

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

THURSDAY, DECEMBER 19, 2024 ~ VOL. CCLXXXIV NO. 145

WSJ.com

★★★★ \$5.00

DJIA 42326.87 ▼ 1123.03 2.58% NASDAQ 19392.69 ▼ 3.6% STOXX 600 514.43 ▲ 0.1% 10-YR. TREAS. ▼ 28/32, yield 4.493% OIL \$70.58 ▲ \$0.50 GOLD \$2,636.50 ▼ \$7.90 EURO \$1.0356 YEN 154.84

What's News

Business & Finance

◆ **The Fed signaled** greater doubt over how much it would continue to cut interest rates after agreeing to a quarter-point reduction that Chair Jerome Powell said was a close call. **A1**

◆ **U.S. stocks swooned** after the Fed's indication, with the Dow industrials plunging 1,123 points, or 2.6%, and the S&P 500 and Nasdaq sliding 2.9% and 3.6%, respectively. **B1**

◆ **Cocoa prices soared** to a record, exceeding \$12,000 a ton, as the crop outlook for West Africa worsens, fueling concerns of supply shortfalls. **B1**

◆ **The Netherlands' privacy regulator** fined Netflix the equivalent of \$4.8 million, saying the platform didn't give users adequate information on how it processes their personal data. **B4**

◆ **Disney's decision** to settle Trump's defamation lawsuit against ABC News prompted a backlash within the network among many rank and file who wanted a defense. **B1**

◆ **VW said it would invest** \$48 million in Canadian lithium company Patriot Battery Metals as it seeks to secure a supply of lithium raw materials from North America. **B4**

◆ **The EU's drug regulator** said it would review a potential link between Novo Nordisk's Ozempic diabetes drug and a rare eye condition that causes vision loss. **B3**

◆ **UniCredit raised its stake** in Commerzbank to 28%, reigniting expectations that it could launch a mandatory takeover offer for the lender. **B9**

◆ **Merck is doubling down** on getting into the weight-loss-drug market, scooping up a pill developed in China. **B3**

World-Wide

◆ **Trump torpedoed** a bipartisan deal struck by congressional leaders to avoid a partial government shutdown this weekend, insisting that lawmakers tear up the agreement and pass a narrower bill that includes an increase in the nation's borrowing limit. **A1**

◆ **U.S. authorities are investigating** whether a Chinese company whose popular home-internet routers have been linked to cyberattacks poses a national-security risk and are considering banning the devices. **A1**

◆ **The Senate advanced** a bill extending billions of dollars in Social Security benefits to some public-sector workers whose payments are currently limited. **A3**

◆ **The Supreme Court said** it would decide the constitutionality of a law that would effectively ban TikTok in the U.S. if it doesn't shed its Chinese ownership. **A3**

◆ **Russia withdrew** advanced air-defense systems and other sophisticated arms from bases in Syria and shifted them to Libya, U.S. and Libyan officials said. **A8**

◆ **Two NASA astronauts** who have been stuck in space since June have had their return flight pushed back again. **A3**

◆ **Republican Rep. Darin LaHood** of Illinois introduced a proposal in Congress that would let expatriate Americans pay income taxes only where they live. **A4**

◆ **France's highest court up-held** an appeals-court decision that found former President Nicolas Sarkozy guilty of corruption and influence peddling while he was head of state. **A10**

Markets & Finance	B9
Arts in Review	A13
Opinion	A15-17
Business & Finance	B2
Personal Journal	A11-12
Business News	B3
Sports	A14
Crossword	A14
Technology	B4
Equities	B6
U.S. News	A2-7
Heard on Street	B10
World News	A8-10



© 2024 Dow Jones & Company, Inc. All Rights Reserved

'Chainsaw' Milei Counts on Trump



REVVED UP: Argentina's President Javier Milei—with the chainsaw that has come to symbolize his spending cuts—said in an interview that he is counting on President-elect Donald Trump's help to overhaul the South American country's economy. **A9**

Salvo From Trump Sinks Stopgap Spending Deal

WASHINGTON—President-elect Donald Trump torpedoed a bipartisan deal struck by congressional leaders to avoid a partial government shut-

By Lindsay Wise, Katy Stech Ferek and Alex Leary

down this weekend, insisting that Republican lawmakers tear up the sprawling agreement and pass a narrower bill that also includes an increase in the nation's borrowing limit. Trump's demands upended

efforts to pass a stopgap spending bill to keep the government funded through mid-March, a measure that includes more than \$100 billion in disaster and farm aid. Trump said Congress should craft a new deal that keeps the aid but leaves out other measures that angered some GOP lawmakers, and couple that with an immediate boost in the federal debt cap, ahead of a deadline looming next year. "We should pass a streamlined spending bill," Trump said in a statement with Vice

President-elect JD Vance on Wednesday afternoon. "The only way to do that is with a temporary funding bill WITHOUT DEMOCRAT GIVEAWAYS combined with an increase in the debt ceiling."

The president-elect's statement came after many Republican lawmakers, urged on by billionaire Trump ally Elon Musk, said they would support a deal that includes a 15% cut in federal spending over the next year.

◆ **Carlson kept Pompeo from administration job**..... **A6**
◆ **What cabinet picks say about Trump agenda**..... **A6**

Chinese Carmaking Boom Spurs Honda And Nissan to Talk

By Yoko Kubota

BELJING—The rise of Chinese carmakers is reconfiguring the global auto industry, with merger talks between Honda and Nissan the latest example of companies trying to respond to the competitive threat.

In the U.S., General Motors said this month it was taking \$5 billion in charges related to its China business. In Germany, Volkswagen is threatening to close factories and cut tens of thousands of employees. One of the underlying causes is the hit to VW's profit from lost market share in China.

Three fundamental facts lie behind these moves. More than half of new cars sold in China today are either fully electric vehicles or plug-in hybrids. Three in five Chinese buyers are choosing a domestic brand, the highest ratio since the country emerged as the world's largest car market.

And China's passenger-car exports quintupled between 2020 and 2023, hitting 4.1 million vehicles last year, accord-

ing to industry data.

It is the auto-market version of the changes China's rise has wrought in global politics and economics. The impact on cars took longer to come because China's local carmakers, many of them state-controlled, were behind in technology, quality and design.

Nissan, Honda, GM, Volkswagen and other Western and Japanese brands for decades dominated and milked the Chinese market, while having little fear of Chinese rivals encroaching on their own strongholds. During the good times, GM relied on China to pad its bottom line by about \$2 billion a year.

The foreign brands were taken by surprise at how quickly EVs and their plug-in hybrid cousins took off in China in the span of four years.

After Tesla ignited consumer demand for EVs in China, aggressive private en-

◆ **Foxconn has discussed making bid for Nissan**.... **A7**

Markets Slide As Fed Signals Fewer Cuts

Bank makes expected decrease of quarter point, but hawkish turn rattles investors

By Nick Timiraos

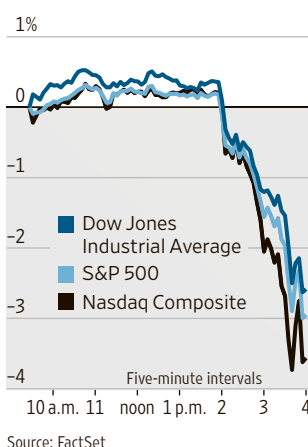
The Federal Reserve signaled greater doubt over how much it would continue to cut interest rates after agreeing to a quarter-point reduction on Wednesday that Chair Jerome Powell said was a close call.

Stocks went into a nosedive, with the major indexes all logging their worst day in months.

The declines accelerated throughout the afternoon as investors digested central-bank forecasts and comments from Powell that spurred concerns that rates might not go down again anytime soon. That was a notable shift after the Fed initiated rate reductions with a larger-than-usual half-point cut in September amid expectations that a steady sequence of cuts could follow.

"Today was a closer call, but we decided it was the right

Index performance on Wednesday



call," Powell said at a news conference after the meeting. He later added: "From here, it's a new phase, and we're going to be cautious about further cuts."

The Dow Jones Industrial Average lost more than 1,100 points, or 2.6%. That marked its tenth loss in a row—its worst losing streak in 50 years. The

◆ **The Dow, S&P and Nasdaq drop sharply**..... **B1**

Aiming for 'Neutral,' Powell Jolts Investors

By Nick Timiraos

Investors shuddered on Wednesday after Chair Jerome Powell suggested the Federal Reserve was ready to take a break from cutting rates—and that the total quantity of reductions might be shallower than previously thought.

Powell has described recent rate reductions as an effort to recalibrate borrowing costs to a more "neutral" setting. His framing raises a question that hasn't been relevant until now: What, exactly, is "neutral" in the postpandemic economy?

The neutral rate of interest, or the rate that keeps the economy at full employment with stable inflation, can't be directly observed. Instead, economists and policymakers infer it from the behavior of the economy. If borrowing and spending are strong and price pressures are rising, the cur-

rent interest rate must be below neutral. If they are weak and inflation is receding, rates must be above neutral.

The debate over where neutral rests wasn't particularly important earlier this year because interest rates were at a level nearly all Fed officials deemed to be restrictive. That was intentional. Officials raised rates aggressively in 2022 and 2023 to lower inflation by cooling down economic activity.

But the question is front and center now because the Fed has cut rates by a full percentage point, or 100 basis points, and the economy appears to be in reasonably good shape. Like a captain who tries to avoid slamming into the dock as his boat nears its slip, central bankers could become more cautious in making cuts if they think they might be closer to their ultimate

INSIDE



PERSONAL JOURNAL
Fastest way to the airport? A race tests the options in three cities. **A11**



SPORTS
How the NFL's weirdest quarterback experiment just imploded. **A14**

It Pays to Have a Beard in Utah—Jesus Models Are in Demand

Look-alikes get the superstar treatment; 'You know I'm not the real Jesus, right?'

By Bradley Olson

Bob Sagers was walking around an indie music festival in Salt Lake City when a friendly stranger approached and asked for his number.

"Has anyone ever told you that you have a Jesus look to you?" the man asked, accord-



Higher calling

ing to Sagers, a 25-year-old who works as a cheesemonger at a grocery store. It wasn't a pickup line—the man's wife was an artist looking for religious models.

"I didn't really get that a lot," says Sagers, who is 6-foot-5 with dirty-blond, shoulder-length hair and a beard he says

U.S. Looks At Banning Popular Chinese Routers

U.S. authorities are investigating whether a Chinese company whose popular home-internet routers have been linked to cyberattacks poses a national-security risk and are considering banning the devices.

By Heather Somerville, Dustin Volz and Aruna Viswanatha

The router manufacturer TP-Link, established in China, has roughly 65% of the U.S. market for routers for homes and small businesses. It is also the top choice on Amazon.com, and powers internet communications for the Defense Department and other federal government agencies.

Investigators at the Commerce, Defense and Justice departments have opened their own probes into the company, and authorities could ban the sale of TP-Link routers in the U.S. next year, people familiar with the matter said. An office

U.S. NEWS

Stocks Drop As Fed Gets Hawkish

Continued from Page One

S&P 500 lost nearly 3%, and the Nasdaq Composite lost 3.6%.

Investors weren't prepared for the magnitude of the shift that officials had been hinting at before Wednesday's meeting, said Diane Swonk, chief economist at KPMG. "The market just assumed they would slow down to cuts at every other meeting, and that was the wrong assumption," she said.

Projections released Wednesday show Fed officials expect inflation to be stickier next year than previously anticipated, possibly because of policy changes by President-elect Donald Trump. The projections show officials expect to make fewer rate reductions, with most penciling in two cuts for 2025, down from four at their meeting in September.

Officials have been trying to pull off a balancing act: They want to prevent the aggressive

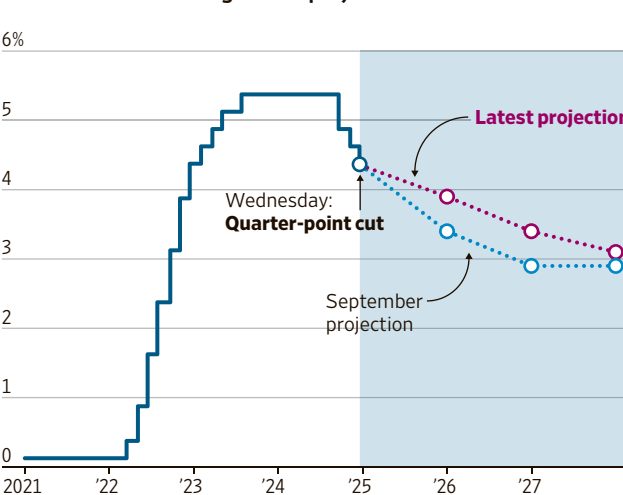
rate increases of the past two years from unnecessarily cooling down economic activity now that price and wage growth has cooled, but they don't want to undo recent progress on inflation.

"They're in a tough spot where it feels like there is no right answer. It is a difficult time to be making policy," said Michael de Pass, global head of rates trading at Citadel Securities. "There is an inconsistency" in cutting rates while anticipating firmer inflation "that is difficult to square."

The magnitude of the revision to the inflation forecast was broad-based among the 19 officials who participate in policy meetings, and incredible given how little officials changed their forecasts for the labor market and growth, said Omair Sharif, founder of research firm Inflation Insights.

"This wholesale change in their views are clearly tied to uncertainty and risks around as-yet enacted tariff and immigration policies and have far less to do with changes to the economic landscape," he said. Wednesday's forecasts were the first ones Fed officials have released since last month's presidential election. Inflation has declined nota-

Federal-funds rate target with projections



Note: Chart shows midpoint of target range. Source: Federal Reserve

bly since the middle of 2023, but the slowdown in price growth has been uneven at times, including in the past two months. Using the Fed's preferred inflation gauge, so-called core prices that exclude volatile food and energy items rose 2.8% for the year ended October. Officials expect those prices to rise by 2.5% next year, up from their expectations just a few months ago for 2.2%.

Powell said recent data, and

not just potential policy shifts, warranted a change in the inflation forecast. The labor market also has been a little sturdier than officials thought it would be when they started cutting in September.

The latest cut, approved by 11 of 12 Fed voters, will lower the central bank's benchmark federal-funds rate to a range between 4.25% and 4.5%, a two-year low. It marks the third reduction in a row and leaves the rate a full percent-

age point below where it stood before September.

Trump has promised to impose tariffs and deport unauthorized immigrants upon his inauguration. Steps that boost domestic prices by raising the cost of imports or that increase wage pressures in certain industries through tighter immigration controls could muddy the inflation outlook.

Economists at Goldman Sachs, for example, expect tariffs could boost core inflation by 0.3 percentage point over the next year. While most of that effect would fade in 2026, it could cause discomfort inside the central bank because that would lead inflation to run meaningfully above its 2% target for five years.

Powell repeated his view that it was possible but too soon to tell if the current situation would differ from an episode in 2018-19, when Trump launched a trade war with China after imposing tariffs on steel and aluminum more broadly.

Back then, inflation was low, and businesses had little experience pushing cost increases along to customers. The inflation shock of 2021-22 means that the psychology around inflation may have

changed in ways that make firms and workers more comfortable passing along higher prices and demanding higher wages, respectively.

In the run-up to this week's meeting, several officials had suggested they had less conviction in the need to steadily reduce rates. Investors in interest-rate futures markets, which had already anticipated the Fed would stand pat at its next meeting in late January, now see officials holding rates steady for at least their next two meetings.

Cleveland Fed President Beth Hammack dissented against the decision to lower rates. She favored holding rates steady.

Not every Fed official who participates in the meeting has a vote on the rate-setting committee. In their rate projections, a total of four officials indicated that Wednesday's cut wasn't necessary under "appropriate monetary policy," a sign others may also have preferred holding rates steady.

Powell said officials were ready to slow down cuts because of uncertainty over how restrictive their policy stance would be after having made a full percentage point in cuts.

Powell Aims for 'Neutral'

Continued from Page One

destination because the neutral rate has gone up.

"We don't know exactly where it is, but...what we know for sure is that we're a hundred basis points closer to it right now," Powell said Wednesday. "From here, it's a new phase, and we're going to be cautious about further cuts."

In September, Powell suggested it was unlikely interest rates would return to the ultralow levels that prevailed before the pandemic, when many countries were issuing bonds with negative yields. "My own sense is that we're not going back to that, but, honestly, we're going to find out," he said. "It feels to me that the neutral rate is probably significantly higher than it was back then."

Officials are trying to figure

out where neutral sits at the same time President-elect Donald Trump has promised to revamp trade and immigration policies. New shocks could complicate efforts to determine the economy's new normal. With inflation still above their target, that could add to further caution in cutting rates.

Following the 2008 financial crisis, economists and Fed policymakers steadily revised down their estimates of the neutral rate. Superlow interest rates and reservoirs of monetary stimulus didn't deliver much of an economic boost. Some economists argued that low interest rates were here to stay thanks to demographic headwinds from an aging workforce and a chronic shortfall of demand for new investment.

Some of these same economists think neutral rates have gone up in the past few years, after a barrage of fiscal stimulus shocked the economy into a new equilibrium during the Covid-19 pandemic.

The view last decade that borrowing costs would stay low became embedded in bond

yields, mortgage rates, equity prices and countless other assets. The prospect of a higher neutral rate suggests mortgage rates, for example, may be stuck above where they were in the 2010s.

Economists cite several factors that could be boosting the neutral rate, including higher government deficits that will reduce private savings. Meanwhile, investment demand could be higher due to the green-energy transition, a desire to diversify supply chains, and an artificial-intelligence-fueled frenzy for electricity-intensive data centers.

Over the past year, neutral-rate estimates by Fed officials have gradually crept higher.

Every quarter, Fed officials project where rates will settle over the longer run, which is in effect their estimate of neutral. The median estimate declined from 4.25% in 2012 to 2.5% in 2019. It stayed at that

level through 2023 but has steadily crept higher in all four quarterly projections this year—to 3% in those released Wednesday.

Eight of 19 officials' estimates were above 3%. In June 2023, only two officials thought neutral was above 3%. With the latest cut, the benchmark fed-funds rate will sit around 4.3%.

Powell has long been dismissive of using overly precise estimates of the neutral rate to set policy. The Jesuit-educated central banker often asserts that officials only "know it by its works."

The upshot is that even if the neutral rate has gone up, "we won't have clear, strong evidence of that" in time to set policy accordingly, said Jon Faust, who served as a senior adviser to Powell from 2018 until June.

Faust said there is good reason to think neutral could be as low as 2.5% and as high as 4%.

3%

The Fed's current estimate for a 'neutral' rate of interest

CORRECTIONS & AMPLIFICATIONS

Woodbury Common Premium Outlets is located in Central Valley, N.Y. A photo caption Tuesday with a Business & Finance article about outlet malls incorrectly said it is on Long Island.

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

THE WALL STREET JOURNAL
(USPS 664-880)
(Eastern Edition ISSN 0099-9660)

(Central Edition ISSN 1092-0935)
(Western Edition ISSN 0193-2241)

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

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

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

All Advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, N.Y. 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.

Letters to the Editor: Fax: 212-416-2891; email: wsj.letters@wsj.com

Need assistance with your subscription?
By web: customercenter@wsj.com;
By email: support@wsj.com
By phone: 1-800-JOURNAL (1-800-568-7625)

Reprints & licensing:
By email: customreprints@dowjones.com;
By phone: 1-800-843-0008

WSJ back issues and framed pages:
wsjshop.com

Our newspapers are 100% sourced from sustainably certified mills.

GOT A TIP FOR US? SUBMIT IT AT WSJ.COM/TIPS

Heavy Rain Floods Parts of Fort Lauderdale, Fla.



WET WEDNESDAY: People try to drive through a flooded residential neighborhood street on Wednesday.

Housing Starts Fell Last Month

By JOSHUA KIRBY

U.S. housing starts lost a little ground, defying hopes of an immediate post-election boom.

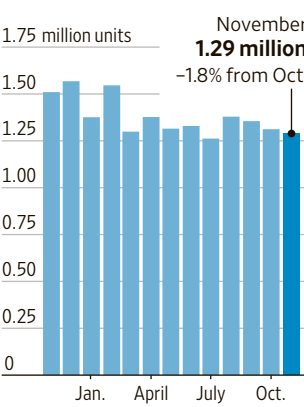
The Commerce Department's report released Wednesday showed that housing starts, a measure of U.S. home building, unexpectedly fell 1.8% in November to a rate of 1.29 million. Economists polled by The Wall Street Journal had expected starts to rise to 1.34 million.

Starts were 15% lower than the same month last year.

Residential permits, which offer some indicator of the direction of home construction, by contrast rose 6.1% to 1.51 million.

Meanwhile, confidence among homebuilders surged in November and was stable at the end of year, as positive sentiment around the government-elect of Donald Trump is offset by concern around still-high rates, according to the most recent survey set out earlier this week by the National Association of Home Builders.

New privately owned housing units started



Note: At a seasonally adjusted, annualized rate. Source: U.S. Census Bureau via St. Louis Fed

U.S. NEWS

Mastodon Teeth Found Poking Out of the Earth in Upstate New York



DIGGING INTO HISTORY: A man doing some gardening near Scotchtown, N.Y., spotted two giant teeth that turned out to belong to a mastodon jaw. New York State Museum and State University of New York Orange staff unearthed the complete well-preserved mastodon jaw, as well as a piece of a toe bone and a rib fragment.

High Court To Weigh The Law Banning Tiktok

By Jacob Gershman

WASHINGTON—The Supreme Court on Wednesday said it would decide the constitutionality of a law that would effectively ban TikTok in the U.S. if the social-media app doesn't shed its Chinese ownership.

With the ban set to take effect Jan. 19, the court scheduled fast-track oral arguments for Jan. 10 on whether the law violates the First Amendment.

The justices' move, which comes two days after TikTok and a group of content creators sought their intervention, breathes new life into the challengers' legal prospects. The court was under no obligation to hear the case. This month, an appeals court upheld the ban, concluding that the government had a valid and lawful basis for taking action.

Congress enacted the ban this year, with bipartisan support, in response to concerns that TikTok was a threat to national security. Lawmakers received classified briefings in which intelligence officials warned that China could use the app to spread Chinese propaganda and surveil Americans.

The law doesn't make it illegal to use TikTok, but the ban could quickly make the app inoperable. It prohibits mobile app stores, such as Google's and Apple's, from letting users download or update TikTok, and bars internet hosting services from supporting the app. Violators face potential civil penalties that could total billions of dollars given the app's reach in the U.S.

The platform, which has operated as TikTok in the U.S. since 2018, says it has 170 million U.S. users. The app's parent company, Beijing-based ByteDance, has said it can't and won't sell its U.S. business.

TikTok argues the ban is a "massive and unprecedented speech restriction" that Congress hastily enacted based on speculative and overblown fears about China.

It says a ban isn't necessary to seal off TikTok from Chinese intrusion. The company says it spent \$2 billion walling off U.S. user data on Oracle-owned U.S.-based servers. Congress, it says, also failed to consider less-drastring alternatives to address concerns about covert content manipulation, such as a warning label posted on the platform cautioning users about China's potential influence.

The U.S. government disputes that the ban eliminates or disfavors speech. Nothing in the law, it says, would prevent a non-Chinese owner from circulating the same mix of content. It says a ban is necessary because TikTok's data-security measures failed to adequately insulate TikTok and its data from Chinese control.

Social Security Bill Gives Some a Raise

Legislation to pay certain public-sector workers more clears key hurdle in Senate

By Xavier Martinez and Richard Rubin

WASHINGTON—The Senate advanced a bill extending billions of dollars in Social Security benefits to some public-sector workers whose payments are currently limited, a near-final step in a drawn-out, bipartisan push.

The legislation would increase benefit payments to more than three million retired teachers, law-enforcement officers and other workers receiving public pensions, which advocates say would make a meaningful difference to their finances. But critics cite the bill's projected \$196 billion cost over 10 years, its acceleration of Social Security's insolvency by six months and the danger of restoring some inequities that Congress had tried to curb more than 40 years ago.

The bill, called the Social Security Fairness Act, garnered broad support among senators, and it overcame a major hurdle on Wednesday by clearing the 60-vote filibuster threshold, with 73 in favor and 27 opposed in a procedural vote. Final passage, which requires a simple majority, is expected to come later this week. The measure would then go to President Biden's desk.

Twenty-four Republicans, including Vice President-elect JD Vance (R., Ohio), joined with 49 members of the Democratic caucus to move the bill forward.

The Senate vote, in the final days of Democratic control, delivered a long-sought victory to public-sector unions representing teachers and other government workers and overcame concerns about deficit spending. Republicans often resist unions' priorities, but the Social Security benefit restrictions being removed are concentrated in some Republican-leaning states and the change would assist police officers and firefighters they want to support.

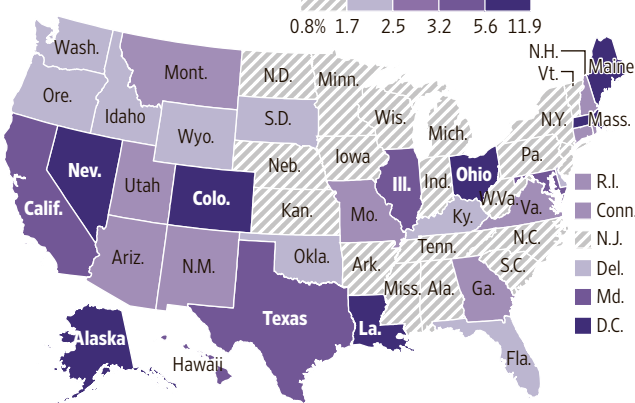
The House of Representatives passed the bill earlier this year with broad bipartisan support; more than half of Republicans and nearly all Democrats voted in favor.

Workers receive Social Security benefits based on what they paid into the system. The system is progressive, meaning that relatively low income earners have a greater share of their income replaced than their high-earning counterparts. To determine monthly payment amounts, a worker's total Social Security-eligible income is averaged across the number of years they spent working.

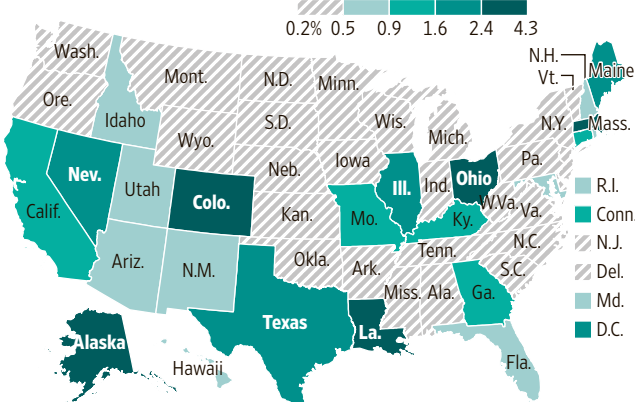
A retired or disabled worker who earned income in a job not covered by Social Security but rather by a public pension wouldn't have that income counted in their benefit calculation, but would still have those years counted when averaging income. That combination makes them look like a lower-income worker who should get higher Social Security benefits.

Congress created the windfall elimination provision, or WEP, in 1983 to address that problem, and it reduces the benefits of retired or disabled

Share of Social Security beneficiaries affected by the WEP* by state



Share of Social Security beneficiaries affected by the GPO† by state



*Windfall elimination provision †Government pension offset Source: WSJ analysis of data from the Social Security Administration and Congressional Research Service

workers who also receive pension benefits based on earnings from jobs that weren't covered by Social Security. The government pension offset, or GPO, created in 1977 and adjusted in 1983, reduces the benefits that the worker's spouse would be entitled to receive.

Proponents of ending WEP and GPO, which the bill would do, say the limits unfairly punish middle-income workers

who had some jobs outside the Social Security system.

About 6% of all workers aren't covered by Social Security, and this group doesn't pay Social Security taxes or earn benefits. A smaller share of that group aren't covered and are affected by the GPO and WEP. In December 2023, about 1% of Social Security recipients were affected by the GPO, according to the Congressional Research Service, while

about 3%—2.1 million people—were affected by the WEP.

States with higher numbers of local government employees, or federal employees covered by different retirement plans, have higher shares of Social Security beneficiaries hit by the provisions. GOP Sens. Bill Cassidy and John Kennedy, who represent highly affected Louisiana, each cosponsored the bill despite budgetary concerns.

"I wish it didn't cost a penny," Kennedy said, "but it's not right to discriminate against someone and their Social Security benefits because they've worked in the public sector."

If passed, average monthly benefits are projected by the CBO to increase by \$460 for Social Security beneficiaries, and by more than \$1,000 for some spouses of affected workers, by 2033. Beneficiaries would begin to see the increase in 2025, and retroactive benefits would apply from 2024.

Martha Karlovetz split her career across the private sector, teaching in Missouri schools and working as president of the Missouri National Education Association, the teachers union. That combination of jobs inside and outside the Social Security system means that she loses some Social Security benefits, and she estimates the total at more than \$110,000 since she retired in 1995.

Reversing that isn't double-dipping, she said. "We say we were double-earning," Karlovetz said.

Critics are concerned that the repeal's benefits would be dwarfed by its impact on the deficit and Social Security's long-term health.

Astronauts to Be Stuck in Space Even Longer

By Alyssa Lukpat

Two NASA astronauts who have been stuck in space since June have had their return flight pushed back again, after what was supposed to be an eight-day trip.

The agency said it expected Sunita Williams and Barry Wilmore to be back on Earth no earlier than late March, instead of February as planned earlier. The later date will give crews more time to process the SpaceX capsule the pair will return in, NASA said Tuesday.

Williams, 59, and Wilmore, 61, were the first people to blast into space on Boeing's Starliner spacecraft. Their journey was supposed to inaugurate a new way to enter orbit from the U.S. Instead, Starliner was beset with technical difficulties—including propulsion system issues—and returned to Earth without the pair, abandoning them on the International Space Station.

Boeing executives said the vehicle could safely bring the two astronauts home but NASA opted to have the pair



Sunita Williams and Barry Wilmore seen at the International Space Station on Sept. 13.

wait months for a ride home with SpaceX. The episode has raised questions about the future of Starliner. Boeing, which helped put the first men on the moon, has been exploring a sale of its space business.

NASA has since turned to Elon Musk's SpaceX as a top agency partner. The spacecraft is set to bring Williams and Wilmore home alongside NASA astronaut Nick Hague and Russian cosmonaut Aleksandr Gorbunov, NASA said.

Despite their monthslong ordeal, Williams and Wilmore haven't publicly complained. Their days are crammed with assignments including spacewalks, hardware updates and toilet maintenance. They usually spend their downtime ex-

ercising, running experiments and rehydrating or reheating meals.

They flew to space without extra clothes so they could make room for a pump the ISS needed to convert urine to potable water. The pair have relied on spare outfits onboard.

Williams and Wilmore have spent months on the ISS before, but those trips were planned. The Starliner flight was supposed to be a career capstone for the veteran astronauts, both former Navy pilots with engineering degrees.

New teams of astronauts and cosmonauts travel to the ISS several times a year and often stay for six months or more. Delays aren't unusual in launches and returns.

Williams's mother told The Wall Street Journal earlier this year that she hears from her daughter nearly every other day and she has sounded fine and unworried.

NASA said the ISS has enough oxygen, food and supplies for however long the pair stay in space. Resupply flights brought items for the ISS crew to celebrate the holidays.

U.S. NEWS

Congressman Seeks To Cut Expats' Taxes

LaHood's plan would let Americans choose residence-based tax system

By RICHARD RUBIN

WASHINGTON—A new proposal in Congress attempts to put meat on one of President-elect Donald Trump's campaign-trail tax promises, detailing how the U.S. could remove income taxes on Americans living abroad.

Rep. Darin LaHood (R., Ill.) would let expatriates pay income taxes only where they live, removing a requirement that U.S. citizens living anywhere owe U.S. taxes on their worldwide income. LaHood, who introduced the proposal Wednesday, hopes it could be included in broader tax legislation that Congress is likely to pass in 2025.

"There's fundamental unfairness in the way this is currently done, so it's exposing that, reminding people this is being done and letting people know there's a clear remedy," LaHood, a member of the tax-writing Ways and Means Committee, said Tuesday.

Trump backed the general idea in October, drawing cheers from Americans living abroad frustrated by costs and compliance burdens. It is one of several Trump tax promises to discrete voter groups, along with eliminating taxes on tips, overtime pay and Social Security benefits, that Republicans in Congress will try to turn into law when they have full control of the government next year.

The current U.S. individual income tax system for expatriates dates back to the 1860s and the taxes that financed the Civil War, and it is an outlier. Every other major country taxes their residents but



Rep. Darin LaHood introduced the tax proposal Wednesday.

doesn't tax their citizens on income they earn outside the home country. The U.S., however, uses citizenship-based taxation, so Americans living elsewhere in the world—of whom there are more than four million—must file U.S. tax returns.

Put another way, a German citizen living in Los Angeles pays U.S. taxes on his U.S. income but owes nothing to Germany on that income. But a U.S. citizen living in Berlin would pay German taxes on his German income and then would have to file and possibly pay U.S. taxes on top of that.

The U.S. does offer an exclusion for the first \$126,500 in earned income and for some housing costs, and there are foreign-tax credits to prevent double taxation. That means the tax burden of the current system falls on higher-income people, investors and retirees.

Today's system ensures Americans can't escape the U.S. tax net by moving outside

the country without renouncing their citizenship. But it can impose a heavy compliance burden on Americans abroad by forcing them to file tax returns even when they don't owe money.

The challenge for Trump and LaHood is to make changes that help middle-income Americans abroad without creating a new opening for the wealthiest Americans to dodge U.S. taxes.

LaHood's bill would let Americans abroad choose whether to join a residence-based system that would exempt their foreign income from U.S. taxes but make them subject to taxes where they live, which could be a country with low or no income tax. They would still be required to pay U.S. taxes on U.S.-sourced income.

Wealthy people—those with a net worth above the estate tax threshold, which is currently \$13.61 million—would have to pay a departure tax if they leave the U.S. and choose to enter the new system.

The current tax system for expatriates dates back to the 1860s.

Trump Torpedoes Stopgap Bill

Continued from Page One

Musk, piled scorn on the bipartisan measure, citing its many provisions unrelated to storm recovery or funding current government operations.

Trump's endorsement of the rebellion and his insistence on new terms added to the headaches facing House Speaker Mike Johnson (R., La.), who is running for a new term as speaker in just a few weeks. The one-two punch from Musk's social-media barrage and Trump's demand to kill the deal—and risk a government shutdown—left lawmakers reeling. Leaders and rank-and-file members were unsure of the next steps as of late Wednesday.

The proposed legislation agreed to by Johnson and other congressional leaders would have kept the government funded through March 14 and provide more than \$100 billion in relief to disaster victims and farmers. It also contains many provisions related to healthcare, U.S. investment in China, lawmaker pay raises, trade with Haiti, the flood-insurance program and potential threats from drones, among other things—the result of both parties trying to attach as many of their priorities as possible to the must-pass measure before the 118th Congress adjourns for good.

To keep the government funded, a bill must pass both chambers of Congress and be signed into law by President Biden before Friday's midnight deadline.

The rapid collapse of the deal stunned members of both parties who had worked for weeks to reach the agreement. Half a dozen senior Republicans who headed into Johnson's office after news of Trump's comments spread said they hadn't seen the statement, which was posted on X, or couldn't understand what it said.

"It would be great to get



House Speaker Mike Johnson defended the spending bill.

some clarity on that," said Rep. Blake Moore (R., Utah), vice chair of the House Republican Conference. "I have no clue what they're talking about," said Rep. Mike Rogers (R., Ala.), the chair of the House Armed Services Committee.

Rogers emerged from Johnson's office about 40 minutes later, visibly furious. He gave terse answers to reporters before saying he wouldn't support a new deal that includes raising the debt ceiling, then marched into the House chamber. "It's complicated enough without that," he said.

Vance later met with Johnson in the speaker's office.

"We had a productive conversation," Vance said. "We're in the middle of these negotiations, but I think we'll be able to solve some problems here." Johnson left the meeting without speaking to reporters.

The 1,547-page stopgap bill was released late Tuesday and immediately pilloried by many House Republicans. Musk, who is set to run a cost-cutting effort under Trump, joined the pile-on, posting on X before dawn Wednesday: "This bill should not pass." He later said that any lawmaker "who votes for this outrageous spending bill deserves to be voted out in 2 years!"

House Minority Leader Hakeem Jeffries (D., N.Y.) condemned GOP lawmakers for going back on the deal.

"House Republicans have been ordered to shut down the government and hurt everyday Americans," he told reporters. "House Republicans will now

own any harm that is visited upon the American people."

White House press secretary Karine Jean-Pierre said: "A deal is a deal. Republicans should keep their word."

Trump's insistence on a debt-ceiling increase before he takes office took lawmakers by surprise. In the most recent fight over the debt ceiling, the cap was suspended through Jan. 1, 2025. Because of special measures the Treasury can take when it hits the deadline, and because of tax revenue coming in the spring, Congress wouldn't need to address the limit until later in the year.

The episode could preview a new dynamic for Republicans next year, as Musk and other Trump allies hover over the party's ambitious legislative agenda, offering counsel privately and then publicly whipping up opposition online and in conservative media if they don't like the results.

GOP detractors complained that Johnson conceded too much in talks with Democrats and allowed a bill intended as a simple stopgap measure to be crammed with unrelated provisions. Critics also complained that there isn't enough time for lawmakers to review such a massive bill.

Johnson earlier defended the proposal on Fox News, casting it as the best Republicans could hope for, given that Democrats still hold the Senate and White House until the end of the year. He argued that Republicans need to accept the bipartisan bill as imperfect and pass it this week to "clear the decks" for Trump when he takes office and Republicans have control of both chambers of Congress. "That's when the big changes start, and we can't wait to get there," he said.

Johnson is in a precarious position. He took over as speaker after Republican hardliners engineered the ouster of his predecessor, former Rep. Kevin McCarthy (R., Calif.), furious that he had worked with Democrats to avert another government shutdown last year. Already, some lawmakers were indicating they may not back Johnson for speaker.

—Ken Thomas and Xavier Martinez contributed to this article.



Pomellato
MILANO 1967

ICONICA COLLECTION

NEW YORK
741 MADISON AVENUE
T 212.879.2118

pomellato.com

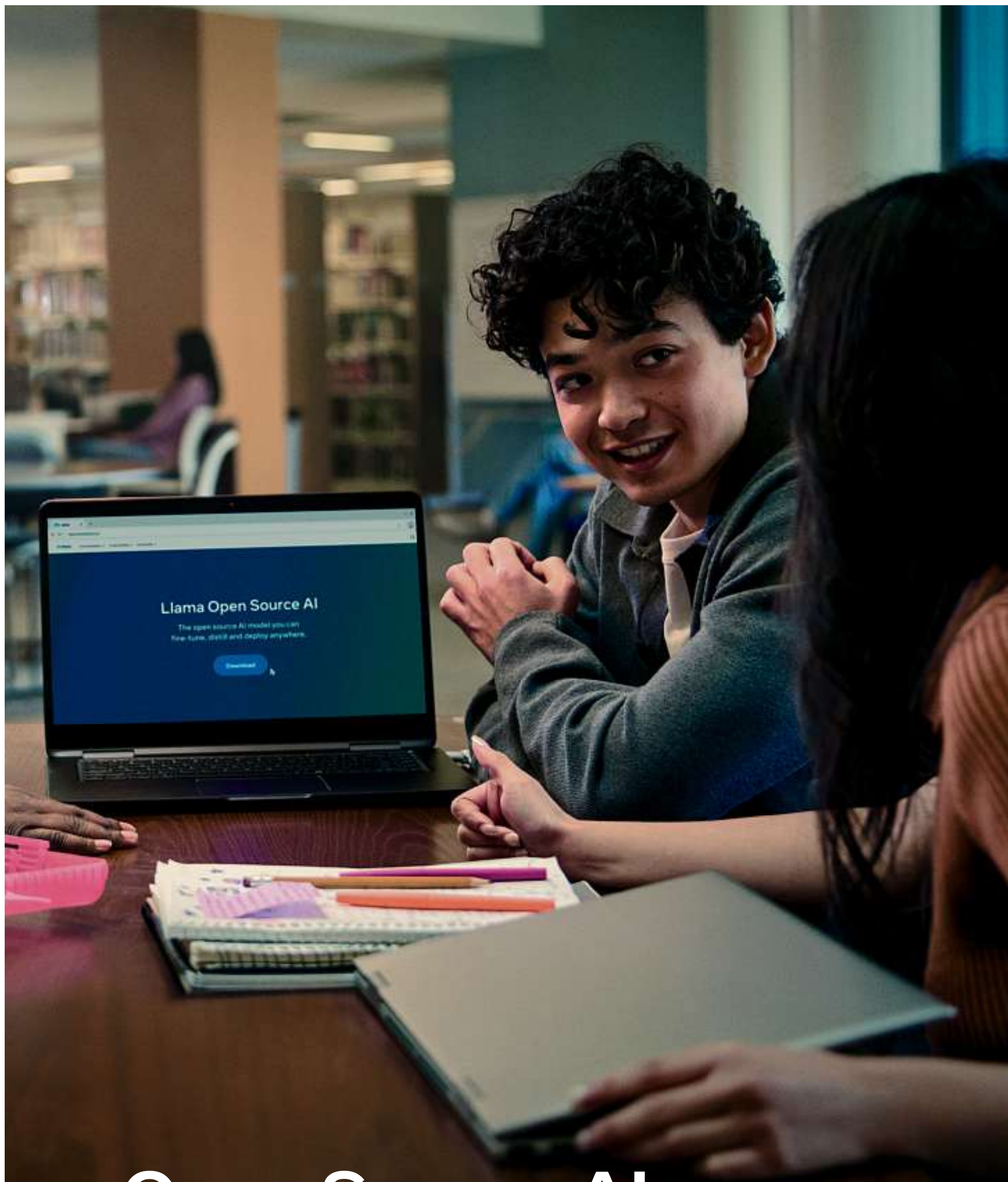


SENTIENTJET
A more thoughtful way to fly.

Discover the
25th Anniversary
Jet Card

Access 25 hours of private flight time and experience our best jet card yet. The commemorative jet card is crafted with exceptional care to celebrate this milestone – available until year end.

SENTIENT.COM 800-641-6905



Open Source AI: Available to all, not just the few.

Meta's open source AI enables small businesses, start-ups, students, researchers and more to download and build with our models at no cost. When AI models are available to all, everyone benefits.

 Meta

ai.meta.com/open

Carlson Put Kibosh on Pompeo for Defense

By Vivian Salama

WASHINGTON—Shortly before the election, Tucker Carlson approached Donald Trump with an urgent plea: Mike Pompeo had to go.

Many in Trump’s inner circle believed that Pompeo, who served as secretary of state and CIA director during Trump’s first term, was the clear front-runner to be the next defense secretary. The day before the election, Trump praised Pompeo during a campaign rally, marveling at his recent weight loss and twice calling him handsome.

But to Carlson—the former Fox News host who continues to have deep influence in conservative circles—Pompeo was a risky pick. Carlson argued that he is a warmonger. He highlighted to the president-elect a list of grievances he holds against Pompeo, including what he said was an alleged plot by the then-secretary of state to assassinate WikiLeaks founder Julian Assange, according to multiple people with knowledge of Carlson’s efforts.

Carlson went public with the allegations about Pompeo and Assange in an April interview on Joe Rogan’s podcast, pointing to a 2021 Yahoo News story.

Trump transition-team spokeswoman Karoline Leavitt said the president-elect’s “cabinet picks reflect his priority to put America first,” adding that he “will continue to appoint highly-qualified men and women who have the talent, experience, and necessary skill sets” to fulfill his agenda.

In October, Pompeo told Australia’s the Nightly that the U.S. had laws that made it illegal for the government to carry out assassinations and that he complied with that law for “every moment” that he was CIA director.

Carlson and Donald Trump Jr., the president-elect’s eldest son, outlined what they said were the dangers of bringing neoconservatives into the administration—men and women, they claimed, who seek to control him, not serve him.

They also argued that Pompeo had proven himself to be disloyal, the people said, pointing to Pompeo’s decision to distance himself from false claims that the 2020 election was stolen, and comments he made that the Jan. 6, 2021, riot at the Capitol by Trump



Donald Trump and Tucker Carlson in Phoenix, above. Below, former Secretary of State Mike Pompeo at the Republican National Convention in July. After Pompeo was turned down for the defense job, he wrote that he was proud to work with Trump.

supporters was “unacceptable.”

Within days of the election, Pompeo was out of the running. The president-elect posted on Truth Social that Pompeo and Nikki Haley, Trump’s former U.S. ambassador to the United Nations, wouldn’t be landing jobs in his administration.

The effort to bar Republicans such as Pompeo from the incoming administration is the latest chapter in the remaking of the party since Trump rose to power in 2016. Several officials who

served in the first term, and were hoping to serve once again, were blocked by Trump allies, including Carlson and Trump Jr., who felt they didn’t meet the test of loyalty demanded of officials in Trump 2.0.

Officials such as Haley, who challenged Trump during the Republican primary, and former national-security adviser Robert O’Brien were passed over for jobs as Trump and his team looked to stock his cabinet with “fresh blood,” as one transition official put it, who have roots in the MAGA movement.

Trump himself has bashed



Overseas Conflicts at Issue

The perception among some within Donald Trump’s inner circle is that people such as Mike Pompeo would follow a more conventional GOP approach to national-security policy by supporting U.S. involvement in overseas conflicts, such as Ukraine, or icing out traditional adversaries, such as Russia. Pete Hegseth, a military

veteran and former Fox News host Trump chose to lead the Pentagon, has criticized U.S. involvement in the conflict in Ukraine, and has touted a controversial view that women should be barred from combat. But Hegseth’s path to confirmation has been fraught with challenges because of a number of personal controversies.

what he refers to as “RINOs”—short for “Republicans in Name Only.” In cementing his second term in office and a sweeping victory for Republicans across the country, Trump and his staunchest

supporters have managed to reshape the party of Ronald Reagan, purging many from office who failed to meet the criteria of Trump and his MAGA faithful. Trump Jr. told The Wall

Street Journal in October that, as co-chair of his father’s transition team, his priority was “preventing the bad actors from getting in” to the next Trump administration. “There’s a lot of people that put the ‘R’ next to their name, but then they do whatever the swamp wants, because they are looking for the next consulting gig or something such as that,” he said.

That effort heavily factored into the shaping of Trump’s future cabinet. A number of prospective administration officials who have interviewed with the transition team said that in addition to the questions they were asked about their vision for respective agencies, they were asked about their views on the events of Jan. 6 and whether the 2020 election was rigged, according to several people involved in the process.

Carlson has aired a litany of grievances against Pompeo. He has told advisers to Trump that Pompeo’s lawyer threatened him after he said on his show that a source informed him that the CIA was somehow involved in the death of former President John F. Kennedy, the people familiar with the discussions said.

Following Trump’s social-media post declaring that his former secretary of state wouldn’t be returning for the second term, Pompeo wrote

Carlson has aired a litany of grievances against Pompeo.

Unconventional Cabinet Picks Offer Clues of Trump’s Agenda

By Molly Ball

The cabinet that President-elect Donald Trump has assembled is a jumble of seemingly conflicting ideologies—populists and plutocrats, traditional conservatives and hard-right disrupters, even a couple of former Democrats. As Washington braces for the incoming administration, the unconventional slate of nominees offers clues to how he plans to govern in an emboldened second term.

Far more than his first tour in office, advocates say Trump has named a team that better reflects his own idiosyncratic ideological impulses—and his determination to execute on them. It is a reflection, as well, of the unusual coalition that brought him to power and enabled him to win the popular vote, driven by historic rightward shifts among young and minority voters. He is determined, those around him say, to govern in a way that reflects this diverse base of support.

“This cabinet is far more representative of the world-views of the majority of the American body politic than any in recent memory,” said Charlie Kirk, president of Turning Point USA, a conservative advocacy group.

Unconventional picks such as Robert F. Kennedy Jr. for health and human services secretary and Tulsi Gabbard

for director of national intelligence—both former Democratic presidential candidates—are particularly dear to the president-elect, those around him say, because they represent his broad political coalition and his determination to change the face of the GOP. A lower profile example is his pick for labor secretary, Rep. Lori Chavez-DeRemer, a Republican who has supported pro-union legislation. Her nomination was supported by the Teamsters union, whose president, Sean O’Brien, spoke at the July Republican Convention.

Some traditional conservatives have expressed unease: former Vice President Mike Pence has called Kennedy’s views on abortion “deeply concerning to millions of Pro-Life Americans,” while former United Nations Ambassador Nikki Haley recently assailed Gabbard as a “Russian, Iranian, Syrian, Chinese sympathizer.”

To supporters, however, the heterodoxy is a virtue. “President Trump remade the electorate,” said Kirk, and his cabinet will reflect that. “He brought in Democrats, he brought in younger, more diverse voters, labor unions, people skeptical of foreign wars, while also keeping tradi-

tional Republican views on immigration and the economy.”

Just as significant, advisers say, are Trump’s recent pronouncements that he wouldn’t be offering positions to hawkish figures such as Haley, former Secretary of State Mike Pompeo and former Rep. Mike Rogers, or to JPMorgan Chase Chief Executive Jamie Dimon. Aides from Trump’s first term vividly recall the bruising internal conflicts as Wall Street veterans Gary Cohn and Steven Mnuchin tried to soften Trump’s lust for tariffs, or national-security hawks like John Bolton fought his more isolationist instincts.

Critics see a roster with little expertise in the vast departments they will be tasked with running. Take Kash Patel, Trump’s selection to direct the FBI—who has little experience with the 38,000-person agency and has vowed to use it to go after

Trump’s long list of enemies. Many government employees fear he and others will be more saboteurs than reformers. But while Trump clearly views personal loyalty as paramount, he also isn’t considered a micromanager, meaning the appointees’ ideological vision is likely to matter greatly.

Critics see a roster with little expertise in the vast departments.



Tulsi Gabbard, a former Democrat, is President-elect Donald Trump’s choice for director of national intelligence.

Trump’s election gives him “a mandate to implement the promises he made on the campaign trail—and his Cabinet picks reflect his priority to put America First,” transition spokeswoman and incoming White House press secretary Karoline Leavitt said in a statement.

Some philosophical clashes appear inevitable. Kennedy, for example, has called for overhauling industrial farming, but Trump’s nominee for agriculture secretary, Brooke Rollins, is a veteran of conservative think tanks seen by big agricultural interests as a likely ally. The environmentalism of Kennedy and “first

friend” Elon Musk may chafe against the fossil-fuel zeal of his appointees for the energy and interior departments as well as the Environmental Protection Agency. Chavez-DeRemer’s labor-friendly stances may not find much traction with fiscal conservatives such as Treasury Secretary pick Scott Bessent and Russ Vought, the incoming director of the Office of Management and Budget.

Some nominees in the foreign-policy and national-security space once sounded more akin to the “neocons” Trump has taken pains to blacklist, notably the incoming secretary of state, Sen. Marco Ru-

bio, and defense secretary-designate Pete Hegseth. Both have become converts to a more Trumpian view of America’s role in the world, but some in MAGA-world wonder whether they can be trusted.

“I think of Sen. Rubio as having quite different views on foreign policy than President Trump, or Tulsi Gabbard,” said Michael R. Strain of the free-market-oriented American Enterprise Institute. “Allowing the Teamsters to pick the secretary of labor is presumably at odds with many of the other economic and domestic policy officials, and I don’t think of Scott Bessent as a person who shares President Trump’s mercantilist views. I don’t really see a unifying theme here other than loyalty to the president.”

To liberal observers, the populist rhetoric is nothing more than window dressing for what is at its core a sharply conservative team. “This is just an extreme version of a Republican administration,” said Lindsay Owens, executive director of the Groundwork Collective, a Washington-based economic policy think tank.

She pointed to the prevalence of billionaires and multimillionaires in the incoming administration as well as the agenda of corporate tax cuts and deregulation that Trump and congressional Republicans have said they will prioritize. The zeal for cutting spending of the newly minted unofficial Department of Government Efficiency helmed by Musk and Vivek Ramaswamy, she argued, is already undermining Trump’s promise not to consider changing Social Security and Medicare.

The State Department is among the agencies that is home to what is called the “deep state,” according to many Trump allies, who have accused agency staff of working against Trump’s agenda in the first term.

Rubio, Trump’s onetime political opponent and critic, has grown close with the future president and has embraced some of his more-controversial views, while steering clear of others. Last year, he released a report titled “Diversity Over Diplomacy”—How Wokeness is Weakening the U.S. State Department,” which said that the State Department gave priority to diversity, equity and inclusion over building international relationships and protecting America’s national security—echoing the sentiments of Trump and many MAGA Republicans.

Still, people close to the transition said Rubio’s job would be a target of MAGA Republicans, some of whom hope Trump will eventually replace him with someone whom they view as more aligned with the president-elect’s vision. The people added that Rubio’s senior staffing choices will also be heavily scrutinized if he doesn’t hire Republicans who adhere to Trump’s policy priorities.

Rubio didn’t respond to a request for comment.

—Keach Hagey contributed to this article.

FROM PAGE ONE

Chinese EVs Spark Deal Talks

Continued from Page One
terprises, in particular BYD, emerged as leaders in EV batteries, low-cost manufacturing and connected-car technology.

Now, the Chinese companies are looking to capture markets in Europe, Southeast Asia and Latin America.

BYD, the bestselling Chinese carmaker, is aggressively introducing low-price plug-in hybrids, such as the Qin Plus, which some ads show priced as low as \$7,000 with the help of subsidies. The company is also investing in factories in Thailand, Hungary, Brazil and elsewhere.

The Honda-Nissan combination would be aimed at combating the Chinese push by combining the Japanese carmakers' efforts in EV technology, autonomous driving and other areas where China is strong, analysts said.

While a combined Honda-Nissan would be poised to capture the No. 3 spot in global vehicle sales behind Toyota and Volkswagen, Mizuho Bank senior researcher Jin Tang said he wasn't sure scale would be enough.

"Without significant breakthroughs in EV or smart-vehicle technology, I don't believe the merger alone will allow them to compete, especially in key markets," said Tang.

Honda and Nissan have already been inching closer this year, saying they would work together on electrification technologies.

At the beginning of this decade, the two carmakers relied on China for more than a third of their global vehicle sales. But this year, their China sales are running at about half the level of five years ago.

Nissan's woes go deeper be-



Honda and Nissan get most of their sales from the U.S., Japan and China. A Honda GT displayed at a recent auto show in Beijing.

cause it is also posting weak results in the U.S. Last month, it said it would cut 9,000 jobs and reduce its global production capacity by a fifth. In November, Singapore-based Effissimo Capital Management, an activist investor, said it had built a stake in Nissan.

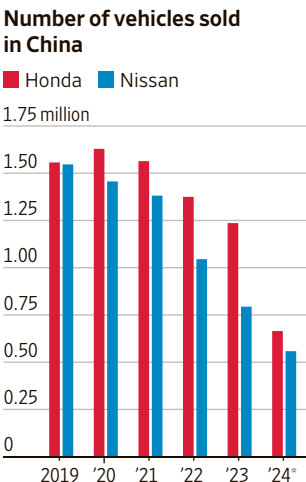
Investors in Nissan have welcomed the potential emergence of a partner on which the troubled carmaker could lean for support. Nissan shares closed up 24% in Tokyo trading on Wednesday. Honda shares closed down 3%.

Before Wednesday's rise, Nissan's market capitalization had fallen to the equivalent of about \$8 billion, prompting speculation about the com-

pany's future.

Foxconn, the Taiwanese company known as a contract manufacturer of Apple's iPhone, has discussed making a bid for Nissan as it attempts to expand its nascent EV business, people familiar with the matter said. They said Foxconn had a particular interest in the Japanese automaker's car manufacturing and design assets. Nissan declined to comment, and a Foxconn spokesman didn't reply to a request for comment.

A person familiar with the discussions between Honda and Nissan said they were vexed by the scope of the new technologies to be tackled as they continue to pump out millions of gasoline-powered vehicles each year that need regular upgrades. Analysts said it was hard for a single company the size of Honda or Nissan to stay abreast of advances in intelligent vehicles and electrifi-



*Through October
Source: the companies

cation.

Still, a merger would raise its own issues, including possible culture clashes and competing product portfolios. Honda and Nissan get most of their sales from the same mar-

kets—the U.S., Japan and China. Both are mass-market Japanese carmakers with similar types of vehicles, such as Honda's CR-V sport-utility vehicle competing with Nissan's Rogue.

And a combined Honda-Nissan would face the same dilemma of whether to try to recover market share or retrench around their shrunken position.

Volkswagen has made clear it intends to invest and rebuild in China, its biggest market, even as it pursues painful cost cuts at home. Over the past year or so, Volkswagen has been shifting to use more Chinese components obtained from local suppliers to cut development time and expense. It is also investing billions of dollars in local companies to get its hands on cutting-edge Chinese technology.

—Yang Jie in Tokyo contributed to this article.

Foxconn Weighs Bid for Nissan

TOKYO—Foxconn, the Taiwanese contract-manufacturing giant best known for assembling Apple products, has been discussing acquiring Nissan as part of plans to expand its nascent electric-vehicle business, said people familiar with the matter.

Foxconn has a particular interest in the Japanese automaker's core assets, including its skill in car-hardware manufacturing and design, they said. Jun Seki, a former Nissan executive who now leads Foxconn's EV business, has played a pivotal role in forging communication channels between the two companies, they added.

Nissan declined to comment, while a Foxconn spokesman didn't reply to a request for comment. Seki couldn't be reached for comment.

Foxconn's interest comes alongside confirmation by Nissan and Honda earlier Wednesday that the longtime Japanese rivals are in talks over a merger or other future collaboration. The automakers said no final decision had been made.

Foxconn, formally known as Hon Hai Precision Industry, has been attempting to build on its decades of experience in contract manufacturing to establish a foothold in the global EV market.

Foxconn has recognized its limitations in automotive design and production, said the people familiar with Foxconn's interest in Nissan.

That is driving it to seek partnerships and possibly acquisitions in the Japanese automotive sector, they said.

—Yang Jie

U.S. WATCH

HEALTH

Bird Flu Causes First Severe Illness

A person in Louisiana has been hospitalized with the first severe illness caused by bird flu in the U.S., health officials said Wednesday.

The patient is in critical condition with severe respiratory symptoms, according to Louisiana health officials. The person, who is over 65 and has underlying medical problems, had been in contact with sick and dead birds in a backyard flock, the Centers for Disease Control and Prevention said.

Previous illnesses in the U.S. have been mild and the vast majority have been among farmworkers exposed to sick poultry or dairy cows.

This year, more than 60 bird-flu infections have been reported, with over half of them in California. In two—an adult in Missouri and a child in California—health officials haven't determined how they caught it.

The CDC confirmed the Louisiana infection Friday, but didn't announce it until Wednesday. It is also the first U.S. human case linked to exposure to a backyard flock, the agency said.

Health officials say bird flu is still mainly an animal health issue, and the risk to the general public remains low.

—Associated Press

AUTO SAFETY

Recall of Air-Bag Inflators on Hold

U.S. auto safety regulators backed away from seeking a recall of air-bag inflators and will investigate further after the auto industry raised questions about whether all the inflators are defective.

Wednesday's move by the National Highway Traffic Safety Administration is different from a decision reiterated by the agency in January that the inflators made by ARC Automotive of Tennessee, which is owned by Yinyi Group of China, should be recalled.

The agency has said inflators in about 49 million vehicles from 13 manufacturers are at risk of exploding and hurling shrapnel into drivers and passengers. They are responsible for at least seven injuries and two deaths in the U.S. and Canada since 2009.

In a document posted Wednesday, the agency said it considered comments on a January decision seeking the recall. The auto industry pointed to technical and engineering differences between ARC inflators in vehicles made by different manufacturers.

The agency said it will send more information request letters to ARC, vehicle manufacturers and air bag-module manufacturers.

—Associated Press

MONTANA

Top Court Upholds Emissions Ruling

Montana's Supreme Court upheld a landmark climate ruling that said the state was violating residents' constitutional right to a clean environment by permitting oil, gas and coal projects without regard for global warming.

The justices, in a 6-1 ruling Wednesday, rejected the state's argument that greenhouse gases released from Montana fossil fuel projects are minuscule on a global scale and reducing them would have no effect on climate change, likening it to asking: "If everyone else jumped off a bridge, would you do it too?"

The plaintiffs can enforce their environmental rights "without requiring everyone else to stop jumping off bridges or adding fuel to the fire," Chief Justice Mike McGrath wrote for the majority. "Otherwise the right to a clean and healthful environment is meaningless."

The lawsuit filed in 2020 by 16 Montanans—who are now ages 7 to 23—was considered a breakthrough in attempts by young environmentalists and their attorneys to use the courts to leverage action on climate change.

—Associated Press

Watch a Video: How an Acoustics Engineer Would Redesign Cities to Eliminate Noise



Scan this code to watch a video: Many cities around the world are dangerously loud, and New York City is one of the loudest. Raj Patel, an acoustics expert who helped design Manhattan's Little Island waterfront park, explains how noise pollution from traffic, trains and other sources can be minimized by modifying the terrain and using sound-absorbing material.



LUXURIOUS LIONS
VAN CLEEF & ARPELS

Iconic jeweler. Exceptional craftsmanship. Unique design.
This rare vintage 1960s Van Cleef & Arpels set features bold lion head earrings and a matching brooch in 18K gold with 2.10 carats of diamonds. Fashioned as door knockers, these designs exemplify the innovative artistry and regal elegance that have made the firm a favorite among esteemed clientele.
Signed "VCA." Brooch: 2 1/2" length. #32-0178



Learn more about this suite

M.S. Rau
FINE ART • ANTIQUES • JEWELS

622 Royal Street, New Orleans, LA • 888-867-9583 • ws@msrau.com • msrau.com

Since 1912, M.S. Rau has specialized in the world's finest art, antiques and jewelry. Backed by our unprecedented 125% Guarantee, we stand behind each and every piece.

WORLD NEWS



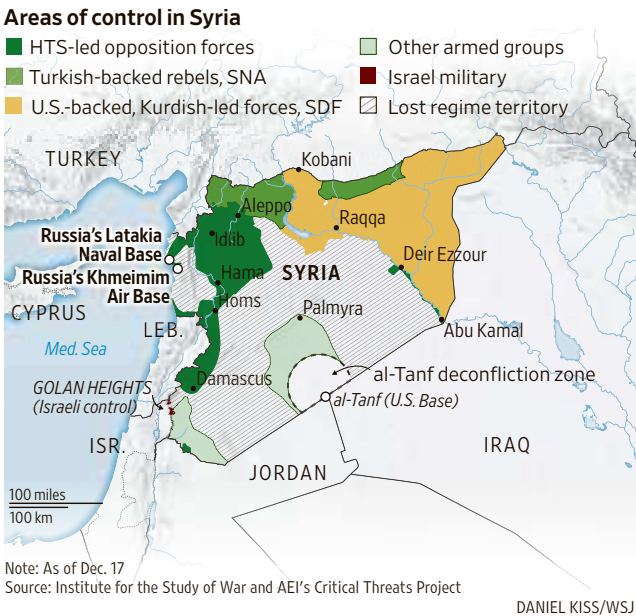
Russian armored vehicles are seen near a Syrian air base operated by Moscow. The Kremlin is moving weapons to Libya.

Russia Shifts Arms to Libya

To keep foothold, Moscow moves weapons out of Syria after regime falls

By Benoit Faucon and Lara Seligman

Russia is withdrawing advanced air-defense systems and other sophisticated arms from bases in Syria and shifting them to Libya, U.S. and Libyan officials said, as Moscow scrambles to preserve a military presence in the Middle East after the collapse of the Assad regime in Damascus. Russian cargo planes have flown air-defense equipment, including radars for S-400 and S-300 interceptor systems, from Syria to bases in eastern Libya controlled by Moscow-backed Libyan warlord Khalifa Haftar, the officials said. Russia also has flown troops, military aircraft and weaponry out of Syria in a significant drawdown of its presence there. For years, Moscow has operated important naval bases and air bases in exchange for the support it provided to prop up Bashar al-Assad, the Syrian dictator who fled to Moscow last week. The Syrian bases have been the cornerstone of Moscow's ability to project power in the Middle



East and Africa—serving as a hub to funnel troops, mercenaries and arms. The naval base in Tartus has been the sole replenishment and repair point for the Russian navy in the Mediterranean. Now, Russia appears to be angling to use another old partner in Libya to retain influence in the region and support a naval presence in the area, where the U.S. and other North Atlantic Treaty Organization members have bases and warships. Spokespeople for the Kremlin and Haftar didn't respond

to requests for comment. Russian Deputy Foreign Minister Mikhail Bogdanov has said Moscow was in contact with the political leadership of Hayat Tahrir al-Sham—the rebel group that led the offensive to oust Assad—to discuss the future of Russia's bases. Russia has a presence in Libya, including via the Wagner paramilitary group, which has close ties with Haftar, whose Libyan National Army controls the war-torn country's east. Wagner fighters have used Haftar's facilities as a transit hub to other African nations.

Oligarchs Pin Their Ire On Central-Bank Chief

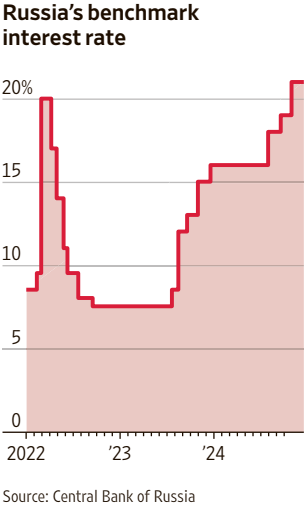
By Georgi Kantchev

For more than two years, Russia's expanding war economy fueled consumer spending and juiced company profits. But latterly, the conflict has pumped up inflation and interest rates, pummeling bottom lines and leaving a trail of disgruntled Russian oligarchs and executives in its wake. Instead of blaming the war for the hostile business environment, though, Russia's business elites are pinning their discontent on the governor of the central bank. Elvira Nabiullina, in a so far fruitless effort to crimp inflation, has jacked up the bank's key interest rate to a record, sending borrowing costs soaring.

"Today's central-bank rates are a very serious challenge to the development of the economy and industry," billionaire Alexei Mordashov, who controls steelmaker Severstal, was quoted as saying recently by Russian business publication RBC. "Is this the right medicine? I hope that the medicine does not turn out to be more harmful than the disease."

The corporate discontent is a symptom of the increasing economic pressures facing President Vladimir Putin's Russia. Propped up by oil sales and massive military spending, the economy has been surprisingly resilient, but the conflict has also amplified economic imbalances, propelled inflation higher and set off a deep labor crunch. Recent additional U.S. sanctions caused the ruble to plummet, while local companies are slashing expansion plans.

"The elites are fighting for survival and while they remain loyal to Putin, they are increasingly discontent," said Alexandra Prokopenko, a former Russian central bank official who is now a fellow at the Carnegie Russia Eurasia Center in Berlin. "Nabiullina has become a convenient target." Russia's benchmark interest rate is set at 21%, and the central bank is expected to raise it further on Friday. But inflation remains stubbornly high at around 9%. In Russian boardrooms, with interest rates and inflation rising in tandem, margins are shrinking as costs mount. MTS, Russia's largest mobile operator, recently blamed a near-90% drop in its third-quarter net profit on in-



creased costs associated with servicing its interest payments. Rosneft, Russia's largest oil producer, said in November it would be forced to delay modernizing its refineries, citing high interest rates. Fears of a wave of bankruptcies are rising, too. More than 200 shopping centers in Russia are under threat of going bankrupt because of rising debt burdens, according to an industry association. Nearly a third of Russian freight haulers say they fear bankruptcy next year. Sergei Chemezov, a close Putin ally who heads Russia's state defense conglomerate Rostec, has been among the most vocal members of the elite, calling the interest-rate level "a serious brake on further industrial growth." "Taking out a loan at a crazy interest rate is suicide for a business," he told Interfax news agency. "This is the path to bankruptcy." With the backlash against Nabiullina growing, some have called for her dismissal. Still, Putin is unlikely to replace the governor or change monetary policy, Kremlin observers say. An ally of the Kremlin leader for over two decades and a key member of his economic team, Nabiullina's emergency measures early in the war arrested the slide in the ruble and bought time for the government's stimulus measures to reach the real economy. She has defended the bank's monetary policy as necessary to fight rising prices. "High inflation thwarts sustainable economic growth," Nabiullina said in October. "It is a dangerous illusion that elevated inflation can be kept within a certain range."

Ukraine Seeks To Rattle Kremlin On Its Own Turf

By James Marson and Georgi Kantchev

Just after 6 a.m. Tuesday, an explosion shattered the morning quiet on a residential street in Russia's capital. A bomb hidden in a scooter detonated, killing a senior military officer. Photos of the aftermath showed him face down in bloodstained snow. It was a message from Kyiv: You aren't safe—even at home. The attack on Lt. Gen. Igor Kirillov was part of an escalating campaign by Ukraine's security and intelligence services to kill high-profile figures in Russia's war effort. Its aim is to bring the fight to Russia, raising the immediate costs of the war for its leaders. Increasingly, the focus has been on important military targets including a senior naval officer and a missile scientist. Coupled with long-range strikes on installations such as strategic bomber bases, it is part of a drive to use asymmetric measures to disrupt and demoralize Russia's war machine. Ukrainian security officials say the Security Service of Ukraine, or SBU, is modeling itself on Israel's Mossad, renowned for its relentless pursuit of enemies abroad. "Such an inglorious end awaits all those who kill Ukrainians," an SBU official said. "Retribution for war crimes is inevitable." On Wednesday, Russia's Federal Security Service, or FSB, said it detained a 29-year-

old citizen of Uzbekistan who allegedly was recruited by Kyiv to plant the bomb. He allegedly was promised \$100,000 and a new life in a European Union country, the agency said. The execution of Kirillov was the most brazen yet in the Ukrainian killing campaign, part of an effort to bring the war to Russia and raise the cost of a conflict that the Kremlin initially believed it could wrap up in days. Outmatched in manpower and equipment by its giant invader, Ukraine has sought to strike deep inside Russia using long-range drones, U.S.-provided missiles and covert operations. "Kyiv sent a message that even the highest-level officials responsible for Russia's war effort and crimes cannot feel safe, even in Moscow," said Andrius Tursa, Central and Eastern Europe adviser at consulting firm Teneo. Still, observers said Kyiv's campaign is unlikely to fundamentally change the military and political calculus for Russian President Vladimir Putin, who sees the war as a matter of personal legacy and an existential struggle against the West. "Such actions can only enrage the regime and give additional incentives to continue fighting," said Andrei Kolesnikov, a Moscow-based columnist for Russian newspaper Novaya Gazeta. "It is a gift for propaganda—look at the dirty methods of the enemy." Putin's spokesman, Dmitry



The scene of an explosion where Lt. Gen. Igor Kirillov and his assistant were killed in Moscow on Tuesday

Peskov, said on Wednesday that Kirillov's assassination by Ukraine "proves the correctness of our actions" during the war. One of the earliest and highest-profile operations targeted Russian war blogger Vladlen Tatarsky last spring. At an event at a St. Petersburg cafe one night, a young blonde woman handed a small but weighty box to Tatarsky, whose real name was Maksim Fomin. "Nastya, Nastya, come sit here," Tatarsky urged her, gesturing to a seat in the cafe before pulling a bronze-colored bust of himself from the box. "Wow!" he exclaimed. "What a handsome guy!" Seconds later, as Tatarsky packed the bust back into the box, it exploded, killing him. Russian security services identified the blonde woman as Darya Trepova, a Russian

opposition activist and pacifist. She had inveigled herself into Russian pro-war circles as an activist known as Nastya and said later in court that she had been tasked by a contact in Kyiv with delivering a bust that she believed contained a listening device to Tatarsky. As independent Ukraine took an increasingly authoritarian turn from the late 1990s, the SBU's efforts often were directed against pro-democracy activists, political opponents or businessmen ripe for a shakedown. After a revolution installed a pro-Western government in Kyiv, Russia invaded and seized Crimea and covertly sent paramilitaries into eastern Ukraine in 2014. Ukrainian operatives had an urgent new target and soon carried out several brazen attacks in occupied eastern

Ukraine, blowing up local commanders installed by Moscow. Russia hit back. Ukrainian Col. Maksym Shapoval, head of HUR's special forces, was blown up in his car. A former Russian prosecutor and parliament member who had fled to Ukraine for protection was shot dead in central Kyiv. Russia's full-scale invasion in February 2022 increased the stakes—and Kyiv's willingness to strike. In occupied areas of the east and south, Ukraine can count on large and willing partisan networks that regularly target local collaborators and military officers in car bombings. In November, the SBU killed Russian Capt. Valery Trankovsky, a naval commander, in a car bombing in Crimea, agency officials said. The SBU said he was responsible for

giving orders to launch cruise missiles that killed civilians. The former head of a Russian prison camp in occupied Ukraine where Kyiv says dozens of prisoners of war have been killed and tortured was killed in a car bombing. Unlike Kyiv, Russia hasn't been able to mount a similar campaign of targeted assassinations inside Ukraine since the invasion. That suggests that, in contrast to the pre-invasion period when its security services were shot through with Russian spies, Ukraine now possesses superior intelligence and operational capabilities within Russia. Still, the SBU said in May that it had foiled a Russian plot to assassinate Ukrainian President Volodymyr Zelensky, as well as the heads of the SBU and HUR.

WORLD NEWS

Milei Says Trump Backs Economic Agenda

Argentine president has found success after implementing painful spending cuts

By RYAN DUBÉ

BUENOS AIRES—President Javier Milei said President-elect Donald Trump will help boost his free-market overhaul of Argentina as this large South American nation, which had long kept the U.S. at arm’s length, repositions itself closer to Washington.

In an interview, the 54-year-old firebrand said he is betting Trump is likely to champion Argentina’s bid to get billions of dollars in new financing from the International Monetary Fund.

Milei also said he expects Trump would be inclined to negotiate a free-trade agreement with Argentina, even as the incoming president pledges to place tariffs on China, Canada and Mexico.

“I think it’s highly likely because the United States discovered that we’re a trustworthy partner,” Milei told The Wall Street Journal on Tuesday.

“We’re a strategic ally,” added Milei, who met with Trump in November and plans to attend the Jan. 20 inauguration.

Though Trump recently said Milei was “a MAGA person,” the former president has protectionist plans for the U.S. and hasn’t publicly offered support for a trade deal.

A spokeswoman for Trump said the incoming president and Milei would work together to mutually benefit the U.S. and Argentina through capitalism and free trade.

Milei, a self-declared anarcho-capitalist, is coming off a strong first year in office after implementing painful spending cuts to bring down the world’s highest inflation rate.

The results have surprised economists, including the Argentine president, a former

economics professor who during the campaign brandished a chain saw to symbolize how he would cut government spending and regulations.

“Inflation has fallen much faster than we expected,” Milei said. “Everything indicates that next year we’re going to have less inflation, higher GDP per capita, higher salaries and less poverty.”

That is welcome news for this nation’s 47 million people, who were battered by years of economic turmoil that sparked a backlash against the political establishment and propelled outsider Milei to power with pledges to destroy the state bureaucracy.

Workers lost a third of their purchasing power during the previous, left-wing Peronist administration, which drove inflation into the triple digits as it ramped up money printing to cover the deficit.

The country essentially has been locked out of international markets since 2018, when it received a more than \$40 billion bailout from the IMF, the largest in the lender’s history.

Milei is seeking a new program from the IMF, which would allow his government to lift the currency controls. While economists say lifting the controls is crucial to attracting investments needed to boost growth and create jobs, it could also cause the peso to weaken and push inflation back up.

“Our idea is to eliminate (the controls) in 2025,” Milei said.

Milei brought the nation back from the brink of hyperinflation and economic collapse as he implemented shock therapy he had warned would hurt before things got better.

Now, retail sales and wages are recovering. Mortgages are available for the first time in years. Exports are rising. The stock and bond markets are booming. Argentina’s country risk is tumbling.

His government slashed



President Javier Milei, greeting supporters in Buenos Aires this month, wants a U.S. trade deal.

In Reversal, Argentine Now Sees China Ties as Excellent

While Argentine President Javier Milei deepens ties with the U.S., he has backed away from earlier plans to break off relations with China.

He now expects to visit China and meet with President Xi Jinping, although he said it is unclear when a trip initially planned for early next year could happen.

The man who once described China’s leaders as assassins now gushes about the possibilities, and describes relations with Beijing as excellent.

“It’s a commercial partner that doesn’t require any conditions,” he said. “It’s really a great trade partner.”

Asked if he would seek a

free trade deal with China, a major buyer of Argentina’s agricultural exports, Milei said he is open to trade agreements with most anyone.

“All the free-trade deals that we can do, we’re going to do,” Milei said. “Others can do what they want, I’m going to continue seeking free trade.”

possibility that the nation could return to international markets. Milei said next year’s financial needs have been met but the new landscape will make it easier in the future to roll over debt.

“We are doing everything to return in 2026,” he said of tapping global markets for loans.

After a sharp contraction, the economy grew a seasonally adjusted 3.9% in the third quarter from the previous three months, the statistics agency said Monday.

Poverty remains painfully high, but has eased to just under 50%, according to Argentina’s Catholic University.

Milei has about 55% support, polls show, defying expectations that his shock therapy would spark violent social unrest.

The early success has made the president known as El Loco—or the Madman—a star among an ascendant global right, receiving praise from Trump and Elon Musk.

Milei says his ascendance to the presidency hasn’t changed his hatred for the state. As a TV pundit before he was elected, Milei described taxes as theft, and a corrupt political elite as the “caste.”

“The state is the enemy, I’m still an anarcho-capitalist,” he said. “I continue to believe that the state is a criminal organization that is financed through a coercive source called taxes that nobody willingly pays.”

Milei is betting that the economic improvements will boost his party’s support in congress in October’s election. That will make it easier to push through reforms to make Argentina “the freest country in the world,” he said.

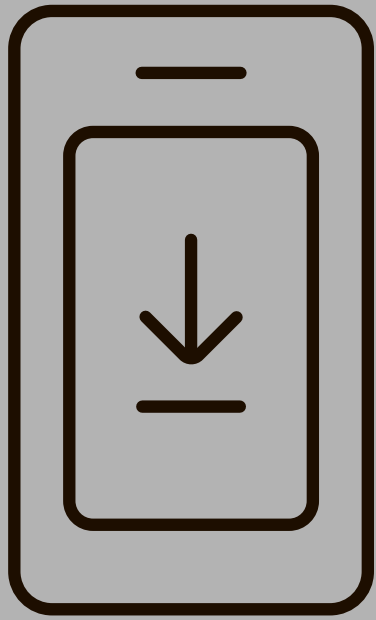
His Libertad Avanza party has about 15% of seats in the Chamber of Deputies and less than 10% in the senate.

“Don’t have any doubt,” he said, “I’m not going to stop.”

—Silvina Frydlewsky contributed to this article.

Explore WSJ

Your WSJ subscription doesn't stop here. Visit our digital product showcase to explore, download and sign up for more of what you're entitled to.



GET STARTED
WSJ.com/benefits

THE WALL STREET JOURNAL.

WORLD NEWS

Dark Lives of Accused Rapists Emerge at Trial

Some dubbed them ‘Mr. Everyman,’ but complex portraits percolate in France

By MATTHEW DALTON

AVIGNON, France—When French police identified dozens of men suspected of raping Gisèle Pelicot, some turned out to be easy to find: Two were sitting in prisons facing charges of rape or assault against ex-girlfriends.

At the start of a trial that has transfixed France for months, some commentators called the 51 men accused of raping or sexually assaulting Pelicot “Monsieur Tout-le-Monde,” or “Mr. Everyman,” suggesting their actions were an indication and indictment of the misogynist attitudes of men at large.

“The Pelicot affair proved to us that male violence is not a matter of monsters, it is a matter of men, of Mr. Everyman,” read an essay signed by 200 men published in the left-ist daily Libération.

But as the judges, prosecutors and lawyers pored over the details of their lives, a more complicated portrait has emerged. Many of them have dark pasts, including histories of criminal convictions or abuse. Verdicts are expected this week against the accused, and the question of how unusual these men are is shaping how France views one of the most consequential criminal

‘I Did It, Even if It Wasn’t Right’

Psychologists have struggled to explain the behavior of a few defendants who appeared to have no trauma in their pasts.

Quentin Hennebert was a guard at the Avignon prison when he was arrested for going to the Pelicot house once. He grew up in a close-knit family, but began selling the drug MDMA over coco.fr and connected with Dominique Pelicot.

The court-mandated psychologist found that he has a “psychopathic per-

sonality structure, without empathy or remorse.”

At the trial, the prosecutor zeroed in on his decision to begin selling drugs, suggesting that the decision arose from the same impulse that led him to the Pelicot house.

“You were taking big risks that you were aware of,” the prosecutor said. “I want to understand how you settled that with your conscience.”

“I don’t really have an explanation. I had the possibility, and I did it, even if it wasn’t right,” he said.

trials in its modern history.

Of the 51 men charged (one left France before his arrest), 14 have a history of violence, mostly against women. About half suffered abuse or trauma dating to childhood. Fourteen of the men struggled with addiction to alcohol or drugs.

The court investigators found 11 of the men likely were sexually abused as children. Five of them are charged with possessing child pornography.

“These are not Mr. Everyman who committed these acts,” Annabelle Montagne, a psychologist who performed court-ordered examinations of half of the defendants, said in an interview. “We find frequently, even systematically I would say, in

the personal and childhood histories of the accused a chaotic family environment, psycho-traumatic experiences, a pathological family dynamic.”

All of them were drawn to the dark online world of coco.fr, a website that was long a magnet of criminal activity before French authorities shut it in June. Using the website, Gisèle Pelicot’s husband, Dominique Pelicot, invited them from across Provence to the couple’s home in Mazan, a town near Avignon.

Outside the courtroom, feminist scholars and others have argued that the case’s large number of defendants reveals the patriarchal forces that permeate society. These ideas are



Gisèle Pelicot leaves the Avignon, France, courthouse as the monthslong trial winds down.

implanted in the minds of all men, they say, fueling a sense of entitlement that would spur many to have sex with an unconscious woman.

The trial largely has avoided that debate. Instead, French criminal trials seek to potentially explain the acts of the accused by understanding their lives. Psychologists and psychiatrists have examined all the defendants under court orders. The judges have grilled the defendants about the most intimate details of their biographies—from their sex lives to their history of abuse, both as aggressors and victims.

About half were married or in relationships at the time of their arrest, and two-thirds of them have children. Many were employed in working-class jobs in Provence.

“We should be wary of idyllic images...the reality is often more complex than first perceived,” Montagne said. “I have difficulty believing that

we find nothing in the life of the accused, in the construction of the subject, that would explain—not excuse—but explain what happened.”

Most victims of child sexual abuse and physical abuse as children don’t grow up to be violent criminals. But studies have found that people convicted of violent crimes have suffered higher rates of abuse as children than the population at large.

The defendant at the center of the trial is Pelicot’s husband, a 72-year-old with a history of sexual violence that went undetected for decades. He has confessed to organizing the rapes of his wife, raping her himself and participating in the rape of the wife of one of the accused, among other crimes.

He advertised sex with his wife in a forum on coco.fr called “without her knowledge.” Before the men came over, he would slip sleeping pills into her food or drink using 10 times the normal dose.

Dominique Pelicot filmed the encounters; the videos provide clear evidence that Gisèle Pelicot was completely unconscious. In many of them—which were played at her insistence in open court—she can be heard snoring loudly.

Police stumbled upon the case when Dominique Pelicot was arrested in September 2020 filming up women’s skirts with a hidden camera at a supermarket. They found the videos when they searched his computer and other devices.

Judges and prosecutors during the trial examined what could be at the root of his behavior. Gisèle Pelicot, 72, testified that Dominique Pelicot’s father was “tyrannical, authoritarian....He didn’t have much love, lots of blame and anger.”

Dominique Pelicot also told police that he was raped at the age of 9 by a male nurse when he spent a night in the hospital after his brother hit him in the face with a rock.

WORLD WATCH



DEVASTATION: Cyclone Chido hit the French territory of Mayotte in the Indian Ocean off Africa’s east coast Saturday. Officials fear thousands of people might have died in what is believed to be the deadliest storm to hit the territory in about a century.

EL SALVADOR
Government Trims Bitcoin Ambitions

The government of President Nayib Bukele agreed to scale back his ambitious plan to adopt bitcoin as a national currency in exchange for a much-needed \$1.4 billion loan by the International Monetary Fund.

In exchange for the financial-aid program to back the government’s economic overhaul agenda, leaders agreed to implement measures to mitigate bitcoin-related risks, the IMF said Wednesday.

The deal signals a key shift by the IMF, showing greater flexibility over government use and regulation of bitcoin in anticipation of friendlier crypto policies by the incoming administration of President-elect Donald Trump, said Alejandro Werner, a former director of the IMF’s Western Hemisphere Department.

Mr. Bukele’s surprise decision to make bitcoin legal tender in late 2020 was cheered by crypto enthusiasts but stalled IMF financial support amid concerns that the volatile crypto asset could rock the finances of the impoverished and indebted nation. But the use of bitcoin as a national currency didn’t take off, surveys show.

—Santiago Pérez

FRANCE
High Court Upholds Sarkozy Conviction

France’s highest court has upheld an appeals court decision which had found former President Nicolas Sarkozy guilty of corruption and influence peddling while he was the country’s head of state.

Sarkozy, 69 years old, faces a year in prison, but is expected to ask to be detained at home with an electronic bracelet, as is the case for any sentence of two years or less.

He was found guilty of corruption and influence peddling by both a Paris court in 2021 and an appeals court in 2023 for trying to bribe a magistrate in exchange for information about a legal case in which he was implicated. Sarkozy, who was France’s president from 2007 to 2012, retired from public life in 2017, but still plays an influential role in conservative politics.

“I am not prepared to accept the profound injustice done to me,” he said on X.

Sarkozy said he would seek to bring the case to the European Court of Human Rights. It is the first time in France’s modern history that a former president has been convicted and sentenced to a prison term for actions during his term.

—Associated Press

U.S. Looks At Banning Router

Continued from Page One

of the Commerce Department has subpoenaed TP-Link, some of the people said.

Action against the company would likely fall to the incoming Trump administration, which has signaled an aggressive approach to China.

An analysis from Microsoft published in October found that a Chinese hacking entity maintains a large network of compromised network devices mostly comprising thousands of TP-Link routers. The network has been used by numerous Chinese actors to launch cyberattacks. These actors have gone after Western targets including think tanks, government organizations, non-government organizations and Defense Department suppliers.

TP-Link routers are routinely shipped to customers with security flaws, which the company often fails to address, people familiar with the matter said. While routers often have bugs, regardless of their manufacturer, TP-Link

doesn’t engage with security researchers concerned about them, the people said.

TP-Link sells in the U.S. through a business unit based in California. A spokeswoman for that unit said TP-Link assesses potential security risks and takes action to address known vulnerabilities.

“We welcome any opportunities to engage with the U.S. government to demonstrate that our security practices are fully in line with industry security standards, and to demonstrate our ongoing commitment to the U.S. market, U.S. consumers, and addressing U.S. national security risks,” the spokeswoman said.

Asked to comment about potential actions against TP-Link, Liu Pengyu, a spokesman for the Chinese Embassy in Washington, said the U.S. was using the guise of national security to “suppress Chinese companies.” He added that Beijing would “resolutely defend” the lawful rights and interests of Chinese firms.

TP-Link routers don’t appear to be related to China’s alleged breaches of at least eight U.S. telecom firms by a group dubbed Salt Typhoon, some of the people said, but the administration’s probes into the company appear to have picked up momentum in light of those recently discov-

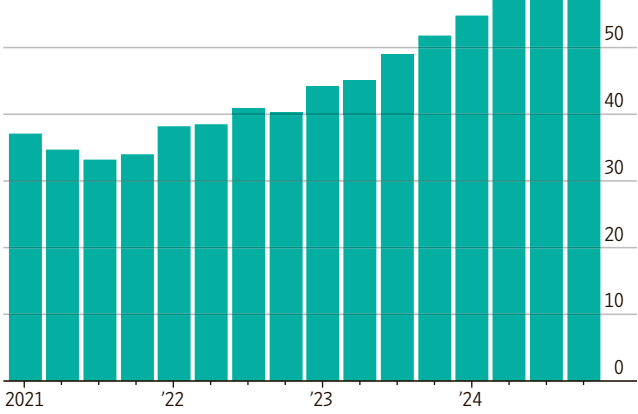
ered intrusions. Anne Neuberger, a top White House official, said this month that the government was “looking to take action to mitigate risks to the supply chain within the telecommunications sector.”

If its routers are banned from the U.S., it would mark the biggest extraction of Chinese telecom equipment from the country since the Trump administration in 2019 ordered Huawei Technologies ripped out of American infrastructure.

TP-Link’s U.S. growth took off during the pandemic, when people were sent home to work and needed reliable internet. The company climbed to around 65% of the U.S. market for home and small-business routers this year from around 20% in 2019. It took an additional 5% of the market in just the third quarter of this year, according to industry data. The TP-Link spokeswoman disputed the industry data but said the company’s market share has grown in the U.S.

TP-Link has also joined with more than 300 internet providers in the U.S. to be the router that is mailed to new homes that sign up for their services. Federal contracting documents show TP-Link routers supply everything from the National Aeronautics and Space Administration to the Defense Department and Drug

TP-Link share of U.S. market for routers for homes and small businesses



Source: Industry data

Enforcement Administration, and the routers are sold at on-line military exchanges.

The company’s market dominance has been achieved in part through lower prices. Its routers are cheaper than competitors’, often by more than half, according to market data.

The Justice Department is investigating whether the price discrepancies violate a federal law that prohibits attempts at monopolies by selling products for less than they cost to make, according to a person familiar with the matter. The TP-Link spokeswoman said the company doesn’t sell products below cost and is committed to compliance with U.S. laws, in-

cluding antimonopoly laws.

The Biden administration is exploring potential action against TP-Link as part of a response to the spate of recent cyberattacks linked to China. As part of that response, it is also moving to fully purge China Telecom’s U.S. subsidiary from U.S. telecom infrastructure. The Chinese-government-controlled telecom firm is minimally used in the U.S.

U.S. officials haven’t disclosed any evidence that TP-Link is a witting conduit for Chinese state-sponsored cyberattacks.

American router companies have also been linked to major hacks. U.S. investigators have

linked some recent intrusions, attributed to a Chinese hacking group dubbed Volt Typhoon, to aging routers built by Silicon Valley-based Cisco Systems and Netgear.

Nevertheless, those attacks have underscored the vulnerabilities posed by unpatched routers, which give hackers an easy vector for an attack, and possible additional risks posed by foreign-made routers.

The Defense Department this year opened an investigation into national-security vulnerabilities in Chinese routers, people familiar with the matter said. The House Select Committee on the Chinese Communist Party in August urged the Commerce Secretary to investigate TP-Link because it presents an “unusual degree of vulnerabilities.” The House of Representatives in September passed legislation that called for a study of the national-security risks posed by routers with ties to foreign adversaries, on which the Senate has yet to act.

The Commerce Department review is being led by an office created in the first Trump administration, the Office of Information and Communications Technology and Services, which has the power to prohibit companies from designated countries from selling technology to the U.S., based on national-security concerns.

The Race To Be First To the Airport

We tested an array of transportation options in New York, Chicago and Los Angeles

By Dawn Gilbertson
Visuals by Daisy Korpics,
Peter Champelli and Carl Churchill

Debate all you want about how early to get to the airport. Let's talk about the fastest way to get there. You probably have your routine down cold if you're heading from home. Getting there from major city centers—where many of us travel for work and play—is a different matter. Who hasn't asked a concierge or bellman the quickest way to the airports in New York, Chicago or Los Angeles?

This column is all about helping navigate your travels, so we did our own legwork. Ten WSJ journalists, competitive to the core, set out on a holiday-season Friday to find the fastest way to LaGuardia, O'Hare and LAX. No one was flying anywhere that day but me.

Weather wasn't an issue in any of the cities, though race-day temperatures in New York and Chicago were around freezing. None of us traveled more than 21 miles, but some assignments were cushier than others. A lucky few only had to jump into a taxi, ride-share or shuttle. Two reporters drove cars through clogged streets and freeways. And I lugged a 48-pound suitcase and stuffed backpack up and down subway stairs and onto a city bus en route to LaGuardia.

We all started out hoping to win in our respective cities, but reality set in quickly. Airline reporter Alison Sider texted me early in the race. The first Uber she ordered didn't show up and the driver didn't answer her calls, so she canceled after waiting 20 minutes and ordered another. "So I'm losing the race," she said, adding a sad-face emoji. So how did it go for the rest of us? Read on.

New York LaGuardia

Travel editor Adam Thompson, a bike-sharing devotee, bragged from the start that he was going to win the race from Times Square to LaGuardia pedaling 9 miles on an e-bike from New York's Citi Bike system. There are stations surprisingly close to the airport. He was insufferable, even

stress-testing the system before the race. In both directions. I didn't doubt him, but I figured it would be close, especially since the subway-to-bus combo is so popular with locals. Allison Pohle tried the new Uber Shuttle (\$18), and Jacob Passy walked a couple of blocks to Port Authority to catch a cab. What's that saying about the boss always being right? Adam won the race, making it in 52 minutes thanks to a sprint from the bike station to Terminal B. Good luck doing that with a family full of luggage. (He had to buy the celebratory drinks at Pour Authority in the airport.)

Jacob finished just a few minutes behind and would have at least tied if not for the taxi snub. Taxis are the easiest option, though pricey unless you're splitting or expensing the cost. He spent more than \$80, including tip.

Allison and I lagged 12 minutes behind Adam and tied for third. We blame that on the meeting point of Terminal B. Our shuttles stopped first at Terminal C. Allison called the

wait more agonizing than Midtown Manhattan traffic. The trip between terminals on my bus dragged on for about 15 minutes. There wasn't a prize for getting there the cheapest way, but I won that hands down: a \$2.90 subway ride. (The bus is free.) I like my chances next time with running shoes and no big suitcase—and a drop-off at Terminal C.

New York results
First: Adam Thompson, E-Bike
Time: 52 minutes
Second: Jacob Passy, Taxi
Time: 55 minutes
Tied for Third: Dawn Gilbertson, Subway/bus
Time: 64 minutes
Allison Pohle, Uber Shuttle
Time: 64 minutes

Chicago O'Hare
There was little debate about the likely winner in the race from outside the Chicago Theatre in the Loop to O'Hare. Roshan Fernandez was tapped to take public transportation, the straight shot that is the CTA Blue Line train. Alison



THE NEW YORK COMPETITORS Left to right: Adam Thompson on e-bike, Allison Pohle on Uber Shuttle, Dawn Gilbertson on the subway to the bus and Jacob Passy in a yellow taxi.

Sider took the wayward Uber. John Keilman got the worst assignment: driving. He got off to an ominous start when Apple Maps sent him through Chicago's Downtown and North Side neighborhoods instead of straight to the frequently jammed highway. The informal office poll nailed it. Roshan won, arriving at O'Hare's Terminal 1 in 64 minutes—another win for public transportation. (You can also take the train to Midway on Chicago's South Side.) The train was the cheapest ride, too, just \$2.50.

Alison came in at 92 minutes but could have taken the crown were it not for the Uber mess-up. Her actual travel time was a minute ahead of Roshan's. Her ride(s) cost \$78.69 including tip, plus a \$4 cancellation fee that was refunded. John turned in the worst time at 100 minutes for a roughly 20-mile journey. That was the longest time of any journey in our race. They celebrated, er, commiserated, over burgers and drinks at Small Cheval in Rosemont.

Chicago results
Winner: Roshan Fernandez, Train
Time: 64 minutes
Second: Alison Sider, Uber
Time: 92 minutes
Third: John Keilman, Car
Time: 100 minutes

Los Angeles International
You would be hard-pressed to find anyone eager to drop you off at LAX given its chronically clogged roadways. Three reporters from our Los Angeles bureau gamely volunteered to see who could get there fastest from Union Station in Downtown L.A. Anne Steele had a feeling she would win in an Uber, but worried about competition from colleague Sara Randazzo in a city-run express shuttle bus and Joe Flint in his Mustang GT 5.0.

All know LAX well enough to plan their airport approach from the south on Sepulveda Boulevard to avoid getting tangled in the airport In-N-Out Burger drive-through line on the north end. Dismiss (some of) those notions about getting to the airport in Los Angeles. Anne had the fastest overall time in our three-city airport event, at 46 minutes in an Uber despite New York's distance advantage. She credits a ride that arrived within a minute of ordering. No transportation mode to LAX took an hour or more, unlike in Chicago and New York. We didn't use traditional public transportation because it would have required taking a rapid bus to a train line to a shuttle bus. The city is preparing to offer better options in time for the Olympics.

Los Angeles results
Winner: Anne Steele, Uber
Time: 46 minutes
Second: Joe Flint, Car
Time: 56 minutes
Third: Sara Randazzo, Shuttle Bus
Time: 57 minutes

Watch a Social Media Video



Scan this QR code to watch how four WSJ journalists scrambled to get to LaGuardia Airport first.



WHAT WE LEARNED

- Getting to the airport is stressful no matter the circumstances. Our main takeaways:
- **Taxis and ride-sharing** get the job done efficiently but aren't without risks. Beware long waits, canceled rides and other hiccups. Yes, you can schedule a ride. But you'll usually pay a premium.
 - **Public transportation** is the way to go, when available, and almost always the cheapest option. It isn't for heavy packers, though.
 - **Shuttles** can be your friend, especially to LAX. The FlyAway bus from Union Station took just under 10 minutes more than an Uber and cost \$9.75, versus \$79 for Uber. The Uber Shuttle to LaGuardia costs \$18, versus \$80, including tip in a taxi.
 - **Biking** is a speedy option to LGA if—and this is a big if—you're an experienced city rider lugging next to nothing.
- What did this race teach us above all? Never cut it close getting to the airport. Even the best plans can go awry.



THE CHICAGO COMPETITORS Left to right: Alison Sider in an Uber, John Keilman driving and Roshan Fernandez on the train.



FROM TOP: ELIZABETH COETZEE/WSJ; LONDON: FRENCH FOR WSJ; STEPHANIE KORTZ FOR WSJ

PERSONAL JOURNAL.

The Smart Glasses That Won Me Over

Meta’s Ray-Bans and its prototype Orion hint at the future of face computers—sleek, stylish and truly wearable



PERSONAL TECHNOLOGY
JOANNA STERN

It was a perfect August day for mini golf with the kids. The sun was shining, the windmills were spinning. Then came the sudden plummet into despair: I had forgotten my Ray-Ban Meta camera sunglasses.

I was forced to hold up my phone to take photos...like some Victorian-era photographer hunched over a giant wooden camera box.

This was the year smart glasses won me over. These lighter-weight face computers are the next step in how we interact with each other and our surroundings. This isn’t virtual-reality or a detour to the metaverse—you see the real world, just with digital stuff in it. And you look at your phone a lot less.

You’d think it was the \$3,500 Apple Vision Pro that convinced me of this. But nope. After its January launch, that headset spent months enjoying downtime in my attic. I love how it places digital info onto the real world, just not enough to tolerate the weight of a watermelon on my head.

What did it for me was the \$299-and-up Ray-Bans, from the maker of Facebook and Instagram.

“I wouldn’t call them a face computer,” Alex Himel, Meta’s vice president of wearables, told me. “There’s an analogy—an escalator doesn’t break. It becomes stairs. When these run out of battery, they’re still a beautiful looking pair of glasses.”

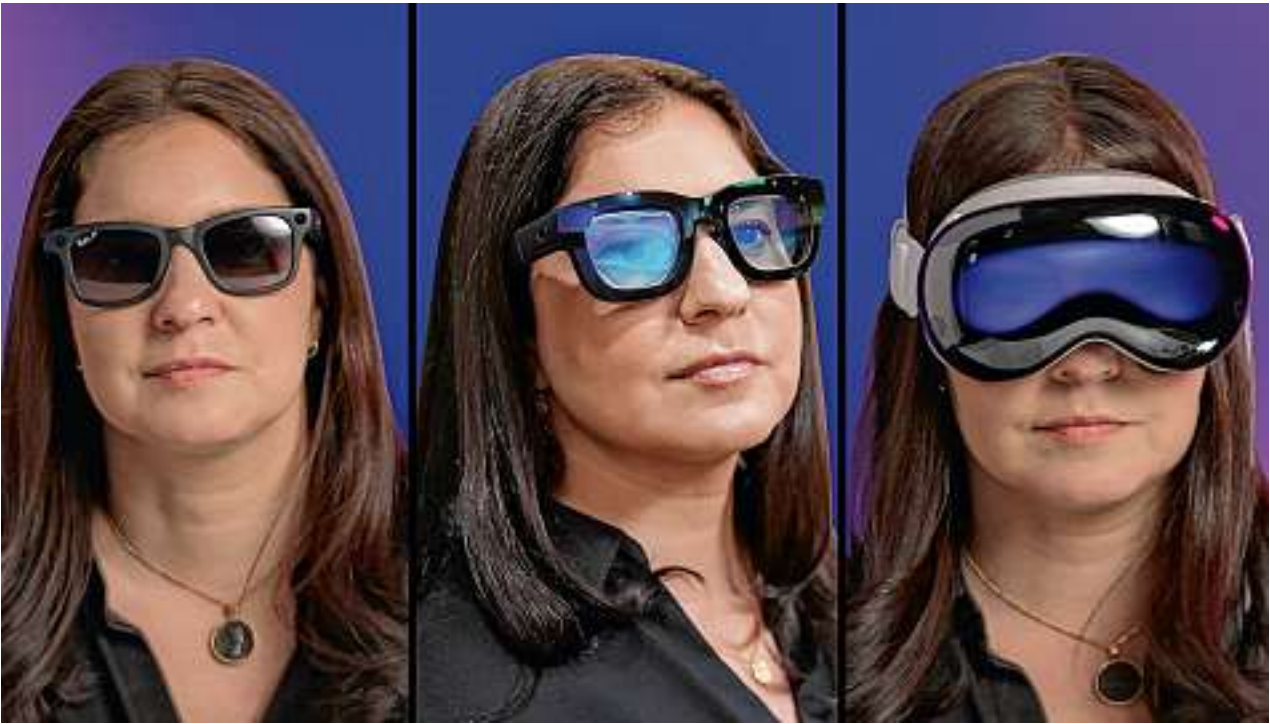
He’s right. That’s why I wear them outside almost daily. The glasses I thought would be a flash in the pan have become one of the most successful tech products in years—simple, affordable and technically well-designed.

But how do we get from Ray-Bans to a Vision Pro-level experience without sacrificing what makes them great? For some hints, I got a preview of a futuristic prototype Meta is working on, and tips on the company’s next eyewear, expected in 2025.

What’s here

Today’s devices sit at opposite ends of a spectrum—what I call a Face Computing Matrix.

- **Dumb smart glasses:** At the low-bulk, low-power end are regular-looking glasses with limited processing and capabilities, most notably the Ray-Ban Metas. They’ve got a camera, mics and speakers for snapping photos and video, listening to music or podcasts and chatting with Meta AI. You can get them as sunglasses or prescription frames—yes, even with transition indoor/outdoor lenses.
- There’s no screen or onboard computer; they rely on a Bluetooth connection to your smartphone. One of my biggest gripes is that they often unpair from the phone



Today’s face computers, from left: Ray-Ban Metas with a camera but no screen; Meta’s Orion prototype with holographic displays; Apple’s Vision Pro with cameras and displays for showing digital stuff in the real world.

and the Meta View app. Battery life could also be better.

For me, the camera is the winning element. I can snap photos of my kids without getting distracted by notifications. Plus, it’s great for capturing a first-person view of two-handed activities like skiing, biking, driving, tubing, golfing. (I’m sure that golfer vision is how Mark Zuckerberg pitched it to Donald Trump when giving him a pair recently at Mar-a-Lago.)

- **Mixed-reality headsets:** At the powerful but bulky end are mixed-reality headsets, e.g., Apple Vision Pro or Meta Quest 3. These devices are full-fledged computers with

screens, letting you see the world in front of you with an overlaid digital interface. You can game, work, message, watch and browse. The front-facing cameras track your hand movements, so you can navigate the interface with just pinches and gestures in the air.

All that tech crammed inside makes these headsets big and bulky. Even though Apple took the battery out of the Vision Pro and stuck it on a cord, after an hour or two, it still feels like your neck is auditioning for a role as a coat rack. And since these need cameras to show you the world, they’re basically ultraheavy sleep masks when turned off.

What’s coming

We really want something in the middle—something similar to Meta Orion, an augmented-reality eyewear prototype the company has started showing off in private demos.

I got to try out the chunky,

Buddy Holly-style Orion frames in a secret room at Meta’s California headquarters. Looking through them is like looking through a regular pair of glasses, until the in-lens holographic projectors light up. Then it’s similar to using a mixed-reality headset.

A menu floats in front of you, apps hover in your space and your eyes become the cursor. Just look at something, then pinch your thumb and index finger to select it. Instead of using cameras for finger and hand navigation, a sensor wristband detects electrical signals generated by muscle contractions. The brains of the operation—processor, RAM, etc.—live in a wireless “compute puck” that connects to the glasses.

During the demo, I played a

The Ray-Ban Metas are great for capturing moments, like below, where you wouldn’t want to have a smartphone in your hands.



game, scrolled websites, video-chatted with someone and used AI to scan ingredients to generate a recipe. Remember how I used the Vision Pro to put virtual cooking timers over my stove? Augmented reality’s killer app is cooking. I’m going to die on this delicious hill.

The whole demo was like seeing the future, but with lots of asterisks. The image quality was grainy, it felt sluggish compared with bulkier headsets and the software just didn’t work at times. Another minor detail: Each prototype costs \$10,000 to make.

“We want to dial in the manufacturing and bring down the cost so that they’re easier to scale and more affordable,” Himel said.

What’s next

What Meta’s doing with Orion is what every other big tech company is doing in their own labs. Apple’s Tim Cook has said the Vision Pro is just the first step—but that company famously doesn’t show off prototypes. Last week, Google began previewing glasses with Android XR, a headset interface. Snap has Spectacles, which it released to software developers.

Meta says a device like Orion will be out in the next few years. Before we land on that sweet spot, we’re going to edge toward it.

The company is working on a pair of Ray-Ban-like glasses with a single small in-lens screen, expected in 2025, according to a person familiar with the project. Meta also plans to release a version of the sensor wrist band.

While Meta didn’t confirm the heads-up-display glasses, Himel said the most requested Ray-Ban features are a viewfinder and pop-up smartphone notifications. The company is working on different display technologies and multiple “sizes and form factors,” he added.

Yes, face-computer-palooza is coming. But do we *really* want all the smartphone clutter in our eye line? Part of why I love the Ray-Bans is that they give me a break from my phone’s endless distractions. And do we really want Meta, known for an ad business built on personal data, to be our virtual eyes and ears? (The company says photos and videos captured through the Ray-Ban glasses are yours and not used without your permission.)

On the bright side, my putting might improve when my glasses guide me to make the perfect shot—my kids will think I’m a mini-golf legend.

Watch a Video

Scan this QR code for a glimpse at the sleek high-tech smart glasses we’ve dreamed about.

FROM TOP: ADAM FALK; DAVID HALL/WSJ; JOANNA STERN/WSJ

Where It Pays to Look Like Jesus

Continued from Page One

gives Irish and Scandinavian vibes. “I make for a pretty tall Jesus.”

And so it was that Sagers began a side hustle as a savior.

Models who look like Jesus are in high demand in Utah. That’s because for a growing number of people in the state, a picture isn’t complete without Him. They are hiring Jesus look-alikes for family portraits and wedding announcements. Models are showing up to walk with a newly engaged couple through a field, play with young children in the Bonneville Salt Flats, and cram in with the family for the annual Christmas card.

Since being recruited about four years ago, Sagers has posed as Jesus nearly a dozen times. Others have done so far more often, charging about \$100 to \$200 an hour to pose with children, families and couples at various locations in the Beehive state.

For the newly sought-after models, the job can be freighted with meaning and responsibility. Look-alikes find that people expect them to embody Jesus in more ways than the hair and beard. Some models said they feel like a celebrity when

they don the robe—and get treated like one too. (One felt compelled to remind an onlooker he wasn’t the real Jesus.) Others said they’ve had their own semireligious experiences on the job.

In the fall of 2020, MaKayla Avalos hired a friend’s brother to pose as Jesus for pictures with her children. The 28-year-old runs a photography business in Ogden and she wanted her children to be able to see the photos of themselves with Jesus every day.

“Most Christians have Christian artwork in their home,” she said. “This is a way to make it more personal, more catered to an individual.” When she put the pictures on Facebook, she was inundated with comments and private messages from people who wanted similar photos. Avalos created a waiting list and started doing shoots with the model on Antelope Island, an outpost in the Great Salt Lake full of backdrops that pass for an anno Domini Middle East. She has photographed about 50 or 60 groups.

When families sign up, she has a few warnings: “If your kid doesn’t like taking pictures on Santa’s lap, he probably won’t like this experience with Jesus, either,” she says. “Kids either love it and it’s the best thing ever, or it’s a terrifying moment and it’s traumatizing.”

Finding a model can be difficult. Areas of Utah with high concentrations of Mormons—who also call themselves Latter-day Saints or LDS—tend to lack potential Jesus doppelgängers. Some men who



▲ Bob Sagers, a cheesemonger at a Salt Lake City grocery store, does Jesus modeling on the side.

work or volunteer for the church, one of the state’s largest employers, are required to shave every day and keep their hair short.

Brigham Young University, the church’s flagship higher education institution in Provo, requires students and employees to abide by an honor code that includes being clean-shaven. Those who may need a beard or long hair for health or other reasons have to seek a spe-

cial exemption, or “beard card.”

Jai Knighton, a professional model who has posed as Jesus in a number of family portrait shoots since 2021, said he kept himself clean-shaven at BYU but eventually found work as a model and actor after he graduated and grew out a beard and longer hair.

Portraying Jesus can be tricky, said Knighton, 32. One person who hired him wanted him to be “the most Christ-like person you can be, or people will be able to tell through the photos that it’s not real.”

Others were more relaxed, asking him to smile and enjoy himself. Knighton said he tried to portray Jesus in a way that’s similar to how he is depicted in “The Chosen,” a series that has gained a following among Mormons and other Christians. Actor Jonathan Roumie’s Jesus is warm and jovial, often laughing with disciples.

“Stoic Jesus is intimidating,” Knighton said. “A Jesus who smiles and pats you on the back is much more relatable.”

Terry Holker was posing for photos in the Salt Flats when a woman

approached him and asked if he could walk with her for a moment and hold her hand.

“You know I’m not the real Jesus, right?” Holker, 50, said he remembers asking the woman. She told Holker she had been looking for a sign from God when she was driving by.

It’s difficult to pinpoint what sparked rising demand for Jesus models. Photos or paintings of Jesus have graced homes for hundreds of years. However, in Utah’s pantheon of new-age Jesus models, Holker stands out as an early adopter.

About a decade ago, Holker, a church member, asked a friend to make him several high-quality robes and set up a photo shoot as a gift to his mother.

“My mom went nuts,” said Holker. She made scores of copies of the photo, printing them on canvas, framing them and giving them away as gifts for Christmas, weddings and welcoming new neighbors.

Holker has posed as Jesus in many photos but hasn’t charged anyone for the privilege. He has sold his Jesus prints at gun shows to recoup the printing costs.

“I don’t know how many homes in the Utah valley have a picture of me in their living room,” he said. “If you look at a Jesus picture and you don’t know the model, you might be like, ‘Whoa, it’s Jesus.’ But if you know the person, it hits different. People are like, ‘Yeah, this is my neighbor’s son.’”

KIM DRAFF FOR WSJ



RING COMMAND SYSTEM



SAROS ANNUAL
CALENDAR



ROLEX GLIDELock
EXTENSION SYSTEM

AN INVITATION TO TRAVEL

A technological masterpiece that combines elegance and ease of use. The Sky-Dweller allows travelers to keep track of time across the world. Its Saros annual calendar, which distinguishes between 30- and 31-day months, and the dual time zone feature can be quickly and securely set via the ingenious Ring Command system. With cutting-edge performance, it embodies Rolex's unique culture of innovation that constantly pushes the bounds of mechanical watchmaking. **The Sky-Dweller.**

#Perpetual



OYSTER PERPETUAL SKY-DWELLER

OFFICIAL ROLEX JEWELER



20 Broad Street, New York, NY 10005 212.732.0890
1118 Kings Highway, Brooklyn NY 11229 718.375.1818
www.williambarthman.com



ROLEX  OYSTER PERPETUAL AND SKY-DWELLER ARE © TRADEMARKS.

THIS VETERAN HAS EXPERIENCED ENOUGH.

HE SHOULDN'T HAVE TO FIGHT HOUSING DISCRIMINATION BECAUSE OF HIS DISABILITY.

Sergio lost his leg and his hearing while serving our country overseas. Now back home, he was ready to start a new chapter in his life. But when he found the perfect apartment, the landlord refused to make a reasonable accommodation to allow his service dog in a “no pets” building. Then Sergio learned that the Fair Housing Act protects people with disabilities. He contacted HUD and filed a complaint. Today, Sergio is feeling right at home.

If you believe you’ve experienced housing discrimination, please contact **[hud.gov/fairhousing](https://www.hud.gov/fairhousing)** or call **1-800-669-9777**



50 YEARS OF OPENING DOORS.

A public service message from the U.S. Department of Housing and Urban Development in cooperation with the National Fair Housing Alliance. The federal Fair Housing Act prohibits discrimination because of race, color, religion, national origin, sex, familial status or disability. For more information, visit **www.hud.gov/fairhousing**.

ARTS IN REVIEW



By JOSHUA I. COHEN

ART REVIEW

Storytelling’s Power

An eclectic exhibition connects Africa’s artistic and oral traditions

Sounds of burbling water, synthesizer, singing and thumb piano cascade through the opening sections of the exhibition “Narrative Wisdom and African Arts,” at the Saint Louis Art Museum. Part of an immersive audio installation by the contemporary Lagos, Nigeria- and Berlin-based artist Emeka Ogboh, this soundscape provides more than just ambiance. For a thematically organized show that traces connections between art and oral tradition, Mr. Ogboh’s installation draws on specifically Igbo (Nigerian) idioms while making a larger overture to African oral historians as keepers of myth, poetry, storytelling and proverbs.

“Narrative Wisdom and African Arts” showcases more than 150 works, dating from the 13th century into the 21st, in a range of media. Some of its artists, like Mr. Ogboh, are global contemporary players. Others are makers from the past whose identities have been obscured by the ravages of colonial-era collecting practices and a dearth of corrective documentation. In the first section, “Prelude,” oral tradition is the glue binding the musical and visual arts. Finely decorated musical instruments, the tools of the oral historian’s trade—a Chokwe thumb piano from Angola, a Fang harp from Equatorial Guinea, a Mandinka *kora* from the Republic of Guinea—are juxtaposed with several wooden sculptures depicting storytellers in action. One, “Figure Portraying Chief With Thumb Piano,” carved by a 19th-century Chokwe artist from Angola, puts the hand-held metal-tined instrument at the center of its composition, reminding us how much a leader’s legitimacy depends on the enchantments of oral

history. Granted, the figure is cast in the historically inaccurate role of court bard. But that decision accurately underscores such bards’ historical entanglements with state regimes: Leaders regularly hire musical storytellers to sing their own praises.

I had walked into the show expecting to find many examples of stories told through art. In fact, the exhibition includes only a handful of works in this vein—for instance, a large painting by an unidentified Ethiopian artist (early to mid-20th century), shown in the “Leadership and Power Play” section, that deploys a frame-by-frame sequential narrative to consecrate Ethiopia’s Emperor Menelik II, who ruled from 1880 until 1909, as a descendant of Sheba and Solomon. More often, “narrative” in the exhibition means the selective retelling of events to serve a personal or political agenda.

A Chokwe “Chief’s Chair” (19th century, Angola) needs only the carvings on its backrest—five Chihongo masks on the crest and, below them, three conically masked figures embodying the spirit Chihunza—to effectively convey, symbolically but also quite literally, the occupant’s supernatural backing. Esoteric knowledge also finds form as popular imagery in the modern Fon culture of the Republic of Benin. Four emblems of Hevioso, the god of thunder, adorn the top of a Fon parasol, each one showing a ram spitting a double blade, signifying Hevioso’s mythic association with the Dahomean King Agaja



(ruled 1711-1740). Such emblems enhance the authority of Fon leaders who, carried by attendants in procession, benefit from the powerful symbolism and attention-grabbing color of the parasol, not to mention its shade from the sun.

After following the narratives of African leaders, the exhibition turns, in its “Memory” section, toward what the show’s curator, Nicole N. Bridges, calls “people’s parables.” Here and in the two following sections, narrative persists not in deference to the machinery of leadership but resolutely despite it. A mixed-media work by the Mozambican artist Gonçalo Mabunda, “The Throne of Beyond” (2019), assembles munitions recovered in the aftermath of Mozambique’s civil war—a Cold War con-

flict waged from 1977 to 1992 between capitalist- and communist-aligned factions. Echoing the Chokwe chiefs’ chairs displayed in the previous section, Mr. Mabunda’s assemblage reimagines his country as a supportive seat for its populace, while not forgetting the country’s descent into chaos.

Video works by South African artist Sue Williamson, “Better Lives, I and II” (2003), stage the personal migration narratives of a half-dozen Cape Town-based Somali, Congolese, Burundian and Angolan refugees. Her camera records these individuals sitting in almost complete stillness, listening to playbacks of themselves telling their own stories. “Better Lives” gives voice to versions of events that fall between the cracks of official accounts. It also blurs boundaries between photography and video, portraiture and storytelling. The refugees’ moving testimonies suggest how their personal narratives, refined and deepened over many iterations, help them make sense of their past and resurrect the possibility of a future.

One of the exhibition’s strengths is its structured eclecticism. “Narrative Wisdom” brings together works from across genres and media: traditional and modern, “high” and “low,” sculpture, painting, textiles, photography, new media. “Narrative,” as a thematic framework, puts popular painters in conversation with historical masters, contemporary luminaries and other kinds of makers in between. In one gallery, Senegalese glass paintings confront a Bamana

Clockwise from top left: ‘Chief’s Chair’ (Chokwe artist, 19th century); Gonçalo Mabunda’s ‘The Throne of Beyond’ (2019); ‘Figure Portraying Chief With Thumb Piano’ (Chokwe artist, 19th century); and ‘Royal Parasol’ (Fon artist, 19th century).

boli power object from Mali encrusted with sacrificial materials. In another, the painted subject of a portrait-like canvas by the Ghanaian artist Kwame Akoto gazes out at a room full of dazzling figural staffs, gold weights, and flags. In the exhibition’s final section, “Ancestral Wisdoms and Allegory,” mudflaps from Tanzanian motorcycle taxis (c. 1991) appear next to Woyo vessel lids from what is now the Democratic Republic of Congo (early 20th century). Both sets of objects invoke proverbs: “Goodness should not exceed capacity” (translation of Swahili inscription on a mudflap); “The drum beats louder when next to a big tree” (Woyo proverb conveyed in a decorative carving of a slit drum).

Exhibitions of African art in the West have often zeroed in on individual cultures, mediums, countries or regions. “Narrative Wisdom” grounds its viewers in a sense of place and history while leaving the usual preconceived categories aside. It’s an approach that affords opportunities for active, conceptual thinking—and indeed requires it. In the space of the exhibition, messages communicated across media, first heard as a melodic murmur, end up coming through loud and clear.

Narrative Wisdom and African Arts

Saint Louis Art Museum, through Feb. 16, 2025

Mr. Cohen is an associate professor of art history at Stanford University.

DANCE REVIEW

Different Takes On a Christmas Treat

By ROBERT GRESKOVIC

Since “The Nutcracker” had its 1892 premiere with Russia’s imperial ballet in St. Petersburg, the underlying source for the now world-famous and popular Christmas-season entertainment has been “The Nutcracker and the Mouse King,” E.T.A. Hoffmann’s 1816 tale. Its Christmas Eve narrative about a German family visited by an eccentric, older gentleman tells of often fantastical adventures in which mice and toys—particularly a sharp-jawed, bearded nutcracker—play parts.

That initial Russian staging is no longer on the boards, but subsequent productions—danced to its specially commissioned score by Tchaikovsky—are too numerous to count. This season, two impressive opera-house stagings are playing in this city and could be characterized as opposite sides of the “Nutcracker” coin.

George Balanchine’s 1954 version for New York City Ballet, revised in 1964, retains the work’s warm 19th-century European atmosphere. His stage pictures recall a Victorian world with apt interior and exterior sets by Rouben Ter-Arutunian and

related costumes by Karinska. This year’s first performance of the ballet’s five-week run at Lincoln Center showed the production in fine shape, its adult and children’s roles revealing the rigor and energy that underpin them.

Mark Morris’s 1991 staging for his own modern dance troupe, the Mark Morris Dance Group, is titled “The Hard Nut,” after Hoffmann’s story-within-a-story about searching for a

hard nut to undo a malicious spell, and it approaches the action with a sometimes arch 1960s and ’70s American sensibility, inspired by the horror-comics of Charles Burns. That aesthetic was worked into bold settings by Adrienne Lobel and witty costuming by Martin Pakledinaz. And the MMDG’s commitment to the choreography’s often edgy intentions shone through at its opening performance at the Brooklyn Academy of Music, with both its comedic and lyrical dimensions vividly on view.

For as long as the Hoffmann tale has been adapted for dance theater, some of its eerie details have been softened or eliminated, but Mr. Morris’s version aims for “something scary,” as he has said, including long-nailed aggressive rats and a gro-



tesquely disfigured princess. Both of these productions feature as their central character a goodhearted girl-child named Marie, honoring Hoffmann’s name for his little heroine; the original St. Petersburg staging renamed her Clara, after one of Marie’s dolls, which many other versions of “Nutcracker” continue to do.

Hoffmann’s Marie was 7 years old. Balanchine’s casting calls for a young ballet student; at the NYCB performance I saw, Sasi Shrobe-Joseph, at age 13, maintained her character’s innocence by displaying Balanchine’s pantomime with artful confidence. Mr. Morris’s Marie is a member of his group of adult dancers who play all of his scenario’s child characters. Lively, dark-haired and short of stature, Mica Bernas dances her in Brooklyn, consistently embodying Marie’s grit and warmth.

Hoffmann’s Godfather Drosselmeier, the story’s mysterious clock-maker and magician, is for Balanchine a curious fellow with an

▲ A scene from ‘George Balanchine’s The Nutcracker’ at Lincoln Center.

eyepatch, black-clad and quirky. The choreographer once suggested that the character have the manner of a Frenchman, which Robert La Fosse deftly mimed with sly elegance. For Mr. Morris, Drosselmeier is a lanky, stylish hippie, smartly attired mostly in red and walking with a cane; Billy Smith’s portrayal was as sleek as it was fascinating.

Where Balanchine’s choreography, with some rearrangement of the score and one interpolation, hews to the broad outlines of the original ballet with its party scene, battle between mice and toy soldiers, snow forest and land of sweets, Mr. Morris’s uses Tchaikovsky’s complete score, as written, and includes Hoffmann’s “Hard Nut” tale. The traditional, climactic pas de deux for a Sugarplum Fairy and her cavalier, nowhere mentioned in Hoffmann, is

thrillingly arranged by Balanchine and was danced that way by Megan Fairchild and Joseph Gordon. Mr. Morris’s climax has his full cast frame and interact energetically with Marie, who is enraptured by her Nutcracker-turned-prince, athletically performed by Domingo Estrada Jr.

One notable highlight of both these stagings is an episode not in Hoffmann—a scene set in a land of snow and accompanied by one of Tchaikovsky’s most inspired waltzes. Balanchine’s “Waltz of the Snowflakes” is a swirling composition for an all-female ensemble on pointe, effectively evoking a snow globe of iridescent whites and ice-blues. Mr. Morris calls his bold, onrushing waltz a blizzard, in which barefoot male and female dancers uniformly costumed in short black-and-white tutus and bolero tops—their coiffeurs peaked like soft ice-cream—cover the stage with bucking jumps and galloping footwork as they fling fistfuls of confetti snow.

These two productions each honor Hoffmann’s ending, which has his young protagonists leave their elders and their world behind to depart into their future as soul mates—not choosing to suggest, as so many versions of the “Nutcracker” do, that its action was all a dream. For Hoffmann, it was simply magic.

George Balanchine’s The Nutcracker

David H. Koch Theater, through Jan. 5, 2025

The Hard Nut

BAM Howard Gilman Opera House, through Dec. 22

Mr. Greskovic writes about dance for the Journal.

By JARED DIAMOND

When the newly expanded College Football Playoff begins this weekend, the head coaches roaming the sidelines will carry the fingerprints of some of the most influential minds the sport has ever seen.

Four of them spent time on Nick Saban's staff. One honed his craft under Urban Meyer. Another played quarterback for Bob Stoops.

But despite that illustrious list of names, a surprising number of coaches in these playoffs attribute their success to someone whose career hasn't been quite so bally-hooded.

Florida State's Mike Norvell has never won a national championship. His teams have never even reached the playoffs. And he just oversaw one of the most disappointing seasons in history, a 2-10 debacle at what is supposed to be a premier program.

Nonetheless, Norvell has served as a critical mentor for some of the buzziest coaches in the country, from Oregon's Dan Lanning to Arizona State's Kenny Dillingham. It has made him the head of an unlikely coaching tree with branches expanding across the college football elite.

In fact, when a champion is crowned next month, there's a shockingly good chance that Norvell will be part of the reason why. "They're sitting in the playoffs right now," Norvell said of his collection of his playoff-bound protégés. "I get to cheer them on."

Dillingham and Lanning have each enjoyed meteoric rises. At ages 34 and 38, respectively, they are the two youngest head coaches in the Power Four conferences, emerging as prodigies in a profession that hasn't always been friendly toward upstart interlopers.

Lanning's Ducks are a powerhouse, establishing themselves as championship favorites after completing an undefeated regular season. Dillingham's Sun Devils might be the biggest overachievers in college football, surging to a Big 12 title despite being widely predicted to finish last in the league. Both have led their teams to first-round playoff byes and spots in the quarterfinals.

But long before any of that, they worked alongside Norvell at Arizona State and then joined his staff when he became head coach at the

The Most Influential Coach in the Playoff

Mike Norvell had a disastrous 2-10 season at Florida State. But he also happens to be a mentor to some of the buzziest coaches in the country, including Dan Lanning and Kenny Dillingham.



Florida State's Mike Norvell has served as a critical mentor for some of college football's top young coaches.

University of Memphis in 2016.

While Lanning and Dillingham are Norvell's most renowned disciples, they aren't the only ones. Southern Methodist defensive coordinator Scott Symons, Oregon special teams coordinator Joe Lorig and Ohio State running backs coach Carlos Locklyn all had stops under Norvell.

"Being successful as a head coach," Symons said, "you're only as good as the assistants that you hire."

That's a mantra the 43-year-old Norvell learned early on. He developed under the tutelage of veteran Todd Graham, who instilled in him the importance of helping young coaches advance in their careers.

By watching Graham, Norvell came to realize that cultivating a

coaching tree doesn't happen on its own. It requires effort that not all head coaches are willing to undertake.

Graham believed that everybody involved in the program should be given outsized responsibility, starting with the graduate assistants. "I didn't need them to go get me coffee," Graham said, and he passed that philosophy onto Norvell.

Norvell remembers the exact moment that message resonated. It was shortly after he started as a GA under Graham at Tulsa in 2007. He was sitting along the back wall during a meeting, since he was too junior to have a seat at the main table. Graham said that day that he aspired to build a staff where every person treated his job as if

he were the head coach.

Norvell immediately wrote that lesson down. He never forgot it.

"That was something that always stuck with me," Norvell said.

Graham also says that head coaches should push their coordinators into the spotlight and talk them up publicly whenever possible. Unlike some of his peers, Graham encourages his assistants to speak with reporters, knowing the experience will prepare them for the head coach's seat in the future.

"That is critical in a coach's development," Dillingham said. "If you've never done interviews and people don't know who you are, people can't Google you and see you talk and get to know you."

Norvell quickly saw that Graham's strategy was mutually bene-

ficial. It allowed Graham to attract top assistants because, Norvell said, "They don't have to question whether there's opportunity for growth." The harder part is identifying talent.

Lanning essentially forced his way into the industry by force of will. He was an assistant coach at a high school outside of Kansas City, Mo., and encountered Graham and his staff at a coaching clinic at Tulsa. When Graham and Norvell moved on to Pittsburgh in 2011, Lanning drove through the night and showed up on campus unannounced in the hopes of securing a job.

The ploy worked. Impressed by Lanning's tenacity, Graham hired Lanning as an intern. Within a few months, he had been promoted to graduate assistant. By the next year, Graham said, Lanning was helping call the defensive plays despite still being a GA.

"Dan is the best," Graham said. "My other coaches might get mad at that."

Dillingham, meanwhile, began coaching the junior varsity team of his high school in Arizona during his senior year after a knee injury ended his playing career. By 21, he was the offensive coordinator of the varsity squad. It was around that time when he met Norvell, who was then Graham's offensive coordinator at ASU. Norvell right away saw that Dillingham was somebody to take seriously.

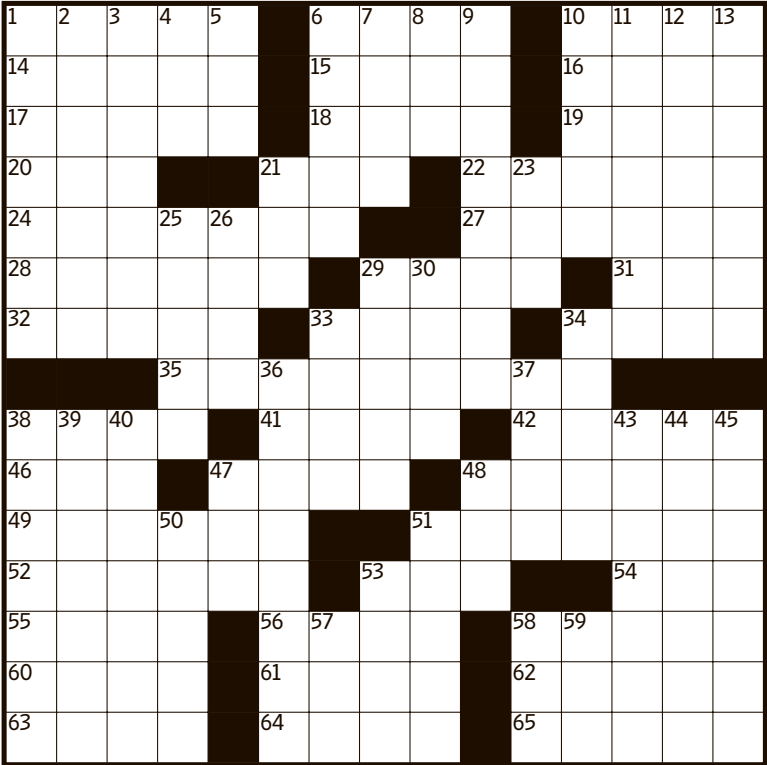
He started allowing Dillingham to attend meetings and practices. When Norvell needed an offensive assistant in 2014, he didn't have to look far. When Norvell got his first head coaching job at Memphis in 2016, he brought Dillingham with as a GA and tapped Lanning as his inside linebackers coach. Lanning would go on to attend Dillingham's wedding.

There could be a reunion in store. If Dillingham is able to lead Arizona State to a win in the Peach Bowl on New Year's Day, the Sun Devils' next game would be in the semifinals.

Their likely opponent? Lanning and the Oregon Ducks.

GRANT HAUVERSON/GETTY IMAGES

The WSJ Daily Crossword | Edited by Mike Shenk



- 13 Bricklayer's concern
- 21 Damage
- 23 Minnie Mouse's topper
- 25 Cartoon sound effect
- 26 Perished
- 29 Afterthought (Texas patriot Houston)
- 30 Resident of Equestria
- 33 Muslim leader
- 34 Half-hearted pair?
- 36 Neck-and-neck finish
- 37 Really long-haul craft
- 38 Creamy party food
- 39 Preps for the next leg
- 40 Stuffy
- 43 Add zhuzh to
- 44 Illustrious
- 45 Neptune and Nereus, for two
- 47 Part of HMS, sometimes
- 48 Emotion voiced by Amy Poehler in two Pixar films
- 50 Point toward
- 51 Meditation chant (singer Orbison)
- 53 Lose
- 57 Taoist force
- 58 "Click-to-Cancel" org.
- 59 Hot state

NAME DROPPING | By Joanne Sullivan

- Across

1 Trying to avoid a strike, perhaps

6 On-the-go mix

10 Letters on Valentina Tereshkova's space helmet

14 1986 horror novel (writer Tolstoy)

15 "Earth's Children" series author

16 "Very funny!"

17 Flood bank

18 Appeal to

19 Give off

20 Four Corners people

21 OB-GYNs, e.g.

22 Missing

24 When the lights are off on Broadway

27 Bank deposit (poker legend Ungar)

28 Jaguar, Ram or Charger (QB Manning)
- 29 Eject

31 Financial Literacy Mo.

32 Zoom alternative

33 Bygone Apple device

34 Short order?

35 Method used to eliminate the parenthetical descriptions from the answers

38 Bird's crop

41 Low-maintenance

42 Liberates

46 Shoulder garland

47 Soccer icon

48 The hour after midnight (comedian Gaffigan)

49 Latest thing (media pro Fleischer)

51 Patron saint of Palermo

52 Stubborn
- 53 Plant-based protein

54 Dutch banking giant

55 Consider

56 Tunnel sound effect

58 Cops, in slang

60 Ingrid's "Casablanca" role

61 Guttural attention getter

62 Health-care pro (actor Danson)

63 Sibilant attention getter

64 Like the home of a KonMari practitioner, presumably

65 Monetary hundredths
- 4 Stopped the bellyaching?

5 Calabria's position in the boot of Italy

6 Commercial (director Ritchie)

7 Sharing pronoun

8 Not long or short, for short

9 "Yes, go right ahead!"

10 Highboy, e.g.

11 Paparazzi's equipment

12 Elbow-benders' activity at bars

Previous Puzzle's Solution



NFL's Weirdest QB Experiment Just Spectacularly Imploded

By ANDREW BEATON

THE ATLANTA FALCONS hatched a plan to solve their quarterback woes last off-season. The strange part was when they came up with a second one.

It looked like they had found their answer when they signed veteran Kirk Cousins to a free-agent contract with \$100 million of guaranteed money. Then a month later, they used the No. 8 overall pick in the draft to acquire a different quarterback, Michael Penix Jr.

It was a peculiar idea from the outset. Atlanta wound up splurging an incredible amount of its team-building resources on two players who played the same position, with one of them destined to ride the bench. But their intent was for Cousins to lead the team for a couple years while Penix developed behind him.

Now, less than a season into this highly unusual setup, Cousins is the one heading to the bench.

After a disappointing string of games that saw the Falcons slip behind in the playoff race, coach Raheem Morris named Penix the starter heading into Sunday's game against the New York Giants. It's a move that makes Cousins a potential albatross for the franchise going forward, while the team gambles that a rookie who has thrown a grand total of five NFL passes gives them a better shot at reaching the postseason.

"After review, we have made the decision Michael Penix will be the Atlanta Falcons starting quarterback moving forward," Morris said in the statement. "This was a football decision and we are fully focused on preparing the team for Sunday's game."

While Cousins could hardly be confused with the world-beaters at his position like Patrick Mahomes and Josh Allen, the 36-year-old had been a solid performer



In Atlanta, Michael Penix Jr. is in and Kirk Cousins is out.

for years. After beginning his career in Washington, he became the rare Pro Bowl quarterback to hit free agency and cashed in with a groundbreaking, fully guaranteed deal from the Minnesota Vikings in 2018.

But after going 50-37-1 with Minnesota, Cousins tore his Achilles midway through last season—right before he was set to become a free agent once again.

When the Falcons ultimately won a bidding war for his services, the signing came with a fair bit of risk. Cousins was both hitting the wrong side of the NFL's aging curve and coming off a serious injury. Still, it made sense for a team stocked with talent at the skill positions that had spent years crying out for quality play under center.

That's why it raised eyebrows when the Falcons quickly proceeded to draft Penix. Signing Cousins signaled that the team intended to win immediately. But instead of using their first round pick to strengthen the team around Cousins, they brought in Penix to help in the future.

That future arrived even sooner than they anticipated.

Over the last five games, during which Atlanta went 1-4, Cousins threw just one touchdown against nine interceptions. While they narrowly won the most recent of those 15-9 over the lowly

Las Vegas Raiders, it marked the first time that Morris didn't commit to sticking with the veteran.

"There's no secret: We didn't play well enough at the quarterback position, and we've got to find ways to play better," Morris said Monday.

Now Penix, who led Washington to a national championship appearance last year, takes over a team with a 7-7 record, which puts the Falcons one game behind the Tampa Bay Buccaneers in the NFC South. Atlanta holds the tiebreaker between the two teams having won both of their matchups earlier this season.

The bigger question for the Falcons, though, is where all of this leaves them beyond this year. Unless they give the ball back to Cousins, he'll wind up as a lucratively paid benchwarmer—or they'll have to pay him tens of millions to play elsewhere.

If Atlanta simply cuts Cousins, the structure of his contract and the guarantees means that he would still count \$65 million against the team's salary cap in future years.

Those outcomes will be easier to stomach if Penix lives up to his high draft pick. And for his first start, Atlanta gave the rookie a prime opportunity to hit the ground running: The Giants are tied for the worst record in the league.

KEVIN C. COX/GETTY IMAGES

OPINION

The Government’s Drone Denials



WONDER LAND
By Daniel Henninger

The big Chinese spy balloon that floated across the breadth of the U.S. for a week last year was a source of endless fascination. But for the past week, fascination with close encounters of an unexplained kind with drones have created a public response that is both amazed and disgusted.

Amazement that the federal government can’t tell the public why drones are filling the night skies over multiple states and military installations. Disgust at the reasonable belief that the government is refusing to explain what is happening.

The magnitude of the incidents and reported events is startling. Initially, people in New Jersey, Connecticut and Staten Island, N.Y., said they were seeing drones hovering in the night sky. Days passed. Governors, members of Congress and the mayor of Belleville, N.J., demanded an explanation from Washington. They got next to nothing.

The nighttime incursions began to affect significant facilities. On Friday, Wright-Patterson Air Force Base in Ohio temporarily closed its airspace, and Stewart Airport in Orange County, N.Y., closed its runway. In New Jersey, there were sightings near the U.S. Army’s Picatinny Arsenal and Naval Weapons Station Earle. There were also reports this month of drone flights over the U.S.’s air base in Ramstein, Germany, and similar drone sightings over three U.S. military facilities across the U.K.

Karl Marx said something that is often true: History repeats itself, “the first time as tragedy, the second time as farce.”

The tragedy revived by the drone response is the long but inexorable fall of trust in government. Since 1972, the Gallup Poll’s average for trust in the federal government’s ability to handle domestic problems has been 52%. By last year, it had plummeted to 37%. With the drones, this tragic withdrawal of confidence in government has degenerated into farce.

Last Friday Homeland Security Secretary Alejandro Mayorkas—arguably the least credible U.S. bureaucrat of all time—told CNN: “We haven’t seen anything unusual.” Musing further, he said, “One can go into a convenience store and buy a small drone.” Even by government standards this was a caricature of dismissal, so on Sunday Mr. Mayorkas admitted, “There’s no question that people are seeing drones.”

It may be true that an adversary such as China or Iran wouldn’t fly drones night after night with lights blinking for easy identification. Still, drone operators flying over controlled space, such as airports, normally would require waivers issued by the Federal Aviation Administration.

On Monday evening, Fox News asked White House national-security press secretary John Kirby the simplest imaginable question: If there’s no reason to worry, why hasn’t a single one of these non-nefarious drone operators been publicly identified? Mr. Kirby: “These are legal and lawful drones flying for the common good.” That was it, though he then revived the paranoia by

suggesting the drones flying over military bases are a “different category.”

For grim amusement, we’ll note that when President-elect Donald Trump said on the weekend that the military knows where the drones take off, Bloomberg News added the obligatory all-media Trump disclaimer, “without citing evidence.” Evidence?

By now, the resolution of this fiasco hardly matters. It’s another nail in the coffin of government credibility.

By now the resolution hardly matters. This is another nail in the coffin of credibility.

The biggest story in the U.S. this year was Mr. Trump’s astonishing sweep back into office. The former president deserves personal credit for that achievement, but surely his win in great part is a result of the public’s erosion of faith in established institutions—government, science, media and academia.

Government credibility took a hit during the Covid-19 pandemic, when the mandated closing of schools and businesses ran too long, causing significant personal and economic damage. The media’s incessant appeals to “settled science” and repudiation of dissent didn’t help. Now social media’s random thoughts have supplanted science.

The Biden administration let four years pass without explaining why it allowed millions of illegal migrants to cross the southern border.

Amid a shocking outbreak

of antisemitism on campus, three university presidents sat before Congress blandly parsing when they would discipline students calling for the “genocide of Jews.”

The U.S. electorate’s Trumpian turn isn’t an outlier. A rising level of no confidence in government’s competence has gone global. Germany’s government collapsed this week, preceded earlier in the month by France’s. The vote in the U.K. to put Labour back in power was a generalized withdrawal of confidence in conservative governance. The Trudeau government in Canada could be next. Whether left, right or center doesn’t seem to matter. Get rid of them.

Beneath this trend is the public’s plausible belief that government, with its hands in everything, increasingly has no answers for modern problems, such as homelessness, housing, migration and ransomware. The blame-shifting language coming out of Washington about the drones is typical. They are sending the complaining jurisdictions “resources,” while they conduct an “ongoing investigation.” Legislation will be introduced in Congress to sort out jurisdictional responsibility for monitoring drone traffic. And people ask why we need the Department of Government Efficiency.

Perhaps the most maddening thing about the no-explanation drone response is the government’s insouciance. The feds are giving the impression that despite public concern, they just don’t care.

The president-elect promises to fix this loss of faith. Of all the hills he’s climbed, this surely is the steepest.

Write henninger@wsj.com

BOOKSHELF | By William Anthony Hay

The Royal Art Of Power Sharing

Queen Victoria and Her Prime Ministers

By Anne Somerset
Knopf, 640 pages, \$45

Queen Victoria’s reign began in 1837, when she was only 18. Europe was enjoying the relative tranquility of a post-Napoleonic age, but Britain was grappling with the disruptions of the Industrial Revolution and the demands of reformers who were questioning the country’s most entrenched customs and august institutions. When she died in 1901, at age 81, mass society and popular democracy had transformed Britain, and the monarchy itself stood on the cusp of redefinition.

Like her grandfather George III, Victoria ruled as a constitutional monarch—a queen who, though possessing powers of her own, shared the burden of governance with Parliament and its ministers. She resolved always to back the ministry of the day so long as it acted with integrity. When it came to making appointments and forming policy, she expected her opinions to be taken into account. And so they were. It was only from 1910, under Victoria’s grandson George V, that the monarchy accepted a diminished role—retaining the right only “to be consulted, to encourage and to warn,” as Walter Bagehot had argued in “The English Constitution” (1867).

In “Queen Victoria and Her Prime Ministers,” Anne Somerset insightfully describes the arc of Victoria’s reign by tracking what amounted to a shifting variety of governing partnerships. The young Victoria, Ms. Somerset reminds us, was strong-willed and determined to assert herself despite a sheltered upbringing. Well-read in history, she knew European politics in depth even as she expressed an aversion to being drawn into foreign affairs.

Lord Melbourne, her first prime minister, guided Victoria’s accession with a steady hand and forged a close relationship with her. He played a paternal role at this stage in her life, since Victoria’s own father (one of George III’s sons) had died when she was still an infant. Melbourne was himself a Whig—a member of the party that, among much else, was committed to dismantling the monopolies and privileges of the old regime. He drew her into his party’s ideals and fostered in her, for a while, an aversion to the Tory opposition.

This aversion caused trouble in 1839 when Melbourne announced his intention to resign. Sir Robert Peel, a Tory, tried to form a government, but Victoria insisted on keeping Whig ladies at court. The decision struck Peel as a public show of her lack of confidence in his party, and it prompted the “bedchamber crisis,” which kept Melbourne in office. When Peel became prime minister after the 1841 election, Victoria yielded the point by recruiting Tory ladies into her household.

Lord Granville once remarked of Victoria that “our dear queen never forgets and seldom forgives,” but, as Ms. Somerset shows, Victoria’s views could soften on closer contact with politicians she initially disliked. Peel is a case in point. At first, the queen found him wooden and unsympathetic. (The Duke of Wellington had said: “I have no small talk and Peel has no manners.”) But over time she came to respect his businesslike habits and seriousness—and his loyalty.

Benjamin Disraeli, too, struck her unfavorably early in their long relations, not least for his having brought down Peel. Disraeli seemed to her, at first, a charlatan, a chancer. But before long he had charmed her: He was amusing and attentive, and, as Ms. Somerset makes clear, he put a lot of effort into managing the queen. His successful push for the queen to become Empress of India pleased her immensely. It helped that she generally shared the Conservative Party’s views on foreign policy: e.g., supporting Turkey as a check on an aggressive Russia. And she agreed with the Conservatives’ more practical sense of reform, aimed at, for instance, improved housing and better working conditions rather than, as the Liberals favored, overhauling entire institutions.

Disraeli struck the queen unfavorably at first, but he charmed her. He was amusing and attentive. He pushed to make her Empress of India.

Victoria’s relations with the other great prime minister of her era, William Gladstone, took a different path. She had rather disliked one of his predecessors, Lord Palmerston, for his loose morals and what her consort, Prince Albert, called his “juvenile levity.” Thus when Gladstone became prime minister in 1868, she felt a contrasting affinity: Here was a “good man,” moral and earnest.

But before long Gladstone showed himself to be, in her view, self-righteous and inflexible. And he would not let go of a cause, routinely pushing ideas and enthusiasms beyond what prudence would dictate. Victoria eventually described him as “never listening to anything said against his *own wise notions*.” He was especially keen on a separate Irish parliament to provide Home Rule, a proposal—opposed by Victoria, who called it the “apple of discord”—that split the Liberal Party.

Lord Salisbury, the first prime minister born within Victoria’s lifetime, succeeded Gladstone in 1885. He led what Ms. Somerset believes to be the best government of Victoria’s reign: It was well-managed and effective, and it helped create a revitalized Conservative Party—imperial, patriotic, less overtly attached to the Church of England than the Tory Party had been before 1830. It would prove to be a broadly dominant force in Britain for decades to come.

Though Ms. Somerset’s theme is a monarch’s relations with her ministers, she ends up drawing a striking royal portrait. At a time of revolutionary stirrings, Victoria feared “the disruption of existing things.” She backed reforms extending the franchise and respected the aspirational working classes. Concerned that partisanship disrupted governance, she urged politicians to compromise and welcomed coalitions that crossed party lines.

Like Elizabeth II, Victoria concluded her reign as, in effect, grandmother to a nation—in Victoria’s case, to an empire as well. It may appear strange, Ms. Somerset writes, “that a stout little widow in a black bonnet should have come to rule over a quarter of mankind.” But she “transcended the paradox,” thanks in part to a clarity of vision and a passionate nature and, as Lord Salisbury said, by “sheer force of character.” Little surprise that an era is named for her.

Mr. Hay is a professor and associate director at Arizona State University’s School of Civic and Economic Thought and Leadership.

How Trump Can Keep the Good Vibes Going

By Karl Rove

Joe Biden’s presidency isn’t officially over, but it is for all intents and purposes. Donald Trump dominates the political landscape and national consciousness. Mr. Biden? He’s nowhere.

The once and future president seems to be everywhere: an interview on NBC’s “Meet the Press,” a quick trip to Notre-Dame de Paris’s reopening, an appearance at the Army-Navy football game, ringing the bell at the New York Stock Exchange the day he is named Time’s Man of the Year (again), and announcing a promise of \$100 billion in foreign investment in the U.S.

Truth Social produces an almost nightly flood of appointment announcements. Capitol Hill is awash in nominees visiting Senate offices soliciting confirmation votes. Advisers, some of whom will enter the administration and others who will try shaping policy from the outside, are pushing ideas left and right.

Business moguls make the pilgrimage to Mar-a-Lago to bend the knee. Foreign leaders jet there for dinner and face time. Others reach out by phone. All are attempting to ingratiate themselves to the president-elect. These are heady days for a man who has time and again been counted down and out.

For the first time ever, Mr. Trump’s favorable rating in the RealClearPolitics average is

higher than his unfavorable rating. Currently, it’s 48.9% to 47.9%.

Still, some humility is in order. While small-business confidence has risen sharply since the election, according to the National Federation of Independent Business, two-thirds of Americans in the latest survey by the Associated Press and National Opinion Research

The postelection goodwill for him will continue if he sticks to serious priorities.

Center believe the state of the economy is poor. The border is still largely open, the deficit worrisome, and a giant tax hike inbound if the 2017 cuts aren’t renewed.

The world has been destabilized, especially in the Middle East, and the Russia-Ukraine war grinds on. Governments in Canada and South Korea teeter on the brink. Those in Germany and France have gone over the edge. China is conducting its largest maritime operations in nearly 30 years in the western Pacific.

Voters will stick by Mr. Trump if he focuses on what they elected him to do: Break inflation, deliver economic growth, secure the border, rebuild the military, calm the world, and end the woke assault on America.

Today Mr. Trump has that measure of goodwill that all incoming presidents receive before they have to take the responsibility of governing and the blame if things go wrong. But before long the public will begin grading the 47th president, and not on a curve. They’ll decide how well he delivers on his promises. I know from my own White House years that new administrations have about a year to deliver on their agenda before Congress gets mired in midterm politics. If voters are frustrated by then, they’ll cut down his party’s slim congressional majorities, making his last two years even more difficult and unproductive.

Mr. Trump can’t do everything at once, and some important things can be done sooner than others. He’s leaning toward Senate Majority Leader John Thune’s idea that Republicans move a border security bill quickly and renew the 2017 tax cuts later. Tax bills are tough and take time. Consider that in 2017, it took 11 months for Republicans to pass tax cuts when the GOP had a 22-seat House majority. Next year, it could be a single seat. A border bill can pass more quickly and with more Democratic votes.

Unfortunately, it’s still a question if Mr. Trump will stay focused on the nation’s priorities. On “Meet the Press” earlier this month, he said his was “a message of unity” and that he was “not looking to go back

into the past” but “to make our country successful.” Then he accused members of the House Jan. 6 Committee of having “committed a major crime” and said he would “most likely” pardon Jan. 6 defendants, including those who pleaded guilty to attacking police officers, saying “they had no choice” but to enter those pleas. He’s now suing an Iowa newspaper for running a poll that was way off, which is very different from suing ABC for broadcasting the false statement that he was “found liable for rape.”

If Mr. Trump pursues retribution against all those who offend him or pardons people who beat Capitol police on Jan. 6, there will likely be a swift, adverse public reaction. The president may be interested in vengeance. But most of the people who voted for him aren’t and won’t tolerate it. Most of the country wants his leadership on the economy, border, energy, defense and culture. And MAGA diehards won’t sniff at that either.

We can hope Mr. Trump returns to the White House wiser than he was eight years ago. Given the challenges America faces, he’d better focus on the country’s needs, not his desire for revenge.

Mr. Rove helped organize the political-action committee American Crossroads and is author of “The Triumph of William McKinley” (Simon & Schuster, 2015).

God and Rainbow Man at the Goal Post

By Mike Kerrigan

I enjoy watching pro football at home with my family, especially on wintry Sunday afternoons. I love both the sport itself and the lasting memory of a lesson from my father as we watched in my youth.

I was around 11. For the umpteenth time I’d seen “Rainbow Man”—real name Rollen Stewart—on television, the clownish fan who frequently donned a rainbow wig and raised an oversized sign reading “John 3:16” during field-goal attempts. “Dad,” I finally asked, what does John 3:16 mean?

My old man didn’t have biblical verses committed to memory, but he knew where to find roots in the playbook. “I don’t know,” he answered. “Let’s look.” Together a father and son took in the radical na-

ture of the redemptive love of the Father and the Son.

“But why wear a rainbow wig?” I asked. I always noticed the large sign first anyway—plus the wig seemed un-serious. I figured a sure

My dad taught me an important lesson when I asked about the ‘John 3:16’ sign.

answer would follow. “I don’t know,” he replied again. I’ve never forgotten that exchange for three lessons it taught.

First, God speaks to his creation through his creation. Rainbow Man, whose life choices ultimately landed him in prison, might have acted with more vainglory than evangelism. Among imperfect

vessels, he was perhaps further from perfect than most.

Yet even here, in the powerful effect a salvific message had on one boy, good was achieved. I learned God delights in writing straight, as St. Teresa of Avila supposedly put it, with the crooked lines of our lives. He uses his full cast of characters, and patiently lets the story develop.

As a father, I’d rather see my children freely (if less quickly) identify and pursue a good than simply do the good I tell them. My reward for waiting is witnessing them not only obediently receiving love but also charitably dispensing it. If this pleases me, who loves imperfectly, how much more it must delight a Creator who is perfect love.

Second, unlike our heavenly Father, our earthly fathers don’t have all the answers. This both relieves parenting

pressure and preserves enough mystery of God’s nature to make it delightful to contemplate. After all, if you can comprehend it, St. Augustine maintained, it’s not God.

Last, the silliness of a rainbow wig points to the importance of never taking ourselves too seriously. In “Orthodoxy,” G.K. Chesterton suggested joy was the gigantic secret of the Christian, and mirth was the only emotion too great for Jesus to reveal during his earthly ministry.

Look for God in sinners and saints alike. Don’t hope for perfection in this world, but trust in joy beyond all imagining in the one to come. During a field goal worth 3 points, I learned three lessons from a triune God. Good things come in threes.

Mr. Kerrigan is an attorney in Charlotte, N.C.

OPINION

REVIEW & OUTLOOK

Good Riddance to the 118th Congress

About the only good word we can put in for the 118th Congress is that it was better than the 117th because it did less

The end-of-year CR is ugly as usual, but please leave town quickly.

In lieu of passing a real budget, the House and Senate have agreed on another continuing resolution, or CR, that will extend through March 14 in the new year. The only virtue here is that the government won't shut down if the CR passes, and it will give the new GOP Congress a chance to use budget rules to pass a "reconciliation" bill next year with 51 Senate votes.

This means Chuck Schumer won't be able to extort more spending if Republicans want at least some of their priorities to pass. But Mr. Schumer is going out with a CR bang, and the GOP is once again forced to take it. Some Republicans want to blame Speaker Mike Johnson for getting too little in exchange. But as long as they refuse to vote for a CR, the Speaker has no choice other than to count on Democratic votes to pass it. And that means bowing to their policy priorities, which is spend and spend.

This is how Mr. Schumer wants it. The GOP House actually passed nearly half of appropriations bills this year, and Susan Collins and Patty Murray passed almost all the Senate bills through the Appropriations Committee. But Mr. Schumer refused to bring them to the floor. He wants the end-of-year jam session when everyone wants to leave for Christmas, and he prevailed again.

The CR has \$100 billion for emergencies, such as hurricanes, that President Biden requested. But that's far more than is necessary to offer relief, as the members lined up to define everything as an emergency. There's \$10 billion more for farmers, plus an extension of the current farm bill for another year because the members couldn't even agree on that pork-fest.

Congress didn't offset all this with spending cuts, so it will add to the deficit, which is now running at a rate close to \$2 trillion a year. Deficits have never run this high except

in the crisis of a war or pandemic. Meanwhile, as we write this the Senate is poised to pass a bill that would hand Social Security benefits to public workers well above what they have paid in payroll taxes. That will add another \$196 billion to the debt over 10 years.

All of this speaks to the lack of any spending discipline on Capitol Hill even as annual payments on the national debt now exceed the entire Pentagon budget. If the U.S. dollar weren't the world's reserve currency, we'd be a banana republic. The spending will also complicate the GOP Congress's job next year as it tries to avoid a huge looming tax increase when many provisions of the 2017 tax reform expire.

Also egregious, Republicans Don Bacon of Nebraska and Zach Nunn of Iowa held out for the full-year sale of E15 ethanol. This payoff to the ethanol lobby will lift demand for corn, though it could increase smog in hot weather, which is why E15's sale has been blocked from June to September. With his narrow majority, Mr. Johnson had little choice but to accept this special-interest bonanza.

The CR also includes provisions to prevent pharmacy benefit managers (PBMs) from favoring their own pharmacies over rivals and giving preference to higher-priced drugs on plan formularies so they can pocket higher fees and rebates. But the rules could reduce the incentive for PBMs to negotiate lower drug prices with manufacturers and thereby result in higher patient insurance premiums.

In a better Congress, if one is still possible, the CR would fail, and late in the day on Wednesday Donald Trump said he opposes it. But the question, as ever, is to what end if it loses? The bill will merely be revised to avoid a holiday government shutdown, perhaps on even better terms for Mr. Schumer.

All of which is a message to Republicans who will take control of the House, Senate and White House next year. To avoid another end-of-year fiasco, they need to stick together to pass spending bills on time. If they don't, they'll hand leverage to Democrats and show voters they're no different.

in 2026. While the FOMC's rate cut signaled easing, the dot plots signaled less easing—only two cuts next year compared to four predicted in September.

Mr. Powell was also far from clear in his justification for the rate cut. While he called it a "closer call" than recent decisions, he explained one goal was to prevent the jobless rate from rising any more. With inflation no longer falling as he thought, this suggests he and the Fed are willing to live with higher inflation for a longer period of time.

Markets got the message, as bond yields rose and stocks took a header, with the Dow Jones average falling 2.58% and the Nasdaq 3.56%. The 10-year Treasury hit 4.52%.

There's also evidence that some at the Fed didn't agree with the FOMC rate cut this time around. The dots suggest four officials wanted to stand pat on Wednesday, though only Beth Hammack of the Cleveland Fed formally dissented. The other three may have been regional Fed bank presidents who don't have votes on the FOMC this year, or perhaps one or more board governors swallowed their skepticism to unite behind Mr. Powell when it came time to vote.

Mr. Powell and his mates bet on a smooth disinflation path to their 2% target, but prices aren't cooperating. This raises doubts about whether the Fed really knows when its policy is tight. Financial conditions haven't looked tight to us, and Wednesday's message is that some at the Fed may agree.

large-scale batteries, which cost about 10 times more than natural gas power.

The result: Surging rates for electricity. PG&E's average rates have climbed 56% in three years and 118% over the last decade. The California Public Utilities Commission has approved four rate increases for the utility this year alone. Because rates are progressive, heavy power consumers pay higher marginal rates.

EV drivers are getting walloped by electric bills that can reach nearly \$1,000 a month. Democrats worry that rising rates will deter people from buying EVs and fuel a burgeoning backlash to the costs of the state's climate policies. "We will continue to lead on climate," Assembly Speaker Robert Rivas recently declared. "But not on the backs of poor and working people." It would help if Mr. Rivas got off their backs.

The DOE loan is intended to reduce the cost to Californians of their green-energy buildout. But on the day it was announced the Energy Department Inspector General recommended that loans be halted after finding inadequate controls for financial conflicts of interest to prevent waste, fraud and abuse. The department responded that the IG "misunderstands" the program.

Chris Wright, likely the next energy secretary, will have a ripe opportunity to subject these loans to the careful review the IG says they need.

LETTERS TO THE EDITOR

There Are No Ifs, Ands or Buts About Murder

Missing from your excellent editorial, "Luigi Mangione's Senate Explainers" (Dec. 12), was a refutation of those justifying cold-blooded murder due to Luigi Mangione's spinal injury and apparent fusion surgery. Like Mr. Mangione, I am an Ivy league graduate and, at age 17, suffered a cervical fracture during a soccer game. I have experienced life-long chronic pain since my injury and the subsequent spinal fusion and other surgeries. I am luckily one of the few who wasn't paralyzed by a cervical fracture. Nowhere in my experience, even when looking at the hospital ceiling for two months with a halo drilled in my skull during my college freshman year, would I have contemplated harm to others.

It is likely that one of Mr. Mangione's future defense themes will be related to his medical problems. That will be an insult to all those, civilian and military, who have suffered and continue to suffer from spinal cord injuries.

THOMAS JANES
Boston

Sen. Elizabeth Warren explains the shooting of UnitedHealthcare CEO Brian Thompson as a warning from people "who feel cheated, ripped off and threatened by the vile practices of their insurance companies." She further reports people can be pushed only so far before they take action with their own hands.

Public approval ratings for American health-insurance companies can fluctuate among demographics and surveys. But at least one constant is

that the public-approval ratings for Congress are even lower.

Given Americans' dismal view of Congress—at least one poll puts public approval as low as 12%—perhaps Sen. Warren and her congressional colleagues may wish to consider the Jan. 6, 2021, attack on the Capitol as an expression of frustration with Congress and a message reflecting a feeling of being ripped off and cheated by their elected representatives.

GERALD BETTS
Camano Island, Wash.

What Sens. Elizabeth Warren and Bernie Sanders don't admit is that the third-party effects of ObamaCare have led to less choice and a greater concentration of the market with a smaller number of larger insurers. Their "Medicare for All" dream is the ultimate goal. Fortunately, one need only look at the rationing and care denials in Canada and the U.K. that lead to patients suffering and dying as they await treatment. Sometimes you really do get what you pay for.

CONAN WARD
Ponte Vedra Beach, Fla.

Is Mr. Mangione crazy or simply evil? Or is he a product of a generation that has been brought up, taught and excused by adults like Sens. Warren and Sanders not to be concerned about the consequences of any of their actions as long as the pursuit of the action is for a perceived social justice?

JOHN WINNER
Roseville, Calif.

Guys, We Don't Need the Unsolicited Golf Tips

Meghan Cox Gurdon complains about men giving unsolicited advice to her on the links ("The Fairer Sex on the Fairway," op-ed, Dec. 12). But I must inform her that, contrary to her statement that golf's format presents "the temptation of proximity that doesn't arise in, say, tennis," a lack of proximity doesn't prevent men from doling out advice to women on tennis courts.

Worse, it is sometimes shouted from one court over. Or it is delivered from behind the fence—you'll hear a voice just as you're about to serve. I'm grateful to her for using the word insulting. I have never put it into so many words, but that is exactly what it is. Guys, give it a rest. As Ms. Gurdon said, chances are good that we're already working on it.

JEANNE SCHINTO
Andover, Mass.

Ms. Gurdon's experience mirrors my own, with one glaring exception: About five years into a golf hobby that included more enthusiasm than skill, I was paired on a resort course with a great golfer who was pleasant, but not talkative. As we progressed along the course, I'd shank one, then slice another, but he never said a word—no advice, no encouragement. On the 17th hole, when some conversation finally ensued, I learned he was a golf pro, and a smart one: He didn't give out free lessons.

SUSAN WATSON LAUGHLIN
Rye, N.Y.

I have always found it amusing to watch 23-handicap golfers offer each other advice.

BOB KATZIN
Scottsdale, Ariz.

Americans Love the French and Notre-Dame

Michel Picaud must be aware that the French have a long history in what became the U.S. ("Notre-Dame, an American Treasure in Paris," Houses of Worship by Tunku Varadarajan, Dec. 13). The first settlements, other than those of the native peoples, along the Mississippi River were French. Most of these sites have been forgotten, destroyed by either the river or expansion. One remains

in Missouri because of the preservation work begun in the 1940s by the National Society of the Colonial Dames of America. French vertical log homes still stand in a little river town named for the patron saint of Paris, Saint Geneviève. Today it is also the site of a National Historical Park.

Many of us with Midwestern roots are proud of our French ancestry.

TANDY THOMPSON
President, French Colonial America
St. Louis

Dear Senators, Take a Page From Tom Coburn's Book

Rightly lamenting the questionable reputations of many of the nation's public servants ("The Standards for Public Service Have Gone to Pot," op-ed, Dec. 12), Joseph Epstein remembers only Illinois's Paul Simon as the epitome of an honest, noncareer politician in the U.S. Senate.

Mr. Epstein should add to the list Oklahoma Sen. Tom Coburn, who served after years of practicing medicine, term-limited himself in the House and Senate, and later returned to medicine. Blaming careerism for much of Congress's dysfunction, Dr. Coburn spent his final years advocating congressional term limits as the most effective solution for improving public service in Washington.

LARRY C. FLOYD
Oklahoma City

Jordan Neely Deserved More

Daniel Henninger attributes the closing of state mental hospitals across the nation to the deinstitutionalization movement ("That Hopeful Daniel Penny Verdict," Wonder Land, Dec. 12). That movement provided the excuse for state legislatures to offload the expense of maintaining a long-standing functional system, resulting in homelessness, lack of treatment as well as harassment and criminal acts toward innocent civilians. Jordan Neely deserved better.

DOUGLAS KRAMER
Middleton, Wis.

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

Mr. Varadarajan observes that the French have "been stunned by Americans' willingness to help" with restoration funds for Notre-Dame cathedral. Overdue is a seaside trip by the current generation to the beaches and cemeteries of Normandy.

TIM DREISBACH
Downingtown, Pa.

Do RFK's Opinions Matter?

Kimberley Strassel uses Donald Trump's own words to explain why Robert F. Kennedy Jr. would be a bad choice to lead a myriad of agencies ("The Great RFK Jr. Charade," Potomac Watch, Dec. 13). But Mr. Trump didn't nominate him to any of these positions. Why should RFK Jr.'s opinions on green energy or the NRA matter if they're irrelevant to his role as head of HHS?

NICK IVES
Chesapeake, Va.

Pepper ... And Salt

THE WALL STREET JOURNAL



"I don't think the future looks too bearish."

OPINION

Inflation Is Job One For Trump

By Justin Muzinich

President-elect Trump has a historic chance to create a soaring economy. American innovation is booming, and he has a strong economic team. He and his advisers understand that broadly shared economic growth improves people's lives, shrinks debt relative to gross domestic product, allows increased military spending and improves our capacity to compete with China. Like a business, if a country is growing, everything is easier.

But unleashing economic growth will require Mr. Trump to do what Joe Biden couldn't: control inflation. The pace of inflation has been slowing, but the Bureau of Labor Statistics released data in November indicating that inflation is sticky. According to an Oct. 25 survey from the University of Michigan, long-run inflation expectations remain around 3%, above the Federal Reserve's 2% target. This isn't surprising, as inflation has been all over the news for three years. You don't forget the dog that just bit you.

Ensuring price stability early on is necessary to unleash economic growth and a 'blue-collar boom.'

But inflation expectations have consequences. If businesses think the future will be inflationary, they will raise prices in anticipation. Some businesses worry that Mr. Trump's policies—including tariffs and tax cuts—will increase inflation. But tariffs won't necessarily cause much inflation, depending on their final form. A Nov. 14 Goldman Sachs analysis suggests the effect of a 10% across-the-board tariff could be as low as a one-time price adjustment of 0.6%. Similarly, if tax cuts are largely an extension of expiring provisions of the Tax Cuts and Jobs Act of 2017, they needn't be inflationary. But businesses can't predict how Mr. Trump will balance inflation with his other policy goals until he reveals his intentions. Mr. Trump can address their uncertainty by making clear that controlling inflation is a priority.

This would be good policy for three reasons. First, if inflation expectations stay anchored, the Fed can be more accommodative, stimulating economic growth. Second, low-income Americans suffer the most from price increases. Inflation would make Mr. Trump's "blue-collar boom" hard to achieve regardless of other policy successes. Finally, Mr. Trump's approach to inflation could define his economic legacy. The most proximate cause of the recent inflation was Mr. Biden's \$1.9 trillion stimulus bill, which he signed in March 2021 even though unemployment had fallen to 6.1% from 14.8% in April 2020. But if inflation reignites, it will jeopardize the GOP's success in the midterm elections as well as JD Vance's prospects for the presidency in 2028. Better to kill inflation expectations early.

A good historical model is Ronald Reagan's first year as president. When Reagan won in 1980, inflation expectations were much higher than they are today. Reagan had promised expansionary policies like tax cuts during his campaign, but in several speeches in 1981, including his address to Congress less than a month after inauguration, he made clear his commitment to containing inflation. The precipitously high inflation of the time meant that controlling it required a recession. But once it was tamed in late 1982, the economy boomed.

No recession is needed today, but the principle remains. Ensuring price stability early on will provide the necessary foundation to sustain a blue-collar boom for American workers and families. Mr. Trump must ensure that he controls inflation before inflation controls his agenda.

Mr. Muzinich is CEO of Muzinich & Co. He served as deputy Treasury secretary, 2018-21.

By Aaron Siri

The mainstream media is deliberately stoking fear and outrage about vaccines in an attempt to derail Donald Trump's nomination of Robert F. Kennedy Jr. to head the Department of Health and Human Services. I have been Mr. Kennedy's attorney in several matters, including during his presidential campaign. The attempts to stoke fear are based on legal work I did for a different client, which I never discussed with Mr. Kennedy.

Reports recently published in the New York Times and elsewhere mischaracterize the contents of three petitions my firm filed with the Food and Drug Administration from 2020-22 on behalf of a client, Informed Consent Action Network. One of these petitions related to IPOL, which is one of the six polio-containing vaccines currently licensed by the FDA. The petition wouldn't affect the other five vaccines. No one, least of all our client, wants anyone to have polio. The goal is simply to ensure that vaccines are subject to proper testing for safety and efficacy. The media falsely claimed the petition sought to eliminate all polio vaccines.

The FDA licensed IPOL for use in children in 1990. It isn't the vaccine most adults think of when they hear the words "polio vaccine." IPOL, sold by Sanofi, is produced by modifying the kidney cells of monkeys. These cells become immortal, like cancer, and end up in the ingredients of each vaccine dose. As FDA documents attest, IPOL was licensed based on a clinical trial with no control group and only three days of safety review after injection. That is patently insufficient to determine what effects the vaccine might have



RICHARD MA

on growing children. Drugs are commonly assessed in multiyear placebo-controlled trials. The media's outrage should be directed at the FDA, which licensed a novel vaccine after collecting so little data.

The media has distorted my legal work on behalf of clients. My only interest is ensuring vaccines are safe.

The scope of our client's petition was narrow. It simply asked the FDA to require a proper trial for approval of IPOL, given that federal law continues to aid the federal government. The Supreme Court has articulated an "anticommandeering" doctrine that prohibits the federal government from "conscripting the state's officers directly" to enforce federal law.

The scope of this doctrine has been subject to revision over the years, and there is no clear guidance on how it would precisely apply to sanctuary cities. Much would depend on the specific state action at issue. The precedents established when some Southern state officials tried to prevent the enforcement of federal courts' desegregation orders strongly suggest that states and cities may not actively block legitimate enforcement of federal law.

In between these extremes are a variety of state actions and refusals to act. These may include refusal to demand immigrants' status documentation as a condition for receiving state benefits, as well as more direct efforts to hinder federal law enforcement. Two considerations may determine whether state or federal powers prevail: the precise actions that local authorities take to hinder deportation and the remedies federal authorities seek against the sanctuary cities.

By Alan M. Dershowitz And Andrew Stein

A constitutional showdown is looming over the incoming administration's border policies. Tom Homan, who will serve as Mr. Trump's border czar, has threatened to prosecute local officials in sanctuary cities who hinder efforts to deport dangerous undocumented aliens. Denver Mayor Mike Johnston has said he'd be willing to go to jail to prevent deportations. Others have committed themselves to obstructing immigration enforcement.

How will this be resolved by the courts? Article VI of the Constitution mandates that federal law "shall be the supreme law of the land," "notwithstanding" the "laws of any state." The 10th Amendment reserves to the states all powers "not delegated to the United States by the Constitution, nor prohibited by it to the states." The constitutional question is whether the authority to regulate immigration, including the power to deport illegal aliens, is a "power" delegated to the federal government.

Of course it is. Border crossers can travel from state to state unhindered, so entry anywhere in the U.S. is entry everywhere. Thus the federal government alone has the authority to control the right to enter and remain, as it does the power to exclude, deport and prosecute those who violate immigration laws.

By Andriy Yermak

The media is treating Russia's strategic defeat in Syria as a stunning and unexpected turn of events. Granted, it is a massive blow to Vladimir Putin's credibility and ability to project influence in the region. This outcome, however, should be neither stunning nor unexpected. It's a direct result of U.S. support for Ukraine in the face of Mr. Putin's imperial overreach—and a strategic success for Washington and its allies.

With material support from the U.S., Ukraine has withstood the Russian military's assault and drained Russia's military and diplomatic re-

sources. Sustained pressure by the U.S. on multiple fronts in Eastern Europe and the Middle East—including U.S. support for Israel—has destroyed the leadership of Hamas and Hezbollah, a blow against the authoritarian axis led by Russia and Iran.

For nearly three years, the Ukrainian military has imposed significant costs on Russia. The General Staff of the Armed Forces of Ukraine estimates that as of Nov. 1, about 700,000 Russian soldiers have been killed or wounded. The organization also estimates that Russia has lost 9,162 tanks, 18,470 armored vehicles, 28 warships and one submarine. Sanctions imposed on Russia have helped push inflation above 9%, raising the risk of mass bankruptcies throughout the Russian economy.

With his military and economy degraded and his attention fixed on Ukraine, Mr. Putin had no choice but to let Syria's Assad regime fall. Bashar al-Assad was Mr. Putin's primary ally in the Middle East. Over the past decade, Russia has spent billions of dollars to prop up the Assad regime against the Syrian people.

Russia long used its strategic military bases in Syria—Tartus and Khmeimim—to project its influence far beyond its borders and counterbalance the U.S. and North Atlantic Treaty Organization throughout the region. It used Syria as a staging ground to undermine U.S. allies in Africa. After the U.S. earlier this year was forced to withdraw from an air base in Agadez, Niger, that U.S.

As to the first, the more active the resistance, the less justifiable it would be under the Supremacy Clause. As to the second, the more active the state involvement demanded by the federal government, the less likely it would be to survive a legal challenge based on the anti-commandeering doctrine.

The Supremacy Clause is clear. Local officials pledging to resist his policy will lose in court.

One likely scenario, already threatened by Mr. Homan, would involve cutting federal funding to local agencies—such as law enforcement and licensing providers—that hinder deportation efforts. The American Civil Liberties Union would surely challenge that remedy, arguing that sanctuary cities are being unconstitutionally punished for serving and protecting their residents, but the challenge would be uphill under existing precedents.

There is legitimate concern about the enforcement of deportations, especially those involving families containing both illegal aliens and citizens or permanent residents. There are also concerns about prioritization of those subject to deportation: Considerable

hood vaccines contained an amount of aluminum adjuvant—a cytotoxic and neurotoxic vaccine ingredient added to generate a stronger immune response—that was greater or less than the amount listed on the approved FDA label for each vaccine. The petition simply asked the FDA to confirm for the public that the aluminum adjuvant content of these vaccines was accurately labeled and to pause distribution of the vaccine if the FDA was unable to do so. This shouldn't have been a controversial request. Putting aside that aluminum adjuvants are used to induce autoimmunity in lab animals, everyone should agree that the label on a product that is injected into babies should reflect what is in the vial.

It is hard to see how anyone can read these petitions and not share these concerns. Congress granted pharmaceutical companies immunity from liability for childhood vaccine injuries in 1986. Since then, the CDC's first-year vaccine schedule has gone from three injections to 29. At the same time, rates of chronic diseases, especially immune-related diseases, have skyrocketed among children.

We must be able to raise valid questions about vaccines without fear that anyone who deviates from the accepted orthodoxy will be smeared as a radical. There are many issues that divide Americans, but drug and vaccine safety should unite us. The media should take a second look at what vaccine-safety advocates are actually saying. Then we can have a scientifically informed national conversation about how to ensure that the medications we give our children are safe.

Mr. Siri is managing partner at Siri & Glimstad, a New York-based law firm.

Mr. Siri is managing partner at Siri & Glimstad, a New York-based law firm.

What Trump Can Do About 'Sanctuary Cities'

Here's the rub: The Constitution doesn't prohibit states from providing food, healthcare, housing, driving privileges and other necessities to everyone within its borders. Nor does it compel the states to employ resources to aid the federal government. The Supreme Court has articulated an "anticommandeering" doctrine that prohibits the federal government from "conscripting the state's officers directly" to enforce federal law.

The scope of this doctrine has been subject to revision over the years, and there is no clear guidance on how it would precisely apply to sanctuary cities. Much would depend on the specific state action at issue. The precedents established when some Southern state officials tried to prevent the enforcement of federal courts' desegregation orders strongly suggest that states and cities may not actively block legitimate enforcement of federal law.

In between these extremes are a variety of state actions and refusals to act. These may include refusal to demand immigrants' status documentation as a condition for receiving state benefits, as well as more direct efforts to hinder federal law enforcement. Two considerations may determine whether state or federal powers prevail: the precise actions that local authorities take to hinder deportation and the remedies federal authorities seek against the sanctuary cities.

As to the first, the more active the resistance, the less justifiable it would be under the Supremacy Clause. As to the second, the more active the state involvement demanded by the federal government, the less likely it would be to survive a legal challenge based on the anti-commandeering doctrine.

The Supremacy Clause is clear. Local officials pledging to resist his policy will lose in court.

One likely scenario, already threatened by Mr. Homan, would involve cutting federal funding to local agencies—such as law enforcement and licensing providers—that hinder deportation efforts. The American Civil Liberties Union would surely challenge that remedy, arguing that sanctuary cities are being unconstitutionally punished for serving and protecting their residents, but the challenge would be uphill under existing precedents.

There is legitimate concern about the enforcement of deportations, especially those involving families containing both illegal aliens and citizens or permanent residents. There are also concerns about prioritization of those subject to deportation: Considerable

differences—legal and moral—exist between criminals and "Dreamers" who have conducted themselves admirably even if they are here illegally. These and other issues are appropriately litigated in courts and administrative agencies, which will likely uphold the power of the federal government to deport illegal aliens, even if they have done good things, and even if they have children who were born here. They are also subject to legislative resolution, and Congress has the power to allow illegal aliens with young children who are citizens to remain, at least until the children become independent. But the rule of law requires that cities and states comply with the constitutional hierarchy that makes valid federal law supreme over state law. There is no place for state-sponsored civil disobedience. No one is above the Constitution.

Application of the Supremacy Clause may not always produce the most moral results. States and cities may have the better of a given moral or political conflict, but if national issues aren't resolved by federal laws, the nation can't function.

Mr. Dershowitz is a professor emeritus at Harvard Law School and author of "The Ten Big Anti-Israel Lies—and How to Refute Them With Truth." Mr. Stein, a Democrat, served as New York City Council president, 1986-94.

How Ukraine Helped Topple Assad

troops had used to conduct counter-terror operations, Russian forces moved into the area. More broadly, Russia has degraded America's influence in the Sahel and West Africa.

Further, Russia's military presence shielded Iran and its proxy, Hezbollah, as they used Syria to rearm Hezbollah following its 2006 war with Israel. Finally, from their positions in Syria, Russia and Iran exported their malign anti-Americanism.

Our resistance, with U.S. help, has weakened Russia so Putin couldn't come to his ally's rescue in Syria.

Our resistance, with U.S. help, has weakened Russia so Putin couldn't come to his ally's rescue in Syria.

The Kremlin's inability to save the Assad regime sends a message to other despots who rely on Russia: Mr. Putin can't be trusted. Russia and Iran will also no longer be able to use Syria to threaten U.S. interests in the region.

But this success comes with costs for Ukraine. President Volodymyr Zelensky tweeted on Dec. 8 that Ukraine has lost 43,000 soldiers since Russia invaded in 2022, and the number of injuries has reached 370,000. The Ukrainian people undergo daily attacks against civilian targets and energy infrastructure. Russia is trying to undermine Ukrainians' will to keep fighting—but their resolve to preserve freedom and sov-

ereignty remains ironclad.

With sustained U.S. support, Ukraine will further steel itself against these attacks. Ukraine isn't only defending itself against Russia's unprovoked and unjust war; it is also weakening Russia's ability to threaten the free world.

Together, the U.S. and Ukraine can further capitalize on Mr. Putin's weak position. By investing more money in Ukraine's private sector, the U.S. can help Ukraine build stronger energy, critical-minerals, defense and other strategic industries. Strengthening these sectors will pay financial dividends and secure peace for years to come, benefiting both countries.

Ukrainians crave a peace that is just and sustainable, one that protects Ukraine, the U.S., Europe and our collective interests around the world. We must coalesce around new security, economic and legal measures that protect our shared interests. Only this kind of framework will prevent Mr. Putin from again threatening and invading Ukraine—and deter authoritarians worldwide from attacking other U.S. allies and partners.

Until this just and sustainable peace is secured, we are confident the U.S. will continue to support Ukraine, and that Russia and Iran will suffer more defeats as a consequence. American leadership is crucial.

Mr. Yermak is head of the presidential administration of Ukraine.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

Lachlan Murdoch
Executive Chairman, News Corp

Rupert Murdoch
Chairman Emeritus, News Corp

Emma Tucker
Editor in Chief

Liz Harris, Managing Editor

Charles Forelle, Deputy Editor in Chief

Elena Cherney, Senior Editor; **David Crow**, Executive Editor; **Chip Cummins**, Newsweek; **Taneth Evans**, Digital; **Brent Jones**, Culture, Training & Outreach; **Alex Martin**, Print & Writing; **Michael W. Miller**, Features & Weekend; **Prabha Natarajan**, Professional Products; **Bruce Orwall**, Enterprise; **Philana Patterson**, Audio; **Amanda Willis**, Video

Paul A. Gigot
Editor of the Editorial Page

Gerard Baker, Editor at Large

DOW JONES | *News Corp*

Robert Thomson
Chief Executive Officer, News Corp

Almar Latour
Chief Executive Officer and Publisher

DOW JONES MANAGEMENT:

Mae M. Cheng, EVP, General Manager, Leadership; **David Cho**, Barron's Editor in Chief; **Jason P. Conti**, General Counsel, Chief Compliance Officer; **Dianne DeSevo**, Chief People Officer; **Jared DiPalma**, Chief Financial Officer; **Artem Fishman**, Chief Technology Officer; **David Martin**, Chief Revenue Officer, Business Intelligence; **Dan Shar**, EVP, General Manager, Wealth & Investing; **Ashok Sinha**, Chief Communications Officer; **Josh Stinchcomb**, EVP & Chief Revenue Officer, WSJ / Barron's Group; **Sherry Weiss**, Chief Marketing Officer

EDITORIAL AND CORPORATE HEADQUARTERS:
1211 Avenue of the Americas, New York, N.Y., 10036
Telephone 1-800-DOWJONES

© GRAFF.COM



G R A F F

BUSINESS & FINANCE

© 2024 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Thursday, December 19, 2024 | **B1**

S&P 5872.16 ▼ 2.95% **S&P FIN** ▼ 3.03% **S&P IT** ▼ 2.99% **DJ TRANS** ▼ 2.77% **WSJ\$IDX** ▲ 1.04% **2-YR. TREAS.** yield 4.350% **NIKKEI** (Midday) 38708.38 ▼ 0.96% **See more at [WSJ.com/Markets](#)**

Dow, S&P, Nasdaq Drop Sharply

Blue chips' 2.6% fall is worst since August after Fed casts doubt on future rate cuts

By **HEATHER GILLERS**

The Dow Jones Industrial Average fell more than 1,100 points after the Federal Reserve cut interest rates but signaled they might stay higher than investors expected in 2025.

The blue-chip index gave up an early gain and posted its largest slide since August

after Fed officials lowered rates by a quarter percentage point and disappointed investors by signaling just two more cuts next year. The move marked the index's 10th straight decline—its longest streak of daily losses since October 1974.

Investors' expectation for lower rates ahead was among the factors that powered stocks to records in recent weeks, with the Dow industrials hitting a record above 45,000 earlier in December. On Wednesday, the prospect of fewer cuts sparked broad declines, driving all 11 sectors of

the S&P 500 lower.

Heading into the meeting, traders had expected that the Fed would cut interest rates twice next year. Interest-rate futures now indicate a strong probability that the Fed will cut rates only once in 2025, or not at all.

"Equity markets are just digesting and maybe recalibrating on how much the Fed is going to be lowering rates down the road," said Thomas Urano, managing partner at Sage Advisory in Austin, Texas.

The Dow industrials lost 2.6%, or 1,123 points, to

42,326.87. The S&P 500 fell 2.9% and the Nasdaq Composite declined 3.6% in its worst day since July.

Hard-hit companies included some recent highfliers such as **Amazon.com**, which lost 4.6% to lead declines in the Dow. **Tesla** fell 8.3%. Gold dropped. Bitcoin fell more than 5.7% in its worst single-day slide since August.

The moves came after projections released Wednesday showing officials expect to make two rate reductions next year, compared with a projection made in September of around four cuts. The Fed's

policy statement also suggested a slower pace of cuts. Fed Chair Jerome Powell said at a news conference after the meeting, "We think the economy is in a really good place."

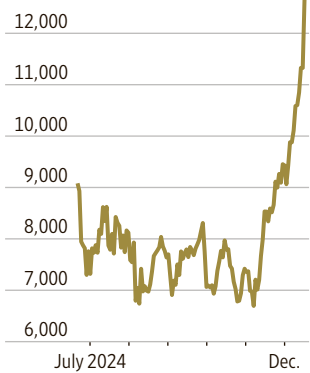
Bond yields climbed, with the yield on the benchmark 10-year Treasury note rising to 4.493%, its highest level since May, from 4.384% Tuesday. The yield on the 2-year Treasury, which often rises with investors' expectations for short-term rates set by the

Please turn to page B9

◆ **Heard on the Street: Don't count out trends yet..... B10**

Cocoa futures price, most-active contract

\$13,000 a metric ton



Source: FactSet

Cocoa Prices Hit New Record On Supply Concerns

By **GIULIA PETRONI**

Cocoa prices soared to a record, topping the \$12,000-a-ton mark as the crop outlook for West Africa worsens, fueling concerns of supply shortfalls.

On Wednesday, New York-traded futures settled 6.8% higher at \$12,565 a ton, up 18.8% from a week ago.

Prices have more than doubled since the start of the year, as severe droughts resulted in poor harvests in Ghana and Ivory Coast—the world's biggest producers of cocoa beans—reducing global supplies.

Concerns over a weaker-than-expected crop in Ivory Coast in the current season have now increased market worries at a time when global stocks are at historically low levels.

Dry weather across West Africa could hurt harvest volumes in the coming months, and the Harmattan winds coming from the Sahara between December and March could pose a further threat, according to market watchers.

"Cocoa farmers in Ivory Coast are expecting smaller harvest volumes in February and March," Commerzbank Research's commodity analyst Carsten Fritsch said in a note to clients.

Low stock levels have also left the market extremely sensitive.

"It is questionable whether the cocoa stocks, which fell sharply due to the record-high supply deficit in the last crop year, will be replenished this season," Fritsch said.

In November, the International Cocoa Organization forecast a production deficit of 478,000 tons for the 2023-24 season and said it expected total end-of-season stocks at 1.3 million tons.

That would result in a stocks-to-grindings ratio of 27%, a 46-year low, according to the global body of cocoa producing and consuming countries.

The ratio, a key indicator of the cocoa market health, measures the amount of stock available at the end of the season compared with the amount used for processing.

Disney's Settlement Of Trump Suit Roils ABC Staff

By **JOE FLINT** AND **ISABELLA SIMONETTI**

Disney's decision to settle President-elect Donald Trump's defamation lawsuit against ABC News was supposed to relieve the company of a headache. Instead, it has set off an internal backlash.

Many rank and file journalists and producers at ABC News are frustrated by the company's decision to resolve the suit, rather than fight in court Trump's claims against the network and its anchor George Stephanopoulos. ABC agreed to pay \$15 million to Trump's future presidential foundation and museum, and \$1 million in legal fees to Trump's lawyer, according to a court filing made public on Saturday.

Disney Chief Executive Bob Iger approved the settlement, which was recommended by Disney general counsel Horacio Gutierrez, according to people familiar with the matter. They settled after a scheduled mediation session last week; Stephanopoulos was set to be deposed this week.

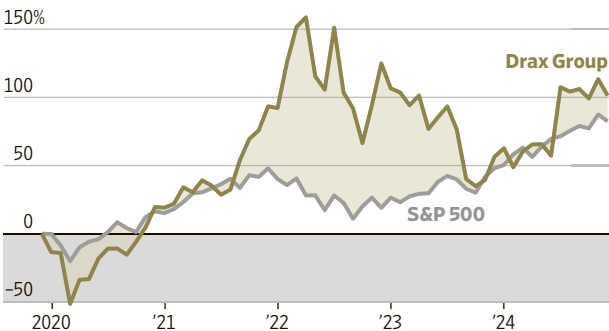
Disney concluded that it was facing a tough court battle in Florida that could have ultimately proven costly not only to the company but to press freedom writ large, if they lost, the people said.

Several ABC News staffers said it was a concerning precedent for a media company, and worry that the settlement sends a message that Disney is giving priority to its corporate interests and relationship with the White House over its own journalists. Media lawyers have also raised questions about the deal.

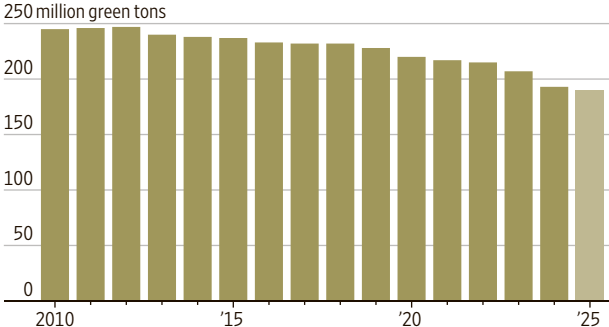
"It's really surprising and honestly perplexing that ABC decided to settle at this time and for this amount," said Sonja R. West, a law professor at University of Georgia School of Law, adding that it seemed to her the network had a strong defense. "No one wants to send the message to potential future plaintiffs that defa-

Please turn to page B2

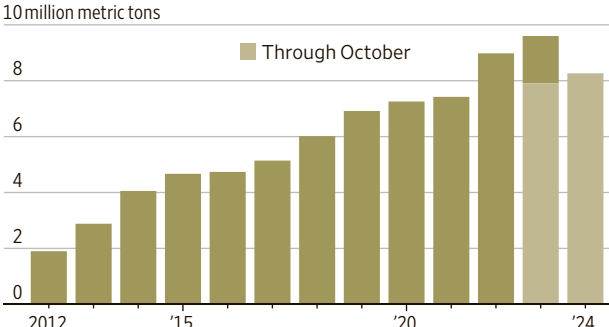
Share price vs. index performance, past five years



U.S. wood pulp capacity by fiber consumption equivalents*



U.S. wood-pellet exports

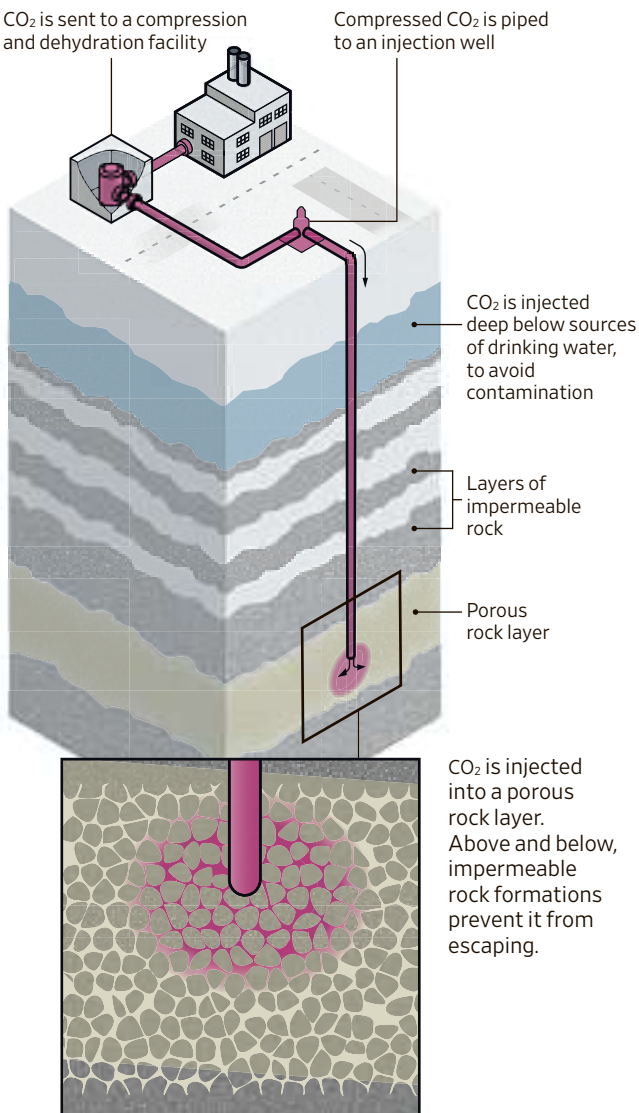


*Capacity on Jan. 1 of each year. 2025 is a projection

Note: Diagram not to scale

Sources: FactSet (performance); Fastmarkets (capacity); Foreign Agricultural Service (exports); Environmental Protection Agency (diagram)

Factories, refineries and other emitters capture their carbon dioxide, compress it and send it into a pipeline network.



ANDREW MOLLIKA/WSJ

Firm Looks to Power AI With Wood

By **RYAN DEZEMBER**

U.K. power producer **Drax** is scouting locations in the American pine belt to build electricity generators fueled by burning wood chips.

The plan calls for constructing wood-fired power plants in parts of the U.S. South where pulp-and-paper mills have closed and left timber growers without buyers for those trees unfit for making lumber or poles.

The plants' exhaust will be piped underground instead of out of smokestacks, which generates lucrative carbon credits for which Drax is already lining up buyers.

Plus, there is the electricity. Technology companies are so eager to run their power-hungry AI data centers without fossil fuels that they are trying

to restart nuclear facilities.

Drax already burns pellets of compressed sawdust in a converted coal-fueled power plant in its home country. Its towering facility in the English countryside produces about 5% of the U.K.'s electricity. Drax has built pellet mills across the Southeastern U.S. and in western Canada to feed that plant as well as other wood-burning plants around the world.

The type of plants it wants to build in the U.S. are known as BECCS, short for bioenergy with carbon capture and storage. They won't be nearly as large as the U.K. facility. But Drax has set up a subsidiary in Houston called Elimini to build several of them, and signed deals with two of the country's largest timberland managers to supply the wood.

Please turn to page B2



A pile of wood used to make pellets at Drax's Mississippi plant.

Nippon Mounts Last-Ditch Effort on U.S. Steel

By **BOB TITA**

GARY, Ind.—In a meeting room facing **U.S. Steel's** century-old plant, Takahiro Mori offered his vision for the plant's next chapter under a new owner.

Flanked by steelworkers and city leaders, the vice chairman of Japan's **Nippon Steel** last week pledged to invest nearly \$950 million in U.S. Steel's largest mill. Nippon Steel also offered bonuses to all U.S. Steel employees, amounting to \$20 million for workers in Gary.

Mori was winning the room at City Hall. He hasn't had the same luck in Washington, D.C., where political leaders control the deal's fate.

A year has passed since Nippon Steel announced that it would buy U.S. Steel for \$14.1 billion. The takeover bid has run into opposition from politicians and union leaders as well as skepticism from investors. Now the steel market is weak, and the clock is winding down on a national-security review that could precede President Biden blocking the deal.

Biden has yet to formally block the takeover, but the White House last week reiterated his position that U.S. Steel should be domestically owned and operated. President-elect Donald Trump has similarly rejected the Pittsburgh-based company being sold to a foreign firm, warning Nippon Steel in a

Dec. 2 social-media post: "Buyer Beware!"

Investor sentiment in U.S. Steel is souring. Shares closed Wednesday at \$30.98, well below the \$55 U.S. Steel shareholders approved in April.

If the deal collapses, U.S. Steel Chief Executive Dave Burritt has warned that the company can't match Nippon Steel's planned investments, and would likely close plants and move its headquarters out of Pittsburgh.

The deal's announcement last December followed months of bidding from several suitors for U.S. Steel, including the company's main rival, Cleveland-Cliffs.

A couple of hours after the

sale was announced, the United Steelworkers union blasted the deal for failing to keep U.S. Steel "domestically owned and operated."

The union, which represents about 10,000 hourly U.S. Steel employees, has stewed for years over layoffs and the company shifting production to a non-union plant in Arkansas. It said Tokyo-based Nippon Steel could diminish U.S. Steel's production capabilities so the company could import steel from Nippon's plants elsewhere.

Nippon Steel's Mori has spent months rejecting the union's claims.

"We believe steel is a local business, and U.S. customers should receive steel made in the

United States," he said last week.

Mori continues to doggedly campaign for support from mayors, governors and especially members of the steelworkers union.

He has promised job security, \$5,000 bonuses if the deal is completed and nearly \$3 billion of investments in the company's older plants to blunt the entrenched opposition to the deal from the union's president, Dave McCall.

Union leaders panned Nippon Steel's pledge to pay the bonuses as "simple bribery."

The union's opposition has helped Republicans and Democrats alike line up against the

Please turn to page B2

INSIDE



AVIATION

Boeing resumes production across its 737, 767 and 777 airliner categories. **B3**

HEARD ON THE STREET

Buy now, pay later lending draws private-credit funding. **B10**

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		
Advanced Micro Devices	B4	Eli Lilly.....B3
Affirm.....B10		Exxon Mobil.....B10
Alphabet.....B10		F
Amazon.com.....A1,B1,B10		Foxconn Technology.....A7
Apollo Global Management.....B10		G
Apple.....A12,B10		General Mills.....B9
Ares Management.....B10		General Motors.....A1
B		
Banco BPM.....B9		Goldman Sachs.....B10
Bharti Airtel.....B4		H
Birkenstock.....B3		Hansoh Pharma.....B3
Blue Owl.....B10		Honda Motor.....A1,B9
Boeing.....A3,B3		K
ByteDance.....A3		KKR.....B10
C		
Commerzbank.....B9		L
Continental.....B9		LuminArx Capital Management.....B4
CoreWeave.....B4		M
D		
Davide Campari-Milano...B2		Merck.....B3
Drax.....B1		Meta Platforms.....A12,B10
E		
		Micron Technology.....B4
		Microsoft.....B10
		N
		Netflix.....B4
		Nippon Steel.....B1
		Nissan Motor.....A1,B9
		Novo Nordisk.....B3
		Nvidia.....B10
		P
		Patriot Battery Metals....B4
		Procter & Gamble.....B10
		S
		SambaNova Systems.....B4
		Shell.....B10
		T
		TensorWave.....B4
		Tesla.....B1,B10
		Textron.....B4
		Toyota Motor.....A7
		U
		U.S. Steel.....B1
		UniCredit.....B9
		Unilever.....B10
		V
		Volkswagen.....A1,B4
		Vultr.....B4
		W
		Walt Disney.....B1

INDEX TO PEOPLE

B		
Burritt, Dave.....B1		Hatfield, Jay.....B9
C		
Cook, Tim.....A12		Hein, Matthew.....B4
D		
Dimon, Jamie.....A6		Himel, Alex.....A12
F		
Fantacchiotti, Matteo....B2		Hirschheydt, Philipp von..B9
Fitzmaurice, Laurie.....B2		I
Flack, Jeremy.....B2		Iger, Bob.....B1
Fritsch, Carsten.....B1		K
G - H		
Gardiner, Will.....B2		Kardwell, J.J.....B4
Gutierrez, Horacio.....B1		M
Harris, Ashley.....B2		McCarthy, Dave.....B4
		Mehrotra, Sanjay.....B4
		Mori, Takahiro.....B1
		Musk, Elon.....A1,A3,A9
		O - P
		Orcel, Andrea.....B9
		Pass, Michael de.....A2
		R
		Reichert, Oliver.....B3
		Reitzle, Wolfgang.....B9
		S
		Sarno, Tom.....B2
		Seki, Jun.....A7
		Sengara, Andrea.....B2
		Sharif, Omair.....A2
		Swonk, Diane.....A2
		T
		Tang, Jin.....A7
		U
		Urano, Thomas.....B1
		Z
		Zuckerberg, Mark.....A12



From left, Michael Strahan, Robin Roberts and George Stephanopoulos on the set of 'Good Morning America' in 2018.

Settlement
Roils ABC
News Staff

Continued from page B1
mation lawsuits against the press are likely to end with a big payday.”

Trump filed the suit in March, days after Stephanopoulos said multiple times in an interview with Rep. Nancy Mace (R., S.C.) on ABC’s Sunday morning news show “This Week” that Trump had been found civilly liable for raping writer E. Jean Carroll. A federal jury determined he was liable for sexual abuse, but not rape.

Stephanopoulos later went on CBS’s “The Late Show With Stephen Colbert” and reasserted his claim that “rape” was an appropriate word to use, based on comments made by the judge in the case. “I’m not going to be cowed out of doing my job because of the threat,” Stephanopoulos said of Trump’s lawsuit.

A Florida judge tossed ABC’s motion to dismiss the suit in July, saying, “a reasonable jury could interpret Stephanopoulos’s statements as defamatory.”

In addition, the people said, Disney’s legal team was concerned that given the current makeup of the Supreme Court, appealing a negative district court ruling could have jeopardized the New York Times v. Sullivan ruling that protects the media in defamation cases.

The settlement came at the same time corporate leaders across industries have been working to bolster their relationships with the incoming administration, creating less than ideal optics inside ABC News.

At a press conference from Mar-a-Lago on Monday, Trump addressed his concerns about the media and hinted at “a few” other defamation lawsuits in the works, including the one filed later that day against Gannett, the Des Moines Register and pollster J. Ann Selzer. The suit alleges violations of the Iowa Consumer Fraud Act, saying the defendants committed “election interference” by pub-

lishing an Iowa poll favorable to Vice President Kamala Harris right before the election. Trump ultimately won the state by a large margin.

He also has cases pending against CBS over its editing of a Harris interview for “60 Minutes,” and against the Pulitzer Prize board and author Bob Woodward. “It costs a lot of money to do it, but we have to straighten out the press,” Trump said. “Our press is very corrupt. Almost as corrupt as our elections.”

ABC leaders haven’t addressed the settlement in regular daily staff meetings, according to several staffers. Disney executives were concerned about leaks or embarrassment for Stephanopoulos if they were to discuss the matter in meetings or memos, people close to the company said.

ABC News agreed to attach an editor’s note to an article about the Mace interview, which said the company and Stephanopoulos “regret statements regarding President Donald J. Trump.”

The settlement with Trump didn’t require ABC to address the matter on its network news shows or the morning show “Good Morning America,” which Stephanopoulos co-anchors.

Stephanopoulos declined to comment on the settlement. He is completing a new deal with the network, people familiar with the matter said.

Some in the ABC News universe said Stephanopoulos now carries unnecessary reputational and legal liability—with-out delivering blockbuster ratings for “Good Morning America,” which has fallen to second place behind NBC’s “Today” in overall viewers and key demographics.

In July, TMZ published a video in which a passerby approached Stephanopoulos and asked him whether President Biden should step down. Stephanopoulos replied: “I don’t think he can serve four more years.” The video was filmed just days after Stephanopoulos interviewed the president, following a disastrous debate performance. Stephanopoulos acknowledged in a statement the day the segment was posted that he shouldn’t have responded to the passerby.

BUSINESS & FINANCE

A Grand Marnier, Hip-Hop Cocktail

By KATIE DEIGHTON

Italian liquor maker **Davide Campari-Milano** is making a sweeping push for its luxe but lagging Grand Marnier brand, hoping to attract American consumers who may only know the idiosyncratic drink from their grandmothers’ recipe for crêpes Suzette.

The company this month kicked off a marketing campaign for the drink, which is a blend of orange liqueur and cognac, centered on a multiyear partnership with the rapper Future. It follows cocktail-making ads from earlier this year with the rapper 2 Chainz and brand appearances surrounding

events such as the Grammy Awards, Miami Music Week and the National Basketball Association’s All-Star Weekend.

Campari is connecting Grand Marnier for the first time with the world of hip-hop, which has a long and storied connection to cognac. Busta Rhymes in 2001 said “Pass the Courvoisier,” while Hennessy or “Henny” has been name-checked in tracks by rappers from the Notorious B.I.G. to Cardi B.

Campari previously focused more on promoting the brand’s luxury quality and French heritage. It was also known for showcasing the brand’s starring role in the Cadillac or

Grand Margarita cocktail and concentrated on targeting drinkers of pure liqueurs and tequila, according to Andrea Sengara, vice president of marketing at Campari America.

“We hadn’t traditionally really focused on communicating that our product was made up of 51% of fine cognac, and we started thinking about not just winning the margarita but winning a cognac occasion, too,” Sengara said. “It’s a very conscious effort to connect with cognac drinkers, who overindex to be Black Americans, both men and women.”

Black American consumers with high spending power and cultural influence in the U.S. are

moving between drinking cognac and tequila, Campari’s former chief executive, Matteo Fantacchiotti, said on an earnings call in May. Hip-hop, he said, was identified as the channel by which to talk to these consumers about the Grand Margarita and Grand Marnier.

Campari acquired Grand Marnier’s parent company in 2016 for \$760 million in a move to bolster its image as a purveyor of premium liquors and capitalize on the revival of classic cocktails—particularly in the U.S.—at the time.

Since then, the liqueur category has remained buoyant. In the U.S., sales by volume grew 8% between 2019 and 2023.



A Drax plant in Gloster, Miss., manufactures wooden pellets from the South’s abundant pines.

Firm Looks
To Wood as
Fuel for AI

Continued from page B1

“The whole idea is that 24/7 renewable power is going to become increasingly in demand as data centers grow, as AI grows,” Drax Chief Executive Will Gardiner said. “There’s a huge need for that commodity.”

Elimini’s staff of roughly 150 is studying about 20 locations and aims to have the first plant up and running by 2030, he said. The size of each could vary, but Gardiner said they would likely cost more than \$1 billion apiece to build.

The company is looking for the confluence of carbon dioxide pipelines, pine plantations and a short wait to connect to the grid, said Elimini CEO Laurie Fitzmaurice, a longtime energy executive who has developed wind farms and natural-gas pipelines. It has options on properties and expects to announce a location for the first plant in 2025, she said.

“We don’t want to go to the market before we’ve really kicked the tires on every aspect of a given site,” she said.

Biomass power has long been dangled before Southern timberland owners as a potential solution to the glut of pine that has depressed prices and complicated harvests.

Millions of acres of what was once a primeval forest of longleaf pine stretching from southern Virginia to northern Florida and west into Texas and Oklahoma have been replanted with rows of fast-growing loblolly pine, often with government incentive.

The South’s pineries are collectively among the world’s largest monoculture croplands, planted in roughly 30-year rotations to supply pulp and lumber mills. The former process the smaller trees cut down in periodic thinnings to make room for the best specimens to grow big enough to be turned into two-by-fours and utility poles.

The abundant timber has drawn sawyers to the South

and boosted lumber-making capacity in recent years, but pulpwood demand has been declining. The volume of wood that U.S. pulp- and paper mills have the capacity to process is down more than 20% since 2011, according to commodity data firm Fastmarkets.

There are limits to how far tree trunks can be hauled before transportation costs outweigh the wood’s value. Growers in areas where pulp mills have closed and that are too inland to sell to pellet exporters often have nowhere to sell their smaller logs.

“There’s some markets

where it’s difficult to get a thinning done,” said Ashley Harris, vice president of timberland investments at Molpus Woodlands Group, which has agreed to supply Drax from pinelands it manages on behalf of investors.

Besides missing a payday, leaving too many trees on each acre stunts their growth. Timberland owners also rely on pulp mills after clear cuts to buy logs that are too small or crooked for the sawmill, as well as tree tops and other wood left behind after harvest.

On average, the growth-to-drain ratio in the South is about 1.4, meaning that about 40% more wood grows each year than the volume that is cut down, said Tom Sarno, global head of timberland investments at Manulife Investment Management, which has also agreed to supply Drax from the properties it manages for investors.

“The addition of Drax’s plants does not stress the forest,” Sarno said. “It actually allows working forests to remain forests.”

Scientists and environmental groups have raised questions about the climate claims put forth by wood-pellet exporters, including Drax, which say pellets are a renewable energy source since new trees

replace those that are cut down. The pellet industry relies on clean-energy subsidies in countries where they are burned. But many scientists say wood-fired plants emit as much carbon as those that run on coal, and that demand contributes to deforestation.

Enviva, the largest U.S. pellet exporter and a supplier to Drax, emerged from chapter 11 bankruptcy protection earlier this month as a closely held company. It kept producing pellets during its bankruptcy, but wiped out shareholders after a wrong-way bet on pellet prices generated a \$350 million trading loss.

To sidestep concerns of the U.S. power plants contributing to deforestation, Drax plans to buy wood only from properties managed for timber production, not old-growth stands, Fitzmaurice said.

Nor will the plants need the wood to be ground down to dust and pressed into pellets, which are made to facilitate ocean shipping. The U.S. power plants will only need the wood chipped into small pieces.

President-elect Donald Trump has vowed to roll back President Biden’s climate law, the Inflation Reduction Act, which boosted tax breaks for sequestering carbon emissions underground. But Gardiner, Drax’s CEO, said he is confident those credits—important to the planned plants’ economics—will remain intact. For one, there are a lot of jobs and investment at stake in states that supported Trump’s reelection, he said.

Nippon’s
Last-Ditch
Effort

Continued from page B1

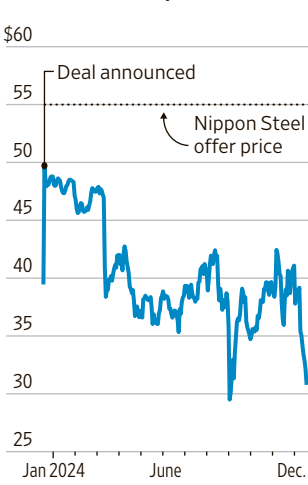
deal, despite Japan’s status as one of America’s closest allies. A panel of federal agencies has been evaluating the deal’s risks to U.S. national security and has a Dec. 23 deadline to complete its work. The committee’s report could give Biden justification for blocking the sale.

If the deal collapses, U.S. Steel will likely have a tough time in the near term boosting sales and profit on its own. Steel prices are down nearly 40% from a year ago. Buyers have repeatedly rejected price increases from steelmakers since the spring with plenty of cheaper steel still available.

“Last year at this time, steel prices were on fire. This year, it’s just blah,” said Jeremy Flack, CEO of Flack Global Metals, a Phoenix-based distributor of steel and aluminum.

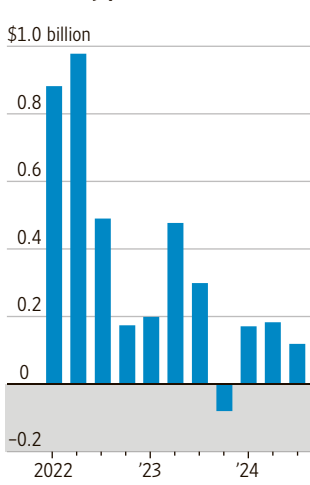
If the deal is blocked, falling steel prices and weakening

U.S. Steel share price



Sources: FactSet (share price); S&P Capital IQ (profit/loss)

Quarterly profit/loss



manufacturer demand make it unlikely that U.S. Steel would attract hefty offers from other deep-pocketed suitors, industry analysts said.

The yearlong struggle between the union and Nippon Steel has divided U.S. Steel employees and political leaders representing areas where mills are located.

Last week, hundreds of union members gathered at U.S. Steel’s Mon Valley Works mill near Pittsburgh to display support for the deal. In Gary

on the same day, Mori picked up an endorsement from the city’s top official.

U.S. Steel founded Gary, named after the company’s chairman, in 1906 as a planned city to pair with the mill under construction at the same time on the southern shore of Lake Michigan.

Mayor Eddie Melton said U.S. Steel’s warning that some older plants would close if the deal collapsed was a factor in his decision to support Nippon Steel.

“For the city of Gary, this partnership would mean so much,” Melton said. “This is a good deal across the board for everyone.”

Some workers backing the deal have become critical of McCall, the union’s president, for not negotiating with Nippon Steel and risking thousands of jobs if mills close.

“I don’t think there will ever be another investment that will sustain jobs other than what Nippon is offering,” said Matt Albensi, 30, a crane operator with seven years of service.

Others, like David Morgan, support the union’s tough stance. “We still work together where we have to, but it’s definitely strained,” said Morgan, grievance committee chairman for the union at a Mon Valley Works plant in West Mifflin, Pa., a site where local union leaders are supporting Nippon Steel.

Morgan, 50, who has worked for U.S. Steel for more than 20 years, said he objects to Nippon Steel’s Mori appealing to impressionable workers and plant-level union leaders after being rebuffed by McCall. “That doesn’t sit right with me,” he said.

BUSINESS NEWS

Ozempic Under Scrutiny in EU

Regulator to review possible link between Novo diabetes drug and eye condition

By HELENA SMOLAK

The European Union’s drug regulator said it would review a potential link between **Novo Nordisk’s** blockbuster diabetes drug, Ozempic, and a rare eye condition that causes vision loss after recent scientific studies raised concerns. The European Medicines Agency said on Wednesday that it would assess the information in the studies to find out if the drug’s key ingredient

and an eye condition known as nonarteritic anterior ischemic optic neuropathy—caused by a loss of blood flow to the optic nerve—could be related. The success of Ozempic and sister weight-loss drug Wegovy boosted sales at Novo Nordisk and turned it into Europe’s most valuable company, but the drugs’ potential side effects have come under scrutiny. The European regulator’s review comes after two studies by the University of Southern Denmark said patients taking Ozempic had a higher risk of developing nonarteritic anterior ischemic optic neuropathy. Novo Nordisk said in response that it would take all reports on adverse events from

use of its medicines seriously. The studies didn’t demonstrate a causal relationship between semaglutide—the ingredient used in both Ozempic and Wegovy—and the condition, the Danish drugmaker said. The company’s internal safety assessment and evaluation of the research studies determined that the benefit-risk profile of semaglutide remains unchanged, it added. The European Medicines Agency said a safety committee is assessing whether patients treated with semaglutide might have an elevated risk of developing the rare eye condition. The evidence available wasn’t previously strong enough to prove a possible link,

but the latest studies might hold new important information, the regulator said. Two separate studies from the University of Southern Denmark pointed to an increased risk of optic nerve damage for patients with Type 2 diabetes who took Ozempic, but couldn’t establish an association between the drug and the disease. The researchers said the absolute risk among patients on Ozempic remained low. The findings of those studies were in line with those of a smaller study by Harvard researchers that first associated semaglutide with a risk of developing the condition but didn’t prove causality.

Merck Acquires Pill Targeting Obesity

By JARED S. HOPKINS

Merck & Co. is doubling down on getting into the white-hot weight-loss drug market, scooping up a pill developed in China. Merck said Wednesday it will pay **Hansoh Pharma** \$112 million upfront for the rights to develop, manufacture and, if successful, commercialize the pill. The deal could be valued at up to \$1.9 billion should certain milestones be reached. The deal could give Merck a big payoff down the road. Several pharmaceutical companies

are trying to get into the potentially \$100 billion worldwide market. One prize is a pill that would be easier for patients to take than current injections. The pill, which has yet to be tested in humans, could help people lose weight by promoting the production of the hormone GLP-1 like **Eli Lilly’s** Zepbound and **Novo Nordisk’s** Mounjaro, the popular drugs now on the market. Merck has another GLP-1 in the works for treating nonalcoholic steatohepatitis, a liver disease that doctors say is associated with obesity.

Boeing Resumes Producing 737, Other Airplanes



Boeing has resumed production across its 737, 767 and 777/777X airplane programs. The jet maker’s factories in the Pacific Northwest have come back online using a safety-management system to identify and address po-

tential issues and ensure an orderly restart, Chief Operating Officer Stephanie Pope said on LinkedIn. “In particular, we have taken time to ensure all manufacturing teammates are current on training and certi-

fications, while positioning inventory at the optimal levels for smooth production,” said Pope. Boeing earlier in the month said it had restarted production of its bestselling 737 MAX jets, nearly three

months after the company’s machinists union began a debilitating strike. Some 33,000 machinists returned to work in November after securing a new four-year labor deal. —Denny Jacob

Birkenstock Results Top Analyst Views

By JOSHUA KIRBY AND DEAN SEAL

Birkenstock posted higher quarterly revenue and profit that beat market expectations, and said it was targeting healthier margins with greater use of new production facilities. The German company, which listed on the New York Stock Exchange last year, on Wednesday said its fiscal fourth-quarter revenue rose 22% to €456 million, or about \$478.4 million. This topped analyst projections for €440 million, according to FactSet. Net income came in at €52.5 million. Adjusted earnings, which strip out one-time items, came in at 29 euro cents a share, ahead of analysts’ consensus estimate for 26 euro cents. Shares of Birkenstock climbed 2% in New York Wednesday, and are now up more than 20% for the year. Birkenstock booked a gross margin of 58.8% for the full fiscal year ended Sept. 30, down

from 62.1% the previous year. This was due partly to certain adjustments and reclassification of expenses, the company said. The expansion in production capacity as well as greater wholesale revenue, which comes with a generally lower profit margin, also affected the margin, though this was partially offset by higher prices. For fiscal 2025, the company said gross profit margin should improve with increased use of new production facilities, moving closer to its long-term target of 60%. Birkenstock said it expected revenue growth of 15% to 17% in constant currency for 2025, and adjusted earnings before interest, taxes, depreciation and amortization margin of 30.8% to 31.3%, a half-percentage point increase from fiscal 2024. “Both [wholesale and retail] channels are highly profitable and allow us to maximize our reach, especially into new targeted consumer groups,” Chief Executive Oliver Reichert said.

CAN'T
DECIDE
WHAT
TO GET
THEM?

A close-up photograph of a person's hands holding a small, white rectangular box for a WeatherTech gift card. The box features the WeatherTech logo and the words "GIFT CARD". The background is a festive holiday scene with a Christmas tree, red and green ornaments, and wrapped gifts.

The world of WeatherTech is just a gift card away. Open the door to solutions that will stick with them for a long time, whether they measure the years in miles traveled or seasons endured.

WeatherTech.com
Auto. Home. Pet. Find Your Fit. 1-800-441-6287



© 2024 MacNeil IP LLC

The Greatest
GIFT EVENT

She told us exactly what she wants
and it's on sale!

A photograph of two large, brilliant-cut lab-grown diamonds resting on a dark, reflective surface. A thick, red ribbon is draped across the background, adding a festive touch to the advertisement.

3 CARAT LAB-GROWN DIAMOND
STUDS IN PLATINUM OR 14KT GOLD

Lowest Price Ever
\$1,995
Compare at \$2,995

ROSS SIMONS
Fine Jewelry | Fabulous Prices

FREE EXPRESS SHIPPING — ORDER TODAY!
To receive this special offer, use code: **LAB58**
1.800.556.7376 or visit ross-simons.com/lab58
Shown larger for detail. Item #**984913**

TECHNOLOGY

Netflix Is Fined by Dutch Watchdog

By Edith Hancock

The Netherlands' privacy regulator fined **Netflix** 4.57 million euros (\$4.8 million), saying that the streaming platform didn't give users adequate information on how it processes their personal data.

The Dutch Data Protection Authority said Wednesday that the U.S. company didn't give customers enough information about how their data is handled between 2018 and 2020 in its privacy statements and in responses to requests for further information on how that data is used. The information the company did provide at the time wasn't clear, the watchdog said.

The DPA said the company broke the European Union's General Data Protection Regulation, a rulebook that took effect in 2018 that imposes strict guard rails on how companies store and manage user data such as email addresses, age or other personal details.

Netflix claimed it is now compliant with the rules and that the DPA's stringent enforcement of the rules adds to legal uncertainty for the company, according to a document published by the regulator.

The regulator said Netflix



The investigation started after a complaint from an Austrian privacy group. Above, a scene from the Netflix show 'The Empress.'

gave too little and unclear information on a number of points such as why it collects personal data, how long it holds onto it and what data it shares with third parties.

"A company like that, with

a turnover of billions and millions of customers worldwide, has to explain properly to its customers how it handles their personal data," Aleid Wolfsen, chairman of the Dutch DPA, said.

The Dutch DPA started investigating Netflix after a complaint from Austrian privacy campaign group None of Your Business.

A Netflix spokesperson said the company objected to

the decision. The spokesperson said Netflix cooperated with the DPA since the start of the investigation and that it has improved its privacy information to provide further clarity to its users.

VW to Buy 9.9% Stake In Canada Lithium Company

By Michael Susin

Volkswagen said it will invest \$48 million in Canadian lithium company **Patriot Battery Metals**, as it seeks to secure the supply of lithium raw materials from North America.

The German auto giant on Wednesday said it will acquire a 9.9% stake in Patriot Battery Metals. The deal includes a binding agreement to provide VW with 100,000 tons of spodumene concentrate a year for a period of 10 years as soon as the Shaakichiwaanaan Project in Quebec starts production.

The project, currently under development, will supply Volkswagen's battery company PowerCo in Europe and North America.

VW added that PowerCo and Patriot Battery Metals will explore opportunities for potential collaborations such as the further development of the Quebec project and a lithium conversion facility.

Startup Vultr Raises \$333 Million, Valuing Cloud AI Firm at \$3.5 Billion

By Belle Lin

Chip giant **Advanced Micro Devices** and hedge fund **LuminaRx Capital Management** raised \$333 million for a growth financing round for cloud startup **Vultr**, a sign of the hot demand for artificial-intelligence infrastructure.

West Palm Beach, Fla.-based Vultr said it is now valued at \$3.5 billion and plans to use the financing to acquire more graphics processing units, or GPUs, the chips that power AI models. The funding is Vultr's first injection of outside capital.

The company got its start providing cloud computing for businesses' information-technology systems and it also offers AI computing. Vultr said its AI cloud service, through which it leases GPU access to customers, will soon become the biggest part of its business.

For AMD, the investment is a way for "customers to experience AMD GPUs through their

platform," said Mathew Hein, AMD's chief strategy officer of corporate development. "We look at them as somebody that's going to be bringing up AMD capacity this generation and future generations."

AMD aims to become Vultr's "preferred" AI hardware provider, though it won't force the choice, Hein said. Earlier this year, AMD unveiled its latest generation of AI chips, called the MI325X, with a next generation of MI350 chips coming next year.

Earlier this month, Vultr announced plans to build its first "supercompute" cluster with thousands of AMD GPUs at its Chicago-area data center.

The funding round follows similar moves by AI chip market leader **Nvidia**, which alongside other investors provided

more than \$400 million to AI cloud provider **CoreWeave** in 2023. CoreWeave last year also secured \$2.3 billion in debt financing by using its Nvidia GPUs as collateral.

Nvidia has spread out access to its GPUs to a large number of cloud providers, as has AMD.

"AMD is trying to figure out how to become more competitive with Nvidia," said Dave McCarthy, a research vice president in cloud and edge services at research firm International Data Corp. "For AMD to be able to get good billing with an up-and-coming cloud provider like Vultr will help them get more visibility in the market."

AMD also has invested in cloud providers such as **TensorWave**, which also offers an

AI cloud service. In August, AMD bought the data-center equipment designer ZT Systems for nearly \$5 billion.

The market for AI semiconductors will reach an expected \$193.3 billion by the end of 2027 from an estimated \$117.5 billion this year, according to IDC. Nvidia commands about 95% of the market for AI chips, according to IDC.

Vultr said its cloud platform serves hundreds of thousands of businesses, including Activision Blizzard, the **Microsoft**-owned videogame company, and Indian telecommunications giant **Bharti Airtel**.

Vultr's customers also use its decade-old cloud platform for their core IT systems, said Chief Executive J.J. Kardwell.

There is no shortage of entrants into the AI chip market aiming to challenge Nvidia's lead. In addition to AMD, startups like **SambaNova Systems** and cloud giants Amazon Web Services and Google seek to offer alternatives to Nvidia.



Powersports products include snowmobiles and ATVs.

Textron to Pause Powersports Output

By Denny Jacob

Textron said it would pause production of powersports products and is pursuing strategic alternatives for the business unit as demand for all-terrain vehicles and similar goods remains soft.

The maker of aviation, defense and other industrial products said Wednesday in a securities filing that output of powersports products such as snowmobiles and ATVs from the industrial segment's specialized-vehicle business will be paused indefinitely in the first half of 2025 after customer commitments are met.

Textron said it expects higher charges than previously forecast under its restructuring plan. Total pretax special charges related to the restructuring are now expected to range between \$190 million and \$205 million, com-

pared with a prior estimate in the range of \$165 million and \$170 million. The increase is tied to the contract termination costs associated with the powersports-production pause.

The Providence, R.I., company said the charges will be recorded in the fourth quarter of 2024, with additional cash outlays between \$25 million and \$35 million expected primarily in the first half of 2025. The company expects its plan to be substantially completed in the first half of 2025.

Textron also expects to incur an inventory-valuation charge in the range of \$30 million to \$40 million to write down production-related powersports inventory to its net realizable value. The inventory-valuation charge is expected to reduce adjusted earnings per share for 2024 by about 12 cents to 16 cents.

Micron Results Reflect Weakness in Consumer Business

By Connor Hart

Micron Technology issued a cautious outlook for its current quarter after citing weakness in consumer-oriented markets such as personal computers, even as its business serving data center booms.

The memory-chip maker on Wednesday reported that total revenue rose 84%, including a 46% jump in its data-center business, which makes up

more than half of total sales. It also estimates that server-unit shipments will grow more than expected this year, fueled by AI and upgrades of traditional servers.

However, the company cited weakness in other businesses. Consumers aren't upgrading their personal computers as quickly as expected. The company also said sales to the automotive market missed expectations due to lower production and a shift

toward value-trim models, causing car makers to trim inventory.

The memory-chip maker's stock price fell about 14% in after-hours trading.

"While consumer-oriented markets are weaker in the near term, we anticipate a return to growth in the second half of our fiscal year," Chief Executive Sanjay Mehrotra said.

For the current quarter, Micron expects adjusted per-

share earnings between \$1.33 and \$1.53 on revenue between \$7.7 billion and \$8.1 billion. Analysts polled by FactSet are expecting adjusted earnings of \$1.91 a share on revenue of \$8.94 billion.

The outlook came as the Boise, Idaho, company reported a profit of \$1.87 billion, or \$1.67 a share, for its three months ended Nov. 28, compared with a loss of \$1.23 billion, or \$1.12 a share, in the prior-year period.

ADVERTISEMENT

The Marketplace

To advertise: 800-366-3975 or WSJ.com/classifieds

BUSINESS OPPORTUNITIES

RARE OPPORTUNITY FOR BALANCE SHEET ENHANCEMENT

15 BILLION IN US DOLLAR APPRAISED GEMSTONES RUBIES, SAPPHIRES, EMERALDS, ALEXANDRITES

FOR SALE

ONLY 40 MILLION CASH PRICE MOST HAVE GIA AUTHENTICATIONS AND APPRAISALS

714-408-8118 EUROFUNDS@SBCGLOBAL.NET

PUBLIC NOTICES

FTI Consulting Canada Inc. in its capacity as receiver and manager (the "Receiver") of Rokstad Holdings Corporation, Rokstad Power (2018) Ltd., Golden Ears Painting & Sandblasting (2018) Ltd., Plowe Power Systems (2018) Ltd., Rokstad Power Construction Services Ltd., Rokstad Power Transmission Services Ltd., Inc., Rokstad Power Inc., and Rok Air LLC (collectively, "Rokstad"), is commencing a Court-approved sale solicitation process (the "SSP") for the purpose of soliciting proposals to purchase the property and/or business of Rokstad.

Rokstad is a leading provider of transmission and distribution services for critical power infrastructure throughout North America.

For detailed information about the SSP, please consult the Receiver's website <http://cfcanada.fticonsulting.com/Rokstad>.

To participate in the SSP, please contact: Adam.Gasch@fticonsulting.com; Hailey.Liu@fticonsulting.com; for additional information.

All qualified bids are to be submitted no later than at 4:00 PM Pacific Standard Time on January 10, 2025.

SELLING TO HEALTHCARE? Increase Sales & Revenue with Expert Strategies For Companies in Healthcare & Life Sciences Proven Strategies • Real Results Delivered Accelerate Sales of Products, Services, & Technology Schedule Your Free Consultation Today

Visit: sellingtohealthcare.com Call: 726-214-0024 Succeed in a Complex Market with Confidence

Exchange-Traded Portfolios									
Largest 100 exchange-traded funds. Preliminary close data as of 4:30 p.m. ET									
Wednesday, December 18, 2024									
ETF	Symbol	Closing Price	Chg (%)	YTD (%)	ETF	Symbol	Closing Price	Chg (%)	YTD (%)
CommSvcsSPDR	XLC	97.70	-2.85	34.5	JPM EqPrem	JEPI	57.76	-2.28	5.1
CnsmrDiscSel	XLV	228.64	-4.51	27.9	JPM UI/Shlncm	JPST	50.46	-0.08	0.5
DimenUSCoreEq	DFAC	34.48	-2.98	18.0	PacerUSCashCows	COWZ	56.40	-2.94	8.5
EnSelSectorSPDR	XLE	84.05	-2.96	0.3	ProSNUlPrQOQ	TQQQ	82.09	-10.81	61.9
FinSctSectorSPDR	XLF	47.63	-2.92	26.7	SPDRBspl3MTB	BIL	91.66	-0.3	0.3
GrayscaleBitcoin	GBTC	79.81	-5.78	158.5	SPDRDJIA	DIA	424.22	-2.61	12.6
HealthCrSelSect	XLV	137.32	-1.36	0.7	SPDRGold	GLD	239.26	-1.92	25.2
IndSelSectorSPDR	XLI	132.44	-2.82	16.2	SPDRPRDevUS	SPDW	34.55	-2.43	1.6
InvscNasdt100	QQQM	212.64	-3.60	26.2	SPDRSPSP500Value	SPYV	51.29	-2.38	10.0
InvscCOOQ	QQQ	516.47	-3.61	26.1	SPDRSPSP500	SPYG	68.97	-2.98	23.4
InvscS&P500	RSP	587.26	-2.96	10.8	SPDRSPSP500Growth	SPYV	88.02	-3.33	35.3
InvscS&P500EW	RSP	174.80	-2.96	10.8	SchwabIntEq	SCHF	18.46	-2.48	-0.1
IShBitcoin	IBIT	57.18	-5.85	...	SchwabUS BrdMkt	SCHB	22.65	-3.16	22.1
IShBndUSDHYGbBd	USHY	36.58	-1.04	...	SchwabUS Div	SCHD	127.17	-2.81	6.7
IShCoreDIVGrowth	DGRW	60.91	-2.61	13.2	SchwabUS LC	SCHX	23.16	-3.06	23.2
IShCoreMSCIEAFE	IEFA	70.17	-2.41	-0.3	SchwabUS LC Grw	SCHG	27.97	-3.45	34.9
IShCoreMSCIEM	EMIG	52.27	-2.32	3.3	SchwabUS SC	SCHS	25.83	-4.23	9.4
IShCoreMSCITotit	IUS	65.97	-2.40	1.6	SPDRSPSP500	MDY	569.27	-3.88	12.2
IShCoreS&P500	IVV	587.26	-2.96	10.8	SPDR S&P Div	SDY	132.98	-2.54	6.4
IShCoreS&P MC	IUJ	62.11	-3.79	12.1	SchwabIntEq	XLK	232.24	-3.23	20.7
IShCoreS&P SC	IUR	115.51	-4.07	6.7	SchwabUS BrdMkt	SMH	241.99	-3.19	38.4
IShCoreS&P ToUS	ITOT	128.35	-3.15	22.0	VangdSC Val	VBR	198.37	-3.79	10.2
IShCoreS&PUSGrw	IUSG	139.16	-3.44	33.7	VangdExtMkt	VXF	191.02	-4.38	16.2
IShCoreS&PUSVal	IUSV	92.26	-2.44	9.4	VangdFC Grwth	VBK	281.53	-4.37	16.4
IShCoreTotUSDBd	IUSB	45.19	-0.77	-1.9	SchwabUS SC	SCHS	25.83	-4.23	9.4
IShCoreUSAggBd	AGG	98.95	-0.76	-2.2	SPDR S&P MidCpTr	MDY	569.27	-3.88	12.2
IShEdgeMSCMiniUSA	USMV	88.55	-2.12	13.5	SPDR S&P Div	SDY	132.98	-2.54	6.4
IShEdgeMSCUSAQual	QUAL	177.92	-2.61	20.9	SchwabIntEq	XLK	232.24	-3.23	20.7
IShGoldTr	IAU	48.93	-1.96	25.5	VanEckSemicon	VSM	127.17	-2.81	10.2
IShBoxSIGCpBd	LDI	107.14	-1.24	-3.2	VangdSC Val	VBR	198.37	-3.79	10.2
IShMBS	MBB	91.47	-2.92	13.8	VangdExtMkt	VXF	191.02	-4.38	16.2
IShMSCIACWI	ACWI	117.19	-2.97	15.2	VangdFC Grwth	VBK	281.53	-4.37	16.4
IShMSCIEAFE	EFA	75.55	-2.45	0.3	VangdDivApp	VIG	196.04	-2.57	15.0
IShNatMunBd	MUB	106.31	-0.56	-1.9	VEU	VEU	58.17	-2.37	3.6
IShNYC60Bd	IGSB	51.93	-0.42	0.5	VEA	VEA	48.42	-2.48	1.1
ISh1-3YTreBd	SHY	81.68	-0.18	-0.4	VangdTSEEM	VWO	45.03	-2.32	9.6
IShRussMC	IWR	88.04	-3.61	13.3	VangdGrowth	VUG	412.57	-3.36	32.7
IShRuss1000	IWR	88.04	-3.61	13.3	VangdHdV	VYM	127.17	-2.81	13.9
IShRuss1000Grw	IWVG	402.94	-3.39	32.9	VangdInfoTech	VGT	621.26	-3.41	28.4
IShRuss1000Val	IWD	183.78	-2.64	11.2	VangdIntermBd	BIV	75.00	-0.82	-1.8
IShRuss2000	IWD	220.84	-4.43	10.0	VangdIntCorpBd	VCIT	80.53	-1.02	-0.9
IShS&P500Grw	IYV	101.57	-3.26	35.2	VangdIntermTrea	VGIT	58.08	-0.42	-2.1
IShS&P500Value	IYV	101.57	-3.26	35.2	VangdLC	VV	269.94	-3.18	23.6
IShSelectDiv	DVY	129.70	-2.96	10.6	VangdMegaGrwth	MGK	345.15	-3.34	33.0
ISh7-10YTreBd	IEF	92.69	-0.77	-3.8	VangdMkt	VNO	264.29	-3.38	13.6
ISh20+YTreBd	TLT	89.16	-1.25	-9.8	VangdRealEst	VNQ	89.23	-4.13	1.0
IShUSTech	IYW	159.59	-3.38	30.0	VangdRuss1000Grw	VONG	105.79	-3.42	33.0
IShUSTreasuryBd	GOVT	22.48	-0.60	-2.4	VangdS&P500ETF	VOO	539.14	-2.94	23.4
ISHO-3MTreBd	SGOV	100.16	0.02	-0.1	VangdST Bond	BSV	77.21	-0.30	0.2
JPMNasdtGrPrem	JEPP	56.84	-1.98	13.8	VangdSTCPBd	VCSH	78.01	-0.41	0.8

Listen to a Podcast: The Chip Business Is Booming. Why Isn't Intel?

Intel, whose chips were "inside" your '90s desktops, has fallen behind, and the CEO hired to turn things around is now out. Scan this code for a podcast on how the once-dominant chip brand lost its edge.

IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	Wed's IPO date/offer price	close (\$)	Offer price	% Chg From 1st-day
New Century Logistics	NCEW	Dec. 18/\$4.00	2.54	-36.5	...
Anteris Technologies Global	AVR	Dec. 13/\$6.00	5.70	-5.0	1.8
Moutain Lake Acquisition	MLACU	Dec. 13/\$10.00	10.02	0.2	0.2
NetClass Technology	NTCL	Dec. 13/\$5.00	5.22	4.4	4.4

Company	SYMBOL	Wed's IPO date/offer price	close (\$)	Offer price	% Chg From 1st-day
Roman DBDR Acquisition II	DRDBU	Dec. 13/\$10.00	9.95	-0.5	...
ServiceTitan	TTAN	Dec. 12/\$71.00	106.20	49.6	5.1
Jackson Acquisition II	JACSJUT	Dec. 10/\$10.00	10.02	0.2	...
Linkers Industries	LNKS	Dec. 5/\$4.00	8.01	100.3	85.0
Shepherd Ave Capital Acquisition	SPHAU	Dec. 5/\$10.00	10.02	0.2	0.3

Sources: Dow Jones Market Data; FactSet

L



MORAL INJURY IS A WAR INSIDE

No one should fight alone

Imagine a soldier who takes a life in the line of duty. No matter how much good he does, he believes he’s a bad person. He hates himself, hurts himself. He’s one of the many who struggle with Moral Injury. At Volunteers of America, we can help him find peace.



Learn more at [VOA.ORG](https://www.voa.org)

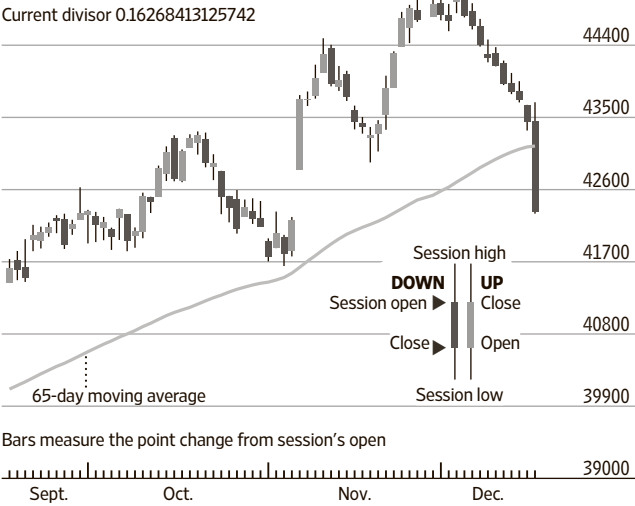
MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average

42326.87 ▼1123.03, or 2.58%
High, low, open and close for each trading day of the past three months.

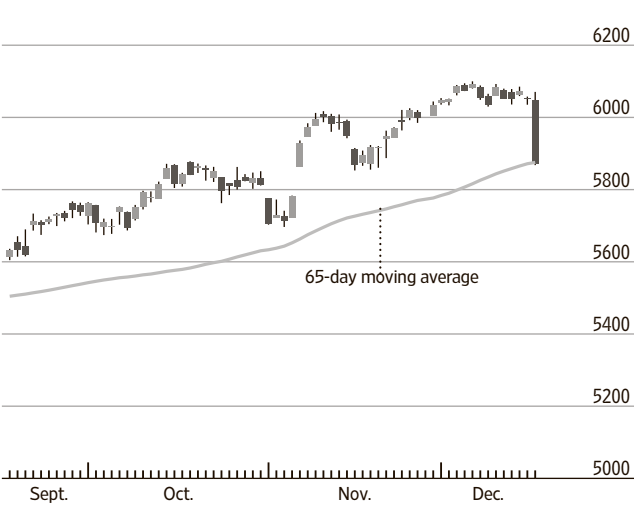
Last Trailing P/E ratio 26.58 26.84
Year ago P/E estimate * 22.63 20.47
Dividend yield 1.91 1.98
All-time high 45014.04, 12/04/24



S&P 500 Index

5872.16 ▼178.45, or 2.95%
High, low, open and close for each trading day of the past three months.

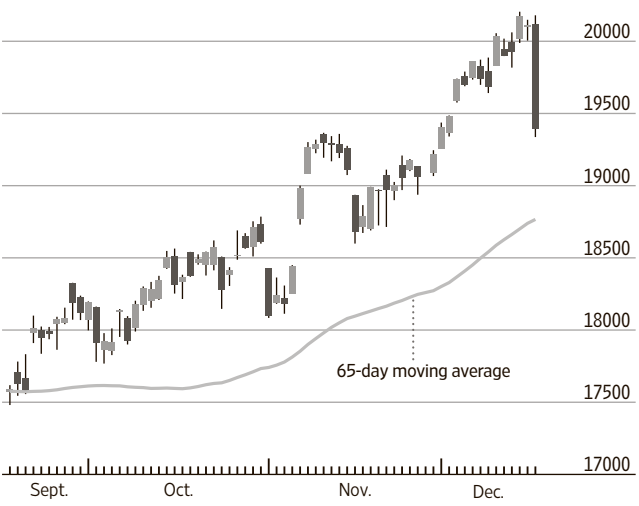
Last Trailing P/E ratio 25.75 21.74
Year ago P/E estimate * 22.37 21.25
Dividend yield * 1.24 1.57
All-time high 6090.27, 12/06/24



Nasdaq Composite Index

19392.69 ▼716.37, or 3.56%
High, low, open and close for each trading day of the past three months.

Last Trailing P/E ratio ** 34.92 29.65
Year ago P/E estimate ** 28.01 28.49
Dividend yield ** 0.75 0.78
All-time high: 20173.89, 12/16/24



Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD	% chg 3-yr. ann.
Dow Jones										
Industrial Average	43688.97	42300.04	42326.87	-1123.03	-2.58	45014.04	37082.00	14.1	12.3	6.2
Transportation Avg	16490.90	15938.14	15949.73	-454.54	-2.77	17754.38	14781.56	1.4	0.3	0.3
Utility Average	991.39	964.59	965.04	-26.63	-2.69	1079.88	829.38	11.2	9.5	0.5
Total Stock Market	60407.67	58292.90	58340.42	-1892.06	-3.14	60836.59	46849.48	24.0	22.1	7.3
Barron's 400	1301.70	1245.56	1248.41	-47.82	-3.69	1356.99	1039.19	18.0	16.4	5.6
Nasdaq Stock Market										
Nasdaq Composite	20179.77	19336.59	19392.69	-716.37	-3.56	20173.89	14510.30	31.2	29.2	8.5
Nasdaq-100	22038.08	21146.83	21209.31	-791.77	-3.60	22096.66	16282.01	28.1	26.1	10.3
S&P										
500 Index	6070.67	5867.79	5872.16	-178.45	-2.95	6090.27	4688.68	25.0	23.1	8.3
MidCap 400	3251.06	3106.51	3112.54	-124.46	-3.84	3390.26	2691.79	13.5	11.9	4.5
SmallCap 600	1484.12	1405.72	1414.03	-59.20	-4.02	1544.66	1241.62	9.5	7.3	1.7
Other Indexes										
Russell 2000	2349.98	2215.74	2231.51	-102.57	-4.39	2442.03	1913.17	12.5	10.1	0.9
NYSE Composite	19563.27	18983.13	18986.96	-530.65	-2.72	20272.04	16522.83	14.8	12.7	4.4
Value Line	634.04	609.16	610.26	-21.36	-3.38	656.04	566.64	4.8	2.8	-2.0
NYSE Arca Biotech	5953.77	5696.72	5718.97	-213.65	-3.60	6154.34	4861.76	10.3	5.5	0.9
NYSE Arca Pharma	964.47	945.83	946.05	-18.42	-1.91	1140.17	886.88	6.7	3.9	5.4
KBW Bank	130.94	124.55	124.75	-5.57	-4.28	138.78	91.80	32.7	29.9	-1.2
PHLX ^S Gold/Silver	144.85	138.01	138.45	-6.81	-4.69	175.74	102.94	10.8	10.1	3.0
PHLX ^S Oil Service	73.44	69.56	69.90	-2.66	-3.66	95.25	69.90	-17.3	-16.7	10.9
PHLX ^S Semiconductor	5247.69	4935.54	4970.98	-198.81	-3.85	5904.54	3908.85	24.0	19.1	9.7
Cboe Volatility	28.32	14.82	27.62	11.75		38.57	11.86	102.0	121.8	8.6

^SNasdaq PHLX Sources: FactSet; Dow Jones Market Data

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	After-Hours % chg	High	Low
NVIDIA	NVDA	27,036.8	130.83	1.92	1.49	134.36	125.21
SPDR S&P 500 ETF Trust	SPY	26,024.6	586.81	0.53	0.09	597.50	555.23
iShares Core S&P 500 ETF	IVV	23,942.4	589.50	2.24	0.38	590.00	583.97
Vanguard S&P 500 ETF	VVO	18,031.6	540.23	1.09	0.20	555.51	536.11
Micron Technology	MU	13,569.2	89.55	-14.35	-13.81	155.28	85.57
Intel	INTC	11,913.1	19.59	0.29	1.48	20.61	19.21
Tesla	TSLA	7,525.8	443.91	3.78	0.86	464.96	427.00
Dirxion TSLA Bull 2X	TSLL	7,399.5	34.36	0.81	2.41	34.38	31.59

Percentage gainers...

Curc Group	CURR	1,983.2	11.02	9.02	451.00	12.70	1.83
Mesoblast ADR	MESO	57.5	16.87	4.62	37.71	23.99	12.27
Nukkleus	NUKK	2,686.5	63.42	12.63	24.87	77.00	50.70
KULR Technology Group	KULR	2,281.4	2.29	0.21	10.10	2.34	2.02
Vivid Seats	SEAT	166.2	3.63	0.24	7.08	3.63	3.39
...And losers							
Dirxion Dly MU Bull 2X	MUU	553.2	17.60	-6.94	-28.28	24.61	15.68
Micron Technology	MU	13,569.2	89.55	-14.35	-13.81	155.28	85.57
Quantum	QMQO	583.2	53.55	-6.47	-10.78	65.25	47.93
MillerKnoll	MLKN	71.4	22.00	-2.33	-9.58	25.00	20.67
Orla Mining	ORLA	118.6	5.02	-0.42	-7.72	5.44	4.99

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	1,314,204,910	26,293,615
Adv. volume*	92,399,978	8,239,432
Decl. volume*	1,214,088,239	18,047,287
Issues traded	2,866	301
Advances	202	41
Declines	2,637	257
Unchanged	27	3
New highs	41	5
New lows	209	18
Closing Arms ¹	0.71	0.17
Block trades ²	5,499	254
NYSE Nasdaq NYSE Amer.		
Total volume*	9,996,128,784	440,251,591
Adv. volume*	3,890,679,683	60,814,957
Decl. volume*	6,071,378,992	378,183,142
Issues traded	4,497	2,099
Advances	682	136
Declines	3,724	1,954
Unchanged	91	9
New highs	127	25
New lows	341	118
Closing Arms ¹	0.29	0.33
Block trades ²	85,392	1,575

*Primary market NYSE, NYSE American, NYSE Arca only.
¹(TRIN) A comparison of the number of advancing and declining issues with the volume of shares rising and falling. An Arms of less than 1 indicates buying demand; above 1 indicates selling pressure.

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World					
	MSCI ACWI	845.44	-18.58	-2.15	16.3
	MSCI ACWI ex-USA	331.19	-1.18	-0.36	4.6
	MSCI World	3720.41	-91.66	-2.40	17.4
	MSCI Emerging Markets	1095.31	2.11	0.19	7.0
Americas					
	MSCI AC Americas	2210.40	-68.64	-3.01	21.9
Canada	S&P/TSX Comp	24557.00	-562.71	-2.24	17.2
Latin Amer.	MSCI EM Latin America	1890.03	-55.38	-2.85	-29.0
Brazil	Bovespa	120771.88	-3926.16	-3.15	-10.0
Chile	S&P IPSA	3628.60	0.68	0.02	4.6
Mexico	S&P/BMV IPC	49968.44	-453.17	-0.90	-12.9
EMEA					
	STOXX Europe 600	514.43	0.77	0.15	7.4
Eurozone	Euro STOXX	509.58	1.22	0.24	7.5
Belgium	Bel-20	4251.38	10.94	0.26	14.7
Denmark	OMX Copenhagen 20	2394.95	6.58	0.28	4.9
France	CAC 40	7384.62	18.92	0.26	-2.1
Germany	DAX	20242.57	-3.80	-0.02	20.8
Israel	Tel Aviv	2383.74	15.75	0.67	27.8
Italy	FTSE MIB	34400.99	85.75	0.25	13.3
Netherlands	AEX	892.66	3.00	0.34	13.5
Norway	Oslo Bors All-Share	1619.46	-3.91	-0.24	6.6
South Africa	FTSE/JSE All-Share	85599.84	-146.20	-0.17	11.3
Spain	IBEX 35	11617.90	29.80	0.26	15.0
Sweden	OMX Stockholm	972.66	3.62	0.37	7.7
Switzerland	Swiss Market	11638.91	-101.61	-0.87	4.5
Turkey	BIST 100	9915.76	-95.51	-0.95	32.7
U.K.	FTSE 100	8199.11	3.91	0.05	6.0
U.K.	FTSE 250	20601.99	59.13	0.29	4.6
Asia-Pacific					
	MSCI AC Asia Pacific	183.87	-0.11	-0.06	8.5
Australia	S&P/ASX 200	8309.40	-4.60	-0.06	9.5
China	Shanghai Composite	3382.21	20.72	0.62	13.7
Hong Kong	Hang Seng	19864.55	164.07	0.83	16.5
India	BSE Sensex	80182.20	-502.25	-0.62	11.0
Japan	NIKKEI 225	39081.71	-282.97	-0.72	16.8
Singapore	Straits Times	3779.62	-20.31	-0.53	16.6
South Korea	KOSPI	2484.43	27.62	1.12	-6.4
Taiwan	TAIEX	23168.67	150.66	0.65	29.2
Thailand	SET	1398.95	3.38	0.24	-1.2

Sources: FactSet; Dow Jones Market Data

Percentage Gainers...

Company	Symbol	Close	Net chg	% chg	High	Low	% chg
Nukkleus	NUKK	50.79	38.91	327.53	67.77	1.30	-2.3
Quantum	QMQO	60.02	36.30	153.04	64.20	2.22	834.6
Quantum Computing	QUBT	25.68	8.89	52.95	27.15	0.35	2722.0
Maris-Tech	MTEK	4.42	1.20	37.27	5.31	1.01	313.1
Lixiang Education ADR	LXEH	3.41	0.91	36.40	65.06	1.95	-84.2
Exodus Movement	EXOD	53.10	14.15	36.33	67.00	5.05	2208.7
Serina Therapeutics	SER	6.13	1.34	27.97	22.83	3.81	-56.4
SiNtX Technologies	SINT	3.89	0.82	26.71	105.80	2.01	-94.8
SmartKem	SMTK	3.15	0.66	26.51	19.00	2.01	-21.3
22nd Century Group	XXII	5.35	0.98	22.43	581.85	3.90	-79.7
SkyWater Technology	SKYT	15.76	2.68	20.49	19.00	5.63	103.4
Defiance Dly Tgt 2x Sh	SMST	6.56	1.05	19.06	118.40	3.47	...
iSpecimen	ISPC	3.95	0.63	18.98	12.20	2.76	-60.5
Tradr 2X Sh TSLA Daily	TSLG	24.72	3.49	16.44	287.52	20.49	-87.1
Cango ADR	CANG	8.00	1.09	15.77	9.66	0.96	700.0

Most Active Stocks

Company	Symbol	Volume (000)	%chg from 65-day avg	Latest Session Close	% chg	52-Week High	Low
Snow Lake Resources	LITM	1,196,300	119795.2	0.82	347.81	1.50	0.15
Tonix Pharmaceuticals	TNXP	309,775	343.5	0.36	9.25	21.76	0.12
Cognition Therapeutics	CGTX	288,334	18839.4	0.58	27.50	2.95	0.34
Rigetti Computing	RGTI	277,201	502.2	10.69	-3.95	12.75	0.66
NVIDIA	NVDA	263,481	11.3	128.91	-1.14	152.89	47.32
Quantum Computing	QUBT	227,661	787.0	25.68	52.95	27.15	0.35
D-Wave Quantum	QBST	212,368	746.7	8.96	6.67	10.50	0.68
CERO Therapeutics	CERO	162,135	132.7	0.06	-1.80	12.80	0.05
SoundHound AI	SOUN	154,984	236.4	20.85	7.50	24.08	1.62
Tesla	TSLA	143,918	59.1	440.13	-8.28	488.54	138.80

Futures Contracts

Metal & Petroleum Futures						
	Contract					
	Open	High	Low	Settle	Chg	Open interest
Copper-High (CMX)-25,000 lbs.; \$ per lb.						
Dec	4.0920	4.1065	4.0380	4.1000	0.0085	1,627
March ²⁵	4.1470	4.1695	4.0855	4.1570	0.0105	120,917
Gold (CMX)-100 troy oz.; \$ per troy oz.						
Dec	2644.30	2647.10	2590.20	2636.50	-7.90	1,427
Jan ²⁵	2651.20	2654.70	2587.20	2640.80	-8.80	4,021
Feb	2663.30	2667.60	2598.10	2653.30	-8.70	346,980
April	2684.40	2688.50	2620.50	2675.50	-8.20	55,309
June	2708.20	2710.60	2645.60	2696.70	-7.70	34,431
Aug	2731.60	2731.60	2667.20	2720.60	-6.90	13,383
Palladium (NYM)-50 troy oz.; \$ per troy oz.						
Dec	920.00	920.00	920.00	919.60	-13.00	3
March ²⁵	940.50	943.00	900.00	930.20	-9.00	16,328
Platinum (NYM)-50 troy oz.; \$ per troy oz.						
Dec	937.00	937.00	921.60	932.60	-8.90	24
Jan ²⁵	944.30	947.00	921.60	934.60	-8.90	53,514
Silver (CMX)-5,000 troy oz.; \$ per troy oz.						
Dec	30.440	30.440	29.880	30.410	-0.163	326
March ²⁵	30.985	31.045	29.755	30.740	-0.181	118,241
Crude Oil, Light Sweet (NYM)-1,000 bbls.; \$ per bbl.						
Jan	70.22	71.38	69.99	70.58	0.50	53,003
Feb	69.82	70.80	69.39	70.02	0.37	332,289
March	69.41	70.35	68.98	69.57	0.31	208,895
April	69.12	70.01	68.64	69.21	0.24	111,653
June	68.66	69.53	68.17	68.68	0.13	171,311
Dec	67.19	67.96	66.62	67.11	-0.02	154,712
NY Harbor ULSD (NYM)-42,000 gal.; \$ per gal.						
Jan	2.2324	2.2766	2.2272	2.2550	.0271	62,923
Feb	2.2369	2.2797	2.2314	2.2584	.0260	97,172
Gasoline-NY ROBO (NYM)-42,000 gal.; \$ per gal.						

	Open	High	Low	Settle	Chg	Open interest
Jan	1.9495	1.9761	1.9292	1.9428	-0.011	56,199
Feb	1.9591	1.9860	1.9397	1.9533	-0.009	96,276
Natural Gas (NYM)-10,000 MMBtu.; \$ per MMBtu.						
Jan	3.368	3.441	3.312	3.374	.066	95,440
Feb	3.123	3.175	3.084	3.115	.035	189,471
March	2.753	2.783	2.724	2.733	.005	287,375
April	2.764	2.791	2.733	2.746	.005	115,248
May	2.859	2.888	2.834	2.848	.005	105,651
Jan ²⁶	4.383	4.415	4.360	4.377	-0.07	103,919
Agriculture Futures						
Corn (CBT)-5,000 bu.; cents per bu.						
March	443.75	446.50	437.00	437.25	-6.25	778,582
May	450.00	452.50	443.25	443.75	-6.25	274,326
Oats (CBT)-5,000 bu.; cents per bu.						
March	361.00	366.25	356.00	359.50	-4.50	3,226
May	368.75	370.00	362.50	366.00	-3.50	258
Soybeans (CBT)-5,000 bu.; cents per bu.						
Jan	976.75	977.50	950.25	951.75	-25.00	169,017
March	978.75	979.50	952.00	953.25	-25.50	381,383
Soybean Meal (CBT)-100 tons; \$ per ton.						
Jan	287.20	287.50	279.30	279.50	-7.70	107,881
March	294.00	294.00	285.90	286.10	-7.50	272,919
Soybean Oil (CBT)-60,000 lbs.; cents per lb.						
Jan	40.62	40.64	39.36	39.55	-1.07	96,231
March	40.95	40.97	39.75	39.93	-1.02	235,597
Rough Rice (CBT)-2,000 cwt.; \$ per cwt.						
Jan	15.00	15.00	14.78	14.82	-1.17	4,946
March	15.09	15.10	14.87	14.90	-1.18	4,711
Wheat (CBT)-5,000 bu.; cents per bu.						
March	545.00	554.25	540.00	541.25	-3.75	259,005
May	554.50	563.75	550.50	551.75	-2.75	80,725
Wheat (KC)-5,000 bu.; cents per bu.						
March	552.00	561.50	547.25	548.75	-3.75	168,475

Cash Prices | wsj.com/market-data/commodities

Wednesday, December 18, 2024

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Energy		Wednesday
Coal,C Aplc,12500Btu,1.2502-r,w		75.250
Coal,PwdRvRbSn,8800Btu,0.8502-r,w		14.200
Metals		
Gold, per troy oz		
Engelhard industrial		2643.00
Handy & Harman base		2635.65
Handy & Harman fabricated		2925.57
LBMA Gold Price AM		*2641.60
LBMA Gold Price PM		*2636.35
Kruggerand,wholesale-e		2734.22
Maple Leaf-e		2799.63
American Eagle-e		2799.63
Mexican peso-e		3375.52
Austria crown-e		2567.67
Austria phil-e		2747.30
Silver, troy oz.		
Engelhard industrial		30.3500
Handy & Harman base		30.1460
Handy & Harman fabricated		37.6830
LBMA spot price		*£23.8700
(U.S.\$ equivalent)		*30.3100
Coins,wholesale \$1,000 face-a		22887
Other metals		
LBMA Platinum Price PM		*932.0
LBMA Palladium Price PM		*934.0
Platinum,Engelhard industrial		935.0
Palladium,Engelhard industrial		940.0
Aluminum,LME,\$ per metric ton		*2497.0
Copper,Cornex spot		4.1000
Iron Ore,62% Fe CFR China-s		*105.4
Steel,HRC USA, FOB Midwest Mill-s		*690.0
Battery/EV metals		
BMI Lithium Carbonate,EXW China,>99.2%-v,w		10475
BMI Lithium Hydroxide,EXW China,>56.5%-v,w		9375
BMI Cobalt sulphate,EXW China,>20.5%-v,w		3528
BMI Nickel Sulphate,EXW China,>22%-v,m		3512
BMI Flake Graphite,FOB China,100 Mesh,94-95%-v,m		435
Fibers and Textiles		
Burlap,10-oz,40-inch NY yd-n,w		0.8500
Cotton,11/16 std lw-mdMphs-u		0.6458
Cotlook 'A' Index-t		*79.25
Hides,hvy native steers piece fob-u		n.a.
Wool,64s, staple, Terr del-u,w		n.a.
Grains and Feeds		
Bran,wheat middlings, KC-u,w		139
Corn,No.2 yellow,Cent IL-bp,u		4.1300
Corn gluten feed,Midwest-u,w		121.4
Corn gluten meal,Midwest-u,w		471.5
Cottonseed meal-u,w		288
Hominy feed,Cent IL-u,w		108
Meat-bonemeal,50% pro Mnpls-u,w		4.305
Oats,No.2 milling,Mnpls-u		3190
Rice, Long Grain Milled, No. 2 AR-u,w		35.25
Sorghum,(Milo) No.2 Gulf-u		39.50
SoybeanMeal,Cent IL,rail,ton48%-u,w		307.50
Soybeans,No.1 yllw IL-bp,u		9.0000
Wheat,Spring14%-pro Mnpls-u		8.0450
Wheat,No.2 soft red,St.Louis-u		5.5225
Wheat - Hard - KC (USDA) \$ per bu-u		5.4875
Wheat,No.1soft white,Portld,OR-u		5.9750
Food		
Beef,carcass equiv. Index		298.81
choice 1-3,600-900 lbs.-u		268.83
select 1-3,600-900 lbs.-u		1.3242
Broilers, National comp wtd. avg.-u,w		2.5100
Butter,AA Chicago-d		178.50
Cheddar cheese,bbl,Chicago-d		186.00
Cheddar cheese,blk,Chicago-d		137.25
Milk,Nonfat dry,Chicago lb.-d		3.3714
Coffee,Brazilian,Comp-y		3.4751
Coffee,Columbian, NY-y		4.4750
Eggs,large white,Chicago-u		15.00
Flour,hard winter KC-p		1.10
Hams,17-20 lbs,Mid-US fob-u		82.82
Hogs,Iowa-S.o. Minnesota-u		1.4408
Pork bellies,12-14 lb MidUS-u		0.9953
Pork loins,13-19 lb MidUS-u		n.a.
Steers,Tex.-Okla. Choice-u		309.88
Steers,feeder,Okla. City-u,w		n.a.
Fats and Oils		
Degummed corn oil, crude wtd. avg.-u,w		n.a.
Grease,choice white,Chicago-h		0.4000
Lard,Chicago-u		n.a.
Soybean oil,crude,Cent IL-u,w		0.4342
Tallow,bleach,Chicago-h		0.4275
Tallow,edible,Chicago-u		n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nonmetal; n.a.=not quoted or not available; P=Souland Publishing; R=SWL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 12/17

Source: Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

December 18, 2024

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation		Week Latest	—52-WEEK— High	Low
Nov. index	Chg From (%)			
level	Oct. 24	Nov. '23		
U.S. consumer price index				
All items	315.493	-0.05	2.7	
Core	321.947	0.06	3.3	
International rates				
	Latest	Week ago	—52-Week— High	Low
Overnight repurchase				
U.S.	4.59	4.66	5.48	4.56
U.S. government rates				
Discount	4.75	4.75	5.50	4.75
Federal funds				
Effective rate	4.5800	4.5800	5.3400	4.5800
High	4.8000	4.8000	5.6500	4.8000
Low	4.5500	4.5500	5.3300	4.5500
Bid	4.5700	4.5700	5.3300	4.4700
Offer	4.6000	4.6000	5.3600	4.5800
Treasury bill auction				
4 weeks	4.240	4.400	5.325	4.240
13 weeks	4.250	4.300	5.260	4.250
26 weeks	4.160	4.200	5.170	4.160
Other short-term rates				
	Latest	Week ago	—52-Week— high	low

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective November 8, 2024. Other prime rates aren't directly comparable; lending practices vary widely by location. Discount rate is effective November 8, 2024. Secured Overnight Financing Rate is as of December 17, 2024. DTCC GCF Repo Index is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. Federal funds rates are Tullett Prebon rates as of 5:30 p.m. ET.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.

Macro & Market Economics

Watching the Gauges: U.S. Supply and Demand

Inventories, imports and demand for the week ended December 13. Current figures are in thousands of barrels or thousands of gallons per day, except natural-gas figures, which are in billions of cubic feet. Natural-gas import and demand data are available monthly only.

Inventories, 000s barrels							Imports, 000s barrels per day						
	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	Current	Expected change	Previous week	Year ago	4-week avg	5-year avg	
Crude oil and petroleum prod	1,233,174	...	1,236	1,262	1,237	1,248	8,650	...	7,529	8,597	8,193	8,209	
Crude oil													
excluding SPR	421,016	-1500	422	444	424	440	6,649	...	5,984	6,750	6,502	6,193	
Gasoline	222,037	...	220	227	217	230	755	...	464	537	592	513	
Finished gasoline	16,452	1000	17	17	16	21	57	...	102	60	84	82	
Reformulated	19	...	0	0	0	0	0	...	0	0	0	0	
Conventional	16,433	...	17	17	16	21	57	...	102	60	84	82	
Blend components	205,584	...	203	210	201	210	698	...	363	476	508	431	
Natural gas (bcf)	3,747	...	4	4	4	3	...	...	...	...	...	...	
Kerosene-type													
jet fuel	41,332	...	42	39	42	37	75	...	160	138	109	156	
Distillates	118,155	200	121	115	118	129	164	...	154	225	145	272	
Heating oil	5,815	...	6	7	6	8	1	...	0	3	1	0	
Diesel	112,340	...	115	108	112	60	163	...	154	222	144	272	
Residual fuel oil	24,350	...	24	26	24	29	128	...	156	79	122	100	
Other oils	293,551	...	292	295	296	283	701	...	485	747	583	840	
Net crude, petroleum products, incl. SPR	1,626,224	...	1,629	1,615	1,629	1,767	-3,310	...	-2,476	-1,804	-3,073	-1,440	

MARKETS & FINANCE

Stocks Drop After Fed Rate Signal

Continued from page B1

Fed, posted its largest one-day climb since early October, climbed to 4.35% from 4.239%.

The dollar strengthened to a two-year high, with the WSJ Dollar Index rising 0.9%. The dollar has

climbed in recent months thanks to a U.S. economy powering ahead of its rich peers. President-elect Donald Trump's promises for wide-ranging tariffs on foreign goods have added momentum to the move.

Shares of stocks perceived as sensitive to higher rates were among the biggest decliners in the S&P 500, with the real-estate sector losing 4%. Consumer discretionary stocks fell 4.7%. Financials slipped 3%.

"The market's cracking a little," said Jay Hatfield, chief executive at Infrastructure Capital Advisors. "It's quite

weak and weakening, there's no bouncing whatsoever."

Elsewhere in trading Wednesday, shares in **General Mills** dropped after the break-fast-cereal maker scaled back profit expectations with consumers growing weary of high food prices.

In Tokyo, **Nissan** stock surged while **Honda** fell after two of Japan's largest carmakers said they were exploring a merger.

In Germany, **Commerzbank** shares rallied after **UniCredit** said it was increasing its stake in the bank. The Italian lender has flagged interest in a possible combination.

THURSDAY'S EVENTS: Interest-rate decisions from the Bank of England and the Bank of Japan. Both are expected to stand pat. Weekly U.S. jobless claims and the third reading of third-quarter GDP at 8:30 a.m. ET, with existing-home sales at 10 a.m.

EARNINGS EXPECTED: Cintas, Conagra and Darden Restaurants before the bell. After the close, FedEx and Nike quarterly earnings.

STOCK SPOTLIGHT

Quantum Computing
Shares shot up 53% after the firm announced a contract with NASA earlier this week. Shares of quantum computing firm Arqit Quantum also rallied, climbing 12%.

General Mills
The Cheerios and Bisquick maker lowered its outlook, citing uncertain consumer demand. Shares slumped 3% on the New York Stock Exchange.

Huntington Ingalls Industries
A company vice president said this week that demand for submarines has quadrupled over the past decade. Shares of the defense stock edged up 0.5% after tanking in the fall when the company missed its targets.

Honda Motor Nissan Motor
Honda shares slipped 3% in Tokyo and then ended down 4.8% in New York, while Nissan's leapt 24% in Tokyo, prompting a trading halt, after the Japanese auto companies said they were exploring a merger. Nissan rose 17% in New York.

Renault
Shares of the carmaker, which owns a large stake in Nissan, rallied 5.2% in Paris.

Heico
The airplane-part and electronics supplier, backed by Warren Buffett's Berkshire Hathaway, reported quarterly revenue that missed analyst estimates. Shares slid 8.6%.

Micron Technology
The semiconductor company's stock closed down 4.3% ahead of quarterly results.

Cigna Group
Shares of the health insurer jumped more than 6%, making up some of its losses in the wake of federal discussions about breaking up pharmacy-benefit managers.

Birkenstock
The sandal maker is targeting higher margins after profitability stumbled in the most-recent financial year. Shares gained 2%.

AUCTION RESULTS	
Here are the results of Wednesday's Treasury auction. 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.	
17-WEEK BILLS	
Applications	\$190,564,776,600
Accepted bids	\$64,202,176,600
* noncompetitively	\$586,392,500
* foreign noncompetitively	\$0
Auction price (rate)	98.605056 (4.220%)
Coupon equivalent	4.339%
Bids at clearing yield accepted	75.52%
Cusip number	912797PA9
The bills, dated Dec. 24, 2024, mature on April 22, 2025.	

Continental to List Its Auto Unit in Frankfurt

Continental plans to list its automotive unit on the stock exchange in Frankfurt by the end of next year, the company said Wednesday.

The listing is subject to the approval of the supervisory board and the annual shareholders' meeting, the German auto-parts manufacturer said.

The automotive unit's new brand will be launched by the end of April, and the business will be led by Philipp von Hirschheydt. He has headed the automotive group sector as a member of the executive board since May 2023.

Continental said in August that it was considering spinning off and listing the automotive unit following a review

of the business.

"The automotive spinoff will unlock new strengths, because focused companies are more agile, especially in times of transformation. The entire supervisory board supports this ambitious plan," Wolfgang Reitzle, chairman of Continental's supervisory board, said.

The company will host an investor event in summer to outline targets for the unit, which made sales of around €20.3 billion, or \$21.30 billion, in 2023. The group will also start the sale of ContiTech's original-equipment solutions unit, which supplies rubber products to automotive manufacturers, in the first quarter of 2025, it said. —*Helena Smolak*



UniCredit Nears Trigger for Mandatory Commerzbank Bid

By ELENA VARDON

UniCredit raised its stake in **Commerzbank** to 28%, building on previous efforts to stock up its holding in the German rival and reigniting expectations it could launch a mandatory takeover offer for the lender.

Italy's second-largest bank by assets said Wednesday that it acquired additional financial contracts tied to Commerzbank shares as it is in the process of

getting the green light to raise its shareholding to up to 29.9%, just below the 30% threshold at which it would have to launch a mandatory takeover bid under German regulations.

UniCredit has been circling Commerzbank since September, when it flagged interest in a potential tie-up and disclosed a stake in the German group. Shortly after, it raised its shareholding further through the same mechanism of entering into financial contracts

tied to Commerzbank shares.

Chief Executive Andrea Orcel has been trying to engineer a merger to add to UniCredit's existing presence in Germany and extend into Poland but political opposition from the government—which still owns a 12% stake in Commerzbank—and pending elections have delayed the process.

The stake is now made up of 9.5% direct ownership and around 18.5% through derivatives, it said.

"This move reinforces UniCredit's view that substantial value exists within Commerzbank that needs to be crystallized," it said.

Commerzbank, a key lender for small and medium-size companies that has repeatedly backed its stand-alone strategy, declined to comment. The group is due to present details of its new strategy in February. Its shares rose 1.4% in Germany Wednesday.

"The position remains at

this time solely an investment", UniCredit said. Its economic exposure is fully hedged, which protects it against potential risks while providing it flexibility and a range of strategic options, it said.

The bank last month made an unsolicited \$10 billion-plus approach for Italian peer **Banco BPM** that was rebuffed.

For Orcel, Germany's coming elections mean there isn't room to move forward with

Commerzbank in the short term. "Maybe there won't be an ability to move at all. But while we wait, and clearly it is a relatively long wait, we at the moment are comfortable where we are," he told analysts in a call late November.

UniCredit's position in Commerzbank doesn't affect the offer for Banco BPM, the Italian bank said. Late Tuesday, Banco BPM asked Italy's market regulator to take measures to protect its stakeholders.

ADVERTISEMENT

THE WALL STREET JOURNAL.

CCO Council

A network connecting top executives to collaborate on pressing matters and share information, expertise and ideas.

Compliance Leaders From the World's Most Influential Companies



Patrick Rowe
Accenture



Nancy A. Grygiel
Amgen



Martin Åberg
Assa Abloy



Georgia Magno
Baker Hughes



Meg DeGooyer
BioMarin Pharmaceutical



Renita Mollman
Burns & McDonnell



Katisha D. Fortune
CBRE Group



Cecile Alibert
DB Schenker



Christine H. Boucher
Delta Air Lines



Amanda Karen Archibald
Equinor



Robert Ladd
Gilead Sciences



Thomas A. Flynn
Hackensack Meridian Health



George R.J. Comyn
Harbour Energy



Christine Stevenson
Hartree Partners



Paul C. Harris
Hill



Hans Vad Hansen
IBM



Amy Kovalan
McDonald's



Victoria Attwood Scott
Mercuria Energy Trading



Becky Lenaburg
Microsoft



Imogen Haddon
News Corp



Paolo Berard
NRG Energy



Funmi Olorunmbi Badejo
Palantir Technologies



Hillary Stanley
PwC



Dr. Manuel Liatowitsch
Ringier



Julien Durand
Sanofi



Robert J. Borthwick
Sempra



Cindy Moehring
University of Arkansas - Sam M. Walton College of Business



Matt Miner
Walmart



Angela Main
Zimmer Biomet

Membership is by invitation: CCOCouncil@wsj.com

THE WALL STREET JOURNAL.

The Wall Street Journal news organization was not involved in the creation of this content.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

2024’s Stock Extremes Aren’t Sure to End

As extended as some trends have become this year, investors shouldn’t assume they are about to revert to the mean

Stocks: They don’t make them like they used to.

In 2024, extreme market trends have become even more so. U.S. equities, which had already more than doubled the performance of international ones between 2000 and 2023, have delivered a further 29% return, compared with less than 9% for non-U.S. stocks, based on MSCI indexes.

This is because of further U.S. dollar appreciation and because the technology-related Magnificent Seven—**Apple**, **Microsoft**, **Amazon.com**, **Alphabet**, **Meta Platforms**, **Tesla** and **Nvidia**—have grown to make up about one-third of the S&P 500, compared with roughly one-quarter at the end of 2023.

The megacap rally has been so brutal that the S&P SmallCap 600 has lagged behind despite receiving a bump from the Trump trade. Fateful past periods of small-caps’ having relative price/earnings ratios as low as today include the Nifty Fifty era of the 1970s and the dot-com bubble of the late 1990s. In the aftermath of these episodes, small-caps went on to outperform blue chips significantly.

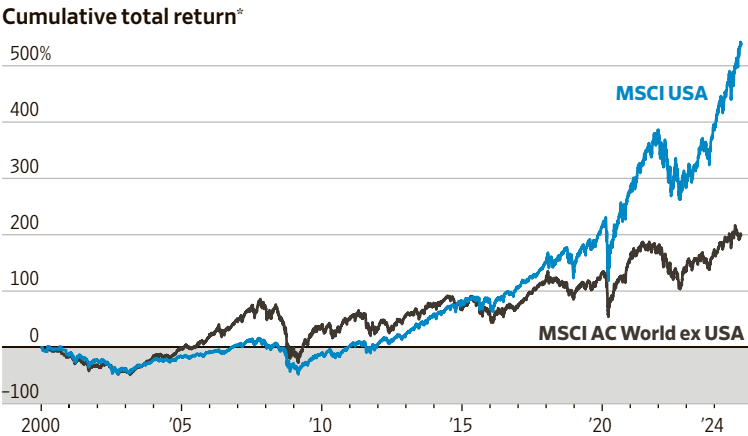
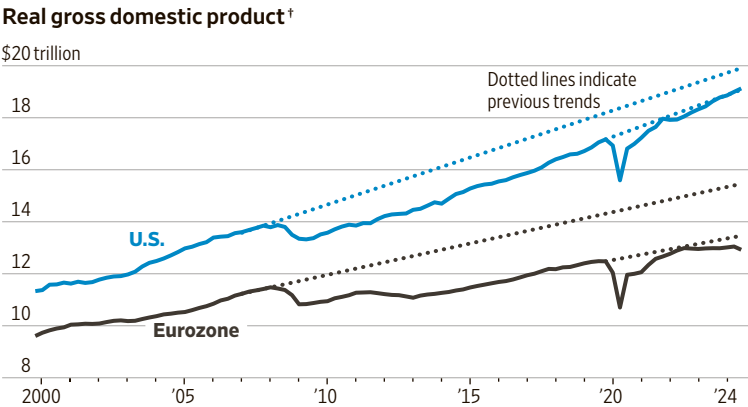
The Stoxx Europe 600 looks cheap, too, and not just because it has little tech. U.S. stocks are pricier in every single sector. **Unilever** has a forward P/E ratio of 18, compared with 24 for **Procter & Gamble**, for example, while **Exxon Mobil** has 14 and **Shell** eight.

Also, the dollar hasn’t been as consistently strong in inflation-adjusted terms since the 1980s, which then became the start of a decadeslong depreciation.

So, if past patterns reassert themselves, long-term investors must only avoid the crowded trades, buy the discounted stocks and sit pretty. But this is a big “if.”

“Historical trends are being permanently broken in real time as mega forces, like the rise of artificial intelligence, transform economies,” said BlackRock in its recent outlook for 2025.

The world’s top investment manager by assets recommends that investors stick with U.S. stocks, embrace actively managed funds and delve into private markets. This conveniently aligns with BlackRock’s own commercial strat-



*In U.S. dollars †Annualized quarterly data in 2005 U.S. dollars ‡Based on 12-month rolling earnings

egy—it recently announced the purchase of the private-credit firm HPS Investment Partners—but correctly highlights that valuations don’t exist in a vacuum.

After the 2008-09 financial crisis, the gross domestic product of most Western countries stuck to a lower trajectory even as growth recovered. This shattered preconceptions about economies’ being mean-reverting, and popularized the study of “hysteresis,” or how short-term shocks can have long-lasting effects.

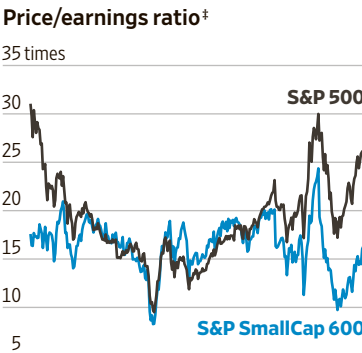
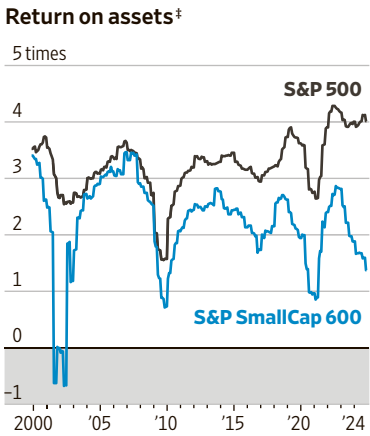
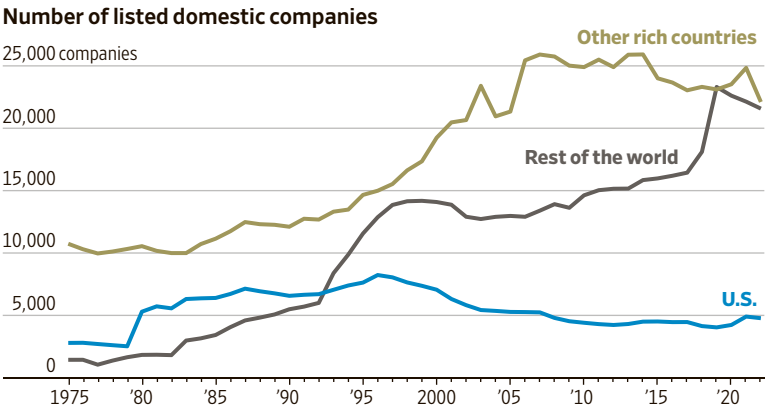
Then came the pandemic, when the U.S. course corrected by mailing cash to households and increasing unemployment benefits. It also benefited from having fostered tech giants that rode the dual waves of a more-digital economy during Covid and the rise of generative AI thereafter. It worked: U.S. gross domestic product is already above where the pre-Covid trend suggested it would be.

Meanwhile, the more-austere, “old economy” eurozone appears to have suffered another enduring hit. Positive economic surprises in early 2024 have been offset by a disappointing past few months.

Throughout the postpandemic period, the European Central Bank has taken cues from the Federal Reserve and set interest rates aggressively high, disregarding that it was dealing with a weaker economy.

The European Union’s export-led model is more challenged than ever by Chinese overcapacity and the threat of U.S. tariffs. Continuing political crises in Germany and France make it even harder for the bloc to establish a coherent industrial policy, despite an action plan from former ECB President Mario Draghi.

As for emerging markets, they might have boomed during the early 2000s, but the promise of economic convergence has turned out to be unfulfilled outside Asia.



Sources: FactSet (total return, GDP, P/E ratio, assets); World Bank WDI (listed domestic companies)

Since the 2008-09 financial crisis, these nations have learned to protect themselves better against financial shocks, but this has meant allowing local currencies to depreciate more and building up dollar coffers. To boot, the shale revolution has turned the U.S. into a net energy exporter.

These are all sources of strength for the dollar. As much as President-elect Donald Trump might prefer a cheaper exchange rate, the experience of the 1980s suggests that it would take a coordinated international effort to achieve it.

Or take U.S. small-caps. Their return on assets was only slightly below the S&P 500’s two decades ago. Now it is at one-third, both because megacaps have become more profitable and because there are fewer high-quality small companies traded on exchanges.

Between the 1996 peak and 2022, the number of listed U.S. companies fell 43%, even as it kept

growing abroad, World Bank WDI figures show. Overall, this is because cash-rich megacorporations are buying more companies, research finds. But the doubling in size of private markets over the past 10 years also is helping the best small businesses stay private for longer. The average company listing on the Nasdaq has become larger and older.

It takes only a few superstars to bypass the small-cap universe to justify a lower valuation for all. Kenneth French and Eugene Fama identified that the past outperformance of these stocks has come from a few companies that graduate to a larger category.

To be sure, huge divergences in things such as P/E ratios could be signaling some froth in markets. But investors betting on a simple reversion to the mean might be disappointed.

This isn’t your grandfather’s stock market.

—Jon Sindreu

Short-Term Loans Get a Long-Term Commitment

It may be no surprise that people are eager to put off paying in full for their holiday shopping. But who would want to fund that? Increasingly, there is an answer: private credit.

Buy now, pay later provider **Affirm** last week announced a \$4 billion commitment for lending from investment firm Sixth Street. Because loans used to pay for individual purchases are relatively short term and thus turn over quickly, that sum can fund more than \$20 billion worth of Affirm volume over the next three years.

So while the structure of the deal might be complex, it is a straightforward illustration of how both of these businesses are evolving and are likely to continue to move ahead in 2025.

For private credit, what might look like a market niche will continue to bleed into the wider world of banking. Via what is termed asset-based finance, private-credit managers are increasingly in the mainstream of the kinds of lending that banks or the securitization markets have long dominated. Those managers can be backed by the money of big institutions such as sovereign-wealth funds or pension funds, pools of insurance money or even the retirements of individuals. Sixth Street itself earlier this year led a consortium to acquire GreenSky, another consumer-lending business, from **Goldman Sachs**.

That means that alternative asset managers, many of which had

big stock gains in 2024, may still have runway in front of them as the list of things they can fund through private-credit funds grows. Managers such as **Apollo Global Management**, **KKR & Co.**, **Blue Owl** and **Ares Management** have seen soaring share prices. KKR, which joined the S&P 500 this year, is the top-performing financial sector stock in the index in 2024 so far, up over 80%.

Meanwhile, for buy now, pay later and consumer lenders, it shows how the challenge of high interest rates can be met. A key step is to secure longer-term commitments—a hallmark of private credit—as part of a diversified mix of incoming money. Overall, Affirm’s funding capacity for lending has grown to \$16.8 billion as of the quarter ended in September, up from around \$13 billion the prior year and \$11 billion two years ago. Affirm shares are up more than 40% so far this year.

More revenue also can negate higher funding costs. Affirm might face a higher hurdle rate from investors in a world of still-relatively-high-for-longer interest rates. But being able to transmit enough of that to merchants who pay fees, or borrowers who pay interest, while managing lending losses can still produce the kind of credit that firms such as Sixth Street find attractive.

Whether that translates into a big year in 2025 for buy now, pay later still depends on plenty of



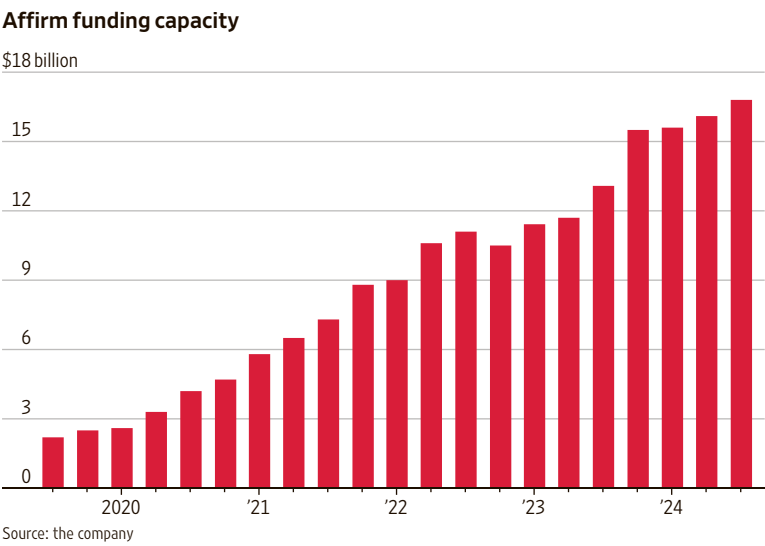
Buy now, pay later lending is attracting shoppers who are eager to put off paying in full for goods.

macroeconomic unknowns. Consumers’ debt appetite and ability to borrow play a role, though with smaller, shorter-term loans it is less of an issue than it might be with credit cards, mortgages or personal loans.

Then the question is how much are people spending in general, or how much of the market goes to other payment types, such as a digital wallet or credit card that gives them some kind of reward for spending with them. And are merchants still willing to pay up to convert more shoppers into buyers with financing offers?

Growth is by no means assured, but the buy now, pay later phenomenon isn’t going away.

—Telis Demos



Source: the company