

What's News

Business & Finance

◆ **Offices in the U.S.** are emptier than at any point in at least four decades, reflecting years of overbuilding and shifting work habits that were accelerated by the pandemic. **A1**

◆ **Major U.S. stock** indexes rose, with the S&P 500 and Nasdaq climbing 1.4% and 2.2%, respectively, and the Dow industrials gaining 0.6%. **B11**

◆ **Novartis is close** to clinching an acquisition of Cytokinetics and its promising heart drug, as big pharma companies continue buying fast-growing biotech to replenish pipelines. **B1**

◆ **HPE is in advanced** talks to buy Juniper Networks for about \$13 billion to better position the technology company in the era of artificial intelligence. **B1**

◆ **A breakup over** grocery prices got messier when PepsiCo said that it, not supermarket chain Carrefour, initiated the split. **B1**

◆ **The president** of the National Association of Realtors resigned after allegedly receiving a blackmail threat. **B1**

◆ **J&J will acquire** cancer-treatment developer Ambrx in a \$2 billion cash deal, the companies said. **B2**

◆ **Merck struck a deal** to buy clinical-stage immunotherapy company Harpoon for about \$680 million. **B2**

◆ **Robin Hayes will step** down as JetBlue's CEO as the company waits to find out whether a judge will block a merger with Spirit that he championed. **B2**

◆ **Walgreens agreed to pay** \$360 million to Humana to settle a lawsuit alleging the retail pharmacy chain overcharged for prescription-drug reimbursements. **B2**

World-Wide

◆ **A senior Hezbollah** commander was killed in Lebanon in what the group said was the second recent Israeli assassination there, while Washington's top diplomat met with Gulf leaders in a tour aimed at preventing a broader war in the Middle East. **A1, A6-7**

◆ **The Vulcan Centaur** rocket launched successfully, but the privately developed Peregrine lunar vehicle it was carrying suffered a propulsion-system failure and won't be able to complete its mission to the moon. **B3**

◆ **Lloyd Austin declined** to inform the White House both times he was hospitalized and transferred authority to run the Pentagon to his deputy, military officials said, episodes that call into question the defense chief's judgment amid heightened tensions in Asia, Europe and the Middle East. **A2**

◆ **A Trump co-defendant** in Georgia accused District Attorney Willis of having an 'improper' relationship with a special prosecutor in the case. **A4**

◆ **French Prime Minister** Elisabeth Borne resigned after passage of an immigration bill that was opposed by many in Macron's party. **A16**

◆ **China said it took** into custody a foreign national it accused of being a spy for Britain as Beijing steps up warnings about national security and infiltration across its borders. **A16**

◆ **Polish officials have** resisted cooperating with an international probe into the sabotage of the Nord Stream natural-gas pipelines, European investigators working on the case said. **A16**

CONTENTS	
Markets Digest.....	B7
Arts in Review.....	A11
Banking & Finance.....	B10
Business News.....	B3-6
Crossword.....	A11
Heard on Street.....	B12
Markets.....	B11
Opinion.....	A13-15
Personal Journal.....	A9-10
Sports.....	A12
Technology.....	B4
U.S. News.....	A2-4
World News.....	A6-7,16

Michigan Defeats Washington for Championship



BIG WIN: The Wolverines returned to the summit of college football with a 34-13 win Monday in Houston. It was Michigan's first national title since 1997. Above, Michigan running back Donovan Edwards runs for a touchdown in the first half. **A12**

Home, Auto Insurers Jack Up Rates, Pull Back From Markets

By JEAN EAGLESHAM

After Allstate suffered billions of dollars in losses and failed to get the rate increases it wanted, it resorted to the nuclear option.

The insurance giant threatened last fall to stop renewing auto insurance for customers in three states that hadn't given in to its demands, which would have left those policyholders scrambling for coverage. The states blinked.

In December, New Jersey approved auto rate increases for Allstate averaging 17%, and

New York, a 15% hike. Regulators in California are allowing Allstate to boost auto rates by 30%, but still haven't decided on its request for a 40% increase in home-insurance rates after the insurer refused to write new policies.

For many Americans, getting insurance for both their cars and homes has gone from a routine, generally manageable expense to a do-or-die ordeal that can strain household budgets.

Insurers are coming off some of their worst years in history. Catastrophic damage

from storms and wildfires is one big reason. The past decade of global natural catastrophes has been the costliest ever. Warmer temperatures have made storms worse and contributed to droughts that have elevated wildfire risk. Too many new homes were built in areas at risk of fire.

As losses mounted, inflation only made matters worse, boosting the cost of repairing or replacing cars or homes.

Climate change also has made it harder for insurers to measure their risks, pushing some to demand even higher

premiums to cushion against future losses.

"I have never seen the overall market this bad," said Barry Gilway, a 52-year veteran of the industry who retired in 2023 as head of Florida's Citizens Property Insurance, a state-created insurer of last resort that sells plans to people who can't get coverage elsewhere.

Homeowners and drivers are facing sharply rising premiums, less coverage and fewer, if any, choices of insurer. In some places, the only op-

Please turn to page A8

INSIDE



U.S. NEWS
United, Alaska Airlines find loose parts in inspecting Boeing 737 MAX 9 jets. **A3**



BUSINESS & FINANCE
Tigers Woods and Nike are going their separate ways after a 27-year relationship. **B1**

Nearly a Fifth of Office Space Sits Vacant, Highest on Record

By KONRAD PUTZIER

U.S. offices are emptier than at any point in at least four decades, reflecting years of overbuilding and shifting work habits that were accelerated by the pandemic.

A staggering 19.6% of office space in major U.S. cities wasn't leased as of the fourth quarter, according to Moody's Analytics, up from 18.8% a year earlier. That is slightly above the previous records of 19.3% set in 1986 and 1991 and the highest number since at

least 1979, which is as far back as Moody's data go.

The record shows how remote work has upended the office market. But that is only part of the story. Much of the market's current malaise traces its roots to the office-market downturn of the '80s and '90s.

That surge in office vacancies in the 1980s and early 1990s followed years of overbuilding. Easy lending fueled a construction boom, particularly in the South where land was cheap and red tape

sparse. Banks often financed speculative office projects that didn't have any tenants signed up.

"The building I built was almost a million square feet—100% empty," said developer Bruce Eichner, who built the Manhattan office tower 1540 Broadway in the 1980s.

The result was a glut of office buildings that couldn't find tenants when the economy went into recession in 1990 as the country suffered from the savings-and-loan crisis.

Please turn to page A2

Many Retirees Depend Solely on Social Security

By VERONICA DAGHER AND ANNE TERGESEN

Many people in the U.S. reach retirement with almost no savings. No 401(k). Few investments. And almost no income aside from a monthly Social Security check.

About one in seven Social Security recipients ages 65 and older depend on their benefits for nearly all their income, according to an AARP analysis.

Unable to maintain the lifestyle of their working years, they trim their already trim budgets, move into smaller homes, or rely on the kindness of relatives to get by.

Social Security was never intended to fully support retirees, said Anqi Chen, assistant director of savings research at Boston College's Center for Retirement Research.

In 1940, when the program was new, Social Security re-

placed just more than 20% of a typical worker's income at age 65. As Congress enhanced benefits, the figure rose to about 50% in the early 1980s. It stands at under 40% today, according to Chen.

The average monthly Social Security check is about \$1,900. That doesn't go as far as it once did, said Sandy Markwood, CEO of USAG, adding that inflation and rising rents have led more older adults to seek help from her nonprofit's Eldercare Locator tool and other organizations that provide support to seniors.

The Wall Street Journal spoke with four retirees who rely mostly on Social Security benefits about their fears, joys and financial challenges.

Though they don't live as comfortably as those fortunate enough to have amassed \$2 million or \$5 million nest eggs, they said they have

Please turn to page A10

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U.S. NEWS

Austin Didn't Reveal Two Hospitalizations

WASHINGTON—Defense Secretary Lloyd Austin declined to inform the White House both times he was hospitalized and transferred authority to run the Pentagon to

By Nancy A. Youssef, Gordon Lubold And Catherine Lucey

his deputy, military officials said Monday, episodes that call into question the defense chief's judgment amid heightened tensions in Asia, Europe and the Middle East.

The secrecy behind his hospitalization Jan. 1 at Walter Reed National Military Medical Center, which was known to only a handful of aides and military officials by the next day, but not shared with the White House or President Biden until Thursday, has raised the ire of Congress, including some Democrats, and privately frustrated the White House.

Austin, 70 years old, first underwent what military officials described as "elective medical procedure" on Dec. 22 and remained at Walter Reed until the following day. During that time, Austin's deputy, Kath Hicks, assumed some duties on Austin's behalf. But

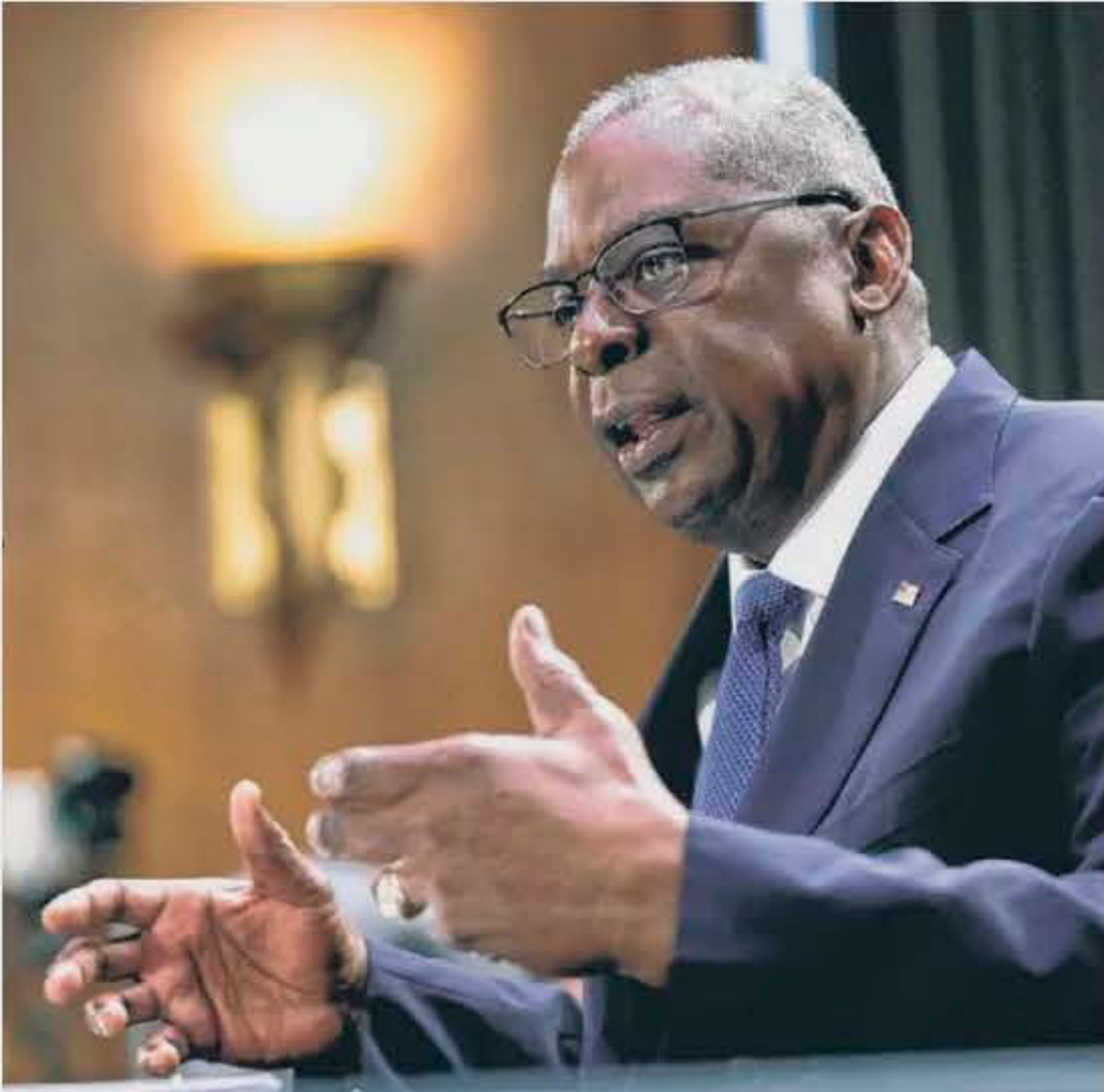
Pentagon officials never informed the White House of that initial medical procedure, the Pentagon said Monday.

Then, on Jan. 1, Austin experienced "severe pain" from complications from that procedure and was rushed in an ambulance back to Walter Reed, where he was admitted into the ICU. That prompted the current questions about why he didn't inform the White House, Congress or the public until three days later. He has remained there since.

Air Force Maj. Gen. Pat Ryder, who briefed reporters for the first time on Austin's illness Monday, declined to give the reason for the first procedure or state why some senior Pentagon officials, including he himself, kept either of the episodes secret.

"I'm offering you the facts as we have them in terms of an explanation of how this happened," Ryder told reporters. "We will review our procedures and look at how we can do better."

Ryder said he was "not aware" of other instances in which the secretary had been incapacitated and had transferred authorities to his deputy without informing the White House.



Defense Secretary Austin has been hospitalized since Jan. 1.

On Tuesday Jan. 2, senior uniformed officers and advisers to Austin including Chairman of the Joint Chiefs of Staff Gen. CQ Brown, Austin's senior military aide, and Ryder, learned that Austin had been hospitalized, Ryder said.

Only two days later did Kelly Magsamen, Austin's chief of staff, inform the White House.

The department blamed the two-day gap on Magsamen being ill that week. Ryder didn't say who is responsible for the chief of staff's duties when she is away. The Pentagon ultimately informed Congress and the public late Friday afternoon.

Democrats have raised concerns. On Monday, Sen. Jack Reed (D., R.I.), chairman of

the Senate Armed Services Committee, expressed worry about the lack of transparency over Austin's hospitalization.

"This lack of disclosure must never happen again. I am tracking the situation closely and the Department of Defense is well aware of my interest in any and all relevant information," Reed said in a statement.

Pentagon officials have said Austin's hospitalization didn't hinder operations overseas and that national security wasn't at risk.

But the defense secretary has had his hands full in recent months. In addition to a war in Ukraine, the Pentagon has poured military resources into the Middle East since the Oct. 7 attack by Hamas on Israel. That includes an aircraft carrier strike group, Patriot missile batteries and jet fighters. Meanwhile, Iran-backed militias have continued attacks on American troops in Syria and Iraq.

On Thursday the U.S. military conducted a strike against a militant in Baghdad, killing at least him and an aide, military officials said, but the authority for that strike was given in advance, officials said.

Austin remains hospitalized for the undisclosed condition but has resumed his duties as defense chief.

He issued a statement Saturday saying he took full responsibility for not informing the public sooner.

"I recognize I could have done a better job ensuring the public was appropriately informed," Austin said. "I commit to doing better." Austin added: "But this is important to say: This was my medical procedure, and I take full responsibility for my decisions about disclosure."

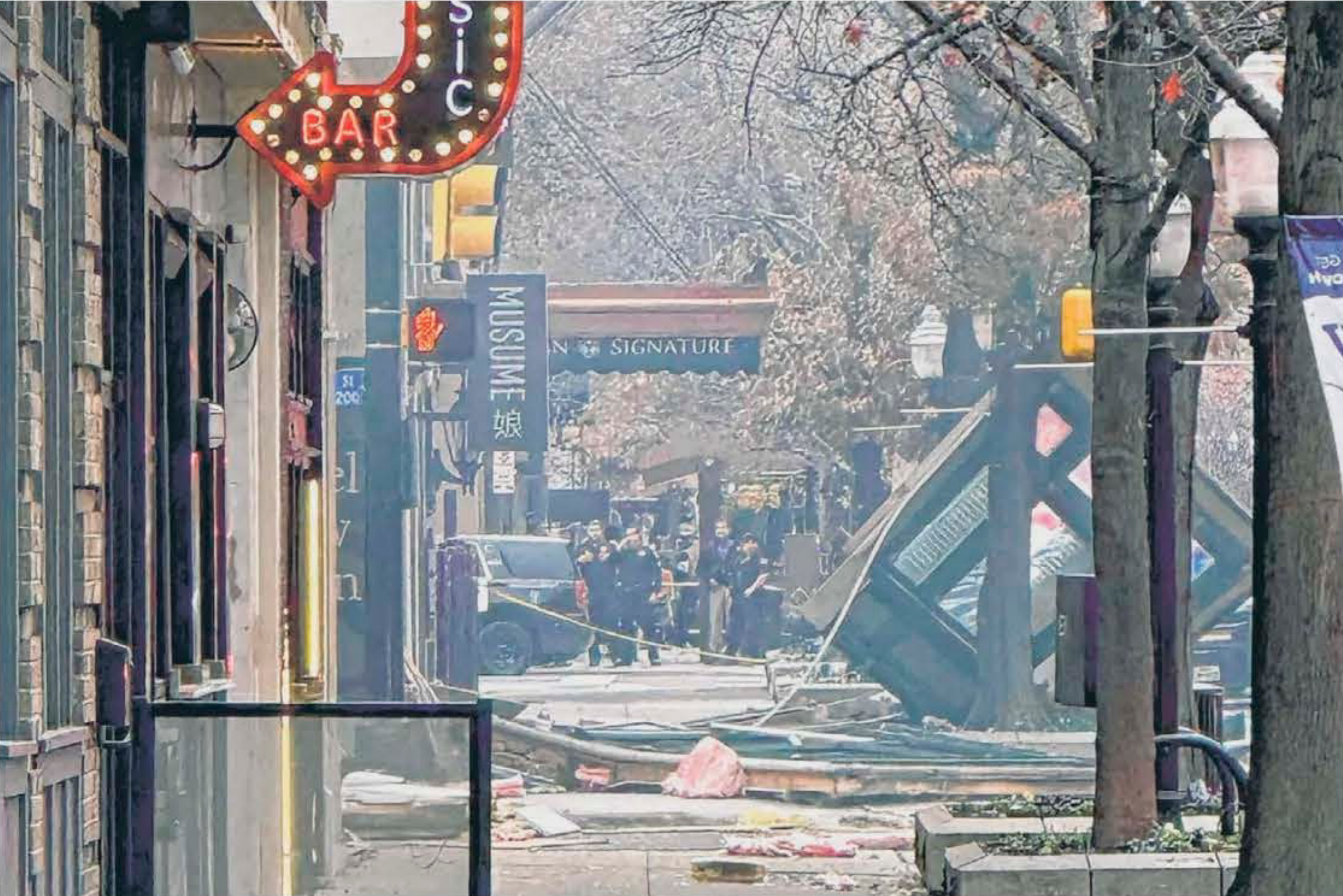
President Biden retains "full confidence" in his Pentagon chief, and isn't considering firing him, a White House official said.

"The president still has complete trust and confidence in Secretary Austin," the official said Monday. "He's looking forward to him being back at the Pentagon."

On Monday, the Pentagon said Austin hadn't submitted a letter of resignation nor was considering resigning.

Austin, a retired Army general, is intensely private, shuns the press and keeps counsel with only a few trusted aides, including Magsamen, his chief of staff.

U.S. WATCH



Debris littered the street Monday after an explosion at the Sandman Signature hotel in a busy area of Fort Worth, Texas.

TEXAS
Hotel Explosion Leaves 21 Injured

An explosion at a historic hotel in Fort Worth, Texas, blew out windows, littered downtown streets with large piles of debris from the building and injured 21 people, including one who was in critical condition, authorities said.

Rescue crews found several people trapped in the basement of the 20-story hotel that is in the heart of downtown Fort Worth, said Craig Trojacek, a spokesman for the Fort Worth Fire Department.

Investigators believe Monday's blast was caused by natural gas, said Bureau of Alcohol, Tobacco, Firearms and Explosives spokesperson Sara Abel. Four people were in serious condition and the others taken to hospitals had minor injuries, authorities said.

The Sandman Signature hotel is in a busy area of downtown about a block from the Fort Worth Convention Center. Footage from news helicopters showed firefighters picking their way through the piles of drywall, shattered glass and mangled metal that lay in the street.

—Associated Press

FLORIDA
State GOP Chair Ousted by His Party

The Republican Party of Florida ousted Chairman Christian Ziegler in a special vote on Monday as police investigate a rape accusation against him.

A majority of about 200 members approved the ouster in a voice vote during a closed-door meeting that Ziegler didn't attend, according to Republican state Sen. Blaise Ingoglia, who was there. He said no one spoke in favor of Ziegler. Evan Power, the vice chair of the state GOP, was chosen to succeed Ziegler.

The party suspended Ziegler last month and demanded his resignation, saying he can't effectively lead during a critical election year with the allegations, which Ziegler denies, swirling around him.

Ziegler and his wife, Bridget Ziegler, have admitted to police that they previously had a consensual sexual relationship with Christian Ziegler's accuser.

Christian Ziegler hasn't been charged with a crime and says he is innocent.

—Associated Press

ALASKA
High Court Rejects Revival of Mine

The U.S. Supreme Court on Monday rejected Alaska's bid to revive a proposed copper and gold mine that was blocked by the Environmental Protection Agency.

The justices didn't comment in turning away the state's attempt to sue the Biden administration directly in the high court over its desire to revive the proposed Pebble Mine in the state's Bristol Bay region.

A year ago, the EPA stopped the mine proposal, citing concerns with potential impacts on a rich aquatic ecosystem that supports the world's largest sockeye salmon fishery.

States can sue each other and the federal government in the Supreme Court, though the justices typically deal with appeals and hear only a few original cases each year.

Alaska still can try to reverse the decision through the more typical process, starting in a lower court and appealing any unfavorable decisions to the Supreme Court.

—Associated Press

PENNSYLVANIA
Penn Statue Will Stay, in a Reversal

The National Park Service withdrew its plan to remove a statue of William Penn from a Philadelphia park after it drew fire from state Republican leaders, who criticized it as an attempt to "cancel" the founder of the colony that would become Pennsylvania.

The federal agency said last week that the statue would be removed as part of a proposal to rehabilitate Welcome Park, located on the site of Penn's former home.

The park service said it remains committed to rehabilitating Welcome Park as the nation prepares to commemorate the 250th anniversary of the Declaration of Independence in 2026.

Opponents had criticized the move as ideologically motivated, similar to efforts to remove statues of Christopher Columbus and Confederate leaders. However, in this case, they said the proposal was based on a misunderstanding of the relationship between Penn, a Quaker leader, and Native Americans in the 17th century.

—Kris Maher

Office Glut Is the Worst On Record

Continued from Page One sis, when many S&Ls failed.

That glut weighs on the office market to this day and helps explain why vacancies are far higher in the U.S. than in Europe or Asia. Many office parks built in the 1980s and earlier struggle to find tenants as companies cut back on space or leave for more modern buildings.

"The bulk of the vacant space are buildings that were built in the 1950s, '60s, '70s and '80s," said Mary Ann Tighe, chief executive of the New York tri-state region at brokerage CBRE.

And just as in the early '90s, it is the overbuilt South that is hit hardest. Today, the three major U.S. cities with the country's highest office-vacancy rates are Houston, Dallas and Austin, Texas, according to Moody's. In 1991, Palm Beach and Fort Lauderdale in Florida and San Antonio held those positions.

Companies, eager to cut costs, also began ditching spacious private offices for open floors and cubicles, meaning they needed less space per employee.

"You had a shift away from the 'Mad Men,' Don Draper era of some of these large, large offices," said Thomas La-Salvia, head of commercial real-estate economics at Moody's Analytics.

That helped push up vacancies and started a gradual shift toward smaller offices that continues to this day. The Covid-19 pandemic merely sped up the shift as companies realized they needed even less space per employee because of remote work.

For all the similarities, there are also important differences between the two downturns. The crisis of the early 1990s ended abruptly after the economy started booming again. Vacancies plummeted, and companies gobbled up space. This time, most analysts expect offices to stay emptier for longer because vacancies have less to do with economic cycles and more to do with the growing popularity of working from home.

Meanwhile, winners and losers have switched places. In 1991, San Francisco had the country's third-lowest office-vacancy rate, according to Moody's. Today, the city has some of the country's emptiest offices, partly because its large tech sector has enthusiastically embraced remote work.

Palm Beach and Fort Lauderdale had the highest vacancy rates among major U.S. markets in 1991. Today, they are among the lowest. Palm Beach's vacancy rate fell from 28.8% in 1991 to 14.2% in 2023, the steepest drop among major

markets. Fort Lauderdale saw the second-steepest drop during the period, from 28.1% to 18.9%.

West Palm Beach, Fla., had a "growth spurt" in the 1980s as developers plastered the city with giant office buildings, said Kevin Probel, a senior managing director at real-estate brokerage JLL. It took a long time to fill all that space.

Today, the area is once again in the middle of an office-construction boom. Developers are building high-end, hurricane-proof offices with landscaped outdoor terraces and pickleball courts. But unlike the 1980s, West Palm Beach is now a destination for major finance companies seeking low taxes and warm weather.

"That's become a game changer for the market," Probel said.



Source: Moody's Analytics

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CORRECTIONS & AMPLIFICATIONS

Roughly \$22.9 billion has poured into a fund tracking long-dated Treasury securities in the past year, according to FactSet. In some editions Monday, a Business & Finance article about investments in Treasuries incorrectly gave the figure as \$22.9 billion billion.

MAPS Public Benefit Corp., an affiliate of the Multidisciplinary Association for Psychedelic Studies, raised more than \$100 million in a stock sale. A Heard on the Street column on Saturday about investments in psychedelics incorrectly said the Multidisciplinary Association for Psychedelic Studies raised the money. Also, the article incorrectly characterized MAPS Public Benefit Corp. as a nonprofit.

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

U.S. NEWS

Airlines Find Loose Parts on 737 MAX 9 Jets

Carriers are checking planes grounded by FAA after door-plug failure in midflight

United Airlines and **Alaska Airlines** have discovered loose parts on **Boeing 737 MAX 9** jets that they have inspected after a near-catastrophe on a flight Friday, signaling Boeing's issues go beyond the aircraft that made an emergency landing.

By **Andrew Tangel**,
Alison Sider
and **Sharon Terlep**

U.S. air-safety officials grounded the Boeing jets and are still investigating what caused an emergency-door plug to detach from an Alaska Airlines plane flying at 16,000 feet, leaving it with a gaping hole.

United said that its inspections "had found instances that appear to relate to installation issues in the door plug—for example, bolts that needed additional tightening." The airline said the issues would be remedied by maintenance staff as it awaits approval to return the planes to service.

Alaska said that initial reports from technicians preparing the MAX 9 fleet for in-

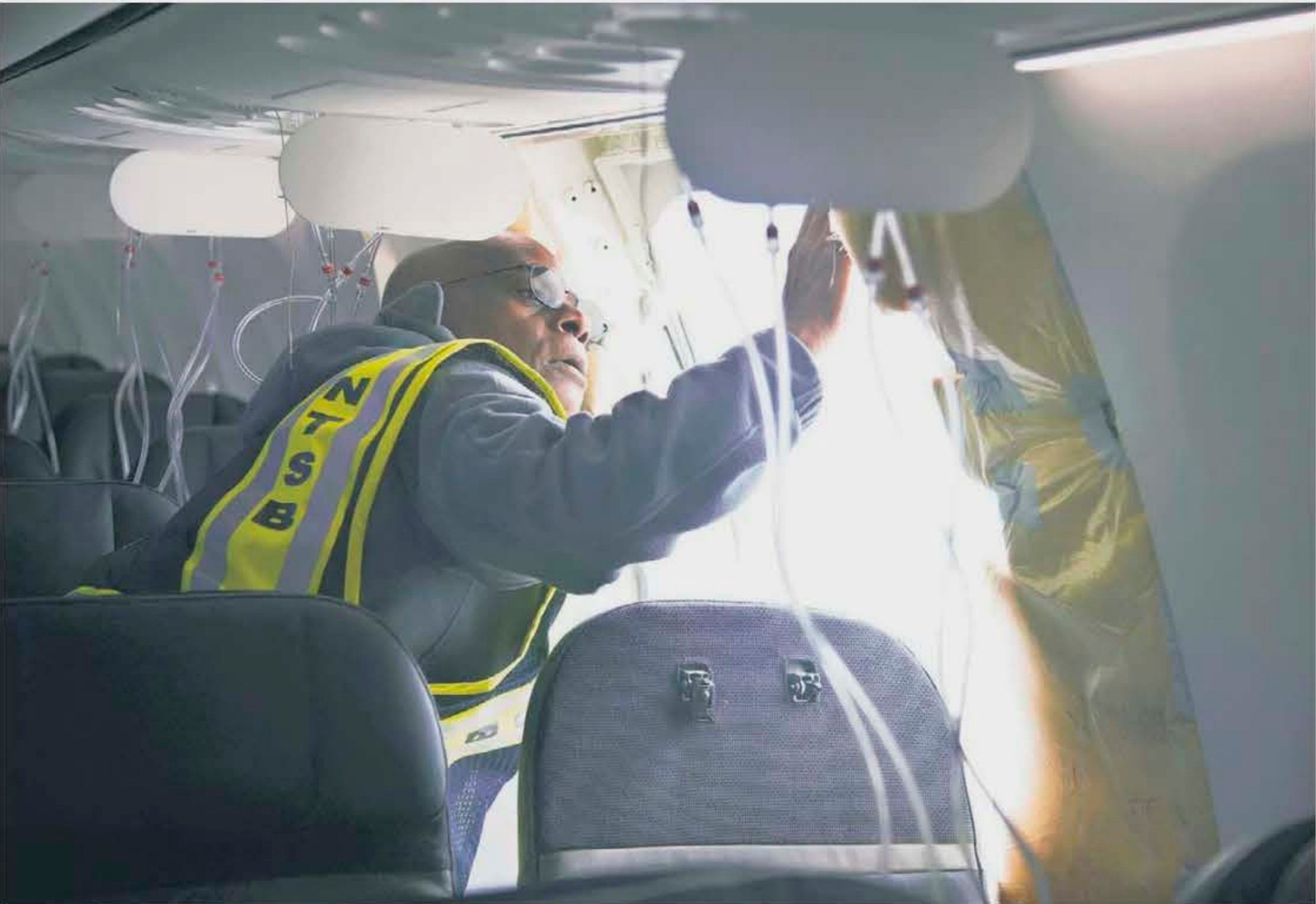
spection accessed the plug area and indicated loose hardware was visible on some planes. The carrier has 65 MAX 9 jets. "Any findings will be fully addressed in a matter that satisfies our safety standards and FAA compliance," the airline said.

Boeing said it was staying in close contact with airlines as they conduct the inspections "and will help address any and all findings" to ensure each aircraft meets safety and design specifications.

Air-safety regulators had issued an emergency order Saturday temporarily grounding dozens of MAX 9 jets after a panel plugging an unused emergency exit blew out of an Alaska Airlines flight shortly after its takeoff with 177 passengers and crew aboard.

The grounding by the Federal Aviation Administration snarled travel, resulting in hundreds of flight cancellations as carriers including Alaska and United, two of the biggest operators of the MAX 9, took their planes out of service.

The National Transportation Safety Board is still investigating why the plug tore away from the plane during Friday's flight, which quickly returned to Portland, Ore., and landed safely. The 63-pound piece was



Alaska Airlines' 737 MAX 9 jet with the missing emergency-door plug back on the ground in Portland, Ore.

found Sunday on the ground in a schoolteacher's yard.

On Monday, the FAA said it had approved procedures for airlines to inspect their grounded MAX 9 jets, a step toward clearing the way for the planes to return to service. Boeing also sent out a memo to airlines with instructions to check MAX 9 aircraft with the emergency-door plug.

The FAA declined to detail the procedures or why air-safety regulators believed the inspections would prevent a recurrence while investigators are still trying to determine

what caused the accident. NTSB Chair Jennifer Homendy said Sunday it was too early to determine whether a manufacturing error might have led to the door-plug's failure.

On a call Monday with airlines, Boeing executives said the FAA directive doesn't require inspections of its older 737-900ER jets, many of which operated by carriers including Delta Air Lines and United have had the twin door plugs installed. The smaller MAX 8 model doesn't feature the plugs.

Executives told customers that the plugs were being in-

spected on undelivered MAX 9 jets at its Renton, Wash., assembly plant and at the Wichita, Kan., factory run by **Spirit AeroSystems**, which installs the plugs in fuselages shipped by rail to Boeing.

Boeing has been dogged by various factory problems in recent years, and its production has come under tighter scrutiny since two earlier crashes of its smaller 737 MAX 8 jets. On Monday, executives told staff in the company's Renton facility to halt the factory and attend a meeting to discuss safety issues.

The incident wiped around \$12 billion from Boeing's market value on Monday as its shares lost 8%. Spirit AeroSystems shares lost 11%.

—Doug Cameron
contributed to this article.

◆ **Heard on the Street: New hit to MAX reputation..... B12**

Watch a Video



Scan this code to see how the emergency aboard the flight unfolded.



People waited Monday at an Alaska Airlines counter at JFK in New York. The door plug that came off an Alaska Airlines 737 MAX 9 during flight on Friday was recovered in Portland, Ore.



Air Travel Hits Rough Patch as Industry Faces Strains

By **BENJAMIN KATZ**
AND **ALISON SIDER**

A burning inferno on the runway, followed four days later by a midair emergency involving a gaping hole in the side of the plane, isn't the way the airline industry wanted to start 2024.

After a fraught 2023, in which safety specialists and regulators raised alarms about mounting risks, the air-travel business has experienced two near-catastrophic accidents already this year—one with multiple casualties.

The two accidents are different and occurred on opposite sides of the world, but they come as the industry is under stress while it pushes to recover to prepandemic norms.

"I think the system is under strain," said Jim Hall, former chairman of the National Transportation Safety Board. The industry faces an important test, he said, to maintain its safety record while adding thousands of new pilots, flight attendants and air-traffic controllers. "We have enough information based on what's occurred to be concerned," he said, referring to the postpandemic period.

Investigators are piecing together what caused two aircraft to collide at Tokyo's Haneda Airport and how 379 passengers and crew on a **Japan Airlines Airbus** aircraft managed to escape the resulting blaze.

Meanwhile, U.S. regulators are starting to look at Boeing's production process and supply chain to pinpoint what might have caused a metal panel to fling off the side of an **Alaska Airlines 737 MAX 9** midflight Friday evening. Late on Sunday, the panel was found in a schoolteacher's backyard in Portland, Ore., providing investigators with a key clue.

On Monday, Boeing sent a



memo to airlines with the instructions they should follow to investigate MAX 9 aircraft with the emergency-door plug. Executives also told employees in the company's Renton, Wash., facility that builds the MAX jets to attend a short factory stand-down to discuss safety issues.

Authorities said that in both cases the accidents could have been more severe. For the Alaska Airlines accident, which caused only some minor injuries, the impact would have been worse if the incident had occurred at cruising altitude instead of during the jet's climb, or if either of the two seats closest to the fuselage panel had been occupied.

"We could have ended up with something so much more tragic, and we're really fortunate that that did not occur

here," NTSB Chair Jennifer Homendy said at a briefing Saturday night.

In Japan, the collision caused the death of five on board the coast-guard plane that had encroached onto the runway. Still, the incident risked being one of the most deadly in history had the evacuation of the passenger jet been less successful, or had the flames that engulfed the aircraft spread more quickly.

Commercial aviation is still one of the safest ways to travel, far outstripping accident rates in most other transportation modes. Global accident rates in 2022 were below prepandemic levels despite rising 14.5% from 2021. Between 2013 and 2022, the rate of accidents has fallen nearly 17% from 3.9 per million flights to 3.25, according to the latest

Rush to Ramp Up Production

Boeing and Airbus have been battling to rapidly recover their manufacturing capacity after slashing production over the pandemic.

With airlines now rapidly trying to snatch up availability for new jets, boasting some of the biggest-ever orders for commercial planes, both companies have lamented that they can't build planes fast enough to meet airline demand.

At Boeing, that dynamic has come amid a battle with quality control across the company.

For most of 2022, deliveries of its bestselling 787 Dreamliner were halted by the FAA because of repeated lapses in production quality.

Last summer, the pro-

duction of the MAX was all but paused after holes in new fuselage sections were found to be misdrilled.

And as recently as Dec. 28, the FAA issued a new directive—unrelated to Friday night's incident—asking airlines to inspect newly built MAX jets for missing nuts in the plane's rudder system.

Sheila Kahyaoglu, aerospace analyst at Jefferies, said though it is too soon to know the cause of the issue, pressure on Boeing and suppliers to ramp up has heightened the risk of manufacturing flaws.

"Given the pressure on production, this is one thing that's going to be top of mind," Kahyaoglu said.

available data from the International Civil Aviation Organization, a United Nations body.

The industry credits the general decline in accidents to an obsession with safety, from processes that carefully manage the movement of aircraft on runways and in the skies, to regulations that pinpoint the exact sizing of every nut and bolt that is installed on a commercial aircraft.

Safety specialists and regulators have been on guard since the dropping of travel restrictions as passengers rush to get back into the skies and airlines push to make up for the tens of billions of dollars lost during the pandemic lows.

ICAO's annual data for 2023 haven't been released, but records kept by the Hamburg-based Jet Airliner Crash Data Evaluation Center show the to-

tal number of cases—from smaller incidents to fatal accidents—reached 1,033 last year, higher than the 1,033 last average of 869. That accounts for all civilian aircraft with 19 seats or more.

As Covid-19 spread across the globe in 2020, airlines put thousands of aircraft into storage, birds and wildlife moved into unused airports, and aircraft-manufacturing facilities that had reached record production levels just months earlier were staffed by skeleton crews.

Millions of jobs were cut in the biggest-ever retrenchment drive across both the aviation and aerospace industries. The subsequent recovery has led to the quickest period of hiring, leaving aircraft manufacturers, maintenance specialists, air-traffic controllers, ground-han-

dling firms and airlines complaining about the battle to fill jobs.

"Both accidents will, at some level, be attributed to human error. Somewhere in the chain of events a human has made a mistake," said Conor Nolan, a board member at the Flight Safety Foundation.

He said there is a huge demand for traffic at the same time the labor pool is becoming tight, adding that airlines are working "harder than ever" on safety because of that pressure. "The availability of talent is not just bodies. We need suitably qualified and experienced personnel in so many aspects of aviation and they're drying up."

The loss of experienced workers, from the retrenchment of experienced factory workers to the early retirement of pilots, has weighed on skill levels. Pilots are speeding through career milestones, moving from regional airlines to national carriers or being promoted more quickly from first officer to captain. Specialists say injuries among maintenance and manufacturing workers have increased.

The Federal Aviation Administration and its European counterpart spent much of 2023 trying to identify the causes behind a surge in near misses on runways that could have led to collisions similar to that seen in Tokyo. In the first 10 months of last year, rates of serious incursions on U.S. runways had jumped to 0.41 from 0.34 in 2022 and 0.24 in 2019, according to FAA data.

The FAA flagged early-warning signs of general fatigue and errors across the system as early as summer 2021. The agency urged airlines to be on the lookout for fatigue-related mistakes among employees and across the wider system.

—Sharon Terlep
contributed to this article.

U.S. NEWS

Speaker Johnson Faces the McCarthy Test

The spending-bill challenge that led to the ouster of his predecessor returns

By SIOBHAN HUGHES

WASHINGTON—House Speaker Mike Johnson (R., La.) now has less than two weeks to pass spending legislation needed to avert a partial government shutdown, while facing many of the same challenges that ultimately took down his predecessor three months ago.

Following a deal with the Democratic-led Senate, the House speaker will try this week to rally his fellow Republicans around a plan for \$1.66 trillion in overall discretionary spending for fiscal 2024. The agreement only sets overall spending levels, meaning that Johnson and other congressional leaders still have to figure out how to write bills that meet those overall targets before some departments run out of money at the end of next week.

While Democrats have largely signaled support for the agreement, hard-line conservatives have blasted the top-line figure, meaning that Johnson will almost certainly have to rely on Democratic votes to pass the measure in the House, which has a narrow 220-213 GOP majority. Former Speaker Kevin McCarthy (R., Calif.) was able to muscle through a short-term spending bill in September and avert a shutdown, only for eight Republican rebels to then engineer his ouster.

Johnson noted Sunday that he now has an even smaller majority than when McCarthy was the speaker. “We deal with the numbers that we have,” Johnson said on CBS.

The speaker backed a short-term deal late last year to avoid a Christmas show-down over spending. New deadlines of Jan. 19 and Feb. 2 now loom, providing the big-



Looming government-shutdown deadlines will test House Speaker Mike Johnson’s ability to wrangle his unruly GOP conference.

gest test of his speakership and his ability to wrangle his unruly GOP conference.

In a letter to colleagues, Johnson acknowledged the final spending level doesn’t “cut as much spending as many of us would like.” But he said that the deal would help reprioritize funding to favor Republican programs.

His message—similar to one conveyed by McCarthy—is running into problems, even before Johnson meets with the House GOP conference when lawmakers return this week from a holiday recess.

Conservatives have pledged to give Johnson time in his new office, and no one is raising the specter of trying to remove him, but grumbling has grown louder. Some are saying they won’t support the top-line figure and are also complaining that the deal doesn’t do anything to address the border, a late demand some immi-

His Hopes Ride on Placating the Most Outspoken

Like his predecessor Kevin McCarthy, House Speaker Mike Johnson is trying to win over Republicans by giving a wide berth to the most outspoken members of his conference, announcing in a letter to colleagues that he would push for policy riders on spending bills. That is what House GOP lawmakers attempted last year, when they passed seven of 12 annual spending bills, only

for them to stall in the Senate. Those included bills like one funding the Pentagon that barred using funds for any diversity, equity or inclusion office.

Republicans are divided on some mandates, like one voiding a Food and Drug Administration policy allowing patients to obtain the abortion drug directly from pharmacies rather than healthcare providers. That restriction is one rea-

son that House Republicans last year were unable to pass a bill funding the Agriculture Department, which also carries the FDA funding.

That has sparked frustration among social conservatives.

“If Democrats are unwilling to balance the budget, at least we ought to be able to secure some meaningful policy changes in this agreement, right?” Rep. Ralph Norman (R., S.C.) said Monday.

gration hawks have thrown in the mix. They continue to criticize various pieces of budgeting tricks they say paper over a lack of true cuts.

“I don’t trust Washington math, and neither should

you,” said Rep. Andy Ogles (R., Tenn.) on social media.

The calls for immigration measures tied to the budget come as Senate negotiators are separately working on changes to U.S. border policy, which Re-

publicans previously demanded as a condition for supporting a \$110.5 billion aid package for Ukraine, Israel and Taiwan. That effort remains stalled.

Sen. James Lankford (R., Okla.), the lead GOP negotiator

Trump Co-Defendant Alleges Misconduct by Prosecutor

Fulton County District Attorney Fani Willis improperly hired and paid a private attorney to aid her office in its racketeering case against former President Donald Trump and others, according to a court filing Monday by one of the defendants in the case.

By Mariah Timms, Jan Wolfe and Cameron McWhirter

A lawyer for Trump co-defendant Mike Roman stated that Willis is “in a personal, romantic relationship” with Nathan Wade, a special prosecutor in her office and a lead lawyer on the Trump case. The motion asked a judge to disqualify Willis from the case she brought against Trump and other defendants last year. Roman served as the director of Election Day operations for Trump’s 2020 campaign.

The lawyer, Ashleigh B.

Merchant, said her motion wasn’t filed lightly and that she had research to back up her claims—though she didn’t provide evidence of the alleged relationship in the filing.

“[T]he district attorney and the special prosecutor have been engaged in an improper, clandestine personal relationship during the pendency of this case, which has resulted in the special prosecutor, and, in turn, the district attorney, profiting significantly from this prosecution at the expense of the taxpayers,” Merchant said in the filing.

A spokesman for Willis said Monday night that the office would be responding with a court filing. Wade didn’t respond to a request seeking comment at his law office telephone.

Willis last year charged Trump and 18 others, including his former advisers Rudy Giuliani and Mark Meadows,



Fulton County, Ga., District Attorney Fani Willis

with participating in a criminal enterprise to subvert Joe Biden’s presidential election victory. They all pleaded not guilty, but four co-defendants have since notched plea deals with Willis’s office, including former Trump legal advisers

Sidney Powell and Jenna Ellis.

Wade’s contracts to work for the prosecutor’s office were improper, the filing claims.

Contracts like those for special prosecutors are supposed to be approved by the

Fulton County Board of Commissioners, but Merchant reviewed the minutes of every meeting the board held from the time Willis took office and found no record that Wade’s contract was ever discussed, she said in an interview Monday evening.

Invoices from 2022 onward, included in the filing, show Wade billed the county for work at \$250 an hour, including for hearings, witness interviews, research time and team meetings. The invoices over that time period also show thousands of dollars spent on airfare and hotels, documented as out-of-state interview and research trips.

Fulton County has paid Wade at least \$653,000 and potentially near \$1 million in legal fees since he joined the case, according to the motion.

Merchant, in the filing, alleged that Willis took personal trips with Wade to places such

as Napa Valley in California and the Caribbean, without providing evidence they took such trips together.

Wade was named special prosecutor even though he “has little to no experience trying felony cases, much less complex RICO actions,” according to Merchant’s motion.

Wade is involved in ongoing divorce proceedings from his wife in nearby Cobb County. Merchant said sealed records from the divorce case, viewed before the court limited access to the documents, substantiate her claims. On Monday, she also asked the judge in that case to unseal the records.

Jessica Levinson, a professor at Loyola Law School in Los Angeles, said it is fair to question why Willis opted to use taxpayer funds to hire a special counsel who she said apparently lacks deep experience in Georgia racketeering law.

Biden’s Second-Term Goals Hinge on Congress’s Makeup

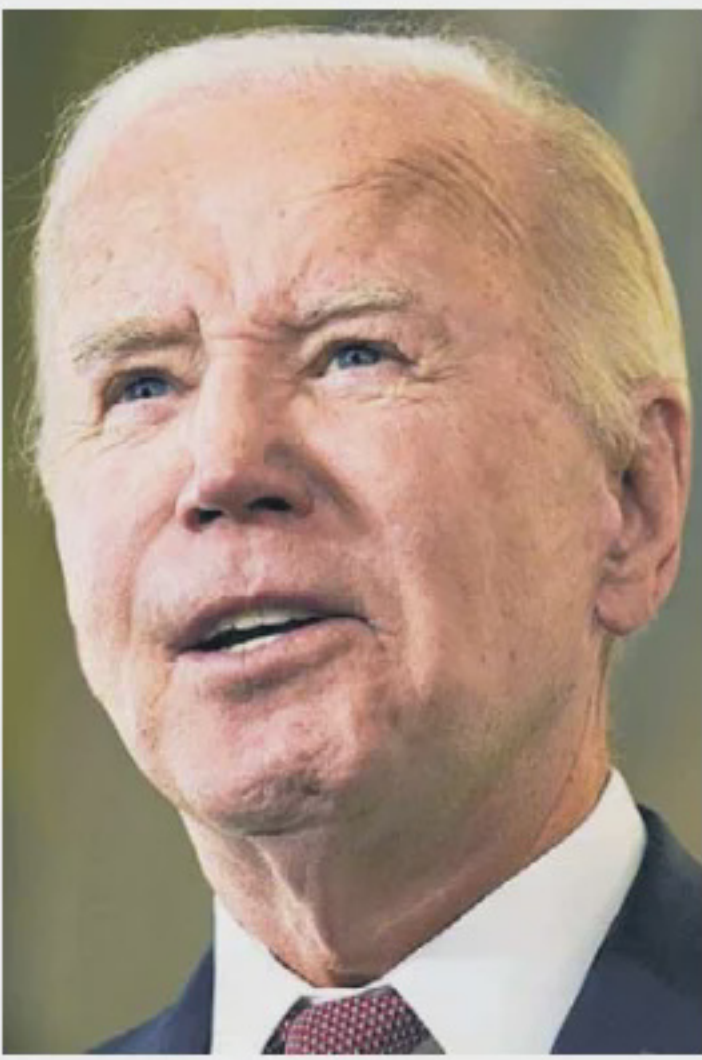
By ANDREW RESTUCCIA

WASHINGTON—President Biden is planning to pursue an expansive agenda if voters give him a second term, including resurrecting proposals for cheaper child care and prescription drugs, tuition-free community college, an assault-weapons ban and higher taxes on rich Americans.

But if Democrats don’t expand their numbers on Capitol Hill, many of those plans could be dead on arrival in Congress. That raises the stakes as Democrats fight to retake the House and hold their majority in the Senate to enact many of Biden’s biggest plans.

Lowering costs for Americans would be a theme of a second term, according to Biden’s aides, who said they believe that will resonate with 2024 voters who consistently cite inflation as one of their top concerns.

The president wants to pass legislation expanding to all Americans the \$35 cap on out-



President Biden

of-pocket costs for insulin. The cap, which was included in a healthcare, climate and energy law that Congress passed in 2022, currently applies to Medicare recipients. The president’s advisers are discussing a range of additional healthcare-related proposals aimed at expanding the administration’s efforts to lower prescription drug prices and limit other

medical expenses.

Also expected in a second term: A push to revive elements of Biden’s Build Back Better agenda that were rejected by Republicans and some moderate Democrats, including free prekindergarten; subsidized child care; paid family and medical leave; and expanded care for elderly and disabled Americans.

Biden would continue his campaign to change the country’s gun laws, including an assault-weapons ban and universal background checks. He would push Congress to codify Roe v. Wade into law. And he would lobby for the passage of legislation to preserve and expand voter access as many GOP-led states impose laws tightening voting rules. Those measures would face opposition from Republicans.

Biden will continue to push Congress to pass legislation to crack down on so-called junk fees, including charges for on-line-ticket purchases, seating on commercial airplanes and vaca-

tions at resorts. His team is weighing new measures to reduce student loan debt, tackle climate change and address the high cost of housing, aides said.

To pay for his wide-ranging plans, Biden would continue his push to raise taxes on the wealthiest Americans. He has proposed a “billionaire minimum income tax,” which would require that households worth more than \$100 million pay at least 20% in tax on their income and rising asset values each year. The president has called for raising the top individual income-tax rate to 39.6% from 37%, quadrupling the 1% tax on stock buybacks and increasing the corporate tax rate to 28% from 21%. The president also is pushing for restoring the expanded child tax credit, which expired in 2022 and sharply cut child poverty.

How Biden campaigns on his second-term agenda has become a point of tension as Democrats prepare for the November elections. Some prominent progressives want him to

lay out his plans in more detail and draw a sharper contrast with his likely Republican challenger, former President Donald Trump. Biden campaign officials are instead holding back some details of the incumbent’s second-term plans, arguing that voters would be more receptive to them when the election gets closer.

“I think we need to be clearer,” said Rep. Ro Khanna (D., Calif.), calling on Democrats to sharpen how they talk about Biden’s agenda, “and we also need to give [voters] a sense of...how achieving it requires building majorities in the House and the Senate.”

The president’s advisers argue there is plenty of time to detail his agenda, and contend that Biden’s priorities are no secret. They note that their approach mirrors past incumbent presidents who waited until later in the year to explain their second-term visions. Biden’s aides believe that most voters won’t begin seriously

engaging with the coming election until the spring or summer, and they are planning key campaign rollouts around that timeline.

As the campaign heats up, Biden is planning to increasingly make the case that Trump’s policy proposals would favor the wealthy and large corporations, and that re-electing him would threaten the foundations of democracy.

A Trump campaign spokesman didn’t respond to a request for comment. The former president, in a speech in Iowa last week, accused Biden of fear mongering.

The president has called on lawmakers to focus on issues that could win bipartisan support on Capitol Hill, and he is expected to echo that message in his March 7 State of the Union address. They include strengthening privacy protections for children, boosting mental-health services, curbing fentanyl, helping veterans and making advancements in the treatment of cancer.

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WORLD NEWS

Increasingly, Gazans Have No Safe Space

Israeli warnings to evacuate cover widening swaths of Palestinian enclave

By Jared Malsin and Abeer Ayyoub

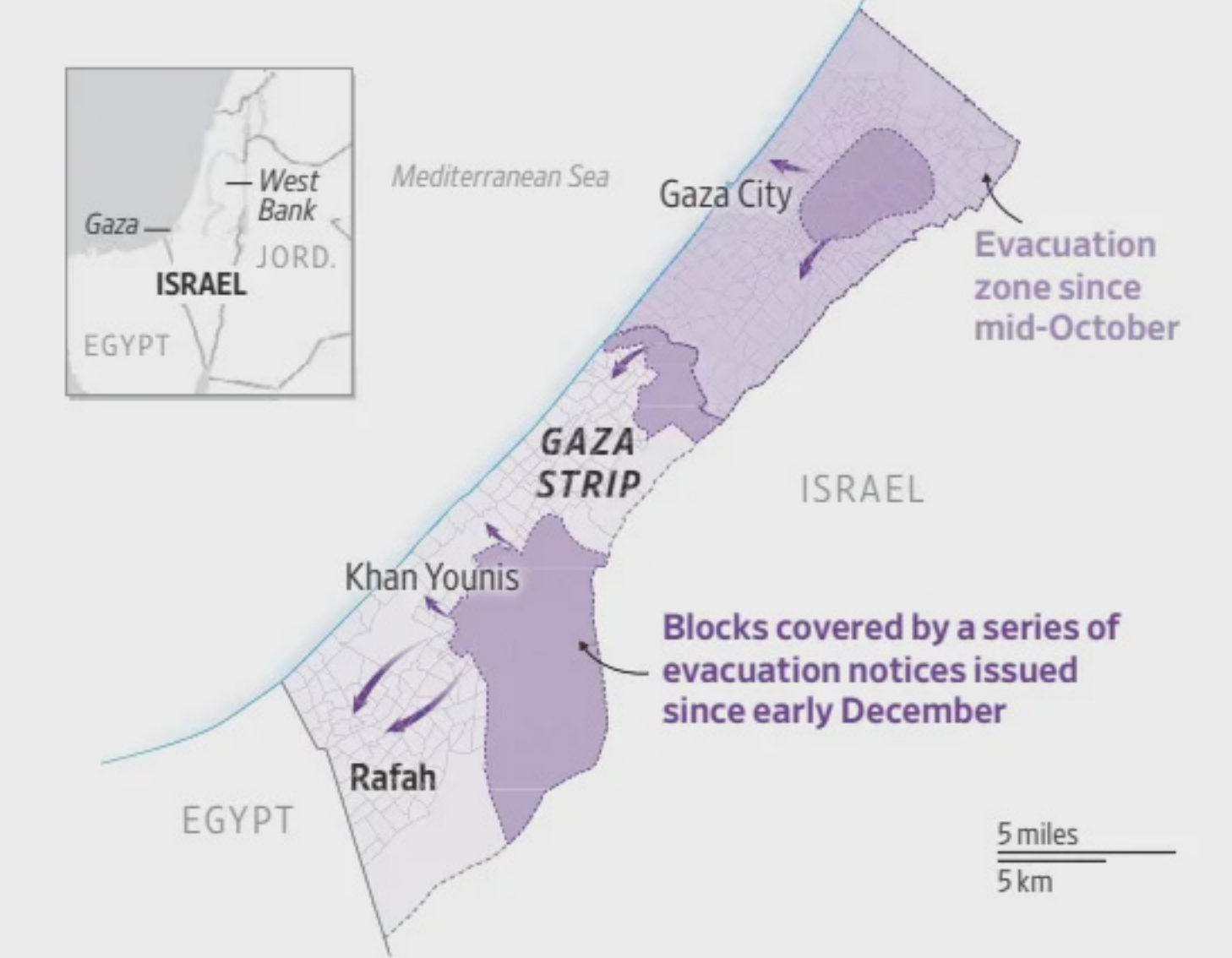
Shadia Abu Middin had fled Israel’s war against Hamas twice. Then on Dec. 31, Israel told the 44-year-old mother of four in Gaza to run again, but she didn’t know where to go. Palestinians are fleeing into an ever-shrinking section of the Gaza Strip as Israel’s offensive enters its fourth month and its military asks the enclave’s residents to leave more areas it says are unsafe. The Israeli warnings are pushing people to concen-

trate into just one-third of the strip, the United Nations agency for Palestinian refugees says. In effect, the ground available to its 2.2 million people has shrunk to an area slightly larger than the Bronx. Those fleeing in the most-recent round of evacuations are leaving in an even deeper state of confusion and exhaustion than previous waves. Internet and communications systems are limited. Israel has largely banned the entry of fuel for cars, so Gazans are resorting to carts towed by horses and donkeys. They are sheltering in abandoned buildings, sleeping in the street or pushing into crowded U.N.-run schools that serve as shelters. Diseases are spreading, aid groups say. Food and clean



A Palestinian boy, who fled from home because of Israeli strikes, gets a haircut at a tent camp in Rafah in southern Gaza.

Areas in Gaza covered by Israeli evacuation warnings



Note: Israel has divided the Gaza Strip into more than 600 blocks. Residents can learn where to find safer blocks by accessing QR codes on leaflets and social media. Data as of Jan. 7, 2 p.m. ET Sources: Israel Defense Forces (evacuation blocks); Institute for the Study of War and AEI’s Critical Threats Project (reported evacuation zones)

People Face Few Options as War’s Devastation Mounts

In the first evacuation order shortly after the Hamas-Gaza war began on Oct. 7, Israel urged more than a million people to leave the north of the enclave, including the populous Gaza City. At the time, the Israeli military said civilians couldn’t return because “the northern Gaza Strip re-

mains an active and dangerous combat zone, with no change in the situation.” A second wave of evacuations has taken place since the end of a cease-fire in late November. Under a new approach designed to allow for more-limited evacuations, the Israeli military issues warnings using a system that divides the Gaza

Strip into a numbered grid. Some people have remained in the areas covered by the evacuation notices because they are unable or unwilling to leave. The elderly, sick and wounded might not be able to flee, while others fear the dangers of traveling or are concerned that they won’t be allowed to return home.

handed out by aid agencies. About 1.9 million people, or 85% of the strip’s population, have been displaced by the war, the U.N. says. A million of them are squeezed into Rafah, an area with a prewar population of 275,000 that has become the epicenter of the humanitarian crisis. The U.N. and other aid agencies say they face many hurdles in delivering aid to central and northern Gaza because of the fighting. Even in Rafah, which relief agencies

reach more easily, humanitarian operations are under immense pressure. “The humanitarian community has been left with the impossible mission of supporting more than two million people, even as its own staff are being killed and displaced, as communication blackouts continue, as roads are damaged and convoys are shot at, and as commercial supplies vital to survival are almost nonexistent,” Martin Griffiths, the U.N.’s humanitarian aid

chief, said last week. Israeli Prime Minister Benjamin Netanyahu has said Israel would need to take control of the Gaza Strip’s southern border with Egypt to prevent Hamas from smuggling weapons into the enclave. If the fighting expands southward into some of the last-available areas of refuge, it could further escalate the humanitarian crisis by pushing people to flee yet again, though it isn’t clear where they would go.



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WORLD NEWS

Hezbollah
Commander
Is Killed

Continued from Page One

“Hezbollah remains able to absorb Israeli strikes of this kind without heading to escalation,” Khatib said. “Israel knows this and is pushing Hezbollah as far as it can, with both remaining within their implicitly agreed rules of engagement.”

Prime Minister Benjamin Netanyahu of Israel, visiting soldiers just over the border from Lebanon on Monday, said the military would “do everything to restore security” in the area. “We prefer that this be done without a wide-ranging campaign, but that will not stop us,” he said.

Tawil’s death follows the killing last week of Saleh al-Aroui, a senior Hamas official and a linchpin of the group’s relations with Iran, in a suspected Israeli airstrike on a Hezbollah stronghold of Beirut. The death of Aroui prompted militants in Lebanon to launch about 40 rockets into Israel over the weekend—one of the largest such barrages in recent months.

While the U.S. has designated Hezbollah as a terrorist organization, the Biden administration has been focused on preventing an escalation along Israel’s border with Lebanon. U.S. Secretary of State Antony Blinken is now in the Middle East on a trip aimed in part at preventing Israel’s war in the Gaza Strip from expanding into a regional war.

Blinken said any future arrangement in Gaza must take into account peace and security in Israel, after meeting with Saudi Crown Prince Mohammed bin Salman and, earlier in the day, United Arab Emirates President Sheikh Mohamed bin Zayed Al Nahyan. The top U.S. diplomat said any plan must include a unified Palestinian government for the West Bank and Gaza, work toward future integration of Israel with the region and pave the way for an independent Palestinian state.



A man checked a destroyed building Monday, above, after an Israeli air raid in the village of Kfar Kila in southern Lebanon. Below, Secretary of State Antony Blinken met with Saudi Crown Prince Mohammed bin Salman in Al Ula, Saudi Arabia.

“No one thinks that this will happen overnight, but we agreed to work together,” Blinken said after meeting Prince Mohammed at the Saudi leader’s winter tent camp near the tourist town of Al Ula.

Prince Mohammed “emphasized the importance of halting military operations, intensifying humanitarian efforts, and working towards creating conditions for stability, ensuring the Palestinian people’s legitimate rights and achieving a just and lasting peace,” the state-run Saudi Press Agency reported.

Blinken plans to bring this framework, a more elaborate version of what he outlined last year in Tokyo, to Netanyahu and other Israeli leaders in Tel Aviv on Tuesday. He is then due to sit down with Palestinian Authority President Mahmoud Abbas on Wednesday in the occupied West Bank.

Arab leaders said they first want to end the conflict and have hesitated to discuss details of what should happen in Gaza, while backing a path toward a Palestinian state.

“We always see that the pri-



ority for us is, first of all, to end this war,” said Sheikh Mohammed bin Abdulrahman al-Thani, Qatar’s prime minister and foreign minister, in a news conference with Blinken on Sunday night. “And after ending this war, to find a resolution for the situation in Gaza

and the West Bank.”

Blinken was asked Monday about the strikes in Lebanon and what they say about U.S. influence on Israel.

“It’s clearly not in the interest of anyone—Israel, Lebanon, Hezbollah, for that matter—to see this escalate and to see an

actual conflict,” he said. “And the Israelis have been very clear with us that they want to find a diplomatic way forward that creates the kind of security that allows Israelis to return home.”

The renewed focus on what comes next in Gaza—an issue that deeply separates Israeli

officials from regional leaders—comes as Israeli Defense Minister Yoav Gallant indicated to The Wall Street Journal that some Israeli forces in Gaza would soon shift from what he called the “intense maneuvering phase of the war” toward “different types of special operations.”

The prospect of the conflict potentially starting to wind down in the coming weeks or months has provided an incentive for regional leaders to become more involved in what comes next, U.S. officials said. They hope the prospect of renewing the path for Saudi Arabia to normalize ties with Israel—an effort that was gaining momentum last year before the war began—will provide some momentum to the current talks.

Blinken on Monday backed the normalization path, but said the conflict has to end first, along with building a path toward a Palestinian state.

Even with Monday’s strike of the Hezbollah commander, analysts said a significant escalation is unlikely.

“It would be a huge roll of the dice for Hezbollah, and it could badly distract Israel from what Israelis agree is a large set of unfinished tasks in Gaza,” said Jon Alterman, Middle East program director at the Center for Strategic and International Studies.

Both sides have traded fire across the winding Israel-Lebanon border almost daily since the Hamas attack on southern Israel on Oct. 7.

Israeli military leaders have repeatedly warned Hezbollah that if it fails to move its forces away from Israel’s northern border that it risks provoking a full-scale Israeli assault.

A full-scale conflict between Israel and Hezbollah could be devastating for both sides. Hezbollah’s arsenal of missiles and other weapons provided by Iran would stretch Israel’s army and strain the country’s air defenses. During Israel’s last war with Hezbollah, in 2006, Israeli warplanes bombed the Beirut airport and other infrastructure, and 263 Hezbollah fighters were killed.

—Adam Chamseddine
contributed to this article.

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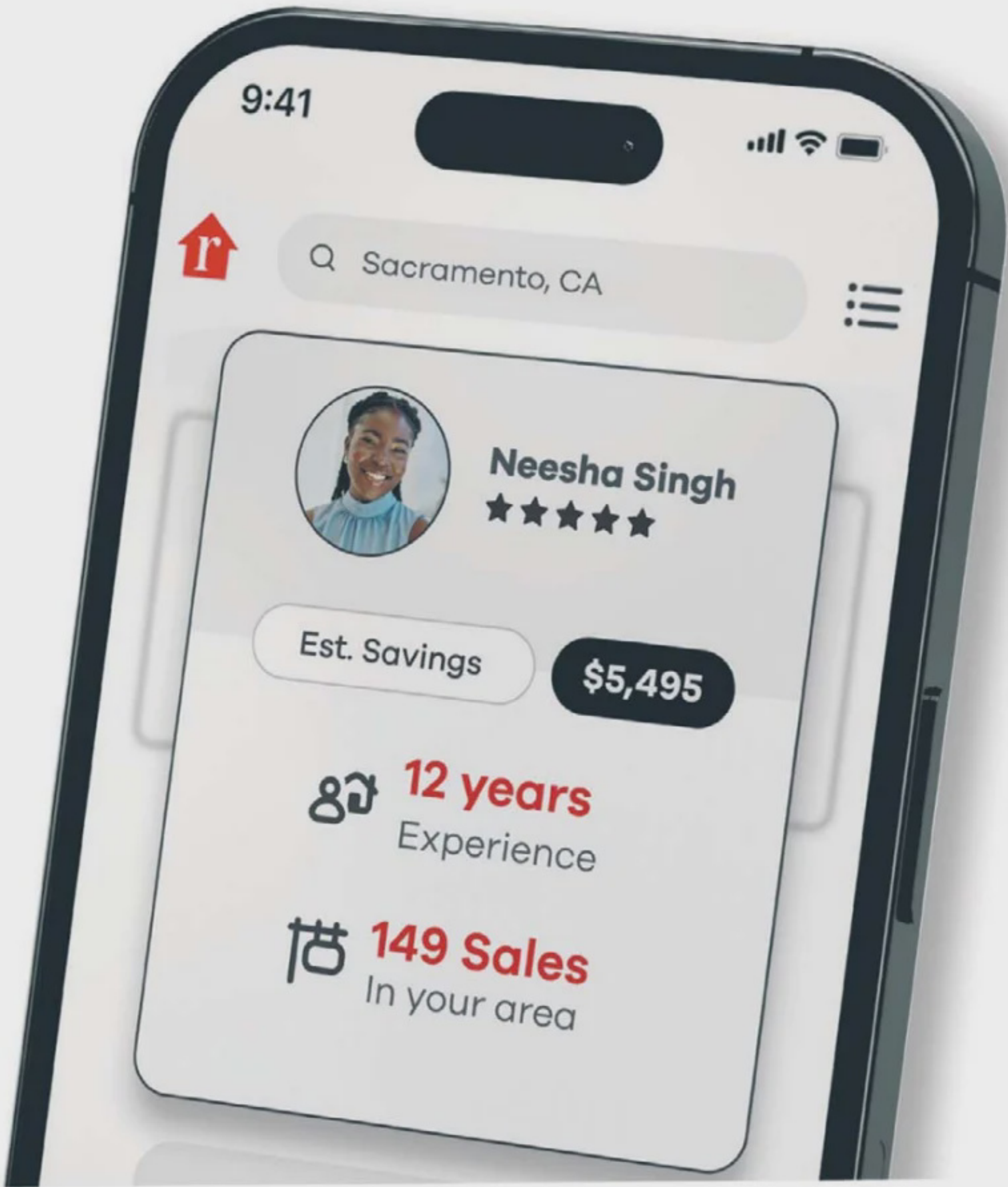


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FROM PAGE ONE

Insurance Turns Into An Ordeal

Continued from Page One
tions are bare bones coverage or none at all. That can make homes worth less and harder to sell, and cars less affordable.

Farmers Insurance Group increased home-insurance rates by more than 23% last year for tens of thousands of policyholders in both Illinois and Texas, according to S&P Global Market Intelligence. Nationwide Mutual said it won't renew 10,525 home-insurance policies in hurricane-prone areas of North Carolina.

State Farm racked up \$13 billion in property-casualty underwriting losses in 2022, its worst ever. Last year, it stopped writing new home-insurance policies in California. The state's regulators last month approved a 20% home-insurance rate increase.

"This is just the worst possible scenario you could think of for consumers," said Timothy Gaspar, head of a Los Angeles-based insurance agency. The mass retreat of insurers from the state means there is nothing to offer people seeking new home or auto insurance, he said.

A Farmers spokeswoman said its rate increases were designed to "better reflect the increased risk and claims costs we continue to face." A Nationwide spokesman said the company was being more selective about where it writes policies in response to inflation and market disruptions.

A State Farm spokesman said the rate increases were driven by increased costs and risk, and that the company continued to look for ways to maintain competitive rates.

Allstate Chief Executive Tom Wilson defended the threat to yank auto coverage in the three states that generated heavy losses. "We can't afford to use shareholder money...to support an underpriced product," he said. A company spokesman said the "rate approvals allow us to protect more customers as we work with state regulators to improve insurance availability."

Last summer, Marta Cross, an actress, bought a new home with her musician husband in northeast Los Angeles. Their new neighborhood in the San Rafael Hills, called Mount Washington, has lots of trees but no recent history of wildfires, she said, and no fire-zone warning signs.

Nevertheless, their house purchase almost fell apart when she was unable to get insurance from any private-sector company because of wild-fire risk. "It was really hairy," she said. "The seller's agent was in touch every day, saying, 'What's happening with the insurance?'"

She contacted a local mothers' group for advice. "Several moms started to be concerned, saying, wait, does this mean I'm not covered?" Cross recalled. She ended up buying fire coverage with the state's insurer of last resort and a supplemental policy to cover



Insurers have had some of their worst years ever. The aftermath of Hurricane Idalia in Horseshoe Beach, Fla., last August.

other risks, as required by her mortgage lender.

The combined premiums total more than \$4,000 a year. That's around \$1,500 more than if she had qualified for a regular home-insurance policy, according to her insurance agent, Nick Ramirez of Goosehead Insurance. "I'm considering forgoing earthquake insurance so I can have fire insurance," Cross said. "And praying."

U.S. property-casualty insurers, who issue home and auto policies, racked up \$32.2 billion in net underwriting losses in the first nine months of 2023, \$7.6 billion worse than in the same period a year earlier, according to a December report by ratings firm AM Best.

Tough times are nothing new for insurers. They are in the business of predicting the future. When losses are low, companies such as Progressive and Geico—known to consumers for their ubiquitous ads featuring, respectively, Flo and the gecko—fight for customers. When disasters hit, they tally their losses and raise prices or cut offerings.

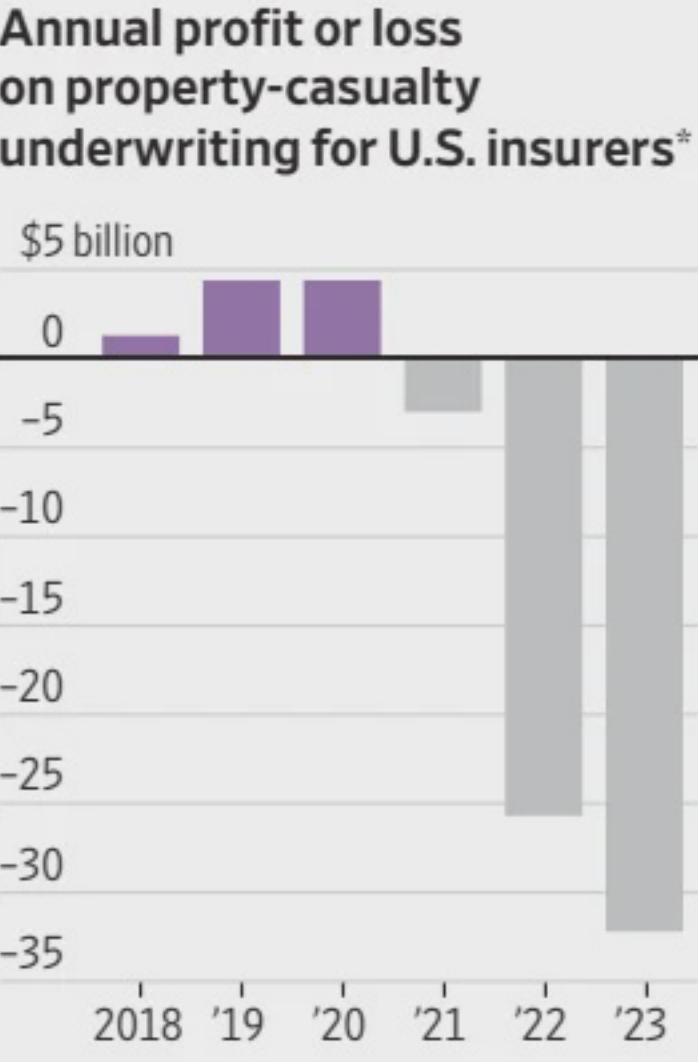
Big profits often follow, leading to complaints from consumers and regulators. Shares of insurers, including Allstate's, already have rebounded in anticipation of higher profits. Nevertheless, the industry's traditional business model is under pressure and, some think, broken.

Soaring premiums

Insurance premiums have outpaced inflation. Car insurance rates increased 19.2% in the 12 months through November, six times the rise in overall consumer prices, Labor Department data show. It was the 15th consecutive month of double-digit percentage increases in premiums, year-over-year, the longest stretch of such high hikes since the mid-1980s, according to S&P Global.

Simon Edwards drives a 2012 Mazda 5 in his hometown of Las Vegas. The monthly premium of his Geico auto insurance, he said, has shot up 72% in less than a year, from \$130 in April to \$223 now. "I've been in no accidents, no tickets, been with Geico for many years," he said.

Home insurers have faced premium increases from their own insurers, known as reinsurers. Reinsurance prices for



*2023 data is through September †Inflation adjusted
Sources: AM Best (annual profit or loss); Aon (global insured losses)

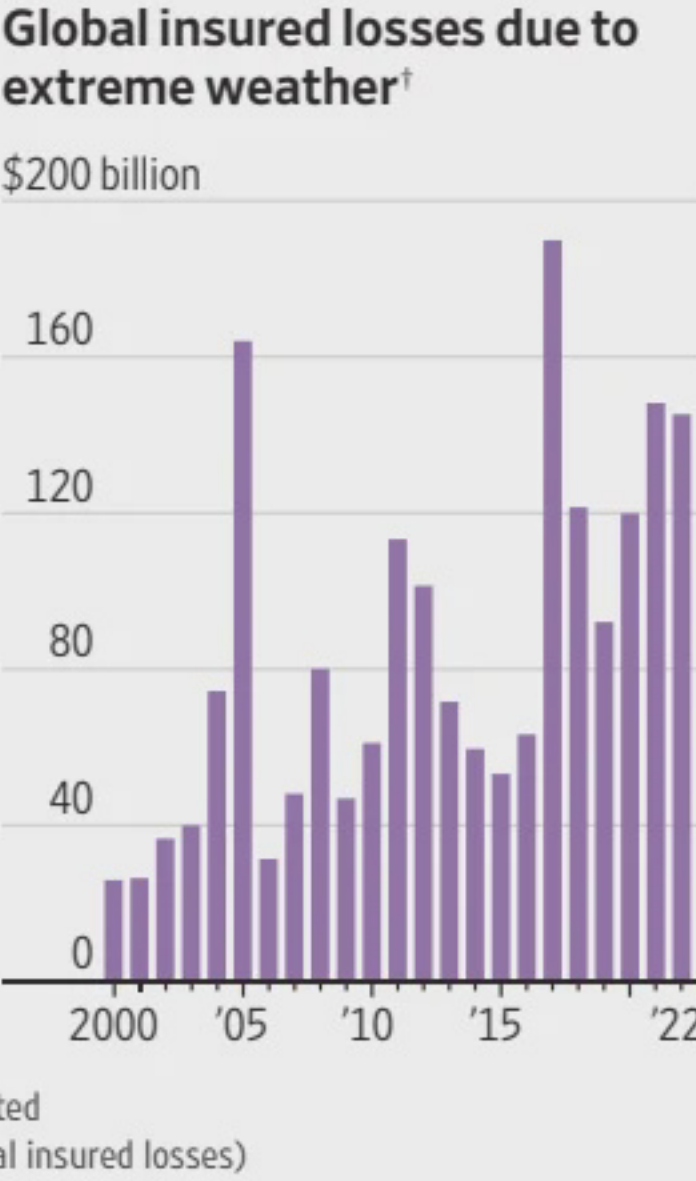
last year were up 30% to 50%, and insurers were forced to take on more risk, said Neil Alldredge, head of the National Association of Mutual Insurance Companies. Reinsurers, more than almost any other industry, are focused on climate risks.

Prices for coverage can be all over the place, forcing consumers to shop around. Nancy Piel, who lives Lake Forest, Ill., a Chicago suburb, contacted three agents last year after Nationwide increased the cost of insuring her two homes and 2011 minivan to \$18,000. According to one agent, Chubb quoted even more: \$29,000. She ended up insuring with Cincinnati Insurance for \$10,500. The coverages were all very similar, she said. Chubb, which caters to high-net-worth customers, offers services not typically available with mainstream policies.

Not all homeowners have the luxury of getting competing quotes. "We assume people have choices...go shop it and you'll find it," said Debbie Mayfield, a Florida state senator, at a hearing last year. "Well, I'll tell you, it's been shopped and you can't find it." Her district includes part of hurricane-prone Brevard County.

Among the factors pushing up the price of auto insurance: Prices of new and used cars, and parts, have risen, more people are driving expensive vehicles, and extreme weather is destroying more cars.

"I've been here 27 years, and we've never increased auto rates in the way we have in the last two years," said Allstate CEO Wilson.



Wilson asked hundreds of his company's agents at a fall event in Orlando how customers were reacting. "I was like, 'How's it going? What are people saying? If I'd said to you three years ago we were going to raise auto prices by 17.5% in one year, you would have thrown me out.'"

The answer he got back, Wilson said, was that "people understand it, they understand that their cars and their houses are worth more money." But, he said, "it's clearly a burden for customers, and we need to figure out what to do about it."

Some consumers are opting to forgo coverage—if they have a choice. Most mortgage lenders require borrowers to have home insurance. Richard Redmond was quoted \$7,500 a year for federal flood insurance for his new home on a barrier island on Florida's east coast. "I chose to forgo the flood policy," he said. "A \$7,500 annual fee for \$350,000 of coverage makes no sense."



Actress Marta Cross was unable to get insurance from a private-sector company for her home in a tree-filled Los Angeles neighborhood.

tween Salt Lake City and Denver, and the Appalachian Mountains from Tennessee to New York.

Another concern is Texas, partly because of increased development on the fringes of metropolitan areas stemming from migration from California, the report said.

Insurers say they won't completely abandon risky areas. "I don't think it's like the insurance industry said, we're done here, you're on your own," said Allstate's Wilson. "It's just, there are certain places where if we can't spread the cost appropriately and we can't price it, then we shouldn't do it."

Quiet Quitting

Insurance agents and analysts said many insurers are "quiet quitting" high-risk areas rather than face the public relations or regulatory fallout from an official exit.

"Most of the carriers have just flat out said, we are not accepting new business right now [in California]. But that statement is made to insurance agencies, not the public," said Gaspar, the Los Angeles agency head. "Or they're making it next to impossible to get a new policy."

Companies are choking off new business by slashing advertising, closing sales offices or erecting barriers to getting quotes.

Geico in 2022 closed all its sales offices in California. Search for an agent on the Geico website, and the alphabetical list of states skips straight from Arkansas to Colorado. California appears not to exist. A Geico spokesman said customers still have the option to buy its policies in California directly from the company.

Agents say another common technique for restricting unprofitable growth is insisting on hard-to-locate paperwork upfront. Proof that the plumbing's been updated, say, or documentation of work done on the roof. "It's a way to say, we don't want the business," said Gaspar.

For years, state regulations kept insurance relatively cheap in California. Insurers usually requested rate increases of less than 7% because of a 35-year-old law that made it harder to raise rates by more.

That 7% norm appears to be a thing of the past. State Farm and others stopped selling new home insurance in the state. "For many Californians, this is an insurance emergency," state insurance commissioner Ricardo Lara told state legislators in December.

The state regulator granted ASI Select Insurance, owned by Progressive, a 25% average home-insurance rate increase last August, affecting more than 40,000 policyholders, state filings show.

Last fall, Lara said he would accede to a longstanding industry demand to allow rate increases to reflect predicted future losses from wildfires, rather than historic damages only. The regulator also said he would consider allowing companies to pass reinsurance cost increases through to policyholders.

Despite some concessions from regulators, insurers are bracing for a tough future. Allstate's Wilson said that everywhere in the country is at some risk from increasingly severe weather. "There is no place that's safe," he said, "and no place that's not going to be impacted."

UFO Clubs Aren't So Spacey Now

Continued from Page One
Mufon members cram into red vinyl booths at AD's Pizzeria in the town of Windsor Locks and spend hours discussing flying saucers over hearty servings of red sauce pasta and grinders.

The group often welcomes a guest speaker to present in AD's backroom and then review footage of recent UFO sightings on the pizzeria's widescreen TVs (reserved for Pittsburgh Steelers games on Sundays).

AD's owners, the DeLeo family, don't believe in aliens but have welcomed the group for around six years, agreeing to sell their T-shirts and allowing the chapter to stargaze

on summer nights from their parking lot.

Dyke Spear Jr., an 88-year-old divorce attorney, is the guy who used to host meetings in his basement. Born during the Great Depression, Spear is from a generation that didn't have the luxury of talking about aliens or UFOs in public without being labeled a kook.

He has believed in UFOs since he was a kid in 1947, when he heard about a crashed "flying disk" in Roswell, N.M., on the radio. The government claimed it was a downed weather balloon, but the incident metastasized into a web of conspiracy theories. In 1984, Spear claims that he saw a hovering craft the size of a Boeing 727 near Brewster, N.Y., and for most of his life, he didn't feel like he could speak freely about it.

"Back when I was in court a lot, I tried to share my ideas about UFOs with other lawyers and professionals, but people weren't receptive,"

Spear said. "Today though, you can talk to pretty much anyone about UFOs."

The man has a point: There's probably never been a better time to believe in aliens. That's mostly because the federal government quietly admitted in April 2020 that several Navy pilots have encountered "unidentified aerial phenomena," or UAPs, while flying around the Pacific Ocean. The feds released videos and say they have no idea who was flying there or where they came from.

Congress followed up with a hearing in 2022 on UAPs, its first probe into flying saucers in 50 years. At a second hearing, former Air Force intelligence officer David Grusch testified that he was told on the job by current and former military officers that the U.S. government has possessed aircraft of nonhuman origin for decades and that he has seen classified photographic and physical evidence to prove it. The Pentagon has said there is

no verifiable evidence to substantiate his claims.

"We are living in a watershed moment," says Dr. Christopher Bader, a sociologist at Chapman University in southern California who studies American beliefs in the paranormal. The hearings before Congress "have legitimized the discussion of UFOs in a way that is virtually unprecedented."

Skepticism is declining, with 34% of Americans believing UFOs are probably alien ships or are controlled by nonhuman life-forms in 2022, compared with 20% in 1996, according to polls by YouGov and Newsweek. (UFOs, by the way, are doing far better with acceptance than Big Foot, the Yeti, or the Loch Ness monster, pollsters found.)

The new acolytes are constantly exchanging ideas about extraterrestrial life online, often connecting with thousands of other enthusiasts on Reddit, Twitter, or Discord to discuss reams of

government documents, video footage and other evidence that there may be life beyond Earth. On social media, "UAP" has become a new buzzword among the internet savvy that's effectively replacing the acronym "UFO." A four-part docuseries called "Encounters" about alien sightings, directed by Yon Motskin, was Netflix's most viewed television show in the U.S. after it was released this fall.

Colleges are also offering related lessons: "Following the release of the U.S. Pentagon UFO report, there has been a surge of interest," says a description for a University of Michigan online course titled, "UFOs: Scanning the Skies."

The government's admissions have changed the game for UFO enthusiasts, Spear says. Now, his home state of Connecticut houses one of the most vibrant chapters of Mufon, whose comeback he credits to its newest leader, 44-year-old Mike Panicello.

"I think it's easier to talk

about it now with all of the disclosure and the public finally takes us more seriously," said Panicello, whose day job is working in IT for the Connecticut State College System. "We're not the people with the tinfoil hats anymore."

But for most Americans, the stigma around believing in aliens or discussing UFOs is still out there.

John Shahbazian, a 43-year-old software engineer living outside of Seattle, says the recent congressional testimony of Grusch and other former military officers convinced him it was worth taking the possibility of extraterrestrial life seriously.

Still, one of his best friends threatened to stop going on camping trips with him if he kept on bringing up aliens.

"A lot of people still think aliens and flying saucers are the stuff of fantasy," he said. "They probably need to see a UFO land on the White House lawn before they'll be convinced."

By ALEX JANIN

Saturday and Sunday are often the most anticipated days of the week, yet optimizing them remains an elusive goal for many of us.

Squandered weekends leave us feeling less happy and less motivated at work, research suggests. Those who put planning and intention into their weekends emerge on Monday feeling satisfied, accomplished and more productive throughout the workweek, says Elizabeth Grace Saunders, a time-management coach in Farmington Hills, Mich.

How to plan the perfect weekend? Behavioral researchers and time-management coaches suggest breaking it into six components: sleep, hobbies, socializing, exercise, work and chores, and unscheduled time.

Using recommendations from experts and federal guidelines, we came up with this equation. It's important to remember these numbers aren't hard and fast—stay flexible and make the math work for your life.

The perfect weekend equation: Sleep (7 to 9 hours x 2 + ≤ 20 to 60 minutes napping) + Hobbies (~ 2 hours) + Socializing (0 to 2 events) + Exercise (≥ 45 minutes) + Work (≤ 2 hours) + Unplanned time (~ 3 to 4 hours) = A Great Weekend

Sleep

This part of the “perfect weekend” equation is the most rigid.

Despite the tendency many of us have to take advantage of the time off by staying up and sleeping in later, we should try to keep our sleep schedules as consistent as possible to avoid social jet lag, sleep researchers say.

Sleep researchers generally permit one hour of wiggle room—so if you typically go to sleep at 11 p.m., try not to stay up past midnight. If your weekday alarm goes off at 7 a.m., rise and shine by 8 a.m. on the weekends. Finding yourself sleepy later in the day? Take a 10- to 30-minute nap in the early afternoon.

Most importantly: Make sure you're getting the recommended seven to nine hours of sleep each night, even on weekends. If you're among the roughly one-third of Americans who don't get that recommended sleep during the week, you may be able to “catch up” by sleeping a few extra hours on the weekend, says David Reichenberger, who studies the links between sleep and health at Pennsylvania State University.

Hobbies

Having a hobby, or an activity we engage in during our time off for pleasure, has been linked to fewer symptoms of depression and higher levels of happiness, life satisfaction and even reduced risk of cardiovascular disease and cognitive decline.

Squandered weekends leave us feeling less happy and less motivated.

Saunders generally recommends people set aside roughly two hours for hobbies on the weekend.

Don't worry if you're not, say, a dedicated baker, painter or pianist. Hobbies can encompass

much more than we might typically consider, says Daisy Fancourt, a professor of psychology and epidemiology at University College London.

Something as simple as reading a book or cooking a tasty meal can serve the same purpose:

to give us a sense of happiness, meaning and control in our lives outside of work.

Unplanned time

Scheduling unstructured time may sound silly. But failing to block out free time can leave us filling it with whatever's right in front of us, like working or mindlessly scrolling, says Laura Vanderkam, an author and time-management expert based outside Philadelphia.

If you can, leave unplanned a chunky part of your Saturday or Sunday, roughly three to four hours, says Saunders.

This time is a good opportunity to let our brains enter so-called “default mode,” where our thinking extends beyond the here and now, allowing us to reflect and find meaning and purpose.

“It's really important that all of us have dedicated, protected time in our lives to just be here now,” says Mary Helen Immordino-Yang, a developmental psychologist and neuroscientist at the University of Southern California.

Socializing

Robust social relationships are powerfully linked to physical and mental health and longevity benefits, and the weekend is a natural time to take advantage of them.

Social activities often require more planning than other parts of the weekend equation, so set aside time during the week to text or email friends and family about getting together, says Saunders, the time-management coach.

People typically spend twice as much time—nearly an hour—socializing on weekend days as on weekdays, according to the U.S. Bureau of Labor Statistics's latest data on time use.

The amount of time you should spend socializing on the weekend depends on how energized or drained that togetherness makes

you feel, she says. Introverts typically benefit from one social event every weekend or every other weekend, she says, whereas two social events per weekend is a sweet spot for extroverts.

If you have kids and most of your socializing naturally revolves around them, try to set some adults-only social time, too, says Vanderkam. You may find it easier to relax without your kids running around, and it can be easier to have uninterrupted grown-up conversations.

Work and chores

Pick a couple of small, achievable projects to see through to the finish line rather than trying to take on five things at once, says Vanderkam. You probably can't clean out the entire garage, sort through your kid's closet, vacuum out the car, wash all the laundry and grocery shop in one weekend.

Professional work, too, is sometimes inevitable on weekends. Avoid it if you can, but if a little work will help you feel less anxious, set some boundaries, behavioral researchers say.

Physical activity

Federal guidelines recommend at least 150 minutes of moderate-intensity aerobic exercise weekly, plus

strengthening activities twice a week. If you're spreading that out across the week, you may only need to set aside about 45 minutes for Saturday and Sunday.

But there's good news for people who like to cram most of their exercise into the weekend. People who condensed their workouts into one or two days experienced health benefits similar to those who spread them out, a 2022 JAMA Internal Medicine study found.

The flexibility of the weekend allows for longer, varied workouts that can overlap with “hobbies” and “social” categories, says Heather Milton, a clinical exercise physiologist and supervisor of the NYU Langone Sports Performance Center.

Try to incorporate both elements of aerobic and strength training, as well as some flexibility, she recommends.

It can help to plan an exercise block for the same time each weekend—such as a weekly Saturday morning yoga class or Sunday morning jog.

Don't have the time? Just try to move. Ideally, every 30 minutes or so, says Milton. “Weekends are great for relaxation, but try not to Netflix and chill for 12 hours of the day without getting off the couch,” she says.



Make It Count: Use Math To Plan the Perfect Weekend

Allocate your time into 6 categories to build your best days off—and feel accomplished on Monday

MY RIDE | BY A.J. BAIME

Their Austin-Healey Cost \$100 in 1974

Patrick Williams, 69, a retired mathematician, and his wife, Anne Williams, 63, who live in Newnan, Ga., on their 1960 Austin-Healey 3000, as told to A.J. Baime.

Patrick: When I was in college, I wanted a car I could fix up. I met a guy who said he could get me an Austin-Healey for free. I met the owner's father, who got \$100 out of me, in 1974. The car was in horrid shape and not running. I worked on it through college and graduate school in Southern California. I ended up buying a second Austin-Healey for parts. By 1977, the car was running. By 1980, I had the bodywork done. Six years later, I married Anne, and on our honeymoon we went to Moss Motors, a parts shop specializing in British sports cars in Goleta, Calif.

Calif: I knew who Patrick was, so to do that on our honeymoon was not a surprise. He can fix anything, and he uses me to reach down into small places where his hands can't fit.

Patrick: Around 1999, we moved to

Huntsville, Ala., where things were a lot cheaper. I had money, so I took the car to a guy in South Carolina to bring the interior back to the original quality and colors. I love this cream color with red piping; it's just so British. Then we moved to the Atlanta area to be closer to our daughter and granddaughter.

Anne: We had to find a house with garage space. Patrick said, “I think I'm going to sell the car. It's just too much trouble.” I said, “You can't do that! Our granddaughter loves this car!” The question was, now that he was retired, what were we going to do with it?

Patrick: I resurrected an old email about something called the



European Healey Meeting. I said, “How about this absolutely nutty thing to do? We can put the car in a container and ship it to Norway.” Anne said, “Let's do it!” I practically fell over on the floor.

Anne: The Euro Healey Meet is held every five years at different locations in Europe. We shipped the car out of Savannah, Ga., in March 2023. We landed in Oslo on June 8. Days later, we arrived in a town called Geiranger, on this Norwegian fiord, where the trip was to start. There we were, with one of about 240

Healeys from all over the world.

Patrick: Austin-Healey is kind of a weird specialty car. In the early '50s, a carmaker named Donald Healey partnered with the British brand Austin. Austin-Healey sports cars were built from 1953 to 1967, and today, they have a big fan base.

Anne: The Euro Healey Meet was a weeklong rally. The drives were insanely beautiful. We had a tiny tool bag, and we felt so much confidence in the car. We never had any problems.

Patrick: We traveled thousands of feet above sea level—rolling hills with snow everywhere, freezing cold. This was in June! You go through switchbacks as you drive from what feels like winter into spring, and by the time you reach

▲ Patrick and Anne Williams in the 1960 Austin-Healey 3000 he bought 50 years ago for \$100.

sea level again, it feels like summer. It was breathtaking. We spent three weeks total with the car in Norway and Denmark. The trip reaffirmed how much we love driving this Austin-Healey together.

Anne: Our plan this year is to drive the Natchez Trace, a historic road through three states that goes by Elvis's hometown of Tupelo, Miss. Then we're driving to Wisconsin, where there is a big Austin-Healey meet planned at the Road America racetrack in September.

Patrick: The new year marks the 50th since I bought the Austin-Healey. I'm looking forward to 50 more.



PERSONAL JOURNAL.

Many Retirees Rely Solely on Social Security

Continued from Page One
found ways to build fulfilling lives in retirement.

Eric Miller

Monthly Social Security Check: \$1,400

Eric Miller never wanted to leave the kitchen. The professional chef thrived on the intensity of restaurant life, often working 12-hour days six to seven days a week.

A heart condition landed him in the hospital about seven years ago. After that, he had no choice but to hang up his knives.

Now 70 years old, Miller said he was unprepared for sudden retirement, financially or otherwise, in part because he never planned to stop working.

At the height of his career he earned about \$2,000 a week; now, his monthly Social Security check brings in about \$1,400.

He rents the basement of his sister's home for about \$500 a month including electricity. His other main expenses include food, gas and insurance. His six heart medications are largely covered by social services.

About 17 years ago, he moved to Arizona to care for his aging mother as her dementia and Alzheimer's worsened. When she had a stroke, he took a nearly two-year career break to help care for her full-time until she died. He eventually moved back to Virginia.

Though money is tighter than he would like, Miller is proudly debt free. He paid off more than \$12,000 in credit-card debt this summer with the help of nonprofit financial counseling agency GreenPath Financial Wellness. He also got relief from his roughly \$100,000 in medical bills for his four heart procedures, thanks to the hospital's charity.

"I feel a lot less stressed," he said.

In retirement, he embraced budgeting for the first time, regularly tracking his spending in a spreadsheet.

Some months, he has about \$150 left over, which usually buys him more food that he particularly likes such as chicken and vegetables.

The former high-school athlete enjoys watching football and basketball on television. His dog died last year, but he is considering getting a new one. "I'll probably go to a pound," he said.

Kathy Rote

Monthly Social Security Check: \$1,040

Kathy Rote has been an advocate for people with disabilities her entire adult life. The retired social worker still helps friends with age-related mobility problems find the services they need to remain independent.

"Seniors are generally embarrassed by disability," Rote, 73, said. "It takes confidence to say, 'I have this disability and it's within my rights to seek accommodations.'"

Afflicted with polio as an infant, Rote knows the challenges and expenses of life with a disability. Today she lives on her \$1,040 Social Security check.

As a child, she used leg braces and Canadian canes to get around, and recounts being bullied in school.

The obstacles she encountered inspired her to work for years for a nonprofit in Berkeley, Calif. Founded and run by people with disabilities, the organization focused on helping disabled people, including seniors, live and work independently.

In 1990, Rote started having chronic muscle pain and fatigue and was diagnosed with post-polio syndrome. She adjusted by using a motorized wheelchair.

But by 1993, she lacked the stamina to work full-time and claimed Social Security Disability Insurance. Around age 66, those benefits stopped and she began getting retirement benefits. She moved to Tucson, Ariz., where she had attended college.

A folk singer and guitarist, she re-joined a group that had started the Tucson Folk Festival years before.

She bought a home with the \$60,000 her uncle left her, and has no debt. (She shares the home with Archie, her 90-pound rescue dog.)

Due to her age and income, Rote receives discounts on her property taxes, utilities and wireless bills. She

► Afflicted with polio as an infant, Kathy Rote knows the challenges of life with a disability.



▲ Eric Miller, 70, a retired professional chef, enjoys cooking for family and friends.

"We sing songs and eat some food and talk about what really matters to each of us," she said.

Joyce McKinney

Monthly Social Security Check: \$1,800

Joyce McKinney, 77, wishes she had spent more time learning about money when she was younger.

She didn't know then how much boosting her earnings during her working years could have raised her Social Security benefits. She regrets not pushing herself to pursue higher education. She also wishes she had learned to pay her family's bills so she didn't have to get a crash course after her husband died in 2015.

McKinney worked in retail for years and then as a healthcare customer-service representative.

She retired around 2001—sooner than she had hoped due to a medical issue. In a good year, she earned about \$25,000. Her husband's trucking job balanced their budget, she said.

After he died, Joyce sold their home and moved into low-income senior housing. She gave up her car and landline. She learned how to budget and live within her new means.

None of this was the plan. "You never know what the future is going to bring," she said.

The couple had just refinanced the house and used the money to make necessary repairs and update its security system. She netted a roughly \$4,000 profit from the sale—far less than the tens of thousands she had expected.

"It was an extremely difficult time," she said. She felt lonely and anxious about money. She was close with her children, grandchildren and great-grandchildren but life just wasn't the same.

Now, she feels a bit more secure, though far from flush, she said. She has found ways to stretch her \$1,800 Social Security check.

Since downsizing, she pays about

\$343 a month for a storage unit. Her rent rose recently, to \$584 a month. She spends about \$68 a month for basic cable and \$77 for her cell-phone. An insurance policy costs about \$269 a month. About \$150 to \$200 each month goes to food and about \$100 for laundry.

She takes subsidized senior transportation for a dollar a ride to get to most places.

McKinney is active in the social scene at the senior center where she spends most of her weekdays, arriving at the Allegheny branch of the Philadelphia Senior Center at around 9 a.m. and catching up with friends over free coffee and a \$1 corn muffin.

A game of pinocle might follow. Later for about a \$1 donation she might have a hot lunch of ribs, green beans, mac and cheese and fruit cocktail.

▼ Barbara Talisman, 63, has been on a 50-day cruise in South America since Dec. 1.



"They make better food than I'd make for just myself," she said.

Knee problems keep her out of the center's line-dancing classes, but she enjoys listening to whatever music is playing or taking the occasional field trip with friends.

"Many of the people here are now like an extended family to me," she said.

Barbara Talisman

Monthly Social Security Check: \$1,970

Barbara Talisman's nomadic lifestyle satisfies both her wanderlust and retirement budget.

With limited savings, the former fundraiser for nonprofits had planned to work until at least age 65. But two years ago, with her 62nd birthday approaching, Talisman chose to call it quits, sell her belongings (except for her Tesla) and claim Social Security. "Life is short," Talisman, 63, said.

During her 18-year marriage she and her former husband spent much of their disposable income on travel, rather than saving for retirement. The couple attended the World's Fair in Nagoya, Japan, in 2005 and saw the Iditarod Trail Sled Dog Race in Alaska in 2006.

To escape Chicago winters, they traveled to Australia and Mexico and spent weekends in Paris.

Toward the end of her career she began putting money into savings.

Today, she has \$151,000 in a retirement account and another

\$22,000 in a brokerage account. Although she mainly relies on her \$1,970 Social Security check, she supplements it with investment account withdrawals of about \$800 a month.

She said it is enough to fund her globe-trotting. She booked four week-long back-to-back cruises to Mexico in the fall of 2021, when prices were low. She settled briefly in Puerto Vallarta, but returned to Chicago when the weather got hot in Mexico.

That winter, she followed the sun and did a stint in Melbourne, Australia, where she had worked from 2016 to 2018.

In Australia, she saved money by house sitting, one of her favorite hacks to cut costs.

Her food averages \$300 a month and car insurance costs \$134. Recently, she spent seven months in California, spending about \$500 a month on hotels between housesitting gigs.

Talisman's biggest expense is a \$706 monthly loan payment for the Tesla she purchased in 2019, which will be paid off in a year. When overseas, she rents the car on Turo, income that generally covers her loan payment and insurance.

She is also launching a travel agency for solo women travelers and plans to keep wandering.

This year, she is splurging. Since Dec. 1, she has been on a 50-day cruise in South America, with visits to Antarctica, the Galápagos and Machu Picchu.

She will pull about half the balance in her \$22,000 brokerage account. "This is going to blow the Social Security budget, but I only live once," she said.



FROM TOP: ABIGAIL GREY FOR THE WALL STREET JOURNAL; HANNAH YOON FOR THE WALL STREET JOURNAL; BARBARA TALISMAN; CASSIDY ARAIZA FOR THE WALL STREET JOURNAL

ARTS IN REVIEW

By WILLARD SPIEGELMAN

London
Si monumentum requiris, circumspice (“If you’re seeking his memorial, look around”): Christopher Wren’s epitaph in London’s St. Paul’s Cathedral might also be invoked on behalf of Sir John Soane. His house and museum at Lincoln’s Inn Fields constitute a legacy greater than all his other buildings (primarily the Bank of England—now merely the façade—and the Dulwich Picture Gallery). Three conjoined properties offer a look into the mind and the collecting mania of England’s leading architect of the late Georgian period, whose vision received its fullest realization 200 years ago (1823-24) when he bought and proceeded to restore the last of his three houses.

A bricklayer’s son who made good, Soane (1753-1837) left his house to the nation, to be preserved in amber with his thousands of possessions intact. The collections contain 30,000 architectural drawings; 7,783 books (including a 1623 First Folio of Shakespeare); illuminated medieval manuscripts, stained glass, and mosaics; plus three-dimensional objects of every sort. Bronzes, urns, busts, marble statues, plaques, Etruscan vases, columns, plaster casts, terracotta pots and random fragments, as well as an Egyptian sarcophagus and Chinese chairs, fill almost every inch of space. If the Victoria and Albert Museum is Britain’s imperial attic, Sir John Soane’s Museum is one man’s miniaturized autobiography as well as his creation.

Walking through it can be vertiginous and claustrophobic, with narrow corridors, and vistas both vertical and horizontal competing for your attention. The experience is also enchanting and revelatory. Small enclosed spaces open onto larger ones. Skylights and domed ceilings illuminate inner spaces; grills set into the floors admit light even into the basement. Modest courtyards make greenery available to the eye deep inside the house. With ship-shape efficiency (is it cramped, or is it cozy?), Soane managed to find space for everything, including the multiple items



◀ Clockwise from left: the facade of Sir John Soane’s Museum; Francis Chantrey’s bust of Soane; and the ‘Monk’s Parlour’

many works of two-dimensional art, to keep them both close at hand and rotating. He did not invent, but he certainly took advantage of, a mechanism of hinged panels, which allow layers of pictures to slide back and forth on three of the room’s walls. The most important works are Canaletto’s stunning “Riva degli Schiavoni,” and two sets by Hogarth, “A Rake’s Progress” and “An Election,” the latter of which the actor David Garrick bought from the artist. Soane purchased them in 1823 from the estate of Garrick’s widow.

The museum unfolds the panels at intervals throughout the day. One Friday morning at 11, those on the south side were opened to reveal 12 perspective drawings of Soane projects (some real, some imagined, like a design for a triumphal entrance to London). Work by Piranesi, Turner, Fuseli, Thomas Lawrence and lesser artists fills walls and niches throughout the other rooms.

Any residence reflects its owner. Philip Johnson’s austere Glass House in New Canaan, Conn., epitomizes a modernist, Zen-like urge to banish decoration and keep things clean. The Soane Museum is the opposite: a heap of rich and fanciful stuff both useful and decorative, the accumulations of a man with boundless curiosity, who admired and acquired Peruvian pottery and Japanese lion dogs, Gothic cast-iron chairs and the sarcophagus of the Egyptian King Seti I (13th century B.C.) as well as the more expected artworks of Greece and Rome.

In his “Essay on Man” (1733-34), Alexander Pope called our world “a mighty maze! but not without a plan.” He unknowingly predicted the masterwork of Sir John Soane, whose phrase “the poetry of architecture” can stand as the motto for his entire museum.

Mr. Spiegelman writes about art and literature for the Journal and is the author, most recently, of “Nothing Stays Put: The Life and Poetry of Amy Clampitt” (Knopf).

CULTURAL COMMENTARY

A Testament to Taste

John Soane created a singular museum to house his richly varied collection

that were part of an architect’s professional studio. One little room provides work stations for his apprentices. This well-lighted space includes a patent model for laying sewers, as well as drawing instruments and casts of architectural details from Roman temples.

Soane seems to have thought of everything. He accumulated an encyclopedic record of architectural history as well as evidence of his personal tastes. Like many architects, he operated best when challenged by limitations. Everything has a purpose as well as a place. “Look around” is an easy command.

Soane took the obligatory Grand Tour of the Continent as a

young man, in 1778-80, returning to England 120 pounds in debt, too poor to have brought anything back with him. The Continent then essentially closed down to tourists, owing to the French Revolution and the Napoleonic Wars.

Soane managed two shorter, later trips to France, in 1814 and 1819. Otherwise, he remained at home. He married well. His architectural practice flourished, with both private and public commissions. He made all his purchases in Britain. An 1833 Act of Parliament allowed him to bequeath everything to the nation.

Between 1792 and 1824, Soane purchased three adjacent townhouses, tearing them down, re-

building and then joining them, and constantly making re-adjustments for his family, his office, and his collections. Although individual riches abound, the whole is certainly greater than the sum of the parts. Gothic and classical styles mingle. In the basement, Soane installed the “Monk’s Parlour,” partly a satire on the rising popularity of Gothic styles, partly a genuine attempt to produce a gloomy atmosphere and, in Soane’s words, “impress the spectator with reverence for the monk.” Among the ruins and fragments, Soane commissioned a hot-water furnace to warm parts of the upper stories. Utility and whimsy go hand-in-hand.

The combination of elegance and practicality is most evident in the small second-story Picture Room, designed in 1824. Soane had to figure out a way to exhibit his

The architect gathered books, bronzes, busts, paintings and more.

ARTS CALENDAR

HAPPENINGS FOR THE WEEK OF JANUARY 9

By WSJ ARTS IN REVIEW STAFF

Film

“Mean Girls” (Jan. 12)

The hit teen comedy tries to make fetch happen again. Tina Fey wrote the screenplay for this adaptation of the Broadway musical (based on the earlier film), which stars Angourie Rice, Renéé Rapp, Bebe Wood, Avantika Vandanapu and

Girl”) makes his feature directorial debut with this dark comedy, in which he also stars, about a man who’s given the chance to win a million dollars on a web TV show if he can avoid being killed for 30 days. The rest of the cast includes Emily Hampshire, Anna Kendrick, Christopher Lloyd, Andy Samberg and Biff Wiff.

rated this year by dramaturge, scholar and Jacob’s Pillow associate curator Melanie George, includes three different presentations: “Jazz at The Joyce,” with performances by Dormeshia Tap Collective, Michelle N. Gibson and Josette Wiggan; the all-female trio Soles of Duende; and contemporary modern dance troupe Dallas Black Dance Theatre.

Opera

Prototype Festival

(Various Locations, New York, Jan. 10-21)

This annual festival of new and experimental opera and theater works includes world premieres of Heather Christian’s “Terce: A Practical Breviary,” Mary Kouyoumdjian’s “Adoration” and Laura Ortmann’s “Malinxé” along with national and regional debuts, concerts, and digital performances.

Art

“Jessie Homer French: Normal Landscapes”

(Various Small Fires Los Angeles, Jan. 13 -Feb. 17)

This self-taught artist has enjoyed growing recognition recently, with well-received showings at Independent and the Hammer Museum’s “Made in L.A.” show, as well as inclusion in the 49th Venice Biennale. Now she continues her investigation of the ways natural and man-made worlds meet and are in conflict with a collection of “anti-pastoral paintings.”

Last Call

“Asi Wind’s Inner Circle”

(The Judson Theatre, New York, through Jan. 14)

The host of this minimalist off-Broadway magic show executes mystifying card tricks and mind games with disarming ease. Our critic praised him for his ability to “confound and dumbfound us all through various acts of prestidigitation.”

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



‘The Promise’ is part of this year’s Prototype Festival.

Auli’i Cravalho, and also features Jon Hamm, Ms. Fey, Jenna Fischer, Tim Meadows and Busy Philipps.

“The Book of Clarence” (Jan. 12)

Singer-songwriter and filmmaker Jeymes Samuel (“The Harder They Fall”) returns with a Bible-themed comedy about a down-and-out first-century man (LaKeith Stanfield) who hopes to piggyback on Jesus’ popularity by claiming to be a new Messiah. It also features Alfre Woodard, David Oyelowo, James McAvoy and Benedict Cumberbatch.

TV

“Criminal Record”

(Apple TV+, Jan. 10)

A pair of London detectives—one fresh to the force, the other a grizzled vet—are drawn into an old case after a mysterious phone call in the new drama from Paul Rutman (“Vera”). Cush Jumbo and Peter Capaldi star.

“Self Reliance”

(Hulu, Jan. 12)

Jake Johnson (“New

Theater

“Prayer for the French Republic”

(Samuel J. Friedman Theatre, New York, Jan. 9-Feb. 18)

Joshua Harmon’s award-winning drama about a Jewish family worried about its safety—once in 1944 and again 70 years later—comes to Broadway in this show directed by David Cromer.

Music

2024 NYC Winter Jazzfest

(Various Locations, Jan. 10-18)

The annual citywide series, now celebrating 20 years, returns with the mind-boggling number of events jazz-lovers have come to expect, ranging from sets by major names like Tyshawn Sorey and Joe Lovano to marathon, overnight performances that include a host of smaller names.

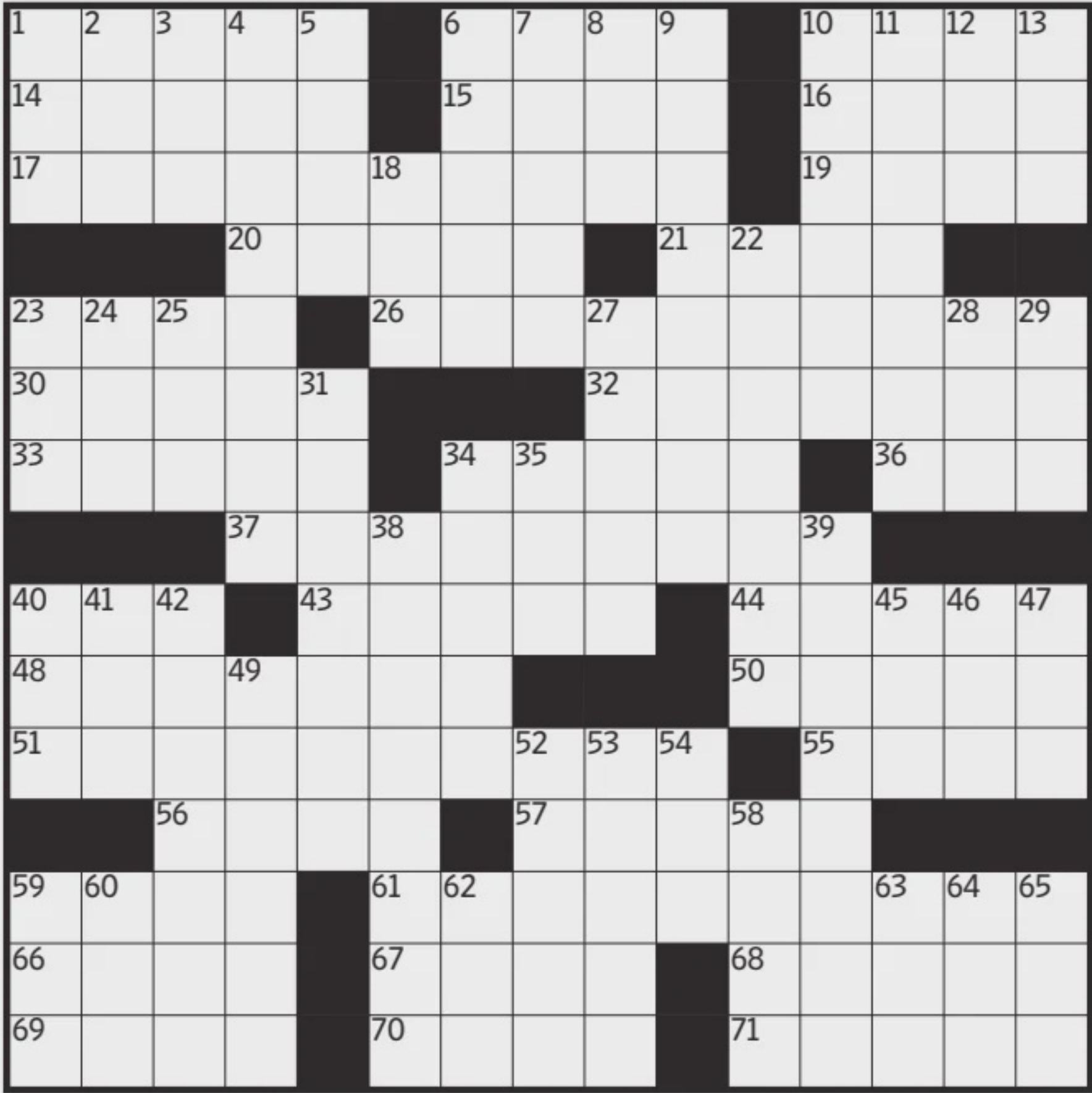
Dance

“American Dance Platform”

(The Joyce Theater, New York, Jan. 9-14)

This annual festival, now in its eighth edition and cu-

The WSJ Daily Crossword | Edited by Mike Shenk



IDENTITY CRISIS | By Geoff Brown

Across

- 1 Muscle
- 6 Treat for chickadees and juncos
- 10 Petty argument
- 14 Sound portion of a broadcast
- 15 Razor brand introduced in 1977
- 16 Jason’s ship
- 17 Propensity to be malicious
- 19 Singer-songwriter Redbone
- 20 Condescend
- 21 “The Very Hungry Caterpillar” author Carle
- 23 Sufficient, informally
- 26 “American Beauty” and “American Pie” co-star
- 30 “Such a shame”
- 32 “Well, that’s expensive!”

- 33 Darling, in Dijon
- 34 Helen Mirren and Judi Dench, for two
- 36 Pigeon call
- 37 Equine shampoo brand now also sold for humans
- 40 Believer’s suffix
- 43 Game with numbered balls
- 44 Man with morals
- 48 Bishop’s territory
- 50 Mystery writer Marsh
- 51 Church area for the most fervent parishioners
- 55 Bar on a car
- 56 ___-Rooter
- 57 NBA Rookie of the Year in 1993
- 59 Arguing

- 61 Possible result of a marriage or gender transition, and a hint to this puzzle’s theme
- 66 Port, e.g.
- 67 Wax-coated cheese
- 68 Come to terms
- 69 Doesn’t keep pace
- 70 Flushed
- 71 Most important thing

Down

- 1 Adebayo of the Miami Heat
- 2 Regret
- 3 Org. on toothpaste tubes
- 4 Green energy source
- 5 Scenter of the face, so to speak
- 6 Looie’s subordinate

- 7 The Vols’ school
- 8 Stat for an ace
- 9 Drinks in the afternoon, say
- 10 Swifts glue their nests together with it
- 11 Course involving elements of algebra and trig
- 12 Before now
- 13 Hauler’s unit
- 18 Music’s McGraw
- 22 Thousand Island alternative

- 23 Exit key
- 24 Classical Japanese drama
- 25 Call upon
- 27 “We ___ please”
- 28 Aussie critter
- 29 Skater Midori
- 31 Cockney, e.g.
- 34 Inhibit
- 35 Member of a social colony
- 38 At the earliest
- 39 21, in many cases
- 40 Nev. neighbor
- 41 Kind of card in a phone
- 42 Digital ornament
- 45 Lisa Simpson’s instrument
- 46 It’s well-produced
- 47 “The Premature Burial” writer
- 49 Benjamins
- 52 Famous Roberto Durán appeal
- 53 The other guys
- 54 Kind of center
- 58 Starbuck’s boss
- 59 Tool for a cobbler
- 60 Aunt, in Argentina
- 62 Stir
- 63 Org. with many arms
- 64 Salon application
- 65 Slender swimmer

Previous Puzzle’s Solution

A	L	O	H	A	D	R	S	C	R	A	B				
L	E	G	A	L	E	E	K	S	H	E	I	R			
B	A	L	L	E	T	F	L	A	T	A	C	N	E		
A	R	E	A	O	U	I	R	E	R	A	T	E			
				L	A	U	N	C	H	I	N	G	P	A	D
A	L	A		S	T	D		O	N	C	E				
R	O	X	I	E		O	R	G		D	E	P	P		
A	N	I	M	A	T	I	O	N	S		T	S	T	I	O
L	I	S	P		E	C	O		A	P	I	N	G		
				L	A	N	E		R	U	T		T	K	O
M	O	N	E	T	A	R	Y		U	N	I	T			
A	C	U	M	E	N					A	D	A	M		
R	A	K	E		C	E	L	L	O	S	U	I	T	E	
G	L	E	N		Y	O	L	O		A	P	R	O	N	
E	A	S	T		N	O	W		D	E	E	M	S		

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

SPORTS

Michigan Wins the National Title

The victory over Washington marks the crowning achievement for Jim Harbaugh, after a sign-stealing scandal

By LAINE HIGGINS

Houston

It had been so long since the University of Michigan won a national championship in football that it was reasonable to wonder if the Wolverines could still compete at the elite level of the sport. Then they were hit by a series of scandals that further tarnished the reputation of the sport's winningest program and a school that sees itself as the unimpeachable guardians of college football tradition. But led by a coach who embodies the school's historic pride as much as its present strife, Michigan returned to the summit of college football with a 34-13 win over Washington in the national title game Monday and a smash-mouth display that recalled the program's 20th century glory days. The victory gave Michigan its first national championship since 1997 and marked the crowning achievement for Jim Harbaugh, who arrived in Ann Arbor almost a decade ago with a promise to restore the Wolverines to their rightful place at the top of college football. From the moment he arrived in Ann Arbor, Harbaugh has rallied his team with his signature cry "Who's got it better than us?" Finally, the answer is unequivocal: nobody. "It's such a glorious feeling," Harbaugh said afterwards. "Just so proud of our team—15-0, took on all comers, and the last one standing." Michigan relied on its trademark running game to jump out to an early lead on a pair of touchdown runs from tailback Donovan Edwards, then held onto it with a stifling defensive performance that held the top offense in the country to its lowest scoring output of the season and stymied quarterback Michael Penix Jr., the nation's most productive passer. For Harbaugh, that made it the sweetest kind of victory following a year in which he was barred from the sidelines for half of the season and forced to battle speculation that he was leaving to take a job in the NFL for the other half. The university suspended Harbaugh for the opening three games in relation to an ongoing NCAA investigation into whether Michigan improperly contacted recruits during the pandemic. Then, reports that a Wolverines staffer had orchestrated a wide-ranging scheme to steal opponents' play-signals prompted a separate NCAA probe and another suspension. Though there was no evidence that Harbaugh knew about or directed the scheme, Big Ten commissioner Tony Petitti banned him for the final three games of the season. As soon as Harbaugh was allowed back, rumors flew that he



Michigan players celebrate after beating Washington in the College Football Playoff national championship game in Houston on Monday night.

was set to leave Ann Arbor for a National Football League post, something he refused to discuss in the lead up to Monday's game. But more than the victory also served to vindicate the one thing Harbaugh might prize even more highly than his own reputation. It validated his vision of how football should be played. When Michigan tabbed its former star quarterback to be its head coach in December 2014, the Wolverines football program was mired in an identity crisis. Michigan had collected more wins than any other team in college football behind a run-first style that barely changed since it first played a football game in 1879. But by the dawn of the 21st century, its three-yards-and-a-cloud-of-dust approach had begun to look outdated. Michigan still fashioned itself as a model program, but it was getting left behind by rising powers in the South and high-flying spread offenses. As the years ticked by, its last championship from the 1997 season began to feel like something from a bygone era. It has taken Harbaugh less than a decade to change the course of college football history. The Southeastern Conference remains the

game's deepest; spread offenses continue to reach new heights. Yet the Wolverines have returned to the summit of the sport by stubbornly sticking with a playbook that has barely changed since the days when Bo Schembechler paced the sidelines. From the moment the game kicked off, Washington looked ill-equipped to handle Michigan's physical style. The Wolverines jumped out to an early 14-3 lead after tailback Donovan Edwards ripped off touchdown runs of 41 and 46 yards in quick succession. By the end of the first quarter, Michigan had amassed a staggering 176 rushing yards—46 more than it piled up in an entire overtime game against Alabama in the Rose Bowl. At that stage, it looked as though the game might be out of Washington's reach by halftime. Washington's prolific passing attack, led by Heisman Trophy runner-up Penix and a trio of lethal receivers, looked oddly out of sorts. By halftime, Penix had completed just 13 of his 21 pass at-

tempts for 128 yards—his third lowest first-half production of the season. He threw just nine picks in the first 14 games, then two against Michigan, including his first throw of the second half. But a failed fourth-down attempt by Michigan's offense late in the second quarter gave the Huskies a way back into the game. Jalen McMillan's 3-yard touchdown catch cut Michigan's lead to seven points and stalled the Wolverines' momentum. It wasn't the first time Harbaugh had seen his team's progress interrupted. Just three years ago, Michigan won a measly two games in the 2020 pandemic season and Harbaugh's future in Ann Arbor was in doubt. He was 41-22 overall, but 3-3 against Michigan State, winless against Ohio State and 1-4 in bowl games. It was dismal enough that Michigan's administration contemplated firing him. Instead, early in 2021, Harbaugh agreed to take a pay cut, hired a cadre of young coaches and sent a strongly worded email to his team outlin-

ing how things needed to change. The changes he had in mind weren't innovative new concepts. He wanted Michigan to be tougher, rougher and, well, more Michigan. In the seasons since then, Michigan beat the rival Buckeyes and won the Big Ten title in three straight years, and reached the College Football Playoff in all three seasons. All that remained was the milestone that had eluded them since 1997: the national championship. Fittingly, it was Michigan's running game that sealed the game. After a second half during which the teams traded field goals and then punts, the Wolverines finally broke through with just under 10 minutes to play when running back Blake Corum plowed into the end zone from 12 yards out to restore Michigan's two-score lead. Then, after an 81-yard interception return from cornerback Mike Sainristil, Michigan had the ball deep in Washington territory with time running out. Once again, Michigan called a run play. Once again, Corum punched it in. It was simple, physical, and brutally effective—which is just how Harbaugh would've wanted it.

34-13

Final score of Michigan's win over Washington

By JARED DIAMOND

ON MONDAY NIGHT, more than 70,000 people crammed into NRG Stadium in Houston to watch Michigan and Washington compete for the football national championship—the ultimate display of college sports' almost unfathomable economic excess. To witness the opposite end of that spectrum, just drive about 10 miles up the road. That's where you'll find the College of Biblical Studies, an evangelical institution with a total enrollment of under 500 students and a fledgling basketball program barely two months into its existence. The Lady Ambassadors, whose roster consists of eight unheralded freshmen who went mostly unrecruited out of high school, made a strange sort of history last week. They suffered a 159-18 beatdown at the hands of Grambling State, the largest margin of victory ever produced in a game featuring a Division I squad. The unprecedented drubbing became national news, earning Grambling State a spot on SportsCenter to go with its place in the record books. But in the aftermath of the win, one key question remained unanswered: Why would Grambling State, which qualified for the NCAA tournament as recently in 2018, schedule an opponent like the College of Biblical Studies in the first place? The answer provides a window into the fragile financial landscape of small-time collegiate sports, far removed from the seemingly limitless wealth that adorns the NCAA's top rungs. One surefire way for the little guys to raise funds? Agree to be massacred by a far superior Division I program in exchange for cash. "We have zero budget," said

They Just Got Beat By 141 Points. They Want a Rematch.



Grambling State beat the College of Biblical Studies, 159-18, in a women's basketball game on Jan. 2.

Lynden Rose, a star point guard for Houston during the "Phi Slama Jama" era in the 1980s and a member of the Board of Trustees at the College of Biblical Studies. "We have to pray that we can put a team together. We don't have a shoe company that sponsors us. We don't have anything." Big schools like Michigan and Washington can afford to pay their coaches millions of dollars and train in lavish practice facilities funded by billionaire donors. The College of Biblical Studies, which participates in Division II of the National Christian College Athletic Association, is playing its home games at the gym of a local church. Dan Wood, the executive direc-

tor of the NCCAA, said that Division I programs will often pay these small schools anywhere from \$1,500 to \$10,000 to come play them—a practice known as a "guarantee game" or a "buy game." Sometimes, they kick in new gear, like warm-up uniforms, in addition to covering travel expenses. This happens because mid-major Division I teams often have trouble scheduling home games during nonconference play, since their larger counterparts aren't willing to travel to face them. For schools like the College of Biblical Studies, one such game can fund 10 to 15% of the entire annual athletic budget. So while Wood said that the NCCAA primarily exists to "use athlet-

ics to serve the Great Commission of Jesus Christ," he is not naive to the economic realities. "They don't take guarantee games to give the money away to charity. I don't want to make it sound like it's all so pure, that they took the guarantee and gave it away to the Salvation Army," Wood said. "It's simply helping fund their athletic program." College of Biblical Studies President Bill Blocker said the school primarily looks for students in need of second chances or who come from difficult circumstances. The school offers full scholarships to churchgoing men under the age of 30 who grew up without a father figure at home. Rose, who initially proposed the

idea of bringing athletics to the school, believed that basketball could be a way to attract students who might not have imagined attending college otherwise. He ultimately convinced the administration that sports could help increase enrollment. "Coming into this, our board, our executive staff prayed that we want as a school to make our brand awareness increase nationally," Blocker said. In a way, that's what happened, which is why when Rose saw the final score against Grambling State, one thought popped into his mind. "Wow, this is working," Rose said. "Now people know about the College of Biblical Studies." The College of Biblical Studies isn't the only small, religious school to be blown out this season. In November, the North Carolina Central women's team beat Mid-Atlantic Christian—which has around 175 students—by the score of 132-22. Last month, the men's side at Oak Hill Christian, a NCCAA program in Minnesota with about 100 students, received national attention after losing, 108-14, to North Dakota State. But none of those games compared with the Ambassadors' 141-point shellacking. The College of Biblical Studies allowed 34 points before scoring its first basket, shot 8 of 43 from the field and committed a whopping 57 turnovers in 40 minutes of action. Afterward, Grambling State coach Courtney Simmons posted on X that "the goal set out was not to win by this margin." For their part, Blocker and Rose took no issue with Grambling State despite the lopsided result. In fact, they hope they square off again. "Maybe next year they beat us by 100," Rose said. "But in year four, maybe we're competitive."

OPINION

The Contempt of Hunter Biden



MAIN STREET
By William McGurn

Give the president's son props for theater. Most uncooperative witnesses subpoenaed by Congress simply don't show up. They let their lawyers haggle out a resolution. Or, if they do show up, they invoke the Fifth Amendment to avoid answering questions. Not Hunter Biden. When the House Oversight and Judiciary committees subpoenaed him to testify at a closed-door deposition last month, he did more than refuse. He held a press conference outside the Capitol where he denounced Republicans, characterized the impeachment investigation as illegitimate, and said he would answer questions only in a public hearing. "What are they afraid of?" he taunted. "I'm here. I'm ready." He then drove off without taking questions. On Fox News, Oversight Chairman James Comer said Hunter had given Congress a "middle finger." Come Wednesday the Republicans will give their response. Both the Oversight and Judiciary committees will be marking up resolutions to hold Hunter in contempt. If they pass in committee, they go to the full House. If the House passes them, the question becomes whether Joe Biden's Justice Department will prosecute.

Therein lies a snag. Many believe that Attorney General Merrick Garland will decline to bring charges, the same way Eric Holder refused to prosecute former IRS official Lois Lerner when the House held her in contempt in 2014. This time the decision is even more fraught politically, because it involves the president's son in an election year. But a decision to protect Hunter from prosecution in a clear case of contempt isn't risk-free. When Nancy Pelosi's Democrats controlled the House in the first two years of the Biden administration, they cited two former Trump officials—Steve Bannon and Peter Navarro—for contempt. The two men had defied subpoenas to testify before the Jan. 6 committee. After the House voted them in contempt, the Biden Justice Department prosecuted and ultimately secured convictions. A Journal editorial supported Mr. Bannon's contempt prosecution as necessary to restore credibility to a key congressional power: "Republicans held official Lois Lerner in contempt in their probe of IRS bias, but Justice never prosecuted. We count at least four times in recent years that Congress made criminal contempt referrals, and none was prosecuted. If Mr. Bannon becomes another, everyone will assume that Congressional subpoenas have no force." That is what is also at stake with Hunter Biden's defiance. If people can flout lawful congressional subpoenas or set their own terms for compli-

ance—especially when related to an impeachment inquiry—it effectively renders congressional investigations toothless. Hunter Biden's defenders argue that he wasn't saying he wouldn't testify, only that he insisted on doing it at a public hearing. Never mind that there's no legal basis for such a defense. The same Democrats now defending Hunter were singing a different tune when Mr. Bannon was in the dock.

Why not the same standard for the president's son we had for Steve Bannon?

"No one in the United States of America has the right to blow off a subpoena by court or by the United States Congress," said Democratic Rep. Jamie Raskin, now ranking member of the Oversight Committee. And he was right. Witnesses don't get to decide how they will testify. Those subpoenaed by the Jan. 6 committee, for example, were first deposed behind closed doors before they testified publicly. Mr. Comer and Judiciary Chairman Jim Jordan seek to do the same with Hunter. If Mr. Garland doesn't prosecute, it will stink of special treatment and a double standard for the president's son. The committee also wants to know if the president had

any role in Hunter's decision to defy the subpoena. Another pass for Hunter would become a political liability in President Biden's re-election bid. You can bet Donald Trump would bring up Hunter's name in a debate—and highlight the many whoppers the elder Mr. Biden told about his son's overseas business dealings when they last sparred in 2020. But if House Republicans really want Hunter's answers, and not simply a campaign issue, there is a route that doesn't require the Justice Department's cooperation: inherent contempt. While each chamber of Congress holds this power, it hasn't been exercised since 1934. Under inherent contempt, the House could enforce its contempt finding itself by bringing Hunter before the House and putting him on trial. If he's found guilty, the House could detain him under its own authority. In 1821 the Supreme Court recognized this power in *Anderson v. Dunn*. In that case, the justices held that inherent contempt was essential to Congress's ability to function as a legislative and deliberative body. Without this power, it ruled, Congress would be "exposed to every indignity and interruption that rudeness, caprice, or even conspiracy, may meditate against it." Indignity. Interruption. Rudeness. Almost sounds as if they had Hunter Biden in mind. Write to mcgurn@wsj.com.

Argentina's Lessons for America



GLOBAL VIEW
By Walter Russell Mead

Buenos Aires When God was creating Argentina, the story goes, the angels thought he was being unfair. "Lord," they said, "you are giving this country fertile soil, rich mineral resources, a healthy climate, a wonderful port, oil and gas. These people will have everything, and they will rule the world." "Don't worry," God said. "It will all work out. Wait until you see the Argentines." There are no objective reasons this once-prosperous country shouldn't be one of the richest places on earth. But for roughly the past 100 years, Argentina has been one of the most disappointing economic stories in the world. Measured by per capita gross domestic product, the country was one of the 10 richest countries in the world before the Great Depression. In 2022 it ranked 67th, according to International Monetary Fund data. When I first came here in the 1980s, I remember watching a family of beggars on the steps of the cathedral as 1-peso notes blew past them in the wind. At 640 pesos to the dollar, it wasn't worth the effort to snatch them out of the air. Visiting Buenos Aires again last week, I was struck by how little has changed in 40 years. On the positive side, the city

is as beautiful and as culturally vibrant as ever. Economically and politically, however, it seems locked in a time warp. The black-market dollar is still called the "blue dollar," and people pop up everywhere with offers to exchange it. Ordinary Argentines struggle to make ends meet. Inflation remains a national preoccupation. Last week the peso was again in free fall, and inflation was around 200%. The official exchange rate for the peso fell past 800 to the U.S. dollar, with rates of more than 1,000 available on the black market. I met Argentines who hoped the recently inaugurated president, Javier Milei, could finally put the economy on a solid foundation after a century of erratic ups and downs. Others have grown jaded with promising new initiatives. In 1989, Carlos Menem was going to stabilize the economy with his de facto dollarization, and in the optimistic atmosphere of the era, Washington policy makers, think tankers and Wall Street investors swallowed the story whole. The Menem era ended in tears as the peso collapsed amid a massive economic crisis. It will take courage, vision, luck and skill to dismantle the dysfunctional institutions and policies that hold Argentina back. Mr. Milei has made solid moves during his first month in power, by cutting subsidies and pruning some of the regulations and red tape that threaten to strangle the struggling economy. Yet it remains

to be seen if he can lead Argentina into prosperity. With a hairstyle crafted, according to his image consultant, Lilia "Lady Lemon" Lemoine, to blend Elvis Presley and Wolverine, Mr. Milei has worked as a TV pundit endorsing both libertarian economics and tantric sex. He's called Pope Francis "the representative of the Evil One on earth," and is the proud owner of five cloned dogs.

Despite its failures, Perónism is proving a temptation to the left and right in the U.S.

Worse, of 257 seats in Argentina's lower house, Mr. Milei's allies occupy only 38. They hold a mere seven of the 72 spots in the Senate. The courts and bureaucracies team with bitter critics of his reforms. Argentina's powerful labor movement hates him. We should wish Mr. Milei and the roughly 56% of Argentines who elected him well, but I leave Buenos Aires wondering whether Argentina's past will be America's future. Under the long shadow of Juan Perón (1895-1974), populist economics, weak institutions, political polarization and contempt for the rule of law have defined Argentine politics for decades. It isn't hard to spot signs of similar social dysfunction in the U.S. today.

Perón wanted an Argentine economy based on state-directed investment, with officials under his thumb selecting favored industries and telling them how to do business. Thanks to an iron triangle of government bureaucrats, business depending on government incentives and protection for profit, and unions fighting for government subsidies to the corporations that sheltered them, Perónism was as politically successful as it was economically damaging. President Biden often seems to be a woke Perónist, hoping to build a new American economy around the dictates of green economic planners and diversity consultants, protected manufacturing industries and loyal unions basking in government favor. It takes two to tango, though, and Donald Trump and some GOP populists have also embraced the economics of Argentine decline. Some of the harshest criticism of Mr. Milei's victory came from those on the so-called new right. Compact magazine editor Sohrab Ahmari slammed the "Argentine weirdo" who was "seemingly grown in a secret laboratory funded by the Koch brothers" for his determination to liberalize Argentina's system of industrial tariffs. Fortunately, suspicion of an overreaching state is one of the enduring elements of American populism. Modern America has its problems, but what wrecked Argentina won't fix the U.S.

BOOKSHELF | By Dominic Green

Big Mal On Tour

Living the Beatles Legend

By Kenneth Womack
Dey Street, 592 pages, \$50

Mal Evans, a former road manager for the Beatles, was killed in a confrontation with police in Los Angeles on the night of Jan. 4, 1976. He left behind an estranged wife and two children, a girlfriend, a group called Splinter that did not trouble the charts, and the unfinished manuscript of his autobiography. His son, Gary, has passed the manuscript to Kenneth Womack of Monmouth University in New Jersey. Full of insight and eyewitness detail, "Living the Beatles Legend" tells the Beatles story inside-out. It is also a cautionary tale. Evans loved Elvis, the movies and cowboy shootouts. Living the dream turned his life upside-down, then killed him. Evans was born in Liverpool in 1935, five years before the elder Beatles, John Lennon and Ringo Starr. Married to his first love, Lily, in 1957, he was working as a post-office electrician when he dropped by the Cavern Club on a lunchbreak and first heard the Beatles. He began working as a Cavern doorman for extra money, then moonlighted working security in the offices of Brian Epstein, the band's manager. In July 1963, Epstein hired him to help the band's one-man road crew, Paul McCartney's schoolfriend Neil Aspinall. Evans was a shy giant and, he said, an "ardent coward," but he could drive, he knew how electricity worked, and he could easily lift "the Coffin," Mr. McCartney's homemade bass amp. "He should have been in the circus," Mr. Starr later said. He soon was. The Beatles became the most famous quartet since the Four Horsemen of the Apocalypse. They toured with only four companions: Epstein, Aspinall, the publicist Derek Taylor and Evans. The diary that Evans began as a record of his infant son's development became a primary document of musical history and the madness of Beatlemania. As road managers go, Evans was a one-man band. The "get-in" at the venue was at 3 p.m. Evans primed the police, security guards and management, loaded in the gear, tuned the guitars, and set up and tested the drums and amps. When the band arrived, he fixed tea and sandwiches. Before shows, he prepared their stagewear and polished their Beatle boots. Between shows, he collected takeout and dried the boys' wet shirts in the theater's boiler room. During shows, he replaced broken guitar strings, fixed power outages, intercepted stage invaders and, when the band played in the round at the Washington Coliseum, ran onto the stage and physically rotated Mr. Starr's drum riser under a hail of jelly beans. After the show, the band fled via limousine (in America, via ambulance or fortified truck) while "Big Mal" ferried their gear to his lipstick-covered van. In the hotel lobby, Evans and Aspinall selected girls for the band, and for themselves too. "If one could get an Oscar for safely procuring women," the journalist Larry Kane observed, "Mal Evans would have received the lifetime achievement award." Lennon later compared the band's debauches to Fellini's "Satyricon," but they were careful to be discreet. Lily Evans had little idea at first. She thought Mal had only "four mistresses: John, Paul, George, and Ringo."

Mr. Womack's previous books include a two-volume biography of George Martin, the producer who shaped the band's sonic innovations. Here Mr. Womack does a fine job of communicating the novel and dangerous unrealities of a new kind of stardom. In Chicago, Evans blocked a woman from handcuffing Mr. McCartney to her arm. There was no electricity for the stage at Cleveland's Public Auditorium because the promoter didn't understand that the band played electric guitars. The Dallas police sent only two motorcyclists to the airport, and girls climbed onto the wings of the Beatles' plane as it taxied in.

The tragic story of the Fab Four's road manager is an account of music history and the madness of Beatlemania.

Evans carried a "doctor's bag" containing Band-Aids, screwdrivers, cigarettes, cough drops, guitar strings and picks, a "dope bag" stocked with drugs, and a "sin kit," a violin case containing booze. Before leaving London for the band's third and final American tour of 1966, Evans and Aspinall rolled "hundreds of joints," which they packed into empty cigarette cartons and resealed with cellophane. When the band was seeing Amsterdam from a glass-topped boat, George Harrison admired one fan's "groovy-looking" cloak. Evans jumped into the canal, swam ashore and turned up at the hotel three hours later, cloak in hand. By the summer of 1966, the band hated touring, and Evans was an "absolute wreck." He moved his family to London and served the boys in the studio at Abbey Road, but, Mr. Womack writes, the "carefully nurtured compartments of his life were starting to overflow." Evans's fantasy life was more rewarding than reality. Instead of attending his daughter's birth, he made tea and toast at the all-night sessions that produced "Paperback Writer" and "Rain." When he finally took his family on a vacation, it was a Mediterranean cruise with Harrison and the guitarist's mother. Evans added handclaps on "Birthday" and harmonies on "Dear Prudence." He hired the bus for the "Magical Mystery Tour" and dressed up as a flunky for the "Penny Lane" video. He brainstormed the idea for what was initially called "Doctor Pepper's Lonely Hearts Club Band" with Mr. McCartney, contributed to Mr. McCartney's lyrics to "Here, There and Everywhere," "Fixing a Hole" and "The Long and Winding Road," sourced a blacksmith's anvil in central London so that he could hammer it on "Maxwell's Silver Hammer," and washed the dirty backside of Mr. McCartney's dog so it didn't foul the limo. "I was to receive no credit," Evans wrote, "and, as it turned out, no royalties." When the band broke up, he followed Lennon and Mr. Starr to Los Angeles. He tried to become a manager and producer, but his drink and drug habits were uncontrollable. "There's no regular life anymore—it's gone," Evans complained to an American girlfriend. When he sent his son a birthday message on a cassette, he forgot to erase a recording of him and his new lover. Realizing he had lost Lily and his children, he got drunk and high on cocaine and then took a bottle of Valium. When the police came, he raised his Winchester rifle. It was suicide by police officer but also death by show-business misadventure. Mr. Green is a Journal contributor and a fellow of the Royal Historical Society.

Gay's Ouster May Prove a Pyrrhic Victory

By James Spencer

I feel for Claudine Gay. A forced resignation after a brief tenure and under challenging circumstances isn't something we should wish on anyone. But on an organizational and cultural level, it's easy to overestimate the significance of Ms. Gay's resignation. She began her Harvard presidency in July 2023. Holding her responsible for her response to the outbreak of anti-semitism since October is appropriate. But it seems unlikely that the issues plaguing Harvard resulted from a president who had been in office for only a few months. Harvard's culture was formed long before Ms. Gay became president. Her resignation probably won't change it much, as evidenced by reactions from Harvard faculty members who see her departure as capitulation to political pressure. Thus it is difficult to agree

with conservatives like Christopher Rufo, who called Ms. Gay's resignation "the beginning of the end for DEI in America's institutions." Harvard hasn't even chosen a new president, and transforming its culture will require more than a social media firestorm, short-term political pressure, and a change at the top. It will require years, perhaps decades.

Changing the culture needs a measured, persistent approach.

As appropriate as Ms. Gay's resignation may be, she could end up being a scapegoat who covers over a multitude of other sins. Higher education institutions aren't isolated. Their presidents aren't all-powerful czars who can easily steer an institution one way or another. Other constituencies

contribute to forming and reinforcing the character and culture of a university. Assuming there are no more scandals, it is possible that Harvard will settle back into its position as an elite American university with little additional oversight or accountability. The outrage related to DEI and "wokeness" hasn't been matched by action against the government's allocation of billions in taxpayer dollars to support institutions without adequate oversight or understanding of what is being taught and how it serves or subverts the public interest. Accountability can also easily become coercion. Punitive action needs to be carefully considered. We still want academic freedom, even if we need to establish boundaries. While I recognize the power of social media, I find it lamentable that social-media mobbing has become the go-to strategy for the left, the right and everyone in between. In

2010 Malcolm Gladwell wrote that social-media activism "makes it easier for activists to express themselves, and harder for that expression to have an impact." In the wake of the congressional hearings, a social-media mob created the critical mass to push Ms. Gay and Harvard to act. But it remains to be seen whether her resignation will lead to other reforms or be an isolated event reinforcing the status quo. Making too much of the resignation could make us think that all is well. Therein lies the danger of this particular "win." If we want to change Harvard and other institutions, we need a measured, persistent approach. Outrage alone won't get it done.

Mr. Spencer is president of Useful to God Ministries and the D.L. Moody Center and author of "Christian Resistance: Learning to Defy the World and Follow Jesus."

OPINION

REVIEW & OUTLOOK

Speaker Johnson’s Spending Deal

Can House Republicans govern in 2024—even a little—after the lost year of 2023? One modestly promising sign is the budget deal that House Speaker Mike Johnson struck with Democrats over the weekend on federal spending levels for fiscal 2024.

The agreement largely hews to the debt-ceiling deal of last spring, with a few additional fiscal benefits. Fiscal 2024 discretionary spending (through this September) will remain at \$1.59 trillion, as specified by statute in the Fiscal Responsibility Act agreed to by former Speaker Kevin McCarthy and President Biden in May. That’s a minor victory by itself since Senate appropriators intended to bust that cap by adding another \$14 billion.

Defense spending will total \$886 billion, while non-defense discretionary comes in at \$704 billion. The rub is that Mr. McCarthy and the White House negotiated several side deals that increased domestic spending by an additional \$69 billion. While that number remains, Mr. Johnson managed to offset \$16 billion with other cuts. Democrats agreed to surrender \$10 billion more of their Internal Revenue Service fillip, bringing that total to \$20 billion in fiscal 2024. Another \$6.1 billion will come out of unspent Covid-era funds.

Overall, domestic discretionary spending remains essentially flat, while defense dollars increase by roughly 3%. That breaks the Democrats’ longtime demand for parity between defense and social-welfare spending. Mr. Johnson’s team also managed to kill several gimmicks that threatened to make emergency spending and changes to entitlement account-

ing part of the permanent budget baseline. With the top line set, Congress can now move to pass the 12 appropriations bills to fund the government before the looming staggered deadlines of Jan. 19 and Feb. 2. After years of continuing resolutions and blowout omnibus bills, this would be progress for a GOP that promised to restore regular order.

The House has moved all 12 bills out of committee, and seven through the floor. The Senate has passed only three. A House-Senate conference committee on bills, once they pass each body, is crucial for giving Republicans leverage to end the Nancy-Pelosi-era policy riders that remain in effect.

House Freedom Caucus members are denouncing the deal as a sellout, but they always do. Could they do better with a three-seat margin in the House and Democrats in charge of the Senate and White House? There’s no evidence they have a plan beyond the futile gesture of shutting down the government.

Meeting the budget deadlines lets Republicans focus on Mr. Biden’s border mess, where a united GOP might extract real concession on security in return for weapons for Ukraine and Israel. The alternative is for the GOP to fracture over this spending deal, threaten a shutdown, and produce more headlines about GOP dysfunction. Could they be dumb enough to defenestrate another Speaker?

The cheapest trick in politics is to pound the table in outrage at everyone else’s failure without offering a constructive idea for doing better. This is part of the GOP’s current affliction, and the Speaker’s deal is an antidote.

House Republicans have a chance to show they can actually govern.

Why Taiwan’s Election Matters

Taiwan’s voters head to the polls Saturday in a presidential election that could echo far beyond its shores. The echoes will have more to do with the island’s commitment to its democracy than with the policies of any particular candidate.

This is an unusually consequential election because the Taiwan Strait has become one of the world’s geostrategic flash points. The mainland People’s Republic of China has been committed to absorbing Taiwan for decades, and President Xi Jinping has grown more aggressive in pressing Beijing’s claims. Following Russia’s invasion of Ukraine, Taiwan has come into focus as the other place where a large autocracy could be tempted to overrun a smaller, democratic neighbor.

Little wonder, then, that cross-Strait issues have swamped concerns such as inflation during Taiwan’s campaign. The front-runner in opinion polls, Lai Ching-te of the Democratic Progressive Party, promises to continue the DPP’s tradition of assertiveness in defense of Taiwan’s democratic autonomy. Mr. Lai is vice president to term-limited incumbent Tsai Ing-wen, whose policy has been to let relations with Beijing cool somewhat while cultivating closer ties with allies such as the U.S.

There are important differences between Taiwan’s parties on these issues, but one shouldn’t exaggerate the gaps. Hou Yu-ih of the Kuomintang (KMT), currently running second, promises a more conciliatory approach toward Beijing. The KMT’s previous stints in power were marked by warmer trade ties with mainland China and less rhetoric likely to inflame Beijing.

Yet Mr. Hou insists he and the KMT aren’t pursuing a policy of unification with the mainland. He’s trying to present himself as the best

candidate to maintain Taiwan’s democratic sovereignty while boosting the economy with better trade and investment ties to China. The same goes for third-party candidate Ko Wen-je, a doctor who says he can achieve better domestic governance and cross-Strait relations with a more technocratic approach and whose fresh presence is attracting younger voters.

The common theme is the desire of Taiwan’s voters to preserve their democracy even as they debate how. They understand the stakes after witnessing Hong Kong’s fate. Beijing has proven with its crackdown on freedom in that territory that “one country, two systems” really means the end of democracy. The Communist Party will always impose its own system.

If Mr. Lai wins as expected, Beijing is likely to go into blustering overdrive as it always does when Taiwan voters refuse to cooperate with the Party’s will. Commentators may present such a vote as a provocation. China already has stepped up threatening actions, including the dispatch of spy balloons over the island as Mr. Lai’s lead has firmed in opinion polls.

The affront to the Party isn’t Mr. Lai’s policies, and Taiwan’s voters won’t have stoked tensions with Beijing by electing him. The problem is that Beijing can’t tolerate Taiwan’s example of a thriving Chinese-speaking democracy in which voters settle political differences at the ballot box. If a conflict breaks out in the Taiwan Strait, this will be why. And Taiwan’s voters know it as they head to the polls.

Voters are united in support of democracy, no matter who wins.

Elon Musk vs. the Administrative State

SpaceX wants to colonize Mars, but first it’s taking on a more difficult mission: Rolling back the administrative state. CEO Elon Musk’s firm is challenging the structure and powers of the National Labor Relations Board.

A regional director at the NLRB last week charged SpaceX with retaliating against employees who wrote an open letter criticizing Mr. Musk. The complaint alleged that the company unfairly barred workers from discussing the letter and “created an impression of surveillance” by “showing employees screen shots of communications between employees.”

SpaceX responded with a lawsuit in federal court arguing that the board’s structure and administrative trials are unconstitutional. The suit leans in part on the Fifth Circuit Court of Appeals’s *SEC v. Jarkesy* precedent. The Supreme Court heard the Securities and Exchange Commission’s appeal in the case in November, and a decision is expected by June.

Jarkesy held that the SEC administrative law judges’ dual layers of protection from presidential removal violate the Constitution’s command that the President must “take Care that the Laws be faithfully executed.” The Fifth Circuit also held that the SEC’s administrative process for adjudicating fraud claims violates the Seventh Amendment’s right to a jury trial.

Like SEC administrative law judges, the NLRB’s judges can only be removed for good cause as found by a Merit Systems Protection Board whose members can only be removed for “inefficiency, neglect of duty, or malfeasance in office.” Similar to the SEC, the NLRB asserts the power to extract monetary damages from defendants. SpaceX argues that such claims belong in federal court

where defendants enjoy a right to a jury trial. The SpaceX lawsuit also seeks to break new legal ground by taking aim at the NLRB’s combination of adjudicative, legislative and executive power, which it argues violates the constitutional separation of powers and due process. NLRB members rule on charges brought in its administrative courts and decide whether to seek injunctive relief in federal court.

Members of other independent agencies do the same, but SpaceX argues that the NLRB’s procedural unfairness is magnified because the board “has chosen to promulgate virtually all the legal rules in its field through adjudication rather than rulemaking.”

In other words, the board uses internal adjudications to write new labor law. When a party appeals a board decision in federal court, the NLRB then claims that its interpretations of labor law based on its precedents and fact finding deserve judicial deference. Imagine a district attorney writing the law and hearing cases that it prosecutes under that law.

The “accumulation of all powers legislative, executive and judiciary, in the same hands” is “the very definition of tyranny,” SpaceX writes, citing James Madison’s Federalist No. 47. Congress has granted the NLRB and other independent agencies sweeping powers that would have made the founders blanch. But the agencies have also expanded their purview.

The Biden NLRB is a case in point. The board’s statutory mission is to protect workers’ right to organize, but it is rewriting labor law to limit employer rights to manage their workforces. Credit to SpaceX for firing a rocket at the administrative state.

LETTERS TO THE EDITOR

Connecticut Is Leaving the Welcome Mat Out

Your editorial “The Great U.S. Migration Continues” (Dec. 23) is more wrong than right as it applies to Connecticut. It posits that blue states are hemorrhaging population due to higher taxes, more regulation and expensive housing. That’s not true in Connecticut. In fact, our state is gaining population, with tens of thousands of young families having moved here over the past few years.

Republican orthodoxy says our migration is all about taxes. We recently enacted the largest tax cut in state history, eliminating the income tax for most working families and taxes on pensions for most seniors. Democratic orthodoxy argues that families are moving to Connecticut because we are a family friendly state, with paid-family leave, expanded daycare and one of the country’s best education systems.

For most of our citizens, our income tax is lower than the Sunbelt states. In Connecticut, we have reversed the budget deficits and trends of the past, in part due to the new families and higher-income taxpayers who now call Connecticut home. We have more new startups and a lower

unemployment rate than the national average, and we’re just getting started.

On the regulatory front, I won’t apologize for Connecticut enforcing environmental standards to better protect our air and water, but we’re also making the regulatory review and approval processes more efficient. More transactions are now done online, not in line.

As for housing costs, our state gets an incomplete. We have a shortage of housing supply and more people are trying to move into our state, driving up prices. We are working aggressively to speed up the zoning process and double the state’s investment in housing. We are building multifamily homes in our cities. Parking lots and old commercial buildings will be transformed into livable communities that are a short walk to a train station, park or great restaurant.

Connecticut will keep the welcome mat out and I hope more families keep coming.

NED LAMONT
Hartford, Conn.
Mr. Lamont is governor of Connecticut.

Harvard’s Colorblind Firing of Claudine Gay

Regarding your editorial “President Gay Falls at Harvard” (Jan. 3): While threats to Jews on Harvard’s campus require “context,” former Harvard President Claudine Gay said that calls for her resignation were fueled by “racial animus.” Apparently her indefensible comments before Congress and plagiarism played no role. Her comments are irrefutable proof that she never should have been appointed in the first place.

WILLIS J. GOLDSMITH
Indian River Shores, Fla.

Years ago, my son was accused of plagiarism while in community college and faced expulsion. His real crime was being a decent writer and espousing conservative views. After an exhaustive and nerve-wracking inquest, he was grudgingly exonerated, much to the disappointment of his liberal instructor. He went on to earn an engineering degree, formed a small company, and is a job-creating, tax-paying citizen.

Contrast that with Ms. Gay, who despite confirmed plagiarism and a thin academic record in a low-value field, failed upward to become Harvard’s president. Resigned and rightly disgraced, she will still reap nearly a million dollars a year. Clearly there are two standards in our country.

RAYMOND BAKER
St. Petersburg, Fla.

George Will said it best: “A significant date in the nation’s civil rights progress involved an African American baseball player named Robinson, but not Jackie. The date was Oct. 3, 1974, when Frank Robinson, one the greatest players in history, was hired by the Cleveland Indians as the major leagues’ first black manager. But an even more important milestone of progress occurred June 19, 1977, when the Indians fired him. That was colorblind equality.”

FRED GIERTZ
Champaign, Ill.

U.S. Military Must Transform and Coordinate

Many significant issues exist for a transformed U.S. Marine Corps (“Marines’ Transformation Spurs Debate,” World News, Dec. 29).

First, the combat employment of the transformed Marines rests on the bold, strategic assumption of unimpeded access to the sovereign territory of cooperating nations. The U.S. cannot guarantee iron-clad entry into the archipelagic and maritime nations of the Indo-Pacific theater, with the exception of treaty allies such as Japan, in time of war.

Second, for the Marines to get to the fight, the Navy must procure 35 new, small amphibious ships. If the Navy’s shipbuilding budget isn’t increased, it must stop or reduce procurement of other high-priority ships such as its future ballistic-missile submarine, frigate and attack submarine. Given the Indo-Pacific theater’s vast distances, the Navy may need more tenders to re-arm submarines, oilers to refuel task forces and logistics ships to

sustain and repair the fighting fleet.

Third, the U.S. Army is fielding similar warfighting units to the Marines. Like the Marines, the Army also has a requirement for new, small amphibious ships to transport its warfighting units. The U.S. cannot afford potentially duplicative warfighting and amphibious capabilities from both the Army and the Marines. Unfortunately, there is an absence of a unifying and coherent joint force strategy and plan to resolve these issues. A shared understanding of how the U.S. military intends to fight in the future would be most useful.

BRUCE B. STUBBS
Alexandria, Va.

Mr. Stubbs is a former director of strategy and strategic concepts in the Office of the Chief of Naval Operations.

Kind Words Are Not Sexist

In a Jan. 2 letter, Denise Kummer writes that it is sexist to call a young woman “pretty.” It made me think of an encounter I had with an elderly gentleman at Panera Bread.

I was working as a home health nurse, and it had been a discouraging morning. A gentleman was coming out with his walker and trying to navigate two heavy doors. I quickly opened both doors for him and he said, “Your beauty is only surpassed by your kindness.” I was giddy for the rest of the week.

I recommend that people get off their computers and interact with real human beings, gain life experience and quit censoring innocuous comments.

DEBORAH HOWARD
Powhatan, Va.

Pepper ... And Salt

THE WALL STREET JOURNAL



“Currently I’m a stay-at-home boyfriend but that doesn’t define me.”

CORRECTION

James Madison wrote Federalist No. 10. The author was misstated in “The Supreme Court’s Road to El Dorado” (Jan. 6.)

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OPINION

Genocide in My Classroom

By Timothy William Waters

If you’re going to advocate genocide, please do it respectfully.” That’s what I tell my students at the start of my course on war crimes. I’m not sure it would have gone over well in the recent congressional hearings on campus antisemitism. But it could hardly have gone worse than the actual hearings, considering how difficult it was for some university presidents to answer Rep. Elise Stefanik’s question on whether “calling for genocide violates university’s policies” and how badly their apologies played—the presidents of Harvard and the University of Pennsylvania have since resigned.

Incitement is a crime, but I teach my students that there’s a clear distinction between ideas and violence.

The line gets a laugh, but students know I’m serious because I say it in a speech about difference, discourse and the reason they are in that classroom. Which isn’t to commit genocide—or to stop it. They aren’t there to do anything besides learn: what the law is and isn’t, how to prosecute or defend war criminals, what works and doesn’t. What they do with that knowledge is up to them. Some defend corporations. Others liberate oppressed communities by any means necessary. Some become military judge advocates, while others oppose America’s wars. On Israel and Gaza—you can imagine.

If a student tried to commit genocide in my class, I’d call the police. I’d do the same if he urged his

classmates to kill Jews, Palestinians, Ukrainians or Russians, because inciting people to commit genocide is also a crime. If that is what “advocating genocide” means, then yes, genocide isn’t allowed in my classroom.

But arguing that genocide shouldn’t be a crime is allowed. You want to say that acts widely considered genocide can be legally justified? Say more. That killing Armenians in 1915, Bosnian Muslims in the 1990s, Ukrainians or Israelis or Palestinians in 2023 isn’t genocide? Discuss. I’ve argued similar positions myself, and my university neither would nor should punish me for it.

What about advocating that a group should be targeted for genocide? As long as a student isn’t directly inciting others to violence, I’ll listen and raise questions. I’ll ask the student to elaborate, and urge others to comment.

I require my students to speak “respectfully.” They must be civil. They shouldn’t direct foul language or racial epithets at their classmates. I don’t outright ban profane, vulgar or racist words, given that we study the reasons people kill each other, but I limit their use. Respect also means not interrupting others and avoiding theatrical disapproval—rolling eyes, hissing. But vigorous disagreement through reasoned argument is encouraged. That’s why we’re there.

I’m happy to report that no student has ever actually advocated genocide in my class. But some have argued for things that I find disturbing, and my job is to give those discussions space, just as I give space to—and challenge—views I find sensible. I can’t imagine teaching about forced population transfers after the world wars without noting their effects on political stability, or that they were legal under



international law and might still be today.

If I all I did was lead my students in chants condemning population transfers and genocide as immoral, I’d fail them as a teacher. Besides, chanting isn’t conducive to thoughtful discourse, something protesters should consider.

Often people worry about the effects of speech on others, especially on those without economic or political power. That’s a great topic for class discussion, but ideas aren’t violence. Discussing diverse views on genocide, racism or human rights can make students uncomfortable, but ideas alone don’t create a hostile environment, legally or logically. Allowing one viewpoint to dominate can discourage students from speaking up, however, so it’s my job as a teacher, and the university’s as an institution, to ensure no ideology closes the space to all others.

The protective impulse also imposes serious costs. It can morph



into a taboo against any criticism of protected groups or things. For critics like Ms. Stefanik, there are no reasonable criticisms of Israel, only attacks on Jews that are abhorrent and against which universities should take action. Ms. Stefanik is cribbing from the playbook that academia wrote. Universities first embraced protective—and selective—censorship, watering down commitments to intellectual inquiry in favor of restrictions protecting their preferred causes and communities. Now, legislators are doing the same.

But there are differences between saying, “Begin killing all the Jews, starting with the one standing near you,” and calling Israel an apartheid state. The first is incitement; the second can mean many things, and free societies have a higher interest in ensuring the maximum scope for free discourse. We don’t come to a better understanding of the world around us by shutting down debate. The very values universities want to

enshrine as untouchable moral principles—antiracism, LGBT inclusion—used to be unpopular. Advocating them often meant exclusion from academia. We didn’t move beyond that by forbidding discussion.

The answer, and the antidote, is dialogue—between the student who sees genocide in Israel or Gaza, the student who believes neither is genocide, and the student who thinks genocide shouldn’t be classified as a crime at all. For some people, that is a lot to take. But if we can tolerate radical differences of opinion about genocide, we can learn to do the same for other complex topics such as affirmative action, abortion, immigration, guns, tax reform and the 2024 election.

Setting limits is hard. But whatever we think about protests and the public square, we can start by bringing back a radical commitment to open discourse in our classrooms. A university’s core purpose is fulfilled in teaching and research; there, we should defend intellectual inquiry to the fullest.

In the new year, I’ll start another course with photographs of African migrants adrift in the Mediterranean. No trigger warning, only questions: Do we have a legal imperative to rescue them? Will rescuing them encourage more migration? Should they be given asylum? Returned to Libya? We’ll debate all that, plus war, climate policy and, yes, genocide. These are difficult questions on which my students will disagree, and because I’m their professor, I’ll tell them they are welcome to do so—respectfully.

Mr. Waters is a professor at Indiana University’s Maurer School of Law, author of “Boxing Pandora: Reconsidering Borders, States and Secession in a Democratic World” and editor of “The Milošević Trial: An Autopsy.”

A New American Tries to Buck Up His Countrymen



FREE EXPRESSION
By Gerard Baker

My fellow Americans, I use this salutation for the first time. Shortly before Christmas, accompanied by my stars-and-stripes-wearing, red, white and blue balloon-toting, unironically patriotic and lovely natural-born American daughters, I raised my right hand, took an oath to abjure all loyalty to foreign potentates (sorry, Charles) and joined them, becoming a U.S. citizen.

It was well past time. I’ve lived here for two-thirds of my adult life and have long known it was my home, but the tug of nostalgia and the weight of inertia had combined for too long to keep me from taking the last step. You won’t ever persuade me to pronounce “glass” or “grass” as though it rhymes with “crass,” and you should certainly shoot me if you ever hear me describe anything other than the divine as “awesome,” but here I am. Naturalized. Like hot dogs, denim and democracy: not made in Amer-

ica, but definitely improved here.

If the pundits (your columnist included) are right, there will be many opportunities for indulging un-American pessimism and self-loathing in 2024. But allow me to start my first year as one of us by expressing deep gratitude for what my adopted country means and offering a gentle reminder to the many of my apparently dispirited and disillusioned compatriots of what an extraordinary and enviable privilege it remains to be able to call yourself an American.

I genuinely don’t think many Americans—and this applies to people of all political persuasions—properly understand the uniquely benign place this country occupies in the history of human progress, and how, for all its flaws, it retains that standing.

We know that a large and increasingly influential number on the left have long despised their country. For all the venomous anti-American rhetoric spouted around the world, no one can hold a candle to Americans themselves when it comes to dissing America. To paraphrase William F. Buckley, I doubt you’ll find a more passionate denunciation of this country, its history

and its legacy than you could hear every day from any 2,000 names on the faculty of Harvard.

In recent years the far left’s disparagement of their country has gone from a fringe pursuit to a disturbingly dominant orthodoxy, especially among the young. What we have seen play out on university

I humbly suggest that the self-loathing left and the pessimistic right have both managed to get it wrong.

campuses in the last few months reminds us how deeply embedded in our elite consciousness this idea of America as the primary executor of human oppression has become.

The hold this ideology has on so many of our institutions has led some on the right to a curiously complementary, and in their case quite new, rejection of faith in America. In their telling, the nation is in the grip of a corrupt authoritarianism, an ideologically exclusive command structure that demands fealty to its extremist nostrums; it

will cancel critics, subvert the law as a weapon against them, rig elections to ensure its ascendance. Their fear and loathing of this new regime is so advanced that in their view the U.S. is morally no better than, say, Vladimir Putin’s Russia and that to overcome it, the niceties of republican liberalism must be discarded.

I don’t dismiss the threat to traditional American values posed by the left. But as a newly minted American I feel it important to rebut this idea that the crisis of the past decade somehow means American democracy itself has failed.

It isn’t only that the constitutional and institutional opportunities to roll back the left’s ascendancy are available and have been successfully exercised—Republicans did win national elections in 2016 and 2022, and the Supreme Court now has a majority demonstrably dedicated to reasserting constitutional norms. It is that the hegemonic ideology of the left is to be opposed precisely because its values and ideas are contrary to those on which America was built—because they are un-American, not because they are American. Their proponents explicitly reject the ideals of

equality and freedom in favor of unequal treatment for those they privilege and the denial of freedoms to those they don’t. The way to resist and defeat this extremism is to reassert the fundamental American values, through the constitutional republican order, not to embrace some counterauthoritarianism of the right.

Perhaps this all sounds naive. Perhaps as a new American I haven’t yet become sufficiently cynical about this country but retain an old-fashioned belief in the triumph of its ideals. I am happy to plead guilty to that.

If it’s the obligation of an immigrant to be idealistic, it’s an even greater obligation to be humble. As a new American, I recognize that I have a special obligation to this country. I have a realistic enough appreciation of my talents to know that in a nation of 330 million or more people, there are many born here who could have enjoyed the benefits that I have enjoyed as an outsider. America owed me—owes me—nothing and yet has given me, and countless others, so much.

Whatever the challenges this turbulent year throws at us, my faith in my country will be undimmed.

Washington Can’t Let the Houthis Take Yemen

By Kenneth M. Pollack
And Katherine Zimmerman

It’s time for the U.S. to stop thinking tactically about the Houthis in Yemen and start thinking strategically. The growing number of attacks on shipping in the Red Sea demonstrate they are now a strategic threat to America, its allies and the global economy. We must address them as such.

For the past two decades, the U.S. has dismissed the Houthis as a nuisance. Washington recoiled when the Saudis and Emiratis intervened in Yemen against them in 2015, and the Obama, Trump and Biden administrations have tried to end the fighting with minimal exertion regardless of the outcome. Americans have tended to see the

civil war as a humanitarian catastrophe and a breeding ground for terrorists. Our position therefore has been that all that mattered was peace—not who won or on what terms.

That has proved mistaken. The Houthis have made significant gains in Yemen, allowing them to commit aggression beyond the country’s borders. They are doing so as part of Iran’s axis of resistance—the loose alliance of anti-Israel and anti-U.S. groups in the Mideast—and for their own interests.

Though the Houthis claim their actions are in support of the Palestinians, many of the ships they are trying to hit have no connection to Israel. But these attacks do appear to be closely tied to Iranian interests. Tehran is enabling and possibly

guiding these attacks by providing targeting information to the Houthis.

These attacks are really about the Houthis demonstrating their ability to disrupt shipping in the vital Bab el-Mandeb Strait, and through that, to threaten the global economy.

That ability is of enormous value to the Houthis and their Iranian allies. For the Iranians, it allows them to demonstrate the power and reach of their axis of resistance, and to use both to pursue their ultimate goal of regional hegemony and the destruction of Israel. For the Houthis, it displays their power and glory, advances their millenarian ideology, galvanizes domestic support that had been in decline, and will doubtless lead them to believe they can strong-arm concessions from other countries.

These threats notwithstanding, the U.S. has continued to act as if the Houthi attacks are little more than an unfortunate byproduct of the wars in Gaza and Yemen. Washington’s response has been purely tactical: Defend shipping in the Red Sea and threaten unspecified consequences for the Houthis. They haven’t stopped, but no consequences have materialized.

Even if the U.S. decides to strike some Houthi asset, such a tactical solution is unlikely to work. Yemen is a desperately poor country; the Houthis are religious zealots; and their military is extremely low-tech. That is why U.S. sanctions have had no effect. It also means they don’t have good targets—such as expensive infrastructure or large

warships—that the American military could destroy.

It’s almost impossible to find targets to strike—or even threaten—that would somehow be worth more to the Houthis and Iranians than the enormous benefits they are accruing from the Red Sea attacks. They simply gain too much by assaulting global shipping in a key choke point of world trade.

Their Red Sea shipping assault shows they pose a threat to U.S. interests. So let’s pose one to theirs.

All this demands that the U.S. take a strategic approach to Yemen and the Houthis—namely, stop them from winning the civil war. It’s clear from the mess in the Red Sea that a Houthi victory would endanger American interests and those of our allies. If they win, the Houthis are likely to become more aggressive and more active helpmates of Iran in its campaign to dominate the Mideast.

Their control and eventual conquest of Yemen is also the one thing the Houthis care about and that Washington could put at risk. It’s proved a strong motivator in the recent past. In 2018, a combined task force of Emirati armor and local Yemeni tribesmen retook most of southern Yemen and then began driving up the Red Sea coast, smashing Houthi defenses and threatening

Hudaydah, the last major port in Houthi hands. The Houthis raced to the negotiating table, desperate to cut a deal and stave off a disastrous defeat.

These two factors combine in one clear strategic necessity: The U.S. needs to begin military support to the Yemeni government. That is the only way to ensure the Houthis won’t consolidate their grip on the country and be able to project more power abroad. And it is the only thing that might cause the Houthis and Iranians to rethink their current strategy.

This is a tried and true American approach to troublesome, violent and ideologically difficult states. It was the strategy the Reagan administration ultimately adopted against Libya in the 1980s. To get the Libyans to stop sponsoring terrorist attacks, subverting U.S. allies like Egypt and attacking neighboring states, Washington began providing military support to Libya’s adversaries in Chad. That produced a dramatic Chadian victory—and even threatened a counterinvasion of Libya—which became a key element in eventually forcing dictator Moammar Gadhafi to reverse course.

That successive U.S. administrations largely ignored the Houthis was understandable but unsuccessful. It’s time for Washington to adopt the only promising strategy by threatening the one thing the Houthis hold dear.

Mr. Pollack is a senior fellow and Ms. Zimmerman a fellow at the American Enterprise Institute.

WORLD NEWS

French Premier Quits Amid Immigration Fight

By NOEMIE BISSEBIE

PARIS—France’s bruising battle over immigration has cost President Emmanuel Macron his cabinet.

On Monday, French Prime Minister Elisabeth Borne resigned after her ranks fractured over the passage of a contentious immigration bill that boosts authorities’ power to deport foreigners and limits access to welfare and citizenship.

Her departure paves the way for Macron to appoint a new prime minister, whose job it will be to name a new cabinet. French officials say potential candidates include Gabriel Attal, France’s popular 34-year-old education minister; Julien Denormandie, a former agriculture minister

and close Macron ally; and the defense minister, Sébastien Lecornu, who hails from conservative party Les Républicains.

Whoever Macron chooses will have to govern in a highly fractious parliament. Macron’s centrist party and its allies lost their majority in the National Assembly in June 2022.

Borne, the first woman in France in decades to helm a government, was appointed prime minister shortly after Macron won a second term in 2022.

The 62-year-old technocrat oversaw efforts to push Macron’s pension overhaul through parliament, ultimately invoking special constitutional powers to raise the country’s retirement age.



Élisabeth Borne, left, joined President Emmanuel Macron’s cabinet shortly after he won a second term in 2022.

A rise in anti-immigration sentiment across France—and the emboldening of far-right leader Marine Le Pen—ultimately led to the Borne government’s undoing.

The government tried to head off pressure by propos-

ing a bill that, in making it easier to expel foreigners, would have also granted residency permits to undocumented foreign workers in sectors where there is a labor shortage in France.

Les Républicains forced the government to include provisions restricting the rights of foreigners living legally in the country, and to water down measures aimed at giving permits to undocumented workers.

More than a fifth of the lawmakers from Macron’s party and its allies voted against the immigration bill.

Le Pen framed the bill as an ideological victory for her National Rally party because it gives priority to French nationals over foreigners—an idea she has long promoted—

by tightening access to welfare. The bill makes foreigners eligible for child and housing benefits only after they have lived in France for several months or even years. Opponents accused Macron’s government of taking a page from Le Pen’s playbook.

Left-leaning members of Macron’s party, a bipartisan movement comprised of former socialists, were left demoralized. Hours after the vote, French Health Minister Aurélien Rousseau tendered his resignation.

On Monday, Macron thanked Borne for her work. “You implemented our project with the courage, commitment and determination of stateswomen,” he wrote on X. “Thank you from the bottom of my heart,” he added.

European Investigators Say Poland Hinders Nord Stream Sabotage Probe

By BOJAN PANCEVSKI

BERLIN—Polish officials have resisted cooperating with an international probe into the sabotage of the Nord Stream natural-gas pipelines and failed to disclose potentially crucial evidence, European investigators working on the case said.

Those Polish officials have been slow to provide information and withheld key evidence about the alleged saboteurs’ movements on Polish soil, investigators said. They are hoping the new government in Warsaw, which took office in December, will help shed light on the attack.

European investigators have long believed the attack was launched from Ukraine via Poland. But they say Warsaw’s failure to fully cooperate has made it hard to establish whether the attack happened with or without the former Polish government’s knowledge, senior officials said.

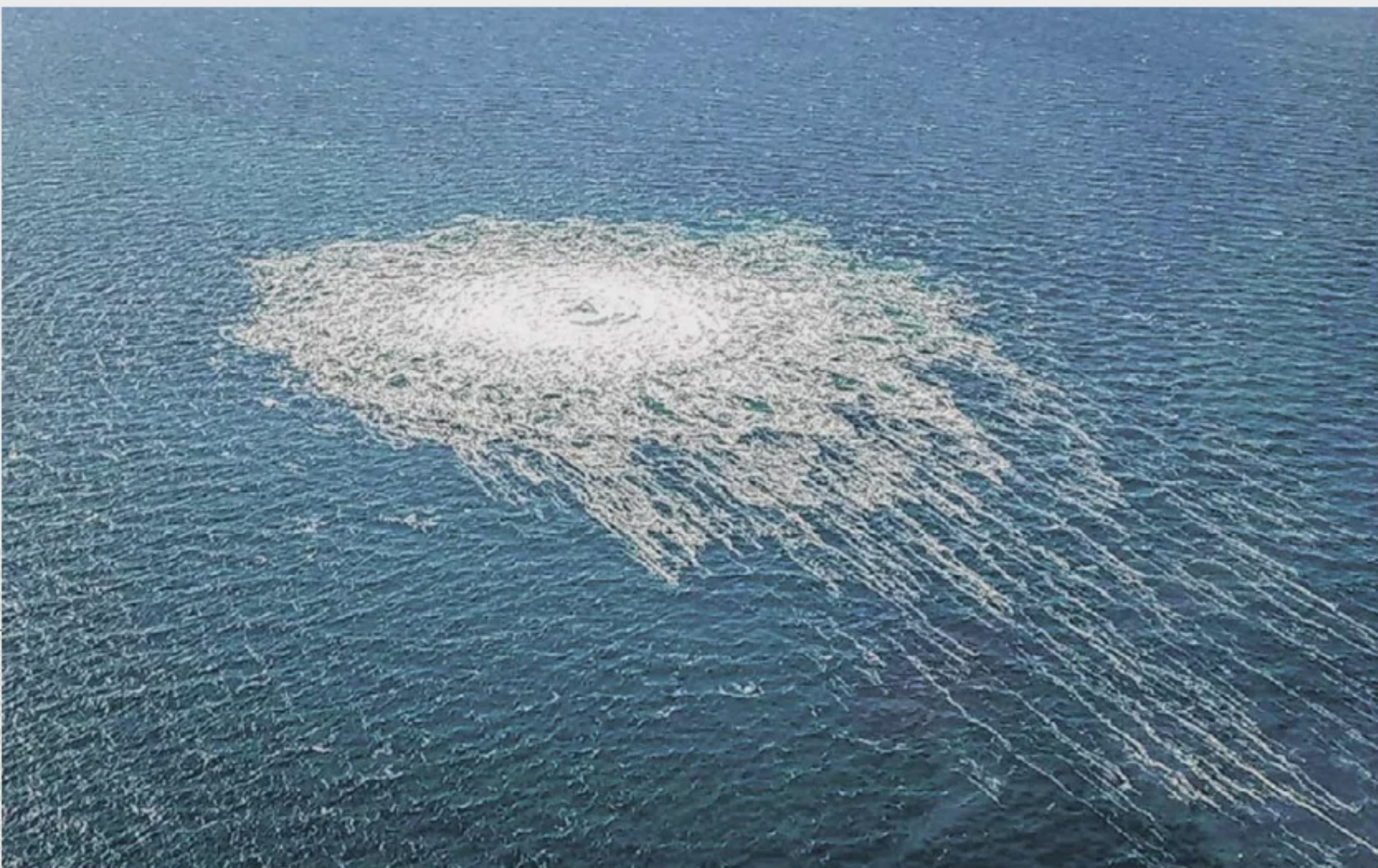
Some senior European officials said they are considering approaching the office of Donald Tusk, Poland’s new prime minister, for help in investigating the biggest act of sabotage on the European continent since World War II.

The Nord Stream pipelines, connecting Russia to Germany under the Baltic Sea, were blown up in September 2022. This added pressure on Germany and others to make themselves independent from Russian fuel supplies.

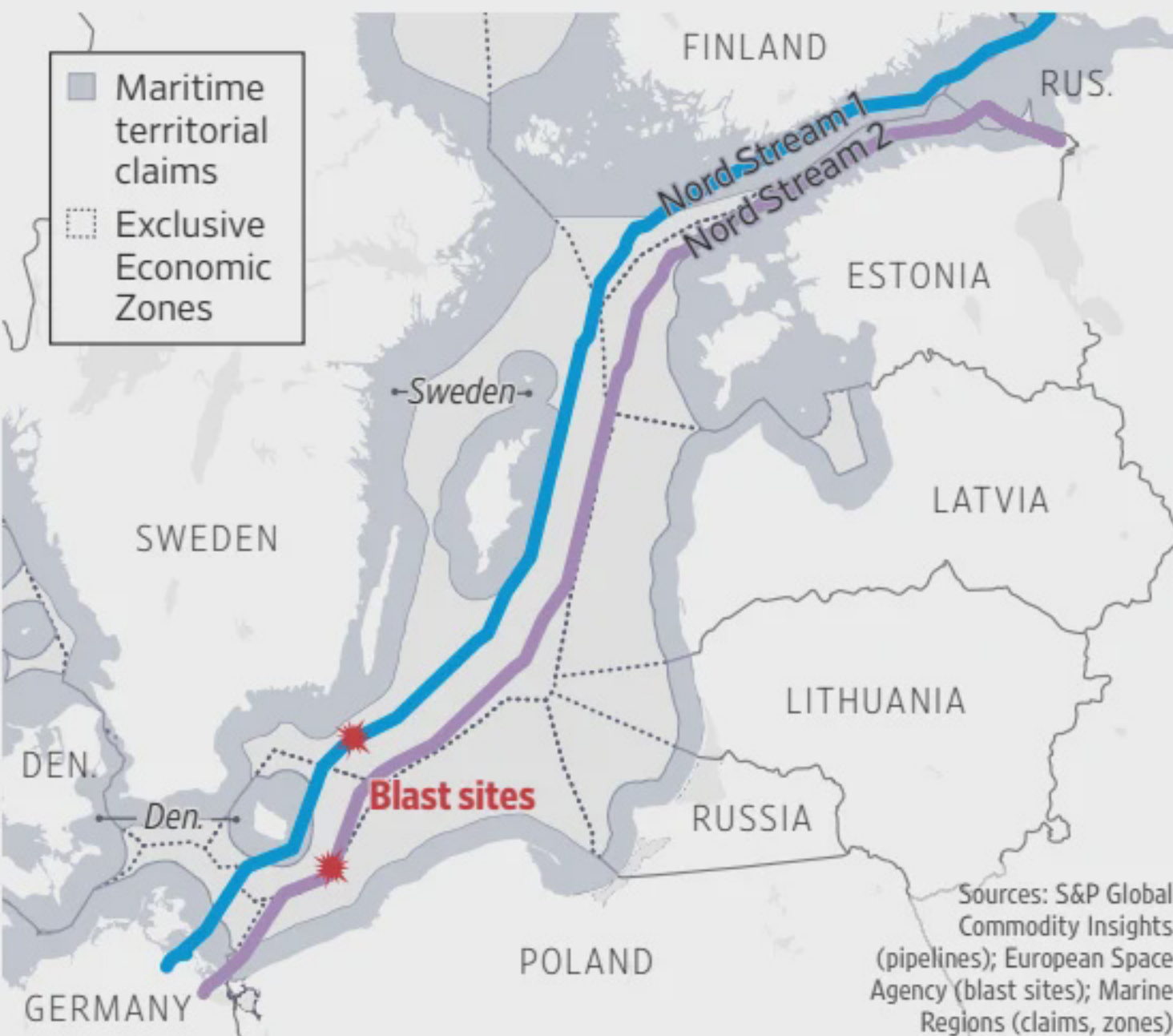
Any suggestion that Poland, a North Atlantic Treaty Organization member, might be concealing information about an attack on an ally could undermine trust in an alliance that is facing one of the biggest tests since its creation. For Moscow, any behavior by Poland hinting at involvement in the sabotage could be seen as an aggressive act by NATO.

Investigators haven’t offered evidence linking the Polish government to the explosions, and say that even if some Polish officials were involved, it could have been without the knowledge of the political leadership. Yet they say efforts by Polish officials to hinder their probe have made them increasingly suspicious of Warsaw’s role and motives.

Most Western security officials believe that a Ukrainian crew, operating with or with-



The Nord Stream pipelines, connecting Russia to Germany, were blown up in September 2022.



out sanction from Kyiv, was behind the sabotage. Ukraine has denied involvement. Russia said it thought the U.S. was responsible for the attack, which Washington denied.

Days after taking office, Tusk fired the heads of all the intelligence services, including those involved in the Nord Stream probe. European officials hope he will retain some police executives they think might have been under political pressure not to cooperate but might now be inclined to do so.

Polish prosecutors, who oversee the domestic investigation, said they were cooperating with other countries but found no evidence of Polish involvement. The border guard and the internal-security service declined to comment.

An investigation by Ger-

many, Denmark and Sweden has so far found that the pipeline was blown up by a crew of six, including deep-sea divers, traveling on a leisure yacht called Andromeda. On its voyage, Andromeda stopped in all three countries, investigators said.

The boat, leased in Germany via a Polish company, contained traces of octagon, the same explosive that was found at the underwater blast sites, they said.

After mining parts of the pipelines, the crew docked in Poland’s Baltic port of Kołobrzeg, where they spent a full day, said investigators who tracked the boat by analyzing its navigation-system data, the crew’s mobile-phone communications, satellite imagery and witnesses’ accounts.

A port official suspicious about the five men and one woman, all of whom spoke a mixture of Russian and Ukrainian, alerted police. On Sept. 19, Poland’s border guard checked the identification of the crew, who produced European Union passports and were allowed to continue their trip, sailing back up north, where they laid the rest of the mines, investigators say.

Polish authorities didn’t share this information with European investigators until March 2023—and they only did so after being contacted by their German counterparts. Berlin was tipped off in January about the yacht’s stay in Poland by the Dutch military intelligence service, whose information came from someone in Ukraine.

Several Polish agencies declined to share with European investigators footage of the suspects taken by CCTV cameras while the yacht was moored there, those investigators said. The investigators have established that the boat and its crew were exposed to security cameras during their stay in the port.

While prosecutors and the border guard, two of Poland’s agencies investigating the case, appeared cooperative, officials from other branches including the internal security agency ABW, didn’t answer questions, obfuscated or gave contradictory information, European officials said.

—Drew Hinshaw contributed to this article.

Chinese Intelligence Says It Has Detained Spy Hired by Britain

By LIZA LIN

SINGAPORE—China has taken into custody an alleged British spy, the country’s national-security agency said, as Beijing steps up warnings over national security and the infiltration of foreign spies in the country.

In a social-media post on Monday, China’s Ministry of State Security alleged that MI6, the U.K. foreign-intelligence service, in 2015 recruited a foreign national sur-named Huang and provided both training and “specialized spy equipment for intelligence liaisons.”

According to the MSS, the British instructed Huang to enter China as a representative of a consulting agency and send back intelligence. The Chinese agency didn’t specify Huang’s nationality or name the consulting firm.

The episode is the latest chapter in ramped-up tensions between the two nations, which have plunged what was

real-life counterespionage cases.

The first installment of the comic strip addressed foreign spies, with the MSS promising it would feature “tough fights guaranteed to leave hearts pounding.” The strip features a QR code for the MSS social-media account and a hotline for people to report suspicious activity.

As tensions with the U.S. and other Western nations have risen, Beijing has turbo-charged a long-running “anti-espionage” campaign at home. It expanded a law to tighten state control over a swath of data and digital activities, used videos to promote anti-spying efforts on high-speed rail routes, and mandated counterespionage training in schools and workplaces.

Compared with unsealed espionage indictments in the U.S., the Chinese accounts of foreign spying offer scant details. In Monday’s WeChat post, MSS said Huang provided the British with 17

The episode reflects rising tensions between the nations.

pieces of intelligence of varying sensitivity but didn’t say what they were about.

A common theme in the MSS publicity blitz is the variety of ways that unsuspecting Chinese have become conduits for overseas spy operations.

Such was the focus of a WeChat post last week that warned about efforts by foreign organizations to befriend and exploit aviation enthusiasts on Chinese social media. Leveraging the hobbyists’ curiosity, the post said, the foreign organizations send them smartphone-sized devices that collect flight data and instruct them to place the devices near aviation hubs.

The devices, which transmit data in real time to foreign servers, have been deployed around the Bohai Sea, South China Sea and East China Sea, where they might have collected military aviation information and other sensitive intelligence, according to the post.

—Max Colchester contributed to this article.

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—Max Colchester contributed to this article.

WORLDWATCH

GERMANY
Manufacturing Orders Rebound

German manufacturing orders recovered a little in November, some bright news for the country’s industrial sector at the end of a difficult year.

Orders were 0.3% higher than the previous month, German statistics office Destatis said Monday. It reverses some of the losses in orders booked the previous month, when they fell by 3.8%, according to revised figures.

Excluding large-scale orders, the total declined by 0.6% in November.

Compared with a year earlier, orders remained 4.4% lower, highlighting the continued sluggishness of industry.

—Joshua Kirby

VATICAN
Pope Calls for Ban On Surrogacy

Pope Francis called Monday for a universal ban on what he called the “despicable” practice of surrogate motherhood, as he included the “commercialization” of pregnancy in an annual speech listing threats to global peace and human dignity.

He said the life of the unborn child must be protected and not “suppressed or turned into an object of trafficking.” Francis has previously voiced the Catholic Church’s opposition to what he has called “uterus for rent.” The Vatican has made clear that same-sex parents who resort to surrogacy can have their children baptized.

—Associated Press

BOSNIA
U.S. Stages Flyover In Sign of Support

Two U.S. jet fighters flew over Bosnia on Monday in a demonstration of support for the Balkan country’s integrity amid increasingly secessionist policies of the Bosnian Serb pro-Russia leader Milorad Dodik.

The U.S. Air Force F-16 Fighting Falcons flew as part of joint training involving American and Bosnian forces. Dodik, who is the president of the Serb entity called Republika Srpska, has defied U.S. and British sanctions over his policies. Backed by Russia, he has repeatedly threatened to split the Serb-run half from the rest of Bosnia.

—Associated Press

OBITUARY
Franz Beckenbauer, Soccer Icon, 78

Franz Beckenbauer, who won the World Cup both as player and coach and became one of Germany’s most beloved personalities with his easygoing charm, has died. He was 78 years old.

Beckenbauer was one of German soccer’s central figures. As a player, he reimagined the defender’s role in soccer and captained West Germany to the World Cup title in 1974 after it had lost to England in the 1966 final. He was the coach when West Germany won the tournament again in 1990, a symbolic moment for a country in the midst of reunification.

—Associated Press



Franz Beckenbauer was the West German captain when the team won the World Cup in 1974. He won as a coach in 1990.

S&P 4763.54 ▲ 1.41% **S&P FIN** ▲ 0.60% **S&P IT** ▲ 2.75% **DJ TRANS** ▲ 0.89% **WSJ \$IDX** ▼ 0.12% **2-YR. TREAS.** yield 4.343% **NIKKEI** (Midday) 33858.63 ▲ 1.44% **See more at WSJ.com/Markets**

PepsiCo, Carrefour Point Fingers

Food maker, grocery chain dispute who initiated the split in pricing impasse

By JENNIFER MALONEY

A breakup over grocery prices got messier Monday when **PepsiCo** said that it, not supermarket chain **Carrefour**, initiated the split.

PepsiCo said that it had decided to stop supplying the chain's European stores be-

cause the two sides hadn't reached an agreement on a new contract.

The impasse spilled into public view Thursday when Carrefour said it had stopped selling Pepsi, Lay's, Doritos, Cheetos, Quaker Oats and other PepsiCo products in France, Italy, Spain and Belgium. Carrefour posted notes on store shelves saying it no longer carried the brands because of unacceptable price increases. Carrefour stores in those four countries represent about 0.25% of PepsiCo's

global revenue, according to Bernstein analyst Callum Elliott.

"Regrettably, Carrefour has mischaracterized the chain of events," a PepsiCo spokesman said Monday. "Given the lack of agreement on a new contract, we stopped supplying to Carrefour at the end of the year, something they were aware could happen. We hope we can agree on terms soon so our products can be back on their shelves for consumers to enjoy."

In response, Carrefour said

Monday: "We, at the Carrefour Group, have taken this decision."

PepsiCo and Carrefour have been in negotiations for several months on new price listings as the French government has pressured suppliers to come to agreements with retailers on lower prices. Food-price inflation in France surged into double digits in 2022 and reached nearly 16% in March 2023.

In August, the French finance minister, Bruno Le Maire, said **Unilever**, **Nestlé**

and PepsiCo weren't cooperating in a broad agreement his ministry had forged with retailers and producers to freeze or cut prices on thousands of products. Le Maire said the government would force food producers to start annual price negotiations with grocers months earlier than usual, with the aim of implementing price cuts in January.

Carrefour since last summer has been publicly calling out suppliers and increasing pressure on them to come

Please turn to page B5

Novartis Nears Deal To Acquire Maker of Heart Drug

Novartis is close to clinching an acquisition of **Cytokinetics** and its promising heart drug, as big pharmaceutical companies continue to snap up fast-growing biotechs to replenish their pipelines.

By Dana Cimilluca, Lauren Thomas and Laura Cooper

A purchase by the Swiss drug company of South San Francisco-based Cytokinetics, which has a market value of more than \$10 billion, could be completed as soon as this week, according to people familiar with the situation. Cytokinetics has been running a sale process, and it is possible another suitor could re-emerge; there also might be no deal at all.

The potential price and other terms couldn't be learned.

Cytokinetics is focused on so-called muscle activators

Please turn to page B2

HPE In Talks To Buy Juniper

Hewlett Packard Enterprise is in advanced talks to buy **Juniper Networks** for about \$13 billion, to better position the nearly 100-year-old technology company in the era of artificial intelligence.

By Lauren Thomas, Dana Cimilluca and Laura Cooper

A deal between the two companies could be announced as soon as this week, according to people familiar with the matter, assuming the talks don't fall apart.

Texas-based HPE, as Hewlett Packard Enterprise is known, is a cloud-services provider to customers ranging from small businesses to large corporations and governments. HPE is an offshoot of the tech company founded in 1939 by William Hewlett and David Packard, Hewlett-Packard.

HPE shares closed Monday at \$177.2, bringing its market capitalization to roughly \$23 billion.

Please turn to page B2



A scene from Apple TV's 'Severance.' Cable companies like Charter's Spectrum are in a prime position to help the industry package streaming services.

Spectrum Wants to Take The Pain Out of Streaming

By PATIENCE HAGGIN AND DAVID MARCELIS

Streaming your favorite shows and movies is fun. Less fun: paying for six different services, remembering multiple passwords, figuring out which service has which program—and toggling to live TV so you can watch news and sports.

Guess who says he can help? The cable guy.

For the past few months, **Charter Communications'** Spectrum, one of the nation's biggest cable providers, has been shipping new customers a device, Xumo, that lets them stream live TV through an app, alongside streaming mainstays such as **Netflix**, **Disney+** and **Max**. You can still get a traditional cable box instead, but only if you request it.

Charter's emphasis on Xumo is part of a strategy to bring streaming and live TV

together in one package. The company wants Xumo to become a superstore for streaming apps and take a cut along the way. As part of a recent deal with **Disney**, Charter can offer Disney+ and ESPN+ to some of its TV subscribers at no cost, and the company will have chances to add more apps to its list in coming months.

Streaming's rise has fueled millions of people to cut the cable-TV cord, decimating a business that had been the bedrock of the media and entertainment industry for decades. Now, cable companies see a role for themselves in solving some of the streaming world's biggest problems.

In many ways, cable companies are in a prime position to help as the industry explores ways to package streaming services together. Charter can be an independent middleman, without conflicting interests, since it

doesn't have a subscription streaming-entertainment service of its own.

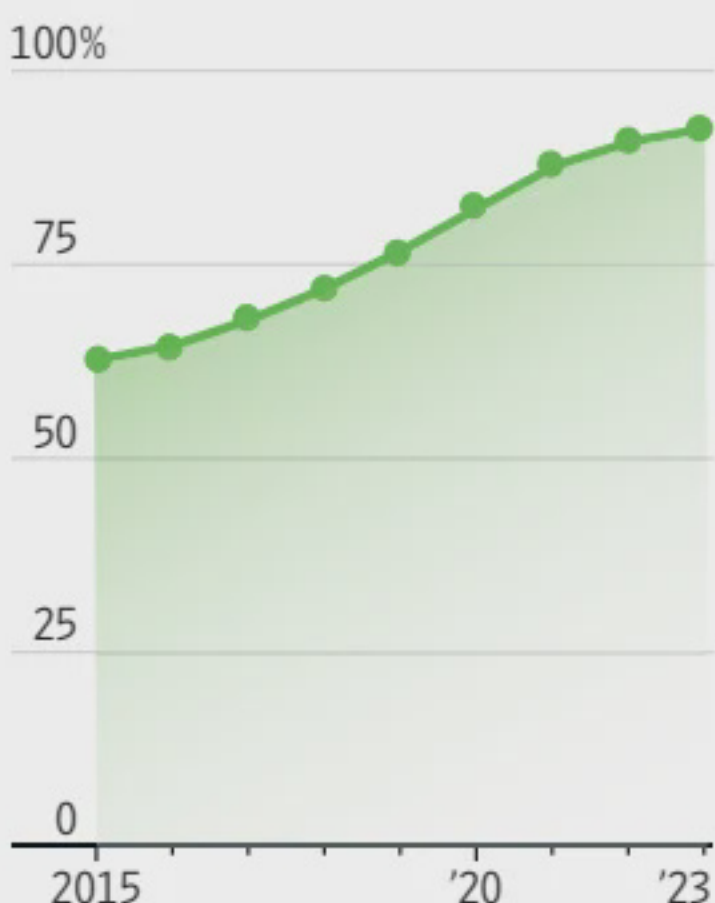
"There's an opportunity for cable companies to rebundle streaming services in a way that is friendly to consumers," MoffettNathanson analyst Craig Moffett said.

Packaging programming together is what these companies have long done. "For cable companies, the road to success is to become a re-aggregator," said Alan Wolk, co-founder of media-analytics firm TVREV.

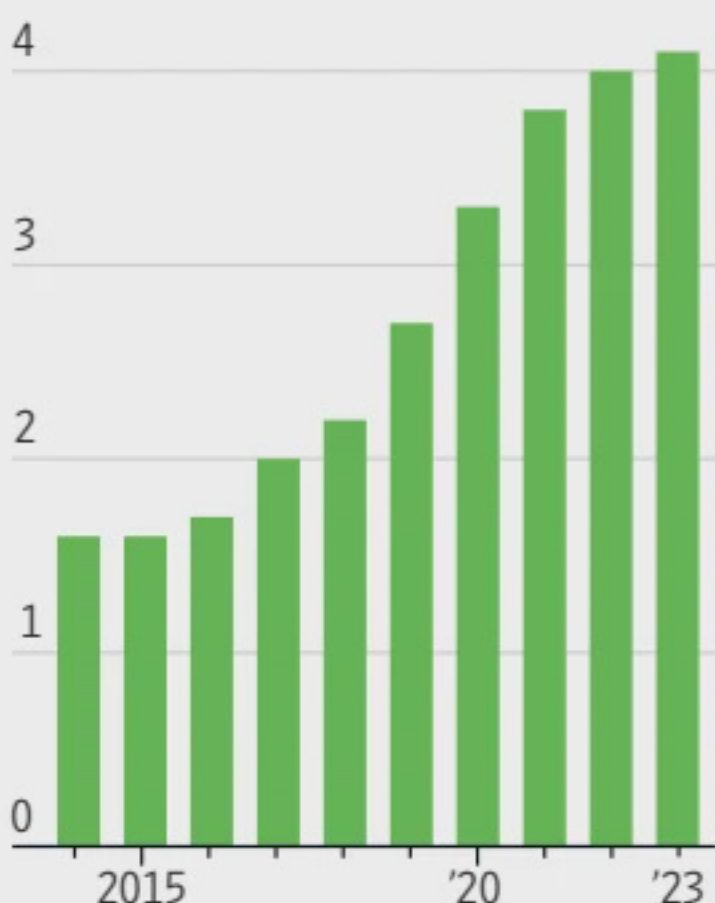
The biggest challenge is that Xumo is late to the game. Roku, Amazon, Google and Apple offer streaming devices to help people manage their apps. (Most have been around for over a decade.) They don't have some of the advantages cable companies have—such as a longstanding billing relationship—but they have collectively eaten up

Please turn to page B4

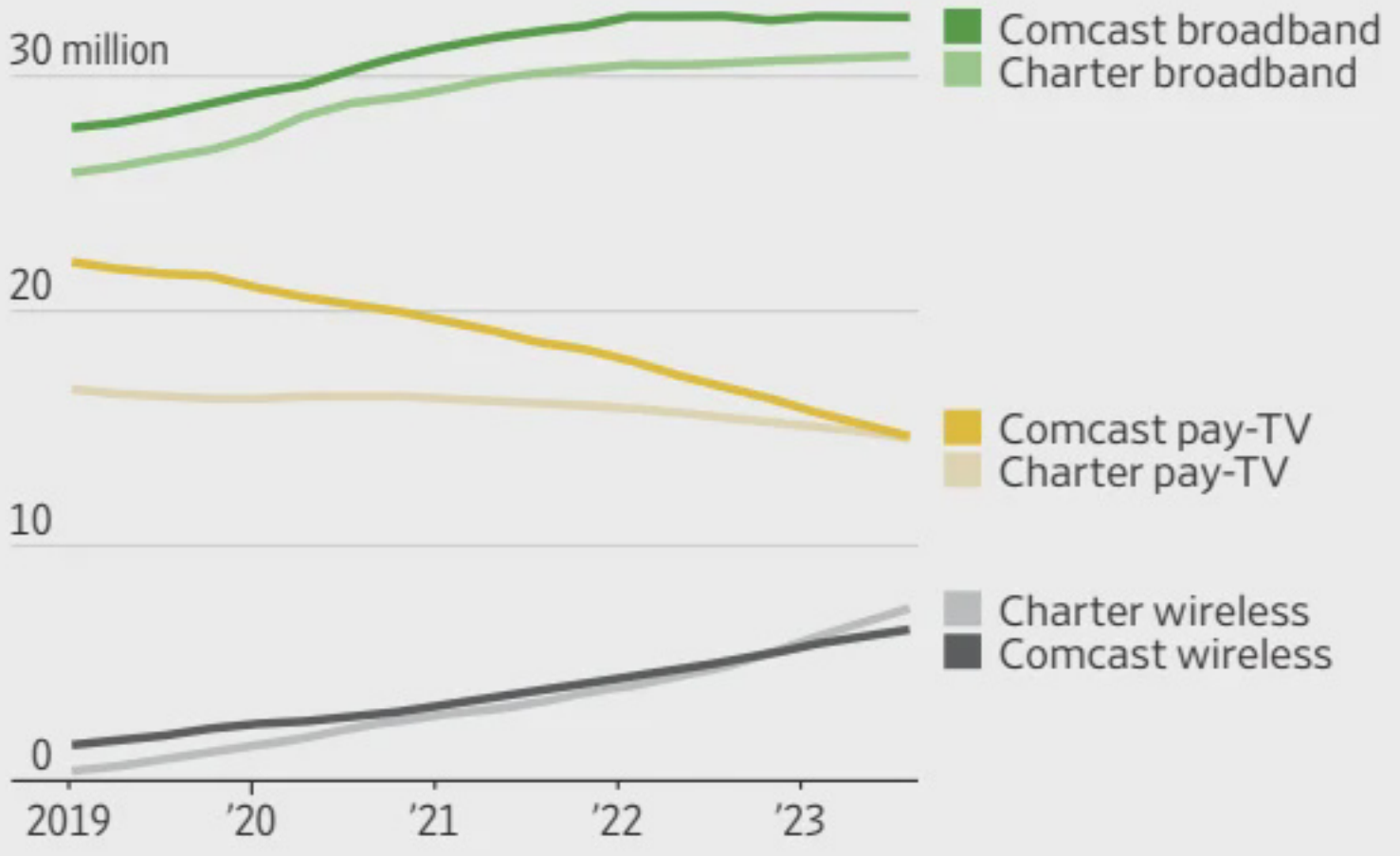
U.S. TV households with at least one connected-TV device



Average number of streaming subscriptions per household



Subscribers, quarterly



*Limited to U.S. households with at least one streaming subscription
Sources: Technisights (connected-TV devices); S&P Global Market Intelligence (household subscriptions); the companies (quarterly subscribers)

Realtors Leader Quits After Blackmail Threat

By NICOLE FRIEDMAN AND LAURA KUSISTO

The president of the National Association of Realtors resigned Monday after allegedly receiving a blackmail threat, the latest in a series of blows to the U.S. trade organization that represents more than 1.5 million real-estate agents.

Tracy Kasper received a recent threat to disclose a past personal matter unless she "compromised her position at NAR," according to an NAR statement. She refused and reported the threat to law enforcement, then decided to step down, the statement said.

Kevin Sears, a Realtor from Springfield, Mass., will succeed Kasper as NAR president, the organization said.

Kasper, who lasted less than five months in the position, is the fourth member of NAR leadership to resign or retire in months. Her predecessor departed after sexual-harassment allegations, and the chief executive resigned late last year.

The leadership changes come as NAR, one of the biggest lobbying groups in the country, faces a barrage of antitrust litigation related to the industry's commission structure. About two months ago, a federal jury found that NAR and large residential brokerages conspired to keep commissions for home sales artificially high. The jury awarded \$1.8 billion in damages, which could be tripled under antitrust rules to more than \$5 billion.

NAR has said it plans to appeal the verdict. Other lawsuits related to real-estate commissions are pending, some of which also name NAR as a defendant.

Kasper, a Realtor from Nampa, Idaho, was a prominent face of the organization in a turbulent time, delivering a message to reassure staff and association members following the antitrust verdict and appearing on television and writing opinion articles to defend the association.

She started her term as

Please turn to page B2

INSIDE



TECHNOLOGY
Apple sets date for the U.S. launch of its Vision Pro headset. **B4**



ENERGY
Shell took a hit of up to \$4.5 billion in impairments, offset by gas trading. **B5**

Woods and Nike Part Ways After 27-Year Relationship

By ANDREW BEATON AND INTI PACHECO

For nearly three decades, the most iconic sight in golf has been Tiger Woods on a Sunday wearing a red shirt emblazoned with the **Nike** swoosh.

That relationship is now over after 27 years, ending one of the most prominent endorsement deals in sports.

In a statement posted to X, Woods wrote that his time with Nike has been "filled with so many amazing moments and memories" and thanked Phil Knight, the company's co-founder.

"People will ask if there is another chapter," the winner of 15 major championships wrote. "Yes, there will certainly be another chapter."

Nike, in a statement, called Woods "one of the greatest athletes the world has ever seen" and wished him the best in the future.

"Throughout the course of our partnership, we have wit-



Tiger Woods after winning his first Masters in 1997, at 21.

nessed along with the rest of the world, how Tiger not only redefined the sport of golf, but broke barriers for all of sport," Nike said.

Woods had been with Nike since he turned pro in 1996, and in 2000 the company gave him a deal reportedly worth over \$100 million—then the richest sponsorship deal ever for an athlete, and one of

many pacts between the sides.

Notably, Nike stood by Woods even when his career was rocked by scandal. Reports of Woods's extramarital affairs in 2009 prompted many major companies to end their endorsement deals with Woods. Not Nike. Woods also stuck with the swoosh. When

Please turn to page B6

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	Exxon Mobil.....B11	Nestlé.....B1
AbbVie.....B2	F	Netflix.....B1
Airbus.....A3,B12	FootJoy.....B6	Newell Brands.....B6
Alaska Airlines.....A3,B12	G	News Corp.....B2
Allstate.....A1	Grindr.....B5	Nike.....B1
Alphabet.....B12	H	Novartis.....B1
Altamont Capital Partners.....B10	Harpoon Therapeutics.....B2	Nvidia.....B11,B12
Amazon.com.....B12	Hewlett Packard Enterprise.....B1	NWTN.....B4
Ambrx Biopharma.....B2	Hoka.....B6	O
Amgen.....B10	Humana.....B2	Ola Electric.....B10
Apple.....B4,B12	I	P
Atai Life Sciences.....B10	IAC/InterActive.....B5	Paramount Global.....B4
B	Intel.....B10	PepsiCo.....B1
Bank of America.....B4,B10	International Business Machines.....B10	S
Beckley Psytech.....B10	J	Samsung Electronics.....B4
Blue Origin.....B3	Japan Airlines.....A3	Saudi Aramco.....B11
Boeing.....B3,B11,B12	JD.com.....B10	Shell.....B6
Broadcom.....B12	JetBlue Airways.....B2	Small Pharma.....B10
Brookfield Asset Management.....B6	Johnson & Johnson.....B2,B10	Sony.....B4
Bumble.....B5	JPMorgan Chase.....B10	SpaceX.....B3
ByteDance.....B4	Juniper Networks.....B1	Spirit AeroSystems.....A3,B12
C - E	K	Spirit Airlines.....B2
Carrefour.....B1	Karuna Therapeutics.....B2	T
Charter Communications.....B1	Kraft Heinz.....B5	TCG Crossover Management.....B10
Chevron.....B10,B11	L	Tesco.....B5
China Evergrande.....B4	Lockheed Martin.....B3	Tesla.....B3,B12
Citadel Advisors.....B10	Lumen Technologies.....B4	U
Coca-Cola.....B10	M - N	Unilever.....B1
Comcast.....B4	Match.....B5	United Airlines.....A3,B12
Compass Pathways.....B10	Merck.....B2	Unity Software.....B6
Copa Airlines.....B12	Meta Platforms.....B4,B12	V - W
Crown Castle.....B5	Microsoft.....B12	Verizon Communications.....B10
Cybin.....B10	Midea.....B10	Vine Ventures.....B10
Cytokinetics.....B1	Mini Melts USA.....B10	Walgreens.....B2,B10
Elliott Investment Management.....B5		

INDEX TO PEOPLE

A	Hayes, Robin.....B2	R
Ablin, Jack.....B11	Holz, Jared.....B10	Rasgon, Stacy.....B12
Arya, Vivek.....B12	J	Riccitiello, John.....B6
B	James, David.....B10	Roberts, Brian.....B4
Bezos, Jeff.....B3	Johnston, Hugh.....B5	S
Bompard, Alexandre.....B5	K	Samberg, Joe.....B10
C	Kahyaoglu, Sheila.....A3	Sears, Kevin.....B1
Cheung, Selina.....B10	Kasper, Tracy.....B1	Stansbury, Chris.....B4
Cohen, Steve.....B10	Kilcoyne, Dan.....B10	T
D	Kim, Bernard.....B5	Tighe, Mary Ann.....A2
Doblin, Rick.....B10	Kim, Bernard.....B5	Tuttle, Matthew.....B11
E	Knight, Phil.....B1	V
Emerson, Amy.....B10	L	Veovina, Jehangir.....B6
F	LaSalvia, Thomas.....A2	W
Fletcher, John.....B4	M	Wang, James.....B10
Foss, Mike.....B6	Markwood, Sandy.....A1	Whitehurst, James.....B6
Furtado, Udhay.....B10	Maurer, Marc.....B6	Williamson, Norby.....B6
G	Moffett, Craig.....B1	Wilson, Tom.....A8
Geraghty, Joanna.....B2	Musk, Elon.....B3	Wolk, Alan.....B1
Griffin, Ken.....B10	P	Y
H	Peller, Mark.....B3	Yan, Hui Ka.....B4
	Probel, Kevin.....A2	Yongzhao, Liu.....B4

Realtors President Steps Down

Continued from page B1 president earlier than expected, because her predecessor in the role, Kenny Parcell, resigned in August after being accused of sexual harassment. The accusations were reported by the New York Times. Parcell said in an email, "NAR's human resources and legal counsel investigated the allegations against me and determined there was no merit."

CEO Bob Goldberg resigned in November, accelerating his previously planned retirement. NAR named an interim CEO while it searches for a permanent replacement. Donna Gland, who oversaw human resources, retired at the end of 2023. NAR declined to provide more details about the black-mail accusations but said in a statement, "NAR appreciates Ms. Kasper's service and her years of dedication to the association, and in particular her commitment to advocating for homeownership for all." News Corp, owner of The Wall Street Journal, operates Realtor.com under license from the National Association of Realtors.

Novartis in Talks for Drugmaker

Continued from page B1 and inhibitors as potential treatments for people with debilitating diseases in which muscle performance is compromised, according to its website.

The company's shares soared last month on the back of successful data for its experimental heart drug that treats hypertrophic cardiomyopathy, the most common genetic heart disease, which can lead to blood clots, strokes and, in rare cases, death.

Cytokinetics reported that the drug worked safely shortly before the new year, sending its stock up more than 60% that day.

Truist analysts forecast the Cytokinetics drug would generate up to \$3.6 billion in sales by 2032.

Cytokinetics shares have been buoyed in recent weeks by reports of a possible sale of the company. They reversed a sharp decline and closed up more than 15% Monday after The Wall Street Journal reported that a deal could be close.

Novartis, one of the world's biggest pharmaceutical companies by sales, faces declining revenue later this decade after several products lose patent protection. Those include the heart drug Entresto, which accounted for \$4.6 billion of Novartis's \$50.5 billion global sales in 2022.

Its shares have been rising



lately, thanks in part to positive study results for drugs, including Kisqali for breast cancer, and the rollout of cancer radiotherapy Pluvicto. Cytokinetics' cardiomyopathy therapy would complement drugs like the cholesterol treatment called Leqvio that Novartis acquired as part of a nearly \$10 billion deal for the Medicines Company in 2020.

A deal for Cytokinetics would be the latest in a flurry of merger activity involving pharmaceutical giants snapping up biotechnology companies.

AbbVie signed two recent acquisitions, and Bristol has unveiled a number of deals, including its \$14 billion acquisition of Karuna Therapeutics.

The JPMorgan healthcare conference is in San Francisco this week, and the marquee industry event typically brings a wave of deal announcements and merger talk.

—Ben Dummett and Jonathan D. Rockoff contributed to this article.

BUSINESS & FINANCE

JetBlue CEO Plans to Exit as Airline Awaits Court Ruling on Spirit Merger

By ALISON SIDER

Robin Hayes will step down as CEO of JetBlue Airways next month after nearly nine years at the helm, citing a doctor's advice, as the company waits to find out whether a federal judge will block the merger with Spirit Airlines that he championed. Joanna Geraghty, the airline's current president, will take his place as chief executive when Hayes steps down in February. She will become the only woman at the helm of a major U.S. airline. Hayes, who started in the industry working at a duty-free store at Boston's Logan International Airport, joined JetBlue in 2008 as chief commercial officer. The former British Airways executive became JetBlue's CEO in 2015. "The extraordinary challenges and pressure of this job



Robin Hayes will be succeeded by Joanna Geraghty.



Joanna Geraghty will succeed Robin Hayes as CEO of JetBlue Airways.

have taken their toll, and on the advice of my doctor and after talking to my wife, it's time I put more focus on my health and well-being," Hayes said. Hayes, 57 years old, led JetBlue through the upheaval of the pandemic, extending his tenure as CEO. He spearheaded the launch of the airline's first trans-Atlantic flights and was the architect of its hard-fought

battle to buy budget rival Spirit Airlines for \$3.8 billion. The company is also facing challenges including operational stumbles and stubbornly high costs that have strained its finances. The carrier hasn't turned a profit since 2019, before the Covid-19 pandemic. Its shares have tumbled over 20% in the last year. Hayes's legacy at JetBlue

Merck to Buy Immune-Therapy Maker

By COLIN KELLAHER

Merck & Co. has struck a deal to buy clinical-stage immunotherapy company Harpoon Therapeutics for about \$680 million. Merck on Monday said it

would pay \$23 a share in cash for Harpoon, more than double Friday's closing price of \$10.55 for the South San Francisco, Calif., company. Bloomberg earlier reported that Rahway, N.J.-based Merck was in talks to buy Harpoon.

Merck said the deal adds Harpoon's HPN328, which is being evaluated in certain patients with small cell lung cancer and neuroendocrine tumors. Merck, which is girding for the pending 2028 loss of patent protection for its cancer drug

Keytruda, expects to complete the Harpoon acquisition in the first half of the year, adding that the deal will result in a charge of about \$650 million. Harpoon shares closed up 112% on Monday, while Merck rose slightly.



The pharmaceutical giant plans to acquire all shares of Ambrx for \$28 each.

Johnson & Johnson Strikes Deal For Cancer-Treatment Developer

By BEN GLICKMAN

Johnson & Johnson will acquire cancer-treatment developer Ambrx Biopharma in a \$2 billion cash deal. The pharmaceutical giant said on Monday that the deal to acquire all shares of Ambrx for \$28 each was expected to have a value of \$1.9 billion net

of estimated cash required. Ambrx said the deal represented a premium of 105% on the Jan. 5 closing price. Ambrx is currently developing candidates for treatments for multiple types of cancer, including for metastatic castration-resistant prostate cancer, metastatic breast cancer and renal cell

carcinoma. Johnson & Johnson said the deal presented an opportunity to "design, develop and commercialize targeted oncology therapeutics." Johnson & Johnson shares rose slightly to \$161.53 on Monday. Ambrx stock nearly doubled to close at \$274.7.

HPE, Juniper In Talks

Continued from page B1

Juniper's stock ended trading at \$30.22, taking its market value to about \$9.6 billion. A tech-bubble-era darling, its shares have languished for years and currently trade at a fraction of what they once fetched.

Sunnyvale, Calif.-based Juniper sells communications-network services and equipment like routers and switches to technology, telecommunications, financial and other customers.

Juniper also operates a growing artificial-intelligence business, known as Mist AI, which it says uses AI and machine learning to optimize users' experiences around wireless access.

In 2015, HPE was split between an enterprise-services producer and a computer and printer maker known as HP.

A deal between HPE and Juniper would be one of the biggest recent technology takeovers.

Tech, normally the biggest engine of merger volume, has been in the doldrums amid a slowdown in dealmaking, hit particularly hard by tougher antitrust scrutiny out of Washington.

But in another big deal in the industry that is in the works, The Wall Street Journal reported last week that design-software company Synopsys is in advanced talks to acquire Ansys for around \$35 billion in stock and cash.

Walgreens Settles Suit In Humana Price Fight

By WILL FEUER

Walgreens Boots Alliance has agreed to pay \$360 million to insurance company Humana to settle a lawsuit alleging the retail-pharmacy chain overcharged for prescription-drug reimbursements.

Walgreens disclosed the settlement in a securities filing last week. The company said it had asked a federal court to vacate a previous award in Humana's favor for \$642 million.

Humana didn't respond to a request for comment on Monday.



The drugstore chain had been accused of overcharging for prescription reimbursements.

BUSINESS NEWS

Vulcan Centaur’s Moon Mission Fails

Boeing-Lockheed rocket launches, but lunar lander aboard it suffers fuel loss

By MICAH MAIDENBERG

A powerful rocket developed by **Boeing-and-Lockheed Martin**-owned United Launch Alliance blasted off for the first time, but the moon lander it was carrying suffered a setback after launch.

Called Vulcan Centaur, the 202-foot rocket lifted off at 2:18 a.m. Eastern time Monday from a Florida launchpad, powering an American moon lander called Peregrine into space.

Peregrine was designed to journey to the lunar surface, potentially becoming the first American device to land on the moon in decades. However, Astrobotic Technology, the company behind the craft, said Monday it would pull back on the planned moon mission following a propulsion-system failure and propellant leak.

After the launch, ULA said Vulcan performed its role in the flight successfully. During the first part of the mission the rocket used two huge engines developed by Jeff Bezos’ **Blue Origin** space company, their debut in flight. The mission was Vulcan’s inaugural operation after years of delays.

ULA is among the companies operating larger, more powerful rockets and is a competitor to Elon Musk-led **SpaceX**. Musk’s company has emerged in recent years as the dominant global rocket launcher, gaining market share and conducting a growing number of flights with its partly reusable Falcon vehicles.

Both companies launch major national-security missions, a business in which SpaceX has made inroads over the years.

Monday’s launch was a so-called certification flight, as ULA seeks to win U.S. military permission to use Vulcan to



Vulcan Centaur carries an uncrewed lunar lander that was meant to make the first U.S.moon landing since 1972, but propulsion trouble aborted the mission.

handle Pentagon and spy-agency flights already under contract. The company needs one more certification launch before it can begin those.

Mark Peller, a vice president at ULA, said at a recent briefing that Vulcan is designed to offer both medium and heavy launch capacities, an indicator of the mass flown, on a single vehicle. Its main rocket uses two engines developed by Blue Origin and can gain additional power for lift-off by strapping additional boosters on its sides.

ULA had sold 70 flights on Vulcan before the first launch, a backlog representing billions of dollars in revenue. Executives at ULA had once hoped to start using Vulcan several years ago, but supplier delays and technical challenges pushed them off that schedule.

For example, Blue Origin didn’t deliver the first set of engines for Vulcan until October 2022, later than expected. Almost a year ago, the upper part of the vehicle exploded during a test, prompting the company to push off the possi-

bility of a launch last spring.

Astrobotic, the company behind the lander deployed from the upper stage of ULA’s rocket, ran into problems after the launch. In statements posted to X, Astrobotic described a failure that occurred within Peregrine’s propulsion system that caused propellant to leak.

The fuel loss, in turn, made thrusters fire away to keep the lander from tumbling uncontrollably, according to the company. The situation prompted Astrobotic to switch to a much

more limited mission.

“The goal is to get Peregrine as close to lunar distance as we can,” the company said.

As many as four other landers developed and operated by private U.S. companies could attempt to land on the moon in 2024, ferrying research equipment for the National Aeronautics and Space Administration and other payloads. The U.S. hasn’t sent any device or person to the surface of the moon since the final Apollo astronaut mission in 1972.

The new moon race has at-

tracted attention and investment from space agencies around the world. India grabbed global attention last year by landing on the moon, and Japan will attempt to land a device there this month.

—Gareth Vipers
contributed to this article.

Watch a Video



Scan this code for a video of the launch carrying the moon lander.

Musk Criticizes Report by WSJ on Illegal-Drug Use

Elon Musk criticized a Wall Street Journal article detailing how leaders at **Tesla** and **SpaceX** are worried about his drug use, saying he didn’t fail drug tests and touting the business successes at his companies.

By Alyssa Lukpat,
Emily Glazer and
Kirsten Grind

He weighed in with a series of social-media posts after the article published over the weekend saying the leaders are concerned his drug use could harm his companies.

The Journal reported over the weekend that Musk has used LSD, cocaine, ecstasy and psychedelic mushrooms, according to people who have witnessed his drug use and others with knowledge of it.

“Whatever I’m doing, I should obviously keep doing it!” the billionaire said in a post on X.

Illegal-drug use would likely be a violation of federal policies that could jeopardize SpaceX’s billions of dollars in government contracts. The practice would break company policies at SpaceX and Tesla.

Musk didn’t respond to a request for comment on Monday, nor did he respond to requests before the weekend article was published.

In another post, he said he hadn’t tested positive for drugs in three years of random drug tests. He took the tests at NASA’s request after he smoked marijuana on the comedian Joe Rogan’s show in 2018. “Not even trace quantities were found of any drugs or alcohol,” he said in the post on X Sunday.

Corporate contractors must follow standard NASA guidelines for drug tests that usually check for marijuana and cocaine and have the ability to test for amphetamines, opiates and PCP.

After Musk smoked on the Rogan show, NASA demanded written assurances that SpaceX was complying with the federal drug-free work-



In his role as chief executive of SpaceX, Musk has a security clearance that gives him access to classified information.

place law, the Journal reported.

Contractors can lose security clearances because of drug abuse, defined as the use of illegal drugs or prescription medications “in a manner that deviates from approved medical direction.”

In his role as chief executive and founder of SpaceX, Musk has a security clearance that gives him access to classified information.

In recent years, some executives and board members at his companies have been concerned about his drug use. People close to him say his drug use is continuing and they are worried it could cause a health crisis or damage his businesses.

In another social-media post, Musk said, “If drugs actually helped improve my net productivity over time, I would definitely take them!”

An attorney for Musk, Alex Spiro, didn’t respond to a request for comment on Monday. Spiro previously told the Journal that Musk is regularly drug tested at SpaceX and has

never failed a test.

Spiro also said “there are other false facts” in the Journal’s story but didn’t detail them. He didn’t respond to a previous question on what type of drug tests Musk has taken.

Representatives for NASA, Tesla and SpaceX didn’t respond to requests for comment.

In Musk’s posts, he was largely responding to other X users commenting on the Journal’s story.

He was also critical of the Journal, saying, “WSJ is trash.”

A Journal spokeswoman said, “We stand by our reporting.”

Musk, 52 years old, is known for not sleeping much. The Journal reported last year that Musk microdoses ketamine for depression and takes full doses at parties. In response to that article, Musk posted on social media that ketamine is a better way to deal with depression than antidepressants. He later said he had a prescription for ketamine.

Corporate contractors must follow NASA guidelines for drug tests.

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Apple Sets Date For Vision Pro’s Launch in U.S.

By BEN GLICKMAN

Apple’s new mixed-reality headset will become available in the U.S. starting Feb. 2, setting the stage for the company’s premium-priced offering to compete in a crowded market.

The tech giant’s Vision Pro headset, initially unveiled last June, will be available for pre-sale Jan. 19. It represents Apple’s first major new product in years.

The company said the Vision Pro would sell for \$3,499 and would be available at all U.S. Apple Store locations and in the U.S. online Apple Store.

Apple faces rival virtual or mixed-reality offerings from **Meta Platforms**, TikTok owner **ByteDance**, **Samsung Electronics** and **Sony**. Other

offerings, including Meta’s Quest, retail for less than \$500.

The headset will go on sale as Apple faces a revenue crunch. The company’s sales fell for the fourth consecutive period in its latest fiscal quarter, brought down by a decline in China amid an economic slowdown and heightened competition.

Apple said the Vision Pro will allow users to experience virtual reality with three-dimensional app interfaces. The company said Vision Pro would come with a new app store, which will feature applications with “spatial computing experiences.”

The company said apps from its other operating systems will automatically work with the new input system.



The Vision Pro, which will sell for \$3,499, will allow users to experience virtual reality with three-dimensional app interfaces.

Spectrum Tool Eases Streaming

Continued from page B1

much of the market. According to TechInsights, some 92% of U.S. TV households already have at least one connected-TV device, a category that includes smart TVs and streaming boxes.

Kimberly Bennett, a 58-year-old nurse from Superior, Wis., who has been using the Xumo box for a few months, said it has vastly simplified her earlier routine, which involved toggling between three separate pieces of equipment: a Spectrum cable-TV box for live television; her smart TV, on which she navigated 10 different streaming apps; and a Roku stick for three other services that weren’t supported on her TV.

Early users of Xumo say the new device and its Spectrum live-TV app have their share of glitches and limitations, such as the inability to pause live TV, a feature that Charter said will be added later this year.

“I do like it, but it’s a newer technology that could use a couple of updates to make it truly useful,” Bennett said.

The Xumo box that Charter is using for its streaming transition was the work of another cable-TV company: **Comcast**, which has invested billions of dollars over the past decade to advance the technology inside traditional cable boxes—and already had given its broadband customers an earlier iteration of the box called Flex. Comcast licenses the operating system to other cable companies around the world for their own cable-TV and streaming boxes.

Xumo was set up as an independent company, a 50/50 joint venture between the two cable giants.

Charter has been more aggressive about deploying Xumo as the gateway to its offerings, making it the default option for new pay-TV subscribers. Comcast is offering Xumo exclusively to its broadband-only customers, though its pay-TV users can get advanced cable-TV boxes that already have Xumolike features.

Comcast charges its broadband subscribers a \$15 activation fee for Xumo, and they

must return the box if they cancel their broadband service. Charter, meanwhile, is giving its subscribers the option to buy the box outright for \$60 or pay a \$5 monthly service fee to lease it.

Rebundling

Both companies stand to benefit as Xumo generates revenue by getting a cut of subscriptions to streaming apps and the ads shown in them. The Xumo software also powers a line of smart TVs that made its debut last fall.

Xumo will provide a foundation for the companies to build on as more consumers cut the cord. Combined, Comcast and Charter have about 29 million pay-TV customers, some 10 million less than five years ago. Xumo also can help the broadband businesses that have long been the growth engines for cable providers but have recently stagnated, amid growing competition from 5G fixed-wireless internet providers.

Offering access to streaming apps is likely to help improve cable companies’ customer retention, Charter and industry observers have said. “The more services you can attach to the same bill, the more likely that customer is going to stay with you,” said John Fletcher, a senior research analyst with S&P Global Market Intelligence.

There’s a risk, too. Xumo may make customers so comfortable with streaming that even more end up canceling cable-TV subscriptions.

The streaming landscape is getting cluttered, with Americans subscribing to more than four streamers on average. People who ditched the cable bundle because it was requiring them to buy channels in one package are now open to some sort of packaging in streaming.

Big industry players, from Apple to Paramount to Peacock, are looking to make that happen. Netflix and Max are being bundled together as part of a deal with Verizon, which has emerged as another

middleman capable of packaging together streaming offerings.

“It is somewhat ironic that we’ve unbundled to rebundle,” Comcast Chief Executive Brian Roberts said on the company’s most-recent earnings call.

Roku and tech companies including Apple, Google and Amazon are all vying to become the de facto platform through which users watch—and, ideally, pay for—everything. Streamers, on the other hand, have an incentive to keep billing users directly so that they keep all the subscription revenue, as well as customer data.

Voice search

Charter got an opportunity to angle into the streaming game during a tense negotiation with Disney over carriage of the entertainment giant’s TV channels. The deal that the companies reached in September, after a nearly two-weeklong blackout, allowed Charter to provide the ad-supported versions of Disney+ and ESPN+ to some of its pay-TV subscribers, at no extra cost.

Charter has hinted it may demand similar concessions from other programmers.

Charter’s agreement with **Paramount**, owner of networks such as MTV and Nickelodeon, is set to end this spring, The Wall Street Journal reported.

Xumo, like most major streaming devices and smart TVs, offers a voice-activated search feature meant to help people find the program they want. Simply saying “Play Severance,” for instance, is enough for Apple TV+ to open and the show to launch.

“I can never remember which streaming platform has which show,” said Bennett, the Wisconsin nurse who has been relying heavily on voice search since she got her Xumo box months ago. “Now I don’t have to worry about that.”

Xumo is still a long way from being an all-in-one streaming TV bundle, partly because of programmers’ reluctance to let their content live on somebody else’s platform—a problem that has been bedeviling other device makers.

“Xumo is still, frustratingly, a bit more like an app store than a new video bundle,” MoffettNathanson analysts wrote in a research note. “But that’s not for lack of trying, and it is unquestionably a step forward.”

China Detains Evergrande EV Executive

By REBECCA FENG AND JIAHUI HUANG

A top executive of **China Evergrande**’s electric-vehicle business has been detained as part of a criminal investigation, adding to the beleaguered property company’s mounting problems.

China Evergrande New Energy Vehicle said on Monday that Liu Yongzhuo, an executive director and the president of its automobile business, was being held by authorities “on suspicion of illegal crimes.”

It didn’t provide details or say when he was detained.

Liu, who is in his early 40s, joined the real-estate conglomerate two decades ago. He used to be chairman of Evergrande’s soccer club, and previously held other senior positions at Evergrande’s bottled-water business and a unit that made technology investments.

He became vice chairman of the electric-vehicle company, also known as Ever-



A Evergrande Hengchi 5 in Shanghai, China.

grande Auto, in 2020.

Liu attended a company event in the northern Chinese port city of Tianjin on Dec. 26, at which Evergrande Auto delivered its new Hengchi 5 electric sport-utility vehicles to some customers outside its factory, according to its WeChat account.

His detention comes months after Evergrande’s 65-

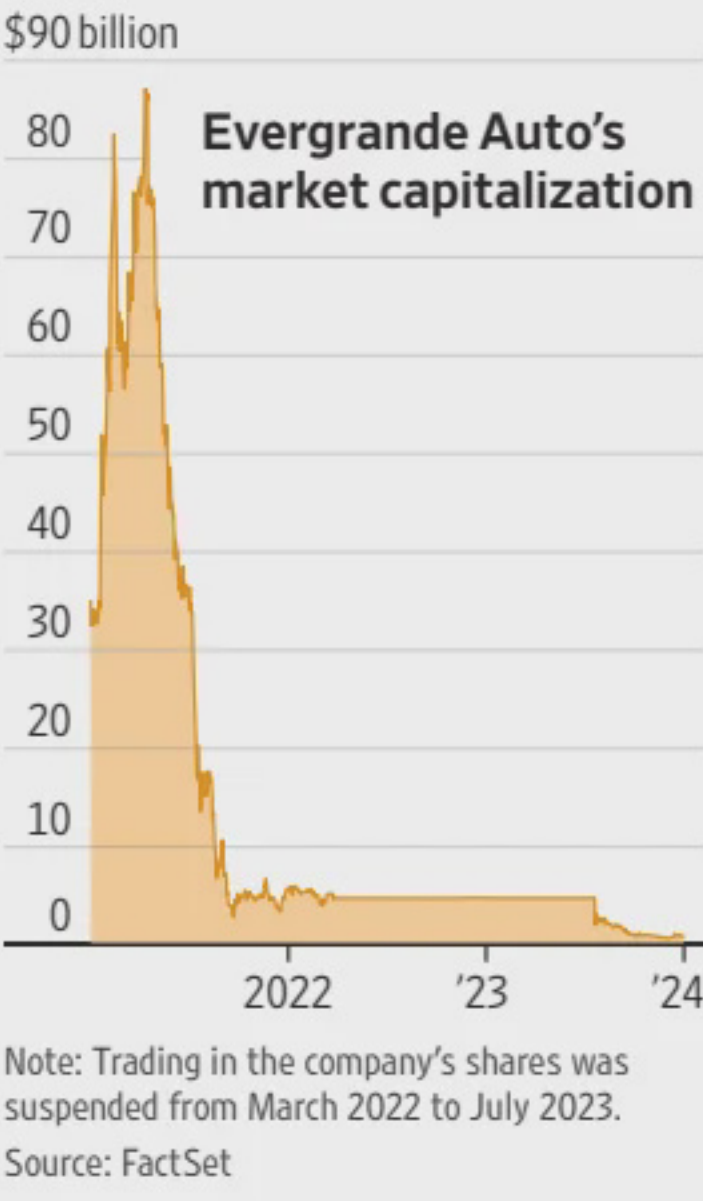
year-old founder and chairman, Hui Ka Yan, was placed under police surveillance for suspected crimes. In September, police in Shenzhen detained several employees of Evergrande’s wealth-management unit.

Evergrande’s Hui was once one of the world’s richest men, and his company was once the largest Chinese property developer by contracted sales.

But years of aggressive borrowing and spending in sectors far beyond property helped push the developer into financial distress, and it defaulted on its international debt in late 2021.

Evergrande had the equivalent of \$335 billion in liabilities as of June 2023, including numerous undelivered apartments and money owed to bond investors, banks and suppliers. It has been unable to pull off a \$35 billion international debt-restructuring plan and is at risk of being forced to liquidate.

Evergrande Auto, which once had ambitions of surpassing Tesla and becoming the world’s top EV maker, had a market capitalization of



more than \$80 billion at its peak in April 2021. Its Hong Kong-listed shares have since plunged, giving it a market value of \$540 million as of Monday’s market close.

In 2021, Hui predicted Evergrande would emerge as a successful EV company with a smaller property business. But the conglomerate’s liquidity crisis has hampered its production plans, and by June of last year, Evergrande Auto had delivered just over 1,000 vehicles in total.

The EV business was a core part of Evergrande’s debt-restructuring proposal that fell apart in September.

Evergrande Auto was supposed to get a \$500 million cash injection from a Dubai-based automaker called **NWTN**, but the deal was suspended in October following Hui’s detention. The agreement with the Nasdaq-listed company lapsed on Dec. 31.

Evergrande faces a liquidation hearing in Hong Kong on Jan. 29. The court has postponed a decision on the company’s fate several times to give Evergrande and its creditors more time to work out an alternative solution.

Lumen Seeks Lender Support for Debt Deal

By SOMA BISWAS

Lumen Technologies is in talks with its bank lenders to win support for a debt deal that would push out the telecommunications network operator’s maturities on billions of dollars in debt and raise fresh capital, according to people familiar with the matter.

Louisiana-based Lumen late last year said it reached a debt swap agreement with a group of creditors. Lenders for its revolving credit line led by **Bank of America** weren’t part of the discussions that led to the restructuring deal, said the people.

The signoff from its revolver lenders is likely the last hurdle Lumen faces before completing the debt restructuring transaction, the people said.

Late last year, the company said it had pushed back the date of completion of the transaction to the end of January after earlier disclosing in a securities filing that the deal was set to expire if it wasn’t completed by the end of 2023.

Large bondholders who negotiated the deal include Citadel Capital, Pacific Investment Management Co., Franklin Resources, Brigade Capital Management, BlackRock and Silver Point Capital, according to people familiar with the matter.

“We have made significant progress to date with our creditors,” Chris Stansbury, chief financial officer at Lumen, said in an email statement. “We have ample liquidity, and we are playing to win.”

Formerly known as CenturyLink, Lumen grew bigger through several takeovers including a \$25 billion merger with Level 3 Communications in 2017. The company is grap-

pling with \$20 billion in debt, much of which comes due in the next several years.

The proposed deal would extend the maturities on billions of dollars in debt to 2029 and 2030. A group of creditors, which hold more than \$7 billion of the company’s debt, would also provide \$1.2 billion in fresh financing in long-term debt.

Lumen faces over \$11 billion in debt maturities between now and 2027, and its proposed debt swap will address the company’s liquidity needs and maturities in 2025 and 2026, according to reports last year by Moody’s Investors Service.

The company has \$75 million drawn under its revolving line of credit, according to its latest earnings report.

If the deal is completed, the new debt with extended maturities carries higher interest rates and would add an additional \$1 billion in interest over the next six years, according to people familiar with the matter. Under the proposed deal, holders of Level 3 senior secured notes would swap their 3.4% bonds for similar notes with a 10.75% coupon, a securities filing shows. The new \$1.2 billion debt would carry a coupon of 11%, the filing shows.

Lumen’s interest expenses would rise even without the proposed debt swap because the company would likely pay more to refinance debt currently bearing coupons that are lower than prevailing market rates, the people familiar with the matter said.

Funds that are agreeing to provide a portion of the \$1.2 billion in fresh funds through a new loan will earn \$200 million in fees, according to the securities filing.

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BUSINESS NEWS

Shell Takes Hit of Up to \$4.5 Billion

Oil company reports the impairment in quarter was offset by boost in gas trading

By Christian Moess Laursen

Shell said its fourth-quarter earnings took a hit of between \$2.5 billion and \$4.5 billion in impairments that were offset by significantly higher gas trading, while its overall production volumes are on track to meet targets.

The London-based energy giant on Monday said the impairments were primarily driven by macro developments as well as portfolio choices, including its Singapore chemicals and products assets, which it has been trying to sell.

The FTSE 100 leader by market cap also said it expects its cash flow from operations to be hit by a \$900 million charge from emissions permits in Germany and the U.S.. The number of permits Shell is required to buy is determined by the amount of fuel sold and the emissions associated with that fuel. These pay-



The London-based energy giant said its overall production is on track to meet targets.

ments typically take place in the fourth quarter.

Gains from integrated gas trading are expected to be significantly higher on-quarter, despite declining oil and gas prices throughout the period, with oil hitting a five-month low in early December, reflecting supply and demand con-

cerns despite support from geopolitical uncertainty.

Analysts at Barclays forecast an 8% drop in earnings on-quarter across the European integrated energy sector, driven by lower oil prices and refining margins and seasonally higher costs, they write in a research note.

The quarterly result looks to be dragged down by significantly lower trading from chemicals and crude-oil refineries, which is anticipated to mean an adjusted earnings loss, the fossil-fuel company said.

Shell expects to report integrated gas production between 880,000 and 920,000 oil-equiv-

alent barrels a day for the fourth quarter, which would be in line with its guided range of 870,000 to 930,000 barrels a day, and compares with third-quarter production of 900,000 barrels a day.

Fourth-quarter volumes of liquefied natural gas—LNG—are expected to be between 6.9 million and 7.3 million metric tons compared with 6.9 million tons in the preceding quarter. Shell previously expected 6.7 million to 7.3 million tons.

Upstream production—the extraction of crude oil and natural gas—is expected to meet the guided range of 1.75 million to 1.95 million barrels a day at 1.83 million to 1.93 million a day. Shell reported 1.75 million barrels a day in the third quarter.

Shell's quarterly result from retailing oil and other products such as lubricants is expected to be similar to the prior year's same quarter, as sales volumes should be between 2.35 million and 2.75 million barrels a day, meeting the guided 2.25 million to 2.75 million.

Shares of the company declined 3% in London.

Brookfield Partner Sees Green Energy Potential

Vevaina calls slump in sector overdone and predicts more capital is coming

By Luis Garcia

Many publicly traded clean-energy companies saw their stock prices drop last year as investors fretted about higher project-financing costs and persistent supply-chain bottlenecks.

But Jehangir Vevaina, a managing partner in Brookfield's renewable power and transition group, said the clean-energy slump was "very overdone" and that capital will continue flowing into the industry as economies shift away from fossil fuels.

Vevaina recently discussed the outlook for clean-energy infrastructure investments.

WSJ: How do you see the outlook for clean-energy infrastructure investing in the year ahead?

VEVAINA: Market sentiment took a turn against publicly listed renewable companies in recent months as investors try to make sense of rising input costs, higher interest rates and some high-profile backsliding by certain developers. The market selloff in our view is very overdone and already we are seeing a more nuanced perspective return as investors put their money to work with developers with geographic and technology diversification and the best track records.

WSJ: If you had to mention one uncertainty facing investors in the energy transition over the coming year, what uncertainty would that be?

VEVAINA: Energy security continues to be the wild card in this environment.

Trading energy internationally comes with major risks that we've seen play out this year with wars, attacks on global supply routes and volatility in pricing.



Brookfield's Jehangir Vevaina.

Newell Brands to Eliminate 7% of Office Roles

By Ben Glickman

Newell Brands will slash about 7% of its office roles and pare down its real-estate footprint in an organizational realignment.

The Atlanta-based maker of Rubbermaid and Sharpie products said it expected to realize annual pretax savings of \$65 million to \$90 million net of reinvestment, the majority of which is expected this year.

The company is expecting restructuring and related charges of \$75 million to \$90 million.

According to a regulatory filing, \$60 million to \$70 million in charges are related to severance and other termination benefits, with \$11 million to \$16 million connected to office-space reduction.

Newell said most of its workforce reductions would be complete by the end of the year.

As part of the realignment, the company is also making other changes, including standardizing its regional go-to-



The maker of Rubbermaid and Sharpie products said most of the reductions would be complete by the end of the year.

market organization, centralizing various teams and modifying business-unit finance.

The workforce reduction is the company's second round of layoffs announced in the past year. In late January last

year, the company said it would cut about 13% of office positions.

Newell said it would close

distribution centers in late May to improve its operating performance and distribution per location strategy.

ESPN's McAfee Accuses Executive of 'Sabotage'

By Isabella Simonetti

When ESPN placed a big bet on a new star, Pat McAfee, to bring in young audiences with an edgy brand of sports-talk programming, the network knew the appointment carried risks. In recent days, they have been apparent.

McAfee, an F-bomb-throwing former NFL punter whose show made its debut on ESPN in September, has been on the defensive since an appearance last week by New York Jets quarterback Aaron Rodgers. Rodgers, a recurring guest on McAfee's show, implied during the show that ABC talk show host Jimmy Kimmel had ties with the late sex offender Jeffrey Epstein, accusations that Kimmel denied.

McAfee and ESPN have both apologized for the incident, but McAfee also accused people within the network of trying to

"sabotage" his show, specifically calling out Norby Williamson, a high-ranking ESPN executive.

"We're very thankful for the ESPN folks for being very hospitable," McAfee said on his show Monday. "Now, there are some people actively trying to sabotage us from within ESPN — more specifically, I believe Norby Williamson is the guy who is attempting to sabotage our program."

Those comments led ESPN to issue a statement of support to both McAfee and Williamson, vowing to handle the matter internally.

"A lot of people are saying I'm trying to get fired; no way," McAfee said on his show on Monday, ahead of the college football playoff championship game, which is among ESPN's most-watched events of the year. He described his relationship with ESPN as strong but



Pat McAfee

said he didn't "take back anything that I said about said person."

The kerfuffle shows the risks of betting on larger-than-life personalities to stay relevant in the streaming era where viewers have myriad options and have become quite fickle.

Last year, ESPN reached a deal to license McAfee's You-

Tube show for five years for more than \$85 million. The move was seen as a sign the network was willing to go outside its comfort zone.

Then last week, during a conversation with McAfee about a list of names of people associated with Epstein, Rodgers said: "There's a lot of people, including Jimmy Kimmel, who are really hoping that doesn't come out."

Kimmel denied the allegations and threatened legal action: "Your reckless words put my family in danger. Keep it up and we will debate the facts further in court," he wrote on X on Jan. 2.

"Aaron made a dumb and factually inaccurate joke about Jimmy Kimmel," said Mike Foss, senior vice president of studio and digital production at ESPN on Friday.

"I can see exactly why

Jimmy Kimmel felt the way he felt, especially with his position," McAfee said on his show after the incident. "But I think Aaron was just trying to talk s—."

On Monday, when asked about the comments during a press conference, Rodgers said he would discuss the matter on McAfee's show Tuesday, a week after his initial comments. "Tune in," Rodgers said.

This wasn't the first time Rodgers had said something controversial on McAfee's show. During a 2021 appearance, Rodgers told McAfee he was opposed to Covid-19 vaccines and was unvaccinated.

During Monday's show, McAfee said he was "super bummed" that his recent comments about people within ESPN trying to sabotage him reflected poorly on Burke Magnus, ESPN's president of content.

Nike and Woods End Partnership

Continued from page B1

Nike got out of the golf-equipment business in 2016, Woods found new clubs to use but continued to wear the company's gear on the course.

There had been some hints, though, that Woods might move on. Since his latest comeback from the 2021 car crash that threatened both his life and his career, he has been seen wearing shoes made by FootJoy. Woods suffered serious leg injuries in the wreck, and he has said the switch to new footwear was due to the

fallout from the accident and subsequent surgery.

"I needed something different, something that allowed me to be more stable," Woods said at the 2022 Masters.

The split raises immediate questions about who will be the 48-year-old Woods's next partner. One rumored company took itself out of the running Monday when On Holding Co-Chief Executive Marc Maurer said the Swiss footwear and apparel company wouldn't be signing Woods.

Woods has competed only sparingly since the 2021 crash, and he missed most of last year after undergoing another ankle surgery. He recently said he hoped to increase his tournament load to one a month. Early in his pro career Woods played roughly 20 PGA Tour events a year.



Tiger Woods had been with Nike since the golf great turned pro in 1996.

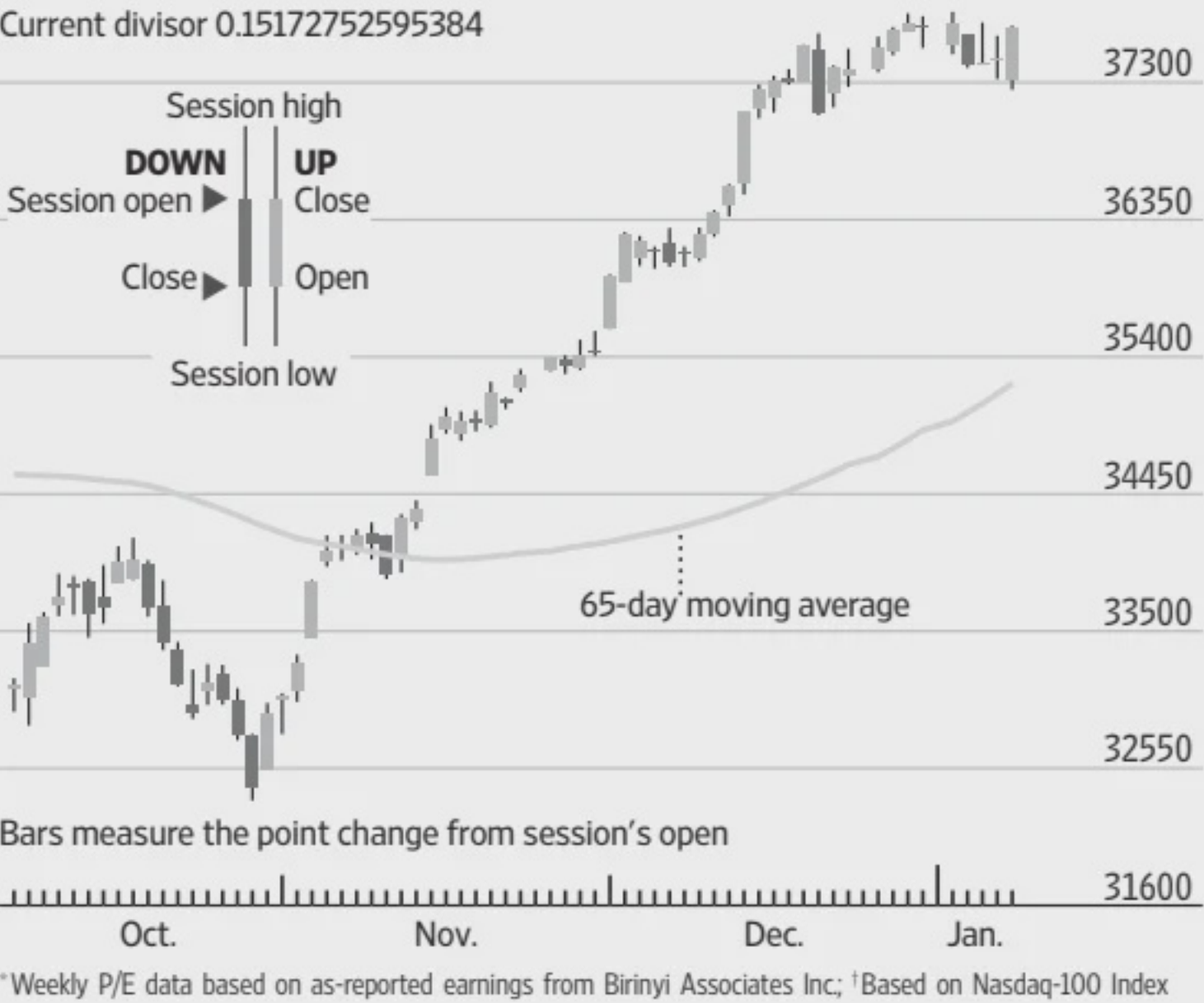
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

37683.01 ▲ 216.90, or 0.58%
High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio	26.71	21.61
P/E estimate *	20.67	18.13
Dividend yield	1.95	2.05
All-time high	37715.04, 01/02/24	



*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; *Based on Nasdaq-100 Index

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD	3-yr. ann.
Dow Jones										
Industrial Average	37692.92	37249.24	37683.01	216.90	0.58	37715.04	31819.14	12.4	-0.02	6.6
Transportation Avg	15645.96	15433.31	15645.96	137.29	0.89	16695.32	13444.01	11.6	-1.6	6.7
Utility Average	905.18	894.74	904.76	6.09	0.68	1002.11	783.08	-8.5	2.6	2.1
Total Stock Market	47631.36	46954.97	47624.80	694.85	1.48	47987.24	38697.55	21.8	-0.3	5.9
Barron's 400	1061.21	1046.39	1061.21	10.85	1.03	1084.21	881.58	12.6	-1.0	6.1

Nasdaq Stock Market										
Nasdaq Composite	14846.90	14560.20	14843.77	319.70	2.20	15099.18	10635.65	39.6	-1.1	4.0
Nasdaq-100	16655.23	16349.39	16649.87	343.89	2.11	16906.80	11108.45	49.9	-1.0	8.3

S&P										
500 Index	4764.54	4699.82	4763.54	66.30	1.41	4783.35	3855.76	22.4	-0.1	7.6
MidCap 400	2747.50	2704.95	2747.49	34.99	1.29	2809.23	2326.82	10.3	-1.2	4.4
SmallCap 600	1291.41	1267.12	1291.38	20.72	1.63	1339.63	1068.80	8.9	-2.0	2.8

Other Indexes										
Russell 2000	1989.01	1944.86	1989.01	37.86	1.94	2066.21	1636.94	10.8	-1.9	-1.7
NYSE Composite	16886.38	16698.22	16885.37	127.13	0.76	16898.34	14599.05	8.8	0.2	4.1
Value Line	585.17	576.03	585.17	8.03	1.39	606.49	498.09	5.6	-1.5	-0.5
NYSE Arca Biotech	5512.09	5329.93	5511.46	100.65	1.86	5644.50	4544.40	3.4	1.7	-2.6
NYSE Arca Pharma	952.11	941.14	952.07	5.31	0.56	952.07	791.91	10.4	4.6	11.0
KBW Bank	97.52	96.01	97.48	0.34	0.35	115.10	71.71	-7.0	1.5	-2.8
PHLX ^S Gold/Silver	120.95	118.37	120.54	0.24	0.20	144.37	103.31	-8.2	-4.1	-6.5
PHLX ^S Oil Service	81.14	79.27	81.14	-1.75	-2.11	98.76	69.29	-6.7	-3.3	17.2
PHLX ^S Semiconductor	4071.62	3956.05	4062.48	128.99	3.28	4214.59	2686.75	51.2	-2.7	11.4
Cboe Volatility	14.18	13.02	13.08	-0.27	-2.02	26.52	12.07	-40.5	5.1	-15.3

^SNasdaq PHLX Sources: FactSet; Dow Jones Market Data

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	MSCI ACWI	721.79	6.39	0.89	-0.7
	MSCI ACWI ex-USA	311.77	-0.14	-0.04	-1.5
	MSCI World	3153.62	33.07	1.06	-0.5
	MSCI Emerging Markets	996.76	-5.32	-0.53	-2.6
Americas	MSCI AC Americas	1808.85	24.76	1.39	-0.3
Canada	S&P/TSX Comp	21074.91	137.36	0.66	0.6
Latin Amer.	MSCI EM Latin America	2623.68	6.81	0.26	-1.5
Brazil	Bovespa	132426.54	403.62	0.31	-1.3
Chile	S&P IPSA	3384.13	4.85	0.14	-2.4
Mexico	S&P/BMV IPC	36175.67	-17.11	-0.03	-2.1
EMEA	STOXX Europe 600	478.18	1.80	0.38	-0.2
Eurozone	Euro STOXX	471.51	2.40	0.51	-0.6
Belgium	Bel-20	3736.42	18.61	0.50	0.8
Denmark	OMX Copenhagen 20	2337.17	-11.39	-0.49	2.3
France	CAC 40	7450.24	29.55	0.40	-1.2
Germany	DAX	16716.47	122.26	0.74	-0.2
Israel	Tel Aviv	1870.77	2.92	0.16	0.3
Italy	FTSE MIB	30569.92	128.97	0.42	0.7
Netherlands	AEX	779.09	0.39	0.05	-1.0
Norway	Oslo Bors All-Share	1515.99	-22.68	-1.47	-0.2
South Africa	FTSE/JSE All-Share	74103.23	-384.97	-0.52	-3.6
Spain	IBEX 35	10209.00	44.50	0.44	1.1
Sweden	OMX Stockholm	885.90	8.88	1.01	-1.9
Switzerland	Biss Market	11230.40	44.50	0.40	0.8
Turkey	WIST 100	7818.89	190.16	2.49	4.7
U.K.	FTSE 100	7694.19	4.58	0.06	-0.5
U.K.	FTSE 250	19393.80	183.41	0.95	-1.5
Asia-Pacific	MSCI AC Asia Pacific	165.13	-0.84	-0.51	-2.5
Australia	S&P/ASX 200	7451.50	-37.57	-0.50	-1.8
China	Shanghai Composite	2887.54	-41.65	-1.42	-2.9
Hong Kong	Hang Seng	16224.45	-310.88	-1.88	-4.8
India	S&P BSE Sensex	71355.22	-670.93	-0.93	-1.2
Japan	NIKKEI 225	33377.42	...	Closed	-0.3
Singapore	Straits Times	3187.02	2.72	0.09	-1.6
South Korea	KOSPI	2567.82	-10.26	-0.40	-3.3
Taiwan	TAIEX	17572.66	53.52	0.31	-2.0
Thailand	SET	1418.45	-9.51	-0.67	0.2

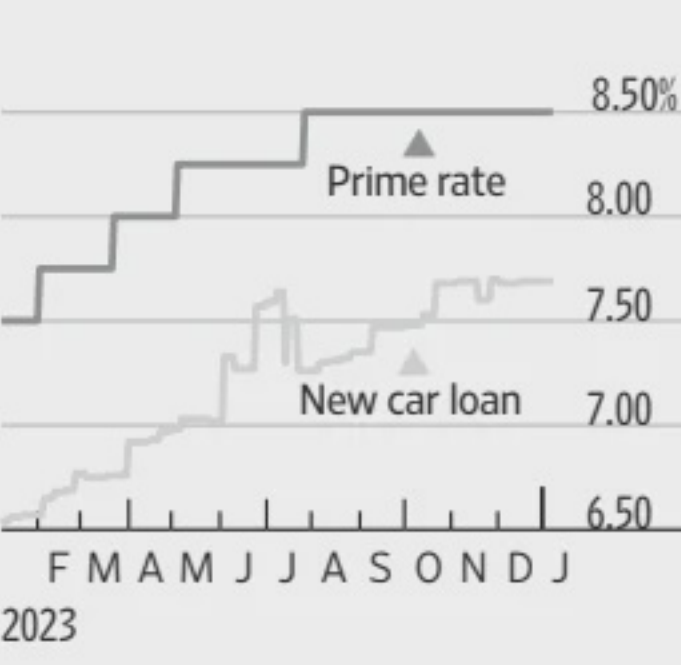
Sources: FactSet; Dow Jones Market Data

CREDIT MARKETS

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Interest rate	Yield/Rate (%)	Last (●) Week ago	52-Week Range (%)	Low	0	2	4	6	8	High	3-yr chg (pct pts)
Federal-funds rate target	5.25-5.50	5.25-5.50	4.25							5.50	5.25
Prime rate*	8.50	8.50	7.50							8.50	5.25
SOFR	5.31	5.38	4.30							5.40	5.20
Money market , annual yield	0.51	0.48	0.35							0.64	0.32
Five-year CD , annual yield	2.87	2.84	2.71							2.87	2.31
30-year mortgage , fixed ¹	7.22	7.12	6.36							8.28	4.37
15-year mortgage , fixed ¹	6.48	6.34	5.54							7.42	4.15
Jumbo mortgages , \$76,550-plus ¹	7.27	7.19	6.35							8.33	4.40
Five-year adj mortgage (ARM) ¹	6.43	6.43	5.33							7.16	3.28
New-car loan , 48-month	7.69	7.69	6.53							7.70	3.67

Bankrate.com rates based on survey of over 4,800 online banks. *Base rate posted by 70% of the nation's largest banks.¹ Excludes closing costs. Sources: FactSet; Dow Jones Market Data; Bankrate.com

S&P 500 Index

4763.54 ▲ 66.30, or 1.41%
High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio *	22.33	18.42
P/E estimate *	21.24	16.92
Dividend yield *	1.51	1.79
All-time high	4796.56, 01/03/22	



Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
CVS Health	CVS	7,652.7	80.59	-0.09	-0.11	80.68	80.59
Amazon.com	AMZN	6,522.6	149.22	0.12	0.08	149.30	147.66
SPDR S&P 500 ETF Trust	SPY	6,114.7	474.24	-0.36	-0.08	480.27	470.34
iShares China LC ETF	FXI	5,739.3	22.95	0.01	0.04	22.97	22.90
CNH Industrial	CNHI	5,166.1	12.16	-0.13	-1.06	12.29	12.16
Apple	AAPL	3,648.1	185.26	-0.31	-0.16	196.61	172.63
Invesco QQQ Trust I	QQQ	3,309.3	404.74	-0.21	-0.05	426.87	402.49
Procter & Gamble	PG	2,811.4	148.70	0.01	0.01	149.00	145.73

Percentage gainers...

Company	Symbol	Volume (000)	Last	Net chg	After Hours % chg	High	Low
WiSeKey Intl Hldg ADR	WKEY	116.0	2.40	0.28	13.21	2.48	2.09
Alset Capital Acqn Cl A	ACAX	52.7	4.20	0.38	9.95	4.80	3.74
Urban Outfitters	URBN	95.5	37.90	2.00	5.57	38.40	35.90
Atea Pharmaceuticals	AVIR	443.3	3.25	0.15	4.84	3.77	3.10
Unity Software	U	882.5	40.50	1.52	3.90	40.99	37.80
...And losers							
Extreme Networks	EXTR	93.1	16.24	-1.28	-7.31	17.77	15.70
Grifols ADR	GFRS	1,532.4	10.32	-0.81	-7.28	11.13	10.31
Spectaire Holdings	SPEC	110.7	2.19	-0.14	-6.01	2.36	2.16
Spirit Airlines	SAVE	237.4	15.40	-0.85	-5.23	16.57	15.00
Vigil Neuroscience	VIGL	67.1	3.45	-0.18	-4.96	3.63	3.45

Nasdaq Composite Index

14843.77 ▲ 319.70, or 2.20%
High, low, open and close for each trading day of the past three months.

	Last	Year ago
Trailing P/E ratio **	29.15	23.47
P/E estimate **	27.95	21.25
Dividend yield **	0.88	1.02
All-time high:	16057.44, 11/19/21	



Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	907,069,826	11,977,165
Adv. volume*	622,930,520	5,443,652
Decl. volume*	272,222,612	6,473,042
Issues traded	2,912	312
Advances	2,143	156
Declines	704	146
Unchanged	65	10
New highs	61	6
New lows	25	7
Closing Arms¹	1.60	1.72
Block trades*	3,906	134

*Primary market NYSE, NYSE American NYSE Arca only.

(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

Percentage Losers

Company	Symbol	Latest Session			52-Week		
		Close	Net chg	% chg	High	Low	% chg
Alset Capital Acqn Cl A	ACAX	3.82	-6.48	-62.91	15.04	2.96	-62.2
Dada Nexus ADR	DADA	1.71	-1.45	-45.87	15.59	1.59	-86.2
Solo Brands	DTC	3.60	-2.30	-38.98	8.86	3.55	-10.7
Jin Medical International	ZJYL	90.91	-28.97	-24.17	509.87	4.84	...
Pacific Biosciences CA	PACB	7.66	-1.74	-18.51	14.55	5.74	-19.0
Banzai International Cl A	BNZI	2.12	-0.45	-17.51	16.57	1.46	-79.0
Arena Group Holdings	AREN	1.78	-0.37	-17.21	11.18	1.66	-77.8
Revance Therapeutics	RVNC	7.05	-1.30	-15.57	37.98	5.72	-76.8
Techprecision	TPCS	4.46	-0.77	-14.69	10.76	4.30	-48.4
Wheels Up Experience	UP	4.25	-0.68	-13.79	15.70	0.98	-69.4
Direxion S&P Biotech Br	LABD	8.34	-1.33	-13.75	29.92	8.34	-53.6
SilverSun Technologies	SSNT	18.97	-3.01	-13.69	24.54	2.71	474.8
Prothena	PRTA	35.28	-5.38	-13.23	79.65	28.51	-32.7
Spectral AI	MDAI	2.68	-0.39	-12.70	19.50	2.20	-73.5
MMTec	MTC	2.06	-0.29	-12.34	4.86	0.36	132.9

Futures Contracts

Metal & Petroleum Futures						
	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX) -25,000 lbs; \$ per lb.						
Jan	3.7970	3.8135	▼	3.7800		1,839
March	3.8075	3.8330	▼	3.7895		118,218
Gold (CMX) -100 troy oz; \$ per troy oz.						
Jan	2019.10	2033.70	▼	2019.10	2026.60	-15.80 55
Feb	2052.60	2053.30	▼	2022.70	2033.50	-16.30 352,564
March	2061.50	2061.50	▲	2034.50	2043.20	-16.50 237
April	2071.90	2073.00	▼	2042.70	2053.40	-16.30 85,110
June	2091.50	2092.30	▼	2062.70	2072.80	-16.50 23,926
Aug	2108.70	2109.40	▼	2080.80	2089.70	-16.60 17,653
Palladium (NYM) -50 troy oz; \$ per troy oz.						
Jan				993.90	-38.40	1
March	1038.00	1040.50	▼	994.00	998.70	-38.40 16,572
Platinum (NYM) -50 troy oz; \$ per troy oz.						
Jan	945.00	950.30		945.00	946.70	-12.60 117
April	971.30	976.80		955.10	959.40	-12.40 66,969
Silver (CMX) -5,000 troy oz; \$ per troy oz.						
Jan	22.990	23.120		22.835	23.120	-0.002 451
March	23.380	23.310		23.020	23.310	-0.005 105,500
Crude Oil, Light Sweet (NYM) -1,000 bbls; \$ per bbl.						
Feb	73.51	73.95		70.13	70.77	-3.04 230,314
March	73.60	73.98		70.25	70.92	-2.94 218,723
April	73.67	73.96		70.34	71.02	-2.85 96,576
May	73.75	73.90		70.37	71.06	-2.75 76,748
June	73.21	73.72		70.31	71.02	-2.64 141,852
Dec	71.57	71.65	▼	68.74	69.38	-2.22 153,638
NY Harbor ULSD (NYM) -42,000 gal; \$ per gal.						
Feb	2.6212	2.6300	▲	2.5282	2.5769	-0.316 77,202
March	2.5869	2.5940	▲	2.4938	2.5365	-0.394 55,518
Gasoline-NY RBOB (NYM) -42,000 gal; \$ per gal.						
Feb	2.1127	2.1157	▼	2.0072	2.0278	-0.777 90,420
March	2.1256	2.1408	▼	2.0362	2.0547	-0.766 64,697
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.						
Feb	2.950	3.012	▲	2.694	2.980	.087 205,171
March	2.649	2.654	▲	2.430	2.598	-.023 294,283
April	2.595	2.595	▲	2.398	2.552	-0.017 134,617
May	2.637	2.637	▲	2.455	2.608	-0.008 111,001
July	2.873	2.886	▲	2.733	2.875	-0.006 72,450
Oct	2.959	2.977	▲	2.817	2.954	-0.002 79,720
Agriculture Futures						
Corn (CBT) -5,000 bu; cents per bu.						
March	461.00	462.50	▼	452.00	455.00	-5.75 651,949
July	483.00	485.00	▼	475.00	478.00	-5.75 219,701
Oats (CBT) -5,000 bu; cents per bu.						
March	357.00	362.75		352.75	361.00	8.00 2,885
May	359.00	360.00		354.75	360.00	7.75 449
Soybeans (CBT) -5,000 bu; cents per bu.						
Jan	1252.75	1252.75	▼	1233.25	1239.50	-10.25 920
March	1258.00	1261.00	▼	1236.00	1245.50	-10.75 291,770
Soybean Meal (CBT) -100 tons; \$ per ton.						
Jan	369.00	369.20	▼	366.10	368.10	-5.50 299
March	369.40	370.50	▼	366.20	368.50	-9.90 197,250
Soybean Oil (CBT) -60,000 lbs; cents per lb.						
Jan	46.36	46.92	▼	46.18	47.44	.27 270
March	47.67	47.88	▼	46.30	47.81	.18 216,812
Rough Rice (CBT) -2,000 cwt; \$ per cwt.						
Jan	17.03	17.05		17.03	17.13	-12 92
March	17.65	17.66		17.36	17.49	-14 9,576
Wheat (CBT) -5,000 bu; cents per bu.						
March	617.00	617.25		593.00	596.25	-19.75 179,908
July	635.00	635.00	▼	613.75	617.75	-17.25 80,488
Wheat (KC) -5,000 bu; cents per bu.						
March	628.25	629.75	▼	609.25	615.25	-12.75 115,142

Cash Prices | wsj.com/market-data/commodities

These prices reflect buying and selling of a variety of actual or “physical” commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Energy			Metals		
Coal,C,Aplc,12500Btu,1.2502-r,w	81.050		BMI Lithium Hydroxide, EXW China, ~99.2%-v,w	13500	
Coal,PwdrRvrBsn,8800Btu,0.8502-r,w	13.900		BMI Lithium Hydroxide, EXW China, ~56.5%-v,w	11700	
Gold, per troy oz			BMI Cobalt sulphate, EXW China, ~20.5%-v,m	4512	
Engelhard industrial	2021.00		BMI Nickel Sulphate, EXW China, ~22%-v,m	3525	
Handy & Harman base	2025.10		BMI Flake Graphite, FOB China, ~100 Mesh, 94-95%-v,m	553	
Handy & Harman fabricated	2247.86		Fibers and Textiles		
LBMA Gold Price AM	*2037.70		Burlap,10-oz,40-inch NY yd-n,w	0.7425	
LBMA Gold Price PM	*2056.35		Cotton,1 1/16 std lv-mdMphs-u	0.7817	
Krugerrand,wholesale-e	2108.50		Cotlook ‘A’ Index-t	*90.40	
Maple Leaf-e	2128.77		Hides,hvy native steers piece fob-u	n.a.	
American Eagle-e	2128.77		Wool,64s,staple,Terr del-u,w	n.a.	
Mexican peso-e	2452.44		Grains and Feeds		
Austria crown-e	1990.26		Bran,wheat middlings, KC-u,w	150	
Austria phil-e	2128.77		Corn,No.2 yellow,Cent IL-bp,u	4.2700	
Silver, troy oz.			Corn gluten feed,Midwest-u,w	169.4	
Engelhard industrial	23.0000		Corn gluten meal,Midwest-u,w	501.0	
Handy & Harman base	23.1880		Cottonseed meal-u,w	360	
Handy & Harman fabricated	28.9850		Hominy feed,Cent IL-u,w	168	
LBMA spot price (U.S.\$ equivalent)	*£18.1600		Meat-bonemeal,50% pro Mnpls-u,w	220	
Coins,wholesale \$1,000 face-a	19532		Oats,No.2 milling,Mnpls-u	4.5100	
Other metals			Rice, Long Grain Milled, No. 2 AR-u,w	36.25	
LBMA Platinum Price PM	*956.0		Sorghum,(Milo) No.2 Gulf-u	n.a.	
Platinum,Engelhard industrial	955.0		SoybeanMeal,Cent IL,rail,ton48%-u,w	389.50	
Palladium,Engelhard industrial	1015.0		Soybeans,No.1 yllw IL-bp,u	12.1400	
Aluminum,LME, \$ per metric ton	*2215.5		Wheat,Spring14%-pro Mnpls-u	8.9000	

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=b=weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Posland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 1/5

Source: Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don’t always represent actual transactions.

Inflation								Week ago				-52-WEEK- High Low					
Nov. index level		Chg From (%) Oct. '23 Nov. '22		Latest		1.475 1.475		1.475 1.475		Latest		Week ago		-52-WEEK- High Low			
				Japan		1.475		1.475									
U.S. consumer price index				Policy Rates								Federal funds					
All items		307.051 -0.20 3.1		Euro zone		4.50 4.50 4.50 2.50		High		5.6500		5.3300 5.3300 5.3500 4.3400					
Core		311.606 0.07 4.0		Switzerland		2.25 2.25 2.25 1.50		Low		5.3100		5.3100 5.3100 5.3300 4.3000					
				Britain		5.25 5.25 5.25 3.50		Bid		5.3300		5.3100 5.3300 4.3200					
				Australia		4.35 4.35 4.35 3.10		Offer		5.3500		5.3300 5.3700 4.3400					
International rates				Overnight repurchase				Treasury bill auction									
Latest		Week ago		-52-Week- High Low		U.S.		5.35 5.38 5.48 4.30		4 weeks		5.290		5.325 5.840 3.190			
Prime rates				U.S. government rates								13 weeks		5.235		5.260 5.345 4.560	
U.S.		8.50 8.50 8.50 7.50		Discount								26 weeks		5.030		5.080 5.350 4.620	
Canada		7.20 7.20 7.20 6.45				5.50 5.50 5.50 4.50						Secondary market					

Key Interest Rates

Data are annualized on a 360-day basis. Treasury yields are per annum, on actively traded noninflation and inflation-indexed issues that are adjusted to constant maturities. Data are from weekly Federal Reserve release H.15.

Federal funds (effective)				Commercial paper (AA financial)			
Week Ended	— 52-Week —	High	Low	Nonfinancial	1-month	2-month	3-month
5.33	5.33	5.33	4.33	5.32	5.30	5.34	4.26
				n.a.	n.a.	5.37	4.39
				n.a.	n.a.	5.40	4.51
Discount window primary credit							
5.50	5.50	5.50	4.50	Treasury yields at constant maturities			
1-month	5.55	5.56	5.81	3.74			
3-month	5.47	5.44	5.62	4.60			
TIPS							
5-year	1.78	1.71	2.55	1.10			
7-year	1.77	1.69	2.47	1.10			
10-year	1.76	1.69	2.45	1.10			
20-year	1.87	1.79	2.49	1.26			
Long-term avg	2.01	1.93	2.59	1.42			

Notes on data: **Federal funds rate** is an average for the seven days ended Wednesday, weighted according to rates on broker trades; **Commercial paper rates** are discounted offers of certificates interpolated from sales by discounted averages of dealer bid rates on nationally traded certificates of deposit; **Discount window primary credit rate** is charged for discounts made and advances extended under the Federal Reserve’s primary credit discount window program; **rate** is average for seven days ended Wednesday; **Inflation-indexed long-term TIPS** average is indexed and is based on the unweighted average bid yields for all TIPS with remaining terms to maturity of 10 years or more; Sources: Federal Reserve; for additional information on these rate data and their derivation, please see, https://www.federalreserve.gov/data/download/Build.aspx?rel=H15

COMMODITIES

Index Futures						
	Open	High	Low	Settle	Chg	Open interest
Australian Dollar (CME) -AUD 100,000; \$ per AUD						
Jan	.6729	.6736		.6680	.6725	373
March	.6728	.6749		.6692	.6738	157,569
Mexican Peso (CME) -MXN 500,000; \$ per MXN						
Jan	.05916	.05943	▲	.05915	.05944	69
March	.05854	.05890	▲	.05847	.05880	270,694
Euro (CME) -€125,000; \$ per €						
Jan	1.0944	1.0982		1.0927	1.0965	2,513
March	1.0977	1.1010		1.0954	1.0993	697,276
Index Futures						
Mini DJ Industrial Average (CBT) -\$5 x index						
March	37674	37946	▼	37470	37933	214 103,764
June	38023	38302	▼	37847	38300	217 323
Mini S&P 500 (CME) -\$50 x index						
March	4735.75	4803.25		4715.25	4801.25	66.50 2,209,444

Bonds | wsj.com/market-data/bonds/benchmarks

Tracking Bond Benchmarks

Return on investment and spreads over Treasuries and/or yields paid to investors compared with 52-week highs and lows for different types of bonds

Total return close	YTD total return (%)	Index	Yield (%)			Total return close	YTD total return (%)	Index	Yield (%)		
			Latest	Low	High				Latest	Low	High
Broad Market Bloomberg Fixed Income Indices						Mortgage-Backed Bloomberg Fixed Income Indices					
2044.81	-0.8	U.S. Aggregate	4.660	4.180	5.740	2021.50	-0.7	Mortgage-Backed	4.820	4.140	6.050
U.S. Corporate Indexes Bloomberg Fixed Income Indices						1996.28	-0.7	Ginnie mae (GNMA)	4.850	4.170	6.020
3087.46	-1.0	U.S. Corporate	5.220	4.830	6.430	1189.41	-0.7	Fannie mae (FNMA)	4.810	4.140	6.050
2973.40	-0.6	Intermediate	5.140	4.730	6.350	1831.35	-0.7	Freddie Mac (FHLMC)	4.750	4.090	6.190
4138.52	-1.8	Long term	5.380	5.010	6.600	588.39	0.02	Muni Master	3.059	2.757	4.311
592.20	-1.2	Double-A-rated	4.740	4.320	5.760	419.04	0.1	7-12 year	2.724	2.392	4.097
831.07	-1.0	Triple-B-rated	5.430	5.080	6.700	476.18	0.1	12-22 year	3.415	3.257	4.742
High Yield Bonds ICE BofA						448.51	-0.1	22-plus year	4.102	4.020	5.274
521.60	-0.8	High Yield Constrained	7.982	7.620	9.560	Global Government J.P. Morgan¹					
501.13	-1.1	Triple-C-rated	13.582	12.776	15.457	540.25	-0.6	Global Government	3.110	2.740	3.810
3506.67	-1.0	High Yield 100	7.473	7.022	9.101	796.80	-0.7	Canada	3.290	2.880	4.260
453.43	-0.6	Global High Yield Constrained	7.930	7.648	9.440	353.58	-0.8	EMU\$	2.922	2.669	3.790
344.46	-0.5	Europe High Yield Constrained	6.516	6.286	8.022	654.81	-0.8	France	2.790	2.520	3.630
U.S. Agency Bloomberg Fixed Income Indices						464.18	-0.7	Germany	2.240	2.000	3.030
1774.39	-0.3	U.S. Agency	4.570	4.130	5.390	279.53	0.2	Japan	1.030	0.710	1.300
1569.44	-0.3	10-20 years	4.550	4.120	5.370	504.24	-1.0	Netherlands	2.500	2.240	3.320
3400.47	-0.5	20-plus years	4.730	4.300	5.740	794.82	-2.1	U.K.	4.120	3.340	4.880
2700.50	-1.9	Yankee	5.050	4.670	6.110	830.59	-2.1	Emerging Markets **	7.577	7.102	8.842

¹Constrained indexes limit individual issuer concentrations to 2%; the High Yield 100 are the 100 largest bonds

** EMBI Global Index

¹In local currency \$ Euro-zone bonds

Sources: ICE Data Services; Bloomberg Fixed Income Indices; J.P.Morgan

BANKING & FINANCE

Investors Put Faith in ‘Dogs of Dow’

Approach calls for buying stocks in Dow with biggest dividend yields

By CHARLEY GRANT

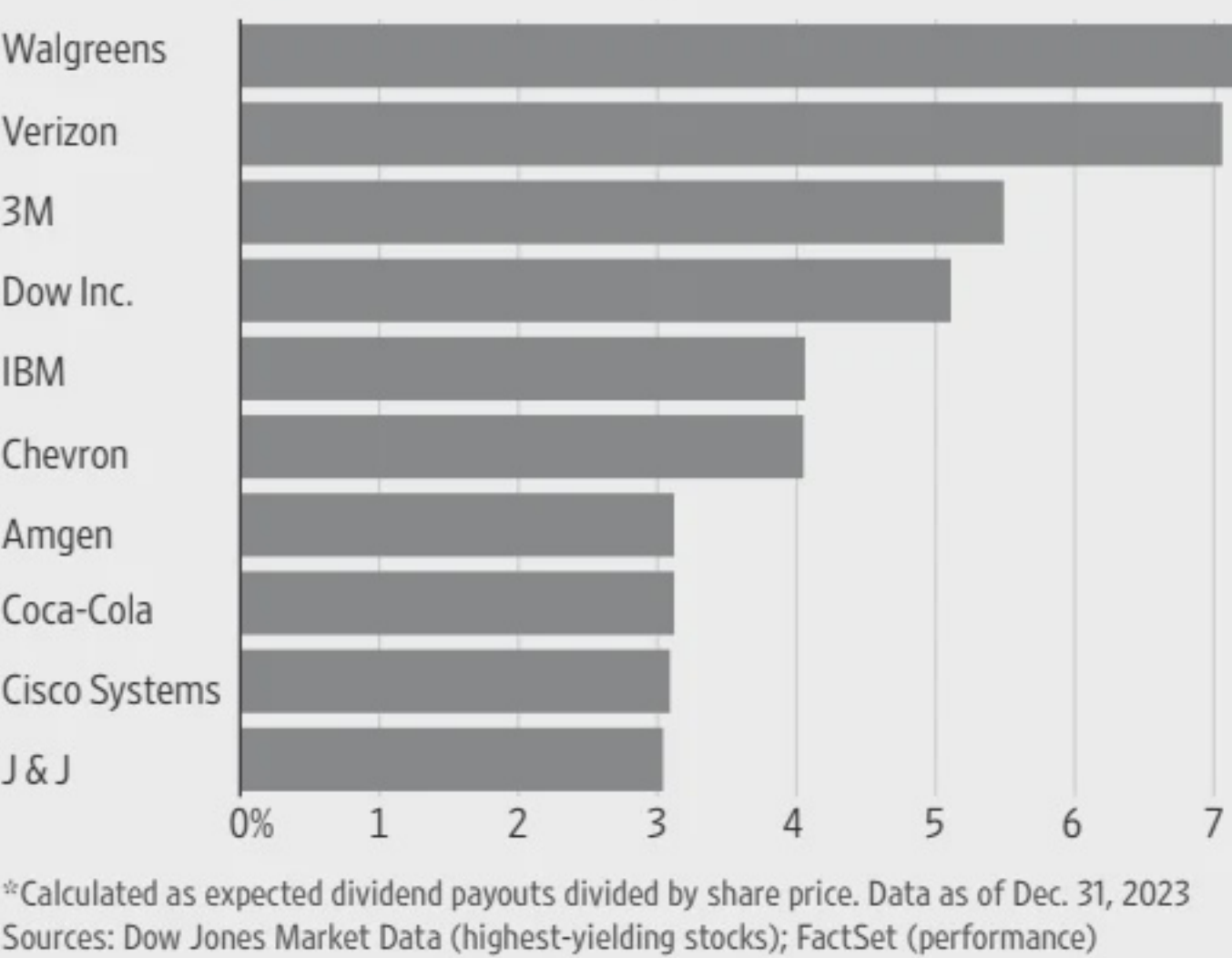
The “Dogs of the Dow” weren’t the best in show last year, but the recent rally in beaten-down corners of the stock market is giving hope to fans of the popular contrarian investment strategy.

The approach calls for buying the 10 stocks with the highest dividend yields of the 30 Dow components at the beginning of a year—the Dogs of the Dow—and holding them over the next 12 months.

The group of stocks is rebalanced at the end of each year to maintain an investment in the top 10 dividend payers.

The Dogs have lagged behind the blue-chip Dow Jones

The ten highest-yielding stocks within the Dow Jones Industrial Average*



Industrial Average in four of the past six years, including 2023.

Last year’s Dogs returned 14.5% including dividend payouts, trailing the Dow by 1.6 percentage points.

But there were big winners

in the group: Shares of chip maker **Intel** rose 94%, while **JPMorgan Chase** and **International Business Machines** also outperformed the index.

Higher dividend yields, which are measured by dividing a stock’s expected payouts

Index performance, past month



by the share price, usually reflect low stock prices. In theory, shareholders receive a relatively high dividend payment in a stock that also might be due for a bounce.

“It’s essentially taking the opposite approach on the long

side for what worked the year prior,” said Jared Holz, health-care-sector specialist at Mizuho Americas.

Surging technology stocks powered major indexes higher for most of 2023. But that trend gave way to a much broader rally as the year came to a close, including in some sectors that had been punished by high interest rates.

What’s more, the “Magnificent Seven” group of big tech stocks got off to a sluggish start in January—although these stocks powered a rally on Monday—with investors becoming more skeptical about just how far and how fast the Federal Reserve will cut interest rates.

That has led to some optimism that this year will be better for value-oriented stocks.

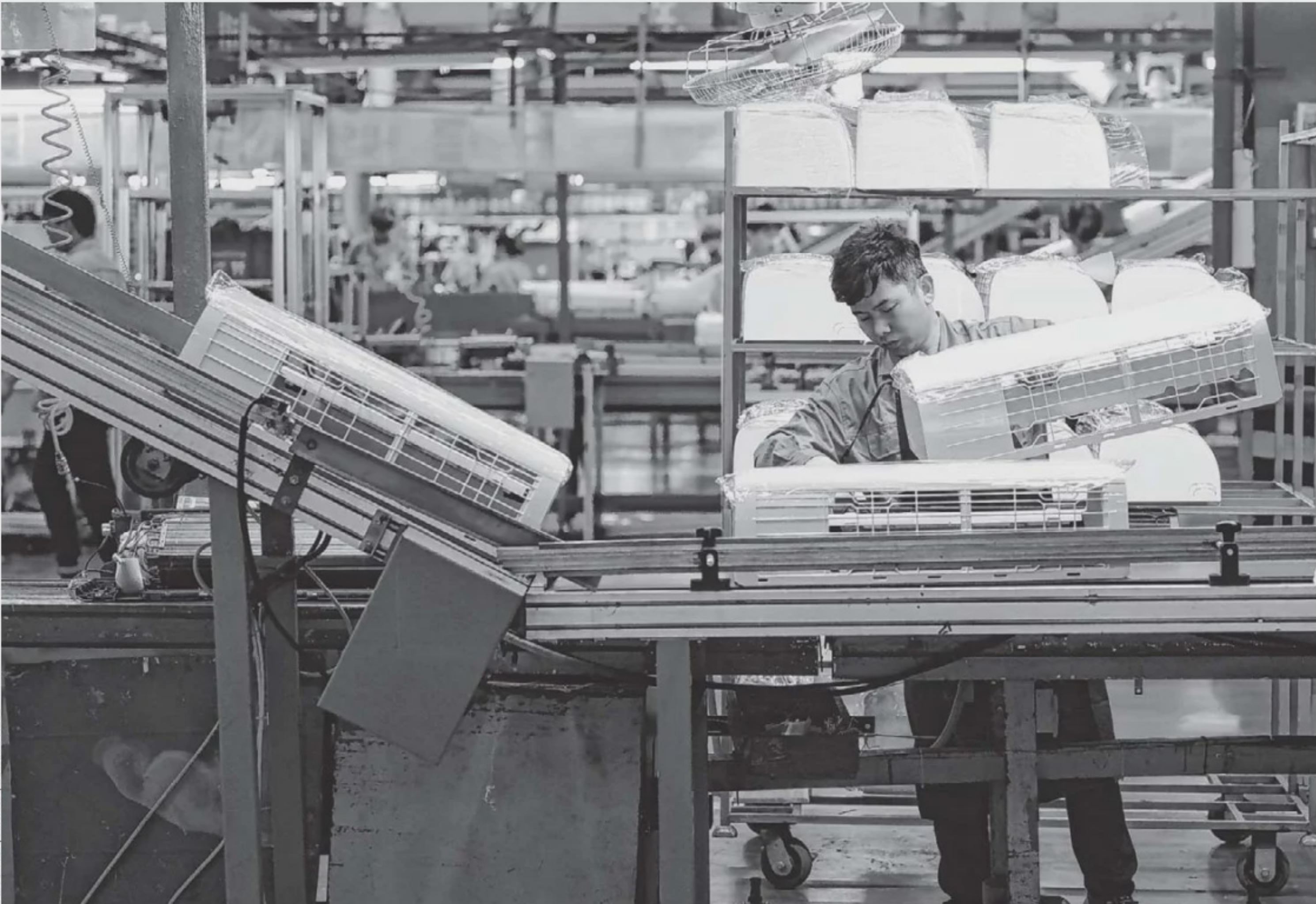
This year’s litter of Dogs includes healthcare companies **Johnson & Johnson**, **Amgen**

and **Walgreens Boots Alliance**. **Coca-Cola**, **Chevron**, **IBM** and **Verizon** are among the other household names on the list. The 10 stocks entered 2024 with an average yield of about 4.6%; the Dow yields about 2%.

“Instead of just picking the highest-yielding stocks, you’re also getting the lowest-expectation stocks,” said David James, managing director at Coastal Bridge Advisors. “When expectations are low, it’s easier to beat them.”

Including dividend payouts, the Dogs have returned an average of nearly 8.5% annually over the past 20 years, according to Dow Jones Market Data. The blue-chip index has returned 10.2% over the same period.

One key risk to the Dogs strategy is that companies can increase or reduce dividend payments as they choose, unlike an interest payment on a typical bond.



Appliance maker Midea Group is expected to launch an IPO in Hong Kong this year. A Midea facility in Guangzhou, China.

China’s Deal Slump Forces Banks To Look to India, Japan for Business

By DAVE SEBASTIAN

Global investment banks in Asia are facing up to a new reality after two consecutive years of anemic deal flow from China.

Bankers say initial public offerings and fundraising for Chinese companies are still a big focus for them, but they are increasingly trying to drum up business in India, Japan and other markets that are booming while Chinese stocks remain in a deep slump.

Investment banks earned just about \$744 million from deals in debt and equity capital markets, mergers and acquisitions, and loans involving companies from China that were in currencies other than the yuan in 2023, their lowest level in a decade, according to calculations from Dealogic.

Many foreign investors have shunned Chinese stocks and corporate bonds due to the country’s tighter regulations, economic and housing slowdown, and tensions with the U.S.

In 2023, Chinese IPOs and secondary listings outside mainland China raised \$8.8 billion, down 46% from the year before and a far cry from \$54.5

billion in 2021. The volume for new listings in Asia outside mainland China and Hong Kong was \$23.1 billion, down 32% from the previous year, according to Dealogic.

“In addition to China offshore listings, our strategy has been to further diversify and strengthen our business across the regional markets where business has been stronger,” said James Wang, co-head of equity capital markets for Asia at Goldman Sachs. Markets that helped the bank prop up that strategy include India, South Korea, Southeast Asia and Taiwan, Wang added.

Individual investors in India, encouraged by the country’s strong economy and seeking to get rich quickly, have helped drive a rush of new listings. More companies have issued new shares in India in 2023 than in any year for at least a decade, though most of those deals came from small companies. Indian companies likely going public this year include

SoftBank-backed **Ola Electric**, a maker of two-wheeled electric scooters that is seeking to raise about \$662 million.

Election cycles this year will have the potential to create market volatility. Taiwan is set to hold its election on Saturday—the outcome of which would affect the course of U.S. tensions with China—and Indonesians are due to vote for a new president in February. Indians are also going to the polls in 2024, and capping the year will be the U.S. presidential election in November.

“We’re telling companies to get ready—they’ve got to be nimble through the windows,” said Udhay Furtado, co-head of Asia equity capital markets at Citi. Furtado added that he is cautiously optimistic on the pace of Chinese IPOs in overseas markets, adding that the bank has a strong pipeline for new Indian listings.

Bankers expect the recovery for Chinese IPOs to be slow and gradual this year. Hong Kong’s

stock market ended in the red for a fourth consecutive year—one of its longest-ever stretches of poor performance.

“For the last two or three years, I kept saying the market would meaningfully improve in the second half of the year,” said Selina Cheung, co-head of Asia equity capital markets at UBS. “This year, while staying optimistic, I would adopt a wait-and-see attitude,” she added. That depends on the interest-rate environment, geopolitical tensions, the growth outlook for China and election results in various places, she said.

Chinese companies remain in the pipeline of big deals, but it might take time for the market to be receptive to big IPOs, dealmakers say. Sizable IPOs that are expected to launch this year include the Hong Kong listings of appliance maker **Midea Group** and courier company **S.F. Holding**, both of which are already traded in Shenzhen.

Others remain on the back burner due to pending approvals from China’s securities regulator, such as two units of the e-commerce company **JD.com** that filed for Hong Kong IPOs last year with the hope of raising about \$1 billion each.

Bankers expect the recovery for Chinese IPOs to be slow and gradual.

Altamont Backs Ice-Cream Maker Mini Melts

By ROD JAMES

Altamont Capital Partners is backing **Mini Melts USA**, a Philadelphia-area business that has gone from operating a single vending machine to one of the fastest-growing ice-cream brands in the country.

The Palo Alto, Calif.-based private-equity firm said it acquired a controlling interest in the company. Mini Melts, founded in 2004, serves 30 million prepackaged ice-cream cups a year from more than 15,000 locations, Altamont said. Mini Melts Chief Execu-

tive Dan Kilcoyne remains in charge and is still invested in the business, alongside other shareholders.

The brand offers its beaded frozen confections in flavors such as Cotton Candy and Rainbow Ice, operating a manufacturing plant in Norwich, Conn., that feeds distribution points nationwide, according to its website.

Convenience retailers sell Mini Melts as grab-and-go freezer items while the company also sells cups through stand-alone vending machines.

“We did a test with a national retailer which started with 50 locations. They came back and said, ‘This is going really well, we want to roll you into 9,000 locations,’ but we didn’t have the ability to do it,” said Kilcoyne about the decision to bring in a private-equity partner.

Mini Melts appeared on consulting firm Bain & Co.’s Insurgent Brands list—a roster of rapidly expanding consumer goods businesses that have outgrown their peers by an average of 10 times—for last year.

Private-equity and venture-capital deals in the consumer discretionary sector fell 67% in the first half of last year to \$13.49 billion compared with the same period of 2022, according to data from S&P Global Market Intelligence, which cited the effects of higher inflation and rising interest rates.

Kilcoyne sees the premium segment as less vulnerable than others as consumers prioritize quality over convenience. Consumers are willing to pay more for something that tastes good, he said.

BofA Hit by \$1.6 Billion Charge on Libor Shift

By BEN EISEN

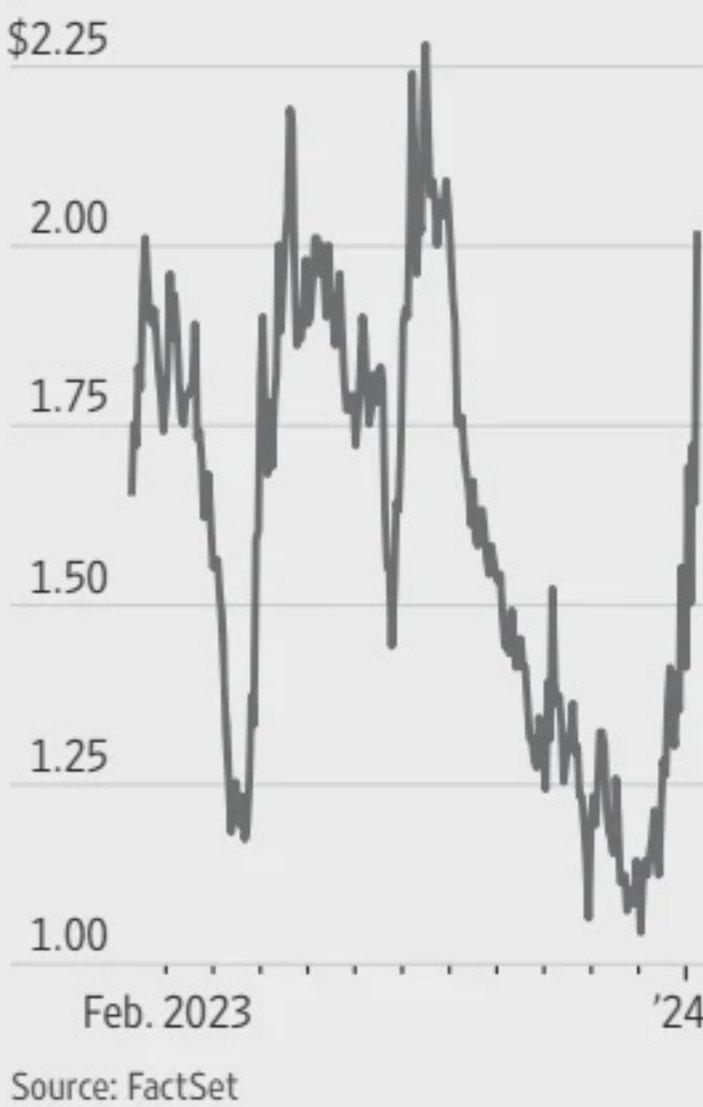
Bank of America said it would recognize a \$1.6 billion charge tied to the transition away from the London Interbank Offered Rate.

The charge will reduce earnings for the fourth quarter of 2023, which are due to be released Friday, the bank said in a disclosure Monday. The bank said the \$1.6 billion would be added back into interest income over the next

few years, making the actual impact effectively nothing.

The charge relates to an index that was established as a replacement for Libor, called the Bloomberg Short-Term Bank Yield Index. The bank entered into interest rate swaps tied to that index for cash flow hedges on its balance sheet. However, Bloomberg will shut down the index in November, forcing the bank to end its interest-rate swaps for accounting purposes, the bank said.

Atai Life Sciences share price



MARKETS

‘Magnificent Seven’ Lift Stocks

S&P 500, Nasdaq Composite post best performances since November

By Sam Goldfarb

Stocks posted solid gains, easing investor anxieties after the market’s rough start to 2024 last week. Both the S&P 500 and Nasdaq Composite logged their best days since November, climbing 1.4% and 2.2% respectively.

Large technology companies were at the forefront of the rally, just as they were the major driver of last week’s declines and 2023’s gains. All of the “Magnificent Seven” stocks climbed more than 1%, with chip maker Nvidia jumping 6.4%.

In an otherwise encouraging day, Boeing shares were an exception, falling 8% after a 737 MAX jet was forced to make an emergency landing Friday when a piece of the plane ripped off midflight. That decline weighed on the Dow Jones Industrial Average, which rose just 0.6%.

The S&P 500 fell 1.5% last week, prompting some mild concerns given how often the first week of January has set the tone for the rest of the year. Since 1950, the first five trading days of the year have predicted the direction of the S&P 500’s full-year return nearly 70% of the time, including eight out of the last 12 years.

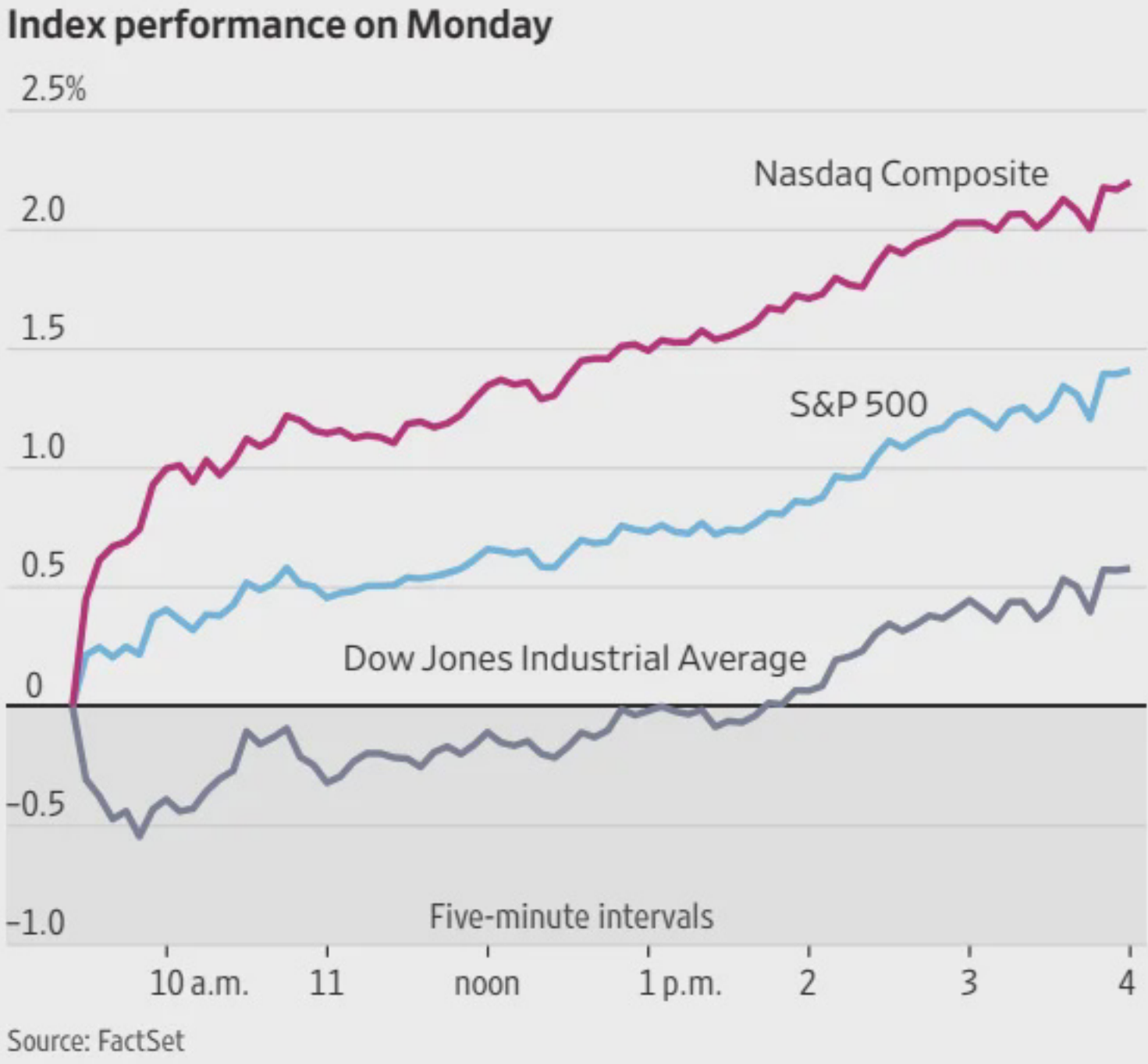
In this case, many analysts have argued that markets were due for some down days. Heading into the year, the S&P 500 had climbed for nine straight weeks, its longest weekly winning streak since 2004. The index gained 24% last year.

Toward the end of last year,

◆ **Heard on Street: Stocks poised to top 2022..... B12**



Shares of Nvidia climbed 6.4% on Monday. Tech stocks led last week’s declines but drove the market rally on Monday.



various gauges showed investors becoming extremely optimistic, said Jack Ablin, chief investment officer at Cresset Capital. “I think that we just need to get investors’ attitudes a little more stabilized,” he

added. Stocks weren’t the only market to rebound. Bonds also rallied, driving the yield on the 10-year U.S. Treasury note down to 4.001% from 4.041% Friday. Like stocks, bonds appeared

to be the victim of investor fatigue last week, with yields rising after falling sharply in the final two months of 2023.

Stocks and bonds have both been lifted in recent months by a substantial decline in inflation, which has led to bets that the Federal Reserve could cut interest rates by at least 1 percentage point this year.

As of Monday, interest-rate futures suggested that investors think there is a better than 50% chance that the Fed’s benchmark federal-funds rate will finish the year in a 3.75% to 4% range or lower, down from 5.25% to 5.5% currently, according to CME Group data.

Bets on rate cuts could be tested later this week when the Labor Department releases consumer-price-index data on Thursday and producer-price data on Friday.

“A hotter than expected [CPI] number will be a very bad day for the bulls” because it could cause investors to question the outlook for rate

cuts, said Matthew Tuttle of Tuttle Capital Management.

Meanwhile, Monday was already a tough day for commodity investors.

U.S. crude fell 4.1% to \$70.77 a barrel after Saudi Arabia slashed crude prices.

Overseas, the Stoxx Europe 600 gained 0.4%. At midday Tuesday, Japan’s Nikkei 225 was up 1.4%, Hong Kong’s Hang Seng Index was up 0.8% and South Korea’s Kospi was up 0.5%. S&P 500 futures fell 0.1%.

AUCTION RESULTS		
Here are the results of Monday’s Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.		
	13-Week	26-Week
Applications	\$225,357,292,400	\$211,828,073,300
Accepted bids	\$79,106,727,400	\$71,722,844,200
“ noncomp	\$2,671,400,900	\$2,164,359,400
“ foreign noncomp	\$100,000,000	\$100,000,000
Auction price (rate)	98.676708 (5.235%)	97.457056 (5.030%)
	5.394%	5.247%
Bids at clearing yield accepted	39.65%	34.07%
	912797HF7	912797GB7
Both issues are dated Jan. 11, 2024. The 13-week bills mature on April 11, 2024; the 26-week bills mature on July 11, 2024.		

Oil Falls After Steep Saudi Price Reductions

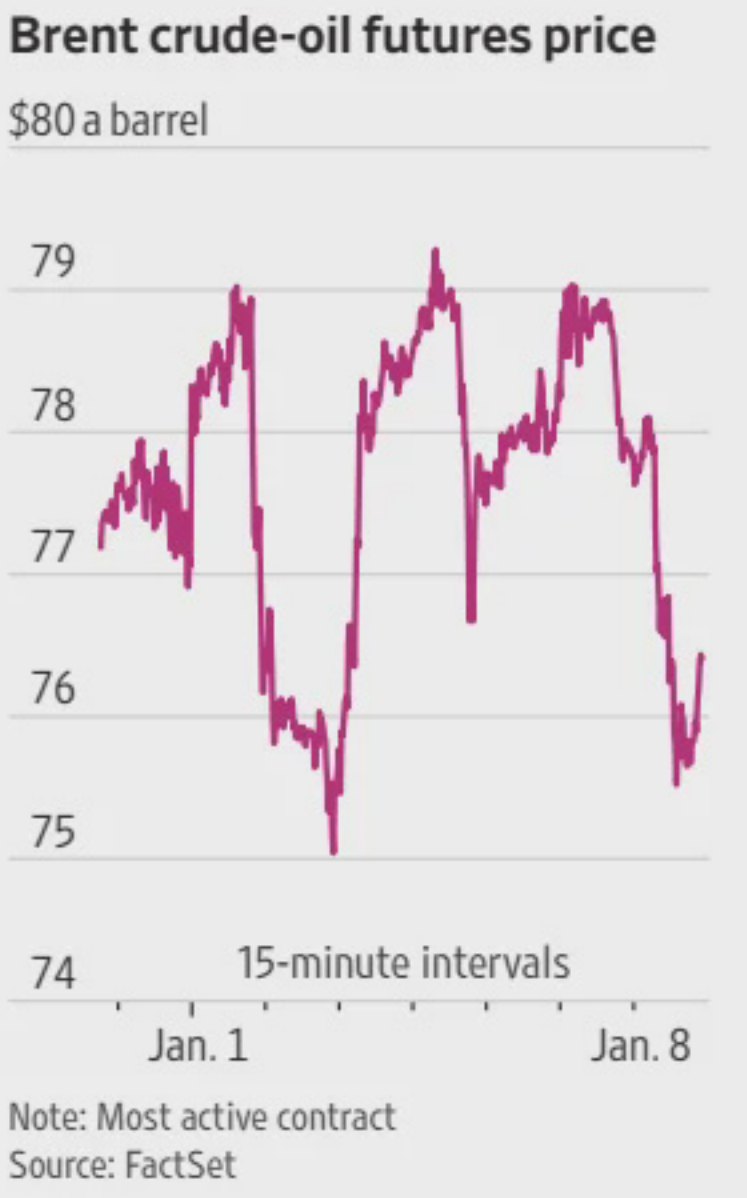
By Angus Berwick and Bob Henderson

Oil fell Monday after Saudi Arabia slashed its crude prices for all regions, a sign the kingdom sees lower global demand.

Most actively traded futures contracts for Brent crude oil, the international pricing benchmark, fell 3.35% to \$76.12 a barrel, while West Texas Intermediate slid 4.1% to \$70.77. Shares of Exxon Mobil and Chevron were down 1.7% and 0.6%, respectively.

Oil prices rose about 2% last week on growing concerns of a widening conflict in the Middle East. The Houthi Yemeni rebel group has continued to attack international shipping passing through the Red Sea, while Israel’s war with Hamas is threatening to spill into Lebanon.

The price cuts for February orders by Saudi Arabia’s national oil company, Saudi Aramco, were deeper than expected and “an indication of a weaker physical market,” analysts at DNB Markets wrote.



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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Boeing’s Reputation Gets New MAX Hit

There are signs the Alaska Air incident wasn’t the result of a production defect, but the jet maker will still feel heat

Boeing’s 737 MAX model just doesn’t seem able to outfly bad publicity. Even if the latest problem is just with one specific plane, its manufacturers will pay the price of greater scrutiny.

On Monday, Boeing’s share price fell 8% as investors tried to assess the damage inflicted by a door plug that blew out of a jet flown by **Alaska Airlines** on Friday evening. The Federal Aviation Administration grounded planes and ordered airlines to conduct inspections.

The MAX has become one of the most infamous jets in the history of commercial aviation. Most of the planes were grounded for nearly two years after 2019 following two deadly crashes. Since the ban on flying them was lifted, a raft of glitches delayed Boeing’s plans to increase production. In December, the company warned about potential loose bolts in the rudder system. Production was halted in the summer because of misdrilled holes on fuselages.

Of course, issues involving the body of the aircraft point the finger at the firm that supplies it, Kansas-based **Spirit AeroSystems**, which is responsible for the emergency-door configuration involved in Friday’s accident. Shares of Spirit lost 11% of their value on Monday.

But the fallout from the Alaska Airlines accident may have more to do with reputational damage than direct financial consequences.

The jet involved is a MAX 9, which is an elongated variant of the MAX 8 responsible for the 2019 groundings. Alaska Airlines and other airlines often don’t use all the extra space it offers, and are allowed to dispose of an emergency exit and plug the door.

An auto-pressurization failure light turned on in the affected plane’s cockpit in prior days. The aircraft was delivered to Alaska Airlines in November and only completed about 150 trips. Yet the predecessor to the MAX 9, the 737-900ER, has undertaken millions of flights since 2007 without incident, despite having the same approach to the door.

So the problem could be a one-off. To be sure, it is too early to tell. The missing plug was recovered Sunday and will contain important clues.

Even if it does turn out to be a widespread issue, the result wouldn’t be catastrophic. The MAX 9 is very unpopular compared with Europe’s **Airbus** A321neo, and makes up 2% of the MAX jets on order at Boeing.

There are 217 of them in service, out of roughly 1,300 MAX jets, with 179 using the plugged-



Boeing’s shares fell 8% Monday as investors tried to assess the damage.

door configuration. **United Airlines** flies 79, but they make up 7.5% of its available seats adjusted for trip length, according to analysts at Cowen. Alaska Airlines and Panama’s **Copa Airlines** are bigger potential victims, as the model variant accounts for 32% and 37% of their capacity, respectively.

Still, door inspections are easy and unlikely to take much longer than four hours. Many were completed without issue. That this happened during the winter lull reduces the hit for carriers.

Given that the MAX remains Boeing’s bestselling aircraft despite everything that has hap-

pened, it seems unlikely that existing orders and production rates will be affected. Jets aren’t consumer-facing products: Once regulators give the green light, airlines only care about flight economics.

Still, constant bad headlines have consequences. Officials may feel more inclined to take their time with the certification process for Boeing’s MAX 7 and 10 variants—which sit at the bottom and top of the size spectrum, respectively.

Crucially, the plane maker recently asked for the MAX 7 to be exempted from safety standards designed to prevent engine housings from overheating until May 2026 so it can start deliveries as it develops a fix.

A damaged brand may deter new airline customers. China hasn’t ordered MAX planes since 2017. Carriers may start placing greater value on older, tried-and-tested planes.

Despite a recent rebound, shares of Boeing and Spirit are down about 35% and 64% over the past five years, respectively, whereas Airbus’s are up 62%.

If more investors are to jump back in, American aircraft manufacturing must stop putting up signs saying “zero days since last incident.”

—Jon Sindreu

Nvidia Stays the Course Following a Blockbuster Year

How does any company follow up a year in which business doubled and market value tripled? For **Nvidia**, that answer seems to be staying the course.

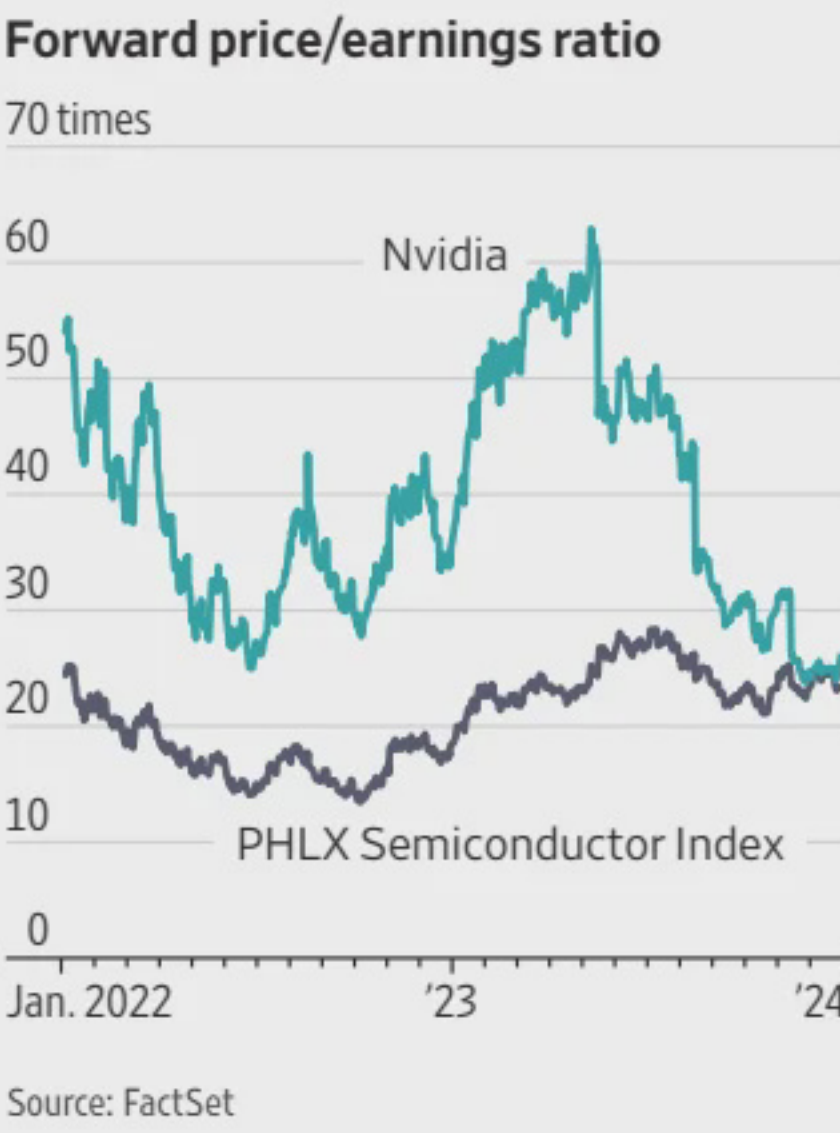
Nvidia announced its latest initiatives in videogaming and automotive technology on Monday, ahead of the CES trade show kicking off this week in Las Vegas. The company has long used the annual consumer-electronics conference to showcase its products for those two markets. The new announcements lean heavily into the generative artificial-intelligence theme that has made the once-niche chip maker into a household name, including new GeForce graphic processors designed for AI-enabled PCs and laptops. Nvidia also announced new EV makers adopting its automated-driving system.

Nvidia’s share price jumped more than 6% in Monday’s trading. The explosive growth of Nvidia’s data-center business—fueled lately by booming demand for specialized systems that power genAI capabilities—has made everything else the company does feel rather incremental.

Gaming and automotive combined have typically accounted for more than half of Nvidia’s annual revenue; that contribution is expected by analysts to be around 19% for fiscal 2024, which ends later this month, according to FactSet.

That proportion will fall even further in the year to come, as Wall Street expects Nvidia’s data-center business to hit nearly \$78 billion in annual sales in fiscal 2025 compared with \$15 billion two years prior. So while Nvidia is still expected to remain the dominant name in AI computing this year despite the onslaught of competition, investors are still faced with the challenge of valuing a chip company now worth nearly \$1.3 trillion—more than twice as much as its next-most-valuable chip-making peer.

For Wall Street, that answer seems to be to focus on the bottom line—and cash. Growth will likely remain strong as cloud-computing giants and other tech companies are still in the early phases of their generative AI investments. Analysts project Nvidia’s total revenue growing 55% in the next fiscal year after a



118% surge in the soon-to-end year.

But Nvidia’s booming bottom line—with pricing helped by the fact that its AI chips are considered must-haves for companies building genAI services—is a key reason Wall Street sees the stock still having a significant amount of upside remaining. Adjusted operating income surged to \$22.4 billion in the first nine months of

the current fiscal year, compared with about \$5 billion in the same period last year. Wall Street sees Nvidia’s annual adjusted per-share earnings topping \$20 in fiscal 2025—more than six times what the company earned in its latest fiscal year.

Ironically, that has made Nvidia’s stock look much cheaper even as its price has surged over the past year. Nvidia currently trades at about 26 times projected per-share earnings—near its lowest range in at least five years and well below its average of 40 times over that period, according to FactSet. Stacy Rasgon of Bernstein noted last week that Nvidia was also recently trading at a discount to the peer PHLX Semiconductor Index “for the first time in almost a decade, and is now (amazingly) the cheapest AI play, and likely already pricing in some prospect for an ‘air pocket’ scenario.”

Nvidia is also now throwing off tons of cash. Free cash flow for the past four quarters has totaled \$17.5 billion—tying with **Broadcom** as the highest in the chip sector, according to data from

S&P Global Market Intelligence. In a note Friday, Vivek Arya of BofA Securities projected Nvidia will produce \$100 billion in free cash flow over the 2024-25 calendar years, with about one-third likely going toward share buybacks and the rest available for pursuing more growth options—including mergers and acquisitions. “We expect Nvidia to consider assets that help it create a more meaningful recurring revenue profile,” he wrote.

Trying for a major deal in what has become a highly unfriendly tech M&A market may be a stretch. And Nvidia still faces other unique challenges in what has become a geopolitical minefield for chip companies. The Wall Street Journal reported over the weekend that major Chinese companies may not be interested in the downgraded chips Nvidia plans to sell in that market to comply with new U.S. export restrictions. But domestic AI demand is expected to keep Nvidia’s order book flush for a long while. This trillion-dollar chip maker likely hasn’t topped out just yet.

—Dan Gallagher

Stocks Poised to Surpass 2022 Highs, but the Math Looks Scary

How will stocks perform in 2024? The only honest answer to the obvious New Year’s question is that we don’t know, but we can have some idea how they might fare over the coming decade.

The stock market last year recouped almost all the losses it had in 2022. This makes sense: A strong U.S. economy dispelled recession fears and inflation turned out to be mostly transitory. But the result is nothing in the market looks cheap right now.

Indeed, the richly valued technology stocks that led the way in 2023 haven’t done well in the first few days of 2024. Despite a strong rebound on Monday, the so-called Magnificent Seven—**Apple**, **Microsoft**, **Alphabet**, **Amazon.com**, **Nvidia**, **Tesla** and **Meta Platforms**—are down 0.9% this year, compared with 0.1% for the S&P 500. Cheaper “value” stocks are up year to date.

Yet tech isn’t the only expensive sector. With the exception of energy, real estate and communication services, price-to-earnings ratios are above the historical median since 1999 across all S&P 500 industry groups.

The takeaway isn’t that a correction is necessarily coming, nor that 2024 will be a bad year for stocks or even the Magnificent Seven. Given how robust the economy is, the high-water mark reached by the S&P 500 on Jan. 3, 2022, may soon be surpassed. Valuations are notoriously bad at telling investors when they should sell equities.

What price-to-earnings ratios are pretty good at predicting is the

S&P Composite stock index based on the initial month of investment, 1871 to 2022



*Total return measured as a compound annual growth rate. Notes: Inflation-adjusted using the U.S. consumer-price index. PE ratios use backward-looking 12-month average earnings. Source: Robert Shiller

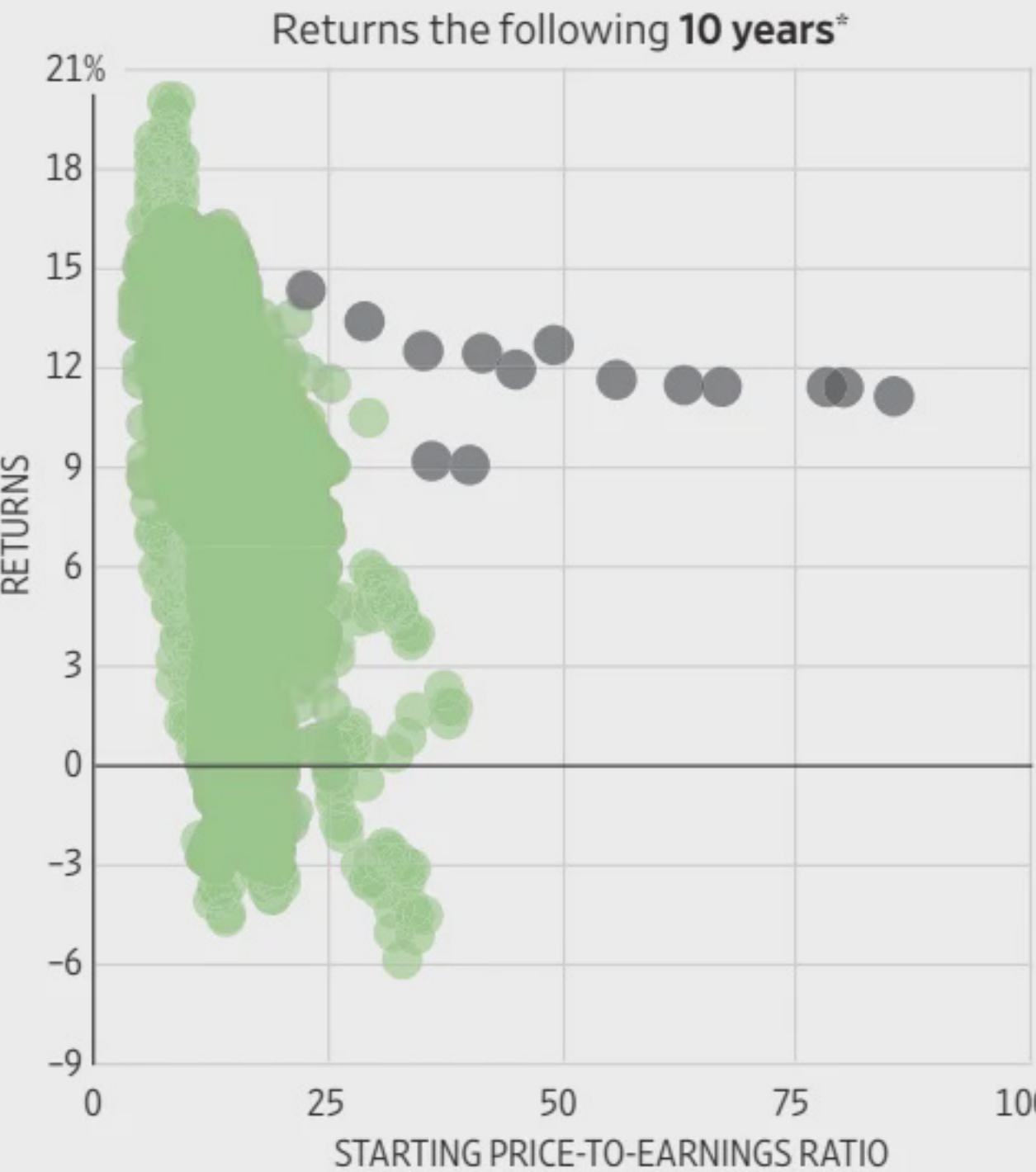
magnitude of long-term returns, as data collected by Yale University professor Robert Shiller for the U.S. stock market between 1871 and 2023 has shown.

Getting in at the start of an economic growth cycle usually leads to greater rewards. For example, investing in 1949 led to an inflation-adjusted annual compound return of around 19% over the following decade, as stock prices were late to catch up with a postwar

surge in corporate profits. Similarly, those who scooped up dirt-cheap shares during the 1980 slump made 12% annual gains in the Ronald Reagan years. Conversely, purchasing overvalued equities in 1966 yielded an annual return of minus 0.4%. Entering the market in years of mania, such as 1929 or 1999, led to big losses.

There are exceptions: Stocks did well after the 2008 financial crisis, because a colossal one-off drop in

S&P Composite stock index based on the initial month of investment, 1871 to 2013



earnings misleadingly made valuations look expensive.

The difficulty of investing in 2024 is that the economy is technically emerging from a slowdown, but not really. The pandemic recession was deliberately engineered for health reasons, and the “stagflation” that was expected to follow it never happened. It is hard to know whether the global economy is at the start, the middle or the end of a cycle.

A parallel can be drawn with 2013, when a corporate upswing was also kicking off following an earnings rout. Investors who bought then saw the price of their stocks increase at a compound annual rate of 10% over the following decade, without adjusting for inflation. To deliver this, the broad S&P Composite 1500 had to go from trading at 17 times earnings to 23 times, as earnings only grew 8%.

Replicating this performance over the next 10 years would take valuations to a whopping 28 times. If earnings grow from their trough at the long-term historical average of 6%, valuations would have to climb to 32 times to achieve the same gains.

History suggests they are much more likely to compress to around 21 times, which would imply an annual price return of 7% or less.

These are all benign scenarios that don’t involve market crashes. Yet the differences compound.

Assuming 2% inflation, a household investing \$1,000 now would expect to have \$2,591 in “real” terms at the start of 2034 if stock prices and dividends rise as they did between 2013 and 2023. If markets instead perform in line with the average of the entire post-1871 period, the household would end up with just \$2,000.

Ultimately, stocks have no substitute in portfolios. But savers should feel less excited about them than they have been over the past decade. It only takes some back-of-the-envelope math to understand why.

—Jon Sindreu*