers to delay making entry into classrooms in favor of searching for keys and clearing other classrooms.

The DOJ report says the most significant failure was that officers should have pushed forward immediately and continuously to eliminate the threat.

5 Around 12:12 p.m., Pargas learns the ‘room is full of victims.’

The DOJ report says at this point it should have been clear to all law enforcement personnel listening to dispatch that this incident was still an active shooter situation and stopping the shooter should have been a priority.

6 12:21 p.m. Shooter fires four more shots inside the classrooms. About 25 minutes later, officers find keys and enter the room.

The DOJ report says the door was likely already unlocked.

At 12:50 p.m. 75 minutes after police arrived, the shooter is killed.

district Police Chief Pete Arredondo’s lead in treating the situation as one involving a contained subject.

Though officers from 23 agencies responded, none took control of the scene or set up a command structure. Many arriving officers believed the shooter had already been killed or that Arredondo was in the room with him, based on inaccurate information at the scene or from misconstruing what appeared to be a lack of urgency, the report said.

Arredondo, having left his radios behind, had limited communications. His focus on a protracted evacuation of the

school delayed confronting the shooter. No one checked to see if evacuated students were injured or needed other assistance.

Arredondo didn’t respond to a request for comment. Hundreds of parked and locked law enforcement vehicles blocked ambulances from responding and, once law enforcement went into the classroom, children with gunshot wounds were tossed into school buses to be driven for help.

The process for reunifying families and notifying parents their children had died was haphazard and traumatic. Parents first learned their children

had been killed when a county prosecutor started talking about the need to wait for autopsy results before making death notifications. “What, our kids are dead? No! No!” one parent cried out. Officials took DNA swabs and told them it would be days for a match to come back to help identify their children.

Uvalde District Attorney Christina Mitchell tasked the Texas Department of Public Safety, which had 91 officers at the shooting, with the investigation of it. The agency has finished its preliminary report on the incident response, but blocked it from public release under orders from Mitchell,

who said her office planned to review potential charges.

Justice Department officials made more than 200 observations and recommendations. President Biden said the White House would assist in finding ways to help communities respond to mass shootings. He urged Congress to enact gun laws such as universal background checks and a ban on assault weapons.

“Getting clear on the facts is part of healing,” Associate Attorney General Vanita Gupta said. “And so too is enacting change and policies and practices to help make sure these failures do not happen again.”

Palestinian Students Shot in Vermont Seek Focus on Gaza

BY ERIN AILWORTH

BOSTON—For the past several weeks, Elizabeth Price has split her time between getting her son, Hisham Awartani, settled at Spaulding Rehabilitation Hospital and speaking with federal and state lawmakers about the Nov. 25 attack in Burlington, Vt., that left Awartani without the use of his legs—and wounded two of his longtime friends.

The three 20-year-olds, students at East Coast colleges and all of Palestinian descent, were walking near Awartani’s grandmother’s house in Burlington when a man started firing. The families believe the three were targeted because two were wearing traditional Palestinian scarves. The alleged gunman has pleaded not guilty to attempted murder.

Federal officials have said they are investigating whether the shooting was a hate crime. To the students and their families, it was—spurred by anti-Palestinian sentiment amplified by Israel’s war against Hamas in Gaza. In pushing for it to be prosecuted as such, they have another goal: using this moment in the public eye to increase support for Palestinians in Gaza and beyond.

“This was a chance for us to say, ‘Well, if you’re listening to us about our boys, thank you, but did you know what is happening to other Palestinian children?’” said Price. She and her family are American citizens.

Israel’s military campaign in Gaza has come under increasing international scrutiny. More than 24,000 Palestinians have been killed since the war began, according to Palestinian health authorities, whose numbers don’t distinguish between civilians and combatants. The war follows a Hamas-led assault on southern Israel on Oct. 7 that left about 1,200 people dead—most of them civilians—according to Israeli authorities.

Price and her husband, Ali, rushed to the U.S. from the West Bank city of Ramallah, where they live, after their son was attacked.

Price said she has met to discuss gun violence with Democrats including Conor Casey, a Vermont state representative, and her family received a standing ovation when visiting the Vermont legislature at the invitation of state Rep. Mary-Katherine Stone. She said she also has spoken with U.S. Rep. Becca Balint and U.S. Sen. Peter Welch, both Vermont Democrats, and thanked them for calling for a cease-fire in Gaza.

“If my voice can be heard for just a second, I want to make sure that it carries a message that’s important,” Price said.

Her son has urged the U.S. to back a cease-fire. At a vigil at his school, Brown University, just days after being shot, he urged people to think not of him, but of other Palestinians.

“I am but one casualty in this much wider conflict,” he



Tahseen Aliahmad, Kinnan Abdalhamid and Hisham Awartani believe they were targeted because they are Palestinian.

said in a statement read by Beshara Doumani, a history professor at Brown.

The war had been on Awartani’s mind for weeks, as well as on the minds of his longtime friends Kinnan Abdalhamid, a

student at Haverford College just outside of Philadelphia, and Tahseen Aliahmad, who attends Trinity College in Connecticut. Awartani declined to be interviewed for this story. The Wall Street Journal was unable to reach Aliahmad.

The three grew up together in the West Bank, where they attended the Ramallah Friends School, ran a chess club and participated in model United

Nations simulations. They often spent afternoons chatting about things like physics, or listening to North African rap while cruising around town in an old red car that used to belong to Awartani’s uncle.

Although the friends lost touch some as they settled in at their respective schools, Abdalhamid, a pre-med student, said they began to reconnect this past summer, and even more so after Israel began its offensive in Gaza. A U.S. citizen born in Chicago, he said the war prompted him to speak with friends at Haverford about his upbringing in the West Bank, Palestinian history and what is

happening back home.

Ten days before being shot, Awartani, who is studying mathematics and archaeology at Brown, assembled with peers to create a banner bearing the names of people killed in Gaza. His friend About Ashhab, who also grew up in Ramallah, recalled how Awartani went through the documentation of the dead provided by the Palestinian health authorities and counted the number who shared his uncommon name, Hisham.

Days after he was shot, Awartani recalled the moment too, writing in the College Hill Independent that 13 were named Hisham and 17 had it as a middle name. “I didn’t know how to feel,” he wrote.

While the pall of war permeated Awartani’s reunion with family and friends in Burlington over the Thanksgiving break, their time was also marked by games and relaxation, said Awartani’s uncle, Rich Price, who lives next door to Awartani’s grandmother, Marian Price.

“I do think they were finding some comfort in reconnecting,” he said.

The three were out on a walk when the gunfire sprayed. Rich Price said he and his wife saw police cruisers race by, lights flashing. Not long after, Marian Price’s phone rang. It was Hisham: “Granny, I’ve been shot.”

In Ramallah, Abdalhamid’s mother, Tamara Tamimi, remembers the call her husband

received from her longtime friend Elizabeth Price at 3 a.m., seconds after Tamimi had missed a call from her.

“I knew immediately something was wrong,” she said.

Chittenden County State’s Attorney Sarah George said days later that local law enforcement hadn’t found evidence the shooting was a hate crime. She didn’t respond to an email Wednesday seeking comment.

According to an analysis of preliminary data by Brian Levin, founder of the Center for the Study of Hate and Extremism at California State University, San Bernardino, the number of hate crimes reported in the 10 largest U.S. cities increased roughly 13% in 2023, largely because of a late-year rise in antisemitic incidents. Anti-Muslim incidents increased to the highest levels since the middle of the previous decade.

Abdalhamid and Awartani connected their attack to the Palestinian plight in a nationally televised interview with NBC this week. Abdalhamid said the conversations haven’t been easy, but he feels obliged as a Palestinian to have them. Awartani expressed the same when he spoke to BBC News in Arabic in mid-December.

“The silver lining is now at least I am a bit heard,” Abdalhamid said, “and the Palestinian people are afforded a bit of a voice.”

—Saleh al-Batati
contributed to this article.

U.S. NEWS

Biden Relents on Border to Get War Aid

Concession to GOP in hopes for a deal undercuts campaign rhetoric and riles left

By TARINI PARTI
AND MICHELLE HACKMAN

An immigration deal being crafted in the Senate would limit migrants' ability to claim asylum at the southern border, a White House concession some progressives say shows that President Biden's leftward shift on immigration as a 2020 candidate was a blip in his long political career.

The deal, which would come in return for new war aid for Ukraine and Israel, is already facing steep odds on Capitol Hill with House Republicans making tougher demands.

"We have talked about the necessary elements to solve this problem," House Speaker Mike Johnson (R., La.) said after a meeting with Biden on Wednesday at the White House. Among them, he added, "is reform to the broken asylum and parole systems."

Biden's willingness to negotiate with Republicans lays bare what many liberal Democrats have long feared—that he is willing to move to the right to cut a deal on immigration and secure funding for the wars.

A CBS News poll conducted earlier this month found Biden's approval rating on handling immigration issues to be at a record low, with 68% of those surveyed saying they disapproved of his border policies and 63% saying they wanted him to be tougher.

In his five-decade political career, which often centered on his foreign-policy priorities, Biden rarely took on the thorny issue of immigration policy—and when he did, he usually backed a moderate stance.

"The president has certainly changed his tune from when he campaigned on how important it was to protect and restore the asylum system," said Rep. Jesus "Chuy" Garcia (D., Ill.), a member of the Congressional Hispanic Caucus.

For three years, the administration has struggled to curb the surge in migrants at the southern border, and Republicans are seizing on the issue to argue against his re-election. The White House also sees that political vulnerability, and a bipartisan deal could blunt those attacks.

A White House spokesman said the administration has led the largest expansion of lawful pathways in decades, worked with partners across the region to address irregular migration, and enforced the law by removing and returning



Immigrants make their way toward a U.S. Border Patrol transit center after crossing the Rio Grande into the U.S. in Eagle Pass, Texas.

more than 482,000 individuals who had no legal status to remain in the U.S.

"As the president has said, our immigration system is broken, and that is why his administration is working to find a bipartisan agreement on border funding and policy that will deliver effective and meaningful reforms," he added.

Biden has tended to make the political calculation that the middle-of-the-road voters he cares about don't give priority to fixing the immigration system, said Vanessa Cárdenas, executive director of immigration rights group America's Voice, and former national coalition director for Biden during the 2020 primary. "They wanted to win with bread-and-butter progressive issues, and immigration was not one of those," she said.

In his 2020 bid against former President Donald Trump, Biden briefly revived Democratic hopes of setting a more progressive immigration agenda, bringing on backers of his Democratic primary rival, Sen. Bernie Sanders of Vermont, to draft policy proposals to unite the party.

His campaign released what became the most liberal immigration proposal of any mainstream Democratic candidate in history. Among other things,

President's Immigration Stance, Involvement Have Shifted

President Biden, as a senator, voted in favor of several restrictive immigration measures, such as a 1996 law increasing penalties for illegal border crossings and a 2006 law authorizing construction of a border fence.

Those votes put Biden in line with most other Democratic senators at the time.

When Biden was vice president, his experience on

immigration policy was largely limited to his diplomacy work.

He visited Central America and spearheaded an aid package aimed at creating jobs and reducing violence in the areas sending the most migrants to the U.S. But he wasn't closely involved in a bipartisan immigration overhaul that passed the Senate in 2013 and ultimately

failed in the House.

"Like in 'Hamilton,' was he in the room when it happened?" said former Democratic Rep. Luis Gutiérrez (D., Ill.), who worked on immigration issues throughout his overlapping tenure with Biden in Congress and on the 2013 compromise bill while Biden was vice president. "No, he was never in the room when it happened."

it pledged to shut down all privately run immigration detention centers, protect longtime workers lacking permanent legal status and reverse many of Trump's border policies.

On his first day in office, he followed through on several of those pledges. He halted construction of Trump's border wall, reversed the travel ban on several Muslim-majority countries and ended the Remain in Mexico policy. He also sent Congress an immigration proposal, seen as a Democratic wishlist, including a path to citizenship for the roughly 11 million immigrants who were living in the U.S. illegally when Biden took office.

But there was never a concerted effort to push the bill through the then-Democratic-controlled Congress, as the administration did with other bills that Biden eventually signed into law, such as the bipartisan infrastructure bill.

Progressives' hopes on immigration policy quickly faded, and the bipartisan criticism of the continuing surge of migrants at the border has only gotten louder. Republicans are making the border a central part of every political fight, and Democratic mayors, who are struggling to manage the influx of migrants being bused to their cities by Texas GOP Gov. Greg Abbott, have called

on the federal government to do more.

The president is still resistant to some proposals that feel too reminiscent of the Trump administration. He is uncomfortable with bringing back any form of Remain in Mexico. He has also drawn a line against large-scale workplace raids that target employers who hire many undocumented immigrants and against detaining migrant families at the border.

But with mounting political pressure, Biden has reiterated to advisers that his main priority is to see migration plummet and has signed off on certain measures used by Trump.

Biden implemented a version of his predecessor's asylum rule that would make migrants who move through another country on the way and don't first apply for asylum in that country ineligible for asylum in the U.S.

As part of the border-deal negotiations with Republicans, the White House has also recently signaled it would accept some changes to humanitarian parole, an authority that allows the government to let in people who don't qualify for a visa. The Biden administration has been using it expansively to let in migrants who register with the government in advance so that they don't enter the U.S. illegally.

The administration has all but shut down work on several of the campaign ideas Biden laid out, such as finding ways to allow undocumented immigrants who have lived in the U.S. for decades ways to work legally.

"Democrats run away from the immigration issue as soon as things get difficult," said Marielena Hincapié, a longtime immigration advocate who worked on immigration policy for Biden's 2020 campaign. "Biden immediately went into reaction mode. Republicans do the complete opposite: They lean in."

Congress Acts to Avert Shutdown

Continued from Page One

continuing resolutions since Oct. 1, after then-House Speaker Kevin McCarthy (R., Calif.) bucked spending hawks and put a surprise continuing resolution on the floor, only to lose his job when a bloc of Republicans engineered his ouster, in part over that decision.

Thursday's bill provides funding for the Transportation, Energy and Agriculture Departments; the Food and Drug Administration; and Veterans Affairs and military construction through March 1. The rest of the government would be funded through March 8. Under current law, funding was set to run out on Jan. 19 and Feb. 2, respectively.

The extension is designed to give congressional leaders time to hammer out full-year fiscal 2024 spending bills with an overall price tag of \$1.66 trillion, a level agreed to this month by leaders of both parties.

"Avoiding a shutdown is very good news for every American," said Senate Majority Leader Chuck Schumer (D., N.Y.). "No chaos, no spectacle, no shutdown."

The relative speed of passage Thursday—the votes occurred within three hours of each other—masked the turmoil gripping Congress more

broadly. Senate negotiators are working to reach a deal on tightening U.S. border security, which Republicans demanded as a condition of supporting a stalled \$110.5 billion foreign-aid package that includes assistance for Ukraine.

Biden, a Democrat, hosted lawmakers at the White House on Wednesday, with attendees saying talks were productive and floating the idea of a vote on a combined border-Ukraine bill in the Senate next week.

But House Republicans have remained skeptical of any deal that falls short of the border bill they passed last year with no Democratic support.

Former President Donald Trump, the front-runner in the 2024 race for the GOP presidential nomination, stirred up those sentiments on social media, saying that Republicans should not do a border deal "at all" unless they could get "everything needed to shut down" migration at the border. "He's going to be the presidential nominee," said Rep. Marjorie Taylor Greene (R., Ga.), who voted against Thursday's government-funding bill. "It's time for all Republicans—Senate and in the House—to get behind his policies. Those are policies that we should be reflecting in our bills and in our votes on the House floor."

Meanwhile, Johnson has continued to grapple with the restive conservative wing of his conference that wanted to impose spending cuts or extract a win on border policy as a condition for funding the government. In the vote Thursday, 107 Republicans backed the stopgap bill, with 106 vot-



House Speaker Mike Johnson (R., La.) needed Democratic votes to pass the spending bill.

Time is gained to hammer out a full-year, \$1.66 trillion spending plan.

ing against it and seven not voting. Johnson didn't respond to questions after the vote.

Conservatives are unhappy that after winning control of the House in 2022, they have been unable to reverse a nearly \$1.7 trillion fiscal 2023 spending law passed while Democrats had full control of Congress. Last year's Fiscal Responsibility Act, which nominally set spending at \$1.59 trillion in fiscal 2023, was en-

acted after McCarthy and Biden made a handshake agreement to spend an additional \$69 billion beyond what was written into statute. Hard-line Republicans are angered that Johnson went on to honor that handshake deal.

"It doesn't matter who is sitting in the speaker's seat or who has the majority. We keep doing the same stupid stuff," said Rep. Chip Roy (R., Texas), a leader of the hard-

line House Freedom Caucus.

Democrats said some House Republicans have needlessly dragged the government to the brink of shutdowns. "ENOUGH with the MAGA brinksmanship!" said Sen. Chris Van Hollen (D., Md.) on social media.

Because of hard-liners' opposition to another continuing resolution, which locks in both the prior year's spending levels and priorities, Johnson put the bill on the floor under procedures requiring two-thirds of House votes. By doing so, he bypassed the need for a procedural vote that GOP dissidents would likely block but

had to lean heavily on Democratic support just as McCarthy did—never a good look for a Republican leader.

"While there may be a Republican majority on paper, more than 200 Democrats will be needed to keep the government's lights on," said Rep. Rosa DeLauro (D., Conn.), the top Democrat on the House Appropriations Committee. She said she hopes the extension will be the last one needed to allow lawmakers to complete the federal budget.

Freedom Caucus members tried on Thursday to get an amendment vote to attach a House-passed border-security bill to the continuing resolution. But Johnson's office shot down that effort.

Other Republicans regularly remind their colleagues that the GOP controls only the House and not the Senate or the White House, and expectations need to be set accordingly.

"I'm starting to get fed up," said Rep. Mario Diaz-Balart (R., Fla.). "There's a small group that's just always going to have to be critical because that's how they get exposure."

Johnson has limited ability to accommodate such infighting if he is to eke out Republican wins because his small margins—two Republicans are absent for health reasons, cutting into his already narrow 220-213 majority—force him to keep nearly all Republicans together to pass legislation without Democratic help. Even then, he still must contend with a Democratic-controlled Senate.

U.S. NEWS

Haley Aims to Win Home State Where Trump Dominates Polls

BY ELIZA COLLINS
AND CAMERON McWHIRTER

Nikki Haley's long-shot strategy to win the Republican presidential nomination is to pull off an upset in New Hampshire next week over former President Donald Trump—then beat him again in her home state of South Carolina a month later.

But she has a problem: South Carolina is Trump Country.

Haley, who turns 52 years old on Saturday, grew up in the small city of Bamberg, S.C., went to Clemson University and spent most of her political career in the Palmetto State, serving as its popular governor from 2011 to 2017.

Despite Haley's deep personal ties and political legacy, Trump, 77, has been considered the front-runner in South Carolina for months. Haley lags behind Trump by about 30 points in most state polls taken before the GOP field narrowed following the Iowa caucuses. Surveys show Trump with about 50% or more support of those polled, while Haley attracts about 20%. Florida Gov. Ron DeSantis has polled in the low teens or lower.

"South Carolina likes Nikki Haley but South Carolina loves Donald Trump," said Rep. Nancy Mace, a Republican from the Charleston area who hasn't endorsed a candidate. Mace started her congressional career highly critical of Trump, but she has since said she would consider backing the former president in the primary.

Trump is looking to quickly lock up the nomination after his win in Iowa on Monday, when DeSantis came in a distant second followed by Haley in third. To blunt Trump's rise, Haley would need to win, or come very close, in New



Republican presidential candidate Nikki Haley campaigned in Hooksett, N.H., on Thursday.

Hampshire on Jan. 23, and then score a convincing win on her home turf in South Carolina's Feb. 24 contest.

In an interview with CNN on Tuesday, Haley said: "If we can be strong in New Hampshire...we're going to be even stronger in South Carolina...This is a marathon. It's not a sprint."

A Haley spokeswoman said that Haley won the governor's mansion as the Tea Party, anti-establishment candidate and that she built a conservative record as the state's chief executive. She said Haley signed restrictive abortion legislation and cracked down on illegal immigration as governor. Haley won by roughly 4.5 percentage points for her first race for governor in 2010 and 14.5 percentage points for her re-election in 2014.

Rep. Ralph Norman, one of the most prominent Republican elected officials in South Carolina to endorse Haley, said he expected her to campaign hard in her home state and ultimately do well. He

said the race now is between Haley and Trump.

But Trump, who carried South Carolina in the last competitive Republican primary in 2016, has far more top endorsements in the state, including Gov. Henry McMaster, a Republican.

Trump has noted his wide lead in South Carolina polls and said Haley should be doing better there given her résumé.

"I think it's a Trump state," said Sen. Lindsey Graham (R., S.C.), who has endorsed Trump. The state's other senator, Tim Scott, was briefly a GOP candidate for president. He hasn't endorsed a candidate but has been lobbied by all remaining candidates, according to a person familiar with the matter.

Some allies have urged DeSantis to drop out because he is expected to do poorly in New Hampshire and South Carolina, but so far he has resisted those calls.

The primary in his home state of Florida isn't until

March 19; Trump has a big lead in polling there.

A DeSantis spokesman said Haley "will be out of this race after failing to win her home state."

Haley's first order of business will be in New Hampshire, where recent polling has shown her eating into Trump's lead—with one having her cut it to single digits. Haley could appeal to the state's more-centrist electorate.

After that primary, she will have a month to campaign in a place she knows well—though she will be an underdog.

South Carolina is a Republican stronghold, with a large conservative evangelical population in much of the state. GOP voters around Charleston, many retired and wealthy, tend to back more-moderate candidates. Republican presidential nominees have carried the state in every general election since 1980.

—Alex Leary
and Siobhan Hughes
contributed to this article.

Georgia DA Willis Says Affair Claims Meant to Derail Case

BY JAN WOLFE

Fulton County District Attorney Fani Willis is seeking to avoid being deposed in the divorce proceeding of a colleague she is accused of having an affair with, calling a recent subpoena for her testimony a form of harassment meant to derail her criminal case against former President Donald Trump and others.

In an emergency motion Thursday, Willis asked a judge to block the subpoena in the divorce case of Nathan Wade, a lawyer in private practice whom she hired as a special prosecutor in the Trump case. His wife, Joycelyn Wade, filed the subpoena for Willis's testimony.

Thursday's motion marks the first time Willis responded in court to the allegations, which came to light in an explosive court filing by one of Trump's co-defendants in the case. The filing last week alleged that Willis was dating Wade when she awarded him a lucrative contract to help prosecute the former president and that Willis herself benefited financially from the arrangement.

In the Thursday court filing, Willis didn't address whether she had a romantic relationship with Wade. Instead, it said that because "the parties agree that the marriage is irretrievably broken and the concept of fault is not at issue, there is no information that District Attorney Willis could provide that might prove relevant to granting or denying the divorce."

Willis's personal lawyer, Cinque Axam, went the filing.

"Defendant Joycelyn Wade is using the legal process to harass and embarrass District Attorney Willis, and in doing so, is obstructing and interfering" with the Trump case, Willis's lawyer added. Willis's lawyer also said it was meant

to "damage her professional reputation."

Asked for comment Thursday, a representative for Joycelyn Wade said if she had a response it would come in a court filing but added of Willis: "Clearly, this matter is personal for her." A lawyer for Trump didn't provide a comment. Nathan Wade didn't return a message left at his law office.

Last year, Willis, a Democrat, announced an indictment against Trump and 18 others, alleging a criminal enterprise to overturn Trump's 2020 defeat in Georgia. Fulton County Superior Court Judge Scott McAfee hasn't yet set a trial date.

The case took a surprise turn Jan. 8, when Trump co-defendant Michael Roman filed the motion alleging Willis and Wade should be removed from the case because of their alleged romantic entanglement.

Roman's lawyer, Ashleigh Merchant, didn't provide proof of a romantic relationship between Willis and Wade, but she said sealed records from Wade's divorce proceeding from his wife would substantiate her allegations.

On Thursday, McAfee set a hearing on the Roman motion for Feb. 15, and Willis has been ordered to respond to Roman's filing by Feb. 2. A spokesman for Willis didn't respond to a request for comment Thursday but had previously said she would respond in a court filing.

Speaking at an Atlanta church Sunday, Willis attributed criticisms that Wade lacked the proper experience for the job to racial bias. Willis and Wade are both Black.

Merchant said Thursday that Willis is seeking to avoid answering important questions. "She appears to be doing everything she can to avoid having to account for inconvenient and difficult facts," Merchant said.

Daters Look For the One, Or More

Continued from Page One
in a little bit of everything...but there's a website for that."

As if online dating wasn't hard enough—having to worry if someone is lying about their age, or will ghost you, or is actually a bot catfishing you—now users have to sift through profiles and grapple with increasingly expansive definitions of what it means to be in a committed relationship.

More-niche apps exist: Feeld markets itself as for those interested in polyamory, consensual nonmonogamy, homo- and heteroflexibility, pansexuality, asexuality, aromanticism and voyeurism, among other things. But increasingly, the most popular apps are trying to appeal to more-diverse groups of users.

In late 2022, Hinge rolled out the ability for users to designate their "relationship type" at the top of their profile and whether they are monogamous or not, which the company says was a response to the needs of Gen Z. "Gen Z is the most fluid generation in terms of their sexuality and identity, and they need their relationships—and their dating app as the meeting point—to support their openness to different types of connection," a Hinge spokesman says.

Alignment on relationship style is often top of mind for slightly older users—many of whom are ready for a monogamous relationship, or have tried them, are feeling dissatisfied and looking for other options.

Hinge and another popular app, Bumble, allow users to filter for factors such as distance and age, but there isn't a setting to exclude or search for nonmonogamist profiles.

Mitch Holland, 37, of Nashville, Tenn., is on Bumble, Hinge and Tinder looking for just one partner. He says he used to occasionally see couples seeking a third, but that in the past two years ENM profiles have been sprouting up everywhere.

"It's common enough to where I think there should be a filter," he says.

Holland says he is a progres-

sive alternative rock fan dating in a sea of women who wear cowboy hats and listen to Jason Aldean. When he does see a woman on the apps who seems "left of center" as he puts it, she's often ENM. But the distinction is usually tacked on to the bottom of her profile.

"Put it at the top at least so I won't get too excited," he says.

It's hard to know how trends in consensual nonmonogamy have evolved over time given the subject has been taboo. Around one-third of Americans describe their ideal relationship as something other than complete monogamy, according to a February 2023 YouGov poll of 1,000 respondents.

Both pairing up with only one person and seeking out multiple partners most likely goes back to the dawn of time,

says Helen Fisher, a biological anthropologist and senior research fellow at the Kinsey Institute. As humans we have biological predispositions to both: Jealousy serves as a protection of the

pair bond and its offspring, and a wandering eye can lead to the spreading of one's DNA. Lately, it has practically become fashionable to be public about being in an open relationship. "It's part of a whole modern trend of sexual and romantic expression," says Fisher, who is a paid consultant for Match.com. The Match Group also owns Tinder.

She suspects the co-mingling of two groups with such fundamental lifestyle differences isn't likely to lead to many happy matches.

A Tinder spokesman says the app doesn't "limit the possibilities of sparking something new [or] unexpected." A Bumble spokeswoman says users who pay for a premium membership can filter by dating intentions. The Hinge spokesman says the company collects feedback from its users "to understand the most requested app updates."

Jenis Walsh, 38, who works in politics and lives in Pittsburgh, has on more than one occasion unwittingly matched with men on Bumble who are in open relationships after not reading their profiles carefully enough. The men were honest

about their status and polite about the misunderstanding. Since then, "I've been more alert," she says.

She has never felt tempted by any of those matches to change her mind about looking for just one partner—"I do not want to be an accouterment"—and she's skeptical that everyone is being as upfront with their partners as they claim to be in their profiles.

While frequenting one of the many Facebook groups called "Are We Dating The Same Guy?" she'll often see women posting screenshots of the profiles of the men they're talking to on the apps in order to see if anyone can confirm that their nonmonogamy is really consensual.

"You'll see, 'Oh this person said he is ENM,'" Walsh says. "A friend or a girlfriend of that person will be like, 'Oh no, that's not the case at all.'"

Theo Thomas, a 36-year-old in the Detroit area, has been practicing ethical nonmonogamy for three years. He says he is married and has a girlfriend and also uses Bumble and Hinge to find potential partners for casual sex.

The majority of the monogamous women he matches with are ones who haven't read his profile carefully enough—and they tend to not want anything to do with him. "A lot of women don't like to share," he says.

Alex Padilla, 33 and Thomas's girlfriend, says she frequently encounters monogamous men on dating apps who are aware she's in a relationship and are still interested in meeting up. Once she has explained her lifestyle, their response is often, "That's hot." "That always makes me giggle," she says.

This past fall, Thomas had a new experience. He fell in love with a woman he met on Facebook Dating who was also ENM. He says that led to issues in his existing relationships. The new woman ended up breaking up with him, and he says he was heartbroken.

"I could actually see myself being monogamous with just her," he says, a feeling that caught him by surprise. "I didn't think that I would want that kind of lifestyle."

Some in open relationships are using mainstream dating apps.

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WORLD NEWS



The U.S.-owned Genco Picardy, seen in a photo provided by the Indian navy, was attacked by Yemen's Houthi rebels in the Gulf of Aden.

U.S. Steps Up Attacks on Houthis

By OMAR ABDEL-BAQUI
AND DION NISSENBAUM

The U.S. military launched a fifth round of strikes on Houthi weaponry in Yemen on Thursday, targeting antiship missiles aimed at the Red Sea hours after firing an earlier barrage, as rising tensions across the region threaten to pull more parties into a widening war.

The U.S. said the attacks hit more than a dozen Houthi missiles that were loaded to be fired. A Pentagon official said it estimates that about a

quarter of the Houthi arsenal has been destroyed.

"These strikes, along with other actions we have taken, will degrade the Houthis' capabilities to continue their reckless attacks on international and commercial shipping in the Red Sea, the Bab-el-Mandeb Strait, and the Gulf of Aden," U.S. Central Command said on Thursday.

President Biden said the U.S. would continue to target Houthi weaponry until the group stops its attacks on shipping vessels, after being

asked whether the strikes were working. "Are they stopping the Houthis? No. Are they going to continue? Yes," he said.

The U.S. strike is focusing on taking out Houthi capabilities on shore before they are used, said Gene Moran, a retired U.S. Navy captain. "It's much more effective to shoot the archer ashore as opposed to shooting down all the arrows," he said.

The U.S. strikes come as the Houthi rebels, an Iranian-backed militia that controls swaths of Yemeni land facing

the Red Sea, have fired at and seized ships crossing through the narrow strait between Yemen and eastern Africa, headed to or from Egypt's Suez Canal.

The Houthis have said their targeting of ships is in response to Israel's actions in its war with Hamas in Gaza.

The leader of the Houthis, Abdul-Malik al-Houthi, said in a televised speech that the U.S. strikes wouldn't deter the group from continuing its attacks and confronting the U.S.

On Thursday evening, a ship was struck south of Yemen in

the Gulf of Aden, according to the United Kingdom Maritime Trade Operations, which liaises between the British military in the region and commercial shippers. A Houthi official told The Wall Street Journal that the Houthis targeted an American ship near the Yemeni coast.

A U.S.-owned bulk carrier, the Genco Picardy, came under attack for the second day in the Gulf of Aden on Thursday, according to security consulting firm Neptune. A tanker that was carrying Saudi gasoline to Kuwait also was attacked in the

same area, it said. The Houthis said its forces had successfully struck an American ship with missiles. The condition of the vessels couldn't be determined.

The U.S. State Department this week said it would designate the Houthis as a terrorist organization, reversing the administration's 2021 removal of the group from the U.S.'s terrorist list.

International analysts say that while the U.S. strikes are intended to be a deterrent, they could have the opposite effect, emboldening the Houthis.

Vali Nasr, a former State Department official and dean of the School of Advanced International Studies at Johns Hopkins University, said the U.S. is on a path for ending up in a war in Yemen. "Blood has been drawn, the scale of attacks is there, the Houthis are not going to back down now," he said.

A senior U.S. official said that despite warnings and diplomatic engagement, the Houthis have continued their attacks.

"Our goal is to continue to make clear the United States is going to protect freedom of navigation, protect our personnel, protect civilians from terrorist attacks in international waters," the official said. "I think you'll continue to see us think about the tools in our tool kit and deploy them in a way that is well-synched and coordinated across the sanctions, military and diplomatic space."

Martin Griffiths, the former United Nations special envoy for Yemen who serves as the U.N.'s undersecretary-general for humanitarian affairs and emergency-relief coordinator, recently told CNN that the escalation in the Red Sea is jeopardizing promising efforts to end the civil war in Yemen.

Yemen, he said, "was one of those few, perhaps the only place in the world where we all had some hopes of real peace after six or seven years of terrible war, and that is being snatched away from us by these circumstances."

—Stephen Kalin, *Costas Paris and Saleh al-Batati contributed to this article.*

Pakistan Hits Targets Inside Iran

Continued from Page One

anyone if it chose to do so. "It's a message to the U.S. and Israel," said Joel Rayburn, a former U.S. special envoy for Syria. "It demonstrates [Iran's] willingness to get directly involved as opposed to proxies."

Pakistan, which isn't in the Middle East, got sucked into that demonstration of Iran's resolve on Tuesday. Iran said it used missiles and drones to target an Iranian insurgent group in Pakistan, Jaish al-Adl. The group had previously claimed responsibility for the killing of 11 police officers in a December attack in eastern Iran.

While Tehran condemned the Pakistani strike, both sides offered muted rhetoric, referring to their relationship as brotherly, a signal that neither wished the tit-for-tat strikes to escalate.

"Iran is telegraphing to the United States that if you come after us, we can create chaos," said Kamran Bokhari, a senior director at the New Lines Institute, a think tank based in Washington.

Iran's actions came shortly after a U.S.-led force began strikes on the Houthis in response to the group's firing at merchant ships and U.S. Navy vessels in the Red Sea.

Iran's message in its own

direct strikes was as much domestic as international. Tehran had said the one known suicide bomber in the Jan. 3 attack had entered the country through Pakistan. Islamabad didn't respond to a request for comment on that allegation.

Iran's strikes this week were widely publicized on Iranian state media, which also went into great detail on the types of projectiles used in the attacks. On Monday, Iran's Islamic Revolutionary Guard Corps said the country had struck Islamic State targets in northern Syria from Iran using a precision-guided missile that has a range of about 900 miles—meaning it could also reach Israel.

On the same day, Iran launched ballistic missiles at what it said were Israeli spy bases in Erbil, in Iraq's ethnic Kurdish region, in retaliation for the killings of Iranian officers and militant allies. Israel hasn't commented on the killings.

"Iran is responding to popular demand to retaliate by striking nonstate actors," said Sanam Vakil, director of the Middle East and North Africa at London's Royal Institute of International Affairs. But it is also "defining its red lines in response to the war in the region."

Iranian officials have long insisted that Tehran always reacts proportionally and largely symbolically when under attack, rather than escalating conflict.

Tehran appeared to have miscalculated, some experts said. "It was a PR stunt. But they overplayed their hand," a

security adviser to the U.S. in the Middle East said. "They were under pressure to show agency. But they didn't achieve much other than making Pakistan angry."

Pakistan, a nuclear-armed nation with a large military, couldn't afford to let the strike on its western border go unanswered as it faces a giant adversary, India, on its eastern border, said Ejaz Haider, a defense analyst based in the Pakistani city of Lahore. "This strike was a signal to Iran to back off, but it was also just as much a signal to India."

The U.S., which has endeavored since the Gaza war began to stave off a regional conflict, condemned the recent Iranian strikes.

"We've seen Iran violate the sovereign borders of three of its neighbors in just the past couple of days," State Department spokesman Matthew Miller said. "We don't think it's in anyone's interest, including Iran, to see this conflict escalated."

The U.S. designates a number of the parties in the regional conflicts as terrorist organizations, including Iran's allies the Houthis, Hezbollah and Hamas, and its foes Islamic State and Jaish al-Adl, and the Biden administration has sought to draw a distinction between its strikes in Yemen and Iran's recent actions.

After the first U.S.-led strikes on the Houthi rebels in Yemen last week, Biden said Washington had sent a private message to Iran about its Houthi allies' actions against shipping. "We're confident we're well-prepared," Biden, a Democrat, said on Saturday.

The president weighed in again after the Pakistan strikes on Thursday. "Iran is not particularly well liked in the region," he said.

"These are two well-armed nations and we don't want to see an escalation of any armed conflict in the region," National Security Council spokesman John Kirby said. The U.S. is in touch with Pakistani counterparts, he said.

—Aresu Egbali and Sabrina Siddiqui contributed to this article.

Iranian Strikes Draw Pakistani Pushback



Note: Missile range is from the Khuzestan province
Sources: OE Data Integration Network (range); staff reports

Emma Brown/The Wall Street Journal

Watch a Video

Scan this code for a video on Pakistan's retaliatory strikes on Iran.

Red Sea Flare-Up Widens



Yemeni fighters walk past a portrait of Houthi leader Abdul-Malik al-Houthi, in San'a, Yemen.

By PAUL HANNON
AND WILLIAM BOSTON

For the second time in three years, a conflict in Europe's unruly neighborhood is threatening to weaken a struggling economy, while a more robust U.S. is watching from a safe distance.

This time, attacks by Houthi rebels in Yemen targeting cargo ships in the Red Sea have caused more carriers to opt for the safer but longer and more costly trip around Africa via the Cape of Good Hope.

Those detours are leading retailers to worry about running out of stock. Some factories have suspended work because they need parts. If the threat persists, economists say the drop in inflation Europe enjoyed last year could slow, delaying a potential cut in key interest rates.

The latest geopolitical flare-up could cement a growing asymmetry between Europe and the U.S. As a large energy producer, the U.S. has emerged stronger from the crisis sparked by the Ukraine war. And while some of its imports transit via the Suez Canal, their share is comparatively small, and the Pacific offers an alternative route for cargo from Asia.

For now, the supply-chain interruptions are modest compared with the more widespread blockages seen in 2020 and

2021, and their economic impact is likely to be proportionately smaller. Businesses also have learned lessons from interruptions during the pandemic, and have larger inventories.

IKEA boss Jesper Brodin said the Red Sea conflict has lengthened its shipping routes by about 10 days or longer though its customers aren't affected.

Discount retailer Pepco said the conflict has had a limited effect on product availability, but could hurt supply if it continues. The discount retailer—which includes Poundland in the U.K. and Dealz and Pepco in continental Europe—said on Thursday that Houthi attacks were leading to higher spot-freight rates and delays to container lead times.

But in the wake of a global pandemic and the largest European war in eight decades, the escalation of the conflict that began with the Oct. 7 attack on Israel by Hamas is a reminder that the outlook for the global economy increasingly is shaped by developments beyond the reach of economic policymakers.

Ships traveling through the Red Sea carry about 40% of the goods that are traded between Europe and Asia. The Houthis initially claimed to target Israeli ships or those bound for its ports but their attacks have been indiscriminate. That has prompted more operators to

divert their traffic around the Cape of Good Hope.

Last week, Tesla said delays in delivery of components caused by the rerouting of ships would force it to suspend production at its only large factory in Europe, the GigaBerlin plant outside Berlin.

Extra traveling time reduces the annual capacity of each ship, and can affect freight costs on other routes, including those between Asia and the U.S. According to the Freightos Baltic Index, the average cost of transporting goods in a container across the globe doubled between Dec. 22 and Jan. 12.

Those times could lengthen further if diverted ships must wait to take on more fuel to complete their unplanned journeys at overstretched African ports, of which South Africa's Durban is the largest.

For Europe, the impact of the crisis largely would depend on the extent and duration of the disruption. Economists at Allianz Trade calculate that a doubling of freight costs for more than three months could push the eurozone's inflation rate up by three-quarters of a percentage point and reduce economic growth by nearly a percentage point. With the eurozone's economy already weak, that could push it into contraction this year.

WORLD NEWS

Envoy Sees Reporter Jailed in Moscow

By ANN M. SIMMONS

The U.S. ambassador to Russia visited jailed Wall Street Journal reporter Evan Gershkovich on Thursday, as the Biden administration continues efforts to win his release.

Lynne Tracy met with Gershkovich at the Lefortovo Prison in Moscow, where he has been detained on an allegation of espionage that he, the Journal and the U.S. government deny, the embassy said.

"Evan remains resilient and is grateful for the support of friends, family and supporters," the embassy said on its Telegram channel.

"These consular visits are important for Evan and his family, and we appreciate the U.S. government's ongoing support for his well being," the Journal said.

Russia's Federal Security Service detained Gershkovich, who was accredited to work as a journalist by Russia's Foreign Ministry, while he was on a reporting assignment in the Russian city of Yekaterinburg last March. Russian investigators haven't publicly presented evidence to back up their allegation against the 32-year-old reporter.

In December, Secretary of State Antony Blinken said the U.S. is looking for the "right way" to work with Russia for the return Gershkovich, as well as another U.S. citizen, Paul Whelan, a former U.S. Marine and Michigan corporate-security executive serving a 16-year sentence on an espionage charge he, his family and the U.S. government deny.

"We are very actively working on it, and we will leave no stone unturned to see if we can't find the right way to get them home, and to get them home as soon as possible," Blinken said.

WORLD WATCH



MONEY FOR SOMETHING: A Christie's auction house employee in London holds up a see-through Dan Armstrong-Ampeg guitar owned by musician Mark Knopfler. The guitar is among the more than 120 guitars and amps in the Dire Straits singer-songwriter's collection that will be auctioned later this month.

ECUADOR

Prosecutor Probing Studio Attack Slain

A prosecutor investigating an attack on the set of a public television channel last week was shot to death Wednesday in Guayaquil, the most dangerous city in Ecuador.

Prosecutor César Suárez, who had carried out other high-profile investigations in the past, was shot while driving a vehicle, Attorney General Diana Salazar said.

Thirteen alleged perpetrators have been arrested in the assault at TC Television, which was broadcast live and led President Daniel Noboa to declare that Ecuador is in an "internal armed conflict" amid a surge of killings and other crimes tied to drug trafficking.

—Associated Press

GERMANY

Customs Stops Schwarzenegger

Arnold Schwarzenegger was stopped for hours by customs at Munich Airport after entering Germany with a luxury watch that was potentially to be auctioned at a charity event. The former movie star and California governor was able to leave after about 2½ hours.

Goods over the value of €430 (\$468) that will stay in the European Union have to be declared and, where appropriate, duty paid on them. German daily Bild reported that the watch made by Swiss manufacturer Audemars Piguet was valued at about €20,000 by Schwarzenegger, for whom it was specially produced.

—Associated Press

JAPAN

Tokyo Signs Deal For U.S. Missiles

Japan signed a deal with the U.S. on Thursday to purchase up to 400 Tomahawk cruise missiles as part of its ongoing military buildup in response to increased regional threats.

Prime Minister Fumio Kishida's government has pledged to double its annual defense spending to about ¥10 trillion (\$67 billion) by 2027, which would make Japan the world's third-biggest military spender after the U.S. and China.

The signing of the deal on Thursday was attended by Defense Minister Minoru Kihara and U.S. Ambassador to Japan Rahm Emanuel.

—Associated Press

COMOROS

One Dead, 6 Hurt In Election Unrest

A second day of unrest in the Indian Ocean island nation of Comoros on Thursday left one person dead and at least six others injured, a health official said.

The protests came after incumbent President Azali Assoumani was declared the winner in an election held over the weekend that was denounced by the country's opposition parties as fraudulent.

The announcement Tuesday that Assoumani had won a fourth term triggered violent protests that started Wednesday, when a government minister's house was set on fire and a car at the home of another minister was burned.

—Associated Press

THAILAND

Insults to King Get Man 50-Year Term

A court of appeals in Thailand has handed a political activist what is believed to be a record sentence for the criminal offense of insulting the monarchy, giving him a 50-year prison term after finding him guilty of 25 violations of the law, a lawyers' group said Thursday.

Mongkhon Thirakot, 30 years old, had originally been sentenced last year to 28 years in prison by a court in Chiang Rai for 14 of 27 posts on Facebook for which he was charged. The Northern Region court of appeals found him guilty of charges the lower court acquitted him of and added more prison time.

—Associated Press

LEON NEAU/GETTY IMAGES

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WORLD NEWS

War Lifts Pyongyang's Illicit-Arms Trade

Russia's missile use in battle showcases technological gains made by Kim regime

By DASL YOON
AND TIMOTHY W. MARTIN

SEOUL—One of the world's biggest illicit-arms suppliers just got a major advertisement.

In recent weeks, Russian forces have fired short-range ballistic missiles in Ukraine provided by North Korea, according to assessments from Washington, Seoul and Kyiv. Pyongyang has provided Moscow with dozens of the weapons, the U.S. says.

Officials concluded that North Korean weapons were being used by analyzing debris collected in Ukraine. Russia is believed to have used Pyongyang's new KN-23 and KN-24 short-range missiles, defense experts say. Both countries have denied engaging in arms transfers.

Despite a barrage of test launches, North Korea hasn't been able to gauge how its new generation of short-range ballistic missiles performs on the battlefield—particularly against Western defenses—until now.

The high-profile battlefield exposure is likely to afford the regime of leader Kim Jong Un new proliferation opportunities, security experts say. The country's illicit-arms business stretches back decades, though it has trailed off in recent years. Traditional customers in the Middle East, Africa and elsewhere shifted to lower-cost drones, which performed better than Pyongyang's outdated offerings. Tighter sanctions elevated the risk that shipments en route would get intercepted.

The use of the short-range missiles hands fresh endorsement to North Korea's weapons sales, as militarization is rising globally and creating new demand from nations without access to legitimate arms sales.



A firefighter extinguishes the remains of a missile, which Ukraine says was made in North Korea, at a site of a Russian strike on Kharkiv, Ukraine.

"North Korea will be able to command a premium for these systems in ways it wasn't before," said Toby Dalton, senior fellow and co-director of the Nuclear Policy Program at the Carnegie Endowment. "This is the cash cow."

Kim, the 40-year-old dictator, recently toured the country's largest munitions factories, ordering officials to ramp up production. An increase in arms sales could provide a much-needed boost for a North Korean economy still recovering from the pandemic.

The country's precise missile-production capacity is difficult to assess, given the Kim regime's penchant for secrecy. But North Korea is believed to operate more than 300 munitions factories, including another 100

civilian facilities that can shift to weapons production, according to South Korean estimates.

North Korea does have some advantages over the West, where arms makers have struggled to keep up with the demand created by the Ukraine war. Pyongyang's weapons manufacturing is state-controlled. Kim can put people to work in factories if he wants to ramp up production.

Pyongyang leans on homegrown producers and illicit networks to feed its missile industry. But it also leans heavily on Russia and a few other allies for certain supplies and technological know-how, said Tushar Sudesh Mangure, a defense analyst at analytics firm GlobalData. To supercharge production further, Russia

could provide the raw materials that North Korea struggles to access, he added.

That Russia, a United Nations Security Council permanent member, has used North Korean missiles with apparent success sends some very clear messages to potential customers who may have been on the fence about conducting arms business with the Kim regime, said Darya Dolzikova, a research fellow at the Royal United Services Institute, a London-based defense and security think tank.

One such message is that Russia remains unlikely to interdict any such transactions shipped through its borders or greenlight punishment at the U.N. for buyers, she said. The other is that the North Korean

missile systems may be more reliable than previously believed.

"If I were a potential customer of this, the technology is being used by the Russians, possibly improved by the Russians," Dolzikova said. "I would assume these technologies are going to get better."

The two countries' closeness was on full display this week, as North Korean Foreign Minister Choe Son Hui visited Moscow, meeting with her counterpart, Sergei Lavrov, and Russian leader Vladimir Putin. Lavrov expressed gratitude for North Korea's support for Russia's fight in Ukraine.

The North Korean missiles used by Russia are far more advanced than the Scud missiles or other munitions exported in

the past. The new missiles, based on Soviet designs, use solid propellant, allowing them to be deployed more quickly and covertly, and were unveiled at a splashy military parade about six years ago.

In recent years, North Korea honed the missile's accuracy and flight maneuverability with frequent tests. The missile can carry a nuclear warhead and change direction midflight. It has a range of roughly 550 miles.

The West has provided Ukraine with many systems to shoot down Russian drones and missiles, but the supply of systems specifically targeting ballistic missiles has been less common.

—Alistair MacDonald
contributed to this article.

Party Backing China in Taiwan Fights to Survive

By CHUN HAN WONG

TAIPEI—Beijing's closest political partner in Taiwan is fighting to remain relevant in an island democracy where voters increasingly see a future that is detached from an authoritarian China.

The Kuomintang, or Nationalist Party, once governed China and had dominated Taiwanese politics for decades. It is now on its longest losing streak in presidential elections since this self-ruled island started choosing its leader by popular vote, consigned to a third straight term in opposition.

Whether the century-old party can get back on its feet has ramifications for Taipei's rocky relationship with Beijing, which claims Taiwan as its territory and considers the KMT a useful partner in efforts to assimilate the island. The prospect that Taiwanese voters

might never elect a Beijing-friendly government again could tilt China toward harsher methods to seek unification, including military force.

KMT leaders have put on a brave face, saying they still have the clout to keep Taiwan's ruling party in check during the next four years. But many members worry that, without decisive overhauls, one of Asia's oldest political parties could fade into irrelevance, as more Taiwanese embrace a local identity separate from China and reject the KMT's perceived coziness with Beijing.

"The middle class has already given up illusions on China," said Jason Hsu, a 45-year-old former KMT lawmaker and now a fellow at the Harvard Kennedy School. "The Kuomintang, in the next four years, must change its China strategy, if it is ever to come back to power."



Kuomintang candidate Hou Yu-ih speaks at a campaign rally.

The KMT faces a dilemma. Backing away from its founding goal of governing a unified Chinese nation could prompt an aggressive response from Beijing. But a KMT unable to regain power would do little to halt the coalescing of an entrenched Taiwanese identity—an outcome some party grandees, and Beijing, want to avoid.

In some ways, the KMT has been toughening its stance on China. It picked a presidential candidate, Hou Yu-ih, who came from a family with deep Taiwanese roots and—on the campaign trail—promised to be forceful in dealing with Beijing and defending Tai-

wan's democracy. "I've never had an unrealistic idea about mainland China's attitude toward us," Hou told The Wall Street Journal in December.

Even so, Hou finished second in the presidential race with 33% of the vote, trailing the ruling Democratic Progressive Party's Lai Ching-te, the current vice president, by about 7 percentage points. A third-party leader, Ko Wen-je, received roughly 26%.

Although the KMT lost by a slimmer margin, insiders and political analysts say the result confirmed the party's inability to appeal to young Taiwanese—many of whom flocked to

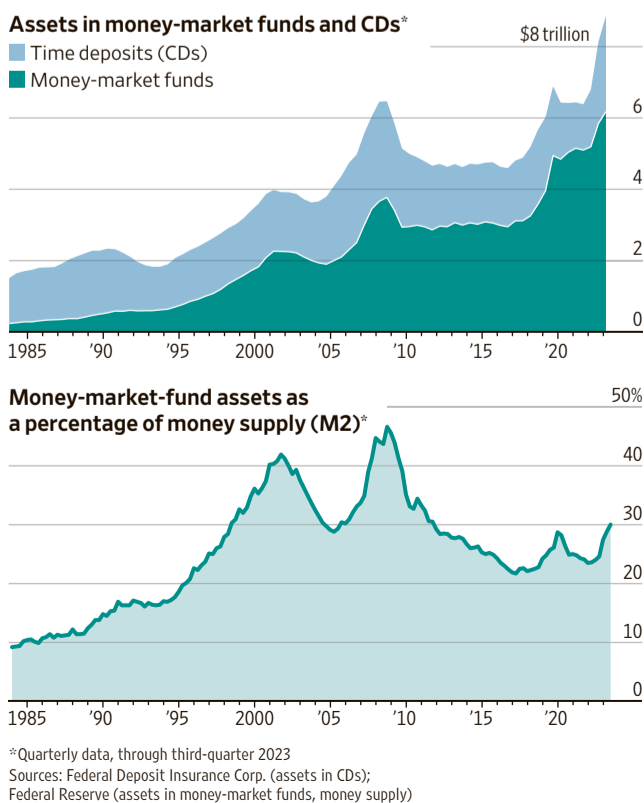
Years of Control Came to an End

Officially known as the Kuomintang of China, the party traces its roots to a patriotic revolutionary group that Sun Yat-sen formed in the 1890s.

It ruled mainland China from the 1920s to 1949, when Chiang Kai-shek relocated his government to Taipei to escape Mao Zedong's Communist forces. The KMT gained control

of Taiwan—then a Japanese colony—at the end of World War II. It went on to rule the island for 55 years.

Some analysts say the KMT's losses in the 2016 and 2020 presidential votes stemmed largely from disillusionment with its central pitch—delivering prosperity through peaceful and stable ties with China, Taiwan's largest trading partner.



Stock Bulls Count On Cash Flood

Continued from Page One
fearing little interest. Their fall could drive investors to U.S. stocks, which have historically provided the highest returns in the long run.

Bond yields have declined from their peaks, but rates offered on Wall Street remain high relative to recent history, pulling cash toward money-market funds. Stocks also still look expensive, meaning bargain hunters might find rates on CDs more alluring than playing the market—for now.

"The assets in money-market funds are staggering," said Randy Gwartzman, a portfolio manager at Baron Capital. "All that dry powder is on the side-

lines and waiting to invest."

Elizabeth Cathcart, 26, works in corporate finance at an investment firm in Denver. She said that without an aggressive investment strategy, homeownership will be unattainable.

"It's hard to pass up CDs over 5.5%, particularly for seven months. That's not a bad deal," said Cathcart. "But 12 months or longer, I don't want to lock away cash for that long."

Expectations for cash to pour into the market once rates fall might prove overly optimistic, however. Money-market funds raked in cash during previous Fed-tightening cycles but didn't hemorrhage it when the central bank began to ease. Assets retreated, but plateaued at much higher levels.

Investors also tend to tap money markets during periods of market stress, not necessarily when yields are higher. Assets in money funds peaked at nearly half of the overall

money supply in 2008. There was a similar spike in 2001, after the dot-com bubble.

Francisco Pena, 30, a data scientist in New York City, said he is using short-term Treasuries, CDs and I bonds as a temporary home for his money. He is saving for a down payment with his husband.

"I didn't want my cash sitting in a bank account, losing real purchasing power—especially with inflation on the rise," said Pena. If rates fell substantially, he would stick with a high-yield savings account to keep his cash ready.

There is some debate over how much of the assets in cash-like products should be thought of as investments, with potential to enter other parts of the market, versus as bank deposits to be saved or spent later on. Total deposits at U.S. lenders have fallen to \$17.4 trillion from a peak of \$18.2 trillion since the Fed began tightening in early 2022. The path of interest rates

will affect how much money is pulled from fixed-income products. In the past, rate cuts have often been large and rapid, aimed at stemming a crisis. Wall Street foresees a smoother glide path this time around, with rates ending up much higher than near zero, where they sat for years.

Traders' base case is for the federal-funds rate to remain above 3% in the coming years. Fed officials expect the benchmark rate to decline to 2.9% by the end of 2026.

Mark Wiggins, 27, a management consultant living in Miami Beach, Fla., is stashing 17% of his income in a savings account earning 4.4% and 13% in his 401(k). When rates were lower, he would invest a percentage of his paycheck directly into stocks and crypto.

"If rates fall below 3.5%, I would probably cut the amount I'm putting into my savings and instead direct deposit to my investment brokerage or crypto," he said.

WORLD NEWS

Russia Spurns U.S. Bid To Reopen Arms Talks

By MICHAEL R. GORDON

Russia has rejected an American proposal to reopen an arms-control dialogue with Washington, saying the U.S. was pursuing a hostile policy toward Moscow, U.S. officials said on Thursday.

The absence of talks between the two sides on reducing nuclear risks and potential arms-control steps comes during the worst downturn in U.S.-Russia relations since the end of the Cold War and has raised fears of a new arms race.

U.S. national-security adviser Jake Sullivan said in a speech in June that the U.S. was prepared to begin the talks without preconditions. And the Biden administration followed up with a confidential paper a few months later proposing such talks and outlining ideas on how to manage nuclear risks.

But Moscow responded with its own diplomatic paper in late December that it wasn't interested in resuming arms-control talks, complaining that the U.S. was seeking the strategic defeat of Russia through its support of Ukraine, U.S. officials say.

Russian Foreign Minister Sergei Lavrov emphasized Russia's position on Thursday, telling a press conference in Moscow that the U.S. needed to revise its policy toward Russia before a dialogue on nuclear-arms control could be held.

The Russian response comes as the New Start treaty, which limits long-range U.S. and Russian nuclear weapons, is due to expire in February 2026 and other arms-control agreements have collapsed.

One purpose of the arms-control dialogue the U.S. had been hoping to begin with Moscow was to begin "a con-

versation on what a framework after New Start could look like" while also reducing nuclear dangers while tensions are high over Russia's invasion of Ukraine, a senior administration official said last year.

Pentagon and other Biden administration national-security officials are in the process of considering what steps the U.S. might take if the arms-control process grinds to a halt and the expansion of China's nuclear forces adds to the threat facing the U.S.

A congressionally mandated commission on the U.S. Strategic Posture said in October that the U.S. needed to prepare to expand its nuclear forces in the years ahead to deter the twin threat from Russia and China.

U.S. arms-control proponents criticized Moscow's stance, saying it risked fueling a new arms race.

In February, Russia said it



Sergei Lavrov on Thursday said that the U.S. needs to revise its policy toward Moscow.

was suspending its participation in the New Start treaty. Despite that, Russia's Foreign Ministry has said Moscow plans to observe the limits on the number of strategic warheads that can be deployed under the accord until it expires in February 2026 to maintain "stability in the nu-

clear missile area."

While Lavrov didn't reject the possibility of arms-control talks if the Biden administration's policies toward Moscow changed, he said ideas sketched out in the U.S.'s confidential paper didn't address Russia's concerns.

Those U.S. ideas included

the sort of arms-control framework that might be put in place after the New START treaty expires and ways to address Washington's allegations that Russia has violated that accord, as well as other risk-reduction measures.

—Ann M. Simmons contributed to this article.



A woman shops for eggs at a Russian supermarket. The grocery staple has been in short supply in recent months.

Prices of Eggs Boil Over, Showing Putin's Economy Is a Shell of Itself

By GEORGI KANTCHEV

For a microcosm of how the war in Ukraine has warped Russia's economy, look no further than a carton of eggs.

The grocery staple has been in short supply in recent months and prices have skyrocketed, prompting Russians to form lines reminiscent of Soviet times. President Vladimir Putin has publicly apologized, blaming the egg shock on the government. In December, a poultry-farm boss known as "the Egg King" survived an assassination attempt shortly after authorities started investigating his farm because of high prices.

Behind the soaring price tag—up about 60% in December from a year earlier—is a convergence of factors symptomatic of the economy's travails.

Western sanctions have hurt the poultry industry by scrambling supply chains for farm equipment previously coming from Europe. The weak ruble has made imports of feed and veterinary products more costly, while a labor crunch has left some suppliers without enough farm hands. Booming government spending, meanwhile, has increased wages, boosting demand for food and other goods.

The egg shock is a manifestation of the imbalances building in Russia's war economy.

The country confounded expectations last year by recording respectable growth as Moscow boosted military production and doled out subsidized loans to consumers and businesses. Yet such largess has left the economy running too hot.

As a result, annual inflation ended up 7.4% last year, nearly double the central bank's goal, and Moscow's mortgage programs have fueled a housing bubble. Economists expect growth to slow as the central bank raises interest rates and

High Prices Remind Russians of Soviet-Era Food Shortages

Inflation is a growing concern for Russian President Vladimir Putin ahead of presidential elections slated for March.

A crackdown on opposition parties and all independent media should ensure he scores an easy victory, but the Kremlin sees elections as a way to legitimize the president's rule, requiring a degree of genuine popular enthusiasm.

Instead, voters were reminded of Soviet-era food shortages as long lines of customers waiting to buy

eggs began forming ahead of the New Year's holidays.

Some supermarkets in Siberia and occupied Crimea sold eggs individually, for about 12 rubles, or 13 cents, each. One local deputy gifted cartons of eggs to his employees for the holidays.

Telegram—the social network that is widely used in Russia—quickly filled up with hundreds of posts of people worrying about egg availability, exchanging tips on where to buy them cheaper or crack-

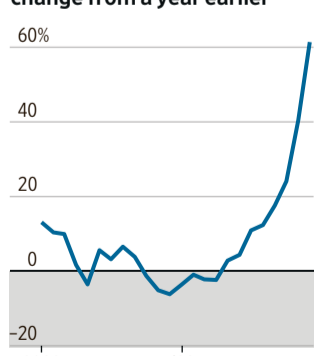
ing jokes.

"It's time for a choice: eggs or caviar," one post said. Another user wrote: "You are all bitcoin, bitcoin, but I told you that you need to invest in eggs."

For some Russians, such as Andrey, a 33-year-old software engineer living in Moscow, the egg episode is just one facet of a dysfunctional economy.

"Russians will pay for the consequences of isolation out of their own pockets for a long time to come," said Andrey.

Egg prices in Russia, change from a year earlier



Sources: CEIC; Rosstat

sanctions continue to bite.

"The government looks like a bunch of firefighters who run from one small fire to another with a bucket because they cannot eliminate the underlying inflation problem," said Alexandra Prokopenko, a former Russian central-bank official who is a nonresident scholar at the Berlin-based Carnegie Russia Eurasia Center.

As the war in Ukraine en-

ters its third year, the egg crisis shows how Russia is struggling to balance clashing economic imperatives: financing the war, placating popular discontent and keeping the economy balanced. "It's an impossible trilemma," said Prokopenko. "Achieving the first two goals requires higher spending, which leads to high inflation, which prevents the achievement of the third goal."

After Putin pinned the egg-price shock on the government, saying it didn't secure enough imports in time, authorities sprung into action. Russia boosted egg orders from Turkey, Belarus and Azerbaijan and removed import duties on the product. The Ministry of Economy didn't respond to a request for further comment.

Authorities also launched antitrust investigations into egg and chicken producers, including the Tretyakovskaya poultry farm in the Voronezh region, owned by Gennady Shiryayev, the Egg King. On Dec.

27, after news of the probe became public, a shooter fired at least twice on Shiryayev's vehicle, though he escaped unscathed. The Tretyakovskaya poultry farm didn't respond to a request for comment.

One factor that could prove difficult to fix is a shortage of vaccines after Western sanctions complicated their import. "There is nothing to vaccinate with, so birds get sick," said a St. Petersburg veterinarian.

Eggs are a relatively small part of the consumer basket, but people tend to notice sharp price rises, said Tatiana Orlova, lead emerging-markets economist at Oxford Economics, which can in turn entrench inflation expectations.

Experts predict the egg inflation will stabilize soon but that prices would remain high. Other countries, including the U.S., have shown that after big price rises, consumer sentiment continues to suffer long after inflation stabilizes.

—Kate Vtorygina contributed to this article.

Local Politician Moves to Challenge Russian Leader

By ANN M. SIMMONS

Boris Nadezhdin appears to have taken some extraordinary risks in his quest to challenge Vladimir Putin in March's presidential election.

He has spoken out against the war in Ukraine and blamed the Russian leader for dragging the country back to the past. Instead of turning in on itself, he says, Russia should court Western investment and start speaking to the U.S. and Europe again.

Yet, Nadezhdin knows that if he is allowed onto the ballot, many people will assume he is a plant to make the vote look legitimate.

Such is the difficulty of challenging Putin as he prepares to extend his hold on power. Even those willing to run against him are co-opted, ignored or seen as some kind of Kremlin puppet. Others who organize their own grassroots networks are forced into exile or locked away.

Moscow should stop the Ukraine war, revive ties with the West, Nadezhdin says.

Nadezhdin, a 60-year-old town councilor, is aware of the skepticism. He worked for years in Putin's administration and personally knows the president. He still "drinks tea" with many high-level officials, as he puts it. That he has been allowed to criticize Putin on national television after the war began has sharpened suspicion among experts who follow Russian politics, decrying how he fears Russia is becoming a vassal of China after being cut off from the West in response to the Ukraine invasion.

Nadezhdin, however, insists he is a viable candidate.

"I am running for president as a principled opponent of the current president's policies," he said in an interview. "There are dozens of millions of people who already understand that the way of Putin is very bad for the country."

Whether Nadezhdin will be allowed to clear the regulatory hurdles to get on the ballot remains to be seen. So far, only three other candidates have been approved to run against Putin, all of whom come from broadly pro-Kremlin political parties represented in Parliament—the Communist Party, the Liberal Democratic Party and the New People party. Nadezhdin, who doesn't have any backing in the legislature, must gather at least 100,000 signatures from more than 40 regions to make it onto the ballot—the required tally for parties without deputies in the State Duma.

Putin sidelined nearly all his credible challengers and the outcome of the election isn't in doubt. The best known, Alexei Navalny, is incarcerated in a remote penal colony in the Arctic Circle where he is serving several sentences totaling more than 30 years. He

survived what German doctors said was a poisoning attempt in 2020, and he and his allies say his convictions are politically motivated. Other potential candidates are either living abroad or have been branded as foreign agents.

Responding to a request for comment on charges from critics that only Kremlin-approved candidates would be allowed to challenge Putin, Kremlin spokesman Dmitry Peskov said: "The law sets out clear criteria necessary to become a candidate. They are not easy to fulfill, especially for someone who does not have public popularity."

"The only problem for Putin and for the Kremlin is that they don't need just to win elections where they decide who should compete with Putin," said Nikolai Petrov, a consulting fellow on the Russia and Eurasia program at the British think tank, Chatham House. "They

need to demonstrate to the political elite that Putin is still very popular or even more popular and his victory can be achieved without any tricks."

Nadezhdin, a physicist and lawyer by training, is a local politician in Dolgoprudny, a town about 12 miles from Moscow. He has been nominated by the Civil Initiative, a party he describes as liberal. He has cleared the hurdle of registering an action group supported by at least 500 people and has been allowed to open an electoral account and start collecting the signatures he needs to get on the ballot.

Election laws require that the signatures be submitted in hard copy by Jan. 31 and not electronically. In some of Russia's more remote regions, the logistics are difficult.

According to Nadezhdin's manifesto, Russia's priority should be to stop the war and restore communications with the West and Ukraine. So far, he has faced little blowback. He suggested that maybe Russia's political elite underestimates him or doesn't view him as a threat.



Boris Nadezhdin is a physicist and lawyer by training.

ARTS IN REVIEW



FILM REVIEW | KYLE SMITH

‘I.S.S.’: Waging War in Orbit

A struggle for control of the International Space Station erupts when conflict breaks out on Earth

Even for a chiller, “I.S.S.” is remarkably cold: roughly 450 degrees below zero. We’re in the International Space Station, where three Russian cosmonauts and three American astronauts work elbow-to-elbow in the kind of cramped, intimate environs most of us have experienced only in the military or in college. An aura of absolute cooperation and trust must prevail. Which can be tricky when huge explosions appear on the surface of Earth. War has broken out between Russia and the U.S.

Ariana DeBose, who won an Oscar for the remake of “West Side Story,” plays our guide to this strange antiseptic floating laboratory. She is a newcomer, Dr. Kira Foster, who learns about the peculiarities of her new home from her teammates Christian (John Gallagher Jr.) and Gordon (Chris Messina). It’s a zero-gravity space, so be careful how you deal with that bottle of whiskey; if you take off the cap, drops will float up into the air. Fortunately, however, the liquid will form delightful little globules that can happily be gulped.

Dr. Foster, who is still reeling from the loss of a loved one, hopes to develop an important human cure via zero-gravity experiments on mice. Once ensconced in their new container in close quarters on the space station, however, the rodents turn on one another. The metaphor here is approximately as hard to spot as a full moon.

Directed by Gabriela Cowperth-

waite, who is best known for her SeaWorld documentary “Blackfish,” “I.S.S.” is a taut tinger about how it would feel to be on the space station when, after communications break down with ground control, the whole craft begins to sink, as though it is going to crash. The three Russians—Nika (Masha Mashkova), Nicholai (Costa Ronin) and Alexey (Pilou Asbæk)—get the same message from their superiors that the Americans do: All previous missions are to be discarded. The new mission is to gain control of the space station, by any means necessary. Each side is aware that the crew from the other country is probably being told the same thing. On a spacecraft, deleting

another human being can be as easy as snipping a wire.

It’s an exciting setup, though making it work perfectly would require a skill lacking in the screenwriter, Nick Shafir. Despite taking his time to establish the situation, he does very little to define and make us care about the six individuals.

About all we know about them when things start to go haywire is that Kira seems nice but Christian is a bit of a jerk. The revelation of an unexpected romantic link between two characters is meant to be a twist, but it

doesn’t matter much to the plot.

Nevertheless, “I.S.S.” is mostly effective. At its best, it combines an exploration of awe-inspiring technical detail with breathless suspense as convincingly as Alfonso Cuarón’s “Gravity” did a decade ago. The most thrilling scenes center on Gordon’s volunteering to exit the spacecraft for a daring mission to investigate a possible malfunction on the exterior antenna. The slightest mistake in any of his moves, such as a terrifying choice to unclip a tether while creeping along the side, could mean be-

At its best, the film combines technical detail with breathless suspense.

Ariana DeBose in director Gabriela Cowperthwaite’s sci-fi thriller

ing cast out into oblivion forever, albeit with the possibility of running into George Clooney from the 2013 movie.

After an intriguing start and a strong middle, however, the film can’t quite deliver a satisfying ending. Things turn a bit silly in the final act: There’s an all-out donnybrook one minute, followed by a pause to make a sandwich. The snack is assembled using a knife sharp enough to gut a bear, so viewers will guess where things are heading. Despite Ms. Cowperthwaite’s success in maintaining a consistently disorienting sensation by keeping the actors floating around without gravity for 90 minutes, and leaving the audience feeling like astronauts who lose the ability to distinguish up from down, the climactic scenes inside the spacecraft are the stuff of routine potboilers. For all its otherworldly aspirations, “I.S.S.” becomes awfully mundane.



A scene from ‘I.S.S.’ in which a scientific spacecraft becomes a battleground

TELEVISION REVIEW | JOHN ANDERSON

A Heat-Seeking Series on Hulu

For those who eyeball a bottle of Tabasco sauce with a trepidation bordering on horror, the subject matter of “Superhot: The Spicy World of Pepper People” requires a drop or two of clarification. Although the amount of the heat-producing chemical capsaicin can vary from pepper within a single strain, a jalapeño registers approximately 3,000 on the standardized Scoville Heat Unit scale; a scotch bonnet or habanero is around 300,000; a ghost pepper about 1 million. The peppers being consumed with gusto and pain in this 10-part Hulu series go well beyond even that of the Carolina Reaper, whose Guinness World Records status as the world’s hottest—when it was being grown at more than 1.6 million SHU—is shot down while episode 1 is barely under way.

This multi-stemmed documentary series directed by Brian Skope and narrated—often over-narrated—by actor Ben Schwartz involves competitive eaters, growers and entrepreneurs. Sometimes a combination thereof. And a search for the world’s hottest hot pepper undertaken by Johnny Scoville, a hoodie- and shorts-wearing YouTube personality with a braided beard, pseudonym and (at last check) 134,000 subscribers. He is presented by “Superhot” as the world’s leading pepper and hot-sauce influencer, “the

Chili Kingmaker.” His prominence here is enough that he has had to fend off crackpot online accusations of having overly influenced the show or even financed it (which he has strenuously denied), but there are plenty of other eccentrics, obsessives and very nice people populating the program. Mr. Scoville is our Virgil, however, into the 10th circle of pepper hell, where competitors eat unthinkable numbers of 7 Pot Primos, Naga Bubblegums, and Chocolate Primotalii and live to tell the tale, though moaning and vomit can be part of the experience. (This columnist’s 11-year-old consultant is a big fan.)

There are multiple narratives at work as Mr. Schwartz escorts us through a world of cross-hybridization, hydroponics and paranoia: One grower, James Morrow, aka Jimmy Pickles, refuses to send samples of his hotness contender, the JP Piranha, to Mr. Scoville for an assessment, insisting that the YouTuber travel to Pittsburgh instead lest the “pepper ninjas” somehow intercept his seeds and steal his credit. Elsewhere in pepper world, Chicago nurse Aurea DeGuzman, the self-titled “Chilipino,” is embarrassed at first even to tell her friends she’s a



Clockwise from above: Aurea DeGuzman, Johnny Scoville and Shahina Waseem

pepper nut with a sizable Instagram following, but eventually allies herself with New Jersey grower Bobby McFadden to develop a hot sauce worthy of commercial distribution.

Many of the characters in this very entertaining documentary series are extremely likable—Ms. Guzman and Mr. McFadden, for instance, and Troy Primeaux, the Gregor Mendel of the 7 Pot Primo. Hairy-chested Canadian pepper eater Mike Jack

good-naturedly replicates the Margot Robbie bubble-bath scene from “The Big Short” as he explains the rules of the competitions sanctioned by the League of Fire, the sport’s governing body. The almost complete absence of Ed Currie, who developed the Carolina Reaper, is surprising. But the most awe-inspiring presence in the series is Shahina Waseem, the “U.K. Chili Queen,” who is well on her way to a 100th com-

petitive win when we watch her consuming more than 30 superhots in one sitting, her hands curling up into what are called “naga claws” (a reaction to the capsaicin) and requiring the peppers to be fed to her. “She doesn’t even like peppers,” Mr. Scoville says, as we see Ms. Waseem grimace her way through another victory. “Think about that.”

Mr. Skope allows some folks to overstay their welcome, but it is understandable in certain cases. Zach Goot, whom we meet gearing himself up for an onstage event at Zest-Fest in Dallas, gets to philosophize

at length about what makes “chili heads” click, but his story—largely about addiction, which peppers have become for him—is illuminating, if overlong. The energy many of the pepper people pour into their plants and sauces and competitive eating is a diversion from other less healthy pursuits; most of the principals in “Superhot” are quick to admit that they once drank or took drugs but now direct their obsessive-compulsive inclinations into peppers. Some, to be sure, are white-knuckling it. Others are just hobbyists. And while there’s

cash to be made if you can sell your sauce or your seeds, the people here aren’t in it for the money. It is more about “the glory,” as Mr. Goot puts it. And the endorphins.

Superhot: The Spicy World of Pepper People
Monday, Hulu

Mr. Anderson is the Journal’s TV critic.

ARTS IN REVIEW



Stephen Ochsner (center) in Tadeusz Słobdzianek's 'Our Class,' directed by Igor Golyak

At least for Americans, the title 'Our Class' might evoke memories of proms, school reunions, yellowing photographs of awkward smiles. But in Tadeusz Słobdzianek's simultaneously epic and intimate drama, set in Poland before, during and even long after World War II, the pictures conjured are vastly darker.

While plays exposing the horror that followed the rise of the Nazis are not rare—just in the past year Broadway has seen 'Leopoldstadt' and the newly opened 'Prayer for the French Republic'—I can't think of another that depicts, or describes, the gruesome acts perpetrated against the Jewish population of Europe in such stark and uncompromising detail.

The play, adapted by Norman Allen, charts the turbulent, quickly evolving political and social currents of Poland through the experience of 10 characters—half Jewish, half Catholic—as they grow from young classmates into adulthood, and

follows most of them to their deaths, some of which, I probably needn't add, are violent and premature.

The first scene finds the characters as children of indeterminate age gathering in a semicircle and revealing their youthful hopes ('Heniek here! Dad's a farmer. I'd like to be a fireman!'). For those who find adult actors portraying children a trial, fear not: The cast does not use cloyingly cute voices, and this scene is staged almost as a reading or rehearsal, with the performers holding scripts in hand.

Soon thoughts of crushes and schoolwork dissolve in the upheavals that came upon Poland beginning with the Soviet invasion in 1939, shortly after the Germans stormed into the country from the west. The unnamed town of the play is

occupied initially by the Russians, and it is the enthusiasm on the part of some of the town's Jewish population, notably Jakub Katz (Stephen Ochsner), that begins to sow division. After hearing Jakub waxing pro-Soviet, the Christian Heniek (Will Manning) mutters, "Death to the Commie-Jew conspiracy. Long live Poland." As elsewhere, and throughout history, Jewish populations living amicably alongside their Christian neighbors are suddenly seen as suspicious, possibly traitors. (Even before the arrival of the Soviets, the unity that prevails among the kids in the early scenes has revealed ingrained anti-Semitism, as the Jewish students stand at the back of the classroom while the Christians say a prayer.)

The play, which takes place on a mostly bare stage, with a black chalkboard looming in the background, combines dialogue between the characters with heavy doses of narration. In the second act, when the dramatis personae have largely dispersed and regale us with their individual postwar stories, the reliance on narration becomes something of a liability, as the play becomes more an oral history of the characters' lives than a dramatization of them. But for the most part, the director, Igor Golyak, and his superb cast weave the divergent textures together smoothly.

In any case it would be neither possible nor desirable for the performers to enact many of the events in the play, after the Germans take over the village and a vicious reign of terror de-



Gus Birney, left, and the cast of the World War II drama, below



THEATER REVIEW | CHARLES ISHERWOOD

Drama of Divergent Lives

A play follows 10 Polish classmates—half Jewish, half Catholic—in a violent era

scends upon the Jewish population. The litany of horrors can feel punishing, but the dispassionate, almost clinical detail in which the gruesome acts are described, while chilling, does offer us needed Brechtian distance.

The murder of Jakub, by his former classmates, is the first act of brutality described. But there is much worse to come, including a gang rape and the burning

of some 1,600 Jews in a barn. A couple of the Christians take risks: Zocha (Tess Goldwyn), who helps conceal the Jewish Menachem (Andrey Burkovskiy), and Wladek (Ilia Volok), who shelters the Jewish Rachelka (Alexandra Silber), whom he loves and eventually marries—but only after his Christian buddies insist that she be baptized and change her name to Marianna.

But few can, or even try to, resist the pressure to participate in even the most heinous acts, as when the Jewish Dora (the willowy Gus Birney) calls to Rysiek (José Espinosa) for help, and instead of aiding his former classmate he beats her, and shruggingly says: "I felt bad. She looked so pretty. But everyone was watching. What was I supposed to do?" Particularly disturbing is the often casual or even jocular way the characters describe the acts they commit, which accords with the historical record.

The events unfolding in Poland are contrasted bleakly with the happier experience of Abram (the terrifically sympathetic Richard Topol), who emigrated to America as a young man and regularly writes letters home full of his good news and inquiries about their lives. While the entire cast is excellent, also particularly notable are Ms. Birney, gently bewildered as the brutally victimized Dora, and Ms. Silber, who brings a cool stoicism that indicates a fossilizing heart to her performance as Rachelka-turned-Marianna.

"Our Class" does occasionally offer up a morsel of dark humor. Toward the close, Marianna, now in a nursing home and permanently settled in front of a TV set, muses: "I like films about animals most of all. Maybe I was hoping for an answer to the question, what's the meaning of life. If there is an answer, I certainly didn't find it watching how people behave. I might have found it watching animals though."

Our Class
BAM Fisher, 321 Ashland Place, Brooklyn, N.Y., \$59-\$129, ourclassplay.com, closes Feb. 4

Mr. Isherwood is the Journal's theater critic.

The WSJ Daily Crossword | Edited by Mike Shenk

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- 25 Watchdog warning
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36 See eye to eye about
37 Hotel option
38 Shaming sound
43 Hoodwink, maybe
45 In need of calamine
46 Biking mishaps
47 "Convivio" author
48 Butler's partner
50 Peace goddess
51 Maker of Any'tizers Chicken Fries
52 "Anywhere But Here" writer
53 Primatology subjects
54 Tide type
56 Piggy bank feature
58 Noisy dance style

BACK TO THE START | By Mike Shenk

The answer to this week's contest crossword is a five-letter word.
27 Sound of an epiphany
30 Part of LGBTQ+
32 Address for a baronet
33 Reed that wails
34 Bag-checking grp.
35 *Least prudent
39 Steamed state
40 Group with power
41 Canine's place
42 Criticizes severely
44 Glib
45 Animated spirit
46 Cutaneous layer
47 Fresca, e.g.
49 Issue forth
52 *Mammal with a tail flipper
55 What happened
57 Not necessarily rejecting
58 *Bar orders on hot days
59 Spruce up
60 Singer Guthrie
61 Co-producer of U2's "The Joshua Tree"
62 Site of the annual Wintersköl festival
63 Beyond
64 Desire
Down
1 Bond components
2 Name on "Rocky" posters
3 Jordan's home
4 Mine, in Montréal
5 Opéra (comic show)
6 Name on cosmetic packages
7 Library warning
8 Cover, as expenses
9 Rides the rapids
10 "Zip-___-Doo-Dah"
11 Tattered, say
12 Red-ink amount
15 They get high
17 Greta Thunberg, e.g.
20 Cruise vehicle
23 Item by a kitchen sink
Previous Puzzle's Solution
D A N O T U C K S O P O U D
T I M U P A R E A E N O L A
C I N E P R O N T D E L A Y
R A T E S M E A
B A N A N A D O R M A N T
R I O T E R S E R S M O E
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B R O A D C O M E D I E S
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B L M A L A S C R E A M O
C O A U S E S C U A S E S
D I D S E I U S A
G O R D S F I L M S T R O P
A P N E A A T M S E B A Y
B A R R Y B U O Y S O N E

Email your answer—in the subject line—to crosswordcontest@wsj.com by 11:59 p.m. Eastern Time Sunday, Jan. 21. A solver selected at random will win a WSJ mug. Last week's winner: Val Robison, Wilmington, NC. Complete contest rules at WSJ.com/Puzzles. (No purchase necessary. Void where prohibited. U.S. residents 18 and over only.)

SPORTS

A Test to Identify Star QBs Missed on Stroud

The rookie has carried the Houston Texans to the NFL playoffs despite flunking a cognitive exam before the draft

By ANDREW BEATON
AND LOUISE RADNOFSKY

Quarterback C.J. Stroud had a near sterling résumé ahead of last year's NFL draft. He possessed a phenomenal arm, a veteran's presence in the pocket, and a bunch of gaudy statistics from his days at Ohio State.

But shortly before draft day, a bright red flag emerged: Stroud had reportedly bombed a cognitive test that has been lauded for its uncanny ability to identify successful pros. In the freakout that followed, some pundits were convinced it meant that he was a surefire bust.

These days, any concerns about how Stroud performed on a neuroscience exam feel completely absurd. The 22-year-old, who was selected by the Texans with the No. 2 pick last April, just produced one of the best seasons ever for a rookie quarterback. Then he topped it by leading Houston to a 45-14 demolition of the Cleveland Browns in the opening round of the playoffs. If the Texans upset the No. 1 seed Baltimore Ravens this weekend to reach the AFC Championship, Stroud will likely be the main reason why.

The S2 evaluation, which is used everywhere from sports scouting to special forces training, has been touted for its accuracy in identifying which quarterbacks will succeed in the NFL. Patrick Mahomes and Joe Burrow both aced it. When it emerged that Brock Purdy, the out-of-nowhere star selected by the 49ers with the last pick of the 2022 draft, had recorded an elite S2 score, the test went mainstream. Suddenly, a wonky cognitive evaluation was seen as the solution to one of the mystifying problems in sports: how to evaluate NFL quarterback prospects.

Then Stroud's brilliant play completely upended the narrative.

"I'm not a test taker," Stroud said last April. "I play football."

In the wake of Stroud's play this year, the S2 Cognition test has been ridiculed for whiffing on the best quarterback prospect to enter the NFL in years. That is unsurprisingly aggravating to the performance evaluation company's two founders, a pair of cognitive neuroscientists named Brandon Ally and Scott Wylie. They say that Stroud's result should never have leaked and that as soon as his score came in, it was flagged as potentially invalid and an unreliable result.

The debate over the S2's value also strikes at the core of one of the most lucrative questions in sports. In an industry increasingly flooded with data, a test that can



Houston Texans quarterback C.J. Stroud just produced one of the best seasons ever for a rookie quarterback.

precisely calculate the capabilities of athletes is a panacea. But it isn't yet a reality. And when the S2 exploded in popularity because of its early successes, that also led to a misinterpretation of what S2 says is its actual purpose: to tell coaches and general managers how an athlete is wired.

"There's nothing on the planet that's going to be a crystal ball," says Ally, S2's co-founder. "We can't predict success."

The best way to understand how its success has been distorted is to understand its roots. Ally was a track-and-field athlete at the University of Tennessee before he pursued his scientific interests with a Ph.D., a postdoctoral fellowship and then another five-year fellowship involving research on Alzheimer's disease. That happened to include testing a patient's ability to track objects as a way of determining whether it was safe for them to continue driving. But when he watched the NFL draft and heard analysts say things like someone "plays faster than his foot speed," it made him curious. Could the same evaluations explain the differences be-

tween a player's physical abilities and his actual performance?

Wylie, who pursued a similar career path looking at Parkinson's, had the same thought.

First, Ally and Wylie fine-tuned their methodology on football players at Louisiana State University. They didn't invent the individual tests that make up the S2—they were using ones that had a track record in clinical research. The difference was they were adapting them to better understand performance on the gridiron. They told the coaches the strengths and weaknesses that the tests indicated for an individual athlete, and asked whether they matched what the coaches saw every day. Then they compared their findings to scouts' grades.

Attempting to probe the mental acuity of future NFL players was nothing new. For decades, the Wonderlic test was viewed as the gold standard for sizing up the intellectual capacity of players at the game's most cerebral position: quarterback. Players' results on the Wonderlic were measured alongside their time running the 40-yard dash at the combine.

"We're always facing the ghost of the Wonderlic," Ally says.

Unlike the Wonderlic, which is roughly equivalent to an IQ test, S2's exam doesn't measure what Ally calls "cerebral horsepower" or the tools that it might take to be successful in an academic setting. Instead, it runs a series of exams that measure traits such as pattern recognition and impulse control. Then it spits out results, placing players into a percentile for nine different categories of cognitive processes.

The exam is nothing like a traditional multiple-choice standardized test. Test takers are instead shown a series of prompts and have to give their answers quickly. When a shape with a missing corner briefly flashes on the screen, they have to identify which corner was missing. In a way, it replicates the type of split-second decisions athletes have to make on the field—whether that's to throw the ball to a particular wide receiver or judge if an incoming pitch is a fastball or slider.

Since S2 was founded in 2015, its popularity has boomed in the sports world and especially the

NFL, where draft-eligible players are studied in intense detail every year at the annual scouting combine. It gained national acclaim when it was touted for its run of identifying future stars—even improbable ones like Purdy. These days, half the teams in the league work with the company.

But Ally cautions that success in the NFL doesn't rest entirely on a player's cognitive abilities. It's just one factor in a much larger equation that includes everything from physical skills to mental toughness. S2 isn't responsible for measuring any of those. And for the same reason that wide receivers who run the 40-yard dash in 4.2 seconds can flame out of the league, players who ace the S2 can flop, too.

"That's the 99th percentile in a physical metric," Ally says. "If you scored the 99th percentile on a cognitive metric, does that mean you're going to make it? No, it does not."

None of those caveats prevented a media inferno when it came out last Spring that Stroud had scored in the 18th percentile, while Alabama's Bryce Young earned an elite grade. S2's own research says that players who score below 20 have a worse chance of performing well and earning a multiyear second contract. The consternation over Stroud's result, though, missed one crucial piece of context: S2 says it registered as potentially invalid.

Out of the nearly 1,000 NFL prospects that take the S2 every year, a dozen or two get flagged by the company for producing an unreliable result. That could be because the player was distracted while taking the exam or tired from the various demands placed on players during the pre-draft process. Stroud's score was one to receive such a marking, S2 says.

When it came to draft day, the Carolina Panthers chose to spend the No. 1 pick on Young, who had nailed the S2 test. The Texans were up next. They took Stroud.

Now that order looks completely out of whack. While Young had a poor rookie season, Stroud was the one who played like a natural. He threw for 23 touchdowns, led all qualifying quarterbacks in passing yards per game and posted the league's lowest interception rate. He's responsible for giving Houston a chance at advancing to the AFC Championship—and raising questions about a neurocognitive assessment that tabbed him as a potential bust.

"Let's say we miss 20% of the time. If our standard has to be we can't miss ever, or we can't miss on one player, man, that's tough," Ally says. "I don't know anybody in sports who's that good."

JASON GAY

It's Time to Put the Crazy Back Into America's Team



The playoff-defenestrated Dallas Cowboys have opted to keep Mike McCarthy as their head coach, and there's a case that this is a calm, reasonable move. Continuity is humane, the team does seem to like him, and Dallas wins a lot of games in the regular season. Perhaps McCarthy, granted a fifth year, will finally deliver some extended playoff success.

Zzzzzzzz. Boring!

Historically, the Cowboys are more patient than their image suggests. But I don't think that's how America wants America's Team to operate—especially under their 81-year-old oilman owner/maestro, Jerry Jones.

Nobody wants the Jerry Jones Dallas Cowboys to be calm and reasonable. We want them to be reckless and loud, slightly unhinged, full of hubris and \$100 bills. We want them riding a tall horse in a big hat with silver-spurred boots, throwing public tantrums and kicking in doors when things don't go their way.

The lens we use to view and evaluate Coach McCarthy is holistic, Jones said in his statement announcing he would retain his head coach.

Sheesh. I don't even know what that means. I don't think a cowboy on a horse with a big hat and silver-spurred boots would ever say "holistic." I think that's something that gets you thrown out of any self-respecting saloon, like saying "Can I have a hard seltzer" or "What's the Wi-Fi password?"

No more holistic Jerry. I want crazy Jerry back. I want the wild-catter who had the gall to stomp to

town and sack the Cowboys coaching legend Tom Landry. I want the guy who told reporters, after winning two Super Bowls with Jimmy Johnson at the helm, that 500 coaches could have won the Super Bowl with the roster Johnson had—and then replaced Johnson with Barry Switzer, who did, in fact, win a Super Bowl.

That was the chaotic heyday. Here is the grim aftermath: The Cowboys haven't advanced further than the NFC Divisional Round since the 1995 season, when they won that Super Bowl with Switzer. They have lost their opening playoff game eight times. Last week, they were humiliated at home by a Green Bay Packers outfit which made them look like a nervous high school junior varsity.

Holistic Jerry...it's not working.

What's bizarre is that Jones stuck with McCarthy with so many intriguing coaches on the hiring line. There's Mike Vrabel, a still-young talent who got impressive results in Tennessee. There's Pete Carroll, who won a Super Bowl in Seattle. There's Jim Harbaugh, flirting with the NFL again after leading the Michigan Wolverines to a...ugh, I still can't say it.

Then there's the Grumpy Lobster Boat Captain himself, Bill Belichick. By the second quarter of the Packers game, the Internet was amok at the possibility of the six-time Super Bowl winner standing on the Dallas sideline next season, getting them over the hump and back to Lombardi-land.

It was football's most marquee coaching hire for football's most marquee team, exactly the kind of ruthless, media-baiting move that Jones used to make. Belichick in



Dallas Cowboys owner Jerry Jones said Mike McCarthy would return to coach the team next season.

Dallas was so juicy it had to happen.

It's not going to happen. Boooooo.

Serious Cowboys fans aren't surprised by the inertia. Jones and his family have been restrained in recent decades, staying the course on problematic situations far longer than in the past, whether it's players or coaches. Before McCarthy, Jones put up with nine—nine!—full seasons of Jason Garrett, who went 80-64 after taking over in 2011 and won a grand total of two playoff games. Before that, it was 3 1/2 seasons of Wade Phillips, four seasons of a decaf Bill Parcells, and three seasons of Dave Campo.

The fear is that Jones sees the coach as extraneous—he's the true boss in Dallas, and he's reluctant to hand the reins to a big hire who'd demand control. Perhaps

he's haunted by the firing of Landry, a business decision he acknowledged mishandling, or the bust-up with Johnson, with whom he's mended fences and recently welcomed to the Cowboys Ring of Honor.

But McCarthy isn't Tom Landry. Or Jimmy Johnson. Even McCarthy would agree on that. Fox Sports went so far as to ask Johnson to give his former team a nutty TV speech during halftime of the Packers game—the implication being that McCarthy doesn't do those.

Jones knows what he owns. The club he purchased in 1989 for \$140 million has swelled to a mega-billion enterprise because it's cultivated a larger than life image. Everything's big in Texas and everything's similarly bigger with the Cowboys, from the press attention to the player contracts to the

stadium colossus known as Jerry World. They call themselves America's Team, for crying out loud. Restraint is not part of the formula, and seldom has been.

But without Super Bowls, the Cowboys are a branding exercise without a résumé, or worse, a national punch line. Jones has to be tired of jokes and the voyeuristic TV peeping into his skybox during losses. Dallas's misery has become media rocket fuel. The Cowboys have become the Fancy Jets.

There's only one man who can stop it, and no, I don't mean that taciturn Wesleyan graduate with a taste for lacrosse. Belichick in Dallas would have been scrumptious. But the man who can save this team is the noisy risk-taker who bought it and swaggered his way to the top. The Dallas Cowboys aren't supposed to be timid. They're supposed to be cowboys.

OPINION

The Them-vs.-Us Election



POTOMAC WATCH
By Kimberley A. Strassel

Most Americans wouldn't consider a banking titan a spokesman for the common man. But give JPMorgan Chase CEO Jamie Dimon credit for putting his pinkie finger on the phenomenon—the divide—that best explains today's unsettled political environment.

In an interview Wednesday with CNBC, Mr. Dimon took issue with a disconnected liberal elite that scorns “MAGA” voters. “The Democrats have done a pretty good job with the ‘deplorables’ hugging on to their bibles, and their beer and their guns. I mean, really? Could we just stop that stuff, and actually grow up, and treat other people with respect and listen to them a little bit?”

The powerful, the intellectual and the lazy have long said that the “divide” in this country is between rich and poor. They divvy up Americans along traditional lines related to wealth—college, no college, white-collar, blue-collar, income—then layer on other demographics. This framing has given us the “diploma divide” and the “new suburban voter” and “Hillbilly Elegy.” It's sent the political class scrambling to understand Donald Trump's “forgotten man”—again, defined economically.

That framing fails to account for the country's unsettled electorate. There's a better description of the shifts

both between and within the parties, a split that better explains changing voter demographics and growing populist sentiments. It's the chasm between a disconnected elite and average Americans. This is becoming a them-vs.-us electorate and election. Political candidates, take heed.

This gulf is described by unique new polling from Scott Rasmussen's RMG Research, conducted for the Committee to Unleash Prosperity. Mr. Rasmussen says that for more than a year he'd been intrigued by consistent outlier data from a subset of Americans, which he later defined as those with a postgraduate degree, earning more than \$150,000 a year, and living in a high-density area. Mr. Rasmussen in the fall conducted two surveys of these “elites” and compared their views to everyone else.

Talk about out of touch. Among the elite, 74% say their finances are getting better, compared with 20% of the rest of voters. (The share is 88% among elites who are Ivy League graduates.) The elite give President Biden an 84% approval rating, compared with 40% from non-elites. And their complete faith in fellow elites extends beyond Mr. Biden. Large majorities of them have a favorable view of university professors (89%), journalists (79%), lawyers and union leaders (78%) and even members of Congress (67%). Two-thirds say they'd prefer a candidate who said teachers and educational professionals, not parents, should decide what children are taught.

More striking is the elite view on bedrock American principles, central to the biggest political fights of today. Nearly 50% of elites believe the U.S. provides “too much individual freedom”—compared with nearly 60% of voters who believe there is too much “government control.” Seventy-seven percent of elites support

Not all rich people are ‘elite’—and that helps explain America's cultural divide.

“strict rationing of gas, meat, and electricity” to fight climate change, vs. 28% of everyone else. More than two-thirds of elite Ivy graduates favor banning things like gasoline-powered cars and stoves and inessential air travel in the name of the environment. More than 70% of average voters say they'd be unwilling to pay more than \$100 a year in taxes or costs for climate—compared with 70% of elites who said they'd pay from \$250 up to “whatever it takes.”

This framing explains today's politics better. While this elite is small, its members are prominent in every major institution of American power, from media to universities to government to Wall Street, and have become more intent on imposing their agenda from above. Many American voters feel helplessly under assault from policies that ignore their situation or values.

What unites “rich” and “poor” parents in the revolt against educational failings? A common rejection of disconnected teachers unions and ivory-tower academics. Why are growing numbers of minorities—across all incomes and education levels—rejecting Democrats? They no longer recognize a progressive movement that reflexively espouses that elite view. Why are voters on both sides—including “free market” conservatives—gravitating to politicians who bash “big business” and trade and are increasingly isolationist? They feel the system is rigged by elites that care more about the globe than them. And why the continued appeal of Mr. Trump? The man is a walking promise to stick it to the “establishment” (never mind that most of his party's establishment has endorsed him).

This lack of trust and cultural divide are no healthier than the simpler rich-poor split, but they're there. The challenge for Mr. Trump's GOP opponents as they move past Iowa is to recognize the sense of alienation. That doesn't mean calling to burn everything down (Vivek Ramaswamy tried that and freaked people out), but it does require a campaign that offers more than vague promises to “strengthen the cause of freedom” or run on “your issues.” The polling suggests that most Americans are looking for a leader who promises to return power to the people. They are looking for a freedom agenda. Anyone?

Write to kim@wsj.com.

BOOKSHELF | By Tara Isabella Burton

Living For the 'Gram

Filterworld

By Kyle Chayka

Doubleday, 304 pages, \$28

Back in the 19th century, a quasimagical force seemed to govern Americans' everyday lives. Electricity—that tantalizingly new scientific discovery—took on a mystical role in the American imagination. The popular vision of electricity was as a pulsating mystery: the secret to human life and progress, discovered and harnessed as inchoate energy. For Henry Adams it was a “moral force”—analogous to how the “early Christians felt the cross”—as well as a “Despotic Master.” A host of pseudoscientific self-help techniques soon sprang up, with jargon-laden terms such as “personal magnetism” and “electro-physiology” and the promise of the age-old goals of health, beauty and prosperity.

Today the American imagination has a new technology to imbue with that sacred power. The algorithm—like electricity, an esoteric combination of mathematical precision and human decision—seems to govern all aspects of our internet-suffused lives. As Kyle Chayka suggests in “Filterworld,” the algorithm has taken on the character of a near-spiritual mystery: a force that we do not entirely understand but that increasingly shapes the decisions we make—or think we make.

Mr. Chayka, a staff writer at the New Yorker, explores the tension between our perceived online freedom and the increasing homogeneity of our Instagram-saturated world. As he points out, the internet seems to offer us a dizzying array of choices. We now have at our fingertips a near-infinite list of products to buy, music to listen to, and films and books and memes to dedicate our limited attention span to. At times the internet can seem like a manifestation of our desires, reshaping itself in accordance with our clicks and likes.

Such freedom is illusory. More often than not, Mr. Chayka tells us, the power of algorithms lies in their ability to denature our capacity to choose: from the news headlines that we are prompted to see, the music that streaming services play for us, and the ads that follow us like shadows across the web. Filterworld, for Mr. Chayka, is a flattened universe of consumer acquiescence, no less standardized than the Instagram photo-editing tools that lend the book its name.

Among the most chilling examples of algorithm takeover is the map app Waze, which in the 2010s upended Los Angeles traffic by directing drivers to “faster” routes—often through residential neighborhoods ill-suited to increased traffic volume. “The presence of the generally reliable app,” Mr. Chayka writes, “replaces our need for decision-making and the judgment that it requires.” Why should we waste time and money curating our personal style or opinions when we can let TikTok, Instagram and Facebook tell us what people with similar profiles have chosen?

Mr. Chayka is not a complete internet skeptic. Some of the most evocative sections in “Filterworld” deal with his experiences on the far more anarchic and freewheeling early internet of listservs and Geocities fan pages and on largely anonymous blogging platforms such as LiveJournal. That iteration of the internet, the author suggests, was human potential at its best and weirdest: a platform through which misfits and nerds, untethered to geographic proximity, could find their community. But with the rise of what the technologist Bruce Schneier calls digital feudalism, our internet experience is increasingly channeled through major corporations such as Meta and X. Internet culture has lost its pioneer spirit.

Mr. Chayka is incisive about the resulting aesthetic homogeneity around the world or, as his subtitle puts it, “how algorithms flattened culture.” He observes the manner in which hipster coffee shops from New York to Berlin to Tokyo signal their cachet—and attract an equally homogeneous crop of “digital nomads” and international connoisseurs of cool—by conforming to an abstract notion of authenticity. “What were they authentic to, exactly?” the author asks.

The internet can sometimes seem like a manifestation of our desires, shaped according to our clicks and likes. Such freedom is illusory.

A brief aside about one Brooklyn, N.Y., restaurant whose design was “optimized for consumption as a digital image,” including its use of the “Millennial Pink” color trend, becomes an opportunity for Mr. Chayka to reflect on the inexorable transformation of our “real” offline lives into potential Instagram fodder. Curation, Mr. Chayka provokingly suggests, is not something we're doing much of—despite the ubiquity of the word on our social-media feeds—as we replace action with acquiescence, human risk with automated safety. When we give up our decisionmaking capacity, we give up something of our own humanity.

As algorithmic forces sort us into ever more siloed consumer demographics, what we lose, the author suggests, is the very originality we seek: Our strangeness as human beings is the thing algorithms cannot calculate or predict. Among the most telling of Mr. Chayka's many anecdotes is one involving Netflix's film-recommendation feature: Developers working to improve the algorithm, we are told, had trouble accounting for polarizing “cult classic” films such as “Kill Bill” and “Napoleon Dynamite,” with their high numbers of both one- and five-star reviews—a quirk of human affinity “not quite reducible into math.”

Mr. Chayka is understandably short on solutions. It may be too late for us to digitally disengage altogether. But his vision of a “slow food movement . . . but for culture,” as a necessary counterweight to life in the Filterworld, is compelling if quixotic. “If we shift our priorities away from the space of algorithmic digital platforms and once more to the physical world,” he writes, “we might find ourselves building not only better culture but better communities, relationships, and politics as well.” It seems an unlikely dream. But that doesn't make it any less appealing.

Ms. Burton is the author, most recently, of “Here in Avalon: A Novel.”

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Chabad and the ‘Tunnels’ That Weren't

HOUSES OF WORSHIP
By Armin Rosen

New York A credulous media reported last week that members of the Chabad Hasidic movement had secretly tunneled under Crown Heights, turning the Brooklyn neighborhood into a Jewish version of Hamas-ruled Gaza. The response was vastly out of proportion to the alleged passages' significance. More than one Chabadnik observed that the story had gotten as much attention as the jihadist slaying of a Chabad rabbi and his wife during the 2008 Mumbai attacks.

Rudimentary unauthorized construction, the work of a couple of dozen teenagers, was in fact discovered in the basement next door to Chabad's central synagogue. Like Columbia University and the Plaza Hotel, 770 Eastern Parkway and its adjoining buildings have a vast and half-forgotten underground component. The young wildcaters entered these basements through a vacant building on nearby Union Street. Using shovels and sledgehammers, they broke underground walls and widened an existing crawl space along the outer boundary of the synagogue. The culprits' endgame remains unclear, though perhaps they wanted to break down the wall between the crawl space and the synagogue, expanding 770 into these neighboring basements.

That shul is one of America's major Jewish holy sites. From its humble front platform, Menachem Mendel Schneerson (1902-94), the final Lubavitcher rebbe and former head of Chabad, celebrated holidays, delivered some 11,000 hours of speeches, and sent his followers to build a Jewish outreach network that has major educational and religious institutions on every inhabited continent.

The prayer-and-study hall scrambles usual notions of the sacred. The rebbe's synagogue, just below street level, has no grand architecture, and constant crowds make it a less-than-ideal place for quiet contemplation. Yet for many visitors, almost nowhere else on earth has the same sense of *ruach*, or spiritual energy.

Like other holy sites, the synagogue, next door to Schneerson's former offices and directly beneath the Chabad movement's headquarters, is a contested space. After the rebbe's death, a group presenting itself as the shul's caretakers claimed authority over the site. For nearly 20 years, Chabad's mainstream organizations have been in litigation with them over control of the synagogue. The dispute has made much-needed expansions to the often hazardously overcrowded and underventilated sanctuary impossible.

As his movement grew, Schneerson wrote and spoke about the need for the synagogue to expand southward, toward Union Street. For Chabadniks, it is a religious and moral imperative to heed their rebbe's instructions. A small group of mostly teenage students from Israel—a fringe

offshoot of an ideological strain in Chabad that sees Schneerson as the messiah—had their own radical interpretation of what this means and requires.

Their work wasn't safe or legal. Early last week the shul's caretakers brought in a cement truck to repair the damage to the crawl space and outer wall. When the teens resisted, the synagogue's managers and the organized Chabad movement set aside their differences and called in the police together.

Media credulity aside, the event underscores the paradoxes of the Crown Heights group.

Public attention to this strange local story owes in part to the Hasidim's proud existence outside mainstream secular culture. Chabadniks are black-hat religious Jews with a distinct outlook and self-presentation. Jews have been a canvas for noxious fantasies for thousands of years, especially those who belong to an easily stereotyped subculture. The tunnel hysteria shows how little this reality changes, even in supposedly tolerant New York.

Yet through their covert construction project, the sledgehammering radicals have drawn attention to a paradox of the modern-day Chabad movement. Chabad follows the work and vision of one

man, but because he is physically dead, it also follows no one. The rebbe named no successor and had no children, and Chabad is almost alone among Hasidic groups in having no single living rabbi at its head. Honoring Schneerson's instructions could mean smashing walls in secret or spending decades in court. Most Chabadniks tend toward the latter interpretation.

Chabad might not have endured as a major force in the world if it had stuck to the usual Hasidic leadership model. Perhaps its institutions would be thinner, and its global ranks of rabbis less nimble, if they had one leader. The lack of a living rebbe means that Chabad's internal politics don't hinge on battles for total earthly authority, and that the movement's followers look toward a body of ideas rather than any one person.

Part of Schneerson's brilliance was to ensure that no one would succeed him as Chabad's rebbe, with the result of distributing responsibility for his formidable legacy as far and wide as possible. In doing so, he reminded his many admirers that true spiritual genius is vanishingly rare, and that religious communities, which are bound by belief and sacred obligation, can't count on individual greatness alone to sustain them. The tunnel incident is one bizarre consequence of farsighted leadership.

Mr. Rosen is a staff writer for *Tablet* magazine.

Inflation Is Down, but It Wasn't ‘Transitory’

By William L. Silber

Inflation has come down without yet causing a recession, leading Nobel Prize-winning economist Joseph Stiglitz to claim victory. “More than two years after economists divided into opposing camps over the nature of the post-pandemic inflation, we now know which side was right,” he wrote recently. “Disinflation has confirmed that the earlier price increases were ‘transitory,’ driven largely by supply disruptions and sectoral shifts in demand.” Mr. Stiglitz dismissed the role the Federal Reserve played in inflation's recent decline.

It's too early to declare inflation dead. But even if it is, that wouldn't mean it was transitory. It's a mistake to overlook the importance of the Fed's monetary restraint in offsetting expansionary pandemic policies. A tight monetary policy can reduce inflation without causing a

recession, according to the rational expectations theory—the concept that people make decisions based on all the information available to them, including how policymakers behave.

Nobel Prize-winning economists Robert Lucas and Thomas Sargent helped develop this theory. Mr. Sargent

The Federal Reserve's monetary restraint was crucial in slowing the rise of prices.

showed that hyperinflation in Austria, Germany, Hungary and Poland after World War I disappeared almost overnight when those governments exercised fiscal restraint that encouraged credible anti-inflationary policies.

The decline in inflation during 2023 can be explained in a

similar way. The Fed's tightening in the beginning of 2022 gave consumers, savers and investors a credible signal that it wouldn't tolerate inflation. The Fed said it would raise interest rates as high as necessary to reduce upward price pressures and then made good on its word.

This evidently persuaded companies to restrain price increases, lest they lose business. In November 2022, as the Fed's tightening continued, the Journal reported that big U.S. retailers—Walmart, Target, and Amazon—told their suppliers they would no longer pay high prices, asked for discounts and in some cases canceled orders. The cutback in inflationary prices by retailers encouraged customers to continue shopping. This prevented the decline in economic activity that most economists had expected.

But there is a difference between today's disinflation and the post-World War I experi-

ence. The Fed's credibility this time didn't come from a fundamental shift toward budgetary balance as it did then but from 40 years of successful inflation targeting by the central bank. That matters. The U.S. is running a fiscal deficit of 6% of gross domestic product, an unprecedented number for a fully employed peacetime economy.

Going forward, the credibility of the Fed's commitment to raise rates as high as necessary may crumble under political pressure from Congress to cap government interest costs. Lawmakers should use the opportunity provided by the Fed's recent success to restore budgetary balance. If they don't, the decline in inflation will be transitory.

Mr. Silber is the author of “Volcker: The Triumph of Persistence” and “The Power of Nothing to Lose: The Hail Mary Effect in Politics, War and Business.”

OPINION

REVIEW & OUTLOOK

Can Biden and Blinken Read the Room?

Liberal policy on the Middle East is like a machine with a part missing. No matter the input, its output stays the same. Hamas launches the most gruesome invasion of Israel imaginable? Create a Palestinian state. The Palestinian Authority glorifies the massacre, prepares to compensate the killers and pledges solidarity with Hamas? Create a Palestinian state.

Secretary of State Antony Blinken laid out in Davos on Wednesday the perennially failing solution to Middle East problems. “If you take a regional approach, and if you pursue integration with security, with a Palestinian state, all of a sudden you have a region that’s come together in ways that answer the most profound questions that Israel has tried to answer for years,” he said. “Iran is suddenly isolated,” he envisioned, “and will have to make decisions about what it wants its future to be.”

Special points for Mr. Blinken’s use of “all of a sudden.” Presto, peace.

Tehran wants to erase the Jewish state from the map, but the main obstacle Mr. Blinken sees to his plan is Israel. “When in previous times we came close to resolving the Palestinian question, getting a Palestinian state,” he said, “I think the view then—Camp David, other places—was that Arab leaders, Palestinian leaders, had not done enough to prepare their own people for this profound change. I think a challenge now, a question now: Is Israeli society prepared to engage on these questions? Is it prepared to have that mind-set?”

In other words, the Oct. 7 attack and broad Palestinian support for it have demonstrated that Palestinians now want to make a deal for peaceful coexistence. Why in the world would Israel hesitate?

If this sounds bizarre, recall that it was the liberal internationalist reflex throughout the 1990s. The more Palestinian terrorism Yasser

Arafat unleashed, the more Israelis had to prove they were committed to peace.

Senior Biden Administration officials leaked to NBC this week that Mr. Blinken is ready to revive the peace process: Arab states will help rebuild a Palestinian-run Gaza if Israel signs on to a new pathway to a Palestinian state. “Blinken told

[Prime Minister Benjamin] Netanyahu that ultimately there is no military solution to Hamas,” NBC reports.

Unwarranted defeatism about the war gives way to untethered optimism in diplomacy. Apparently, political concessions to terrorism are the only way forward.

On Thursday Mr. Netanyahu confirmed that he told the U.S. there’s no chance of that. “In all the territory we evacuate, we get terror,” he said. Accordingly, NBC reports, “three senior U.S. officials say the Biden administration is looking past Netanyahu to try to achieve its goals in the region.”

But by pushing a Palestinian state at this unpromising juncture, at the summit of Palestinian violence and rejectionism, the Administration is handing Mr. Netanyahu a lifeline. He gets to stand up to President Biden on behalf of the overwhelming majority of Israelis.

Take it from Israeli President Isaac Herzog, a Netanyahu opponent and former Labor Party leader. “If you ask an average Israeli now,” he said Thursday, “nobody in his right mind is willing now to think about what will be the solution of the peace agreements.”

Israelis are focused on winning a war the Palestinians started, and the extent of Israel’s recent advance in southern and central Gaza is underappreciated. In the Biden Administration’s eagerness for a foreign-policy success, it shouldn’t forget that the more thorough the Hamas defeat, the more room Israel will have to compromise. Victory would do the most to pave the way to peace.

The Israeli public is in no mood today to give Palestinians a state.

His radical plans should focus Republicans on electable candidates.

Adam Schiff’s Telltale 2024 Agenda

Adam Schiff leads the polls to be California’s next U.S. Senator, so it’s worth noting that he recently pledged to kill the filibuster and add four seats to the Supreme Court. This, and more, is what Democrats will do if they run the table in November’s elections. The need for a check on such radicalism counsels for GOP voters to focus on nominating candidates who can win.

Mr. Schiff’s agenda is pitched as “defending democracy,” but it’s really a plan to rewrite the rules of American politics into a winner-take-all system, with Democrats as the winners. Mr. Schiff claims, incredibly, that the Senate filibuster is currently being used “to solidify a new generation of Jim Crow.” Abolishing the 60-vote rule would let Democrats pass their dream legislation with 50 partisan yeses, and no need to compromise.

Explicit promises from Mr. Schiff include “a national right to abortion”; “meaningful gun safety legislation”; passage of the PRO Act to tilt labor negotiations in favor of unions; an increased corporate tax rate of 35% (from today’s 21%); a cancellation of “at least \$50,000 in stu-

dent loan debt for every borrower”; federal “child allowances”; and a pilot program for a “Universal Basic Income.”

He’d “increase the number of justices on the Supreme Court from 9 to 13.” He’d pass a Democratic bill to federalize elections, called the For the People Act, which would legalize ballot harvesting nationwide, while forcing states to tally mail votes that arrive 10 days late, as long as they’re timely postmarked.

Do Republican voters realize that these are the stakes if their candidates lose in November? The Senate map this fall is favorable to them, with winnable races in right-leaning states like Arizona, Montana and Ohio. Yet Republicans have a history of picking Senate nominees who can’t win a general election. The same worry hangs over a renomination of Donald Trump, given his baggage with swing voters.

The only way to block Mr. Schiff’s agenda is to win elections. If the GOP chooses candidates mainly because they claim to be fighters but who can’t win suburbanites and independents, the party will be taking a gamble on living in Adam Schiff’s America.

Biden’s Dispiriting Antitrust Cops

The Justice Department this week won its suit to block an airline merger, and behold the Biden antitrust paradox. In the name of stopping business consolidation, the Administration’s trust busters are reducing competition.

Spirit Airlines’ stock price has fallen 63% since a federal judge on Tuesday blocked its merger with JetBlue Airways. The budget airline’s bonds traded Thursday at 52 cents on the dollar. Investors fear Spirit can’t stay in business on its own as it faces such headwinds as \$1.1 billion in debt coming due next year, problems with its Pratt & Whitney engines, and a new labor agreement boosting pilot pay by some 34% over two years.

JetBlue’s \$3.8 billion buyout offered Spirit a lifeline. It would have given JetBlue more pilots, airport gates and planes to better compete with the airline giants. The combined company would be the fifth largest U.S. carrier, though its market share (10.5%) would still trail Delta (17.7%), American (17.2%), Southwest (16.9%) and United (16.1%).

The tie-up would have made JetBlue a stronger competitor to the Big Four and thus benefited most flyers. Frontier Airlines and Allegiant Air would continue to compete in the ultra-low fare space even in Spirit’s absence. It’s hard to see how the merger would harm consumers. Yet President Biden has ordered his antitrust cops to stop mergers no matter their benefits.

Justice said in its lawsuit that Spirit has boosted industry competition by unbundling services and offering ultra-low fares. Spirit customers can fly cross-country for less than \$100, though they have to pay extra to bring a carry-on or select a seat in economy. They also get less legroom, and, sorry, no complimentary snacks or beverages.

Larger airlines have also unbundled prices and begun offering a no-frills economy option. Justice calls these “innovations.” But

didn’t Mr. Biden call such extra charges “junk fees”? Justice’s lawsuit is riddled with similar contradictions.

Recall how Justice in 2021 challenged JetBlue’s alliance in the Northeast with American Airlines. In that lawsuit Justice argued that JetBlue spurred legacy carriers to cut fares. Now Justice contends that Spirit drove the price cuts, and that JetBlue will stop innovating if the two combine. Where’s the evidence?

The real risk is that Spirit won’t be able to offer ultra-low fares because it might no longer be in business. Spirit has run large losses since 2019 and recently raised \$419 million by mortgaging some of its planes. Fitch downgraded its credit rating in October further into junk territory, citing economic pressure on its cost-conscious consumers and intense competition.

Federal Judge William Young acknowledged Spirit’s financial problems in his ruling. He also agreed that “an expansion of all aspects of JetBlue’s business—including network, fleet, and loyalty program—would allow for more vigorous competition with the Big Four, which carry most passengers in the country.” He nonetheless ruled that the merger violated the Clayton Act because it would eliminate one ultra-low fare option on some routes.

“Spirit is a small airline. But there are those who love it. To those dedicated customers of Spirit, this one’s for you,” the judge declared. As for the millions of flyers who would have benefited from the merger, tough. The ruling subordinates the economic welfare of consumers to a misguided view of the market.

Justice has essentially set Spirit up for failure. If Spirit has to liquidate, as some Wall Street analysts warn, its assets would likely be acquired by larger carriers, helping solidify their dominance. Meantime, JetBlue will struggle to compete with the Big Four. Another great victory for the Biden antitrust cops.

LETTERS TO THE EDITOR

South Africa Goes to The Hague to Perform

Regarding “Hague Court Hears Case Accusing Israel of Genocide” (World News, Jan. 12): The scenes playing out in the International Court of Justice in The Hague are nothing more than performance activism on the part of South Africa, which seeks an international ruling against Israel despite its own record of rebuffing international rulings.

In 2015 South Africa refused to arrest Sudanese dictator Omar al Bashir when he visited the country after the International Criminal Court had issued warrants for his arrest on war crimes, crimes against humanity and genocide. This month South Africa hosted Mohamed Hamdan Dagaloo, a Sudanese warlord accused of crimes against humanity, in Pretoria. It hosted Hamas leaders in December.

The ICJ could take months or even years to deliver a ruling. South Africa could have taken more tangible and immediate steps to help Gazans. It could have followed in the footsteps of Canada, which will offer temporary visas for Gazans who have Canadian relatives. It could have emulated France, which worked with Jordan to airdrop tons of aid into the Gaza Strip.

Instead, three months after the largest massacre of Jews since the Holocaust, South Africa has opted for a splashy global performance that encourages Hamas to continue hiding behind Palestinian civilians while attacking Israeli civilians.

AVIVA KLOMPAS
Co-founder, Boundless Israel
Waltham, Mass.

The Gascón Effect, Visible on a Street Near You

These days, whenever there is a weather-related event, it is attributed to climate change. Examples include hot summers, cold winters, hurricanes, tornadoes, massive forest fires and large waves pounding coastlines. Climate change is always mentioned.

Recently, gangs have taken over streets in Los Angeles and vandalized businesses, unopposed by the police (“Chaos Straight Outta Compton,” Review & Outlook, Jan. 5). These descriptions, too, should be qualified: They are attributable to the Gascón effect, named for Los Angeles District Attorney George Gascón.

Perhaps the article should have stated: “Motivated by the Gascón effect, a mob of more than 100 rushed into the store, stealing groceries, lottery tickets and even meat scales, and causing further damage.” The DA

treats perpetrators as victims and has decriminalized many crimes. The resulting violence and disorder arise naturally from this process and, like climate change, deserves attribution.

EDWARD H. LIVINGSTON
Los Angeles

Street takeovers are easily thwarted by wetting the pavement, usually by opening a fire hydrant or two. It can be done in any city. We used it frequently in Chicago when I worked in the patrol division of the police department. Stunt drivers and drag racers can’t maintain traction on wet pavement, and stop performing. If the incident is in progress, reasonable notice must first be given to prevent accidents and injuries.

MIKE FLYNN
Chicago

Connecticut’s Neighbors Are Its Best Asset

I, along with many friends here in Florida, moved from deep-blue Connecticut years ago, but Connecticut Gov. Ned Lamont’s Jan. 9 letter (“Connecticut Is Leaving the Welcome Mat Out”) made me nostalgic for the entertaining politicians left behind. Mr. Lamont touts his income-tax reductions for most residents, expanded family-friendly benefits and business-friendly policies—all of which supposedly led to “tens of thousands of young families” moving to Connecticut in recent years.

Connecticut’s two major blessings in the past few years were the pandemic and the policies of the even-deeper-blue states that surround Connecticut. Half of Connecticut’s new young families in 2022 came from New York and Massachusetts. Covid-19 and work-from-home options boosted the outflow of New York City residents to Connecticut. Rising crime rates, along with crushing tax rates, turbocharged the post-pandemic migration.

Another large chunk of migrants came from New Jersey and Rhode Island and a good number of Califor-

nians also landed in Connecticut. For the record, the flow of Connecticut residents to Florida was nearly double that of those moving in the opposite direction.

There is a lot to like about Connecticut, despite its politics, taxes, cost of living, regulations and spill-over traffic from New York. Florida, too, is growing by leaps and bounds and we hope that residents of the deepest-blue states who vote only for “moderate” Democrats like Gov. Lamont keep flooding into Connecticut rather than here.

PHILIP GRANT
Palm Coast, Fla.

I count our family as one of the very few that migrated from the South to the Northeast. Having spent 15 years in the South and now almost 10 up here, I have a good perspective on the advantages and disadvantages of blue and red states.

The costs here in the Northeast are significantly higher, across the board, except for our water bill. Property tax is three times as high as in our town outside Atlanta. In our Connecticut town, we pay dearly for the privilege of parking our car in our driveway. After the kids are out of the house, we would be hard-pressed to keep paying \$20,000 annually in home and car taxes alone. We will likely seek a much more tax-friendly environment.

DAN MURPHY
West Hartford, Conn.

Why Do Big Donors Do It?

Tunku Varadarajan’s op-ed “The Education of Bill Ackman” (Jan. 8) is a fascinating account of Mr. Ackman’s recent “awakening.” What still arouses my wonder about the astonishing largess of college megadonors such as Mr. Ackman is the intensity of their loyalty to their alma maters in the first place.

It seems a little odd that investing brilliance and business success is perfectly compatible with the view that a great use of philanthropy is to make the best-endowed and most prestigious institutions richer and, inevitably, more hidebound. Wouldn’t an innovative mind-set delight in encouraging innovative, even disruptive, approaches to education?

NICHOLAS RONALDS
Wilmette, Ill.

With a Doctor’s Note, Any Student Can Get Extra Time

Allysia Finley is on target in highlighting the widespread cheating on our college and university campuses (“Claudine Gay and the Cheating Crisis on Campus,” Life Science, Jan. 8). The federal government should be recognized as a participatory culprit.

For example, the passage of the Americans with Disabilities Act has led to widespread abuse of student accommodations. Just about any student can get an accommodation under the ADA with a physician’s note. This means that students can be given double and even triple the time to take an exam under circumstances that frequently aren’t monitored. Administrators encourage this, for they believe it results in greater student satisfaction and retention. Academic standards, as well as fairness, take a hit. It contributes to a culture of trying to “game” the system.

MICHAEL C. PETROWSKY
Philadelphia

Why Stop at the Civil War?

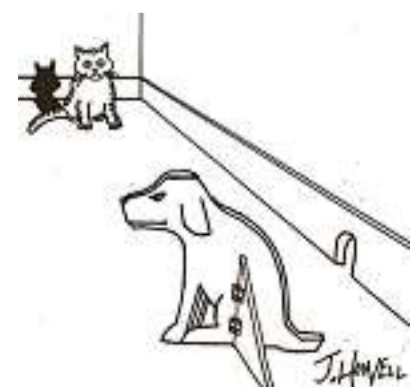
In her column “The Voters Finally Get Their Say” (Declarations, Jan. 13), Peggy Noonan writes that former President Donald Trump claims his negotiating skills could have prevented the Civil War. By most accounts, that would have saved about 700,000 lives. But consider, if Mr. Trump had only been born a generation or two earlier, he could have used those same skills to prevent World War II, thus saving tens of millions of lives.

FRED ROTHZEID
Cincinnati

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Pepper ... And Salt

THE WALL STREET JOURNAL



OPINION

Haley Could Win New Hampshire. Then What?

By Barton Swaim

‘You know how to do this,” Nikki Haley told a New Hampshire audience on Jan. 3. “You know Iowa starts it. You know that you correct it.” Ron DeSantis, speaking in Iowa, sharply criticized his rival for saying Iowa needed correcting. But she had a point. The winner of the New Hampshire primary tends not to be the person who won the Iowa caucuses the week before.

The likelihood of that happening in 2024 appears slim but not impossible. Donald Trump won in Iowa with 51% of the vote in a four-way race. Mr. DeSantis took 21% of the vote. Ms. Haley came in third with 19%.

Trump attacks her viciously every day, but she’s been strangely tepid in going back at him.

Ms. Haley is expected to perform much better in the Granite State on Tuesday. At present she’s polling in the low 30s, and Mr. DeSantis remains in the single digits. Registered independents can vote in the Republican primary and conceivably could do so in sufficient numbers for Ms. Haley to come out on top. It isn’t unthinkable, moreover, that Chris Christie’s and even some of Vivek Ramaswamy’s supporters could find their way to Ms. Haley as

the non-Trump candidate.

But a campaign can’t depend on too many could and maybes. On Tuesday night, in her first public event in New Hampshire after the Iowa caucuses, Ms. Haley sounded more like an also-ran. She addressed a group of about 150 in a hotel ballroom in Bretton Woods, a resort town in the rural north of the state. (The hotel was the site of the Bretton Woods Conference, which created the International Monetary Fund and the World Bank—a curious choice of location for a politician much of her party’s base vilifies as a billionaire-backed “globalist.”)

Ms. Haley’s talk was the same one I heard her give multiple times in November. Her listeners weren’t wowed. Many of her lines drew tepid applause or none at all. Her jokes fell flat. “We all know people over 75 who can run circles around us,” she said. “And then we know Joe Biden.” Silence. Her usual shot at Mr. Trump—“chaos follows him”—drew claps from some and glum stares from others. Near the end of her talk, describing the sort of “mandate” a double-digit victory over Mr. Biden would allow Republicans to claim, she asked, in what sounded like an exasperated tone, “Don’t you want that?”

Her cautious criticism of Mr. Trump sounds disingenuous. She began her reproval by noting that she voted for him twice and was honored to serve in his administration. “But rightly or wrongly, chaos follows him,” she said. “You know I’m right. Chaos follows him.” Plainly the formulation is calculated not to offend. You could take it, as Mr. Trump likely does, as a compliment, particularly when prefaced by “rightly or wrongly.”



Haley speaks in Bretton Woods, N.H., Jan. 16.

Mr. Trump, for his part, can be counted on not to speak of her with similar delicacy. Last week on his social-media network, Truth Social, he suggested Ms. Haley wasn’t eligible to be president because her parents were born abroad. At a Wednesday rally in Atkinson, N.H., he called her backers “pro-amnesty, pro-China and pro-war” and accused her of using fake poll numbers. His campaign surrogate Mr. Ramaswamy, speaking at the podium with Mr. Trump expressing smug approval behind him, was even more unkind in his gibes at Ms. Haley’s expense.

My guess is that Ms. Haley and her campaign quickly realized the “chaos” line wasn’t cutting it. On Thursday she spoke at a rally in Hollis, N.H., near Nashua, and inveighed against Mr. Trump directly and repeatedly. She cleverly, if not quite correctly, categorized Mr. Trump

with Mr. Biden by saying “the majority of Americans don’t want to see two 80-year-olds battling it out for president.” (Mr. Biden is 81; Mr. Trump will turn 78 in June.) “Everybody wants to talk about how good the economy was under Trump,” she went on. “He put us \$8 trillion in debt in four years.”

And this, on Mr. Trump’s propensity to malign people with whom he’s fallen out: “It’s the drama and the vengeance and the vindictiveness that we want to get out of the way.”

Apart from that, and a nice line about avoiding a Kamala Harris presidency, her talk was the same one she’s been giving for months. Introducing her, New Hampshire Gov. Chris Sununu referred to “her speech, so to say,” as if he too has grown weary of it.

Having heard it fewer times than Mr. Sununu but often enough to an-

ticipate its phrases, I’m impressed by its incoherence. There are moments of an identifiably conservative outlook, particularly on defense and deterrence, but mainly it’s a litany of unrelated policy goals: mental-health care for veterans, term limits, vocational classes in high schools, the elimination of the federal gas tax and earmark spending, cognitive tests for presidential candidates over 75, and so on.

There may be a strategy here. To win, the Haley campaign will have to do what John McCain did in 2000 and 2008, when he attracted enough independents to pull off an upset. After the talk ended on Thursday, I turned to the woman to my left and asked what she thought. “I liked her,” Jacqui O’Shea, 54, said. “I mean, I lean Democratic, but to me she seems smart.” Was there anything Ms. O’Shea didn’t agree with? “Not really. I wanted to ask about abortion rights and gun control. Those mean a lot to me. But they didn’t come up.”

After New Hampshire comes South Carolina, and polls there suggest a result similar to Iowa’s. Gov. Henry McMaster, Ms. Haley’s predecessor in Columbia, endorsed Mr. Trump months before she announced her candidacy last year. That a presidential candidate should lose the state she served as governor but somehow march on to the nomination would appear, let’s say, unlikely.

As for the John McCain strategy, the careful reader will recall a singular fact about the Arizona senator: He was never president.

Mr. Swaim is an editorial page writer for the Journal.

Cheer Up, Republicans—at Least You’re Not the Tories



POLITICAL ECONOMICS
By Joseph C. Sternberg

London
Cheer up, Republicans—it could be worse. You could be a British Tory. The U.K. Conservative Party is suffering what can only be described as a meltdown. Prime Minister Rishi Sunak this week faced a serious rebellion by members of Parliament who think he isn’t doing enough to crack down on illegal migration across the English Channel. He won the vote on his plan to ship asylum applicants to Rwanda but probably emerges from the experience with his authority mortally wounded.

Meanwhile the Tories are trapped in an intensifying interne-cine feud over the economy. Mr. Sunak’s faction of the party has never forgiven the free-market Thatcherite wing for electing Mr. Sunak’s immediate predecessor, Liz Truss. Too many Tories blame Ms. Truss’s aggressive tax cutting for spiking interest rates and tanking the economy. But she was in office only 49 days and never implemented her

plans. Now interest rates are higher under Mr. Sunak, who has had a chance to effect policy changes. But the party lacks anything like Ms. Truss’s plan for stimulating economic growth.

As a consequence the economy continues to bob in the doldrums—growth is anemic, inflation accelerated a bit last month—while the Tories spar with themselves about essentially nothing.

Mr. Sunak’s great brain wave is to offer voters an elimination of the inheritance tax before the election expected later this year. Such a move could be (indeed, should be) part of a comprehensive overhaul of taxation. Absent such an overarching vision, however, slashing the estate tax looks like what in fact it is: a panicked pander unmoved from any plan that could actually get the economy moving again. The Tories may not be able to agree even on that, as some of them argue the first priority needs to be income-tax cuts and others support subsidies for first-time home buyers.

Oh, and don’t forget energy. Mr. Sunak faces a constant background rumble of intraparty discontent over his plans to license more oil

and gas drilling in the North Sea. He has scaled back government mandates related to electric vehicles, but there’s stiff resistance from some Tories to further backtracking from the U.K.’s insane net-zero emissions commitments.

A consequence of the party’s incoherent energy policies is that consumer prices have spiked on Conservatives’ watch. The cap on consumer prices for electricity and

Labour was so bad that the Conservatives didn’t have to govern well. But now the opposition is revived.

natural gas stands at £1,928 a year for the average household, up from £1,053 when the regulatory cap was introduced in 2019 to shield voters from the costs of green policies.

Forget three-dimensional chess, these guys barely know how to play checkers. So naturally the Tories have trailed the opposition Labour Party by double digits in opinion polling for the entirety of Mr. Sunak’s

tenure, and a recent district-by-district poll of parliamentary constituencies concluded the Conservatives are on track for their worst drubbing since Tony Blair swept past them into office in 1997.

This column has noted the underlying policy problem dogging the Tories before: Their decision to go big on big government after 2010, despite claims that they were ushering in an era of fiscal responsibility and friendliness to business, has made them the servants of a welfare state they can neither fund fully nor manage competently. Now the political consequences are coming due.

Because the Tories refused to govern on the issue they were good at—delivering economic growth via supply-side reforms—they now must campaign on a range of issues they’re bad at. This includes provision of social services, where productivity is stagnant after nearly 14 years of Tory oversight; culture-war issues such as transgender policies on which the party remains oddly divided; and a Rwanda-dependent immigration plan that reeks of both impracticality and desperation.

This confusion and incompetence

has been on display for much of the period since the 2016 Brexit referendum sent British politics into turmoil, so one might ask why voters are noticing only now. But voters did notice before, particularly in the 2017 election, when they deprived the Tories under Prime Minister Theresa May of an outright majority in Parliament. The party benefited because voters had to choose between them or an even more dysfunctional opposition when far-left Jeremy Corbyn led Labour.

As bad as the Tories might have been, voters never thought Mr. Corbyn was a plausible national leader. They do think Mr. Corbyn’s centrist successor, Keir Starmer, is, which is why Labour now outpolls the Tories not only at the headline level but when voters are asked which party they trust more on most issues.

Republicans ought to take note. President Biden’s many and obvious failings may yet carry Donald Trump back into the White House. But don’t mistake the triumph of vigorous incoherence over doddering incompetence for a viable long-term plan. Sometimes a political party’s greatest curse can be facing an opponent who’s too easy to beat.

Argentina’s Milei Gives the Davos Crowd a Spine Transplant

Editor’s note: This is an excerpt from Argentine President Javier Milei’s Wednesday speech to the World Economic Forum in Davos, Switzerland.

The Western world is in danger, and it is in danger because those who are supposed to have to defend the values of the West are co-opted by a vision of the world that inexorably leads to socialism, and thereby to poverty. Unfortunately, in recent decades, motivated by some well-meaning individuals willing to help others, and others motivated by the wish to belong to a privileged caste, the main leaders of the Western world have abandoned the model of freedom for different versions of what we call collectivism. We are here to tell you that collectivist experiments are never the solution to the problems that afflict the citizens of the world. Rather, they are the root cause. Do believe me, no one better placed than us, Argentines, to testify to these two points.

When we adopted the model of freedom back in 1860, in 35 years we became a leading world power. And when we embraced collectivism over the course of the last 100 years, we saw how our citizens started to become systematically impoverished, and we dropped to spot No. 140 globally. . . .

Since there is no doubt that free-enterprise capitalism is superior in productive terms, the left-wing *doxa* [public opinion] has attacked capitalism alleging matters of morality. . . . They say that capitalism is evil because it’s individualistic and that collectivism is good because it’s altruistic—of course with the money of others—so they therefore advocate for social justice.

But this concept, which in the developed world became fashionable in recent times, in my country has been a constant in political discourse for over 80 years. The problem is that social justice is not just, and it doesn’t contribute either to the general well-being. Quite on the contrary, it’s an intrinsically unfair

idea because it’s violent. It’s unjust because the state is financed through tax, and taxes are collected coercively—or can any one of us say that they voluntarily pay taxes? Which means that the state is financed through coercion, and that the higher the tax burden, the higher the coercion and the lower the freedom. . . .

Unfortunately, these harmful ideas have taken a stronghold in our society. Neo-Marxists have managed to co-opt the common sense of the Western world, and this they have achieved by appropriating the media, culture, universities—and also international organizations. The latter case is the most serious one probably, because these are institutions that have enormous influence on political and economic decisions of the countries that make up the multilateral organizations.

Fortunately, there are more and more of us who are daring to make our voices heard, because we see that if we don’t truly and decisively fight against these ideas, the only possible fate is for us to have increasing levels of state regulation, socialism, poverty and less freedom, and therefore will be having worse standards of living. The West has unfortunately already started to go along this path. I know to many it may sound ridiculous to suggest that the West has turned to socialism, but it’s only ridiculous if you only limit yourself to the traditional economic definition of socialism, which says that it’s an economic system where the state owns the means of production.

This definition, in my view, should be updated in the light of current circumstances. Today, states don’t need to directly control the means of production to control every aspect of the lives of individu-

als. With tools such as printing money, debt, subsidies, controlling the interest rate, price controls and regulations to correct the so-called market failures, they can control the lives and fates of millions of individuals. This is how we come to the point where, by using different names or guises, a good deal of the generally accepted political offers in

He warns the elites what can happen if the West stays on today’s socialist ‘path of servitude.’

most Western countries are collectivist variants, whether they proclaim to be openly communist, fascist, Nazis, socialists, social Democrats, socialists, Democrat Christians or Christian Democrats, neo-Keynesians, progressive, populists, nationalists or globalists.

At bottom, there are no major differences. They all say that the state should steer all aspects of the lives of individuals. They all defend a model contrary to that one which led humanity to the most spectacular progress in its history. We have come here today to invite the rest of the countries in the Western world to get back on the path of prosperity, economic freedom, limited government and unlimited respect for private property—essential elements for economic growth. And the impoverishment produced by collectivism is no fantasy, nor is it an inescapable fate.

But it’s a reality that we Argentines know very well. We have lived through this, we have been through this, because as I said earlier, ever since we decided to abandon the model of freedom that had made us

rich, we have been caught up in a downward spiral as part of which we are poorer and poorer, day by day. So, this is something we have lived through and we are here to warn you about what can happen if the countries in the Western world that became rich through the model of freedom stay on this path of servitude. The case of Argentina is an empirical demonstration that no matter how rich you may be or how much you may have in terms of natural resources or how skilled your population may be, or educated, or how many bars of gold you may have in the central bank, if measures are adopted that hinder the free functioning of markets, free competition, free price systems, if you hinder trade, if you attack private property, the only possible fate is poverty.

Therefore, in concluding, I would like to leave a message for all businesspeople here and for those who are not here in person but are following from around the world. Do not be intimidated, either by the political caste or by parasites who live off the state. Do not surrender to a political class that only wants to stay in power and retain its privileges. You are social benefactors. You’re heroes. You’re the creators of the most extraordinary period of prosperity we’ve ever seen. Let no one tell you that your ambition is immoral. If you make money, it’s because you offer a better product at a better price, thereby contributing to general well-being. Do not surrender to the advance of the state. The state is not the solution. The state is the problem itself. You are the true protagonists of this story, and rest assured that as from today, Argentina is your staunch unconditional ally. Thank you very much and long live freedom, damn it.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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THE WALL STREET JOURNAL.

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Hyundai Motor and affiliate Kia held the No. 2 spot in U.S. EV sales last year. Hyundai vehicles in a South Korea showroom.

Hyundai and Kia Are Emerging As Tesla's Biggest Rivals in U.S.

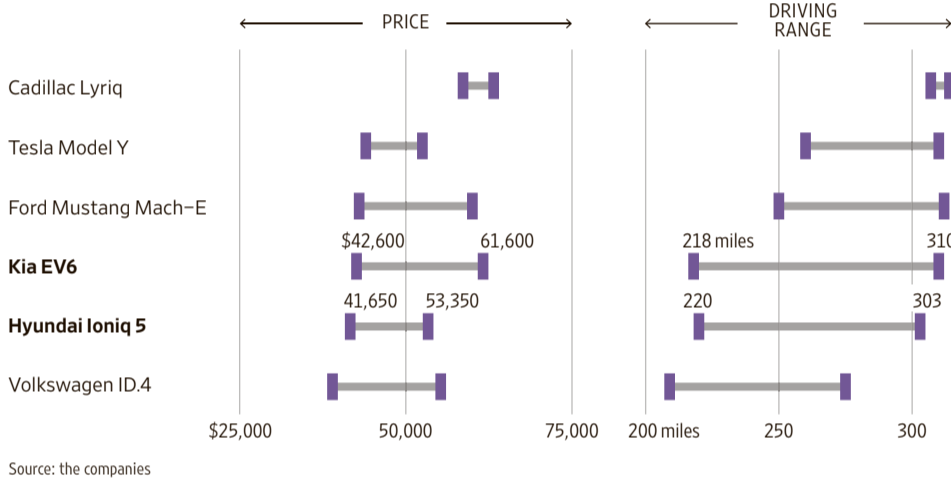
By SEAN McLAIN

As the electric-vehicle race heats up, a pair of Korean automakers are pulling ahead of larger rivals in the U.S. to emerge as Tesla's biggest competition.

Hyundai Motor and affiliate Kia jointly captured the No. 2 slot last year in U.S. electric-vehicle sales, trailing only Tesla, which still holds a commanding lead. Analysts say the allied carmakers, both a part of South Korea's Hyundai Motor Group conglomerate, are poised to cement or advance their lead over non-Tesla rivals this year with fresh EV models and aggressive pricing.

Behind their growth, which last year outpaced both Tesla and the broader EV market, is an aggressive bet on the technology that was placed last decade and is now materializing in showrooms as sales for EVs have taken off in recent years. Today, Hyundai and Kia sell a broader lineup of EVs than

Price and driving range of select EVs in the U.S.



Source: the companies

many rivals, including Tesla, with battery technology that allows for fast charging speeds and models ranging from a large, family-hauling SUV to cheaper, battery-powered crossovers and sedans. The two car companies took advantage of changes to the EV tax-credit rules to offer attrac-

tive lease deals that made these cars more affordable, and they benefited from the stumbles of some of their rivals. General Motors, for instance, has encountered manufacturing delays that have slowed the rollout of its new EVs. "It's pretty simple. They stepped up and made the in-

vestment in EVs," said Matthew Phillips, chief executive of Car Pros Automotive Group, which owns several Kia, BMW and

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Peltz Presses Disney on Next CEO

Investor wants company to target streaming margins like Netflix's

By ROBBIE WHELAN AND BEN GLICKMAN

Activist investor Nelson Peltz called for Walt Disney Co. to find a clear successor to Chief Executive Bob Iger, improve streaming margins and pull its struggling studios out of their rut, intensifying his proxy battle ahead of the company's annual meeting.

In a preliminary proxy statement filed with regulators Thursday, Peltz's Trian Fund Management urged shareholders to cast their votes in support of adding Peltz and former Disney executive Jay Rasulo to the company's board.

The campaign is one of several activist battles Disney is facing ahead of its shareholder meeting and as Iger works to chart the entertainment giant's future in a turbulent market.

First on Trian's list of complaints is Disney's total shareholder returns, which the investor says have lagged behind both its peers in the media business and the broader market overall over the past five years.

Peltz's fund also highlighted corporate governance, saying in its filing that Disney needs to carry out "a successful CEO succession" and to align management pay with company performance.

Finding a new CEO has proved tortuous for Disney's board in recent years. In November, 2022, the board fired then-CEO Bob Chapek and brought back Iger to lead the company for two years and find a new chief. Last summer, the board extended Iger's contract through 2026.

In its Thursday filing, Trian called for streaming margin targets of 15% to 20%, which it describes as "Netflix-like," as well as other goals, including committing to a defined payback period and return profile on ESPN and a board-led review of creative processes at Disney's movie studios to improve their output and economics. Trian said it believes a major problem at Disney is that goals have been "amorphous and the execution poor."

Disney declined to comment on the Trian filing.

The company, in its own proxy statement filed Tuesday, rejected Peltz and Rasulo as nominees, saying that they hadn't presented substantial strategic plans for how to improve Disney and that their ability to help the company would be clouded by personal animus.

Rasulo, who spent nearly 30 years at Disney in a variety of positions, including parks head and chief financial officer, left the company in 2015 after being passed over by Iger for the No. 2 job. Peltz has enlisted the help of his friend, Isaac "Ike" Perlmutter, former chairman of Marvel Entertainment, who has contributed his more than 26 million Disney shares to the proxy campaign.

Perlmutter, who for years has had a rocky relationship with Iger, was terminated by Disney last March. Disney has argued in filings and public statements that Perlmutter's clashes with Iger potentially put the goals of Trian's campaign in conflict with other shareholders.

In an interview Thursday morning on CNBC, Peltz defended Perlmutter's involvement in his campaign as no different from any other investor who puts money into Trian's funds.

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TSMC Chip Project In U.S. Spotlight Faces New Delay

By YANG JIE AND YUKA HAYASHI

Taiwan Semiconductor Manufacturing said it expected to delay production at the second of two semiconductor plants it is building in Arizona, the latest setback at the core of Washington's effort to rebuild U.S. chip manufacturing.

TSMC—the world's leading contract chip manufacturer whose chips power Apple iPhones and Nvidia's AI chips—cast uncertainty on an earlier statement that the plant would produce an advanced type of chip.

The statements by TSMC Chairman Mark Liu at a news conference on Thursday offered further evidence of challenges faced by the Arizona project, in-

cluding a shortage of skilled workers and difficult negotiations over how much money the U.S. government will provide.

The delay, which some analysts say could be a negotiating tactic to secure more U.S. funding, also highlights the challenge the U.S. faces in attracting top Asian chip manufacturers to American shores. The Biden administration is preparing to roll out billions of dollars in grants in the coming weeks under the Chips Act. The \$53 billion program aims to spur the construction of new factories across the country to cut reliance on imported chips and better compete with China, which is fast developing its own advanced semi-

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AI-generated art by Refik Anadol is displayed at World Economic Forum in Davos.

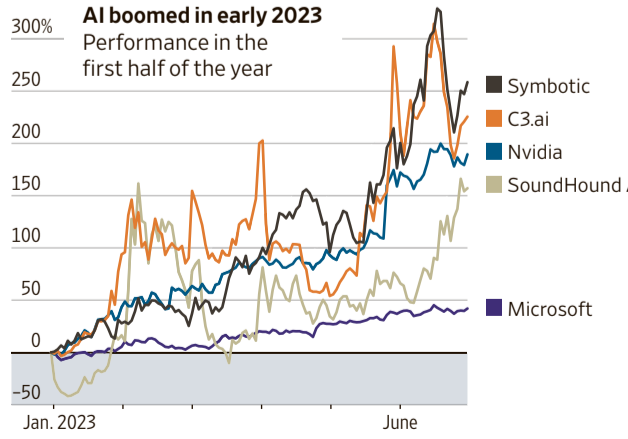
STREETWISE | By James Mackintosh

AI Is the Talk of Davos, So It May Be the Time to Sell



The mood of the global elite meeting in Davos, Switzerland, is a useful indicator for investors—as long as they do the opposite. When the elite are depressed, buy. When they are positive, sell. When they are focused on crypto, as in 2021, get out. This year it was impossible to move in the snow-blanketed resort without having artificial intelligence pushed at you.

Does this mean the AI excitement is overdone? Anything AI-related boomed last year following the launch of ChatGPT, so Davos Man (and increasingly Woman) is a lit-



Source: FactSet

tle late to the party. Investors thinking about buying now have also missed some stunning gains, as AI stocks soared from January to

June, and some of the biggest have carried on up, albeit at a much slower pace. I'm inclined to think it is

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China's Crypto Traders Evade The Rules

By ELAINE YU AND WEILUN SOON

Small investors in China are using an underground network of brokers and go-betweens to skirt the country's strict rules on cryptocurrency trading.

China is officially one of the world's toughest jurisdictions for cryptocurrencies. Beijing banned crypto trading in 2021, and authorities have since detained, fined and jailed people working in the sector. Big crypto exchanges founded in China, including Binance, moved elsewhere long before the trading ban, which was the culmination of a yearslong crackdown.

But crypto trading remains widespread in mainland China, as traders get around the rules using a mix of location-masking technology, lax exchange controls and secretive meetings in cafes and other public places.

Chinese traders received a net \$86 billion of cash from cryptocurrency activity between July 2022 and June 2023, according to the blockchain-analytics company Chainalysis. In a single month last year, they were responsible for around \$90 billion of trading on Binance, the world's largest crypto exchange.

The success of the country's crypto traders in evading the rules shows how difficult it will be for regulators across the world—including in the U.S.—

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BUSINESS & FINANCE

Europe EV Sales Run Out of Juice As Germans Tighten Their Belts

By WILLIAM BOSTON

BERLIN—Germany's new-car market went into a free fall in December, led by a near halving of new electric-vehicle sales...

Automotive executives in Germany have been warning about an approaching cliff in EV sales for months, blaming the impending gloom on a combination of high manufacturing costs at home and a government decision to end incentives for consumers.

The European Automobile Manufacturers' Association, known as ACEA, said Thursday that sales of new EVs collapsed in Germany last month, when fully electric-car sales plunged 48% and plug-in hybrid sales tumbled 74%.

The ACEA data showed that most of Europe was either still growing or muddling through in December as German car sales ran off the road. New-car registrations in the region, a proxy for actual sales, fell 3.3% in December compared with a year ago.

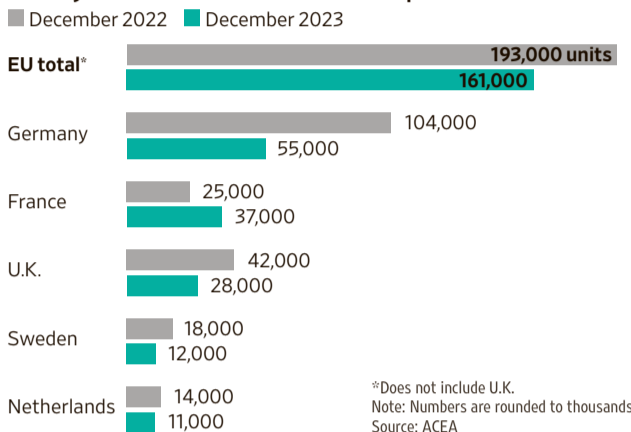
Sales of fully electric cars fell 17% in December, but took a market share of 18.5%. In 2023, fully electric-car sales rose 37% to more than 1.5 million with 15% of the market share.

EU sales of Tesla, the only pure electric manufacturer in



After the cancellation of German government subsidies, Volkswagen said it would offer a discount on some models.

Battery-electric-vehicle markets in Europe



ACEA's rankings, fell 7% in December, but were up 89% on the year.

ACEA attributed some of the sharp decline in December to a one-off base effect after rebounding sales a year earlier.

Analysts warned that the December sales period could mark a negative watershed moment for the industry, threatening to slow Europe's adoption of electric vehicles, threatening

to slow Europe's adoption of electric vehicles when the EU is racing to ban the sale of new conventional cars that burn gas and diesel by 2035.

Germany's abrupt cancellation of EV subsidies in December was a major factor in the evaporation of demand for new EVs, but analysts said the lack of incentives isn't the only cause.

and global uncertainties also weigh on consumers.

"The weak economy, high financing costs and considerable geopolitical tensions are leading to a reluctance to buy on the part of both private individuals and companies," said Constantin Gall, managing partner and Head of Mobility at EY for western European markets.

"In Germany, the now complete lack of subsidies for electric cars will also slow down growth. All in all, 2024 is likely to be a difficult year for the automotive industry," Gall said.

The collapse in demand for EVs and cancellation of German government subsidies has sparked what analysts say is the beginning of a price war.

As soon as the government announced it was stopping support for EV purchases, Volkswagen said it would provide a discount, effectively slashing prices of some new models.

VW's move was followed by price cuts from Chinese rival BYD and Tesla, which slashed prices on two versions of its Model Y by €5,000, equivalent to about \$5,440.

As the European auto markets weaken further this year, analysts expect the price cuts to continue and to hit automaker earnings.

"The looming discount battle, which is increasingly reaching the electric segment, will also squeeze car manufacturers' margins," said Gall. "The good news for potential car buyers is that new cars are becoming cheaper again and the seller's market has become a buyer's market."

—David Sachs contributed to this article.

Amazon's iRobot Buy Faces Roadblock in EU

By KIM MACKRAEL AND DANA MATTIOLI

The European Union's competition watchdog intends to block Amazon.com's \$1.7 billion bid to purchase Roomba maker iRobot, people familiar with the matter said.

Officials from the European Commission, the bloc's executive body, met Thursday with representatives from Amazon to discuss the deal, one of those people said. Amazon was told during the meeting that the deal was likely to be rejected, the person said. Amazon declined to comment.

The plan to reject the deal would still need formal approval from the commission's 27 top political leaders before a final decision can be issued. Historically, that process is unlikely to overrule a recom-

mendation from the bloc's competition commissioner, Margrethe Vestager. The commission has a Feb. 14 deadline for its final decision.

The commission didn't immediately respond to a request for comment late Thursday.

Amazon could still walk away from the deal. It agreed to buy the robot maker in August 2022.

The European Commission formally raised concerns about the deal in November, saying it could restrict competition in the market for robot vacuum cleaners. Amazon might have the ability and incentive to foreclose iRobot's rivals by preventing them from selling their products on the company's marketplace or by limiting their access, the commission said.

Logistics Executive Tapped For Cloud Division CFO

By DANA MATTIOLI

Amazon.com logistics executive John Felton is taking over as chief financial officer of the company's cloud division, Amazon Web Services, according to people familiar with the matter.

Felton had been senior vice president of worldwide operations at Amazon since 2022. He will be replaced by Udit Madan, Amazon's vice president of transportation, the people said.

Felton replaces Richard Puccio, who plans to leave the company, according to a person familiar with the matter. Puccio

joined the company in 2021.

The transition happens as Amazon's cloud-computing business, a cash cow for the company, has experienced slower growth than in its past as corporate clients have looked to curtail their spending because of economic uncertainty. The unit has historically accounted for a large portion of Amazon's profit and cloud sales rose 12% to about \$23 billion in the third quarter.

In an email to his team, Felton called the move "bittersweet."

Peltz Prods Disney on Next CEO

Continued from page B1

The company has proposed its own slate of directors, including former Sky CEO Jeremy Darroch and former Morgan Stanley CEO James Gorman.

Disney disclosed on Tuesday that Iger's total compensation doubled in fiscal 2023 to \$31.6 million.

Triana is leveling many of the same criticisms of Disney that it made a year ago, when the fund launched its first proxy battle with the goal of

adding Peltz to the board. The activist previously called for cost cutting and board changes but ended that campaign in February after Iger announced deep spending cuts and a program of layoffs to reduce thousands of positions at Disney.

Peltz said that Triana's senior staff visited Walt Disney World in Florida last week and found the parks to be pleasant but "long in the tooth" and in need of capital investment.

"They promised they were going to improve things. I took them at their word," Peltz said on CNBC. "Things got worse. The stock went down. Results got worse. So, no more. I can't continue to give them more opportunities."

—Steven Russolillo contributed to this article.



Hyundai and Kia sell a broader lineup of EVs than many rivals, including Tesla. A Hyundai plant in the Czech Republic.

Tesla Gets Korean Challengers

Continued from page B1 Honda dealerships on the West Coast. "They came with the right combination of styling, features and cost."

As recently as a decade ago, Hyundai and Kia were seen as underdogs in the car industry, churning out inexpensive vehicles panned for their looks and quality issues. But that image has shifted in recent years, especially as EV sales have taken off in the U.S.

Spurred on by the launch of Tesla's Model 3, Hyundai and Kia said in 2017 that they would roll out a lineup of designed-from-scratch electric vehicles. The move got them off to an early start, allowing them to beat many established carmakers to market with these purpose-built electric-car designs, which offer better performance and profitability.

Executives at Hyundai and Kia also viewed the EV transition as a way to reset their image with buyers and draw in more well-heeled customers who might not have otherwise considered these two brands.

While a gas-powered Kia SUV might not be comparable in price or features with a lux-

ury vehicle like a Cadillac, the same isn't true for its electric offerings, said Tyson Jominy, J.D. Power's vice president of data and analytics.

"For \$55,000 you can get a Kia or a Cadillac [EV]. Those two don't usually compete against each other," he said.

While Tesla still holds a strong grip on the EV market in the U.S.—last year it accounted for about 55% of all battery-powered vehicles sold—its share has been slipping in recent years as new rivals have come forward.

Hyundai, its luxury brand Genesis and Kia combined now sell nine electric models and account for 8% of electric-car sales in the U.S., from the \$32,000 Hyundai Kona to the Kia EV9, a large, seven-seater SUV that starts at \$55,000.

And it has more on the way in the next few years, including another large SUV for Hyundai and more affordable models from Kia. Tesla, by comparison, sells five different models, with the cheapest one starting at about \$39,000.

The broader selection of electric vehicles has helped give Hyundai and Kia an edge, expanding their appeal beyond early adopters to more mainstream buyers. The two also sell

a wide range of hybrids and plug-in hybrids that attract shoppers looking for an alternative to the traditional gas-engine vehicle.

"It's one thing to sell a \$100,000 pickup truck or high-end sport-utility vehicles. It's another thing to sell a vehicle to a mom-and-pop consumer," said Mike Wall, an auto analyst at S&P Global Mobility. "This isn't the field of dreams, where if you build it, they will come."

Hyundai and Kia, which build their EVs outside North America, have also grown sales, despite losing access to a \$7,500 tax credit that can be used by buyers to defray the higher cost of buying an electric vehicle. Revisions to the tax credit under the Inflation Reduction Act made only vehicles built in the

region eligible. While this change initially dented demand, the companies found a workaround: The tax credit could still be used for vehicles leased to customers. Finance companies can receive a \$7,500 tax credit when they purchase an EV to lease out. Hyundai and Kia passed those savings on to customers in the form of lower monthly payments, helping to boost interest in their vehicles.

"We said the IRA is not going

8%

Hyundai, its Genesis brand and Kia comprise this much of U.S. electric-car sales

to stop us, or be a hurdle. We need to move on," said José Muñoz, Hyundai's chief operating officer. "We needed to capitalize on what was available to us, which was leasing." As a result, Hyundai went from leasing around 5% of the EVs it sold to more than 40%, he said.

Hyundai and Kia will soon face stiffer competition, as the number of EV models available for sale is expected to nearly double this year to around 100, according to S&P Global Mobility. Right now, the two companies are advantaged by the breadth of their offerings, but other automakers are catching up, with plans that include offering lower-price EVs.

Concerns are also mounting within the auto industry that EV demand in the U.S. is cooling. In response, some carmakers are postponing electric-vehicle spending while they revamp their production plans.

Meanwhile, the two Korean car companies continue to accelerate their EV expansion plans in the U.S., including building a new plant and battery-making facility in Georgia and undertaking a \$200 million overhaul of an existing factory to boost EV production.

Steven Center, an executive vice president at Kia, said the automaker is trying to make the most of its early momentum by accelerating its rollout of new models to build scale.

"It's like a horse race, you have to get out in front as soon as possible," Center said.

BUSINESS NEWS

Macy's to Cut About 2,350 Jobs

Retailer eliminates corporate jobs as it seeks to automate, outsource some roles

By SUZANNE KAPNER

Macy's plans to lay off about 13% of its corporate staff and close five stores in a bid to trim costs and redirect spending to improve the shopping experience for customers.

Macy's plans to add more automation to its supply chain and is outsourcing some roles, according to the memo, which didn't specify which jobs. It's also reducing management layers to speed decision-making.

The job cuts total roughly 2,350 positions, or 3.5% of Macy's overall workforce excluding seasonal hires, according to a memo sent to employees Thursday and people familiar with the situation.

The company will be investing in areas that impact consumers, such as adding more visual display managers to enhance the look of stores and upgrading digital functions to make online shopping



Shoppers at the New York City Macy's. The company is reducing management layers to speed decision-making.

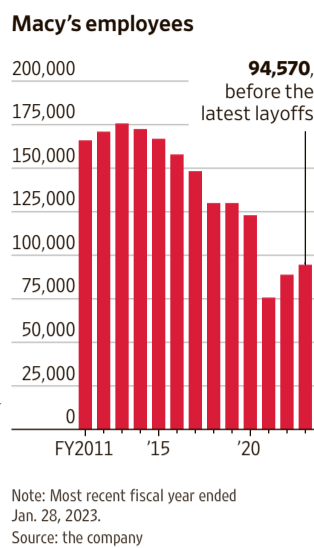
more seamless, one of the people said.

The move comes as Macy's President Tony Spring is set to succeed Jeff Genette as chief executive officer next month. The company is also under pressure from activist investors who have launched a \$5.8 billion buyout bid for the department-store chain.

"Despite our strong and tangible progress over the last few years, we remain under

pressure," Genette and Spring wrote in the memo, a copy of which was reviewed by The Wall Street Journal. The memo said the changes are a response to nearly a year of consumer research "to both better meet their expectations and to generate consistent growth."

The company, which also owns Bloomingdale's department stores and Bluemercury beauty and skin-care shops,



hasn't issued a public response to the activists. It plans to provide more details on its new strategy under Spring's leadership in coming weeks.

Macy's joins a growing list of companies eliminating jobs early in 2024, including Google, Amazon and Citigroup. The job cuts are coming despite a growing sense among economists that the U.S. is heading for a so-called

soft landing rather than a recession as inflation cools.

Consumers continued to spend during the recent holiday season with sales in the November-December period rising 3.8% compared with the same period a year ago, according to the National Retail Federation.

Some chains like Lululemon and Abercrombie & Fitch raised their financial targets as sales came in stronger than expected.

Macy's has yet to disclose its holiday season performance, but is scheduled to report earnings next month.

Macy's began notifying employees Thursday afternoon that the layoffs would occur Jan. 26, according to the memo.

The company also said in the memo that it would close five Macy's stores and sell two furniture locations that it plans to relocate. The stores that are closing are in Ballston Quarter, Arlington, Va.; Bayfair Center, San Leandro, Calif.; Kukui Grove Center, Lihue, Hawaii; Simi Valley Town Center, Simi Valley, Calif.; and Governor's Square, Tallahassee, Fla.

Target Taps New Chief Operating Officer

By COLIN KELLAHER

Target has designated its top finance executive, Michael Fiddelke, to succeed John Mulligan as the retailer's chief operating officer, effective Feb. 4.

Target on Thursday said Fiddelke, who has been chief financial officer since November 2019, also will continue to hold that post until the Minneapolis company names a replacement.

Fiddelke, 47 years old, joined Target as an intern in 2003.

Target in October disclosed the planned retirement of Mulligan, who joined Target in 1996 and became the retailer's first chief operating officer in 2015.

Target also on Thursday said Don Liu plans to retire as chief legal and compliance officer, and that it has begun a search for a successor.

With Deal Blocked, Spirit Airlines Weighs Its Options

Spirit Airlines is examining options to address its financial challenges after a federal judge blocked the low-cost carrier's deal to be acquired by JetBlue Airways, according to people familiar with the matter.

By Alexander Gladstone, Jodi Xu Klein and Alison Sider

Spirit plans to discuss with advisers a path forward as it faces near-term debt maturities, the people said. The company has roughly \$1.1 billion in debt due in September 2025 and the risks surrounding its ability to refinance that debt are increasing, according to a Fitch Ratings report on Wednesday.

U.S. District Judge William Young in Massachusetts on Tuesday rejected the \$3.8 billion JetBlue deal, siding with the Justice Department in saying that the merger would have reduced competition and harmed travelers who rely on Spirit's low fares.

A representative for Spirit on Wednesday said the company has been taking prudent steps to ensure the strength of its balance sheet and continuing operations. Another representative said Thursday that "Spirit is not pursuing nor involved in a statutory restructuring."

A statutory restructuring is a form of financial reorganization that takes place in a courtroom, as opposed to an out-of-court process for managing debts.

The airlines can appeal the ruling on the merger. JetBlue and Spirit said they were evaluating "next steps as part of the legal process" in a joint statement Tuesday.

With the merger off the table now, Spirit is left to turn its operations around and ad-

dress its coming debt maturity on its own. Earlier this month, it completed a series of transactions selling more than two dozen planes and leasing them back, allowing it to pay down \$465 million in debt on those planes and raising \$419 million in cash.

The airline's losses have widened for the past three years as larger carriers dropped prices and ate into Spirit's market share, leading some analysts to question whether it will need to restructure its balance sheet.

"We are not (yet) predicting an immediate [Spirit Airlines] chapter 11 filing, just an acknowledgment that we can not reasonably identify a viable return to profitability any time soon," analysts at JPMorgan Chase wrote Tuesday.

The government set out to preserve Spirit Airlines as a stand-alone discounter that can offer cheap tickets for the most price-conscious travelers, but the decision to block the merger with JetBlue may have been a nail in Spirit's coffin, some analysts said. "We see ongoing cash burn over the next several years at Spirit, and a company that needs to continue to raise capital to survive," Melius Research analyst Conor Cunningham wrote Tuesday, adding that a liquidation might be more likely than a Chapter 11 filing if Spirit does go bankrupt.

Chapter 7 liquidation "would result in the permanent reduction of supply as lessors would look to reallocate aircraft out of the U.S.," Cunningham wrote. "That seems like the opposite outcome Judge Young wanted."

Spirit's stock and bonds plummeted after the JetBlue news. Its shares closed Thursday at \$5.70, down more than 60% from last week. The com-



The airline has offered buyouts to corporate employees and suspended new-hire training for pilots and flight attendants.

pany's \$1.1 billion 8% secured bond due 2025 changed hands Thursday at roughly 52 cents, down from 73 cents last week, according to a trader.

Budget carriers like Spirit have faced challenges. Competition has grown stiffer for vacation travelers as larger airlines have boosted offerings on domestic leisure routes. With an oversupply of seats in the domestic market, budget airlines cut fares to fill them.

Spirit's labor costs are rising as the airline and its pilots last year agreed on a new contract that will boost pilots' pay by an average of 34% over its two-year term. Spirit lost nearly \$158 million in the third quarter—a period that includes much of the peak

summer travel season—with the company citing softer demand and discounted fares.

The airline said in October that it would evaluate its growth profile and any needed strategic shifts to remain competitive.

Spirit is among the airlines hardest hit by the recall of Pratt & Whitney-geared turbofan engines after Pratt parent RTX said over the summer that it suspected contaminated metal in some engine parts would require accelerated inspections. Conducting those checks will keep a chunk of Spirit's fleet grounded this year: The airline said the average number of planes on the ground will climb from 13 this month to 41 in December.

Beleaguered Boeing Gets Boost With Big Jet Order

By KIMBERLEY KAO AND BEN OTTO

Boeing said it had agreed to deliver 150 of its 737 MAX aircraft to India's Akasa Air, providing a vote of confidence in one of the industry's fastest-growing markets as the plane maker faces pressure from regulators over a structural failure in a different variant of its MAX jets.

India's newest airline said Thursday that it will acquire a mix of single-aisle MAX 10 and MAX 8-200 jets, boosting its overall Boeing order book to more than 200 as it seeks to expand to international destinations. Deliveries are slated through 2032.

Boeing shares finished Thursday up 4%, at \$211.61.

The deal is Boeing's first major order win since a door plug blew out on an Alaska Airlines 737 MAX 9 jet midair earlier this month. The Federal Aviation Administration grounded about 170 MAX 9 jets after the accident and emergency landing. On Wednesday,



Akasa Air flies to 18 cities in India and plans to expand into the Middle East and Southeast Asia.

it said the aircraft would be barred from carrying passengers until it studied data related to inspections of the plane's door plugs.

The Akasa Air order doesn't include the MAX 9 variant of the fuel-efficient family of jets. Akasa Air, which placed its

first order for Boeing MAX aircraft in 2021 and launched in August 2022, currently has a fleet of 22 jets. The low-cost airline offers services to 18 cities across India and plans to expand into the Middle East and Southeast Asia.

India's aviation market has

generated a raft of recent megadeals. Last year, Air India ordered 470 jets from Boeing and Airbus, the largest commercial-aircraft deal in aviation history—a record surpassed within months by discount airline IndiGo, which made a deal for 500 Airbus jets.

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THE WALL STREET JOURNAL.

NOTICE OF SALE

IN THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF DELAWARE
CRYSTALLEX INTERNATIONAL CORPORATION, Plaintiff,
v. BOLIVARIAN REPUBLIC OF VENEZUELA, Defendant.

Misc. No. 17-151-LPS

NOTICE OF SALE, BIDDING PROCEDURES, AND SALE HEARING

PLEASE TAKE NOTICE OF THE FOLLOWING: On January 14, 2021, the United States District Court for the District of Delaware (the "Court") issued an opinion and corresponding order setting forth certain contours for the sale of the shares of PDV Holding, Inc. ("PDVH") owned by Petroleos de Venezuela, S.A. ("PDVSA") in connection with the above-captioned proceeding. In furtherance thereof, the Court appointed Robert B. Pincus as special master (the "Special Master") on April 13, 2021 to assist the Court with the sale of PDVSA's shares of PDVH. The Special Master is advised by Weil, Gotshal & Manges LLP, as transaction counsel, and Evercore Group L.L.C. as investment banker.

On October 11, 2022, the Court entered an order (Docket No. 481) (the "Sale Procedures Order") (i) approving the bidding procedures, substantially in the form attached to the Sale Procedures Order as Exhibit 1 (the "Bidding Procedures"); (ii) setting the timeframe for potential bidders to submit a proposal to purchase the shares of PDVH and scheduling a tentative hearing with respect to the approval of the sale (the "Sale Hearing"); (iii) authorizing and approving the Notice Procedures for the foregoing; and (iv) granting related relief.

Interested parties may submit bids for the purchase and sale of some or all of the shares of PDVH in accordance with the terms and conditions set forth in the Bidding Procedures. To avoid any ambiguity, parties may submit bids for less than 100% of the shares of PDVH so long as such bid satisfies the Attached Judgments.

PDVH is the sole shareholder and direct parent of CITGO Holding, Inc., which in turn is the sole shareholder and direct parent of CITGO Petroleum Corporation.

Important Dates and Deadlines
• **Round 1: Deadline to Submit Non-Binding Bids.** Any person or entity interested in participating in the sale of shares of PDVH is encouraged to submit a Non-Binding Indication of Interest on or before **Monday, January 22, 2024 at 6:00 p.m.** (prevailing Eastern Time).

• **Round 2: Deadline to Submit Final Binding Bids.** To be determined following completion of Round 1.

• **Sale Objection Deadlines.** To be determined following completion of Round 2.
• **Sale Hearing.** A tentatively-scheduled hearing to approve the Sale Transaction shall be held before the Court before the Honorable Leonard P. Stark on **Monday, July 15, 2024 at 10:00 a.m.** (prevailing Eastern Time) at the United States District Court, 844 North King Street, Wilmington DE 19801, or such other time as the Court may set.

Additional Information
Any party interested in submitting a bid should contact the Special Master's investment banker, Evercore (Attn: Ray Strong (ray.strong@evercore.com)), William Hiltz (hiltz@evercore.com), David Ying (ying@evercore.com), and Stephen Goldstein (stephen.goldstein@evercore.com), as soon as possible.

Copies of the Sale Procedures Order and the Bidding Procedures may be requested free of charge by email to the Special Master's counsel, Weil, Gotshal & Manges LLP (attn: Chase Bentley at Chase.Bentley@weil.com and Maggie Burrus at Maggie.Burrus@weil.com).

FAILURE TO ABIDE BY THE BIDDING PROCEDURES, THE SALE PROCEDURES ORDER, OR ANY OTHER ORDER OF THE COURT MAY RESULT IN THE REJECTION OF YOUR BID.

Dated: January 12, 2024

Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Sale Procedures Order and the Bidding Procedures (each, as defined herein), as applicable. Any summary of the Sale Procedures Order or the Bidding Procedures contained herein is qualified in its entirety by the actual terms and conditions thereof. To the extent that there is any conflict between any such summary and such actual terms and conditions, the actual terms and conditions shall control.

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Cummins, Daimler and Paccar Wager Big on Electric Trucks

The three are joining to build a \$2 billion Mississippi plant to produce batteries

By Bob Tita

The U.S.'s biggest commercial truck and engine builders are betting that the freight industry is ready to swap diesel fuel pumps for battery chargers.

The diesel-engine maker Cummins and the truck builders Daimler Truck and Paccar plan to build a \$2 billion factory in Mississippi to produce batteries for commercial trucks. The plant, which the companies will operate as a joint venture, is expected to begin producing battery cells in 2027.

The plant in Mississippi's Marshall County, south of Memphis, Tenn., will be the nation's largest dedicated to batteries for commercial vehicles, with initial output projected to be enough batteries annually to power more than 40,000 medium- and heavy-duty trucks.

The investment is a big bet that the typically risk-averse trucking industry will start to convert rapidly to alternative power as new government standards for engine exhaust make it significantly more expensive and restrictive to buy and operate diesel trucks.

Daimler, the maker of Freightliner trucks, is the market leader in heavy-duty truck sales, while Paccar, with its Peterbilt and Kenworth truck brands, is second. Battery-electric trucks and buses have been available for years. But truck manufacturers haven't been nearly as aggressive as the consumer-vehicle industry in pivoting production toward battery-electric models.

States and the federal gov-



The venture's new plant is expected to begin operating in 2027. A Cummins plant in Indiana.

ernment are starting to apply more pressure on truck manufacturers and reluctant truckers to get on board with zero-emissions vehicles.

"The timing of this plant is intentional," said Jennifer Rumsey, chief executive of Cummins, the leading manufacturer of diesel engines in the U.S., in an interview. "The demand is going to grow as the regulations continue to drive a reduction in emissions."

Battery-electric trucks make up a minuscule portion of the 600,000 commercial trucks sold in the U.S. and Canada.

Trucking companies have mostly refrained from buying the vehicles because of concern about cost and durability, as well as a lack of battery-charging infrastructure to support trucks on long hauls. The absence of a used market for electric trucks also has been an impediment, since most trucking companies count on selling their trucks to recover some of their costs. Beginning this year, Califor-

nia will require that 5% of a truck manufacturer's sales of heavy-duty tractors and 9% of its other trucks sold in the state be zero-emissions vehicles. Ten other states are scheduled to follow suit with increasingly larger sales-volume requirements over the next three years.

The Environmental Protection Agency will require diesel-engine makers to further reduce nitrogen oxide emissions—a component of smog—by about 80% starting in 2027. The requirement is expected to lead truck manufacturers to double the treatment and filtering systems now applied to diesel-engine exhaust, which industry analysts estimate will likely add about \$30,000 to the cost of a new heavy-duty tractor truck.

The agency is considering a move to require a large reduction in carbon-dioxide emissions from commercial trucks by the early 2030s, which analysts said would effectively force the trucking industry to switch to more electric-powered vehicles.

Chip Project Faces New Delays

Continued from page B1

conductor technologies. "There is too much risk today relying on other countries, specifically relying on Taiwan," said Sen. Mark Kelly, an Arizona Democrat leading efforts to turn the Phoenix area into a semiconductor hub with new TSMC and other plants. "We need to be making the best chips here," he said in an interview, adding the earlier the Chips Act funding is distributed, the better.

A Commerce Department spokeswoman declined to comment.

The U.S. doesn't mass-produce the most advanced chips, defined as those smaller than 5 nanometers. Taiwan, an island at the center of political tensions with China, accounts for 85% of that market, while South Korea represents the remaining 15%, according to the Center for Security and Emerging Technology at Georgetown University.

TSMC had already pushed back the start of mass production at the site's first factory to 2025 from the originally planned 2024.

The second factory had been scheduled to begin production of 3-nanometer chips in 2026. Liu revised that schedule on Thursday, saying that while construction continues, TSMC now is looking at 2027 or 2028 as the timeline for volume production.

He also said the specific chip type wasn't yet determined. Customer demand and government incentives will play a role in deciding whether the second factory makes 3-nanometer chips, he said.

The nanometer figure reflects the size of transistors that can be packed onto a chip, with a lower figure designating more advanced technology. Chips labeled 3-nanometer would be among the most advanced manufactured today.

U.S. officials and analysts say TSMC's comments underscoring the difficulties with the



TSMC Chairman Mark Liu.

Arizona project are a negotiation tactic to maximize its share of the Chips Act funding. More than 500 companies have expressed interest in receiving funding from the program and more than 170 have submitted applications, according to the Commerce Department.

The powerful market positions of TSMC and South Korea's Samsung allow them to be aggressive in negotiating with the U.S. government, which is eager to attract these companies, they say.

"From one perspective, the companies are competing for limited amounts of government money but from another, the governments are competing for a limited amount of advanced fabrication capacity from the best in the business," said Jacob Feldgoise, data analyst for Georgetown's Center for Security and Emerging Technology.

TSMC is also receiving subsidies from Japan and Germany to build factories there.

President Biden visited the Arizona construction site in north Phoenix in December 2022. The project is a showpiece for his effort to make the U.S. a chip-manufacturing hub again after the business largely migrated to Asia in recent decades.

Nonetheless, negotiations between the Biden administration and TSMC over subsidies have proved challenging, say people on both sides. Issues include the amount of subsidies and the conditions to which TSMC must agree to receive the money, they say.

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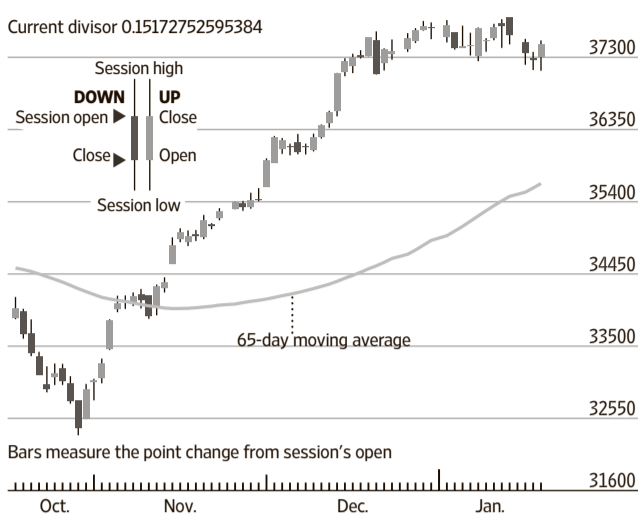


MARKETS DIGEST

EQUITIES

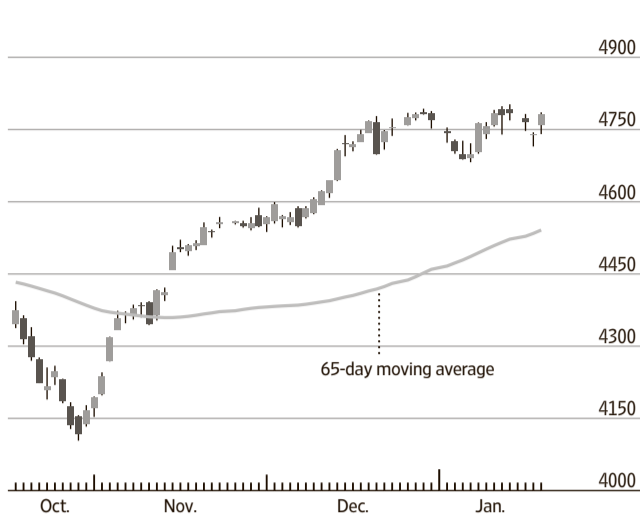
Dow Jones Industrial Average

37468.61 ▲ 201.94, or 0.54%
High, low, open and close for each trading day of the past three months.



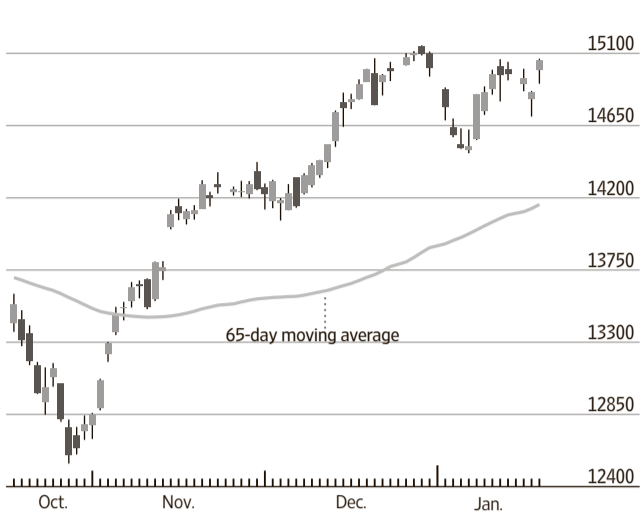
S&P 500 Index

4780.94 ▲ 41.73, or 0.88%
High, low, open and close for each trading day of the past three months.



Nasdaq Composite Index

15055.65 ▲ 200.03, or 1.35%
High, low, open and close for each trading day of the past three months.



Major U.S. Stock-Market Indexes

Table listing various stock market indexes including Dow Jones, Nasdaq Stock Market, S&P 500, Russell 2000, and others, with columns for High, Low, Close, Net chg, % chg, 52-Week High/Low, and YTD % chg.

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...

Most-active issues in late trading

Table of most-active issues in late trading with columns for Company, Symbol, Volume, Last, Net chg, After Hours % chg, High, and Low.

Percentage gainers...

Table of percentage gainers with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High/Low, and % chg.

Trading Diary

Volume, Advancers, Decliners

Table showing trading diary statistics including Total volume, Advancers, Decliners, Issues traded, and Block trades for NYSE and NYSE Arca.

International Stock Indexes

Table of international stock indexes by region/country, including MSCI ACWI, Euro STOXX, Nikkei 225, etc., with columns for Index, Close, Net chg, Latest % chg, and YTD % chg.

Percentage Gainers...

Table of percentage gainers from international markets with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High/Low, and % chg.

Percentage Losers

Table of percentage losers from international markets with columns for Company, Symbol, Latest Session Close, Net chg, % chg, 52-Week High/Low, and % chg.

Most Active Stocks

Table of most active stocks with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High/Low, and % chg.

Volume Movers

Table of volume movers with columns for Company, Symbol, Volume, % chg from 65-day avg, Latest Session Close, % chg, 52-Week High/Low, and % chg.

QR code and text: Scan this code to get real-time U.S. stock quotes and track most-active stocks, new highs/lows, mutual funds and ETFs. All are available free at WSJMarkets.com

CURRENCIES & COMMODITIES

Currencies

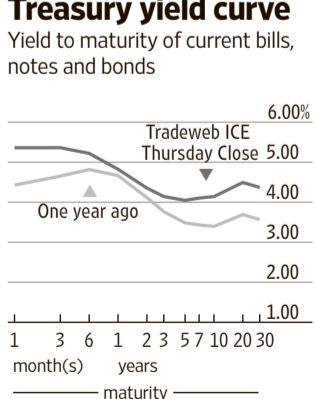
Table of U.S.-dollar foreign-exchange rates for various countries including Argentina, Brazil, Canada, etc., with columns for Country/currency, Thursday in US\$, USD vs. YTD chg, and Friday in US\$.

CREDIT MARKETS

Consumer Rates and Returns to Investor

Table of U.S. consumer rates and returns to investor, including Federal-funds target rate, Prime rate, SOFR, Money market, etc., with columns for Rate, Yield/Rate, 52-Week Range, and 3-yr chg.

Treasury yield curve



Forex Race



Corporate Borrowing Rates and Yields

Table of corporate borrowing rates and yields for various bond types including U.S. Treasury, Aggregate, High-Yield, etc., with columns for Bond total return index, Close, Yield, 52-Week High/Low, and Total Return.

Commodities

Table of commodity prices including DJ Commodity, Refinitiv/CC CRB Index, Crude oil, Natural gas, etc., with columns for Commodity, Close, Thursday Net chg, % chg, 52-Week High/Low, % chg, and YTD % chg.

COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Table of futures contracts for Metal & Petroleum, Agriculture, and other commodities. Columns include Open, High, Low, Settle, Chg, and Open interest.

Table of interest rate futures including Ultra Treasury Bonds, Treasury Bonds, and Treasury Notes.

Table of currency futures including Japanese Yen, Canadian Dollar, British Pound, Swiss Franc, Australian Dollar, Mexican Peso, and Euro.

Table of index futures including Mini DJ Industrial Average, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000, Mini Russell 1000, and U.S. Dollar Index.

Table of index futures including Mini DJ Industrial Average, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000, Mini Russell 1000, and U.S. Dollar Index.

Cash Prices

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table of cash prices for Energy, Metals, Fibers and Textiles, Grains and Feeds, and Fats and Oils.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; F=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Soland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 1/17

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Table of bond benchmarks showing total return, yield, and index for various categories like Broad Market, Mortgage-Backed, U.S. Corporate, and U.S. Agency.

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended January 12. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Table showing inventories and imports for various commodities like Crude oil, Gasoline, and Natural gas.

Table showing weekly demand for various commodities like Total petroleum product, Finished motor gasoline, and Other oils.

Note: Expected changes are provided by Dow Jones Newswires' survey of analysts. Previous and average inventory data are in millions. Sources: FactSet, Dow Jones Market Data, U.S. Energy Information Administration; Dow Jones Newswires

Exchange-Traded Portfolios | WSJ.com/ETFResearch

Table of exchange-traded funds (ETFs) with columns for Symbol, Closing Price, Chg, YTD, and others.

Global Government Bonds: Mapping Yields

Yields and spreads over or under U.S. Treasuries on benchmark two-year and 10-year government bonds in selected other countries; arrows indicate whether the yield rose(▲) or fell (▼) in the latest session

Table of global government bonds showing coupon, maturity, yield, and spread for various countries.

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...

Table of investment-grade corporate debt spreads showing issuer, symbol, coupon, yield, maturity, and spread.

...And spreads that widened the most

Table of corporate debt spreads showing issuer, symbol, coupon, yield, maturity, and spread.

High-yield issues with the biggest price increases...

Table of high-yield corporate debt showing issuer, symbol, coupon, yield, maturity, and price change.

...And with the biggest price decreases

Table of high-yield corporate debt showing issuer, symbol, coupon, yield, maturity, and price change.

*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year 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

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.

Underlined quotations are the stocks with large changes in volume compared with the issue's average trading volume.

Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like AECOM, AEO, AIG, Affirm, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like AffirmHdgs, Aflac, Agilent, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Amazon, Ambev, Amcor, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Ameren, AmericanAirlines, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like AmericanExpress, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like AmericanFintech, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like AmericanMedical, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like AmericanPharm, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like FMC, FTI Consulting, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Fidelity, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like GE Healthcare, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Goldman Sachs, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Google, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Home Depot, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Intel, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Johnson & Johnson, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Microsoft, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Pfizer, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Procter & Gamble, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like UnitedHealth, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Walmart, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Amazon, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Microsoft, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Google, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Amazon, etc.

Table with columns: Stock, Sym, Close, Net Chg. Lists various stocks like Microsoft, etc.

Dividend Changes

Table with columns: Company, Symbol, Yld%, Amount New/Old, Freq, Payable/Record. Lists dividend changes for various companies.

Stocks

Table with columns: Company, Symbol, Yld%, Amount New/Old, Freq, Payable/Record. Lists stock price changes.

Foreign

Table with columns: Company, Symbol, Yld%, Amount New/Old, Freq, Payable/Record. Lists foreign stock price changes.

Special

Table with columns: Company, Symbol, Yld%, Amount New/Old, Freq, Payable/Record. Lists special stock price changes.

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.

Table with columns: Stock, Sym, Close, Net Chg. Lists new highs and lows for various stocks.

Table with columns: Stock, Sym, Close, Net Chg. Lists new highs and lows for various stocks.

Table with columns: Stock, Sym, Close, Net Chg. Lists new highs and lows for various stocks.

Table with columns: Stock, Sym, Close, Net Chg. Lists new highs and lows for various stocks.

Borrowing Benchmarks

wsj.com/market-data/bonds/benchmarks

Money Rates

January 18, 2024

Key annual interest rates paid to borrow or lend money in U.S. and international markets.

Rates below are a guide to general levels but don't always represent actual transactions.

Table with columns: Instrument, Rate, Week ago, -52 Week-1. Lists various money rates.

Inflation

Table with columns: Dec. level, Nov. '23, % Chg '23-'22, Week ago, -52 Week-1. Lists inflation data.

Federal funds

Table with columns: Effective rate, High, Low, Bid, Offer. Lists federal funds rates.

Treasury bill auction

Table with columns: Auction, Week, High, Low. Lists treasury bill auction results.

Primary rates

Table with columns: Country, Rate, Week ago, -52 Week-1. Lists primary rates.

Policy rates

Table with columns: Country, Rate, Week ago, -52 Week-1. Lists policy rates.

Overnight repurchase

Table with columns: U.S., Rate, Week ago, -52 Week-1. Lists overnight repurchase rates.

U.S. government rates

Table with columns: Rate, Week ago, -52 Week-1. Lists U.S. government rates.

Discount

Table with columns: Rate, Week ago, -52 Week-1. Lists discount rates.

Secured Overnight Financing Rate

Table with columns: Rate, Week ago, -52 Week-1. Lists SOFR.

Notes on date

Table with columns: Rate, Week ago, -52 Week-1. Lists notes on date.

U.S. prime rate

Table with columns: Rate, Week ago, -52 Week-1. Lists U.S. prime rate.

DTCC GCF Repo Index

Table with columns: Treasury, MBS, Rate, Week ago, -52 Week-1. Lists DTCC GCF Repo Index.

Weekly survey

Table with columns: Rate, Week ago, -52 Week-1. Lists weekly survey.

Freddie Mac

Table with columns: Rate, Week ago, -52 Week-1. Lists Freddie Mac.

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2: 2-day split and merge; SO: spin-off.

Sources: FactSet; Dow Jones Market Data.

Data provided by LIPPER

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BANKING & FINANCE

Energy Tax Credits Are Hot Commodity

Billions in transfers made by renewables firms in '23, deals likely to soar further

By RICHARD RUBIN AND AMRITH RAMKUMAR

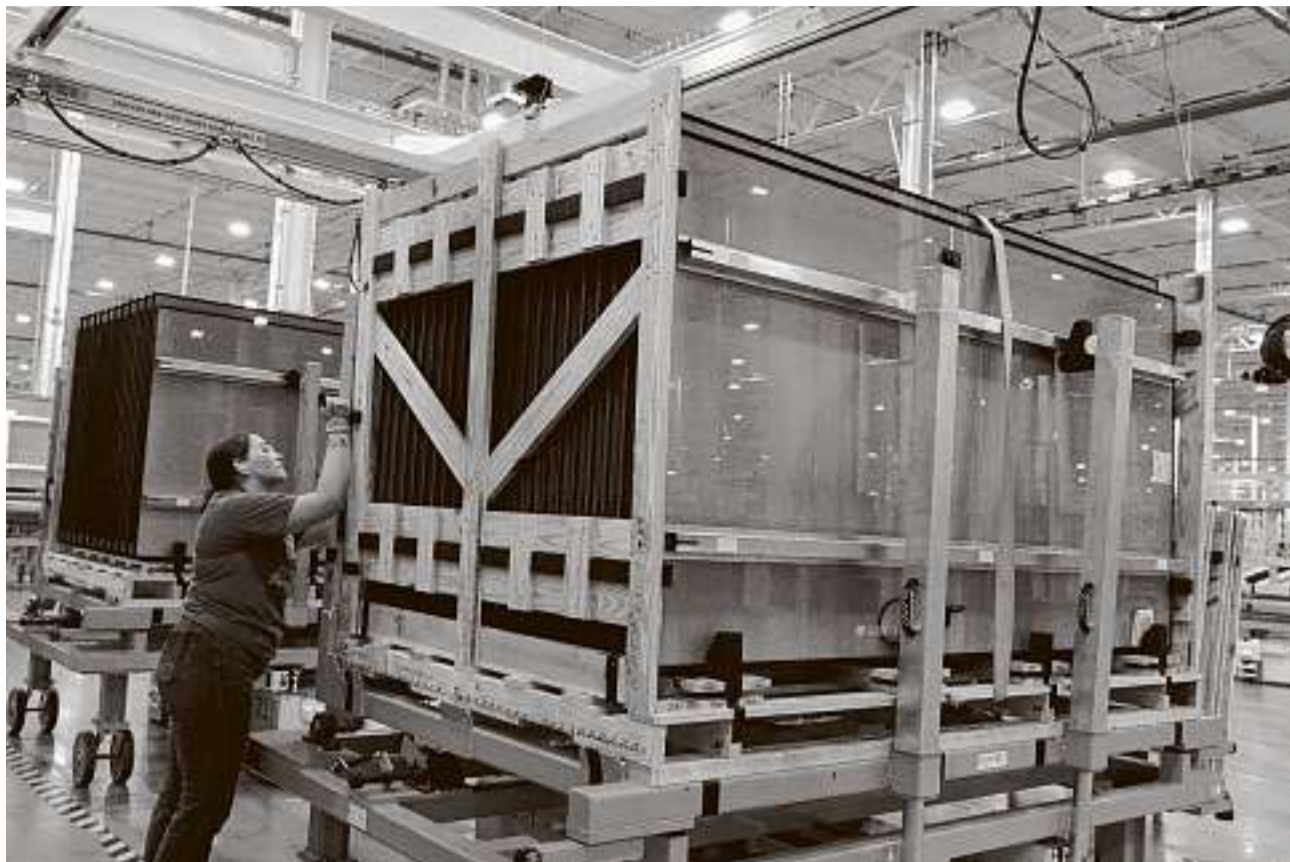
WASHINGTON—A nascent market for clean-energy tax breaks is surging faster than expected, with deals totaling as much as \$9 billion already done and tens of billions more expected this year.

The new government program is designed to funnel cash quickly to renewable-energy developers, potentially accelerating the transition from fossil fuels, while giving tax breaks to buyers such as JPMorgan Chase and Fiserv.

Congress created the tax credit transfer program for renewable-energy companies in the 2022 climate law. About 100 companies pursuing more than 1,000 clean-energy projects have indicated they plan to sell tax credits in the new market, according to preliminary Treasury Department figures reviewed by The Wall Street Journal ahead of their release.

Renewable-energy companies often don't make enough profit to absorb all the tax credits they generate. The law lets them sell the credits to other companies to monetize what they can't use. Buyers typically pay \$90 to \$96 for credits that let them reduce their tax bills by \$100, turning a near-instant profit.

Total transactions from the market likely totaled between



SYLVIA JARRIS FOR THE WALL STREET JOURNAL

Fiserv recently agreed to buy \$700 million in tax credits from solar-panel maker First Solar, whose Ohio plant is seen here.

\$7 billion and \$9 billion last year and are expected to rise soon into the tens of billions, according to estimates by Crux, an online marketplace that connects tax-credit buyers and sellers.

"The market really started to coalesce in the fourth quarter faster than people expected," said Alfred Johnson, chief executive officer of Crux. "You're now seeing people start to think ahead about what their strategy for 2024 is

going to be." Transferring tax credits directly to corporate buyers offers a faster, simpler way for clean-energy companies to fund projects than existing tax-credit marketplaces. These rely on an arcane market called tax equity that is generally limited to the largest renewable developers.

"It's definitely a game changer," said Kevin Smith, CEO of the clean-energy developer Arevon, which re-

cently agreed to transfer \$191 million in tax credits to JPMorgan. That agreement helped Arevon raise \$338 million in debt for a solar and battery storage project in California. "It will be a huge boon for the industry," he said.

Arevon has roughly \$2 billion in projects it is pursuing that will qualify for about \$500 million in tax credits, he said. The company expects to sell the vast majority directly

to big companies, generating cash it can use for the projects.

The new deals typically take three to eight weeks to complete, down from four months, for tax equity, said Keith Martin, a lawyer at Norton Rose Fulbright, whose firm has already closed 14 deals and has 20 more in process.

Banks including JPMorgan and Bank of America dominate tax equity and are expected to

be some of the biggest players in the transfer market.

By making it easier for any company to buy credits, government officials hope they can entice businesses beyond banking to reduce their taxes and fund climate investments in the process. Early buyers were the same companies that had done tax-equity deals in the past, but retailers and technology companies started entering the market later in 2023, Martin said. U.S. Bancorp facilitated \$700 million in transfers in the fourth quarter, it said in a regulatory filing.

The financial-technology giant Fiserv recently agreed to buy \$700 million in domestic manufacturing tax credits from the solar-panel maker First Solar, arguably the biggest winner from the climate law. It is one of the largest transfer deals announced to date.

The Treasury Department launched an online registration tool for companies to sign up for the program in December. Its preliminary figures are through Tuesday, and the numbers are expected to rise as companies become familiar with the new market.

"Increased access to clean energy credits is acting as a force multiplier so that more clean energy projects are built quickly and affordably," Deputy Treasury Secretary Wally Adeyemo said.

The Treasury Department initially proposed rules for selling credits in June and won't have financial details on transfers until companies file their tax returns.

South African Mining-Waste Piles Seen as a Rare-Earth Bonanza

By YUSUF KHAN

Just before the Covid-19 pandemic took hold, South African mining veteran George Bennett was offered the opportunity to bid for two waste piles of gypsum, left over from decades of phosphate mining in a small town near the Mozambique border.

Bennett built more than 20 mining projects over his career, but this one caught his attention. Analysis of samples he took showed that the waste stacks held a treasure trove—high concentrations of the rare-earth minerals needed to make the permanent magnets used to power offshore wind turbines and electric vehicles.

Rare-earth minerals aren't that rare, but it is unusual to find them in sufficiently high concentrations that would make mining them economical. Having a massive pile of them above ground is rarer. And new sources are highly valuable because China controls most of the extraction and refining of rare earths—a dominance that it is looking to maintain through a ban on the export of rare-earth processing technologies, which it introduced in December.

Rainbow Rare Earths could be a significant non-Chinese source of crucial energy-transition materials, according to Bennett, the company's chief executive. Rainbow, which was listed in London in 2017, expects to generate a net present value of more than \$1 billion from those two South African waste piles, he said.

There are a lot of rare earth projects but "Rainbow is unique in the economics and the environment and carbon footprint associated with the [South African] project," said Brian Menell, CEO of Techmet, a U.S. government-backed critical-minerals investment com-

Price for neodymium oxide



Note: Data through Jan. 11

Source: Argus Media

pany that recently invested \$50 million in Rainbow. "We feel it can be one of the biggest, lowest cost, producers of rare earth oxides in the world."

Mining is hugely expensive, highly political and can take years to get off the ground, particularly as governments change their policy on mining across election cycles.

Rainbow has been through those struggles. Its mining project in Burundi had been producing rare earths and it had been selling them to Chinese buyers since 2017. Those operations were suspended in 2021 when the local government halted all mining activity in the country to renegotiate the mining code and royalties, according to Bennett.

Fortunately for Rainbow, its Phalaborwa project in South Africa won't involve any digging. The two waste piles of phosphogypsum are above ground and have been "cracked"—a process where the mined material is crushed

and further processed with heat and acid—increasing the rare-earth concentration and thereby reducing the processing that Rainbow needs to do.

"We've got no mining cost, no crushing, no milling, no flotation. I saw the advantages to lead to a low capital intensity and low operating cost environment project," Bennett said.

The aim is to start processing from 2026, he said, with an expectation that the project will have about 14 years of productive life.

"Their costs should be competitive in theory as they do not have to do mining," said Yuen Low, mining analyst at Liberum. He added Rainbow could create additional value by processing its products further.

Currently, Rainbow's pilot trials produced a low value mix of rare earths—known as a rare-earth carbonate—that has to be separated further into the individual minerals used in the making of permanent magnets.

However, Rainbow is working with K-Tech, a Lakeland, Fla., chemical technology firm, on a novel approach to processing the rare earths further into more valuable rare-earth oxides. It is testing out a faster, more environmentally friendly way, known as continuous-ion chromatography, which has been used in photography. Bennett hopes to start producing rare-earth oxides with K-Tech on a trial basis by the end of March.

Rainbow is developing another, larger site in Brazil. In July, it signed a deal with Tampa, Fla.-fertilizer producer The Mosaic Co. for an almost identical phosphogypsum stack in the Uberaba area of Minas Gerais. "Uberaba could be significantly bigger and have a much longer life," Liberum's Low said. Rainbow is working with Morocco's OCP, the world's largest phosphate miner, to see if its waste residue could be viable.

According to analysts, there are very few phosphogypsum sites in the world because it is essentially a waste product of some large-scale phosphate mines. Rainbow is "entirely unique" as a listed company making efforts to recover significant rare earths from gypsum waste sites, according to Christopher Eccleston, mining strategist at Hallgarten & Co.

Rainbow's relatively low production costs could give it a competitive advantage over western rivals, according to Bennett.

Shares in competitors MP Materials and Lynas Rare Earths are down 40% and 26%, respectively, over the past year, as rare-earth prices were hit by falling demand and rising Chinese output. There is debate about whether prices have bottomed out, but there is broad consensus that demand for rare-earth oxides will rise.

Regulator Steps Up Efforts on Bank Runs

By GINA HEEB

A top U.S. regulator called for new rules that would require large and midsize lenders to show they can withstand the type of rapid deposit runs that took down three banks in early 2023.

Under the plan, banks would have to demonstrate they could cover "acute, ultra-short-term" deposit outflows. The plan was first reported by The Wall Street Journal and informally proposed Thursday by the head of the Office of the Comptroller of the Currency.

"The bank runs are faster now. This is just a fact," said Michael Hsu, acting comptroller of the currency. "We have to adapt."

Hsu proposed flagging deposits that regulators view as vulnerable to "herd behavior" as at risk for ultra-fast withdrawals. That could mean tougher regulations for the type of venture or technology deposits that customers pulled en masse from Silicon Valley Bank last year.

So far, there isn't a formal

proposal. Hsu didn't elaborate on the size of the banks by assets the agency might target.

The comments are a sign that regulators are determined to tighten the reins on banks after three high-profile failures in early 2023. Regulators separately proposed new capital rules last year, which would require banks with more than \$100 billion in assets to hold more cash and other assets to absorb potential losses.

Under the plan Hsu outlined, banks would have to show they could cover five days of deposit outflows, including through the Fed's discount window.

It would take into account the amount of cash a bank has at the Fed and the collateral it pledges for access to the discount window, as well as the amount of uninsured deposits it holds. Banks could also be asked to do periodic test draws from the discount window under the rule. This would allow the Fed to more quickly lend to banks through its discount window, Hsu said.

—Andrew Ackerman contributed to this story.

Watch a Video: What Wall Street Banks See On the Horizon for the Economy and Stocks



CARLO ALLEGRI/REUTERS

Scan this code for a video with WSJ's Dion Rabouin, examining what Deutsche Bank, Citi, JPMorgan and Wells Fargo are predicting for the stock market and the U.S. economy in the coming months.

New Highs and Lows

Table with columns for Stock, 52-Wk % Change, and various stock symbols and their corresponding percentage changes. The table is organized into multiple columns for readability.

MARKETS

Technology Shares Lift Major Indexes

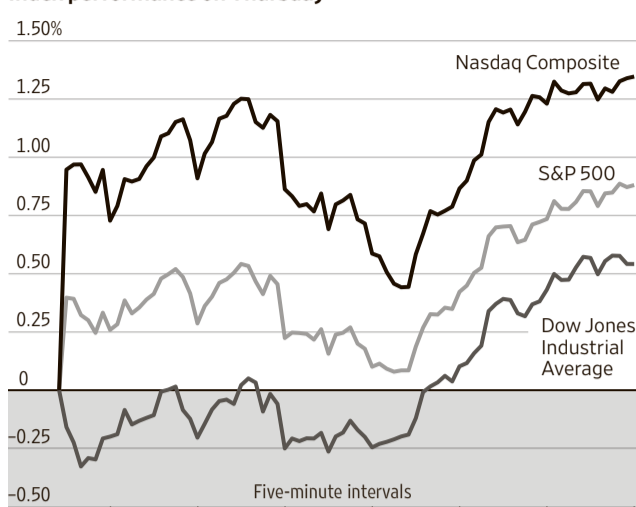
Chip stocks rally after Taiwan Semiconductor issues strong outlook

By CHARLEY GRANT

Rising technology shares powered major indexes higher. The S&P 500 rose 0.9%, while the Nasdaq Composite gained 1.3%. The Dow Jones Industrial Average advanced 0.5%, or 202 THURSDAY'S MARKETS points, snapping a three-session losing streak. The information-technology sector was the broad index's top performer, rising 2%. Chip stocks rallied after key supplier Taiwan Semiconductor gave a stronger outlook overnight than Wall Street had forecast.

The PHLX Semiconductor Index rose 3.4%, led by companies like Qualcomm and Lam Research. Apple rose 3.3% to close at a 2024 high. Major indexes are little changed so far in January, after posting a furious rally to end 2023. Initial jobless claims were 187,000 last week, the Labor Department said, the lowest since September 2022. That was the latest data point to paint a picture of a resilient economy, following upbeat reports on employment, inflation and retail sales earlier this month. "This is an economy that continues to surprise to the upside," said Nadia Lovell, senior U.S. equity strategist for the chief investment office at UBS Wealth Management. That strength is prompting investors to reconsider hopes

Index performance on Thursday



Source: FactSet

that the Federal Reserve will cut interest rates aggressively, according to CME Group's Fed

Watch tool. Traders on Thursday assigned a 57% probability to a cut at its March meeting,

down from the 70% probability they gave that scenario a week ago. Traders began the year pricing in about six rate cuts in 2024, while Fed officials projected three cuts at their December meeting. "People were maybe too optimistic about how many are coming this year," said Doug Evans, chief investment officer at Callan Family Office. "Yes, the Fed will ease—but probably not at the cadence people were expecting." The yield on the benchmark 10-year U.S. Treasury note settled at 4.142%, marking the highest 3 p.m. yield so far in 2024. Prices fall when yields rise. The average rate on the standard 30-year fixed mortgage slid to a nearly eight-month low of 6.6%, according to a survey of lenders released by Freddie Mac.

The KBW Nasdaq Bank Index traded lower for a seventh consecutive session, dropping 0.5%. Discover Financial Services fell 11% after earnings fell short of expectations. Health-insurance stocks sold off after Humana warned that rising medical costs could hurt financial results. Humana fell 8%, and rivals like CVS Health and Elevance Health also sold off. Spirit Airlines fell 7.2%. Spirit is weighing restructuring options after a federal judge blocked the low-cost carrier's deal to be acquired by JetBlue Airways, The Wall Street Journal reported Thursday. U.S. crude oil prices rose 2.1%, settling at \$74.08 a barrel. The Europe Stoxx 600 rose 0.6%. At midday Friday, Japan's Nikkei 225 was up 1.6%, while South Korea's Kospi was up 1.1%. S&P 500 futures rose 0.1%.

Crypto Traders Evade Ban

Continued from page B1

to police the sector. "It's hard to catch. There's a billion people in China. How do you know what they're buying?" said Bobby Lee, founder of the cryptocurrency-storage service Ballet. Many users in the country still have accounts at crypto exchanges based outside China, which they created before the trading ban. They can often access these accounts through virtual private networks, which allow internet users to mask their locations, according to people familiar with the matter. Some crypto traders in the country can access their accounts even without using a VPN, some of the people said. Some exchanges, including Bybit, KuCoin and Gate.io, don't allow users in mainland China to open accounts, and some say they have closed mainland China-based accounts. One exchange—HTX, also known as Huobi—has created a digital-citizenship program that enables users to claim another nationality when opening an account. Traders wanting to buy bitcoin, ether or other cryptocurrencies also use social-media apps such as WeChat and Telegram after getting referrals from their friends, according to people in the country. Dedicated groups on these platforms allow buyers and sellers to find each other without the need for an exchange to match them. Chinese crypto traders also use some more old-fashioned methods to flout the rules. These include meetings in public places, where they exchange addresses of crypto wallets, according to people with knowledge of these trades. Traders either swap crypto directly, pay in cash or arrange bank trans-

fers. These physical trades are particularly popular in China's inland, in places such as Chengdu and Yunnan, the people said. This is because Chinese cities far from the coast are generally poorer, local governments are preoccupied with other social issues and enforcement is looser, they said. Some of these regions were once popular locations for crypto-mining operations, which use powerful computers to create bitcoin and other cryptocurrencies. Crypto traders in these cities head to laundromats, cafes, snack kiosks or eateries, where they trade with the owners of these businesses or with other customers. Some traders find these businesses through the peer-to-peer services of crypto exchanges, while others rely on word-of-mouth, the people said. "It used to be that you meet someone in the back alley and hand the dealer bags of cash in exchange for what you want. Now, with crypto, you can just go to a cafe and hand them a thumb drive or exchange wallet details. It's a lot less friction than trying to hand bags of cash," said Ben Charoenwong, an assistant professor in finance at the National University of Singapore. The range of options for crypto traders presents a serious challenge to China's government, which imposes strict capital controls on its citizens to protect its currency. People in China can convert no more than the equivalent of \$50,000 a year into foreign currencies. These controls have increased pent-up demand for crypto assets, said Lee, the crypto executive. In late December, Chinese authorities released details about a crackdown on illegal cross-border financial flows, highlighting the use of crypto. China's top prosecutorial agency and foreign-exchange regulator outlined eight typical examples of such crimes, two of which involved conversions between China's yuan, ether and foreign currencies.

Slowing Oil-Demand Growth Expected To Extend Into 2024, IEA Report Says

By GIULIA PETRONI

Global oil-demand growth slowed significantly at the end of last year and is expected to weaken further, marking a return to prepandemic trends, according to the International Energy Agency. The Paris-based organization said Thursday in its monthly report that growth is projected to ease to 1.2 million barrels a day in 2024 from 2.3 million barrels a day last year, taking total demand to an average of 103 million barrels a day. Demand growth for 2024 was previously estimated at 1.1 million barrels a day. In the fourth quarter of last year, growth slowed to 1.7 million barrels a day from 2.8 million barrels a day in the third quarter, reflecting slowing travel demand in China after a postpandemic boom, the IEA said. China is still set to account for almost 60% of global demand growth this year, boosted by the expansion of the petrochemical sector, the agency said. "The gains come predominantly at the expense of gasoline and jet/kerosene, as 2023's postpandemic release of pent-up Asian travel demand recedes, efficiency standards continue to tighten and electric vehicle sales rise," it said. The Organization of the Petroleum Exporting Countries on Wednesday left its expectations for this year's global oil-demand growth unchanged at 2.2 million barrels a day, and said it expects demand to grow by 1.8 million barrels a day in 2025, a level still considered elevated by market watchers. Meanwhile, global economic growth is expected to slow this year, despite anticipated inter-



Growth slowed to 1.7 million barrels a day in the fourth quarter as travel demand in China eased.

est-rate cuts from central banks, the IEA said, as business activity and consumer spending suffers the impact of rate hikes in 2022 and 2023. "Even if the now-mainstream view of a soft landing materializes, 2024 looks set to be a year of subdued global economic growth, weighed down by the lagged impact of monetary tightening and a squeeze in bank lending," it said. Record supply from the U.S., Brazil and Guyana, along with production increases from countries outside of OPEC+, are estimated to lift world oil supply by 1.5 million barrels a day to an average of 103.5 million barrels a day in 2024, according to the organization. Russian crude exports rose by 500,000 barrels a day in December to a nine-month high of 7.8 million barrels a day, but export revenue slumped to \$14.4 billion as Russian oil price discounts increased and

benchmark oil prices fell. The IEA's latest report came amid a sharp downturn in oil prices, with crude down over 20% from its late-September high despite the Israel-Hamas conflict and production cuts from OPEC. Brent crude, the international benchmark, trades at around \$78 a barrel after briefly touching \$80 last week. WTI, the U.S. oil gauge, is around \$73 a barrel. Oil futures have recovered by around \$4 a barrel from their mid-December lows, the IEA said, as escalating tensions in the Red Sea due to a string of attacks on commercial ships by Yemen's Houthi rebels fueled fears of supply disruptions. "Rising geopolitical tensions in the Middle East, which accounts for one-third of the world's seaborne oil trade, has markets on edge at the start of 2024," the agency said. Production of oil and lique-

fied natural gas hasn't been directly hurt by the attacks, but the risk of disruptions is still high, particularly for oil flows transiting via the Suez canal, according to the IEA. Meanwhile, rerouting vessels toward Southern Africa's Cape of Good Hope—the main alternative shipping lane—adds pressure to global supply chains and increases freight and insurance costs. But excluding significant disruptions to flows, the IEA said the market looks well supplied this year, as higher-than-expected production from countries outside of OPEC+ is set to outpace oil-demand growth. "While OPEC+ supply management policies may tip the oil market into a small deficit at the start of the year, strong growth from non-OPEC+ producers could lead to a substantial surplus if the OPEC+ group's extra voluntary cuts are unwound in 2024," the agency said.

It May Be Time to Sell AI Issues

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hyped, as I said in June, since then there's been more discrimination by investors, with some of the smaller AI stocks pummeled. But then I'm always cynical about the crowd. "It is real what is happening in AI right now," said Nicolai Tangen, head of Norway's \$1.5 trillion sovereign-wealth fund. "You speak to Sam Altman and you see what's happening to their business, and you speak to Microsoft, and so it is happening." But despite this, he has sold off the fund's overweight position in Microsoft and the rest of the "Magnificent Seven" big tech stocks. The reality distortion field in Davos is strong, but companies are increasingly excited about the prospects for

productivity gains in their businesses from using AI. BlackRock Chief Operating Officer Robert Goldstein is one of the most bullish. He said large language models—the technology behind ChatGPT—would have a phenomenally quick return on investment. "I believe that the next year, 2024, is going to be a year when you start getting return on investments in a very tangible way from these technologies," he said. He said BlackRock staff will be given AI "co-pilots" to help them do their jobs better—rather than to replace their jobs. One example: First drafts of reports could be produced in minutes instead of days, before then being reviewed by humans. Daniel Pinto, president and chief operating officer of JPMorgan, expects a slower payoff, but at two to three years it's still very fast. "Technology's probably the area that will get most of the benefit—20% more, 30% more output. But it will take time, it will take a lot of training to understand how they [programmers] can use it." These behind-the-scenes uses will be felt by employ-

ees much earlier than they are rolled out into consumer-facing applications that might help boost revenue, Pinto said. His view is echoed by Bejul Somaia, partner at venture-capital firm Lightspeed, who thinks the last place AI will make itself felt is for customers of regulated industries such as finance and healthcare. Many companies are at least experimenting with AI. This explains the stock-market excitement about the providers of AI services to business, most obviously Microsoft, partner of ChatGPT maker OpenAI, and of the hardware used for AI, most obviously chip maker Nvidia. Is the excitement already priced in? At the start of June, I argued that a mini-bubble had developed, with indiscriminate buying of any AI-related stock. Since then investors have become more selective. Nvidia carried on up, albeit at a slower pace, as its earnings powered ahead of Wall Street's already super-bull-

ish forecasts. But shares in smaller AI companies that had been big beneficiaries of the first-half boom have collapsed. Big losers in the second half include SoundHound AI, down 60% since June, C3.ai, down a third, and robotics firm Symbotic, which peaked a month later before dropping 36% from the end of July. This is good news for investors thinking of getting in now, as it suggests less-frothy pricing (if still not cheap: Symbotic trades at about 250 times forecast earnings for this year). Nvidia is no longer expensive compared with earnings, because earnings have risen so fast and are expected to soar again this year. Microsoft hasn't yet had the earnings boost from AI that investors anticipate, and at 32 times forecast earnings is more expensive than any time from 2002 to 2020. Meanwhile some other providers of AI services to companies have failed to

gain traction, with International Business Machines stock lagging behind the S&P 500 last year and trading at less than 17 times forecast earnings. None of this feels obviously wrong. There is clearly money to be made from selling picks and shovels to those playing with AI, and it might last a long time, helping Nvidia and Microsoft. Equally there are plenty of ways of applying AI in spite of all the unpredictability and problems that large language models still have, such as inventing things and presenting them as facts. But to make money from here I'm in the same position as I was in June: Investors can't just bet on AI in general, because there are too few listed AI stocks to allow proper diversification when there are likely to be huge winners and losers. Altman, CEO of OpenAI, seemed to be everywhere in Davos, but even its early lead in large language models is far from guaranteed to last. The minibubble of the first half of the year has partially deflated, valuations aren't extreme, but expectations are still high. Contrarians who want to bet against

the "Davos Consensus" should steer clear of AI stocks. Gamblers can pick individual winners and losers. Everyone else should hope that AI does indeed boost productivity, helping earnings in the welter of big companies that are adopting it and expanding the economy.

AUCTION RESULTS

Here are the results of Thursday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

EIGHT-WEEK BILLS	
Applications	\$260,270,765,600
Accepted bids	\$85,445,060,000
* noncompetitively	\$1,618,226,700
* foreign noncompetitively	\$0
Auction price (rate)	99.179444 (5.275%)
Coupon equivalent	5.295%
Bids at clearing yield accepted	11,361
Cusip number	912797J17
The bills, dated Jan. 23, 2024, mature on March 19, 2024.	
FOUR-WEEK BILLS	
Applications	\$239,458,054,000
Accepted bids	\$85,445,537,500
* noncompetitively	\$5,505,640,900
* foreign noncompetitively	\$150,000,000
Auction price (rate)	99.588944 (5.285%)
Coupon equivalent	5.295%
Bids at clearing yield accepted	10,099
Cusip number	912797J18
The bills, dated Jan. 23, 2024, mature on Feb. 20, 2024.	
10-YEAR TIPS	
Applications	\$47,214,300,600
Accepted bids	\$18,000,021,100
* noncompetitively	\$83,242,600
Auction price (rate)	99.351542 (1.810%)
Interest rate	1.750%
Bids at clearing yield accepted	53,511
Cusip number	91282CJ78
The Treasury inflation-protected securities, dated Jan. 31, 2024, mature on Jan. 15, 2034.	

60%
Shares of SoundHound AI are down by this percent since June.