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## What's News

### Business & Finance

◆ **Honda and Nissan** said they planned to merge in 2026, a move Honda's CEO said wasn't a rescue of Nissan but a recognition that developing new technologies was too hard to do alone. **A1**

◆ **U.S. stocks rose**, with the S&P 500, Nasdaq and Dow industrials advancing 0.7%, 1% and 0.2%, respectively. **B8**

◆ **Confidence among** American consumers dropped unexpectedly this month, with expectations growing bleaker for the economic situation in the new year. **A2**

◆ **Nordstrom's founding** family clinched a \$4 billion deal to take the struggling department-store chain private in a transaction expected to be completed in the first half of 2025. **B1**

◆ **Xerox struck a deal** to acquire Lexmark that values the maker of printers and printing software at \$1.5 billion, including debt. **B1**

◆ **The Container Store** filed for bankruptcy as it contends with losses and rising debt levels that have shaken investor confidence and led to its imminent delisting. **B3**

◆ **BNP Paribas** said its BNP Paribas Cardif insurance business and AXA signed a deal for the purchase of AXA Investment Managers for the equivalent of about \$5.32 billion. **B8**

◆ **The CFPB** said it sued Walmart and payment platform Branch Messenger for practices concerning delivery drivers' pay and reimbursement. **B3**

### World-Wide

◆ **The House Ethics Committee** released an explosive report detailing its investigation of sexual-misconduct allegations against former Rep. Matt Gaetz, a Florida republican. **A1**

◆ **Biden, citing moral** and policy objections to capital punishment, said he was commuting the death sentences of 37 inmates, a move that prevents Trump from executing most men on federal death row. **A1**

◆ **The Biden administration** said Pakistan is developing a long-range ballistic missile that could eventually provide nuclear-armed Islamabad with a weapon capable of striking the U.S. **A6**

◆ **President Emmanuel** Macron's office announced a new French government led by François Bayrou as prime minister after the previous government collapsed on a vote of no-confidence. **A18**

◆ **Luigi Mangione** pleaded not guilty to state murder charges in the shooting death of UnitedHealth executive Brian Thompson outside a New York City hotel on Dec. 4. **A3**

◆ **A former U.S. Marine** detained in Australia and accused of training Chinese military pilots will be extradited to the U.S., Australia's attorney general said. **A8**

◆ **Kilauea, on Hawaii's** Big Island, erupted in an event confined to the volcano's caldera after sensors detected increased earthquake activity in the area. **A2**

### NOTICE TO READERS

WSJ.com and WSJ mobile apps will publish on Christmas Day. The Wall Street Journal print edition won't be published on Wednesday.

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## Big Man Is Still Taking Requests as Big Day Nears



PSST: Zane Castello, 6 years old, whispered his wish to Santa Claus in Johnstown, Pa., on Monday, as holiday celebrations began kicking off around the world. Christmas Day and the first night of Hanukkah both fall on Wednesday. **A18**

## Gaetz Paid for Sex With Girl, 17, Used Drugs, Ethics Report Finds

By KATY STECH FEREC

WASHINGTON—The House Ethics Committee released an explosive report detailing its investigation of sexual-misconduct allegations against former Rep. Matt Gaetz, a Florida Republican who abruptly resigned from Congress in November while under consideration for attorney general in the coming Trump administration.

The 37-page report, released on Monday, said Gaetz regularly paid for sex, including

with a 17-year-old girl, from at least 2017, when he began serving in the House, until 2020. It found he accepted impermissible gifts, including lodging and transportation in 2018 during a trip to the Bahamas. Investigators also concluded that Gaetz “used or possessed” cocaine and ecstasy between 2017 and 2019.

The payments amounted to tens of thousands of dollars for sex and drugs, the report said. Lawyers for Gaetz didn’t respond to a request for com-

ment.

The Ethics Committee, made up of five lawmakers from each party, took the rare step of agreeing to release the report despite Gaetz’s departure from the chamber. Committee investigations typically end once a member leaves.

Committee officials acknowledged that it was uncommon to release a report on a former member, but said there are past examples involving cases related to the public’s interest in which the

panel released its findings anyway.

“The Committee does not do so lightly,” the report said, adding: “Representative Gaetz has acted in a manner that reflects discreditably upon the House.”

Ahead of the committee making the report public, Gaetz on Monday asked a federal judge to block its release.

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◆ **Spending revolt is ominous for GOP**..... **A4**

## Biden Commutes 37 Death Sentences

By JESS BRAVIN

WASHINGTON—President Biden, citing moral and policy objections to capital punishment, said he was commuting the death sentences of 37 inmates on Monday, a move that prevents President-elect Donald Trump from executing most men on federal death row.

“Make no mistake: I condemn these murderers, grieve for the victims of their despicable acts, and ache for all the families who have suffered unimaginable and irreparable loss,” Biden said.

But, citing his early experience as a public defender as well as decades in federal office, “I am more convinced than ever that we must stop the use of the death penalty at the federal level,” the president said. “In good conscience, I cannot stand back and let a new administration resume executions that I halted.”

The 37 men, all convicted of murder, will serve life imprisonment without parole.

Biden left death sentences in place for three inmates found guilty of terrorism or hate-motivated mass killings: Dzhokhar Tsarnaev, who with his now-dead brother bombed the 2013 Boston Marathon, killing three and wounding more than 250 others; Robert Bowers, who killed 11 people in the 2018 attack on the Tree of Life synagogue in Pittsburgh; and Dylann Roof, who in 2015 killed nine at the Emanuel African Methodist Episcopal Church in Charleston, S.C.

Also excluded are four servicemen convicted of murder and held on the military death row.

*Please turn to page A4*

## Schools Misled By Safety Claims

Millions spent on window-film security

By SARA RANDAZZO AND ZUSHA ELINSON

Ryan Wilcox peered through his binoculars as a gunman fired at a large piece of glass propped up at a shooting range in the foothills of Utah’s Wasatch mountains.

Wilcox, a Republican state lawmaker charged with securing Utah’s schools, was eager to see if a polyester-based film, thinner than a credit card and applied to

glass windows and doors, might answer a desperate nationwide query: How can schools stop attackers from shooting their way in?

Window-film dealers who sell to school districts claim their product is the answer.

Wilcox and other high-ranking state officials watched the bullet strike the film-coated glass. “It just went right through,” he said. “It failed right in front of the whole group.”

*Please turn to page A9*

## A Christmas Tradition Gets the Boot

Parents try to ban the surveilling elf, but kids smell a rat

By JENNIFER CALFAS

When Hope Haley’s 7-year-old daughter asked why the “The Elf on the Shelf” didn’t visit their Las Vegas home, she was ready.

Haley told her that families have to apply to get an elf from Santa—and he’s pretty busy right now.

“They can smell a lie really quick if I hesitate,” Haley, 37, said about her children. “Telling my daughter I find them to be creepy—not cute—would not work with her.”

The stuffed elves have become a holiday fixture for

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**PERSONAL JOURNAL**  
Tips for using AirTags to keep track of your checked bags this holiday season. **A11**

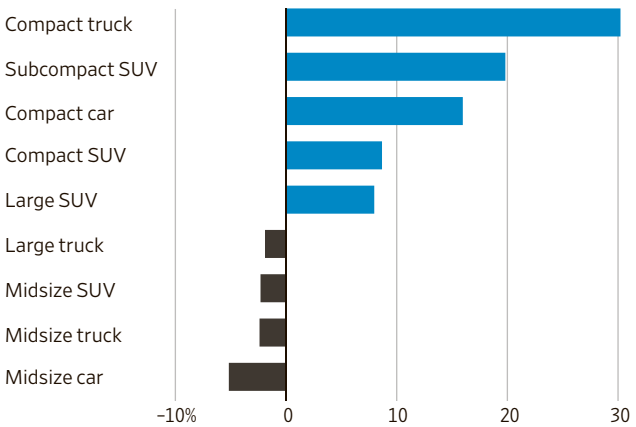


**BUSINESS & FINANCE**  
NFL broadcasts on Christmas Day present a major live-event test for Netflix. **B1**

## Car Buyers Are Downsizing

Sales of smaller cars and compact SUVs have been on the rise this year in the U.S., with more shoppers giving priority to affordability and deciding that bigger isn’t always better.

2024 sales volume, change from a year earlier



Note: Change in the number of vehicles sold from January through November of each year. Sales of large cars, which aren’t shown, declined 47%. Source: Edmunds

## Xi Sticks to His Guns As Economy Teeters

By LINGLING WEI

Some are calling it a “Lost Decade.”

More than 10 years into the Xi Jinping era, it has become clear that much of China’s growth under his watch was driven by unsustainable borrowing, real-estate speculation and investments in factories and infrastructure the country didn’t really need. Difficult overhauls that could have unlocked more-durable growth, such as steps to lift consumer spending, were neglected in favor of policies designed to bolster Communist Party control.

Now, China is drowning in debt, reeling from a property bust that wiped out trillions of dollars of household wealth, and verging on a deflationary spiral. Growth has slowed, Western investment has collapsed and consumer confidence is near a record low.

## Honda, Nissan To Unite As No. 3 Carmaker

In vehicles sold, only Toyota, VW would top the combination; ‘this is not a rescue’

By PETER LANDERS

TOKYO—Honda and Nissan said they plan to merge in 2026, a move Honda’s chief executive said isn’t a rescue of troubled Nissan but a recognition that developing new technologies is too hard to do alone.

The companies said they intend to create an automaker that, combined with Nissan partner Mitsubishi Motors, would be the third-largest in the world, after Toyota and Volkswagen, with more than eight million vehicles sold annually.

The announcement came at the end of a year in which Nissan’s profit has tumbled in part because of a dated model lineup in the U.S. Both companies have cratered in China, where electric vehicles and plug-in hybrids are growing quickly. Last year, China surpassed Japan as the world’s leading auto exporter by number of vehicles.

With the car industry moving toward autonomous vehicles driven by artificial intelligence, the companies said they need to combine research and cut costs to survive.

Still, completing the merger successfully will be a challenge. Honda and Nissan share similar model lineups and a focus on the U.S. market, so they face a choice of either eliminating one brand’s models or leaving duplicated product and marketing teams in place.

The power balance is tilted

*Please turn to page A2*

# U.S. NEWS

## U.S. WATCH



A lava lake erupting on the west caldera wall of the Kilauea volcano in Hawaii on Monday is seen in an image from video provided by the U.S. Geological Survey. The eruption is in an area that has been closed to the public since 2007.

### WASHINGTON, D.C.

#### Bill Clinton Enters Hospital With Fever

Former President Bill Clinton was admitted Monday to Georgetown University Medical Center in Washington after developing a fever.

The 78-year-old was hospitalized in the “afternoon for testing and observation,” Angel Urena, Clinton’s deputy chief of staff, said. “He remains in good spirits and deeply appreciates the excellent care he is receiving.”

Clinton, a Democrat who served two terms as president from January 1993 until January 2001, addressed the Democratic National Convention in Chicago this summer, and campaigned ahead of November’s election for the unsuccessful White House bid of Democratic Vice President Kamala Harris.

In the years since Clinton left the White House, he has faced some health scares.

In 2004, he underwent quadruple bypass surgery after experiencing prolonged chest pains and shortness of breath. Clinton returned to the hospital for surgery for a partially collapsed lung in 2005, and in 2010 he had a pair of stents implanted in a coronary artery. Clinton responded by embracing a largely vegan diet that saw him lose weight and report improved health.

—Associated Press

### NEW YORK

#### Train Death Suspect Faces Murder Charge

A man is facing murder and arson charges in New York City for allegedly setting a woman on fire inside a subway train and then watching her die after she was engulfed in flames, police said Monday.

The suspect, identified by police as Sebastian Zapeta, was taken into custody hours after the woman died on Sunday morning. Zapeta, 33, is a Guatemalan citizen who entered the U.S. illegally after he had been previously removed in 2018, said Jeff Carter, a spokesman for U.S. Immigration and Customs Enforcement.

Surveillance video from the incident showed the suspect approach the woman, who was sitting motionless and may have been sleeping, while aboard a stationary F train at the Coney Island-Stillwell Avenue subway station in Brooklyn and set her clothing on fire, police said.

The woman’s clothing “became fully engulfed in a matter of seconds,” said Jessica Tisch, the New York City police commissioner, while the suspect remained at the scene, watching her burn.

Police haven’t yet released her identity.

It was unclear if Zapeta had an attorney or when he would be arraigned.

—Associated Press

### NORTH CAROLINA

#### Officer Fatally Shot Responding to Call

A police officer responding to a report of a man with a gun inside a North Carolina supermarket was fatally shot Monday and a suspect was later taken into custody, authorities said.

Police said Michael Horan, a Greensboro police officer, was shot before midday at a Food Lion store in Greensboro in the central part of the state.

Authorities said Monday afternoon that the circumstances of the shooting remain under investigation and didn’t immediately release further details.

Horan was hired in 2017 and became a sworn Greensboro Police Department officer in early 2018, Assistant Police Chief Milford J. Harris said. Horan served in the department’s patrol bureau.

“He was an excellent officer. He had an outstanding reputation inside the department and in the community,” Harris said.

The shooting was another reminder that state lawmakers should strengthen resources and improve safety for law enforcement officers, said Democratic state Sen. Michael Garrett, who represents part of Guilford County where Greensboro is located.

—Associated Press

### HAWAII

#### Kilauea Volcano Begins to Erupt

Lava began bubbling Monday through the crust of one of the world’s most active volcanoes—Kilauea, on Hawaii’s Big Island.

The eruption was confined to the volcano’s summit caldera, in a remote, closed area of Hawaii Volcanoes National Park, the Hawaii Volcano Observatory reported. Increased earthquake activity began at about 2 a.m. local time and within about half an hour webcam images began to show lava emerging through fissures in the caldera or spurting in fountains.

The most immediate threat was from volcanic smog that could reach homes downwind, the observatory said. Such “vog” contains sulfur dioxide and can worsen symptoms for people who have conditions like asthma, other respiratory issues or cardiovascular disease.

The area where the eruption is occurring has been closed to the public since 2007 due to hazards that include crater wall instability, ground cracking and rockfalls.

Hawaii Volcanoes National Park encompasses the summits of two of the world’s most active volcanoes: Kilauea and Mauna Loa. Kilauea also erupted in June and September.

—Associated Press

# Consumers Less Buoyant Heading Into New Year

Conference Board’s index of sentiment drops unexpectedly; near-term view dims

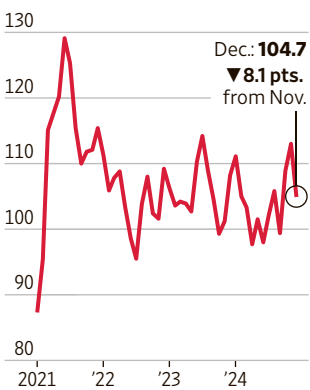
By JOSHUA KIRBY

Confidence among American consumers dropped unexpectedly this month, with expectations growing bleaker for the economic situation in the new year.

An index of sentiment published by research group the Conference Board dropped 8.1 points to 104.7, defying hopes for an increase, according to a consensus of economists compiled by The Wall Street Journal. The expectations index—measuring consumers’ near-term confidence in income, business and the jobs market—fell 12.6 points to 81.1, taking it close to the level that often signals recession, the Conference Board said.

“The recent rebound in consumer confidence was not sustained in December, as the index dropped back to the middle of the range that has

Conference Board consumer confidence index



Note: Seasonally adjusted  
Source: The Conference Board

prevailed over the past two years,” said Dana M. Peterson, chief economist at The Conference Board.

A less optimistic mood among consumers contrasts with growing confidence in the private sector, according to monthly surveys set out last week. That showed a further pickup in activity following November’s elections, driven by buoyancy in the services sector.

# New Home Sales Rise Despite Mortgage Costs

By JOSHUA KIRBY

Americans bought more new homes in November despite still-high mortgage rates. Here are the main takeaways from the Commerce Department report released Monday:

Sales of new single-family homes rose to 664,000, 5.9% more than in October.

Sales had been expected to rise more sharply to 675,000, according to economists polled by The Wall Street Journal.

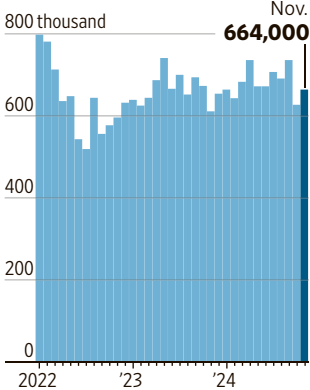
Monthly data on sales are volatile and tend to be revised. November data came with an 18.6% margin of error.

Compared with November last year, sales were up 8.7%.

The estimate for new houses for sale was 490,000, representing supply for 8.9 months at current sales rates.

Higher sales come despite rising mortgage costs, which

New single-family houses sold in the U.S.



Note: Seasonally adjusted at an annual rate  
Source: Commerce Department

have increased in recent months in spite of the Federal Reserve cutting benchmark interest rates. That is because markets expect rates to be higher next year than previously forecast amid stubborn inflation and cautious remarks from Fed officials.

## CORRECTIONS & AMPLIFICATION

Catherine Brownstein receives free access to ChatGPT Pro, and OpenAI has named her to receive a \$100,000 grant. A Dec. 12 Technology & Business article about artificial intelligence omitted that information.

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

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# Japanese Carmakers Plan Merger

Continued from Page One  
in Honda’s favor because it has a higher stock-market value. The companies said Honda would nominate a majority of the directors of the combined company, and its top executive would come from Honda.

Detailing plans they first disclosed last week, the carmakers said they aim to reach a definitive agreement next June and create a listed holding company in August 2026 that would wholly own Nissan and Honda as subsidiaries.

Honda’s chief executive, Toshihiro Mibe, repeatedly battled back suggestions that his company was being railroaded into a deal by Japanese officials concerned about the survival of Nissan.

“This is not a rescue,” Mibe said at a news conference in Tokyo.

Citing the high cost of developing intelligent cars and electric vehicles, he said, “It would be rough to do that by ourselves.”

Mibe struggled when asked what attracted him to Nissan as a partner, stressing that Honda would remain an independent brand in the merged company. He concluded, “I don’t know if that was an answer.”

Nissan shares have rallied more than 30% since last week’s announcement as investors have welcomed the emergence of a stronger peer to help it through its restructuring.

Honda, which expects a net



Above, Nissan CEO Makoto Uchida, Honda CEO Toshihiro Mibe and Mitsubishi Motors President Takao Kato; right, a Civic RS on display outside Honda’s Tokyo headquarters.

profit of about \$6 billion this fiscal year, has been doing better, and on Monday said it intends next year to buy back up to \$7 billion of its own shares, or up to 23.7% of its shares outstanding. Honda shares rose nearly 14% Tuesday morning in Tokyo on the buyback news.

The companies described the merger as a way to boost efficiencies, saying they would share production lines, buy the same parts in bulk and combine R&D projects. They said the merger wasn’t about making big job cuts in the U.S. or closing factories, but didn’t rule out such steps.

Japan’s government has left no doubt about its support for a merger.



“We should take a favorable view when companies cooperate to strengthen their competitiveness,” Yoji Muto, head of the Ministry of Economy, Trade and Industry, said on Friday. Muto, while declining to discuss the merger plan specifically, said such industry realignments are “one effective

method for fostering innovation and raising corporate value.”

Honda’s Mibe and Nissan Chief Executive Makoto Uchida visited government ministries together Monday morning ahead of their announcement, in a symbolic show of deference to their

regulators.

Carlos Ghosn, the former Nissan chairman who was arrested in Japan in 2018, said on Monday that the merger “makes sense politically” because the industry ministry wanted a rescuer of Nissan to be Japanese.

“Do they force somebody? No, they won’t force, but they can give you arguments that you cannot refuse,” Ghosn told reporters in Tokyo, speaking from Lebanon, to where he escaped five years ago after being charged with financial crimes he denied.

Ghosn, who no longer has any ties to Nissan, said the merger plans “do not make sense” and won’t work because “there is duplication everywhere.”

Under Ghosn in 2016, Nissan became the top shareholder in Mitsubishi, and it currently holds a 26.7% stake. Mitsubishi said it wanted to cooperate with the merged Honda-Nissan company, assuming the deal goes through, and would decide by January what form the cooperation would take.

China has been encroaching on areas that Japan once dominated—both cars and components such as batteries—worrying Japanese officials.

About 8% of Japan’s working population is involved in automotive and related jobs, according to the Japan Automobile Manufacturers Association. Last year, the industry overall—including makers of cars, trucks, motorbikes and components—accounted for more than a fifth of Japan’s total exports, the association said.

—Yoko Kubota contributed to this article.

U.S. NEWS

# Chicago Budget Woes Bring High Drama and Hard Choices

Fading pandemic aid fuels battles over teachers’ raises and burden on taxpayers

By Heather Gillers

Dwindling pandemic aid is triggering ugly battles over how to pay for education and other public services in Chicago.

At the center is Mayor Brandon Johnson, a former history teacher and organizer for the Chicago Teachers Union, whose plan to cover a widening gap in the school district budget includes borrowing tens of millions of dollars to pay for teacher raises. On Friday, his handpicked board of education voted to fire schools chief Pedro Martinez, who had refused to add to the school district’s already burdensome debtload.

Then there is a fed-up city council, where aldermen narrowly approved a cobbled-together budget last week to avert an unprecedented government shutdown.

Caught in the middle of the fight: families tired of political dysfunction and sacrificing to pay decade-old bills leftover from years of filling budget gaps with debt.

Iman Carter-Cowans lives with her children, 14 and 10, in Chatham on the city’s South Side. She said she’s tired of paying high property taxes without any perceptible payoff in better city services or economic development.

“A new grocery store hasn’t opened,” said Carter-Cowans, a wealth and insurance adviser. “We still don’t have snow removal fast. I don’t see that it’s going into our community.”

Around the U.S., cities and school districts have plugged budget holes over the past few years with hundreds of billions of dollars in Covid aid. Now that money is running out. Down-towns are struggling. Public officials face fresh costs, including from an influx of migrants.

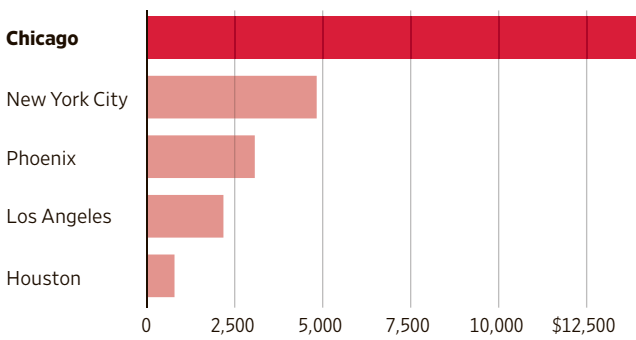
## High debt load

The budget math is especially difficult in older Northeastern and Rust Belt cities that have long struggled to maintain outdated infrastructure, right-size hollowed-out school systems and deliver on pension promises made in better times.

Chicago racked up more debt than any other major city by skipping billions of dollars worth of payments into its police, fire and teacher retire-



Pension debt per capita



Source: S&P Global Ratings, U.S. Census

ment funds over the years—in defiance of its own actuaries. That freed up money for 22-year mayor Richard M. Daley’s administration to give teachers raises.

Lately, Chicago has been on an aggressive multidecade pay-down plan. Daley’s successors, Rahm Emanuel and Lori Lightfoot, raised property taxes and shut down public mental-health clinics. The worst fights were over education.

Closing 50 school buildings almost cost Emanuel a second term. Teachers struck twice, demanding higher salaries—and more nurses and social workers. A Covid-era brawl over reopening schools divided the city.

Last year, angry residents narrowly elected Johnson, a public-school parent who lives on Chicago’s neglected West Side and had briefly joined a hunger strike against the closure of a beloved high school. He campaigned on improving schools but struggled to secure additional state funding.

Now with pandemic aid running out, the \$10 billion school-district budget doesn’t cover all

of the district’s pension costs or the union’s requested raises of 5% to 6% a year. The mayor’s solution, first reported over the summer by Chalkbeat: borrow \$300 million.

## School board turmoil

Schools chief Martinez, also a public-school parent, refused. In September, Johnson asked for Martinez’s resignation.

Forty-one of the city’s 50 aldermen scolded the mayor in a public letter. Hundreds of principals and assistant principals signed a letter of support for Martinez. The entire school board resigned. Johnson appointed a new one.

On Friday, they voted to terminate Martinez in a hastily scheduled evening meeting five days before Christmas. Under the terms of his contract, he will stay in the job for six more months.

The school board is about to get some more new faces—part of a multiyear transition to an elected body after years of mayoral control. During the first races in November, candi-

At a news conference, some people in attendance pushed for the ouster of Chicago Mayor Brandon Johnson.

date war chests swelled to more than \$7 million, according to the Illinois elections board. Chicagoans’ mailboxes filled with campaign literature, including some fliers resorting to name-calling (“Loser!”) that might earn students a timeout.

The school district’s money fight is a frequent topic of conversation for Ronald Smith, a retired suburban police officer living in East Garfield Park near the Chicago Bulls’ arena. He has a ninth-grader in public school, friends and relatives in the teachers union, and great grandparents struggling to cover their property tax bill.

“I know a lot of teachers who really, really work hard,” said Smith. But if the schools hike salaries with borrowed money, “what are they going to do next year and the following and the following year?”

In the end, officials found money for next year’s \$17 billion spending plan by taking more than half a billion dollars from economic development funds and borrowing \$40 million. But unless sweeping savings are identified for 2026, analysts said, property taxes will jump.

In Austin, the mayor’s neighborhood, where median income is around \$40,000, senior citizen Carolyn Flowers said rising property taxes have already squeezed her budget. “You have less for everything. You still got to pay the water bill, the gas bill, the phone bill. Gotta eat.”

# Murder Defendant Pleads Not Guilty In CEO Shooting

By James Fanelli

Luigi Mangione pleaded not guilty Monday to state murder charges in the killing of **UnitedHealth** executive Brian Thompson, with his lawyer railing that New York City Mayor Eric Adams and other politicians had turned the case into a public spectacle.

Mangione, dressed in a maroon sweater, white-collar shirt and gray pants, only spoke once to enter the plea during his arraignment in a Manhattan court.

His lawyer, Karen Friedman Agnifilo, told the judge that her client’s constitutional rights had been violated when heavily armed law-enforcement officers marched him before news cameras last week after he was transported to lower Manhattan to face charges in both state and federal courts.

“They are literally treating him like he is some sort of political fodder, some sort of spectacle,” Agnifilo said.

The mayor had been at the scene of Mangione’s arrival in Manhattan. He later said in an interview that he wanted to look Mangione in the eye and tell him “you carried out this terrorist act in my city.”

“Frankly, your honor, the mayor should know more than anyone the presumption of innocence,” Agnifilo said, referring to the federal bribery charges that Adams faces. “He was trying to distract from those issues by making a spectacle of Mr. Mangione.”

A spokeswoman for Adams said the mayor has always made public safety a priority. “Showing up to support our law enforcement and sending the message to New Yorkers that violence and vitriol have no place in our city is who Mayor Eric Adams is to his

core,” she said. Adams has pleaded not guilty to his federal charges.

State prosecutors allege Mangione, an Ivy League graduate, gunned down Thompson, the UnitedHealth-care CEO, on Dec. 4 outside a Midtown Manhattan hotel in a brazen, early-morning attack. He was arrested in a McDonald’s in Altoona, Pa., after a five-day, nationwide manhunt.

The U.S. attorney’s office in Manhattan also charged Mangione with murder and stalking—and could pursue a death penalty case against him. Federal prosecutors alleged Mangione meticulously plotted the killing of Thompson over several months. At the time of his arrest, he was found with a

notebook that expressed hostility toward the healthcare industry, they said. One entry discussed an intent to “wack” the CEO of an insurance company.

“The target is insurance” because “it checks every box,” said an entry dated Aug. 15, according to a criminal complaint.

Mangione appeared in federal court on Thursday. Agnifilo had previously said she was surprised by the federal charges. The state and federal prosecutions were in conflict with one another, she said. The state case is based on his allegedly terrorizing and intimidating a group of people, she said, while the federal case accuses him of stalking an individual.

At Monday’s hearing, Agnifilo repeated the argument. “He’s a young man and he is being treated like a human ping-pong ball,” she said.

Manhattan prosecutor Joel Seidemann said Monday that federal prosecutors intended to allow the state case to be tried first.



Luigi Mangione arrives in state court in New York on Monday.

# Soda Titans Push to Stay Food-Stamp Eligible

By Laura Cooper and Kristina Peterson

Robert F. Kennedy Jr. wants to take sugary drinks out of the shopping carts of food-stamp recipients. **Coca-Cola, PepsiCo and Keurig Dr Pepper** are mobilizing to stop him.

Kennedy, President-elect Donald Trump’s nominee to run the Health and Human Services Department, aims to remove soda and processed foods from federal programs such as the Supplemental Nutrition Assistance Program, also known as food stamps. The move could have big repercussions for the beverage industry.

Lobbyists for Coke and its biggest rivals are pressing their case on Capitol Hill, highlighting that soda companies are selling more zero-sugar drinks and that beverages carry clear calorie labels—allowing consumers to make healthier choices, they say.

Soda lobbyists also note that some groups fighting hunger, such as Share Our Strength, argue that instead of restricting SNAP recipients’ options, Congress should fund programs that help low-income families access healthier foods. Coke and PepsiCo are corporate sponsors for Share Our Strength’s No Kid Hungry campaign.

Coke is looking to hire more lobbyists from among a small number who have close relationships with Trump, according to a person familiar with the matter. Lobbyists for the big soda companies are also trying to get in front of people close to Kennedy and Brooke Rollins, Trump’s nominee to

head the Agriculture Department, which administers SNAP benefits. Rollins hasn’t endorsed Kennedy’s agenda, and it is unclear where she stands on making sugary drinks and foods ineligible.

The American Beverage Association, an industry group that represents Coke, PepsiCo and Keurig Dr Pepper, plans to donate money to Trump’s inauguration, as it has for past presidents, said Kevin Keane, chief executive of the group.

Coca-Cola “is always active in engaging on policies important to our business,” a company spokeswoman said. PepsiCo and Keurig referred questions to the association.

SNAP is a federally funded food-benefits program that provides money for low-income families to buy groceries. In fiscal year 2023, an average of 42.1 million people a month, or 12.6% of Americans, used the benefit, according to data from the Agriculture Department.

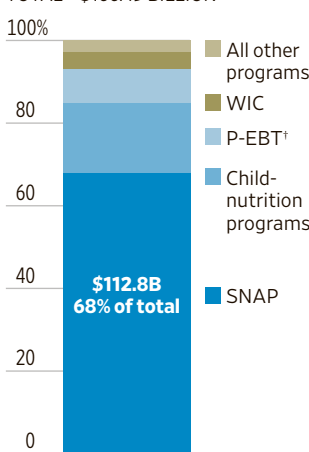
Federal spending for the program was \$112.8 billion, and monthly benefits averaged \$211.93 per participant, the data show. The USDA said it doesn’t have national data on how much of that is spent on soft drinks.

Lawmakers have tried unsuccessfully for decades to restrict soda, desserts and candy from food-assistance programs. They have argued that government funds shouldn’t be used to buy unhealthy foods and that including such foods in benefits programs has contributed to higher rates of obesity and diabetes.

In 2023, Sen. Marco Rubio (R., Fla.) co-sponsored legisla-

## U.S. food and nutrition assistance spending by program

TOTAL = \$166.45 BILLION\*



\*For fiscal year 2023 †Pandemic-related assistance  
Source: USDA

tion with Rep. Josh Brecheen (R., Okla.) to make soda, prepared desserts and other sugary foods ineligible for SNAP benefits. Brecheen said he plans to reintroduce the legislation in January, and is counting on help from Trump and Kennedy to get it passed.

Soda companies are more concerned now about the prospect of a restriction on SNAP benefits because Trump has adopted Kennedy’s “Make America Healthy Again” agenda. Kennedy also has argued for restricting consumption of high-fructose corn syrup and certain dyes.

“It’s nonsensical for U.S. taxpayers to spend tens of billions of dollars subsidizing junk that harms the health of low-income Americans,” Kennedy wrote in an opinion piece

published in The Wall Street Journal.

If the Trump administration does pursue changes to the food-stamp program, they wouldn’t happen overnight. It could take years to implement new restrictions, industry analysts said.

“Congress can push a lot of things, but when the [executive branch is] already on board, it makes it a lot easier to get things done,” Rubio said in an interview, speaking about renewed efforts to remove junk food from the food-aid program. “But there will be resistance.”

The Republican Party has long been divided over policing what people on food stamps eat.

“I believe in educating consumers on what is in their best interest,” said Rep. Frank Lucas (R., Okla.), a senior member of the House Agriculture Committee. “I’ve always had a hard time telling people what they cannot have.”

As consumers shift away from full-sugar sodas, Coke and other beverage makers are selling more low- and no-sugar drink options, including seltzers, sports drinks, bottled waters and teas.

The American Beverage Association in conversations with lawmakers is highlighting this shift, saying zero- or low-calorie drinks represent 60% of nonalcoholic packaged and fountain drinks sold in the U.S. by volume.

“No other industry is doing what we are doing in terms of offering choice in zero-sugar products,” said the association’s Keane.

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## Holidays on the Move Come With a Lot of Waiting



**SLOW TRAIN:** Travelers crowded New York City's Moynihan Train Hall on Monday as Amtrak delays and cancellations beset the railroad's Northeast Corridor lines. The woes came as Americans thronged the rails, air and roads for holiday travel.

## Spending Revolt Is Ominous for GOP

Party tensions present challenges for tackling tax and spending priorities

By RICHARD RUBIN

WASHINGTON—The DOGE caught the CR, and the road only gets bumpier from here.

The latest episode of House Republicans' fiscal-policy psychodrama featured a familiar problem—how to unite a fractious and slim majority around a continuing resolution, or CR, to keep the government open. That was tough enough before Elon Musk, co-head of President-elect Donald Trump's Department of Government Efficiency, or DOGE, spurred Republicans to chuck a bipartisan agreement that included a series of unrelated deals.

The denouement was familiar, too. After scrapping the 1,500-plus page bipartisan bill at Musk's urging, Republicans tried a Trump-blessed version. That failed, too. The ultimate bill to keep the government open and provide aid to farmers and disaster victims relied on Democratic votes and it excluded Trump's main demand—an increase in the debt ceiling that would keep that hot potato out of his lap next year. Trump and Musk showed their power to tear apart legislation but didn't demonstrate a way to put it back together.

It is an ominous sign for next year's all-Republican government, when the GOP will try to push Trump's border, energy, defense, tax and spending priorities into law through narrow majorities while keeping the government open and legally able to borrow.

There can be healthy tension inside a governing coalition. But fractures among Republicans on spending and tactics are tough to paper over, espe-

cially with, at best, a 220-215 majority in the House and a 53-47 majority in the Senate.

"We share a lot of things in common as a party—the border, the economy, inflation—and this is a time that our family's having some good discussion on how we go forward," Rep. Nick LaLota (R., N.Y.) said.

For more than a decade, House Republicans have been hard to corral. The most anti-spending, antileadership members demand deep cuts that trouble moderates. Then, they get restless when major spending bills become law without them. Like three speakers before him, that dynamic is threatening Mike Johnson's survival when the House convenes Jan. 3 to elect a speaker.

"It's maddening to see the same thing play out each time," said Rep. Mike Quigley (D., Ill.) House Republicans have racked up some accomplishments—tax cuts in 2017 under Trump, spending-cut deals with President Barack Obama in 2011 and President Biden in 2023. But they have also been left out of some spending agreements.

### Competing priorities

While some GOP lawmakers prioritize deep spending cuts and smaller budget deficits, others seek increases in military spending or agriculture assistance, and so there typically aren't enough votes to force the depth of cuts that hard-line conservatives want. Just last week, alongside the spending bill, a majority of Senate Republicans joined with Democrats to pass a \$196 billion deficit-increasing expansion of Social Security that removes 41-year-old limits on what benefits some public-sector workers can receive.

The narrow majorities next year will empower every Re-



**Speaker Mike Johnson (D., La.) leads a fractious caucus.**

publican to make demands. That will be true on spending bills that require cooperation with Senate Democrats and on tax and border-funding legislation Republicans will try to pass alone while sidestepping the Senate filibuster. A handful of Republicans in either chamber—or a social-media post from Trump or Musk—could take down a long-gestating piece of legislation.

Chances for chaos abound. On taxes alone, New York and New Jersey lawmakers are insisting on a significant increase in the \$10,000 cap on state and local tax deductions.

Some Republicans say Congress must repeal Biden's clean-energy tax breaks while others warn against disrupting clean-energy investments. Some House Republicans worry about tax cuts increasing deficits unless spending cuts are attached, while senators are planning ways to make extending expiring tax cuts look costless.

Still, Trump is the party's one unifying force.

"We're going to need a lot of help from President Trump and the rest of the Republican Party to keep this together," said Rep. Max Miller (R., Ohio).

But, in his first term, Trump

engaged haltingly and fitfully in the legislative process, not diving into most details—until he did. Last week showed the limits of his influence. He demanded that Republicans include an increase in the debt ceiling and said failing to do so would betray the country.

When Republicans moved a bill that included Trump's demand, 38 Republicans voted no. The final bill passed without it.

### Musk wild card

Musk's involvement is another wild card. In Trump's first term, Republicans had one influential billionaire tossing flames into legislative dealmaking with tweets. Now, they will have two. Musk is animating the party's right flank, the antileadership faction that evolved into the House Freedom Caucus. Still, the prospect of significant tax and border legislation could be clarifying and produce the unity.

Lawmakers are waiting for Trump to decide how to structure their legislative agenda. Senators generally prefer a two-bill strategy, starting with a border bill and following with major tax legislation. Their idea is to build momentum with something that unifies the party, and then move on to something more complex.

Rep. Jason Smith (R., Mo.), chairman of the House Ways and Means Committee, wants everything together, partly because border spending and other GOP priorities may be needed to pass the tax bill. Lawmakers see the tax bill as must-pass legislation because failure means a tax increase for most households in 2026.

"This week is a clear indicator that the best and quickest approach to deliver on all of President Trump's priorities that he campaigned on is to have a big, beautiful package," Smith said Friday.

Those convicts' death sentences are in line with prosecutorial guidelines Garland issued during his tenure as attorney general.

Before Trump's presidency, only three federal inmates, including McVeigh, had been put to death since the Supreme Court in 1976 established the modern framework for capital punishment.

Biden listed abolition of capital punishment among the goals of his 2020 presidential campaign, but once in office did little to advance the project. In July 2021, Garland issued a moratorium on the death penalty so that Trump-era policies accelerating executions could be reviewed; according to a December court filing, that review is now nearing completion.

The Biden administration has continued to seek death sentences in a handful of cases, including that of Payton Gendron, who is awaiting trial in federal court for the 2022

## Gaetz Paid For Sex, Report Says

Continued from Page One

Gaetz, who has denied all wrongdoing, in his suit said making the report public would run afoul of the committee's internal rules to stop investigating House lawmakers once they leave Congress, violating his constitutional due-process rights.

The former lawmaker also sued for defamation, alleging the committee's report falsely said he engaged in unethical misconduct. With the lawsuit, he filed a request for a temporary restraining order to keep the report private during court proceedings, saying the damage done to Gaetz's reputation would be irreversible.

Gaetz, who had been President-elect Donald Trump's pick for attorney general, in November withdrew his name from consideration for the post after Republican senators pledged to thoroughly vet his past and expressed interest in obtaining the House ethics report. Trump later picked Florida Attorney General Pam Bondi for the role.

Trump's allies have worked to win support for his other, sometimes unconventional, picks in the Senate.

The committee opened its investigation into Gaetz, 42, more than three years ago. The Justice Department also investigated whether Gaetz engaged in sex-trafficking a minor, a probe that began during Trump's first term and ended last year without criminal charges. Prosecutors were split about whether to bring a case, but cited concerns about witness credibility. In the absence of significant new evidence, it is unlikely the Justice Department would re-examine the issue.

Gaetz last week blasted the committee following news reports that it planned to release the report, writing on social media "that I have no opportunity to debate or rebut as a former member of the body."

Gaetz said that he lives differently now than he did when he was younger. "My 30s were an era of working very hard—and playing hard, too," he said. "It's embarrassing, though not criminal, that I probably partied, womanized, drank and smoked more than I should have earlier in life."

Committee investigators reviewed nearly 14,000 documents and contacted more than two dozen people for interviews, including women who attended parties, events and trips with Gaetz and said they were paid for sex with him. Investigators pieced together their findings by tracking payments Gaetz made through platforms such as PayPal and Venmo.

Investigators identified at least 20 occasions between 2017 and 2020 where "there was substantial evidence that Representative Gaetz met with women who were paid for sex and/or drugs." Some of the alleged sex-for-money encounters occurred near Orlando, where several women were attending school.

One woman, now in her 20s, said she received a \$400 payment from Gaetz, then 35 years

old, in exchange for sex in 2017 shortly after completing her junior year of high school.

Gaetz's lawyers have disputed the woman's claims and said she has a financial motive. Committee investigators said they had no reason to doubt her credibility. The report concluded that Gaetz broke Florida's statutory-rape law, which makes it a felony for a person 24 years of age or older to engage in sexual activity with a 16- or 17-year-old.

Some of the arrangements were made by Joel Greenberg, a former Florida county tax collector who became friends with Gaetz after he was elected to Congress, according to the report. Greenberg pleaded guilty to six criminal charges, including sex trafficking, and was sentenced to 11 years in prison in 2022.

Committee investigators said they weren't able to interview every woman they suspected was paid by Gaetz for sex. Several women said they were worried about retaliation, while others said they were unwilling to relive their interactions with him.

The committee said all the women interviewed by investigators said their relations with Gaetz were consensual. One woman, however, said she "felt that the use of drugs at the par-



**Former Rep. Matt Gaetz**

ties and events they attended may have 'impair[ed their] ability to really know what was going on or fully consent.'"

Gaetz said he would join the conservative One America News Network as an anchor.

The report's release divided members of the House Ethics Committee. Rep. Michael Guest (R., Miss.), a former prosecutor who chairs the committee, said he was worried that releasing the report would set a bad precedent for other lawmakers who leave Congress. House Speaker Mike Johnson (R., La.) echoed that concern.

Guest, who was named in Monday's lawsuit, said after the report's release that he didn't vote in support of releasing the report.

"The decision to publish a report after his resignation breaks from the Committee's longstanding practice and is a dangerous departure with potentially catastrophic consequences," he said.

The report didn't state how the nine other committee members voted.

Democrats tried to force the report's release in a floor vote this month but couldn't amass enough votes. Only one Republican, Rep. Tom McClintock of California, joined them.

While in Congress, Gaetz was a polarizing figure, leading the effort to oust former House Speaker Kevin McCarthy (R., Calif.).

—Sadie Gurman contributed to this article.

## Death Sentences Commuted

Continued from Page One

row at Fort Leavenworth, Kan.

Those spared include a former Marine who killed two young girls and later a female naval officer; a Las Vegas man convicted of kidnapping and killing a 12-year-old girl; a Chicago podiatrist who fatally shot a patient to keep her from testifying in a Medicare fraud investigation; and two men convicted in a kidnapping-for-ransom scheme that resulted in the killings of five Russian and Georgian immigrants.

Biden's decision comes after weeks of wrestling over the condemned men's fate, which became more urgent after Trump's victory in the presidential election. Religious and civil-rights groups had called on the president to act before turning the White House over to Trump, whose attorney general, William Barr, gave prior-

ity to executions and saw 13 inmates put to death at the federal prison in Terre Haute, Ind.

Republicans were appalled by the president's move.

"These are among the worst killers in the world and this abhorrent decision by Joe Biden is a slap in the face to the victims, their families and their loved ones," Trump spokesman Steven Cheung said.

Sen. Tom Cotton (R., Ark.) said on X, "Democrats can't even defend Biden's outrageous decision as some kind of principled, across-the-board opposition to the death penalty since he didn't commute the three most politically toxic cases."

Abolitionist groups ranging from the American Civil Liberties Union to the U.S. Conference of Catholic Bishops had called for blanket commutation of all 40 men on the federal death row, arguing that the issue wasn't the depravity of the convicts' crimes but a moral standard the government should uphold.

Capital punishment "is error prone, racially biased and a drain on public resources," said the ACLU's executive director, Anthony Romero. "Al-

though we had hoped President Biden would commute all federal death sentences for those reasons, today's milestone brings us much closer to our goal of outlawing the death penalty once and for all."

This month, Pope Francis, in his weekly address, prayed for the commutation of America's condemned inmates—something the Vatican news service noted was a power Biden retained into January. Biden, who is Catholic, spoke with Francis on Thursday and is scheduled to meet with him at the Vatican in January, the White House said.

But people familiar with the matter said Biden ultimately accepted the recommendation of Attorney General Merrick Garland, who as a Justice Department official in the 1990s oversaw the capital prosecution of Oklahoma City bomber Timothy McVeigh and supports the death penalty for terrorism and hate crimes.

### Capital punishment remains on the books in 27 states.

mass shooting at a Tops supermarket in Buffalo, N.Y. Gendron already is serving a life term for the killings in state prison, the most severe sentence under New York law because the state has no death penalty.

The White House characterized the commutations as part of a broader effort to employ executive authority to redress unfair or excessive punishments in the criminal-justice system. This month, for instance, he granted clemency to 1,500 people with federal convictions, and additional moves are planned, the White House said.

Advocates said they thought one pardon in particular helped move the president's hand.

"I do believe by pardoning his son it puts an extra impetus on him to do the right thing," Sister Helen Prejean, a prominent opponent of capital punishment, said last week.

The president pardoned his son Hunter Biden, absolving him of tax and weapons convictions as well as any other federal crimes he may have committed over the past decade.

Capital punishment re-

mains on the books in 27 states, but its use is concentrated in a handful with active death chambers. Of the 25 executions conducted in 2024, 19 took place in Alabama, Missouri, Oklahoma and Texas, the Death Penalty Information Center reported. Some 26 defendants were sentenced to death over the year, the center said.

At the state level, there are several instances of governors issuing blanket commutations of condemned inmates, often at the tail end of their terms. In December 2022, for instance, Oregon Gov. Kate Brown, a Democrat, commuted to life imprisonment the 17 inmates on the state's death row.

Three days before leaving office in January 2003, Republican Gov. George Ryan of Illinois announced a blanket commutation for the state's 167 condemned inmates.

"Our capital punishment system is haunted by the demon of error—error in determining guilt, error in determining who among the guilty deserves to die," Ryan said.

—Catherine Lucey and Sadie Gurman contributed to this article.



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WORLD NEWS

West Struggles to Deter Rebels in Yemen

Houthi press attacks on global shipping and Israel despite a barrage of strikes

Despite hundreds of American and allied strikes and the deployment of a U.S. Navy flotilla to the Red Sea, Yemen's Iran-backed Houthi rebels

By Carrie Keller-Lynn, Benoit Faucon and Saleh al-Batati

have kept up a steady drumbeat of attacks on commercial shipping passing through the vital waterway and have continued to lob missiles at Israel. Other Iranian-backed groups, from Hamas in Gaza to Hezbollah in Lebanon and the now-deposed regime of Syrian dictator Bashar al-Assad, have stopped fighting, at least for now. Yet the Houthis, a U.S.-designated terrorist organization, continue to disrupt global trade, causing billions of dollars in losses and forcing shippers to reroute cargo or run a

gantlet of missiles and drones. They say they won't stop until Israel halts fighting in Gaza. A U.S.-led coalition has destroyed about 450 Houthi drones, said a U.S. defense official. U.S. National Security Council spokesman Sean Savett said the coalition has suppressed some antiship missile attacks, and is using diplomatic pressure and sanctions to stop the group's illicit procurement of weapons. Still, Red Sea trade routes remain paralyzed. Two Houthi missile strikes slipped through Israel's air defenses last week. The U.S. military hit Houthi command centers and weapons caches Saturday in response. The Houthis are "sinking ships and killing civilian mariners that are in no way related to Israel or Gaza, and even attacking vessels delivering crucial food and humanitarian assistance to the people of Yemen," Savett said. As one of Iran's last allies standing, their stature has been boosted in Tehran's axis of resistance—its network of regional militias hostile to Israel



Houthi fighters parade in Yemen's capital, San'a, as tensions with the U.S., Israel and allies continue to build in the region.

and the West. Some analysts say they are concerned Iran could focus more resources on funding and training the group. "The Houthis don't care about what they lose as Yemenis," said Osamah Al Rawhani, a director for the Yemen-based San'a Center for Strategic Studies, an independent think tank. "They want to win as a militia and take on global powers." The Houthis have withstood a nearly decadelong campaign

by Saudi Arabia aimed at unseating them. At the same time, Iran and Hezbollah helped turn the group into a technologically sophisticated force able to target oil infrastructure in Saudi Arabia and the United Arab Emirates. "In 2004, they were a besieged group hiding in the mountains," said Mohammed Albasha, a U.S.-based Middle East security analyst for Basha Report. "Now, they're chasing U.S. carriers with drones and

missiles and striking 2,000 kilometers away in central Israel." Yemen is the Arab world's poorest country and more than half of its population of 34 million need humanitarian assistance, including for hunger, according to the United Nations. About two-thirds of Yemenis live under Houthi control, says the State Department. Fighting Israel boosts the Houthis' domestic popularity and distracts from Yemen's dismal economic situation, which the rebel militia has done little to improve since consolidating its Islamist authoritarian rule after capturing Yemen's capital, San'a, in 2014. They "don't have a lot to lose," said Yoel Guzansky, a former Gulf expert for Israel's National Security Council and now at the Tel Aviv-based Institute for National Security Studies. "They cannot be deterred." The Houthis are considerably less experienced and less well-armed than other Iranian allies such as Hezbollah. But in recent months, U.S. and international officials have expressed concern that the

Houthis have gained access to more sophisticated missile and drone technology from Iran. Russia has provided targeting data for the rebels as they attacked Western ships in the Red Sea and is considering delivering antiship missiles to the Houthis, U.S. officials said. "The scale, nature and extent of transfers of diverse military materiel and technology provided to the Houthis from external sources, including financial support and training of its combatants, is unprecedented," a United Nations report said in November. The Houthis "are getting scary," William LaPlante, the U.S. undersecretary of defense for acquisition and sustainment, said last month. "I'm just shocked" at technologies they now have access to, he said. Experts say that the Houthis on Saturday fired a derivative of an Iranian-made ballistic missile with a maneuverable re-entry vehicle. The Israeli military is investigating how the missile evaded the country's multilayered aerial defense system.



Nikolai Kuznetsov, a Soviet WWII hero, killed several of Hitler's top officials in occupied Ukraine. At left, a bust of Kuznetsov was removed from public display in Ukraine.

Bone Thief Busted Trying to Spirit A World War II Spy Back Russia

By MATTHEW LUXMOORE |

LVIV, Ukraine—Late one evening last summer, a gaunt man sneaked through the darkness into a Soviet military cemetery here in western Ukraine to do something the Russian government has been trying to do for decades: Retrieve the bones of a famed spy revered by the Kremlin. Ruslan Litvinov passed a guard and crept toward his target. He set down the two hydraulic car jacks he brought and began to pry up the heavy marble slab encasing the spy's remains. Six decades had passed since Nikolai Kuznetsov was laid to rest at Lviv's Hill of Glory cemetery. Before his death, he infiltrated the Nazi high command during World War II and assassinated several of Hitler's top officials in occupied Ukraine, putting himself in the pantheon of the Soviet Union's wartime heroes. Moscow had sued in court to get Kuznetsov reburied in his native region in Russia, and before the invasion nearly three years ago dispatched official delegations to Lviv to get the city to hand him over. Litvinov promised a quicker fix. He said he was hired to do the job after someone in Russia contacted him on a messaging app, offering a handsome payday for stealing Kuznetsov's bones and sending a photo as proof he had done it. There was just one problem: He is hardly the kind of agent who would have made Kuznetsov proud. An unemployed drifter in his late 40s, unmarried and without a high school diploma, Litvinov lives in a crumbling housing block. He fumbled the operation when a cemetery guard spotted what he was up to and called the police. The next day the mayor of Lviv, Andriy Sadoviy, denounced what he described as another Moscow-backed attempt to pilfer Kuznetsov's bones. "We

'Legend' Still Sparks Tensions

Russia has asked Ukraine to repatriate Nikolai Kuznetsov, whom Vladimir Putin called a "legend." A delegation from his native Sverdlovsk visited Lviv, Ukraine, to unsuccessfully lobby the mayor. In 2008, Kuznetsov's niece Margarita Bryukhanova went to court to force Ukraine to transfer his body. After Russia annexed Crimea in 2014 and fomented a breakaway movement in eastern Ukraine, Kyiv brought down hundreds of Soviet-era monuments. Lenin

statues were decapitated, their heads carted off to private collections. Kuznetsov became a target: A Ukrainian town named after him was renamed and busts of him were taken down. His grave was regularly defaced, too. In 2018, Ukrainian far-right activists spray-painted anti-Russian slurs on it. In 2019, they made off with a bronze bas-relief of his face. The following year, someone dug a small tunnel into the earth behind the grave, apparently leading to Kuznetsov's remains.

don't need Kuznetsov," he wrote on social media. "But we won't give him away just like that." Litvinov was hauled before a judge and fined. The brazen nighttime raid could have been written off as a one-off stunt by a disillusioned Russia sympathizer in need of easy money. But Ukrainian officials allege it was just the latest salvo in a campaign by Moscow to repatriate from Ukraine the bodies of prominent Russians and rebury them with pomp and circumstance in their ancestral homes. The Kremlin and Russia's Federal Security Service didn't answer requests for comment. Russian President Vladimir Putin has long billed his invasion of Ukraine as being as much about the past as the present. He falsely has smeared the government in Kyiv as fascist, and alleged that the war he launched is a reprise of the battle the Soviet Union waged against invading Nazi forces after 1941, in which Kuznetsov played an important role. Wherever his army has gone in Ukraine, it has ransacked the area for war tro-

phies. Some would hardly be worth even Litvinov's time: Washing machines and TVs pilfered from homes, a raccoon stolen from a city zoo. Most highly prized by the Russians are historical artifacts that hark back to the country's time as an empire. Moscow's troops have looted Ukrainian museums, carting off centuries-old exhibits. When they withdrew from Kherson, they even raided an ancient cathedral crypt and made away with the bones of Grigory Potemkin, an 18th-century Russian conqueror. Kyiv has sought to turn this Russian obsession with the past to its advantage. Last year, it sent Moscow a list of more than a dozen historical figures whose remains or monuments in Ukraine could be traded for some of the 8,000 Ukrainian prisoners of war estimated to be in Russian captivity. This initiative is a way for Ukraine to get rid of cultural artifacts symbolizing Soviet domination. For Russia, it is a potential propaganda win, but as yet Moscow hasn't taken up the offer. Ukrainian officials say they suspect Russia wants to keep

Pakistan Develops Missile Capable of Hitting the U.S.

By MICHAEL R. GORDON

WASHINGTON—Weeks before it leaves office, the Biden administration said Pakistan is developing a long-range ballistic missile that eventually could provide nuclear-armed Islamabad with a weapon capable of striking the U.S. The administration disclosed the intelligence about Pakistan's secret missile activities and imposed sanctions against a state-owned entity involved in the work after repeated efforts to press its concerns in confidential channels fell short, U.S. officials said. "The list of countries that possess both nuclear weapons and the missile capability to directly reach the U.S. homeland is very small, and they tend to be adversarial," deputy national security adviser Jon Finer said Thursday. "So candidly, it is hard for us to see Pakistan's actions as anything other than an emerging threat to the United States." The White House warning underscores a growing rift between Washington and Islamabad, which was once considered such a vital U.S. partner in South Asia that it was designated as a "major non-NATO ally" by the George W. Bush administration two decades ago. The newly disclosed intelligence points to efforts by Pakistan to expand the reach of its missile force, including development of equipment to test large rocket motors, officials said. On Saturday, Pakistan's foreign ministry spokeswoman said Finer's allegations are "unfounded," "devoid of rationality" and "unhelpful for the overall relationship."

The development of a long-range missile that could target the U.S. would take several years and perhaps as long as a decade, said a senior Biden administration official. "We're trying to build this pressure to get ahead of this problem because we don't want Pakistan to go down this road so far that we are dealing with something that is more imminent," the administration official added. Pakistan has long had a close military relationship with China, which also views India as an adversary and has supplied the Pakistani military with arms and assistance for its missile program. Finer said the U.S. is seeking a cooperative relationship with Pakistan, and has worked with Islamabad on counterterrorism over the years. Despite ups and downs in relations, the U.S. has sought to preserve channels of communication, in part because of Pakistan's position in the region and its status as a nuclear armed state. The U.S. focus on countering China and on improving relations with India has strained ties in recent years with Islamabad, which has become less important to Washington since the U.S. withdrawal from Afghanistan. Under Prime Minister Shehbaz Sharif it has moved in a more authoritarian direction largely because of the influence of the military, which has long wielded considerable power. Islamabad's nuclear program has been seen as aimed at India, also a nuclear-armed power with which it has fought three major wars since 1947. The decision to publicize U.S. intelligence at the end of President Biden's term in effect leaves the matter to President-elect Trump, who slashed security assistance to Pakistan during his first term, and demanded it take a tougher stance against terror networks on its territory. Finer spoke at an event sponsored by the Carnegie Endowment for International Peace and the Arms Control Association, and his comments were described by other senior administration officials as part of a broader diplomatic effort to pressure Pakistan to halt the program. "If these trend lines continue, Pakistan will have the capability to strike targets well beyond South Asia, including in the United States," Finer said of Pakistan's effort to develop a long-range missile. "Just looking at a map and looking at ranges, you know, we believe that this is fundamentally focused on us." He declined to say why Pakistan might want to develop such a longer-range missile. But some analysts said Islamabad might be seeking a way to deter Washington from assisting India if another war erupted between Pakistan and India.



Pakistani soldiers stand on a vehicle carrying a long-range ballistic missile during a ceremony in Islamabad.

WORLD NEWS

# Rural Migrants Hesitate to Have Children in China

By LIYAN QI

Even as China's leaders have looked for ways to lift sagging birthrates, Beijing thought there was one group who would always want to have many children: rural couples. They were wrong. Research suggests that rural migrant workers have severe reservations about starting a family. And a big reason appears to be China's household-registration system, which since the 1950s has divided the population into rural or urban and makes it hard for rural workers to take their children with them. Described as an invisible wall, the *hukou* system was set up to prevent cities from becoming overrun. It limits migrant workers' ability to put down roots in China's biggest cities by restricting access to local services such as health-care and education, or the right to buy an apartment. When China started its economic reforms in the 1980s, most Chinese lived in villages and rural towns. The new economic opportunities sent millions to work in factories or construction sites in cities. Partly because of the residency restrictions, children typically stayed behind in the care of grandparents or other relatives. Many so-called left-behind children have grown up to become migrant workers themselves. And many reject the prospect of having children only to live apart from them. One 27-year-old woman who grew up with her grandparents while her parents hopped from city to city for jobs said she wouldn't rush to get married or have children. "I deeply understand the low self-esteem and timidity as a left-behind child," said the woman, who asked to be

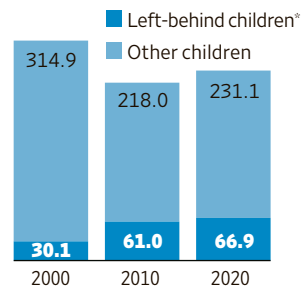
identified only by her family name, Zhao. Her grandparents were illiterate and had to work the land in their village in Guizhou province. With little oversight and care, Zhao and her sister barely managed to finish vocational school. "I don't want the next generation to be like me," she said. Even though two-thirds of Chinese live in cities, only 48% have urban-residency rights, suggesting that roughly a quarter of a billion people are shut out of many benefits in the cities where they work. According to data from the Ministry of Human Resources and Social Security, in 2017 only about 22% of migrant workers were part of pension plans in their city jobs or had medical insurance. The ministry hasn't disclosed more recent data. Some demographers argue that eliminating the household-registration system could be one of the few moves Beijing could take that might dramatically lift births, a priority as the population declines and ages. "The primary force that has been driving down China's fertility rate is the migrant workers who still don't have equal access to resources in the large cities," said Martin Whyte, a sociology professor emeritus at Harvard University. Migrant workers in cities with harsher restrictions tend to put off having children by at least one year compared with those in cities with looser rules, according to researchers at Shanghai University of Finance and Economics. Residency restrictions also significantly lower the willingness to have a second child among migrant women compared with urban women, according to a 2021 research paper written by Min Zhou, a sociologist at Canada's Univer-



Even though two-thirds of Chinese live in cities, only 48% have urban-residency rights, shutting them out of many benefits.

sity of Victoria and based on official surveys of migrants. For many rural workers, life in the city means a bunk in a factory-run dorm or in an apartment shared with other workers, with little money to rent—much less buy—an apartment for their families. Many migrants who can afford it bring their families to cities and some get their children into local public schools. Others send children to privately run schools for migrant-worker children. The quality of such schools varies; many are unregulated and overcrowded, China Labour Bulletin, a Hong Kong-based nonprofit, said in a 2023 report. Shenzhen, a city essentially built by rural workers, long made it easier than other big cities for migrants to establish an urban foothold. But even as other cities ease residency restrictions, Shenzhen is looking to tighten migrant access to education for their children or paths to get a residence permit through marriage. Rural households have less than half the disposable income of their urban peers, about \$3,000 on average compared

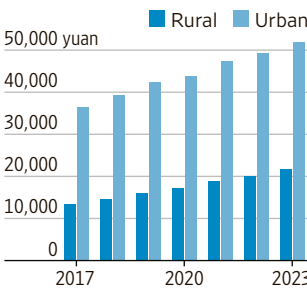
Children 'left-behind' because of residency restrictions, in millions



\*Those who haven't seen one or both parents for six months or longer  
Note: 1 yuan = 13.7 cents  
Sources: China National Bureau of Statistics, United Nations Children's Fund (children); China National Bureau of Statistics (income)

with more than \$7,000 in cities, 2023 official data shows. China still has more left-behind children than any country in the world, 67 million in 2020, according to official data. The challenges and tragedies of such children are well documented. In March, the murder of a 13-year-old boy by classmates in a village in north China drew renewed attention to the problem. Both the victim and his killers had parents who worked elsewhere.

Average annual household income in China



dren in 2020, found that more than one-tenth of children said they hadn't seen their parents at all over the previous year. About a quarter of the children said they received a parental call only once a quarter, the survey found. In November, China executed a man who had raped a left-behind girl for years, starting when she was 11. The girl, who was living alone, died by suicide when she was 16. "For lack of guardians' protection, left-behind children have become easy targets," the high court said in announcing the execution. In China, the number of newborns this year is expected to show a continued decline. The total of marriage registrations was 4.7 million in the first three quarters of the year, representing a 17% decline from a year earlier, the latest official data showed. Qin Zhou, a food-delivery driver in Beijing, said he and his wife plan to move back to their home province of Shanxi before they have children. —Grace Zhu contributed to this article.

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WORLD NEWS

# Taiwan Slowly Gets Its U.S. Arms

Capacity strain shows in five-year wait for tanks it ordered and paid for

By JOYU WANG

TAIPEI—Taiwan hailed the arrival of its first state-of-the-art American tanks last week, celebrating what it described as “the world’s greatest war machine.”

Less prominently mentioned was the long wait that preceded the arrival of the 38 M1A2 Abrams tanks: Taiwan placed the order in June 2019 during President-elect Donald Trump’s first term.

The Taiwanese military was to receive its first batch in 2022, replacing Vietnam War-era Patton tanks. But the U.S. missed that timeline by two years as the Covid-19 pandemic and new wars in Ukraine and the Middle East strained its defense industry. Other delayed deliveries for Taiwan include F-16V jet fighters and TOW antitank missiles

Now, as Trump prepares to return to the White House, Western and Taiwanese defense analysts say the backlog is likely to clear up somewhat.

For decades, Washington has been Taipei’s most important military backer, supplying weapons to deter and defend against a potential attack by China. Beijing claims the island as its territory and hasn’t ruled out using force to take it.

Beijing regularly protests announcements of U.S. arms sales to Taiwan as interference in its sovereign affairs. But what has proven more effective in keeping advanced American weaponry out of Taiwanese hands has been U.S. supply bottlenecks.

The value of Taiwan’s paid-for-but-undelivered weapon systems tops \$20 billion, according to Eric Gomez, a defense analyst at the Washing-



Taiwanese soldiers secured a U.S.-made tank onto a trailer at an army training center in Hsinchu, Taiwan, this month.

ton-based Cato Institute, though he adds, “This number should start coming down.”

In addition to the Abrams tanks, Taiwan last month received its first batch of High Mobility Artillery Rocket Systems, or Himars. The high-precision rocket system, used to great effect by Ukraine in its war against Russia, puts targets along China’s southeastern coastline within range.

Their arrival brought Gomez’s November estimate down to \$21.95 billion, from October’s \$22.39 billion, before the tanks’ arrival last week. And Gomez expects a number of large sales to be completed by the end of 2026.

By the end of this year, a shipment of TOW-2B antitank missiles is expected to arrive, and Taiwan’s air force says it is optimistic that it will receive

the F-16V jet fighters by 2026.

The sale of the TOW missiles was approved in 2015 under then-President Barack Obama, while the Trump administration agreed to sell 108 Abrams tanks and 66 F-16V jet fighters in 2019, followed by the Himars systems in 2020. The remaining 70 Abrams tanks are expected to arrive by 2026.

A spokesman for the Pentagon said it is working closely with defense contractors to expand production capacity and accelerate delivery. “Taiwan is prioritized to the greatest extent possible,” Maj. Pete Nguyen wrote in response to questions, adding that long waits for delivery are a global challenge.

During the election campaign, Trump warned that Taiwan would have to significantly increase its military

spending and not rely entirely on U.S. military support. Trump has also at times emphasized his close ties to Chinese leader Xi Jinping, while highlighting Taiwan’s proximity to the Chinese mainland and its great distance from the U.S.

On the other hand, Trump has picked a prominent China hawk for his national-security team, including Sen. Marco Rubio for secretary of state and Rep. Mike Waltz for national security adviser.

“Taiwan should take this chance to upgrade some of the outdated platforms in its military,” said Su Tzu-yun, a Taipei-based security expert with the Institute for National Defense and Security Research, which is backed by Taiwan’s military.

Taiwanese officials have talked up their commitment to

improving their military capabilities. But whatever Taiwan decides to splurge on, any new orders “would jack up the backlog number right back way higher to where it was before,” said Gomez of the Cato Institute.

“There’s this question of, like, do you think Taiwan buys political goodwill or does it actually buy useful military capabilities that could be delivered fast?” he adds.

The new tanks, analysts say, check both boxes, sending a message that Taiwan is willing to pay up to improve its defenses, while also boosting its capabilities.

The Taiwanese military offered the vehicles a big welcome. They also feature prominently in the Defense Ministry’s calendar for the coming year, hailed as “the world’s strongest tank!!”

# U.S. Pilot Accused of Helping China to Be Extradited

By RHIANNON HOYLE

A former U.S. Marine detained in Australia and accused of training Chinese military pilots will be extradited to the U.S., Australia’s attorney general said Monday.

Daniel Duggan was taken into custody in Australia in 2022 after U.S. authorities alleged that he had trained Chinese military pilots how to land on aircraft carriers. China has been looking at sharpening the abilities of its pilots to land and take off from aircraft carriers as it expands its carrier fleet and modernizes its navy.

Duggan, who has six children and has been an Australian citizen for nearly 13 years, denies the allegations, “which were not considered a crime in Australia,” a spokesperson for Duggan’s family said in a statement.

His family and lawyers are considering their legal options, the statement said.

A spokesperson for the U.S. Justice Department couldn’t be reached.

The U.S. and its allies have expressed concerns about China employing veteran Western pilots. Duggan is accused of training Chinese pilots in landing on aircraft carriers in coordination with a South African flight school in the early 2010s, according to an indictment dated from 2017 and unsealed two years ago.

Australian Attorney-General Mark Dreyfus said he has determined Duggan should be extradited to the U.S. to face prosecution.

# Xi Digs In As Debt Piles Up

Continued from Page One

be a straight line in his view.”

To achieve his vision, Xi is building out a sweeping industrial supply chain intended to make whatever China needs, including semiconductors, to withstand more conflict with the U.S.

His government is also drawing up plans to hit back at any tariff increases by President-elect Donald Trump, through retaliatory measures such as restrictions on sales of raw materials the U.S. needs to make chips, car engines and defense-related products. He is cultivating allies in the developing world to try to add pressure on the U.S.

What Xi hasn’t done, many economists argue, is take hard-but-necessary steps to fix China’s wounded economy.

## ‘Race against time’

While Beijing has rolled out some stimulus recently, it hasn’t acted decisively to clean up the troubled property sector, fully restructure local-government debt, and significantly increase consumption, which would support growth in the long run.

“A lot of the problems are of the government’s own making,” said Richard Koo, chief economist at Nomura Research Institute. Like many economists, Koo believes China faces what he calls “a race against time” to address the country’s mounting growth problems before it slips into a long-term downturn, made worse by unfavorable demographics.

The State Council Information Office, which handles inquiries about China’s leadership, referred questions to the country’s top economic-planning agency, China’s central bank and the ministries overseeing industry and commerce. None of those government institutions responded to questions.

Over the past decade, Xi had opportunities to fix China’s economy. Every time, he took the fork in the road that led to more state control, and away from the kinds of changes that

many Chinese economists say are necessary. Although some of China’s economic problems started before Xi was in power, he failed to resolve them, leading even some of the government’s own advisers to talk privately about a lost decade.

Meanwhile, as Xi consolidated power, he asserted control over managing the economy, which had been overseen by China’s premier, and surrounded himself with loyalists who had limited experience in economic policymaking.

The Xi leadership let China’s property bubble inflate for years, even though it was clear the market was overheated. Although Xi finally popped the bubble in 2020, restricting credit to overleveraged developers, Beijing still hasn’t come up with a comprehensive plan to clean up the mess. Tens of millions of units sit empty and the market continues to languish.

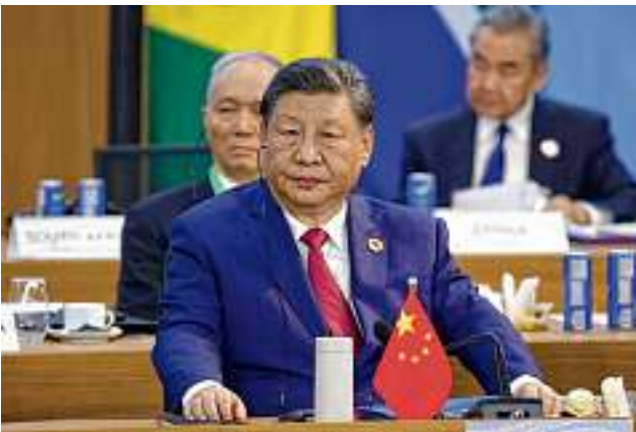
Year after year, Beijing warned local governments against excessive borrowing. But it never strictly enforced the rules. By this year, local governments had taken on as much as \$11 trillion in off-the-books debt to build transit systems and other projects, including many that failed. The borrowing made growth look better in the short term, but leaves China more vulnerable to financial instability.

Beijing also made repeated pledges to promote consumer spending. Yet household consumption makes up only about 39% of gross domestic product in China, relatively unchanged in recent years, compared with around 68% in the U.S. To change that, Beijing would need to do more to encourage people to spend more and save less, including by expanding China’s relatively meager social safety net with greater health and unemployment benefits.

However, Xi views American-style consumption as wasteful, and fears providing too much state support to households could encourage “welfarism.”

As storm clouds gathered over China’s economy this year, a key Communist Party advisory body prepared a report for leaders in Beijing. It warned that China could slip into a deflationary spiral—the kind of disaster that befell the U.S. during the Great Depression—if more-urgent steps weren’t taken to rejuvenate growth.

Xi was unperturbed. “What’s so bad about deflation?” he asked his advisers, people close



to Beijing’s decision-making said. “Don’t people like it when things are cheaper?”

## Taboo topic

Xi’s dismissal made the topic all-but-taboo in Chinese policymaking circles, the people said, despite concern among economists that China could fall into a vicious cycle of falling prices and weak demand. At a high-level conference this month, the leadership acknowledged the need to realize “reasonable price recovery” but left key details of how it would do this unclear.

China handled economic challenges more assertively before the Xi era.

In the late 1990s, when China suffered from overproduction and deflation, then-Premier Zhu Rongji forced weak state-owned enterprises to close or merge,

resulting in massive job cuts but also making the remaining companies stronger.

In 2008, amid a global financial crisis, Beijing put together a fiscal-stimulus program amounting to about 12% of the country’s GDP at the time. Although that planted the seeds of China’s subsequent debt problems, it won Beijing’s economic policymaking credibility among international investors by showing it would do whatever it took to keep growth on track.

Xi Jinping, left, has focused on making China an industrial power. Above, workers at an automotive-chip plant.

About a week later, Xi used a meeting with President Biden in Peru to warn Trump not to challenge Beijing on major issues over which the two powers are at odds, including China’s sovereignty claim over Taiwan, human rights, its party-state system, or what Xi calls China’s “right to development”—a reference to U.S. restrictions on Chinese access to Western chips and other technologies.

## Necessary pains

People close to Beijing’s decision-making say Xi views the economic challenges China faces as necessary pains in the process of replacing old growth drivers, including real-estate investment, with newer sources, such as high-value manufacturing, including cars and chips.

They say Xi and his team have been buoyed by progress they have seen in reducing Chinese reliance on Western products, while increasing the world’s dependence on China.

“The strategy has been working,” one of the people familiar with decision-making in Beijing said, “even as the overall economy struggles.”

A November report by research firm Gavekal Dragonomics shows that China has become steadily less reliant on

manufacturing imports for some types of semiconductors, as well as medical devices, industrial robots and devices used in self-driving vehicles.

But China still relies on American technology, capital and know-how, especially in areas such as high-end chipmaking, aviation and biotechnology.

And as exports are among the few bright spots in the Chinese economy these days, China needs to maintain its ability to sell to its major trading partners as much as possible to prevent another big hit to overall growth.

With a rematch of Trump vs. China coming, hopes are emerging among some Chinese economists that a new trade war will finally force the Xi leadership to shift its manufacturing-centric economic policy toward one more focused on empowering consumers. If Trump follows through with his promise to impose higher tariffs, they reason, Chinese exports would inevitably decline and Beijing would have to bolster domestic demand to keep the economy going.

But the world has changed since Trump’s first term. Both sides are more dug in.

Evan Medeiros, a former senior national-security official in the Obama administration, said Xi’s leadership style will make it hard for China to manage Trump 2.0 effectively.

“I just don’t see Xi forging a grand bargain,” he said.

FROM PAGE ONE

Schools Misled by Claims

Continued from Page One

The largest U.S. manufacturers of window film, including 3M, say it can't stop bullets or intruders. But that hasn't stopped some window-film dealers from cashing in on false or exaggerated claims of ballistic protection.

The Wall Street Journal found that more than \$100 million has been spent for the purchase and installation of window film at school districts nationwide. The film is attractive to school officials because it is a fraction of the cost of bulletproof glass.

New mandates in Utah and Texas require all public schools to install window-security measures, either window film or bulletproof glass. Tennessee now requires the application of window film at new or remodeled schools. The new requirements have spawned a proliferation of dealers in the high-profit window-film business.

Some window-film dealers impress school officials with live demonstrations that show the film stopping bullets. Darrell Smith, executive director of the International Window Film Association, says that is a trick done with low-powered guns or bullets and a thicker, outdated glass most schools don't have.

Dealers deny they make misleading or dubious claims, saying they rely on independent testing and explain product limitations to buyers.

"It's the wild, wild West," Joseph Hendry, a school-safety consultant, said of the window-film industry. Schools are vulnerable to misleading claims, he said, because "a lot of people in schools who are in charge of security have no security background."

School district leaders fearful of an attack at one of their campuses are eager to believe that window film and other safety products might save lives. In sales pitches, some dealers cite the 2012 killing of 20 children and six adults at Sandy Hook Elementary School in Connecticut and last year's attack at The Covenant School in Tennessee—both examples of assailants shooting out glass doors to gain entry.

Window film, however, wouldn't have prevented the fatal shooting this month at a Christian school in Madison, Wisc., that police say was carried out by one of the students.

"If there is anything that we can do to keep our students and staff safer, how can we justify not doing it?" said Chris Woods, superintendent of a 5,600-student district in Washington state, which recently installed window film at all 10 of its campuses at a cost of \$1.45 million.

Dallas Independent School District said it budgeted as much as \$12 million to install window film at dozens of campuses. Nashville's public schools put up \$3.5 million. The school district in New Ro-



Steven Johnson, founder of Safe Haven Defense, demonstrating his company's window-film protection in Oceanside, Calif.

chelle, N.Y., spent \$5.5 million on film and security glass, according to contracting-data provider GovSpend.

A spokeswoman for Avery Dennison, an Ohio-based window-film manufacturer for the past three decades, said the company makes no claims of "being bullet-resistant, bulletproof, or meeting bulletproofing standards" and doesn't market its film as a means to prevent intruders.

The largest dealers in the industry say there is still plenty of money to be made by dropping bulletproof claims and sticking to the broadly accepted idea that window film can slow attackers trying to shoot their way in, buying precious minutes for help to arrive.

Tennessee state lawmakers struck the term "bullet-resistant film" from the state's 2023 law after learning this year that there is no such thing.

"If these schools have spent money on this bulletproof film, can we go back and sue these contractors that have sold us this?" Todd Warner, a Republican state assemblyman, said at a March hearing.

'Exclusive pricing'

After learning of a shooting at a Georgia high school in September, window-film entrepreneur Tom Czyz said in a social-media post, "My team and I will be heading there immediately." He drove five hours from his home near Myrtle Beach, S.C., to the campus in Winder, Ga. The attack had left four dead, and a student from the school was arrested.

Czyz, a former homicide detective, said he has visited the sites of dozens of school shootings since he founded the window-film and glass company Armoured One in 2012.

He said he tries to persuade witnesses and school officials to talk to him about what hap-



pened. "I put my arm around their shoulder and say, 'How did this affect you?'" he said.

During his two-day visit in Georgia, Czyz tried to get firsthand accounts. He waited outside a building where teachers were meeting until a school staffer called the sheriff to keep him away.

Czyz later posted on LinkedIn that he had completed a report from his team's investigation. He sent emails to school administrators, architects and law-enforcement officials offering to make a presentation about his findings.

After a deadly school shooting in Nashville last year, Czyz concluded in another email blast that every district should act quickly to harden entryway windows and doors. The email also encouraged recipients to contact him for "exclusive pricing."

Czyz said he wished the government would crack down on unscrupulous competitors making exaggerated claims about window-film protection. "It's false advertising," he said. His company claims its window film has passed a "shooter attack test" com-

pleted by an independent testing company called FILTI and certified by the nonprofit National Safety and Security Protection Association. In marketing materials sent to school districts, the company said, "every other film sold is not going to protect you from someone with a gun."

Both the testing company and the nonprofit share the same Syracuse, N.Y., address as Armoured One. Czyz ac-

knowledgeed that he started both and that FILTI was an "in-house testing company" he used until he found an independent company to create a test he approved of. FILTI test re-

sults still appear in company marketing materials.

Hampton City Schools in Virginia recently completed an \$847,000 window-film project with Armoured One after the district's security supervisor James Bailey attended one of the company's demonstrations. "We know that it's not bulletproof film," he said and noted that it wasn't pitched that way. "We are trying to buy time if there was a serious incident."

Two dozen people gathered last month at a shooting range

in San Bernardino, Calif., to watch Steven Johnson, president of Safe Haven Defense, demonstrate his window-film product.

He told the gathering of school district employees the story of how he left a full-time career as a police detective in Arizona to create a window film that, unlike others, actually stops bullets.

"People aren't going to believe what you saw here today," Johnson promised the group. With cellphone cameras pointed at him, Johnson first hurled a rock and then swung a metal baseball bat at a sample window. An employee crouched inches behind the glass.

"I'm not going to ask you guys to protect your staff, your students, without me proving to you that I trust my film protecting my staff," Johnson said. The glass shattered between the sheets of film but stayed in place and kept the bat from breaking through.

Next, he fired a handgun at another window and the bullets lodged in the glass. No employee had to brave the test. "You can actually pull out the entire piece of lead," Johnson said.

Nathaniel Holt, the chief facilities officer for Compton Unified School District in Los Angeles County, had driven nearly two hours that day to see if the window film was suitable for a new high school under construction.

Holt stepped forward to get a closer look at the glass. "I'm sold," he said.

Safe Haven has grown nationwide in less than a decade with the help of its live demonstrations. The company displays its protection claim on its booth at conferences that draw school-safety officials and vendors around the U.S.: "A window film that stops bullets using your existing glass."

Johnson tells school officials that his product does what others can't do because

of a proprietary method he developed. He claimed to have a patent for the method but later acknowledged he didn't. Madico, a U.S. manufacturer, says it provides Safe Haven with a custom-made window film for layering into a thicker coat.

Jesse Manship, the technical service manager at Madico, said the manufacturer's off-the-shelf products don't stop bullets: "If somebody were to fire a projectile at a Madico film, our expectation is the bullet would travel through."

Madico said Safe Haven conducted its own testing for the school-safety claims.

In demonstrations, Safe Haven uses three-eighths-inch annealed glass, which is thicker than the quarter-inch tempered glass typically used at schools. Annealed glass would break into large shards if struck by a bullet and would likely remain in the frame longer than tempered glass, which shatters into pebbles, according to window-glass experts.

The use of thicker annealed glass in the demonstrations might mislead school officials because it implies that "if you took a film and put it on the existing glass in your building, that you should expect the same sort of performance," said Smith, of the International Window Film Association.

Johnson said they intentionally use annealed glass because it is weaker, an explanation that glass experts contend doesn't make sense. If a school wants to see how the film would work, they said, they should see it demonstrated on the glass they have installed.

Full transparency

The window-film industry started in the 1970s to reduce energy costs and offer bomb-blast protection. It has since evolved into a shield against storms and intruders. "There is a valid opportunity here to save lives—to sell it as a delay for forced entry but not for stopping bullets," said James Beale, the chief executive of NGS, a longtime window-film dealer in Canton, Ga.

"All these schools are making plans around a ballistic film that doesn't exist," said Beale, who sells window film made by 3M.

Johnson of Safe Haven said he always explains his film's safety limitations to customers: "Transparency, no pun intended, is everything," he said, including the caveat that the film won't stop two bullets if they are within 1.75 inches of one another.

A Safe Haven demonstration a few years ago persuaded Ronald Applin, the chief of police for Atlanta Public Schools. "We brought some guns, they brought some guns," Applin said. "We shot it, and it worked."

The district has begun applying window film in entryway vestibules at 76 district schools. Applin said the window film is part of a security system that includes call buttons to enter buildings, video cameras and panic buttons.

"Parents do want a fortress," Applin said, "but don't want it to look like a fortress."

Christmas Tradition Gets Exiled

Continued from Page One

many households since 2005 when the picture book "The Elf on the Shelf: A Christmas Tradition" came out. Meant to keep an eye on a child's behavior before Santa comes to town, the smiling snitches move to new locations after returning from trips to the North Pole each night before Christmas thanks to either magic or a parent's careful planning.

The tradition also has been an unwelcome addition to families' lengthy holiday to-do lists. Parents create increasingly elaborate and mischievous scenarios for the elves and share their masterpieces on social media. Some bemoan the Sisyphean task of moving the elf each night.

A new crop of parents are heeding the warnings of others who find themselves trapped in this interminable holiday routine. "A lot of parents find joy in doing it for their kids,"



The stuffed elves are meant to keep on eye on children.

said Rachelle Warwick, a 31-year-old in Springfield, Mass., with three children. "But that's just not something I was going to find joy in."

Warwick told her children Santa decides where the elves go "so mommy has nothing to do with it." The explanation seemed to satisfy her 7-year-old son. "I was ready for him to try to debate me," she said. "But he even bought it."

But banning the surveilling elves from their homes has created another challenge: coming up with a reason for the elf's absence without ruining the magic. Some parents

tell their children the elves are only for bad seeds. Others keep it vague, saying only that not every family gets one, and hope for no follow-up questions. Some go to a darker place, warning an elf in their house would be at risk.

Jess Rose and Robin Adams found strength in numbers. To save themselves from the tyranny of the elf, the best friends made a pact: If you don't let him into your house, I won't let him into mine.

Rose and Adams, who have daughters around the same age, came to this mutual decision before their children en-

tered elementary school and as the phenomenon took off.

Their plan was tested earlier this month when Adams' daughter asked where their elf was. Adams explained every family has different traditions—and that Aunt Jess's home doesn't have one, either. "Oh yeah, you're right," her daughter responded. "We really had to stand in solidarity against the elf—which feels so crazy," Rose said.

Lysanne Skinner presented a more grim scenario.

When her son asked why they didn't have one, the first thought that popped into her head was about her hunting-obsessed cats. The cats, Link and Zelda, might make the elf their next target, the 39-year-old told her son. Since then she's told close friends about her successful improvisation, and they're now using the same excuse.

"Now all the kids are in agreement that it's for the best as they don't want the elves to be killed by the cats," said Skinner, who is based in the United Kingdom.

More than 21 million elves have been sold since 2005, said Christa Pitts, co-chief executive of the company that houses "The Elf on the Shelf." Her

family's tradition when she was a child grew into the juggernaut it is now, with clothes called "Claus Couture," pets for the elves, a float in the Thanksgiving Day Parade in 2012 and a stage musical in 2019. An app also offers parents ideas for where to hide their elves at home—and can set reminders for when to move them.

To aggrieved parents, Pitts says a family's approach can be as simple as moving the elf just a few inches. "You don't have to take it to the next level," Pitts said. Pitts said the typical whereabouts of her family's elf, Belvedere, remain "fairly boring—but it's still magical."

Kristina Padgett, a 33-year-old in Highland, Utah, turned the elf question on her three children. If elves are supposed to monitor for bad behavior, did they really want one spying on them for Santa? They answered with a resounding no.

Even the best-constructed house of lies can buckle under pressure. Rose, who made a pact with her friend, last year told her daughter that elves only went to the homes of naughty children.

But this year, Rose decided she doesn't want her daughter to think every other child in her first-grade class is misbe-

having. A few weeks ago, Rose explained her daughter's classmates were all wonderful children and would get presents from Santa—and the elves are just there to make sure they keep up their good behavior.

"I will see what happens next year once the elves show up again," Rose said. "I think I might've jumped in with a reason with two feet before I thought through the long-term effects."

After she touted her successful deception, Haley had to scramble when her daughter pressed her on the application process. It wasn't that Santa was too busy to review her application for an elf, she told her daughter. She never filled out the application in the first place because she didn't know her daughter wanted one.

"I can message and see if they're still taking applications," Haley told her daughter.

"Yeah, that'd be cool," her daughter replied. Haley responded: "No promises."

A few days later, Haley's daughter asked if she heard back from Santa. "They have a quota of how many elves can go out," Haley explained, before sharing the bad news: "We didn't make the list this year."

By VERONICA DAGHER  
AND ANNE TERGESEN

The pursuit of happiness in retirement is a lot easier with a pension.

Retirees with regular paychecks report higher levels of satisfaction than those who rely on 401(k)s to supplement their Social Security, studies have shown. The security of a lifelong income is a source of comfort and happiness, those with pensions say.

While 401(k)s can generate more wealth, retirees say navigating all the investing, tax and withdrawal strategies can add to their stress when they are trying to lower it.

Pensions do have drawbacks. It can be hard to amass a sizable monthly benefit unless you stick with one employer for decades, and the income isn't always adjusted for inflation, said Gal Wettstein, an economist at Boston College's Center for Retirement Research. If employers go bankrupt, benefits might be cut, he added.

But, as Oscar Wilde said, "It is better to have a permanent income than to be fascinating." Those who live comfortably on pensions—most government workers and 15% of private-sector workers have access to one, according to the U.S. Bureau of Labor Statistics—tend to agree.

Below, four retirees who say the trade-offs are worth the peace of mind.

**Eric 'Rick' Larson**

**Location:** Reston, Va.  
**Annual income:** \$156,000  
**Annual spending:** \$105,000  
Rick Larson's two pensions more than cover all his annual expenses right now.

"My friends have to manage their retirement savings for the rest of their lives. I don't have that pressure," the retired Air Force colonel said.

Each month, his military pension brings in \$8,100 pre-tax and his private-sector pension gives \$800. (The former is inflation-adjusted; the latter isn't). He receives \$4,100 pre-tax a month from Social Security, and the military provides medical coverage that supplements his Medicare.

Larson spends about \$6,000 a month on recurring expenses and saves the remaining \$7,000 for travel. He has two mortgages: \$2,500 a month for his Reston, Va., home and \$1,200 for a condo in Myrtle Beach, S.C.

When Larson, 77 years old, joined the military during the Vietnam War, he didn't plan to make a career of it. He signed up for the Air Force. "It seemed like flying would be better than carrying an M16 rifle through Southeast Asia," said Larson, who never was deployed to Vietnam.

The Air Force offered him a job in Japan. His wife, Karla, was game and learned Japanese.

The couple moved 17 times. During the 1991 Iraq war, they were in Cairo, where Karla taught. Larson said he negotiated for U.S. aircraft that refuel military planes to be based at an Egyptian Air Force base.

In 2000, he retired as a colonel and became a consultant for a defense contractor.

After retiring in 2014, the couple traveled to destinations including Australia and New Zealand. In 2022, Karla died of Covid complications following a trip to Antarctica.

Larson has kept traveling, recently visiting Florence, Italy. He is planning an around-the-world cruise and likes to attend Kansas City Royals games.

While home, Larson attends an 8 a.m. prayer service on Zoom before heading to the gym. He often sees his two daughters and their families.

He didn't start saving in a 401(k) plan until he left the military at 53. Because his military pension covered his living expenses, he contributed the annual pretax maximum and saved after-tax money, converting it to a Roth account. He now has more than \$1 million.

Larson donates part of his required minimum distribution to his church and plans to leave the rest of his savings to his grandchildren. "They're just starting out in life and have to deal with high mortgage rates and jobs without pensions," he said.



**Rick Larson moved 17 times while he was in the military.**

saved in a retirement account that he hasn't touched and is invested mostly in stocks.

He gets up at 5 a.m. five days a week and heads to the gym. Then, he goes home to prepare a high-protein breakfast with at least three eggs and protein-rich bread. He cooks most of his meals and has hosted friends at his home for healthy cooking demonstrations.

"I'm busier than ever," he said.

**Ken Thompson**

**Location:** Sacramento, Calif.  
**Annual income:** \$97,200  
**Annual spending:** \$40,800

Ken Thompson didn't like many of the jobs he held in the 25 years he worked for the state of California.

But the 71-year-old got what he wanted.

"I worked so I'd get a pension one day," said Thompson, who retired at 64.

He takes home more now monthly than he did when he was working. Thompson gets about \$5,900 a month after taxes from his pension along with another \$2,200 a month in Social Security. He has also saved another \$110,000 that is invested in stocks, money-market accounts and certificates of deposit.

He hasn't boosted his spending, though. He and his wife spend about \$3,400 a month, most of which goes toward their mortgage.

For the past several years, money that was left over at the end of each month was used to pay off other debt including credit cards and car loans, or to renovate their home. They are now debt-free except for their mortgage. These days, Thompson typically puts any surplus income into a savings account.

When he first started out, Thompson worked for various transportation companies. He spent nearly a decade at one with

Pensions Give Retirees Greater Peace of Mind

Four people open up about their finances and how they spend their time



**Patricia Pekar enjoys traveling by motorcycle and belongs to several women's riding clubs.**

**Patricia Pekar**

**Location:** Wheelersburg, Ohio  
**Annual income:** \$113,000  
**Annual spending:** \$113,000  
Patricia Pekar retired at 55, once she realized her pension would replace 67% of her paycheck.

Freed from her job, she spends more time volunteering for her church or hopping on her motorcycle and speeding down the open road with her husband. "I like being out in the open," said Pekar, 67.

Pekar earned her pension while working—first as a clerk and then as a lawyer—in city and county governments in Ohio for three decades. She began accruing a pension in college.

After getting her law degree, she worked for Scioto County in Southern Ohio, where she lives with her husband, Wyatt Bates. She conducted child support hearings and enforced federal rules that raised payments for many single mothers.

Pekar and Bates, also 67, currently earn about \$7,780 a month before taxes, including \$5,400 from

her inflation-adjusted pension, \$750 from her part-time work as a bookkeeper, and \$1,635 from his Social Security.

The pension helps enforce spending discipline, said Pekar, who tracks her spending carefully. Monthly expenses include \$150 for cellphone and internet service, \$370 for heat and electricity and \$400 for groceries.

Bates earns \$20,000 a year as a Realtor and Pekar is entitled to about \$850 a month in Social Security from her private-sector jobs.

They take trips on their Harley-Davidsons to destinations including the Great Smoky Mountains. Next year, they plan to take two cruises and will make a pilgrimage with their church to Lourdes, France.

Bates plays the drums in a band that performs at local bars and restaurants. Pekar is in four women's riding clubs. Men are allowed, she said, but they have to ride in the back of the group.

"There's a sisterhood among riders," she said. "The camaraderie is very special."



**Ken Thompson is free of debt except for a mortgage.**

**John Priddy**

**Location:** Phoenix  
**Annual income:** \$87,600  
**Annual spending:** \$60,000  
When John Priddy was getting his associate degree at a community college, he was recruited by a not-for-profit utility that provides water to more than two million people in central Arizona.

He stayed there for the next 43 years.

Priddy's loyalty to the Salt River Project paid off in retirement with a pension of about \$4,700 a month after taxes. In his last few years of work, he saved up most of his vacation and sick time, which he was able to cash



**John Priddy has his own art studio and enjoys painting.**

out for a lump-sum payment of about \$50,000 when he retired.

Priddy, 72, never had time or the need to get a bachelor's degree, he said. "I worked really hard for many years to get a good pension and I feel fortunate it worked out," he said.

Knowing he had financial security emboldened him to try new things.

When he was 55, he decided to learn to paint. What started off as a hobby years ago has become the main focus of his retirement. His home has an art studio where he enjoys painting pictures of automobiles. Since retiring at 63, he spends at least three hours each day painting.

Priddy has always been a saver, he said. When he was a teenager, his family was at one point almost homeless. Ever since then, he's made an effort to save as much as possible and keep his spending modest, he said.

He spends about \$60,000 a year, with his mortgage as his biggest expense. He has a roughly \$300,000 mortgage with a 2.99% rate on the home he bought after his divorce about 20 years ago. He is in no rush to pay off the loan and has no other debt, he said.

Priddy waited until age 66 to claim Social Security from which he gets about \$2,600 a month. He has roughly another \$850,000

the promise of a future pension. But when the company went belly-up, the pension—which was probably worth a few thousand dollars—vanished, he said.

It was then that he decided on a career with the state, where he mostly worked in information security.

His pension gives him a sense of security, but the couple's grocery bill each month chips away at that, he said. Before the pandemic, he used to be able to buy the couple's groceries for the week for about \$150. Now, he's spending closer to \$300 a week. The Thompsons track their expenses closely and cut back on treats. Instead of buying two rib-eye steaks for a meal as they did before the pandemic, they will split one steak.

"We're spending more and getting less," he said.

A battle with cancer during the last 10 years of his career set him back healthwise, he said. He's cancer-free now but has some balance problems that he developed while he was sick.

His physical activity is somewhat limited, but he's still able to take his dog on walks around the neighborhood a few times a week. He enjoys reading and keeping up on business and political news.

"I'm just happy I don't have to work anymore," he said.

# Top-Flight Tips for Using AirTags With Checked Bags

Make sure the battery isn't low, put them in a good spot, turn on Lost Mode for more alerts



PERSONAL TECHNOLOGY  
NICOLE NGUYEN

**IT'S THE TEXT THAT FLIERS DREAD:** "Welcome to San Francisco. We wanted to let you know that your bag will be arriving on a later flight."

Luckily, I was only trying out a new **United Airlines** feature I hope I'll never have to use. Travelers who track their luggage with **Apple's** AirTags can now share their missing bag's location with United and other participating airlines. Apple's \$29 tracker can often locate lost luggage before the airline can.

Powered by the vast, invisible network of millions of Apple devices, AirTags not only home in on lost luggage, they've also helped pinpoint stolen campaign signs and loved ones with dementia. The trackers appear, along with other Apple gadgets, on the Find My app's map. Google has its own net-



When your bag makes it to the carousel, you'll be notified the AirTag is nearby.

work, but Android users who want to be part of the community that helps locate trackers have to opt in.

During two international moves, my AirTags gave me more frequent updates than my relocation company did. I tracked my shipment from a storage facility in France to several ports along the English Channel. The AirTag stopped updating while it was at sea, either for lack of internet or lack of Apple devices. Several weeks later, I got a notification: "Shipment was seen near Miami."

My trans-Atlantic experiment taught me a lot about the track-

ers—including not to panic when they go quiet for a while. I initially bought the wrong replacement battery for a dying tag. And I discovered that *where* you place an AirTag on your tracked item really matters.

Here are some do's and don'ts for keeping tabs on your bags with AirTags.

## DO: Strategically stash your AirTag

AirTags report their location by pinging nearby iPhones, iPads and Macs via Bluetooth. Since glass, metal and other materials can interfere with the signal, it's best to minimize obstructions between the AirTag and these other Apple devices.

Still, you don't want your AirTag in a luggage tag or holder outside the bag, where it could snag on a conveyor belt or be plucked off by a thief. Place it within, up against the side, rather than mixed in with your belongings.

I like Belkin's clips and key-chains to attach AirTags to internal handles or pockets. Moment makes a great adhesive shell mount for hard cases if you want something conspicuous.

## DO: Update your Apple devices

Before you head to the airport, be sure your iPhone, iPad and Mac are running updated software. Newer AirTag-related features, such as anti-stalking alerts and location sharing with contacts, require iOS 17.5 or later. Sharing AirTag locations with airlines is available in the latest iOS 18.2 update.

While my AirTag spent weeks at sea, its "last seen" location would sometimes revert to my old apartment in France. Apple says it's looking into a fix for this bug.

## DO: Turn on Lost Mode

In the Find My app, under Items, tap on the name you assigned the AirTag to view the current or last seen location.

Lost Mode—which you turn on when you can't find an item—also helps you keep a closer eye on your bag. It triggers an alert when your AirTag is identified in a new location.

To activate Lost Mode, make sure you're updated to iOS 18.2 then open Find My, go to Items and



While tracking my belongings on a move, my AirTag stopped updating at sea. Once on land, it provided more frequent updates than my moving company. However, an AirTag is no substitute for old-fashioned prudence.

find your particular tracker. When the AirTag isn't with you, you can enable Notify When Found in the Notifications section, which turns on that new-location alert. If your item really is lost, tap Show Contact Info to allow others to get in touch with you if they find it.

## DO: Share item location

Should your bag go missing, you can also share the AirTag with participating airlines. Tap on Share Item Location to generate a webpage showing the tracker's location. Copy and paste the link into your airline's delayed-bag claim portal.

The integration is live for United, **Delta**, Air Canada, Turkish Airlines, Aer Lingus, Lufthansa, Austrian, Brussels Airlines, Swiss Air, Eurowings, British Airways and Iberia Airlines.

Apple doesn't show a history of the tracker's location. If you want to follow an AirTag's path, you'll need to open the Find My app fre-

quently, and take screenshots of its location. Lost Mode can help you keep tabs on movements.

## DON'T: Fly with a low battery

AirTag batteries last about a year. Apple notifies you when the battery is low. You can also check your tracker's status in the Find My app. A red battery icon means it's time to replace the battery.

AirTags take CR2032 coin batteries. Beware: Some of these have childproof coatings that aren't AirTag friendly. Duracell's child-secure battery is compatible, however.

## DON'T: Just shop for AirTags

AirTags are the most popular trackers, but other accessories work with Apple's Find My network, too.

Pebblebee's Clip has a rechargeable battery and works with Apple's or Google's networks. The

Chipolo Card Spot is slim enough to fit in a passport wallet, and the TwelveSouth PlugBug makes sure you never leave your charger behind. They do lack Apple's Precision Finding, which can steer newer iPhones right to the lost item, if it's nearby.

## DON'T: Forget the basics

An AirTag is no substitute for old-fashioned prudence. If you're checking a bag, arrive an hour early and put your contact info—including email and phone number—on a luggage tag.

Above all, make sure your bag is identifiable, says Lori Augustine, who oversees United in San Francisco. A bright ribbon can prevent a customer from grabbing the wrong suitcase, which is a common mix-up, she says.

Hopefully you'll soon feel the relief I felt when my shipment arrived in California. I got a notification reading: "This AirTag was seen nearby."

ILLUSTRATION: WSJ/ISTOCK; UNITED AIRLINES

# Backbiting 'Conclave' Finds a Surprise Fandom

BY JOHN JURGENSEN

In the movie "Conclave," a group of Catholic cardinals have to live in a bubble together until they elect a new pope. They side-eye each other, backbite, form alliances and scheme to secure votes for themselves or block rivals. If these fictional clerics had a TV show, it'd be called "The Real Housewives of Rome" or "Survivor: Vatican City."

At least that's one take on the film by some of its biggest fans. In a twisty drama exploring Catholic faith and human failings, this audience has recognized some of the pettiness, I'm-not-here-to-make-friends ambition and elimination-round pressure that they know and love from reality television.

And they've paid tribute in the appropriate way—with memes. Online, the movie's most celebrated shot is that of an Italian cardinal serving attitude as he puffs on a vape.

None of this was planned or predicted by the creators of "Conclave," but they're here for it. "That people are making cattiness out of it, I find



Ralph Fiennes plays Cardinal Lawrence as a rigid stickler in 'Conclave.'

that hugely entertaining," says director Edward Berger.

He's a German filmmaker known for 2022's "All Quiet on the Western Front," an Oscar-winning adaptation of the classic World War I novel. The only trashy TV he remembers watching was some "Keeping Up with the Kardashians" that he sampled while flipping through channels in Los Angeles. With "Conclave," and his pedigreed cast including Ralph Fiennes, Isabella Rossellini and Stanley Tucci, the filmmaker wanted to dig into the base tendencies of characters working in the holiest of vocations.

"We have the impression that they're more together than they are. So I like tapping into that, and if that goes into reality-TV territory,

wonderful," he says.

Finding a surprise fandom—or an audience at all, really—is a win these days for any serious drama trying to navigate the journey from film festivals to movie theaters to home-viewing menus to the Oscars.

Following its premiere in August at the Telluride Film Festival, the PG-rated "Conclave" was released in theaters in late October by Focus Features. The film's rarefied setting, papal intrigue and strong reviews helped lure older ticket-buyers, an elusive postpandemic demographic in cinemas. Close to half of the "Conclave" audience was 55 and older in the movie's first two weeks of release, according to Comscore.

Then word-of-mouth buzz (including those memes) signaled that

the movie was also safe for people with lowbrow tastes for messy characters in conflict. The movie has grossed more than \$30 million at the domestic box office, a strong haul for an adult drama.

The film's awards nominations include six Golden Globe nods and 11 for the Critics Choice Awards, where "Conclave" tied with "Wicked" for the most nominations.

Based on a 2016 novel of the same name by Robert Harris, "Conclave" starts with a dead pope and then plays out as a simmering thriller with a twist ending. Fiennes's character, the managerial Cardinal Lawrence, has to untangle secrets left behind by the late pontiff while navigating the rituals and politics of selecting a new one.

Candidates from America (Tucci), Canada (John Lithgow), Italy (Sergio Castellitto) and Nigeria (Lucian Msamati) maneuver for leverage. A surprise character appears—the "Conclave" version of a bombshell entering the villa, as they say on "Love Island": He's a Mexican cardinal (Carlos Diehz) appointed to Afghanistan in secret by the late pope. Observing all the machinations is Rossellini's character, a nun who runs things behind the scenes where the cardinals are sequestered.

In an early scene, they assemble from around the world in a courtyard, eyeing the competition like

contestants arriving on "The Bachelorette." With so much uniformity in the characters' religious garb, says costume designer Lisy Christl, "Whenever I had a chance to define them, I grabbed it." She put a flowing red cape on Castellitto's character, giving the ultraconservative Cardinal Tedesco of Venice a devilish flair.

Fiennes chose a plain design for the cross his character wears. He plays Cardinal Lawrence as a rigid stickler who gets swept up in detective work and back channel dealings. "I feel as if I'm at some American political convention," Lawrence scoffs in a secret stairwell meeting.

Tucci's character, Bellini, humbly claims not to seek the papacy—then recites a detailed list of the things he'd stand for as pope. Rossellini's Sister Agnes is the player everyone else underestimates; she doesn't speak for the first hour of the film, but when one cardinal's schemes surface, she brings receipts.

The film's creative team, including production designer Suzie Davies and cinematographer Stéphane Fontaine, re-created the glories of the Sistine Chapel, where the cardinals cast secret ballots for pope.

Tedesco's vape hit has gotten laughs from "Conclave" audiences—much to its director's delight. "Whenever you have potential for humor in a movie like this it's very important," Berger says.

FOCUS FEATURES

# ARTS IN REVIEW

By Karen Wilkin

*Houston*  
**‘GAUGUIN IN THE WORLD,’** at the Museum of Fine Arts, Houston, can change our understanding of the work of Paul Gauguin (1848-1903). Organized by the National Gallery of Australia, the MFA Houston and Art Exhibitions Australia, with Henri Loyrette as curator and Ann Dumas as the MFA’s consulting curator, the show illuminates what Mr. Loyrette calls Gauguin’s “inner quest for elsewhere” through a generous selection of works spanning his entire life as an artist, reflecting his restless search for alternatives in Paris, the Caribbean, Normandy, Brittany, Provence, and finally Polynesia.

One caveat. Many of Gauguin’s most celebrated canvases are too fragile to travel. The show includes enough compelling, well-known paintings, but its strength is in less familiar works, in different media, from far-flung collections. Gauguin’s appetite for experimentation dominates. In addition to the inventive painter and brilliant colorist whom we know, we meet the sculptor/woodcarver, the creator of eccentric pottery and the daring printmaker, and catch glimpses of the writer and friend of Symbolist poets. We may miss some of the absent works, but we gain an enriched context in which to consider them—one so provocative that it might even overshadow the biography, here documented by a revealing selection of self-portraits painted between 1885 and 1903, punctuating the exhibition.

But the biography matters. Born in Paris and raised and educated in France, Gauguin spent early years in Peru. He became a successful stockbroker, with a Danish-born wife and a family. A gifted self-taught painter, he collected works by his artist friends, including Camille Pissarro, Paul Cezanne, Édouard Manet and Edgar Degas, and exhibited with them. Gauguin’s sympathy with the group is visible in his first large work, “Landscape” (1873); its geometric fields and band of light-filled sky announce the firm architectural structure and height-



‘Portrait of the Artist With Yellow Christ’ (1890-91), by Paul Gauguin.

moved to the remote, less tainted Marquesas. His paintings’ Edenic world of sturdy, bare-breasted women was largely invented, informed by the “portable museum” of images of Western and non-Western art that he brought with him. The economical forms and saturated hues of his vision of

The show explores what the curator calls his “inner quest for elsewhere.”

Polynesia, as he wished it to be, paradoxically remind us that he advocated working from memory to present only essentials. Yet “Faaturuma (Melancholic)” (1891), an introspective young woman in a rose Mother Hubbard dress, seated in a rocking chair against a dull blue wall, seems like an accurate report—unlike the powerful “Three Tahitians” (1899), a Polynesian version of the Three Graces, with a confrontational frieze of golden skin, a naked male back framed by two women, minimally draped.

Similarly, Gauguin’s account, in his writings, of Tahitian myths and practices he claimed to have learned from his teenage *vahine*—“wife”—was, in fact, based on anthropological texts. These fascinating contradictions, plus current perceptions of Gauguin, are dissected by Mr. Loyrette and other scholars in the exhibition catalog. The reproductions are somewhat lackluster, but the texts are excellent.

**Gauguin in the World**  
Museum of Fine Arts, Houston, through Feb. 16, 2025

*Ms. Wilkin is an independent curator and critic.*

## ART REVIEW

# From Paris to Polynesia

An exhibition provides an illuminating view of Gauguin’s long, restless career

ened color of his best future works.

The financial crisis of 1882 liberated Gauguin from his job and from bourgeois respectability, allowing him to foster the “savage” side he claimed from Inca ancestry. (In fact, his mother’s Peruvian-born ancestors descended from Spanish aristocrats.) He left his family in Denmark to paint full-time, mainly, after 1886, with extended stays in Brittany and Normandy, and in 1888, with an intense, ultimately disastrous few months with his friend Vincent van Gogh in Arles. Brittany provoked works like “Seascape With Cow” (1888), a vertiginous view with a black beast keeping brushy zones of orange and dull purple from crash-

ing together against a green plane. A fragment of a well-known Breton painting appears behind a craggy, mustachioed Gauguin, glaring at us from “Portrait of the Artist With Yellow Christ” (1890-91). The time in Arles is attested to by a portrait of the robust postman’s wife, whom we recognize from Van Gogh’s paintings.

Among the exhibition’s surprises are Gauguin’s ceramics, improbable vessels with projecting handles, indescribable shapes and relief decorations of figures and creatures, often polychromed. Made as a commercial venture in the 1880s, they unsurprisingly failed to sell. An impeccable selection of prints con-

firms how adventurous Gauguin could be in a range of techniques.

In 1889, the Javanese and Tahitian pavilions of the Exposition Universelle in Paris sharpened Gauguin’s desire to abandon the industrialized world. In 1891, he succeeded obtaining government support to travel to Tahiti to record indigenous customs. He would remain in Polynesia until his death, apart from a two-year return to France, in hopes of selling paintings and winning acclaim. When Gauguin arrived in Tahiti, it was already transformed by missionaries and French colonization, influences he loathed and actively protested to the end of his life, even after he

## ARTS CALENDAR

# Happenings for the Week of December 24

By WSJ Arts in Review Staff

### Film

**“Nosferatu”** (Dec. 25)

It might not be the traditional Christmas ghost story, but Robert Eggers’s latest does offer a haunting tale on the holiday. A remake of the classic 1922 German vampire film—based on Bram Stoker’s horror icon “Dracula”—the movie stars Bill Skarsgård as a mysterious count, Lily-Rose Depp as an innocent woman stalked by evil, and Nicholas Hoult as the husband who swears

ris Dickinson) in this erotic thriller from Halina Reijn (“Bodies Bodies Bodies”).

**“The Fire Inside”** (Dec. 25)

“Black Panther” cinematographer Rachel Morrison’s feature directorial debut, written by Barry Jenkins, tells the story of boxer Claressa “T-Rex” Shields, looking at her life before widespread success, as she trains for the 2012 Olympics.

**“Better Man”** (Dec. 25)

Robbie Williams, singer, songwriter and former

and Nicola Coughlan as Joy, following the two as they travel through a magical doorway across time, trying to save the world.

**“Squid Game,” Season 2**

(Netflix, Dec. 26)

Lee Jung-jae returns as Gi-hun in the second season of the hit show, which is a revenge tale that takes place three years after the malevolent, monetized game of the first.

### Theater

**“All In: Comedy About Love”** (Hudson Theatre, New York, through Feb. 16, 2025)

A rotating cast of comedy stars and musical talent—including John Mulaney, Lin-Manuel Miranda, Fred Armisen, David Cross, Jimmy Fallon, Aidy Bryant and Nick Kroll—enact a series of short stories about love and romance in this Broadway production, written by Simon Rich and featuring songs by Stephin Merritt of the Magnetic Fields (performed by the Bengsons).

### Music

**Ed Sheeran “+–÷× (Tour Collection: Live)”** (Dec. 27)

While not as high-profile as Taylor Swift’s or Beyoncé’s tours, Ed Sheeran’s Mathematics tour has still been a major event for fans of the English pop icon. This collection pairs live tracks recorded on that circuit with studio takes of some of the musician’s most influential songs.

### Last Call

**“Lawrence Weiner: Anything Added to Something”** (Pace Seoul, through Dec. 28)

A selection of the conceptual pioneer’s works created from 1989 to 2019 fills two stories of the Korean gallery space, revealing his sui generis approach to text as object.

For additional Arts Calendar listings visit [wsj.com](http://wsj.com). Write to [brian.kelly@dwsj.com](mailto:brian.kelly@dwsj.com).



Harris Dickinson and Nicole Kidman in ‘Babygirl.’

to protect her. Other actors in the scarily talented cast are Willem Dafoe, Emma Corrin, Ralph Ineson, Simon McBurney and Aaron Taylor-Johnson.

**“A Complete Unknown”**

(Dec. 25)

Timothée Chalamet picks up a guitar and harmonica to play Bob Dylan in this biopic from James Mangold, tracing the musician’s career from his early-’60s arrival in New York to his controversial electric turn at the 1965 Newport Folk Festival.

**“Babygirl”** (Dec. 25)

A high-powered CEO played by Nicole Kidman begins an inappropriate relationship with an intern (Har-

member of British pop group Take That, voices a version of himself—portrayed in Michael Gracey’s film as a chimpanzee.

**“2073”** (Dec. 27)

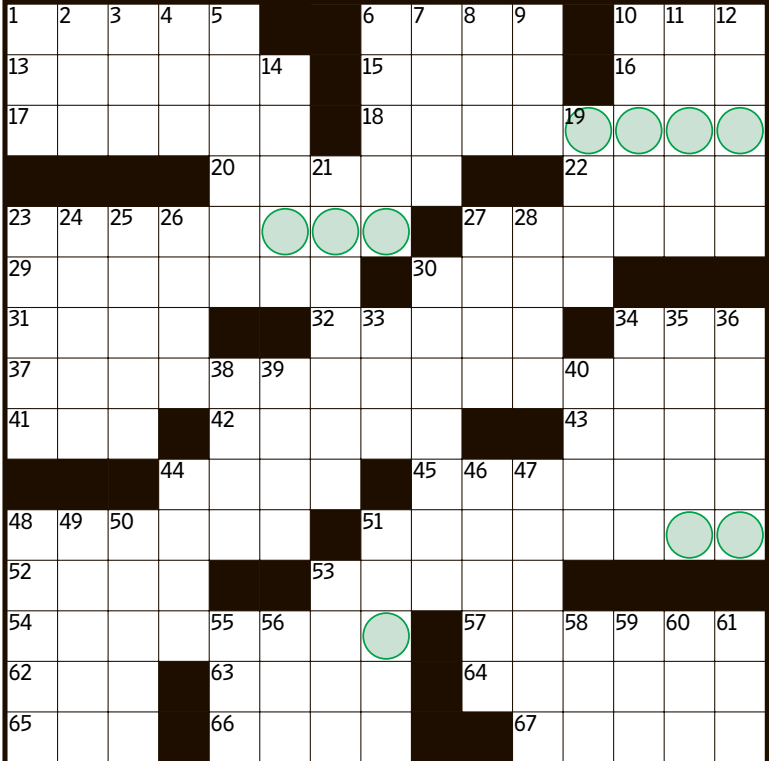
Documentarian Asif Kapadia (“Senna,” “Amy”) bends and blends genres, following a time-traveler who hopes to save humanity from dystopia and mixing fictional future footage with documentary images of the present.

### TV

**“Doctor Who” Christmas Special:** (Disney+, Dec. 25)

This year’s installment of the beloved annual tradition, “Joy to the World,” stars Ncuti Gatwa as the Doctor

## The WSJ Daily Crossword | Edited by Mike Shenk



- 24 Egg-producing organ
- 25 Neighbor of Nigeria
- 26 “Dracula” writer Stoker
- 27 “Uh-huh”
- 28 “Green Gables” girl
- 30 Niacin or riboflavin, e.g.
- 33 LAPD rank
- 34 Short
- 35 Advantage
- 36 Soccer’s Lionel
- 38 Go the way of Frosty the Snowman
- 39 “A Holly Jolly Christmas” singer Burl
- 40 The Magi, e.g.
- 44 Car with a four-ring logo

## DECKED OUT | By Mike Shenk

### Across

- 1 Eugene who started a series of travel guides
- 6 Howled, as a winter wind
- 10 “The Name of the Rose” writer Umberto
- 13 Some decoration when
- 15 Regarding
- 16 Run-DMC’s “Christmas in Hollis,” e.g.
- 17 “Christmas for Children Who No Longer Have a Home” composer Debussy
- 18 Hardy Canadian evergreen
- 20 Bother
- 22 Caustic stuff
- 23 Bun holder
- 27 Blue blood vessels?

- 29 Tibetans call it Chomolungma
- 30 Let off steam
- 31 Singer Del Rey
- 32 Tibetan, e.g.
- 34 Racial justice letters
- 37 Yuletide undertaking, exemplified by the circled letters
- 41 Theatrical wd.
- 42 Argentina-based musical
- 43 Outfits
- 44 Guinness of 1970’s “Scrooge”
- 45 Social environments
- 48 Premieres
- 51 Film for which Ang Lee won his second Oscar
- 52 “The Christmas Book” writer Blyton
- 53 Maker of Arc Ultra soundbars

- 54 Symbol found on caps of both Keystone State MLB teams
- 57 Some decoration when
- 62 High heart
- 63 “The Morning Watch” author James
- 64 Decorated
- 65 Inc., overseas
- 66 “The children were nestled all snug in their \_\_\_\_\_”
- 67 Like some fruitcakes

- 7 Exam for future J.D.s
- 8 List-shortening abbr.
- 9 Stir-fry vessel
- 10 “All Quiet on the Western Front” writer Remarque
- 11 “Be quiet!”
- 12 Some newspaper pieces
- 14 Emulates the lords in a Christmas song
- 19 Treaty
- 21 She set out in April 1912
- 23 Sings loudly

- 46 Words while dropping one’s hand
- 47 Scrape or wound
- 48 Car sticker
- 49 Pass, as a bill
- 50 Ostrich or human, e.g.
- 51 Takes bounding strides
- 53 Glider for a snow day
- 55 Bar bill
- 56 Grow older
- 58 Bearded beast
- 59 Riled (up)
- 60 Chiding sound
- 61 Cloak-and-dagger figure

### Previous Puzzle’s Solution

|            |            |       |
|------------|------------|-------|
| POST       | SOIL       | AVAST |
| ALTO       | AUDI       | MECCA |
| NERO       | ICESKATERS |       |
| ABUDHABI   | SOAK       |       |
| MAYAS      | SONS       | UPS   |
| OLDDAYS    | AGENTS     |       |
| SAO        | AIL        | CEO   |
| HIGHEST    | CARDWINS   |       |
| ESQ        | DNA        | NIA   |
| SHROUD     | ABDUCTS    |       |
| ELI        | SEAS       | STIES |
| BAJA       | ENLISTED   |       |
| ONATANGENT | REAP       |       |
| LTCOL      | LENA       | UNDO  |
| ASKME      | ETSY       | STET  |

► Solve this puzzle online and discuss it at [WSJ.com/Puzzles](http://WSJ.com/Puzzles).

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SPORTS

By Andrew Beaton

# Kiss the Ugly Girl: The Secret Behind the NFL's Rookie Sensation

Jayden Daniels has emerged as a star—and it's due in part to a unique coaching lesson

As Washington quarterback Jayden Daniels engineered one of the most stunning wins of this NFL season, capped off by his fifth touchdown pass of the day with seconds left to topple the Philadelphia Eagles, he flashed all the skills that have turned him into a rookie sensation.

Daniels lasered the ball into tiny windows. He hurled bombs down the field. He scampered for big gains. And when none of those options was open, he looked toward his checkdowns to keep the chains moving.

More than anything, what Daniels has shown in his first NFL season is a remarkable ability to beat defenses by taking what's available to him. It turns out that is no accident. In fact, it's a philosophy that's been engrained in him for so long that he actually has a saying for it.

"Kiss the ugly girl," says Ryan Porter, his longtime quarterback coach. "Take what the defense gives you. Do not be greedy."

Daniels didn't have his prettiest game on Sunday, but he was able to come through against what had been the NFL's No. 1 scoring defense by exploiting whatever the Eagles surrendered to him.

In the 36-33 victory, four of his touchdown passes went to lightly used receivers Olamide Zaccheaus and Jamison Crowder, who had a combined zero receiving scores all season. And on the rare occasions when Philadelphia's vaunted downfield pass defense showed vulnerability, Daniels took advantage of that too—his other score came on a 32-yard heave to star receiver Terry McLaurin.

That capacity to identify weaknesses in opposing defenses and then capitalize on them has Daniels on the fast track to superstardom. He was the Heisman Trophy winner last season at LSU, and in his first season in the pros he has the Commanders on the precipice of the playoffs with a 10-5 record—the best mark for the franchise since 1991, the last time it won the Super Bowl.

And it all traces its roots to something that Daniels had heard



Washington quarterback Jayden Daniels led his team to a dramatic win over the Philadelphia Eagles on Sunday.

over and over from Porter, who has been working with him since before Daniels was a teenager.

"Quarterbacks that play this game a long time, they understand to take what is given to them," Porter says. "They're going to take advantage of the opportunities that present themselves."

As odd as it might sound, the kiss-the-ugly-girl mantra is a sign of Daniels's unusual maturity for a 24-year-old quarterback. That's because it means he's often willing to sacrifice something flashy in order to produce the best outcome for his team.

Porter, the head coach of a 7-

on-7 team named the California Power, explains that it can be alluring for quarterbacks to launch long passes down the field, but the best throw on any given play might not be quite so dramatic. It could be tossing it to a receiver on a short hitch route or unloading it to a running back behind the line of scrimmage—not the type of plays that make highlight reels, but the ones that can keep an offense trudging forward in the right direction.

Daniels's play this season has exemplified that mentality. It's the reason why he has completed 69.7% of his passes—one of the best rates in the league, and the highest ever for a rookie.

While his deep throws are the ones that turn heads, he has sustained such a high completion rate in large part because he's often happy to take the safer option. Last week, for instance, when he completed 25-of-31 passes against the Saints, he did so by completing 19-of-21 throws that were thrown 10 or fewer yards past the line of scrimmage.

Yet Daniels isn't a mere check-down artist. It all depends on what might be a defense's soft spot. His running ability makes him one of the premier two-way threats in the entire league—his 737 rushing yards are the second most ever for a rookie quarterback, behind only Washington's Robert Griffin III in 2012. And

Daniels has also repeatedly shown off his deep-ball prowess, whether that's hitting McLaurin in stride or connecting on the miracle Hail Mary that gave the Commanders a delirious win over the Chicago Bears earlier in the year. Four of his touchdowns on Sunday came on passes at least 10 yards past the line of scrimmage.

What Daniels also understands is how the safe option and the sexy one can be intertwined: The more he's content just taking what the defense gives him, the more big-play opportunities will open up for him.

"Kiss the ugly girl," Porter says, "and then watch—the good-looking one will pop right open."

## The Data: Mahomes Makes Quick Recovery From Injury

Coming off an ankle injury suffered last week, Patrick Mahomes led the Chiefs to a 27-19 win over the Texans on Saturday.

It was a quick turnaround, but not as quick as the next one: Kansas City faces the Pittsburgh Steelers on Christmas Day.

This season, the Chiefs' lack of consistency on offense has drawn plenty of scrutiny but Mahomes might have stumbled onto something while he coped with his bum ankle. He thrived while getting rid of the ball quickly.

Against the Texans, he completed 28-of-41 passes overall, but connected on 17-of-19 throws for

155 yards when he got rid of the ball in under 2.5 seconds, according to the NFL's Next Gen Stats.

While Mahomes ran for a touchdown, one sign his ankle might have limited him is that only one of his attempts came when he held onto the ball for over four seconds—his lowest rate since 2020. Moreover, his average throw time was his fastest since 2021.

## The Decision: A Rookie QB Wins His Starting Debut

Ahead of Sunday's game against the Giants, the Falcons pulled the plug on Kirk Cousins, their expensive free agent quarterback acquisition, and instead turned the offense over to rookie first-round pick Michael Penix Jr.

A tortoise likely could have led Atlanta to a victory Sunday, when the Giants threw two pick-sixes in a 34-7 Atlanta rout, but Penix showed some promise nonetheless in his first start. He completed 18-of-27 passes for 202 yards, and the one interception he threw wasn't his fault—he hit tight end Kyle Pitts, who then coughed it up.

Penix will face a more formidable test next week against Washington, but for now he certainly didn't do anything that will make Atlanta's brass second-guess their call to start him earlier than people expected—despite shelling out a fortune for Cousins.

## The Debate: Will the Patriots Consider Another Reset?

Former New England coach Bill Belichick has grabbed the football world's attention by heading to college and taking over at North Carolina, and the Patriots first season without him hasn't been pretty.

After coughing up a 14-0 lead and losing to the Bills on Sunday, the Pats sank to 3-12—threatening their worst campaign since going 2-14 in 1992.

When they moved on from Belichick, former linebacker and assistant Jerod Mayo had been tapped as the team's coach in waiting. In his first year, he has drawn plenty of criticism for his game management, raising the question of whether he'll be given another season.

In fairness to Mayo, he took over one of the league's most talent-barren squads. Outside of rookie quarterback Drake Maye, there hasn't been much for fans to get excited about. Regardless, the team's decision makers will have to assess whether that's enough reason to give him another opportunity—or if it's already time to find someone else.



The Falcons' Michael Penix Jr. completed 18-of-27 passes for 202 yards.

JASON GAY

# Is It OK to Watch Seven Hours Of Football on Christmas Day?



Christmas is upon us, and everyone knows that nothing captures the spirit of the season better than silently hunkering in a dark room watching seven hours of NFL football—on a *Wednesday*, no less.

Sorry to Santa, Rudolph, and the rest of the caribou delivery crew: the mighty NFL continues to stake out Dec. 25 as its territory, stirring worrisome competition for elves, pastors, carolers and anyone hoping to have a thoughtful holiday without the television blaring in another room. It's Grinchy to the NBA, too, which has long claimed the day for hoops.

The industry-rattling wrinkle to this year's Christmas NFL package is that it's streaming on Netflix. That's right: The cinephile's haven of "Aaron Rodgers: Enigma" and "Chickenhare and the Hamster of Darkness" is jumping into the NFL business to show not one but two NFL games: Chiefs at the Steelers (1 p.m. ET) and Ravens at the Texans (4:30 p.m.).

This is a seismic pairing: the nation's most popular sport joining forces with Earth's digital entertainment colossus. It also means that if you haven't invited your parents over, you are going to spend 40 minutes on the phone explaining why they can't watch the game on regular broadcast TV. I know what you're saying: *Aw come on, it's almost 2025, everybody has Netflix, or at least someone's password.* But remember:

The country collectively reacted like it was having an appendectomy without anesthesia when the NFL put a playoff game exclusively on Peacock.

This is all ruled by cash, of course. The NFL is the nation's last mass entertainment ritual other than beefing with strangers on the internet, and it is eager to maximize dollars. With cable shedding subscribers via-cord cutting, it makes sense for Roger Goodell & Co. to continue to explore the

## The mighty NFL continues to stake out Christmas Day as its territory.

"over the top" universe. The NFL is already in biz with Peacock and Amazon, and no streamer is bigger than Netflix.

If you say: *Well, Jason, couldn't it be argued that the Sports Broadcasting Act of 1961's special antitrust exemptions applied to "sponsored telecasting," i.e. free broadcast, therefore leaving these exclusive digital deals up for possible Sherman Act scrutiny,* I would say, who do I look like, Elle Woods?

I would simply urge you to look over in the corner, to the NFL owners sitting in a smoky room, all of them dressed like the Monopoly guy, monocle, tuxedo, top

hat, burning \$100 bills, cackling at our naiveté.

(The Netflix games will also be shown on free over-the-air TV in the home markets of the four participating teams. So there's that, too.)

Getting lost here—besides the original message of Christmas—is the ask on the teams themselves. Wednesday's games means that these four teams will play three contests in 11 days, a wild late-season stretch for such a punishing sport. The players have agreed to this arrangement—surely the sweetened streamer money helps—but after everything we've learned about injuries and recovery, it sure feels like common sense has fled the building in a golf cart.

For consumers, the most intriguing aspect of Wednesday's action is the Netflix part. For years, the streaming giant said it wasn't interested in sports, but it's slowly been dipping its tech-y toe.

So far it has stuck to nonsense: a repulsive hot dog eating contest; a Rafael Nadal-Carlos Alcaraz tennis match; a cross-generational pillowfight featuring YouTube imp Jake Paul throwing jabs at 19,000-year-old Mike Tyson.

The last event was reported to be a massive hit, but the glow was dulled by repeated technical fiascos. The Journal's Jessica Toonkel and Patience Haggin reported that Netflix is all-nerds-on-deck to avoid pesky glitches on NFL Christmas, with good reason: Football fans aren't forgiving about missing football.



Patrick Mahomes and the Chiefs are set to play the Steelers on Dec. 25.

Imagine sitting there in the fourth quarter, as Patrick Mahomes drops back for a critical pass. Travis Kelce is open in the back of the end zone, Taylor Swift is in a skybox composing a double-album of all-dulcimer power ballads...only to see the potential touchdown pass freeze midair in a frame of chunky pixels.

Imagine not being able to log into Ravens-Texans to watch the Ravens-Texans or the Beyoncé halftime show—and instead being forced to sit on the couch and watch a PowerPoint of your cousin's hiking trip in the Faroe Islands.

My plan is to have Chiefs-Steelers on mute in the background until Kansas City inevitably figures out a way to win in the final minute, and then tune into Ravens-Texans for Beyoncé and Lamar. I'm also supposed to be making prime rib. If I mess up the prime rib, I'm going to blame Netflix, and make all of my guests watch the Aaron Rodgers documentary while sitting inside a sweaty yurt.

We're also leaving Santa some fresh-baked cookies and a betting slip on Christmas Eve.

Hey, you never know who's on his list.

OPINION

A Little Sisters Christmas



MAIN STREET  
By William McGurn

When Christmas arrives for the Little Sisters of the Poor, they will be looking for one special gift under the tree: an end to the lawfare against them. You remember the Little Sisters. They are a congregation of nuns who fought the Obama administration mandate that would force them to pay for contraception and abortion-inducing drugs. Though they won twice at the Supreme Court, lawsuits by California and Pennsylvania are still alive—and the sisters fear a Grinchy rule stripping them of their religious exemption by Joe Biden on his way out the door.

They aren't alone. A Baptist baker is taking on California in court over the state's insistence that she bake a cake celebrating a same-sex wedding. In New York, Yeshiva University is still caught up in litigation over its refusal to recognize an organization of gay students. Across America, religious citizens and organizations are fighting government decrees that would compel them to violate their beliefs.

These lawsuits occur in an America polarized by religion. While Donald Trump won the votes of a majority of Catholics and evangelical Protestants, 7 of 10 nonreligious voters supported Kamala Harris. Religious liberty has become a partisan issue.

The nature of the issue has changed too. In 1979 a Baptist minister, Jerry Falwell Sr., founded the Moral Majority to promote prayer in public schools, marriage, opposition to abortion, and traditional morality. As the organization's name suggests, the assumption was that most Americans shared the group's traditional views.

No longer. The religious-freedom argument is no longer about which worldview will prevail. It's mostly about whether those with religious convictions can live their lives in their own institutions and communities in harmony with their own beliefs. Even those who have no dog in this fight have a stake, because a government that doesn't respect the religious liberty of its citizens is unlikely to respect much else.

That used to be a pillar of American liberalism, championed by men such as Justices Thurgood Marshall and William Brennan. They understood that tolerance was born not of indifference to beliefs but respect for conviction. This is the heart of any liberal order and the key to civic peace.

Aggressive secularism has no time for this. The backwoods Bible-thumper may regard San Francisco as a latter-day Sodom, but what he really cares about is what his children are taught in their local public school. The San Francisco secularist, by contrast, can't sleep at night unless every child in America is subject to the same progressive curricula his kids have in San Francisco. And if

parents show up at a school board meeting to complain, sic the FBI on them.

"It's not that the religious accommodations cause harm to anyone," says Eric Rassbach, an attorney with the Becket Fund for Religious Liberty. "It is that it is, from the secularist's view, an immoral outrage for the religious people to act in this nonconformist way. But for 95% of Americans, live-and-let-live religious liberty is a much better solution."

Religious liberty can't heal all America's divisions, but it's a good place to start.

Much of today's litigation is aimed at marginalizing religious Americans and forcing them to park their convictions at the entrance to the public square. We see this in the efforts to force bakers to bake cakes for gay weddings, to demand that Catholic nuns pay for contraception, and to oblige parents to abandon a Jewish education for their disabled children as a condition for special-education funding.

In an interview with the New York Times, the Brookings Institution's Jonathan Rauch, an atheist, says his forthcoming book, "Cross Purposes: Christianity's Broken Bargain With Democracy," is partly an "apology for my own previous view that secularization is great." He realized that

when people reject religion, they go elsewhere for "their sense of meaning in life"—like politics. He believes this undermines the nation, and he speaks for a forgotten remnant of American liberalism.

Robust religious liberty ought to be a liberal value for two reasons, one practical and one philosophical. The practical one is that no one does the good work liberals want done better—sheltering the homeless, feeding the hungry, educating the poor, embracing the marginalized—than religious organizations. America has always been richer for the Free Exercise Clause. It has given us a social fabric thick with a diversity of religious-run groups committed to serving their neighbors in place of the uniformity of one-size-fits-all government.

The philosophical has to do with respect for deeply held convictions that are wrapped up in how others identify themselves. Religious liberty can't heal all America's divisions. But respecting the beliefs of others—and encouraging the government's constitutional obligation to accommodate those beliefs at both the individual and institutional levels—is an excellent place to start.

"Christmas and Hanukkah both arrive on Wednesday, so this is a season of miracles," says Mark Rienzi, the Becket Fund's president and a Catholic University law professor. "Let's pray that the opponents of religion can remember how to live and let live."

Write to mcgurn@wsj.com.

BOOKSHELF | By Peter Tonguette

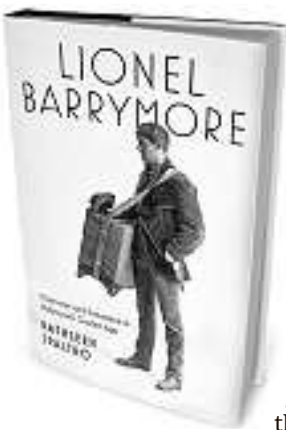
A Wonderful Performance

Lionel Barrymore

By Kathleen Spaltró  
Kentucky, 256 pages, \$40

Among the indispensable elements that contribute to the classic status of Frank Capra's "It's a Wonderful Life" (1946), there is its Christmastime setting, the shimmering dialogue and Jimmy Stewart's startlingly anguished performance as George Bailey—a decent man whose failures leave him blind to his own worth. Henry Travers, too, performs unforgettably as Clarence, the guardian angel whose earthly work includes foiling George's contemplated suicide.

No less essential to this holiday perennial, though, is Lionel Barrymore as Mr. Potter, the implacably stone-hearted magnate who is our hero's chief nemesis. Despite having been frequently eclipsed in fame by his actor siblings, John and Ethel, Lionel is, according to his biographer Kathleen Spaltró, the most enduringly popular of the trio—largely on the strength of this single supporting performance in Capra's masterpiece. "While twenty-first-century viewers may not know much about his stage work, his silent films, or his



Oscar-winning (Best Actor, 1931) performance in *A Free Soul*," Ms. Spaltró writes, "fans of classic radio remember his yearly turn as Ebenezer Scrooge, and everyone has seen his Mr. Potter in *It's a Wonderful Life*." Indeed, the only Barrymore who is unquestionably better known today is Lionel's great-niece Drew.

In this expertly researched, pleasantly written biography, Ms. Spaltró largely succeeds in making a case for Barrymore's greatness. She is also an empathetic chronicler of his not-insignificant torment: He was a victim of his own "financial ineptitude," was struck down by injuries at the height of his career and, despite having inherited the family gene for acting, was unsure if he wanted to pursue the trade at all.

Indeed, one of the most surprising facts turned up by Ms. Spaltró is that Barrymore, far from being a shoo-in for the family trade, nurtured dreams of becoming a painter. Born in 1878 in Philadelphia, he spent time at the Art Students League in New York City and the Académie Julian in Paris. Music was another serious pursuit. But, as the author says, Barrymore "found the theater to be his most ready employer."

Not that he was always happily employed. Despite the fawning notices for his performances in plays such as "The Mummy and the Humming Bird" (1902), Barrymore did not feel at home underneath the lights. He claimed to be so overwhelmed on opening nights that it would take him two further nights to remember the first, and he suffered from the terror of forgetting his lines. "If I could have made a good living digging wells," he told the columnist Hedda Hopper, "I never would have become an actor."

Given these limitations, Barrymore welcomed the opportunity to work in motion pictures, which were then silent. "Lionel found films interesting," remembered Lillian Gish, who appeared with Barrymore in "Duel in the Sun" (1946). "Perhaps because of his ambition to paint, composition and lighting fascinated him." Barrymore appeared in many productions directed by D.W. Griffith, whom the actor rightly called a genius.

Following a detour back to Broadway, Barrymore intermittently worked as a director, garnering an Academy Award nomination for "Madame X" (1929), starring Ruth Chatterton, and crediting himself with originating the concept for the boom microphone following the advent of talkies. Ms. Spaltró defers to Scott Eyman, a film historian, who charitably concedes that Barrymore may have been one among several filmmakers to make the innovation.

Yet Barrymore, who comes across as a thoroughly high-strung type, was uncomfortable with the demands placed on directors. "It's an awful feeling to handle \$1,000,000 or \$2,000,000 of a company's money," said Barrymore, anticipating his own personal troubles with finances. "Acting is easier on the nerves."

Years before he portrayed the villainous Mr. Potter, the actor felt overwhelmed on opening nights and feared he would forget his lines.

He eventually settled into a comfortable career chiefly as a character actor at Metro-Goldwyn-Mayer. He was never less than memorable in studio productions that included "Grand Hotel" (1932), "Dinner at Eight" (1933) and "Ah, Wilderness!" (1935). Then, in 1936, Barrymore was laid low after breaking his hip; his second wife, the actress Irene Fenwick, died that same year. A second hip injury followed a year later.

Now physically disabled, Barrymore turned to studio boss Louis B. Mayer, who salvaged his working life by casting him as a physician who is confined to a wheelchair in the seemingly never-ending Dr. Kildare film series of the 1930s and '40s. Said Ronald Reagan about the wheelchair-bound-but-unbowed Barrymore: "He could whip that contrivance around on a dime."

The book is at its most fascinating when Ms. Spaltró turns to "It's a Wonderful Life." Capra claims to have considered no one but Barrymore for Mr. Potter, though Ms. Spaltró points to a typed list of nearly 30 other actors who were contemplated for the part. Admittedly, Barrymore does not quite look like himself in the picture. Capra mandated that Barrymore wear makeup that made him resemble the male figure in Grant Wood's painting "American Gothic" (1930), though what the actor brought to the role went beyond such externals. Ms. Spaltró convincingly argues that Barrymore's persistent troubles with the IRS led him to make Mr. Potter both villainous and, counterintuitively, sympathetic: "His resentment of taxes enlivened his expression of Scrooge's and Potter's sentiments." Contrasting with today's left-leaning movie stars, Barrymore supported the Republican ticket in 1944 chiefly on the libertarian grounds of undoing the New Deal and reversing burdensome taxation.

Barrymore, who died in 1954, emerges as an artist through and through. "He felt the obligation to excel as much as possible as a visual artist, as a musician, as a writer, and even as an actor—although it was his least favored means of expression," writes Ms. Spaltró, who is said to be at work on a biography of Ethel Barrymore. This most noted of acting clans has found its most able chronicler.

Mr. Tonguette is a contributing writer at the Washington Examiner and a contributing editor of the American Conservative.

Obama Era Is History in the Middle East



GLOBAL VIEW  
By Walter Russell Mead

The consequences of Bashar al-Assad's fall from power in Syria will reverberate for years across the Middle East, but one great fact is already clear.

The Obama era in Middle Eastern history has, thankfully, come to an end.

Barack Obama's misguided diplomacy made Iran the de facto master of Syria and Lebanon and massively reinforced Russian power and prestige. Almost every significant authority in the region loathed Mr. Obama's Middle East order. Israelis detested what they saw as appeasement of a genocidal regime in Tehran. Sunni Arabs abhorred the "Shia Crescent" from Iran to Lebanon that Mr. Obama's vision was ready to accept. The Gulf Arabs feared Mr. Obama's Middle East so much that they brushed Palestinian objections aside to form strategic partnerships with Israel. Turkey, which saw the American president deliver Syria and Lebanon on a silver platter to Iran even as he supported Kurdish groups aligned with domestic terrorists, was equally horrified by the world Mr. Obama tried to make.

Turkey and Israel, with a boost from Ukraine, succeeded in killing Mr. Obama's dream. Benjamin Netanyahu, using American weapons but wisely ignoring Team Biden's

muddled strategic advice, broke Iran's military power through a succession of attacks on Hamas, Hezbollah and Iran. Turkish President Recep Tayyip Erdogan steadily helped anti-Assad forces with roots in extremist Sunni Arab organizations like al Qaeda survive and thrive until the Assad regime was vulnerable. With Iranian power tamed and Russia preoccupied in Ukraine, Assad was exposed, and the Turkish-backed Arab forces moved in for the kill.

Ironically, Team Biden ended up serving as pallbearers at the funeral of a Middle East policy it hoped to save. After trying and failing to restore Mr. Obama's nuclear deal, Team Biden searched for ways to accommodate Iran, relaxing sanctions and trying to engage diplomatically with the mullahs in Tehran. But in the end, Iran's support of Hamas's and Hezbollah's aggression against Israel was too much. After the Iran-backed Hamas terror attack against Israel on Oct. 7, 2023, Team Biden, sometimes reluctantly and with much grumbling, provided Israel with enough weapons to beat Hamas and Hezbollah in ways that shocked Iran and dramatically reduced its power. To use those weapons effectively, Israel had to frustrate U.S. efforts to tie its hands, change its government, and dictate what would have been disastrous changes in war-fighting strategy. Even so, the provision of critical military aid

may be remembered as the single most consequential use of American power on Mr. Biden's watch.

What's dawning in Syria today is a new era of regional and religious competition. Already many Arabs, remembering the centuries of Turkish hegemony under the Ottoman Empire, fear that Turkey will replace Iran as the chief threat to the independence of the Arab world. That's good news

The threat from Iran is greatly diminished, but Turkey poses new challenges.

for the strategic partnerships between Israel and some of the Gulf states. Mr. Erdogan's Turkey is if anything an even greater potential threat to the security of the Gulf states than Iran managed to become. By linking himself to the cause of Sunni Islamist "democracy," Mr. Erdogan can hope to develop a more potent ideological threat to the Gulf monarchies than Iran's Shia model ever became.

Both Israel and the Gulf Arabs have reason to worry about Mr. Erdogan's Palestinian policy. Turkey's alignment with the Muslim Brotherhood is a powerful political weapon for Ankara in any competition with the Gulf states for the position as the leaders of the Sunni world. Supporting the Palestinians can help Turkey

polish its political image on the Arab street.

Syria's future is up for grabs. Until the Assads imposed their dictatorship, it was a tumultuous, coup-prone country. More an artificial creation of French colonial policy than anything else, Syria, like neighboring Lebanon, was deeply divided along religious, tribal and cultural lines. The last murderous decade of bitter civil war made these divisions worse. With armed factions including ISIS remnants, Kurds, pro-Turkish forces and regime loyalists operating around the country, the new government will struggle to impose its authority. Turkey has occupied land in the north, and Israeli forces have seized land in the south. Iran and Russia both still have local associates.

Obama fans may not be popping any champagne corks over Middle East developments these days, but most Americans should rejoice at Assad's fall, Russia's discomfiture and Iran's massive defeats. History, however, isn't ending in the Middle East just yet. With Iran sinking and Turkey rising, our ability to manage an increasingly complex relationship with Ankara will become more difficult and more important in the years ahead. Keeping Turkey on side while promoting deepening cooperation between Israel and its Arab associates will be the keys to successful American policy in the new Middle East. Let's hope the new administration can get the job done.

Don't Let DOGE Kill Remote Work

By Dana Mack

The Department of Government Efficiency is targeting remote-work arrangements. This would be unfriendly to families and bad for government efficiency. Most remote-work plans have little effect on productivity and save parents many thousands of dollars a year in commuting expenses and child care. More important, they grant parents hundreds of hours of extra precious family time every year.

The Senate DOGE Caucus's leader, Joni Ernst (R., Iowa), recently released a report on the alleged evils of telework. She broadly accuses federal workers of "phoning it in." The report claims that 90% of federal employees "eligible" to telework are availing themselves of it, that only 6% show up at the office full-time, and that the government owns 9,962 vacant or

partially vacant properties. Employees, the report says, spend working hours on the "golf course" and "in bubble baths."

Ms. Ernst's report doesn't square the Office of Management and Budget's calculation that 80% of federal employees' work hours were in the

Hybrid work isn't only family-friendly, it's more efficient too.

office. And her report ignores a key question: How do at-home abuses of the system stack up against sins formerly committed in the office?

Lest we forget, before Covid initiated the trend to remote work, the federal government's many services hardly chimed with its clocks. It could take hours to get an Internal Revenue Service employee on the phone and

months to get Medicare to answer written queries. Recall, too, the Veterans Affairs hospital scandal of low morale and deficient medical care.

Ms. Ernst apparently believes in a fantasy past when in-office work guaranteed efficiency. That isn't the case. Nor is her suggestion that remote work fosters laziness. A Stanford study found that remote workers in the private sector were slightly less productive than their in-office counterparts only when working fully remote. When working on a hybrid schedule, these employees were as productive as their in-office counterparts, and sometimes more so. That's to say nothing of hybrid work's higher employee-retention rates, expanded recruitment opportunities and property savings.

If DOGE is truly interested in government efficiency, it won't kill telework. It will instead focus on unloading underused properties, firing un-

derperforming employees and building hybrid work arrangements that keep federal employees happy and productive.

It appears, however, that DOGE's real goal isn't so much to improve government efficiency, but rather to provoke the highest possible number of resignations. As Elon Musk and Vivek Ramaswamy put it in these pages, "Requiring federal employees to come to the office five days a week would result in a wave of voluntary terminations that we welcome."

This is a shame. Capable government employees are likely to abandon their posts for more family-friendly jobs in the private market and won't be replaced. That could have a devastating effect on necessary government services.

Ms. Mack is author of "The Assault on Parenthood: How Our Culture Undermines the Family."

OPINION

REVIEW & OUTLOOK

In Hoc Anno Domini

When Saul of Tarsus set out on his journey to Damascus the whole of the known world lay in bondage. There was one state, and it was Rome. There was one master for it all, and he was Tiberius Caesar.

Everywhere there was civil order, for the arm of the Roman law was long. Everywhere there was stability, in government and in society, for the centurions saw that it was so.

But everywhere there was something else, too. There was oppression—for those who were not the friends of Tiberius Caesar. There was the tax gatherer to take the grain from the fields and the flax from the spindle to feed the legions or to fill the hungry treasury from which divine Caesar gave largess to the people. There was the impressor to find recruits for the circuses. There were executioners to quiet those whom the Emperor proscribed. What was a man for but to serve Caesar?

There was the persecution of men who dared think differently, who heard strange voices or read strange manuscripts. There was enslavement of men whose tribes came not from Rome, disdain for those who did not have the familiar visage. And most of all, there was everywhere a contempt for human life. What, to the strong, was one man more or less in a crowded world?

Then, of a sudden, there was a light in the world, and a man from Galilee saying, Render unto Caesar the things which are Caesar's and unto God the things that are God's.

And the voice from Galilee, which would defy Caesar, offered a new Kingdom in which each man could walk upright and bow to none but his God. Inasmuch as ye have done it unto one of the least of these my brethren, ye have done

it unto me. And he sent this gospel of the Kingdom of Man into the uttermost ends of the earth.

So the light came into the world and the men who lived in darkness were afraid, and they tried to lower a curtain so that man would still believe salvation lay with the leaders.

But it came to pass for a while in divers places that the truth did set man free, although the men of darkness were offended and they tried to put out the light. The voice said, Haste ye. Walk while you have the light, lest darkness come upon you, for he that walketh in darkness knoweth not whither he goeth.

Along the road to Damascus the light shone brightly. But afterward Paul of Tarsus, too, was sore afraid. He feared that other Caesars, other prophets, might one day persuade men that man was nothing save a servant unto them, that men might yield up their birthright from God for pottage and walk no more in freedom.

Then might it come to pass that darkness would settle again over the lands and there would be a burning of books and men would think only of what they should eat and what they should wear, and would give heed only to new Caesars and to false prophets. Then might it come to pass that men would not look upward to see even a winter's star in the East, and once more, there would be no light at all in the darkness.

And so Paul, the apostle of the Son of Man, spoke to his brethren, the Galatians, the words he would have us remember afterward in each of the years of his Lord:

Stand fast therefore in the liberty wherewith Christ has made us free and be not entangled again with the yoke of bondage.

*This editorial was written in 1949 by the late Vermont Royster and has been published annually since.*

U.S. Life Expectancy Turns Back Up

Some good news as 2024 nears the end: Life expectancy in the U.S. last year made an unusually sharp increase as deaths from most major causes declined, according to the latest Centers for Disease Control and Prevention report. Americans can expect more longevity gains in the future—as long as Washington doesn't introduce harmful policies.

Life expectancy in 2023 rose 0.9 years to 78.4 while the overall mortality rate adjusted for age declined 6%. Death rates among all age groups fell, and more sharply for middle-aged Americans and seniors. A typical 65-year-old can expect to live another 19.5 years, up from 18.9 years in 2022.

The large rebound in a single year owes largely to a decline in Covid deaths as the pandemic receded into the past. Covid deaths last year were roughly the same as those from the flu during a bad flu season. Death rates from cancer, heart disease, diabetes, Alzheimer's and unintentional injuries (e.g., drug overdoses) also declined.

It's true that U.S. life expectancy is still lower, and deaths from most causes somewhat higher, than before the pandemic when it reached an overall average of 78.8 years. But that's because of an increase in chronic illnesses, which may have been exacerbated by the pandemic lockdowns. Forced to stay home, many Americans

ate and drank more and used more drugs.

The Biden Administration claimed credit for the lifespan increase because drug overdoses declined slightly in 2023. Perhaps political attention to the fentanyl scourge is making a difference. But overdoses were still 50% higher last year than in 2019. The truth is that the Administration's "harm reduction" policies—e.g., distributing sterile needles and opioid-overdose medicine naloxone to addicts—have failed to reduce addiction.

A common lament on the political left and right is that the U.S. has a lower life expectancy despite spending more on healthcare than most developed countries. But America also has more chronic disease and drug addiction, which aren't from failings in private healthcare. Americans have access to more treatments than any country in the world.

This is why U.S. cancer survival rates are higher than in most developed countries and continue to improve. Personalized cancer vaccines and CAR T-cell therapies have shown potential to treat deadly cancers like pancreatic and glioblastoma. GLP-1 medicines like Ozempic could help extend lifespans by reducing obesity, diabetes and even drug addictions.

The policy risk is that government drug price controls will discourage innovation. Expanding government control over healthcare isn't the way to make Americans healthier.

Reading the Matt Gaetz Ethics Report

Whether Donald Trump realizes it or not, Republicans did him a favor by making clear that former Rep. Matt Gaetz was unconfirmable as U.S. Attorney General. On Monday the House Ethics Committee released a 37-page report from its misconduct inquiry into Mr. Gaetz, which found "substantial evidence" of drug use, prostitution, and statutory rape.

"The Committee heard testimony from over half a dozen witnesses who attended parties, events, and trips with Representative Gaetz from 2017-2020," it says. "Nearly every young woman that the Committee interviewed confirmed that she was paid for sex by, or on behalf of, Representative Gaetz." Some were first contacted via "a 'sugar dating' website," the report adds. Mr. Gaetz "did not appear to have negotiated specific payment amounts."

Yet the committee alleges that the terms of the deal were clear. "The women had a general expectation that they would typically receive some amount of money after each sexual encounter," it says. One woman who got \$5,000 over two years testified: "99 percent of the time that [Representative Gaetz and I] were hanging out, there was sex involved." Text messages included lines such as: "Btw Matt also mentioned he is going to be a bit generous."

The report says the record "overwhelmingly suggests" Mr. Gaetz had sex with a 17-year-old at a house party in 2017, when he was 35, citing corroboration by "multiple individuals." The woman testified she was given "\$400 in cash from Representative Gaetz that evening, which she understood to be payment for sex." She said "she did not inform Representative Gaetz that she was under 18 at the time, nor did he ask." The committee says it has evidence Mr. Gaetz didn't learn her age until later, while noting that "statutory rape is a strict liability crime."

In text messages, the report says, Mr. Gaetz would "ask women to bring drugs to their ren-

dezvous," in some cases "requesting 'a full compliment [sic] of party favors,' 'vitamins,' or 'rolls.'" One woman said that she "witnessed him taking cocaine or ecstasy on at least five occasions."

Mr. Gaetz denies illegal behavior. "In my single days, I often sent funds to women I dated," he wrote last week. "I NEVER had sexual contact with someone under 18. Any claim that I have would be destroyed in court—which is why no such claim was ever made in court." He added: "It's embarrassing, though not criminal, that I probably partied, womanized, drank and smoked more than I should have earlier in life." The Justice Department investigated Mr. Gaetz but didn't bring any charges, which he claims is an exoneration.

The ethics report, however, alleges that his conduct broke state laws while also perhaps avoiding the federal sex-trafficking statute: "Although Representative Gaetz did cause the transportation of women across state lines for purposes of commercial sex, the Committee did not find evidence that any of those women were under 18 at the time of travel, nor did the Committee find sufficient evidence to conclude that the commercial sex acts were induced by force, fraud, or coercion."

Appended to the report is a short dissent by a Republican, but it's focused on the decision to release these ugly details after Mr. Gaetz quit Congress. "We do not challenge the Committee's findings," it says. Mr. Gaetz presents himself as a victim of a political vendetta, but his behavior should be disqualifying for a cabinet post, especially chief law enforcement officer. Mr. Gaetz abruptly resigned from Congress in hopes of forestalling the report's release.

All of this vindicates GOP Senators who were skeptical of Mr. Gaetz's nomination. The Senate's advise-and-consent role is to protect the country from unfit nominees. By doing that job well, Republican Senators can also protect Mr. Trump from his worst decisions.

LETTERS TO THE EDITOR

A New Dispensation From the Federal Reserve

Joseph Sternberg wonders what the Federal Reserve is thinking ("Does the Fed Even Know What It's Trying to Do?" Political Economics, Dec. 20). The problem is that the Fed believes it knows what it is doing, even when it is off the mark. Fake certainty is worse than real ignorance.

The Fed misunderstands the purpose of forward guidance. "Chattering about what the Fed will do in the future to manipulate the market today" works only if the Fed is credible. After nearly four years of excessive inflation, it clearly isn't. Worse, the Fed thinks it is supposed to reassure markets about the interest rate, which is an instrument. It should reassure markets about the price level or nominal gross domestic product, which are targets.

It makes sense for a bus driver to tell his passengers that they will arrive at a certain time, or at least travel at a certain speed. But he can't predict how hard he'll work the gas pedal. That depends on terrain, road quality and other factors outside the driver's power. Likewise, monetary policy makers are supposed to anchor markets' expectations about dollar-denominated variables the central

bank actually can control.

"It's hard to know exactly what the Fed is trying to do, let alone why," Mr. Sternberg laments. As Mark Twain might put it, that's because what the Fed thinks it knows just ain't so.

PROF. ALEXANDER WILLIAM SALTER  
*Texas Tech, Rawls College of Business  
Lubbock, Texas*

Your editorial "The Fed Admits an Inflation Mistake" (Dec. 19) comments that "the Fed now all but admits it has underestimated the staying power of inflation." I don't see it that way at all.

Fed Chairman Jerome Powell said, "I think we're in a good place, but I think from here it's a new phase and we're going to be cautious about further cuts." By "a new phase," I believe he means the probable inflationary effect of the new administration's economic policies, particularly tariffs. This is an entirely appropriate position for the Fed to take, essentially a cautious wait-and-see approach to what a second Trump administration will bring.

JOHN A. CLEVELAND  
*Littleton, Colo.*

The Trump Legal Effort to Deport Illegal Aliens

President-elect Trump should consider finding a place within the Justice Department for a legal mind of Alan Dershowitz's caliber ("What Trump Can Do About 'Sanctuary Cities'" by Mr. Dershowitz and Andrew Stein, op-ed, Dec. 19). Mr. Trump may not like all Mr. Dershowitz's opinions, but his legal expertise would do him and the country a service.

Mr. Dershowitz could be a voice against some of Mr. Trump's worst impulses. He also would provide the expertise on crafting Mr. Trump's agenda to withstand the legal resistance that Democrats will inevitably present. If Mr. Trump wants to hear diverse opinions and form a coalition across party lines, he could do a lot worse than bringing Mr. Dershowitz into the fold.

KEN DROPEK  
*Houston*

In their second sentence, Messrs. Dershowitz and Stein write that incoming "border czar" Thomas Homan "has threatened to prosecute local officials in sanctuary cities who hinder efforts to deport dangerous undocumented aliens." The statutes that Mr. Homan throws around in his threats, however, have nothing to do with

danger. Perhaps that's why Messrs. Dershowitz and Stein don't return to the concept in their discussion of state vs. federal authority. Still, they couldn't help attaching the word "dangerous" to "undocumented."

MARK DOW  
*Brooklyn, N.Y.*

Messrs. Dershowitz and Stein provide an excellent constitutional analysis of the sanctuary-city problems, but they miss the simple, cost-effective and surefire solution: Give sanctuary cities what they want. Simply announce that criminal alien deportation services will be provided on a priority basis to jurisdictions that choose to cooperate with the federal effort.

This will drive many of the targeted criminals to seek sanctuary where it is offered most aggressively. By the time cooperating jurisdictions are purged of criminals, the sanctuary cities will be begging for a visit from Mr. Homan. In the meantime, many of the criminal aliens will have concentrated themselves geographically, making for easier apprehension and removal.

SAM SUTTON  
*Sedona, Ariz.*

Back to Basics on Sex, Gender and Sexuality

In "How Trump Can Target Transgenderism in Schools" (op-ed, Dec. 9), Max Eden correctly cites the Democrats' embrace of gender ideology in K-12 schools as a "father" of their party's historic defeat in this year's election. But his suggestion that the solution is to use freedom of religion to stop it is problematic. Do we really want something as clear-cut as the existence of two sexes to be shunted into the category of religion, which, sadly, is increasingly viewed as subjective and even irrelevant?

Why not simply state the truth: We face a gender ideology with absolutely no basis in reality and fact. As such, it has no place in the classroom. As a fact of nature, the existence of only two sexes has been accepted since the beginning of time, notwithstanding the existence of individuals with genuine dysphoria regarding their own identity. We have to stop pretending we don't have lim-

itations, and accept that we're creatures, not gods.

KAYE WILSON  
*Bethany, Okla.*

Mr. Eden makes a strong legal case supporting limiting transgender studies in school. Yet he didn't put enough emphasis on one particular detail of the case, which should override any legal discussion. Mr. Eden cites a recent case in a federal court in which a judge ruled against a school teaching transgenderism to first-graders. First-graders? I think most people would find it rather inappropriate to teach first-graders anything about human sexuality.

MICHAEL SINGER  
*Coral Springs, Fla.*

Kerry and Lavrov's 'Peace'

Regarding Amy Knight's op-ed "Putin's Humiliation in Syria Reverberates in Russia" (Dec. 18): I wonder where John Kerry is now. In a press conference on Sept. 9, 2016, the almost-always-wrong Mr. Kerry, U.S. Secretary of State at the time, thanked Sergei Lavrov, his Russian counterpart, for helping broker a "peace" in Syria. That "peace" led to almost a decade more of Bashar al-Assad's murderous rule and established Russian influence in the Middle East in a dangerous new way.

EM. PROF. DAVID M. HOWARD JR.  
*Bethel University  
St. Paul, Minn.*

Pepper ... And Salt

THE WALL STREET JOURNAL



"Are you telling me that Santa's gifts are an entitlement that may be cut?"

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.

OPINION

America Demands the Return of Its Hostages

By Robert C. O'Brien  
And Tom Nides

On Oct. 7, 2023, Hamas brutally attacked Israel, massacring more than 1,200 innocent people—including 46 Americans. Excluding 9/11, this was the largest single-day attack on American citizens by a foreign terror organization since the 1980s.

Twelve Americans were taken hostage and dragged back to Gaza for use as bargaining chips and human shields for Hamas leaders. Four of them have been released as part of negotiations, and one, Hersh Goldberg-Polin, was murdered in cold blood hours before Israeli forces could reach him. That leaves seven, of whom three are confirmed to have been murdered, and Hamas hasn't returned their remains.

Trump said there would be 'hell to pay' if Hamas keeps holding them. On this both parties agree.

The U.S. has many strategic interests in the Middle East. We, like the presidents we served, don't always agree on how to serve them. But we are united in our belief that the seven U.S. hostages still in Gaza, along with the other 93 hostages, must come home now. President Biden and his team have been working hard to make this happen. President-elect Trump has made clear that the American Seven must be released before he returns to office or there will be "hell to pay."

Hamas should read this bipartisan support as a unified American front. Its supporters throughout the region should understand that, for the U.S. government, bringing home our citizens who have been unlawfully detained is a high priority rooted deep in our history.

The strategic situation in the region—for the U.S. and our close ally Israel—is significantly better than it was a year or even a month ago. Hezbollah is weakened and has agreed to a cease-fire under international supervision. The regime in Syria has been toppled, and Iran's ability to use it as a base for operations and a conduit for arms and funds to its proxies has been crippled. Yahya Sinwar, mastermind of the Oct. 7 massacre, is dead, and Hamas is a shell of the fighting force it once was. Israel has diminished its security threats in the region and can move forward with a hostage deal that has been on the table for months.

Negotiations for the release of the hostages are reportedly close to fruition. But we have been close before, then suddenly one of the sides decides to move the negotiation goal posts, and the opportunity to bring all the hostages home slips away.

Each of us has negotiated complex agreements in the past. It isn't easy, and the perfect outcome is never guaranteed. But all parties to these negotiations must know that any agreement must include the immediate release of the American Seven. They aren't a bargaining chip. They are our fellow citizens with names and family members who await them with unbearable pain. This Hanukkah and Christmas, these families will be forced again to sit at their holiday dinner with an empty chair at the table.

Hamas and their backers must hear the message loud and clear: Release the Americans in the first phase of the deal. All of them. Release the American Seven and remember their names at your holiday celebrations this week: Edan Alexander, Itay Chen, Sagui Dekel-Chen, Gadi Haggai, Judi Weinstein Haggai, Omer Neutra and Keith Siegel. This is the best deal you are ever going to see, Hamas.

Mr. O'Brien served as White House national security adviser, 2019-21. Mr. Nides served as U.S. ambassador to Israel, 2021-23.

Merit and the Case for Immigration

By Phil Gramm  
And Robert Topel

In a country with widespread use of quotas, preferences and set-asides, we seldom see unadulterated merit, especially in academics. As board members of a foundation that awards scholarships based on merit and financial need, we have seen what merit looks like. The findings are important enough to share.

Finis Welch, our late friend and economics colleague at Texas A&M University and UCLA, grew up in a poor Texas family and was paralyzed from the waist down in an accident when he was 18. That setback fueled his determination to succeed. Finis became a prominent academic economist and made a fortune in statistical software, economic consulting and ranching. He left that fortune to award four-year college scholarships to promising students from Texas families of modest means. Students, in other words, like him.

The Finis Welch Foundation supports more than 40 students a year at Texas A&M and the University of Texas, with plans to expand to as many as 250 scholarships a year. Both universities provide the foundation with roughly 300 of their top applications from students seeking financial aid. Our scholarships cover tuition, room and board and provide services, such as mentoring and business contacts, that prosperous parents might give their children. The foundation offers instruction in everything from table manners and etiquette to career and life advice and has staff who are there when our scholars need help.

When awarding scholarships, the foundation ignores applicants' race and sex. We review high-school transcripts, but given the level of grade inflation, for all practical purposes, our applicants have near-perfect grades and have taken many advanced-placement courses. So transcripts and grades are of limited use in choosing among candidates. The same is true for the obligatory



MARTIN KOZLOWSKI

college essay. Other factors are more informative and distinguishing, such as extracurricular activities and whether an applicant worked while in high school. All applicants have stellar recommendations, but some letters stand out. Relative performance on standardized tests is the key differentiator among this pool of high-achieving candidates. That's why the foundation requires all applicants to take the SAT or ACT. The

Most of the high-achieving U.S. students to whom we award college scholarships have foreign-born parents.

average SAT score of last year's 43 scholarship recipients was 1450, which is at the 96th percentile, and the highest score was a perfect 1600.

Once we make our selections, we ask for more biographical information as part of our counseling support. When the process is complete each year, the most common characteristic among recipients is that both parents were born in a foreign

country. This was true of 62% of the recipients in 2024, about three times the share that would be expected if the students were drawn at random from the nation's schools. Another 9% had one foreign-born parent, while only 29% had both parents born in the U.S. Parents of this year's recipients came from China, Guatemala, India, Korea, Kuwait, Laos, Mexico, Nigeria, Pakistan and Vietnam. Not surprisingly in Texas, 20% of foreign-born parents were from Mexico.

These extraordinary numbers raise the question: Why did a majority of high-school seniors chosen on merit come from families with immigrant parents? Part of the reason is that foreign-born parents are on average poorer and more likely to meet the foundation's income requirement. But there's more to it. Based on research from the Institute for Family Studies, immigrant households are more likely to have both natural parents in the household. Also, their children were less than half as likely to have recorded behavioral problems at school, and were much less likely to have ever been expelled.

But immigrant households also predominantly spoke a foreign lan-

2024 Was a Year of Excellence, Ironic and Otherwise



FREE  
EXPRESSION  
By Gerard Baker

It has been a memorable year, and what better way to end it than to properly honor those who have given us the highlights with some well-deserved prizes, ironic and otherwise? So indulge me this Christmas as I present:

- *The Albert Einstein Award for Achievement in Technology.* Nominations include Elon Musk's remarkable rocket recapture in October and Nvidia's ascent through the \$2 trillion and then \$3 trillion valuation marks, an eloquent testament to American global leadership in artificial intelligence. But there's one obvious winner: the necessarily anonymous creators of Israeli intelligence's Grim Beepers.

- We used to think pagers were ancient artifacts, the kind your children laugh at when you describe them, like fax machines. But in September Israel's boffins showed they still have their use. For organizing the self-selection and then elimination of Hezbollah operatives, some of the most evil men on the planet, it was technology at its best.

- *The Dan Rather Prize for Media Fiction.* In a perennially crowded field, 2024 gave us the usual crop of quality entrants for this title. The anointing of Kamala Harris as the Agent of Joy by an eager brat pack of reporters and the insistence that Republicans were lying when they claimed that the Federal Emergency Management Administration deliberately denied relief to hurricane victims who were Trump supporters were both strong contenders.

But nothing came close to the concerted effort by so many in the media to portray Joe Biden as competent to serve as president in spite of the evidence. Like the guys in "Weekend at Bernie's," hordes of media loyalists

did their best to prop him up, sunglasses and all, long after he was capable. When special counsel Robert Hur described him in February as an "elderly man with poor memory," the press quickly rounded on him—Mr. Hur, that is, not the president. When the Journal reported in June that Mr. Biden was "slipping" "behind closed doors," media grandees rushed to condemn the paper.

Even in late June, when in an Atlanta television studio the Ray-Bans finally fell off and a burbling president told us among other things that he "finally beat Medicare," some dogged reporters still insisted he had just had a "bad night." Well played, all of you.

- *The Herb Stein Award for Bafflingly Bad Economics.* Again, plenty of contenders. Mr. Trump's plan to exempt random classes of income and spending from taxes is a strong entrant, and we had a late bid last week from Mr. Trump and some Republican lawmakers committing themselves to the idea that lifting the federal government's debt ceiling as borrowing soars is the way to demonstrate fiscal rectitude.

But the winner is Chairman Jerome Powell and his colleagues at the Federal Reserve Board. In September the Fed cut rates hard, saying inflation was tamed. Since then markets have pushed long-term rates much higher on continuing evidence of buoyant inflation. And last week the Fed went one stage further by cutting rates again while expressing

doubts about the wisdom of cutting them any further.

- *The Yahya Sinwar Memorial Award for Ivy League Student of the Year.* It was a memorable year on the campuses of the world's great institutions of learning. More presidents lost their jobs amid an explosion of antisemitic hatred. Top prize

I hand out my awards for technology, journalism, economics, education, politics, sports and more.

goes to Columbia University student Khymani James who said in a video in January, "Zionists don't deserve to live," and "Be grateful that I'm not just going out and murdering Zionists." Columbia repaid this impressive act of forbearance by Mr. James by ungratefully suspending him.

- *The Al Gore Award for Convenient Untruths About the Climate.* Again the media crowd had strong contenders here, but the president himself prevails with this one. In July Mr. Biden told us that "extreme heat is the number one weather-related killer in the United States." Data actually show that cold kills far more.

- *The Herschel Walker Political Newcomer of the Year Award.* Tim Walz, a man who combines the vi-

guage at home, were much more likely to live in poor areas or areas with high minority populations, and were less likely to own their own home. The overwhelming majority of Welch Foundation scholarship recipients attended public schools—often subpar ones—though they were more likely than other students in their neighborhoods to attend charter schools. But perhaps the most significant finding is that 91% of all immigrant parents nationwide expected their children to graduate from college, and 59% expected them to pursue graduate or professional degrees.

Our conversations with winners confirm these high expectations. Immigrant parents know their children can advance through education.

These findings reinforce why America needs immigrants. Illegal immigration should be stopped because it is illegal, but that shouldn't taint our view of legal immigration. Immigrants bring new energy to America, and their drive to succeed has been a powerful force for American progress.

The story of America is the story of the immigrant. America can attract legal immigrants from all over the world based on the opportunity and freedom we offer. What Pericles said 2,500 years ago about Athens applies to America today: "Where the prize is highest, there, too, will you find the best and the bravest."

Preventing the best and bravest from coming to our shores is a recipe for national decline. Ambition and dreams are powerful. The Finis Welch scholarship recipient this year with a perfect 1600 SAT score and foreign-born parents was asked on the scholarship application about his goals. His response: "to cure cancer."

Mr. Gramm, a former chairman of the Senate Banking Committee, is a nonresident senior fellow at the American Enterprise Institute. Mr. Topel is vice chairman of the Welch Foundation and a professor emeritus of economics at the University of Chicago.

sion of Mr. Magoo with the moderation of Bill Ayers, would have claimed this award, but as governor of Minnesota he is no newcomer. Instead the prize goes to Lt. Gov. Mark Robinson, the failed Republican candidate for governor of North Carolina. I can't begin to imagine in what circles you'd have to move to think describing yourself as a "black Nazi" would appeal, but evidently it is not the electorate of the Tar Heel State, whose voters sent Mr. Robinson to the obscurity from which he should never have escaped.

- *The Bruce and Caitlyn Jenner Award for Controversial Sports-woman of the Year.* In a year when some suspiciously male-looking figures unsurprisingly excelled in competition against women, you would think one of them would claim this. But we are obliged by the authorities instead to present it to Caitlin Clark, the definitely female newly drafted member of the Indiana Fever, a Women's National Basketball Association team. Ms. Clark is the brilliant point guard who breathed new life into the moribund women's professional game, becoming that rare thing—a WNBA player people actually like to watch. But many of her fellow players and commentators are unhappy with her, so she must be the real villain. I'll leave you to figure out why.

So many demonstrations of excellence this year. Here's to many more in 2025. Merry Christmas and Happy New Year.

On Christmas Cynicism

By Nicole Ault

As a child, I couldn't imagine being weary of Christmas. The season's joys confirmed life's goodness. Now that I'm in my 20s, I'm starting to understand why some people suffer through the holidays. The end of December can be an emotional wrestling match.

I'm not even sure how it is Christmas already. In years past, the ceramic Nativity and wreath came out early. My roommates and I even squeezed a small fir tree into our New York apartment. This year, a cheery "Happy Thanksgiving" banner still adorns the living room—and fails to bother me, because I have hardly registered that Thanksgiving is over. The year went by in a gulp. At this point the banner is up in defiance of time's passing.

A last-minute scramble to find gifts has given me new sympathy for husbands who shop for their wives on Christmas Eve. I grumble that the loop of holiday tunes, blasted on loudspeaker by the Salvation Army volunteer outside my office, will be my own Grinch origin story. Even

Christmas traditions that I love and abide by have begun to feel thin. Christmas carols and cozy gatherings are sweet in their moments, but a fearful running voice says that these pass, and leave the dreary things of life unchanged.

I have no right to be world-weary. My life is rich beyond my deserving. Nor have I suffered the kind of tragedy that makes holidays excruciating for some. But I see how Christmas cynicism sets in with age—a dissatisfaction with your circumstances and a creeping belief that it's the dark and dull things, not the things of light and cheer, that define reality. We are ending one year and about to start the long race toward another Christmas. Why celebrate birth when seasons of death are ahead?

Of course, these temptations of mind are the reason we fight hard to celebrate Christmas, even if we become so beholden to the season's traditions that we forget the reality they remind us of. In this battle, it's good to keep company with children, who relish the holiday wholeheartedly—gleeful over gifts and lights, shouting at the top of their lungs in pageants

that tell the Christmas story they know so well. There is no commercialization or pretense in their Christmas rituals. Adults begin to think they've seen it all and see through it all. But who is seeing rightly?

"Were we led all that way for Birth or Death?" asked one of the wise men who traveled to see the newborn Christ in T.S. Eliot's "Journey of the Magi." He sounds like an adult discovering how life unfolds. He "had thought they were different," but "this Birth was hard and bitter agony for us, like Death, our death."

Adults see better than children how birth is like death, how hard things come along with good things. That knowledge prompts us to choose cynicism but allows us to choose hope—like the wise man in the poem, who recognizes the world-altering reality of the birth he comes to witness. "No longer at ease" in "the old dispensation," he says, he "should be glad of another death." Because of Christmas, there is hope of eternal life.

Ms. Ault is an assistant editorial page writer at the Journal.

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WORLD NEWS

Suspect Left Trail of Red Flags in Germany

Man held in market attack wasn't seen as a threat because of his atypical profile

By BERTRAND BENOIT

BERLIN—The suspect in the Christmas market attack in Germany had made violent threats and had brushes with authorities reaching back over a decade yet police didn't consider him a potential attacker because of his atypical profile.

Since a driver rammed a car through a busy Christmas market in the city of Magdeburg on Friday, killing five and injuring 200, details have emerged about the suspect, a Saudi psychiatrist and campaigner against Islam. They paint the image of a quarrelsome malcontent who often lashed out at people and felt mistreated by German authorities.

A 50-year-old Saudi national and legal resident in Germany, Taleb Al Abdulmohsen was a prominent anti-Islam activist

and managed a website providing advice to women trying to flee Saudi Arabia.

In recent years, Abdulmohsen became more political, lambasting Germany's immigration policy on his X account, posting in support of the nationalist AfD party, and sharing tweets by far-right influencers in Europe and the U.S.

The suspect's history of making violent threats goes back further—far enough that some written documents concerning his actions had been disposed of, said German officials.

Prosecutors in Magdeburg didn't respond to a request for access to Abdulmohsen's lawyer. The federal interior ministry in Berlin, the Federal Criminal Police Office, Germany's equivalent of the FBI, and the police in Magdeburg declined to comment on whether authorities had missed warnings.

Between 2011 and 2016, Abdulmohsen lived in Stralsund, in Germany's northeast, where he studied medicine. In 2013, he clashed with the medical chamber in nearby Rostock

concerning the recognition of qualifications earned outside Germany, said Christian Pegel, state interior minister of Mecklenburg Vorpommern.

While on the phone with the chamber, "he threatened an act that, I quote, 'people would remember and would attract international attention,'" Pegel said, adding that he had pointed to the 2013 Boston Marathon bombing, an Islamist attack that killed three people.

Police investigated Abdulmohsen as a result but concluded he wasn't a threat because he didn't show any signs of Islamist extremism, Pegel said. In late 2013, a court in Rostock fined him for disturbing the peace by threatening a crime.

The following year, he visited a local administration in Stralsund to request financial

support and, when denied, warned an employee he would commit "an act that would draw international attention," Pegel said. He also threatened to commit suicide. Given his existing conviction, he was interviewed by police, who warned him to stand down from future threats, Pegel said.

In 2015, he complained about his conviction in a letter to the state legal administration, and in a call to the chancellery in Berlin, Pegel said. In his complaints, he insulted the judge who had issued his verdict, and threatened to get a gun, he said.

Abdulmohsen later moved to Saxony-Anhalt and became more absorbed in his activism, often clashing with other critics of Islam.

In 2018, Abdulmohsen and Atheist Refugee Relief, a German organization that sup-

ports secular refugees and those persecuted by religious authorities in their homeland, came into contact, the association said. They initially discussed a possible cooperation but soon became estranged and Abdulmohsen began making "numerous accusations and allegations about our association and former board members...that in no way correspond to reality," the association said on its website.

A former board member for the association sued and, in 2023, a court in Cologne found against Abdulmohsen, said Atheist Refugee Relief. Abdulmohsen appealed the decision, which is ongoing—the association said.

Mina Ahadi, an Austrian activist and chairwoman of the Council of Ex-Muslims, another association, said the suspect had "terrorized us for years." He objected to the association's left-wing orientation and accused it of secretly supporting Islamism, she said.

A Saudi woman who asked not to be identified told The

Wall Street Journal she reached out to German authorities last year after reading a since-deleted August 2023 tweet by Abdulmohsen in which he asked followers whether they "would blame me if I kill 20 Germans." It appears the warning never reached the German police.

Starting late last year, Saudi Arabia approached Germany repeatedly about Abdulmohsen, saying he was threatening Saudi diplomats, according to German security and government officials.

Holger Münch, president of the Federal Criminal Police Office, confirmed the warning in an interview with the ZDF public broadcaster, saying the police in Saxony-Anhalt had looked into the man but didn't act because his threat was unspecific and he had no history of violence. "We will certainly need to examine whether we, as security authorities overall, might have missed something," he said. "But again, we are dealing with a completely atypical profile."

He was a malcontent who felt mistreated by German authorities.

WORLD WATCH



SIGNS OF THE SEASON: Choristers rehearse at London's St. Paul's Cathedral, left; Santa draws lemurs in Valencia, Spain.



A street vendor's dog displays merchandise in Bangkok, above; a Seoul aquarium puts on a Christmas-themed show, right.



**AUSTRIA**  
**Swiss Air Jet Makes Emergency Landing**

An Airbus jet operated by Swiss International Air Lines made an emergency landing in Austria due to engine problems and smoke in the cabin and cockpit, the airline said.

Flight LX1885, a narrow-body Airbus A220-300 flying from Bucharest to Zurich with 74 passengers and five crew members on board, diverted to Graz after experiencing engine issues and smoke, the Lufthansa Group said late Monday.

One crew member was airlifted to a hospital in Graz by helicopter, while the remaining four crew members received medical care. Twelve passengers were treated for medical issues, the airline said.

Swiss said it was in close contact with authorities and was working to determine the cause of the incident.

—Kimberley Kao

**FRANCE**  
**President Rolls Out A New Government**

French President Emmanuel Macron's office announced a new government Monday, after the previous cabinet collapsed. Led by newly named Prime Minister François Bayrou, it includes members of the outgoing conservative-dominated team and new figures from centrist or left-leaning backgrounds.

Coming up with a budget—under pressure from financial markets to reduce the colossal debt—will be the most urgent business. Some critics were angry at Bayrou for consulting with Marine Le Pen's far-right party, and some argue the government looks too much like the old one to win lawmakers' trust. The finance minister, banker Eric Lombard, is new, but the interior minister, defense minister and foreign minister are the same as in the last cabinet.

—Associated Press

**BRAZIL**  
**At Least Two Dead In Bridge Collapse**

A bridge linking the northern Brazilian states of Maranhao and Tocantins collapsed, killing at least two people and leaving a dozen others missing, police said Monday. A sulfuric acid spill is complicating the rescue operation.

Footage obtained by local residents showed cars and trucks were crossing 1,748-foot bridge, built in the 1960s, when large sections crumbled into a river on Sunday. Police said four trucks, two cars and two motorcycles were missing.

Magnum Coelho, a colonel at the local firefighters' office, told journalists that sending divers for rescue operations is dangerous because the Tocantins River could be contaminated by sulfuric acid from one of the missing trucks that fell from the bridge.

—Associated Press

**ROMANIA**  
**Tactical Coalition Scores Narrow Win**

Romania's legislature voted narrowly in favor of a new pro-European coalition government led by incumbent Prime Minister Marcel Ciolacu and made up of the leftist PSD, the center-right PNL, the ethnic Hungarian UDMR party and national minorities.

The vote could lead to the end of a protracted political crisis in the European Union country following the annulment of a presidential election by a top court. Far-right nationalists made significant gains in a Dec. 1 parliamentary election, a week after far-right outsider Calin Georgescu emerged from a first-round presidential race as the front-runner. The coalition is widely seen as a tactical partnership to shut out far-right nationalists, who have flourished at a time of high living costs and a sluggish economy.

—Associated Press

**CAMBODIA**  
**Long Sentence for Killer Entrepreneur**

Cambodian real-estate entrepreneur Srey Sina, 51, was sentenced Monday to 31 years in prison for killing a young couple and ordered to pay more than \$2 million to the victims' families. He was found guilty of shooting 27-year-old Long Lysong and his fiancée, Khin Kanchana, 25, on June 17 while intervening in a property dispute between neighbors, a confrontation captured by video surveillance.

Srey Sina reportedly told police that he was angered by Long Lysong's speaking rudely to him. The case attracted attention not only because of the seemingly unprovoked killing and the petty dispute that sparked it, but also because the suspect held the title of Oknha, an honorific bestowed on business people who donate large sums to the government.

—Associated Press

Producer Prices in Canada Increase Again as Currency Declines

By ROBB M. STEWART

OTTAWA—Producer prices in Canada rose again in November, driven in part by the depreciation in the local currency, while Canadian companies paid less for raw materials.

Statistics Canada's industrial-product price index increased 0.6% from the month before af-

ter a 1.2% advance in October. On a 12-month basis, the producer-price index was up 2.2%.

The Canadian dollar depreciated 1.6% against its U.S. counterpart from October. Prices for some producer prices are reported in U.S. dollars.

The increase in prices was led by gains in lumber and other wood products, which

had the largest month-over-month rise since March 2022, Statistics Canada said.

Energy and petroleum product prices also were up for the month, mainly because of higher prices for refined-petroleum energy products.

Excluding energy products, producer prices rose 0.5% on month, the data agency said.

The industrial product price index measures the prices that manufacturers in Canada receive once their goods leave the plant. It doesn't reflect the final prices consumers pay for goods on store shelves.

Prices for raw materials, which track prices paid by manufacturers, were down 0.5%

from October. Compared with a year earlier, prices for raw materials were 2.0% higher.

The monthly fall for raw materials was driven largely by lower conventional crude-oil prices. Prices for animals and animal products were up, as were crop prices.

After picking up in the first half of the year, economic

growth in Canada has cooled even as price pressures have eased and interest rates have fallen. An advance estimate of industry-level gross domestic product indicates activity declined 0.1% month-over-month in November, after growth of 0.3% the month before, data released Monday by Statistics Canada showed.

# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

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## Xerox in Deal to Acquire Lexmark

Agreement values the closely held printer maker at \$1.5 billion, including debt

By LAUREN THOMAS

**Xerox** Holdings has struck a deal for closely held Lexmark International that values the maker of printers and printing software at \$1.5 billion, including debt. Xerox's takeover of the business would bring Lexmark back under U.S. ownership.

The company's current owners are printer maker **Ninestar** Corp. (formerly known as Apex Technology), listed in Shenzhen, China; private-equity firm **PAG Asia Capital**; and asset manager Shanghai Shouda Investment Centre. Xerox is expected to finance the deal with a combination of cash on hand and committed debt financing. Shares in Xerox, based in Norwalk, Conn., rose nearly 12.6% Monday to \$9.45 a share. The company has a market value of a little more than \$1 billion. Its share price has

come under pressure in recent months from lower-than-expected equipment sales. Lexmark was formed out of **IBM** in 1991 and is based in Lexington, Ky. The company in 2016 agreed to be sold to a group of Chinese buyers for \$2.54 billion, not including debt, taking it off the public market. It has faced challenges recently. The U.S. last year blocked the import of goods made by Ninestar over the company's alleged use of forced labor tied to China's Xinjiang region.

Xerox has been led by Chief Executive Steve Bandrowczak since August 2022. At the start of this year, Xerox announced a new organizational structure to center the company around three priorities: its core print business; global business services; and information technology and digital services. Xerox in October announced a \$400 million deal for ITsavvy, a provider of IT products and services. Activist investor Carl Icahn had been one of Xerox's biggest investors for years but

sold his remaining stake back to the company in late 2023. The two parties had feuded on and off over various strategic moves. "The reality is, we have to find a way to grow despite industry challenges," Bandrowczak said in an interview. The Lexmark deal should help Xerox clean up its balance sheet and allow for investing in growth opportunities, he added. Xerox said Monday that it expects to cut more than \$200 million in costs over the next

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## Nordstrom Family To Take Retailer Private

By DEAN SEAL AND LAUREN THOMAS

The founding family of **Nordstrom** clinched a \$4 billion deal to take the struggling department-store chain private.

Nordstrom said Monday that Erik, Pete and Jamie Nordstrom, along with other family members, are being joined by Mexican retailer **El Puerto de Liverpool** to acquire all outstanding stock at \$24.25 a share in cash.

The deal is expected to close in the first half of next year, subject to approval from regulators and two-thirds of Nordstrom's shareholders.

Including debt, the companies said the deal had an enterprise value of \$6.25 billion. The Wall Street Journal reported in April the Nordstrom family was exploring a take-private bid, its second attempt to revive the chain outside of the scrutiny that comes with being a public company.

Nordstrom's shares have been languishing for years. They fell 1.47% Monday to close at \$24.17, for a market cap of \$3.99 billion, down from a peak of nearly \$15 billion roughly a decade ago.

The family made a \$3.8 billion offer for Nordstrom in September, joining up with El Puerto de Liverpool on the \$23-a-share proposal.

Nordstrom's stock has hovered near that price in recent months on investor expectations that a deal could be completed.

The Mexican retailer—which bought a nearly 10% stake of Nordstrom in 2022—owns the department stores Liverpool and Suburbia and operates franchise locations in Mexico for brands that include Gap, Banana Republic, Williams Sonoma and Pottery Barn.

The Nordstrom family controls about a third of the company's shares. The family is expected to have a majority ownership stake in the department-store chain after the deal closes.

Nordstrom has explored deals on and off for years, including in 2017, when the family tried to take the retailer private with a group that included the private-equity firm **Leonard Green & Partners**.

Those talks ended less than a year later, after the board rejected the offer as too low.

◆ **Heard on the Street: Little solace for rivals..... B9**



Mike Tyson and Jake Paul during their November showcase.

## Netflix Hopes For a Knockout With NFL Games

By JESSICA TOONKEL AND PATIENCE HAGGIN

**Netflix's** ability to seamlessly beam movies and TV around the world helped it become the dominant streamer.

But in November, the company's glitch-marred stream of its boxing showcase featuring Mike Tyson and Jake Paul revealed the limits of its technological advantages.

Now, an even bigger test looms: its first-ever National Football League games on Christmas Day.

The lessons from the boxing bout are in sharp focus. Netflix greatly underestimated how many people would tune in to watch the fight, with viewership nearly tripling what it had anticipated, according to people familiar with the matter.

As a result, the company didn't sufficiently prepare its own content-delivery systems or its internet service provider partners for the surge of traffic from the 65 million concurrent streams the match drew at its peak, some of the people said.

While the boxing match

was able to proceed despite some fans complaining of long load times or pixelated images, it was an unwelcome foul-up for a company preparing to air its first live NFL games on Christmas Day. It also revealed the complexity of bringing live sporting events to the global masses.

On a typical day, Netflix makes up about 11% of internet traffic in North America, according to Sandvine, a networking company that tracks web use.

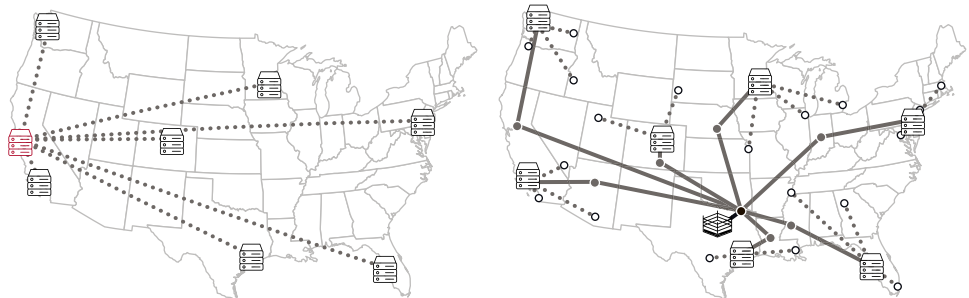
During peak viewing of the fight, Netflix made up 39% of traffic for one internet provider, Sandvine data show.

Netflix's engineers told colleagues they were frustrated that they were underprepared for the match because of executives' overly conservative viewing estimates, the people said.

When viewers had trouble watching the fights, some of them would try to restart Netflix or watch from their mobile devices, adding to the problems.

In preparation for the games, Netflix has trained its customer-service representa-

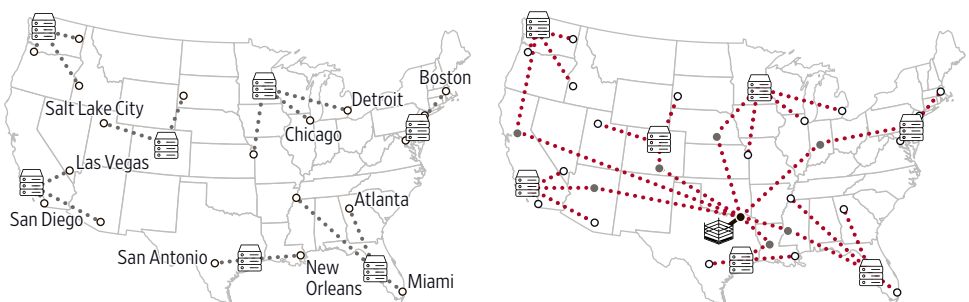
### How Content Is Delivered to Your Devices



**1** To deliver content to viewers as smoothly as possible, Netflix stores its programs locally on a network of regional servers, rather than streaming everything from one central location such as its Bay Area headquarters.

**3** That system is great for preproduced content but not for live programming—because there is nothing to store ahead of time.

The company's system spans 20,000 servers in 5,000 locations globally, a subset of which are shown on this map. It tees up shows and movies that are popular in a certain area on local servers.



**2** When users stream something on Netflix, they are drawing that content from the nearest server. When they press play, the content is immediately available.

**4** During the event, Netflix's traffic surged to more than three times what the company expected. That congestion overwhelmed Netflix's own system and some internet-service providers' networks. Because of these **jams**, many viewers got glitchy streams of the fight.

Note: Network diagram is an approximation. NATE RATTNER/WSJ

tives to tell subscribers who contact them that restarting the app can make the problem worse, according to a person familiar with the situation.

Netflix tried to fix the buffering issues during the match by lowering the broadcast's resolution—a common tactic streamers use—though it caused many viewers to see pixelated images.

The company had a control room that night in Silicon Valley that was "re-engineering the entire internet to keep it up during this fight," Co-Chief Executive Ted Sarandos told attendees of the UBS Global TMT Conference earlier this month.

"We were stressing our own technology, we were pushing every ISP in the world

right to the limits of their own capacity, we were stressing the limits of the internet itself," Sarandos said.

The company worked quickly to "stabilize viewing for the large majority of members," a Netflix spokeswoman said.

The match wasn't Netflix's first livestreaming blunder. What was supposed to be a livestreamed reunion for its popular "Love is Blind" reality TV show last year had to be filmed and released as a recording because only a small number of subscribers were able to watch the live show, a problem executives later said was because of a bug the company introduced while trying to improve its livestreaming technology.

Netflix is increasingly airing live events from sports to comedy specials and cooking shows to give customers more reasons to tune into the service. Live programming is also in high demand from advertisers who say live events often mean that viewers are more engaged with the programming.

Netflix is one of many companies and sports leagues that are betting on livestreamed sports. NBCUniversal is another: It livestreamed a widely-watched NFL Wild Card game on its Peacock service in January and has agreed to livestream a large number of basketball games as part of its deal with the National Basketball Association.

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## Americans Downsize The Cars They Buy

By BEN GLICKMAN

Stubbornly high car prices and elevated interest rates are persuading more Americans that when it comes to their next car purchase, bigger isn't always better.

For years U.S. car buyers have gravitated to larger, roomier vehicles, a shift that last decade had become so pronounced that some automakers killed off their small-car and sedan models because of slumping sales.

But with the average monthly payment for a new car soaring in recent years, some car shoppers are moving back in the other direction.

Sales of some smaller, entry-level models, such as the **Honda Civic** and **Nissan Sentra**, have taken off this year, rising 23% or more through November, according to research firm Motor Intelligence. Those increases have far outpaced the industry's growth, which has been in the low single digits this year.

Meanwhile, large pickup-truck sales, long a highly profitable corner of the market for the Detroit car companies, slid 1.9% through November, data from car-shopping website Edmunds shows. Sales of midsize SUVs, the type of vehicle typically favored by families, have also declined, falling 2.3% compared with the January-to-November 2023 period.

This rising interest in smaller offerings comes as owning a car has become increasingly unaffordable. The average selling price of a new car is still at historically high levels, exceeding \$45,000 in November, according to J.D. Power. Insurance premiums, financing rates and repair costs have also climbed in recent years, further stretching household budgets.

As expenses have ticked higher, some buyers have become more willing to make a trade-off, sacrificing size and space for a lower monthly payment, analysts say.

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**HEARD ON THE STREET**  
China's EV boom is pinching big oil producers. **B9**

## Rent Control Is Squeezing Landlords in D.C. Suburbs

By REBECCA PICCIOTTO

Wall Street's landlords have long embraced two Maryland counties next to Washington, D.C. Multifamily buildings in these suburbs cater to a steady stream of federal employees, making their rental properties some of the most attractive in the U.S. to institutional investors.

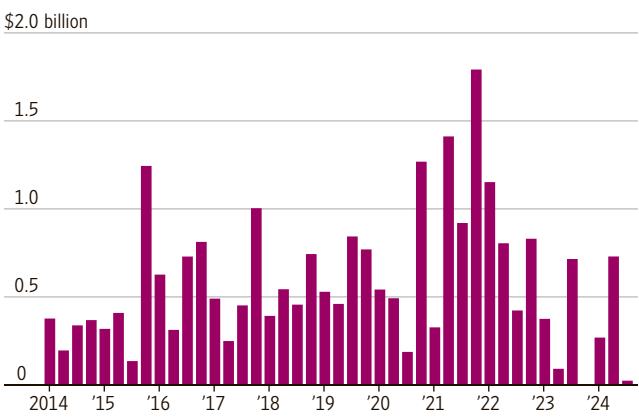
That all changed this summer.

In July, Montgomery County and Prince George's County enacted laws that limit rent increases to either 6%, or 3% in addition to the inflation rate, whichever is lower.

Because the new laws restrict rent increases not just on apartments where tenants are living but also on vacant units, they are considered among the strictest in the country.

Multifamily transaction volume in both counties was down 13% in the first three quarters of 2024 compared with the same period in 2023, according to data from MSCI

**Multifamily deal volume in Montgomery and Prince George's counties, quarterly**



Source: MSCI Real Assets

**Real Assets.**

"There's no question that [the rent restrictions] had more than a chilling effect," said Scott Melnick, president of Montgomery County-based brokerage Melnick Real Estate Advisors.

Apartment owners expect the new legislation would curb their ability to finance

redevelopment and upgrades on existing properties because they don't know whether they can succeed in getting an exemption.

More than the specific features of the rent laws, institutional investors have been deterred by the perception of a more aggressive regulatory

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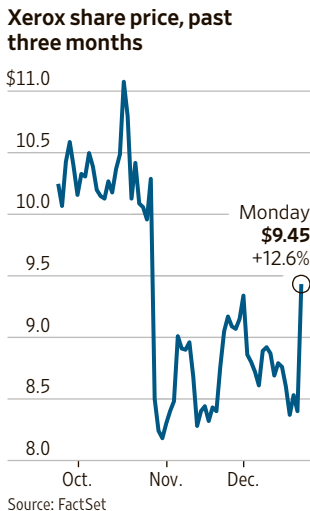
The deal would bring Lexmark back under U.S. ownership.

Xerox To Acquire Lexmark

Continued from page B1  
two years.  
The company also said its board of directors has approved a reduction in its annual dividend to 50 cents a share from \$1 a share starting with a payout in the first quarter of 2025.

The deal for Lexmark would create a vertically integrated manufacturer, distributor and provider of printing equipment and services, and boost revenue by roughly one-third.

The acquisition would bolster Xerox's core printing portfolio and help it expand its services globally, particularly in the Asia-Pacific region. The company would also benefit from Lexmark's investments in a global supply chain and a growing market for a kind of color



printing known as A4.  
The two companies already have a relationship. Lexmark has been a supplier to Xerox for years.  
“We are putting two great American brands together,” Bandrowczak said. “We think that will help us significantly.”  
Jefferies served as the financial adviser to Xerox on the transaction, with Morgan Stanley advising Lexmark.

Watch a Video: Why Airport Architects Don't Want Travelers to Depend on Signs

Are you an expert at navigating airports? Chances are, you're actually being subtly guided by design techniques meant to keep crowds moving. WSJ asked an architect to explain. Scan this code to watch.

BUSINESS & FINANCE

Aviva Sets Direct Line Offer Terms

By ELENA VARDON

Aviva formalized the terms of its takeover offer for Direct Line, which values the non-life insurer at around 3.7 billion pounds, or \$4.65 billion. Insurer and asset manager Aviva won over its smaller ri-

val with a cash-and-shares offer valued at 275 pence a share in early December. This is 10% higher than its previously rebuffed approach and represents a 73% premium to Direct Line's closing price on Nov. 27. The boards of both groups agreed on the terms of a rec-

ommended offer, Aviva said on Monday. For each Direct Line share, shareholders will get 0.2867 new Aviva shares plus 129.7 pence in cash—funded from its own cash resources—and up to 5 pence as a dividend. Shareholders of the Lon-

don-listed insurer—which houses Churchill, Green Flag and its namesake brand among its portfolio offering car, pet, home and other insurances—will own around 12.5% of Aviva's issued share capital once the deal goes through.



Smaller cars like the Mazda3 have seen double-digit sales increases this year amid high car prices and elevated interest rates.

Americans Downsize Their Cars

Continued from page B1

“They need the functionality that the vehicle has, but they just need to buy the smaller size,” said Charles Chesbrough, a senior economist at Cox Automotive. “It fits into their wallet.”

Whether the trend continues might depend on interest rates and fuel prices in the coming years. President-elect Donald Trump's pledge to slap 25% import tariffs on goods made in Mexico and Canada could further dent affordability, as many automakers build their lower-priced cars in Mexico to take advantage of reduced labor costs.

The price differential between a large and small model can be significant. The average price paid for a small SUV this year was about \$29,000, according to Edmunds. For mid-size and large SUVs, consumers paid on average \$48,000 and \$76,000, respectively.

Toyota, Honda and other Asian brands are some of the

biggest beneficiaries from this shift, having long led the market for compact sedans and SUVs, some with starting prices under \$25,000. Many of these companies stood by their small-car options as rivals abandoned the category.

Some nameplates, such as the Mazda3 and Honda HR-V, have posted double-digit sales increases this year.

In the compact-car category alone, sales rose 16% through November, and U.S. market share for these types of models has bounced back, after sliding in recent years, data from Edmunds shows.

Sales of compact and subcompact SUVs have also gotten a lift, up 11.5% over the same period, as car companies have expanded the range of options for buyers looking for utility and a higher-riding position in a smaller package. These models now for about 27% of all U.S. sales this year, up from 22% before the pandemic.

Large-SUV sales also remain a growth spot, but that is principally because the families that tend to buy them

need the extra space or hauling capability and can't easily downsize, analysts say.

With lower price points and better fuel economy, compact cars were once seen as a way of attracting younger buyers into a brand. The strategy was to get customers hooked earlier in their lives and then sell them pricier models of the same brand as they grew older and increased their spending power.

But car shoppers began waiting until later in life to purchase new cars and trucks. Years of cheap gasoline helped cement the dominance of larger SUVs in America's driveways and parking lots.

Automakers tuned their lineups accordingly, phasing out many sedan and hatchback models that had once been showroom staples, including well-known names such as the Ford Focus and Honda Fit.

The remaining options tend to be pricier. The number of models priced at under \$25,000 dropped to 11 this year from 45 in 2019, according to Edmunds.

force corporate landlords to cap their rent increases at 5% or else forfeit their federal tax breaks. Capitol Hill didn't adopt that proposal but local jurisdictions continue to experiment with rent control as voters demand lower housing costs.

Montgomery County Council member Natali Fani-González, who sponsored the county's new rent law, said she received a flood of phone calls when she took office at the end of 2022. Her constituents were incensed by 15% and 20% rent increases during that year, after pandemic-period rent moratoriums expired. Those increases were roughly in line with the nationwide rise in rents.

The Maryland policies include exceptions for some developers and landlords. They don't apply to new construction, for example, and landlords can petition for exemption if they prove their renovation expenses require higher rent hikes.

Even so, these landlords have other worries. President-elect Donald Trump's proposals to cut the federal workforce could also threaten a key driver of the area's rental demand.

Local real-estate outposts are reeling from the drop-off in business.

CBRE Group typically transacts dozens of deals between the two counties each year. This year, it has completed only eight multifamily transactions in Montgomery County and six in Prince George's County, according to the firm's internal data.



Montgomery County Council member Natali Fani-González.

At brokerage Eastern Union, multifamily transactions in Montgomery County and Prince George's County declined 80% this year compared with 2023, according to David Merkin, who oversees the firm's mid-Atlantic office.

The recent investment exodus may reflect a temporary reaction. But housing economists often warn that rent restrictions can scare away developers and investors, choking off new supply and renovations and worsening affordability issues.

“In general, rent stabilization programs don't end up helping the people that they are intended to help,” said Lisa Sturtevant, chief economist at Bright MLS, a real estate technology company.

Fani-González said she tried to pass a law that protected tenants without suffocating new development.

“I did my best to ensure that it was a well-balanced piece of legislation,” she said. “Nothing is perfect.”

Fani-González added that

she is tracking the outcomes of the policy as it gets implemented and will seek to amend it if necessary.

For example, if the provision restricting rents on vacant apartments hurts existing housing, she is open to repealing it.

So far, possibly because the rent regulation doesn't apply to new construction, applications to build new developments in Montgomery County haven't slowed down, according to Jason Sartori, the county's planning director.

While some investors and landlords lean into panic mode, others are optimistic that investment interest in Montgomery and Prince George's counties will bounce back, especially if property values decline and create bargains for new buyers.

“Absolutely, they'll be back,” said Merkin of Eastern Union Funding. “At the end of the day, D.C. is still a strong market in its surrounding areas.”

For now, the biggest beneficiary may be apartment building owners in northern Virginia. In that other hot spot for government commuters, multifamily transaction volumes during the first nine months of this year are 155% higher compared with the same period in 2023.

Northern Virginia “is now being considered a top-three market nationally for institutional multifamily investment,” said David Leopold, senior vice president and head of affordable housing at commercial property lender Berkadia.

BUSINESS NEWS

CFPB Cites Kickbacks, Sues Rocket Homes

By Connor Hart

The Consumer Financial Protection Bureau has filed suit against Rocket Homes, alleging the real-estate company provides incentives to brokers and agents to steer home buyers to its parent company’s mortgage-lending wing, Rocket Mortgage.

The agency on Monday also sued Jason Mitchell; his real-estate brokerage firm, JMG Holding Partners LLC, which does business as the Jason Mitchell Group; and the individual real-estate brokerage companies in the states where they do business for their alleged roles in the kickback scheme.

The CFPB accused Rocket Homes of pressuring real-estate brokers and agents not to share information with clients about products not offered by Rocket Mortgage, such as the availability of down-payment assistance programs, which often save home buyers thousands of dollars, the agency said.

Rocket Homes called the CFPB’s allegations false.

“The accusation that homebuyers paid more when working with Rocket Homes is a lie,” the company said.

The lawsuit said the company gave referrals and other incentives to brokerages under an agreement that they would refer real-estate settlement business to Rocket Mortgage and a separate Rocket affiliate, Amrock, which handles title, closing and escrow services.

The Mitchell Group is accused of referring thousands of clients to Rocket Mortgage and Amrock, offering awards of \$250 gift cards to agents who made the most referrals to its favored partners, including Rocket Mortgage and Amrock, the CFPB said.

Container Store Files for Bankruptcy

Texas-based retailer plans to complete a reorganization plan within 35 days

By Ben Otto

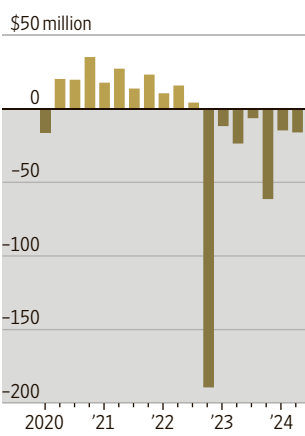
The **Container Store** has filed for bankruptcy as it contends with quarterly losses and rising debt levels that have shaken investor confidence and led to its imminent delisting.

The specialty retail chain said late Sunday that it had filed for chapter 11 bankruptcy protection in a Texas district court, with plans to complete a reorganization plan within 35 days.

The Coppell, Texas-based retailer said at least 90% of its term-loan lenders had agreed to support a deal that will give it \$40 million in new money financing, at least \$45 million in deleveraging, “substantial” debt service relief and what it described as “material maturity runway.”

The Container Store Group said it had also modified an asset-backed lending facility to add \$40 million in capacity. Altogether, the plan “will substantially strengthen” the company’s balance sheet and

The Container Store quarterly net profit/loss



Note: Latest fiscal quarter ended Sept. 28  
Source: S&P Capital IQ

A customer shopped at a Container Store in Corte Madera, Calif., last year.



JUSTIN SULLIVAN/GETTY IMAGES

liquidity position to enable stable operations, it said.

“The Container Store is here to stay,” said Chief Executive Satish Malhotra, adding that the plan would allow the company to expand its reach and strengthen capabilities.

The company said that outside the term-loan lenders, the company’s other creditors, including vendor and trade partners, won’t be affected by the moves. It said it would

emerge from the process as a private company, under the ownership of its term-loan lenders.

Business operations remain normal, and the chapter 11 process doesn’t include the company’s Elfa business in Sweden, it added.

The protection filing comes after Beyond, the owner of businesses including Bed Bath & Beyond and Overstock, last month raised doubts about its

plan to extend a lifeline to the Container Store with a \$40 million investment. Beyond said then that it wasn’t confident the Container Store could meet a condition to secure new financing terms from lenders.

Founded in 1978, the Container Store has faced dwindling sales of its general merchandise products and steep quarterly losses, along with mounting total debt that stood

at about \$232 million at the end of September, up almost \$60 million from a year earlier.

Its board earlier this year began reviewing strategic alternatives for the business to boost the company’s value.

The company’s shares slipped about 35% on Monday, taking losses this month to 94%. A plan by the New York Stock Exchange to delist the shares, initiated earlier this month, took effect Monday.

Walmart, Branch Messenger Sued for Pay Practices

By Denny Jacob

The Consumer Financial Protection Bureau said it sued **Walmart** and payment platform Branch Messenger for practices concerning delivery drivers’ pay and reimbursement.

CFPB’s lawsuit alleges that Walmart and Branch opened Branch accounts for Spark drivers, and Walmart then deposited drivers’ pay into those accounts without the drivers’ consent.

The lawsuit also alleges

that Walmart told Spark drivers they were required to use Branch to get paid and that it would terminate workers who did not want to use these accounts, and that both companies misled workers about the availability of same-day access to their earnings. Drivers were made to follow a complex process to access their funds that led to further delays or fees if they needed to transfer the money, resulting in workers paying more than \$10 million in fees to transfer their earnings

to an account of their choice, the CFPB added.

The agency never allowed Walmart an opportunity to present its case during the investigation, a representative for the company said, adding that the Bentonville, Ark., retailer looks forward to defending itself in court.

**Walmart told drivers they were required to use Branch to get paid.**

Branch said it strongly disagrees with the CFPB’s lawsuit, which Branch said misstates the law and facts. “Despite the company’s extensive cooperation with its investigation,

the CFPB refused to engage with Branch in any meaningful way about this matter, instead rushing to file a lawsuit,” the

company said. “Branch stands behind its model and services, and will defend this action vigorously.”

CFPB said its lawsuit seeks to stop Walmart and Branch’s unlawful conduct, to provide redress for harmed consumers and to impose a civil money penalty that would be paid into CFPB’s victims relief fund.

Walmart’s Spark Driver program encompasses gig-economy drivers who make “last-mile” deliveries from Walmart stores nationwide.

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# Companies Flaunt Basic Cyber Hygiene

Lack of multifactor authentication can leave open the door to cyberattacks

By CHERYL WINOKUR MUNK

Many businesses jeopardize their financial and reputational health by going without one of the most basic cyber hygiene measures: multifactor authentication.

Recent high-profile hacks at **UnitedHealth Group**, **Micro-soft** and Australian insurance giant **Medibank** were traced to a lack of MFA, a security tactic that requires more than one identification method to log into an account.

“In today’s day and age, there’s no reason not to use some form of MFA,” said Tom Hyslip, assistant professor in the department of criminology at the University of South Florida who focuses on cyber-crime and cybersecurity.

“Even the minimum MFA is a thousand times more secure than just a username and password,” Hyslip said.

Sometimes companies see the cost as prohibitive or are hampered by legacy systems that can’t easily accommodate a multifactor approach. In other instances, small technology departments are juggling too many responsibilities to give MFA adoption proper at-

tention.

Some managers fear introducing extra steps for customers or employees conducting business.

Yet companies that sidestep MFA risk incurring the high cost of cleaning up after a hack that exploits weak account protections, as well as repairing reputational damage that follows a breach, security professionals say.

Here are some considerations for corporate security chiefs when rolling out MFA.

## Know the options

Though some companies, for convenience, might contemplate SMS text messaging as a second authentication factor, security professionals generally prefer more secure techniques.

Pitfalls with an SMS approach can include no end-to-end encryption. Also, “MFA fatigue” is real: A determined hacker with partial account credentials can wear down an individual by bombarding the phone with requests to reset a password. An irritated or tired recipient often consents simply to make the messages stop.

Which MFA method to choose depends on a company’s systems, needs and budget.

Suitable options can include smartphone apps such



A physical security key, such as the YubiKey, is an option.

as Google Authenticator or Microsoft Authenticator, a YubiKey hardware authentication device, biometric readers or smart cards with a chip built into an employee ID.

## Plan the rollout

It can be overwhelming for companies with hundreds or thousands of applications to know where to start, but they don’t have to approach the task alone. A number of tech providers, including Cisco, Okta, OneLogin and Palo Alto Networks, help businesses implement MFA.

Companies should strive to secure their most critical systems first and roll out MFA more broadly over time, said

Cliff Steinhauer, director of information security and engagement at the National Cybersecurity Alliance, a non-profit that promotes cybersecurity awareness and education.

“It’s not going to happen overnight,” Steinhauer said.

## Understand costs

Cost can depend on a company’s size, number and type of systems and whether MFA will govern employee-related applications or those for customers as well.

Companies might balk at shelling out tens of thousands of dollars or more annually for MFA, especially if they don’t see their data as especially

meaningful to hackers. But companies should use MFA for any system or application that has sensitive data, said Rinki Sethi, chief information security officer at BILL, a financial operations platform based in San Jose, Calif. That includes emails and passwords, she said.

## Legacy systems

Keep in mind that many people reuse passwords among business and personal accounts, so companies that don’t add MFA create security and commercial risks, Sethi said.

“Even if it’s just email and [mailing] address, do you want to be in the news for a breach around that,” she said. “People may not want to come to the site if it’s been breached,” Sethi added.

Old technology frequently doesn’t support MFA. Companies need to consider whether to accept the risks of single-factor authentication or replace the legacy system. A workaround could be to require users to authenticate on another device before gaining access to the older system, Steinhauer said.

## Educate employees

A small business with a few employees may be fine with a simple authenticator tool,

Hyslip said.

A Fortune 500 company with many sensitive but older systems might consider other options such as smart cards with a chip built into an employee ID, he said.

Many companies hem and haw over MFA implementation because they fear customers will balk at the added friction. But if the process isn’t too onerous, users are generally understanding, said Meg Anderson, CISO at Principal Financial Group, an insurance and investment management company. People understand the need—just like they understand the need to keep their garage door closed, she said.

What helps is educating the employees and customers who will have to use MFA, Anderson said. Before Principal makes authentication changes that affect customers, for example, it announces the coming shift on its website and sends emails to employers or 401(k) participants.

Preparation helps smooth the rollout and validates that customers are dealing with the company and not a fraudster when the time comes to switch over, Anderson said. “It is to our advantage to help people understand what’s changing and have them remember that we told them there was going to be a change,” she said.

# As Tariffs Loom, Academy Sports Keeps Eye on Prices

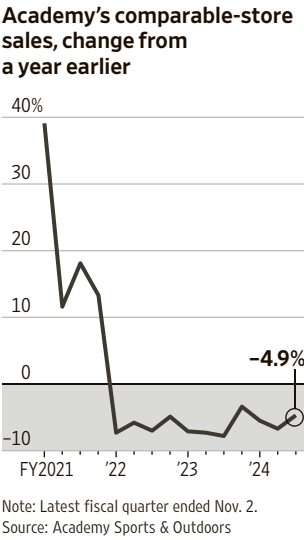
By JENNIFER WILLIAMS

Potential new tariffs could lead to higher prices on things such as **Nike** and **Adidas** shoes at **Academy Sports & Outdoors** stores, but the retailer hopes a laser focus on keeping its prices lower than competitors facing the same tariffs will give it an edge.

Changes that Academy has made to its supply chain to cut back on the amount of private-label goods it imports from China also could blunt the impact of tariffs proposed by President-elect Donald Trump.

Tariffs or no tariffs, Academy hopes its pricing will bring inflation-weary consumers hunting for deals to its doors.

“We’re going to stay committed to being an everyday value retailer, which in the current state means on things like Nike T-shirts and Nike shoes, we price our goods \$5 below” the manufacturer’s



suggested retail price, said Carl Ford, chief financial officer at Academy. “If Nike takes those MSRP’s up...we will continue at that same level below MSRP, but at a higher level.”

Trump has proposed a universal tariff of 10% to 20% on all imports to the U.S. and a 60% or more tariff on goods from China. He has threatened 25% tariffs on goods imported from Canada and Mexico. The potential for stiffer tariffs is spurring executives across industries, from **Costco Wholesale** to **Mama’s Creations** and **Hasbro**, to think through possible impacts. Executives are preparing for potential levies by negotiating with suppliers, diversifying supply chains and pulling forward orders where possible. Some businesses, such as Academy, will look to pass their own higher costs onto consumers.

Academy is looking at the potential tariffs through two lenses.

The first is its private-label business, which includes its namesake brand as well as Magellan Outdoors and Outdoor Gourmet labels. The 19 brands represent around 21% of Academy’s sales, according to Ford. Roughly half the private-label items are sourced from China, he said.

Academy over the past few years has diversified its sourcing of private-label goods. More than 70% of the items came from China in 2019, and the percentage could drop further. “We’re going to continue to diversify,” the CFO said.

The remaining roughly 80% of Academy’s business comes from national brands such as Nike, **Under Armour**, Adidas,



Academy's Carl Ford, above, says the chain will continue to diversify sourcing of its private-label goods.

**Columbia Sportswear**, **Yeti** and Carhartt.

“We’re kind of in the soup with everybody else who sells Nike and Adidas and Brooks and Asics,” Ford said. “If they are subject to tariffs, their costs will go up, so our costs will go up.”

Nike sourced roughly 18% of Nike brand footwear and 16% of apparel from China in the fiscal year ended May 31, according to a regulatory filing. Adidas sourced 14% of footwear and 15% of apparel from China in 2023.

Like Academy, retailers over the past few years have diversified supply chains in response to the previous round of Trump-era tariffs that started in 2018 and focused on China. Shoppers saw high prices as a result, but many retailers were largely unscathed. Timing made the difference. Tariffs on apparel items from China, for instance, didn’t go into effect until late 2019. Pent-up demand from the pandemic, coupled with shoppers who had money to spend, meant retailers were able to raise prices.

The story now could be different, as consumers pull back on discretionary spending and hunt for deals. Higher prices could be a particularly troublesome prospect for Academy



shoppers, who tend to be value-oriented, said Anthony Chukumba, a senior research analyst at Loop Capital.

That might make it harder to pass higher prices along to Academy’s customers, according to Chukumba. Still, Academy might have an advantage in maintaining its strategy of pricing below others, he said. If national brands raise prices, the retailers that sell those

## Academy hopes its pricing will bring in buyers hunting for deals.

dem. The latest quarter offered signals for optimism, analysts said.

Academy’s comparable-store sales were down 4.9% for the three months ended Nov. 2 compared with a year earlier. But those sales were positive in the first two months of the quarter, August and September. They fell off in October because of unseasonably warm weather that dented outdoor purchases as well as a tough comparison to the year-ago period, when sports teams in core markets performed well, boosting sales of related merchandise.

A c a d e m y also said this month that it will add a wider assortment of Nike products early next year to about half of its stores, which analysts expect will draw more shoppers.

Executives from various industries are thinking through strategies in response to possible tariffs. Some that don’t expect a direct impact are preparing for knock-on effects. This is the case for fresh deli prepared foods manufacturer Mama’s Creations, which

sources from the U.S. Take beef, said CFO Anthony Gruber. Mama’s Creations doesn’t import the meat, but the prices the company pays for it could still rise, he said.

“If those tariffs hit people that do import beef, they’re going to look to the domestic supplier, and it’s just going to drive that price up,” he said. If ingredient costs rise, so too might prices, he said.

At Costco, raising prices is a last resort. The retail giant’s exposure to levies on imports primarily comes from nonfood items, which account for around a quarter of Costco’s products, said Chief Financial Officer Gary Millerchip. If the cost of an item were to increase because of a tariff, everything from lowering costs in other areas, such as product design, to switching in new products on Costco’s shelves is on the table to minimize any impact to Costco members, he said.

Costco aims to offset any of its own higher costs without lifting costs for its shoppers, according to the CFO.

“No one is immune if tariffs come along, but we tend to look at it through that kind of lens, to make sure that we’re doing everything we can to minimize the impact to members,” Millerchip said.

# NFL Games Put Netflix To the Test

Continued from page B1

The shaky boxing broadcast raised the stakes for the coming Christmas NFL games, with the Kansas City Chiefs and Pittsburgh Steelers at 1 p.m. ET and the Baltimore Ravens and Houston Texans at 4:30 p.m. The second game is scheduled to include a half-time show by megastar Beyoncé.

They will be Netflix’s first major live events with traditional advertising breaks built in. Advertising is a nascent

business at the streamer that got off to a slow start.

Netflix’s early internal estimates project that the football games could draw as many as 35 million concurrent streams globally, but the company prepared for viewership comparable to the boxing showcase, according to a person familiar with the plans.

Christmas Day is typically one of the top days of the year for internet usage, in part because so many users are in their homes watching movies and TV, and because people are downloading games received as gifts.

Last Christmas set a record for web traffic to Netflix, with 16.6 million U.S. users and 78.5 million globally, according to web-research firm Similarweb.

Netflix has asked internet

service providers for greater capacity for the NFL games and has conducted tests to better distribute the internet traffic generated by a large audience across its fleet of servers. Internet-service providers including Comcast, Charter Communications and Verizon have agreed to provide extra capacity for the games, people familiar with those arrangements said.

Industry experts have advised Netflix to join with third-party content-delivery networks to provide backup services, like Peacock and Amazon have done when streaming NFL games, said people familiar with the matter.

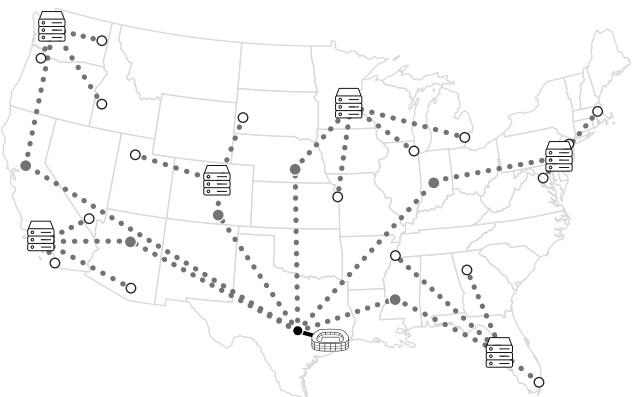
Such arrangements would allow Netflix to reroute the traffic in real-time among the partner networks. Netflix has

chosen not to do so because it is confident in its system, the people said.

NFL officials talked to Netflix executives to ensure the streamer would be prepared, and the streaming giant assured them the games would go off without a hitch, according to people familiar with the talks. The games mark the start of a multiyear-deal with the NFL for the holiday matchups.

“We are not worried,” Brian Rolapp, the NFL’s chief media and business officer, said at a Sports Business Journal conference in November after the boxing match, when asked about the Christmas games. “We’ve worked a ton with Netflix getting ready for this.”

—Suzanne Vranica contributed to this article.



One potential solution to avoid congestion in live streaming, experts say, is to work with providers like Charter’s Spectrum, Comcast’s Xfinity and Verizon’s FiOS to beef up capacity.

Those companies deliver Netflix’s content into homes, and some have agreed to **reserve extra capacity** for its Christmas Day games. One of the games that Netflix will broadcast is the Ravens-Texans matchup from Houston.

Note: Network diagram is an approximation.

NATE RATTNER/WSJ

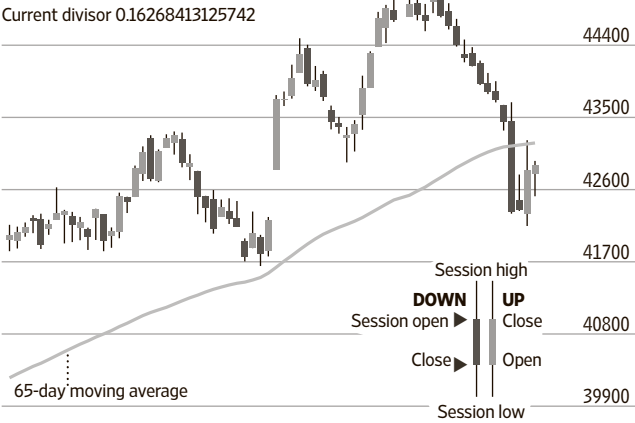
# MARKETS DIGEST

## EQUITIES

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**42906.95** ▲66.69, or 0.16%  
High, low, open and close for each trading day of the past three months.

Last Trailing P/E ratio 26.97 27.04  
Year ago P/E estimate \* 21.69 20.70  
Dividend yield 1.89 1.97  
All-time high 45014.04, 12/04/24



Current divisor 0.16268413125742

Bars measure the point change from session's open

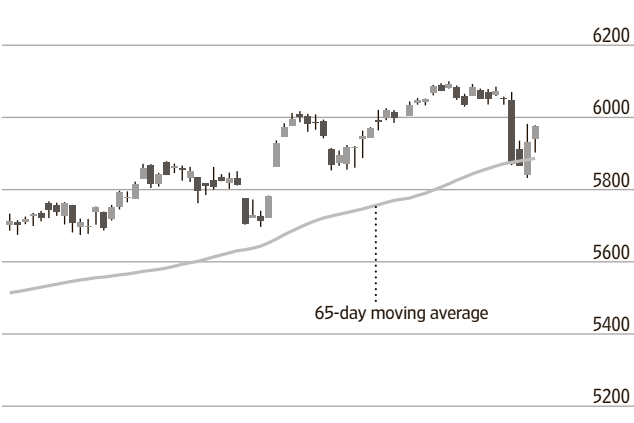
Sept. Oct. Nov. Dec.

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

### S&P 500 Index

**5974.07** ▲43.22, or 0.73%  
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Year ago P/E estimate \* 21.96 21.37  
Dividend yield \* 1.30 1.57  
All-time high 6090.27, 12/06/24

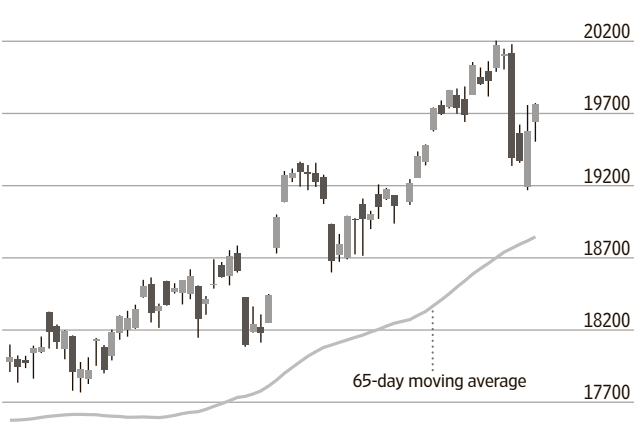


Sept. Oct. Nov. Dec.

### Nasdaq Composite Index

**19764.89** ▲192.29, or 0.98%  
High, low, open and close for each trading day of the past three months.

Last Trailing P/E ratio \*\* 33.97 29.98  
Year ago P/E estimate \*\* 27.43 28.78  
Dividend yield \*\* 0.73 0.80  
All-time high: 20173.89, 12/16/24



Sept. Oct. Nov. Dec.

## Major U.S. Stock-Market Indexes

|                                 | High     | Low      | Latest Close    | Net chg | % chg        | High     | 52-Week Low | % chg        | YTD   | % chg 3-yr. ann. |
|---------------------------------|----------|----------|-----------------|---------|--------------|----------|-------------|--------------|-------|------------------|
| <b>Dow Jones</b>                |          |          |                 |         |              |          |             |              |       |                  |
| Industrial Average              | 42957.79 | 42516.87 | <b>42906.95</b> | 66.69   | <b>0.16</b>  | 45014.04 | 37266.67    | <b>14.8</b>  | 13.8  | <b>6.1</b>       |
| Transportation Avg              | 15949.47 | 15784.30 | <b>15936.09</b> | 44.10   | <b>0.28</b>  | 17754.38 | 14781.56    | <b>-0.8</b>  | 0.2   | <b>-0.5</b>      |
| Utility Average                 | 989.07   | 973.91   | <b>988.31</b>   | 1.99    | <b>0.20</b>  | 1079.88  | 829.38      | <b>13.2</b>  | 12.1  | <b>1.1</b>       |
| Total Stock Market              | 59315.72 | 58599.86 | <b>59281.38</b> | 361.12  | <b>0.61</b>  | 60836.59 | 46849.48    | <b>24.4</b>  | 24.1  | <b>7.1</b>       |
| Barron's 400                    | 1261.23  | 1249.46  | <b>1260.88</b>  | 1.06    | <b>0.08</b>  | 1356.99  | 1039.19     | <b>17.3</b>  | 17.6  | <b>5.1</b>       |
| <b>Nasdaq Stock Market</b>      |          |          |                 |         |              |          |             |              |       |                  |
| Nasdaq Composite                | 19721.09 | 19504.68 | <b>19764.89</b> | 192.29  | <b>0.98</b>  | 20173.89 | 14510.30    | <b>31.8</b>  | 31.7  | <b>8.1</b>       |
| Nasdaq-100                      | 21510.09 | 21224.27 | <b>21503.17</b> | 214.02  | <b>1.01</b>  | 22096.66 | 16282.01    | <b>28.2</b>  | 27.8  | <b>9.7</b>       |
| <b>S&amp;P</b>                  |          |          |                 |         |              |          |             |              |       |                  |
| 500 Index                       | 5978.25  | 5902.57  | <b>5974.07</b>  | 43.22   | <b>0.73</b>  | 6090.27  | 4688.68     | <b>25.6</b>  | 25.2  | <b>8.1</b>       |
| MidCap 400                      | 3136.06  | 3104.83  | <b>3134.42</b>  | 10.14   | <b>0.32</b>  | 3390.26  | 2691.79     | <b>12.4</b>  | 12.7  | <b>3.9</b>       |
| SmallCap 600                    | 1416.59  | 1404.15  | <b>1415.04</b>  | -1.85   | <b>-0.13</b> | 1544.66  | 1241.62     | <b>7.2</b>   | 7.3   | <b>0.7</b>       |
| <b>Other Indexes</b>            |          |          |                 |         |              |          |             |              |       |                  |
| Russell 2000                    | 2241.91  | 2219.42  | <b>2237.44</b>  | -4.93   | <b>-0.22</b> | 2442.03  | 1913.17     | <b>10.0</b>  | 10.4  | <b>-0.1</b>      |
| NYSE Composite                  | 19221.98 | 19009.57 | <b>19207.11</b> | 87.68   | <b>0.46</b>  | 20272.04 | 16522.83    | <b>14.5</b>  | 14.0  | <b>4.2</b>       |
| Value Line                      | 614.06   | 608.85   | <b>613.83</b>   | 0.54    | <b>0.09</b>  | 656.04   | 566.64      | <b>3.4</b>   | 3.4   | <b>-2.6</b>      |
| NYSE Arca Biotech               | 5768.90  | 5693.30  | <b>5766.13</b>  | 38.12   | <b>0.67</b>  | 6154.34  | 4861.76     | <b>7.4</b>   | 6.4   | <b>0.7</b>       |
| NYSE Arca Pharma                | 949.34   | 928.89   | <b>948.18</b>   | 19.29   | <b>2.08</b>  | 1140.17  | 899.26      | <b>5.4</b>   | 4.2   | <b>5.1</b>       |
| KBW Bank                        | 127.70   | 126.19   | <b>127.64</b>   | 0.43    | <b>0.34</b>  | 138.78   | 91.80       | <b>33.9</b>  | 32.9  | <b>-0.9</b>      |
| PHLX <sup>S</sup> Gold/Silver   | 139.67   | 137.27   | <b>139.39</b>   | 0.17    | <b>0.12</b>  | 175.74   | 102.94      | <b>8.9</b>   | 10.9  | <b>2.2</b>       |
| PHLX <sup>S</sup> Oil Service   | 69.83    | 68.70    | <b>69.69</b>    | 0.81    | <b>1.17</b>  | 95.25    | 68.88       | <b>-18.1</b> | -16.9 | <b>9.4</b>       |
| PHLX <sup>S</sup> Semiconductor | 5124.19  | 5013.75  | <b>5118.75</b>  | 153.84  | <b>3.10</b>  | 5904.54  | 3908.85     | <b>23.9</b>  | 22.6  | <b>9.2</b>       |
| Cboe Volatility                 | 20.02    | 16.74    | <b>16.78</b>    | -1.58   | <b>-8.61</b> | 38.57    | 11.86       | <b>28.8</b>  | 34.8  | <b>-2.2</b>      |

<sup>S</sup>Nasdaq PHLX Sources: FactSet; Dow Jones Market Data

## International Stock Indexes

| Region/Country      | Index                 | Close            | Net chg  | Latest % chg | YTD % chg |
|---------------------|-----------------------|------------------|----------|--------------|-----------|
| <b>World</b>        | MSCI ACWI             | <b>849.46</b>    | 5.23     | <b>0.62</b>  | 16.8      |
|                     | MSCI ACWI ex-USA      | <b>324.78</b>    | 1.63     | <b>0.50</b>  | 2.6       |
|                     | MSCI World            | <b>3745.13</b>   | 21.91    | <b>0.59</b>  | 18.2      |
|                     | MSCI Emerging Markets | <b>1081.95</b>   | 9.70     | <b>0.90</b>  | 5.7       |
|                     | MSCI AC Americas      | <b>2246.32</b>   | 14.35    | <b>0.64</b>  | 23.9      |
| <b>Americas</b>     | S&P/TSX Comp          | <b>24748.98</b>  | 149.50   | <b>0.61</b>  | 18.1      |
|                     | MSCI EM Latin America | <b>1880.95</b>   | -28.93   | <b>-1.51</b> | -29.4     |
|                     | Bovespa               | <b>120766.57</b> | -1335.58 | <b>-1.09</b> | -10.0     |
|                     | S&P IPSA              | <b>3592.18</b>   | -19.89   | <b>-0.55</b> | 3.6       |
|                     | S&P/BMV IPC           | <b>49450.89</b>  | -135.32  | <b>-0.27</b> | -13.8     |
|                     | STOXX Europe 600      | <b>502.91</b>    | 0.72     | <b>0.14</b>  | 5.0       |
|                     | Euro STOXX            | <b>500.61</b>    | -0.57    | <b>-0.11</b> | 5.6       |
|                     | Bel-20                | <b>4223.10</b>   | 8.88     | <b>0.21</b>  | 13.9      |
|                     | OMX Copenhagen 20     | <b>2095.60</b>   | 75.49    | <b>3.74</b>  | -8.2      |
|                     | CAC 40                | <b>7272.32</b>   | -2.16    | <b>-0.03</b> | -3.6      |
| <b>Europe</b>       | DAX                   | <b>19848.77</b>  | -35.98   | <b>-0.18</b> | 18.5      |
|                     | FTSE MIB              | <b>33739.90</b>  | -26.39   | <b>-0.08</b> | 11.2      |
|                     | AEX                   | <b>872.22</b>    | -3.22    | <b>-0.37</b> | 10.9      |
|                     | Oslo Bors All-Share   | <b>1620.61</b>   | 10.99    | <b>0.68</b>  | 6.7       |
|                     | FTSE/JSE All-Share    | <b>84712.32</b>  | 109.03   | <b>0.13</b>  | 10.2      |
|                     | IBEX 35               | <b>11435.70</b>  | -31.60   | <b>-0.28</b> | 13.2      |
|                     | OMX Stockholm         | <b>948.84</b>    | -1.52    | <b>-0.16</b> | 5.1       |
|                     | Swiss Market          | <b>11488.28</b>  | 103.36   | <b>0.91</b>  | 3.1       |
|                     | BIST 100              | <b>9626.56</b>   | -97.94   | <b>-1.01</b> | 28.9      |
|                     | FTSE 100              | <b>8102.72</b>   | 18.11    | <b>0.22</b>  | 4.8       |
| <b>Asia-Pacific</b> | FTSE 250              | <b>20419.09</b>  | -31.60   | <b>-0.15</b> | 3.7       |
|                     | MSCI AC Asia Pacific  | <b>181.08</b>    | 1.86     | <b>1.04</b>  | 6.9       |
|                     | S&P/ASX 200           | <b>8201.60</b>   | 134.64   | <b>1.67</b>  | 8.0       |
|                     | Shanghai Composite    | <b>3351.26</b>   | -16.81   | <b>-0.50</b> | 12.6      |
|                     | Hang Seng             | <b>19883.13</b>  | 162.43   | <b>0.82</b>  | 16.6      |
|                     | BSE Sensex            | <b>78540.17</b>  | 498.58   | <b>0.64</b>  | 8.7       |
|                     | NIKKEI 225            | <b>39161.34</b>  | 459.44   | <b>1.19</b>  | 17.0      |
|                     | Straits Times         | <b>3752.33</b>   | 32.40    | <b>0.87</b>  | 15.8      |
|                     | KOSPI                 | <b>2442.01</b>   | 37.86    | <b>1.57</b>  | -8.0      |
|                     | TAIEX                 | <b>23104.54</b>  | 594.29   | <b>2.64</b>  | 28.9      |
| <b>Other</b>        | SET                   | <b>1386.91</b>   | 21.84    | <b>1.60</b>  | -2.0      |

Sources: FactSet; Dow Jones Market Data

## Percentage Gainers...

| Company                | Symbol | Close | Net chg | % chg         | High  | 52-Week Low | % chg        |
|------------------------|--------|-------|---------|---------------|-------|-------------|--------------|
| Traws Pharma           | TRAW   | 12.57 | 7.55    | <b>150.40</b> | 27.50 | 4.06        | <b>-30.6</b> |
| Rumble                 | RUM    | 13.03 | 5.84    | <b>81.22</b>  | 14.63 | 3.33        | <b>168.7</b> |
| SEALSQ                 | LAES   | 4.90  | 2.15    | <b>78.18</b>  | 5.00  | 0.29        | <b>326.1</b> |
| Fittell                | FTEL   | 9.57  | 3.77    | <b>65.00</b>  | 49.50 | 0.88        | <b>443.8</b> |
| Optical Cable          | OCC    | 3.32  | 1.22    | <b>58.10</b>  | 7.00  | 2.02        | <b>19.6</b>  |
| Carbon Revolution      | CREV   | 3.89  | 1.33    | <b>51.95</b>  | 33.99 | 2.00        | <b>-85.4</b> |
| CAMP4 Therapeutics     | CAMP   | 7.58  | 2.38    | <b>45.77</b>  | 12.30 | 4.06        | <b>...</b>   |
| Mars Acquisition       | MARX   | 6.36  | 1.69    | <b>36.19</b>  | 12.18 | 4.67        | <b>-40.1</b> |
| WISKey Intl Hldg ADR   | WKEY   | 9.38  | 2.39    | <b>34.19</b>  | 14.00 | 1.58        | <b>482.6</b> |
| Zedge Cl B             | ZDGE   | 3.15  | 0.79    | <b>33.47</b>  | 5.18  | 1.93        | <b>50.0</b>  |
| Despegar.com           | DESP   | 19.46 | 4.81    | <b>32.83</b>  | 19.51 | 8.06        | <b>97.0</b>  |
| Huize Holding ADR      | HUIZ   | 3.84  | 0.91    | <b>30.83</b>  | 10.58 | 2.15        | <b>-10.7</b> |
| Airship AI Holdings    | AISP   | 5.71  | 1.34    | <b>30.66</b>  | 14.32 | 1.34        | <b>34.4</b>  |
| Anavex Life Sciences   | AVXL   | 11.18 | 2.55    | <b>29.55</b>  | 11.50 | 3.25        | <b>24.9</b>  |
| Playa Hotels & Resorts | PLYA   | 12.35 | 2.74    | <b>28.51</b>  | 12.70 | 6.95        | <b>42.9</b>  |

## Most Active Stocks

| Company               | Symbol | Volume (000) | % chg from 65-day avg | Latest Session Close | % chg         | 52-Week High | 52-Week Low |
|-----------------------|--------|--------------|-----------------------|----------------------|---------------|--------------|-------------|
| Edible Garden         | EDBL   | 408,002      | 3959.9                | 0.36                 | <b>52.33</b>  | 12.47        | 0.12        |
| Rigetti Computing     | RGTI   | 227,813      | 304.9                 | 10.96                | <b>16.97</b>  | 12.75        | 0.66        |
| Tonix Pharmaceuticals | TNXP   | 189,979      | 111.9                 | 0.40                 | <b>-34.09</b> | 14.08        | 0.12        |
| VIDIA                 | NVDA   | 174,474      | -26.1                 | 139.67               | <b>3.69</b>   | 152.89       | 47.32       |
| Algorithm Holdings    | RIME   | 152,903      | 27.34                 | 0.09                 | <b>15.18</b>  | 1.97         | 0.07        |
| SEALSQ                | LAES   | 145,040      | 718.0                 | 4.90                 | <b>78.18</b>  | 5.00         | 0.29        |
| RAPT Therapeutics     | RAPT   | 140,607      | 25077.0               | 1.74                 | <b>110.81</b> | 27.35        | 0.79        |
| Reliance Global Group | RELI   | 105,266      | 68527.8               | 3.11                 | <b>159.17</b> | 18.53        | 1.18        |
| Lucid Group           | LCID   | 103,028      | 56.1                  | 3.10                 | <b>2.65</b>   | 4.49         | 1.93        |
| D-Wave Quantum        | QWTS   | 102,105      | 218.0                 | 8.15                 | <b>26.55</b>  | 10.50        | 0.68        |

\* Volumes of 100,000 shares or more are rounded to the nearest thousand

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## Percentage Losers

| Company                  | Symbol | Close | Net chg | % chg         | High   | 52-Week Low | % chg        |
|--------------------------|--------|-------|---------|---------------|--------|-------------|--------------|
| Nvni Group               | NVNI   | 5.70  | -2.88   | <b>-33.57</b> | 12.19  | 0.33        | <b>282.6</b> |
| HomesToLife              | HTLM   | 8.59  | -3.96   | <b>-31.55</b> | 13.74  | 2.57        | <b>...</b>   |
| XBiotech                 | XBIT   | 4.50  | -1.88   | <b>-29.47</b> | 9.96   | 3.51        | <b>14.8</b>  |
| Mainz Biomed             | MYNZ   | 4.96  | -1.72   | <b>-25.75</b> | 49.60  | 3.65        | <b>-89.7</b> |
| Psyence Biomedical       | PBM    | 2.38  | -0.80   | <b>-25.16</b> | 945.15 | 1.51        | <b>-99.7</b> |
| TPI Composites           | TPIC   | 1.81  | -0.59   | <b>-24.58</b> | 5.75   | 1.10        | <b>-56.1</b> |
| YSX Tech.                | YSXT   | 3.50  | -1.00   | <b>-22.22</b> | 5.52   | 3.11        | <b>...</b>   |
| Wilhelmina International | WHLM   | 3.24  | -0.89   | <b>-21.55</b> | 7.62   | 3.02        | <b>-29.6</b> |
| Marygold                 | MGLD   | 1.65  | -0.40   | <b>-19.51</b> | 2.10   | 0.78        | <b>57.1</b>  |
| Sifco Industries         | SIF    | 3.25  | -0.75   | <b>-18.75</b> | 5.96   | 2.87        | <b>-25.3</b> |
| Intchains Group ADR      | ICG    | 7.18  | -1.59   | <b>-18.13</b> | 14.22  | 3.21        | <b>-47.6</b> |
| Defiance Dly Tgt 2x Lg   | DMTX   | 66.58 | -14.02  | <b>-17.39</b> | 220.99 | 15.18       | <b>...</b>   |
| Diamedica Therapeutics   | DMAC   | 5.38  | -1.04   | <b>-16.15</b> | 6.41   | 2.14        | <b>88.6</b>  |
| Desktop Metal            | DM     | 2.39  | -0.46   | <b>-16.14</b> | 11.80  | 2.21        | <b>-68.5</b> |
| Coincheck Group          | CNCK   | 6.89  | -1.30   | <b>-15.87</b> | 14.99  | 6.55        | <b>-32.6</b> |

## Volume Movers

| Company                   | Symbol | Volume (000) | % chg from 65-day avg | Latest Session Close | % chg         | 52-Week High | 52-Week Low |
|---------------------------|--------|--------------|-----------------------|----------------------|---------------|--------------|-------------|
| Traws Pharma              | TRAW   | 28,296       | 2429.1                | 12.57                | <b>150.40</b> | 27.50        | 4.06        |
| Harbor PanAgora Dyn LC    | INFO   | 2,481        | 4908.1                | 21.04                | <b>1.51</b>   | 21.29        | 19.88       |
| Frontier Asset Gbl SC Eq  | FGSM   | 1,827        | 1798.8                | 25.37                | <b>0.86</b>   | 25.45        | 25.12       |
| Frontier Asset Core Bd    | FCBD   | 1,621        | 1594.9                | 25.02                | <b>-0.14</b>  | 25.28        | 25.00       |
| Frontier Asset U.S. LC Eq | FLCE   | 1,457        | 1432.3                | 25.46                | <b>0.77</b>   | 25.46        | 25.26       |
| Frontier Asset Total Intl | FINT   | 1,515        | 1379.9                | 25.53                | <b>1.90</b>   | 25.57        | 25.05       |
| Frontier Asset Opportun   | FOPC   | 1,191        | 1180.8                | 25.02                | <b>-0.24</b>  | 25.92        | 25.02       |
| T. Rowe Price Grw Stock   | TGRW   | 1,345        | 586.3                 | 41.04                | <b>1.60</b>   | 41.58        | 29.73       |
| Frontier Asset Abs Ret    | FARX   | 436          | 426.2                 | 25.16                | <b>0.23</b>   | 26.02        | 25.10       |
| Fidelity Intl Value       | FIVA   | 1,200        | 368.5                 | 24.22                | <b>0.21</b>   | 27.37        | 23.62       |

\* Common stocks priced at \$2 a share or more with an average volume over 65 trading days of at least 5,000 shares. †Has traded fewer than 65 days

## CURRENCIES & COMMODITIES

### Currencies

| U.S.-dollar foreign-exchange rates in late New York trading |                |          |                |                                                      |                |          |                |
|-------------------------------------------------------------|----------------|----------|----------------|------------------------------------------------------|----------------|----------|----------------|
| Country/currency                                            | USD vs         |          | YTD Chg<br>(%) | Country/currency                                     | USD vs         |          | YTD Chg<br>(%) |
|                                                             | Mon<br>in US\$ | per US\$ |                |                                                      | Mon<br>in US\$ | per US\$ |                |
| <b>Americas</b>                                             |                |          |                | <b>Vietnam dong</b> .0003929 25450 <b>4.9</b>        |                |          |                |
| <b>Argentina peso</b> .00101025 7501 <b>26.9</b>            |                |          |                | <b>Europe</b>                                        |                |          |                |
| <b>Brazil real</b> .1614 6.1941 <b>27.6</b>                 |                |          |                | <b>Czech Rep.</b> koruna .04138 24.169 <b>8.0</b>    |                |          |                |
| <b>Canada dollar</b> .6958 1.4373 <b>8.5</b>                |                |          |                | <b>Denmark</b> krone .1395 7.2165 <b>5.8</b>         |                |          |                |
| <b>Chile peso</b> .001010 990.48 <b>13.2</b>                |                |          |                | <b>Euro area</b> euro 1.0407 .9609 <b>6.1</b>        |                |          |                |
| <b>Colombia peso</b> .000227 4412.00 <b>13.8</b>            |                |          |                | <b>Hungary</b> forint .002524 396.25 <b>14.2</b>     |                |          |                |
| <b>Ecuador US dollar</b> 1 1 <b>unch</b>                    |                |          |                | <b>Iceland</b> krona .007171 139.45 <b>2.5</b>       |                |          |                |
| <b>Mexico peso</b> .0496 20.1697 <b>18.8</b>                |                |          |                | <b>Norway</b> krone .0881 11.3563 <b>11.6</b>        |                |          |                |
| <b>Uruguay peso</b> .02247 44.5100 <b>14.0</b>              |                |          |                | <b>Poland</b> zloty .2440 4.0991 <b>41.1</b>         |                |          |                |
| <b>Asia-Pacific</b>                                         |                |          |                | <b>Sweden</b> krona .0905 11.893 <b>6.8</b>          |                |          |                |
| <b>Australia dollar</b> .6249 1.6003 <b>9.1</b>             |                |          |                | <b>Switzerland</b> franc .11128 .8486 <b>9.4</b>     |                |          |                |
| <b>China yuan</b> .1370 7.2983 <b>2.6</b>                   |                |          |                | <b>Turkey</b> lira .0284 35.2066 <b>19.4</b>         |                |          |                |
| <b>Hong Kong dollar</b> .1287 7.7107 <b>-0.5</b>            |                |          |                | <b>Ukraine</b> hryvnia .0237 42.1500 <b>10.5</b>     |                |          |                |
| <b>India rupee</b> .01175 85.106 <b>2.3</b>                 |                |          |                | <b>UK pound</b> 1.2535 .7978 <b>1.6</b>              |                |          |                |
| <b>Indonesia rupiah</b> .0000616 16245 <b>5.6</b>           |                |          |                | <b>Middle East/Africa</b>                            |                |          |                |
| <b>Japan yen</b> .006362 157.17 <b>11.4</b>                 |                |          |                | <b>Bahrain</b> dinar 2.6509 .3772 <b>0.1</b>         |                |          |                |
| <b>Kazakhstan</b> tenge .001919 521.13 <b>14.4</b>          |                |          |                | <b>Egypt</b> pound .0196 51.675 <b>65.2</b>          |                |          |                |
| <b>Macau pataca</b> .1249 8.0090 <b>-0.6</b>                |                |          |                | <b>Israel</b> shekel .2729 3.0696 <b>17.7</b>        |                |          |                |
| <b>Malaysia ringgit</b> .2227 4.4090 <b>-2.3</b>            |                |          |                | <b>Kuwait</b> dinar 3.2449 .3082 <b>0.3</b>          |                |          |                |
| <b>New Zealand dollar</b> .5649 1.7702 <b>11.9</b>          |                |          |                | <b>Oman</b> sul rial 2.5973 .3850 <b>0.01</b>        |                |          |                |
| <b>Pakistan rupee</b> .00358 278.964 <b>-0.8</b>            |                |          |                | <b>Qatar rial</b> .2743 3.566 <b>0.1</b>             |                |          |                |
| <b>Philippines peso</b> .0171 58.550 <b>5.7</b>             |                |          |                | <b>Saudi Arabia</b> riyal .2662 3.746 <b>0.2</b>     |                |          |                |
| <b>Singapore dollar</b> .7368 1.3573 <b>2.9</b>             |                |          |                | <b>South Africa</b> rand .0539 18.5587 <b>1.4</b>    |                |          |                |
| <b>South Korea won</b> .0006887 1452.06 <b>12.2</b>         |                |          |                |                                                      |                |          |                |
| <b>Sri Lanka rupee</b> .0033731 296.46 <b>-8.5</b>          |                |          |                |                                                      |                |          |                |
| <b>Taiwan dollar</b> .03059 32.692 <b>6.5</b>               |                |          |                |                                                      |                |          |                |
| <b>Thailand baht</b> .02902 34.640 <b>0.2</b>               |                |          |                |                                                      |                |          |                |
|                                                             |                |          |                | Close Net Chg % Chg YTD Chg                          |                |          |                |
|                                                             |                |          |                | <b>WSJ Dollar Index</b> 102.33 0.25 0.24 <b>6.78</b> |                |          |                |
| Sources: Tullett Prebion, Dow Jones Market Data             |                |          |                |                                                      |                |          |                |

# COMMODITIES

wsj.com/market-data/commodities

## Futures Contracts

| Metal & Petroleum Futures                                     |         |               |         |         |         |               |
|---------------------------------------------------------------|---------|---------------|---------|---------|---------|---------------|
|                                                               | Open    | Contract High | Low     | Settle  | Chg     | Open interest |
| <b>Copper-High (CMX)</b> -25,000 lbs.; \$ per lb.             |         |               |         |         |         |               |
| Dec                                                           | 4.0315  | 4.0315        | 4.0200  | 4.0230  | -0.0180 | 931           |
| March <sup>25</sup>                                           | 4.0985  | 4.1285        | 4.0755  | 4.0850  | -0.0155 | 122,710       |
| <b>Gold (CMX)</b> -100 troy oz.; \$ per troy oz.              |         |               |         |         |         |               |
| Dec                                                           | 2620.00 | 2627.70       | 2611.10 | 2612.30 | -16.40  | 1,009         |
| Jan <sup>25</sup>                                             | 2627.30 | 2632.90       | 2610.20 | 2615.50 | -17.00  | 4,052         |
| Feb                                                           | 2629.10 | 2646.80       | 2623.20 | 2628.20 | -16.90  | 340,348       |
| April                                                         | 2661.10 | 2668.60       | 2645.60 | 2650.50 | -16.50  | 55,307        |
| June                                                          | 2683.50 | 2691.70       | 2668.90 | 2673.70 | -16.30  | 33,623        |
| Aug                                                           | 2703.40 | 2712.00       | 2692.40 | 2695.90 | -15.80  | 13,313        |
| <b>Palladium (NYM)</b> -50 troy oz.; \$ per troy oz.          |         |               |         |         |         |               |
| Dec                                                           | 920.00  | 920.00        | 920.00  | 915.30  | 8.70    | 1             |
| March <sup>25</sup>                                           | 919.50  | 939.00        | 912.50  | 929.90  | 10.70   | 17,987        |
| <b>Platinum (NYM)</b> -50 troy oz.; \$ per troy oz.           |         |               |         |         |         |               |
| Dec                                                           | 932.00  | 932.00        | 932.00  | 946.90  | 12.50   | 2             |
| April <sup>25</sup>                                           | 940.40  | 955.40        | 940.10  | 951.50  | 10.20   | 62,749        |
| <b>Silver (CMX)</b> -5,000 troy oz.; \$ per troy oz.          |         |               |         |         |         |               |
| Dec                                                           | 29.895  | 29.990        | 29.895  | 29.888  | 0.228   | 42            |
| March <sup>25</sup>                                           | 30.055  | 30.355        | 29.990  | 30.189  | 0.231   | 116,813       |
| <b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls.; \$ per bbl. |         |               |         |         |         |               |
| Feb                                                           | 69.40   | 69.94         | 68.59   | 69.24   | -0.22   | 345,037       |
| March                                                         | 68.97   | 69.50         | 68.22   | 68.81   | -0.21   | 232,572       |
| April                                                         | 68.60   | 69.11         | 67.92   | 68.47   | -0.19   | 118,398       |
| June                                                          | 68.07   | 68.55         | 67.44   | 67.96   | -0.16   | 174,341       |
| Sept                                                          | 67.25   | 67.69         | 66.73   | 67.18   | -0.10   | 95,804        |
| Dec                                                           | 66.57   | 66.90         | 65.98   | 66.41   | -0.08   | 156,346       |
| <b>NY Harbor ULSD (NYM)</b> -42,000 gal.; \$ per gal.         |         |               |         |         |         |               |
| Jan                                                           | 2.2349  | 2.2618        | 2.2120  | 2.2263  | -0.0054 | 41,728        |
| Feb                                                           | 2.2391  | 2.2656        | 2.2164  | 2.2303  | -0.0061 | 106,552       |
| <b>Gasoline-NY RBOB (NYM)</b> -42,000 gal.; \$ per gal.       |         |               |         |         |         |               |
| Jan                                                           | 1.9416  | 1.9598        | 1.9189  | 1.9383  | -0.0033 | 34,108        |
| Feb                                                           | 1.9496  | 1.9678        | 1.9273  | 1.9466  | -0.0037 | 101,598       |
| <b>Natural Gas (NYM)</b> -10,000 MMBtu; \$ per MMBtu.         |         |               |         |         |         |               |
| Jan                                                           | 3.869   | 3.944         | 3.581   | 3.656   | -0.092  | 37,176        |
| Feb                                                           | 3.505   | 3.545         | 3.289   | 3.346   | -0.066  | 180,855       |
| March                                                         | 3.001   | 3.017         | 2.888   | 2.944   | -0.005  | 290,154       |
| April                                                         | 2.970   | 2.991         | 2.885   | 2.934   | -0.009  | 121,335       |
| Oct                                                           | 3.524   | 3.528         | 3.462   | 3.512   | -0.030  | 107,185       |
| Jan <sup>26</sup>                                             | 4.486   | 4.544         | 4.485   | 4.538   | -0.035  | 103,194       |
| <b>Agriculture Futures</b>                                    |         |               |         |         |         |               |
| <b>Corn (CBT)</b> -5,000 bu.; cents per bu.                   |         |               |         |         |         |               |
| March                                                         | 446.00  | 448.25        | 445.25  | 447.75  | 1.50    | 773,714       |
| May                                                           | 451.25  | 454.00        | 451.00  | 453.50  | 1.75    | 274,442       |
| <b>Oats (CBT)</b> -5,000 bu.; cents per bu.                   |         |               |         |         |         |               |
| March                                                         | 351.00  | 355.75        | 340.00  | 341.00  | -10.25  | 3,214         |
| May                                                           | 361.00  | 361.00        | 348.75  | 347.50  | -9.75   | 282           |
| <b>Soybeans (CBT)</b> -5,000 bu.; cents per bu.               |         |               |         |         |         |               |
| Jan                                                           | 974.50  | 979.25        | 968.00  | 969.50  | -1.00   | 111,975       |
| March                                                         | 979.50  | 984.00        | 972.75  | 975.50  | -3.75   | 396,706       |
| <b>Soybean Meal (CBT)</b> -100 tons; \$ per ton.              |         |               |         |         |         |               |
| Jan                                                           | 295.40  | 298.90        | 289.20  | 289.50  | -5.00   | 77,027        |
| March                                                         | 303.00  | 306.60        | 297.60  | 298.00  | -4.20   | 282,049       |
| <b>Soybean Oil (CBT)</b> -60,000 lbs.; cents per lb.          |         |               |         |         |         |               |
| Jan                                                           | 39.50   | 40.43         | 39.12   | 40.23   | 75      | 56,320        |
| March                                                         | 39.88   | 40.86         | 39.57   | 40.66   | 78      | 245,874       |
| <b>Rough Rice (CBT)</b> -2,000 cwt.; \$ per cwt.              |         |               |         |         |         |               |
| Jan                                                           | 14.16   | 14.29         | ▼ 13.69 | 14.01   | -0.06   | 3,526         |
| March                                                         | 14.17   | 14.35         | ▼ 13.72 | 14.11   | -0.04   | 6,761         |
| <b>Wheat (CBT)</b> -5,000 bu.; cents per bu.                  |         |               |         |         |         |               |
| March                                                         | 533.00  | 544.00        | 533.00  | 540.50  | 7.50    | 266,944       |
| May                                                           | 543.50  | 554.25        | 542.75  | 551.00  | 8.25    | 83,661        |
| <b>Wheat (KC)</b> -5,000 bu.; cents per bu.                   |         |               |         |         |         |               |
| March                                                         | 544.50  | 554.75        | 544.00  | 551.00  | 6.25    | 172,380       |
| May                                                           | 552.50  | 562.25        | 552.00  | 559.00  | 6.50    | 48,726        |
| <b>Cattle-Feeder (CME)</b> -50,000 lbs.; cents per lb.        |         |               |         |         |         |               |
| Jan                                                           | 256.550 | 257.150       | 255.400 | 256.600 | 1.000   | 15,939        |
| March                                                         | 256.500 | 256.800       | 255.375 | 256.000 | 1.75    | 25,536        |

|                                                             | Open    | Contract High | Low     | Settle  | Chg    | Open interest |
|-------------------------------------------------------------|---------|---------------|---------|---------|--------|---------------|
| <b>Cattle-Live (CME)</b> -40,000 lbs.; cents per lb.        |         |               |         |         |        |               |
| Dec                                                         | 191.100 | 191.500       | 190.775 | 190.975 | -3.50  | 2,807         |
| Feb <sup>25</sup>                                           | 187.975 | 188.575       | 187.275 | 187.450 | -950   | 140,456       |
| <b>Hogs-Lean (CME)</b> -40,000 lbs.; cents per lb.          |         |               |         |         |        |               |
| Feb                                                         | 85.700  | 86.075        | 83.350  | 84.375  | -1.550 | 121,217       |
| April                                                       | 90.325  | 90.725        | 88.375  | 89.625  | -900   | 86,067        |
| <b>Lumber (CME)</b> -27,500 bd. ft. \$ per 1,000 bd. ft.    |         |               |         |         |        |               |
| Jan                                                         | 569.00  | 576.50        | 565.00  | 576.00  | 7.00   | 3,066         |
| March                                                       | 589.50  | 596.00        | 585.00  | 595.50  | 6.50   | 3,799         |
| <b>Milk (CME)</b> -200,000 lbs.; cents per lb.              |         |               |         |         |        |               |
| Dec                                                         | 18.68   | 18.68         | 18.66   | 18.66   | -0.02  | 3,519         |
| Jan <sup>25</sup>                                           | 19.84   | 19.84         | 19.58   | 19.71   | -0.11  | 5,317         |
| <b>Cocoa (ICE-US)</b> -10 metric tons; \$ per ton.          |         |               |         |         |        |               |
| March                                                       | 11.870  | 12.050        | 11.527  | 11.746  | -208   | 52,132        |
| May                                                         | 11.060  | 11.169        | 10.679  | 10.891  | -272   | 36,504        |
| <b>Coffee (ICE-US)</b> -37,500 lbs.; cents per lb.          |         |               |         |         |        |               |
| March                                                       | 325.00  | 329.75        | 320.85  | 327.25  | 2.25   | 94,208        |
| May                                                         | 318.30  | 324.45        | 315.40  | 321.85  | 2.55   | 43,152        |
| <b>Sugar-Sugar (ICE-US)</b> -112,000 lbs.; cents per lb.    |         |               |         |         |        |               |
| March                                                       | 19.60   | 19.79         | 19.42   | 19.54   | .03    | 351,382       |
| May                                                         | 18.13   | 18.30         | 18.02   | 18.10   | .05    | 206,566       |
| <b>Sugar-Domestic (ICE-US)</b> -112,000 lbs.; cents per lb. |         |               |         |         |        |               |
| March                                                       | 36.00   | 36.00         | 36.00   | 36.00   | -0.01  | 2,995         |
| May                                                         | 36.01   | 36.01         | 36.01   | 36.01   | .01    | 2,286         |
| <b>Cotton (ICE-US)</b> -50,000 lbs.; cents per lb.          |         |               |         |         |        |               |
| March                                                       | 68.15   | 69.86         | 68.15   | 69.42   | 1.36   | 135,471       |
| May                                                         | 69.22   | 70.79         | 69.22   | 70.47   | 1.30   | 47,147        |
| <b>Orange Juice (ICE-US)</b> -15,000 lbs.; cents per lb.    |         |               |         |         |        |               |
| Jan                                                         | 527.60  | 527.60        | 502.00  | 502.85  | -26.10 | 1,290         |
| March                                                       | 520.60  | 520.60        | 498.40  | 501.20  | -18.25 | 9,618         |

| Interest Rate Futures                                             |         |         |         |         |         |           |
|-------------------------------------------------------------------|---------|---------|---------|---------|---------|-----------|
| <b>Ultra Treasury Bonds (CBT)</b> - \$100,000; pts 32nds of 100%  |         |         |         |         |         |           |
| March                                                             | 120-020 | 120-070 | 118-290 | 118-300 | -1-08.0 | 1,761,721 |
| June                                                              | 120-310 | 119-240 | 119-200 | 119-000 | -2-12.0 | 1         |
| <b>Treasury Bonds (CBT)</b> - \$100,000; pts 32nds of 100%        |         |         |         |         |         |           |
| March                                                             | 114-160 | 114-190 | 113-180 | 113-180 | -30.0   | 1,869,273 |
| June                                                              | 114-180 | 114-180 | 113-170 | 113-160 | -1-00.0 | 940       |
| <b>Treasury Notes (CBT)</b> - \$100,000; pts 32nds of 100%        |         |         |         |         |         |           |
| March                                                             | 108-305 | 109-005 | 108-150 | 108-150 | -16.0   | 4,434,017 |
| June                                                              | 108-295 | 108-315 | 108-135 | 108-135 | -16.0   | 384       |
| <b>5 Yr. Treasury Notes (CBT)</b> - \$100,000; pts 32nds of 100%  |         |         |         |         |         |           |
| Dec                                                               | 106-072 | 106-092 | 106-032 | 106-025 | -6.7    | 741       |
| March <sup>25</sup>                                               | 106-102 | 106-117 | 106-017 | 106-020 | -8.5    | 6,121,452 |
| <b>2 Yr. Treasury Notes (CBT)</b> - \$200,000; pts 32nds of 100%  |         |         |         |         |         |           |
| Dec                                                               | 102-274 | 102-274 | 102-261 | 102-256 | -8      | 44        |
| March <sup>25</sup>                                               | 102-225 | 102-232 | 102-204 | 102-203 | -2.1    | 4,202,851 |
| <b>30 Day Federal Funds (CBT)</b> - \$5,000,000; 100 - daily avg. |         |         |         |         |         |           |
| Dec                                                               | 95.5250 | 95.5275 | 95.5225 | 95.5250 | .0000   | 349,931   |
| Jan <sup>25</sup>                                                 | 95.6750 | 95.6750 | 95.6700 | 95.6750 | .0000   | 526,074   |
| <b>Three-Month SOFR (CME)</b> - \$1,000,000; 100 - daily avg.     |         |         |         |         |         |           |
| Oct                                                               | 95.3925 | 95.3925 | 95.3900 | 95.3900 | -0.0025 | 9,496     |
| Dec                                                               | 95.6600 | 95.6600 | 95.6550 | 95.6575 | .0025   | 1,197,455 |

| Currency Futures                                        |        |        |        |        |          |         |
|---------------------------------------------------------|--------|--------|--------|--------|----------|---------|
| <b>Japanese Yen (CME)</b> -¥12,500,000; \$ per 100¥     |        |        |        |        |          |         |
| Jan                                                     | 6408   | 6422   | 6376   | 6381   | -0.048   | 1,200   |
| March                                                   | 6457   | 6462   | 6422   | 6429   | -0.049   | 193,484 |
| <b>Canadian Dollar (CME)</b> -CAD 100,000; \$ per CAD   |        |        |        |        |          |         |
| Jan                                                     | 6969   | 6975   | 6955   | 6964   | -0.010   | 1,065   |
| March                                                   | 6979   | 6992   | 6951   | 6981   | -0.010   | 337,662 |
| <b>British Pound (CME)</b> -£62,500; \$ per £           |        |        |        |        |          |         |
| Jan                                                     | 1.2571 | 1.2588 | 1.2509 | 1.2533 | -0.0063  | 822     |
| March                                                   | 1.2559 | 1.2580 | 1.2503 | 1.2527 | -0.0063  | 182,746 |
| <b>Swiss Franc (CME)</b> -CHF 125,000; \$ per CHF       |        |        |        |        |          |         |
| March                                                   | 1.1308 | 1.1316 | 1.1213 | 1.1234 | -0.0090  | 84,534  |
| June                                                    | 1.1376 | 1.1441 | 1.1336 | 1.1354 | -0.0090  | 124     |
| <b>Australian Dollar (CME)</b> -AUD 100,000; \$ per AUD |        |        |        |        |          |         |
| Jan                                                     | 6246   | 6264   | 6220   | 6249   | -0.019   | 634     |
| March                                                   | 6252   | 6265   | 6220   | 6249   | -0.019   | 174,155 |
| <b>Mexican Peso (CME)</b> -MXN 500,000; \$ per MXN      |        |        |        |        |          |         |
| Jan                                                     | .04938 | .04970 | .04922 | .04924 | -0.00047 | 93      |

## Cash Prices | wsj.com/market-data/commodities

Monday, December 23, 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.

| Monday                             |        | Monday                                             |         | Monday                                 |        |
|------------------------------------|--------|----------------------------------------------------|---------|----------------------------------------|--------|
| Energy                             |        |                                                    |         |                                        |        |
| Coal,CAPLC,12500Btu,1.2502-r,w     | 75.250 | Aluminum,LME,\$ per metric ton                     | *2483.0 | Wheat,No.2 soft red,St.Louis-u         | 5.5150 |
| Coal,PwdrRvrBsn,8800Btu,0.8502-r,w | 14.200 | Copper,Cornex spot                                 | 4.0230  | Wheat - Hard - KC (USDA) \$ per bu-u   | 5.5100 |
|                                    |        | Iron Ore, 62% Fe CFR China-s                       | *100.9  | Wheat,No.1 soft white,Portld,OR-u      | 5.9750 |
|                                    |        | Steel,HRC USA, FOB Midwest Mill-s                  | *690.0  | Food                                   |        |
| Metals                             |        | Battery/EV metals                                  |         |                                        |        |
|                                    |        | BMI Lithium Carbonate, EXW China -99.5%-v,w        | 10475   | Beef,carcass equiv. index              |        |
|                                    |        | BMI Lithium Hydroxide, EXW China -56.5% -v,w       | 9375    | choice 1-3,600-900 lbs.-u              | 299.91 |
|                                    |        | BMI Cobalt sulphate, EXW China -20.5% -v,w         | 3528    | select 1-3,600-900 lbs.-u              | 270.08 |
|                                    |        | BMI Nickel Sulfate, EXW China -22%-v,w             | 3512    | Butters, National comp wtd. avg.-u,w   | 1.3261 |
|                                    |        | BMI Flake Graphite, FOB China -100 Mesh, 94.9%-v,m | 4352    | Broiler, AA, Chicago-d                 | 2.5475 |
|                                    |        | Fibers and Textiles                                |         | Cheddar cheese,bbl,Chicago-d           | 175.25 |
|                                    |        | Burlap,10-oz,40-inch NY dy-n,w                     | 0.8500  | Cheddar cheese,bkl,Chicago-d           | 185.25 |
|                                    |        | Cotton,11/16 x2 lw-mdMphs-u                        | 0.6692  | Milk,Nonfat dry,Chicago-lb-d           | 139.25 |
|                                    |        | Cottonlook "A" Index std                           | *78.15  | Coffee,Brazilian, Comp-y               | 2.3726 |
|                                    |        | Hides,hvy native steers piece fob-u                | n.a.    | Coffee,Columbian, NY-y                 | 3.3952 |
|                                    |        | Wool,64s,54s,Tabu,Terr del-u,w                     | n.a.    | Uggs,large white,Chicago-u             | 5.5050 |
|                                    |        | Grains and Feeds                                   |         | Flour,hard winter KC-p                 | 14.30  |
|                                    |        | Corn,wheat middlings, KC-u,w                       | 149     | Hams,17-20 lbs,Mid-US fob-u            | 1.16   |
|                                    |        | Bran, No. 2,yellow,Cent IL-lb,u                    | 4,2200  | Hogs,Iowa-So. Minnesota-u              | 82.74  |
|                                    |        | Corn gluten feed,Midwest-u,w                       | 122.6   | Pork bellies,12-14 lb MidUS-u          | n.a.   |
|                                    |        | Corn gluten meal,Midwest-u,w                       | 475.2   | Pork loins,13-19 lb MidUS-u            | 0.9701 |
|                                    |        | Cottonseed meal-u,w                                | n.a.    | Steers,Tex.-Okla. Choice-u             | 191.00 |
|                                    |        | Horniny feed,Cent IL-u,w                           | 308     | Steers,feeder,Okla. City-u,w           | 309.88 |
|                                    |        | Meat-bone meal,50% pro Mnpls-u,w                   | 105     | Fats and Oils                          |        |
|                                    |        | Oats, No.2 milling,Mnpls-u                         | 4,1600  | Degummed corn oil, crude wtd. avg.-u,w | n.a.   |
|                                    |        | Rice, Long Grain Milled, No. 2 AR-u,w              | n.a.    | Grease,choice white, Chicago-h         | 0.4000 |
|                                    |        | Soybean Meal,Cent IL,rail,ton48%-u,w               | 302.10  | Lard,Chicago-u                         | n.a.   |
|                                    |        | Soybeans,No.1 yllw IL-lb-p,u                       | 9,4700  | Soybean oil,crude,Cent IL-u,w          | 0.4051 |
|                                    |        | Wheat,Spring14%-pro Mnpls-u                        | 8,1050  | Tallow,bleach,Chicago-u                | 0.4275 |
|                                    |        |                                                    |         | Tallow,edible,Chicago-u                | n.a.   |





# HEARD<sub>ON THE</sub> STREET

FINANCIAL ANALYSIS & COMMENTARY

## Nordstrom Offers Little Solace for Department Store Rivals

After multiple failed attempts, the Nordstrom family—with the help of another investor—is finally taking their namesake department store private. What does this mean for other department stores?

Nordstrom on Monday said it had agreed to be taken private by the family, which already owns about 23% of the company, alongside Mexican department store **El Puerto de Liverpool**, which has a 9.6% stake. They have agreed to pay \$24.25 per share they don't already own, plus a special dividend of up to \$0.25 a share—contingent on deal close. Including the special dividend, the offer is actually slightly below Friday's \$24.53 closing price. Nordstrom slipped 1.5% to \$24.17 on Monday.

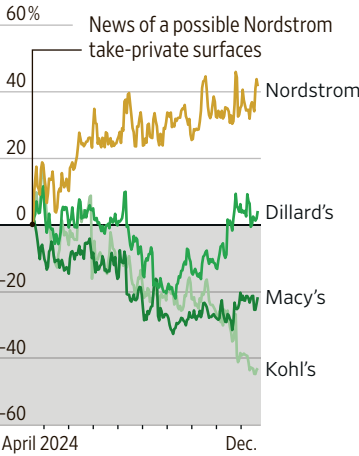
Granted, Nordstrom shares might already have been pricing in some expectation that a take-private deal would materialize. Since news of a possible deal first emerged on March 19, Nordstrom shares are up about 42%, while shares of **Macy's** and **Kohl's** are down 23% and 44%, respectively. But Nordstrom also has fared a lot better than its peers, thanks in part to its higher-end positioning. The company's total revenue is expected to increase 1.4% this fiscal year, according to consensus analyst estimates polled by Visible Alpha. All other department store peers, including **Dillard's**, are expected to see declines.

One takeaway for investors in the remaining publicly listed department stores is that, despite cheap multiples, it will be difficult to get paid an attractive premium on any kind of buyout. It is a telling sign that Nordstrom's special committee is now accepting an offer that didn't include any premium to the trading price. Back in 2018, it had rebuffed the family's \$50-a-share take-private offer, a slight discount to the last closing price, as too low. That offer was still roughly 24% higher than where Nordstrom shares were trading before the family disclosed that it was exploring a take-private at the time.

Investors seem to be aware of that sober reality: While Kohl's, Macy's and Dillard's share prices all gained Monday, the moves were modest, below 3%.

—Jinjo Lee

### Share-price performance



## China's EV Boom Is Pinching Oil Producers

Big integrated oil companies could face a double whammy from shift in the Chinese car market

China's oil demand is nearing a turning point as electric vehicles take a growing share of its vehicle market, the world's largest.

The country has long been the thirstiest consumer of crude. China accounted for 16% of global demand in 2023, or 16.4 million barrels a day, up from around 9% in 2008. More significantly, China was the largest buyer of marginal barrels. During that span, it contributed to more than half the growth in global oil demand.

Since a record consumption year in 2023, after the country emerged from strict zero-Covid policies, demand has slowed. Oil consumption is projected to rise a mere 0.8% year on year in 2024 and by an additional 1.3% in 2025, according to the International Energy Agency.

While China's overall oil demand still appears stable, its composition is shifting gears rapidly. Gasoline and diesel demand seems to have peaked: China's total demand for these transportation fuels in 2024 will be 3.6% lower than in 2021, according to IEA estimates.

China's housing bust is partly to blame, as a slowdown in construction led to weaker demand for diesel used in machinery. But a bigger story comes from China's rapid shift in personal transportation, and especially the rise of electric vehicles. More than half of the passenger cars sold in the country in recent months were new-energy vehicles, which includes plug-in hybrids, according to the China Passenger Car Association. Largely because of that trend, China's gasoline demand in



Demand for transportation fuels is falling, while the petrochemical sector has been gobbling up oil products.

2025 is expected to be 6.4% lower than the peak in 2021, according to IEA projections.

More new heavy-duty trucks in the country are also using liquefied natural gas instead of diesel. Diesel and gasoline accounted for 44% of China's oil demand in 2024, down from 51% in 2018.

While transportation fuels are running out of road, China's growing petrochemical sector has been gobbling up oil products. Consumption of naphtha, ethane and liquefied petroleum gas, all feedstocks for petrochemicals, has risen 59% between 2019 and 2024.

But this boom may no longer be enough to compensate for the continued decline in diesel and gasoline demand as electric vehicles keep gaining ground in China.

China's refining capacity surged 42% to 18.5 million barrels a day from 2011 to 2023, according to the U.S. Energy Information Administration. That has translated into excess capacity, especially during the current downturn. Beijing has set a refining capacity cap of 20 million barrels a day, partly in an effort to weed out its inefficient smaller refineries.

This could be a double whammy

for big, integrated oil companies. China imported 11.3 million barrels of oil a day in 2023, more than 10% of global production. Its structural decline in demand could hurt their upstream divisions through pressure on prices. Meanwhile, its excess refining capacity could pinch the downstream margins of those supermajors. Those divisions have been a traditional financial counterweight during times of low oil prices.

Oil producers that rode the coat-tails of China's economic boom could face a crude awakening.

—Jacky Wong

## Cheers for Money-Market Funds

Cash might be a trash asset to some risk-loving traders. But it's a pretty good thing to have sloshing around the economy.

U.S. money-market fund assets have so far through mid-December grown by over \$800 billion in 2024, bringing the nearly-two-year gain since the end of 2022 to roughly \$2 trillion, according to Investment Company Institute data.

This continuing flow may be a surprise to some. At points in 2024, it often seemed that Federal Reserve interest-rate cuts, plus a bullish tilt to equity markets, would push more investors out of cash. Or, at the very least, lead them to begin to lock in some duration by moving from very short-term money markets to somewhat longer-term bond funds.

But for one, thinking of investment flows as a zero-sum game is often not quite right, since every buyer of an asset is sending cash to the seller. In fact, even with U.S. money-market fund assets at nosebleed levels, north of \$6.7 trillion, according to ICI's latest weekly figure, investors are quite aggressively positioned: The cash allocation level in Bank of Amer-

ica's Global Fund Manager Survey was recently at its lowest since the survey began in 2001.

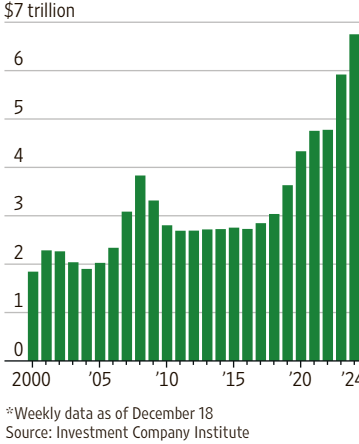
Instead, what is going on may be more about a shift in where cash lives.

"Money funds are gaining market share from bank deposits, that is the big driver," says Peter Crane, president of Crane Data. He notes that a growing economy and government spending also play a role.

Money-market funds offer an appealing return, at a 4.39% 7-day annualized net yield as of Dec. 19 in Crane Data's index of 100 money funds. That will likely come down with the latest Federal Reserve rate cut. By contrast, the national average annual yield for a bank savings account is close to half a percentage point, according to a survey by Bankrate—though some banks may offer much more competitive rates.

In general, many investors and savers have woken up to the possibility of higher rates on their cash. Plus, there is now a lot of attention being paid to the interest available on so-called "sweep" deposits at wealth managers and brokerages.

### Assets in U.S. money-market funds, annually



Of course, money funds take in institutional and corporate money, too. So cash-rich companies play a role. TD Securities rates strategists noted that "some of the growth in [money-market fund] assets is a function of growing corporate balance sheets."

Inflows into money-market funds may slow next year, but they are still expected to be positive. Strategists at Barclays wrote

recently that "while we do not expect money fund balances to fall, they may not grow as rapidly as they have."

Indeed, outflows from money funds are also not associated with good times. In fact, they have recently come attached to crises, with institutional and retail funds outflows around the time of the global financial crisis and the Covid-19 pandemic.

Consider this as well: Money funds' demand for government debt is one thing helping keep short-term yields in check. While the outstanding supply of Treasury bills have risen \$2.5 trillion since March 2022, according to the recent note from Barclays strategists, government-only money fund balances have risen by \$1.7 trillion.

So for those worried about whether government spending and borrowing might slow the economy by making money more expensive, seeing continuing flows into money-market funds may actually be a relief.

Because one investor's trash can be everyone else's treasure.

—Telis Demos

## MARKETS

## Defense Boom Sets Stage for Private Equity to Cash Out

By MARIA ARMENTAL

Private-equity firms are looking to harvest defense investments in 2025, capitalizing on a hot sector with tailwinds driven by heightened global hostilities and bipartisan political backing.

But dealmakers and bankers say President-elect Donald Trump's pledges to impose import tariffs and slash federal spending create uncertainty that could leave potential buyers sitting on the sidelines, at least initially.

"We're taking a long view," said Brooke Coburn, a founding partner of Washington-based midmarket firm Capitol Meridian Partners, adding that he expects to see exit opportunities as greater clarity

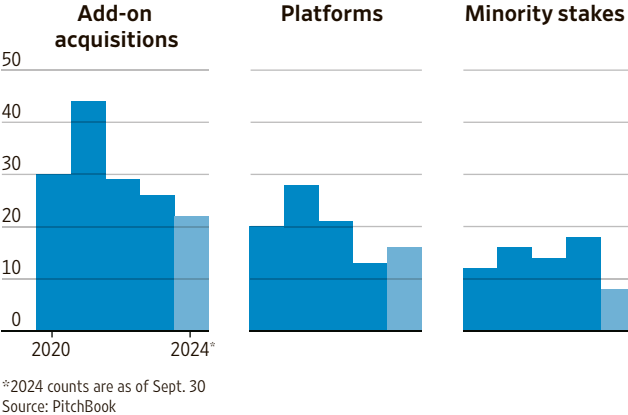
on government policies and budgets sets in, particularly from large strategic buyers.

His firm also is looking for potential new entries in the defense sector. If that "disruption impacts valuations, we will be a buyer," he said.

Escalating U.S.-China tensions and armed conflicts in Ukraine and the Middle East have boosted military spending, driving private-equity deals in the sector. Private-equity firms backed at least 317 deals in the defense sector globally since 2020, including platforms, add-on acquisitions and minority stakes, according to data provider PitchBook. This year through Sept. 30, private-equity firms backed 46 defense deals, PitchBook data show.

Bankers and lawyers point to

### Global defense sector deals backed by private-equity firms



strong deal pipelines, including platform investments built over the last four years and founder-owned businesses that present attractive targets for roll-ups.

"We're expecting to be just a robust year for M&A next year across the industrial landscape," said Ryan O'Toole, a managing director at invest-

ment bank Houlihan Lokey. "Defense will be a strong participant in that."

Dealmakers and others say projected moderate military spending increases, with an easier regulatory landscape, should sustain investment momentum under the next Trump administration, even as officials make a case for spending cuts.

In recent years, private-equity firms have capitalized on a growing government emphasis on new technologies like drones over the major weapons systems traditionally dominated by big defense contractors.

"The U.S., specifically, and the world at large are sort of in a retooling moment," said Coburn, who founded Capitol Meridian in 2021 with fellow

Carlyle Group veteran Adam Palmer. "We find ourselves back in a Cold War environment, but with arguably more capable adversaries, who are also acting in concert with one another. And that's new."

That shift is making some of private equity's previous defense bets more attractive to prospective buyers. In November, for example, Arlington Capital Partners agreed to sell BlueHalo, a defense technology platform it formed in 2019, to publicly traded AeroVironment in an all-stock deal valued at around \$4.1 billion. Last summer, Madison Dearborn Partners sold defense and space contractor LinQuest to government contractor KBR, quadrupling money invested.



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