

THE WALL STREET JOURNAL.

What's News

Business & Finance

- ◆ **Boeing's long-awaited** resumption of deliveries of its 737 MAX aircraft to China faces a fresh delay after a section ripped off an Alaska Airlines 737 MAX 9 in mid-air earlier this month. **A1**
- ◆ **The German economy,** the largest in Europe, shrank in 2023, extending a six-year slump that is raising fears of deindustrialization and sapping support for governments across the region. **A18**
- ◆ **Fed officials will** start deliberations on slowing, though not ending, the central bank's contraction of its bond and other asset holdings as soon as their policy meeting this month. **A2**
- ◆ **Apple will remove** a blood-oxygen sensor from some of its smartwatches to get around a patent dispute related to the technology. **B1**
- ◆ **The NFL playoff game** between the Chiefs and Dolphins, aired on Peacock, was the most streamed U.S. event ever, drawing 23 million viewers, Peacock owner Comcast NBCUniversal said. **B1**
- ◆ **Business Insider owner** Axel Springer said it stands by the publication after reviewing the reporting behind stories that alleged plagiarism by the wife of hedge-fund billionaire Bill Ackman. **B2**
- ◆ **Stock benchmarks** in Japan and India climbed to historic highs, while U.S. equity and bond markets were shut for Martin Luther King Jr. Day. **B9**
- ◆ **Deere said it would** tap SpaceX's satellite fleet to propel the tractor maker's digital farming push and help automate planting and harvesting in remote locations. **B3**

World-Wide

- ◆ **Trump won the Iowa** caucuses with the largest margin in the contest's history, cementing an early victory in his bid to return to the White House. DeSantis finished second, ahead of Haley. **A1, A4**
- ◆ **Fresh attacks** targeted American ships in the Middle East, days after the U.S. military led a round of strikes intended to blunt the capability of Iran-backed Houthi rebels to hit ships transiting the Red Sea. **A1**
- ◆ **More than 93 million** people were under windchill advisories, as Arctic cold and winter storms hammered much of the U.S. **A5**
- ◆ **Congressional leaders** reached an agreement on a new stopgap spending bill that would extend government funding into March. **A7**
- ◆ **Israel's defense minister** said its military is close to completing its most intensive phase of fighting against Hamas in Gaza. **A9**
- ◆ **A ceiling on how much** Medicare patients will have to pay for Part D drugs will limit their out-of-pocket cost to roughly \$3,300 this year, a cap that will fall further in 2025. **A3**
- ◆ **Defense Secretary** Lloyd Austin was released from the hospital after a two-week stay due to complications from prostate surgery last month and is recuperating at home. **A3**
- ◆ **The district attorney** who brought the racketeering case against Trump in Georgia defended her decision to hire Nathan Wade as a special prosecutor, saying he is well qualified for the role. **A5**

CONTENTS Markets Digest... B8
Arts in Review... A13 Opinion... A15-17
Business & Finance B26 Personal Journal... A11-12
Business News... B3 Sports... A14
Crossword... A13 Technology... B4
Heard on Street... B10 U.S. News... A2-7
Markets... B9-10 World News... A8-9/18



Donald Trump celebrates his runaway victory in the Iowa caucuses in an appearance before supporters Monday in Des Moines.

Trump Wins Iowa Caucuses, DeSantis Far Behind in Second

WEST DES MOINES, Iowa—Donald Trump won the Iowa caucuses Monday night with the largest margin in the history of the first Republican

By John McCormick, Alex Leary and Eliza Collins

presidential nominating contest, cementing an early victory in his defiant bid to return to the White House. The Associated Press declared Trump the winner about a half-hour after the caucuses convened. The call came so quickly that at some

caucus locations, attendees had not even finished making speeches of support for the various candidates.

With 95% of the vote reported, the AP said Trump had 51%. He was followed by Florida Gov. Ron DeSantis at 21%, who was called the second-place finisher. Former South Carolina Gov. Nikki Haley was at 19%.

Biotech entrepreneur Vivek Ramaswamy, who was at 8%, suspended his campaign and endorsed Trump late Monday. Turnout was well below levels recorded in 2016, when the state last held competitive

caucuses.

The former president's dominance carries him to New Hampshire, where he is expected to face a stronger challenge in a Jan. 23 primary that will include more independent voters. The outcome also underscores the resilience he has shown despite a barrage of criminal prosecutions that could still upend his trajectory toward a rematch with President Biden.

The tight battle between Haley and DeSantis for second place left unclear who would claim the runner-up position, fueling that candidate's quest

to become the only Trump alternative as a long-shot challenger to the front-runner.

"We want to thank the great people of Iowa," Trump said during a victory celebration in Des Moines. He said his two closest competitors did well, before outlining his agenda and nodding to the general election. "The big night is going to be in November when we take back our country."

Please turn to page A4

- ◆ **Trump's rivals play for second place**..... A4
- ◆ **Backing on key issues solidified lead**..... A4

America's Secret Inflation Weapon

By boosting supply, businesses cooled inflation without causing recession

By GREG IP

The U.S. economy surprised nearly everybody last year.

First, inflation fell by more than expected. One closely watched measure coming next week will likely show it was around 3% at the end of 2023—2 percentage points lower than a year earlier.

Second, the U.S. not only dodged a recession, it grew an impressive 2.6%, according to The Wall Street Journal's latest survey of economists. That was far better than the 0.5% they had predicted in April. The unemployment rate

stayed near a half-century low of 3.7% instead of topping 4% as economists projected.

Fast growth and low unemployment don't normally go hand-in-hand with falling inflation. The reason they did this time is that since the pandemic, inflation and growth have been driven more by swings in the supply of goods and services than by demand—that is, spending by consumers, business and government. More demand tends to push growth and prices up.

Please turn to page A10

- ◆ **Outlook: Recession less likely, slowdown seen**..... A2

INSIDE



JASON GAY Playoff contest barricaded behind a payroll enters Hall of NFL Infamy. **A14, B1**

U.S. NEWS 'The Bear,' 'Succession' and 'Beef' clean up at an Emmys night delayed by strikes. **A2**

Boeing's Problems Get Bigger as China Holds Off Deliveries

By YOKO KUBOTA AND RAFFAELE HUANG

BELJING—Boeing, which was poised to benefit from the thaw in U.S.-China relations with the long-awaited resumption of 737 MAX jet deliveries to China, faces fresh delays after a section ripped off an Alaska Airlines 737 MAX 9 midair.

China Southern Airlines, one of several Chinese carriers with undelivered MAX jets, has been preparing to receive planes as early as January, people familiar with the matter said. Now the airline plans additional safety inspections, the people said, though the model to be delivered isn't

the same as Alaska's. On Jan. 5, the Alaska-operated jet made an emergency landing with a hole in the fuselage.

It couldn't be determined how long the additional inspections could take, but they add uncertainty to the timing of the deliveries, frozen by Beijing for years since fatal crashes of two MAX 8 jets.

China's aviation regulator has also instructed the country's airlines to conduct precautionary safety inspections on their Boeing 737 MAX fleets, people briefed about the matter said. The MAX 9 isn't among the fleets of Chinese carriers.

Please turn to page A6

'New Orleans-Style' Wings Are Global Hit, Except in New Orleans

Irresistible to millions of Chinese, the dish is 'completely made up'

By WEILUN SOON

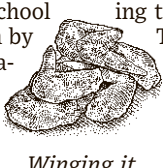
Alan Li, a 30-year-old Beijing resident, has been hooked on New Orleans-style chicken wings for more than a decade. He first tasted them in his hometown as a high-school student, and was taken by the mildly sweet and savory marinated meat.

He would treat himself to them weekly at a local KFC outlet, and he imagined New Orleans to be a place where the delectable roasted wings could be found on every corner. Then came a bombshell:

Li's friends who had been to the U.S. informed him the wings weren't an American dish. "I was schooled by that revelation," Li said.

It turns out, New Orleans-style wings have almost nothing to do with the Big Easy. They are a uniquely Chinese concoction that is hard to find in the U.S.—just like how General Tso's chicken, sold in virtually every Chinese takeout in America, is hard to find in China.

New Orleans isn't the only place to get a taste of a gastro- Then came a bombshell: Please turn to page A10



Winging it

Stocks' Fastest-Growing Sector: Black Investors

By OYIN ADEDOYIN AND SANAA ROWSER

Black Americans are the fastest-growing group of stock buyers, with young Black investors fueling the surge.

Nearly 40% of Black Americans owned stocks in 2022, up from just under one-third in 2016, according to the most recent Federal Reserve data. During that same period, the share of white households with stocks grew to nearly two-thirds, up from 61%. This was all before the stock market's 2023 rally.

This growth seems to be driven in part by younger investors, surveys suggest. These investors embraced the market

in an individual-investing boom fueled by mobile apps, commission-free trading, participation in 401(k)s, crypto, meme stocks and social media, researchers said. Nearly 70% of Black respondents under 40 years old were investing, compared with about 60% of white investors in the same age group in 2022, according to a survey by Ariel Investments and Charles Schwab.

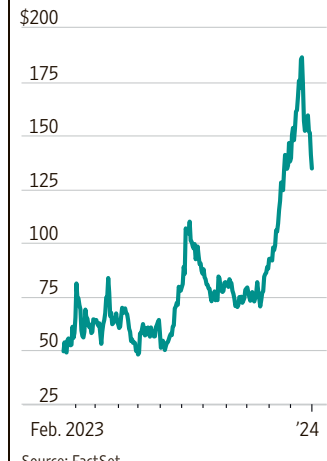
"You're seeing topics of money and investing coming up at the dinner table slightly Please turn to page A6

- ◆ **Portfolio managers target quality**..... B1
- ◆ **Four questions at top of investors' minds**..... B1

Test Ahead For Coinbase

Coinbase, benefiting from new bitcoin ETFs, faces legal challenge in SEC case. **B1**

Coinbase share-price performance, past year



U.S. NEWS

THE OUTLOOK | By Harriet Torry and Anthony DeBarros

Recession Less Likely, but Slowdown Is Seen

The good news is the probability of a recession is down sharply, according to The Wall Street Journal's latest survey of economists. The bad news is that, for a lot of people, it is still going to feel like a recession.

Business and academic economists surveyed by the Journal lowered the probability of a recession within the next year to 39% from 48% in the October survey.

"A recession in the year ahead seems less likely than it appeared at the start of 2023, since interest rates are trending lower, gas prices are down from last year, and incomes are growing faster than inflation," said Bill Adams, chief economist at Comerica Bank.

Still, economists on average expect the economy to grow just 1% in 2024, about half its normal long-run rate, and a significant slowing from an estimated 2.6% in 2023.

"This is less a recession and more of a growth stop," said Rajeev Dhawan, an economist at Georgia State University.

American employers should keep adding jobs in 2024, but at a much slower pace than in recent years. Economists expect payroll gains to average 64,000 a month this year, less than a third of the 225,000 average

in 2023 and far below 399,000 in 2022.

With job growth falling below the growth of the labor force, economists expect the unemployment rate will climb from 3.7% in December 2023 to 4.1% in June and 4.3% by the end of the year. While that is low historically, a 0.6 percentage point increase in the jobless rate would imply a net one million more Americans unemployed by the end of the year, relative to this past December. Moreover, in the past that much of an increase in unemployment has almost always occurred during recessions, according to one widely followed rule.

One reason a growing economy may still feel to many like a recession is the wide dispersion in performance across industries. Cyclical sectors—those most sensitive to the economy's ups and downs—are likely to struggle in 2024, even if there isn't an overall economic contraction, economists say.

"Cyclical sectors of the economy are pulling in the reins on employment, and we look for companies to further tighten the reins as they lose

pricing power," said Kathy Bostjancic, chief economist for Nationwide Mutual.

A quarter of economists expected manufacturing to see the weakest job growth this year, while 17% cited retail, and 12% said transportation and warehousing. Those are all cyclical sectors. The majority of economists said healthcare will be the sector with the strongest job growth in 2024, while 11% cited leisure and hospitality.

That would be a continuation of trends in 2023, when hiring was also concentrated. Leisure and hospitality, government and healthcare together accounted for the bulk of job creation in 2023.

Transportation and warehousing employers have been cutting jobs in recent months after hiring aggressively in the wake of the pandemic, and manufacturing employment was essentially flat in 2023 as the sector struggled with high borrowing costs.

With growth remaining positive, the second condition of a soft landing is inflation returning to around 2%, the Federal Reserve's target, and that too is in the cards for 2024, the survey shows. Economists see inflation as

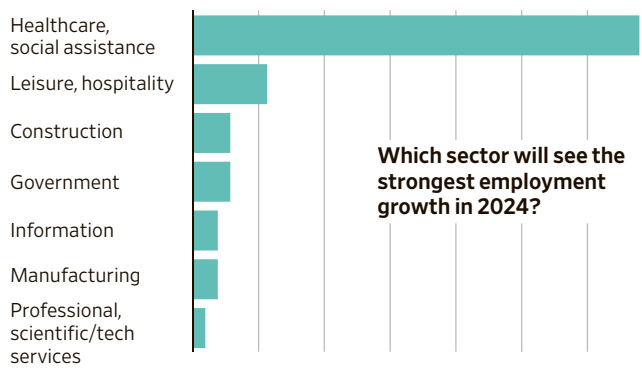
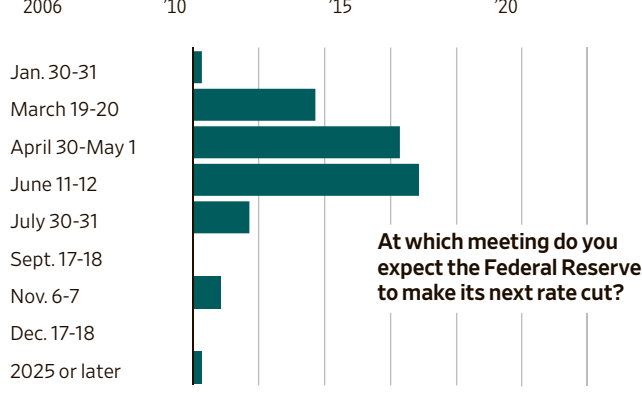
measured by the personal-consumption expenditures price index, excluding food and energy, falling to 2.3% at the end of 2024 from 3.2% this past November. That chimes with Fed officials' projections. At their December meeting they said inflation would fall to 2.4% by the end of 2024.

The Fed is widely expected to cut rates this year, though economists are divided over when. Markets currently expect the first cut at the Fed's March 19-20 meeting, but only 19% of economists surveyed agree. Roughly a third expect the first rate cut at the April 30-May 1 meeting, and just over a third at the June 11-12 gathering.

Economists also expect fewer rate cuts than the market, seeing just one or two quarter-percentage-point cuts by the end of June, compared with three by markets. The current target is between 5.25% and 5.5%, a 22-year high.

The survey of 71 economists was conducted Jan. 5-9, before the release of the Labor Department's consumer-price index report, which showed inflation firmed in December after rapid cooling through most of 2023.

◆ Europe's growth engine sputters..... A18



Note: Gaps in recession probability data indicate either question not asked or data unavailable. Source: Wall Street Journal surveys of economists (recession probability); Jan. 5-9 survey (rate cut, employment growth)

Fed to Weigh Dialing Back Its Monetary Tightening

By Nick Timiraos

Though the Federal Reserve stopped raising interest rates last summer, it is quietly tightening monetary policy through another channel: shrinking its \$7.7 trillion holdings of bonds and other assets by around \$80 billion a month.

Now that, too, may change. Fed officials are to start deliberations on slowing, though not ending, that so-called quantitative tightening as soon as their policy meeting this month. It could have important implications for financial markets.

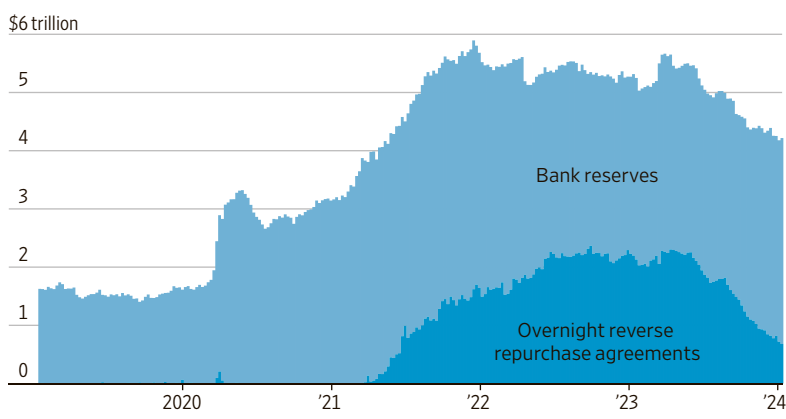
The Fed can shrink its holdings by selling bonds or, as it has preferred, allowing bonds to mature and "run off" its balance sheet without buying new ones. Runoff increases the supply of bonds that investors must absorb, putting upward pressure on long-term interest rates. Slowing runoff reduces that upward pressure.

But whereas the Fed expects to cut short-term interest rates this year because inflation has fallen, its rationale for tapering bond runoff is different: prevent disruption to an obscure yet critical corner of the financial markets.

Five years ago, balance-sheet runoff sparked upheaval in those markets, forcing a messy U-turn. Officials are determined not to do that again.

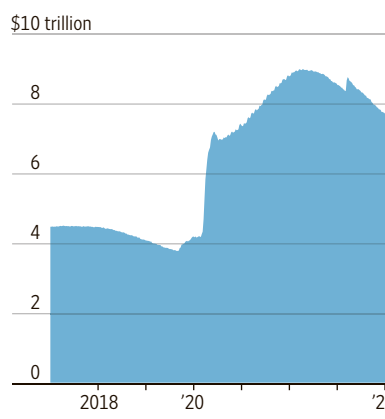
Several officials at the Fed's policy meeting last month suggested beginning formal conversations soon, so as to communicate their plans to the public

Amount of bank reserves and overnight reverse repurchase agreements outstanding



Source: Federal Reserve

Federal Reserve asset holdings



Bank reserves as a share of bank assets



well before any changes take effect, according to minutes of the meeting. Officials have indicated that changes aren't imminent and that they are focusing on slowing—not ending—the program.

The Fed began building up its stash of bonds during the 2008 crisis. At the time, it had already cut the short-term interest rate to near zero. Buying bonds, or "quantitative easing," was intended to deliver further stimulus by lowering long-term rates.

When the Fed buys a bond from a bank or a bank's customer, it pays for it through the electronic equivalent of printing money: crediting the bank's account at the Fed. As its bond holdings grew, so did this electronic cash, called reserves.

In 2017, when the Fed began shrinking its holdings, it also

drained those reserve deposits. Officials had never managed something like this before and weren't sure how long to let the process run.

A bank uses reserves to manage transactions between itself, its customers, other banks, and the central bank. The Fed and private-sector forecasters thought banks had far more than needed for this. But in September 2019, a sharp, unexpected spike in a key overnight lending rate suggested reserves had dwindled to the point they were either too scarce or difficult to redistribute across the financial system. The Fed began buying Treasury bills to add reserves back to the system and avoid further instability.

In 2020, the Covid-19 pandemic created a huge dash for dollars. To prevent markets from seizing up, the Fed re-

sumed buying huge quantities of securities. It stopped buying in March 2022 and three months later set the process into reverse, once again shrinking the portfolio.

Policymakers have several reasons to consider slowing runoff. First, the Fed is shrinking its Treasury holdings by \$60 billion a month—twice as fast as it did five years ago. Continuing to run at this rate raises the risk that the Fed drains reserves so quickly that money-market rates jump as banks struggle to redistribute a dwindling supply of reserves.

Slowing the pace of the runoff later this year might allow the Fed to continue the program for longer than otherwise by "reducing the likelihood that we'd have to stop prematurely," Dallas Fed President Lorie Logan said in a recent speech.

Second, there are signs that the cash surplus in money markets is rapidly diminishing. The Fed allows money-market firms and others to park extra cash that would otherwise end up in reserves in an overnight reverse repurchase facility. The facility has shrunk by around \$1 trillion since late August to around \$680 billion. Logan endorsed slowing runoff once that facility is nearly drained of cash because, after that, forecasting demand for bank reserves will be more uncertain.

The faster-than-expected decline in the overnight reverse repurchase facility's balances is spurring the Fed's movement toward contingency planning around how to slow runoff.

"It has been a surprise to everyone that overnight reverse repurchase balances have fallen this quickly and that reserves

have actually increased over this period," said Brian Sack, who managed the balance sheet as a senior executive at the New York Fed from 2009 to 2012.

Third, officials have indicated they will leave the banking system with more reserves than they did when they shrank the balance sheet five years ago.

Research co-written in 2022 by John Williams, president of the New York Fed, found that banks' demand for reserves had been trending higher over the past decade. It said money-market rates began to rise once reserves fell below 13% of banks' total assets. Today, that would correspond to \$3 trillion, below the current \$3.5 trillion but well above the \$1.4 trillion (8% of bank assets) reached in September 2019.

CORRECTIONS & AMPLIFICATIONS

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THE WALL STREET JOURNAL

(USPS 664-880) (Eastern Edition ISSN 0099-9660) (Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

Editorial and publication headquarters: 1211 Avenue of the Americas, New York, N.Y. 10036

Published daily except Sundays and general legal holidays. Periodicals postage paid at New York, N.Y., and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chicopee, MA 01020.

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'The Bear,' 'Succession,' 'Beef' Are Big Winners at Emmys

By Joseph Pisani

"Succession," "The Bear" and "Beef" won major awards in a show that seemed like a throwback to another era.

Host Anthony Anderson kicked it off as a modern-day Mister Rogers, sockless and hanging up a fur coat instead of a blazer.

The comedian and first-time Emmy host sang the 1970s and 1980s theme songs for "Good Times" and "The Facts of Life," before moving on to honoring "Miami Vice" with Blink-182's Travis Barker with Blink-182's Travis Barker on the drums.

Looking back seemed fitting. The Emmys itself was delayed four months due to the writers' and actors' strikes last year, meaning some of the shows being honored first aired back in 2022.

Former "The Daily Show" host Trevor Noah won for a show he left over a year ago. (There will be a second Em-

mys later this year.)

To keep acceptance speeches short, Anderson brought out his mom, Doris Bowman, who he warned would get out of her seat if a winner got long winded.

"When you see my mama coming," he said, "just thank Jesus and your family and wrap it up."

He wasn't joking. Actress Jennifer Coolidge and comedian John Oliver were interrupted by Bowman.

"Succession" won nearly all the major drama awards, with Kieran Culkin, Sarah Snook and Matthew Macfadyen winning for their performances. Jesse Armstrong, won for best drama writing.

Quinta Brunson won for best actress in a comedy series, "Abbott Elementary," and Jeremy Allen White won for best actor in a comedy, "The Bear."

"Beef" won for best limited series.



The cast of 'The Bear' receive the Emmy for best comedy series during the 75th annual Emmy Awards ceremony in Los Angeles on Monday. Cast member Matty Matheson holds the award.

U.S. NEWS

Drug Costs For Seniors Now Have Cap

By LIZ ESSLEY WHYTE

Medicare patients lining up to fill pricey prescriptions at the pharmacy counter this year will realize some good news: For the first time, there is a ceiling on how much they will pay in 2024 for their Part D drugs.

Changes brought about by the 2022 Inflation Reduction Act mean that people on Part D plans now pay no more than roughly \$3,300 on drugs annually—a number that could shift a bit based on whether they take brand or generic medications. In 2025, that cap will change again to a flat \$2,000.

"It will let me take a deep breath," said Judy Aiken, a 69-year-old retired nurse in Portland, Maine, who last year paid more than \$9,000 out of pocket for a drug to treat her psoriatic arthritis, Amgen's Enbrel.

Aiken, who relies on Social Security and a pension, said the roughly \$6,000 she is likely to save on Enbrel this year will help her pay off bills and turn less to credit cards.

Here's how it works: People who buy drugs through Medicare Part D, the government-funded insurance program that covers most prescription drugs, pay thousands of dollars for their drugs until they reach the so-called catastrophic zone of spending. After that, they had to continue paying 5% of their drugs' cost for the rest of the year, sometimes adding up to thousands more.

This year, that 5% coinsurance was eliminated. Once Medicare patients spend roughly \$3,300—the "catastrophic zone" threshold for 2024—they won't have to pay any more out of pocket for Part D drugs.

For example, consider a hypothetical 69-year-old man who had a plan with a \$505 deductible. If he visited the pharmacy last year to fill his first prescription for a \$200,000-per-year blood-cancer drug, costing roughly \$16,600 a month, he paid his full deductible, plus 25% coinsurance until he hit the \$3,100 catastrophic threshold for 2023, plus 5% coinsurance after that—in total around \$3,800.

On his next refill, since he remained in the catastrophic zone, he paid the 5% coinsurance, roughly \$830. He continued paying roughly \$830 every time he filled his prescription, in total spending more than \$12,000 out of

pocket for the year.

This year, the new cap on drug costs will mean the same man taking the same drug will save a few hundred dollars the first time he fills his prescription, topping out around \$3,300, and subsequent refills will cost him \$0. He will be done paying for that drug, or any other drug covered by his Part D plan, for the rest of the year.

In 2025, his first trip to the pharmacy will cost him \$2,000, and then he will pay nothing after that. Or, if he wants to participate in a "cost-smoothing" program, he can spread out that \$2,000 over the course of the year.

This year's changes are expected to offer savings to roughly 1.5 million people—in some cases hundreds or thousands of dollars.

"It is a remarkable savings," said David Mitchell, president of the nonprofit advocacy group Patients for Affordable Drugs and a Medicare patient himself who spent more than \$16,000 out of pocket on a Part D cancer drug last year. "Nobody should have to pay that much money for their drugs."

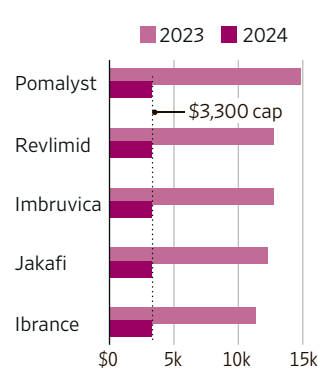
The inflation legislation is better known for allowing Medicare officials to negotiate the price of drugs. But by doing away with the 5% coinsurance that patients had to pay after reaching the "catastrophic" spending threshold, the law forces insurers and drugmakers to pick up a larger part of the tab.

The change amounts to a cap on what Medicare patients will pay for their Part D drugs in 2024. Part D covers most outpatient prescription drugs, though some medications, such as physician-administered infusions, are covered under Part B.

"This is not a population that really has the ability to absorb these high out-of-pocket costs year after year," said Leigh Purvis, Prescription Drug Policy Principal for AARP, the Washington-based advocacy organization for older adults. "It is an important protection for people who will have those costs in the future."

The downside of the cap for Medicare patients may come in the form of higher premiums or thornier Part D paperwork. Premiums for stand-alone Part D plans were up an average of 20% for 2023, said Juliette Cubanski, deputy director of the program on Medicare policy at KFF, a nonprofit health-policy research organization.

Change in Part D enrollee annual out-of-pocket costs for commonly used cancer drugs



Source: KFF

Defense Secretary Released From Hospital After 2 Weeks

By GORDON LUBOLD

WASHINGTON—Defense Secretary Lloyd Austin was released from the hospital Monday, Pentagon officials said, after a two-week stay due to complications from prostate surgery last month.

Austin is now recuperating at home, according to a Pentagon statement.

"The Secretary continues to recover well and, on the advice of doctors, will recuperate and perform his duties remotely for a period of time before returning full-time to the Pentagon," according to the statement. "He has full access to required secure communications capabilities."

Austin, an intensely private person who created controversy when he hid that he had prostate surgery in December and when he was readmitted two weeks ago after complications, said he hoped he would recover fully soon.

Austin kept both hospital stays secret from President Biden, Congress, the public and most of his own senior staff. He delegated the most sensitive authorities to his deputy, Kathleen Hicks, who was on vacation in Puerto Rico, Pentagon officials said. The secrecy infuriated officials at the White House and the Pentagon along with Democrats and Republicans on Capitol Hill.

At least two reviews are under way, including one by the Pentagon's Inspector General, and another demanded by a Senate oversight committee. Biden has said Austin's secrecy was a lapse in judgment, but he said he continues to have confidence in the secretary amid conflicts in Ukraine and Gaza and the Red Sea.

Doctors treating Austin said the cancer was treated "early and effectively" and that his prognosis was excellent.



A worker walked through a destroyed property last month in Lahaina, Hawaii, months after the August wildfire.

Cleanup of Debris From Hawaii Fire Moves Into a Complicated New Phase

By JIM CARLTON

LAHAINA, Hawaii—Nearly six months after a wildfire incinerated Lahaina, cleanup crews this week are scheduled to begin clearing the charred rubble to make way for a near-total rebuild—a task that will be extraordinarily complicated due to the sensitive ecology and deep history of this former Hawaiian royal capital.

Fire cleanups are often tricky, but prepping Lahaina for its next phase presents some extra challenges. It's on a remote island with only one access highway. A temporary landfill had to be built to hold the debris. Everything from water and dump trucks to bins and dumpsters has had to be brought in from elsewhere.

All the while, cultural monitors will be watching to safeguard Native Hawaiian burial sites and other artifacts.

The cleanup will likely take "the better part" of this year, said Maria Delatorre, a debris expert for the U.S. Army Corps of Engineers, which is overseeing it in cooperation with state and county authorities.

"We need to be able to move all that material behind us so that the rebuilding can start, the permitting, infrastructure, etc.," Delatorre said in an interview on Maui. "It is critical that we move that off

as quickly and efficiently as possible."

How to rebuild Lahaina remains to be determined. That task also comes with some challenges.

The debris removal will mark an important milestone in Maui's recovery from the Aug. 8 wildfire that destroyed the town of 13,000 and killed at least 100. With most residents displaced pending a rebuilding that will take years, charred remnants including still-standing concrete walls and crumpled cars remain along the lone highway that runs past Lahaina to the world-famous tourist resorts of West Maui.

Clearing out debris from fire-ravaged communities is often long and difficult. After the Camp Fire destroyed the city of Paradise, Calif., in 2018 and killed 85 people, it took a year for crews to remove more than 3.6 million tons of ash, metal, concrete and other debris—or the equivalent of 10 Empire State Buildings.

Rebuilding in Paradise is still under way, with just 3,000 of the more than 11,000 lost homes replaced so far.

Meanwhile, some of the

more than 6,000 displaced Lahaina residents have moved off the island, while most others remain in hotel rooms and other temporary housing pending more permanent arrangements.

One of the first jobs immediately after the fire was to remove hazardous materials such as paints, solvents and batteries. To make room for nontoxic debris, the county red efforts to create a temporary landfill outside Lahaina

so trucks wouldn't have to travel far, Delatorre said.

County officials said they are determining a permanent site for the debris—but agreed not to make it at the temporary location, which Native Hawaiian activists say is too close to the ocean and on sacred ground.

"If a tsunami comes in, all of that could just go into the sea," said Tiare Lawrence, a Native Hawaiian organizer on Maui. "It needs to be further inland and contained in a better way."

County officials said that protective features have been put in, including a high-density plastic liner, and that state and federal assessments

The Aug. 8 fire destroyed the town of 13,000 and killed at least 100.

Helping the Homeless With Rebuilt Bicycles

By SHANNON NAJMABADI

RAPID CITY, S.D.—Jose Hernandez set off to work one evening in January, wobbling on a refurbished bike with a deflated tire, a bag with his valuables strapped across his back.

He was headed to Burger King, where he works as a cook for about \$15 an hour, often on the 5 p.m.-to-midnight shift. It is a five-minute drive from the homeless shelter where he lives. But Hernandez, 45, doesn't have a car. So he bikes—thanks to Roberta Harmon, a street minister recognizable by her white heart-shaped glasses and fiery red hair who fixes up old bicycles for homeless people who need them to get to jobs.

Lack of transportation is an obstacle many homeless people face in rural areas as well as in sprawling cities designed for cars; without a bicycle or a friend with a vehicle, those unsheltered people are stranded, sometimes unable to pick up prescriptions, go to food pantries or hold down a job.

Various organizations around the country have tested ways to help those without cars. In Rapid City, where buses don't run at night or on Sundays, Harmon has given out roughly 1,000 bikes.

She has worked with volunteer mechanics for eight years—scavenging rummage sales and garbage bins and building bikes with salvaged parts. The police department also donates lost or unclaimed bicycles. It takes about four old bikes to build one working model, Harmon said.

Harmon used to fix the bikes at a homeless resource center. But since it closed, she



Street minister Roberta Harmon fixes old bikes for homeless people who need to get to work.

has gone mobile—working from a white Chevrolet Venture that on one recent day had 13 bikes lying precariously on top of the luggage rack and hanging off the rear of the vehicle.

"We realized that people could get a ride to the interview but then once they got the job, the rides dried up," said Harmon, who cleans vacation homes for money.

Studies have found access to transportation—particularly owning a car—has a positive effect on earnings. Alternatives to vehicles all have drawbacks.

Tom Englebert, 52, biked 4.7 miles to work at Red Lobster in Rapid City—where, for a time, he picked up double shifts as a cook until he quit in October. He was living at a truck stop on the outskirts of the city, in a broken-down Ford Five Hundred he had bought two years before for \$700, Englebert said.

"It is 3 miles to the nearest bus stop," he said. Englebert has been staying at a friend's house since Christmas, and is trying to move to Tennessee. He got a bike from Harmon and worked as a volunteer mechanic with her.

But distances can be too far for a bike.

"Sometimes the nearest Walmart, doctor, hospital can be three, four hours away," said Lysa Allison, executive director of the Cornerstone Rescue Mission in Rapid City. Bicycles offer no protection from weather, and it can be hard for older adults to make the rides.

Some people who get bikes pawn them—typically to feed an addiction, Harmon said. Others are stolen.

Benjamin Kills in Water, who grew up on the Rosebud Indian Reservation in South Dakota, received a bike from Harmon but lost it. A former firefighter, Kills in Water, 34,

have determined there wouldn't be any harm to the environment or important sites.

At a December public meeting, officials in charge of the cleanup warned residents in attendance that the process would be disruptive. "There will be a lot of trucks," said Col. Jess Curry, recovery field office commander for the Army Corps. "I will not pretend there will not be an impact. But we will work to minimize that."

Not much remains of the old town. Some buildings farther out are damaged but still standing, and a few neighborhoods on the outskirts survived intact.

As the final cleanup begins, Delatorre said a team of 25 cultural monitors would accompany cleanup crews, affixing color-coded tags to denote known graves and other sites of concern. "We've heard from some individuals that they know their grandfather or great-grandmother, around this big tree on the property, that's where they've been buried," she said.

Col. Curry said there would be "a tremendous amount" of removing debris by hand in those sensitive areas, followed by excavators that would remove everything including the foundation—as well as at least 6 inches of soil.

is now working various jobs coordinated through the staffing agency PeopleReady—mostly walking or catching rides to get there.

Kills in Water is trying to get sober. He sleeps in a tent and says he doesn't yet have the responsibility to own a bike.

Harmon gives priority to supplying bikes to people with jobs. She learned her mechanic skills on YouTube and from growing up poor.

Hernandez, who rides to work on a bicycle he got from Harmon on Nov. 17, has been employed at Burger King for about two months.

As he headed to work on a January evening, Hernandez stopped to inflate his near-flat tire at a service station. He crossed a busy state highway, then got off his bicycle to push it uphill for the last mile.

He rolled it into Burger King and changed into his work uniform.

U.S. NEWS

Backing
On Key
Issues
Solidified
Iowa LeadBy AARON ZITNER
AND JACK GILLUM

In the end, there was only one lane to victory in Iowa, and Donald Trump had it all to himself.

The candidates challenging the former president had hoped to find enough dissatisfaction with him to build their own voter coalitions. Nikki Haley, the former South Carolina governor, had shown signs in polling of consolidating college-educated Republicans, such as those in the suburbs or college towns of Iowa, as well as voters less committed to conservative causes.

Ron DeSantis, the Florida governor, had moved aggressively to win voters who fear a liberal takeover of schools, businesses and academia.

But Trump romped among all those groups, according to preliminary results from AP VoteCast, a survey of people who said they would participate in the caucuses.

While caucus participants showed high concern about school curricula, saying kindergarten through eighth-grade classrooms were too focused on teaching about racism, sexual orientation and gender identity, Trump won substantial majorities among all those voters, leaving DeSantis with little support.

Trump's opponents might have better prospects in New Hampshire, the next state on the GOP's nominating calendar. Independent voters are plentiful in the state, and they can vote in the Jan. 23 primary.

But there were few signs from Iowa of traction among voter groups that Haley or DeSantis could build on. In nearly complete vote totals, Trump was winning the state's suburban and university-heavy counties, where he had placed third in 2016.

About 40% of DeSantis supporters said they supported the Make America Great Again movement, Trump's set of ideas and policies, suggesting that Trump would be their second-choice candidate. About 40% of Haley voters said they would be so dissatisfied with DeSantis as the nominee that they wouldn't back him in a general election.

Preliminary results from the VoteCast survey found at least one potential weakness in Trump's standing in the general election. Some 22% of caucus participants said they would be so dissatisfied if he were the nominee they wouldn't vote for him in November. Of that group, 59% backed Haley in the caucuses.

Haley supporters, by wide margins over other GOP contenders, also believed the former president had acted illegally in interfering in the 2020 presidential election vote counting, as well as when it came to the Jan. 6, 2021, attack on the U.S. Capitol—both unpopular positions among the wider caucus voter pool.

—Dante Chinni
contributed to this article.



Mark Imm, Rachael Imm, Julie Kuhlers and Kraig Kuhlers participated Monday in the Iowa caucus at Walnut Hills Elementary School.

Rivals Were Left to Play for Second

Seen as vulnerable early on in campaign, ex-president shows firm grip on backers

By MOLLY BALL

INDIANOLA, Iowa—As he stood on the brink of a seemingly unstoppable march to another Republican presidential nomination, Donald Trump couldn't stop thinking about all the ways he had been betrayed. "Do you think this is fun? Actually?" the former president mused. "It's not fun," he said, "but we're getting our point across."

The hundreds of devoted supporters who had braved subzero temperatures Sunday to cram into a second-floor auditorium at the Simpson College student union, half an hour south of Des Moines, hung on Trump's every word as he ruffed for nearly two hours. The crowd was dotted with white caps bearing the words "TRUMP CAUCUS CAPTAIN" in embroidered gold letters, and the former president wore one himself—a totem of the ruthlessly professional organization that Trump's campaign has built, a far cry from the slapdash operation that failed to deliver him Iowa in early 2016.

"These caucuses," Trump said gleefully, "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."

Rick Wilson, an anti-Trump former Republican operative and founder of the Lincoln Project, said: "This whole primary has been Kabuki," because "40% of the Republican base will set themselves on fire for that man."

Trump benefited from a confluence of events: a skillful campaign on his part, mistakes by his rivals and happenstance that played into his hands. "It



Ron DeSantis greets supporters in West Des Moines, Iowa, after his second-place caucus finish.

was not all inevitable," said David Kocheil, a veteran Iowa GOP operative who served as chief strategist to Jeb Bush's 2016 campaign. "A whole bunch of choices add up to where we are."

For all Trump's current dominance, things looked very different when he announced his third bid for the presidency in November 2022. The announcement came just a week after midterm elections in which Republicans had underperformed thanks to a batch of inexperienced Trump-endorsed candidates who lost otherwise winnable gubernatorial and congressional races, and Trump's political prospects seemed to be at a low ebb. He gave a downcast, low-energy speech in the ornate Mar-a-Lago ballroom; no sitting members of Congress attended, and his own daughter put out a statement saying she wouldn't be involved with the campaign.

The party appeared ready to turn the page, and Ron DeSantis seemed like the candidate to do it. In that same midterm election, DeSantis had just won re-election as governor of Florida by a staggering 19-point

margin in the former swing state. Anti-Trump researchers conducting focus groups around this time found many Republican voters wanted to move on, and some polls showed Trump lagging behind DeSantis nationally and in the early primary states.

DeSantis had become a hero to conservatives nationally for his defiant approach to the Covid-19 pandemic and his relentless prosecution of the culture war.

Fourteen months later, Trump has been endorsed by a majority of Republican members of Congress. At his rally on Sunday, Trump unveiled his first endorsement from a former 2024 primary rival, North Dakota Gov. Doug Burgum, who just a few months ago said he wouldn't do business with Trump.

"I believe he's the only man who can actually straighten this country out," said 63-year-old Suzie Morgan, who owns a construction business in Indianola. Though she heard DeSantis did good things in Florida, she never considered caucusing for any candidate but Trump as long as he was in the race.

In retrospect, insiders say, the groundwork was laid for DeSantis's defeat before he even got in the race. "The miscalculation was that the victory in Florida and the record in Tallahassee were enough to carry him to the nomination," said a former operative for a DeSantis-aligned effort. "It would have taken a perfect campaign to beat Trump, but it was a winnable race."

A Trump-backing super PAC went on the air in early 2023 with more than \$10 million of national TV ads bloodying DeSantis's image. The former president had hired two brutally effective and experienced operatives to run his campaign: Chris LaCivita, famed for his work two decades ago thrashing Democrat John Kerry with the Swift Boat Veterans for Truth, and Susie Wiles, who had helped DeSantis get elected before being unceremoniously ejected from the governor's orbit. Campaign observers credit them with turning the once-shambolic Trump operation into a lean, mean, professionally run shop that missed no opportunity to stifle DeSantis early.

Perhaps the campaign's most decisive moment came in late March, when a Manhattan grand jury made Trump the first-ever former president to be criminally indicted, charging him with falsifying business records for having allegedly paid off actress Stormy Daniels to conceal their affair on the eve of the 2016 election. DeSantis, still not yet a candidate, joined Nikki Haley, Vivek Ramaswamy and Mike Pence in decrying the prosecution as the politically motivated action of a "Soros-backed" liberal D.A.

The reflexive defense of Trump would repeat as the former president faced more and more criminal charges—as well as civil trials for rape and fraud—over the ensuing months. This dynamic of his political opponents taking his side would ensure that Trump wasn't merely inoculated but actually gained strength politically as he faced an unprecedented onslaught from the legal system. At his Iowa rally Sunday, numerous attendees wore T-shirts featuring Trump's mug shot, with slogans such as PATRIOTS NEVER SURRENDER.

The candidate who attacked Trump most frontally, former New Jersey Gov. Chris Christie, was repaid with the field's lowest favorable ratings among Republican voters. Donors, unsure if Trump could be beaten, hesitated to take sides. One anti-Trump conservative group tested attack ads and found that none of them dented Trump's popularity and that most of them actually bolstered his appeal with Republican voters.

Events, too, worked to Trump's advantage. President Biden's declining popularity made the incumbent appear increasingly beatable, undermining DeSantis's and others' argument that Trump couldn't win in November. Legal issues surrounding Biden's son Hunter helped muddy the waters around Trump's indictments.

Trump
Wins Iowa
Caucus

Continued from Page One

The tight battle between Haley and DeSantis for second place left both candidates claiming they were best positioned to become the only Trump alternative as a long-shot challenger to the front-runner.

"We've got our ticket punched out of Iowa," DeSantis told supporters in West Des Moines, as he noted the many attacks Trump and others threw at him.

Haley, speaking at another West Des Moines hotel, congratulated Trump on his victory and pledged to continue campaigning.

"I can safely say Iowa made this Republican primary a two-person race," she said. "Do you want more of the same or do

you want a new generation of conservative leadership?"

The results, on a night that saw the coldest temperatures on record for the caucuses, gave the first tangible indication that the party remains overwhelmingly committed to returning Trump to the White House, or if it shows any sign of wanting to turn the page on the man who remade the GOP in his image when he won in 2016.

The DeSantis campaign complained after news outlets quickly declared Trump the winner. "It is absolutely outrageous that the media would participate in election interference by calling the race before tens of thousands of Iowans even had a chance to vote," DeSantis spokesman Andrew Romeo said. "The media is in the tank for Trump."

The second-place finish for DeSantis—who centered his bid in Iowa with visits to all 99 counties in the state—salvaged his ability to tell donors and supporters that he has a path forward.

The third-place finish for

Haley, a former U.S. ambassador to the United Nations under Trump, would force her to expend resources battling DeSantis, when she was instead hoping to capitalize on a strong position for the next nominating contest in New Hampshire, where the electorate is more centrist and has a history of bucking Iowa.

DeSantis promised to appear Tuesday in South Carolina, another key early primary state, and he scheduled events later in the day in New Hampshire. Trump and Haley both planned to hold rallies on Tuesday in New Hampshire.

A clear path to the GOP nomination for Trump would set the stage for a 2024 contest few voters seem to want: a rematch between Trump and Biden, the presumptive Democratic nominee. Both men suffer from poor general election

poll ratings, and many voters have said they are eager for alternatives.

The candidates challenging the former president had hoped to find enough dissatisfaction with him to build their own voter coalitions. Haley had shown signs in polling of consolidating college-educated Republicans, such as those in the suburbs or college towns of Iowa, as well as voters less committed to conservative causes. DeSantis had moved aggressively to win voters who

fear a liberal takeover of schools, businesses and academia. But Trump romped among all those groups, according to preliminary results from AP VoteCast, a survey of people who said they would participate in the caucuses. He carried 35% of college graduates to Haley's 31%, while domi-

The race was called only about 30 minutes after caucusing began.

and government overreach, positions that his rivals largely endorsed.

That helped win over voters like Kellie Doty, a stay-at-home mother, 56 years old, who backed Trump at a caucus in Urbandale. Doty said she liked DeSantis and felt he was the future of the Republican Party but said that "because of the persecution of Trump and everything he's gone through," she needed to back him this time around. Her caucus hadn't even started by the time the race was called for Trump.

The Trump victory surpassed the 12.8-percentage-point margin Sen. Bob Dole scored over his nearest rival in 1988, setting a record for a competitive year. Trump hopes to secure the delegates needed for the Republican nomination by March.

The only contest of consequence in Iowa was on the Republican side, after the Democratic National Committee demoted the state in favor of South Carolina going first on its nomination calendar.

U.S. NEWS

Atlanta DA Defends Trump Prosecutor She Hired

BY NICOLE FRIEDMAN
AND MARIAH TIMMS

Fulton County, Ga., District Attorney Fani Willis defended her decision to hire Nathan Wade as a special prosecutor, saying in a speech Sunday morning that the lead lawyer in her office's racketeering case against former President Donald Trump and others is well qualified to serve in the role.

One of the defendants in the case alleged in a court filing last week that Wade and Willis had been in a continuing romantic relationship since before Willis hired Wade, and that both had benefited finan-

cially from the arrangement. The filing also alleged that Wade didn't have the proper experience for the job.

Willis responded for the first time to the allegations in a speech at Atlanta's Big Bethel AME Church, attributing criticisms against Wade to racial bias. Willis and Wade are both Black.

"I appointed three special counsels, as is my right to do, paid them all the same hourly rate. They only attacked one of them," Willis said at a service commemorating Dr. Martin Luther King Jr.'s birthday. "Is it that some will never see a Black man as qualified, no matter his achievements?"

Willis never mentioned Wade by name.

The motion to dismiss the case, and disqualify both Willis and Wade, was filed Jan. 8 by attorney Ashleigh B. Merchant, a lawyer for Trump co-defendant Mike Roman.

Merchant's filing last week also alleged that Wade is inexperienced in high-level prosecution, claiming that his résumé wouldn't make him qualified to serve as a court-appointed defense lawyer in the Trump case.

Merchant said Sunday that she had no racial motivation in filing the motion to disqualify Wade from the racketeering, or RICO, case.

"This has absolutely nothing to do with the color of anyone's skin," she said. "If there's any question about the experience of Nathan Wade, I think you can just ask him if he's ever filed a RICO case or tried a felony case, or if he was hired because of his personal relationship with Ms. Willis. It will become crystal clear."

Willis on Sunday said Wade was a "lawyer of impeccable credentials," referring to work experience Wade has touted in the past. He has worked as a judge, private-practice attorney, prosecutor and criminal-defense lawyer.

A call to Wade's office

wasn't returned Sunday.

Publicly available invoices reviewed by The Wall Street Journal show that the three special counsels Willis mentioned were hired at slightly different hourly rates.

A spokesperson for Willis declined to comment.

Willis's office had previously said she would respond to the allegations in a court filing.

Fulton County Superior Court Judge Scott McAfee said Friday that he was awaiting Willis's response and likely wouldn't schedule a hearing to consider her removal from the case before early February.

Merchant's filing didn't provide proof of a romantic relationship between Willis and Wade, but she said sealed records from Wade's divorce proceeding from his wife would substantiate her allegations. Merchant has asked a judge to make those records public.

Willis has been subpoenaed to testify in that divorce case as a witness.

Willis, a Democrat, last year charged Trump and 18 others, alleging a criminal enterprise to overturn Trump's 2020 defeat in Georgia.

All the defendants pleaded not guilty, but some later cut plea deals.

U.S. WATCH

WEATHER

Winter Storms Sweep Nation

More than 93 million people were under windchill advisories Monday, as Arctic cold and winter storms hammered much of the U.S.

Brutally cold weather from a cold front spilling out of Canada continued across many parts of the country. Snow and freezing rain spread to the Mid-Atlantic and stretched over the Southern U.S. before the arrival of yet another arctic blast forecast later this week.

Freezing rain was expected as far south as the Gulf Coast of Texas and Louisiana on Monday, with the potential for heavy snow stretching from Tennessee to the Mid-Atlantic, according to the National Weather Service.

More than 2,600 flights were canceled within, into or out of the U.S. on Monday as of 5 p.m. ET, according to flight-tracking service FlightAware. More than 7,000 flights were delayed. Weather-related problems snarled traffic at most major airports.

—Suryatapa Bhattacharya and Ginger Adams Otis

WASHINGTON

Kerry to Leave Role As Climate Envoy

John Kerry is stepping down as the president's special envoy for climate this spring, two people familiar with the decision said.

The change comes weeks after Kerry, 80, played a key role during a climate conference in Dubai helping to forge a compromise among nearly 200 countries aimed at reducing fossil fuels.

The White House didn't comment on Kerry's decision.

Kerry, whose departure will come as President Biden is intensifying his re-election campaign, is one of the few top officials to leave an administration that has had historically low turnover.

Kerry has held the post for three years and has close ties with top Chinese officials, with whom he has been eager to engage even as some of the president's advisers strike a more hawkish posture toward Beijing.

—Annie Linskey

ELECTION 2024

Biden Rival Phillips Gets Funding Boost

Hedge-fund billionaire Bill Ackman said he was committing \$1 million to support Rep. Dean Phillips's challenge to President Biden for the Democratic nomination in the presidential election.

Even with the new funding, Phillips (D., Minn.) remains a long shot in the primary contest against Biden, who enjoys the backing of the Democratic Party's machinery, despite concerns about his age and polling showing him trailing likely Republican nominee Donald Trump.

Phillips has staked his campaign on New Hampshire's Jan. 23 presidential primary, which is no longer sanctioned by the Democratic National Committee after the party revamped its primary calendar.

That means that even if Phillips were to succeed in New Hampshire, he wouldn't gain delegates to compete with Biden at the party's national convention, where the nominee is chosen.

The Biden campaign declined to comment.

—Andrew Duehren

WE SAVE
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U.S. NEWS

Black Investors Buy Stocks

Continued from Page One
 more among Black families than they had ever before," said Arielle Patrick, Ariel Investments' chief communications officer. She also runs thought leadership at the company.

Robert L. Pinkney, 21 years old, learned about finance sitting on the lap of his grandfather, who would read the newspaper's business section to him each morning beginning at age 7. When his grandfather died in 2017, Pinkney, then 16, opened an online brokerage account with the money he had saved from his allowance and by doing freelance coding work for local churches.

His grandfather always told him it was his responsibility to provide for his family and leave wealth behind for them after he was gone.

Pinkney put \$22,000 into companies such as BlackRock, Berkshire Hathaway, Progressive and JPMorgan Chase, aiming to invest in entities that share global significance. It was a way of continuing to bond with his grandfather, Pinkney said.

"I know that it is something he can see, and my decisions make him very proud."

Now a senior at Morehouse College, a historically Black institution in Atlanta, Pinkney has continued to invest and now has \$75,000. He is graduating debt-free because of a full scholarship—and hopes to use some of his investment gains to help pay off some of his peers' student loans, he said.

Young Black investors today have much more access to financial information than those in prior decades, said Tatjana Meschede, associate director at the Institute for Economic and Racial Equity at Brandeis University.

While stocks have been a key driver of wealth-building for Americans, Black Americans are still far behind white households in terms of both as-



Calah Beale put her pandemic savings into meme stock AMC Entertainment Holdings, but lost most of her investment.

sets and market participation. The median wealth for the typical white family was \$285,000, compared with \$44,900 for the typical Black family, according to the Federal Reserve's 2022 Survey of Consumer Finances.

Government stimulus including the pause in student-loan payments left young people with slightly more discretionary income to put toward investing, Meschede said.

Though more young Black investors are putting money in stocks, the amounts are often still small, federal data suggest.

Black financial advisers said they have noticed greater interest in stocks among their family and peers since the pandemic.

"Within the African-American community, there's a hunger for good investment advice," said Dana Grigg, president of Camelotta Advisors, a wealth-management firm in San Francisco.

When his barber, who is Black, recently got a raise, he called Grigg wanting to know more about investing and compounding.

In addition to family, friends and financial advisers, young Black investors, like many in their generation, are increasingly turning to social media for investment information. These platforms amplified interest in trading in meme stocks and crypto, according to a report from the Finra Investor Education Foundation.

Nearly three-quarters of Black investors relied on information from friends, family and colleagues for investing, compared with 58% of white investors. More than half of Black investors were more likely to use social-media groups or message boards as a source for investment information, compared with a quarter of white investors, the report said.

Social platforms often tout riskier investments, rather than the staid index funds that advisers usually recommend for beginners.

Calah Beale, a 27-year-old Medicare sales representative in Sacramento, Calif., saved \$14,000 during the pandemic, in part from government stimulus checks. When some of her friends did well by putting

money into GameStop, she decided to put her savings into another meme stock, AMC Entertainment Holdings. After her holdings grew by \$2,000, she chose to keep her money in the stock. A few weeks later, the stock dropped. She lost \$10,000.

"At the time, I thought I was making a good financial decision," she said. In hindsight, she said she should never have put all of her savings into the market. "Maybe I should've put in half of my money or like a quarter," she said. She plans to rebuild her savings before taking another stab at investing.

Noah Reese, 21, another student at Morehouse College, relied on a combination of YouTube advice and trusted classics such as Benjamin Graham's "The Intelligent Investor" to teach him how to navigate the stock market during the pandemic.

He invested in more than 50 companies, including Apple and Coca-Cola. Since starting five years ago, his portfolio has grown from \$3,000 to \$10,000.

"I did research during quarantine and began investing in companies with a durable competitive advantage," Reese said.

China Adds To Problems For Boeing

Continued from Page One

Boeing declined to comment. China Southern and the Civil Aviation Administration of China didn't respond to requests for comment.

A Boeing memo to staff on Monday said it was performing additional inspections of its 737 production line and sending more people to check work at Spirit AeroSystems, which supplies the fuselages. Boeing and airlines are still developing a process to inspect the grounded MAX 9 planes.

Resuming deliveries of the 737 MAX jets is a crucial step for Boeing to bring its business back on course in China, a market it forecasts will account for a fifth of the world's

airplane deliveries in the next two decades.

The delay is the latest blow for Boeing in China after years of turbulent U.S.-China ties that have caught businesses in the crossfire, as the company worked to regain confidence of Chinese regulators and consumers in its aircraft. President Biden and President Xi Jinping of China met in November in an effort to reset relations, but ties remain delicate.

Beijing is likely to handle the response to the Alaska Airlines incident carefully, said David Yu, chairman of Asia Aviation Valuation Advisors. "They don't want to rock the boat too much," he said.

China's aviation regulator has been publicly mum about it. Beijing is holding off further substantive moves as it waits for more clarity from U.S. investigations, a person familiar with the matter said.

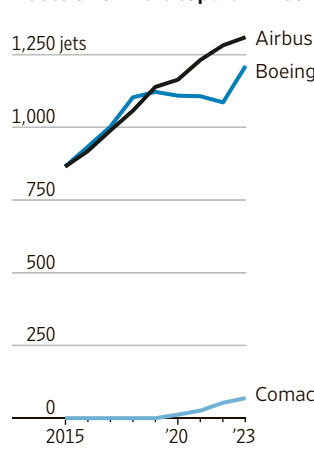
Xie Feng, China's ambassador to the U.S., recently cited Boeing when talking about steps Beijing has taken to fa-

cilitate exchanges and cooperation between the two countries. In a video speech released on Jan. 9 to commemorate the 45th anniversary of U.S.-China diplomatic ties, Xie said China has supported the return of all Boeing 737 MAX jets to Chinese skies. After grounding the 737 MAX in 2019 following the two crashes, China returned it to service last January.

For years, Boeing was the biggest U.S. exporter to China, and aircraft were among the biggest U.S. exports to the country. Over the past five decades, Boeing has played a key role in helping China establish its commercial-aviation industry. That dynamic changed in recent years as relations between Beijing and Washington spiraled, and China became a source of risk for Boeing.

In 2019, China was the first country to ground the 737 MAX 8. That year, the number of Airbus jets among the combined fleets of China's three biggest airlines sur-

Breakdown of the combined fleets of China's top 3 airlines



Note: 2023 as of November. Air China added 132 Boeing 737 jets from a subsidiary in 2023. Sources: Air China, China Eastern and China Southern

passed Boeing's share. The U.S. company's commercial aircraft sales to China slowed to a trickle while Airbus, its European rival, received orders for hundreds of jets.

The issue surrounding Boeing has become politicized in

China, said Richard Aboulafia, managing director of AeroDynamic Advisory, an aerospace consulting firm.

Since China returned the 737 MAX to its skies, Boeing has been seeking to resume delivering its backlog—but Beijing has been slow to grant approval. Some 85 737s were parked waiting for delivery to China as of September, according to Boeing's latest financial report. Its chief executive, David Calhoun, said in October that Boeing was working closely with Chinese customers on the timing of resuming deliveries.

Boeing and China Southern had discussed a resumption in the third quarter of last year. But the carrier couldn't secure Beijing's approval, people familiar with the matter said.

A turning point was the Biden-Xi summit in November in California. Weeks later, Mike Fleming, a Boeing executive in charge of the 737's return to service, met with Civil Aviation Administration of China

officials. Shortly after, the regulator informed Boeing that China had approved its delivery, a person familiar with the matter said. Industry publication the Air Current earlier reported on the CAAC approval.

Following the approval, Boeing initially planned to deliver China Southern's order in December, but that was then pushed back to January, people familiar with the matter said. The aircraft had to be checked by China Southern, as they had been sitting in Boeing's inventory for years.

In December, some China Southern crew members arrived in Seattle to test the first 737 MAX 8 jet to be delivered and to prepare to fly it back to China, people familiar with the matter said.

Then came the Alaska Airlines incident.

Aboulafia of AeroDynamic Advisory said jetliners are among the few levers China can pull in response to the U.S. trade restrictions on exporting semiconductors to China.

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U.S. NEWS

Short-Term Deal On Spending Set

By Stobhan Hughes

WASHINGTON—Congressional leaders have reached an agreement on a new stopgap spending bill that would extend government funding into March, as House Speaker Mike Johnson (R., La.) sticks to his plan to defy the most brass-knuckled budget hawks in his party in a bid to avoid a government shutdown.

The government has been running on short-term spending laws, known as continuing resolutions, or CRs, since the start of the fiscal year on Oct. 1, as lawmakers continued to negotiate full-year funding.

Under the new agreement, parts of the government including the Transportation Department, the Agriculture Department and the Food and Drug Administration would be funded through March 1, while the rest of the government would be funded through March 8. Currently, those two sets of funds are due to expire on Jan. 19 and Feb. 2, respectively.

Congressional leaders want to extend the deadline for hammering out full-year fiscal 2024 spending bills, at the previously agreed-to levels of \$1.66 trillion. Senate Majority Leader Chuck Schumer (D., N.Y.) on Sunday said he has scheduled a procedural vote for Tuesday.

“To avoid a shutdown, it will take bipartisan cooperation in the Senate and the House to quickly pass the CR and send it to the president’s desk before Friday’s funding deadline,” Schumer said.

In reaching the agreement, Johnson risks triggering a backlash from House Republicans who are itching for another fight, even after last year’s bruising ouster of former House Speaker Kevin McCarthy (R., Calif.). Those Republicans want to use the spending agreement either to slash funding levels or extract policy concessions, such as stricter border-security measures.

This faction is furious that Johnson agreed to the \$1.66 trillion top-line level, accepting the same deal McCarthy struck last year with President Biden in an agreement to suspend the debt ceiling. Johnson has been arguing that he was locked into that agreement, which was enshrined in the Fiscal Responsibility Act, and that he improved upon it and is now ready to fill in the details with policies that reflect Republican goals.

Members of the conservative House Freedom Caucus and their ideological allies have loudly opposed another stopgap spending bill, while congressional leaders widely agreed one was needed. The caucus and its allies had argued that an interim bill was a stall tactic that risked resulting in bloated budgets that were unreasonable at the same time the government is borrowing more than it spends.

Johnson, 80 days into his tenure as House speaker, sided with the military hawks and appropriators in his GOP conference, after convening closed-door meetings in which the two factions pressed him to take their side. The military hawks had argued in favor of another short-term bill, in part because that path was likely to avoid \$36 billion in cuts to defense spending that could be triggered by an alternative legislative course favored by many of the House Freedom Caucus members.

That alternative course, called a full-year continuing resolution, would trigger a provision of last year’s debt-ceiling deal that would impose across-the-board cuts in discretionary spending. Military spending for all of fiscal 2024 would total \$850 billion, well below the \$886 billion specified by the top-line agreement that Johnson and Schumer reached earlier this week.

It would also mandate deep cuts in nonmilitary spending, which Democrats oppose.

GOP Border Negotiator Urges Patience

Republican Sen. James Lankford of Oklahoma has taken on one of Congress’s most thankless and politically risky jobs: leading negotiations to overhaul the country’s immigration laws.

By Lindsay Wise, Michelle Hackman and Adolfo Flores

Democrats and Republicans agree that a fix is overdue—the last major changes were passed in 1986. Past rounds of talks have gotten nowhere because the issue is so charged and the system so legally complex that any rewrites of the law risk cascading and unintended effects. Now Lankford is one of a trio of senators taking another crack at it, as migrant apprehensions at the Southern U.S. border hit a record 250,000 a month—though prospects for any deal passing Congress appeared to dim over the weekend.

“I get down to the border, I see the problems,” Lankford said in an interview. “For me, this has just been a learning process of digging and trying to figure out how to be able to solve it.”

The stakes are even higher than usual for the negotiators, who also include Sens. Kyrsten Sinema (I., Ariz.) and Chris Murphy (D., Conn.), as they seek to strike a deal that can clear both the Democratic-controlled Senate and the Republican-run House. Talks are continuing, a Senate aide said Monday.

Senate Republicans have made tens of billions of dollars in additional Ukraine aid conditional on immigration policy changes, meaning the negotiations have implications for America’s security and global leadership that stretch far beyond U.S. borders. The White House has issued dire warnings that Congress needs to act quickly to fund Kyiv, and in recent weeks the Pentagon has run out of money to send more hardware and ammunition to help Ukraine defend itself against Russia.



GOP Sen. James Lankford has gained a reputation for being willing to work across party lines.

BILL CLARK/GETTY IMAGES

Further complicating talks is this year’s election, as Republicans seize on what they have termed a border crisis to launch impeachment proceedings against Homeland Security Secretary Alejandro Mayorkas and pillory President Biden and other Democrats running for re-election in November. Some House Republican lawmakers have indicated they are loath to strike any deal that could help Biden.

Sen. John Cornyn (R., Texas), a veteran of bipartisan deals, said these talks are particularly complicated. “As we all know, the more pieces you add to the puzzle, the harder it is to make all the pieces line up. It’s kind of like a Rubik’s Cube,” he said. Cornyn, who weathered blowback over gun-safety legislation in 2022, likened Lankford’s role to “a goalie on a dart team.”

“That’s probably not a bad analogy,” Lankford said. “I’m going to have a whole group of folks that say, ‘Not enough.’ I’m going to have a whole group of

folks saying, ‘That’s crazy, that’s way too much.’”

Asked about his guiding philosophy on immigration, Lankford recalled a conversation he had with a pastor in Oklahoma during the Trump administration. The pastor told Lankford that while it was the senator’s job to ensure that immigrants follow the law, it was the pastor’s job to love all immigrants equally regardless of their legal status.

“We have got to be able to do both those things,” Lankford recalls the pastor saying.

Lankford said last weekend that negotiators hoped to announce a framework in coming days but then backed off that timeline. The negotiations are centered on measures that could make it tougher to claim asylum at the Southern border, in hopes that stricter rules would deter more migrants from coming. Though senators have agreed to several ideas tightening access to the asylum system, talks are now stuck on a different point.

Republicans want to curtail a practice by the Biden administration of allowing some migrants who register in advance to enter the U.S. legally under a temporary status called humanitarian parole. The administration maintains that parole is a crucial tool to entice migrants not to enter the country illegally, especially paired with new enforcement measures against those who don’t follow the legal process.

Lankford, 55, is a former Baptist youth minister who served four years in the House before winning election to the Senate in 2014. Republican colleagues say they see him as a diligent and honest broker who stepped willingly into a high-risk, low-reward role.

He has gained a reputation for being someone willing to work across party lines, said Brenda Kirk, Texas, Oklahoma and Arkansas mobilizer for the National Immigration Forum, a pro-immigration organization. She said she was excited when she heard that Lankford “had stepped into this and made a commitment that he was going to follow through on it,” adding he could be insulated from political fallout by not being up for re-election this year.

Prospects for a deal passing Congress seemed to dim over the weekend.

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WORLD NEWS

Taiwan Vote Adds Risks to U.S.-China Ties

Victory by Lai, whom Beijing distrusts, will test efforts by Biden, Xi to steady relations

Taiwan's election of the presidential candidate China most distrusts puts at risk a fragile detente between Washington and Beijing, threatening another flare-up between the world's biggest economic and military powers.

By *Chun Han Wong* in Taipei and *Charles Hutzler* in Washington

Voters on Saturday gave the Democratic Progressive Party four more years in power, this time by choosing as president-elect the current vice president, Lai Ching-te, whom China condemns as an inveterate agitator for Taiwan's independence—an outcome Beijing has vowed to prevent, by force if necessary.

Though expected, Lai's win sharpens global attention on this democratically self-ruled island and its outside significance in the strategic rivalry between the U.S. and China, which has described Taiwan as the most sensitive issue in its relationship with Washington.



Lai Ching-te, center, celebrated his victory with running mate Bi-khim Hsiao, right, and supporters in Taipei on Saturday.

President Biden showed he is mindful of Beijing's red lines, answering a reporter's question on Saturday about the Taiwan election by saying: "We do not support independence."

The State Department separately congratulated Lai and said the U.S. would work with him to deepen ties with Taipei—remarks officials said were consistent with past American assurances to Beijing.

China, meanwhile, sought to undermine Lai's legitimacy, dismissing his victory as unrepresentative of mainstream opinion in Taiwan.

Instead, Beijing vowed to move forward with its quest to take control of the island, while rebuking the State Department for sending "a gravely wrong signal to the 'Taiwan independence' separatist forces."

The exchange underscored the brittleness of the continuing U.S.-China rapprochement, despite a series of diplomatic exchanges in recent weeks aimed at minimizing points of bilateral tension.

Beijing is also expected to demonstrate its anger with Lai's election by stepping up pressure on the economic, military and diplomatic fronts—including tariff measures, combat drills and increased efforts to squeeze Taipei's ties with other governments, said U.S. and Taiwanese officials, as well as defense analysts.

Since Biden and Chinese

leader Xi Jinping emerged from a November summit with an agreement to steady relations after years of plummeting ties, the two governments have held discussions on military communications, counter-narcotics, technology controls and Taiwan.

The current pause in tensions is tactical, driven by short-term objectives, current and former U.S. officials said. While Washington and Beijing are competing for global pre-eminence, neither side wants a crisis, with Xi trying to revive China's listless economy and the Biden administration contending with wars in Ukraine and the Middle East.

Now, with Lai preparing to take office in May, keeping a lid on tensions will require restraint from Beijing, Washington and Taipei, the officials, and foreign-policy experts said.

Washington's early statements on the Taiwan election "set a tone, and the basic idea is to de-escalate," said Chen Ming-chi, chief executive of the Institute for National Defense and Security Research, a Taiwanese military-backed think tank.

"This time, probably, China is also willing to cooperate."

◆ **Heard on the Street: Peace still has a chanceB10**

Taipei Loses Another Diplomatic Partner in Wake of Election

By *Joyu Wang* and *Chun Han Wong*

TAIPEI—Taiwan lost diplomatic recognition from the Pacific island nation of Nauru as Beijing intensified its efforts to isolate Taipei just days after Taiwanese voters elected a presidential candidate China condemns as a separatist.

Nauru's government on Monday said it would stop recognizing Taipei and instead seek formal relations with Beijing—a switch that marks "a

significant first step in moving forward with Nauru's development," according to a statement published on the island nation's Facebook page.

Taiwan responded by ending official ties with Nauru, said Tien Chung-kwang, a deputy foreign minister, at a news conference in Taipei. Tien accused China of using money to win over Nauru, and described the diplomatic switch as a sudden move.

Nauru's announcement came after Taiwan's ruling

Democratic Progressive Party won a closely fought presidential election on Saturday, with current Vice President Lai Ching-te—who in the past described himself as a "practical worker" for Taiwan's independence—now poised to step up as the leader of this democratically self-ruled island in May.

Tien accused Beijing of trying to diplomatically suffocate Taiwan. "This is an act of retaliation against democracy, and a blatant provocation toward the international order."

Beijing welcomed Nauru's decision. "China is willing to work with Nauru to open a new chapter in our bilateral relations on the basis of the 'one China' principle," Chinese Foreign Ministry spokeswoman Mao Ning said.

Asked about Taipei's claims that Beijing offered monetary support to Nauru, Mao said Nauru made an independent and sovereign decision to seek ties with China. She didn't say when Beijing may formally establish ties with Nauru.

The move by Nauru, a tiny nation of roughly 10,000 people, leaves Taiwan with diplomatic recognition from just 12 states, more than half of them in Central America and the Caribbean.

Beijing and Taipei each refuse to recognize any country that maintains diplomatic ties with the other government. Both sides have in the past offered generous aid to attract allies among developing countries, though China—thanks to its rise as a global economic powerhouse—has long out-

gunned Taiwan in this regard.

Despite China's efforts to isolate Taiwan, the island has deepened unofficial ties with the U.S. and other democratic nations as Beijing's relations with some Western governments have soured.

On Monday, a delegation of former U.S. officials met with Tsai and Lai, separately, along with Laura Rosenberger, who heads the U.S. government-backed institute that oversees unofficial relations with Taipei.

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WORLDWATCH



MARCO DI MARCO/ASSOCIATED PRESS

Lava breached the barriers protecting Grindavik, Iceland, on Monday, engulfing some houses.

GUATEMALA
President Takes Office Amid Uproar

Bernardo Arévalo took office as president in a turbulent session of Congress where political opponents had made a last-ditch attempt to sabotage his inauguration and angry supporters clashed with police.

The 65-year-old center-left sociologist has pledged to tackle the corruption and poverty that have fueled a wave of migration to the U.S., but an open confrontation with the country's establishment threatens to jeopardize his plans.

Arévalo's inauguration was set back hours on Sunday by departing opposition lawmakers who had refused to swear in the newly elected legislators of Arévalo's Seed Movement party.

Heads of state and leaders of international organizations attending the inauguration demanded Congress comply with its democratic mandate.

Arévalo was sworn in for a four-year term shortly after midnight local time, donning the blue-and-white presidential sash to applause and shouts of "Viva!"

"The support of the world's democratic nations has been crucial for us to be here," he said.

—José de Córdoba

NICARAGUA
Nineteen Clergy Freed From Prison

Nicaragua released 19 clergymen from prison, including Bishop Rolando Álvarez, the country's most prominent political prisoner, and expelled them to the Vatican.

The government of authoritarian President Daniel Ortega on Sunday said their release was a result of negotiations with the Vatican. The group also includes Bishop Isidoro Mora, 15 priests and two seminarians.

"This is a continuation of the repression against the Catholic Church," said Juan Sebastián Chamorro, a former presidential candidate who had been imprisoned and was expelled to the U.S. in February. "It's the pattern. Any priest who talks in favor of democracy will be imprisoned and then exiled."

The outspoken Álvarez, bishop of the city of Matagalpa, had been in prison for almost a year after receiving a 26-year sentence for treason. The prelate previously refused to go into exile with 222 other political prisoners who were stripped of their Nicaraguan citizenship and expelled to the U.S. Mora, the bishop of Siuna, was detained in December after he asked for prayers for Álvarez at a mass.

—José de Córdoba

ICELAND
Lava Flows Breach Town's Barriers

A second powerful volcanic eruption sent lava surging through a town, engulfing houses and leaving them in flames.

Lava flows from the eruption, which started Sunday morning, breached the barriers protecting the town of Grindavik on Monday, the Icelandic Meteorological Office said.

Footage from national broadcaster RUV showed several houses ablaze and large flows of lava gushing through the town.

Thousands of Grindavik's residents had been evacuated in November after seismologists detected magma as close as a half mile or so under the surface. Further evacuations were undertaken on Sunday.

In December, a volcanic eruption in the Reykjanes Peninsula, roughly 30 miles from the country's capital, Reykjavik, sent lava spewing hundreds of feet into the air after a string of earthquakes rattled the southwest of the country. Lava flows from that eruption didn't reach the town, but the second poses a serious threat to infrastructure, Iceland's President Gudni Johannesson said in posts on X. No lives were in danger at this stage, he added.

—Gareth Vipers

WORLD NEWS

Israeli Military Plans to Shift Gaza Fighting

BY RORY JONES
AND ANAT PELED

The Israeli military is close to completing its most intensive phase of fighting against Hamas in the Gaza Strip, Israel's defense minister said, warning that the lack of a plan for postwar Gaza could hurt the military campaign.

In northern Gaza, the most intensive phase of fighting is complete, while the military is close to completing intense fighting in the south, around the city of Khan Younis, Defense Minister Yoav Gallant said on Monday.

"In North Khan Younis, in South Khan Younis, in East Khan Younis, in all of these places, the battalion structure [of Hamas] has been dismantled and the Khan Younis brigade in practice is slowly coming apart as a fighting force," he said.

When asked about Gallant's comments, Israeli military spokesman Rear Adm. Daniel Hagari pushed back, saying that fighting in the south "will take us time." The military had more work to do both above ground and below ground in the vast tunnel network built by Hamas, Hagari said.



Israel has been under pressure from the Biden administration to switch to a lower-intensity war campaign in Gaza, where Israel's has carried out airstrikes and deployed ground forces.

Separately, Hamas released a video on Monday of what it said were the dead bodies of two Israeli men taken hostage in its attack on Oct. 7. A third hostage, Noa Argamani, 26, was shown alive in the video.

Hagari said the videos were being examined alongside Israel's own intelligence, and denied a Hamas claim that one of the hostages was killed by Israeli fire.

The Israeli government is under pressure from the families of roughly 130 people who are still being held hostage in Gaza to reach a deal for their return. Prime Minister Benjamin Netanyahu's government has said maintaining military pressure on Hamas is the best course of action to force the group, designated a terrorist organization by the U.S., to negotiate.

Earlier Monday, Israeli police arrested two Palestinians for allegedly ramming cars into pedestrians, killing one woman and injuring at least 18 others.

Israel's police said the two Palestinians had entered the country illegally from the Israeli-occupied West Bank city of Hebron and that they are treating the incident as a terrorist attack. The assailants allegedly used different vehicles to run over civilians in two areas of Ra'anana, a town in central Israel. One victim also had stab wounds, Israeli medics said.

Hamas called the attack in Ra'anana a "natural response" to the war in Gaza but didn't take responsibility.

Houthis Target U.S. In Red Sea

Continued from Page One
tially directed against Israeli-linked vessels, have rattled global markets, upended international shipping routes and become increasingly indiscriminate. The rebels have attacked everything from box-ships to tankers moving sanctioned Russian oil as the global shipping nexus complicates their ability to identify specific targets.

They vowed again Monday to continue their campaign against U.S. and international targets in the region in response to Israel's actions in Gaza. "Anyone attempting to hinder us from doing so will fail," a Houthi official said.

Nasruddin Amer, a Houthi spokesman, later said the Yemeni rebel group would expand its targeting of U.S. vessels. "The ship doesn't necessarily have to be heading to Israel for us to target it, it is enough for it to be American," he told the Al Jazeera news network.

The Houthi strikes follow what have been dozens of attacks targeting U.S. interests in the Middle East since the start of the war between Israel and Hamas in the Gaza Strip in October.

Iran's Revolutionary Guards said late Monday they had launched ballistic missiles at what they claimed were Israeli spy bases in Erbil, Iraq, in retaliation to the killing of some of their officers and allies, according to an IRGC statement carried by Iranian state media. In recent weeks, Israel has allegedly killed a top Guard adviser in Syria and senior members of Lebanon's Hezbollah and Hamas. Israel hasn't commented on the strikes.

Iraqi Kurd officials, who have denied any Israeli intelligence presence in Erbil, said the IRGC had struck a private home, killing five civilians. The strike was near the local U.S. consulate, but no U.S. fa-



Houthi rebels staged a rally against U.S. and U.K. strikes near San'a, Yemen, on Sunday.

cilities were impacted, according to U.S. officials. The Israeli prime minister's office didn't immediately return a request for comment.

The Houthis have launched dozens of missile and drone attacks in the Red Sea, mostly against commercial shipping, since the Oct. 7 attacks by Hamas and other militants from Gaza that prompted Israel to respond with an air and ground campaign in the Palestinian enclave.

In retaliation, the U.S. and its allies hit dozens of Houthi-controlled areas in Yemen last week in an effort to degrade the ability of the group to strike in the Red Sea.

The attacks come as Israel's defense minister said the country is close to completing its most intensive phase of fighting against Hamas in the Gaza Strip, amid pressure from the Biden administration to switch to a lower-intensity war campaign in Gaza.

The Houthi attacks on Monday followed the U.S. military's shooting down of a cruise missile fired from Houthi rebel areas toward a

U.S. Navy destroyer in the Red Sea on Sunday.

Still, most of the Houthi attacks have struck ships that have no apparent connection to Israel or its allies.

In recent days, they have targeted a vessel laden with oil from the Russian port of Ust Luga, according to shipping trackers. The vessel had been owned by a British company but was bought last year by an off-shore entity in the Seychelles.

Before that, a Norwegian vessel that was wrongly linked to Israel in some shipping databases was struck, according to its owner Inventor Chemical Tankers.

"The shipping industry involves such a maze of stakeholders it's difficult to assign a single nationality to a vessel," said Ami Daniel, CEO of maritime artificial-intelligence provider Windward.

Some shipowners and crews said that, to avoid attacks, they are radioing messages before crossing the Red Sea that they have no ties to Israel. The An Hai Wan, a tanker chartered by Beijing's

shipping giant Cosco, sent a public radio message shortly before the first U.S.-led strike against the Houthis on Thursday saying it was manned by a Chinese crew.

"The American strikes threaten to militarize the Red Sea," Abdulmalik Al-Ajri, a member of the Houthi political bureau, told The Wall Street Journal before Monday's strikes. He warned that the escalation would pose a danger to ships unrelated to the conflict in Israel.

Around 23 ships stopped or reversed course after the intercepted attack on Sunday, but more than 90 were still sailing through the waterway toward the Suez Canal as of early Monday.

Container volumes through the Suez Canal between mid-December and Jan. 7 fell more than 60% from the same period a year ago—from 3.3 million boxes to 1.3 million boxes as the result of the ship diversions to the Cape of Good Hope, according to data from Lloyd's List Intelligence.

Houthis have launched dozens of missile and drone attacks in the Red Sea.

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FROM PAGE ONE

Secret Weapon for Inflation

Continued from Page One

More supply tends to push growth up, but prices down.

"This cycle is different," said Jan Hatzius, chief economist at Goldman Sachs. "A natural disaster is a better model than the demand-driven cycles of the 1970s, or other postwar year business cycles. That's made it much easier, with supply recovering, to keep output growth on track but nevertheless bring inflation down."

From 2020 to 2022, businesses couldn't meet the demand unleashed by an economy reopening after the worst of the pandemic and fueled by government stimulus. They lacked parts, labor, transport capacity and land. Prices shot up.

Yet businesses don't sit idle when there is an opportunity to profit from high prices and unmet demand. So they boosted output by all possible means—raising capital, reorganizing production and boosting capacity. "We're going to make hay while the sun shines," Ric Campo, chief executive of Camden Property Trust, told investors in 2021, when the company was cranking up apartment projects.

The supply-side curative has its limits. High interest rates, better staffing levels and cooler demand have relieved the urgency of adding capacity. Attacks by Iranian-backed militants on shipping in the Red Sea and a fresh grounding of some Boeing jets are reminders that supply chains are vulnerable. Some economists still expect a recession. Though prices are rising more slowly, many people are upset over paying so much more for goods and services than they did three years ago.

Yet the remarkable rebound in supply goes a long way to explaining why in the past year prices are rising more slowly, despite brisk demand, or even falling in many industries.

Airlines

U.S. airlines carried 13% more passengers through the first 10 months of 2023 than a year earlier, yet airfares for the full year were 5% lower, according to the Bureau of Labor Statistics. This is partly because jet fuel was cheaper, but also because domestic capacity grew faster than passenger loads, resulting in less-full planes. Nationwide, airlines offered 91% more seat miles last October than in January 2021 and 11% more than before the pandemic, according to the Transportation Dept.

When travel collapsed in 2020, airlines had scrapped routes, mothballed planes and encouraged staff to retire. As lockdowns ended and vaccination spread, the surge in so-called revenge travel caught airlines unprepared. The main problem was a shortage of workers.

"We'd always been plane-restrained or gate-restrained. Coming out of the pandemic, for the first time we were people-restrained," said Greg Mucio, head of talent acquisition at Southwest Airlines.

Starting in 2022, Southwest held mass recruiting events, often in hotel ballrooms close to its hub airports. To shorten the lag between interviews and hir-



Cars delivered to a Pittsburgh dealer; Elevation Resources drilling rig in Texas; apartments rising in Austin; travelers at the Southwest Airlines counter in Denver.

ing, Southwest sometimes conducted background checks and drug screening at those events.

Last June, Southwest booked Coors Field in Denver, home of the Colorado Rockies, bringing in baggage handling and aircraft-moving equipment for prospective employees to try out. Of 572 attendees, the airline hired 258. To prepare for so many new hires, Southwest's training centers added classes and expanded class size.

As a result, Southwest boosted capacity by about 15% through September 2023 from a year earlier. It flew a record number of flights on Labor Day weekend with barely a hitch. The airline had 74,000 employees, as of October, up 19,000 from the end of 2021 and well above its prepandemic level.

The shortage of pilots, who require years of training, was especially serious. Larger airlines recruited from regional airlines, corporate fleets and in-house training. Southwest Airlines' training program, Destination 225, graduated its first class last year. Major carriers eventually hired more than 12,000 pilots in both 2022 and 2023, more than double the prepandemic pace, according to FAPA.aero, a pilot-advisory firm.

To make the most of the pilots they had, some airlines shunted capacity to busier routes and replaced smaller planes with larger ones. In December 2022, United Airlines offered 115 departures from Key West, Fla., on regional affiliates flying jets with 70 to 76 seats. Last month, it had 94 scheduled flights, most of them operated by United on 126-seat Boeing 737s. That yielded 25% more seats on 18% fewer flights.

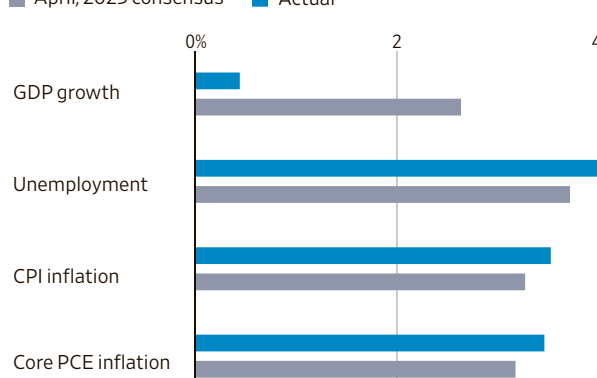
Oil

In the oil markets, the supply problem wasn't a lack of labor or parts. It was geopolitics. After Russia invaded Ukraine, Western nations cut off Russian oil imports. In previous years, U.S. exploration and production companies often responded to higher oil prices by drilling more in shale formations. This time, oil companies, under pressure to boost shareholder returns, were expected to restrain capital spending and instead give priority to dividends and share buybacks.

Many scrappy, privately held producers decided to crank up output. Some, like Midland, Texas-based Elevation Resources, did it with their single rig. The company operates in

Economists' projections for 2023 last April, and what actually happened*

■ April, 2023 consensus ■ Actual



*Fourth quarter vs. year earlier; unemployment is fourth quarter average. Actual GDP and PCE inflation based on estimates for fourth quarter, 2023.

Sources: Wall Street Journal surveys of economists (April, 2023 consensus, actual GDP and Core PCE inflation); Labor Department (actual unemployment, CPI inflation, air fares); Transportation Dept. (passengers, seat miles)

the Permian Basin of West Texas and New Mexico, the most active crude field in the U.S. It takes about six months after a well is drilled to produce oil, so the company didn't start ramping up production until well into 2022, CEO Steven Pruett said.

Since the fourth quarter of 2022, the company's oil-and-gas production grew by about a third to around 10,000 barrels of oil and gas a day, Pruett said, a company record. Elevation drilled 15 wells last year, up from 12 in 2022. "We did all we could with that one-rig program," he said.

U.S. crude oil output hit a monthly record in September. For the first 10 months of 2023, it averaged 12.9 million barrels a day. That was about half a million more than the Energy Information Administration had projected for 2023, back in January 2022.

The oil market is global, so U.S. consumers only benefit indirectly from higher production. Still, that effect is important. The Organization of the Petroleum Exporting Countries, in cooperation with Russia, has tried to prop up prices by restraining production. And recent attacks on shipping in the Red Sea have interrupted shipments. Without stepped-up U.S. shale output, those forces would have pushed oil and gasoline prices higher.

Housing

As interest rates fell in 2020, demand for new housing soared. When lockdowns ended,

many younger people escaped cramped quarters—such as their parents' house—driving up rents and home prices.

Economists and industry experts warned that the supply of new housing stock was years behind. Construction had been subdued ever since the 2007-09 recession. Materials and workers were in short supply. Land wasn't available where people wanted to live.

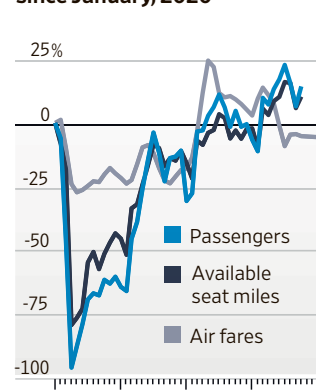
One slice of the industry, multifamily developers, defied predictions, ramping up projects to benefit from soaring rents. "People wanted a piece of that," said Jesse McConico of John Burns Research and Consulting, a real estate adviser.

In the first months of 2021, the leasing offices at Camden, which operates across the Sunbelt, were shaken from the doldrums. "All of sudden in March, April, our offices were jammed with people, 10 deep," Campo, the CEO, said. By the fourth quarter that year, new leases on Camden's 58,300 units were 16.5% higher than a year earlier.

With interest rates low and capital markets buoyant, Camden issued \$1.3 billion in stock in 2020 and 2021 to expand its new project pipeline. Like most builders, Camden had to cope with shortages of material, equipment and labor. "You have to work hard to get people to come to your site," Campo said, such as by paying promptly. To keep workers coming in during the 2022 World Cup, the company put TVs on construction sites and served lunch.

From 2020 to 2022, Camden

Change in airline traffic, capacity and prices, since January, 2020



At the start of the pandemic, car companies, expecting a prolonged sales drought, canceled their chip orders. Suppliers re-allocated that capacity to other products such as personal computers, which enjoyed high demand in a new remote-work-and-schooling era. When car companies finally placed new orders, they faced long waits. With fewer cars for sale, prices shot up along with profits.

Facing such strong demand, chip makers had to decide whether to add to capacity. The upside: lots of new sales. The downside was a possible collapse in demand, rendering the capacity unnecessary. Most decided that "the lost potential profit of not having the capacity available is bigger than the downside if you get it wrong," said Stacy Rasgon, a semiconductor analyst at Bernstein.

In October 2021, Vivek Jain became head of manufacturing and supply chain operations at Analog Devices, which makes roughly 75,000 types of chips for industrial, automotive and electronics products across a network of in-house and out-sourced factories. At his first board meeting, he laid out a road map to boost capacity.

One quick way was to expand production at a fabrication plant in Camas, Wash., from five to seven days a week. Given the tight labor market, Jain said, "we thought it would be quite hard." But employees welcomed the option of working 12-hour days three or four days a week, he said.

The company boosted capacity at fabrication plants in Beaverton, Ore., and Limerick, Ireland, by installing additional chip-making tools. Some tool makers who were themselves short of chips agreed with Analog to give priority to each other's orders. Jain estimates chip capacity is 40% higher than before the pandemic.

For automakers, chip shortages are largely over. As a result, inventories are rising, and prices in December were lower than a year earlier, according to Cox Automotive.

The economy isn't out of the woods. Inflation, while much lower than a year ago, is still higher than in 2019, and wages are still growing faster than is compatible with the Fed's 2% inflation target. Whether inflation falls further—and recession avoided—will be mostly a question of demand. Supply has done its part.

—Benoît Morenne and Alison Sider contributed to this article.

Wings Not From New Orleans

Continued from Page One

nomical and geographical mystery. Hawaiian pizza is a Canadian creation. Sweden says its national dish, Swedish meatballs, came over from Turkey. General Tso's chicken has roots in a dish invented by a Chinese chef. A modified version created by a New York-based chef in the 1970s is what became popular across the U.S.

Why do many diners in China think they are eating a New Orleans specialty? The glazed New Orleans wings are "KFC China's legendary invention," the chain proclaimed last year, to commemorate the recipe's 20th anniversary.

The restaurant operator said on social media it sells

480 million pieces yearly in China. It sold at least \$100 million each of New Orleans-style wings and burgers in 2022, according to data provided by KFC China. New Orleans-style wings are on other restaurant menus, a staple on barbecue grills and at street-side stalls. Walmart's membership-only Sam's Club outlets in China sell bags of frozen Orleans-style wings, including those made by American poultry giant Tyson.

The poultry company said its product is available only in China, with over 2.5 million packages sold last year. Tyson said the flavor was inspired by New Orleans' vibrant cuisine and showcases bold seasoning "reminiscent of Creole and Cajun dishes."

Winston Ho, born and raised in New Orleans by Taiwanese immigrant parents, doesn't approve of the wings. A specialist in modern China and Chinese American history in the city, he first heard about New Orleans-style

wings when he visited Beijing in 2012. He refused to try them because "it was completely made up."

"Chicken wings served in New Orleans are identical to wings anywhere else in the United States," Ho said, adding this confounds friends from China who have visited New Orleans and asked about them. He wishes they were more familiar with its seafood, jambalaya and po'boy sandwiches. "This is a city that is famous for its food."

Ker Zheng, a Chinese American from Rhode Island who now lives in China, was baffled when he first encountered New Orleans-style wings. "You would think it's spicy, like a Cajun mix," he said. But, "there's not much flavor to it."

"New Orleans-style" refers to the marinade, sometimes also used on chicken patties or other cuts of chicken.



Alan Li, a 30-year-old Beijing resident, is hooked on the wings.

It typically contains sugar or honey, garlic powder and onion powder, vegetable oil and a dash of spice such as chili powder. U.S. spice company McCormick, which makes packets of New Orleans Roasted Wing seasoning in China, lists those ingredients in addition to starch, spices, food enhancers, an anti-caking agent and red food coloring.

Beijing-based professor Thomas DuBois first encoun-

tered the seasoning three years ago at a cooking school in Chengdu, a city in China's southwest. There, in the land of spicy Sichuanese food, the teacher brought out a "New Orleans-style" mix for a chicken dish, and immediately got his fellow classmates talking about how their Chinese friends and relatives in the U.S. asked to have the seasoning shipped to them, said DuBois.

It's the name and marketing attached to the KFC dish that captured Chinese consumers' attention, he said. "Spicy chicken wings" or "New Orleans spicy chicken wings"—which would you order?" said DuBois, who recently wrote a book "China in Seven Banquets: A Flavorful History."

Los Angeles-based Phillip Wool, head of research at money manager Rayliant Global Advisors, recently heard about the wings from colleagues in China and plans to try them during his first post-pandemic visit to the country. "It's on my wish list for

2024," Wool said. He said his experience with KFC China has been that the food tastes better than KFC in the U.S.

Michelle Li, who is from China's northeast, had New Orleans-style chicken burgers regularly until she moved to Sacramento, Calif. She finally found the marinade in Chinese supermarkets, with Chinese words on the packets.

"I think the first impression was that, oh, I feel cheated," she said.

On short-video platform Douyin, the Chinese version of TikTok, users have filmed their hunt for New Orleans-style wings in the U.S.

In one video, a Chinese food blogger shows a packet of KFC-branded New Orleans-style wings to fast-food workers in New Orleans who had never seen it. He offers the cooked version to a local policewoman in a restaurant. She took a bite, shook her head and chuckled the wing in a bin. "It tastes not so bad...I'd give it a five," she said.

Virtual Test Can Tell How Likely A Young Driver Is to Crash

Assessment developed because driving is one of the most important healthcare issues for teens



In an early study, nearly 17,000 young drivers in Ohio took this virtual assessment between July 2017 and December 2019.

During the study, the tests were administered at motor-vehicle branches just before the young drivers took their license exams, though it wasn't part of the exam.

Once the drivers got their licenses, the researchers monitored state police crash-report records for the subsequent year, and compared how well the test-takers did. The kids who drove best ended up having a 10% lower-than-average crash risk. The ones who experienced major issues had an 11% higher-than-average chance of getting into a wreck.

The study, conducted by the Children's Hospital of Philadelphia researchers along with colleagues from the University of Pennsylvania and the University of Michigan—with funding from the state of Ohio and other donors—was published in the journal *Pediatrics* in October.

'I wasn't expecting that'

In addition to offering the tests in pediatrician's offices, some schools and churches hold events where teens can take the assessment.

Frank Quinn, a 16-year-old in Philadelphia who has his learner's permit, took the assessment during a school

event in October.

He learned he needs to do a better job of looking behind objects. In the test, he was at a four-way stop sign with heavy trees. He didn't see another car approaching—and it ran the stop sign.

"I wasn't expecting that," he says. He didn't hit the other car, but he says now, in real life, he makes sure to look around fully before pulling forward at intersections.

This spring, the researchers plan to study which interventions, such as behind-the-wheel training or online driver education, are most effective in helping teens improve driving skills. They hope to offer the virtual assessments in doctor's offices around the country, where teens approaching driving age could take them as part of their annual checkups, just as they take vision exams.

"My dream is to start treating car crashes as the health risk they are for teens," says Flaura Winston, a co-author of the study and one of the developers of the virtual-assessment software. "We want it to be part of routine preventative adolescent healthcare."

The test is a simulated drive where teens encounter pedestrian-filled crosswalks and railroad crossings.

teens encounter pedestrian-filled crosswalks, railroad crossings and other potentially dangerous scenarios.

Exposing them to possible crashes is a good way to see how they respond to real-life road crises, say researchers. Eye-tracking software analyzes where teens are looking while they drive down the virtual streets.

Peyton Leverich, a 15-year-old in Lansdowne, Penn., took the virtual driving assessment at her church in November. Turns out, she drives too fast on straightaways. She also needs to pay more attention to the speed and distance of oncoming cars when she's making left turns.

"It felt very realistic. Lots of people were crossing the street and there were school zones where you had to drive slower," says Peyton, who plans to take driving lessons before trying to get her license. (Pennsylvania requires driving experience but not professional driving lessons to obtain a license.)



and 20 made up just 5% of all licensed U.S. drivers in 2021, but they accounted for 8.4% of fatal traffic crashes, according to the National Highway Traffic Safety Administration.

The Centers for Disease Control and Prevention identified vehicle crashes as the leading cause of death for U.S. teens.

The researchers aren't keeping the test to themselves. They have brought the tests to doctor's offices in Pennsylvania and parts of New Jersey and Connecticut, as

well as to traffic courts in Ohio. They are also seeking funding to offer them to teens in other states as part of their routine medical checkups.

Crash test

To take the test, a teen sits at a desk with a driving wheel, brake pedal and gas pedal, all attached to a laptop running assessment software. "Grand Theft Auto" it isn't, but it does have a realistic feel.

The 15-minute test is a simulated drive through a city where



FAMILY & TECH
JULIE JARGON

It's a nervous parent's dream: finding out your children's risk of a driving accident before they get behind the wheel of a car.

Many of us might think we can predict what kind of drivers our kids will be, but it's impossible to know whether teens will brake too hard or steer straight when they finally are able to drive. Insurance companies have apps to track teen driving, but that information only comes after they're on the road.

Researchers at Children's Hospital of Philadelphia built a virtual driving assessment—essentially a realistic car simulator—and found that it can accurately predict crash risk in newly licensed drivers. Why did a hospital do this? Because driving is one of the most important healthcare issues for teenagers.

Drivers between the ages of 15

Ringing Endorsement For a New Men's Look



ON TREND
JACOB GALLAGHER

Terrence McDermott barely has a finger to spare.

Each day, the 26-year-old cigar shop assistant manager in Phoenix plops silver rings onto nine of his 10 fingers. His clinky assortment includes a turquoise signet, a ring inspired by late rapper MF Doom and a pinkie ring that he tried on and couldn't pry off, so he bought it. He's not yet married, so his sole free digit is his left ring finger.

The rings, he said, "are just a part of me."

McDermott's southwestern surroundings, where turquoise jewelry

is as abundant as adobe homes, influenced his ring collecting. But so did, he said, men's fashion YouTubers like Sangiev Sriskumar and Magnus Ronning.

Watching their videos a few years ago, as these bloggers chattered about track pants or chunky boots, McDermott picked up on the sound of rings clicking together on their hands. "I was like, 'That sounds kind of cool,' and then I started experimenting more with more rings."

The ring guy has become a stock character in Gen Z and millennial men's fashion corridors of the internet in recent years. You can find him on TikTok in pithy "get ready with me" (GRWM) videos, flaunting a bounty of quarter-sized silver rings like a Vegas-era Elvis. He's there on Instagram, posting selfies with enough silver on his hands to set off a metal detector.

This hard-edged look clangs against the tidal wave of genteel trends that have lately swept across the men's fashion universe. The decade's dominant narrative is that men's fashion has fully embraced its feminine side: Lace shirts, lithe



loafers, crop tops and pearl necklaces have ballooned into trickle-down fads.

Hefty rings are a weighty counterbalance to all this softness. Consider the male figures most closely associated with adorning their fists: biker gangs or the braggadocious '80s rapper Slick Rick. How many guitar-playing, chain-smoking, weathered-looking men, from Keith Richards down to Johnny Depp, have slapped some skull rings on their fingers? It's a look that says, in pretty basic terms: *I'm cool, I'm tough, I'm... badass.*

"As time has gone on, designer labels have just mattered a lot less, and it's more about how eclectic or how loud your actual outfit is," said Scott Santiago, 27, a brand manager for partnerships and special projects at the resale website Grailed who once wore upward of 10 rings at once. "Having a plain black T-

▲ A ring guy is photographed on the street in Florence.

shirt on, [you] can just throw two rings on and you have a more elevated ensemble," Santiago said.

A ring can be a beacon of idiosyncrasy. The thinking seems to go that the more rings you pile on, the more distinct you appear. In an era where everything in fashion is so accessible and so mass, wearing wares from luxury labels like Gucci or the "in" sneakers of the moment projects that you have an internet connection and the requisite funds, but not necessarily a sense of style.

"If I'm going for a very avant-garde style outfit, I'll kind of be maximalist with the jewelry," said Thom Sheils, 31, a freelance artist in Dobbs Ferry, N.Y.

Sheils is an amiable fellow—it would be impossible to picture him sneering at you across the room in

a biker bar. At the top of his Instagram page, there's a photo of him in a comely crochet top with three shiny rings sparkling on his right hand. He traced his own ring proclivity back to him favoring Ring Pop candy as a kid.

In turn, a younger generation has fallen for stalwart jewelry brands like Good Art, King Baby and particularly Chrome Hearts, known for making crater-sized silver rings worn heavily by late Chanel designer Karl Lagerfeld and Lenny Kravitz.

For Dom Jones, 33, a men's style consultant in Columbus, Ohio, rings are something he inherited from his father, who consistently parked a series of custom rings on his fingers. Jones wears three bands a day now, favoring pieces with personal resonance, such as a crescent-shaped ring purchased during a trip to Paris.

Ring guys are easily identifiable, and the connotations aren't always welcome. In Showtime's cringe dramedy "The Curse," Benny Safdie plays a failing TV producer with stringy long hair, ripped jeans, leather bracelets and silver rings. On him, the rings are a flashing silver signal of an insecure man in the throes of a serious midlife crisis.

"He needs to have the armor up because he's so fragile," said the show's costume designer Katina Danabassis, who purchased Dougie's rings in New Mexico.

"There's something about the rings where it's like a superpower," said Safdie on a recent podcast. "You feel like you can stop a car that's driving at you at 75 miles per hour."

Even committed collectors admit that sometimes you just can't look like you rolled off the set of "Sons of Anarchy." McDermott said he removed his rings for job interviews. Fortunately, his boss likes his sense of style, and so all nine of his rings go on every day.



◀ Terrence McDermott's rings, he said, 'are just a part of me.'

PERSONAL JOURNAL.

BY CHIP CUTTER AND EMILY GLAZER

WORK & LIFE

How Davos Elites Work the Room

Elbow-rubbing tactics on display in the Swiss Alps this week can apply to any business meeting

For a master class in power networking, it's tough to beat the one taking place in the Swiss Alps this week.

The annual World Economic Forum brings the planet's power brokers together for morning-to-past-midnight meetings over coffee, cocktails and fondue. For the thousands of CEOs, billionaires, intellectuals and world leaders descending on Davos, the setting is unrivaled in its potential to spark relationships, dealmaking and big ideas for the year ahead. After all, there are few other places where you can run into Al Gore at the hotel bar and wait next to Bill Gates to pass through the metal detectors.

Maximizing all that powerful proximity and turning it into actual connections takes skill, chutzpah and the ability to think on your feet. What to do if you spot Sting in the elevator? How to know whether a tête-à-tête merits more than a minute of your time? And how do you divine someone's importance without peering at the badge dangling at their midsection?

The tricks of Davos movers and shakers can apply to any business gathering or cocktail party, regardless of your VIP status. Here's how they do it.

Names and spaces

For Salesforce CEO Marc Benioff, getting the most out of the high-powered gathering often comes down to location—in this case, the top of a staircase in the Davos Congress Center, the main hub of the event.

The Davos regular says he plans to spend an hour each day of the forum perched there or in an adjacent hallway. Why? In a single hour—amid a packed calendar of meetings, lunches, dinners and other engagements—he might see 100 people he'd otherwise not encounter all year.

"The amount of serendipity that happens is unlike anything I've ever experienced," said Benioff, who has attended the forum for two decades and hosts parties and gatherings that people vie all week to get into.

Benioff has a hack for dealing with a common conundrum in Davos and beyond—forgetting your

Salesforce's Marc Benioff, at left in middle photo, at last year's World Economic Forum meeting in Davos. Anthony Scaramucci, below, speaking to the media between WEF sessions in 2017.



conversation partner's name. The Salesforce chief says he sometimes takes photos of their badges if he isn't able to take notes. If he exchanges contact information with someone, he gives his cellphone number or email and recommends they text, email or tweet at him.



"I'm generous with my contact information," he said. (At least one reporter can attest to that.)

Or, simply ask the person to repeat their name, says Alisa Cohn, an executive coach and author attending her third Davos. She phrases the question with a touch of humor, asking: "Listen, this has been a great conversation, and I've already forgotten your name. Can you remind me?"

Few people respond poorly. "The truth is, they will ask you the same question because they forgot your name, too."

Big deal or no?

Seated next to an unfamiliar guest at a dinner or lunch, several CEOs said they weren't above stealth under-the-table googling, surreptitiously reading up on their Davos dining companions to make better conversation or to understand what, exactly, it is that they do.

When introducing herself to someone new, Cohn gives people conversational "hooks" to latch on to. For her, that means explaining she is also an angel investor, based in New York, and a fitness fanatic. The icebreaker often spurs people to detail their own fitness routines.

True Davos experts know how to escape a long, dull or—horror!—low-status conversation

partner. Nick Studer, head of consulting firm Oliver Wyman Group and a longtime Davos attendee, believes there's value in all sorts of conversations. But he has perfected the art of extraction with a favorite line: "Anyways, it's obviously fantastic [chatting]. I mustn't keep you from your guests."

No 'Windexing'

One big Davos no-no is what finance executive Anthony Scaramucci has come to describe as "Windexing."

Say you are chatting with someone interesting, but notice out of the corner of your eye that the British prime minister or a well-known billionaire-entrepreneur walks into a room. You may suddenly feel the urge to move on, and look past the person you're talking to "like he's a sheet of glass," Scaramucci said. "Don't be that person."

Instead, apologize for needing to end the conversation, he said, and offer to circle back if there is time.

Scaramucci, founder of the hedge-fund investment firm Sky-Bridge Capital and, very briefly, communications director for the Trump administration, started jetting to Davos in 2007.

He hosts a popular and well-attended wine night there each year. Over time, he has learned a tactic for getting into a must-attend party—even when he's not invited.

"I crash every single party that I can possibly crash," he said.

Several years ago, at a party held by a Russian oligarch, a secu-

rity guard stopped Scaramucci because he wasn't on the list. Scaramucci says he didn't blink.

Instead, he disarmed. "I said, 'I know I'm not on the list. I'm Vince Vaughn from 'Wedding Crashers.'" he recalled. "Five minutes later, I was eating the caviar and drinking the vodka."

He says he developed a friendship with David Rubenstein, co-founder of private-equity giant Carlyle Group, by introducing himself in Davos years ago.

"I just walked over to him. I said, 'Hey, listen, I watched you on TV, I've seen your interviews and I'm a great admirer of yours,'" Scaramucci said.

Tight timing

Scaramucci and others say it is important to realize you can't do it all. Prioritization is key.

Denelle Dixon, who runs the nonprofit Stellar Development Foundation, said her organization sets a theme for the conference so executives can take meetings with government officials and others around that sharp topic. This year, it's blockchain's role in expanding access to the financial system. (Davos loves a buzzword.)

Saying no is essential. Salesforce's Benioff and his team usually meet with roughly half of the 600 CEOs attending Davos. But a request for five or 15 minutes of his time is likely to fail if the person isn't a critical customer or somebody he already knows well.

"It's not going to get part of my time," he says. "Maybe it'll get part of somebody else's time."



Wheels Come Off for E-Bike Riders After Bust



PERSONAL TECHNOLOGY
NICOLE NGUYEN

The VanMoof X3 was the perfect fit. Both my 6-foot-1 husband and my 5-foot-2 self could ride the e-bike comfortably. We live in Paris, and the X3 had many features to ward off thieves, including an integrated wheel lock, a motion-based alarm and location tracking via Apple's Find My network.

I've reviewed a number of e-bikes and ultimately chose VanMoof's \$2,300 X3 because it looked cool and ticked so many boxes. Then, last July, the Dutch e-bike maker declared bankruptcy.

Immediately, I became worried about all the connected tech. Would the servers that power VanMoof's app stay up and running?

I've seen this movie before: Shortly after the electric skateboard company Boosted Boards changed ownership in 2020, the mobile app that tuned the board's speed and

power disappeared from Apple's App Store. It hasn't reappeared.

VanMoof now has a new owner, and its leaders told me they're working to keep customers riding and fix the biggest issues. Still, the detour has me thinking twice about the value of connected devices, not to mention the limits of highly specialized designs and components.

VanMoof raised \$182 million during the height of the pandemic bike boom. The company was venerated for its sleek, minimalist design and tight hardware-software integration. But now many fellow VanMoof owners and I worry that we bought giant, expensive paperweights.

The paperweight problem isn't unique to e-bikes. Internet-connected products with proprietary parts—iPhones, Peloton machines, Oura rings, Sonos speakers—are only as healthy as their makers. Obsolescence is one thing when it's a \$250 speaker, and another thing when it's a mode of transportation that costs thousands.

Connected bike problems

After VanMoof went bankrupt, repair centers closed across Europe. Orders for new bikes went unfilled. The company's optional 348-euro (\$398 in the U.S.) missing-bike insurance policy—a promise to replace any unrecoverable stolen e-bikes—became void.

Seb Kron, a fellow VanMoof rider in Paris, bought his S3 in November 2022. After using it daily for about a year, he started getting an error code. It was the big one: The bike



▲ VanMoof's new leadership says some of the e-bike's components were difficult to repair, an inconvenience for customers and a strain on the business.

could no longer provide electric power when riding. And the service plan he paid €300 extra for? No longer honored.

Kron found an independent technician willing to help, for €500. But the tech couldn't get the necessary VanMoof custom replacement part.

VanMoof's bankruptcy involved the Amsterdam-based parent company and its shops in Europe and Japan. Its U.S. subsidiary could continue operations.

Paul Meloan of Palm Beach County, Fla., has owned a VanMoof

for three years. In November, after leaving the bike unattended for six months, he plugged it in to charge. A flashing skull appeared and the built-in alarm yowled intermittently. For Meloan, the closest open service center is more than 1,200 miles away, in New York.

Unable to ride the e-bike, Meloan contacted the support team, and got an emailed auto-response: "We are currently in the process of restarting VanMoof and will be able to support you again soon."

Under new ownership

Lavoie, the e-mobility arm of the transportation technology-focused firm McLaren Applied, took over VanMoof last August.

For the past three months, the

new leadership has been focusing on where things went wrong in VanMoof's previous incarnation: repair logistics and bike engineering issues for older bikes, said Nick Fry, chairman of McLaren Applied. VanMoof's previous management didn't respond to a request for comment.

One of my favorite VanMoof features is the kick lock. Tapping your foot on a button embedded in the back wheel locks it and sets the motion-based alarm. When your phone is nearby, the app can automatically unlock the bike. But will the servers that make this possible keep running?

"The servers are safe, and they aren't going down anytime soon," Elliott Wertheimer, VanMoof's new postbankruptcy co-chief executive, told me. The new management expects fewer repairs—but they said future models will have fewer of these proprietary parts, too, so they won't have to be serviced exclusively by VanMoof.

Since the bankruptcy nullified existing warranties and service plans, customers will have to foot the bill for repairs, said Wertheimer.

This is the bind of modern devices: We continue our relationship with device makers, long after the point of sale, to get cool apps and convenience features.

I'll keep riding my VanMoof until it becomes unrideable. For my next e-bike, though, I am considering something with fewer app tricks and proprietary parts. I can always install a wheel lock and security screws myself.

ARTS IN REVIEW

EXHIBITION REVIEW

By Laura Jacobs

Style's Sands of Time

There she is, in an early '40s photograph that fills an entire wall—a young woman facing into an Egyptian wind, her eyes narrowed, her dark hair blowing behind her. And there she is again, filling another wall, but this time lying on the ground in a desert near Alexandria, head turned away and eyes closed. Gaby Aghion (née Hanoka) loved the desert and the beach. She loved sand—its shifting, flowing habit; its colors cream and white, tan and taupe, beiges inflected with pink, peach and gray.

Born in Alexandria, Egypt, in 1921, the youngest of seven children, Aghion was raised in a cultured Jewish home. Her father was of Greek descent, her mother Italian, and they all spoke French. Gaby's marriage in 1940 to Raymond Aghion, who came from a prominent Egyptian Jewish banking family, meant she would never have to work. But after a few years in Paris, where the couple settled in 1945 and mixed with Surrealist artists and Leftist intellectuals, she wanted to work. Gaby would bring those Alexandrian breezes and rippling sands to French fashion. "Mood of the Moment: Gaby Aghion & the House of Chloé," organized at the Jewish Museum by the guest curator Choghakate Kazarian, is the first exhibition to honor the woman who created Chloé, a refined brand that's still going strong today.

Aghion launched her business in 1952, just five years after Christian Dior put the haute couture back on its prewar pedestal, and a mere two years before the return of Chanel, who had closed her company in 1939 (she then spent the war hobnobbing with Nazis at the Ritz). Bored with the stiffness and self-importance of custom clothes, Aghion decided,



Installation view, above; Gaby Aghion photographed by her husband near Alexandria, Egypt, c. 1940-45, left



sensibility guided a stable of real designers.

In the exhibition's first gallery the walls present a visual timeline of photographs from Aghion's life: girlhood, marriage, gatherings with political and artistic friends, her business. The room also holds three rare early garments—the first one perfectly symbolic. Designed by Michèle Rosier for spring-summer 1964, this body-skimming jacket and skirt, the color of café au lait, is made of diaphanous lace embellished with sound-wave rows of silk ribbon. The ensemble not only suggests an endless echo—the thinking woman's desire for beautiful yet

easygoing garments—but also the ineffable undulations in sand. It's Paris by way of Cairo.

The show then leaps into the work of a man Aghion hired in 1963 and who became the brand's sole designer in 1974—an unknown named Karl Lagerfeld. He held the position until 1983, and then held it once more from 1992 to 1997. Lagerfeld's work for Chloé is zippy and rich in artful allusions. Together he and Aghion zeroed in on her idea of "prêt-à-porter de luxe." We first see Lagerfeld coming on strong with '60s mini-dress shifts of bouncing color, but in the '70s an exuberant and signature delicacy takes hold, those unlined and fluid dresses of hand-painted silk—their imagery nodding to Cubism, Aubrey Beardsley, Russian Constructivism—and confections in pale shades elevated by exquisite accordion pleats, small

ruffles and fragile lace. After Lagerfeld? A march of mostly female talent. "In 1997 Chloé returned to Aghion's original vision," the curator writes in the wall text, "women dressing women." Stella McCartney, an untried 25-year-old Brit, was chosen to replace Lagerfeld ("Let's hope she is as gifted as her father," he sniffed) and suddenly the brand was provocative and empowered—vintage artisanal details meet rock 'n' roll.

In 2001, when Ms. McCartney moved on to start her own label, Phoebe Philo succeeded her as creative director (2001-06), followed by Paulo Melim Andersson (2006-08), Hannah MacGibbon (2008-11), Clare Waight Keller (2011-17), Natacha Ramsay-Levi (2017-20) and Gabriela Hearst (2020-23). Each designer revisits themes of Chloé's past while addressing concerns of the day: feminism, experiment, sustainability. The autumn-winter 2004 silk chiffons by Ms. Philo and a spring-summer 2016 multicolored chiffon by Ms. Keller—all extravagantly weightless—seem to touch the airborne soul of Chloé. Ms. Ramsay-Levi looks back to Lagerfeld, channeling his printed silks and ardent historicism. In October, Chemena Kamali, who began her career at Chloé under Ms. Philo, became the house's new creative director.

Aghion retired from the company in 1985 and died in 2014, at 93. Her own daily uniform consisted of a black skirt and a silk blouse. In tribute to her, the exhibition's final room is filled with a choir of 51 Chloé blouses made between 1968 and 2022. They come in silk tussah, gazar, georgette, crepe de chine, poplin and organza, in cotton satin and voile and in wool gauze. Their colors are drawn from the ancient sands of Aghion's childhood. The silhouettes sing of fullness; they are gathered, ruched, ruffled, smocked, draped and floating. The breezes are built in.

Mood of the Moment: Gaby Aghion & the House of Chloé. The Jewish Museum, through Feb. 18, 2024

Ms. Jacobs is the Arts Intel Report editor for the weekly newsletter Air Mail.

ARTS CALENDAR

HAPPENINGS FOR THE WEEK OF JANUARY 16

By WSJ Arts in Review Staff

Film

"Origin" (Jan. 19)
Based on Isabel Wilkerson's bestselling nonfiction book "Caste," this film from Ava DuVernay stars Aunjanue Ellis-Taylor as the journalist grappling with personal tragedy.

"The Breaking Ice" (Jan. 19)
Director Anthony Chen ("Drift") explores the messy romantic and platonic connections among a trio of young people in a chilly Chinese border city.

"Inside the Yellow Cocoon Shell" (Jan. 19)
Pham Thiên Ân's feature debut won the prize for best first film at Cannes with its moody tale of a man's homecoming and his confrontation with the past.

TV
"Death and Other Details" (Hulu, Jan. 16)
People can't seem to get enough of whodunits, and the latest in the genre is a 10-episode series set on a luxury ship in the Mediterranean and features Mandy Patinkin as an insightful detective.

Music

Green Day, "Saviors" (Jan. 19)
The famed group—comprising Billie Joe Armstrong, Mike Dirnt and Tré Cool—hopes to prove that punk isn't just a phase with its 14th studio album, which includes the single "The American Dream Is Killing Me."

Sleater-Kinney, "Little Rope" (Jan. 19)
The iconic riot grrrl band returns with its 11th studio LP. It explores personal tragedy and was completed after the death of leader Carrie Brownstein's mother and stepfather following a car accident.

Opera
"Touch" (Opera Birmingham, Alabama, Jan. 19-21)
Carla Lucero's two-act chamber opera about Helen Keller and her confidante and friend Anne Sullivan has its world premiere.

Exhibitions
"Fashioning San Francisco: A Century of Style" (Legion of Honor, Jan. 20-Aug. 11)
A historical look at the City by the Bay through a

Art

FOG Design + Art (Fort Mason Center, San Francisco, Jan. 18-21)
Celebrating its 10th edition, this annual fair brings together the worlds of fine art and luxury design, and this year includes 45 presenters and a Focus section dedicated to young and underrepresented creators.

"Bloomberg New Contemporaries" (Camden Art Centre, London, Jan. 19-April 14)
This survey features the work of 55 cutting-edge voices from U.K. art schools and peer-to-peer learning programs and offers a snapshot of the art world of tomorrow.

Art SG (Marina Bay Sands Expo & Convention Centre, Singapore, Jan. 19-21)
The second installment of this much-hyped fair again features exhibitors from around the world with a special focus on galleries and artists from Singapore and Southeast Asia.

Videogames
"Prince of Persia: The Lost Crown" (PlayStation 4 and 5, Xbox Series X/S, Xbox One, PC, Nintendo Switch, Jan. 18)
The action-adventure series that spearheaded wall-running, hack-and-slash combat returns with a side-scrolling platformer.

Last Call
"Here We Are" (The Shed, New York, through Jan. 21)
Stephen Sondheim's last musical, a starry production at the Shed that features Bobby Cannavale, David Hyde Pierce and others, wittily adapts two films by Luis Buñuel. Our critic praised it, saying "the score bears the unmistakable hallmarks of his gifts: unusual sonorities, adventurous song structures and a heightened awareness of how, as he often put it, 'Content dictates form.'"

For additional Arts Calendar listings visit wsj.com. Write to brian.kelly@wsj.com

The WSJ Daily Crossword | Edited by Mike Shenk

1	2	3	4	5	6	7	8	9	10	11	12	13
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- 28 Dissertation defenses
- 29 Cordial
- 31 "Glengarry Glen Ross" playwright
- 32 QB protectors, informally
- 33 "I won't be addressing that"
- 34 Mattress option
- 35 Mammals that float on their backs
- 37 Way too serious, say
- 41 Tracy Chapman hit
- 45 Me, to Monet
- 46 Jughead's friend
- 48 Job benefits
- 49 Bowler's challenge
- 50 Nice notes?
- 51 Source of some aerial coverage
- 53 First-rate
- 54 A bunch
- 55 Brand selling "The Original Rocky Road"
- 56 Period in history
- 57 U-Haul rental

MAKING MOVIES | By Yael Rusonik

- Across**
- 1 Insensitive
 - 6 "Fiddlesticks!"
 - 10 Sit tight
 - 14 Sherbet choice
 - 15 "Umbrella" singer, familiarly
 - 16 Kendrick of "Pitch Perfect"
 - 17 Where les enfants learn
 - 18 Go for (swim)
 - 19 Sight of a full moon?
 - 20 "The Mask," e.g.
 - 23 Pool player's target
 - 24 Uneasy
 - 27 Believer's suffix
 - 28 Was in the red
 - 30 Pioneer in email
 - 31 France's ___-St.-Michel
 - 34 "The Wolf of Wall Street," e.g.?
- Down**
- 36 Crazy as ___
 - 38 Failure of diplomacy
 - 39 Not waste, perhaps
 - 40 "Honey, I Shrunk the Kids," e.g.?
 - 42 Periods in history
 - 43 Music producer Brian
 - 44 Autograph seekers
 - 45 Portrait overlooking Tiananmen Square
 - 47 Time, to Tiberius
 - 49 In alphabetical order, say
 - 52 "A Beautiful Mind," e.g.?
 - 56 At any point
 - 58 "Dynamite!"
 - 59 "Prove to me that you're divine, change my water into wine" singer in "Jesus Christ Superstar"
 - 60 Awful smelling
 - 61 Opposed
 - 62 A fire station burning down, e.g.
 - 63 Hill workers
 - 64 Take it easy
 - 65 Business end?
 - 66 Staff leader?
 - 67 "Previously on..." segment
 - 68 Gas brand with a torch logo
 - 69 Legal practitioner
 - 70 Furtive figures
 - 71 It can give you the cold shoulder
 - 72 Amusement park attraction
 - 73 Diva's delivery
 - 74 Crept cautiously
 - 75 Dance studio fixture
 - 76 Request for consolation
 - 77 Body builder?
 - 78 Tympanic membrane spot
 - 79 Give permission to
 - 80 Subordinate to
 - 81 Gaggles member
 - 82 Cary of "The Princess Bride"
 - 83 Request for consolation
 - 84 Body builder?
 - 85 Tympanic membrane spot
 - 86 Give permission to
 - 87 Subordinate to
 - 88 Gaggles member
 - 89 Cary of "The Princess Bride"
 - 90 U-Haul rental

Previous Puzzle's Solution

T	A	P	E	U	P	S	E	T	S	N	O							
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E	A	S	T	D	E	F	I	B										
I	M	P	A	R	T	I	A	L	E	V	E	N	T					
J	O	E	M	A	I	N	T	A	S	A	M	B	A					
I	N	N	I	G	H	T	L	O	A	D								

The contest answer is **ABSENT-MINDED**. Each theme answer has a compound-word synonym using a word one letter off from the other word on its row with a body part: UNSELFISH/KIND(A)-hearted; WATCHFUL/(B)EAGLE-eyed; IMPRUDENT/(S)HARE-brained; SENSITIVE/THIN(E)-skinned; HESITANT/MEAN(LY)-mouthed; IMPARTIAL/EVEN(T)-handed. The added letters spell ABSENT, suggesting the contest answer.



"Hazbin Hotel" (Prime Video, Jan. 19)
This new adult animation series follows Charlie, the princess of hell who wants to solve her realm's overcrowding issue by rehabilitating its ne'er-do-wells so they can go to heaven.

collection of some 100 objects that trace clothing styles and the metropolis's character, this show includes pieces by Christian Dior, Alexander McQueen, Christopher John Rogers, Comme des Garçons and Rodarte.

SPORTS



Patrick Mahomes led the Chiefs to a 26-7 victory over the Dolphins on Saturday night.

and former coach Tony Dungy blamed the coverage of Swift for “disenchanted” NFL fans, a curious observation, considering that NFL ratings are up big, possibly because of Swift, and Dungy was about to work The Peacock Game, perhaps the most single-handedly disenchanting programming decision in league history.

On The Peacock Game, I hate to say it but: expect more. Television, you may have read, is in decline, at least the old way of watching: the cable “bundle” is dwindling, replaced by streamers like Amazon, Max, Peacock, Netflix etc. These companies need to grow, and it makes sense that they’d explore weaponizing the one thing on television everyone still watches: the NFL.

That’s what Peacock wants to know: if you love it enough to pay them for it. The streamer announced Sunday that 23 million people watched the game, a figure Peacock said includes those local audiences in K.C. and Miami. Peacock also claimed the game drove internet usage to “a single day U.S. record,” a major claim, if it includes the afternoon two llamas escaped in Arizona and BuzzFeed asked everyone: What color is this dress?

This is our new reality. You’re already paying Amazon if you’ve been watching Thursday Night Football, Sunday Ticket is off to YouTube and as cable continues to bleed subscribers, more streaming games are sure to follow. The NFL’s desire for every eyeball is pushing up against the new realities of modern media, and if it wants the dollars (Peacock paid \$110 million for its playoff game, the Journal’s Joe Flint reported) it has to let its TV partners reorient their business.

(Allow me to disclose the obvious: I’m behind a paywall! I’m fine with it. If this doesn’t work out, I’ll be standing at an intersection with my column scribbled on a sandwich board.)

For football fans shut out of Chiefs-Dolphins, this is cold comfort. I will assure that you didn’t miss a classic. You didn’t miss emotion like Sunday’s Lions win in Detroit, or despair like Jerry Jones in his skybox. You missed Mahomes playing well, you missed Kansas City looking again like a contender, and you did miss a little bit of happy Taylor Swift. And you missed Andy Reid mustache icicles.

Worth paying for? You’ll have to decide.

◆ NFL playoff game on Peacock sets streaming record..... B1

JASON GAY

The NFL’s Digital Buttumble

The Kansas City-Miami playoff contest is barricaded behind a paywall, leading to fan irritation



The Dallas Cowboys are toast, and that is always amusing, but I shall write about the Kansas City Chiefs, because they were in “The Peacock Game.” The Peacock Game! For irritated fans, it immediately enters the Hall of NFL Infamy, alongside The Heidi Game, The Tuck Rule, and my favorite football calamity, *Le Buttumble*.

Here was a marquee Wild-Card weekend playoff contest, walled off from the nonpaying public, all because the NFL sold the game to a mega media conglomerate, NBC-Universal, which wanted to use it to attract new subscribers for Peacock, its paid streaming service featuring French bike racing and 19 zillion reruns of “Law & Order.”

Far be it from me to reject capitalism in the Journal, but historically this hasn’t been the way of the NFL, where TV socialism reigns, and it’s supposed to be for each according to his abilities, to each ac-

ording to his needs—especially the compulsive gamblers. (The Chiefs-Dolphins joust was available over the air, free, in the Kansas City and Miami area, per NFL rules.)

If you didn’t ante up for Peacock, allow me to inform you that the Chiefs are back, routing Miami 26-7. I don’t know if the defending Super Bowl champs are all the way back, but they’re back enough that I’d be worried about playing them next. Andy Reid is doing clever Andy Reid stuff and Patrick Mahomes has the Patrick Mahomes Look.

Also: Taylor Swift is not a hex. More on that in a minute.

The weather was almost a bigger story than Peacock. Saturday’s game at Arrowhead was played in subzero temperatures—minus four at kickoff, which feels like minus 7,000 when you have to do anything besides sit in a running truck with a hot cup of cocoa.

Football lore is full of frozen classics, of course—the 1967 Ice

Bowl in Green Bay was even colder—and we will ignore that modern players have access to heated benches that can grill an offensive lineman medium-well within a minute. It was very cold, cold enough that Andy Reid’s mustache quickly froze with icicles, making the 65-year-old coach’s face look like a merry arctic walrus’s.

Miami played numb. I tend to think the skepticism toward warm-weather teams in cold-weather games is overrated, as if the Dolphins would arrive at the K.C. airport carrying nothing but swim trunks and sunglasses. It gets cold in South Florida! It can drop all the way to the 40s, enough to warrant socks and make the iguanas drop from the trees.

Alas, the Dolphins couldn’t heat up Saturday. The Chiefs scored on their first drive and Miami didn’t appear terribly dedicated to tackling anyone to the hard turf. A long pass to former Chief Tyreek Hill narrowed Kansas City’s first

half lead to 10-7, but they wouldn’t score again.

Mahomes was stirring and decisive. A month ago, the Chiefs quarterback seemed ready to abandon his stone-fingered receivers and go live in a treehouse in Hawaii. Now his passes were getting caught and the Kansas City offense was gelling into something coherent. Mahomes even cracked his helmet on a feisty run, a sliver of red plastic flying skyward like a rental car bumper.

As for Swift, she was there, celebrating in a toasty skybox, tucked between Mahomes’s wife, Brittany, and beau Travis Kelce’s mother, Donna. I know Swift Fatigue is percolating, but can we please give the singer her Chiefs Kingdom due? This person sat through a Chiefs loss to the Raiders on Christmas. She schlepped to Wisconsin to watch them lose to Green Bay. She’s earned the right to enjoy a playoff win. Geez.

Earlier in the week, the analyst

By JOSHUA ROBINSON

In the barren decade since Manchester United last won English soccer’s league championship, it has at various points put its fates in the hands of a German tactics sage, one of the club’s commercial directors, and former JP-Morgan banker. They combined to bring the club exactly zero English championships.

Now, following last month’s acquisition of a 25% stake in United by the Ineos sports group, United is trying a more extreme approach. One of the most famous soccer teams on Earth is turning to a professional cycling guru.

Dave Brailsford, the 59-year-old architect of British Cycling’s golden age and Team Sky’s Tour de France bike racing dynasty of the 2010s, is the new man charged with overseeing United’s sporting operations. Until the past five years, Brailsford had never worked in soccer at all. But now installed by the petrochemical giant Ineos, which paid \$1.6 billion for its stake in United, it’s his job to nurse this ailing giant of the sport back to health.

“They are just coming in and introducing themselves,” United coach Erik ten Hag said of Brailsford and the Ineos team. “They have good ideas, so we have to see what we can integrate.”

Whether Ten Hag should be kept around to do that work is one of the first questions on the docket for Brailsford. Which is a strange new responsibility for a man who normally would have spent this time of year at a sun-drenched training camp in southern Europe, plotting how to win the Tour’s yellow jersey in the Alps. (While running the outfit formerly known as Team Sky, he managed it seven times with four different riders.) Instead, in his new gig, Brailsford spent a recent weekend sitting in the cold and damp of Nottingham, helping Manchester United plot how to win anything at all.

On the field in front of him, the team made it clear just how daunting that task will be. United is currently in seventh place in the standings.

Man United Puts Its Fate In the Hands of a Cycling Guru



Dave Brailsford, the architect of British Cycling’s golden age, is overseeing Man United’s sporting operations.

Brailsford, who will work alongside former Paris Saint-Germain and Juventus executive Jean-Claude Blanc, knows what he’s up against. Plenty of soccer luminaries have come and gone without managing to restore United’s former glory.

So there was little doubt in anyone’s mind at United that the club needed fresh ideas. Those seem to have arrived in the form of Ineos, the petrochemical giant built by Jim Ratcliffe that has spent recent years ramping up its investments across the sports world, from sailing to cycling to soccer. Each time, Ratcliffe has placed his trust squarely on Brailsford’s shoulders.

Under Brailsford, Team Sky became an outgrowth of the hugely

innovative Great Britain Olympic cycling program that delivered more than a dozen gold medals across the 2008 and 2012 Games. He oversaw a research and development department known as “The Secret Squirrel Club” that holed up at a velodrome in Manchester and reimaged every aspect of competitive cycling on the road and on the track, right down to the geometry of the team’s \$23,000 bike. The program produced stars such as Jason Kenny, Laura Trott, Geraint Thomas, and Bradley Wiggins—and even sparked a boom of Lycra-clad bike-lane warriors around the U.K. For his services to British sporting glory, Brailsford received a knighthood from Queen Elizabeth II in 2013.

At the heart of all of it was the Brailsford gospel of “marginal gains.” The philosophy meant targeting every possible advantage, however minute, if it improved the team’s performance by even a fraction. If that meant traveling to the Tour de France with their own custom mattresses and hypoallergenic sheets, then Brailsford was prepared to do it.

“We had a little team that went into hotels and sanitized all the TV controllers, and the handles and the shower taps, changed all the bedding, hoovered under the beds,” he said in a 2020 interview with The Wall Street Journal. “Many people used to...rib us a little bit, because they thought it was over the top.”

Sky’s methods came under

closer scrutiny in 2018 when a British Parliamentary committee investigated the team’s alleged use of corticosteroids in the early 2010s, but the team denied any wrongdoing.

Since linking up with Ineos, Brailsford has applied his meticulous approach to preparing plenty of Ratcliffe’s other sporting projects. He has given advice to the British America’s Cup team and played a key role in Eliud Kipchoge’s successful bid to run a marathon in under 2 hours in 2019. But his only experience in soccer came at OGC Nice, the club on the French Riviera acquired by Ratcliffe five years ago.

There, Brailsford steeped himself in a new world of data, tactics, and the general chaos of soccer’s transfer market. He applied what he could from a lifetime spent studying sports science. He camped out at the practice facility after long nights. Occasionally, Brailsford would even ring more seasoned soccer experts for advice, such as former Arsenal manager Arsène Wenger.

During that time, the club has largely overperformed. It’s currently second in France’s Ligue 1 behind only Qatar-backed PSG.

United, however, brings a different set of issues—and far more pressure. This isn’t a sleepy club where streamlining a few processes and a couple of improvements in professionalism can spark a turnaround. United, in theory, already knows how to do the things that win championships. The club won 13 league titles in the space of 20 years under manager Sir Alex Ferguson, the last coming in the 2012-13 season.

But with Brailsford, Ratcliffe is convinced that a culture of success on the pine boards of Olympic velodromes and the mountain passes of France can translate to the pitch at Old Trafford.

“You are ambitious for Manchester United and so are we,” Ratcliffe wrote in an open letter to the Manchester United Supporters’ Trust. “There are no guarantees in sport, and change can inevitably take time but we are in it for the long term... I take that responsibility very seriously.”

OPINION

In Iowa, It's a Trump Ball



MAIN STREET
By William McGurn

The Fighting Irish of Notre Dame became college football's 1977 national champions by beating the undefeated Texas Longhorns in the Cotton Bowl—and jumping from fifth to first in the rankings. This wasn't without controversy, given that four other teams also went into their bowl games with 11-1 records. Alabama fans argued the Crimson Tide deserved the title, and someone even produced a satirical song about a "little blue nun" who had cast the decisive vote for Notre Dame.

As the campaign begins, the big story is the 45th president's commanding lead.

College football has long since instituted changes to eliminate the kind of jump ball for the national championship that was possible in 1977. The College Football Playoff has ensured since 2014 that the top two teams will meet in a showdown for the national championship. Now everyone knows for sure who wears the crown once the playoff is completed.

But for those who miss the ability to imagine infinite scenarios contingent on who might lose to whom, we have the Republican presidential primary process. With the dif-

ferent voter demographics of each state plus the mix of caucuses and primaries, it offers what college football used to: the possibility of candidates leapfrogging into front-runners after a good showing.

As it turned out, there was little suspense Monday night because Iowa was called for Mr. Trump fairly early. So it quickly became what the polls suggested it always was: a battle for second place between Ron DeSantis and Nikki Haley. The only other question is how large his Mr. Trump's margin of victory will be.

In retrospect it all seems inevitable. When Mr. Trump refused to participate in the Republican presidential candidates, it consigned the debates to the second tier. It wasn't fair—and some of us mistakenly thought Mr. Trump would pay a price for sitting the debates out—but he didn't get where he did playing by the rules. It didn't help the debates that in his absence the GOP candidates on stage, especially Mr. DeSantis and Ms. Haley, ended up bickering with each other over dubious claims about their respective records.

Most everyone would like to see a genuine race rather than a foregone conclusion, so the run up to New Hampshire's Jan. 23 primary—where Mr. Trump's lead isn't so commanding—will be full of different scenarios about how someone other than the former president could win



Trump delivers pizza in Waukee, Iowa.

the nomination. At some point, however, reality will intrude: To be the 2020 Republican nominee, it isn't enough to finish as a strong second or brave third.

The consensus going into Iowa was that for Mr. Trump to do "well", he would have to beat expectations by beating the polls and coming in above 50% of the vote. But this is totally arbitrary, and Mr. Trump may beat that mark when the final count is in. As of this writing Mr. DeSantis and Ms. Haley were doing about as well as the polls predicted.

The road to the 2024 Republican nomination is littered with obstacles that could send the Trump campaign into a ditch. But for now, Mr. Trump is winning.

Not only that, he's winning big. If the numbers hold, he will win the Iowa caucuses by the biggest margin ever. Now Mr. Trump even has Democrats warning that President Biden could lose to the man

they thought easiest to beat. How many people thought this was possible a few months ago?

So the biggest story of the Monday night caucuses is still Mr. Trump. In Iowa during his 2016 run, he famously declared that he "could stand in the middle of Fifth Avenue and shoot somebody, and I wouldn't lose any voters." This time, he is running as a twice-impeached former president who faces 91 felony charges and might be banned from operating his businesses in New York. Baggage that would sink most any other candidate doesn't seem to have hurt him, at least within the largest chunk of the GOP.

The usual explanation for Mr. Trump's heightened popularity among Republicans is that Democratic attempts to defeat him with lawfare, rather than at the polls, have backfired on them. That's true as far as it goes. But another part of the enthusiasm for Mr. Trump reflects the suspicion of many Trump voters that much of the GOP establishment secretly looks down on them as much as Hillary Clinton or Joe Biden does.

The Iowa caucuses were the first opportunity for a Republican candidate to demonstrate he or she can beat Mr. Trump. Getting the nomination means doing it in a majority of states. For all the postmortems that will be written going forward, the real question is obvious: Can anyone stop him?

Write to mcgurn@wsj.com.

BOOKSHELF | By Matthew Rees

The Temptation To Go Bananas

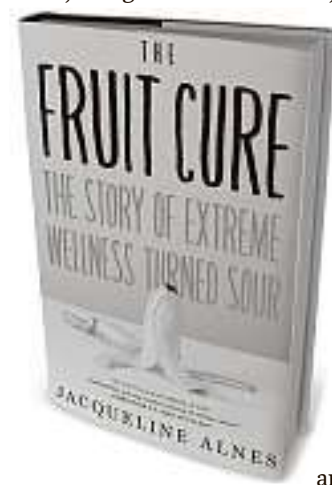
The Fruit Cure

By Jacqueline Alnes

Melville House, 320 pages, \$32

It may not be news, but it is worth reminding ourselves that bad eating habits are a leading cause of disease, disability and death in the U.S. Why do we develop such habits? One reason is the slick marketing and misleading information peddled by food and beverage companies. But they are not alone. A swarm of social-media influencers push elixirs that are less about health and more about product sales, subscriptions and activities that can be "monetized." But who falls for this food-focused flim-flammy? And why?

An answer comes from Jacqueline Alnes, an assistant professor at West Chester University in Pennsylvania. In "The Fruit Cure," she recounts how she became devoted to two YouTube personalities preaching the value of a daily diet primarily composed of raw fruit. It's an engaging story in itself, though not without flaws, and it illuminates the ways in



which quackery—so common in the premodern era of medicine—is alive and well in the 21st century.

Ms. Alnes's narrative begins in 2009, her freshman year at Elon University in North Carolina. A member of the varsity cross-country team, she began to experience blurry vision, dizziness, memory loss and speech impairment. On more than one occasion she fainted. Doctors couldn't deliver a diagnosis and seemed to doubt whether she was really sick.

As the symptoms persisted and daily life became ever more challenging, her coach pressed Ms. Alnes to keep running. Meanwhile, her teammates ridiculed her, at one point uploading a video of her struggling. (Around the same time, as if she needed more to make her life miserable, she was sexually assaulted.) When her physical condition didn't improve, she went into a downward spiral. She quit the team, fell into depression and began cutting herself.

Two years into her struggles, at a time when she was using a wheelchair to get around, Ms. Alnes discovered a website called "30 Bananas a Day." It claimed that the ticket to good health was to eat fruit—raw, whole and fresh—as well as lettuce greens and a handful of nuts. Ms. Alnes started visiting the site daily, drawn to the two young (and romantically linked) Australians who were its public face: The woman called herself "Freelee" and the man "Durianrider." Ms. Alnes considered them to be, taken together, a "quirky friend who's got a weird trick that might help you heal." As for the supposed logic of the fruit-only diet, Ms. Alnes quotes an adherent claiming that the diet allows the "digestive system to have a break," thus saving energy that "can be utilized for cleansing the bloodstream . . . and healing the gut."

Freelee in particular appeared in videos that showcased her toned physique as she touted absolutist approaches to food and lifestyle—not least, a daily diet of 30 bananas, two liters of orange juice (about a half-gallon) and three liters of water (about four-fifths). Said Freelee: "This lifestyle is all about abundance and if we are to succeed on it we must embrace this way of thinking."

Despite having no apparent formal training in nutrition or health, the pair were written up (though not admiringly) in *Cosmopolitan*, the *Daily Beast* and *Jezebel*. They became minor social-media celebrities—one of their YouTube accounts peaked at close to 800,000 subscribers. Freelee and Durianrider eventually split up, and Ms. Alnes inexplicably goes down a rabbit hole to capture the mind-numbing details of their messy falling out, citing Tumblr threads and YouTube comments.

A website and its popular video influencers claimed that the ticket to good health was to eat fruit—lots of it. The message proved seductive.

Part of the website's appeal, for Ms. Alnes, was the testimonials she could read there from people who claimed to have benefited from the diet and the narratives they provided about their own ordeals. Amid the "clinical coldness" she encountered in the health-care system, she found relief in "people like me sharing their symptoms openly online. Their tales of triumph looked close enough to my own desire that I felt a sense of release." As she obsessively visited the site, "the stick figures and emoji fruit began to look less like caricatures and more like relief."

Fortunately for Ms. Alnes—though anticlimactically for the reader—her devotion to Freelee and Durianrider seems to have been limited to watching their videos but embracing only some of the tenets of their regimen. She tried a single day of consuming bananas (as well as a heavily salted cucumber) but then indulged in baked sweet potatoes. "I had broken down after not even a full day of fruitarianism." She then tried a "mashup" of traditional diet culture and the fat avoidance that Freelee and Durianrider urged. Over time, she did experience fewer neurological symptoms, "though in reality I don't think that my diet had much, if anything, to do with my recovery." Eventually she became disillusioned when the influencers abruptly dropped their raw-food focus—announcing that it was acceptable to eat cooked vegetables, rice and pasta after 4 p.m.

To broaden her portrait of hucksterism, Ms. Alnes devotes too many chapters to the story of a South African woman who in the 1950s fell under the spell of a charlatan preaching the value of a fruit-only diet. The woman endured a series of health challenges—at one point she almost died (her diet included fasting)—though she later recovered and, oddly, became a vocal proponent of a fruit-focused diet. A more interesting detour for Ms. Alnes might have been Steve Jobs, whom she mentions only in passing. Not exactly immune to food fads—he would sometimes eat just one kind of food for a week—Jobs flirted with fruitarianism for many years and then gave it up.

One implicit takeaway from "The Fruit Cure" is the importance of certified health-care professionals, who might at least test diet claims against the evidence of science and guide their patients to healthier eating habits. At the moment, though, there is a near-total absence of nutrition from medical-school curricula, leaving much of the online nutrition space to the Freelees and Durianriders, hawking remedies that, in an earlier era, would have been dismissed with a single word: bananas.

Mr. Rees is editor of the *Food and Health Facts* newsletter and a senior fellow at Dartmouth's Tuck School of Business.

The Humiliation of Davos Man



GLOBAL VIEW
By Walter Russell Mead

Davos, Switzerland It's that time of year. Corporate chiefs, policy-makers, NGO warriors, journalists and intellectuals are heading to the Swiss Alps for the 54th annual meeting of the World Economic Forum. If the delegates are serious about this year's theme, "Rebuilding Trust," some hard conversations lie ahead.

On both the far left and the far right, conspiracy theorists see the WEF and its allies as an all-powerful network successfully imposing a nefarious agenda on the rest of the world. This reading gets Davos exactly wrong.

The real scandal of Davos isn't that it's taking over the world. It's that it's failing. The Davos agenda—a global security order, an integrated world economy and progress toward objectives including decarbonization, gender equality and the abolition of dire poverty—is controversial in some quarters and on some points but is neither secret nor particularly nefarious. But far from imposing this agenda on a captive world, the Davos elites are wringing their hands as the dream slowly dies.

Last year was another tough year for the Davos agenda. Russia's war in the Ukraine ground on, with Mos-

cow holding an edge in what looks like a war of attrition. The Middle East erupted into chaos, with shipping disrupted in the Red Sea as the conflict escalates and expands. Relations between China and the West continued to deteriorate, with the Taiwan election results pointing toward further tensions in the coming year.

Conflict is bad for free trade, and the breakdown of the global security order is undermining the economic integration at the heart of the Davos agenda. The rift between China and the West is driving a decoupling on both sides. With both the European Union and the U.S. introducing restrictions on imports aimed at limiting the effect on domestic manufacturing of low-wage, low-regulation production in China and elsewhere, the goal of free trade recedes further into the distance every year.

Unsurprisingly, both the World Bank and the International Monetary Fund are forecasting a slowdown in global economic growth. Predicting that global trade flows will be only 50% of the average in the pre-pandemic decade, the World Bank warns that the 2020s could be a lost decade for the world economy, with poor countries hardest hit.

As war spreads and the global economy slows, chances for progress on the Davos social agenda are faded.

Topics like the energy transition and gender justice, however worthy and important, drop down the priority list when countries are waging or preparing for war. The number of desperate refugees, currently estimated at 114 million, inexorably grows.

He isn't taking over the world. He's pleading with the world to trust him.

Violence against civilians accompanies the rising tide of war. Under these circumstances, human-rights groups and other social campaigners must focus on humanitarian crises rather than existing social problems.

Given this background, the Davos hills are alive with the sounds of failure. Davos conversations that used to be about how to take advantage of the level global playing field that U.S. presidents and allies sought to build after World War II and 1990 have shifted. The question now is how companies, and countries, can manage the risks of a disrupted world order. How do you manage supply chains in an era of U.S.-China rivalry? How do you adjust to the effective closing of the Red Sea, and perhaps the Strait of Hormuz, by Iran and its proxies? How does your

country manage its security policy in a world where U.S. power seems to be waning and the comfortable assumptions of the past no longer hold?

The meeting's "Rebuilding Trust" theme acknowledges that something has gone wrong. That is a good start, but it doesn't go far enough. Lying Russian propagandists and Chinese attempts to influence American opinion are problems that need addressing, but people aren't losing trust in their leaders because disinformation has muddled their brains. They are losing confidence because they sense that the establishment's approach to the chief problems of the day isn't working.

This isn't, at its core, a crisis of trust. It is a crisis of competence. Why would voters expect an "expert class" that was so wrong for so long about Russia, China, Iran and Covid to know how to cope with a challenge as difficult and multifaceted as the energy transition? Why would they trust European and American politicians who are failing so woefully to handle massive illegal migration to manage the rise of artificial intelligence?

"The emperor has no clothes!" is the cry of populists everywhere. To render this message ineffective, Davos Man doesn't need image consultants and disinformation specialists. He needs to get dressed.

The Welfare State Robs Peter to Pay Peter

By Judge Glock

The American welfare state is built on the idea of taxing those who are better off to give to those who are in need. Yet in today's massive welfare state, many who receive benefits from the government also pay substantial taxes.

New research by the Manhattan Institute analyzes the amount of government benefits that are offset by taxes on the same households in the same year. The report estimates that about 20% of government benefits are returned to the government through taxes. That means that in 2022 almost \$800 billion—or roughly what the government spent on defense—went out one door and in another.

These taxes cancel or net out equivalent benefits, so some could argue that they aren't a problem. But taking money only to give it back

again is costly and inefficient. Families ultimately bear the cost of applying for and maintaining benefits. The government takes hard-earned cash through taxation but often provides benefits in a less useful form, such as housing vouchers or food stamps.

Some 20% of benefits cycle back to the government through taxes on recipients.

Both taxes and benefit programs distort decisions. Taxes deter people from working. Means-tested programs such as food stamps pay less benefits as recipients' incomes go up. This amounts to an implicit tax on earnings. Abundant evidence shows that certain kinds of taxes and welfare can also de-

ter marriage. Giving benefits and then taxing recipients doesn't only recirculate money; it destroys wealth and limits options.

Many claim that the so-called "middle-class welfare state," including health insurance subsidies and means-tested programs for workers far up the income ladder, is a boon to working families. But taxes that cancel out benefits are the highest for households that aren't poor and don't receive Social Security. For them, about 45% of all benefits are returned as taxes. For those in poverty, only about 3% of benefits are returned in taxes.

Understanding this should make lawmakers think twice about creating a universal European-style welfare state in the U.S. Europe's programs come with payroll and sales taxes that are in some cases double the American rates. These high taxes are paid by

the same families that receive the supposed benefits. It would be better for the U.S. to give targeted help to those in need instead of increasing taxes only to return some of the money in less useful forms.

By any reasonable measure, taxing people and then giving them benefits is a waste of time and money. Government can shrink itself significantly without costing any household a dime by cutting both taxes on and benefits to households receiving government support. This would reduce waste and increase options for everyone. That would be better than forcing Americans to chase after money they already earned.

Mr. Glock is director of research at the Manhattan Institute and author of "The Dead Pledge: The Origins of the Mortgage Market and Federal Bailouts, 1913-1939."

OPINION

REVIEW & OUTLOOK

The Case for Overturning Chevron Deference

The Supreme Court has been trying to restore the proper constitutional balance of power, and its next opportunity comes Wednesday when it hears two cases challenging its own landmark *Chevron* doctrine (*Loper Bright Enterprises, Inc., v. Raimondo and Relentless, Inc. v. Dept. of Commerce*).

In 1984 in *Chevron v. NRDC*, the Justices ruled that courts should defer to administrative agencies' interpretation of laws when the statutory text is silent or ambiguous. In practice this has become a license for Congress to write vague laws that delegate legislative power to administrative agencies. Over the last 40 years the federal register of regulations has grown by tens of thousands of pages.

Wednesday's cases are textbook examples of how regulators invoke *Chevron* to expand their power and impose enormous burdens on Americans. Family-owned herring fisheries and vessel operators are challenging an obscure Commerce rule that requires New England fisheries to pay for on-board monitors.

The 1976 Magnuson-Stevens Act regulates fishery management in federal waters and permits the National Marine Fisheries Service (NMFS) to require vessels to "carry" federal observers to enforce its regulations. But only in three narrow circumstances does the law require vessels to pay for their federal monitors—none of which apply to the plaintiffs.

Congress declined to appropriate funds to pay for on-board monitors to enforce fishing regulations, so NMFS in 2020 decided to compel the fisheries to foot the cost. The agency estimated that a monitor would cost fisheries \$710 a day and reduce annual financial returns by about 20%.

Two appellate courts ruled for the agency based on a two-step *Chevron* analysis. Courts first review if a law is clear. If the text is ambiguous or silent on a matter, courts must consider if an agency's interpretation is reasonable. If judges rule it is, they must defer to the agency.

A First Circuit Court of Appeals panel upheld the fisheries rule because the "default norm" is "the government does not reimburse regulated entities for the cost of complying with properly enacted regulations." A divided D.C. Circuit panel found the law was somewhat ambiguous, but the agency's interpretation was reasonable.

But as D.C. Circuit Judge Justin Walker noted in dissent, "Congress unambiguously did not"

authorize NMFS's mandate. The agency "identified no other context in which an agency, without express direction from Congress, requires an industry to fund its inspection regime," and the government's theory could "undermine Congress's power of the purse."

Chevron arose when judges were willy-nilly substituting their policy preferences for those of the elected branch. But the doctrine has no constitutional basis, and it defies the Administrative Procedure Act, which requires that "the reviewing court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of an agency action."

As the fisheries argue, the doctrine also violates the Constitution's Due Process Clause "by requiring courts to systematically place a thumb on the scale against the citizenry." While agencies' purely factual findings may deserve judicial deference, requiring courts to defer to regulators on the law undermines the separation of powers.

The late Justice Antonin Scalia supported *Chevron* after he joined the Court, but he later expressed misgivings as judges bowed to regulators even when they were stretching or re-writing the law. One result has been pendulum swings in public policy with every new presidential administration as agencies reinterpret laws to advance their agenda.

* * *

The current Supreme Court has danced around *Chevron* for several terms. In 2022 it overruled a D.C. Circuit decision that upheld a hospital drug payment rule under *Chevron* but declined to overturn the precedent.

The Court has relied instead on its major questions doctrine to strike down such executive overreach as the Biden student loan forgiveness. But why should federal agencies benefit from a lower standard of judicial review for regulations that judges deem minor but which are enormously consequential for particular parties?

The Justice Department invokes *stare decisis* for preserving *Chevron*. But *stare decisis* carries less weight when the Court is reviewing judge-made interpretive methods than it does in other kinds of cases. Overturning *Chevron* is an important act of judicial housecleaning that would rein in the administrative state and encourage Congress to write clear laws.

A 40-year-old doctrine has let regulators grab power from Congress.

LETTERS TO THE EDITOR

No Compromise on Pilot Age and Training

Your editorial "The Pilot Union's Flying Veto" (Jan. 4) lands short of the runway. Safety is paramount in aviation, and as a retired airline captain with over 28,000 flight hours, I learned that almost all flight-safety enhancements were initiated by pilot flight crews, a few from the FAA and almost none from the airline. I knew pilots who retired in their early 50s—and none too soon. A retirement age of 67 could be terrifying.

LT. COL. WILLIAM KERSCHNER, USAF (RET.)
Elm Grove, Wis.

the FAA opposes, risks having airlines pay for work that pilots can't perform or retraining them to fly domestic-route aircraft.

CAPT. JASON AMBROSI
President, Air Line Pilots Association,
International
McLean, Va.

I was an Air Force flying officer, with combat missions over Vietnam. My son flew in the Air Force and is now a captain for American Airlines. I am keenly aware of how long it takes and how expensive it is to become fully competent in the cockpit. But until the 2000s, pilots were compensated for the cost of their education. A captain at one of the major air carriers was paid a salary similar to that of a doctor or lawyer. But over the past 20 years or so, airline-pilot pay stagnated. This, not the training requirements, is the cause of the pilot shortage.

The recent contracts have only returned pilot pay to historic levels. It will now take several years for the pipeline to be refilled. No one who steps aboard a commercial airliner would be willing to go under the knife of a surgeon with only 250 hours of training. The same should be true for the pilot flying their airplane.

NICK PREDA
Glencoe, Ill.

Incidents like Alaska Airlines Flight 1282 and recent near misses remind us that Congress must reduce, not inject, aviation risk through its Federal Aviation Administration reauthorization. Highly qualified pilots are in strong supply. Delta, Spirit and FedEx Express have slowed hiring, UPS has offered pilot buyouts and regional airline classes are full. Yet special interests want to increase the pilot retirement age—a proposal that the Air Line Pilots Association opposes.

The International Civil Aviation Organization mandates—and isn't reconsidering—that pilots retire at age 65. As a result, U.S. pilots over 65 couldn't fly beyond U.S. borders. Because more-senior pilots typically fly internationally, the proposal, which

Hanke and Greenwood Predict 2024 Recession

In "The Fed Won't Try to Boost Biden" (op-ed, Dec. 26), Mickey Levy embraces the Taylor Rule and advocates its use by the Federal Reserve to set interest rates and guide monetary policy. In doing so, Mr. Levy concludes that "the current 5.5% fed-funds rate is appropriate." This suggests that the Fed's monetary stance is about right—not too loose, not too tight.

We disagree. As Milton Friedman taught us long ago: "Monetary policy isn't about interest rates; it's about the growth in the quantity of money." If one looks at the Fed's current monetary stance from a Friedmansque, quantity-theory-of-money perspec-

tive, the Fed is way too tight. Since March 2022, the money supply (M2) has contracted by 4.5%.

Money contractions are rare events. There have only been four such episodes since the Fed was established: 1920-22, 1929-33, 1937-38 and 1948-49. All were followed by recessions. That's why we forecast that, given the Fed's near-unprecedented tightness, a recession in 2024 is baked in the cake, and that prices will continue to slide downward, with headline consumer-price inflation coming in below 2% by year's end.

PROF. STEVE HANKE AND JOHN GREENWOOD
Johns Hopkins University
Baltimore and London

A Narrow View of America's Trade With China

Former U.S. Trade Representative Robert Lighthizer writes, "The existence of huge, persistent trade surpluses by some countries and similar deficits by us means that there are government policies causing massive distortions. Imposing tariffs will offset these countries' unfair practices" (Letters, Jan. 8). He makes this point forcefully in his new book, arguing that "trillions of dollars are transferred to our adversary [China] in the form of trade deficits."

Even apart from the mistaken notion of a wealth transfer through a trade deficit, Mr. Lighthizer's stance is flawed on at least two accounts. First, it fails to understand that as long as the U.S. consumes more than it produces, or invests more than it saves, the trade deficit is a macroeconomic necessity. Given America's longstanding, substantial savings gap,

Contesting Election Results Is Not New in U.S. History

In reply to my letter (Jan. 5), Dale Butland argues that Al Gore and Hillary Clinton conceded their election losses (Jan. 12). But Mr. Gore conceded only after he had forced a seemingly never-ending recount that was ultimately halted (more than a month after Election Day) by the Supreme Court. Mrs. Clinton conceded on Election Night, but even years later she was still saying in public that "Trump knows he's an illegitimate president." Do either of those indicate acceptance of a loss? Mr. Butland is silent regarding Georgia's Stacey Abrams, who, to this day, unless I missed it, hasn't conceded her 2018 loss.

I am not trying to defend Donald Trump. My point is that this behavior isn't new or unique to him. He wasn't the first, and most likely won't be the last, to contest election results.

LOREN CHARIF
West Yarmouth, Mass.

Socks Can Be a Miracle Cure

Regarding "Is Wearing Socks to Bed Healthier or Just Psychopathic?" (Page One, Jan. 4): Decades ago, as a young medical resident, I was smart enough to listen to the old-time attending physicians who taught me that the best sleep aid for elderly patients with insomnia wasn't a mind-altering substance but an aspirin tablet and a new pair of socks. It worked every time, and with no side effects.

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even if Washington were to succeed in reducing the trade deficit with China, other exporters (India, Vietnam, Mexico, the EU) would fill the gap. This is what happened between 2017 and 2022: America's trade deficit in goods increased by nearly 50%.

Second, a considerable share of Chinese exports to the U.S. is conducted as part of global supply chains of American multinationals. The Chinese value added is much less than the statistically recorded trade surplus.

The multinationals located in China also sell much of their products to domestic consumers. These companies' direct investments in China are, at least partially, a substitute for exports from the U.S. In the aggregate—considering also America's trade surplus in services and re-exports of goods via Hong Kong—the overall U.S.-China economic interaction is more balanced than he believes. A surplus even arises for the U.S., revealing how narrow-minded Mr. Lighthizer's goods-deficit-obsessed, confrontational strategy is with China.

ISTVAN DOBOZI
Sarasota, Fla.

Are We All Originalists Now?

In "Trump vs. Woke: Let the People Decide" (op-ed, Jan. 3), Lance Morrow reaches the wrong result on Donald Trump's ballot eligibility because he ignores the Constitution's text and history. The people who wrote and ratified the 14th Amendment weren't naive, woke sophomores—they had lived through the Civil War. The "close parsing" of constitutional text that Mr. Morrow decries in this case isn't wokeism. It is what conservatives used to call textualism. Attention to the Civil War background is what they used to call originalism.

PROF. DAVID W. OPPERBECK
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Pepper ... And Salt

THE WALL STREET JOURNAL



"It's time for your performance review where I damn you with faint praise."

Palestinian 'Pay for Slay' Keeps Growing

Recently we told you that Palestinian Authority law requires the Oct. 7 terrorists to be compensated financially for a massacre well done. Now the PA has taken steps toward making that a reality. It acted just in time for Secretary of State Antony Blinken's visit to Ramallah.

Last Wednesday's Al-Hayat Al-Jadida, the PA's newspaper and mouthpiece, announced 23,210 additional "martyrs," using the Hamas-supplied Gaza casualty figure that includes every dead Hamas terrorist. The PA pays a one-time lump sum plus a monthly stipend for life to the families of any "martyr" killed attacking Israel or in a confrontation with Israel.

The PA also recognized 3,550 new prisoners held by Israel since Oct. 7. Most were arrested in West Bank counterterrorism raids, though 661 are Hamas terrorists from Gaza. They, too, will receive PA salaries, which rise over time such that the most gruesome crimes yield the biggest payments. This practice has helped earn the pro-

gram its "pay for slay" moniker.

Itamar Marcus of Palestinian Media Watch explains that "the PA does not differentiate between Hamas terrorists who committed atrocities after invading Israel on Oct. 7, the Hamas terrorists killed by Israel in the ensuing war, and civilian non-combatants killed in the Gaza Strip while being used as human shields by Hamas." All are treated as heroic martyrs to be compensated by the PA, whose activities are subsidized with Western aid.

Meanwhile, in Ramallah, Mr. Blinken said that PA leader Mahmoud Abbas is "committed" to reform. Where's the evidence? His four-year term is stretching into its 20th year. Even as the PA complains of a budget crunch, it is readying to move from glorifying the Oct. 7 attack to compensating its participants.

Why, again, does President Biden insist Israel hand over postwar Gaza to this group? Mr. Blinken also talks prematurely of giving it a state. No wonder the PA sees little reason to change.

The Politicized EV Charger 'Revolution'

The government rollout of EV chargers has been a slow-motion affair, and as you'd expect the reason is politics. The feds are throwing billions of dollars to build charging stations, but they've added social-justice and union mandates that make the build-out more complicated than necessary.

In a better Washington, there would be no subsidies for EV chargers. The market would meet demand, as it did with gasoline stations. But we live in the age of subsidy, and the Federal Highway Administration (FHWA) last week announced \$623 million in new awards for charging stations.

It's the latest payout from \$7.5 billion in funding from the 2021 infrastructure spending blowout. Transportation Secretary Pete Buttigieg spoke of handing out the money as a triumph in itself; "We have a chance to lead the world in the EV revolution."

But the revolution's been a long time coming. Despite the \$2 billion of subsidies already authorized, only two federally funded stations have opened. States are in charge of administering the program, and all 50 have signed up to receive grants. But about half the states haven't begun taking bids from contractors, much less put shovels in the ground.

The barrier isn't technological. It took Tesla less time to install 80 chargers at its Harris Ranch station in northern California, which is one of the world's largest. The Administration has also cleared away some of the permitting rules that apply to most private projects. The subsidies were meant to spur a rush of building to meet supposedly pent-up EV demand.

But the bureaucrats are getting in their own way. The FHWA issued a rule requiring that workers for most projects be certified by the electricians union, or another government-approved training program. The Electric Vehicle Charging Association warned that the restrictions "risk creating a bottleneck by limiting the available workforce." The agency charged ahead anyway, decreasing the odds of a workable contract.

States have also blasted the program for its lack of flexibility. Florida's Transportation Department said projects were stifled by guidance that stations be 50 miles apart. Pennsylvania lamented restrictions on building stations with fewer than four charging ports. Idaho, Montana, the Dakotas and Wyoming all begged for relief from the Buy America requirement for steel and iron components, which the agency waived temporarily last year.

The latest funding comes with rules that will make sure charging station customers are even scarcer than workers. Half of the grant money is set aside for "disadvantaged communities that are marginalized by underinvestment," which by the agency's description includes Alaskan and Arizonan Indian tribes and urban parks and libraries. The other \$312 million is allocated among the places with high usage, such as a charging station in the university town of Durham, N.C.

EV sales have hit consumer resistance because of their cost and inconvenience, despite tens of billions of dollars in subsidies. The political obstacles to building charging stations won't speed the EV take-up rate.

A federal agency dumps money on projects tied up by its own rules.

OPINION

New York's Voter Suppression

By Howard Husock

Some Americans never register to vote. Those of us who do usually register just once. But over the past two years I've registered three times. I might even do it again—for the reason progressives say they endorse: I want my vote to count.

In New York, where I live, it isn't easy. My deep-blue state engages in a practice it ascribes to less enlightened jurisdictions: voter suppression. As anyone who follows presidential primary politics knows, states and political parties make their own election rules. That's why independent voters can cast ballots in the New Hampshire primary after choosing a party on Election Day. It's why voters in Ohio, whether Democrat, Republican or Independent, can take either party ballot when they vote.

Closed primaries and early registration deadlines make it hard to cast a ballot that counts.

States can be broadly grouped as either open or closed primary states. New York is one of 15 closed congressional primary states and one of 24 closed for presidential primaries—and it's tightly closed. New York is a state where Democratic primaries often decide election results, in part because nonaffiliated voters are shut out of primaries.



The idea of one party's voters messing around in another party's primary understandably bothers some. Others think independents should suck it up and choose a party. But here's where New York's disenfranchisement really kicks in—and has led to my multiple registrations. To participate in the June 25 congressional primary, a voter must affiliate with a party four months earlier, by Feb. 15. New Yorkers may renew a driver's license online, but affiliating with a political party requires printing out and mailing in a form to a county board of elections.

Closed primary rules and early registration deadlines force voters to think strategically. Will the Republican presidential primary in New York be competitive? In December I thought it might be, so I switched my affiliation to Republican—having previously decided that Democratic primaries would likely be where the

action is in the Empire State. But then my congressman, Jamaal Bowman, pulled that Capitol Hill fire alarm and called for an early Gaza cease-fire. This set the table for a serious Democratic primary opponent, Westchester County Executive George Latimer, a proven vote-getter. Time to become a Democrat again.

But now I'm thinking. What if the Republican primary turns out to be competitive? What if Iowa or New Hampshire delivers a January surprise? Will I regret my switch? Will there be time to switch again before Feb. 15?

Voters in most other states don't have to decide which ballot they want to take months in advance. Open Primaries, a national voter advocacy group, reports that New York has the worst registration deadline in the country, with most states ranging from 15 to 90 days. The or-

ganization's president John Opdyke, a former aide to New York Mayor Michael Bloomberg, says that "there are bad voting laws, terrible voting laws and then there's New York, where the laws are systemically designed to disenfranchise."

Among states with an open primary is Georgia, which progressives targeted in 2021 for its supposedly disenfranchising voting laws. The controversy led Major League Baseball to pull its All-Star game out of Atlanta and prompted Joe Biden to denounce Georgia's law as "Jim Crow for the 21st century." Mr. Opdyke—who is no conservative—points out that "the Georgia laws are much better in every way than New York's, where you have to choose a party before the race even shapes up."

New York is guilty not only of erecting barriers to voting—but of hypocrisy as well. In June of 2022, Gov. Kathy Hochul appropriated the name of a true voting rights hero in signing the John R. Lewis Voting Rights Act of New York, which her office described as guarding against "voter suppression, dilution and intimidation." She preened, "At a time when the very foundation of our democracy is under threat, New York is leading the nation with new laws protecting the fundamental right to vote."

Just so long as you choose a party four months in advance, she might have added. With Feb. 15 looming, and information inevitably limited, I now have to decide whether to re-register to vote one more time. Don't count on New York to let voters know about the deadline.

Mr. Husock is a senior fellow at the American Enterprise Institute.

Federal Contracting Is the Next DEI Target

By Michael Toth

Critics of diversity, equity and inclusion policies scored an important victory with last year's Supreme Court decision in *Students for Fair Admissions v. Harvard*, and a symbolic one with Claudine Gay's resignation as Harvard's president. But while some universities and businesses have pivoted from DEI to get in line with the high court's ruling, Washington's diversity-industrial complex marches on. It's time for the federal government to play by the same antidiscrimination rules private companies have to follow.

Federal affirmative-action programs originated in the Nixon administration. In 1969 Labor Secretary George Shultz launched the Philadelphia Plan, which required companies bidding for federal construction projects in that city to commit to minority hiring goals. Within a year of announcing the plan, the administration extended it to cover all federal agencies. Fifty-five years later, those rules are still in place.

Federal regulations require prime contractors or subcontractors "with 50 or more employees and a contract of \$50,000 or more" to submit "a written affirmative action program" for each of their locations. The rules dictate that a contractor's workforce should "reflect the gender, racial and ethnic profile of the labor pools from which the contractor recruits and selects." Employing less than 80% of the local share of "any race, sex, or ethnic group" is categorized as an "adverse impact." Failure to comply with these federal diversity mandates could mean the cancellation of existing contracts, and violators could be barred from doing future business with the federal government. It's safest to hire by the numbers.

Companies are required to meet strict hiring 'goals' that would be illegal anywhere else.

Since the Nixon administration, the federal government has successfully argued that Executive Order 11246, which President Lyndon Johnson signed in 1965, gives it authority to use race-based affirmative action in awarding contracts. The order requires contractors to "take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race." In 1971, a federal appeals court upheld the Philadelphia Plan on the grounds that the executive order releases the executive branch from the "general prohibition against discrimination" found in the Civil Rights Act.

Putting aside whether that court got it right in 1971, the federal government's race-based contracting rules can be undone through the same process through which they were promulgated. It takes two steps. First, the next president should amend the order and remove the basis for federal government regulations that push contractors to pursue diversity hires.

The updated order should quote President John F. Kennedy, who first inserted the "affirmative action" requirement into a 1961 executive order but didn't intend the mandate to lead to racial preferences or quotas, which he opposed. "We are too mixed, this society of ours," Kennedy said at a 1963 press conference, "to begin to divide ourselves on the basis of race or color."

Second, the president should instruct the labor secretary to comb through existing rules issued under the order and rescind any that push racial quotas. The demands for written affirmative-action plans should be scrapped. So should the federal contracting rules that circumvent equal-opportunity requirements through work-arounds such as the Philadelphia Plan's disingenuous quota-goal distinction. As Chief Justice John Roberts put it in *Fair Admissions*: "What cannot be done directly cannot be done indirectly. . . . The prohibition against racial discrimination is leveled at the thing, not the name."

DEI foes are hungry for their next fight. They should look no further than the federal government's affirmative-action programs. They might change for the better the way federal contractors do business.

Mr. Toth is an attorney in Austin, Texas.

The Future Is Unpredictable Even When It's Certain



FREE EXPRESSION
By Gerard Baker

Presentism is among the most pernicious tendencies of our age. The urge to view historical events through the sentiments and values of the present reflects a lack of perspective, empathy and imagination. It leads to the tyranny that tears down statues, cancels art and rewrites literature. It reaches its nadir in the epic nonsense of some third-rate functionary at a leading American institution thinking he is equipped to pass moral judgment on William Penn.

There's another form of presentism, less malevolent but equally misleading and potentially as dangerous. Just as always seeing history from the standpoint of the now corrupts our understanding of the past, peering ahead can distort our ability to make useful judgments about the future.

When we attempt to predict some event ahead, we see its implications only from the perspective of our immediate contemporary conditions. We should also know that any event in the future will carry the impact of other events that will occur between now and then. What seems likely to us in a year may look very different when the passing year's events have intervened.

This is obvious when it comes to the unforeseen. Picture yourself in August 2001 estimating what would happen to the world in 2002. All your reasoned judgments would flow from extrapolations of what you knew at the time, bereft of knowledge of the most important historic event in decades, which would change everything weeks later.

But this is much more than simply saying the future is inherently unknowable, or that we can't predict events like 9/11. The way events change our perspective applies also to things that are highly predictable—or even certainties. Even well-informed anticipation of the effects of something we know is going to happen can be at sharp variance with the actual effects of that event.

Let me give a poignant example. Most of us can have a high level of confidence that we will outlive our parents. It is a near-certainty and

something we all know in advance. But as anyone who has lost a parent knows, the actual realization of that predictable event surpasses the ambit of our experience and transforms our outlook on life itself in ways even the most vivid imagination could not convey.

If it's true of certainties, like death, then it's even more true of high-probability events. As those probabilities harden into reality, our perception of them, and the new reality they create, can change out of all recognition. Anticipation of time future in time present is rarely validated.

You don't know in advance what your parents' death will be like. The same is true of this year's election.

Having tried to go all T.S. Eliot on you, I want to root this in the prosaic present. We are at the moment in the political cycle—the start of an election season—when maximum attention is focused on the imminent future. This year we

seem to start with an especially high level of confidence in at least the immediate outcome—the identities of the two main candidates in November's election.

But I suspect, and polling suggests, that the confidence in that outcome isn't matched by satisfaction with it. We are in a very odd state in which large numbers of Americans view the prospect of a 2020 presidential election rerun between Joe Biden and Donald Trump as simultaneously inevitable and somehow unbelievable.

I doubt that we have collectively or individually come close to grasping what the reality will be like when it arrives, assuming it does. It is a world of difference between the two men being the probable nominees of their respective parties and their being the actual declared nominees.

In ways we can't predict, perceptions will change, perhaps dramatically. Voters on both sides who are disinclined now to support their nominee will have to decide whether to throw in their lot with him after all. Or perhaps they will switch—or turn to an alternative emerging reality, a third-party candidate with a real shot.

Biden Took New Hampshire for 'Granite'

By John Fund

Joe Biden is running as if he were unopposed for the Democratic presidential nomination, but he may face a comeuppance in New Hampshire. In the name of "diversity," the Democratic National Committee demoted the Granite State from its traditional status as the first-in-the-nation primary in favor of South Carolina, where Mr. Biden's 2020 campaign took flight.

New Hampshire decided to hold its primary on Jan. 23 anyway, much to the DNC's chagrin. The state won't allocate any convention delegates, and the DNC insists that makes the primary "meaningless." But it could prove an early measure of the incumbent's weakness. Mr. Biden decided not to put his name on the ballot, forcing allies to run a write-in campaign against Rep. Dean Phillips and self-help author Marianne Williamson.

It's reminiscent of 1968, when Sen.

Eugene McCarthy of Minnesota was polling at between 10% and 20% but then had a late surge, and President Lyndon B. Johnson—also a write-in—wound up winning by only 49% to 42%. "Given the expectations of the time, it was almost as stunning as an outright loss," NPR concluded in a 50th-anniversary retrospective in 2018. Two weeks later, after New York's Sen. Robert F. Kennedy decided to run for president, Johnson surprised everyone by withdrawing from the race.

New Hampshire also ended President Harry S. Truman's career. Plagued by low poll numbers, Truman nonetheless agreed to have his name appear on the New Hampshire primary ballot in 1952. He received only 44% against Tennessee Sen. Estes Kefauver. Eighteen days later, Truman dropped out of the race. Adlai Stevenson eventually became the nominee.

Leading Democrats are privately panicking that Mr. Biden's approval ratings continue to slide. A Detroit News poll last week showed Donald Trump with an 8-point lead in Michigan, which Mr. Biden carried by three points in 2020.

Political analyst John Ellis reports that Democratic candidates for state and federal offices "have been telling anyone who would listen that running on a ticket with Biden atop it diminishes their chances of winning in November." Mr. Phillips, like McCarthy a Minnesotan, is testing Mr. Biden's vulnerabilities.

Terry Shumaker, a New Hampshire Democratic activist who backed Mr. Biden when he ran for the 1988 presidential nomination, told Politico that in dropping the state "his advisers and the D.N.C. made a big mistake, this was not necessary."

A St. Anselm College poll last

month found Mr. Phillips with only 10% support among New Hampshire Democrats and Ms. Williamson with 7%. But the American Research Group poll finds Mr. Phillips climbing—to 21% as of Jan. 3 and 26% on Jan. 9.

Politico quotes a pro-Biden Democratic strategist who has worked in New Hampshire, saying, "Realistically, [Biden] needs to do better than 60%."

Like LBJ in 1968, he didn't bother to get on the ballot. Will next week's primary be an unpleasant surprise?

Another strategist admits: "I have no idea what a win looks like in New Hampshire under these circumstances." As in 1968, the media and nervous Democratic power brokers will decide the definition of victory.

If Mr. Biden manages to lose by scoring a lackluster victory in New Hampshire, it might release pent-up pressure for the president to drop out of the race à la LBJ. But Mr. Biden is stubborn, it's too late for new challengers to jump in and it's all but impossible for Mr. Phillips to win, given that he's excluded from the ballot in Florida, North Carolina and other states.

That could leave Democrats with a wounded nominee, rejected by much of his own party, whose frailties make it hard for him to go on the road and assuage the doubts about his ability to serve a second term. By November they may wish they'd had a competitive primary campaign.

Mr. Fund is a columnist for National Review and a senior fellow at the Committee to Unleash Prosperity.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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WORLD NEWS

Europe's Growth Engine Has Sputtered

Germany's economy shrank in 2023 and new challenges point to more pain ahead

By TOM FAIRLESS

Germany is stuck in a rut, and there is no quick way out.

The European powerhouse's economy, the largest on the Continent and the world's fourth-biggest, shrank last year, extending a six-year slump that is raising fears of deindustrialization and sapping support for governments across the region.

Output in the country likely shrank by 0.3% in the three months through December from the previous quarter, the German federal statistics agency said Monday. For 2023 as a whole, it contracted by 0.3%, leaving it only 0.7% larger than in 2019, before the Covid-19 pandemic, the agency said. Other large eurozone economies likely grew last year, including France, Italy and Spain, according to European Union estimates.

The downturn reflects a confluence of headwinds that are upending the country's export-focused business model, from slower growth in China to higher energy prices and interest rates, mounting tensions around global trade, and a tricky transition to green energy. And with no sign that any of these cyclical and structural factors are about to improve, Germany's prospects aren't looking good.

"I've never been so worried about the medium-term outlook for Germany," said Dirk Schumacher, an economist with Natixis in Frankfurt who has been tracking the German economy for decades.

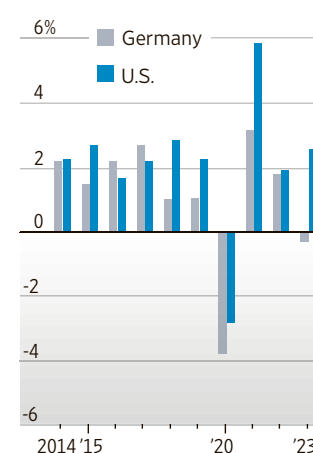
The country's gross domestic product is only 1% larger than it was at the end of 2017 after adjusting for inflation. By contrast, the U.S. economy has grown by an inflation-adjusted 13% over the same period, according to data from Eurostat and the Bureau of Economic Analysis.

This year, Germany faces new economic threats, from a collapsing real-estate market to conflict in the Middle East



Germany's car production is more than 25% below its mid-2010s level, according to an automobile-industry lobby group.

GDP, change from a year earlier



Sources: World Bank; Destatis (Germany 2023); WSJ survey of economists (U.S. 2023)

ber of Industry and Commerce poll asking more than 2,200 German industrial companies to assess business conditions posted its worst result since the survey started in 2008.

Bank of America last week cut its growth forecasts for Germany and the eurozone and now expects Germany's economy to shrink by 0.1% this year, having previously forecast growth of 0.3%.

The pains aren't contained to the economy. Only 19% of voters are satisfied with Chancellor Olaf Scholz—the lowest figure for any chancellor since 1997—according to an Infratest dimap poll for the ARD public-sector broadcaster published this month. Gripes range from the government's decision to speed up its green transition agenda to its failure to curb a sharp rise in illegal immigration.

Ratings for Scholz's coalition partners have also collapsed. This month, members of the pro-business FDP, the smallest party in the ruling alliance, forced a ballot about whether it should exit the government, with a slim majority of 52% deciding it should remain.

"The wind is blowing in our faces," said Ralph Wiechers, chief economist at the German Mechanical Engineering Industry Association.

"We are living on order backlogs and they are disappearing," Wiechers said. "We haven't hit the bottom."

—Paul Hannon
and Bertrand Benoit
contributed to this article.

'We Still Don't See a Full Strategy,' a CEO Laments

"The threat of deindustrialization is real," said Max Jankowsky, chief executive of GL Giesserei Lössnitz, a 175-year-old foundry in the eastern German state of Saxony.

The company sits at the heart of Germany's flagship auto industry, which employs around 800,000 people and exports about three-quarters of what it produces.

Its clients include BMW, Daimler and Volkswagen.

While energy prices have come down, Jankowsky says he is still paying three or four times as much for electricity as he was before Russia invaded Ukraine—and more than five times what American competitors pay.

"We still don't see a full strategy" from the government to address the issue, he said.

Jankowsky plans to invest €10 million, equivalent to around \$10.9 mil-

lion, to build an electric-powered furnace that will replace his large coal-burning furnace, which is being squeezed by higher carbon taxes.

But with electricity prices so high, and no clear plan from the government to reduce them, the new furnace won't be competitive, he said.

"We can't pass higher costs to car manufacturers, they say they will move to Turkey or China," Jankowsky said.

25% below its mid-2010s level, according to the German Association of the Automotive Industry, a lobby group. German manufacturing output as a whole is smaller than in 2019 and shrinking, according to the Organization for Economic Cooperation and Development, a club of mainly rich countries.

Now, the conflict in the Red

Sea is disrupting shipping and raising the specter of a new supply-chain crisis for European manufacturers. Tesla on Friday said it would stop nearly all production at its biggest factory in Europe, just outside Berlin, from Jan. 29 to Feb. 12 because of a lack of components.

Some economists are sanguine, pointing to Germany's

still-low unemployment rate and low government debt.

Germany might already have adjusted to higher energy costs and slower growth in China and could receive a disproportionate boost when global trade recovers, said Holger Schmieding, chief economist at Berenberg Bank. Still, a recent German Cham-

Ukrainian Paid for Nuclear Warning Kyiv Says It Shot Down Russian Spy Plane, Jet

By JENNIFER HILLER

When Russian troops launched the first-ever armed assault on a nuclear facility, Andriy Tuz became the voice to the West of what seemed a looming disaster.

As spokesman for Ukraine's sprawling Zaporizhzhia complex, the 33-year-old appeared on local television, Western media and in solemn online updates to describe chaotic scenes of falling shells and gunfire that shocked nuclear-safety experts and governments worldwide.

"Shooting is being continued, from air and tank," Tuz told CNN's Anderson Cooper in March 2022. "Any moment, it may result in nuclear accidents."

In the months that followed, after Zaporizhzhia was taken, Tuz said he was tortured by the Russians and his mother's life was threatened. And then to get out of prison, he agreed to make a video disavowing his previous statements that the facility wasn't safe. He said he doesn't believe that now, and he didn't believe it then. He worries that the risk of nuclear terrorism remains high at Zaporizhzhia.

He didn't think anyone would take the video seriously. To his disbelief, he did.

After being released by the Russians and fleeing with his mother, Tuz learned from colleagues that they had been told he was a traitor, they shouldn't speak with him and he had been fired.

Now living in exile in Boston, where he was given a job by the Massachusetts Institute of Technology, Tuz said he is lucky to be in a safe place and with a job he loves. More than anything, he wants Ukraine to prevail so he and others can go home, though he doesn't know if it will ever be safe for him after being accused of collaborating with the Russians.

Representatives for the Ukrainian security service, the SBU, didn't respond to requests for comment about whether



Andriy Tuz, seen at MIT, says he wants Ukraine to win the war so he can return home.

Tuz is still suspected of collaborating with the Russians.

More than five million people are displaced inside Ukraine and 17 million need humanitarian assistance, according to the United Nations. An estimated 6.3 million are refugees globally.

Around 480,000 Ukrainians like Tuz have come to the U.S., according to the Department of Homeland Security.

The Zaporizhzhia plant is just 300 miles from Chernobyl, the site of the world's worst nuclear accident, in 1986. When Russia invaded, Tuz thought it would be one of Ukraine's safer places.

Now the reactors at Zaporizhzhia where Tuz had worked for a decade are shut down.

The Russians detained and in many cases tortured hundreds of plant workers.

When first asked to make the propaganda video for the Russians, Tuz refused, but he knew he couldn't avoid it forever.

Tuz and his mother fled together, driving east and south, hoping to circle the Black Sea through countries including

Russia, Georgia and Turkey to reach western Ukraine.

Tuz was stopped at a checkpoint and taken into custody. He said he was beaten, hooded, handcuffed and driven to a prison in Sochi, Russia, where he was held for two days. Tuz said his hands were burned and guards laughed as they hit the back of his head.

Tuz said he was kept in a dark cell, about 6 feet square, with another man who had gone crazy from the experience.

Tuz said he was told that if he made a video, he might be able to see his mom again. In the video, he said he was on vacation in Sochi, a resort town on the Black Sea, and that everything was fine at the nuclear plant. Afterward, the Russians returned his passport but warned him not to talk any further about the state of the plant.

Terrified of being apprehended again, he and his mom eventually made their way to Switzerland.

Jacopo Buongiorno, a nuclear-engineering professor and the director of science and technology at the MIT re-

actor, had a job opening and wanted to find a former Zaporizhzhia employee.

MIT brought Tuz to Boston through the U.S. government's Uniting for Ukraine program, which provides a way for Ukrainian citizens displaced by the war to stay temporarily in the U.S. Around 174,000 people had come to the U.S. through the program as of Jan. 3.

In July, Tuz joined the staff of MIT's Nuclear Reactor Laboratory, where he works as an irradiation facilities engineer, helping design, build and operate experiments in the research reactor. Irradiation exposes materials or instruments to ionizing radiation, which is powerful enough to knock electrons out of atoms and can help make radionuclides for cancer treatments, among other uses.

Tuz doesn't know if he will be able to stay in the U.S. after his visa expires. His mother remains in Europe. He stays in touch with friends, though there is always the fear that someone is listening.

—James Marson
contributed to this article.

By IAN LOVETT

KYIV, Ukraine—Ukrainian forces are struggling to hold back Russian troops on the ground, but they are proving adept at hitting high-value Russian targets, with the downing of a surveillance plane adding to string of recent blows to Moscow's air force.

Valeriy Zaluzhnyi, the commander of the Ukrainian armed forces, on Monday said on Telegram that Ukraine's air force shot down an A-50 long-range radar-detection aircraft, as well as an IL-22 bomber jet, over the Sea of Azov. He offered no details about how the planes had been brought down.

The Russian Ministry of Defense didn't respond to a request for comment.

As the war on the ground grinds on toward the beginning of a third year, with neither Russia nor Ukraine close to achieving a breakthrough, Ukrainian forces claimed to have taken down at least seven Russian planes in the past month, as well as a warship that was docked in Crimea, the southern Ukrainian peninsula that is occupied by Moscow.

Yuriy Mysiahin, a member of the Ukrainian parliament's defense committee, wrote on Telegram that Ukrainian forces hit the A-50 and IL-22 at around 9 p.m. on Sunday night. "The IL-22 was shot down, but it was in the air and tried to reach the nearest airfield," he wrote.

Kyiv hasn't said how they hit the Russian planes, but military analysts said they likely used U.S.-designed Patriot missiles.

Western allies have supplied Kyiv with a handful of Patriot systems, which have helped

shield Ukrainian cities against ballistic-missile attacks. But they can also be positioned close to the front to take down aircraft, said Justin Bronk, an analyst at the U.K.-based Royal United Services Institute.

"Putting the launcher forward anywhere close to the line is a significant risk, something Ukraine wouldn't do very often," he said. "But they've successfully conducted ambushes with Patriots several times."

The loss of an A-50 aircraft would be a significant setback to the Russians, Bronk said. Moscow has fewer than a dozen of the planes, and flies two or three each day, using them to identify targets and threats over a wide area.

Russian military bloggers close to the Kremlin acknowledged the importance of losing one of the planes.

"There are not so many A-50s," Rybar, one of the most prominent Russian military bloggers, wrote on Monday on Telegram. "And the specialists on them are generally unique. If an aircraft of this type is hit, the crew will not be able to escape."

Rybar also raised the possibility that the plane could have been taken down by friendly fire, which has hit other Russian aircraft during the war. Bronk said friendly fire was possible but unlikely, because of the A-50's role in coordinating ground-based air defense.

Ukraine's attack on the Russian planes took place on the first anniversary of a missile strike on an apartment building in Dnipro, which killed dozens of people.

Mykola Oleschuk, the commander of Ukraine's air force, wrote on Telegram, "This is for Dnipro."

Ukraine claimed to have downed at least seven Russian planes in the past month.

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Tuesday, January 16, 2024 | B1

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Portfolio Managers Target Quality

Companies with growth, reliable profits and strong balance sheets shine

By BRENDA LEÓN

After an everything rally that pushed major stock indexes near records, some investors just want the good stuff.

They are looking for quality stocks, broadly defined as shares of companies with

some combination of growth, reliable profits and strong balance sheets. Those run the gamut from recent highfliers such as **Microsoft** and **Nvidia** to steady performers such as **Coca-Cola** and **Johnson & Johnson**.

Banks including **Goldman Sachs**, **UBS** and **Wells Fargo** recommended that investors buy high-quality stocks in their year-ahead outlooks. **GMO**, the asset manager co-founded by Jeremy Grantham, launched an actively managed exchange-traded fund focusing

on quality, the firm's first ETF, in November.

One major reason for their interest: High-quality companies tend to do better than others when growth slows—the environment much of Wall Street expects this year—insulated by their steady financial results, low debt, large cash holdings or other solid business fundamentals. The MSCI ACWI Quality Index has historically beaten MSCI's global index by 1 percentage point over six-month periods in which the economy has cooled

but kept expanding, according to UBS analysts.

That reliability tends to make quality stocks relatively expensive, which means investors might miss out on some gains in a rally. But for those concerned that the recent surges in stocks and bonds won't last after a rocky start to the year, seeking quality provides a way to stay invested while potentially cushioning against some of the blow if markets turn. The S&P 500 is up 0.3% to start 2024.

In the coming days, inves-

tors will be parsing earnings reports from the likes of **Goldman**, shipping bellwether **J.B. Hunt Transport Services** and oil-field services company **SLB**, while trying to gauge the economy's strength. U.S. markets were closed Monday for Martin Luther King Jr. Day.

Gerald Goldberg, chief executive at investment adviser **GYL Financial Synergies**, said his firm adjusted its model portfolios in 2022 to increase exposure to quality companies. A year later, the move

Please turn to page B6

Apple to Drop Watch Health Tool Over Patent Dispute

By AARON TILLEY

Apple is removing a blood-oxygen sensor from some of its smartwatches to get around a patent dispute related to the technology, a step likely to avoid further sales disruptions but one that may raise questions about the company's push into health.

The company halted sales of some watch models briefly last month after a U.S. import ban went into effect stemming from an October ruling by the U.S. International Trade Commission. The trade agency found Apple had violated the patents of medical-technology company **Masimo** related to the blood-oxygen tool. Sales resumed temporarily in recent weeks pending a legal review.

The U.S. Customs and Border Protection agency, which is responsible for enforcing import bans, on Friday approved technical changes to the watches, including the removal of the blood-oxygen sensor, according to a Masimo filing on Monday. A decision on Apple's request for a permanent stay on the U.S. ban during its appeal is expected in the coming days.

An Apple spokeswoman said that the blood-oxygen feature would continue to be available on the watches for now.

If the U.S. Court of Appeals doesn't grant a permanent stay while Apple tries to revoke the U.S. trade ban, the removal of the blood-oxygen feature would be implemented. But if the stay is granted, removal of the feature won't be necessary during the appeals process.

The appeals process is expected to take a year or more, an Apple spokeswoman said.

Masimo alleged in a 2021 complaint that Apple had stolen technology related to the blood-oxygen technology in some versions of its watch, including the Series 9 and Ultra 2. Apple has included a sensor, called a pulse oximeter, in most new models of the Apple Watch since 2020.

The U.S. Court of Appeals is expected to rule soon on whether to grant Apple a per-

Please turn to page B2

Four Questions at Top of Investors' Minds

By HARDIKA SINGH

The blockbuster stock-market rally stalled once the calendar flipped to 2024.

Some of the big tech stocks that drove the market's advance last year appear to have run out of gas, government-bond yields have risen and inflation might not be cooling as quickly as some investors had hoped. After a rocky start to the month, the S&P is clinging to a 0.3% advance in January.

Investors say a decline in enthusiasm is normal after a stretch of robust gains like those that capped 2023. They also say they have many questions about the path of the economy and interest rates that will be key to discerning the market's trajectory this year.

These are some of the biggest ones:

Can rally broaden?

Stocks jumped out of the gate last year to the surprise of almost everyone. The problem? Just seven big tech stocks—**Apple**, **Microsoft**, **Alphabet**, **Amazon.com**, **Nvidia**, **Tesla** and **Meta Platforms**—were responsible for most of the S&P 500's gains. That sparked worries about the health of the rally and whether the market would be vulnerable to a downturn if a few of the heavyweights falter.

This year, many investors expect a revival in shares in beaten-down areas of the market, a bullish sign among strategists who view expanding market breadth as a signal that a rally has legs.

Investors have reason to be hopeful. Since the stock market's recent low on Oct. 27, the small-cap-focused

Russell 2000 has gained 19% and the equal-weighted S&P 500, which gives the same status to the smallest and largest companies in the index, has added 17%. Both indexes have outpaced the traditional S&P 500's 16% advance.

The S&P 500 sectors off to the strongest start in January are healthcare, communication services and consumer staples, all up at least 1.2%.

What if Fed cuts rates?

Stocks got off to a bumpy start in January after ending 2023 with a bang. That prompted questions about whether markets had run too far too fast and if the Fed's expected rate cuts were already priced in.

Stocks typically struggle to establish a strong footing ahead of the first rate cut in an easing cycle. Since the 1970s, the S&P 500 has noted a median decline of 1.8% in the three months leading up to the first rate cut, according to Ned Davis Research. The picture improves after that, with stocks gaining an average of about 20% over the course of an easing cycle, NDR said.

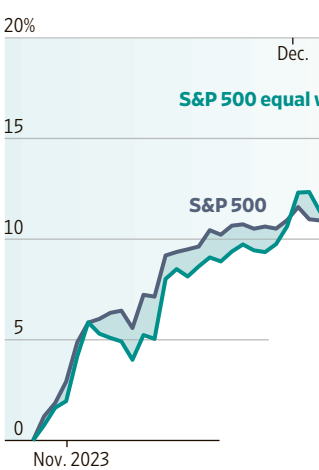
"Seems like what we did in December is priced in an awfully good outcome for a soft landing," said Joe Kalish, chief global macro strategist at NDR. "Not saying it's not possible, but it could be difficult to pull that off and keep the unemployment rate from rising and have inflation come down."

Is recession in cards?

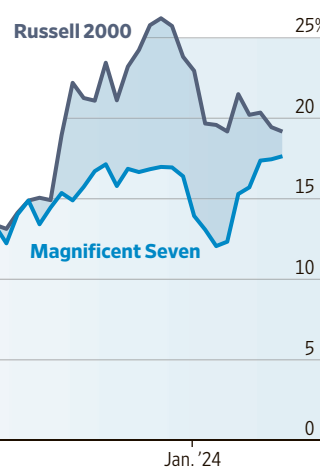
Please turn to page B2

Japan, India stocks climb to historic highs..... B9

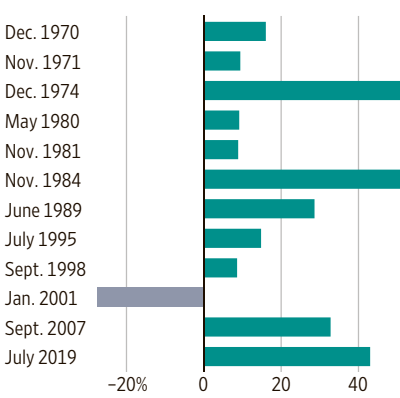
Index performance since Oct. 27



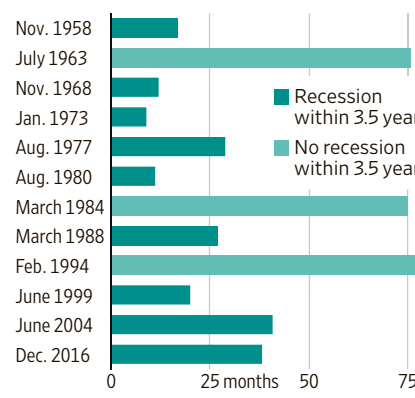
Cumulative return since Oct. 27



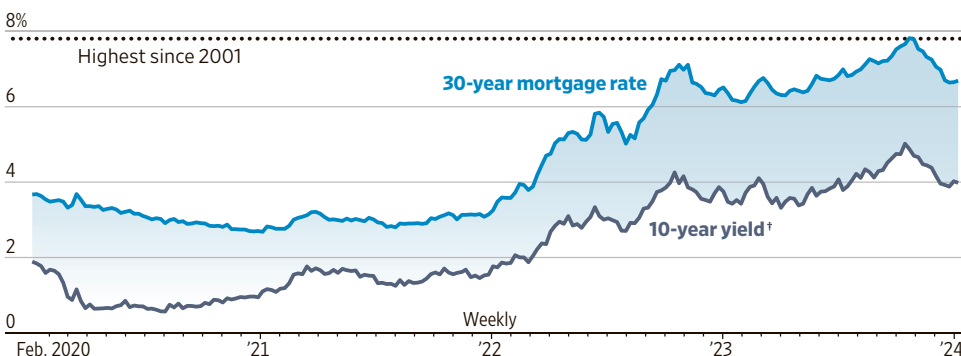
S&P 500 total return over easing cycles*



Duration of rate-hiking cycle, in months**



Interest rates, weekly



*Dates correspond to the first rate cut in each easing cycle **Months refer to the beginning of each cycle †Based on Thursday yield of each week Sources: FactSet (performance); Dow Jones Market Data, FactSet (cumulative return); S&P Dow Jones Indices via Ned Davis Research (total return); FactSet and the Federal Reserve via ClearBridge Investments (duration of rate-hiking cycle); Freddie Mac, Tradeweb (interest rates)

Goldman Goes Bigger On Wealthy Clients

By ANNAMARIA ANDRIOTIS

Goldman Sachs has given up on lending to Main Street consumers. Now it is doubling down on wealthy clients.

The Wall Street giant is increasing lending to its private-wealth clients, individuals and families who on average have \$60 million with the bank. In its trading department, loans to institutional clients, including hedge funds seeking to borrow for stock purchases, are on track to produce the highest revenue in at least three years.

In all, Goldman's loans and lending commitments outstanding, excluding consumer, totaled \$327.5 billion at the end of the third quarter, up about one-third from the same time in 2020.

The firm is looking for ways to diversify its revenue stream beyond dealmaking and trading. Consumer lending was meant to help with that, but the bank has been retreating from that business after incurring billions of dollars in losses from the failed effort. When

Please turn to page B6

NFL Game Sets a Streaming Record

By PATIENCE HAGGIN

The NFL playoff game between the Kansas City Chiefs and Miami Dolphins made history—and not just because it was so cold that one head coach's mustache formed icicles.

The Wild Card game, which aired on the streaming service Peacock, was the most-

streamed U.S. event ever, drawing 23 million viewers, according to **Comcast's** NBC-Universal, Peacock's owner. It also was the largest event ever for internet usage in the U.S., accounting for 30% of web traffic, making Saturday the single highest day of U.S. internet usage in history.

Peacock had exclusive rights to the game, which the

Chiefs won 26-7, except in the teams' home markets, where it was available on local TV—marking the first time that most Americans had to stream a playoff game. For several years, the major networks have streamed their games, but not in place of a national telecast.

For comparison, NBC's primetime Saturday matchup

last year between the Jaguars and Chargers drew about 21 million viewers, according to Nielsen, while NBC's Sunday telecast of a Bengals-Ravens game drew 27 million viewers. The high for last year's Wild Card Weekend was Fox's Giants-Vikings game, which averaged about 33 million viewers.

Please turn to page B2

Coinbase CEO Outlasts His Crypto Rivals

By VICKY GE HUANG

Brian Armstrong has become the new face of crypto.

Coinbase Global, the cryptocurrency exchange he co-founded in 2012, is one of the last big digital-asset companies standing after a string of high-profile collapses and government crackdowns. Armstrong's former rivals—FTX founder Sam Bankman-Fried and Binance founder Changpeng Zhao, who once boasted far greater influence and wealth—are either in jail or facing time behind bars.

Armstrong has continued expanding Coinbase despite the industry slowdown and a long string of unprofitable quarters. As chief executive, he has pushed the company into overseas markets,

launched new products and forged business ties with Wall Street asset managers to try to become less reliant on crypto trading revenue.

Notably, Coinbase is serving as the custodian for eight of the spot bitcoin exchange-traded funds that started trading last week. Its custody arm is responsible for safekeeping the bitcoin and will receive a fee based on the total value of the funds' assets.

Armstrong has become increasingly brash in the face of U.S. regulators' effort to rein in the crypto industry. Armstrong spent significant time in Washington, D.C., last year lobbying for crypto legislation. He hired former lawmakers as advisers and donated more than \$1 million of his personal wealth to a pro-



Brian Armstrong

crypto super political-action committee.

The first test comes on Wednesday when Coinbase will ask a federal court judge to dismiss the lawsuit brought against the company

last year by the Securities and Exchange Commission. The agency sued Coinbase in June for allegedly offering and listing unregistered securities, among other things.

Industry watchers say the request for dismissal is a long shot. The SEC has long argued that most crypto tokens are securities, a category that includes assets such as stocks and bonds. Selling securities to the public without registering them with the SEC makes the issuer liable for violating investor-protection laws. The agency says Coinbase traded at least 13 crypto assets that are securities and should have been registered with regulators before they were issued.

Coinbase called for U.S. Please turn to page B9

INSIDE



BUSINESS NEWS
SpaceX satellites to aid tractor maker
Deere's push to digitalize farming. **B3**



AUTOS
General Motors cites software problems in halting sales of Chevy Blazer EVs. **B4**

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	General Motors.....B4	P
Airbus.....A6	Glenmede.....B6	Pattern Energy Group.....B10
Amazon.com.....B1,B2	Goldman Sachs.....B9	PNC Financial Services Group.....B9
Apple.....B1,B10	GYL Financial Synergies..B1	R
Applied Materials.....B10	H	Reliance Industries.....B9
Armoire.....B3	Hon Hai Precision Industry B10	S
ASML Holding.....B10	Hyundai Motor.....B4	SpaceX.....B3
AT&T.....B2	I	Spirit AeroSystems Holdings.....A6
Axel Springer.....B2	Infineon Technologies...B10	Stellantis.....B4
B	J	STMicroelectronics...B10
Bank of America.....B9	JPMorgan Chase.....B9	T
BMW.....B9	K	Taiwan Semiconductor Manufacturing.....B10
Boeing.....A1	Kia.....B4	Tesla.....B4
BYD.....B10	M	Toyota Motor.....B4
C	Microsoft.....B1	U
Charter Communications B2	Morgan Stanley.....B9	UBS Group.....B1
China Southern Airlines..A1	N	V
Coinbase Global.....B1	Netflix.....B2	Volkswagen.....B9
Comcast.....B1	Nuuly.....B3	W
E	O	Wells Fargo.....B1
Eagle Bulk Shipping.....A1	OnSemi.....B10	
F-G		
Ford Motor.....B4		

INDEX TO PEOPLE

A	G	O
Aboulafia, Richard.....A6	Goldberg, Gerald.....B1	Oxman, Neri.....B2
Ackman, Bill.....B2	Grantham, Jeremy.....B1	P
Armstrong, Brian.....B1,B9	H	Pedersen, Lasse.....B6
Asness, Cliff.....B6	Harmon, Roberta.....A3	R
Aufderhaar, David.....B3	Hindman, Jahmy.....B3	Reid, Jim.....B9
B	Huang, Alexander.....B10	Reynolds, Michael.....B6
Baer, Matt.....B3	J	S
Barra, Mary.....B4	Johnson, Ben.....B6	Schulze, Jeff.....B2
Bond, Allen.....B6	K	T
C	Kalish, Joe.....B1	Tuz, Andriy.....A18
Calhoun, David.....A6	Klingelhofer, Jeff.....B2	W
Carlsson, Peter.....B9	L	Wade, Nathan.....A5
Cordella, Rick.....B2	Lankford, James.....A7	Willis, Fani.....A5
F	Lawler, John.....B4	Y
Fleming, Mike.....A6	M	Yu, David.....A6
Frazzini, Andrea.....B6	Musk, Elon.....B3	

BUSINESS & FINANCE

Axel Springer Stands by Reporting

By ALEXANDRA BRUELL

Business Insider owner Axel Springer said it stands by the publication after reviewing the reporting process behind stories that alleged plagiarism by Neri Oxman, the designer and former Massachusetts Institute of Technology professor who is married to hedge-fund billionaire Bill Ackman.

The German media company said last week it would review the process and motivations behind the recent BI articles. The review came amid complaints from Ackman, in a series of posts on X, about the publication's reporting tactics.

Ackman's concerns included the notion that anti-Zionism was at play in the reporting process, which people at Business Insider rejected.

"We stand by Business Insider and its newsroom," Axel Springer said in a statement.

"There was no unfair bias or personal, political, and/or religious motivation in the pursuit of the stories," Business Insider CEO Barbara Peng said in an internal memo. "The stories were newsworthy and Neri Oxman, who has a public profile as a prominent intellectual and has been a subject of and participant in media coverage, is a fair subject."

Oxman, who is Israeli, was



GARY HE FOR THE WALL STREET JOURNAL

The articles on Neri Oxman angered her billionaire husband.

a professor at MIT's Media Lab for about a decade. BI's reporting on her began with an article that said she didn't use quotation marks when quoting another work in several instances, and paraphrased from a book without a citation. Oxman apologized for those occurrences in a post on X.

A follow-up BI story went deeper, claiming that Oxman had lifted several passages from Wikipedia in her 2010 MIT doctoral dissertation, without citation.

In his posts on X, Ackman said the BI reporting was in retaliation for his role in generating a wave of scrutiny of Harvard University and its leadership. Ackman was one of the earliest critics of how Harvard University's leadership handled students' response to the Oct. 7 Hamas attack on Israel, and allegations of plagiarism against Claudine Gay, who resigned as the university's president earlier this month.

Ackman said BI gave his

communications representative less than two hours to provide a comment for the follow-up article after sending an email with detailed examples of alleged plagiarism by Oxman.

"Business Insider's and [Axel Springer's] liability just goes up and up and up," Ackman posted on X in response to Axel Springer's statement defending the publication and its reporting. "This is what they consider fair, sound, accurate and well documented reporting with appropriate timing."

In a post last week that recounts his communication with leadership at Axel Springer, he made several demands, including that the publication remove stories alleging plagiarism by his wife, create a settlement fund "to compensate all those who have been victimized by BI," and severely punish those responsible for the reporting.

"The process we went through to report, edit, and review the stories was sound, as was the timing," Peng said in the memo. "The stories are accurate and the facts well documented."

Axel Springer's review had dismayed BI staffers, from senior editors to rank-and-file journalists, who thought the parent company shouldn't have gotten involved, the Journal previously reported.

Apple Drops Watch Tool In Dispute

Continued from page B1
manent stay on the U.S. sales ban while it appeals the October trade ruling. The approval from the customs agency will allow the company to maintain sales of its Apple Watch, even if it loses the requested stay.

The Wall Street Journal reported in April that Masimo and a number of other smaller companies alleged Apple copied their technology and used an aggressive legal strategy through the patent system to avoid having to pay them. Apple said at the time that it doesn't steal technology and accused Masimo of copying Apple.

While the removal of the technology may clear the path for uninterrupted future sales, it is one of the first times a health-related feature has been removed from Apple devices due to a patent dispute. The filing doesn't spec-

ify how precisely Apple is removing the feature.

Apple's legal troubles with Masimo highlight the perils of Apple's entry into the health market, with many players who are willing and able to fight Apple over patents.

While the Apple Watch is a tiny portion of Apple's overall business, accounting for about 5% of its fiscal 2023 sales, or about \$18 billion, the device plays an outsize role in the company's growing ambitions in health.

Since the launch in 2015, Apple has continuously added new health-tracking features that have made it by far the bestselling smartwatch.

The Apple-Masimo relationship began in 2013. Apple invited Masimo executives to its headquarters with the intention of learning more about the smaller company's technology and discussing potential integration opportunities.

Those discussions didn't end up progressing. Instead, Apple ended up hiring a number of the company's executives and engineers. At a later trial, documents revealed that Apple discussed the idea of acquiring Masimo but ultimately decided against it.

Sensor maker Masimo accuses the tech giant of infringing its patent.

highest rate-hiking cycle in our recent history, it would lead to the fastest and deepest recession," said Jeff Klingelhofer, co-head of investments at Thornburg Investment Management. "That didn't happen. But just because it didn't happen doesn't mean we're not on target for still a pullback."

Is this year to buy home?

The 30-year fixed mortgage rate peaked near 8% last fall, putting homeownership out of reach for many Americans. It has since fallen to 6.66%, according to mortgage giant Freddie Mac, and should keep dropping if the Fed sticks to its forecasts.

In December, the central bank penciled in three interest-rate cuts this year, and traders in the derivatives market are betting that rates fall even more.

That would offer a respite to would-be home buyers who have been sidelined by high borrowing costs and allow those locked in at higher rates to refinance.

—Alana Pipe contributed to this article.

Watch a Video



Scan this code for a video on how inflation will affect the Fed's decision.



DENNY MEDLEY/REUTERS

Saturday's NFL playoff game between the Kansas City Chiefs and Miami Dolphins drew 23 million viewers on Peacock.

NFL Sets a Streaming Record

Continued from page B1

Livestreaming an event to a large number of people is among the most difficult tasks for media and internet companies. Peacock had to be prepared to handle a surge of signups, as millions of Americans likely discovered in the lead-up to the game that they needed access to the service to watch it. Peacock has already carried many major live programming events, including an NFL regular season game last month.

Comcast didn't disclose how many subscribers Peacock gained on Saturday. The big challenge will be to retain as many new subscribers as possible after the NFL season is over.

Comcast, the largest U.S. internet provider, prepared for weeks to ensure the livestream wouldn't have any technical problems, company executives said. It sought to ensure that other major providers responsible for ferrying internet traffic in the U.S.—such as AT&T, Cox and Charter Communications—would be equally prepared for a usage surge.

The game avoided the fumbles that have plagued some other streaming services when they venture into large-scale livestreaming. When Netflix

tried to stream its long-awaited "Love Is Blind" cast-reunion show last year, it experienced an issue with the livestream.

Netflix filmed the show and released it after a delay of more than an hour.

Some fans grumbled that they would have to pony up for a \$5.99-per-month Peacock subscription to watch the Chiefs-Dolphins game. Others posted jokes on X about having to help their parents set up or access Peacock for the first time.

With 28 million subscribers as of Comcast's last quarterly report, Peacock is relatively small compared to streaming giants such as Netflix and Amazon.com. It has bet heavily on sports to build up its base and, in turn, draw attention to its entertainment offerings. In addition to the NFL, Peacock offers Big Ten college sports, English Premier League Soccer, golf and the Tour de France.

Those sports rights are costly, and are one reason Peacock was expected to lose \$2.8 billion in 2023. Comcast executives have said they expect the losses to decline starting this year.

"Sports is a differentiator to us. Once you're in, you are exposed to everything else," NBC Sports President Rick Cordella recently told The Wall Street Journal, adding that sports can help keep subscribers from canceling. "Sports are sticky."

Peacock expects to have more than 13,000 hours of sports content in 2024, including 4,000 hours of exclusive

live sports. On Comcast's most recent earnings call in October, Chief Executive Brian Roberts said, "We have the most live sports of any of the streaming

services. And I believe that that's a surprise to many people when they learn that."

—Joe Flint contributed to this article.

Four Issues In Market For Investors

Continued from page B1

Many economists have lowered their estimates on the probability of a recession. That is mostly thanks to a decline in inflation, strength in the labor market, cooling wage growth and strong consumer spending.

But Fed policymakers expect the economy to grow at a slower rate this year compared with last and for the jobless rate to rise to 4.1% by the fourth quarter. As their pandemic-era savings are depleted, consumers could pull back on spending as well.

Typically, the effects from monetary-policy tightening take time to filter through the economy. Since the late 1950s, an average of 23 months have passed between the initial rate increase of a hiking cycle to the beginning of an economic downturn, according to Jeff Schulze, head of economic and market strategy at ClearBridge Investments. This hiking cycle started 21 months ago.

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BUSINESS NEWS

Deere Links With Musk's SpaceX to Automate Farming

By BOB TITA
AND MICAH MAIDENBERG

Deere & Co. said it would tap SpaceX's satellite fleet to propel the tractor maker's digital farming push and help automate planting and harvesting in remote locations.

The world's largest manufacturer of farm machinery signed a deal with SpaceX's Starlink business to connect tractors, seed planters, crop sprayers and other equipment in areas that lack adequate internet service, allowing them to use Deere's digital products.

"This takes us a step closer to ubiquitous connectivity anywhere in the world," said Jahmy Hindman, Deere's chief technology officer. "The biggest opportunity for us is to expose existing technologies to more customers."

Illinois-based Deere has been investing billions of dollars in building out computer-assisted services for farmers, including software that allows herbicide sprayers to distinguish crops from weeds and driverless tractors to plow fields.

The agreement shows the growing influence of Starlink, a division of Elon Musk's SpaceX that uses satellites to provide high-speed internet.

Hawthorne, Calif.-based SpaceX didn't respond to requests for comment. Starlink noted the deal with Deere in a post on X, and said the service is ideal for rural locations.

Deere tested satellites for about eight months before settling on Starlink.

SpaceX's ability to build satellites and launch them with its own rockets makes it easier for Starlink to expand its fleet than some of its competitors, Hindman said.

Deere, which sells around 60% of high-horsepower tractors used in the U.S. and Can-

ada, wants to generate 10% of its annual revenue by the end of the decade from software service fees. The company reported \$55.6 billion in equipment sales in its most recent fiscal year.

Deere's digital-farming offerings enable farmers to monitor equipment remotely in their fields, troubleshoot problems without hauling tractors to repair shops and receive real-time data on soil, seeds and planting. Many farmers rely on wireless signals from land-based towers to use these digital services.

But about 30% of the acres farmed in the U.S. lack sufficient Wi-Fi service, according to Deere. Elsewhere in the world, the wireless deficit is even bigger. In Brazil, one of the world's largest producers of soybeans, sugar cane, fruit and other farm commodities, more than 70% of the acres farmed lack adequate connectivity.

Deere said Starlink service will debut in Brazil and unconnected parts of the U.S. later this year, with more countries to follow. The company added that the SpaceX-made antennas, which dealers will install on top of vehicle cabs, will be customized for dusty, rugged conditions.

Farmers' costs for the pizza-box-size antennas and software service haven't been determined yet, Deere said. Farmers that have adequate land-based cellular service gain access to data, monitoring services and software when they buy Deere equipment. The company is working toward charging software fees based on farmers' usage of the programs and updating the software without requiring farmers to buy new equipment.

—Drew FitzGerald
and Alison Sider
contributed to this article.

Apparel Rental Loses Steam

Rent the Runway, Stitch Fix shift their business models to retain customers

By SABELA OJEA

Rent the Runway is betting that clothing from designers Diane von Furstenberg and Jason Wu can get customers to keep their subscriptions. Rival clothing subscription service Stitch Fix is staking its future on private brands.

The different directions are part of companies' bids to stem steep subscriber losses in recent months and declines in their stock-market valuations.

Both companies are struggling to convince Americans to make monthly payments of roughly \$90 to \$240 for rented clothes, with many of their consumers also complaining about a lack of diversity in styles and sizes, and availability of outfits. Executives say their problems are fixable, and are rethinking what inventory to carry to keep shoppers engaged.

"Our subscriber base didn't decline because of an uncertain economic backdrop, but because we didn't have the right inventory levels for our customers," Rent the Runway Chief Executive Jennifer Hyman told The Wall Street Journal in an interview.

Consumers initially embraced paying for a subscription to rent designer clothes for the office and special events. Subscribers also could avoid stores by having a box of outfits, picked by a professional stylist, delivered to their home.

However, more than three years after Covid-19 reordered the retail landscape, Rent the Runway and Stitch Fix continue to fight the effects that working from home has had on fashion preferences.

Tailwinds that were expected to help the businesses—more people shopping online and being interested in sustainability—haven't translated into



A worker retrieves clothing from the steam tunnel at Rent the Runway's Secaucus, N.J. facility.

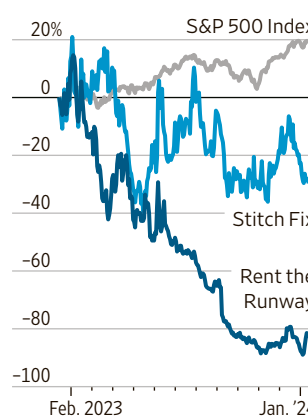
consistent profits. At the same time, newer entrants like Nuuly and Armoire have sought to siphon away their current and former customers.

Rent the Runway was founded in 2009 as an online platform for one-time formal attire rentals and switched to a subscription-based model in 2016. The business struggled through the pandemic and recently said it would cut about 10% of corporate jobs and that its operating chief would step down. The moves would save \$13 million a year. It had already cut its marketing budget and delayed \$66 million in debt payments to bolster its cash position.

Since its inception, it has served about three million customers, but had just under 132,000 active subscribers as of Oct. 31. Shares of Rent the Runway trade for 69 cents, down about 97% since the company's initial public offering in 2021.

Hyman expects the company's financial recovery efforts, coupled with internal data pointing to women seeking more-sophisticated clothing, to help it return to subscriber growth in 2024. The company also is enhancing its resale channel and text-mes-

Share and index performance, past 12 months



Source: FactSet

sage-based styling services, as well as one-time rentals through a luxury collection featuring brands like Oscar de la Renta.

Stitch Fix spent much of 2023 assessing the business in a bid to return to profitability. It shed a chunk of its staff, wound down its U.K. operations and closed two fulfillment centers. Former Macy's executive Matt Baer took over as CEO in June, after Elizabeth Spaulding left the company early last year.

Stitch Fix stylists are pick-

ing more outfits from private brands, which typically are cheaper to purchase. Private brands generate higher profit margins and represent nearly 50% of total sales, up from about one-third in recent years, the company has said.

The styling-services company reported nearly three million active clients as of Oct. 28, down roughly half a million from a year earlier. It expects to generate less revenue per active client in the coming months. "It's one of those things that's going to take a little bit for us to see that come through in the overall metrics," Stitch Fix's finance chief David Aufferhaar said.

Stitch Fix shares have lost around 75% of their value since the company's 2017 IPO.

Analysts don't expect the companies to return to profitability in the next few years, and they say it is going to be hard for them to gain subscribers in the current economic environment.

"It's the most expensive subscription apart from Peloton and Netflix, so these companies need to drive more value to the consumer," said Edward Yruma, analyst at Piper Sandler.

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GM Encounters More EV Growing Pains

Automaker has halted Chevrolet Blazer sales, citing software problems

By MIKE COLIAS

As one of the nation's first owners of **General Motors'** new electric Chevrolet Blazer, James Hattin was loving the SUV—before the problems began.

On a trip from the mountains back to his home in Burbank, Calif., he and his wife heard weird clicking noises coming from the dashboard. A short time later, the cruise control went out. A few days after that, in his driveway, the car's screens went blank and the car wouldn't start.

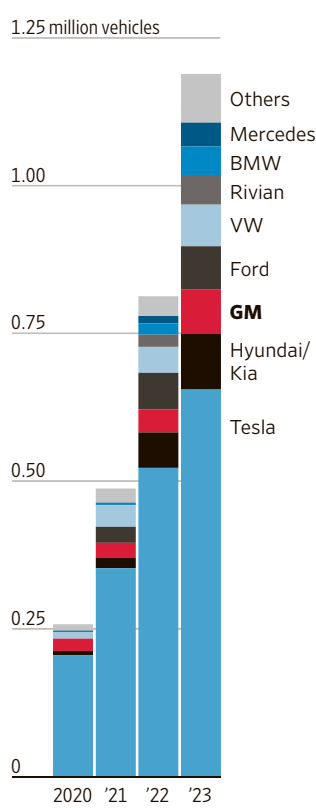
"My dad always told me not to buy the first model year of a new car," said Hattin, a 53-year-old owner of a visual-effects company. "And I bought literally one of the first ones, which is the least smart thing to do."

GM instructed Chevrolet dealers late last month to stop selling the Blazer, while it sought to address certain software-quality issues that have frustrated buyers and auto reviewers alike. The company hasn't given a time frame for when it might have a fix and continues to build the Blazer at its plant in Mexico, a spokesman said.

The Blazer's turbulent rollout is the latest setback as Chief Executive Mary Barra tries to establish the company as an EV player and close the gap on **Tesla**. It also illustrates the wider challenges many car companies face in mastering the fickle battery systems and sophisticated software needed for electric cars.

Among its global rivals, GM made one of the earliest and most-definitive moves toward electric cars. In early 2020, it outlined plans for a new battery system, called Ultium, which the company has said will serve as the backbone for

U.S. electric-vehicle sales



Note: Based on KBB estimates. Source: Kelley Blue Book



A 2024 Chevrolet Blazer sport-utility vehicle at the 2023 New York International Auto Show last April.

EV models of various shapes and sizes.

But in recent years it has encountered manufacturing delays and other technical obstacles as it has introduced its first Ultium-based models, including the GMC Hummer pickup truck and SUV and Cadillac Lyriq SUV. The challenges have slowed their rollout to consumers and allowed some rivals, such as **Hyundai Motor** and its sibling carmaker **Kia**, to jump ahead in EV sales. The launch of another GM electric SUV, the Chevy Equinox, was delayed by a few months into the spring to allow more time to refine its software, Barra told analysts in October.

GM has blamed the delays on problems with automated equipment used to sort and package individual battery cells. Executives have said those problems should be

solved in the first half of the year.

The Blazer got off to a good start when it was released in the fall, with a starting price around \$57,000. MotorTrend magazine named it the best SUV of 2024, gas or electric.

But reports soon popped up on social media of the screens going blank and the car failing to take a charge. Research site Edmunds reported last month that it experienced 23 problems with its Blazer EV during two months of testing, including inoperable window switches and trouble with the infotainment system.

The Detroit automaker isn't the only one stumbling with new electric-vehicle rollouts. The barrage of battery-powered models hitting showrooms are arriving with more bugs and glitches than conventional gas-powered models, surveys show. The troubles,

which range from charging failures to problems with electric motors and software malfunctions, could damp EV adoption as carmakers seek to scale factories and get a return on their huge investments into battery-propelled cars.

A November survey by Consumer Reports found owners of EVs from the past three model years reported 79% more problems compared with internal-combustion-engine cars. Among the troubles reported were problems with charging, batteries and electric motors on models from several major brands.

Tesla owners reported fewer of those problems relative to competitors, but the EV-sales leader drew owner complaints for issues with paint, trim and climate controls, the magazine said.

Jake Fisher, the magazine's senior director of auto testing,

said buyers should always expect more issues from new-vehicle entries, but especially as carmakers make the complex switch to batteries and motors, from engines and transmissions.

Fisher said he experienced trouble with an overnight charge of Hyundai's Genesis GV60 SUV. The vehicle stopped taking a charge after about 20 minutes, leaving him with a nearly depleted battery the next morning.

A spokesman for Genesis, Hyundai Motor's luxury brand, said the company was aware of a charging issue on a preproduction GV60 used in an early evaluation by Consumer Reports. A software update fixed the problem, which hasn't been detected in GV60 models being sold to the public, the carmaker said.

The rise in problems reported by EV owners goes be-

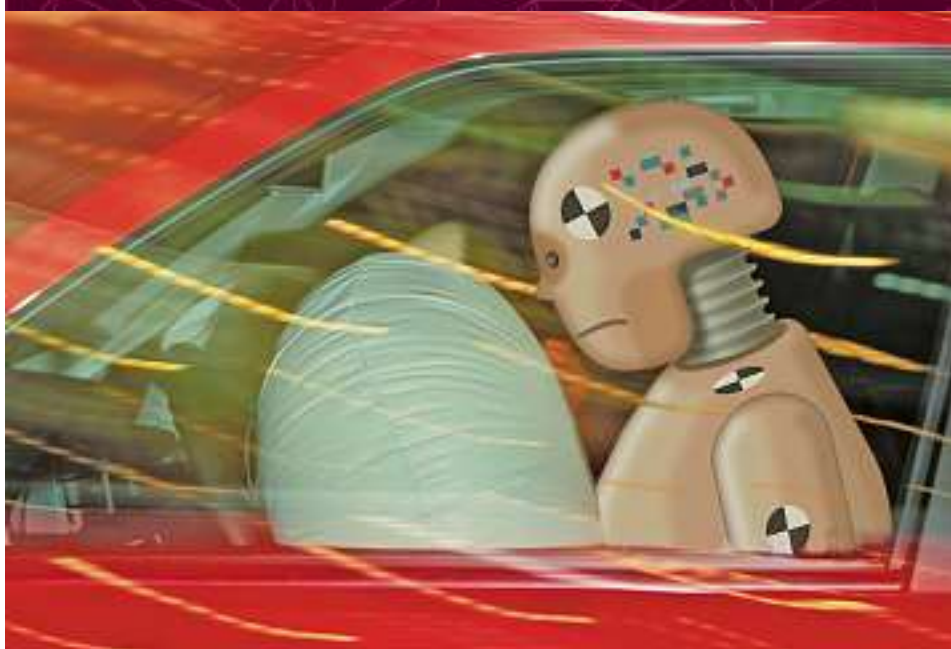
yond the electric system that propels the car. Carmakers are equipping most of their EV entries with their latest software and multimedia systems, which exposes them to more potential mishaps as they try to refine the technology, Fisher said.

"If all these new EVs continue trying to be just like Tesla and have all the latest high-end technology, they are going to be problematic," he said.

Chevy dealer David Ferraez said he only has one Blazer EV held up by the stop-sale order but has a few dozen scheduled for delivery to his metro New York store. He said interest in EVs has fallen off in recent months, and he isn't sure how the Blazer EV's problems might affect demand once his shipment arrives.

"I guess I'll find out sooner or later," he said.

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Robots Look Better to Detroit As Labor Costs Rise Further

By NORA ECKERT

Automakers are looking to an old friend to help offset rising labor costs: robots.

For decades, car companies have increased automation inside their factories. Now, auto executives are looking more closely at this approach, to address a rising labor bill and take advantage of more sophisticated technology.

Competition from relative newcomers like **Tesla**, which has been more aggressive in deploying this factory technology, also is nudging more traditional auto manufacturers in this direction.

On a recent investor call, **Ford Motor** finance chief John Lawler pointed to "opportunities in automation" when asked about how the company plans to cover the cost of its new labor contract. He also cited other possible offsets, such as reducing the complexity of Ford's vehicles.

While automakers have been moving to automation for some time, rising labor costs are poised to accelerate the adoption of such technologies, said Laurie Harbour, president of Michigan manufacturing consulting firm Harbour Results. "Automation is the future. More so than we've ever seen," she said.

United Auto Workers members approved a labor contract in late 2023 with Ford, **General Motors** and Jeep maker **Stellantis** that included a record 25% wage increase over four years and marked the sharpest labor-cost increase for the companies in recent memory.

The effect from the deals in Detroit quickly rippled through the industry, with **Toyota Motor**, **Hyundai Motor** and other nonunionized automakers increasing wages to stay competitive.

Detroit executives have said the contracts were richer than they had planned for, and they are strategizing ways to blunt the increased costs. Ford said the new terms would add about \$900 in cost per vehicle



A robot with a 2023 Chevrolet Bolt EV at a GM facility.

by the time the contract expires in early 2028. GM executives pegged the hit from richer labor contracts during that period at roughly \$500 a vehicle.

A spokesman for GM said the company will continue to use technology to help its team members increase productivity and make work environments safer. Stellantis, Ford and the UAW declined to comment.

The auto industry is a top consumer of robots, according to the International Federation of Robotics. The global automotive industry installed 136,000 new industrial robotic units in 2022, the federation found.

Tesla has been a leader in factory robotization, putting pressure on competitors to follow suit. Last year, executives at the world's most valuable automaker said introducing more automated equipment was a crucial tool in its goal to cut the cost of making future models by 50%.

Dozens of new battery factories and electric-vehicle plants in the works will open the door to broader use of high-tech systems, analysts say. It is easier and less costly to install robots in a new facility versus retrofitting an existing one.

Plus, it is more streamlined to have updated systems that "speak" to each other smoothly, as opposed to popping in a new machine among older ones.

Automakers are likely to in-

roduce more robots and other forms of automation over time, replacing workers as they retire, rather than displacing swaths of their current workforce.

"The mode of operation for decades now is 'ride the attrition curve,'" said Jim Schmidt, a vice president in consulting firm Oliver Wyman's automotive practice, based in Detroit.

The trend is making the UAW and its members nervous about the prospect of machines replacing jobs.

"There's robots in every factory," UAW President Shawn Fain said on a livestream with Sen. Bernie Sanders (I, Vt.) last year. "The companies have used technology as a way to cut jobs instead of interjecting robots and technology to make our jobs easier."

There are varying views on how extensive auto-industry automation will become in the next decade, and many analysts point out that other strategies—such as streamlining the production process by offering fewer vehicle options—can have larger cost savings.

Additionally, whatever machines gain in terms of productivity can be zeroed out by the needed personnel to fix or program robots, some academics say. Humans are sometimes better at completing precise tasks that require visual judgment and the ability to nimbly adjust equipment.

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BUSINESS & FINANCE

Investors Search for Quality

Continued from page B1 had paid off.

“Our theory was that historically, when the economy is slowing down or going into contraction, higher-quality companies would have higher credit ratings and stronger balance sheets,” he said. “Wider moats around their business tend to perform better on a relative basis in comparison to those that are of lower quality.”

The iShares MSCI USA Quality Factor exchange-traded fund gained 29% in 2023, according to FactSet, ahead of the S&P 500’s 24% climb. It lagged behind the index’s 19% decline in 2022, falling 22%.

Some research shows that quality stocks do provide better returns after accounting for risk. A 2013 paper by AQR Capital Management’s Cliff Asness, Andrea Frazzini and Lasse Pedersen, found that de-



Steady performers like Coca-Cola are again favorites among asset managers looking for quality stocks.

spite the higher costs, there are “strong and consistent abnormal returns to quality,” and that a strategy of betting on quality stocks and against shares of weaker companies would earn significant returns in the U.S. and elsewhere.

Allen T. Bond, head of re-

search at Jensen, said quality companies create value through sustainable competitive advantages, growth and financial strength. He also looks for flexibility—things such as free-cash-flow generation and opportunities for investment in new initiatives.

“We don’t always look for explosive growth when we’re focusing on quality businesses, but we want attractive long-term growth, and more importantly for us is growth that we think is predictable,” he said.

Lately, those have included

some of the Magnificent Seven tech companies—**Alphabet**, **Amazon.com**, **Apple**, **Meta Platforms**, **Microsoft**, **Nvidia** and **Tesla**—that powered much of last year’s stock-market rally. Several of those number among the biggest holdings in the iShares ETF.

Lending To Wealthy Increases

Continued from page B1

Goldman reports fourth-quarter and full-year earnings on Tuesday, it is expected to highlight growth in nonconsumer lending at a time when deal-making is depressed.

Lending to big clients has long been seen largely as a way to get other business from them. While that remains the case, Goldman also is interested in generating more net interest income at a time of elevated rates.

Some of the lending increase is being funded by deposits from savings accounts, a portion of the abortive con-

sumer push that the bank plans to stick with. It had accumulated \$150.6 billion of consumer deposits at the end of the third quarter compared with \$120 billion at the end of 2022.

More lending comes with risk, including that of higher defaults. Goldman says that nearly all of the lending is secured by borrowers’ investments, but losses could mount if there is a big drop in the value of the collateral or if there is a recession. Banks suffered billions in losses, for example, when Archegos Capital Management, which had borrowed heavily to buy stock, imploded in 2021. Goldman largely sidestepped those losses.

Lending more to the wealthy is a linchpin of the new strategy.

In recent weeks, Goldman rolled out a new kind of loan to rich clients of its asset- and

wealth-management division. The loans allow people to borrow against the value of their investments in certain private-equity, private-credit and other illiquid funds.

Clients can use the loans for pretty much anything, whether buying mansions or art or investing in more private funds with Goldman or other institutions.

The loans are critical to Goldman’s plans to boost revenue in asset and wealth management, which Chief Executive David Solomon is counting on to become a bigger source of revenue and profit.

“This one is particularly strategic,” Nishi Somaiya, global head of private banking

and lending, said of the push to lend more to the ultrarich. “It hits all the things that are really important to us.”

Revenue from private banking and lending to wealthy clients increased 12% during the first nine months of last year from the same period in 2022.

Goldman Sachs is looking for way to diversify its revenue stream.

In Goldman’s sprawling trading business, revenue from equities financing was higher during the first nine months of 2023 than it was during the same period in each of the prior three years—the furthest back Goldman discloses such figures—boosted by increased lending and the stock-market rally.

Equities lending and trading sat on different floors until 2019, shortly after Solomon

and president John Waldron took over and insisted that they move next to each other. The directive came as part of their companywide initiative to encourage employees—in part through bonuses—to direct business to other units of the bank.

A swath of loans are originated under what Goldman refers to as FICC financing.

They include capital-call loans, which advance private-equity and other investment firms cash to make investments while they wait for their own investors to fulfill their commitments.

Regional banks were big in the business, and the banking crisis last year created an opening for large banks to grab more market share.

Goldman recently acquired \$15 billion of capital-call commitments, including about \$9 billion of outstanding loans, that belonged to Signature

Bank before regulators seized it last year. Goldman also is lending more to private-equity firms that are borrowing against their investments. Demand for these loans has been rising as private companies have held off on going public until valuations improve and as private-equity firms look for ways to return cash to their investors.

And even though the bank is bidding adieu to lending directly to consumers, it has been extending more credit lines to nonbank lenders that specialize in loans consumers use. Goldman over the past year has been providing more financing to **UWM Holdings**, which works with mortgage brokers, and tried to strike a deal with Rocket Mortgage, according to people familiar with the matter. UWM and Rocket Mortgage are among the largest players in U.S. mortgage lending.

Others caution that what makes something quality can be hard to grasp. Morningstar analyst Ben Johnson in 2019 wrote that quality “may be the fuzziest factor you will find in the investing world,” and investors might do best using it to enhance their broader portfolio, perhaps through funds that include several investing factors.

“Price matters—perhaps more than anything else,” he wrote. Michael Reynolds, vice president of investment strategy at **Glenmede**, said his firm has taken a tilt toward quality. Despite economists’ optimistic outlook on U.S. growth, fears of a recession remain elevated, he said.

“We look at the past five or six bear markets, and quality has outperformed as a factor, and quality stocks tend to be solid performers in periods of market stress around recessions,” he said.

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CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-end funds generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: Lipper

Friday, January 12, 2024

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes General Equity Funds like Adams Diversified Eq Inc, Central Secs, Cohen's Strategic, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Specialized Equity Funds like abrdn Gbl Prem Prop, abrdn Gbl Infra, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes U.S. Mortgage Bond Funds like BlackRk Mortgage BKT, Investment Grade Bond Funds like Angel Aok FS Inc, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes U.S. Mortgage Bond Funds like Calamos Strat Tot, Cohen's Strategic, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes High Yield Bond Funds like abrdn Inc Credit Str, AllianceBernHilnc, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes Other Domestic Taxable Bond Funds like Allspring Multi-Sector, Apollo Tactical Income, etc.

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret. Includes International Equity Funds like abrdn Gbl Prem Prop, abrdn Gbl Infra, etc.

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Key Interest Rates

Data delayed due to holiday.

New to the Market

Public and Private Borrowing

Treasuries

Tuesday, January 16 Wednesday, January 17

Auction of 13 and 26 week bills; announced on January 11; settles on January 18

Auction of 17 week bill; announced on January 16; settles on January 23

Thursday, January 18

Auction of 10 year TIPS; announced on January 11; settles on January 31

Auction of 4 and 8 week bills; announced on January 16; settles on January 23

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company.

KEY: B: beneficial owner of more than 10% of a security class CB: chairman CEO: chief executive officer CFO: chief financial officer CO: chief operating officer D: director DO: director and beneficial owner GC: general counsel H: officer, director and beneficial owner I: indirect transaction filed through a trust, insider spouse, minor child or other O: officer OD: officer and director P: president UT: unknown VP: vice president Excludes pure options transactions

Biggest weekly individual trades

Based on reports filed with regulators this past week

Table with columns: Date(s), Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$ in transaction), \$ Value (000s), Close (\$ Ytd (%)).

Buyers

Table with columns: Date, Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$ in transaction), \$ Value (000s), Close (\$ Ytd (%)).

Sellers

Table with columns: Date, Company, Symbol, Insider, Title, No. of shrs in trans (000s), Price range (\$ in transaction), \$ Value (000s), Close (\$ Ytd (%)).

* Half the transactions were indirect ** Two day transaction p - Pink Sheets

Buying and selling by sector

Based on actual transaction dates in reports received this past week

Table with columns: Sector, Buying, Selling, Sector, Buying, Selling.

Borrowing Benchmarks

wsj.com/market-data/bonds/benchmarks

Money Rates

January 15, 2024

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Table with columns: Inflation, Dec. index, Chg From (%), level, Nov. '23, Dec. '22.

Table with columns: U.S. consumer price index, Latest, Week ago, High, Low.

Table with columns: International rates, Latest, Week ago, High, Low.

Table with columns: Prime rates, U.S., Canada, Japan.

Table with columns: Policy Rates, Euro zone, Switzerland, Britain, Australia.

Table with columns: Overnight repurchase, U.S.

Table with columns: U.S. government rates, Discount.

Table with columns: Inflation, Dec. index, Chg From (%), level, Nov. '23, Dec. '22.

Table with columns: U.S. consumer price index, Latest, Week ago, High, Low.

Table with columns: International rates, Latest, Week ago, High, Low.

Table with columns: Prime rates, U.S., Canada, Japan.

Table with columns: Policy Rates, Euro zone, Switzerland, Britain, Australia.

Table with columns: Overnight repurchase, U.S.

Table with columns: U.S. government rates, Discount.

Cash Prices

wsj.com/market-data/commodities

Monday, January 15, 2024

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: Energy, Monday, Friday.

Table with columns: Metals, Monday, Friday.

Table with columns: Gold, per troy oz, Monday, Friday.

Table with columns: Silver, troy oz, Monday, Friday.

Table with columns: Other metals, Monday, Friday.

Table with columns: Fibers and Textiles, Monday, Friday.

Table with columns: Food, Monday, Friday.

Table with columns: Energy, Monday, Friday.

Table with columns: Metals, Monday, Friday.

Table with columns: Gold, per troy oz, Monday, Friday.

Table with columns: Silver, troy oz, Monday, Friday.

Table with columns: Other metals, Monday, Friday.

Table with columns: Fibers and Textiles, Monday, Friday.

Table with columns: Food, Monday, Friday.

Other Domestic Taxable Bond Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

Convertible Sec's. Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

Single State Municipals

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

Global Equity Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

Specialized Equity Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

Income & Preferred Stock Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

Other Domestic Taxable Bond Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

Convertible Sec's. Funds

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Other Domestic Taxable Bond Funds

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Convertible Sec's. Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

Single State Municipals

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

Global Equity Funds

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Specialized Equity Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

Income & Preferred Stock Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

World Equity Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

World Equity Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

World Equity Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

World Equity Funds

Table with columns: Fund (SYM), NAV, Close, Disc, Prem, Ttl, Ret.

Sources: Refinitiv; Dow Jones Market Data

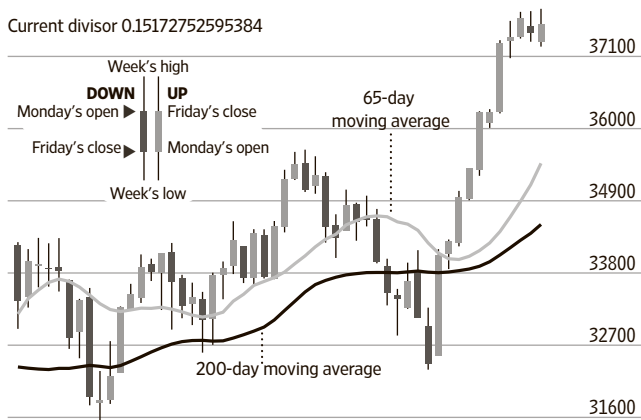
Sources: Refinitiv; Dow Jones Market Data

KEY TO CODES: A=ask B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra, Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Postland Publishing; R=SNL Energy; S=Platts-TSI; T=Gotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=interannual quoted or inferred; Z=not quoted. *Data as of 1/11

MARKETS DIGEST

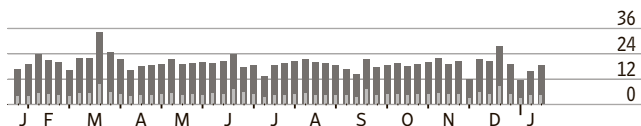
Dow Jones Industrial Average

37592.98 ▲126.87, or 0.34% last week
Trailing P/E ratio 26.61 22.11
P/E estimate * 20.77 18.78
High, low, open and close for each of the past 52 weeks
Dividend yield 1.96 2.01
All-time high 37710.10, 12/28/23



Current divisor 0.15172752595384
Week's high, Monday's open, Friday's close, Week's low, 65-day moving average, 200-day moving average

NYSE weekly volume, in billions of shares



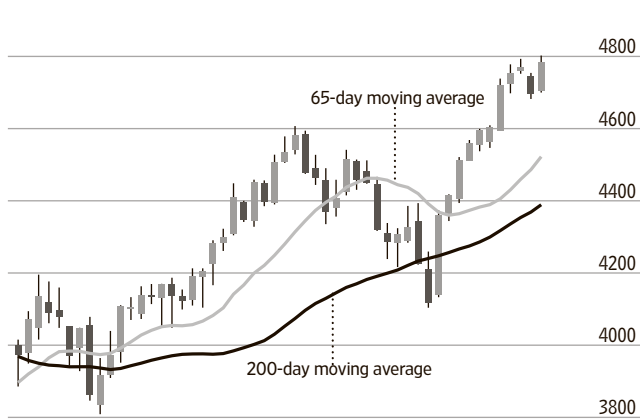
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc. †Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

Table with columns: Index Name, High, Low, Latest Week Close, Net chg, % chg, 52-Week Close, High, % chg, YTD % chg. Includes Dow Jones, Nasdaq Composite, S&P 500, and other indexes.

S&P 500 Index

4783.83 ▲86.59, or 1.84% last week
Trailing P/E ratio * 21.82 19.15
P/E estimate * 21.57 17.37
High, low, open and close for each of the past 52 weeks
Dividend yield * 1.50 1.72
All-time high 4796.56, 01/03/22



Current divisor 0.15172752595384
Week's high, Monday's open, Friday's close, Week's low, 65-day moving average, 200-day moving average

QR code and text: Scan this code to get real-time U.S. stock quotes and track most-active stocks, new highs/lows, mutual funds and ETFs. Available free at WSJMarkets.com

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

None expected this week

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Table with columns: Lockup expiration, Issue date, Symbol, Offer price(\$), Offer amt (\$ mil), Through Friday (%), Lockup provision. Lists companies like Cadrenal Therapeutics, Janover, Earlyworks, etc.

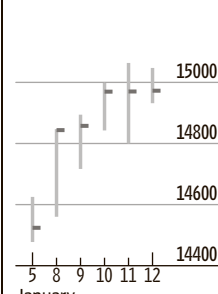
IPO Scorecard

Performance of IPOs, most-recent listed first

Table with columns: Company, SYMBOL, Friday's close(\$), Offer price, % Chg From IPO date, Offer price, Friday's close(\$), Offer price, % Chg From IPO date. Lists companies like SDHC, NB Bancorp, Iron Horse Acquisitions, etc.

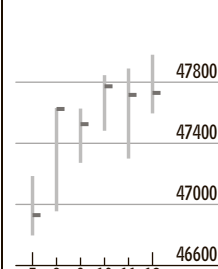
Nasdaq Composite

▲448.69, or 3.09% last week



DJ US TSM

▲800.02, or 1.70% last week



A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 126.87 points, or 0.34%, on the week. A \$1 change in the price of any DJIA stock = 6.59-point change in the average.

Table showing percentage change in stock prices for various companies over the week. Includes Walmart, Amazon, Microsoft, etc.

International Stock Indexes

Table with columns: Region/Country, Index, Close, Net chg, % chg, YTD % chg. Lists indexes like MSCI ACWI, STOXX Europe 600, Nikkei 225, etc.

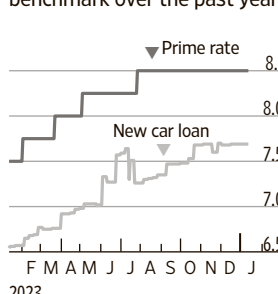
Commodities and Currencies

Table with columns: Commodity/Currency, Monday Close, Net chg, % Chg, YTD % chg. Lists items like Crude oil, Gold, U.S. Dollar Index, etc.

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



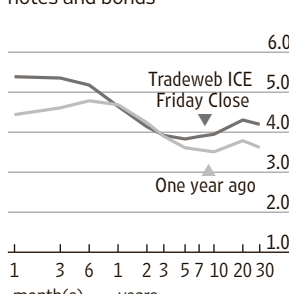
Selected rates

Table listing rates for New car loan, Bankrate.com avg, First Command Bank, etc.

Benchmark Yields and Rates

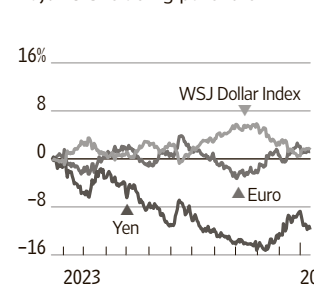
Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Interest rate

Table with columns: Interest rate, Yield/Rate (%), Last, 52-Week Range, 3-yr chg. Lists Federal-funds rate target, Prime rate, SOFR, etc.

Corporate Borrowing Rates and Yields

Table with columns: Bond total return index, Yield (%), Spread +/-, Total Return. Lists U.S. Treasury, Aggregate, Fixed-Rate MBS, etc.

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Table with columns: Country/currency, Mon in US\$, YTD chg per US\$, Country/currency, Mon in US\$, YTD chg per US\$. Lists Argentina, Brazil, Canada, etc.

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MARKETS

Japan, India Stocks Log Historic Highs

Goldman Sachs and Morgan Stanley are due to post results after market holiday

By Joe Wallace

Stock benchmarks in two of Asia's largest economies climbed to historic highs, while U.S. equity and bond markets were shut for Martin Luther King Jr. Day. Bank earnings and economic data later this week could give clues about the Federal Reserve's next steps. The stock and bond markets will reopen Tuesday. U.S. stock futures wavered Monday.

Gains for Indian tech stocks and shares of conglomerate Reliance Industries pushed the S&P BSE Sensex up more than 1% to a record close. Strong economic growth has ignited the Indian stock market in recent months.

MONDAY'S MARKETS

Against that backdrop, Armstrong boost his crypto-influence campaign. In September, Coinbase brought in more than 50 crypto executives and entrepreneurs to Washington for what was billed as a grassroots campaign for crypto legislation. Armstrong walked with the participants to Capitol Hill for meetings with their congressional representatives. They warned lawmakers that America risks falling behind on innovation and losing jobs to other countries if it doesn't soon enact clear rules for the crypto industry. Coinbase spent \$2.2 million on lobbying in the U.S. last year, according to OpenSecrets, a nonpartisan group that tracks political contributions. Among those who joined Coinbase as an adviser is former Republican Sen. Pat Toomey of Pennsylvania, who was one of the crypto industry's most outspoken proponents during his time on the Senate Banking Committee. Other Washington insiders including former Reps. Tim Ryan (D., Ohio) and Sean Patrick Maloney (D., N.Y.), former Democratic strategist Chris Lehane and Democratic pollster John Anzalone

Japan's Nikkei 225 rose for a sixth consecutive day, hitting another multidecade peak. One factor driving it up is the expectation that the Bank of Japan will maintain super-loose monetary policy. That could weigh on the yen, which boosts export earnings for Japanese companies. At midday Tuesday, the Nikkei was down 0.3%, Hong Kong's Hang Seng Index was down 0.9% and South Korea's Kospi was off 0.8%. S&P 500 futures fell 0.3%.

European stocks slipped, under pressure from shares of resources companies and retailers. Data showed that Germany's economy contracted in 2023, hurt in part by weakening global demand for its industrial goods. The Stoxx Europe 600 fell 0.5%, its fourth loss in five trading days. Benchmark crude oil futures ticked lower, settling just above \$78 a barrel. Energy analysts are focused on hostilities in the Red Sea and tension in other Middle Eastern

waterways. U.S. Central Command said a Houthi missile hit a U.S. bulk carrier off the coast of Yemen on Monday. Fourth-quarter earnings season will pick up speed this week, giving investors insights into the health of American corporations and the broader economy. Goldman Sachs, Morgan Stanley and PNC Financial Services are due to file results on Tuesday. Last week, earnings from large banks including JPMorgan Chase and Bank of America suggested that consumers and businesses remained on surprisingly strong financial footing in 2023.

This week, the main event on the economic front is likely to be retail sales data on Wednesday, said Deutsche Bank strategist Jim Reid. Bitcoin ended a three-day run of losses, the cryptocurrency at one point rising above \$43,000. It traded a bit below that level as of 5 p.m. Eastern time.

Crypto CEO Outlasts His Rivals

Continued from page B1

regulators to draft clear rules for governing the crypto industry. It argues the SEC, under Gary Gensler, is taking an "enforcement-only approach" to set the law on a case-by-case basis. And that strategy hasn't always worked: Gensler's approval of the new bitcoin ETFs last week, prompted in large part by a legal setback in another lawsuit, was a notable loss for the agency. Assuming the judge allows the SEC's suit to go forward, the company could litigate it into 2025 or longer before any trial is held, Paul Grewal, Coinbase's chief legal officer, said in an interview. "The case is very unlikely to be dismissed," said Lisa Braganca, a lawyer who worked as an SEC enforcement branch chief. "Coinbase is saying that the types of coins it lists on its platform are not securities, and that is going to be very hard for them to prove."

If Coinbase loses the case, regulators could force a separation of its exchange, brokerage and clearing businesses. The company risks having to delist the tokens in question and halt its staking program, which allows investors to earn interest on their crypto assets. About one-third of the company's revenue is at stake, according to Mizuho Securities analyst Dan Dolev.

Coinbase has struggled to turn a profit after crypto prices plunged in the wake of the industry scandals. It posted its seventh consecutive quarterly loss in November, and its market share declined, according to crypto-data provider CCData. It is trying to find new ways to make money and expand its business beyond the U.S., where it generated more than 80% of its 2022 revenue.

Analysts have cast doubt on the moneymaking potential of Coinbase's custodial-fee business, which generated about \$50 million in revenue for the first three quarters of 2023 and is known for its low margins. A fee war has broken out among the asset managers offering the new spot bitcoin ETFs—and over the longer term, that could eat into the revenue for Coinbase's custody business. The advent of the funds could backfire for Coinbase if they become too popular among investors who opt to buy bitcoin via ETFs instead of using the exchange's platform. The excitement surrounding the funds has sent bitcoin

prices rallying anew. They are hovering around \$43,000, up from \$17,000 in January last year. Coinbase's shares soared last year, too, quadrupling to top \$170 and giving the company a market value of over \$40 billion. That was a far cry from the stock's 2021 peak above \$350.

Against that backdrop, Armstrong boost his crypto-influence campaign.

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Armstrong walked with the participants to Capitol Hill for meetings with their congressional representatives. They warned lawmakers that America risks falling behind on innovation and losing jobs to other countries if it doesn't soon enact clear rules for the crypto industry.

Coinbase spent \$2.2 million on lobbying in the U.S. last year, according to OpenSecrets, a nonpartisan group that tracks political contributions.

Among those who joined Coinbase as an adviser is former Republican Sen. Pat Toomey of Pennsylvania, who was one of the crypto industry's most outspoken proponents during his time on the Senate Banking Committee. Other Washington insiders including former Reps. Tim Ryan (D., Ohio) and Sean Patrick Maloney (D., N.Y.), former Democratic strategist Chris Lehane and Democratic pollster John Anzalone

joined Coinbase's global advisory council.

Fairshake, the pro-crypto super PAC supported by Armstrong, has spent more than \$1.2 million on TV ads supporting House candidates and raised \$78 million to support pro-crypto candidates in this year's elections.

To many in the industry, the 40-year-old Armstrong is filling the void left by Bankman-Fried, who served as the crypto industry's primary ambassador to U.S. lawmakers and regulators before FTX's collapse. Bankman-Fried and former FTX executives donated more than \$70 million to election campaigns between 2020 and 2022.

"When Sam went down, there was a vacuum," said Adam Jackson, chief executive of Braintrust, a decentralized professional network and a portfolio company of Coinbase's venture arm. "Brian stepped in and attempted to bring back credibility to the space."

Bankman-Fried was convicted in November of stealing billions of dollars from customers of FTX, which filed for bankruptcy a year prior. Weeks later, Zhao, who built Binance into the world's largest crypto exchange, stepped down as CEO and pleaded guilty to violating U.S. anti-money-laundering requirements. He faces up to 18 months in prison. Binance is a shell of its former self and fighting its own case versus the SEC. Unlike with Zhao and Binance, the agency's suit against Coinbase didn't name Armstrong as a defendant or accuse the company of mishandling customer funds.

Alesia Haas, Coinbase's chief financial officer and a confidant of Armstrong, said the company is conducting business as usual as it continues to battle the SEC. "We are preparing the company for a variety of scenarios," she said.

Global Battery Race Heats Up as EU Startup Raises Billions in Funds

By Amrith Ramkumar and William Boston

One of the world's most valuable battery startups is raising \$3.4 billion in debt from the European Union and a group of banks including JP Morgan Chase, accelerating a race to build more batteries outside China and take advantage of a tidal wave of clean-energy subsidies.

Europe's Northvolt plans to use the funding to grow battery production at a giant factory in northern Sweden for customers such as Volkswagen and BMW. It also plans to expand a recycling facility next door that will convert scrap metal and old batteries into reusable battery materials.

The funding is one of the largest transactions for a clean-energy company in recent years. It highlights a push from investors and policymakers to channel billions of dollars into making batteries that can power electric cars and store energy when the wind isn't blowing and sun isn't shining to speed the shift away from fossil fuels. China controls swaths of the battery supply chain from metals processing to cell assembly, a concern for western countries that are throwing billions of dollars in tax credits, loans and grants at companies to kick-start their own supply chains.

The 2022 U.S. climate law has driven other countries to bolster their own subsidies to attract clean-energy investments. The European Union's investment bank has now contributed close to \$1 billion toward Northvolt's Sweden factory, part of its push to establish a homegrown battery company. "Many countries have recognized that this is a critical infrastructure piece in the green transition," Peter Carlsson, Northvolt's chief executive and a former Tesla supply-chain manager, said in an interview.

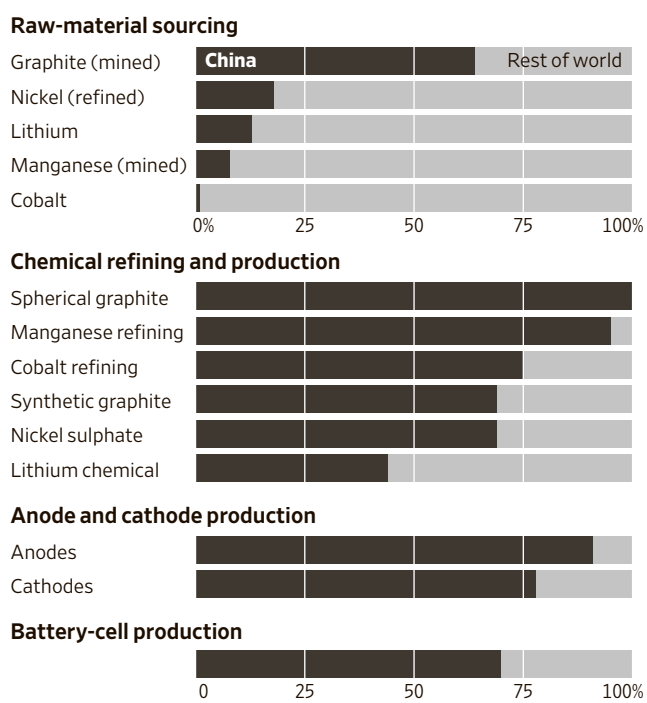
Northvolt is also refinancing \$1.6 billion in debt that it had raised previously. The company is boosting battery production at its factory near the Arctic Circle in the next few years with the intention of making enough batteries annually to power several hundred thousand cars.

One of Northvolt's selling points is that it runs its factories on renewable power. That has helped fuel some \$55 billion in battery orders from big European automakers. Recycling battery materials back into the supply chain to reduce emissions has become a hot area of investment. Recycling companies including a



One of Northvolt's selling points is that it runs its factories on renewable power.

China's share of the lithium-ion battery supply chain in 2022



Source: Benchmark Mineral Intelligence

billion incentive package for the German plant, while the Canadian and Quebec governments are putting about \$2 billion into the Montreal project.

The subsidies illustrate how concerns about the world's reliance on Chinese batteries and the climate law known as the Inflation Reduction Act are fueling a global competition for investments from companies like Northvolt.

The U.S. law tied tax credits for electric cars to how much material comes from domestic sources or trading partners.

The climate law turbocharged a U.S. government clean-energy lending program that is pouring billions of dollars into domestic battery production.

Northvolt's new funding includes other big banks such as Citigroup and BNP Paribas. The company has raised about \$13 billion in equity and debt, fueling speculation on Wall Street about when it might pursue a public listing.

Carlsson said the company is preparing to go public when market conditions are more attractive but the new funding shows why Northvolt is in no rush while it scales production. "2024 and 2025 will be crucial years," he said.

THE TICKER | MARKET EVENTS COMING THIS WEEK

Tuesday

Empire Manufacturing	Nov, previous	down 0.4%
	Dec, previous	-14.5
	Jan, expected	-4.0
Earnings expected	Estimate/Year Ago	
Goldman Sachs	3.62/3.32	
Interactive Brokers	1.53/1.30	
Morgan Stanley	1.07/1.31	
Pinnacle Financial Partners	1.67/1.76	
PNC Financial Services	2.12/3.47	

Wednesday

Business inventories	Oct, previous	down 0.1%
	Nov, expected	down 0.1%
Capacity Utilization	Nov, previous	78.8%
	Dec, expected	78.6%

Import price index

Nov, previous	down 0.4%
Dec, expected	down 0.6%

Mort. bankers indexes

Purch., previous	up 6.0%
Refinan., prev.	up 19.0%

Retail sales, ex. autos

Nov, previous	up 0.2%
Dec, expected	up 0.2%

Retail sales

Nov, previous	up 0.3%
Dec, expected	up 0.4%

Earnings expected

Estimate/Year Ago	
Charles Schwab	0.64/1.07
Citizens Financial	0.60/1.25
Discover Financial Services	2.51/3.77
Kinder Morgan	0.30/0.31
Prologis	0.59/0.63
U.S. Bancorp	0.71/0.57



J.B. Hunt Transport is expected to post results on Thursday.

Thursday

Building Permits	Nov, previous	1.46 mil.
	Dec, expected	1.48 mil.
Housing Starts	Nov, previous	1.56 mil.
	Dec, expected	1.43 mil.
Initial jobless claims	Previous	202,000
	Expected	206,000
Freddie Mac mortgage survey	Previous weekly averages	
	30-year fixed	6.66%

15-year fixed

5.87%

Philadelphia Fed survey

Dec, previous	-10.5
Jan, expected	-8.0

EIA status report

Previous change in stocks in millions of barrels	up 1.3
Crude-oil stocks	up 8.0
Gasoline stocks	up 6.5

EIA report: natural-gas

Previous change in stocks in billions of cubic feet	down 140
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Earnings expected

Estimate/Year Ago	
Fifth Third Bancorp	0.77/1.01
Huntington Bancshares	0.12/0.42
Regions Financial	0.46/0.70
Schlumberger N.V.	0.83/0.71
State Street	1.83/2.07
Travelers	5.03/3.40

PGI Industries	1.49/1.22
Truist Financial	0.68/1.20

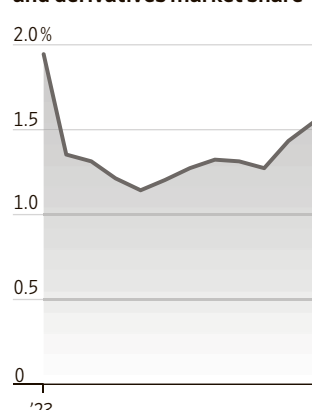
Friday

Existing home sales	Nov, previous	3.82 mil.
	Dec, expected	3.83 mil.

U.Mich. consumer index

Dec, final	69.7
Jan, prelim	69.7

Coinbase's monthly spot and derivatives market share



Note: Derivatives market share doesn't include volume from Coinbase International Exchange. Source: CCData

* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ♦ Adjusted for stock split Note: Forecasts are from Dow Jones weekly survey of economists