

What's News

Business & Finance

A federal judge blocked JetBlue Airways' \$3.8 billion deal to buy Spirit Airlines, rejecting a merger that he said would hamper competition and lead to higher fares. A1

Goldman Sachs reported a 51% surge in fourth-quarter profit, led by asset and wealth management, giving the firm a boost after eight quarters of declines. A1

China's growth rate was 5.2% last year, one of the lowest levels in decades, underscoring the heavy toll that a property-sector collapse and weak consumer confidence have taken despite the lifting of all Covid-19 restrictions. A8

U.S. stocks opened the week lower, with the S&P 500 and Nasdaq retreating 0.4% and 0.2%, respectively, and the Dow falling 0.6%, dragged down by Boeing. B11

China's internet regulator is conducting a cybersecurity review into Shein's data handling and sharing practices as the fast-fashion giant seeks Beijing's blessing for its upcoming IPO. B1

Oil giant Shell suspended shipments through the Red Sea after U.S. and U.K. strikes on Yemen's Houthi rebels triggered fears of further escalation. A6

The Supreme Court denied Apple's attempt to appeal a decision in an antitrust case over its App Store, a decision that prompted the iPhone maker to issue new policies that were swiftly criticized by third-party software makers. B1

Apple is offering rare discounts in China, including on its latest iPhones, in a bid to repel growing competition in the high-end market. B4

World-Wide

Fresh off a record-setting victory in Iowa, Trump shifted attention to his next target in the race for the Republican nomination while his two remaining opponents were trying to recalibrate their strategies in the face of long odds of stopping the former president. A1, A4

Top U.S. lawmakers unveiled a bipartisan tax agreement that would revive expired breaks for businesses and increase the child tax credit for low-income families. A3

Iran hit a jihadist group in Pakistan with a missile-and-drone strike, Iranian state media said, as conflicts continue to spread across the Middle East in the wake of Israel's war in Gaza. A6

Rifts among Israel's war cabinet are spilling into public view, threatening to undermine the country's military strategy in its war with Hamas. A6

The U.S. military searched for two Navy SEALs lost at sea during an operation that seized Iranian-made missile parts bound for Houthi rebels in Yemen. A6

New York state officials said they would direct another \$2.4 billion to fund the cost of migrant care in New York City. A3

North Korea's leader said the country would rewrite its constitution to label South Korea as its principal enemy, opening a new and perilous chapter as tensions rise. A7

Delays in shipments of U.S. weapons to Taiwan increase the island's vulnerability to a Chinese invasion or blockade, military analysts and former Taiwanese defense officials said. A7

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Winter Storm Proves a Slippery Slope



SLIDE SHOW: A child sleds in front of the Lincoln Memorial in Washington, D.C., Tuesday, as much of the nation was covered in snow and ice. On the East Coast, the snowfall was the first notable dusting for many cities in two years.

Goldman's Earnings Surge 51%, Led by Asset, Wealth Business

By ANNA MARIA ANDRIOTIS AND CHARLEY GRANT

Goldman Sachs reported a 51% surge in fourth-quarter profit, giving the Wall Street giant a boost after eight quarters of declines.

The strength wasn't in Goldman's traditional powerhouses, investment banking and trading. Instead, it was asset and

wealth management, where Goldman Chief Executive David Solomon has pinned much of its hopes. The unit reported a 23% jump in revenue, while revenue from both investment banking and trading was down.

Solomon has been working to make the bank less reliant on the up-and-down fortunes of those two businesses. One focus has been on expanding the

steady business of managing money for people and companies.

Fourth-quarter results showed that the turnaround plan could have legs—giving a break to Solomon, who has been under fire from Goldman partners who have criticized some of his plans. Investors have at times complained that Goldman needed to be more

clear about what it is trying to be. "This was a year of execution for Goldman Sachs," Solomon said in a call with analysts.

Solomon also said that the bank had been "narrowing our strategic focus." Goldman has been retreating from its once-

Heard on the Street: Wall Street lifts big banks.... B12

Trump's Rivals Weigh Next Step After Loss

MANCHESTER, N.H.—Fresh off a record-setting victory in Iowa, Donald Trump shifted attention to his next target in the race for the Republican presi-

By Alex Leary, Eliza Collins and John McCormick

dential nomination while his two remaining opponents were trying to recalibrate their strategies in the face of long odds of stopping the former president.

Florida Gov. Ron DeSantis, who came in a distant second in Iowa on Monday, isn't as strong in New Hampshire as third-place finisher Nikki Haley and is facing pressure from some allies to get out of the race, according to people familiar with the conversations. But DeSantis's team has rejected those suggestions.

DeSantis had events Tuesday in South Carolina before heading to New Hampshire later in the day, where he appeared at a CNN forum. Haley, a former governor of South Carolina, held a rally in northern New Hampshire.

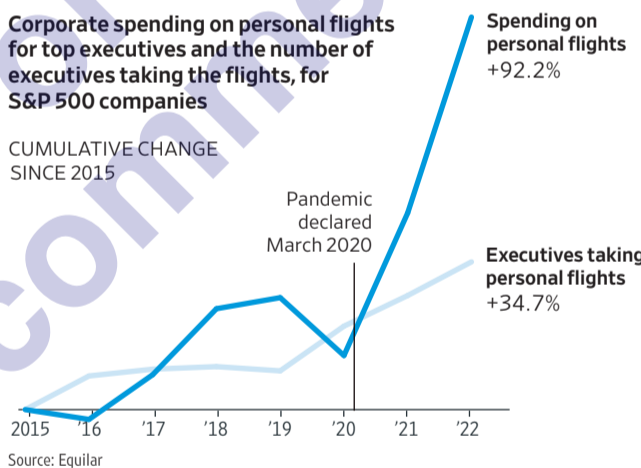
Haley is seeking to tap in to New Hampshire's more centrist electorate in the Jan. 23 primary. Her argument: Trump did a good job as president, but the controversies that surround him hurt Republican chances of defeating President Biden in November.

At her rally with Gov. Chris Sununu, Haley sought to lump Trump and Biden together, arguing Americans want to turn the page. "Don't complain about

Trump cements hold on core supporters... A4 Asa Hutchinson quits the presidential race... A4 Jury selection begins in E. Jean Carroll trial... A4

CEOs' Private Jet Use Soars

S&P 500 companies spent \$65 million for executives to use corporate jets for personal travel in 2022, up about 50%. B1



M.B.A.s Struggle With Finding a Job

By LINDSAY ELLIS

Jenna Starr stuck a blue Post-it Note to her monitor a few months after getting her M.B.A. from Yale University last May. "Get yourself the job," it read.

It wasn't until last week—when she received a long-awaited offer—that she could finally take it down.

For months, Starr has been one of a large number of 2023 M.B.A. graduates whose job

searches have collided with a slowdown in hiring for well-paid, white-collar positions. Her search for a job in sustainability began before graduation, and she applied for more than 100 openings since, including in the field she used to work in—non-profit fundraising.

"There are people in the same position as me, for sure," the 30-year-old said.

An M.B.A. can cost more

Ex-Twitter Employees Turn Auctioned Relics Into Home Decor Items sold after Musk's takeover wound up around San Francisco and beyond

By ALEXA CORSE

SAN FRANCISCO—Bidding on a nearly 6-foot-tall statue of a hashtag that was being auctioned off from the long-time Twitter headquarters seemed like a fun idea to former Twitter data scientist Lauren Fratamico.

Over \$500 later, Fratamico won the statue. Then she had

to figure out what to do with it. She enlisted her boyfriend and parents and hired two movers. They managed to lug the hefty hashtag up three flights of stairs and situate the hardly subtle piece of decor in a corner of her apartment in San Francisco.

Fratamico, 32, was one of thousands of Twitter employ-

Perils for Israel, Refugees Grow

Military faces vast maze of tunnels, Palestinians crowd into south, and international outcry rises over death toll

KHAN YOUNIS, Gaza Strip—In a dark tunnel lined with concrete, 60 feet below ground, the Israeli general held one hand above the other

By Marcus Walker, Anat Peled and Abeer Ayyoub

to illustrate his soldiers' mission: to destroy Hamas in this sprawling city, and in the intricate warrens beneath it.

It's laborious. "Underground, the defender has the edge. We're working to cut it down," said Brig. Gen. Dan Goldfus, who commands the 98th Paratroopers Division of

the Israeli military. He's tasked with taking Khan Younis, the biggest city in the southern Gaza Strip and the army's most complex challenge so far.

The tunnel was barely broader than his shoulders or taller than his helmet. "You

U.S. Hits Yemen Targets

Washington launches another series of strikes against Houthi rebels.... A6

Salesforce advertisement showing #1 CRM ranking with a bar chart comparing market share percentages for Salesforce (22.1%), Microsoft (5.7%), Oracle (4.7%), SAP (3.8%), and IBM (3.5%).





U.S. NEWS

Plan Aims to Cut Home-Buying Costs

By Andrew Ackerman

WASHINGTON—A government-controlled mortgage giant has a plan that could help more Americans save around \$1,000 on closing a mortgage...

Fannie Mae last month said it would expand the types of mortgages it will purchase that rely on a cheaper alternative to title insurance...

The alternative, called an attorney-opinion letter, allows a real-estate attorney to essentially attest that there are no problems with a property's title...

Attorney-opinion letters aren't widely used outside of

some Midwestern states such as Ohio and Indiana.

Until late last year, Fannie only accepted the opinion letters with certain mortgages, and it said fewer than 10 lenders have sold it loans with an opinion letter since 2022.

In mid-December, the mortgage-finance giant said it would accept the opinion letters on the majority of the single-family loans it buys from lenders.

The Biden administration has directed Fannie and its smaller counterpart Freddie Mac to find ways to make housing more affordable, with particular attention to closing costs such as title insurance...

The administration has also faced limitations in how it can

tackle housing costs, with elevated mortgage rates and high home prices.

Policy changes by Fannie and Freddie are important because they backstop roughly half of the roughly \$14 trillion mortgage market. That means their standards play a big role in determining who gets access to mortgage credit and on what terms.

But housing experts said Fannie's effort to promote alternatives to title insurance wouldn't be an easy fix to the cost issues that can discourage potential home buyers.

"Any injection of competition in this space is a great step forward, but it doesn't necessarily mean that every home buyer or refiner is going to understand their options or shop around to get the best deal," said Benjamin Keys, a professor at the University of Pennsylvania who has studied the title-insurance industry.

A title declares who has legal ownership of a property. Title insurance offers protection in case someone later says they had a claim against it.

Attorney-opinion letters are an alternative to title insurance but aren't insurance products. Freddie also accepts attorney-opinion letters, but on a more limited basis than Fannie.

The title-insurance industry has objected to Fannie's moves, characterizing opinion letters as unregulated products that expose consumers and lenders to unneeded risk.

"Title insurance provides more comprehensive coverage, particularly related to risks not easily discoverable by a simple public records search," Diane Tomb, chief executive officer of the American Land Title Association, a trade group for title insurers, said.

Attorney-opinion letters were once widely used, but ti-

tle insurance grew in popularity because there were limited options for recovering losses from the attorneys issuing opinion letters, according to a recent paper on title insurance commissioned by the Mortgage Bankers Association. The industry group doesn't have a position on title insurance alternatives.

Now, critics say that title insurance is overpriced, claims are rare and that digital access to public records makes it easier to confirm that a title is "clean."

Backers say attorney-opinion letters provide a similar amount of protection to title insurance at lower cost to the borrower because the letters aren't subject to state-level title regulations that set the cost of insurance policies in some jurisdictions.

One lender that has embraced attorney-opinion letters said they typically come

with an insurance policy that protects against errors or omissions in an attorney's title examination.

Since 2009, Fannie has purchased more than 10,000 mortgages with attorney-opinion letters and hasn't experienced losses from title claims on these loans, according to the mortgage company.

Fannie said in December that it would expand the types of loans for which it accepts opinion letters to include condos and properties that may face restrictions because of a homeowners association.

An internal review of Fannie's distressed loans showed condos were less likely than other mortgages to have title issues, the company said.

It also said low-income and first-time home buyers pay disproportionately more in closing costs, and condos can be an affordable option for those buyers.

U.S. WATCH



HOG HEAVEN: Gavin Straka presents crossbred market hogs at the National Western Stock Show in Denver on Tuesday.

FEDERAL RESERVE Waller Advises Careful Rate Cuts

A Federal Reserve official said that continued declines in inflation would allow the central bank to lower interest rates this year but that the process should be "carefully calibrated and not rushed."

Fed governor Christopher Waller, who was a leading advocate for quickly raising interest rates and then holding them at a high level to fight inflation over the past two years, signaled a shift in his view in remarks Tuesday. He warned against keeping interest rates too high for too long.

"From now on, the setting of policy needs to proceed with more caution to avoid over-tightening," he said.

Waller said recent inflation and labor market data had made him more confident that the Fed was within "striking distance" of its goal to achieve 2% inflation over time, but he said he wanted to see more information in the coming months confirming or rebutting that outlook.

"That goal cannot be achieved for just a moment in time," Waller said.

Waller said he would pay particular attention to revisions to inflation data due from the Labor Department on Feb. 9.

—Nick Timiraos

SENATE Iowa's Grassley, 90, Treated in Hospital

Iowa Sen. Chuck Grassley, the oldest member of the U.S. Senate, has been hospitalized in the Washington area with an infection and is receiving antibiotic infusions, his office said Tuesday.

Grassley, 90 years old, will return to work "as soon as possible following doctors' orders," his office said in a statement, and he is in good spirits. The statement didn't give any additional details about his condition.

The Iowa Republican had hip surgery last year and briefly used a scooter to get around. But the eight-term senator, who was long known for his daily early morning runs, has appeared otherwise healthy in the halls of Congress even as he became the Senate's only nonagenarian in September.

Grassley, currently the top Republican on the Senate Budget Committee, was first elected to the Senate in 1980. As the seniormost Republican, he was the president pro tempore of the Senate until 2021, when Democrats assumed control. The president pro tempore presides over the chamber, opens proceedings every day and is third in the line of presidential succession.

—Associated Press

WASHINGTON Navarro Loses Bid for a Retrial

A federal judge on Tuesday rejected a bid for a new trial for Peter Navarro, a Trump White House official convicted of contempt of Congress for refusing to cooperate with a congressional investigation into the Capitol attack.

Navarro, who served as a White House trade adviser under President Donald Trump, was found guilty by a jury in Washington's federal court for defying a subpoena for documents and a deposition from the House Jan. 6 committee. He is scheduled to be sentenced this month.

Navarro's lawyers argued he was entitled to a new trial, alleging that jurors may have been improperly influenced by political protesters when they took a break outside the courthouse before announcing a verdict in September.

But U.S. District Judge Amit Mehta said in his ruling that Navarro hasn't shown that "any prejudice resulted from the jury's eight-minute break outside the courthouse." Jurors only interacted with one another and the court officer who accompanied them, the judge wrote.

An attorney for Navarro declined to comment on Tuesday's ruling.

—Associated Press

NEW YORK Gilgo Beach Suspect Charged in Death

A New York architect charged in a string of slayings known as the Gilgo Beach killings was accused Tuesday in the death of a fourth woman, a Connecticut mother of two who vanished in 2007 and whose remains were found more than three years later along a coastal highway on Long Island.

Rex Heuermann was formally charged in the killing of Maureen Brainard-Barnes, months after having been labeled the prime suspect in her death when he was arrested in July in the deaths of three other women.

He remained silent in court as his lawyer entered a not-guilty plea on his behalf. He will continue to be held without bail until his next court date on Feb. 6.

Police say the breakthrough came from DNA extracted from hair at the scene. Heuermann was arrested July 14 and charged with killing Melissa Barthelemy, Megan Waterman and Amber Lynn Costello.

Heuermann's lawyer said he has denied committing the crimes. He previously pleaded not guilty to killing Barthelemy, Waterman and Costello.

—Associated Press

Goldman Earnings Soar 51%

Continued from Page One grand ambitions to make loans to the masses, an unwinding that has dented profit in previous quarters.

Goldman shares rose 0.7% on Tuesday.

"For me, it was a very solid quarter, but I think the more important point is that the market is showing optimism with respect to 2024 prospects for Goldman Sachs," said Kurt Feuerman, chief investment officer of Select U.S. Equity Portfolios at AllianceBernstein, a Goldman shareholder.

Other big banks were down. Shares for Morgan Stanley, which also reported earnings on Tuesday, fell 4.2%. Quarterly profit was down 32% at Morgan Stanley, hurt by one-time charges.

For Goldman, the challenge is to turn one strong quarter into sustained success. Its full-year profit fell 24%, worse than every other big U.S. bank except Citigroup. Full-year profit at JPMorgan Chase, meanwhile, shot up 32% to a record \$50 billion.

Michael Farr, chief market strategist at Hightower Advisors, which holds Goldman shares, said he supports Goldman's exit from consumer lending and praised the bank's return to core businesses. Goldman "should own what it is and highlight its nimbleness and dynamism," he said.

Still, Farr was overwhelmed by the full-year results.

"Overall, 2023 was a disappointment as management navigated a difficult environment as well as its own self-inflicted wounds," he said. Return on equity was 7.5% for the year, down from 10.2% in 2022.

Goldman continued to back further away from consumer lending. The bank on Tuesday confirmed that it is parting ways with credit-card partner General Motors. The Wall Street Journal reported in November that Goldman was planning to unload that account. The GM credit-card business lost \$65 million on a pretax basis in 2023, the bank said Tuesday.

The Journal also reported in November that Apple is pulling the plug on its partnership with Goldman. The Apple deal includes a credit card and savings account.

Though Goldman is cutting back on Main Street lending, it is expanding its lending to wealthy people and institutional clients.

Revenue in equities financing, which includes lending to hedge funds that want to borrow for stock purchases, increased 15%. Revenue in FICC financing, where loans are made to private-equity firms and other companies, rose 4%.

In the asset- and wealth-management unit, where Goldman lends to extremely wealthy families and individuals, revenue from private banking and lending hit a record \$2.6 billion for the full year.

All the Wall Street banks have been wading through a two-year lull in dealmaking, due to high interest rates.

Bankers said they began seeing signs of a pickup in M&A

during the past few weeks of 2023, particularly in energy and healthcare. January volume so far is higher than this time last year, bankers said.

Still, Goldman did worse than its peers in investment banking. Its revenue there fell 12%, while rivals including Morgan Stanley posted gains. Goldman's trading revenue was down 3%, also worse than most rivals.

The bright spot, asset and wealth management, was boosted by a strong stock market and record management and other fees.

Goldman's focus on managing money for others isn't far removed from the playbook of its arch rival.

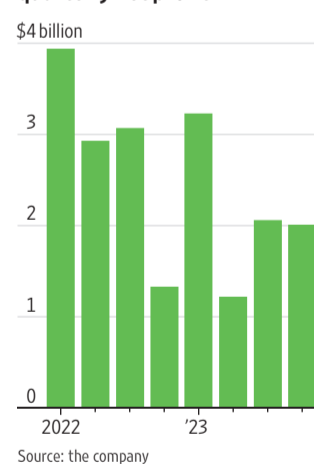
James Gorman, the former CEO of Morgan Stanley, doubled down on wealth management more than a decade ago, as a ballast against more volatile Wall Street businesses.

Revenue was flat in Morgan Stanley's wealth-management unit, which is showing signs of softening. Net new assets in wealth management totaled \$47.5 billion, down 8% from a year ago.

Morgan Stanley finance chief Sharon Yeshaya said that wealth management's focus is on expanding the number of clients and transitioning them to fee-based advice. "We're going to see the benefits of scale," she said. "That is what we're trying to accomplish and that will increase margin sustainability over time."

For the year, wealth management made up 49% of Morgan Stanley's revenue. Asset and wealth management made up

Goldman Sachs' quarterly net profit



Source: the company

30% of Goldman's revenue.

Both banks carried out their plans to cut staff. Goldman finished the year with 45,300 employees, down 1% from the end of September and 7% from the end of 2022. Morgan Stanley ended the year with 80,000 employees, down 1% from the end of September and down 3% from the end of 2022. Citigroup said last week it plans to cut 20,000 jobs.

Like other big banks, Goldman and Morgan Stanley had to set aside money to pay a special Federal Deposit Insurance Corp. fee. That money is meant to replenish a fund that the government used to make uninsured depositors whole when Silicon Valley Bank and Signature Bank failed last year. A block-trading settlement.

Overall, Goldman's quarterly profit was about \$2 billion. Revenue was \$11.3 billion, up 7% from a year ago. That beat the \$10.8 billion expected by analysts.

Morgan Stanley's quarterly profit was \$1.5 billion. Revenue of \$12.9 billion, up 1% from a year ago, also beat expectations.

CORRECTIONS & AMPLIFICATIONS

A chart with a Page One article on Tuesday about the U.S. economy incorrectly swapped the labels for various 2023 economic indicators and economists' projections for those indicators.

Lake Como, Italy, was misspelled as Lake Cuomo in a Mansion article on Friday about a new Chicago townhouse.

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

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U.S. NEWS

Migrant Care Costs Billions More in New York

By JIMMY VIELKIND

ALBANY, N.Y.—New York state officials said they would direct a further \$2.4 billion to fund the cost of caring for migrants in New York City, adding to the fiscal toll of a crisis that has overwhelmed the city's normal network of homeless shelters.

Gov. Kathy Hochul and New York City Mayor Eric Adams both unveiled budgets for the next fiscal year on Tuesday. Particularly in the city, the cost of caring for tens of thousands of migrants who have come to New York, usually after crossing the southern border illegally, has come to dominate municipal spending calculations.

"Without real immigration reform and a decompression strategy at the border, there will be no end in sight," Adams said.

The extra state funding from Hochul was welcomed by city officials, who project the cost of providing food, shelter, medical care and other services to the migrants to reach around \$10 billion through the summer of 2025. The number of people in the city's care has steadily increased to around 69,000 since Republican officials in border states began sending migrants north on charter buses in the summer of 2022.

Adams faces a \$7.1 billion deficit that he said was exacerbated by the cost of caring for the migrants. In November, the Democratic mayor announced budget cuts that forced the closure of libraries on Saturdays and would have reduced the police force through attrition.

On Tuesday, Adams said the city would reverse some of those cuts, including reinstating an April 2024 police academy class of 600, returning a fifth firefighter to 20 engine companies and restoring funding for 170 community schools. The mayor said that the city was able to reduce the projected cost of migrant care by roughly \$1.7 billion over two fiscal years, and now projects that it will spend \$10.6 billion through 2025. He said the city saved some money in part by kicking people out of shelters after a period of 30 or 60 days.

"We made tough but necessary decisions about spending and savings early in the budget cycle," Adams said of the budgeting process.

Adams will negotiate with the city council over a final spending plan, of roughly \$109 billion, for the city fiscal year starting July 1. He has repeatedly called on the state and federal government to provide funding to cover the city's costs related to the migrants. New York has helped migrants file 23,000 work-authorization, Temporary Protected Status and asylum applications, Adams said in December.

Hochul, also a Democrat, said she would include \$2.4 billion of migrant spending in her budget for the state fiscal year beginning April 1. State officials approved \$1.9 billion in funding for migrants last year.

"We're doing this not just because it's the right thing to do for the migrants and the city of New York," Hochul said.

She said the federal government should ultimately be responsible for fixing the situation on the southern border, and said the cost of caring for migrants would decrease as more of them are authorized to work.

The governor proposed a \$233 billion budget that closes a \$4.3 billion deficit. State Budget Director Blake Washington said that estimates on tax revenue have ticked up since the state's most recent projections in the fall, covering some of the shortfall. Hochul proposed scaling back planned increases in aid to school districts, to reflect declining enrollment and cash balances that some districts are holding.

Tax Deal Would Aid Business, Families

Bipartisan plan faces a tight deadline in Congress ahead of current filing season

By RICHARD RUBIN

WASHINGTON—Top U.S. lawmakers unveiled a bipartisan tax agreement that would revive expired breaks for businesses and increase the child tax credit for low-income families, and they are aiming to push the \$78 billion in tax breaks through Congress in the next few weeks.

The deal comes from Sen. Ron Wyden (D., Ore.) and Rep. Jason Smith (R., Mo.), ideological opponents who found common ground after months of talks. They have a tough task ahead, given skepticism about aspects of the deal in both parties and a tight deadline before tax season starts.

Their proposal would retroactively reverse several business-tax changes that had been set in motion by Republicans in the 2017 tax law and took effect over the past few years. Companies with interest costs,

capital expenses and research spending would all benefit.

Smith, chairman of the House Ways and Means Committee, and Wyden, chairman of the Senate Finance Committee, would also provide low-income households with more money from the child tax credit. That expansion would start with the 2023 tax returns that people will begin filing Jan. 29.

The Smith-Wyden plan would also cut off new claims for the employee-retention tax credit, the pandemic-era program that the Internal Revenue Service says is riddled with fraud. Under the plan, the deadline to file claims for the credit would be Jan. 31 instead of as late as April 2025. The IRS has paused its processing of new claims while it scrutinizes the existing queue, but is still required to accept them under current law.

Credit promoters would face stiffer penalties for aiding and abetting understatement of taxes and face new requirements to disclose information and client lists to the IRS. Those changes to the tax credit are expected to save more than

\$70 billion, the lawmakers said, and would mean the bill would have little or no net impact on budget deficits.

"American families will benefit from this bipartisan agreement that provides greater tax relief, strengthens Main Street businesses, boosts our competitiveness with China and creates jobs," Smith said.

The beginning of tax-filing season is a rough deadline for getting the bill through Congress because waiting longer would create refund delays and challenges for the IRS. Finishing by the end of January, however, is a tall task for lawmakers who have at times struggled to keep the government open.

Senate Republicans were wary as the deal was being negotiated, while some Democrats want a larger child tax credit. Rep. Richard Neal (D., Mass.) and Sen. Mike Crapo (R., Idaho), the top minority members on the tax-writing committees, weren't part of Tuesday's Smith-Wyden announcement.

A Neal spokeswoman declined to comment Tuesday. Crapo described the deal as a

"thoughtful starting point" for the House and noted the short timeline. Michael Kikukawa, a White House spokesman, said the administration appreciates the child-credit expansion and is reviewing the full agreement.

"Given today's miserable political climate, it's a big deal to have this opportunity to pass pro-family policy that helps so many kids get ahead," Wyden said.

Businesses, including defense contractors and manufacturers, have been urging Congress to act. The 2017 tax law required companies to spread deductions for domestic research costs over five years rather than applying them immediately.

That provision took effect in early 2022, and the revenue it generated was designed to help pay for cutting the corporate tax rate. But it caused cash-flow problems for large research-intensive companies and crises for small ones that faced big tax bills they hadn't expected.

The bill would restore those research deductions retroactively from 2022 and extend them through 2025. Deductions

for foreign research would still be spread over several years.

The bill would also restore full, immediate deductions for many capital expenses, a policy from the 2017 tax law that was in place through 2022. Under current law, that bonus depreciation gradually goes away over the next few years. The Smith-Wyden agreement would also give businesses a looser limit on deductions for interest expenses.

The expansion of the child tax credit doesn't restore the full credit that Democrats put in place for 2021 and cite as a success in fighting child poverty.

Re-creating that 2021 version was off the table this time. Smith supports expanding the child credit but opposes providing the entire credit to families without earnings. The Smith-Wyden agreement retains a work requirement, but low-income families who don't pay income taxes could get up to \$1,800 of the \$2,000 per-child credit on the returns they are about to file, up from the current \$1,600. Other changes would benefit low-income families with a number of children.

Without a Home in Chicago's Deep Freeze



OUT IN THE COLD: A man warmed his hands Tuesday across from an encampment. Temperatures in the city were forecast to fall into the low single digits.

Prosecutors Say Police Aided Illegal-Gun Scheme

By DAN FROSCHE AND ZUSHA ELINSON

James Sawyer, the police chief and only officer in Ray, N.D., spent his days waiting to catch the occasional driver going over the 25-mph speed limit.

But one day several years ago he got a strange request, according to court documents. A man named Larry Vickers, who held popular firearms-tactics training sessions for law enforcement, needed a favor: Could Sawyer help him import a machine gun into the country? All he had to do was write a letter for the Bureau of Alcohol, Tobacco, Firearms and Explosives saying his one-man department was interested in buying the highly restricted weapon.

Vickers was no ordinary instructor. He was a Delta Force veteran, revered by military veterans and cops, whose gun videos got millions of views on YouTube. Sawyer agreed to help. The chief went on to write letters saying his department was possibly interested in buying 73 different firearms, including machine guns and short-barreled rifles, prosecutors allege. He never saw the guns. The letters allowed Vickers and his associates to keep or sell them.

Federal prosecutors in Maryland last October announced that a grand jury indicted Sawyer, Vickers and several others for conspiracy to illegally acquire machine guns. Prosecutors allege that dealers and police officials from around the country worked together to illegally import numerous heavily regulated weapons into the U.S.

Most of the defendants have yet to enter pleas, but Vickers shocked his fans by pleading guilty in October to participating in the gun-import operation as well as other



Firearms instructor Larry Vickers, left, pleaded guilty in the case. A former Homeland Security analyst, Sean Reidpath Sullivan, is accused of helping import two Swiss rifles.

The Legal Way Around the Machine-Gun Ban

The federal government first imposed tight restrictions on machine guns—which fire continuously with one pull of the trigger—and short-barreled rifles in 1934 to crack down on their use by gangsters. Anyone wanting to buy one had to register it with the federal government and pay a special tax.

In 1986, President Ronald Reagan signed a ban on the manufacture of new machine guns for sale to ci-

vilians. Legal machine guns—those made before 1986—have soared in value because of their limited number. A fully automatic M16 can go for between \$40,000 and \$60,000, according to industry experts. Their owners are usually wealthy gun collectors.

There was an exception. Dealers could still get new machine guns to show off to police departments interested in buying them for their SWAT teams. All the

dealer had to do was submit a letter from the police department to the Justice Department's Bureau of Alcohol, Tobacco, Firearms and Explosives.

Prosecutors and industry experts say some dealers began using the process to bring guns into the U.S. without any intention of selling them to police. "People started abusing it," said an industry consultant. "Now you've got guys bringing in hundreds of machine guns a year."

charges. He faces at least five years in prison.

Sawyer, who resigned from his post months before he was charged, also faces five years in prison if convicted. Neither he nor his lawyer responded to requests for comment.

In recent years, authorities have begun to crack down on a process meant to make machine guns available to police SWAT teams. Federal and local law-enforcement officials are making changes to their policies. One sheriff's department ensnared in the case has stopped issuing letters of the sort prosecutors say Sawyer provided. The ATF increased scrutiny of such transactions.

It was a single gun sold online by an Arizona man that played a vital role in cracking the case. Christopher Fiorentino dabbled in bitcoin, real estate and firearms made by the German company Heckler & Koch, hence his username on an online gun marketplace, Mr. Big Koch.

ATF investigators grew suspicious when a dealer in Florida reported that a gun it had purchased from Fiorentino appeared to be a highly regulated short-barreled rifle. They discovered that Mr. Big Koch was selling a lot of guns and didn't have a dealer's license, prosecutors allege.

When ATF agents raided

the suburban Phoenix condo Fiorentino shared with his fiancée, they found more than 60 guns, including four short-barreled rifles that he hadn't registered with the federal government, prosecutors allege. They also discovered he had a Heckler & Koch machine gun that wasn't registered.

But it was his phone that revealed a much broader web. There were WhatsApp messages between Fiorentino and a former Homeland Security analyst named Sean Reidpath Sullivan who had a side business importing guns from Europe. Prosecutors alleged that Fiorentino was buying imported guns through an al-

leged black-market network Sullivan and Vickers had developed.

Fiorentino has pleaded not guilty to several charges, including possession of the unregistered guns and dealing without a license.

"Any transactions that he engaged in were through federally licensed dealers and anything they're alleged to have been doing he was not aware of or involved in," said Brian Russo, Fiorentino's lawyer.

Sullivan also pleaded not guilty to illegal-gun-importation charges in September.

"We look forward to resolving in court the allegations that he unlawfully imported machine guns as part of his business," said Jim Wyda, an attorney for Sullivan.

To help get the machine guns they wanted, Vickers and Sullivan appear to have zeroed in on small-town police chiefs such as Sawyer, prosecutors allege.

Prosecutors don't say whether the police chiefs got anything in return. Text exchanges between Vickers and the chiefs included in the indictment convey the chiefs' admiration for the celebrity gun trainer.

Last February, before townspeople in Ray learned about the charges, James Sawyer submitted his resignation letter. He said his health was deteriorating and he needed to retire from law enforcement.

For Vickers, the felony conviction means that one of the nation's leading gun gurus can no longer own or possess firearms. He must forfeit his collection to the U.S. government.

"Nothing could be a greater punishment for him than his inability to possess, use and demonstrate the use of firearms," said Gerald Ruter, his attorney.

SHAWN THEWPA/SHUTTERSTOCK



U.S. NEWS

# Trump Cements Hold On Core Supporters

BY MAX RUST AND RANDY YEIP

Former President Donald Trump notched a convincing win in the Iowa caucuses, besting his nearest rival by nearly 30 points and more than doubling his support in the state from 2016, when he lost to Republican Sen. Ted Cruz.

The decisive victory had Trump winning 98 of the state's 99 counties—losing Johnson County to Nikki Haley by a single vote.

The Republican front-runner saw his biggest improvement over 2016 in counties that reflected his core supporters: older voters, those without a college degree, lower-income voters and evangelicals.

One of Trump's biggest increases in support came in counties with a higher proportion of older voters, growing by an average of nearly 35 points compared with 2016, versus his nearly 27-point in-

crease statewide. Many of those counties are also rural areas, another source of strength for Trump.

The core of Trump's support has always been voters without a college degree, and he has cemented his hold on those voters.

In counties with the fewest college graduates, his support grew nearly 35 points compared with 2016. In a pre-election day survey of Iowa caucus voters, his support among those without a college degree was nearly double that of college graduates.

Trump solidified his support among lower-income voters, boosting his support by more than 35 points over 2016 in counties with lower median

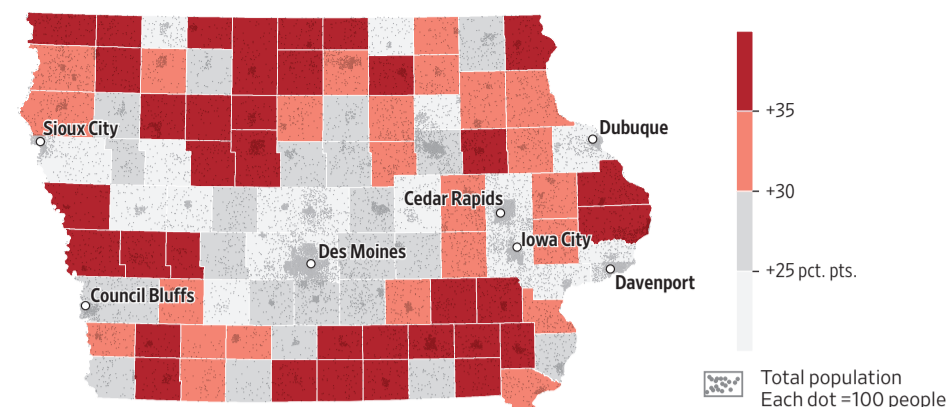
incomes. His support among those making less than \$50,000 a year was 63%, according to AP's VoteCast survey.

One of the main reasons Cruz in Iowa in 2016 was his strength among evangelical Christians. He bested Trump by 12 points among this group, according to entrance polls.

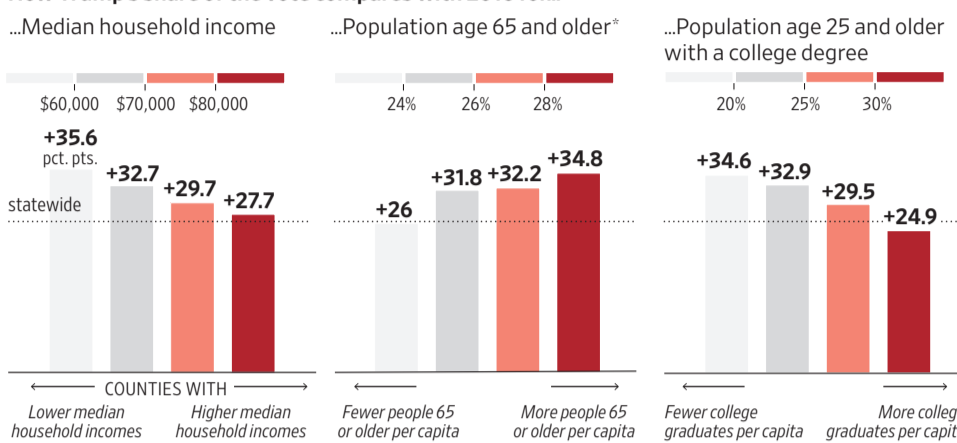
But since then, evangelicals have become a source of strength for Trump. Monday's caucus results show him solidifying his hold on this group, winning 55% of white evangelicals, according to the Associated Press VoteCast survey of caucus-goers. In counties with more evangelicals, his support increased nearly 34 points over 2016.

**The former president won 98 of 99 counties in the Iowa caucuses.**

Change in Trump's share of the vote from 2016 to 2024



How Trump's share of the vote compares with 2016 for...



\*As a percentage of the voting age population. Sources: U.S. Census Bureau American Community Survey 2018-2022 (demographics); Dave Leip's Atlas of U.S. Presidential Elections (2016 results); Associated Press (2024 results)

## DeSantis, Haley Eye Next Steps

Continued from Page One what happens in a general election if you don't play in this primary," Haley said, noting that she beats Biden in general election polls. She came in third place in Iowa, 2 percentage points behind DeSantis and 32 points behind Trump.

DeSantis appeared Tuesday in a CNN forum from New Hampshire and played down Trump's Iowa victory, calling him "one of the most famous people that's ever been involved in American politics." He noted that roughly half of caucusgoers picked another candidate. Trump won 51% of the vote, according to the Associated Press.

"That tells me that there is an appetite for a different leader and I think what I represent is somebody that has delivered on those key conservative policies that we've all been wanting to see in Washington, D.C.," DeSantis said.

A GOP debate tentatively scheduled for Thursday was canceled after Trump and Haley declined invitations to participate in the WMUR/ABC News event, the outlets said.

The challenge for Haley and DeSantis is that in Iowa, Trump ran up the score with nearly every GOP demographic and in every type of community, with a record margin of victory for competitive Republican Iowa caucuses. Trump allies argued the race should be over so he can focus on Biden, who has minor primary opposition and is building a massive war chest. Democrats are eager to see Trump back on the ballot, convinced voters again will reject him.

Some of DeSantis's allies are trying to coax him to withdraw, according to people familiar with the conversations, advice his team rejected.

The Florida governor has faced questions about how long he would continue his campaign, given how intently he fo-



Ron DeSantis spun his distant-second finish as a victory.



Nikki Haley framed the primary as a two-person race.

## DOJ Says IRS Leaker Sought Job For Trump Tax Access

BY RICHARD RUBIN AND C. RYAN BARBER

WASHINGTON—From 2008 to 2013, Charles Littlejohn worked intermittently for Booz Allen Hamilton, with a primary focus on the consulting firm's contracts with the Internal Revenue Service.

When he returned to the firm in 2017, he arrived with a plan, federal prosecutors say: to access and disclose the tax returns of the sitting president, Donald Trump, whom he considered a threat to democracy.

Federal prosecutors underscored that purported motivation Tuesday as they recommended that Littlejohn receive a five-year prison sentence for leaking Trump's tax returns and those of thousands of wealthy Americans. Such a sentence is the maximum Littlejohn could face after pleading guilty last year to a single count of unauthorized disclosure of tax information.

Prosecutors said Littlejohn applied to Booz Allen Hamilton in 2017 with the "intention of accessing and disclosing tax returns." After being hired, he then "weaponized his access to unmasked taxpayer data to further his own personal, political agenda, believing that he was above the law," prosecutors said.

Prosecutors referred to Booz Allen Hamilton as "Company A" in the court filing Tuesday, but the Justice Department confirmed in a separate case that Littlejohn worked at the firm. A spokesperson for Booz Allen Hamilton said the firm fully supported the government in its investigation.

"We condemn in the strongest possible terms the actions of this individual, who was active with the company years ago. We have zero tolerance for violations of the law," the spokesperson said.

By late 2018, prosecutors said, Littlejohn had developed a "sophisticated, detailed plan to secretly download" Trump's tax returns from an IRS database without triggering detection or scrutiny.

He then encountered another hurdle: actually extracting the data. Prosecutors said he learned that IRS protocols could detect and prevent large downloads or uploads from the agency's systems and devices. So, in 2018, he "exploited a loophole in those controls" by uploading the information to a private website he controlled, they said.

Littlejohn's lawyer, Lisa Manning, didn't respond to a request for comment late Tuesday.

Littlejohn disclosed Trump's returns to the New York Times, which published a series of stories on the president's reported losses and small tax payments.

### Former Arkansas Gov. Hutchinson Quits Race

Former Arkansas Gov. Asa Hutchinson dropped out of the 2024 Republican presidential primary following a poor showing in Iowa.

Hutchinson, who has said the Republican Party needs to move past Donald Trump because of the criminal charges he faces and his role in the Jan. 6, 2021, attack on the Capitol,

failed to connect with GOP voters. He came in sixth in the Iowa caucuses, according to the Associated Press.

"My message of being a principled Republican with experience and telling the truth about the current front-runner did not sell in Iowa," Hutchinson said Tuesday in a statement.

"I stand by the campaign

I ran," Hutchinson said. "I answered every question, sounded the warning to the GOP about the risks in 2024 and presented hope for our country's future."

Hutchinson, who launched his campaign in April, was one of the few Republican candidates who criticized Trump, the front-runner for the 2024 nomination.

—Joseph De Avila

cused on Iowa. Still, he spun his distant-second finish Monday as a victory and insisted he would continue. "We've got our ticket punched out of Iowa," he said.

Money is another issue for DeSantis, who spent heavily in Iowa. A spokesman for DeSantis, Andrew Romeo, noted Haley's heavy spending in Iowa—only to come in third—and projected confidence DeSantis could overtake her. "While it may take a few more weeks to fully get

there, this will be a two-person race soon enough," he said.

A continuation of the Haley-DeSantis battle, however, might only benefit Trump.

The former president said during a rally in Atkinson, N.H., that it was time for the Republican Party "to unify, come together and move forward as one team. We have to beat crooked Joe Biden." He brought onto stage Vivek Ramaswamy, the biotech entrepreneur, who en-

dorsed Trump after dropping out from the race following a disappointing finish in Iowa.

Trump warned his supporters that crossover votes could help Haley. "They're going to load it up with Democrats and independents," he said. "You have to get out and you have to vote."

The intersection of Trump's legal woes and his campaign was again on display Tuesday as he headed to a New York court-

## Carroll Seeks More Damages From Former President

BY CORINNE RAMEY AND JAMES FANELLI

A jury last year ordered Donald Trump to pay \$5 million to columnist E. Jean Carroll, finding the former president was liable for sexually abusing her in the 1990s—and for defaming her much later when he denied it. An additional trial began Tuesday to determine whether he will have to pay her even more.

Carroll, an author and former Elle magazine columnist, made her sexual-assault allegations against Trump public in 2019, when New York Magazine published an excerpt of her book, which alleged he assaulted her in a Bergdorf Goodman department store dressing room. In the aftermath, she filed a pair of related lawsuits against Trump.

The case that went to trial last year involved comments

Trump made about Carroll in 2022. This week's case centers on comments he made while president. Trump accused her of lying about the incident to make money and said that he couldn't have assaulted her because "she's not my type."

Trump attended jury selection on Tuesday, sitting near Carroll in court. The two never appeared to look at one another during the proceedings.

In the morning, Trump posted a series of statements on his social media site Truth Social attacking Carroll's claims and calling her allegations false. He also accused U.S. District Judge Lewis Kaplan, who is presiding over the case, of hating him.

The judge selected a jury of two women and seven men, including a publicist, a New York City subway worker and a German immigrant who previously worked at an interna-



E. Jean Carroll on Tuesday

tional school, to hear the case. During opening statements, Carroll lawyer Shawn Crowley told jurors that Trump used his position as president to tell outright lies.

"He used the world's biggest microphone to attack Ms. Carroll, to humiliate her and to de-

stroy her reputation," Crowley said. She said that within minutes of his statements, Trump supporters bombarded Carroll with threatening messages, including suggesting that she should be raped or die.

Alina Habba, a lawyer for Trump, told the jury that Carroll hadn't suffered any harm from Trump's statements. "Her career has prospered, and she has been thrust back into the limelight as she always has wanted," Habba said, adding that Carroll has appeared on talk shows and done other interviews.

"She doesn't want to fix her reputation, ladies and gentlemen," Habba said. "She likes her new brand."

While Trump's legal options could be limited in the new proceedings, Habba said the former president intended to testify. Kaplan has barred Trump's lawyers from con-

tinuing to argue that he didn't sexually abuse Carroll or that she fabricated her account. Trump has denied wrongdoing in all the cases and accused prosecutors of interfering with the election.

Years of preliminary litigation delayed the Carroll case, with Trump failing to win on arguments that he was protected from the suit because he was acting within the scope of his office when he denied the allegations.

The case, in front of a different federal jury, is proceeding only to determine how much Trump owes for his 2019 comments. Based on last year's verdict, the judge has already found that Trump defamed Carroll while he was in the White House.

Carroll's lawyers are seeking at least \$10 million in compensatory damages, in addition to punitive damages.

### Watch a Video

Scan this code for a video on what is ahead in the GOP primaries.





# If AI is the Wild West, is **data** the new gold?

The whispers around the watering hole are true.  
AI really is the new gold rush.  
With the usual tech cowboys looking to strike it rich.

Only this time around, they've set their sights on  
something else: your customer data.

Truth is, AI is only as good as the data that goes into it.  
Which the hucksters and hawkers are more than happy  
to sell to the highest bidder.

But if you ask us? Well, that just don't cut it.

You see, we believe your data is just that – yours.  
Meaning, we never see it, never train AI on it,  
and never ever sell it.

So, yeah, while the others are busy making your data  
their business, we'll stick to the thing that's always been our  
business – building technology our customers can trust.

Because, after all, we've got a saying 'round these parts:

**Your data is not our product.**



salesforce



WORLD NEWS

Iran Strikes Jihadist Group in Pakistan

Missile-and-drone attack reflects how conflicts are growing across Middle East

By SAEED SHAH AND BENOIT FAUCON

ISLAMABAD—Iran hit a jihadist group in Pakistan with a missile-and-drone strike, Iranian state media reported, as conflicts continue to spread across the Middle East in the wake of Israel's war in Gaza.

Adl, in Pakistan's remote western province of Balochistan, which has a long border with Iran. Islamabad condemned the attack, which it said killed two children and injured three.

The strike came a day after Iran said it had launched ballistic missiles at targets in Iraq, in retaliation for the killing of some of its officers and allies, and also in Syria, at another militant target.

Tehran is in an indirect confrontation with Israel and the U.S., in response to the Gaza war, working with a network of regional allied groups. It is also defending against attacks against its regional allies

and attacks at home—including a bombing this month in the Iranian city of Kerman claimed by a branch of the Islamic State group that killed around 100 people.

"Iran knows it is on the edge of the abyss," an Iranian official said. "So it is only taking calculated risks and keeping the regional conflict contained."

Tehran has long complained about Jaish al-Adl's presence on Pakistani soil, an allegation denied by Islamabad. Iranian state media reported that the group's training center and homes were struck on Tuesday in Pakistan. Relations between Pakistan and Iran are uneasy but not hostile.

Islamabad privately says some groups that attack inside Pakistan are based in Iran.

"This violation of Pakistan's sovereignty is completely unacceptable and can have serious consequences," Pakistan's Ministry of Foreign Affairs said on Tuesday. "Pakistan has always said terrorism is a common threat to all countries in the region that requires coordinated action."

Jaish al-Adl is aiming to separate Iran's mostly Sunni eastern province of Sistan-Baluchistan from the rest of the Shiite-dominated country. Jaish al-Adl in December claimed responsibility for an attack on a

police station in Sistan-Baluchistan that killed at least 11 Iranian security personnel. At the time, Iran's interior minister threatened a response.

Tehran believes the group operates from bases in Pakistan. There are ethnic Baloch minorities on both sides of the border. In Pakistan's Balochistan, authorities are fighting multiple insurgencies and don't have full control of the territory.

On Monday, Iran's Islamic Revolutionary Guard Corps took the rare step of launching strikes out of Iran into Syria, despite having its own military presence there. The Iranian paramilitary force said it

had fired four ballistic missiles at Islamic State targets from Khuzestan in southwest Iran toward Idlib, a rebel-held enclave in northern Syria.

Idlib, while not under Islamic State control, has long hosted its leaders, many of whom have been killed in Western strikes. Mohammad Sheltuki, an Iranian expert on defense issues, told state television that Islamic State's Afghan branch had trained in Idlib before carrying out the Kerman attack this month. Iranian state TV showed what it said were Islamic State-controlled buildings reduced to rubble but gave no details on casualties.

In Israel, Divisions Emerge Within Its War Cabinet

By RORY JONES AND DION NISSENBAUM

Rifts among Israel's war cabinet are spilling into public view, threatening to undermine the country's military strategy in Gaza at a crucial stage in the conflict.

The wartime decision makers—Prime Minister Benjamin Netanyahu, Defense Minister Yoav Gallant and former head of the Israeli military, Benny Gantz—are diverging publicly on the two biggest dilemmas they face: whether Israel should negotiate to end the conflict and free the hostages, and who should govern the bombed-out strip after the war.

The divisions in Israel's cabinet reflect longstanding personal and professional disagreements among the lawmakers, who came together after the Hamas attack on Oct. 7 that killed about 1,200 people to form a national-unity government to prosecute the war and reassure Israelis.

They were united by a common enemy in Hamas. But as pressure has mounted from the Biden administration to limit Palestinian civilian deaths in Gaza, and the government has failed to return all the hostages, divisions among the leaders have re-emerged.

Gallant on Monday said "political indecision" about who would take responsibility for postwar Gaza would hurt the military campaign.

In a plan he articulated this month, Gallant has called for Palestinian self-governance

and a multinational task force led by the U.S., with European and Middle Eastern partners, to oversee the rehabilitation of the strip. The U.S. wants a revitalized Palestinian Authority to take over with help from Arab states.

Netanyahu, under pressure from his far-right coalition partners to block the Palestinian Authority from governing in Gaza, hasn't articulated a vision for postwar governance.

"The end of the military campaign must be based on a political act," Gallant said.

Spokespeople for Gallant and the prime minister's office didn't respond to requests for comment.

The Prime Minister's Office said on Tuesday that hostages in Gaza might get medicine for the first time under a deal arranged by Israel's spy agency and Qatar. The pact, first announced last week, would involve two Qatari air-force planes transporting French-sourced medication on Wednesday to Egypt, where Qatari representatives will escort the aid into Gaza to "their final destinations," the office said.

Under pressure from the families of hostages held by Hamas and other militants in Gaza, Gantz, the head of the National Unity Party, and his deputy, Gadi Eisenkot, are pushing to enter talks with Hamas to bring home the roughly 130 captives still held in the enclave, according to Israeli media reports widely discussed among political analysts.

Netanyahu and Gallant, both in the ruling Likud party, mean-



Palestinian children line up to get food from a charity. As the war rages, shortages of food and medicine are growing.

while say that maintaining military pressure on Hamas will force the group to make concessions, according to the reports.

"There's clearly a distinction here between the two sides," said Reuven Hazan, part of the political-science department at the Hebrew University of Jerusalem. "If it was up to Gantz and Eisenkot, and tomorrow Hamas made an offer of ending the conflict in exchange for releasing all of the hostages, they would go for it. Netanyahu would say no."

While the prime minister and his defense minister are in agreement on continuing the war, they are increasingly at odds about who should govern Gaza after it—a question becoming more urgent as Israel moves to a lower-intensity phase of the war and

seeks to prevent a vacuum emerging in the enclave.

Hamas appears to be seeking to exploit the war cabinet's divisions. It released a video on Monday of what it said were bodies of two of the hostages held in Gaza. A third hostage, Noa Argamani, 26 years old, was shown alive in the video, saying the two dead hostages were killed in Israeli airstrikes, and calling on the Israeli government to end the war.

The two hostages were identified as Itai Svirsky and Yossi Sharabi by Kibbutz Be'eri and the Hostages and Missing Families Forum, which confirmed their deaths.

Gallant on Monday said the most intensive phase of fighting has ended in northern Gaza, adding the Israeli military is close to completing

fierce fighting in the south, around the city of Khan Younis.

It isn't clear that the entire Israeli security establishment agrees with that assessment. When asked later Monday about Gallant's comments, Israeli military spokesman Daniel Hagari said fighting in the south "will take us time." The military has more work to do both above ground and below in the vast tunnel network built by Hamas, he said.

Mairav Zonszein, the senior Israel analyst for the International Crisis Group, said the divisions in the country's war cabinet are creating a kind of paralysis that is preventing the government from executing an effective strategy.

That, she said, could end with Israel reoccupying the Gaza Strip, much as it occu-

pled southern Lebanon for 15 years from the 1980s. "There is no exit strategy," she said.

The Israeli campaign has destroyed swaths of the enclave, displaced nearly two million people and resulted in widespread shortages of food and medicine.

Israel says it has killed thousands of Hamas fighters and disrupted the group's ability to launch attacks against Israel. But Israel hasn't achieved its initial war aim of destroying Hamas completely.

Gallant is likely driven by a mix of political and military calculations when he publicly challenges Netanyahu for refusing to discuss plans for a day after, Zonszein said.

—Anat Peled and Carrie Keller-Lynn contributed to this article.

U.S. Seeks Missing SEALs, Hits Rebels

By DION NISSENBAUM AND NANCY A. YOUSSEF

The U.S. military was searching for two Navy SEALs lost at sea during an operation that seized Iranian-made missile parts bound for Houthi rebels in Yemen, as the U.S. launched another series of strikes against the group.

The waters off the Yemen coast have become a zone of increasing geopolitical turbulence since the repercussions of the Oct. 7 Hamas attacks on Israel spread into the wider region, drawing in Washington and Iran-backed groups such as the Houthis.

The Biden administration plans to put the Houthis back on its list of foreign-terrorist organizations on Wednesday, U.S. officials said.

The SEALs, reported lost off the coast of Somalia on Friday, were taking part in a nighttime operation to board a boat in the international waters of the Arabian Sea, the U.S. military said. SEALs, or sea-air-land special-operations forces of the U.S. Navy, are specialists in unconventional warfare.

One fell into the water while trying to climb into the small boat, known as a dhow, said a U.S. defense official. Another SEAL jumped in after him, in line with his training and protocols, the official said. A drone overhead, which was intended for the original mission, captured footage of the incident, the official said.

The Navy took the dhow's 14 crew members aboard its



The U.S. military says this vessel carried Iranian-made missile components bound for Yemen.

own vessel and sank the captured boat after concluding it was unsafe, the military said.

The U.S. strike on the Houthis, the third since last week, targeted militants at sites who were preparing anti-ship missiles to fire at commercial vessels in the Red Sea. It came a day after the militants fired an anti-ship missile on the M/V Gibraltar Eagle, a Marshall Islands-flagged, U.S.-owned and -operated container ship.

"These missiles were prepared to launch from Houthi-controlled areas of Yemen and presented an imminent threat to both merchant and U.S. Navy ships in the region," said U.S. Central Command, which is re-

sponsible for American military operations in the Middle East.

Several hours after the U.S. strikes, the Houthis launched a missile at the M/V Zografia, a Greek-owned, Maltese-flagged ship, striking it. The ship remained seaworthy and no injuries were reported, Centcom said.

The Zografia, which was sailing to the Suez Canal from Vietnam, was fired upon by gunmen on small boats and then hit by a missile, said Christopher Long, intelligence director at U.K. maritime security consulting firm Neptune P2P Group.

—Vivian Salama contributed to this article.



Attacks Prompt Shell To Stop Red Sea Trips

By BENOIT FAUCON AND JENNY STRASBURG

British oil major Shell suspended all shipments through the Red Sea after U.S. and U.K. strikes on Yemen's Houthi rebels triggered fears of further escalation, people familiar with the decision said.

The West's targeting of the Iranian-ally militia came after the Houthis launched dozens of missiles and drones at commercial vessels around the Red Sea and the nearby Bab el-Mandeb strait. The militia has said the attacks are in response to an Israeli offensive in the Gaza Strip.

About 12% of total global seaborne oil trade goes through the Red Sea.

A tanker chartered by Shell to move Indian jet fuel was targeted in December by a drone in the Red Sea and harassed by Houthi boats, shipping officials said.

The company last week halted all crossings over concerns that a successful attack could trigger a massive spill in the region, as well as present risks to the safety of crews on the ships, the people said.

Speaking at a Wall Street Journal event on Tuesday at the World Economic Forum in Davos, Switzerland, Shell CEO Wael Sawan said "the priority is the welfare of our people and of course protecting our assets. That's how we have been looking at this from the beginning."

The Red Sea disruptions complicate energy distribution and raise prices, Sawan said, and take "an extra couple of weeks" to move cargoes. The impact has been a 5%-to-10% bump in costs of delivery.

"This is the reaction to what is still a short-lived reality," he said. "We'll have to see whether this becomes a longer-standing issue."

Shell joins other global shippers in deciding to avoid the Red Sea.

BP in December said it would pause all shipments through the key shipping lane and Qatar Energy did the same this week.

The Gulf country, which has acted as a mediator for the Houthis in the past, halted the use of the Red Sea route for its liquefied-natural-gas exports for fear of being caught in the conflict, according to a Qatari energy official and shipping trackers.

Recent Houthi attacks have rattled global markets, upended international shipping routes and become increasingly indiscriminate. The rebels have attacked vessels from container ships to tankers moving Russian oil under sanctions, as the global shipping nexus complicates their ability to identify specific targets.

They vowed again on Monday to continue their campaign against U.S. and international targets in the region in response to Israel's actions in Gaza.



WORLD NEWS

# Kim Declares South Korea No. 1 Enemy

Dictator says North Korea will rewrite constitution, recast Seoul as hostile

By TIMOTHY W. MARTIN

SEOUL—North Korean leader Kim Jong Un said the country would rewrite its constitution to label South Korea as its principal enemy, opening a new and perilous chapter as tensions rise.

The change would break with decades of North Korean doctrine that sought to unify with the South through peaceful means, even while signaling a readiness for war.

Pyongyang's policy pivot thrusts inter-Korean ties into unfamiliar territory as militarization accelerates across the region. North Korea has drawn closer to Russia, supplying its war effort in Ukraine, and revived trade with China. South Korea has expanded its military cooperation with the U.S. and Japan.

In a Monday speech, Kim said he had concluded that peaceful reunification was no longer possible and accused South Korea of seeking the collapse of the North Korean regime. The 40-year-old dictator ordered the abolishment of three government agencies working on inter-Korean affairs

and vowed to tear down a reunification arch that had been built by his father, Kim Jong Il.

Kim said the country would scrub any reference to South Koreans as fellow countrymen or partners for reconciliation. Instead, North Korean law would reclassify its southern neighbor as a foreign country, a hostile state and one that constitutionally should be occupied, subjugated and reclaimed in the event of war.

North Korean rhetoric is often menacing, but some Kim regime observers have concluded that the latest shift in tone goes beyond Pyongyang's typical bluster, signaling a change after formal engagement with the U.S. broke down years ago.

"If, as we suspect, Kim has convinced himself that after decades of trying, there is no way to engage the United States, his recent words and actions point toward the prospects of a military solution," wrote Robert L. Carlin, a former U.S. negotiator with the North, and Siegfried S. Hecker, who has visited the North Korean nuclear facilities, in 38 North, a website dedicated to North Korea news.

Others caution that the latest shift is likely part of a familiar playbook for North Korea. "Given the political landscape, North Korea is looking for new and novel



Kim Jong Un said Monday he had concluded that peaceful reunification was no longer possible.

ways to ramp up tensions," said Jean H. Lee, a visiting fellow at the East-West Center, a Honolulu-based think tank.

Over the decades, the North has generally vacillated between engagement with left-leaning South Korean administrations and confrontation with conservative ones. The current tensions fit that pattern, with South Korean President Yoon Suk Yeol, a conservative, saying he believes peace can only be achieved

through strength.

"Should North Korea provoke us, we will punish them multiple times as hard," Yoon said at a Tuesday cabinet meeting, in response to Kim's remarks.

Nonetheless, Kim's new shift in rhetoric and policy would codify the regime's threatening stance toward Seoul regardless of who is in office.

"We do not want war, but we also have no intention of avoiding it," Kim said at a Monday address to the Supreme

People's Assembly, the country's top lawmaking body. "Explicitly speaking, we will never unilaterally unleash a war if the enemies do not provoke us."

Taking such an aggressive approach with South Korea may have seemed unimaginable to North Korea not long ago, though tighter bonds with Russia and China seem to have given the Kim regime greater latitude to behave provocatively, said Gordon Flake, a Korea specialist at the Perth

USAsia Centre in Australia. The possibility that the sharp shift in North Korean rhetoric and doctrine could translate into action remains a top concern among U.S. and South Korean officials. Inter-Korean clashes have occurred between the two Koreas in the past, notably with the shelling of a border island and the sinking of a South Korean naval ship in 2010.

Washington and Seoul, with superior conventional forces would overwhelm Pyongyang's outdated military hardware in a war, security officials say. In addition, President Biden and other South Korean officials have warned that any North Korean nuclear attack on the U.S. or its allies would result in the end of the Kim regime.

Ahead of November's U.S. presidential election, North Korea is likely to continue trying to heap maximum pressure on whoever takes the White House next year, and possibly gain bigger concessions to achieve peace, said Sung-Yoon Lee, a specialist on North Korea at the Wilson Center.

"Whereas a professional athlete enhances their net value by elite performance on the field, the hyper-militarized-rogue-pariah state that is North Korea enhances its leverage by exporting threats and insecurity," Lee said.

# Delayed U.S. Weapons Deliveries Increase Risk of Taiwan Invasion

By ALASTAIR GALE

TAIPEI—Taiwan has ordered some \$19 billion in American missiles, rocket launchers and other weapons to help it defend itself against threats from Beijing. The only problem: U.S. delivery on many of those orders is years away.

The delays increase Taiwan's vulnerability to a Chinese invasion or blockade, military analysts and former Taiwanese defense officials

say, since the island's weapons industry remains small.

Taiwan's election of a new president who rejects China's demands for submission means Beijing is running out of near-term options to take control of the island without the use of military force. Beijing has repeatedly pledged to bring Taiwan under its control, through force if necessary.

President-elect Lai Ching-te says he will continue beefing up Taiwan's military. "I am

determined to safeguard Taiwan from continuing threats and intimidation from China," Lai said on Saturday.

Taiwan leans heavily on the U.S. to equip its military. Taiwanese forces also receive training from a small contingent of American military personnel based on the island.

However, most contracts for defense equipment signed under the Trump and Biden administrations have been stalled by bureaucratic delays and ca-

capacity limits at defense manufacturers, creating a \$19 billion backlog of uncompleted orders.

"We tell the U.S., 'Please, at least provide limited quantities of advanced systems so that we can start training.' But there's no response," said Andrew Yang, a former Taiwanese defense minister.

Asked on Tuesday about the supply delays, the head of the U.S. body that handles relations with Taiwan said Washington would uphold its com-

mitment to help Taiwan defend itself. "The U.S. is seizing upon the full range of tools authorized by Congress" to fulfill that commitment, said Laura Rosenberger, head of the American Institute in Taiwan.

One of the largest deals—a \$2.37 billion contract for 400 Harpoon antiship missiles and related equipment—was signed in 2020 without a delivery date specified. The Pentagon issued an order for the production of the same number of

missiles last year, with completion of the project slated for March 2029. It didn't name the buyer, but a Taiwan government official said Taipei understands it is the same order.

A Taiwan Defense Ministry spokesman said there was close coordination with the U.S. on weapons sales and the sales were proceeding on a mutually agreed schedule. The Pentagon didn't respond to requests for comment about the Harpoon missile order.

## FROM PAGE ONE

# JetBlue, Spirit Deal Is Blocked

Continued from Page One

"The elimination of Spirit would harm cost-conscious travelers who rely on Spirit's low fares," he wrote.

The airlines haven't said whether they will appeal. JetBlue and Spirit said in a joint statement that they disagreed with the ruling and were evaluating next steps. They said the merger was still the "best opportunity" to increase competition, keep fares low and compete with bigger carriers.

The Justice Department under the Biden administration has taken a tougher stand on consolidation, and airlines have been a particular flashpoint, as officials have grown more concerned that a series of mergers in the past two decades has diminished competition.

The decision could have repercussions for other airlines hoping to merge. Alaska Air Group made public plans in December to buy Hawaiian Airlines in a \$1 billion deal. Alaska said Tuesday's ruling wouldn't affect its plans.

JetBlue battled for months to win Spirit from another rival, striking a deal in 2022 to create what would have been the fifth largest U.S. airline. JetBlue and its attorneys had argued that the deal was necessary to create a viable challenger for the four largest carriers that dominate U.S. air travel: American, Delta, United and Southwest.

Their arguments didn't sway the antitrust enforcers—and didn't move the court, either. "The airline industry is an oligopoly that has become more concentrated due to a series of mergers in the first decades of the twenty-first century, with a small group of firms in control of the vast majority of the market," Young wrote.

Now both airlines face an uncertain path.

Spirit and other budget carriers haven't had the same

postpandemic resurgence as some larger rivals. Delayed plane deliveries and an industry-wide shortage of pilots have constrained their growth. And competition has intensified as larger carriers, facing declining corporate travel, have piled into domestic routes and chased leisure travelers.

Spirit has struggled financially: it hasn't turned a profit since before the Covid-19 pandemic and has been further hobbled by an engine recall that will require it to ground a significant chunk of its fleet this year. The discounter has stopped onboarding new pilots and flight attendants and offered voluntary buyouts to corporate employees.

Spirit's shares had tumbled since the merger was announced in 2022—trading at less than half of what JetBlue was going to pay. Its shares fell 47% to \$7.92 Tuesday after the ruling was released.

Spirit might have few options remaining, according to some analysts. "We believe the best case scenario for Spirit is a Chapter 11 filing followed by a liquidation," TD Cowen analysts said in a research note.

JetBlue shares, meanwhile, rose 4.9% to \$5.13 on Tuesday. JetBlue has also been losing money, and some analysts and investors had grown more skeptical that buying Spirit—at least at such a steep price tag—would benefit JetBlue.

Tuesday's decision represents a disappointment for JetBlue Chief Executive Robin Hayes, who said last week he would step down in February. Hayes fought to wrest Spirit from Frontier, another discount airline that had struck a deal to buy it before JetBlue swooped in. He previously tried to buy Virgin America, but lost to Alaska Air Group in 2016 following a heated bidding war.

JetBlue had agreed to pay Spirit shareholders a breakup fee of \$400 million if the deal was barred by antitrust authorities, in addition to another \$70

million to the company itself. JetBlue has made some payments to shareholders that count toward that fee.

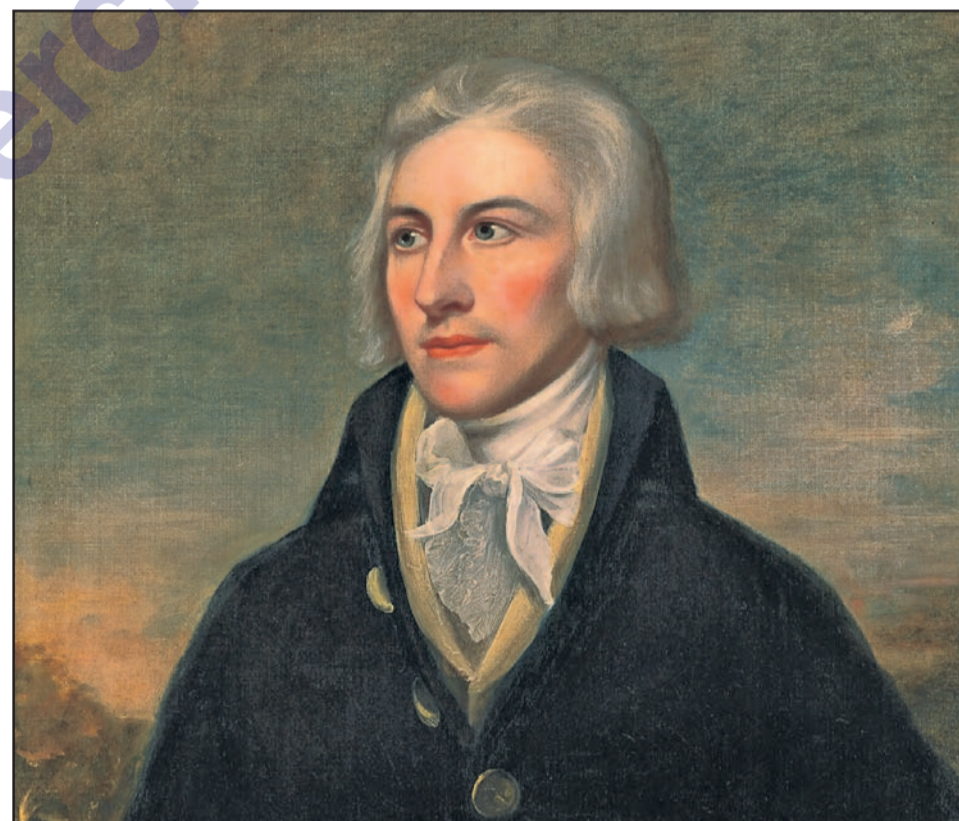
Attorney General Merrick Garland called the ruling a win for travelers. The ruling is the second time the Justice Department has prevailed over airlines in court recently. Last year, a federal judge ordered American and JetBlue to unwind a partnership he said would suppress competition in key Northeast markets. American is appealing that decision.

To allay concerns about competition lost in cities where JetBlue and Spirit overlap, JetBlue pledged to divest gates and airport slots in Boston, New York and Fort Lauderdale, Fla., to Allegiant Air and Frontier Airlines. An expert for JetBlue and Spirit testified it was highly probable that other discount airlines would fill the vacuum left by Spirit's absence.

JetBlue said the deal was unlike so many that came before it and would create "a disruptor nationwide" that would allow it to expand beyond its base in the Northeast and undercut the legacy carriers on price and offer better quality.

Young said that might have been the case. But losing Spirit was too much, he said. "Spirit's unique position in the domestic scheduled passenger airline industry would be exceedingly difficult for another airline, or a combination of other airlines, to replicate," he wrote.

JetBlue was founded in 1998 and began flying in 2000 as a low-cost carrier that would offer better customer service and amenities than the legacy carriers. The Justice Department has previously described JetBlue as a maverick that brings fares down as it enters new markets. Spirit is even better for consumers, the government had argued. When Spirit starts offering flights in a new area, even one that JetBlue already serves, prices decrease by an average of 20%, according to the government.



## ADMIRABLE NELSON ADMIRAL LORD HORATIO NELSON

Famed commander. Historic rediscovery. Naval hero.



This striking portrait of a youthful Horatio Nelson is a groundbreaking rediscovery, previously thought to portray the admiral's father. This original oil on canvas is one of just two depictions of Nelson in civilian attire, with the other residing in the National Portrait Gallery, London. Nelson poses here as a paragon of the English gentry, just on the cusp of making his legendary mark on naval history. Circa 1790. Canvas: 30" h x 20" w. Frame: 39 3/4" h x 30 3/8" w. #31-8144



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WORLD NEWS

# Beijing Says Growth Stalls

By Stella Yifan Xie

HONG KONG—China's growth rate finished at one of the lowest levels in decades last year, underscoring the heavy toll that a property-sector collapse and weak consumer confidence have taken on the world's second-largest economy despite the lifting of all Covid-19 restrictions.

Gross domestic product in China expanded 5.2% in the fourth quarter and for the full year in 2023, according to data released by the National Bureau of Statistics on Wednesday. The reading confirmed a number uttered by Premier Li Qiang a day earlier at the World Economic Forum in Davos, Switzerland—an unusual disclosure of a high-profile data point by a senior leader before its formal release.

Apart from the three years that China was closed to the outside world during the pandemic, the country's economy expanded in 2023 at the slowest annual rate since 1990, the year after the political turmoil of the student movement that was crushed around Beijing's Tiananmen Square in June 1989.

In 2022, China's economy grew 3%, while 2020—the initial year of Covid-19—saw growth of just 2.2%. This year's outcome was flattered in part by comparison with the relatively low base of 2022, when harsh pandemic lockdowns swept the nation, crimping growth.

Last year's 5.2% growth rate managed to top the government's official target of around 5% growth, following a year of volatility and shifting expectations.

Maintaining growth at a similar pace this year may prove harder, given policymakers' hesitance so far to launch any big-ticket stimulus packages. Forecasts for China's growth rate this year among several global investment banks range from 4% to 4.9%. China is expected to announce a formal growth target at an annual legislative session set



GDP in China expanded 5.2% in the fourth quarter and for the full year in 2023.

to take place in March. In the near term, China has few obvious growth drivers. Export demand is softening as the global economy is projected to slow this year. Chinese families, hit by years of pandemic restrictions and receiving no direct financial support from the government, have turned cautious on spending amid a weak job market. Private businesses have been holding off on new investments while foreign investors are pulling funds out of the country.

The Chinese leadership's determination to cultivate new engines of growth, in fields such as electric vehicles and renewable energy, is bearing fruit. Still, in the near term, it won't likely be enough to make up for the shortfalls in job creation and overall growth rate from the rapid decline in its once-

mighty real-estate sector. In the longer run, China faces a daunting list of headwinds, including a population that is rapidly skewing older, high debt levels and a worsening external political environment that has seen relations with the U.S.-led West plummet.

Economists are concerned that China may be falling into a vicious cycle in which falling prices and weak demand reinforce one another. Chinese policymakers' reluctance to stimulate more forcefully has confounded many economists, though others have pointed to leader Xi Jinping's ideologically rooted reluctance to shower the economy with government money.

Instead, Chinese authorities have unleashed a barrage of smaller-bore measures, such as trimming key interest rates, cutting mortgage costs for home buyers and prodding

banks to lend more to distressed property developers. Collectively, though, those measures have done little to reverse downward pressure on the economy. The government said in the fall that it would issue \$137 billion in government debt, the biggest stimulus measure it has undertaken so far—though still not enough to reverse the downward momentum, economists say.

"I wonder if they are not realizing how big the risk is if deflation pressure becomes entrenched," said Alicia García-Herrero, chief Asia economist at investment bank Natixis.

Chinese stocks fell after the data release, with the Shanghai Composite Index falling 0.8% in morning trading, on pace to close at a new multi-year low.

Looking ahead, economists have called on leaders in Beijing to step in forcefully to stabilize home prices and contain the risk of widening defaults among property developers.

—Grace Zhu and Xiao Xiao in Beijing contributed to this article.

# China's Population Decline Accelerates

By Liyan Qi

China's population decline accelerated last year, worsening a demographic gloom that has taken on increasing urgency for Beijing.

China ended 2023 with 1.410 billion people, the National Bureau of Statistics said Wednesday, down from 1.412 billion in 2022, when it hit a historic turning point: the first year the population shrank since starvation years in the early 1960s.

Over the past year, China's population dropped by 2.08 million, more than twice the drop in 2022.

The number of newborns, which has gone into free fall over the past several years, slid to 9.02 million from 9.56 million in 2022. The latest number represents less than half the babies born in 2016, after China abolished the one-child policy. The latest numbers point to a fertility rate—the number of children a woman has over her lifetime—at close to 1.0, a level considered by demographers as "ultralow."

China last year ceded its centuries-old position as the world's most populous country to India and is unlikely to be

able to reverse the trend of declining births. Because of the decadeslong one-child policy, there are fewer young people than in past generations, including millions fewer women of childbearing age every year.

Many women are increasingly reluctant to marry and have children, putting their own life goals ahead of what Beijing and relatives want, a situation that has prompted the Communist Party, which desperately needs to rejuvenate China's aging population, to embark on a campaign for a "birth-friendly culture."

Adding to women's reluctance to have children was economic uncertainty last year, which pushed many young Chinese couples to postpone plans to start a family.

Economic challenges are likely to continue. China said Wednesday its economy grew 5.2% last year from a year earlier, slower than prepandemic levels of over 6%, reflecting an ailing property sector and soft consumer spending. Youth unemployment skyrocketed to a record of 21% last year, further dampening young people's willingness to start a family.

—Xiao Xiao contributed to this article.

**The economy expanded in 2023 at the slowest annual rate since 1990.**



Because of China's decadeslong one-child policy, there are fewer young people than in past generations.

## WORLD WATCH



Rangers and veterinarians rescue a sedated black rhino that collapsed in a creek in Nairobi National Park during Kenya's largest relocation project for the endangered animals.

**UNITED KINGDOM**  
**Wage Growth Cools Again**

Unemployment stayed steady in the U.K. in the three months to November but growth in average pay continued to slow, adding to signs that inflation will continue to ease in the new year.

The rate of joblessness stayed at 4.2%, unchanged from the previous three-month period, according to figures set out Tuesday by the Office for National Statistics. But average pay growth, excluding bonuses, experienced a sharp deceleration, rising 6.6% compared with a revised 7.2% figure for the three months to October, marking a slowdown unmatched since the pandemic era, the ONS said.

Falling wage growth will bolster the Bank of England's confidence that consumer price inflation won't jump again this year, having now fallen closer to the bank's target level. Economists expect the central bank to begin loosening its fiscal policy via interest-rate cuts at some point later this year, barring an unexpected surge in inflation.

—Joshua Kirby

**JAPAN**  
**Two Planes Collide Near Airport Gate**

A Korean Air jet that was moving away from the gate in heavy snow touched a Cathay Pacific plane at an airport in northern Japan on Tuesday, the airlines said. No one was hurt and there was no fire, officials said.

Korean Air said the incident happened about 5:35 p.m. at New Chitose Airport near Sapporo on the northern island of Hokkaido. The Korean Air Airbus A330, scheduled to fly to Seoul with 276 passengers and 13 crew aboard, had just departed the gate and was in pushback, meaning it was getting into position to head to the runway with help from a ground handler vehicle.

The ground vehicle slipped because of heavy snow, causing the Korean Air jet to come into contact with a Cathay plane that was empty at the time, Korean Air said.

A fire department official said the left wing of the Korean Air plane and the vertical stabilizer of the Cathay Pacific plane made contact.

—Miho Inada

**KENYA**  
**Endangered Rhinos To Be Relocated**

Kenya has embarked on its biggest rhino relocation project and began the difficult work Tuesday of tracking, darting and moving 21 of the critically endangered beasts, which can each weigh over a ton, to a new home. A previous attempt at moving rhinos in the East African nation was a disaster in 2018 as all 11 of the animals died.

The latest effort had early troubles. A rhino targeted for moving was successfully hit with a tranquilizer dart shot from a helicopter but ended up in a creek. Veterinarians and rangers held the rhino's head above water with a rope to save it while a tranquilizer reversal drug took effect, and the rhino was released.

The black rhinos are being moved from three conservation parks to the private Loisaba Conservancy, the Kenya Wildlife Service said. They are being moved because there are too many in the three parks and they need more space to roam and, officials hope, to breed.

—Associated Press

**DIFFERENT NATIONAL ORIGINS.**

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A public service message from the U.S. Department of Housing and Urban Development in cooperation with the National Fair Housing Alliance. The federal Fair Housing Act prohibits discrimination because of race, color, religion, national origin, sex, familial status or disability.



FROM PAGE ONE

# Perils Grow For Israel, Refugees

Continued from Page One  
 want to avoid going chest-to-chest here," he said. His troops, still exploring the labyrinth, are aiming to outflank the Hamas militants who built it, maneuvering above and below ground to flush them out.

"It's a messy business," Goldfus, a grizzled veteran of land, sea and airborne warfare, said of the battle underground.

The Israeli military largely controls the north of Gaza after heavy bombardment reduced much of its urban areas to rubble, along with many tunnels. Hamas's battalions there were smashed, although pockets of resistance continue. Many thousands of civilians were killed too. Most of the population fled south.

But Israel's progress in the south is facing a logjam. Its forces are closing in on a swollen population of displaced Palestinians who are running out of places to flee. An international outcry is mounting over the heavy toll of civilian deaths and injuries, raising pressure on Israel to change its tactics.

Nearly two million displaced civilians are being pushed into ever-fewer squares on Gaza's chessboard. Hamas is able to move with them.

The process could culminate in a cease-fire that spares civilians but also allows Hamas to survive and recover, a strategic defeat for Israel. It also risks ending in an even greater bloodbath than in the north.

"Now that the people are clustered in the south, Israel can't do what it did in the north without hundreds of thousands of deaths, something the U.S. is not going to support," said Hussein Ibish, a senior resident scholar at the Arab Gulf States Institute, a Washington think tank.

At the same time, a political impasse between Israel's government, the U.S. and key Arab countries over who should run Gaza after Hamas is also complicating the war. The lack of any government in Gaza is making it hard to deliver humanitarian aid, restore order and basic services, or facilitate the population's return to the north. Israel's military worries Hamas will try to exploit the vacuum and return to areas that the army vacates.

This month, Israel promised the U.S., its vital ally, that it would fight Hamas in a more targeted way in southern Gaza, reducing the intensity of airstrikes, which the U.S. had been pushing for. But the military is also under pressure in Israel not to let up on Hamas. Senior officers warn the fighting could take many more months.

## Fleeing south

Many Palestinian civilians have no idea where they will end up.

Nasser Qassim left his home in Gaza City in the north, where he owned a perfume shop, on Oct. 8, after the Israeli military's Facebook page warned of immi-



Above, Israeli troops in Khan Younis. Right, Palestinians mourned for children killed by the Israeli bombardment.

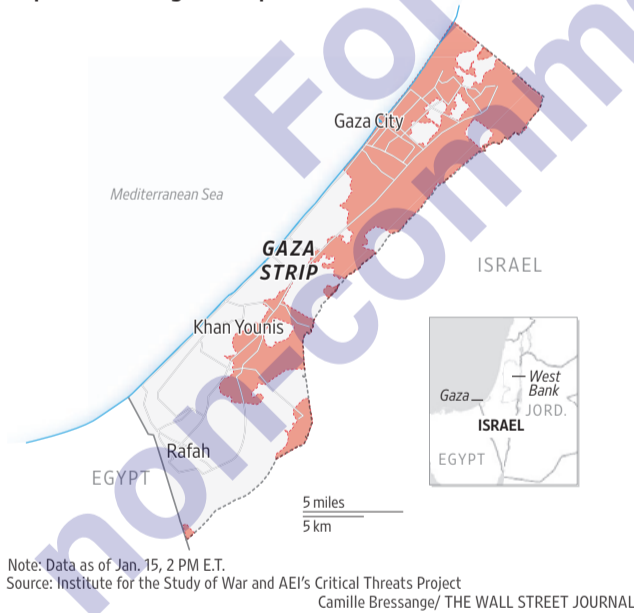
nent airstrikes. The widower only had time to pack documents, food and money and drive away with his three children. The neighborhood was flattened hours later, he said.

Qassim later moved with his elderly parents, his brothers and their families to a bare house they owned in Khan Younis. Short of clothes, the family suffered from the winter cold. Qassim searched the city's empty shops, eventually finding oversized clothing for his kids, but none for himself, he said.

Khan Younis was packed with refugees from the north. Soon, many were moving on, fearing the city was Israel's next target. In mid-December, Qassim and his family moved farther south too. "We could hear clashes all the time," he said. "We left before the clashes got too intense."

Khan Younis, Gaza's second-biggest city, is where many senior Hamas leaders come from, including top leader Yahya Sinwar, mastermind of the Oct. 7 attack on Israel. That day, the U.S.-designated terrorist group massacred some 1,200 people, mostly civilians, and took more than 240 hostages.

## Reported Israeli ground operations



area. I know they will prepare."

Israeli ground forces stormed the north of Gaza after an intensive bombardment of every Hamas target the military could find.

A sergeant with the Israeli army's 5th Brigade witnessed the destruction. Late last year his unit assaulted the dense Kasbah district of Beit Hanoun, a city in northeast Gaza.

## 'A great earthquake'

"In the morning, before we went in, there was a massive amount of airstrikes," he said. "I saw complete devastation. It looked like a great earthquake had rocked the place."

He shared photos of his unit patrolling. The bombs had shattered most of the tightly packed houses. Some streets were reduced to low piles of stone and twisted steel. Tank tracks dug deep grooves in muddy lanes. Children's soft toys hung out of a window grating. No civilians remained. The whole population had fled Beit Hanoun.

Warnings of imminent strikes have been less comprehensive than in Israel's previous, smaller wars in Gaza, say many residents of the enclave. The bombardment has led to phone and internet blackouts, making it harder to reach people. Leaflets dropped from the air have warned areas of coming ground assaults, but the news can take time to spread.

Over 24,000 Palestinians have died in Israel's invasion of Gaza, most of them women and children, according to Palestinian health authorities. The figure doesn't distinguish between militants and noncombatants. Israeli officials have said the overall estimate is roughly correct but that thousands of the dead were Hamas militants.

The Israeli military concedes that civilians are dying, particularly from airstrikes. It says it takes all feasible precautions to avoid civilian casualties and blames Hamas for embedding itself in the population.

Nearly no civilians are left in eastern Khan Younis. Most residents have fled to an area west of the city, which Israeli officers call a "safer area," but not a safe area. The largest number of refugees have headed for Rafah on the Gaza Strip's southern border. By now, many people have fled more than once.

Qassim's family is now in Rafah. They were lucky: a friend let them use his house free of charge, a rarity in overcrowded Rafah, where rents have soared. Apartments that cost \$200 a month before the war now cost \$2,000, locals say.

Rafah's prewar population of around 300,000 has ballooned to about 1.3 million. Most of the refugees live in tents. In parts of the city there's no space left to pitch one.

Many people in Rafah fear it will become the scene of the final Israeli assault and Hamas's last stand, with a mass of humanity caught between them.

Qassim said he is tired of running. He doesn't want to end up in a tent in Egypt's Sinai Peninsula, beyond the border at Rafah. Egypt insists it won't let Israel push people across.

"I've done enough evacuations," said Qassim. "I'm not going anywhere after this, even if I will be killed."

Israeli officials believe Sinwar is hiding somewhere in the tunnels under Khan Younis, along with some of the remaining hostages.

The fight for the city began in December, when Israeli forces seized control of major access roads. Since then, the 98th Division has steadily pushed into its sandy eastern suburbs and compact city center. With seven full combat brigades, Goldfus now commands the biggest division in Israel's history.

Like many Israeli soldiers, Goldfus expressed shame over Hamas's success in slaughtering Israelis and others on Oct. 7. Israel's vaunted military and intelligence agencies failed to prevent the attack on rural kibbutz communities, army bases and a music festival. The military's reaction that day was slow and chaotic. The general took part in the effort to rally and drive back Hamas.

"On the 7th of October I failed to defend my people," said Goldfus as he crouched in a tunnel beneath Khan Younis.

In a tunnel nearby, in cramped cells off a white-washed corridor, the Israeli army says it found hair, clothing and personal effects of some of the hostages who were released in November. "The maze here is much more vast and broader than in Gaza City," Goldfus said of Khan Younis's underworld.

He said his operation was first and foremost a rescue mission for the remaining hostages. But so far, Israel has only been able to free one living hostage in Gaza through a military operation.

Above ground, the winter sun laid bare the impact of Israel's firepower. Residences near the tunnel's secret shaft had been smashed by shelling or pitted by machine guns. Some streets lay flattened by

airstrikes.

Army bulldozers had plowed the area's sandy tracks into highways for Israeli armor. Tanks and armored personnel carriers rumbled to and from the border with Israel.

Inside one armored vehicle, the crosshairs on the gunner's monitor scanned broken buildings along the route for any sign of Hamas. There was none.

Of Hamas's four battalions in Khan Younis, Goldfus said his forces have destroyed or reduced the two in the city's east. A battalion in the south is active, he said. The fourth is in the west, embedded amid a population bulging with refugees. "We will have to make decisions," the general said.

Israeli units share a digital map, continually updated, of where civilians are. Color-coded blocks show which districts are crowded with refugees and which have emptied out. "When I maneuver, that's taken into account," Goldfus said.

"It's a great pain when you know that you've accidentally killed civilians. You carry that with you," he said. He blamed Hamas for using the population as a shield, a charge Hamas has denied.

The Israeli military's evacuation notices in Khan Younis also notify Hamas, he said. "I'm telling them I'm coming into an

# Twitter Relics Are Now Decor

Continued from Page One

ees who were laid off shortly after Elon Musk acquired the social-media platform in late 2022. She wanted a relic of the company she'd loved working at, even though owning a giant hashtag isn't exactly practical. When plugged in, it blazes with glittering lights. "It emits heat," Fratamico said. "It's definitely warm and non-energy-efficient."

It's also one of the many Twitter relics now scattered around the San Francisco Bay Area and beyond. Musk hasn't only renamed the company to X since taking over, but also jettisoned the jovial blue bird that was Twitter's longtime logo.

Months after Musk's takeover, the company began auctioning off hundreds of items. The offerings included mundane supplies such as desks and power strips and nicer perks such as kegerators and espresso machines. Also up for grabs was a bevy of Twitter-specific decor, including a

wooden bird-shaped coffee table, a 34-foot-long optical-illusion art piece, and several bird, hashtag, and @ symbol signs and statues.

Insiders and curious on-lookers fired off tweets and chattered about the sales. Many asked: Where did the items end up?

It turns out that several people who had worked at Twitter over the years were among those who snagged items from the sale. So did a podcast producer and frequent X poster who has applauded Musk's handling of the social-media platform. The whereabouts of other items remain a mystery.

Mike Davidson, 49, was vice president of design at Twitter from 2012 to 2016. Perusing the online auction, he recognized a painting he remembered walking by at the office. It depicted a photo of Barack and Michelle Obama hugging, which Obama's account had tweeted when he won re-election. The image was notable for breaking a record at the time as the most retweeted post in Twitter history.

Davidson said he paid just over \$2,300 for the painting, and said it reminds him of the role Twitter played in historic moments. "There were a lot of items on there that I thought were really cool, but I didn't

buy them because they were too Twitter," he added about the sale. "I couldn't see myself putting up a giant Twitter logo in my den."

Jon Ball, 41, an engineering manager at Twitter from 2016 to 2019, got two phone-conferencing systems for his medical-technology company for about \$250 each from the sale. He also made a less practical purchase. Ball doled out about \$500 for a roughly 3-foot-tall hashtag statue, which now sits in his home office north of San Francisco. He

sometimes shows it off during video calls. "I think I got a pretty decent deal on that," he said. "My wife doesn't think so."

Ball's wife, Vina Vongvarotai, 41, said she had Covid and was isolating from the rest of the family at the time. "I'm not sure we would have the hashtag if I wasn't sick," she said. "I think he took a good opportunity to have fun with the auction." She said she still wouldn't pay that much for it.

Omosé Ogala, 28, who worked at Twitter as an engineer from 2017 to 2022, won

from the auction a painting of Ellen DeGeneres's famous Oscar selfie.

That photo, taken in 2014, quickly became the most retweeted post ever at the time, breaking the record held by the image of the Obamas hugging. The same artist, Debbie Faas, made both paintings.

Ogala has been house-hunting in the New York City area. "I'm trying to find the right house that will suit me, but then also that will be perfect to hang the photo up," he said.

There's a long history of people coveting relics of corporate dramas. Some two decades ago, after the Enron Corp. scandal led to the company collapsing into bankruptcy in 2001, equipment and other Enron-related items were auctioned off. One of the most recognizable items, a big tilted "E" sign, went for \$44,000.

Ad executive Lou Congelio, 68, got a different Enron sign for \$8,500. He displayed it at the office of his advertising agency in Houston.

After a few years, Congelio said he got a "mysterious call"

from someone representing an unnamed buyer in New York. He sold the sign for \$35,000. "I'd love to still have it," he said. But he added: "When somebody offers you thirty-five thousand for something that you only paid eighty-five hundred for, you'd be kind of dumb not to at least look at the offer."

Alex Lorusso, an executive producer for a right-leaning podcast whose account was reinstated after Musk's acquisition, said on X that he snagged from the post-acquisition sales a bird-shaped sign and an "@ " sign from Twitter's headquarters.

In December, Fratamico, the former Twitter data scientist, threw a hashtag-themed party in place of a typical holiday gathering. She dubbed the occasion "#party," decorated the cocktail menu with hashtag icons, and turned on her giant hashtag souvenir so guests could admire its sparkling marquee lights. "It definitely added color," he said.

Fratamico's boyfriend, Will Bertelsen, 33, said the statue looks great in the apartment. He also said that although he'd known the statue would be big, seeing it in person when they went to move it was still something. "Reality sunk in."

Twitter's signs have be-

## Auction items included desks, kegerators and espresso machines.



## THE WALL STREET JOURNAL.



# #ISTANDWITH EVAN

It has been 294 days since our friend and colleague Evan Gershkovich was wrongfully detained by Russia during a reporting trip and accused of espionage. The Wall Street Journal and the U.S. government vehemently deny the allegation and continue to call for his immediate release.

No journalist should ever be detained for simply doing his job, and the charge against Evan is an outrage. Journalism is not a crime, and any portrayal to the contrary is fiction.

The stakes are high: Without press freedom, there is no free society.

Every day Evan remains detained is a day too long. We will not rest until he's home.

Please continue to share Evan's reporting and the latest updates on his situation by visiting [WSJ.com/Evan](https://www.wsj.com/Evan). Use the hashtag **#IStandWithEvan** to help keep his story front and center.





# PERSONAL JOURNAL.

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## A Raise Can Give a Lift or a Letdown

Getting more money often leads to immediate happiness, but those feelings might not last

By JOE PINSKER

Up and down the income ladder, people say more money would make them happier. When they actually get it, that isn't always the case.

Some people who have gotten big raises recently say the money hasn't changed their day-to-day life or hasn't provided them as much joy as the things in their life that have nothing to do with money. Others were hoping for a bigger raise or felt conflicted about making more money.

Jess Tapia, a 28-year-old accountant in Hoffman Estates, Ill., thought for years that \$90,000 was a salary that would make her happy. When a raise of about \$20,000 pushed her pay to that level last February, it did—at first.

To celebrate, Tapia booked a vacation to Germany the next month. The good vibes soon wore off.

"By the time I came back from that trip, it kind of fell flat for me because it was just back to normal, back to the routine," she said.

The past few years have been good ones for workers seeking higher pay. Median year-over-year wage growth hit a recent peak of 6.7% in summer 2022, after mostly staying below 4% for more than a decade before 2021, according to the Atlanta Federal Reserve. Many of those who switched jobs, or threatened to, made substantial

salary gains.

And people with higher incomes do tend to be happier, many studies show. Research looking at lotteries and random cash giveaways indicates that additional money can make people happier for months or even years.

But moving up the income scale, it takes more money to generate the same good feelings, said Jan-Emmanuel De Neve, an economics professor at Said Business School at the University of Oxford who studies well-being. The proportion of the increase matters.

"If an employer moves somebody from \$15,000 to \$30,000, that will have an impact on people's life satisfaction that is the equivalent of them moving somebody from, say, \$60,000 to \$120,000," De Neve said.

### More is more

A pay increase that takes someone from financially stressed to financially stable often leads to more happiness. At the low end of the earnings spectrum, a higher income is associated more with squashing negative feelings than producing positive ones, according to a 2021 paper in the journal Proceedings of the National Academy of Sciences.

Randeep Chauhan, a 30-year-old nurse in Ferndale, Wash., went from making about \$45,000 in 2021 to \$90,000 in 2022 after completing a one-year nursing



Randeep Chauhan, left, said his blood pressure dropped after he got a raise. Jess Tapia vacationed in Germany after a raise, but her ebullience soon ebbed: 'By the time I came back from that trip, it kind of fell flat for me.'



program.

"Doubling my income didn't double my happiness, but it came close," he said.

For Chauhan, much of the happiness boost came from being able to stop worrying about covering his family's monthly bills. He said his blood pressure dropped to a healthy level after his change in pay, which he attributes largely to the drop-off in financial stress.

If you get a raise, don't just spend it, said Neela Hummel, a financial planner and the co-CEO of

Abacus Wealth Partners.

"The worst thing that can happen with a raise is that that money gets immediately folded into cash flow and a client doesn't even notice it," she said.

### Lifestyle creep

Many people also jump ahead to how nice a car or how big a house they could afford with a new paycheck. Instead, Hummel advises, take the raise as an opportunity to up your savings or pay down debt.

Chauhan said he has avoided lifestyle creep, putting money toward retirement savings and student loans instead of buying a new computer or phone. "There's a weird rush in making money and not spending it," he said.

Austin Benacquisto's pay has rocketed upward over the past few years. The 29-year-old commercial debt broker in Atlanta made roughly \$60,000 in 2019, \$110,000 in 2020, \$180,000 in 2021 and \$325,000 in 2022, including bonuses.

His steps up to \$110,000 and \$180,000 felt better than the one up to \$325,000, he said.

"The last 50,000 I made in 2022 just was for stuff in my house that I wanted," he said.

Benacquisto's pay fell to about \$200,000 last year as his industry slowed down. The drop felt worse than the recent increases felt good, he said.

"This being the first decrease, it definitely stings," he said.

### Paychecks next door

People's happiness with their pay is strongly tied to how it compares with the pay of others around them, say researchers who study compensation. Sometimes, those comparisons rankle.

A 30% raise made Ryan Powell less happy at work.

Powell, a 38-year-old finance director for a manufacturer in western North Carolina, received that pay bump in 2022. He had been hoping for more based on the salary information he had heard from recruiters, peers in the industry and his M.B.A. cohort.

The initial thrill of the raise lasted about three months, he said.

"The further I got into it, the more I was realizing that I was anchored to the higher number," he said.

Executives are more likely to leave their companies if their pay is low compared with other top bosses, according to a 2017 study in the journal Human Resource Management.

Comparisons matter closer to home, too. Living in an area where people tend to make more money than you is linked to being less happy, according to a 2005 paper in the Quarterly Journal of Economics.

One reason that Tapia, the accountant in Illinois, isn't happier after her raises is that she feels guilt about making more money than her parents ever did. Her dad works in construction and landscaping.

"I work from home mostly, I'm comfortable and I'm always indoors. During summertime, he's sometimes outside working 10 hours in 100-degree weather," she said.

Tapia recently got another raise of roughly \$10,000. She again booked a vacation to Europe but is hoping to extend her joy further this time.

"I'm starting to feel like this is going to plateau, so let me try and make the feeling last a little longer with this trip," she said.

## 'Cup of Jo' Blogger Tries New Venture After Divorce

By CHAVIE LIEBER

**JOANNA GODDARD IS STARTING** over. She wants you to know you can, too.

The lifestyle blogger built a successful brand around her idyllic Brooklyn life with Cup of Jo, the site she launched in 2007. Her posts chronicled falling in love, building a family and navigating everyday challenges. And her readers—most of them women—were on that journey with her.

Then, last February, she announced that she and her husband of 13 years were getting divorced. "WOW, Gut Punch!!" read one of the blog post's 1,400 comments.

"I feel strongly that there should be out-loud examples of people who get divorced and are doing well," Goddard, 44 years old, said in a conversation in the fall. That's the goal of her new media venture—a Substack newsletter where she'll be sharing the details of her freshly single life.

"I'm not going to pick through my marriage," she said of her plans for the newsletter. "That wouldn't be appropriate. But I do feel like people want to hear that it's not always easy. And that, whatever happens, it's going to be OK."

Goddard was sitting in the living room of her Cobble Hill brownstone, a home as familiar to avid Cup of Jo readers as their own, wearing flare jeans and a striped button-down shirt. A gallery wall displayed

baby photos of her children and some neighborhood scenes where her wedding photos once hung. In the open kitchen, Goddard had plated freshly baked cookies and a spread of hummus and pita.

Inspirational yet approachable—think Madewell denim and dinner-party hosting tips—Goddard's blog is one of the few from the mid-aughts that still commands a devoted web following, with 4.2 million monthly page views and more than \$2 million in annual revenue. Fans who appreciate Cup of Jo's practical approach to relationships, fashion and travel say the blog offers them a sense of comfort, like consuming a digital bowl of warm oatmeal.

Born to English parents and raised in Michigan, Goddard has Midwestern manners and British taste. She's warm and affable—quick to smile and share an anecdote—and polite about steering the conversation away from her ex-husband, Alex Williams, a New York Times reporter, who declined to be interviewed.

Goddard said she launched her Substack, Big Salad, to diversify the company's revenues as the business of paid newsletters picked up. For \$5 a month, subscribers get a weekly newsletter from her. Non-paying subscribers receive a monthly edition. Her total subscriber count tops 100,000; she declined to say how many are paying. She will still be running Cup of Jo,



Joanna Goddard wants to bring her followers along into her next chapter.

which has three employees, and earns money from affiliate links, sponsored content and ads.

Goddard said having a paywalled newsletter felt like a safer way to talk about the more vulnerable parts of her new life, like first dates.

"This is kind of messy and scary," she said. "I just wanted it to be a little more contained."

To many, Goddard is the blueprint for a certain type of affluent Brooklyn mom. Robyn Purdie, a teacher living in Almaty, Kazakhstan, said she reads Cup of Jo for its shopping picks and gift guides. She said she particularly enjoys that she can follow Goddard without having to feel the "mean-girl envy" that can come from following other influencers.

Agatha Khishchenko, a 42-year-old Brooklyn lawyer who's been reading Cup of Jo for more than a decade, called it "the safest space

on the internet." She isn't a mother herself but cited a series about moms around the world as an example of why she finds the site so endearing.

"It's a lovely site and brings a dose of peace and tranquility," Khishchenko said.

Goddard, a twin, spent her early childhood in England before moving to Michigan. She said money was always tight in her family. She said she paid for ballet lessons and airfare with her own babysitting money growing up, and that wealth still doesn't feel natural to her.

She moved to New York in 2001 and worked in publishing and at magazines like Glamour.

She started a Blogspot in 2007 as a hobby, writing about art, style, food and relationships. She met Williams two months in. The couple married in 2009 and have two sons, ages 10 and 13.

CLOCKWISE FROM TOP: ILLUSTRATION; DASHY KOPRICKI/ISTOCK (4); JESSICA TAPIA; RANDEEP CHAUHAN

ERIC CHAIKIN FOR WSJ MAGAZINE



PERSONAL JOURNAL.

BY JEN MURPHY

10 Ways You Can Sabotage Your Workout

Here's how to avoid missteps on the timing and exercise types new and lapsed exercisers make

There's vowing to exercise in the new year, there's actually doing it, and then there's actually doing it right.

For most of us, simple strategies and behavior modifications can help optimize our gym efforts. We should also keep in mind a few golden rules, such as not overdoing it at meal time and remembering that just sticking to cardio isn't enough.

But there are so many ways new and lapsed exercisers commonly sabotage their workouts. Below, we offer advice on how to create a sustainable routine that will help you reach your fitness goals.

You don't account for life's curveballs

In the new year, people tend to shoot too high, says Danny King, director of performance and recovery for gym chain Life Time.

"Your goals should take into account the days when your workday blows up, you didn't sleep well or it's minus 10 degrees outside."

King suggests having backup plans to slot in on days when you can't get to your planned exercise routine. Try a fast-paced walk in your neighborhood or jog or run up and down stairs to raise your heart rate.

You're wearing the wrong sneakers

Exercising in a worn-out pair of sneakers can lead to injury, because the shoes no longer have proper support. And if you already have balance issues, avoid maximalist shoes with chunky midsoles that can make balance even more challenging.

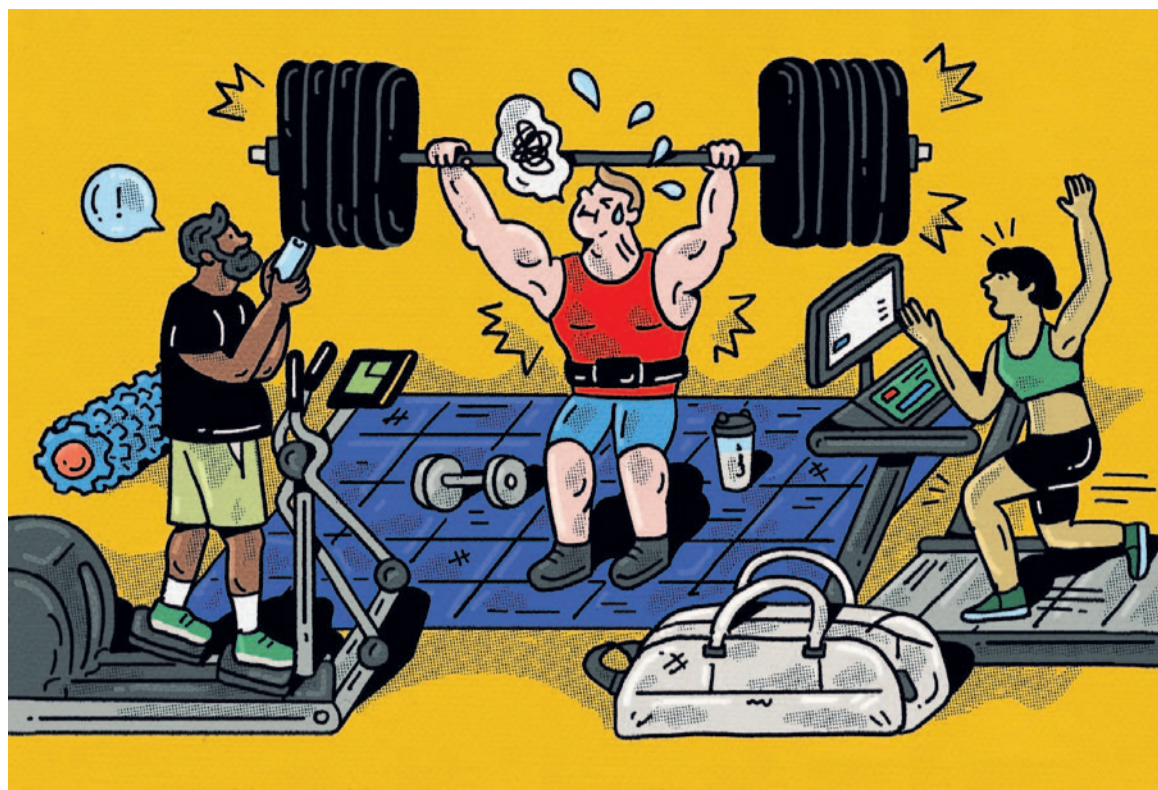
Ratty gym gear works fine, but King says investing in fitness apparel can give new exercisers a sense of belonging and confidence.

You're lifting the same weight load

If you aim to get stronger, you need to progressively lift heavier weights or perform more repetitions, says Andrew Jagim, director of sports-medicine research at Mayo Clinic Health System in La Crosse, Wis.

Most people underestimate how strong they are. "I watch clients pick up their 50-pound kid and then tell me they can't lift more than 20-pound dumbbells," King says.

If you have been doing a chest press with 15-pound dumbbells for six months, you have probably plateaued. Try using 20 pounds and



Exercises such as the one-arm dumbbell row, left, are recommended. But exercising in old sneakers can lead to injury.

do as many reps as you can with good form, he suggests. Keep at it until it becomes as easy as the 15-pound load.

You think every workout must be hard

People like to go all-in, particularly in January. But jumping from zero to 100 often leads to burnout.

"I think the most harmful statement over the last 20 years is, 'No pain, no gain,'" says Matthias Sorensen, an exercise physiologist at the University of California, San Francisco. "You should not go hard every time at the gym, just like you shouldn't only operate your car in fifth gear."

He suggests new exercisers push themselves hard, or to the

point they are exhausted, once or twice a week in their first year of consistent training. If you are pressed for time, make that time-crunched day count by making it your tough day and running uphill for five minutes. And don't underestimate the value of recovery days.

You're obsessing over the small stuff

If you are new to strength training, you don't need to devote an entire workout to your triceps or abs, says Albert Matheny, a certified strength and conditioning specialist and co-founder of New York City's SoHo Strength Lab.

"The majority of the population needs to focus on building a foundation and strengthening their bigger muscles," he says.

Matheny recommends compound exercises that strengthen more than one muscle group at a time. Work the lower body with movements where you bend at the hip and knee, such as squat or deadlift, and the upper body with push and pull movements. A bent-over row targets the biceps, lats and shoulder muscles while engaging the core.

You use cardio machines without resistance

A fast, sweaty session on the elliptical machine might feel like a killer workout, but using zero resistance won't make your muscles and joints stronger and can

even lead to injury, says Aadaeze Merenini, a New York City-based personal trainer with Crunch Fitness.

"Start with low or moderate resistance to develop strength as you get your cardio," she says. And if something doesn't feel right, check with a staff member to make sure you are positioned correctly on the machine.

You think cardio replaces lower-body strength

Merenini often sees runners and cyclists only working their upper bodies in the weight rooms.

"This can put excessive stress on the back, chest and arms, which can lead to muscle imbalances, lower-back pain and even sciatica," she warns. "It's important to also work your lower body and core to create a solid foundation to support the mechanics of running and cycling."

You aren't eating enough

Resolutions of improved fitness often pair with goals of healthier eating. For many, that means eating less. But if you are just restarting a workout routine, your body needs calories, especially after exercise, Matheny says.

"Your blood sugar drops during a workout, and if you don't eat after, it continues to drop," he says.

Even if you don't feel hungry, he recommends a snack with some protein and carbs post-workout. New exercisers also need more protein to help with muscle recovery, he says.

You only use machines

Strength machines are like training wheels. They are a safe introduction to the mechanics of weight training. But they train targeted muscle groups and neglect your stabilizing muscles, Merenini says.

"Using free weights to perform compound movements will recruit more muscles and burn more calories," she says. "And you won't waste time waiting for a machine."

You hit the gym without a plan

Think of gym time like your workday and create a to-do list.

Matheny recommends leaving your phone in the locker room to avoid the temptation of checking your emails and scrolling on social media. If you use your phone to stream your workout, turn off your notifications.

Your focus should be on your form and your breathing, he says.

Some M.B.A.s Are Finding It Takes Months to Get a Job

Continued from Page One than \$200,000 at a top school but typically pays off as a launchpad for a new, more lucrative career or the corporate leadership fast track.

Many in the spring class of 2023 said they are still awaiting that payoff. These M.B.A.s entered the job market just as three sectors that heavily recruit them—consulting, tech and finance—hit downturns and put the brakes on hiring. Some graduates with consulting jobs have had their start dates pushed to later this year. Meanwhile, the number of openings in software development, marketing, banking and other professional fields has fallen from a year earlier.

Even at some top business schools, the number of recently minted M.B.A.s without jobs has roughly doubled from a couple of

years ago, when U.S. companies were rushing to hire as many workers as they could, according to data from the schools.

At Harvard Business School, 20% of job-seeking 2023 M.B.A. graduates didn't have one three months after graduation, up from 8% in 2021. At Stanford's Graduate School of Business, 18% didn't, compared with 9% in 2021. About 13% of those at the Massachusetts Institute of Technology's Sloan School of Management didn't have a job within three months, up from about 5% in 2021.

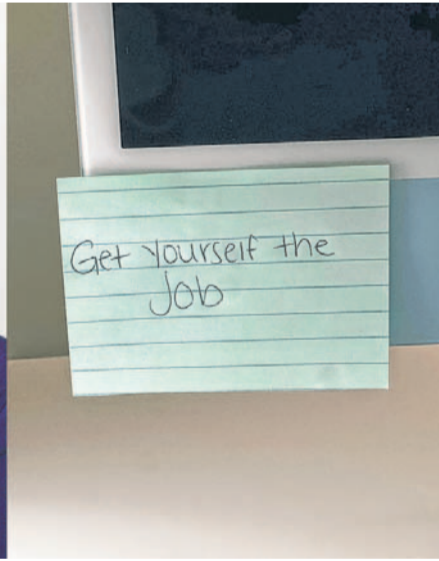
Campus officials said the number of graduates without jobs isn't that much different from prepandemic years, when the job market also was relatively strong, and that they have been providing career coaching and other support to alumni still on the job hunt.

Career-change challenges

Students who chose business school to change careers appear to be having the toughest searches. Employers are hiring more selectively than they did in recent years, often picking candidates with relevant experience over new graduates, according to alumni and career coaches.

One Harvard M.B.A. living in Boston said he couch-surfs in New York to network for jobs there in person. A graduate from the University of

Enrique Melendez said hiring turned grim after he graduated in May.



Jenna Starr stuck a motivational note onto her computer until she received a job offer.

Texas' McCombs School of Business said she is getting rent help from her parents as she works at a hotel restaurant and sells her clothing and jewelry online to cover groceries and utilities.

"I had no idea, a year later, I'd still be searching for full-time employment," said 32-year-old AJ Edelman, who decided to pursue a Yale M.B.A. to ease his transition from a skeleton-racing career into a management role in technology. Hundreds of applications later, he estimated, he is still looking.

Abigail Kies, who leads the Yale School of Management's career center, said companies usually are willing to take a chance on M.B.A. graduates because of their adaptability, even if they have little experience in the field. This year, businesses are being much more conservative in their hiring, she has observed.

"The choices employers were making were more based on history and experience than has usually been the case for M.B.A.s being hired," she said. Administrators at other schools said they are noticing the more cautious hiring, too.

Officials at Stanford and the University of Michigan's Ross School of Business, along with other schools, said that the number of 2023 M.B.A. students who weren't immediately hired after graduation falls in

line with recent levels, but note that a pandemic hiring surge in 2021 and 2022 elevated job placement then.

Some schools said recent graduates who didn't have a job in the months after graduation have since found one. A Harvard Business School spokesman said some students without jobs had received offers but were waiting for the right role.

Expanding the job search

MIT's Sloan School of Management recently started a group for job-seeking graduates that meets twice monthly to share postings and offer peer and staff support. Those more flexible on location, function or industry have found success, including in industries as varied as agriculture, wine and healthcare, said Susan Brennan, Sloan's assistant dean of career development.

Brittany Tyree, who leads career education and coaching for M.B.A.s at UT's McCombs School, said that 2023 graduates are taking jobs in a broader range of industries than usual. Companies in consumer products, retail and manufacturing are hiring more graduates than in previous years, she said, while hiring in tech has slowed. The school offers alumni one-on-one career coaching

after graduation.

Those who are getting jobs are enjoying healthy paychecks. Median starting salaries for Stanford M.B.A. graduates rose to \$182,500, up from \$175,000 the year before, and climbed to \$175,000 at several other schools. Bonuses lift that compensation even higher.

Enrique Melendez, an engineer before enrolling in UT's M.B.A. program, graduated in May—as the tech industry was cutting thousands of jobs—and is hunting for a position in technology strategy or product management.

"Very quickly, the landscape started turning very, very grim," said Melendez, 31, who said he took on debt for the degree. Now he is living on savings and has cut his spending, such as on dining out and a gym membership.

Around graduation, he expanded his search to smaller tech firms, as well as companies in e-commerce, retail and manufacturing. He left some interviews thinking he had nailed it, but then offers didn't follow.

In the long run, Melendez is hopeful he is better off with his M.B.A. than without. "Over the short term," he said, "it's been really painful to have to go through this."

Some longtime job seekers are finally seeing traction. Shortly into the new year, Starr was offered a job as a sustainability analyst at a healthcare company, and she plans to accept. The extra online credentials she got in sustainability work to boost her application will help her on the job, she said.

Now that the job search is over, "I'm OK that it took eight months to get here," she said.



CLOCKWISE FROM TOP: ILLUSTRATION: KATHLEEN FU; JUTHARAT; PINYODONVACHET FOR WSJ; STEPH HARTYNIUK FOR WSJ

FROM TOP: JENNA STARR; SASHA HAAGENSEN



# ARTS IN REVIEW



There's a case to be made for Green Day as the band that has most influenced the rock of the 21st century. The California punk outfit's reach extends from the underground scene, where kids continue to bang out three-chord tunes at house shows, to the upper echelons of pop, where artists wanting to incorporate punk-adjacent rock into their sound, from Olivia Rodrigo to Willow Smith, channel an idea of rock derived from first hearing the band when young. Any time you hear someone under 40 delivering a melodic rocker with a bit of attitude over a peppy distortion-laden riff, you can bet that Green Day is in the mix somewhere.

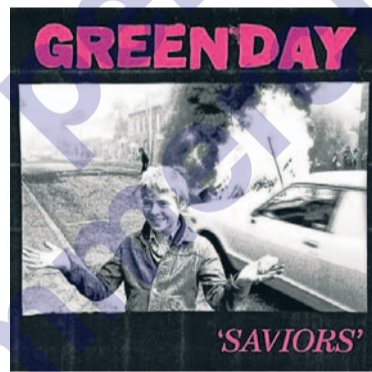
But being influential isn't the same thing as being vital in the present. Bands who have been around as long as Green Day—singer-guitarist Billie Joe Armstrong, bassist Mike Dirnt and drummer Tré Cool were still teenagers when they started recording together—often run out of things to write songs about. Green Day has sidestepped such questions by being comfortable with its limitations. The band sticks to a handful of subjects—the political and cultural scene, the struggles of relationships—and sells its messages with melodic rock tunes packed with indelible hooks. The trio's 14th LP, "Saviors" (Reprise), out Friday, is a solid entry in Green Day's catalog that again prioritizes execution over exploration.

In interviews, Mr. Armstrong, who writes lyrics for the band, has

drawn connections linking "Saviors," 2004's politically charged "American Idiot," and the band's 1994 introspective breakthrough, "Dookie." "Saviors" darts back and forth between soul searching and thoughts on the state of the world. "American Idiot" was re-imagined as a musical in 2009, and the opening track on the new record, "The American Dream Is Killing Me," seems written for a future stage production. It has the rhythmic bounce and broad-gesture scene-setting of the theater, as Mr. Armstrong runs through a litany of complaints about what ails the nation, from "People on the street / Unemployed and obsolete" to "Tik-Tok and taxes." They aren't particularly insightful lyrics, but then they're probably not meant to be—they're about catharsis above all else, and that rush of feeling is enhanced by the sturdy song construction and tuneful chorus, which walks the line between catchy and irritating.

Green Day has mastered the art of growing up while staying in touch with the goofy pleasures of youth. "Saviors" is filled with Gen X-era pop-culture references and is unafraid to be silly. Though the

members of the band are in their early 50s, they're comfortable re-recording songs with titles like "Look Ma, No Brains!" the album's second track. It's a speedy rocker about one of Mr. Armstrong's favorite types of characters—the hapless rube who



'Saviors' is the group's 14th studio record and again prioritizes hooks and catharsis over deeper insights.

thinks only about what will happen in the next five minutes, a state of mind that Mr. Armstrong probably identified with at some point. "I'm with stupid and I'm all by myself / 'Cause I'm special and I don't need

your help," he sings on the chorus. Later cuts like "Corvette Summer" about another screwup, and "Suzie Chapstick," a midtempo jangle-rocker about a broken relationship, bear titles derived from media detritus familiar to anyone who experienced childhood in the '70s.

Here and there, Mr. Armstrong gets more personal, with songs that reflect his life as a middle-aged adult. "Dilemma" might be the best track here, as the singer, who has struggled with substance abuse, sketches a portrait of a person in the grips of loneliness and addiction. "Sit around in rehab / Feeling like a lab rat," goes one line, which is characteristically plainspoken. Mr. Armstrong is not a poet and doesn't try to be one. Yet when the music hits just right—which it does here when he sings, "I don't want to be a dead man walking" on the chorus—his words seem more profound than they look on the page. "Father to a Son," which comes late in the record, has the melodic shape and feel of quintessential Green Day ballads like "Wake Me Up When September Ends" and "Good Riddance (Time of Your Life)," with a string section lending an elegiac feel to Mr. Armstrong's

words of overpowering love for his child: "I never knew a love / Could be scarier than anger."

Further "state of the world" dispatches are found in "Coma City," "Strange Days Are Here to Stay" and "Living in the '20s." On these tracks, Mr. Armstrong sings of broken neighborhoods ("Don't call the cops / Word on the street is / They all quit their jobs"), lost heroes ("Ever since Bowie died / It hasn't been the same") and random violence ("Another shooting in a supermarket / I spent my money on a bloody, soft target"), respectively, on songs that make up for in vividness what they lack in insight. He rails against broken systems and those who mindlessly accept what the media feeds them, but his lyrics aren't without humor—"Living in the '20s" has a darkly funny couplet about a loser who turns to a robot for physical intimacy.

But the appeal of these songs has more to do with musical craft than the underlying messages. It's hard to believe that Green Day is still writing upbeat punk numbers with just a few chords that sound fresh this far into its career. "Everybody's famous / Stupid and contagious," Mr. Armstrong sings on the closing "Fancy Sauce," offering a nod to Nirvana. It's yet another tune about how society makes you crazy, one of dozens of such entries in the Green Day catalog, and the band still delivers it with conviction.

Mr. Richardson is the Journal's rock and pop music critic. Follow him on X @MarkRichardson.

## TELEVISION REVIEW | JOHN ANDERSON

# Uncovering an Anguished Irish Past

Ruth Wilson gives a ferocious performance in "The Woman in the Wall" (think Edgar Allan Poe) and the show's mysteries are many. But one realizes early on why so little fiction builds itself around genuinely disturbed characters. The protagonist is our avatar. And if we can't trust ourselves, well, whom can we trust?

Not Lorna Brady. The unreliable centerpiece of this six-part series is portrayed by Ms. Wilson with a volatile mix of anger, regret and grief. But so much is filtered through the unstable lens of her perceptions—including hallucinations, flashes of unreliable memory and fragments of nightmare—that we aren't sure exactly what to believe. At least not at the outset.

Lorna is quite rightly considered an oddball around the fictional town of Kilkinure, not just because she is of unpredictable temperament, but because she regularly sleepwalks around the village. When we first meet her, she is awakening at dawn in the middle of a country road, obstructing the progress of cows. Rush hour, such as it is in western Ireland, has begun.

But Lorna is not the only traumatized woman in Kilkinure, the ripped-from-the-headlines creation of series co-writer Joe Murtagh. There, the Convent of the Seven Joys of the



Ruth Wilson plays a woman traumatized by her time in an exploitative laundry run by nuns.

Holy Virgin Mary served for decades as a combination mother-baby home and commercial laundry—though the local churchfolk insist it was a "training center." Lorna is, in fact, an expert seamstress, which might bolster the belief among some that slavery bestows marketable skills upon its victims—which is exactly how Lorna and the other aging "lost girls" see themselves: They were handed over to the nuns as troubled

and/or pregnant teenagers, terrorized, abused, exploited for their labor and had their babies stolen. Where did those infants go? As investigations in Ireland have revealed, the real-life answers can be bad, or worse. But the central conflict of "The Woman in the Wall" is what happened in Lorna's case, a question made more urgent after she awakens from a trance one morning to find a dead body in her house.

by the Catholic Church's sex-abuse scandal, but in the latter case the church itself was the culpable party. As Mr. Murtagh argues in "The Woman in the Wall," everyone in Ireland knew what was happening at their local laundries and why the women who came out of them were so scarred. It isn't until Detective Colman Akande (Daryl McCormack) arrives from Dublin investigating a seemingly unrelated

murder that the figurative rocks are turned over, unlikely connections are made and Colman's own roots in underground Irish adoptions become clear to him, and us. Unlike Lorna, Colman is a reliable witness, though he becomes something standard-issue in crime fiction, the detective forced to go rogue because of entrenched institutions and paralyzed authority.

For all Lorna's mental anguish and the series' visual presentations of same, Ms. Wilson is a mesmerizing presence throughout, balancing violent resentments with a lifelong fear of the church, something harbored by just about everyone around her. They include the local police sergeant, Aidan Massey (a terrific Simon Delaney, who provides moments of completely unexpected humor), and Mr. McCormack's Dublin cop, whose mental trajectory intersects with Lorna's as she moves toward the light and he begins to experience the dark truths about his past. The whole cast is solid—Frances Tomelty is particularly fearsome as the dreaded Sister Eileen—and unlike many series, "The Woman in the Wall" engages more and more as it informs and instructs, tightening its grip on the viewer's neck and moving him toward the edge of his seat, as if to correct his posture.

**The Woman in the Wall** Streaming Friday, on-air Sunday, 9 p.m., Paramount+ with Showtime

Mr. Anderson is the Journal's TV critic.



SPORTS

The Stunning Collapse Of the Philadelphia Eagles

A wild-card playoff loss cemented the team's surprising exit. But there were signs of their issues even before they fell apart.

By Andrew Beaton

It wasn't terribly long ago that the Philadelphia Eagles were the toast of the NFL...

The Eagles that took the field Monday night in the playoffs bore little resemblance to that.

When the Eagles lost 32-9 to the Tampa Bay Buccaneers in the opening round of the postseason...

"We couldn't get out of the rut we were in," coach Nick Sirianni said after the loss.

The team's hasty regression was starkly illustrated by the loss that ended its season.

Over the long run, the collapse amounts to an enormous missed opportunity.

In the near term, the performance raises immediate questions about the future of Sirianni and his coaching staff.



Philadelphia Eagles quarterback Jalen Hurts, left, is stopped by Buccaneers linebacker Anthony Nelson.

made much of a difference. "Obviously we were in a big slide," Sirianni said.

It's a jarring turn of events given that this time a year ago, the Eagles were so highly regarded that other teams were eager to raid their ranks.

For much of the season, as the Eagles romped to 10 wins in their first 11 games, it was easy to overlook those departures.

the Buccaneers, who Philadelphia easily beat 25-11 in September.

Underneath the hood, though, there were warning signs. Seven of those wins came by one score or less, and when teams have a disproportionate number of wins in close games...

"In this league you have to be able to find ways to win in a ton of different ways," Hurts said after the playoff loss.

we thought we should be playing to—and then kind of got in a hole at the back end, and couldn't really pick ourselves out of it."

There were problems on defense, too. Philadelphia's unrivaled pass rush from last year had vanished.

The week after that victory, the Eagles got blown out 42-19 by the San Francisco 49ers.

While the losing streak was con-

cerning, all those defeats came against teams that finished the year with winning records—the Niners and Cowboys ended up as the top two seeds in the NFC.

That final defeat was especially costly. A.J. Brown, the team's star receiver, went down with a knee injury that would eventually rule him out for the team's playoff opener.

"I know we can get out of this slump that we're in," Sirianni said the day after the regular-season finale.

The Eagles problems didn't magically disappear when the playoffs kicked off.

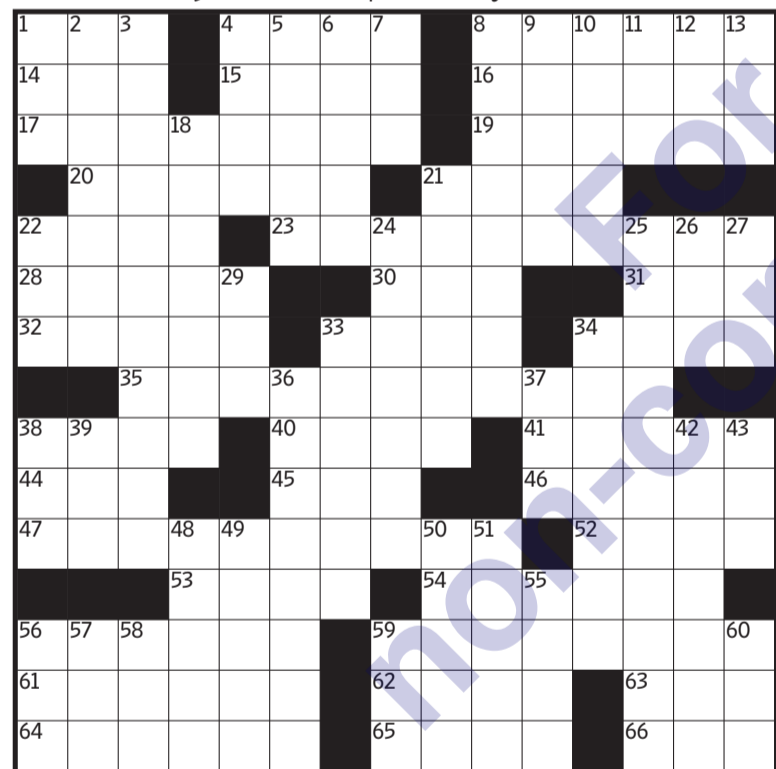
Their tackling woes were apparent from the game's outset, when Tampa Bay quarterback Baker Mayfield led a drive for a field goal and his receivers started to pile up yards after the catch.

There was a brief spark of hope toward the end of the half when Hurts hit receiver DeVonta Smith for a 55-yard gain to set up a touchdown score.

It only got worse in the second half, when the Eagles failed to score entirely, even though their offense did keep the scoreboard ticking over.

The beatdown was on. And Philadelphia's season was over far sooner than anyone could have conceived just a couple of months ago.

The WSJ Daily Crossword | Edited by Mike Shenk



- 13 Cal. pages
18 Gives props to
21 Prom queen accessories
22 Place
24 Make a comeback tour possible, perhaps
25 Play reviewers, of a sort
26 Hubbub
27 Bar code?
29 Formerly known as
33 High regard
34 Human-powered taxi
36 Some farmers thought it unsafe to plant crops until they blossomed
37 Close one
38 Container in a recycling bin
39 Epoch division
42 Some sharks
43 Eon division
48 Carrier in Cuzco
49 Song performed in a high range?
50 Tenacity
51 SUV alternative
55 Join together
56 Superlative suffix
57 California's Big \_\_\_
58 Response to oversharing
59 Have a brawl
60 X, sometimes

PUT YOUR MIND AT EASE | By Greg Snitkin

- Across
1 Sch. just over a mile southeast of Harvard
4 Small-scale
8 Parent's indecisive response
14 Device dusted off to watch old home movies, perhaps
15 Wise to
16 Performer with a cape
17 Discussion on the merits of Easter candy?
19 Govt. securities
20 "You \_\_\_ kidding!"
21 Weak, as evidence
22 City whose Piazza del Duomo includes a famous tower
23 Haunted waterway?
28 Remove (a post) from the start of one's profile
30 Do lunch, say
31 Rx overseer
32 Lightly roast
33 Croatian coin
34 Spine-stretching yoga pose
35 Angry oboist, maybe?
38 2006 film whose main character is Lightning McQueen
40 Company with the slogan "Made to move you"
41 Bestselling singer of the 2010s
44 In days past
45 Come by
46 Career employee
47 Tends to a garden for the first time?
52 Wrestler/actor John
53 Hang ominously
54 Tip line incentive
56 Nuevo México, por ejemplo
59 Root veggie served along with the entree?
61 Did basic math
62 Shape for a cartouche
63 "Inconstancy falls off" — it begins: "The Two Gentlemen of Verona"
64 Pre-Olympics events
65 Give a little
66 Fig. with two hyphens
Down
1 Patrick Mahomes, for Super Bowl LVII
2 Drink made from frozen grapes
3 Bird that forages on the ground, despite its name
4 Tiny amount
5 Ridiculous
6 Jefferson's portrayer in "Jefferson in Paris"
7 Tats
8 Where it's lonely, reportedly
9 Chain offering a Chocolate Chunk Brownie Blast
10 Swedish coin
11 Ran into
12 Rich deposit
31 Bird that forages on the ground, despite its name
4 Tiny amount
5 Ridiculous
6 Jefferson's portrayer in "Jefferson in Paris"
7 Tats
8 Where it's lonely, reportedly
9 Chain offering a Chocolate Chunk Brownie Blast
10 Swedish coin
11 Ran into
12 Rich deposit

Previous Puzzle's Solution



College Basketball's Chaotic Year

By Jared Diamond and Laine Higgins

WITH MARCH MADNESS two months away, college basketball is officially a complete and utter mess.

In an unprecedented stretch of chaos, four top-five teams lost to unranked opponents in the span of 48 hours last week, including No. 1 Purdue, No. 2 Houston, No. 3 Kansas and No. 5 Tennessee.

When the dust settled, Connecticut was atop the polls for the first time in 15 years, Duke was back in the top 10 and Gonzaga—everybody's favorite little guy—was out of the top 25 entirely for the first time in 143 weeks, a streak dating back to 2016.

The overall numbers are staggering. Entering Tuesday's action, teams ranked in the top 10 had gone 99-24 against unranked programs so far this season, for a winning percentage of .805.

To truly see the mayhem, however, just take a look at what's happening on the road. It's an old adage in college basketball that true away games—meaning games not played at a neutral site—are notoriously dangerous, even for the best teams.

percentage of .387. To say that is unusual is a grave understatement: Again going back to 1989, top-10 teams had won nearly three-quarters of these kinds of games—until now.

All of this craziness serves as the ultimate reminder that the long-established natural order of college basketball is undergoing a seismic shift.

talent gap between the blue bloods and everybody else is not nearly as profound as it once was. The result is a level of parity in college basketball that hasn't been seen in ages.

The increased parity has shown up in the numbers. Last year was the first season since 2006 no team had an "adjusted efficiency margin"—stat guru Ken Pomeroy's metric to determine his overall rankings—above 30.

For a generation of college basketball, top teams like Kentucky and Duke relied heavily on elite freshmen who were bound to jump to the NBA after one season. It's a model that suddenly seems outdated.

Top-10 teams entered Tuesday with a record of just 12-19 in true road contests against unranked opponents. That's a winning per-

League Ignite.

At the same time, it has become easier than ever for veteran college players to improve their situation by simply switching schools.

"There are very few teams relying on freshmen," said Fran Fraschilla, a for-



Kentucky coach John Calipari during a loss to Texas A&M.

mer college basketball coach and current ESPN analyst. "This year there are top-75 high-school recruits languishing on the bench."

One side effect of this parity is that the NCAA tournament selection committee's job has become a lot more headache-inducing.

Look no further than last year's Final Four field for evidence of how seeding teams is increasingly difficult. A No. 4 seed, UConn, won it all and was joined by two No. 5 seeds, Miami and San Diego State, and ninth-seeded Florida Atlantic.

"Rankings don't mean as much as they might have meant five years ago," Fraschilla said. "The beauty is when you get to March, it's a total crapshoot anyway."

Solve this puzzle online and discuss it at WSJ.com/Puzzles.

CHRIS OMERARA/ASSOCIATED PRESS

SAUL LOEB/ASSOCIATED PRESS



# OPINION

## Biden Wins the GOP Iowa Caucus



**BUSINESS WORLD**  
By Holman W. Jenkins, Jr.

The Iowa GOP held its first-in-the-nation caucus on Monday and you know the result: an unprecedentedly large win for the man Joe Biden said he would be “very fortunate” to have for his 2024 opponent. I guess this makes Mr. Biden a winner too.

Here are some dates to add to your 2024 election timeline: May 23, 2022, and Nov. 18, 2022. On these days, an outside ringer hired by a Georgia prosecutor to help with her election case against Mr. Trump met with the Biden White House, according to newly released billing records.

The first meeting came 59 days after Mr. Biden’s unprecedented comments instructing the opposing party who he wanted for his 2024 opponent. It came 51 days after the White House leaked the president’s demand that his own attorney general stop acting like a “ponderous judge” and indict Mr. Trump.

In fulfillment of prophecy, the indictments began to flow and, by general agreement, blasted Mr. Trump to an insurmountable lead in the GOP primary sweepstakes. Notably, the leak signaling White House desire for prosecutions came 10 days after a slashing story in New York’s liberal Daily News criticizing Manhattan’s then-new district attorney for canning (temporar-

ily, it now turned out) a case his office had prepared against Mr. Trump over the Stormy Daniels business.

Let us quickly add that coordination was unnecessary; Mr. Biden barking orders was unnecessary, though in the case of his own attorney general he effectively did bark orders. But no junior official and aspiring Democratic politician is going to indict the president’s rival without being sure it meets Mr. Biden’s nod. Any kind of meeting with Georgia prosecutors, for any reason, is a chance for the White House to convey its approval of Fani Willis’s plan to charge Mr. Trump.

OK, to run for president is to make a contract with supporters, donors, workers and volunteers to do whatever it takes, so faulting Team Biden for cynicism is pointless. But it’s worth noticing that Mr. Biden’s candidacy is a bit of a Jenga tower. If either of two pieces were pulled out, it would collapse. One is Mr. Trump—the only likely GOP nominee he might beat. The other is Kamala Harris, who dissolves his party’s otherwise strong motive to usher Mr. Biden toward the exit.

If Mr. Biden arranged it this way, his deviousness has been underestimated. He and his Democratic prosecutors now share credit for Monday’s outcome—just ask MSNBC’s ace handicapper, Steve Kornacki—and will own a second Trump presidency, if that’s the ultimate outcome, almost as much as GOP primary voters will.

Next Mr. Biden must avoid being beaten by the man he helped pick. Proving a headline can be worth a thousand words, Spiked Online plaintively asks, “Is ‘Trump is Hitler’ the best Biden’s got?”

So far, the answer seems to be yes. Institutions such as the New York Times editorial board fall in line and shriek identically about a threat to democracy, but they pretend to know what they can’t. Dictators don’t arise because a pol might like to be a dictator.

### Now he has to beat the rival he helped pick. Invoking Hitler isn’t helping.

As one historian has observed, democracies fail because of a “social and economic crisis that political elites are incapable or unwilling to address.”

The U.S. has experienced every kind of systemic disaster that can shake a republic—war, natural catastrophe, financial collapse—and it’s far from obvious that exchanging one president for another would have made a difference. The chaotic and baggage-laden Mr. Trump presided over a world-historical pandemic and, at the end of the day, the U.S. result was about middle-of-the-road for developed countries, and arguably close to what you should have expected from a fractious, federally organized, continent-sized coun-

try with an obesity problem.

The one wild-card question that really recommends itself: Would a President Hillary Clinton have authorized Operation Warp Speed?

Who knows, is the point. But in the unedifying campaign that’s coming, a crucial question at least will get an airing, if only because of Mr. Trump’s focus on the endless wonders of his own personality. Would the border be in chaos, would Russia have reinvaded Ukraine, would Iran be unbound if Mr. Trump had remained president?

The answer to all might be yes, the world would still be in chaos, but Mr. Trump has the advantage of the counterfactual whereas a sitting president has to answer for the state of the world on his watch.

A CBS poll in November was a bit of an eye-opener. A plurality of Democratic voters (49% to 23%, with 28% saying the president will make no difference) see an *increased likelihood* the U.S. will be involved in a war if Mr. Biden is re-elected.

This was Democratic voters anticipating what would happen in a Biden second term. Whereas Republican voters showed a greater confidence in Mr. Trump to “increase peace and stability in the world” (49%) than Biden voters did Mr. Biden (31%).

Voters don’t have a crystal ball any more than editorialists do, but dark thoughts will apparently be accompanying voters to the polls in November.

BOOKSHELF | By Adam Rowe

## The View From Somewhere

### Mental Maps of the Founders

By Michael Barone  
Encounter, 234 pages, \$29.99

On July 1, 1776, as the Declaration of Independence was about to be published, its author complained to a friend that it was painful, at such a fraught moment, to be in Philadelphia, “300 miles from one’s country.”

Thomas Jefferson’s sentiment, expressed casually in a private letter, reveals an arresting fact—namely, that the new nation did not yet exist even in the mind of the man who announced its birth. This inchoate quality was obvious in the sense that the 13 former colonies, united only in their bid for independence, didn’t create a genuine national government for more than a decade. But Jefferson’s remark hit on something more elemental, the geopolitical space that a citizen intuitively recognizes as “one’s country.”

Michael Barone’s “Mental Maps of the Founders” focuses on this spatial sense among key members of the revolutionary generation. By “mental maps,” Mr. Barone intends more than a regional affinity. He means a “geographical orientation”—the perspective that place confers. He argues that, for the Founders, it shaped “what the new nation they hoped they were creating would look like and be like.”

Mr. Barone, a distinguished journalist and political analyst, develops his theme through a series of six biographical portraits. He argues, for example, that the crucial event in George Washington’s life was his military campaign to oust the French from the Ohio country in 1754. A skirmish during that

adventure began the Seven Years’ War, a struggle for empire waged across Europe, the Americas and Asia. Though Horace Walpole, writing in his diary in London, didn’t know Washington by name, he was referring to him when he wrote that “a volley fired by a young Virginian in the backwoods of America set the world on fire.” Washington’s youthful involvement in winning the Northwest established, for him, a lifelong sense of its strategic importance for any predominate power in North America. Almost by reflex, Mr. Barone writes, Washington “looked west by northwest from the front door of his beloved Mount Vernon to the continental nation he did more than anyone else to establish.”

The original 13 states could be easily divided into distinctive regional cultures: Puritan New England, with its homogeneous population and communal religious foundations; the pluralistic middle states, established by Quakers, the Dutch and Catholics, pragmatically preoccupied with commerce rather than political abstractions; and the Deep South, set apart by its planter elite and an overwhelming dependence on slave labor. Virginia, the largest state and the home of three of the Founders in Mr. Barone’s survey—Jefferson, Washington and James Madison—didn’t wholly belong to any of these regional blocks but possessed elements of each.

The other three figures in Mr. Barone’s study—Benjamin Franklin, Albert Gallatin and Alexander Hamilton—were immigrants to the regions in which they settled. Hamilton was born in the West Indies and settled in New York. Today we recognize his origins as the background of an immigrant. But Franklin also left one British colony (Massachusetts) and settled in another (Pennsylvania). And both men were born British subjects. Not so Gallatin, the Treasury secretary under both Jefferson and Madison, who came to America from the French-speaking part of Switzerland. Mr. Barone argues that these figures’ experiences as successful outsiders within their communities gave them a broader national outlook than that of their more insular countrymen.

### For Jefferson, Gallatin and others, a geographical orientation—the perspective of place—shaped their sense of what the new nation should look like.

The Founders’ geographical visions, as Mr. Barone shows, informed their sense of how America’s distinctive regional cultures might fuse into a common whole. Hamilton, inspired by the trade and credit networks that made the small sugar islands of his birth into engines of imperial wealth, favored a strong central government backed by a fiscal system that earned the loyalty of elites in all sections. Jefferson, dreaming of an egalitarian republic from his elevated place in Virginia’s planter aristocracy, believed in the proliferation of independent yeoman farmers united by an instinctive love of liberty. Madison, characteristically, added a more realistic version of Jefferson’s slightly utopian ideas. Pluralistic expansion, he felt, would prevent any one region from dominating the rest. The problem was not, in his view, too many regional subcultures but too few. These philosophical differences are well known, but Mr. Barone persuasively describes the place-derived assumptions underlying them.

Sometimes these assumptions expressed themselves almost unconsciously, as when Hamilton wrote that British Canada was on “our left” and Spanish America was on “our right.” It is a telling formulation, Mr. Barone notes, for one who understood the country as inherently facing eastward, toward the great powers across the Atlantic. “Hamilton’s mental map was a globe crisscrossed by the invisible lines of trade routes, linking the ports which were the Western World’s leading centers of commerce and industry.” Jefferson and Madison, by contrast, operated from a mental map in which American growth “for at least a generation or two would—or should—consist of an expansion of small farmers west and south-west of Virginia.”

Gallatin, more than anyone else, synthesized the Jeffersonian and Hamiltonian visions. The Geneva-born immigrant settled on a farm south of Pittsburgh, where he hoped to build a town that would attract other Swiss immigrants. As Jefferson’s Treasury secretary, he was, Mr. Barone writes, “the first cabinet member from west of the Appalachian Mountains.” But he was also the first born east of England. The combination gave him a Jeffersonian heart and Hamiltonian head. He shared Jefferson’s orientation westward yet also grasped the brilliance of Hamilton’s financial system.

The most poignant of Mr. Barone’s chapters describes the mental maps that animated Jefferson. Though he spent countless hours “poring over maps in his study,” Mr. Barone relates, he “spent negligible time exploring new territory in person.” Jefferson offered the most expansive vision of America as an Empire of Liberty, but he never felt at home anywhere except on the small mountain—Monticello—that was his and his alone.

Mr. Rowe is a historian in Tyler, Texas.

## Trump Takes Iowa, and the GOP Is His



**POLITICS & IDEAS**  
By William A. Galston

As Iowa Republicans braved record-low temperatures on Monday evening to attend Iowa’s caucuses, more than the Republican presidential nomination was at stake. The underlying issue was whether room remained in the party for a brand of conservatism different from that of Donald Trump—or whether he will be the third president in the past six decades to have irreversibly transformed his party.

The first was Lyndon B. Johnson, who revered Franklin D. Roosevelt but ended up destroying the New Deal coalition Roosevelt had built. Johnson’s Great Society opened the South to the Republican Party for the first time since the Civil War and set in motion the long exodus of white working-class voters, the core of the New Deal coalition, from the Democratic Party. Opposition to the Vietnam War paired with the rise of social movements that produced the counterculture further eroded the link between Democrats and patriotic, culturally moderate middle- and working-class voters. Democrats are wrestling with the ambiguous legacy of the Great Society to this day.

Ronald Reagan, the second great party transformer, revered Roosevelt as much as LBJ had, but he created a new coalition that challenged the

premises on which FDR had built the New Deal. In the depths of the Great Depression, Roosevelt had argued that government was the solution to otherwise intractable problems. But Reagan countered in his First Inaugural Address that “government is not the solution to our problem; government is the problem.” FDR’s expansion of government power, Reagan implied, was right for his time but not for ours. Because the crises of 1980-81, high inflation among them, had causes very different from the Great Depression, they required different remedies—the now-familiar litany of lower taxes, less regulation, and a smaller, less-intrusive government.

As FDR had done a half-century earlier, Reagan created a framework that defined his own party and constrained the opposition for decades. In his 1996 State of the Union address, Bill Clinton acknowledged as much, stunning many within his own party by declaring that “the era of big government is over.”

Reagan’s ideas dominated the Republican Party for more than three decades until Mr. Trump shouldered them aside. He sensed that the Reagan program no longer spoke to working-class voters, who felt ignored by the elites of both parties. The working class rejected free trade and permissive immigration policies—and the cuts to the entitlement programs on which those policies depended. Bud-

get deficits were an abstraction; government policies that helped these voters weren’t.

Reagan had backed cultural traditionalism, but in a relatively tolerant spirit. But the time for tolerance had passed by 2016, when it was replaced by cultural wars. Reagan was a democracy-promoting internationalist, which many Republicans had come to see as

### Those who thought it was still Reagan’s party were proved wrong Monday night.

wasteful, even dangerous. It was time to put America first. Mr. Trump has used this stance to dispatch his rivals for the nomination, win the presidency, secure renomination in 2020 without a contest, and win the 2024 Iowa caucuses.

As recently as a year ago, some Republicans believed that the events of Jan. 6, 2021, and Mr. Trump’s mounting legal problems would reopen the door to a less edgy brand of conservatism that preserved important Reaganite elements. These hopes faded as 2023 progressed, and Mr. Trump’s record-breaking victory in Iowa might well have ended them. The former president received more than half the vote and won all but one county. Nikki Haley finished a disappointing third, and Ron DeSantis, who threw much of his money

into Iowa and visited each of the state’s 99 counties, mustered the support of little more than 1 in 5 caucusgoers.

Florida’s governor may try to stay in the race, but it’s hard to see how he could win, and it’s even harder to understand why his deep-pocketed donors would continue to open their wallets for him. Ms. Haley still has a chance to defeat Mr. Trump in New Hampshire, but even a victory there might not generate enough enthusiasm and momentum to overcome Mr. Trump’s massive lead in the South. She’s still trailing in her home state of South Carolina, where she served as governor. The Republican contest probably will be over by Super Tuesday on March 5, if not before.

For most of the half-century since Republicans instituted their Iowa caucuses in 1976, results from the Hawkeye State did less to predict the outcome of the party’s nomination contest than the New Hampshire primary did. Iowa Republicans, it appeared, were too old, too white, too rural, too insular, too religious and too socially conservative to represent the national party. But as Mr. Trump has reshaped the Republican Party, Iowa has moved closer to the mainstream, and New Hampshire has become more of an outlier. If so, last night’s Iowa caucus may symbolize Mr. Trump’s complete takeover of a party that thought his nomination was inconceivable eight years ago.

## The Electric-Car Cheating Scandal

By Michael Buschbacher  
And James Conde

It’s hard to think of a worse environmental scandal in recent years than Volkswagen’s 2015 diesel-emissions cheating. The German automaker was rightly pursued by regulators, enforcement agencies and class-action lawyers.

The scandal ended up costing Volkswagen an estimated \$33 billion in fines and financial settlements—and revealed that diesel-emissions cheating was endemic. In 2020 Daimler AG made a \$1.5 billion settlement over emissions cheating on Mercedes-Benz diesel vehicles. (One of us helped secure that settlement.) Last year engine maker Cummins agreed to pay \$1.7 billion to settle claims that it skirted diesel-emissions standards.

In all of these cases, regulators punished carmakers that had cut corners and misled the public. But when it comes

to electric cars, the government has a cheating scandal of its own. That scandal, grabbing far fewer headlines, is buried deep in the Federal Register—on page 36,987 of volume 65.

### A government rule makes them look nearly seven times as efficient as they are.

When carmakers test gasoline-powered vehicles for compliance with the Transportation Department’s fuel-efficiency rules, they must use real values measured in a laboratory. By contrast, under an Energy Department rule, carmakers can arbitrarily multiply the efficiency of electric cars by 6.67. This means that although a 2022 Tesla Model Y tests at the equivalent of

about 65 miles per gallon in a laboratory (roughly the same as a hybrid), it is counted as having an absurdly high compliance value of 430 mpg. That number has no basis in reality or law.

For exaggerating electric-car efficiency, the government rewards carmakers with compliance credits they can trade for cash. Economists estimate these credits could be worth billions: a vast cross-subsidy invented by bureaucrats and paid for by every person who buys a new gasoline-powered car.

Until recently, this subsidy was a Washington secret. Carmakers and regulators liked it that way. Regulators could announce what sounded like stringent targets, and carmakers would nod along, knowing they could comply by making electric cars with arbitrarily boosted compliance values. Consumers would unknowingly foot the bill.

The secret is out. After environmental groups pointed out the illegality of this charade, the Energy Department proposed eliminating the 6.67 multiplier for electric cars, recognizing that the number “lacks legal support” and has “no basis.”

Carmakers have panicked and asked the Biden administration to delay any return to legal or engineering reality. That is understandable. Without the multiplier, the Transportation Department’s proposed rules are completely unattainable. But workable rules don’t require government-created cheat codes. Carmakers should confront that problem head on.

Mr. Buschbacher is a partner at the law firm Boyden Gray PLLC. He served in the Justice Department’s Environment Division (2020-21). Mr. Conde is counsel at Boyden Gray PLLC.



OPINION

REVIEW & OUTLOOK

Iowa Gives Trump II a Boost

Donald Trump romped to victory in the Iowa caucuses on Monday night, launching the former President on his quest for a third GOP nomination. The vote nonetheless revealed weaknesses that could pose problems in a general election, so Republicans in New Hampshire should think hard if they want to gamble on another Trump run.

Mr. Trump's victory was the widest in Iowa caucus history for a non-incumbent race, with close to 51% of the vote. Ron DeSantis with about 21% ran slightly ahead of Nikki Haley for a distant second. The result is a show of organizational strength that Mr. Trump didn't have in 2016 when he lost the state to Ted Cruz. It's also a sign that he is running almost as a quasi-incumbent in the eyes of his supporters. Voters recall the economy was better under Mr. Trump with little inflation, and America's enemies weren't on the march.

President Biden and Democrats claim to loathe Mr. Trump, but they have also helped make another Trump nomination possible. Mr. Biden's failing Presidency and unpopularity have diminished the argument that Mr. Trump can't win again, despite the GOP's multiple election defeats since he came to dominate the Republican Party.

The four Democratic indictments and attempts to strike him from the ballot have also rallied many Republicans behind Mr. Trump to put a thumb in the eye of the Democratic left. The polls show that support for Mr. Trump popped after his initial indictment last March, and it has climbed in the wake of the others.

Mr. Trump plays a martyr-for-the-cause note at every rally. Iowa's caucuses, Mr. Trump said on the weekend, "are your personal chance to score the ultimate victory over all of the liars, cheaters, thugs, perverts, frauds, crooks, creeps—and other quite nice people."

All of this has made it far more difficult for opponents to break through. Mr. DeSantis seemed the likeliest candidate to do so after his 2022 victory and stellar governing record in fast-growing Florida. But his Iowa result is disappointing after he invested so much time and money in the state.

He tried a version of the Cruz strategy by running to Mr. Trump's right on abortion and as an anti-woke warrior. But there isn't much room in that lane. The Florida Governor earned some evangelical support in Iowa for Florida's ban on abortion after six weeks, but Mr. Trump ran as the President whose Supreme Court appointees voted to overturn Roe v. Wade. Mr. DeSantis waffled on aid to Ukraine to appeal to Trump voters, but this has made him look inconstant.

Mr. DeSantis faces no clear path to the nomination. He's well behind Ms. Haley in New Hampshire and South Carolina. If he believes,

as he says, that Mr. Trump can't win in November, he should leave the race and give Ms. Haley a chance to take on Mr. Trump one on one.

New Hampshire is the best chance to make it a real GOP race.

Ms. Haley has pursued a strategy of appealing to Republicans who either don't like Mr. Trump or are open to someone else, and that helped her finish a close third in Iowa. The entrance poll says she won among voters who decided in the last two weeks, and she did well among the suburban voters who will determine who wins in November. She has a chance to make a race of it in New Hampshire on Jan. 23, which is why Mr. Trump is attacking her so aggressively on TV.

Ms. Haley's relative strength in the Granite State speaks to Mr. Trump's weakness in the general election. Independents can vote in either party primary in the swing state, and Ms. Haley is attracting these voters who will be crucial in the half dozen states that will be decisive in November. It's also one reason most polls show she defeats Mr. Biden easily while Mr. Trump is barely ahead despite the President's historically low approval rating of 40%.

Mr. Trump wants to shut down the GOP race early, but Republican voters deserve a debate over his first-term record, the peril from his indictments, and his agenda for a second term. Second terms typically fail, and Mr. Trump can only serve one more.

He could be a convicted felon by the summer, and the Iowa entrance poll showed that no fewer than 32% of GOP caucus-goers said that a conviction would be disqualifying. But by then it may be too late for Republicans to choose another candidate. Meantime, Mr. Trump won't get on stage with anyone unless Granite State voters make a race of it.

It's hard to believe, but both political parties are on a path to nominate candidates most voters say they don't want. Mr. Biden may be the only nominee Mr. Trump can beat, and vice versa. Republicans have a chance to think twice about their choice, and the Iowa result means there isn't much time to do it.

Democrats are also taking a huge gamble. Mr. Biden's approval rating is so low that he can't run on his record. His strategy is to make the election all about Mr. Trump, but that is tempting fate. If Mr. Biden believes that Mr. Trump really is a threat to democracy, he would drop his re-election bid even at this late date. The party could use late primaries and the August convention to choose from other candidates who are younger and not tied to the ball-and-chain of Mr. Biden's record.

The President whose main claim to history is denying Mr. Trump a second term in 2020 could midwife his return to the Oval Office four years later. He would then join Hillary Clinton in a special class of Democratic infamy. Mr. Trump is counting on him.

The Gaza Protest at the Cancer Ward

As if blocking the Brooklyn Bridge or the tunnel into Manhattan weren't alienating enough to the average New Yorker, pro-Palestinian activists held a raucous march on Monday that included shouting accusations of "genocide" at Memorial Sloan Kettering Cancer Center. Seriously, that actually happened.

"MSK, shame on you / you support genocide, too," the crowd yelled, according to video circulating online. A leader with a microphone called the cancer center "another complicit institution," and urged the protesters: "Make sure they hear you! They're in the windows!" They, meaning, cancer patients? Cancer doctors? Cancer nurses?

The marchers started at Union Square, south of Midtown, and went to Gracie Mansion on the Upper East Side. Also charged with complicity in mass murder along the way, according to the New York Post, were a McDonald's restaurant and a Starbucks coffee shop ("Star-

bucks, you can't hide / you make drinks for genocide"), as well as Mount Sinai Medical Center.

"Police had to block entrances at various buildings on the medical center campus," the newspaper reported, "forcing patients and visitors to use a different door." Don't forget President Biden, who was the subject of his own chants, along with a protest sign reading: "GENOCIDE JOE HAS GOT 2 GO."

It's almost hard to imagine a more grotesque and counterproductive mode of dissent than taking Martin Luther King Jr. Day as an opportunity to scream at people who are spending their own holiday in a cancer ward. Whether these activists know it or not, this might end up stiffening American support for Israel among Mr. Biden and other normal Democrats, who don't want to be associated with such a display. It should increase the public's resolve that protesters who break the law or stop traffic need to be prosecuted.

Iran Doesn't Get Biden's Message

President Biden said on the weekend that he had sent a private message to Iran to stop aiding the Houthi attacks on shipping in the Middle East. Apparently it was lost in translation. Iran's Houthi proxy militia keeps firing missiles at U.S. ships, and two Navy SEALs are missing at sea after a mission to seize Iranian-made missile parts bound for the Houthis.

Mr. Biden's spokesmen are at pains to say the U.S. doesn't want war with the Houthis or Iran, but it sure looks like they're at war with the U.S. On Monday the Houthis fired an antiship missile at a U.S.-flagged containership, and on Tuesday they launched a missile that hit a Maltese-flagged ship. The Maltese ship was able to keep sailing, but the episode shows that neither the Houthis nor Iran have been deterred by last week's U.S. salvos against Houthi arms caches and missile launchers.

Perhaps that's because the U.S. warned the Houthis in advance of the strikes so the militants could evacuate. That might seem like a humanitarian gesture, but in the Middle East it tends to get interpreted as weakness. The Houthis may think Mr. Biden authorized the retaliatory strikes because he wanted to show a U.S. audience he's getting tough, but that the

President fears Houthi escalation. So of course the Houthis escalate (and the U.S. hit four more Houthi targets on Tuesday).

Two Navy SEALs are missing from a mission to seize Iran's weapons.

As does Iran. The missing SEALs were part of an operation to interdict Iranian weapons on their way to the Houthis in Yemen. One SEAL fell into the water trying to board a dhow with suspected weapons, and a comrade went in after him. They may be dead—two more American casualties of Iran's hostility to U.S. interests and its apparent disdain for Mr. Biden's warnings.

The SEALs join Army pilot Garrett Illerbrunn, who has been in a coma after being badly injured in an attack by a different Iranian proxy militia in Iraq on Christmas Day. Americans who sign up for military duty know the risks, but Mr. Biden hasn't made any public statement to our knowledge about Chief Warrant Officer 4 Illerbrunn or the Navy SEALs.

Iran and the Houthis are putting American lives at risk, even as the leaders in Tehran hide their malevolent intent behind their proxy militias. They probably assume Mr. Biden will never dare to attack Iran's military or domestic assets in a U.S. election year. These are the consequences of failed deterrence, with American servicemen paying the price.

LETTERS TO THE EDITOR

Train Physicians, Not Activists, at Med School

Diversity, equity and inclusion initiatives are dominating the selection process and educational environment at medical schools ("The New Segregation on Campus," Review & Outlook, Jan. 12). I assume most people don't know how politicized the selection and training of their future physicians has become. Even I, a physician, was unaware until my son went through the med-school application process.

I reviewed the secondary essay questions with him. Nearly all the schools requested multiple essays providing a detailed explanation of the applicant's dedication to DEI and participating in DEI-related activism. Some schools had essays querying the applicant's activism for or opinion of progressive border policies. Most also requested that students discuss how they have been adversely affected by systematic racism (and if they haven't been affected, then they should discuss what they plan to do to fight systemic racism, anyway).

Many schools have now altered their physician's oath at the white-coat ceremony (held in the first year)

to include language proclaiming their dedication to DEI activism and fighting systemic racism. This is in accordance with their dedicated DEI and activism curricula. Some have even done away with the MCAT admission requirement for specific applicant groups.

This sort of biased selection of applicants based on their dedication to DEI, followed by more political indoctrination, poses a danger to U.S. healthcare. Medical students are already faced with learning more information than ever, and we can't afford to have medical schools produce better activists than physicians.

YAKOV JOSHUA GIZERSKY, D.O. Houston

Perhaps UCLA Medical School could consider its own bias. Note that its documents capitalize the words "Black, Indigenous, People of Color, Non-Black People of Color." Note also the lack of capitalization for "white student caucus group" and "white folks." What is going on with that?

ELIZABETH TOMPKINS Richmond, Va.

Iran Will Escalate Until It Pays a Direct Price

A U.S.-led international coalition bombed multiple Houthi military targets in Yemen in response to 27 attacks against international ships in the past three months ("Hitting the Houthis, at Last," Review & Outlook, Jan. 13). In a statement, President Biden didn't mention the role of Iran in supporting these Houthi attacks. Nor did he order the U.S. military to hit any Iranian targets, including an Iranian spy ship that was providing intelligence and targeting information to Iran's Houthi allies. The president even telegraphed that an attack was imminent to give the Iranians and the Houthis a chance to escape.

Yet again the Biden administration stepped away from a direct fight with

Tehran. This weakness will only embolden Iran's supreme leader, Ali Khamenei. Already, he has escalated: Iran's proxies targeted a U.S. Navy warship and an American commercial ship, and Iran itself fired missiles near the U.S. consulate in Erbil, Iraq, killing Kurdish civilians.

The U.S. is being pulled into a deeper Middle Eastern quagmire on the supreme leader's terms. Only direct strikes against the military assets of the Islamic Revolutionary Guards will persuade him that he will pay a severe price for his aggression.

MARK DUBOWITZ CEO, Foundation for Defense of Democracies Washington

The Destruction of Gaza Is Hamas's Strategy

Regarding "Gaza's Destruction Stands Out in Modern History" (Page One, Jan. 2): The destruction of homes, schools and other buildings resembles some of the most devastating campaigns in modern history. Any person with an ounce of humanity is pained by the destruction of Gaza and the deaths of thousands of civilians. However, the bombings of Dresden, Hiroshima and many other civilian centers were intended to demoralize and punish. These weren't military targets.

The problem with Gaza is that Hamas has turned almost every square inch into a military target. Nearly every hospital, school, park and all too many apartment buildings are used as covers for military

infrastructure and tunnels designed to shelter Hamas fighters—not the civilian population, which is kept in place as human shields. Hamas did this deliberately, knowing Israel couldn't wage the war without massive destruction.

Keep showing bombed apartment buildings and hospitals. Keep showing civilians caught in the crossfire. Then turn around and claim Israel is doing it for "genocide." Genocide means trying to wipe the other from the world. That isn't and never was the goal of the Israel Defense Forces. Rather, the goal is to remove Hamas, a real threat to Israel and the true barrier to any lasting peace.

London and Dresden are 700 miles apart. Los Angeles and Hiroshima are thousands of miles apart. By contrast, the vast majority of Israel's population is within 40 miles of Gaza, from which Hamas carried out the Oct. 7 massacre and says it would do so again. To limit the analysis to the percentage of buildings demolished or the number of civilians killed is to miss the forest for the trees.

RABBI AHARON BRUN-KESTLER West Hempstead, N.Y.

A Different Kind of Freedom

I received my crash course in Japanese culture while teaching English in the Hiroshima prefecture in my early 20s ("What America Can Learn from the Tokyo Crash" by Peggy Noonan, Declarations, Jan. 6). Every morning I walked by a massive, kanji-engraved stone by the school's entrance. One day I asked a teacher what the characters meant. He paused for a moment, then said: "If you are brilliant, hide it."

The team comes first. While stalling at times, Japan's group-oriented, consensus-based approach can also be freeing: You don't have to be someone; you have to serve something bigger than yourself.

ZACH PRZYSTUP Fairfax, Va.

Would Biden Keep Power?

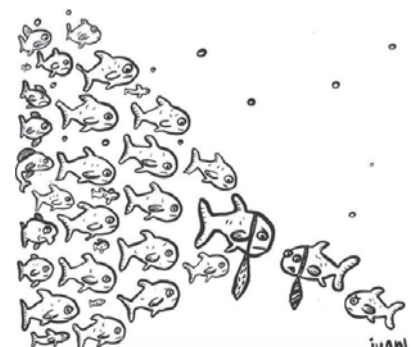
Your editorial "The 2020 Election All Over Again" (Jan. 8) says "the news is that Mr. Biden unveiled his main campaign theme, which is that the events of Jan. 6 demonstrate that Mr. Trump will become a dictator if he wins again. . . . This is Mr. Biden's theme because he believes it."

This raises the question: If President Biden loses, would he hand over power to a person whom he and many of his supporters believe will be a dictator? As a "patriotic defender of democracy," should he?

ROBERT A. SCHADLER Washington

Pepper ... And Salt

THE WALL STREET JOURNAL



"You didn't tell me this was a class-action lawsuit."

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OPINION

# When Judicial Restraint Goes Too Far

By David B. Rivkin Jr.  
And Andrew M. Grossman

Conservatives often criticize liberal jurists for “judicial activism”—disregarding laws passed by elected legislators and imposing their own policy preferences instead. On Wednesday the Supreme Court will consider whether to overturn a precedent that went too far in the other direction by surrendering the judicial role of interpreting the law and handing it to unelected bureaucrats and agency heads.

*Loper Bright Enterprises v. Raimondo* is a case about fishing regulation. The National Marine Fisheries Service issued a rule requiring the plaintiffs to pay the costs of carrying federal conservation monitors aboard their vessels. The fishermen

## Chevron deference strips judges and lawmakers of legitimate power and hands it to bureaucrats.

argued that the service had no legal authority to do so, but the high court’s precedent in *Chevron v. NRDC* (1984) obligated the U.S. Circuit Court of Appeals for the District of Columbia to defer to the government’s interpretation of an “ambiguous” statute.

*Chevron* was an “accidental landmark,” as legal scholar Thomas Merrill put it in 2014. At issue in the case was a Clean Air Act regulation interpreting the term “stationary source” to refer to an entire facility rather than a single smokestack. This definition enabled facilities to make changes that didn’t increase their total pollution without triggering onerous permitting requirements for “new or modified” sources. The jus-

ices upheld the regulation, deferring to the agency’s interpretation of “ambiguous” text.

For as long as they’d had the power to do so, federal courts interpreted statutes for themselves where necessary to decide a case, including in cases challenging agencies’ positions on the laws they administer. *Chevron* superseded that approach with a blanket rule of deference.

It’s unclear if the high court intended this fundamental change. *Chevron’s* author, Justice John Paul Stevens, regarded the decision as ordinary pragmatism: “When I am so confused, I go with the agency,” he told his colleagues as they discussed the case in conference.

By all indications, *Chevron’s* reasoning was driven by the need to assemble a court majority on a difficult interpretive question. That explains the decision’s failure to grapple with the obvious consequences of its logic. The Constitution vests the “judicial power” in the courts. “It is emphatically the province and duty of the judicial department to say what the law is,” as Chief Justice John Marshall wrote in *Marbury v. Madison* (1803). *Chevron* bucked that constitutional command without acknowledging that it did so.

*Chevron* deference also conflicts with the Administrative Procedure Act of 1946, which provides that a “reviewing court shall decide all relevant questions of law” and “interpret constitutional and statutory provisions.” *Chevron* doesn’t cite the APA.

While few appreciated *Chevron’s* import when it was handed down, its potential was apparent to the Justice Department. The Reagan administration seized on the decision as a corrective to the judicial activism of lower courts, especially the D.C. Circuit, in blocking its deregulatory agenda. The *Chevron* doctrine bulldozed the policy-driven obstacles courts had thrown up to block regulatory reforms. It gained adherents



DAVID KLEIN

among newly appointed textualist judges like Antonin Scalia and Kenneth Starr on the D.C. Circuit, who favored judicial restraint.

But over the years *Chevron* became less about judicial restraint and more about agency dominance. With the movement toward textualism, led by Justices Scalia and Clarence Thomas, courts gradually returned to constrained formalism in interpreting statutes. Armed with the *Chevron* doctrine, however, the administrative state learned to wield its new interpretive power to maximum effect.

Deference might have been relatively harmless if agencies engaged in a good-faith effort to carry out unclear statutes. But beginning in the Clinton administration, *Chevron* changed the way they go about their business. Instead of asking what Congress meant, agency lawyers and decision makers hunt for ambiguities, real or imagined, to justify their policy objectives.

As agencies relied more on *Chevron*

to pursue policy agendas, judges were forced to confront a greater range of asserted “ambiguities” with no standard to distinguish among them. Judicial review is the essential check on executive overreach, yet *Chevron* put a brick on the scale by committing the courts to favor the government’s positions. It is all too easy for courts, when faced with difficult or contentious interpretive questions, to waive the ambiguity flag and defer.

By aggrandizing the power of unelected bureaucrats, the *Chevron* doctrine also diminishes Congress. Witness the unseemly but now-routine spectacle of lawmakers hectoring the president and agencies to enact policy programs—from student-loan forgiveness to the expansion of antitrust law and greenhouse gas-regulation—rather than legislating themselves. The prospect of achieving an uncompromised policy win through executive action has replaced the give-and-take of the legislative process.

# To Combat Antisemitism, Understand Its Variety

By Gary Saul Morson

If you ask students why they support Hamas’s call to eliminate Israel and murder Jews, many will deny—sincerely—that they are antisemitic. How is that possible? Some protesters chanting “from the river to the sea” may also sign statements condemning antisemitism and resent accusations that they hate Jews. We can’t move them by showing the harm antisemitism has done because they don’t regard themselves as antisemitic.

To reach them, we have to understand their way of thinking. Like nationalism and socialism, antisemitism comes in types. To counter it, we must respond to each type appropriately. I have often encountered resistance from Jewish scholars to drawing any distinctions, as if, as the French proverb has it, “to understand is to forgive.” Sometimes that is true: Apologists for antisemites often do insist on “historical context,” as if only simplistic people could condemn violating women and murdering babies. But not all serious efforts to understand are barely disguised apologies. Sometimes when I have come to understand the motivations of violent people, the motives turn out to be even worse than I had supposed.

At least three types of antisemitism are widespread. The core type, which

most people have in mind, is hatred of Jews simply because they are Jews. Reasons may be advanced, but the hatred isn’t based on reasons. Rather, the reasons stem from the need to justify the hatred. If one justification won’t do, another will be sought. The readiness to switch between divergent, even contradictory, justifications is usually the best indicator of this incorrigible antisemitism.

History displays ample evidence. In one age or culture, the justification will be religious, in another economic, in yet another something else. Marx would have laughed at the religious antisemitism still widespread in Russia, but he justified economic antisemitism fitting his philosophical system. “What is the secular basis of Judaism?” he asked in his essay “On the Jewish Question.” “Practical need, self-interest. What is the worldly religion of the Jew? Huckstering. What is his worldly God? Money.”

In the 20th century, the same complex of ideas that justified eugenics underwrote Nazi racist antisemitism. Stalin condemned the Jews’ “rootless cosmopolitanism,” while today we hear the rhetoric of “anticolonialism.” When this thinking prevails, argument based on evidence proves pointless. This hatred can even be its own justification: If so many people in so many cultures

over so many centuries have persecuted Jews, the argument goes, there must be a reason.

On campuses today we see a second type of antisemitism, in which hatred of Jews isn’t the starting point but the consequence of another way of understanding events. Young people have been taught an “intersectionality” doctrine that divides people into good and evil: racists and antiracists, victimizers and victims, colonizer and colonized.

## It isn’t always a matter of simple hatred. Sometimes it springs from ideology or is a product of ignorance.

Once such thinking becomes routine, it is almost inevitable that opponents in any new conflict will be pigeonholed. And so Jews become colonizers and Palestinians, represented by Hamas, become their hapless victims. Since one side is entirely evil, anything done to them is justified. One must prevail “by any means necessary.” That is why Hamas’s brutality can be accepted, even praised.

People who think this way believe they aren’t antisemitic because they didn’t start with some preconceived

hatred. Rather, they applied a familiar, widely approved framework. Today the evil party is Israel; tomorrow another great Satan may be designated. Under different circumstances, Jews could have found themselves in the victim category.

In a third type of antisemitism, hatred is based on specific reasons, which aren’t merely excuses. Think of it this way: If I despise the Taliban and Hamas, it isn’t because I cherish an irrational hatred of Afghans or Palestinians, but because of what those terror groups have done and intend to do. By the same token, if one really believes that the elders of Zion plot to enslave the world or that Jews have constructed a state based on apartheid and genocide, then militancy against Israel will seem rational. These antisemites may really imagine they are drawing rational conclusions from the facts. The problem is that their “facts” are entirely spurious.

Why don’t these ignorant antisemites see the real facts? In Soviet Russia, where no alternative news sources existed, people could readily be led to believe anything. That isn’t true among us, where diverse sources are available. Here educated people voluntarily silo themselves. They close themselves off from any unapproved voice and commonly favor censorship of “mis-

information.” I understand why Soviet citizens accepted absurdities but have much less sympathy for this willful ignorance.

It might seem that the first type of antisemitism is the worst, because it is by definition incorrigible, but all three can lead to the same horrors. Antisemitism is a big tent, and in any group of antisemites we can find all types hating Israel. All the same, we must resist the temptation to see no differences. If we are to have any chance of reaching those being drawn into antisemitic thinking, we must recognize how to address each type.

To counter intersectional antisemitism, we must eliminate intersectionality from the curriculum. Once people accept it, any pro-Israel arguments will seem irrelevant. By the same token, to address ignorant antisemitism we need to counter the tendency to silo ourselves.

Among young Americans, intersectional antisemitism seems most common. We need to show young people that, as Alexander Solzhenitsyn explained, the line between good and evil runs not between classes, nations, or parties, but “through every human heart.”

Mr. Morson is a professor of Slavic languages and literatures at Northwestern University.

# A Disqualified Trump Could Still Appear on the Ballot



UPWARD MOBILITY  
By Jason L. Riley

Colorado and Maine have determined that Mr. Trump “engaged in insurrection” on Jan. 6, 2021, and therefore is ineligible to hold office under Section 3 of the 14th Amendment. The former president has ap-

pealed the Colorado ruling, and the Supreme Court is set to hear oral arguments next month.

All sides agree that the Section 3 clause is a Civil War-era provision that was intended to prevent former Confederates from holding office. The disputes are over whether the Jan. 6 riot at the Capitol was an insurrection and the degree of Mr. Trump’s responsibility for what happened that day. His defenders also contend that Section 3 applies only to events surrounding the Civil War, that it excludes the office of the presidency, and that Congress must pass legislation to implement it.

A University of Pennsylvania law

review article published last year attempts to rebut those defenses. William Baude of the University of Chicago Law School and Michael Paulsen of the University of St. Thomas School of Law argue that Section 3 isn’t a dead letter. Rather, it “remains an enforceable part of the Constitution, not limited to the Civil War,” that it “is self-executing, operating as an immediate disqualification from office, without the need for additional action by Congress,” and that it “can and should be enforced by every official, state or federal, who judges qualifications.”

Twice in the late 19th century, Congress passed statutes that removed the disqualification for people who had engaged in insurrection. But Messrs. Baude and Paulsen maintain that if Congress had intended to “grant amnesty to all insurrections, past present and future,” it would have made that clear, and it didn’t.

Nor can Mr. Trump rely on the First Amendment to protect what he said in the runup to Jan. 6. “The First Amendment has long been held not to protect conspiracy to commit a crime or direct solicitation of unlawful activity,” they write. “And while one must use some caution about unduly expanding this category, as its core.”

Whether Jan. 6 is labeled an insurrection, a rebellion or something else, the authors conclude, “instigat-

ing, inciting and encouraging a mob to engage in acts of forcible violence directed against the ability of Congress and the Vice President to carry out their constitutional duties—and then refusing to intervene—such conduct is covered by Section Three, and is disqualifying.”

## The Supreme Court could split the difference, leaving it up to Congress to decide his fate if he wins election.

Because six of the nine Supreme Court justices were appointed by Republican presidents, conservatives might assume that Mr. Trump will prevail. That’s expected but far from certain. Still, Messrs. Baude and Paulsen are well-regarded conservative constitutional scholars, and the court is likely to weigh their arguments in deciding the case.

The court’s conservatives ideally want to preserve the ability of states to set their own election rules, or at least have elected lawmakers rather than appointed justices decide Mr. Trump’s fate. A brief filed by the National Republican Senatorial Committee in support of Mr. Trump suggests a way to do that. The NRSC argues that even if Section 3 disqualifies the former president from holding office, it doesn’t follow that he’s

disqualified from seeking office because Congress can later decide to remove the disqualification through a two-thirds vote.

“By its plain text, section 3 identifies a disqualification from serving in certain offices, but does not disqualify a covered person from running for office,” the brief reads. “And that textual distinction is particularly important because, unlike certain other disqualifications, section 3 makes that disqualification removable—and it commits the decision of whether and when to remove it exclusively to Congress.” The Colorado Supreme Court erred in removing Mr. Trump’s name from the ballot because even if the court were “correct that President Trump cannot take office on Inauguration Day, that court had no basis to hold that he cannot run for office on Election Day and also seek removal of any alleged disqualification from Congress if necessary.”

Under such a scenario, which is contemplated in the 20th Amendment, Mr. Trump’s running mate would serve as acting president until Congress decided the matter. If the justices are looking for a way to keep Mr. Trump on the ballot and not disenfranchise the supporters of someone who is currently leading President Biden in the polls, it’s one possibility. Mr. Trump’s opponents would rather defeat him in court and not risk losing to him on Election Day. The justices shouldn’t let them get away with that.

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### IN TRIBUTE TO APOLLO 8

OMEGA innovation has reached breathless new heights for the latest update of the Speedmaster Dark Side of the Moon Apollo 8. Our tribute to the 1968 mission is built from black ceramic and features a subdial hand inspired by the Saturn V rocket. Most impressive of all, the Co-Axial Master Chronometer Calibre 3869 has been laser-ablated to represent the lunar surface with even greater definition than before. Take an orbit of this pioneering chronograph and discover state-of-the-art details with every glance.

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# BUSINESS & FINANCE

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## CEOs' Use of Corporate Jets Climbs

Company spending on the benefit has soared 50% since before the pandemic

By THEO FRANCIS AND STEPHANIE STAMM

One of the flashiest executive perks has roared back since the onset of the pandemic: free personal travel on the company jet.

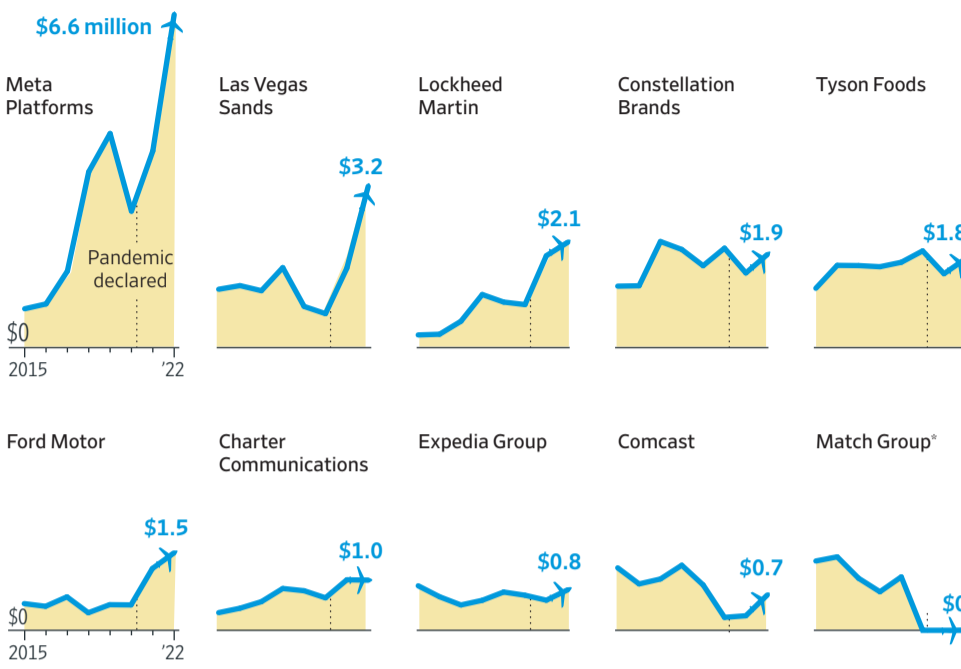
Companies in the S&P 500 spent \$65 million for executives to use corporate jets for personal travel in 2022, up about 50% from prepandemic levels three years earlier, a Wall Street Journal analysis found. Early signs suggest the trend continued last year.

Overall, the number of big companies providing the perk rose about 14% since 2019, to 216 in 2022, figures from executive-data firm Equilar show. The number of executives receiving free flights grew nearly 25%, to 427.

Most companies report executive pay and perks in the spring.

**Meta Platforms** spent \$6.6 million in 2022 on personal flights for Chief Executive Mark Zuckerberg and his then-lieutenant, Sheryl Sandberg—

Cost of personal flights in company aircraft for top executives at companies reporting the highest spending on the perk (2015-22)



\*Formerly IAC/InterActiveCorp; reported no spending on personal aircraft travel after 2020 split from IAC Corp.

up about 55% from 2019, the Journal found. Casino company **Las Vegas Sands** spent \$3.2 million on flights for four executives, more than double its annual expense in any year since 2015. **Exelon**, which owns Chicago's Commonwealth Edison utility, more than tripled

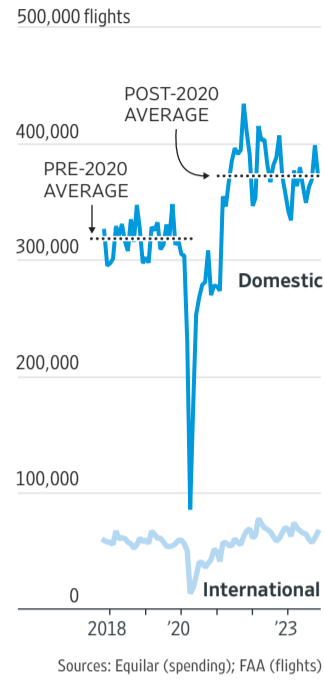
its spending on the perk since 2019. Company jets have long symbolized corporate success and, to critics, excess. Companies typically say flying corporate is safer, healthier and more efficient. Some companies—including **Cardinal**

**Health, Raymond James Financial and Hormel Foods**—added or expanded the perk in 2020 or 2021, citing pandemic health and safety concerns. Most spending growth came at companies already paying for personal flights in 2019. **Palo Alto Networks** began

subsidizing personal flights for CEO Nikesh Arora in the year ended July 2022, spending about \$650,000. That total rose to \$1.8 million in its most recent fiscal year, plus a further \$286,000 to cover his tax bill for the perk, the cybersecurity

company said. **Meta Platforms** spent \$6.6 million in 2022 on personal flights for Chief Executive Mark Zuckerberg and his then-lieutenant, Sheryl Sandberg—

Domestic and international business-jet takeoffs and landings, monthly



Sources: Equilar (spending); FAA (flights)

reporting every few weeks, AND the right to audit your books?? Insane.” The Supreme Court decision has the potential to eat into Apple's highly lucrative App Store business, which forces developers to use the company's payments system for purchases made on every app in its ecosystem. But a lot will depend on how Apple complies with the decision and to what extent developers move to challenge that in court. Apple has charged developers up to 30% of what they collect from customers on apps. The company has lowered the price in some

## Fashion Giant Shein Data Use Scrutinized

By LIZA LIN AND RAFFAELE HUANG

SINGAPORE—China's powerful internet regulator is conducting a cybersecurity review of **Shein's** data handling and sharing practices as the fast-fashion giant seeks Beijing's blessing for its coming blockbuster initial public offering.

The Cyberspace Administration of China is looking into the ways Shein handles information on its staff, suppliers and partners in China as well as whether the company can effectively protect such data from leaking to overseas parties, people familiar with the matter said.

Beijing is also interested in the type of Chinese data Shein will disclose to the U.S. securities regulator as it seeks a listing in New York, the people said.

The CAC probe represents an escalation of regulatory scrutiny of Shein's plans to raise potentially billions of dollars through a stock sale. The company is seeking a greenlight from China's securities regulator before it can list overseas.

In past cases, similar investigations by the CAC take months to complete, and a prolonged review could result in delays to Shein's stock sale. In the worst case, the plan could be scuttled altogether if the regulator concludes there are any serious problems. The CAC, whose mandate has grown tremendously under Chinese leader Xi Jinping, has hamstrung the overseas listing plans of several large Chinese technology companies.

Beijing launched a similar probe of the Chinese ride-hailing giant Didi Global in July 2021, two days after Didi raised \$4.4 billion in an IPO on the New York Stock Exchange. Within a year, the Beijing-based company delisted from the U.S. exchange. TikTok

## Apple Alters App Policies After Court's Rebuff

By SARAH E. NEEDLEMAN

The U.S. Supreme Court declined to hear an appeal of an antitrust ruling related to **Apple's** App Store, a decision that prompted the iPhone maker to issue new policies that were swiftly criticized by third-party software makers.

Apple and "Fortnite" developer **Epic Games** last year separately asked the Supreme Court to weigh in on their legal dispute. The court denied the petitions of both companies Tuesday. A federal judge in 2021 had largely ruled against Epic, finding that Apple must allow third-party software makers to steer cus-

tomers to payment options within their own apps.

Tuesday's high-court decision theoretically would allow apps to promote the option for customers to purchase subscriptions outside of Apple's App Store, potentially at a lower price—via paying directly through their websites. Such a payment would circumvent the fees Apple charges for in-app purchases.

Following the news on Tuesday, Apple revised its U.S. App Store policy, telling developers that they may apply for their app to provide an outside link that offers an alternative payment system. However, even if a customer uses

that system, Apple will still collect a commission of 27% instead of the full 30%.

Epic Chief Executive Tim Sweeney railed against Apple's plans, saying they were "anti-competitive" and that he would contest the company's "bad-faith compliance" in federal court.

"Apple has never done this before, and it kills price competition," he said in a post on X. "Developers can't offer digital items more cheaply on the web" if they have to pay 27%. He further suggested that other aspects of Apple's new policy would put developers at a disadvantage who decide to steer customers toward their

own sign-up.

Apple said it may audit developers to make sure they are in compliance with the commission policy. "This will allow Apple to review the accuracy of your record of digital transactions, ensuring the appropriate commission has been paid to Apple," Apple said in its developer material.

"Apple is going to poison the one victory Epic secured in their lawsuit so bad nobody would ever think to use it," David Heinemeier Hansson, a developer who has sharply criticized Apple's policies, said in a post on X. "They want a 27%!!!!) commission on any link from an app to a website,

reporting every few weeks, AND the right to audit your books?? Insane.”

The Supreme Court decision has the potential to eat into Apple's highly lucrative App Store business, which forces developers to use the company's payments system for purchases made on every app in its ecosystem.

But a lot will depend on how Apple complies with the decision and to what extent developers move to challenge that in court. Apple has charged developers up to 30% of what they collect from customers on apps. The company has lowered the price in some

## Big Retail Chains Exit From Malls As Shoppers Prefer the Outdoors

By KATE KING

National chains are accelerating their exit from malls for other types of retail locations, signaling more trouble for malls as consumers show a growing preference for shorter, more convenient shopping experiences.

Jewelers, shoe stores and other specialty retailers are among the operators making the shift, indicating they will continue opening at outdoor, nonmall locations such as grocery anchored shopping centers and strip malls after finding that they perform better and typically save on costs.

"These retailers are going to grow more confident that they're barking up the right tree as they continue to see quarter after quarter after quarter of outperformance in their off-mall locations," said Brandon Svec, national director of U.S. retail analytics for data firm CoStar Group.

**Bath & Body Works**, which



Foot Locker is among retailers shifting to nonmall sites.

for years sold scented soaps and body creams to mall goers, is on track to open about 95 new locations for the fiscal year ending in February, while closing about 50, primarily in struggling malls. More than half of its 1,840 stores in the U.S. and Canada are located outside of enclosed shopping centers.

**Foot Locker** said it is aim-

ing to operate half of its North American square footage outside enclosed shopping centers by 2026, up from 36% in the third quarter.

**Signet Jewelers**, which owns brands such as Kay Jewelers, Zales and Jared, is closing up to 150 locations in the U.S. and U.K. by mid-2024, nearly all in traditional malls.

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A leading chip software maker seeks to expand into car design with a new acquisition. **B3**

## Musk Demands More Control Over Tesla

By REBECCA ELLIOTT AND MAURO ORRU

**Tesla** Chief Executive Elon Musk has gone public with a demand for another big pay package, saying he wants more shares and greater control over the electric-car company as it expands further into robotics and artificial intelligence.

On Monday, Musk gave board members what amounts to an ultimatum, saying he feels uncomfortable making Tesla a leader in those two areas without controlling around 25% of the company.

"Unless that is the case, I would prefer to build products outside of Tesla," Musk wrote on the social-media platform X.

The billionaire currently owns about 13% of Tesla, according to FactSet, making him the company's largest shareholder. If he were to exercise all vested options, his stake would rise to about 20.6%, according to the com-

pany's 2023 proxy filing.

Musk's social-media comments come after he reduced his stake in Tesla by selling more than \$39 billion of the car maker's stock in 2021 and 2022, at least partly to help pay for his purchase of X, then known as Twitter.

Tesla shares closed up less than 0.5% Tuesday. The company didn't respond to a request for comment.

Some investors have long been excited about Tesla's work and plans for deploying AI with driverless cars and humanoid robots. Such initiatives have helped underpin Tesla's lofty market valuation and are a part of the company's longer-term growth strategy.

"Simply look at the delta between what Tesla does and GM," Musk wrote on Monday, describing Tesla as a collection of a dozen startups.

Tesla is the world's most valuable automaker, with a market valuation of nearly \$600 billion, according to the com-

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Uber bought the booze-delivery service for \$1.1 billion in 2021.

## Uber Is Closing Its Drizly Delivery Unit

By ALYSSA LUKPAT

Uber Technologies said it is shutting down Drizly, the alcohol-delivery service it acquired for \$1.1 billion in 2021. Drizly said Monday that it would accept its final orders in March.

Uber acquired Drizly as part of its foray into the delivery business after pandemic lockdowns boosted alcohol-delivery sales but the Boston-based company quickly faced challenges. Alcohol-delivery sales haven't captured the U.S. booze market, remaining only a small portion of overall consumption.

"We've decided to close the business and focus on our core Uber Eats strategy of helping consumers get almost anything—from food to groceries to alcohol—all on a single app," said Pierre Dimitri Gore-Coty, Uber's senior vice president of delivery.

The Federal Trade Commission last year ordered Drizly to implement new data security measures after hackers stole information about 2.5 million customers in 2020.

Drizly has said it has millions of customers but Uber

Tuesday declined to say exactly how many. Drizly, which said it operates in 36 states, didn't immediately return a request for comment.

Founded in 2012, Drizly was one of the earliest companies to deliver alcohol. It aimed to disrupt the industry, raising millions from investors hoping to accelerate alcohol e-commerce. Drizly said it has proprietary ID technology that allows retailers to verify a customer's age. The company has offered delivery services in the U.S. and Canada.

Drizly has functioned similar to food-delivery services, allowing customers to order booze online that a worker picks up and delivers from a store. The company said most deliveries are at a person's doorstep less than an hour after being ordered. Drizly has maintained its own online platform since being acquired.

Uber said Monday that consumers prefer using a single app to get multiple types of products delivered. The company also runs the food-delivery service Uber Eats. Uber in 2020 acquired food-delivery rival Postmates for \$2.65 billion.

### Watch a Video: Inside Boeing's Space Plane Conducting Secret Missions for the U.S.



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# BUSINESS & FINANCE



Music mogul Sean 'Diddy' Combs sued Diageo last May, alleging the company had neglected a tequila brand they co-owned.

## Diddy and Diageo Are Splitting Up

By JENNIFER MALONEY AND MICHAEL SUSIN

Diddy and Diageo have called it quits.

The spirits maker and Sean "Diddy" Combs Tuesday said they have reached an agreement to resolve their legal dispute and dissolve their years-long partnership on Ciroc vodka and DeLeón tequila.

The relationship soured last May when the music mogul sued Diageo, alleging that the company had neglected the DeLeón tequila brand they co-owned. The lawsuit said Diageo had instead poured resources into its two other

tequila brands, Don Julio and Casamigos, the George Clooney-backed brand that Diageo agreed to buy in 2017 for up to \$1 billion. Diageo denied the allegations.

"Diageo and Mr. Combs have no ongoing business relationship, either with respect to Ciroc vodka or DeLeón tequila," Combs and Diageo said Tuesday in a joint statement. Diageo is now the sole owner of DeLeón, the statement said. Financial terms of the agreement weren't disclosed.

In his lawsuit, Combs also accused Diageo of racial discrimination, alleging that the company had pigeonholed

DeLeón as "urban" and described it as a "Black brand." Combs has withdrawn all of his allegations about Diageo and will voluntarily dismiss his lawsuits against the company with prejudice, the statement said.

In 2007, Diageo and Combs formed a partnership to develop Diageo's Ciroc vodka brand.

Combs took responsibility for the brand's strategic marketing and worked with Diageo on developing new Ciroc products.

Sales of Ciroc grew rapidly after the deal.

In 2013, as tequila was

growing in popularity in the U.S., Combs's business, Combs Wines and Spirits, formed a joint venture with Diageo to purchase DeLeón, a little-known tequila brand that at the time was sold in some Hollywood bars for more than \$1,000 a bottle.

Diageo—which also makes Johnnie Walker whiskey and Guinness beer—said in June 2023 that it was ending its partnership with Combs because he had breached their contracts. Diageo said in a court filing that Combs had been paid nearly \$1 billion over the years they had worked together.

## CEOs Fly Corporate Jets More

Continued from page B1  
company said in an October securities filing.

The company said in filings that its board requires Arora to fly corporate in response to a security consultant's report. "There was a bona fide, business-related security concern for Mr. Arora and credible threat actors existed with both the willingness and resources necessary for conducting an attack on Mr. Arora," it said.

Companies report spending on flights they can't classify as business-related, including trips to board meetings for other companies or commuting from distant residences. Some give executives a fixed personal-flight allowance in hours or dollars, and require reimbursement beyond that.

The sums have little financial impact on most giant corporations, even when annual flight bills exceed a million dollars. Critics say the free flights indicate directors too eager to please top executives.

"The vast majority of S&P 500 companies do not offer this perk," said Rosanna Landis Weaver, an executive-pay analyst at As You Sow, a nonprofit shareholder-advocacy group that has produced annual lists of CEOs it considers overpaid.

The Journal's analysis reflects what companies disclose in securities filings, typically in footnotes to annual proxy statements. Federal rules generally require companies to itemize the perk for each top executive if it costs the company \$25,000 or more in a year.

PepsiCo spent \$776,000 on personal flights for five executives in 2022, double what it paid for the perk in 2019. Two-thirds of the spending subsidized flights by CEO Ramon Laguarta, who is required to use company aircraft for personal flights for safety and efficiency reasons. In an interview last spring, Laguarta said he sometimes ended business trips to Europe by flying to visit his mother in his native Barcelona.

A PepsiCo spokesman said the company jet allows executives to reach remote facilities.

Personal jet use can draw investor and regulatory scrutiny. It contributed to the ouster of Credit Suisse's chairman in 2022.



Meta spent \$6.6 million in 2022 on personal flights for Mark Zuckerberg and Sheryl Sandberg.

In June, tool maker Stanley Black & Decker settled Securities and Exchange Commission charges that it failed to disclose \$1.3 million in perks for four executives and a director, mostly their use of company aircraft, from 2017 through 2020. In 2020, Hilton Worldwide Holdings settled SEC charges that it didn't disclose \$1.7 million in perks over four years, in part by underreporting costs for CEO Christopher Nassetta's personal flights by 87% in two of those years. Hilton paid a \$600,000 penalty.

Both companies settled without admitting or denying wrongdoing.

Stanley Black & Decker said it raised the errors with the SEC and settled without a fine. In 2022, Stanley Black & Decker reported spending nearly \$143,500 on personal flights for former CEO James Loree and his successor, Donald Allan Jr. Hilton cited higher fuel prices in reporting about \$500,000 in flights for Nassetta in 2022.

Spending on executives' personal travel outpaced overall growth in business-jet traffic. Takeoffs and landings are up by about 19% since 2019, after dropping sharply in 2020, Federal Aviation Administration data show. Corporate spending on the perk rose 52%, the Journal found.

Higher fuel costs in 2022

contributed to the increase in spending, and there is little indication of a slowdown last year. Of the 15 S&P 500 companies that have reported spending on the perk in fiscal years ended in the second half of 2023, 10 said they increased spending, including three that didn't report the perk a year earlier, securities filings show.

Sixteen companies that started paying for personal flights during the pandemic have since stopped. An additional 31 continued spending into 2022, with a median of \$124,000. Accenture, Palo Alto Networks and concert promoter Live Nation Entertainment reported spending more than \$500,000 apiece.

In 2020, Julie Sweet's first full year as CEO, Accenture capped annual spending for her personal flights at \$200,000, then doubled it the next year. Accenture raised the cap to \$600,000 in its year that ended Aug. 31, when it spent about \$575,000 on Sweet's personal flights, the company said in a December securities filing.

In its filings, Accenture said it encourages Sweet to use company aircraft for personal travel, citing a security study the company commissioned.

Companies that provided the perk already in 2019 accounted for most of the recent growth in spending, the Journal found.

Meta, for example, spent nearly \$11 million on Zuckerberg's and Sandberg's personal flights from 2015 through 2019, and a further \$13.3 million over the next three years. Zuckerberg's company-paid travel included trips on an aircraft he owns, which Meta charters for business, paying \$523,000 in 2022. The Facebook owner stopped paying for Sandberg's personal flights when she stepped down as a company employee in September 2022. She remains on Meta's board.

Spokesmen for Meta and Sandberg declined to comment beyond Meta's securities disclosures.

CEOs incurred most of the personal flight spending, making up half the executives receiving the perk in 2022 and two-thirds of the overall cost, Equilar's data show.

At some companies, other executives are making up a bigger share of the cost. Four Norfolk Southern executive vice presidents accounted for just over half its roughly \$370,000 in spending on personal flights in 2022, securities filings show. CEO Alan Shaw accounted for the rest.

Shaw may take as many as 60 hours of personal flights on company aircraft before reimbursing Norfolk Southern, the company said in its filings. Personal use of company aircraft by executives other than the CEO was infrequent, it added. Norfolk Southern didn't respond to requests for comment.

—Jennifer Maloney contributed to this article.



BUSINESS NEWS

# Chip Software Firms Make \$35 Billion Deal

Synopsys seeks to expand reach into plane, car design with acquisition of Ansys

By ASA FITCH AND BEN GLICKMAN

Synopsys agreed to acquire Ansys in a \$35 billion cash-and-stock deal that would expand the company's reach in simulation software for designers of microchips, cars and airplanes.

Synopsys is one of two big players, along with Cadence Design Systems, in the software that chip designers use to lay out circuitry and test it before manufacturing. As chip-making advances and designers start to stack silicon

wafers on top of each other, physics simulations like those Ansys provides have become increasingly important.

"When you're stacking these chips on top of each other, the big challenge [chip-makers] are having is structural, mechanical stress," said Synopsys Chief Executive Sassine Ghazi on Tuesday. "It's like building a building."

Under the acquisition, Ansys shareholders would receive \$197 in cash and 0.345 share of Synopsys stock per share of Ansys, the companies said. Ansys shares closed down 5.5% on Tuesday to \$327.42, and Synopsys shares rose 3.1% to \$509.68.

For Synopsys, the deal would also expand the industries it targets. In addition to chip-makers, aircraft design-

ers and car manufacturers use Ansys's software to test how planned products might interact with real-world forces.

Synopsys and Ansys have had a research and development partnership since 2017, and began to sell software together about two years later, Ghazi said.

The companies said the deal had an implied consideration of \$390.19 a share for Ansys, representing a premium of about 35% on Ansys's 60-day volume-weighted average price as of Dec. 21. The deal gives Ansys an enterprise value of \$35 billion based on the Dec. 21 closing price of Synopsys stock.

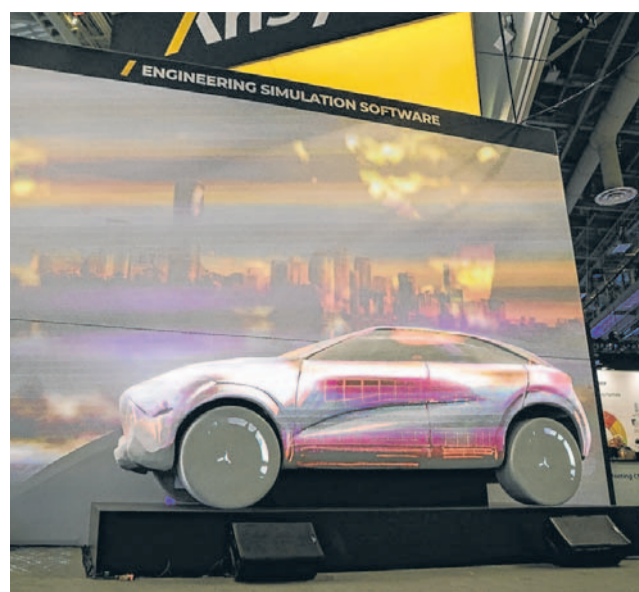
Synopsys said it would fund the \$19 billion in cash consideration with cash on

hand and debt financing.

Synopsys projects the deal will boost its adjusted earnings per share in the second full year after the deal closes. Synopsys said the deal would grow its total addressable market by 50% to \$28 billion.

The acquisition is expected to close in the first half of 2025, although the companies are giving themselves a further six months to work out any regulatory issues.

Ghazi said the companies' leaders were "fairly confident" that the regulatory approval process would be manageable, but declined to say what hurdles the deal might face. Acquisitions by U.S. companies have faced tougher scrutiny in China in recent years amid growing geopolitical tensions.



Ansys, the target of the acquisition, makes simulation software used in the design of automobiles and airplanes.

# Burger King Parent Buys Big Franchisee for \$1 Billion

By HEATHER HADDON

Your local Burger King might look a bit fresher, faster, following a \$1 billion deal announced by parent Restaurant Brands International.

The fast-food holding company is buying its biggest U.S. Burger King franchisee, Carrols Restaurant Group, partly to try to speed up remodels of older domestic restaurants, it said. Restaurant Brands said Tuesday that it will pump \$500 million into remodeling roughly 600 of Carrols's Burger King locations, aiming to wrap up the remodels by 2028, faster than the franchisee would have done on its own.

"It's time to press on the gas and accelerate," said Burger King U.S. president Tom Curtis during an investor call. Restaurant Brands' stock closed down 2%, while Carrols shares climbed 12.5%.

Burger King is trying to claw its way ahead in the competitive U.S. burger market through



Restaurant Brands will pump \$500 million into remodeling roughly 600 of Carrols's locations.

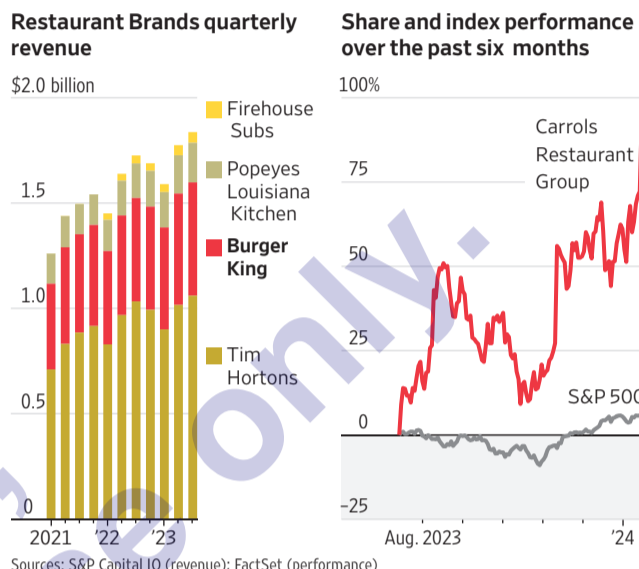
investments in remodels, advertising and new products. Restaurant Brands is also increasingly focused on improving its franchisees' financial health, with a handful of larger Burger King operators declaring bankruptcy in the past year.

Restaurant Brands, which

also owns Tim Hortons, Popeyes Louisiana Kitchen and Firehouse Subs, said Tuesday it wants smaller franchisees with more local connections to their territory. Carrols, based in Syracuse, N.Y., owned around 15% of Burger King's U.S. restaurants, including in

North Carolina, New York, Ohio, Tennessee and Indiana.

Restaurant Brands said it would use cash generated from Carrols's 1,022 U.S. Burger King restaurants spanning 23 states to help finance renovations. After improving the Carrols locations, Restaurant Brands will



Carrols in a cash deal valuing the company at \$9.55 a share, a 23% premium on its 30-day volume weighted average price as of Jan. 12. The deal is expected to be completed in the second quarter of this year.

—Ben Glickman contributed to this article.



Shell said it would focus investment in Nigeria on its deep-water and integrated gas positions.

# Shell to Get up to \$2.4 Billion For Nigeria Onshore Oil Unit

By CHRISTIAN MOESS LAURSEN

Shell has agreed to sell its Nigerian onshore oil subsidiary for up to \$2.4 billion, making good on a promise to exit what for decades was one of its most dependable cash cows but in recent years has become a big drag on its reputation.

The London-based energy major said Tuesday that it will initially receive \$1.3 billion for Shell Petroleum Development Company of Nigeria, or SPDC. The buyer—a consortium of five companies—will pay up to an additional \$1.1 billion, mainly relating to prior receivables and cash balances. Most of it is expected to be paid at completion of the deal.

Shell said the divestment aligns with its previously announced intent to exit from onshore oil production in the Niger Delta and to focus future investment in Nigeria on its deep-water and integrated gas positions.

"Shell sees a bright future in Nigeria with a positive investment outlook for its energy sector," said Zoe Yujnovich, Shell's integrated gas and upstream director.

The oil-and-gas company's

relationship with the West African country dates back to 1936, when the group established a venture together with the precursor company of British rival BP. The first shipment of oil from Nigeria came in 1958.

At the beginning of this century, Shell's Nigerian operations faced controversy, increasing militant attacks and lawsuits growing out of claims of pollution.

In 2011, a United Nations report alleged that Shell and the Nigerian government contributed to 50 years of pollution in Ogoniland, part of the Niger Delta, and required the world's largest oil cleanup, costing an initial \$1 billion and taking up to 30 years.

Two years later, a Dutch court ruled Shell could be held partially responsible for pollution in the delta.

"We will continue to support the country's growing energy needs and export ambi-

tions in areas aligned with our strategy," Yujnovich said.

Shell said it would continue to play a role in supporting SPDC in the development and production of natural gas.

The consortium of buyers, called Renaissance, comprises four exploration-and-production companies based in Nigeria and an international energy group.

By purchasing all the shares in SPDC, Renaissance will control its 30% stake in the SPDC joint venture, which consists of 15 oil mining leases for petroleum operations onshore and three leases for petroleum operations in shallow waters in Nigeria.

The net book value of SPDC was around \$2.8 billion as of Dec. 31.

Completion of the transaction is subject to approvals by the government of Nigeria and other conditions.

Shell's American depository receipts closed Tuesday at \$61.76, down 3.2%.

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TECHNOLOGY

# Apple Lowers Its iPhone Prices in China

### Discounts seek to counter high-end products from Samsung, Huawei

BY YANG JIE

Apple is offering rare discounts in China, including on its latest iPhones, in a bid to beat back growing competition in the high-end market from rivals.

The tech giant is running a promotion from Thursday through Sunday in China in which it is cutting the price of iPhones by the equivalent of up to \$70. Other products will be discounted by up to \$110. The promotion comes ahead of the weeklong Lunar New Year holiday beginning Feb. 10, a customary gift-giving season in China.

In the last quarter of 2023, iPhone sales in China fell 11% compared with the same pe-

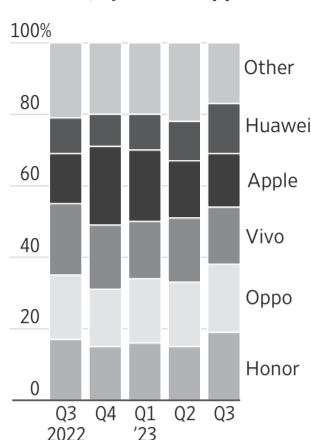
riod a year earlier, according to market-research firm Counterpoint. Ethan Qi, a Counterpoint analyst, linked the downturn to waning demand for smartphones in China and intensified competition from local rivals. In particular, Huawei is swiftly gaining ground despite grappling with U.S. sanctions.

"China remains a priority market for Apple, so it's not common but also not a big surprise" to see the company fight to defend its market share, Qi said.

The discount comes with some conditions, including the use of certain payment methods and limited quantity available at Apple's 46 retail stores in China, according to the company. It didn't mention any restrictions for online purchases, which is the main route for Chinese consumers to acquire a phone.

Apple didn't advertise any discounts in Taiwan or Hong

Smartphone market share in China, by units shipped



Source: Counterpoint

Kong, which celebrate the same holiday. The company typically doesn't discount its latest iPhones, although a year ago it did offer some discounts on the iPhone 14 through certain sales channels in China.

Apple faces an array of challenges in China, including Huawei's resurgence and limits on government officials using iPhones.

Another is the rise of deflation. Consumer demand has been weak recently and some companies have found success by advertising eye-popping discounts.

Third-party retailers have already been offering discounts on iPhones beyond what Apple plans to offer temporarily.

A third-party seller active on one of China's most popular e-commerce sites, Pinduoduo, on Tuesday was advertising the base model of the iPhone 15 Pro Max at 8,228 yuan, compared with Apple's official price of 9,999 yuan. The third-party seller's discount price is equivalent to about \$1,150, or nearly \$250 off Apple's price.

In recent years, the premium segment has emerged

as the main growth driver in an otherwise sluggish global smartphone market. The segment accounts for just under a quarter of smartphone sales globally but 60% of revenue, according to Counterpoint.

Apple has led the high-end market in China, but its position has grown shakier. A new model released by Huawei in August showed the Chinese company was able to turn out a phone with high-speed data transmission despite being banned by the U.S. from obtaining advanced chips.

Analysts say Huawei's sales growth has been driven by demand in its home country. Other Chinese brands such as OnePlus and Honor are introducing competitive devices in the lower price range of the high-end sector, according to analysts.

A further rival is Samsung Electronics, which has long struggled in the Chinese market but recently made some

inroads with its flagship Galaxy S23 and its foldable phones. Apple doesn't sell foldable phones.

Samsung is set to release its latest high-end smartphones globally this week, and it plans a new-product event in China in late January.

Apple did well globally last year despite its challenges in China. Research firm International Data Corporation said this week that Apple overtook Samsung at the top of the global smartphone market last year by number of devices shipped. Samsung had held the top position for more than a decade. Apple was also the only one of the top three companies to show year-over-year growth in shipment volume.

"Apple's ongoing success and resilience is in large part due to the increasing trend of premium devices, which now represent over 20% of the market," said Nabila Popal, an analyst at IDC.



'Fortnite' was booted from the App Store in 2020 after the game maker inserted an unauthorized payment system into it.

## App Store Alters Policies

Continued from page B1

circumstances after facing challenges from Epic and others.

Last year, app-store spending reached \$171 billion, according to data.ai, a mobile data and analytics firm.

It is unclear whether "Fortnite" will now return to Apple's App Store. The iPhone maker booted the game in 2020 after Epic inserted an unauthorized payment system in it that circumvented Apple's fees, prompting the companies to sue each other. Around this

time, Apple also canceled Epic's developer account, preventing it from putting the combat game back on the App Store.

In late 2021, after a federal judge ruled mostly in Apple's favor, Sweeney said in a tweet that Epic had asked Apple to restore its developer account. According to Sweeney, Apple responded that it wouldn't be reinstated until Epic's litigation against the company was resolved. Apple declined to comment at the time.

Apple also didn't respond to requests for comment on the status of Epic's developer account and Tuesday's Supreme Court decision. Epic declined to comment on any conversations it has had with Apple. Earlier Tuesday, Sweeney said on X that the high court's decision was a "sad outcome for all developers."

The Supreme Court's decision also comes as Apple is facing a series of challenges to its services business.

For example, Apple is expected to allow software downloads outside the confines of its App Store for the first time, owing to a new European Union law. The iPhone maker is preparing to meet an early March deadline in Europe to comply, The Wall Street Journal previously reported.

The EU is also pursuing its own antitrust case against Apple, alleging violations for imposing rules that restrict app developers from informing users of other ways to pay for services. If the EU finds Apple broke antitrust laws, it could order Apple to lift those restrictions.

Alphabet-owned Google, Apple's chief rival in the app-store market, was re-

cently dealt an even bigger blow in its battle against Epic over similar issues. Last month, a U.S. court ruled that Google has been operating an illegal app-store monopoly after a jury unanimously sided with Epic. Google said it plans to appeal the verdict and stands by its business model.

Analysts have been divided on the potential financial threat to Apple and Google over changes to their app stores.

Many consumers are accustomed to the software environment Apple and Google provide on their app stores and might be unwilling to try alternatives. But if gaming app stores were to gain traction in the companies' ecosystems, both could endure a major hit. Games account for more than half of consumer spending in each of the two app stores, says data.ai.

## Musk Seeks More Power At Tesla

Continued from page B1

\$700 billion. GM is valued at around \$48 billion. In 2022, Musk showed off a prototype of a humanoid robot at a Tesla event, part of his efforts to shape the public perception of the company as more than just an electric-vehicle maker.

The Tesla chief also revealed last summer the car company plans to spend more than \$1 billion through the end of 2024 on a supercomputer, dubbed Dojo, that is to help develop driverless-car technology.

Musk has described Dojo as giving Tesla an advantage over rivals looking to train autonomous-car systems by employing enhanced computing power to get it done faster. Dojo was developed especially to handle the large amount of video generated by a driverless car.

Musk has also separately launched an AI com-



The carmaker's AI research has excited many investors.

pany while calling the technology one of the biggest threats to humanity.

The unexpected ouster of OpenAI Chief Executive Sam Altman late last year stoked anxiety in Silicon Valley about the risks of founders losing control over their companies. Though Altman was quickly reinstated, the topic has been an area of particular concern for Musk ever since he was pushed out as CEO of his digital-payments startup now known as PayPal.

Tesla has taken an unusual approach to compensating its CEO. Musk doesn't earn a salary from the carmaker. Instead, he is paid in stock op-

tions that vest based on certain corporate performance metrics. Investors approved his latest pay package in 2018.

In 2022, Tesla cleared the final hurdle required for that pay plan to fully vest. The package is worth roughly \$59 billion at recent share prices.

Musk in another post Monday said he hasn't received a new compensation plan because Tesla's board is waiting for a verdict in litigation over his 2018 package.

"I should note that the Tesla board is great," he wrote. Musk added that from his standpoint, the question of his compensation is about "ensuring the right amount of voting in-

fluence at Tesla."

A Tesla shareholder is seeking to nullify Musk's latest pay deal, alleging the CEO was too involved in determining his own pay and claiming the board failed to disclose crucial information to shareholders.

Tesla representatives have argued Musk didn't dictate the terms of the grant.

Some on Wall Street have been worried about Musk's level of commitment to the carmaker following his purchase of Twitter, as well as the prospect of further diluting Tesla shareholders to pay him.

"[W]e are unsure whether Mr. Musk would in fact leave Tesla if not provided with his requested package—but still we view the events negatively," J.P. Morgan analysts wrote in a note to investors Tuesday.

Musk also said Monday on X that he would support implementing a dual-class voting structure to give him greater control over the automaker, but expressed doubt over the feasibility of implementing one at this stage. In the past, Musk has criticized companies, such as Ford Motor and Facebook, now Meta, for having multiple classes of shares, giving certain stockholders more influence.

# MSG Boss Dolan Accused in Suit Of Sex Assault

BY SURYATAPA BHATTACHARYA AND TALAL ANSARI

James Dolan, the entertainment-industry mogul behind Madison Square Garden and the New York Knicks, was accused Tuesday of sexually assaulting a massage therapist a decade ago while she was traveling alongside his band.

In a lawsuit filed in the U.S. District Court for the Central District of California, massage therapist Kellye Croft alleged that Dolan, 68 years old, assaulted her while she worked on the tour of the rock band the Eagles. Croft said Dolan, whose band was opening for the Eagles, pressured her into repeated unwanted sexual intercourse beginning in late 2013.

She also alleged that he arranged for her to come to Los Angeles to work on the Eagles' tour in early 2014. There, she said, Dolan orchestrated a meeting with Harvey Weinstein, who she says sexually assaulted her in January 2014.

"James Dolan manipulated me, brought me to California to abuse me, and then set me up for a vicious attack by Weinstein," Croft said in a statement. "My hope is that my lawsuit will force Dolan to acknowledge what he did to me and to take responsibility for the harm he has caused."

Croft said she told Dolan immediately that she had been assaulted by Weinstein and that Dolan didn't seem surprised.

E. Danya Perry, a lawyer for Dolan, said Croft's allegations had no merit.

"These claims reflect an act of retaliation by an attorney who has brought multiple cases against Mr. Dolan and has not, and cannot, win a judgment against him," Perry said in a statement. "Mr. Dolan always believed Ms. Croft to be a good person and is surprised she would agree to these claims. Bottom line, this is not a he said/she said

matter and there is compelling evidence to back up our position."

Douglas Widor, an attorney for Croft, denied losing several cases to Dolan and said the lawsuit was about holding Dolan accountable. Croft is seeking punitive damages, as well as compensation for lost wages and mental and emotional distress, among other costs.

An attorney for Weinstein, Jennifer Bonjean, said he "vehemently denies the meritless allegations."

Weinstein, a former film producer who co-founded Miramax and Weinstein Co., saw his empire collapse following allegations of sexual harassment published in 2017 by the New York Times and the New Yorker and his subsequent conviction on rape charges. The articles prompted numerous women to come forward with their own stories of sexual assault in the workplace and beyond, kicking off the #MeToo movement.

Weinstein, 71, is serving a 23-year prison sentence in New York following a 2020 conviction for third-degree rape and first-degree criminal sexual act. He was sentenced to an additional 16 years in prison in California last February after a jury found him guilty of forcible oral copulation, sexual penetration with a foreign object and rape. He pleaded not guilty to both sets of charges.

Dolan's family empire includes the New York Knicks and Rangers, Madison Square Garden, Radio City Music Hall, and Las Vegas's Sphere arena. He succeeded his father as chairman of AMC Networks in 2020.

Dolan was on the board of Weinstein's production company and has described him in interviews as a close friend. In 2018, Dolan released a song titled "I Should've Known," about being unaware of Weinstein's behavior and that of other accused men.



James Dolan denied the claims by massage therapist Kellye Croft that he forced her into sex beginning in 2013.



## BUSINESS & FINANCE

# California's Long-Embattled Ports Come Back

By PAUL BERGER

U.S. importers are rediscovering the lure of Southern California ports.

Trade is swinging back to the ports of Los Angeles and Long Beach after a period in which pandemic-driven shipping disruptions and broader shifts in manufacturing pushed supply chains more heavily toward Gulf Coast and East Coast ports.

The Southern California ports in September, October and November recorded year-over-year increases in containerized imports of between 17% and 31%, according to ports data. At the same time imports fell at East Coast gateways such as Georgia's Port of Savannah and the Port of New York and New Jersey.

Logistics executives say the neighboring Southern California ports, long the anchor of U.S. supply chains built on trade with Asia, are winning back business in part because of improved labor relations with dockworkers following resolution of long-running contract talks last year.



The ports of Los Angeles and Long Beach handled 33% of U.S. containerized imports last year.

More recently, disruptions at the Panama Canal and the Suez Canal, both of which feed East Coast and Gulf Coast ports, have led importers to route their goods through California to avoid longer transit times and higher costs.

For many importers, California ports are cheaper and easier to ship through because

they are closer to Asia and have extensive truck and rail connections to other parts of the country, said Jamie Bragg, chief supply-chain officer at Tailored Brands. The parent of Men's Wearhouse and Jos. A. Bank diverted most of its imports from Southern California to Houston during the pandemic.

Bragg said the longer sail-

ing time and higher costs to ship to Texas through the Panama Canal were worth it to avoid California, where a backup of containerships delayed cargo in 2021 and 2022 and contentious labor talks in 2022 and 2023 threatened work disruptions.

Bragg said Tailored Brands moved back to Southern Cali-



\*In October and November of each year. Source: Michigan State University analysis of Census Bureau's USA Trade Online database

ifornia after the labor talks concluded in the summer of 2023, avoiding the impact of a drought in Panama that has started affecting the number of containers that ocean carriers can ship via the canal.

The West Coast, which gained its prominent role in import supply chains as U.S. trade with China skyrocketed in the

1990s, has been losing its grip on seaborne trade for years. "The question now is whether this trend continues or is finally starting to bottom out," said Jason Miller, a professor of supply-chain management at Michigan State University.

East Coast ports have attracted importers with their proximity to fast-growing population centers and growing factory activity in the Southeast and their better access to growing overseas manufacturing hubs such as India. The widening of the Panama Canal a decade ago helped by allowing larger containerships to reach the region from Asia.

Importers have also expanded to the East Coast and Gulf Coast as part of a strategy to reduce risk in supply chains by shipping through several ports. Goetz Alebrand, head of ocean freight at DHL Global Forwarding Americas, said that strategy now is making it easier for shippers to divert cargo because of disruptions.

"Cargo is a little bit like water," Alebrand said. "It will always follow the path of least resistance."

# Tech Employee Who Filmed Her Firing Has No Regrets

By JOSEPH PISANI

A tech company employee who went viral for filming her firing and sharing it on TikTok says her video has brought a flood of support.

"I don't regret sharing that," ex-Cloudflare employee Brittany Pietsch told The Wall Street Journal. "I have received so many messages of people telling me, 'I wish I would have stood up for myself the way you did.'"

Pietsch, 27, shot to social-media fame last week with a 9-minute video of herself repeatedly asking two Cloudflare representatives why she was being let go, and why her manager wasn't on the call.

"To be let go for no reason is like a huge slap in the face," Pietsch, who was an account executive for Cloudflare, says in the video.

She said she was fired last Tuesday from the San Francisco-based provider of cloud-based networking and cybersecurity services. Her remote job, which she started at the end of August, was to sell Cloudflare services to businesses, Pietsch said.

Pietsch was working from her home in Atlanta when a 15-minute call popped up on her work calendar. She had heard others at Cloudflare were being let go, so when the call came, she hit record on her phone.

Pietsch said she recorded it so she could share what happened with family and friends, she said. She posted it on TikTok Wednesday without mentioning or tagging Cloudflare. The company is named in the video conversation.

After she posted, someone else took the video, added Pietsch's name and her ex-employer's, and shared it on X and other social-media sites, Pietsch said. It has since been reshared and viewed millions of times.

One viewer was Cloudflare's chief executive, Matthew Prince.

"The video is painful for me to watch," Prince wrote on X last week. "Managers should

always be involved."

The video starts with someone telling Pietsch that she didn't meet 2023 performance expectations.

"I'm going to stop you right there," Pietsch responds, before saying she has been on a three-month ramp and her manager has only told her that she has been doing a good job.

Cloudflare didn't make the two other people on the call available. When Pietsch asks for details about her performance, one says it is part of a collective performance assessment at the company. A Cloudflare spokeswoman said Friday the company wasn't conducting layoffs or reducing its head count.

Prince said on X the company fired about 40 salespeople this quarter, which he noted was a normal figure.

"We think the right thing to do is get people we know are unlikely to succeed off the team as quickly as possible so they can find the right place for them," he said.

Pietsch's firing—and filming—divided social media.

"I have no idea what @Cloudflare does, but the way they shutdown & gaslit a young woman attempting to hold them accountable, is disgusting," one person posted on X.

"Getting fired is tough, but it's important to handle it with dignity," another wrote. "Total disaster on both sides

here."

As companies have downsized over the past year, executives and human-resources teams have grappled with how to best deliver the bad news to employees. Hybrid work environments, where Zoom calls take the place of face-to-face meetings, have added complications to an already difficult task.

Prince in his post said the company will learn from its missteps.

Pietsch said she doesn't think the video will have a negative effect on her career.

"Reputable companies have reached out to me and told me, 'I want someone like you on my sales team,'" she said.

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# THE PROPERTY REPORT

## Record Real-Estate Debt Set to Come Due

Commercial sector expected to reach peak of \$602 billion in 2027

By Peter Grant

The troubled commercial real-estate market is bracing for a record amount of maturing loans, boosting the prospect of an increase in defaults as property owners are forced to refinance at higher interest rates.

In 2023, \$541 billion in debt came due that was backed by office buildings, hotels, apartments and other types of commercial real estate, the highest amount ever for a single year, according to data firm Trepp. Commercial-debt maturities are expected to continue rising and reach a new peak of \$602 billion in 2027, Trepp said.

Most of these loans so far have been repaid or extended. In 2022 and 2023, many owners were able to exercise one- or two-year extensions built into their original loans.

Now, those extensions are burning off. That is compelling many borrowers to confront the higher rate environment—along with higher vacancies and weakening cash flows—that are depressing property values. Some owners and creditors are grappling with the

expirations of deals they made early on during the pandemic to delay payments until the worst of the health crisis passed.

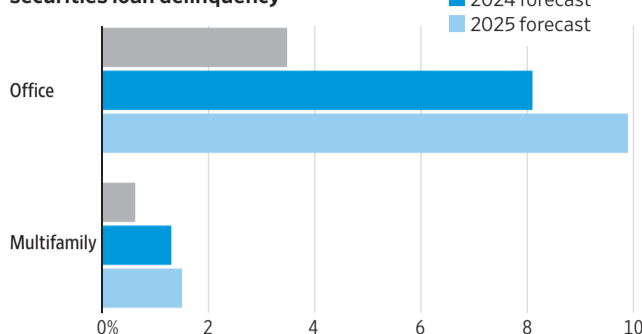
“Borrowers have simply been unwilling to accept reality,” said Gwen Roush, senior vice president at Morningstar. “But reality has to come due at some point.”

Unlike home mortgages, the principal of which gets paid off over time, commercial mortgages are interest only. That means when the debt matures, the borrower has to refinance or pay off the principal.

Office-building owners have been especially hard hit from remote and hybrid work, but the industry damage is more widespread. Vacancy rates are increasing in some multifamily markets, making it more difficult for many of those landlords to raise rents or make payments on floating-rate debt. Industrial space, long the darling of Wall Street for its use as e-commerce hubs, is showing signs of weakness.

Lender losses on commercial property loans have started to increase and look poised to rise further. Fitch Ratings projects the delinquency rate of commercial mortgage loans that have been converted into securities will increase to 4.5% in 2024 and to 4.9% in 2025—more than doubling the 2.25% rate as of

U.S. commercial mortgage-backed securities loan delinquency



Source: Fitch Ratings



Office-building owners have been hard hit from remote work.

November. Retail, hotel and office delinquencies are all expected to rise, Fitch said.

The decline in inflation and rates in recent months has eased the pain. But most borrowers still have to refinance at much higher rates than

those of their maturing loans.

“For commercial real estate, rate cuts can’t come fast enough,” said Matthew Anderson, managing director of Trepp.

Financial regulators are concerned that commercial-prop-

erty losses could spill over into the financial system. “Sales of financially distressed properties can...lead to a broader downward valuation spiral and even reduce municipalities’ property tax revenues,” according to the Financial Stability Oversight Council. The federal government organization was created after the 2008-09 financial crisis to monitor risks to the financial system.

In its 2023 annual report, the Council warns that financial institutions need to “better understand” their exposure to commercial real estate. And that isn’t only from their own property-loan portfolios. They should examine loans they made to other real-estate creditors, the report said.

More than \$50 billion of the loans maturing this year were made by nonbank lenders such as funds operated by private-equity firms and mortgage real-estate investment trusts, according to Trepp.

When loans mature, refinancing by far is the preferred route, but that can be tricky when credit markets are coping with the Federal Reserve’s fastest hike in interest rates since the 1980s.

“You need someone to hand the baton to,” said Jade Rahmani, an analyst at Keefe, Bruyette & Woods. “When you have these interest-rate shocks, there can be no one

there.”

The upshot: Many commercial property borrowers will have to work out deals with existing creditors when loans mature. Thaddeus Wilson, a partner with law firm King & Spalding, said he has been involved in about 50 of such workout negotiations in the past year, compared with just a few per year in normal times.

“We’ve seen deals in every market in multiple asset classes,” Wilson said.

Lenders will often agree to extend loans if owners agree to contribute additional capital. But parties sometimes aren’t able to come to terms, or borrowers prefer handing the property keys over to creditors over putting good money after bad.

The weak property sales market has complicated workout negotiations, making it harder for borrowers and lenders to agree on what properties are worth.

Borrowers tend to have a more optimistic view on values than lenders, who often are looking at worst-case scenarios, said Wilson of King & Spalding.

“At some point borrowers are going to have to come to grips that their lenders might be right about the values and look at it from the worst-case scenario,” Wilson said.

## Retailers Exit From Mall Sites

Continued from page B1

Company executives told investors last year that off-mall locations had stronger sales margins, and about 60% of its total square footage is outside malls.

Not all retailers are exiting from malls. Publicly traded mall owners **Simon Property Group** and **Macerich**, which primarily own higher-end centers, have reported record-high leasing volume over the past year as retailers such as **Hermès**, **Warby Parker** and **Alo Yoga** have taken space.

But foot traffic to U.S. malls was down 4% on average in 2023 from the prior year and about 12% lower than 2019 levels, according to real-estate data firm Green Street.

Low-end malls have seen the biggest drops in customer visits, partially because department stores have closed in higher numbers at these properties since 2017.

Online-sales data have also helped retailers pinpoint locations for successful stores with better accuracy than in the past.

“You know where your customer is buying and where they live,” said Scott Lipsey, chief financial and operating officer for **Abercrombie & Fitch**. “We’re looking at this digital shipping data, and we just plop a store down in the middle of it.”



Bath & Body Works is closing about 50 sites, primarily in struggling malls. A company location in the pedestrian section of a Miami shopping area.

Recently, **Abercrombie & Fitch** has been opening in city shopping districts to get closer to younger millennials and recent college graduates.

Visits to outdoor shopping centers have increased since the pandemic as the rise in remote work has given people the time and flexibility to run errands more frequently and closer to home.

Outdoor shopping and strip centers also appeal to retail-

ers who are increasingly allowing customers to pick up or return items bought online, **CoStar’s** Svec said. These shoppers want to get in and out of stores quickly and not spend time navigating large garages or walking across the mall.

Increasing demand for open-air space has driven up shopping-center rents to nearly \$24 a square foot, the highest level since real-estate

firm **Cushman & Wakefield** began tracking the metric in 2007.

But moving out of malls can still help retailers cut costs, particularly the common-area and maintenance charges that landlords pass on to tenants to help pay for the property’s upkeep.

Owners of enclosed malls are saddled with a host of additional expenses compared with open-air shopping cen-

ters, such as keeping the indoor walkways clean, repairing the heating and ventilation systems and maintaining the restrooms.

“It’s a lot more than blowing leaves out of a parking lot,” said Jim Taylor, chief executive of **Brixmor Property Group**, a real-estate investment trust that owns about 365 shopping centers across the U.S.

Taylor said he started to

notice traditional-mall tenants moving into Brixmor centers several years ago.

More recently, he has seen an increase in the types of retailers making the move, including those in the beauty, footwear, jewelry and housewares business.

“We’re seeing them come into the open-air centers because of the proximity and convenience to the customer,” he said.

## Chinese Sector’s Stocks Fall on Sales

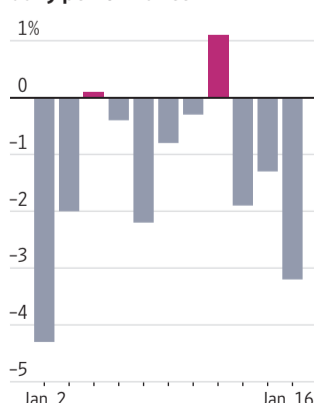
By Jiahui Huang

Chinese property stocks fell in Hong Kong on subdued investor sentiment, with companies reporting weaker contracted sales for December and the full year of 2023 as the property sector downturn continues.

The Hang Seng Mainland Properties Index, which tracks Chinese property developers, was 3.2% lower on Tuesday. **Longfor** declined 7.1% and **Yuexiu Property** fell 6.6%, while **Country Garden Holdings** and **Country Garden Services** were 5.6% and 5.0% lower, respectively. **Sunac China**, **Sino-Ocean Group**, **Kaisa Group** and **Greenland Hong Kong** were each more than 6.5% lower.

The property stocks weighed on the benchmark Hang Seng Index, which was 1.9% lower at the midday

Hang Seng Mainland Properties Index daily performance



Source: Refinitiv

break.

Last week, **Seazen Group** said its contracted sales fell 35% in 2023 while **Guangzhou R&F Properties** reported a 48% decline for the year.

Daiwa recently downgraded



A property model at a Kaisa Group Holdings sales office in Shenzhen, China.

its rating on **Longfor** to outperform from buy on concerns that large amounts of low-margin inventory could weigh on its earnings in the short term.

China’s property sector has had a weak start in 2024, No-

mura analysts said in a recent note.

Over the past week, new-home sales volume growth weakened sharply on year, especially in tier-2 and low-tier cities, the analysts said.

China’s new home sales in 30 major cities have declined 41% year-to-date in 2024, likely reflecting that the challenges may be larger than what the market expects, Gary Ng, senior economist at

Natixis said, quoting data provided by Wind.

“Together with the slow restructuring progress and policy support, investors are losing patience for the long-awaited recovery,” he said.



COMMODITIES

wsj.com/market-data/commodities

Futures Contracts

Table with columns: Metal & Petroleum Futures, Open, High, Low, Settle, Chg, Open interest. Includes sub-sections for Copper-High, Gold, Palladium, Platinum, Silver, Crude Oil, Gasoline, NY Harbor, and Agriculture Futures.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes sub-sections for Soybeans, Soybean Meal, Soybean Oil, Rough Rice, Wheat, Wheat (KC), Hogs-Lean, Cattle-Feeder, Cattle-Live, Cocoa, Coffee, Sugar-World, and Sugar-Domestic.

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes sub-sections for Interest Rate Futures (Ultra Treasury Bonds, Treasury Bonds, Treasury Notes, 5Yr. Treasury Notes, 2Yr. Treasury Notes, 30 Day Federal Funds) and Currency Futures (Japanese Yen, Canadian Dollar, British Pound, Swiss Franc).

Table with columns: Open, High, Low, Settle, Chg, Open interest. Includes sub-sections for Index Futures (Mini DJ Industrial Average, Mini S&P 500, Mini S&P Midcap 400, Mini Nasdaq 100, Mini Russell 2000, Mini Russell 1000, U.S. Dollar Index) and Food (Wheat, Beef, Broilers, Butter, Cheddar cheese, Milk, Coffee, Eggs, Flour, Hams, Hogs, Pork, Steers, Tallow).

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 with columns: Total return close, YTD total return (%), Index, Yield (%), Latest, Low, High. Includes sub-sections for Broad Market, U.S. Corporate, U.S. Agency, and High Yield Bonds.

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Cash Prices | wsj.com/market-data/commodities

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Table with columns: Tuesday, Energy, Metals, Fibers and Textiles, Grains and Feeds. Includes sub-sections for Coal, Copper, Steel, Battery/EV metals, Gold, Silver, and various agricultural products.

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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 with columns: Coupon (%), Maturity, Country, Latest, Yield (%), Spread Under/Over U.S. Treasuries. Includes sub-sections for U.S., Australia, France, Germany, Italy, Japan, Spain, and U.K.

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Corporate Debt

Prices of firms' bonds reflect factors including investors' economic, sectoral and company-specific expectations

Investment-grade spreads that tightened the most...

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, Current, One-day change, Last week. Includes Bank of Nova Scotia, Metropolitan Life, Morgan Stanley, BPCEGP, Westpac Banking, Wells Fargo, Hyundai Capital, and Electricite de France.

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...And spreads that widened the most

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Spread, Current, One-day change, Last week. Includes Toronto-Dominion Bank, Verizon Communications, Citigroup, Procter & Gamble, Cooperative Rabobank, Bank of America, Caterpillar Financial Services, and Canadian Natural Resources.

...And spreads that widened the most

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High-yield issues with the biggest price increases...

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value, Current, One-day change, Last week. Includes Xerox, Liberty Interactive, Intesa Sanpaolo, CSC Holdings, and Telecom Italia Capital.

High-yield issues with the biggest price increases...

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...And with the biggest price decreases

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value, Current, One-day change, Last week. Includes Dish DBS, Hughes Satellite Systems, Sealed Air, Bath & Body Works, and Telecom Italia Capital.

...And with the biggest price decreases

Table with columns: Issuer, Symbol, Coupon (%), Yield (%), Maturity, Bond Price as % of face value, Current, One-day change, Last week. Includes Dish DBS, Hughes Satellite Systems, Sealed Air, Bath & Body Works, and Telecom Italia Capital.

\*Estimated spread over 2-year, 3-year, 5-year, 10-year or 30-year hot-run Treasury; 100 basis points=one percentage pt.; change in spread shown is for Z-spread. Note: Data are for the most active issue of bonds with maturities of two years or more

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Special Advertising Feature



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# Office Hours

New York City's office sector accounts for nearly 10% of the city's real property tax collections annually — an estimated \$5 billion to \$6 billion.

## How vibrant (and occupied) workspaces can fuel New York's fiscal health

by Kelly Bryant

**F**rom his office in midtown Manhattan, Toby Dodd has had a bird's-eye view of the city's resurgence over the past several years. Dodd, who serves as Cushman & Wakefield's Northeast regional president, is inspired by the droves of tourists he sees bustling nearby, energizing the streets around him.

However, while tourism may be up (and great for the economy), New York's office sector faces historic headwinds. According to Cushman & Wakefield research, Manhattan office leasing declined nearly 40% through the first nine months of 2023 compared to the same period in 2022. Meanwhile, investment sales in 2023 saw a 41% decrease in dollar volume compared to 2022, according to Ariel Property Advisors.

While this isn't news any commercial real estate investor wants to hear, Dodd remains optimistic about what's to come.

"There are two primary drivers the office market supports in any major city, but specifically in New York," Dodd explains. "Number one is talent — the people. We're seeing residential occupancy rates at about 95%, which is close to an all-time high, demonstrating that the best talent wants to live and work in New York. Layering on to that is number two — employment, which is now above pre-pandemic levels. If office buildings are the home for businesses, where they bring people together, build culture and develop

talent, the future is promising — offices enable company and employment growth. Workspaces may not look the same as they used to, but they're still a hub for innovation."

### REVITALIZING BUSINESS DISTRICTS

Bringing employees back to the office isn't just important to the ethos of many businesses, it's also a financial boon for the city. New York City's office market accounts for nearly 10% of the city's real property tax collections each year, which is estimated at \$5 billion to \$6 billion.

In an effort to mitigate some of New York's office sector challenges, REBNY is urging policymakers to support office-to-residential conversions, which would provide more housing for the city's talent pool. And they're proponents of lifting the 12 FAR (floor-to-area ratio) Cap, which limits construction on residential buildings to just 12 times the size of their lot. Lifting this restriction would allow new construction of both residential and mixed-income housing in place of obsolete office buildings unsuitable for conversion.

Continued on page B7C

## Recognizing Distinguished Civic and Industry Leaders

Prestigious event celebrates contributions to New York City

The Real Estate Board of New York (REBNY), New York City's leading real estate trade association, is honoring distinguished civic and real estate industry leaders at the REBNY Annual on January 18. This signature event brings together industry leaders and public officials for a night of celebration, unmatched networking, awards and a world-class culinary experience to recognize their collective contributions to New York City. Honorees receive awards during the night's seated dinner alongside the iconic REBNY dais to recognize their unparalleled commitment to the welfare of New York City and its residents, and their exceptional contributions to real estate.

"Our honorees represent the very best of New York," says REBNY President James Whelan. "These remarkable men and women have left indelible impacts on our great city and are continuing to help lead our industry and economy forward. We look forward to presenting them with well-deserved recognition at this year's REBNY Annual."



### Douglas Durst

The Harry B. Helmsley Distinguished New Yorker Award goes to Douglas Durst, chairman, The Durst Organization, for a lifetime of exceptional accomplishment in the profession and having made invaluable contributions to New York's civic welfare.



### Joel Picket

The Bernard H. Mendik Lifetime Leadership in Real Estate Award goes to Joel Picket, chairman, Gotham Organization, for exceptional service to the industry and remarkable professional accomplishments over the course of his career.



### Elizabeth Ann Stribling-Kivlan

The Kenneth R. Gerrety Humanitarian Award goes to Elizabeth Ann Stribling-Kivlan, senior managing director, Compass, for outstanding service to the community.



### Fred Cerullo

The John E. Zuccotti Public Service Award goes to Fred Cerullo, president and CEO of the Grand Central Partnership, for exceptional accomplishments and service to the public's interest.



### Wayne Taub

The George M. Brooker Management Executive of the Year Award goes to Wayne Taub, executive managing director of operations, Jack Resnick & Sons, recognizing exceptional career accomplishments as well as service to the profession and the broader community.



### Ellen Israel

The Louis Smadbeck Memorial Broker Recognition Award will be presented to Ellen Israel, executive managing director, JRT Realty Group, recognizing a REBNY broker with personal and professional integrity, long-term leadership and prominence in the brokerage community and participation in REBNY's committees.



### Michael Rudder

The Young Real Estate Professional of the Year Award will be presented to Michael Rudder, principal, Rudder Property Group, for incredible professional achievement as a rising star for the industry and civic leadership.

A portion of proceeds from REBNY's annual event will go to the REBNY Foundation to fund social impact initiatives in New York City, such as the REBNY Fellows Leadership Program in partnership with Coro New York and Building Skills NY, a nonprofit construction-workforce development organization that connects underemployed New Yorkers with jobs and training to create new career pathways into the construction industry.



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We are grateful to the New York brokerage community for your support in helping us lease over 1,029,000 SF in 2023.



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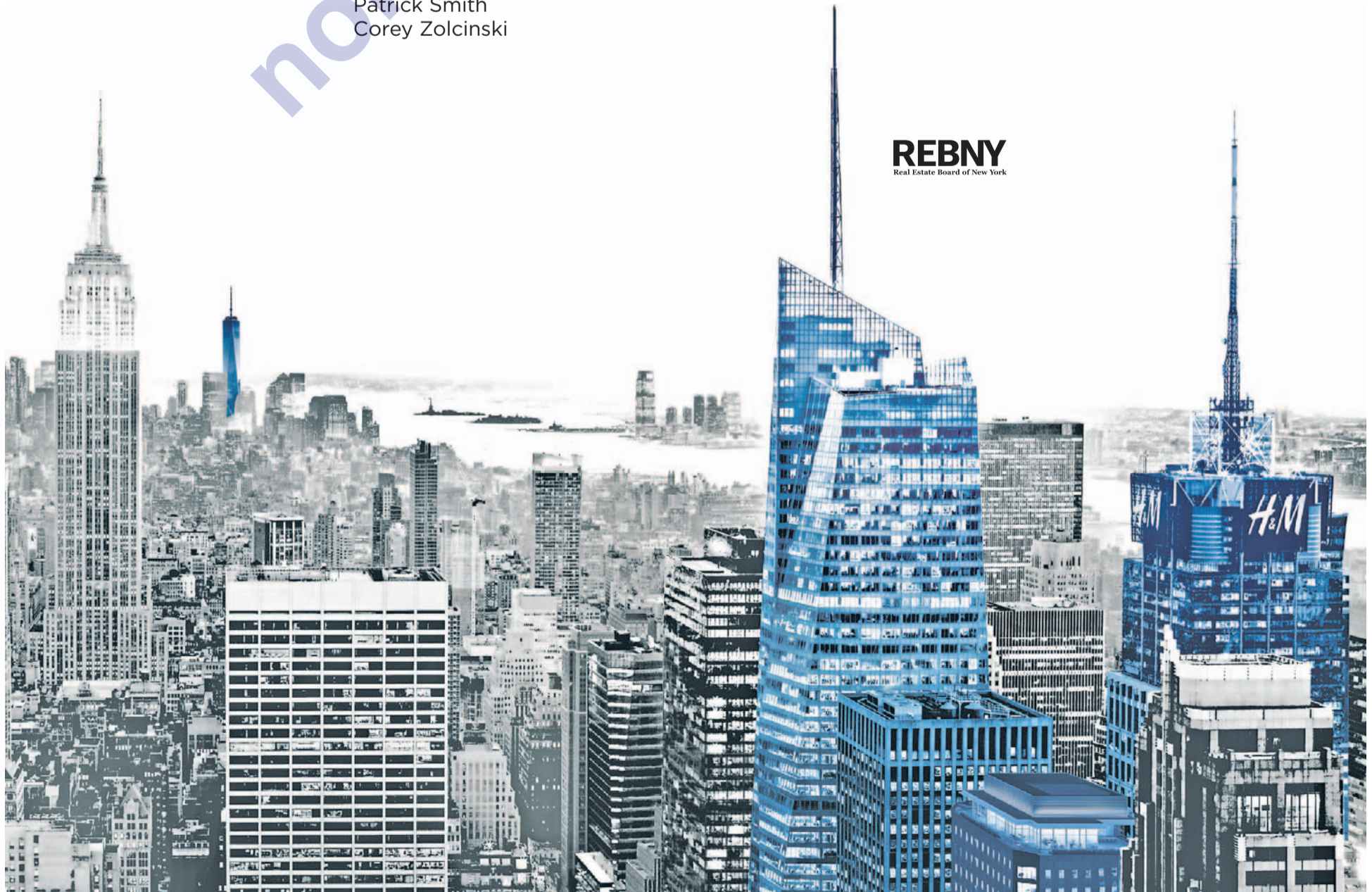
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Special Advertising Feature

2024



# The Road Ahead for New York's Real Estate Industry



James Whelan

In 2023, New York City's real estate industry needed to navigate the challenges posed by higher interest rates, tighter lending standards and new paradigms created by the COVID-19 pandemic. The Real Estate Board of New York (REBNY), led by President James Whelan, represents the gamut of professionals that make up this industry, which contributes more than 50% of all the tax revenue collected by the New York City government annually. Whelan and REBNY staff are actively strategizing to best position REBNY's more than 14,000 members for success in 2024, while reminding the public that "as the real estate industry goes, so goes New York City."

**Q: How would you characterize New York City's commercial real estate market over the past year?**

**JAMES WHELAN:** Like commercial markets throughout the country, New York City has faced several economic challenges — significantly higher interest rates, tighter lending standards and post-pandemic adjustments, like hybrid work. This has led to slower office leasing and less residential sales transactions for a good part of 2023.

However, there are clear signs of progress and renewed enthusiasm in the market. Workers are continuing to return to the office, as our data this fall shows Manhattan office buildings hit average visitation rates of up to 70% — the highest since the onset of the pandemic. A recent report shows Manhattan office leasing increased 27% in the fourth quarter of 2023 compared to the previous quarter. Retail leasing was strong throughout the year, as CBRE noted in October that direct ground floor availability across Manhattan's premier corridors decreased by 11.4% compared to the previous year. With interest rates expected to drop sometime this year, there is even more reason for optimism ahead.

**What do you think the future should look like for the city's central business districts?**

**WHELAN:** This can be a moment of great opportunity if the government is willing to step up with smart, targeted policies. On the one hand, we have

ongoing demand for premier office space, rising levels of activity in those buildings and continued interest in retail leasing among luxury retailers and other tenants. On the other hand, an elevated vacancy rate in certain office buildings presents the chance to reimagine aspects of our central business districts in new and exciting ways.

To seize that moment, it will be critical for the public sector to advance sensible policies that facilitate conversions of some commercial properties into residential or other uses. Over the past year we saw some important discussions and proposals around this issue through Governor Hochul and Mayor Adams' "New" New York Panel and the mayor's City of Yes plan to modernize zoning regulations. If we can inject more of a 24/7, live-work-play environment into our business districts, we can play to our current strengths while also bringing more foot traffic and activity back to these vital economic engines for the city.

Additionally, it will be important for public officials to stay focused on the basic issues that are key to economic recovery: addressing public safety, enhancing quality of life and ensuring good delivery of government services.

**New York City also faces some serious housing challenges. What does housing production look like in the city today and where do we go from here?**

**WHELAN:** As the pandemic has subsided, the

city has seen stronger demand for rental housing. Unfortunately, the supply of new rentals has not come close to keeping up with demand.

According to the NYC Department of City Planning, only 200,000 new housing units were built between 2010 and 2020 while the city gained 630,000 new residents and about 1 million new jobs over the same period.

Our housing production numbers have grown particularly anemic. REBNY's analysis shows that builders in New York City sought foundation permits for just under 10,000 new units of multifamily housing in 2023. That is only 20% of the 50,000-unit-per-year target set by state and city leaders to address the supply crisis.

This problem is largely due to a lack of public sector policies, particularly at the state level, to facilitate the production of rental housing in New York City. It will be incumbent on state lawmakers to respond with real solutions that address the supply crisis.

**How does REBNY get involved in these issues as well as support members across the industry?**

**WHELAN:** We are intensely focused on engaging government officials to address our members' needs and promote policies that strengthen the city and its economy. Our team tracks thousands of pieces of legislation each year and meets consistently with lawmakers to share our views. We also seek to bring more nuance and detail to the media's depiction of issues facing our industry.

We put a great emphasis on data in all of these discussions. In addition to our aforementioned analyses of the city's declining housing production and rising office visitation rates, we have published data on the financial challenges many property owners face in addressing the important matter of climate change and sustainability.

This will continue to be a primary focus for us over the months to come.

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PHOTO COURTESY OF REBNY

Manhattan's office buildings continue to see a flight to quality, with amenity-rich, lavishly renovated properties seeing much higher demand than their no-frills counterparts.

Continued from page B7A

**LOOKING AHEAD**

But despite all of the concerns surrounding the office sector, Dodd isn't the only one who thinks there's a lot to be excited about in regards to New York's commercial real estate.

"I'm shocked there aren't more people acknowledging the positives," says Douglas Durst, chairman of The Durst Organization. "The data is there. Across our commercial portfolio, we have a lower vacancy rate today than pre-pandemic. At many of our properties, we have higher net effective rents. Of course, there are parts of the market struggling, but too often the industry is portrayed as a monolith. There's nuance. A lot of Class A, including both A-plus trophy towers and older, well-maintained buildings, are performing very well right now from a leasing perspective."

Durst points to his organization's trophy assets like One World Trade Center, One Five One West 42nd Street and One Bryant Park, all of which are seeing extraordinary demand. And with Durst's property at 825 Third Avenue, originally built in 1969, recently undergoing a \$150 million renovation, the sustainably modernized building pre-leased 35% of its spaces before the renovation was complete.

"The approach to long-term planning and investment is consistent throughout our portfolio, and it has paid off," Durst says.

When weighing both the good and the not-so-great, it's important to look at the overall picture of the New York market. Matt Van Buren, CBRE New York tri-state president, is of the opinion that Manhattan's office market will remain heavily segmented and, with that, continue on its path to an unbalanced recovery.

"High-quality, well-located assets will lease well — so much so that there will be a spillover into the next tier of quality assets," Van Buren says. "The dearth of office construction pipeline in the near term will reinforce leasing among existing assets. Lower interest rates and price discovery in the sales market will result in more transaction volume."

To hone in on this idea of an unbalanced recovery, one only needs to look to midtown, which Van Buren asserts separated itself from the pack in 2023.

"The availability rate there has flattened," he says. "There is less sublease space available than at year-end 2022, and meaningful declines in available supply can be seen in pockets of the market."

And then for the bad. Speaking broadly, Van Buren predicts Manhattan office rents will fall by an additional 2% before reversing course.

"The market is highly segmented into the commodity product, which should continue to see deterioration of rents," he says. "The better-quality assets — which make up about 40% of the total market by footage — should be less impacted."

Kelly Bryant is a freelance writer in Los Angeles specializing in real estate and lifestyle topics.



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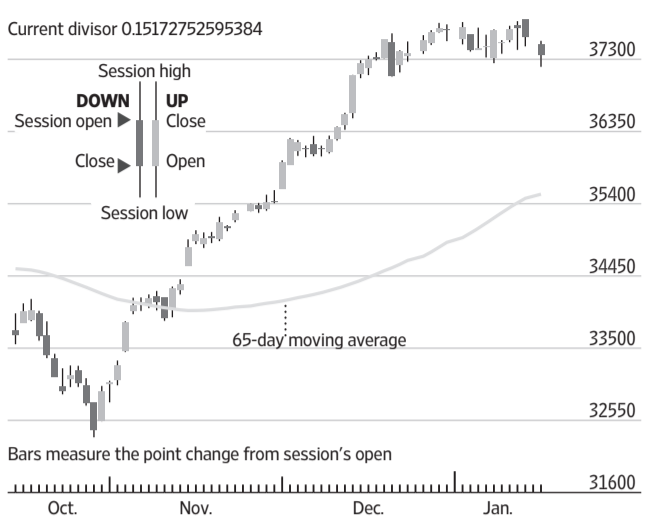


# MARKETS DIGEST

## EQUITIES

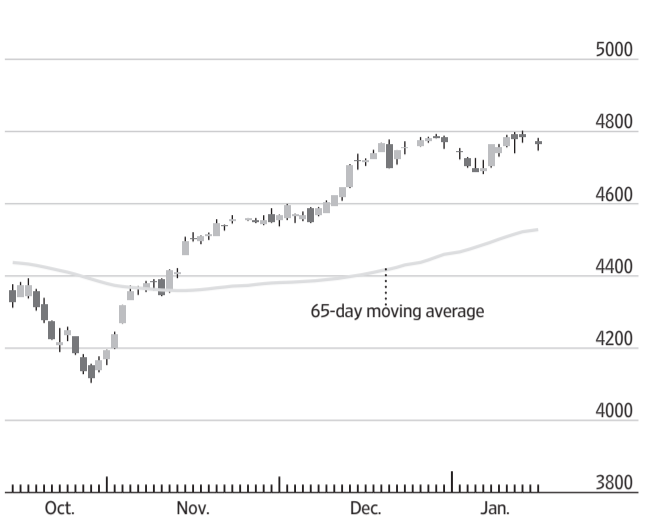
### Dow Jones Industrial Average

**37361.12** ▼231.86, or 0.62%  
 High, low, open and close for each trading day of the past three months.  
 Last: 26.18, Year ago: 22.48  
 Trailing P/E ratio: 20.77, P/E estimate: 20.77, Dividend yield: 1.97, All-time high: 37715.04, 01/02/24



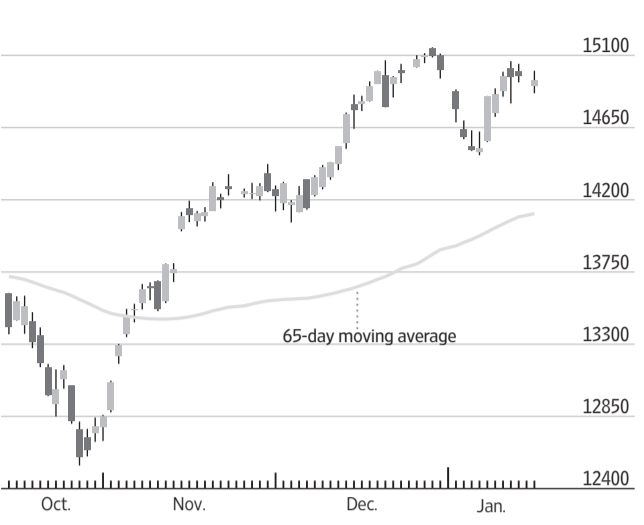
### S&P 500 Index

**4765.98** ▼17.85, or 0.37%  
 High, low, open and close for each trading day of the past three months.  
 Last: 22.33, Year ago: 19.15  
 Trailing P/E ratio: 21.57, P/E estimate: 21.57, Dividend yield: 1.51, All-time high: 4796.56, 01/03/22



### Nasdaq Composite Index

**14944.35** ▼28.41, or 0.19%  
 High, low, open and close for each trading day of the past three months.  
 Last: 30.11, Year ago: 24.75  
 Trailing P/E ratio: 28.53, P/E estimate: 28.53, Dividend yield: 0.86, All-time high: 16057.44, 11/19/21



### Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg
<b>Dow Jones</b>					
Industrial Average	37543.18	37201.39	<b>37361.12</b>	-231.86	<b>-0.62</b>
Transportation Avg	15427.45	15256.78	<b>15342.58</b>	-127.95	<b>-0.83</b>
Utility Average	884.19	873.70	<b>875.64</b>	-9.85	<b>-1.11</b>
Total Stock Market	47689.68	47332.00	<b>47520.73</b>	-209.24	<b>-0.44</b>
Barron's 400	1053.69	1041.64	<b>1044.52</b>	-9.17	<b>-0.87</b>
<b>Nasdaq Stock Market</b>					
Nasdaq Composite	15004.35	14863.81	<b>14944.35</b>	-28.41	<b>-0.19</b>
Nasdaq-100	16895.33	16726.59	<b>16830.71</b>	-2.21	<b>-0.01</b>
<b>S&amp;P</b>					
500 Index	4782.34	4747.12	<b>4765.98</b>	-17.85	<b>-0.37</b>
MidCap 400	2720.12	2697.81	<b>2711.02</b>	-17.61	<b>-0.65</b>
SmallCap 600	1263.18	1253.14	<b>1257.04</b>	-12.86	<b>-1.01</b>
<b>Other Indexes</b>					
Russell 2000	1939.81	1921.81	<b>1927.30</b>	-23.66	<b>-1.21</b>
NYSE Composite	16799.54	16599.72	<b>16639.38</b>	-160.16	<b>-0.95</b>
Value Line	577.66	570.41	<b>572.08</b>	-5.49	<b>-0.95</b>
NYSE Arca Biotech	5305.34	5207.49	<b>5238.04</b>	-67.30	<b>-1.27</b>
NYSE Arca Pharma	958.91	947.98	<b>949.19</b>	-9.72	<b>-1.01</b>
KBW Bank	93.52	91.97	<b>92.87</b>	-1.24	<b>-1.32</b>
PHLX <sup>S</sup> Gold/Silver	118.87	115.77	<b>115.90</b>	-4.74	<b>-3.93</b>
PHLX <sup>S</sup> Oil Service	79.13	77.32	<b>77.43</b>	-1.95	<b>-2.46</b>
PHLX <sup>S</sup> Semiconductor	4132.99	4035.92	<b>4105.94</b>	53.52	<b>1.32</b>
Cboe Volatility	14.35	13.52	<b>13.84</b>	1.14	<b>8.98</b>

### Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
Ironwood Pharm Cl A	IRWD	9,657.9	11.74	...	<b>unch.</b>	11.74	11.53
Intel	INTC	9,515.4	47.12	0.06	<b>0.13</b>	47.15	46.98
SPDR S&P 500 ETF Trust	SPY	8,985.9	474.99	0.06	<b>0.01</b>	475.77	473.91
KE Holdings ADR	BEKE	6,494.1	14.32	0.11	<b>0.77</b>	14.32	14.21
AT&T	T	5,045.7	16.45	0.01	<b>0.06</b>	16.48	16.38
Amazon.com	AMZN	4,497.0	153.04	-0.12	<b>-0.08</b>	162.60	149.69
Arcadium Lithium	ALTM	4,445.1	5.40	-0.03	<b>-0.55</b>	5.46	5.40
Mirati Therapeutics	MRTX	4,328.8	58.98	...	<b>unch.</b>	58.99	58.98

### Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
NCR Voyix	VYX	61.2	16.59	1.62	<b>10.82</b>	16.59	14.97
Evolus	EOLS	100.0	11.00	0.57	<b>5.47</b>	11.00	10.27
Natera	NTRA	113.7	66.33	3.42	<b>5.44</b>	66.42	62.40
Progress Software	PRGS	55.4	56.25	2.64	<b>4.92</b>	59.00	52.36
Opera ADR	OPRA	108.5	11.78	0.53	<b>4.71</b>	11.80	11.25

### Trading Diary

	NYSE	NYSE Amer.
<b>Total volume*</b>	973,076,120	13,195,176
<b>Adv. volume*</b>	152,612,850	4,601,935
<b>Decl. volume*</b>	808,522,176	8,549,836
<b>Issues traded</b>	2,921	314
<b>Advances</b>	648	93
<b>Declines</b>	2,207	211
<b>Unchanged</b>	66	10
<b>New highs</b>	56	10
<b>New lows</b>	68	16
<b>Closing Arms*</b>	1.83	0.62
<b>Block trades*</b>	4,510	131

### Percentage losers...

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
Fidelity National Finl	FNFB	286.9	46.00	-2.90	<b>-5.93</b>	49.65	46.00
Principal Financial Group	PFG	115.1	73.65	-4.49	<b>-5.75</b>	78.15	73.65
Digital World Acq'n Cl A	DWAC	289.9	21.37	-0.98	<b>-4.38</b>	22.37	20.55
Infrared Cameras Holdings	MSAI	383.8	2.86	-0.13	<b>-4.35</b>	4.42	2.83
Upwork	UPWK	454.6	14.20	-0.49	<b>-3.34</b>	14.86	14.20

### International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
<b>World</b>	<b>MSCI ACWI</b>	<b>718.96</b>	-5.07	<b>-0.70</b>	-1.1
	MSCI ACWI ex-USA	308.32	-3.87	<b>-1.24</b>	-2.6
	MSCI World	3146.04	-19.10	<b>-0.60</b>	-0.7
	MSCI Emerging Markets	979.72	-15.44	<b>-1.55</b>	-4.3
<b>Americas</b>	<b>MSCI AC Americas</b>	<b>1807.18</b>	-7.82	<b>-0.43</b>	-0.4
Canada	S&P/TSX Comp	20948.09	-113.79	<b>-0.54</b>	-0.05
Latin Amer.	MSCI EM Latin America	2534.25	-58.12	<b>-2.24</b>	-4.8
Brazil	Ibovespa	129294.04	-2226.87	<b>-1.69</b>	-3.6
Chile	S&P/IPS	3336.33	-14.07	<b>-0.42</b>	-3.8
Mexico	S&P/BMV IPC	55124.58	-376.53	<b>-0.68</b>	-3.9
<b>EMEA</b>	<b>STOXX Europe 600</b>	<b>473.06</b>	-1.13	<b>-0.24</b>	-1.2
Eurozone	Euro STOXX	467.08	-1.38	<b>-0.29</b>	-1.5
Belgium	Bel-20	3630.30	-37.02	<b>-1.01</b>	-2.1
Denmark	OMX Copenhagen 20	2360.47	5.24	<b>0.22</b>	3.4
France	CAC 40	7398.00	-13.68	<b>-0.18</b>	-1.9
Germany	DAX	16571.68	-50.54	<b>-0.30</b>	-1.1
Israel	Tel Aviv	1824.73	-23.32	<b>-1.26</b>	-2.2
Italy	FTSE MIB	30337.62	9.90	<b>0.03</b>	-0.05
Netherlands	AEX	778.54	-0.95	<b>-0.12</b>	-1.1
Norway	Oslo Bors All-Share	1496.69	-0.23	<b>-0.02</b>	-1.5
South Africa	FTSE/JSE All-Share	73007.62	-668.12	<b>-0.91</b>	-5.1
Spain	IBEX 35	9994.10	-82.77	<b>-0.82</b>	-1.1
Sweden	OMX Stockholm	871.91	-4.99	<b>-0.57</b>	-3.4
Switzerland	Swiss Market	11229.65	22.14	<b>0.20</b>	0.8
Turkey	BIST 100	8032.17	-11.85	<b>-0.15</b>	7.5
U.K.	FTSE 100	7558.34	-36.57	<b>-0.48</b>	-2.3
U.K.	FTSE 250	19193.32	-7.52	<b>-0.04</b>	-2.5
<b>Asia-Pacific</b>	<b>MSCI AC Asia Pacific</b>	<b>164.97</b>	-2.70	<b>-1.61</b>	-2.6
Australia	S&P/ASX 200	7414.80	-81.47	<b>-1.09</b>	-2.3
China	Shanghai Composite	2893.99	7.70	<b>0.27</b>	-2.7
Hong Kong	Hang Seng	15865.92	-350.41	<b>-2.16</b>	-6.9
India	S&P BSE Sensex	73128.77	-199.17	<b>-0.27</b>	1.2
Japan	NIKKEI 225	35619.18	-282.61	<b>-0.79</b>	6.4
Singapore	Straits Times	3184.99	-14.43	<b>-0.45</b>	-1.7
South Korea	KOSPI	2497.59	-28.40	<b>-1.12</b>	-5.9
Taiwan	TAIEX	17346.87	-199.95	<b>-1.14</b>	-3.3
Thailand	SET	1401.72	-5.30	<b>-0.38</b>	-1.0

### Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	52-Week High	% chg
DatChat	DATS	3.18	1.09	<b>51.79</b>	8.49	1.60	<b>-49.0</b>
Altisource Asset Mgmt	AAMC	5.00	1.45	<b>40.85</b>	60.88	2.64	<b>-71.5</b>
HomeStreet	HMST	14.87	4.10	<b>38.07</b>	30.15	4.20	<b>-47.1</b>
Garden Stage	GSIV	11.00	3.03	<b>38.02</b>	11.70	4.20	...
Jin Medical International	ZJYL	109.97	28.95	<b>35.73</b>	509.87	4.84	...
Digital World Acq'n Cl A	DWAC	22.35	5.03	<b>29.04</b>	25.85	12.34	<b>28.7</b>
MorphoSys ADR	MOR	10.77	2.17	<b>25.23</b>	11.06	3.65	<b>133.1</b>
PureCycle Technologies	PCT	2.92	0.52	<b>21.67</b>	11.89	2.39	<b>-66.2</b>
Mega Matrix	MPU	2.77	0.49	<b>21.49</b>	3.80	0.55	<b>62.9</b>
Adagene ADR	ADAG	3.78	0.61	<b>19.24</b>	3.80	1.10	<b>108.8</b>
Lipocine	LPCN	4.11	0.64	<b>18.44</b>	10.33	2.31	<b>-58.3</b>
Rumble	RUM	3.92	0.53	<b>15.63</b>	11.25	3.33	<b>-59.8</b>
ProSh UltSh Bbg Nat Gas	KOLD	84.13	11.28	<b>15.48</b>	117.32	36.40	<b>123.1</b>
M-tron Industries	MPTI	42.58	5.58	<b>15.08</b>	43.41	9.53	<b>338.5</b>
Spectaire Holdings	SPEC	2.75	0.36	<b>15.06</b>	15.40	1.29	<b>-73.6</b>

### Most Active Stocks

Company	Symbol	Volume (000)	% chg from 65-day avg	Latest Session % chg	52-Week High	Low
Phunware	PHUN	1,566,669	39832.9	0.42	<b>453.49</b>	1.15
ProSh UltraPro Shrt QQQ	SOQQ	132,876	6.7	13.49	<b>0.15</b>	49.45
Nikola	NKLA	131,559	56.4	0.64	<b>-8.84</b>	3.71
NIO ADR	NIO	120,572	129.8	6.55	<b>-8.65</b>	16.18
Direxion Dly Semi 3 Bear	SOXS	115,595	57.4	6.08	<b>-4.10</b>	31.44
Tesla	TSLA	114,905	-2.3	219.91	<b>0.47</b>	299.29
Advanced Micro Devices	AMD	111,723	93.0	158.74	<b>8.31</b>	159.72
Marathon Digital	MARA	105,766	65.9	17.78	<b>-6.32</b>	31.30
Spirit Airlines	SAVE	100,481	1949.5	7.92	<b>-47.09</b>	20.99
U Power	UCAR	99,281	1412.2	0.13	<b>-2.55</b>	75.00

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### Percentage Losers

Company	Symbol	Close	Net chg	% chg	High	52-Week High	% chg
Allakos	ALLK	1.19	-1.80	<b>-60.20</b>	8.30	1.15	<b>-85.3</b>
Spirit Airlines	SAVE	7.92	-7.05	<b>-47.09</b>	20.99	5.80	<b>-61.8</b>
LQR House	LQR	2.02	-1.64	<b>-44.81</b>	435.00	0.95	...
New Horizon Aircraft	HQVR	3.36	-2.36	<b>-41.26</b>	12.14	2.87	...
Nubia Brand Intl Cl A	NUBI	6.02	-3.60	<b>-37.41</b>	13.85	4.55	<b>-41.3</b>
Applied Digital	APLD	5.53	-1.96	<b>-26.17</b>	11.62	1.74	<b>145.8</b>
TransCode Therapeutics	RNAZ	3.81	-1.19	<b>-23.80</b>	856.00	3.75	<b>-99.2</b>



BUSINESS & FINANCE

JPMorgan Unit to Pay SEC Fine

By Mengqi Sun and Ben Glickman

A JPMorgan Chase subsidiary will pay \$18 million to the Securities and Exchange Commission to settle charges it violated whistleblower protection rules, one of the largest fines to date by the regulator under the rule.

The SEC alleged Tuesday that J.P. Morgan Securities prevented hundreds of advisory clients and brokerage customers who had disputes or concerns with the firm from reporting potential violations of securities law to regulators by asking them to sign confidentiality release agreements that contained language that prohibited such reporting.

The SEC alleged that from March 2020 to July 2023, J.P. Morgan Securities asked retail clients who had been issued a credit or settlement of more than \$1,000 to sign agreements that required them to

keep confidential all underlying facts relating to their settlements and all information relating to the accounts. The SEC said that at least 362 clients have signed such releases since 2020, each receiving amounts ranging from about \$1,000 to \$165,000.

The SEC alleged that while the confidentiality agreements allowed the clients to respond to inquiries from regulators, they didn't permit clients to voluntarily contact the SEC and other regulators to report potential misconduct, in violation of the SEC rule.

The whistleblowing protection rules, established by the 2010 Dodd-Frank Act, prohibit actions that would impede an individual from communicating directly with SEC staff about possible security law violations. Those actions include enforcing or threatening to enforce a confidentiality agreement over communication with the SEC.

J.P. Morgan Securities

didn't admit to or deny the SEC's findings and agreed to be censured, to cease and desist from violations and to pay an \$18 million civil penalty.

"We take our regulatory obligations seriously and promptly took action to resolve this issue," a company spokesperson said in an email Tuesday.

The SEC said J.P. Morgan revised the section of its confidentiality release after being informed by the agency that it violated the whistleblower protection rule and communicated with clients that signed the release, affirming that they aren't prohibited from reporting to regulators.

Enforcement of the whistleblower protection rule has been a focal point for the SEC in recent months, after whistleblower attorneys have for years called attention to widely used nondisclosure provisions that could silence people who have witnessed misconduct.

The regulator has taken a number of actions against companies whose various employment contracts have language that might hold employees back from reporting potential misconduct to regulators, including a \$10 million fine against hedge fund D.E. Shaw in September.

The settlement with J.P. Morgan is one of the first cases brought under the whistleblower rule relating to a firm's settlement agreements with its clients.

The SEC's enforcement division chief Gurbir Grewal said J.P. Morgan's releases forced these clients into "the untenable position of choosing between receiving settlements or credits from the firm and reporting potential securities law violations to the SEC."

"This either-or proposition not only undermined critical investor protections and placed investors at risk, but was also illegal," Grewal said in a statement Tuesday.

Wood-Pellet Maker Skips Bond Payment

By Alexander Gladstone

Enviva, the largest U.S. wood-pellet exporter, was expected to skip a \$24 million payment due to its bondholders Tuesday, according to a securities filing, as it continues restructuring discussions in the wake of a disastrous bet on future pellet prices.

The company now has 30 days to make the bond payment before the failure to pay constitutes an event of default. Enviva is conducting a review of alternatives to address its capital structure and liquidity needs, the company has said.

Bethesda, Md.-based Enviva said last year that it had been buying pellets and aiming to resell them for more. That strategy became perilous when pellet prices fell, leaving the company on the hook to

pay \$296.3 million last year for 800,000 metric tons of wood pellets that would be worth only \$156.9 million on the open market, according to a securities filing.

The company said at the time that it expected roughly \$140 million in additional loss over the next two years based on current prices for future deliveries of pellets.

Shares dropped more than 12% on Tuesday to about 79 cents. They traded above \$87 in April 2022.

Enviva said that its wood pellets are sustainable and provide a low-carbon alternative to fossil fuels. It is shipping more wood pellets than ever before from its facilities in the Southern pineries to power plants abroad that burn them instead of coal.

—Ryan Dezember contributed to this article.

New Highs and Lows

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG Daily percentage change from the previous trading session.

Table with columns: Stock, 52-Wk % High/Low/Chg, and a list of stocks including AGNC, Aviation, Avirex, etc.

Table with columns: Stock, 52-Wk % High/Low/Chg, and a list of stocks including Macrogenics, Maudland, McKesson, etc.

Table with columns: Stock, 52-Wk % High/Low/Chg, and a list of stocks including AdialPharm, AehrTestSys, AgateATP, etc.

Table with columns: Stock, 52-Wk % High/Low/Chg, and a list of stocks including ClearmindMed, GreenPlains, GreenTree, etc.

Table with columns: Stock, 52-Wk % High/Low/Chg, and a list of stocks including NasTechnology, NaborsIndustries, NanoDimension, etc.

Table with columns: Stock, 52-Wk % High/Low/Chg, and a list of stocks including SafeguardSci, SCWorx, Semantix, etc.

Borrowing Benchmarks

wsj.com/mkt-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table showing inflation, U.S. consumer price index, and international rates.

Policy Rates

U.S. government rates

Table showing policy rates for Euro zone, Switzerland, Britain, Australia, and U.S. government rates.

Federal funds

Effective rate

Table showing federal funds rates for 4 weeks, 13 weeks, 26 weeks, and secondary market.

Treasury bill auction

4 weeks, 13 weeks, 26 weeks

Table showing Treasury bill auction results for 4, 13, and 26 weeks.

Exchange-Traded Portfolios

Largest 100 exchange-traded funds, latest session

Table showing the largest 100 exchange-traded funds.

ETF

Closing Price, Chg YTD (%)

Table showing various ETFs and their performance.

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

Table showing key interest rates for federal funds, commercial paper, nonfinancial, financial, and discount window primary credit.

Treasury yields (secondary market)

1-month, 3-month, 6-month

Table showing Treasury yields for various maturities.

DTCC GCF Repo Index

Treasury, MBS

Table showing DTCC GCF Repo Index for Treasury and MBS.

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective July 27, 2023. Other prime rates aren't directly comparable; lending practices vary widely by location; Discount rate is effective July 27, 2023. Secured Overnight Financing Rate is as of January 15, 2024. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal-funds rates are Tullent Prebon rates as of 5:30 p.m. ET.

Table showing notes on data and U.S. prime rate details.

Dividend Changes

KEY: A: annual; M: monthly; Q: quarterly; r: revised; SA: semiannual; S2:1: stock split and ratio; S0: spin-off.

Table showing dividend changes for various companies.

Mutual Funds

Data provided by LIPPER

Table showing mutual fund performance for various funds.

Mutual Funds

Top 250 mutual-funds listings for Nasdaq-published share classes by net assets.

Table showing top mutual funds by net assets.

Federated Hermes Int

Table showing Federated Hermes International funds.

Growth A

Table showing Growth A mutual funds.

Northern Funds

Table showing Northern Funds mutual funds.

ETF

Table showing various ETFs.

ETF

Table showing various ETFs.



MARKETS

STREETWISE | By James Mackintosh

ETFs Make Bitcoin's Problems Worse



The new wave of U.S. bitcoin ETFs risk being doubly bad for investors.

As holders of bitcoin they undermine the very purpose, and so the long-term value, of a cryptocurrency. And as ETFs launched at a moment of popularity they might be repeating the mistake of many past thematic funds by buying at a peak.

Start with the first problem. What is bitcoin for? It was originally designed to allow small online transactions, but has failed miserably at that due to high costs and cumbersome payment processes.

As a cryptocurrency it could perhaps be used for larger payments, although so far it mostly isn't. As a pseudonymous currency it can to some extent hide use from governments, making it popular with criminals, if less useful than they think, and with those willing to pay a lot for secrecy.

But the more that's held in funds, the less that's available for actual users—not a problem when there are so few, but the new funds must hurt the chances of bitcoin finally finding an actual use.

Many cryptocurrency advocates like bitcoin because it isn't tied to traditional banks and is independent of any country, unlike "fiat" currencies such as the dollar. The new ETFs reconnect bitcoin both to Wall Street's old financial infrastructure and to the dollar, in which all are priced and which all use to buy and sell bitcoin.

The pitch now being made by many, including Lawrence Fink, chairman and CEO of BlackRock, one of those launching an ETF, is that bitcoin should be digital gold, holding its value in a crisis.

So far there's zero evidence that bitcoin works as digital gold. And bitcoin ETFs are likely to make its bad performance in crises even worse, by bringing in even more speculators to what's already mostly a speculative asset.

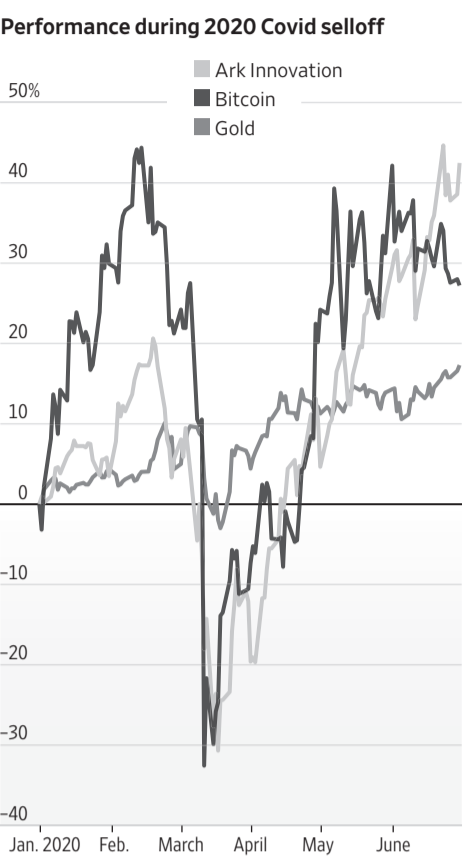
In both the bank runs of March 2023 and the pandemic panic of March 2020, bitcoin proved to be digital fool's gold, plunging at the first sign of trouble. From its February 2020 high to the low a month later it halved, while the S&P 500 lost a third of its value from high to low and gold fell 6%.

In 2023's bank runs, bitcoin lost almost 20% from its February high to the March low, four times as much as the S&P. Gold lost just 1%. Since 2019, bitcoin has moved much more closely with the Ark Innovation ETF (ARKK), which holds the most speculative unprofitable technology stocks, than it has with the price of gold.

There's a good reason: Like ARKK, bitcoin is great for speculation because its price moves around a lot. Far from being a store of value, bitcoin's been a store of volatility.

As more people are drawn into the gamble, the price can be driven up. But this works against it in a panic because speculators close

out their bets and the price plummets.

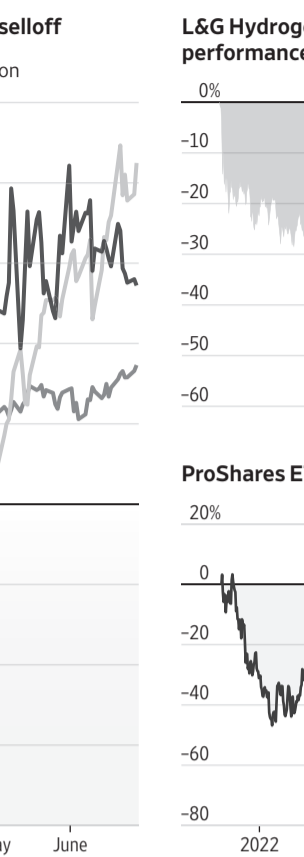


Sources: Refinitiv (performance during 2020); FactSet (ETF performance)

out their bets and the price plummets.

The other big problem is the timing of the ETF debuts. Typically thematic funds only launch after investors have already bid up the underlying assets, from the internet funds of the late 1990s to the green, cannabis, space and SPAC funds of 2021. Investors should know not to pile into already popu-

lar ideas, yet they keep on buying high—and frequently end up selling low.

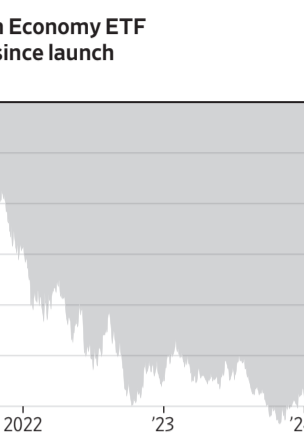


Sources: Refinitiv (performance during 2020); FactSet (ETF performance)

lar ideas, yet they keep on buying high—and frequently end up selling low.

The bad timing of fund managers can be extreme, as with the L&G Hydrogen Economy ETF launched in February 2021, which never rose above its launch price and is now down 61%. Something similar happened to the earlier version of bitcoin funds that owned futures instead of bitcoin. The first

one, the ProShares bitcoin Strategy ETF BITO had catastrophic timing, launching very close to the bitcoin peak in 2021 and then tumbling more than 70% in its first year as bitcoin fell. It has bounced a bit, but is still down by almost half from its starting price. ProShares points out that it remains popular, trading more shares in the two days since the new wave of launches than



Sources: Refinitiv (performance during 2020); FactSet (ETF performance)

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any of the new bitcoin ETFs. Amusingly, ProShares later launched a short bitcoin ETF, BITI—and timed it almost for the low in the price, when betting against bitcoin was popular. Again, it was a big loser. The new bitcoin ETFs have one advantage over most thematic funds: Their launch timing was determined by the Securities and Exchange Commission's grudging and long-delayed agreement, not the popularity of bitcoin. They have the disadvantage, however, that the price of bitcoin itself rose sharply in anticipation of the launches, presenting an instant barrier to further gains. It should be no surprise that by Friday evening bitcoin was down 8% from the SEC approval on Wednesday.

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Speculators who liked the idea of using ETFs as an easy way to trade bitcoin in the same brokerage account as their stocks and bonds discovered another downside of using traditional infrastructure over the weekend. Bitcoin fell more than \$1,000 just after the New York stock market closed. Those who owned it directly or via a crypto broker were able to keep trading, as bitcoin runs 24/7.

Those who held a bitcoin ETF could only watch and wait for Wall Street to open on Tuesday, since the market was shut on Monday. Luckily for them, bitcoin bounced back almost all the way to where it stood at the closing bell on Friday.

Shein's Data Use Scrutinized

Continued from page B1 Tok's parent, ByteDance, in 2021 put on ice its plan to go public after Chinese regulators suggested it focus on addressing data-security risks and other issues, The Wall Street Journal has reported.

Shein and the CAC didn't respond to requests for comment.

China has stepped up oversight of the country's dominant internet companies and the flow of data across its borders. In recent years, Beijing has rolled out rules to regulate data processing and overseas data transfers that it considers could have national-security implications.

Founded in 2012 by a group of Chinese entrepreneurs, Shein moved its headquarters to Singapore from the Chinese city of Nanjing several years later. It counts the U.S. as its biggest market, having soared in popularity during the pandemic, selling inexpensive and trendy clothes to millions of shoppers.

Shein confidentially filed to go public in the U.S. in November and has hired Goldman Sachs, JPMorgan Chase and Morgan Stanley as lead underwriters. Its IPO could be one of the biggest in years, with Shein last valued at \$66 billion.

To go forward with its listing, Shein will need the blessing of both U.S. and Chinese regulators. Shein has filed the paperwork for its U.S. application with the China Securities Regulatory Commission, an agency overseeing the offshore listings of Chinese companies, according to people familiar with the issue. According to CSRC rules, it can coordinate with other regulators, including the CAC, should the authority have concerns over whether the company's overseas listing could potentially jeopardize national security.

Since 2022, Beijing has required internet platforms holding large amounts of private-user data and critical businesses such as banks and telecom firms to engage in a cybersecurity review.

Shein, which sells \$5 crop tops and \$10 handbags to customers in more than 150 countries, doesn't sell to shoppers in China. Still, the company's operations are heavily entwined there, including sourcing from thousands of Chinese suppliers. Such relationships are the main reason why the internet regulator has opened a review into Shein's data handling, people familiar with the review said.

Shein has also set up and invested in dozens of business entities in China. It is linked to at least 29 Chinese business entities involved in areas including logistics, warehousing and other supply-chain services, according to Chinese corporate records. It also owns a stake in at least five other Chinese businesses, according to the Chinese corporate database Tianyancha.

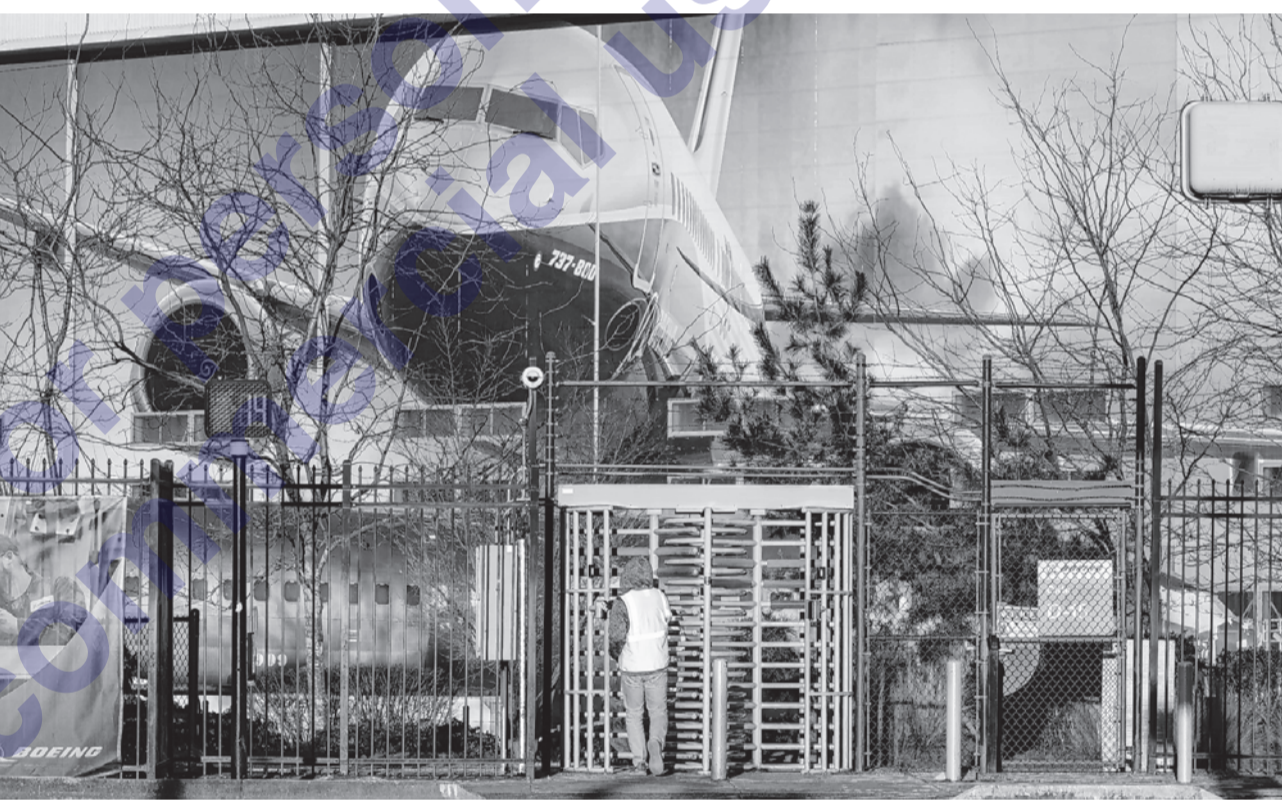
Apart from Didi, two other companies that were newly listed in the U.S.—Full Truck Alliance, an operator of truck-hailing apps, and online recruiter Kanzhun—were also subjected to similar data-security reviews by the CAC around the same time. Regulators said apps operated by the three companies weren't allowed to register new users

until the end of the investigations.

Didi had gone ahead with its share sale without getting a nod from the CAC, the Journal reported. After the CAC opened the investigation, Didi's share price plummeted. When the company eventually delisted 11 months later, its shares had fallen more than 80%. The probe was closed in a year, and Didi was fined about \$1.2 billion for flouting China's cybersecurity, data security and personal information protection laws.

Full Truck Alliance and Kanzhun resumed adding new users in June 2022 after the two companies issued public statements that they had rectified security issues discovered during the CAC's probes. Both companies' shares still trade in the U.S., though their stock prices have tumbled 60% since.

Since then, new rules have been introduced detailing the companies that are subject to cybersecurity reviews. There is no clear guidance on how long such reviews, which are typically conducted by a group of government agencies led by the CAC, will last.



The Boeing factory in Renton, Wash. Boeing shares fell 7.9% on Tuesday and have fallen 23% this year.

Stocks Tumble, Led by Boeing

BY DAVID UBERTI

Stocks opened the week lower, hinting at why some investors believe the "everything rally" of late 2023 will be hard-pressed to continue.

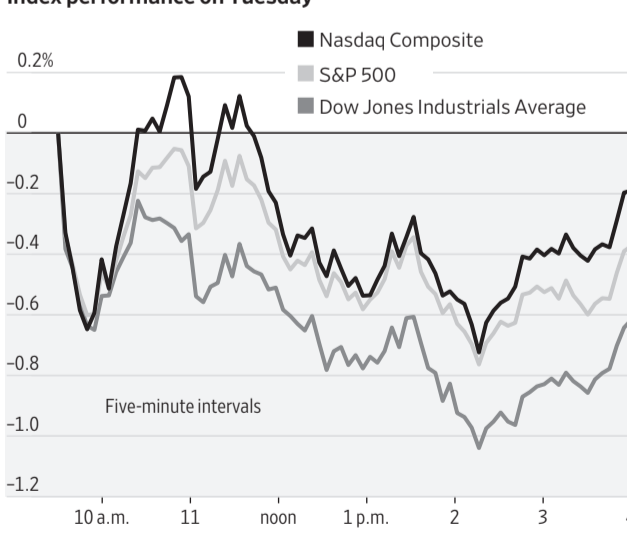
All three major indexes are in the red for 2024 after Tuesday's session. The S&P 500 slipped by 0.4%, while the tech-heavy Nasdaq dropped 0.2%. The Dow Jones Industrial Average fell 0.6%, or 232 points.

Losses Tuesday spanned international oil companies, pharmaceutical giants and streaming companies, but no firm in the Dow lost bigger than Boeing. The manufacturing giant's shares skidded 7.9% after a long-awaited resumption of deliveries of 737 MAX jets to China faced fresh delays. Hammered by investors after the Alaska Airlines incident, Boeing stock has fallen 23% this year.

Chinese stocks fell sharply early Wednesday after Beijing released data that showed the Chinese economy's growth rate at one of the lowest levels in decades last year. At midday Wednesday in Asia, mainland China's CSI 100 was down 0.7% and Hong Kong's Hang Seng Index was off 2.8%.

Investor optimism over the apparent end of Federal Reserve rate hikes has given way to more circumspection, grinding the end-of-year bond rally to a

halt. Benchmark 10-year Treasury yields, which rise as prices fall, edged upward to 4.064%.



Source: FactSet

halt. Benchmark 10-year Treasury yields, which rise as prices fall, edged upward to 4.064%.

As the momentum behind stocks has petered out, firms heading into earnings season may now have to prove their worth to investors through stronger profits.

"I want to see companies actually make money," said Peter van Dooijeweert, head of defensive and tactical alpha at Man Solutions.

On Tuesday, Goldman Sachs said it made more than \$2 billion in profit in the fourth quarter, bolstered by a strong performance in its asset- and wealth-management business. "This was a year of execution

Tuesday's losses may have stung major indexes even more were it not for the artificial-intelligence trade. Shares in chip maker Nvidia rose 3.1%, while Advanced Micro Devices climbed 8.3%. Tesla ticked 0.5% higher after Chief Executive Elon Musk said he wants greater control of the electric-vehicle maker as it pushes further into artificial intelligence and robotics.

Earnings season will continue Wednesday with reports from Charles Schwab, U.S. Bancorp and Citizens Financial Group as well as aluminum producer Alcoa.

Benchmark U.S. crude traded 0.4% lower at \$72.40 a barrel.

Natural-gas deliveries scheduled for February slid more than 12%, a sign that traders believe blustery weather across much of the country could soon relent.

The Stoxx Europe 600 fell 0.2%.

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AUCTION RESULTS

Here are the results of Tuesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

Table with 3 columns: Applications, Accepted bids, and Auction price (rate). Rows include 13-Week and 26-Week Treasury bills with various bid amounts and rates.

Both issues are dated Jan. 18, 2024. The 13-week bills mature on April 18, 2024; the 26-week bills mature on July 18, 2024.