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Last week:							
DJIA 41488.19 ▼ 1313.53 3.07%	NASDAQ 17754.09 ▼ 2.4%	STOXX 600 546.60 ▼ 1.2%	10-YR. TREASURY (Reopening) yield 4.307%	OIL $67.18 ▲ $0.14	EURO $1.0879	YEN 148.64	

What's News

Business & Finance

◆ **America's biggest** retailers are grasping every tool they have to respond to Trump's escalating trade war, from soliciting discounts from suppliers to finding alternate product sources and raising prices. **A1**

◆ **The president's** economic policies and sliding market indexes have jolted everyday investors, and more of them are reallocating assets within their 401(k)s as they question the buy-and-hold stock-investment mantra. **A1**

◆ **China reported** surprisingly robust economic activity to start the year, giving Beijing some wind at its back as it faces the prospect of increased tensions with Trump's second administration. **A11**

◆ **Many projects started** by foreigners in China's Xinjiang region today have been abandoned or sold after the taint of the place as a lab for the persecution of minorities jeopardized companies' reputations. **B6**

◆ **Drug middlemen are** pushing an unusual cost-saving strategy that lets their employer clients tap a federal program meant for hospitals that serve the poor. **B1**

◆ **Intel's new chief** executive told employees that to close competitive gaps with its peers the company needs to take calculated risks to disrupt and leapfrog. **B4**

◆ **Wonder, the** food-delivery startup that was once known for its fleet of kitchens on wheels, acquired media company Tastemade for around $90 million. **B3**

World-Wide

◆ **In ordering** a pre-emptive attack on the Iran-allied Houthis in Yemen, Trump hopes to succeed where all others have failed, taking on a militant foe that has outlasted powerful enemies for years. **A1**

◆ **Ukrainian forces** withdrew from all but a sliver of the territory they held in Kursk, within Russia's borders, ending a seven-month foray that had embarrassed Putin. **A9**

◆ **The Trump administration** said it deported alleged Venezuelan gang members under a centuries-old wartime law, despite a court order that temporarily blocked it from doing so. **A3**

◆ **Trump escalated his** fight with the legal industry, targeting Paul Weiss, a firm that played a prominent role in challenging the president's policies during his first administration. **A4**

◆ **Trump ordered the** dismantling of seven government offices, including the parent of Voice of America and another focused on solving homelessness. **A4**

◆ **The Metropolitan** Museum of Art initiated the return to Greece of a famous bronze sculpture, getting out ahead of worldwide calls for the restitution of stolen, looted or improperly traded art. **A1**

◆ **A predawn fire tore** through an overcrowded nightclub in North Macedonia, killing at least 59 people and injuring 155. **A11**

◆ **Died: Nita Lowey**, 87, long-serving House lawmaker. **A6**

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C-Suite Strategies: Is having an AI plan overrated? **R1-10**

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Massive Storm Sweeps Through U.S., Killing 33

JAN SONNENMAIR/GETTY IMAGES

SALVAGED: Tim Striegel goes through his damaged belongings on Sunday and finds a single unbroken drinking glass after his mobile home in Calera, Ala., was hit by a tornado. At least 33 people died as the storm struck several states. **A2**

Trump Steps Up Confrontation With Resilient Yemeni Militants

Strikes that target Houthi leaders are seen as the start of sustained campaign

By Stephen Kalin

DUBAI—In ordering a pre-emptive attack on the Houthis in Yemen, President Trump hopes to succeed where all others have failed, taking on a foe that has outlasted powerful enemies for years.

U.S. officials said Sunday the attacks were designed as a show of overwhelming force, far more intense than the strike order under the Biden administration to take out the Houthis' capacity to harass Red Sea shipping lanes. The attacks also hit directly at the Houthi leadership, officials said—something the Biden administration decided against.

And they were intended to serve as a message to the Houthis' biggest backers, Iran, as well as show the U.S.'s resolve to act militarily in the Middle East, officials said. They described them as the beginning of a sustained campaign, which analysts say could last for weeks.

"Freedom of navigation is basic, it's a core national interest," Defense Secretary Pete Hegseth told Fox News on Sunday. "The minute the Houthis say, 'We'll stop shooting at your ships, we'll stop shooting at your drones,' this campaign will end. But until then, it will be unrelenting."

The Houthis have withstood attacks from internal and foreign enemies throughout their decade in power. The Houthi movement emerged in the 1990s as a ragtag tribal insurgency and seized swaths of northern Yemen, including its capital, San'a, in 2014, sparking a continuing civil war.

The group sustained thousands of airstrikes by a Saudi-led military campaign over seven years with U.S. backing and failed to restore the internationally recognized government to power. With Iranian arms and training, the rebels expanded their capacity to menace Saudi Arabia and the United Arab Emirates with drones and missiles.

After the Gaza war broke out in late 2023, the Houthis turned their sights on Israeli cities and ships passing by the Yemeni coast into the Red Sea,

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Big U.S. Retailers Playing Hardball On Tariffs

Home Depot, Target, Walmart lean on suppliers in China to share the costs

By Hannah Miao And Sarah Nassauer

America's biggest retailers are deploying every weapon they have to navigate President Trump's rapidly escalating trade war, from leaning on suppliers for discounts to finding alternate product sources. In some cases, that includes price increases for consumers.

Much of the action so far has focused on goods from China, which the Trump administration hit with a 10% tariff in February and another 10% in March. Some suppliers say Walmart, Home Depot and other retailers are pushing a variation of the same demand: Make a price concession or shift production out of China. Otherwise, the suppliers risk losing some business.

The deliberations among retailers and suppliers show how Trump's trade agenda is rippling through global supply chains, with billions of dollars of consumer spending at stake.

"Companies are completely under the gun and panicking," said Joe Jurken, founder of the ABC Group in Milwaukee, which helps U.S. businesses manage supply chains in Asia. He has received a flood of inquiries from manufacturers facing pressure from retailers to move production out of China, he said.

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◆ **The dollar is tested by uncertainty**.......................... **B1**
◆ **Tariff threat jolts Europe's wine industry**...................... **B1**

The Met Becomes Proactive Returning Stolen Art

By Ted Loos

At the Metropolitan Museum of Art in late February, an increasingly familiar scene played out: A museum was restituting a work of art, giving back something from its collection to the place where it originated—in this case, Greece. The announcement, however, was more celebratory than sheepish. It was being done with the fanfare more often associated with acquiring a great object rather than returning one. That's because, in this case, the Met itself launched the inquiry into the sculpture's origin.

The work in question was a small bronze sculpture of the head of a griffin, a mythological creature, made in the 7th century B.C. It had been on display at the Met since 1972. Max Hollein, the Met's director and CEO, spoke to the assembled crowd. The piece, he said, "could not have legitimately left" Greece.

Over the last few years, museums have had to respond to inquiries—sometimes as part of legal claims that can come from countries or former owners, or are initiated by U.S. law enforcement—about works that were stolen, illegally excavated, exported or traded improperly.

But with the griffin head, the Met didn't wait to be asked. Greek authorities weren't attempting to re-

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Eggs are so expensive that people are smuggling them in from Mexico. **A2**

SPORTS
SEC takes over college basketball, with 14 teams qualifying for the NCAA tournament. **A16**

Weary Investors Turn Off Autopilot As Stocks Stumble

By Joe Pinsker And Owen Tucker-Smith

For years, Yoram Ariely hadn't touched most of his investments, preferring to ride the stock market's ups and downs. Last Tuesday, he decided he had enough.

The 82-year-old unloaded almost half of his stock investments, fearful of the effects of President Trump's economic agenda—tariffs in particular. He may get rid of more still.

"The decisions are changing daily," said Ariely, a retired business owner in Longboat Key, Fla.

The Trump administration's chaotic mix of tariffs and government budget cuts have jolted legions of everyday investors, leading them to question the assumption that they should buy and hold stocks on autopilot.

The S&P 500, which had been delivering hard-to-beat gains, fell into correction territory.

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◆ **The Outlook: Falling stocks imperil economy**................ **A2**

How to Fix a Pothole The British Way: Public Shaming

* * *

Annoyed with pockmarked roads, Brits have turned grumbling into an art form

By David Luhnow And Natasha Dangoor

BRACKLEY, England—The U.K. has a pothole plague. These Brits won't rest until the blights are out of Blighty.

Gearheads including rock star Rod Stewart and TV presenter Jeremy Clarkson have groused about the problem. Residents have held pothole parties to draw attention to the craters. Some have spray painted lewd images around the holes or built dioramas in them to pressure local officials for fixes. A few have tried to fill the hollows in themselves.

Drivers and cyclists around the world love to complain about potholes, which wreak havoc on tires, suspension and steering and can lead to severe accidents. But the British have turned such universal grumbling into an art form.

Residents near the town of Bicester put up a roadside billboard next to one particularly bad section of road welcoming drivers to "Pothole World," claiming it was "fun for the hole family."

Teenager Ben Thornbury designed a putt-putt golf course around the potholes in his hometown of Malmesbury, with a sign that read "High Street Crazy Potholes Golf: Now Open." A month after a British tabloid did a story on

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When Your Child Uses AI to Cheat

More students are hiding their secret weapon from parents and teachers

By Matt Barnum And Deepa Seetharaman

A high-school senior from New Jersey doesn't want the world to know that she cheated her way through English, math and history classes last year.

Yet her experience, which the 17-year-old told The Wall Street Journal with her parent's permission, shows how generative AI has rooted in America's education system, allowing a generation of students to outsource schoolwork to software with access to the world's knowledge.

Educators see benefits to using artificial intelligence in the classroom. Yet teachers and parents are left on their own to figure out how to stop students from using the technology to short-circuit learning. Companies providing AI tools offer little help.

The New Jersey student told the Journal why she used AI for dozens of assignments last year: Work was boring or difficult. She wanted a better grade. A few times, she procrastinated and ran out of time to complete assignments.

The student turned to OpenAI's ChatGPT and Google's Gemini to help spawn ideas and review con-

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U.S. NEWS

THE OUTLOOK | By Matt Grossman

Falling Stocks Threaten to Slow Economy

The stock-market correction in recent weeks is more than a potential symptom of a slumping economy. It could cause a slump.

After cheering President Trump's election in November, the market has sunk as investors worry that the White House's aggressive and fast-changing tariff war could scuttle a soft landing. On Thursday, the S&P 500 closed down more than 10% from its February high, meeting the rule of thumb for a correction. It gained back some ground Friday.

The mood has already turned gloomy, but the market drawdown might be just the start of a chain reaction that causes more collateral damage. The Harvard economist Gabriel Chodorow-Reich estimates that with all else equal, a 20% drop in stocks in 2025 might reduce growth by as much as a percentage point this year. The S&P 500 at Friday's close was down 4.1% so far in 2025.

Falling stock prices could siphon the fuel out of two key engines of recent U.S. prosperity: robust spending by households and capital investment by businesses.

"In a hyperfinancialized economy like America's, asset prices can lead the economy, not just the other way around," said Alex Chartres of Ruffer, a British fund manager. "A decline in asset markets creates the risk of weakening conditions in the real economy."

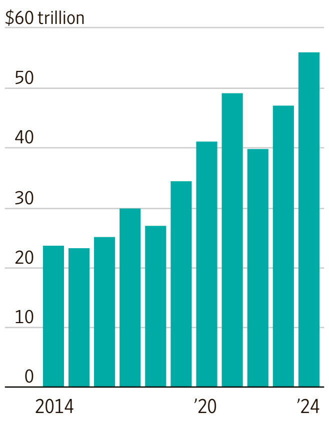
The S&P gained 53% over 2023 and 2024, both reflecting and sustaining a strong economy. Alongside higher home prices, stock gains handed the wealthiest Americans more funds for a shopping spree. The top 10% of American earners now account for roughly half of all spending, up from 36% three decades ago, according to Moody's.

As of 2022, families in the top 10% of income, on average, each owned about $2.1 million of stocks, about 32% of their net worth, according to a recent Federal Reserve survey. In 2010, stocks made up about 26% of average net worth for this group. Over the past four years, this group of top-10% earners has boosted spending by 58%.

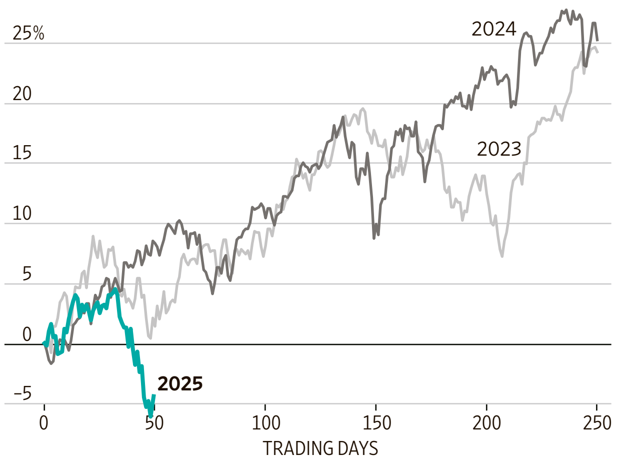
It is not just the best-off who are pouring into stocks. Vanguard and Fidelity report record participation and contributions to their 401(k) plans for wage earners. At the end of last year, 43% of American households' financial assets were in stocks, the highest share ever, according to Fed data. Many lower-income households don't own equities, but the proportion that do continues to climb.

That is why some economists fear a serious market rout could push Americans to cut back on everything from vacations to new clothes, a

Equities owned by U.S. housholds



Year-to-date S&P 500 return



Note: Data reflect 4Q level for each year

Sources: Federal Reserve Board (equities owned); S&P Dow Jones Indices (S&P 500)

swing called the wealth effect. If stocks had merely held steady last year rather than rallying, consumer spending would have only grown about 2% last year instead of the 3% partially fueled by the stock-market wealth effect, Deutsche Bank economists estimate.

Some signs suggest spending might be sagging already. Companies including Delta Air Lines, Foot Locker and Brown-Forman, maker of Jack Daniel's whiskey, have all said consumers seem more cautious. In January, retail sales fell 0.9%, the biggest monthly decline since 2023, but some economists blamed unusually cold weather. February data is to be reported Monday.

On Friday, the University of Michigan reported that consumer sentiment had fallen to its lowest level since late 2022, in part owing to lower expectations for personal finances and the stock market.

Many people have a rough dollar target in mind for retirement. So if falling stocks make it harder to reach that target, consumers could cut back on spending to make up the difference, said Matthew Luzzetti, Deutsche Bank's chief U.S. economist.

Luzzetti cautioned that this projection is challenging because the economy is so dynamic. But if little else changed, a 20% decline in stocks might produce a 1.2-percentage-point drag on consumer spending in 2025, he said. Because consumption comprises about 70% of gross domestic product, that would be a roughly 0.8-percentage-point drag on growth. Harvard's Chodorow-Reich applied an approach different from Luzzetti's, but his result was similar.

The economic grief might be amplified by how companies respond. Chief executives notoriously fixate on their share price when making hiring and investment decisions. After the Nasdaq lost a third of its value in 2022, tech companies rushed to slash workers and corral spending.

With the Nasdaq down more than 10% from its high, the independent economist Phil Suttle worries that spooked executives could pull back from plans to spend an estimated $1 trillion on investment related to artificial intelligence in the years ahead.

"Stock prices were telling executives that for every $100 billion you put into AI, you add some multiple to your valuation," Suttle said. That could now stall, he said.

Exactly how people react to greater wealth is a moving target. When families get an unexpected windfall, such as a stimulus check or a lottery prize, they quickly spend a sizable share, Chodorow-Reich said. They are more stingy about spending stock gains. On average, a $1 change in stock-market wealth affects a family's spending by about 3 cents, Chodorow-Reich found in a 2021 study with two colleagues.

U.S. households owned more than $56 trillion of stock at the end of last year, directly or through products such as mutual funds, according to Fed data, so the cents add up.

The economists Sydney Ludvigson and Martin Lettau studied wealth effects in the early 2000s. They concluded that steady stock gains boost spending over time, but that people usually don't overreact to short-term fluctuations in the market.

Once in a while, a big move in stocks proves persistent and does change the course of consumer spending, Ludvigson said in an interview. The challenge for economists, she said, is that you can't know which rallies or routs will be lasting until they are in the past.

JAN SONNENMAIR/GETTY IMAGES

Cleanup was under way on Sunday after Calera Baptist Church in Alabama was struck by a tornado this weekend.

Widespread Storm Kills Over 30 People

By Ginger Adams Otis

A dynamic storm produced blinding dust, wildfires and deadly tornadoes that whipped through the central and southern U.S. over the weekend.

At least 33 people died during the intense conditions, which earned a rare "high risk" designation from meteorologists. Although spring storms aren't uncommon at this time of year, the system that covered much of the U.S. over the weekend was wide-ranging and intense, the National Weather Service said.

Tornadoes touched down across several states, upending vehicles, downing trees and flipping some mobile homes. Missouri was particularly hard hit, with at least a dozen people dead from storm-related incidents.

In Oklahoma, the intense wind sparked dangerous wildfires that burned through more than 200 homes, said Gov. Kevin Stitt, who lost a ranch home to the fires.

In Kansas, the system whipped up blinding dust storms that caused a highway pileup involving more than 50 vehicles. Eight people died as a result, authorities said. Three deaths were reported in Texas as well.

Mississippi Gov. Tate Reeves said six deaths were reported in his state, with three people still unaccounted for late Saturday.

Three people died in Arkansas, where Gov. Sarah Huckabee Sanders declared a state of emergency, as did most of the neighboring states. In Alabama, there were at least two storm-related fatalities, according to Gov. Kay Ivey.

◆ Rising storm damage puts insurers in a bind.............. B1

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Border Agents Crack Down on Egg Smugglers as Prices Soar

By Jeanne Whalen

The 64 pounds of meth stuffed into the seats and spare tire of a pickup truck caught the attention of border agents in El Paso, Texas, who seized the drugs last month. But it was the trays of eggs that really alarmed them.

As egg prices soar in the U.S., travelers have been stocking up on cheaper supplies in Mexico and, to some degree, Canada. The U.S. Department of Agriculture has said such imports because eggs not inspected through official channels can spread disease.

So-called egg interceptions are up 36% nationwide so far this fiscal year, compared with the previous year, according to U.S. Customs and Border Protection. Along parts of the Texas border, they have risen by 54%, according to CBP's Laredo field office. In San Diego, they have more than doubled, CBP has reported.

"It's the price difference," said Roger Maier, a CBP spokesman in El Paso, where agents have encountered 90 would-be egg importers since January. "The price is like a third of what it is in the U.S."

The imports are a sign of the lengths consumers are going to combat one of the biggest price surges hitting their grocery carts. A dozen grade-A large eggs averaged $5.90 last month in the U.S., a record, compared with $3 a year earlier, data from the Labor Department shows. Shoppers in some markets have seen prices of $10 or more. An outbreak of avian flu that has decimated U.S. hens is behind the surge, though in recent days the USDA has said supply and wholesale prices are improving as the outbreak eases.

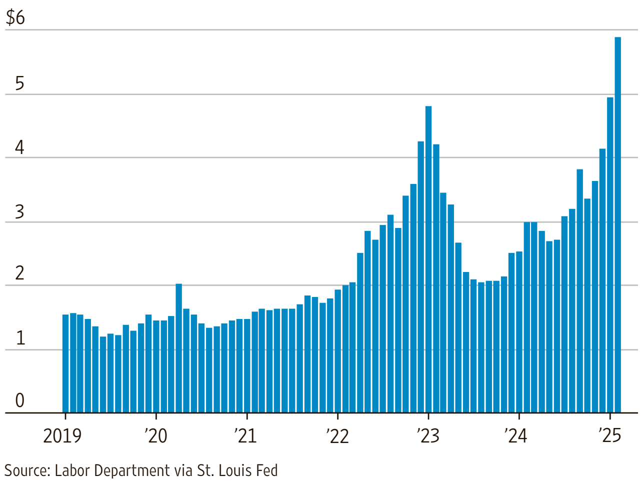
Cheaper in Mexico

Recent egg prices in Mexico were generally under $2 a dozen, though in some border cities they reached $2.30 or so, Mexican government data shows.

Eggflation has spurred some Americans to cut their consumption and others to scour the internet and local farms for cheaper prices. Some shoppers are stockpiling, which has helped keep prices high, according to economists. Waffle House last month added a 50-cent surcharge for each egg in a dish.

The Trump administration is scrambling to respond. The Justice Department has opened an investigation into the cause of soaring prices, including whether large producers have conspired to raise prices or hold back supply. The USDA said last month that it plans to invest as much as $1 billion to address egg costs, including $500 million for expanded biosecurity measures at egg-producing farms. Common problems include gaps in farm fences that can be breached by disease-carrying wildlife.

U.S. price of a dozen grade-A large eggs



Source: Labor Department via St. Louis Fed

Agriculture Secretary Brooke Rollins said the U.S. would consider increasing imports of inspected eggs to ease shortages. Turkey, meanwhile, has begun shipping around 16,000 tons of eggs to the U.S.

Most people arriving at the border don't know that unofficial egg imports are prohibited, according to CBP officials. Many are transporting flat cartons holding 30 eggs, presumably for personal use, agents say. Officers specifically ask whether drivers are carrying any of a number of goods that are barred from crossing the border, including eggs. Most people traveling with eggs fess up when asked, agents say. The eggs are confiscated but no fines are issued. Occasionally agents say they bust someone concealing the contraband.

Those folks typically get caught during a second round of questioning carried out on vehicles that arouse suspicion. Drivers are asked whether they want to amend their previous statements to declare more items. Officers then inspect the vehicle. "Maybe they'll have it under a blanket or stashed away in the car," Maier said of the rare concealed egg cargo. "Some people declare ignorance: 'I didn't know.' But by the time you're at secondary, you've been asked twice," he said.

$300 Fine

A few of the 16 civil penalties that customs officers in El Paso issued in one recent week for banned agricultural goods related to concealed egg cargoes, Maier said. First-time offenders get a $300 fine.

CBP agents are required to destroy the eggs "using established protocols," Maier added. For some agricultural goods, they use industrial-size garbage disposals. But eggs are incinerated.

In El Paso, the incinerators "are like a small oven—maybe 4' x 4' x 4' with a locking metal front door and a tall narrow chimney," Maier shared by email. "The agriculture specialists place the items they destroy in by hand, secure the door and hit the ignition switch."

As April approaches, agents are encountering an extra wrinkle. Some travelers are now carrying festive Easter eggs popular in Mexico known as cascarones—empty egg shells filled with confetti. These are legal, but agents might need to double-check that they aren't real eggs. "We do allow a dozen cascarones per traveler," said a CBP official on the Texas border, "but these are eggs that are clean and dry and don't have any egg residue."

U.S. Removes Venezuelans Despite Block

Centuries-old wartime law is used to deport alleged gang members

The Trump administration said Sunday it had deported alleged Venezuelan gang members under a centuries-old wartime law, despite a court order that temporarily blocked it from doing so.

By Jan Wolfe, Laura Kusisto and Josh Dawsey

U.S. District Judge James Boasberg early Saturday evening blocked President Trump from using the law known as the Alien Enemies Act to deport noncitizens held in U.S. custody. Government lawyers said Trump was using the law to target members of Tren de Aragua, a violent Venezuelan gang whose members have reached the U.S. in recent years.

During Saturday's hearing, American Civil Liberties Union lawyer Lee Gelernt told Boasberg that two aircraft believed to be carrying Venezuelan deportees took off from U.S. territory on Saturday. The ACLU had sued the administration earlier that day on behalf of migrants at risk of deportation.

Boasberg said Justice Department lawyers hadn't disputed that claim, and told them that "any plane containing these folks that is going to take off or is in the air needs to be returned to the United States." Boasberg said his order was "something we need to make sure is complied with immediately."

The judge subsequently issued a written order that didn't explicitly mention planes that were already in the air, something White House press secretary Karoline Leavitt appeared to point to Sunday.

"The Administration did not 'refuse to comply' with a court order," Leavitt said, adding that it "was issued after terrorist TdA aliens had already been removed from U.S. territory. The written order and the Administration's actions do not conflict."

Typically lawyers view orders issued orally by judges as carrying full legal weight.

Senior White House and administration officials huddled on Saturday evening to make a decision about what to do with the judge's order, and decided to go ahead with their plans, according to a person familiar with the matter. The administration is expecting a fight at the Supreme Court quickly, this person said.

Axios earlier reported that the White House decided to press ahead.

During the emergency court hearing, Boasberg said he hadn't reached any final conclusions on whether Trump's invocation of the Alien Enemies Act was lawful. But he said his temporary restraining order, which will be in effect for 14 days, will preserve the status quo until he can hear arguments more fully.

The Justice Department swiftly asked a federal appeals court to lift Boasberg's restraining order. And in a court filing Sunday, the administration said that it had deported some alleged gang members before the court's Saturday evening order.

Secretary of State Marco Rubio said on X on Sunday that the administration had sent two leaders of the MS-13 gang and "21 of its most wanted," as well as over 250 members of Tren de Aragua, to El Salvador.

Rubio also reposted a comment from El Salvador's president, Nayib Bukele, that said "oopsie…too late" in reference to a news article about the judge's order.

Bukele shared a video with three planes on a dark tarmac that he said showed gang members being escorted off the planes by security services. The video showed a blue plane with a GlobalX logo, a white plane with a GlobalX logo, and a white plane with a logo for Global Crossing Airlines, which is operated by GlobalX. Flight tracking data from flightradar24, a global flight tracking service, shows that three planes fitting those descriptions left the U.S. on Saturday evening and continued on to Honduras before traveling to El Salvador, all landing well after the judge issued his order.

One of the planes was still on the ground in Harlingen, Texas, an airport that has become a hub for deportation flights, when the judge verbally issued the order around 6:45 p.m. Bukele's video shows men being escorted off that plane, which departed Texas at about 7:35 p.m. and landed in El Salvador at 1:10 a.m., according to flightradar24's tracking information. The country of origin of those men couldn't be determined.

The Department of Homeland Security, Immigration and Customs Enforcement, and the State Department didn't respond to a request for comment. GlobalX didn't respond to a voicemail seeking comment.

The Alien Enemies Act was first passed in 1798. The law, which allows a president during wartime to deport citizens of countries considered an enemy of the U.S., was last invoked in World War II as the legal authority for interning noncitizens of Japanese, German and Italian descent.

Obscure Law Used In Push to Deport Campus Protester

By Victoria Albert And Michelle Hackman

The Trump administration is seeking to deport Mahmoud Khalil, the Columbia University student arrested this month after his participation in pro-Palestinian demonstrations, under a seldom-used provision of immigration law.

Khalil, a 30-year-old lawful permanent resident, is awaiting his fate in a federal Louisiana immigration detention facility after being arrested in New York.

Free-speech advocates and Khalil's attorneys have lambasted the arrest as retaliation for protected speech. Khalil hasn't been charged with a crime.

The Department of Homeland Security said that Immigration Customs Enforcement agents arrested Khalil in compliance with President Trump's executive orders targeting antisemitism on college campuses.

Here's what to know.

Taking a green card

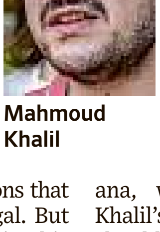
The government can attempt to strip a person of their permanent resident status in certain cases, such as where they have committed a serious crime or if they've obtained their green card through fraud.

An immigration judge makes the final decision about whether a person's green card can be revoked. Immigrants have the right to fight the government's case.

Khalil obtained his green card, or his status as a lawful permanent resident, by marrying a U.S. citizen.

On whose authority?

The government is claiming it has the right to strip Khalil of his green card and deport him under section 237 of the Immigration and Nationality Act. The law specifies that a person can be removed from the country if the secretary of state has reasonable ground to believe that that person's presence or activities "would have potentially serious adverse foreign policy consequences" for the U.S.


JEENAH MOON/REUTERS

Mahmoud Khalil

Noncitizens don't need to be charged with a crime to be deported through this process.

This provision generally doesn't allow someone to be deported for beliefs, statements, or associations that would otherwise be legal. But the secretary of state, in this case Marco Rubio, can overrule that if he determines the person's actions would jeopardize a compelling foreign policy interest.

The government hasn't formally outlined exactly how Khalil's presence in the country is jeopardizing a compelling foreign policy interest. Rubio and other Trump administration officials have backed efforts to remove Khalil, accusing him of "siding with terrorists" and creating a hostile environment for Jewish students on college campuses. Combatting antisemitism is one of the Trump administration's foreign policy objectives.

Is this common?

No. The U.S. government's justification for removing Khalil is extremely uncommon.

In the 1990s, the U.S. government tried under the same provision to deport the former deputy attorney general of Mexico, Mario Ruiz Massieu, whom Mexico had been seeking to extradite. Officials argued at the time that it would jeopardize the U.S.'s relationship with Mexico if they didn't return him to the country. The case was tied up in court for years and wasn't resolved before Ruiz Massieu's death in the U.S. in 1999.

Who is protected?

The Supreme Court has ruled that permanent residents are generally protected by the First Amendment. But several other legal cases have limited permanent residents' ability to claim First-Amendment rights as a defense against their deportation. In a 1952 Supreme Court decision, for example, the court ruled that permanent residents could be deported because they had previously been members of the Communist Party.

Free-speech advocates have argued that the statute the government is using to try and deport Khalil is an unconstitutional violation of the First Amendment because it allows the government to retaliate against speech it dislikes.

That question hasn't been tested before, and it's likely Khalil's case will hinge on what courts decide.

What's next?

Khalil is currently detained in Louisiana, where he was moved shortly after his arrest in New York. His attorneys filed suit in New York, which brought the case to U.S. District Judge Jesse Furman in Manhattan.

There are three major questions before Furman: where the case should be litigated, where Khalil should be during the proceedings, and if Khalil's detention is legal.

The government says the case should be argued in Louisiana, where Khalil is now. Khalil's attorneys say the case should be decided by Judge Furman in New York, where Khalil lives and was initially detained, and that Khalil should be returned to the state and released as soon as possible. Being returned to New York would also allow Khalil's wife, who is eight months pregnant, to visit him.

Furman hasn't yet ruled on any of these questions. But he has ordered that Khalil can't be removed from the U.S. without a court order.


FROM TOP: JEENAH MOON FOR WSJ; GRACIE HINES

Universities are closely watching the example Trump is making of Columbia University, above. Below, Gracie Hines.

Schools Scramble to Avoid Being Targeted

By Sara Randazzo And Joe Barrett

Ohio University suspended next month's Black alumni reunion. The University of Massachusetts revoked admission offers to biomedical graduate students. And new hiring freezes are stalling universities nationwide, from Stanford to Cornell and Harvard.

After initial cosmetic steps like renaming DEI offices and scrubbing website language, schools now are making deeper, tangible changes in response to government spending cuts and President Trump's campaign against elite universities. Schools are nixing events and rejecting previously accepted graduate students as federal funding hangs in the balance and anything perceived as "woke" becomes a no-go.

Universities are closely watching the example Trump is making of Columbia University. Last week, his administration canceled roughly $400 million in federal grants and contracts to the school over antisemitism allegations. Over the weekend, Homeland Security agents arrested a Columbia student protester.

The Justice Department recently said a task force will visit 10 universities, including

Northwestern, Harvard and UCLA, to "bring the full force of the federal government to bear" on its bid to eradicate campus antisemitism.

With National Institutes of Health funding in jeopardy, Joseph Arboleda-Velasquez, a Harvard Medical School associate professor, has been offering advice online to Ph.D. hopefuls nationwide who have had admissions rescinded. "It's wasted investment," Arboleda-Velasquez said.

Even longstanding, typically uncontroversial events now face potential cancellation as anxious administrators navigate the Trump administration's directives prohibiting diversity, equity and inclusion programs.

At Ohio University, thousands of former Bobcats typically return every three years in April for the Black Alumni Reunion. Earlier this month, school officials paused plans for the event.

Alumni, including Bailey Williams, a 2020 grad, were shocked. "It's not a bad thing to acknowledge race," said Williams. "We can celebrate the goodness in the differences and cultures that bring us together."

Two days later, Ohio University paused its annual "Celebrate Women" event.

School officials "are in an impossible situation with facing the unknown as to what may happen down the road," said alumni association board member Kim Barlag.

In Arizona, Maricopa Community Colleges canceled several coming cultural and special-interest graduation ceremonies. A spokeswoman for the 10-school system said they called off the events, which include convocations honoring Native American, Hispanic, Asian Pacific, LGBTQ and Black students, in response to Trump administration guidance.

At Harvard, which on Monday announced a hiring freeze, some graduate programs have stopped making offers to waitlisted candidates.

Gracie Hines was preparing to accept a pharmaceutical-sciences doctoral program offer at West Virginia University when on March 3, the university rescinded her admission. The email notifying her of the withdrawal cited unforeseen budgetary challenges from proposed federal research-funding cuts.

"It felt like all the work I've put in these last few years was worth nothing," said Hines, 20.

This week, several dozen aspiring biomedical sciences Ph.D. students at UMass Chan Medical School learned their provisional admission offers were rescinded, a school spokeswoman said.

Columbia's $400 Million Effort to Meet Demands

Columbia University's board of trustees has been torn over how to respond to President Trump's escalating demands as the Ivy League

By Douglas Belkin, Jessica Toonkel and Liz Essley Whyte

school faces a deadline to try to restore $400 million in federal funding that hangs in the balance over campus antisemitism allegations.

Looming over the deliberations is a question of whether Columbia could do enough to satisfy Trump, who has targeted the school in his campaign to rid U.S. universities of what he believes is leftist ideology.

The Trump administration is seeking to make an example of Columbia, said a person familiar with the recently created federal government task force intended to combat antisemitism in schools.

Columbia's leadership is entering negotiations with a divided board and a university president serving on an interim basis. There is also substantial dissent among faculty, who have disagreed on how the school should handle pro-Palestinian demonstrators and whether antisemitism is a significant problem on campus, or a politically motivated narrative.

On Thursday, the Trump administration delivered a list of nine far-reaching demands the university must comply with by next Thursday or lose a group of federal grants or contracts.

The requests from the Trump administration include banning masks that conceal identity, giving the university president rather than faculty disciplinary power over students and empowering campus law enforcement to be able to arrest "agitators who foster an unsafe or hostile work or study environment."

Government negotiators also want the school to place the department of Middle East, South Asian and African Studies under "academic receivership" for a minimum of five years.

Last month, seven faculty members and the co-founder of the school's Jewish alumni association went to the interim president, Katrina Armstrong, with nearly the same requests as the Trump administration.

They called on Columbia to fight discrimination and encourage inclusivity. They asked the president to ban masks, adopt a stricter definition of what constitutes antisemitism, and discipline members of the Middle East, South Asian and African Studies department.

"I was shocked when I saw" the Trump administration letter, said Larisa Geskin, a professor in the medical school and an author of a faculty letter to the interim president. "I was like, 'Am I reading my letter?' This is what I was talking about."

The board is co-chaired by David J. Greenwald. Joshua Mitts is the David J. Greenwald professor of law at Columbia and is in contact with trustees. "The board is taking this very seriously, and it is my expectation and understanding that there will be real action that is taken here," Mitts said. "One should not confuse thoughtful deliberation with inaction."

Judges Are Becoming Political Targets

By Jess Bravin

WASHINGTON—Having taken the White House and captured the Congress, President Trump's movement is unleashing its fury on the one branch of government it doesn't fully control: the judiciary.

As more judges have blocked or slowed some Trump initiatives, the president's surrogates have been increasingly strident in their responses, casting adverse rulings as not only incorrect but also illegitimate.

"Judges targeting President Trump are political hacks and their decisions belong in my SHREDDER," Rep. Andy Ogles (R., Tenn.) wrote Wednesday on X.

"This is a judicial power grab. Plain and simple," Chad Mizelle, Attorney General Pam Bondi's chief of staff, said in a social-media post Friday, after a pair of judges temporarily halted mass layoffs at government agencies.

Sen. Mike Lee (R., Utah), who has called for impeaching "corrupt judges," reposted a photo Thursday of U.S. District Judge Beryl Howell, who blocked sanctions Trump imposed on a Democratic-leaning law firm, Perkins Coie. Lee has proposed legislation to limit federal courts' power to rule on administration policies.

Perhaps the most aggressive has been Elon Musk, the president's surrogate and billionaire benefactor, who has accused judges of interfering with the democratic process. "The only way to restore rule of the people in America is to impeach judges," he said in one post.

Trump's assertions of presidential power, and the speed with which he has imposed his agenda, have put judges on the hot seat. More than 100 lawsuits challenging Trump initiatives are moving through the courts. Adding to tensions, his challengers frequently have asked judges to temporarily block his moves at the outset, to avert what they have argued are irreparable harms they would suffer while their cases spend months or years working through the legal system.

The attacks haven't distinguished between judges appointed by Democratic or Republican presidents. The central criterion: whether a judge has been an impediment to Trump, even at an early stage of a case.

Ogles filed impeachment papers against Judge John Bates, a George W. Bush appointee in Washington, D.C., who last month ordered the administration to restore government health websites and data sets that were modified or taken down in an effort to scrub references to "gender ideology."

Justice Amy Coney Barrett, the Trump appointee celebrated for cementing conservative control of the Supreme Court, recently found herself an unlikely target of the MAGA movement. She joined Chief Justice John Roberts and three liberal justices in a 5-4 vote not to intervene at Trump's behest in lower-court litigation over foreign-aid funding.

"Amy Coney Barrett shows the danger of Republican DEI," right-wing personality Jack Posobiec told his 3.1 million followers on X.

Judges say the blowback won't influence their rulings. But they fear the messages are whipping up threats and potentially violence against judges and their families.

"It's something that we really take seriously because the threats seem to arise directly from judges just doing their job. We're supposed to say what the law means," U.S. Circuit Judge Jeffrey Sutton, the executive committee chairman of the U.S. Judicial Conference, the judiciary's policymaking body, said at a news briefing Tuesday.

"It's been developing for a while, whether it's polarization, whether it's the internet, who knows. But the number of threats, the types of threats to judges have changed over the last decade," said Sutton, a George W. Bush appointee who is chief judge of the federal appeals court in Cincinnati.

U.S. Circuit Judge Richard Sullivan, a 2018 Trump appointee to the federal appeals court in New York and head of the judiciary's security committee, said impeachment threats were out of line. "We have a system of justice that allows for appeals," Sullivan said at the briefing. "Impeachment shouldn't be a short-circuiting of that process."

Both parties have decried rulings against their key initiatives. Chief Justice Roberts, in a year-end report last December, suggested that tensions between the judiciary and elected officials were reaching a point not seen since the civil-rights era.

Faced with threats and mischaracterization about what court decisions actually say, Roberts said the judiciary had few options. "Judges typically speak only through their decisions. We do not call press conferences or generally issue rebuttals," he wrote.

Trump Escalates Fight With Law Firms

By Erin Mulvaney

President Trump escalated his fight with the legal industry by issuing an executive order late Friday aimed at Paul Weiss, one of the country's top law firms, days after a federal judge chastised the administration for similar retaliation against another firm.

Paul Weiss is the third major law firm to face censure by the Trump administration in recent weeks. The 1,200-lawyer firm, which regularly advises on some of the biggest deals on Wall Street, is the president's highest-profile target yet. It played a prominent role in challenging his policies during his first administration but had stayed out of the fray this time.

The president ordered his administration to strip Paul Weiss employees of any government security clearances, limit the firm's access to federal buildings, and take steps to rescind government contracts from the firm and its clients.

The order ratcheted up Trump's criticisms of global law firms, saying they have "played an outsize role in undermining the judicial process and in the destruction of bedrock American principles." He pointed in particular to the work such firms provide without charge.

The order cited Paul Weiss's pro bono work on a lawsuit brought by the D.C. attorney general's office against individuals who stormed the U.S. Capitol on Jan. 6, 2021. The order also cites the firm's association with Mark Pomerantz, who worked at Paul Weiss for two decades, and then worked on an investigation at the Manhattan district attorney's office into Trump and his business.

A Paul Weiss spokeswoman said the order is focused on Pomerantz, who hasn't been affiliated with the firm for years. Pomerantz didn't respond to requests to comment.

During the first Trump administration, Paul Weiss was among the firms that gave legal assistance to families that were split at the southern U.S. border. This time, the firm has shied away from taking public stands against Trump's policies or providing pro bono legal services to plaintiffs in cases against the administration. Other top firms have been similarly cautious.

The administration is already facing a legal challenge to a similar executive order targeting another large law firm, Perkins Coie.

A federal judge on Wednesday blocked the Perkins order.

Democrats' Anti-Musk Strategy Gets First Test

By John McCormick

MORRY GASH/ASSOCIATED PRESS

Wisconsin Supreme Court candidates Susan Crawford and Brad Schimel shook hands before a debate last week.

MILWAUKEE—Elon Musk has become a central character in a Wisconsin Supreme Court campaign after pouring millions into a race that marks the first major 2025 ballot test of Democratic efforts to cast the world's richest man as a political villain.

Ahead of the April 1 election, Democrats have focused on Musk nearly as much as the Republican candidate. They are featuring the Tesla and SpaceX chief executive and the head of President Trump's Department of Government Efficiency in campaign ads and staging protests against him.

Musk is increasingly unpopular with Democratic and independent voters as he leads Trump's efforts to cut federal employees and spending. He is part of the party's playbook in elections later this year and the 2026 midterms—especially if Wisconsin Democrats can show him to be a political liability for Republicans.

"This will be a test of whether Musk's unlimited bank account can overcome the intense rage that he has generated among Democratic voters," said Ben Wikler, the state's Democratic Party chairman.

The contest between liberal Dane County Judge Susan Crawford and Republican Brad Schimel, a former state attorney general and current Waukesha County judge, is technically nonpartisan.

Crawford is making abortion rights central to her campaign, while Schimel is wooing Trump's base and focusing on his experience as a prosecutor.

Musk has a financial interest in the outcome. His electric vehicle maker is challenging a Wisconsin "factory store" law that bars manufacturers from owning dealerships. **Tesla** has two company stores in the state, but buyers must travel elsewhere to pick up vehicles.

Schimel said in an interview he is "grateful" to have Musk's financial support, but has never spoken to him. He declined to promise to recuse himself, if elected and Musk has business before the court, because such questions are "tough in the abstract."

The judge said if Musk is "looking for someone that's going to give him an automatic win on his cases, he might be supporting the wrong guy."

Tesla didn't respond to an email seeking comment.

The race is poised to become the most expensive judicial contest in U.S. history. The previous record was set in Wisconsin's 2023 Supreme Court contest, when roughly $55 million was spent and the court flipped to a liberal majority for the first time in 15 years.

The race carries massive stakes in the battleground state where Trump won his narrowest margin in November. The outcome will weigh heavily on the fate of abortion rights and union organizing and potentially the composition of two GOP-held congressional districts that could be critical in Democratic efforts to win the House of Representatives in 2026.

On Wednesday, in what is expected to be the only debate between the two, Crawford mentioned Musk several times.

In an interview, Crawford said she doesn't see Musk's involvement as beneficial to her candidacy—or for Wisconsin voters. "They're trying to sell more cars here," said Crawford, a former attorney for unions and abortion provider Planned Parenthood.

Musk is the biggest individual donor in the race, based on disclosures so far. His America PAC's latest filing shows nearly $6.2 million spent on get-out-the-vote efforts. Building America's Future, a nonprofit he is linked to that doesn't have to disclose donors, has run or has reservations for $6.3 million in Wisconsin advertising, data from AdImpact shows.

The Wisconsin victor will win a 10-year term on the state court. It currently has a four-to-three liberal majority, but the retirement of a judge who has been on the court since 1995 put the majority in play.

Wisconsin's high court will soon decide whether it believes an 1849 abortion ban is the law of the state. It will also hear a separate case on whether the state constitution protects the right to an abortion.

Order Aims to Close Voice of America

By Natalie Andrews

MANDEL NGAN/AGENCE FRANCE-PRESSE/GETTY IMAGES

Kari Lake is Trump's top adviser for the parent of Voice of America.

WASHINGTON—President Trump ordered the dismantling of seven government offices, including the parent of Voice of America and another focused on solving homelessness, part of his continuing mission to reduce the size of the federal government.

The late Friday executive order stands to test the bounds of presidential power, as Congress created most of the small offices through statute. The order instructs the offices to be "eliminated to the maximum extent consistent with applicable law."

One office the order seeks to eliminate is the U.S. Agency for Global Media, the parent for Voice of America and Radio Free Europe/Radio Liberty. Those organizations were established to promote democratic values by providing news in countries where a free press is threatened, including Afghanistan, Iran, Pakistan, Russia and Ukraine. The organizations employ thousands of journalists.

Trump selected Kari Lake as his top adviser for the agency. Lake is a former Arizona journalist who ran unsuccessfully for governor and Senate, adopting Trump's bold style and consistently criticizing the media that covered her race. Lake posted a link to the order on social media Saturday, saying on X: "If you are an employee of the agency please check your email immediately for more information."

Employees of VOA on Saturday received an email saying they are on administrative leave with pay until further notice. It is unclear how widespread the message was. Lake on Saturday sent a letter, which was viewed by The Wall Street Journal, to Radio Free Europe/Radio Liberty's CFO Joseph Lataille terminating federal grant funding.

The other offices included in Trump's order were the Federal Mediation and Conciliation Service, formed to ease labor-management conflicts; the Woodrow Wilson International Center for Scholars, a think tank; the Institute of Museum and Library Services, which provides grants to libraries and museums; the U.S. Interagency Council on Homelessness; the Community Development Financial Institutions Fund, which promotes access to capital and local economic growth; and the Minority Business Development Agency, housed under the Commerce Department. The offices were largely established with bipartisan support.

The administration has moved to rapidly reduce the size of the federal government. There are roughly 2.3 million Americans working for the federal government in civilian jobs.

The limiting of services could have local impacts. The Institute of Museum and Library Services is the largest source of federal funding support for library services in the country, according to its website.

Stuck NASA Astronauts Set for Return

SpaceX capsule delivered a 4-person replacement crew to ISS early Sunday

By Micah Maidenberg

Two NASA astronauts stuck on the International Space Station since last summer are poised to return to Earth after SpaceX delivered a replacement crew to the facility.

A SpaceX capsule carrying two American astronauts, a Japanese astronaut and a Russian cosmonaut docked at the orbiting research laboratory just after midnight ET Sunday, according to the National Aeronautics and Space Administration.

The crew entered the facility about 90 minutes later, increasing the number of people on board the ISS to 11.

The Elon Musk-led company launched the crew Friday evening from a site in Florida.

What happens next?

The arrival of the fresh quartet sets the stage for four others on board—including Barry Wilmore and Sunita Williams, the astronauts who have been unexpectedly posted up at the ISS for more than nine months—to fly home.

NASA said the crew including Wilmore and Williams is slated to undock from the ISS on Tuesday around 1 a.m. ET, setting up the group to splash down near Florida around 6 p.m.

SpaceX will also handle that operation. The spacecraft the company will use for the trip arrived at the station back in September with two astronauts on board, instead of the usual cohort of four, leaving more space for Wilmore and Williams.

Why the attention?

Wilmore and Williams were thrust into the spotlight last summer when Butch and Suni, as the pair are often called, traveled to the ISS on Boeing's Starliner, testing the spacecraft's capabilities with people on board for the very first time. They were initially expected to spend roughly eight days at the ISS.

While Starliner took them to the station, the vehicle ran into problems in its propulsion system, prompting weeks of internal debate at NASA about whether the spacecraft was safe enough to carry them back to Earth.

Boeing maintained the vehicle was ready for that operation, but NASA officials decided to keep the pair on the station and bring them back with SpaceX during a regular crew-rotation flight.

How are they?

Both are experienced astronauts who traveled to the space station before their current trip, and have maintained an even-keeled outlook on their extended stay.

"Being in space is just pretty spectacular," Williams said during a recent briefing with reporters.

The most difficult part of the situation is for family members and other supporters on the ground, waiting for them to come back, she said.

Wilmore said both he and Williams were ready to fly back to Earth in the manner NASA teams thought best.

"Had they said to return on Starliner, then we would have been happy to return on Starliner. That was not the case," Wilmore said at the briefing.

NASA wants two American spacecraft available to conduct flights to and from the ISS. That way, the agency could have a backup option in place, helping to ensure continuous access for astronauts to and from the facility.

The goal is still elusive: SpaceX is the only U.S. company certified for regular missions.

SpaceX has now delivered 11 crews to the station using its Crew Dragon vehicles following the latest operation.

Boeing's Starliner has made one trip with astronauts—Williams and Wilmore—and doesn't have final signoff for regular flights.

The new group that just arrived consists of NASA astronauts Anne McClain and Nichole Ayers, Japan Aerospace Exploration Agency astronaut Takuya Onishi, and Kirill Peskov from the Russian space agency.

NASA/ASSOCIATED PRESS

Astronauts on Sunday after the SpaceX capsule docked with the International Space Station.

Troubled Lawyer Has Come Home

Rob Dart, homeless and afflicted with psychosis, gets help, reunites with family

By Julie Wernau

VIENNA, Va.—Rob Dart always hoped a story he wrote would reach people all over the country. He never thought the story would be about him.

The Wall Street Journal last year wrote about Dart's descent from a full life as a lawyer, writer and father through his break from family, home and career to follow voices in his head. He stopped treatment for schizoaffective and bipolar disorder during the pandemic and started wandering the streets of greater Los Angeles. His family desperately tried to help him, but Dart refused.

Then, in January, Dart went home.

He wrote in an email to his mother, Sherry Dart, that month that he was ready for her help. She flew to meet him in Los Angeles and bring him back to stay in his childhood bedroom in this town outside Washington, D.C.

He is taking a long-acting medication to quiet his delusions. He talks to his 12-year-old son every week on FaceTime. He is taking continuing education courses to reactivate his law license.

MORIAH RATNER FOR WSJ

Jennifer Dart with her brother, Rob Dart, at their childhood home in Vienna, Va., this month.

“It's very nice to not be homeless,” said Dart, 45.

Dart's two years on the streets show how swiftly mental illness and homelessness can spiral into isolation and violence. He was shot. His few belongings were stolen. He wandered the streets while Los Angeles was on fire.

Dart's turn toward his old life and recovery started with the kindness of strangers who read his story. One, John Engelke, set up a tab for Dart at a coffee shop in the Silver Lake neighborhood where Engelke lived and Dart was spending time. Another, Vicki Lucas, introduced the Darts to Dr. Timothy Pylko, a psychiatrist affiliated with Las Encinas Hospital in Pasadena, Calif. Pylko agreed to treat Dart when he was ready.

That moment arrived late last year, when Dart exchanged messages with his mother and sister, Jennifer Dart. “I need help and I am willing to take medications,” he wrote to Jennifer. “I'd love to see you as well. Perhaps you find me frustrating at times.” He suggested she come see the Christmas lights in Silver Lake.

A bed at Las Encinas opened up the next day. Sherry ordered an Uber to collect Dart and bring him to the hospital. Dart agreed to take a long-acting antipsychotic and allowed Pylko to share updates with Sherry in Virginia and Jennifer in North Carolina.

On Christmas Day, Jennifer told her brother on a phone call that hearing his voice was the best present she could imagine.

In January, fires broke out across Los Angeles. Dart's condition deteriorated. “Things have taken a turn for the worse with Rob,” Pylko wrote Jan. 10.

Dart petitioned a judge to be released. He agreed to take another shot of the monthly medication. At a virtual hearing on Jan. 14, Dart told a judge he would find housing and planned to return to practicing law. The judge let Rob go.

Rob wrote to Jennifer on Jan. 16 and asked her to rent him an Airbnb in Silver Lake.

“We worked so hard to get you into the best hospital with the best doctor and best care,” she wrote. “I am heartbroken that you left. They would have helped you get your life back. What is your plan now—how will you find a job?”

Six hours later, Sherry Dart opened her email to find the note she had dreamed of for two years. “I'm thinking I should just go home to Vienna,” he wrote. “Very soon if possible.”

Sherry booked a flight for the next day. They planned to meet at the library in Silver Lake. It had been Dart's refuge during his time on the streets.

Sherry dragged her suitcase up the library's steps and asked the librarian where she could find her son. She spotted him reading a graphic novel. He was happy to see her.

They visited his storage unit and grabbed a few things for him to wear. They got him a haircut and a shave and boarded a flight home.

Back home in Vienna, Rob is signing up for Medicaid. He got his next antipsychotic injection and visited a local psychiatrist. On a recent visit, mother and son talked about how they like to laugh and discuss books, movies and music. On Sundays they go to church.

Dart found a short running route he likes. He talks to his sister and his son on FaceTime. “He's in junior high, so he's got his own things he's dealing with,” Dart said.

His experience on the streets, he said, made him more grateful for shelter, warmth and food. He is relieved to be removed from the isolation that he said magnified harmful thoughts. It seems strange to him now that he didn't ask to come home to Vienna before. “There were moments where it was just too difficult,” he said.

Dart has been on medication for more than three months. He is taking online courses to reactivate his law license and thinking of writing a book. A memoir, perhaps.

“Maybe like a really gentle graphic novel with very beautiful scenery and very picturesque with just a little bit of emotional healing and that's all that happens in it,” he said.

Does the story end happily for him?

“I hope so,” he said.

U.S. WATCH

OBITUARY

Nita Lowey, 87, Longtime Lawmaker

Former U.S. Rep. Nita Lowey, a long-serving New York Democrat who was the first woman to chair the powerful House Appropriations Committee, has died. She was 87.

Lowey's family, in a statement shared by the Westchester County Democratic Committee, said she died Saturday after battling metastatic breast cancer with the “same tenacity and strength that she fought throughout her 32-year career in Congress for women, children and families.”

The family said she passed away peacefully in her home in Harrison, N.Y., surrounded by her husband, children and grandchildren.

Gov. Kathy Hochul, a Democrat who served with Lowey in Congress, ordered flags flown at half-staff Sunday through Monday.

—*Associated Press*

NEW YORK

Man Set on Fire Near Times Square

Police in New York City are searching for a person they say set a man on fire near Times Square shortly before 4 a.m. Sunday near West 41st St. and Seventh Ave.

Officers spotted the 45-year-old victim and extinguished the flames. He was taken to a nearby hospital in stable condition, police said.

Law-enforcement officials say they believe the victim, whom they haven't named, knows the man who set him on fire. They said the case remains under investigation.

Video and images from the scene show the victim walking along the sidewalk shirtless and accompanied by firefighters after the flames were put out.

Footage of the man in an ambulance showed burns to his face, neck, chest and arms.

—*Associated Press*

Location, Low Taxes Boost Weed Industry in Missouri

By Angel Au-Yeung

The hottest market for weed is a Republican stronghold in the middle of the country.

Missouri has become the seventh-largest state for weed sales since it legalized recreational marijuana in 2022, putting it ahead of such places as Arizona and Washington, which have bigger populations and older markets. The industry credits its success to low taxes, its role in helping shape regulations and proximity to states where recreational pot isn't legal.

"My friends and I joked that we'd be the 50th state to legalize it because it's such a red state," said Doug Jeffries, a 56-year-old IT contractor who regularly visits a dispensary near his home west of St. Louis.

Around half of U.S. states have legalized recreational marijuana, with pot shops outnumbering Starbucks stores in some cities, including Denver and San Francisco. Those markets offer others case studies in how legalization might one day play out in their own communities.

In Colorado, one of the first states to legalize cannabis, in 2014, Pueblo County serves as a warning for all that can go wrong. A once-promising industry has flopped, weighed down in part by heavy taxes and onerous regulations. That has fueled the illicit market, along with drug use and crime.

Missouri's weed industry says it can avoid a similar fate. Cannabis businesses say they worked with lawmakers from the get-go to craft regulations to ensure the industry is a success. In campaigning for legalization, proponents touted the tax revenue that weed could bring in.

"I disagreed with them, but the backers behind the amendments did a phenomenal job driving their messages," said Jay Ashcroft, who was Missouri's secretary of state when weed was legalized.

Voters approved a constitutional amendment legalizing recreational weed in 2022. Soon after, the cannabis industry swooped in to work with lawmakers on adjusting the existing regulations for medical marijuana, which it had also helped write.

The amendment designated the state health department as the sole regulator for cannabis businesses. The industry said that would help avoid the red tape that hampered operators in other states.


MICHAEL B. THOMAS FOR WSJ

A worker tended to cannabis plants at a St. Louis facility.

The health department was given 90 days to adjust regulations, a quick turnaround that pushed the agency to tap industry groups for help.

"They couldn't miss that date, so they looked at us and said, 'Can you help us?'" said Mitch Meyers, co-founder of BeLeaf, which has a chain of dispensaries and was the state's first licensed producer of medical marijuana.

Eventually, the health department issued a 42-page framework the industry said wouldn't bog it down in bureaucracy. That compares with California's regulatory framework, which was 239 pages as of last March.

Missouri also limited the number of licenses it issued to around 350.

The state's marijuana sales tax is 6%, compared with Colorado's 15%. Additionally, Missouri has one of the country's lowest overall corporate income-tax rates, at 4%. That is especially helpful for cannabis companies that can't deduct operating expenses from their federal taxes, because weed is still illegal federally.

Another big factor, at least for now: simple geography. Of the eight states Missouri borders, only Illinois allows recreational weed. At a dispensary near the Kansas border, many of the cars waiting in the drive-through recently had out-of-state license plates.

So far, weed is living up to its promise of helping to boost Missouri's economy and coffers. Cannabis sales generated $244.9 million in tax revenue for 2024, more than four times the annual amount the state had forecast.

Warehouses around the state that have sat empty for decades are also filling back up. Factories that used to house operations for Maytag and Pepsi now have cannabis firms as tenants.

Investors Turn Off Autopilot

Continued from Page One

tory last week, with Wall Street fretting that the economy is sliding toward recession.

In the first half of March, individual investors have been trading in their 401(k)s at more than four times the normal level, according to recordkeeper Alight Solutions. The past month has had the most trading in almost five years.

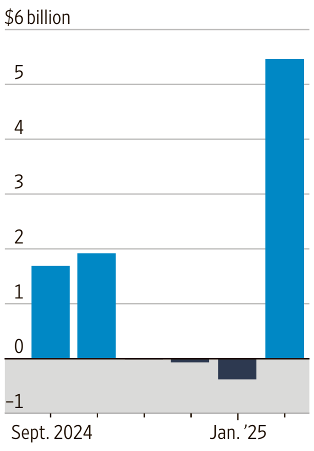
Investors who have dumped U.S. stocks say they are searching for stability in money-market funds, short-term bonds, gold and international markets. European defense stocks have been a popular bet, premised on increased security spending in the region.

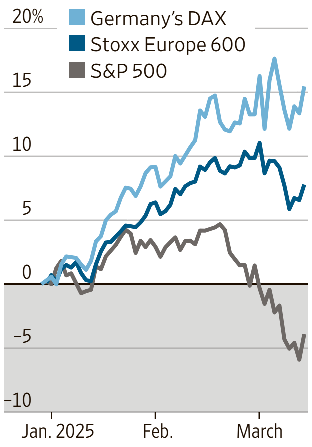
The share of investors who are bullish on the stock market is at its lowest level since September 2022, according to survey data from the American Association of Individual Investors.

Of course, many people aren't touching their portfolios, following standard financial advice to avoid making rash decisions during market turmoil. Even with the heightened trading in 401(k)s in the past month, the activity amounted to just 0.43% of account balances, versus the average of 0.12% over the past several years, Alight said.

People's economic outlooks are also closely tied to their political leanings. Some Trump supporters say they are unfazed or even looking for a moment to buy.

Still, it is an abrupt shift, since it has been easy to assume in recent years that the stock market would keep chugging higher because of a strong economy. The S&P 500 rose 72% from October 2022, when it was at its lowest point of the last bear market, to its last record in February.





Sources: Morningstar Direct (net flows); FactSet (performance)

The S&P 500 has dropped 8.2% since then, including a 2.3% drop last week. The benchmark index bounced back 2.1% on Friday, with investors relieved over an averted government shutdown but worrying about a report that consumer sentiment is sinking.

Patton Price said he expected geopolitical chaos in Trump's second term, back when equities were still flying high. He sold all the stocks in his retirement accounts around the time of the presidential inauguration on Jan. 20. "It's not like I have some fancy thesis and I think I know what's going to happen," said Price, a 46-year-old musician and former political consultant in Richmond, Calif. "I just don't think anybody knows what's going to happen."

Price, who voted for Kamala Harris, has kept most of the proceeds in money-market funds or short-term bonds. He doesn't know when he will get that money back into the market.

Individual investors added a net $30.4 billion to money-market funds in the seven-day period through March 5, the most in any week in over a year, according to the Investment Company Institute.

Meanwhile, U.S. physical gold exchange-traded funds saw net inflows north of $5 billion in February, according to Morningstar. Investors have piled in an additional $1 billion so far this month through Tuesday. The price of the precious metal topped $3,000 a troy ounce for the first time last week.

Others have looked overseas. Investors poured $1.8 billion into European equity ETFs registered in the U.S. last month, according to data from London Stock Exchange Group.

International markets have outpaced the U.S. stock market in the first months of 2025. The Stoxx Europe 600 is up 7.7% year to date, and the German DAX is up more than 15%, versus a 4.1% drop in the S&P 500.

Where some see signs of distress in the U.S. markets, others see no cause for worry.

Francisco Ayala, a financial adviser in Phoenix, said one client who can't stand Trump recently inquired about shifting investments out of the U.S. Another who adores him has regarded the drop as a healthy readjustment.

Earlier this month, Ben Pfeiffer started snapping up shares of Toast, Robinhood, Reddit and Broadcom.

"When this started unfolding, the market going down, it was a little more exciting because it offered opportunities to pick up names that I like," said Pfeiffer, a 43-year-old in New Braunfels, Texas, who runs an SEO marketing agency.

Retailers Are Pivoting On Tariffs

Continued from Page One

Some of the requests have raised the ire of Chinese officials. Authorities in China summoned Walmart for a meeting after some suppliers complained the largest U.S. retailer by annual revenue was pressuring them to cut prices and absorb the tariff cost.

Walmart said it was in discussions with suppliers to help consumers save money and that it would continue to work closely with them "to find the best way forward during these uncertain times."

Some pricing negotiations are hitting an impasse because many of these manufacturers are often already operating on razor-thin margins, according to suppliers. And retailers don't want to raise prices for shoppers so they can continue to compete for market share.

William Liu, sales director for Rongli Garments, a Chinese manufacturer that makes seamless apparel, said that when the 10% tariff hit in February, his company agreed to lower prices by 5% for Walmart, though it cut into the garment maker's profit margins. After Trump imposed the additional 10% tariff, Walmart asked his company to raise the discount to 10%. Liu's company couldn't afford to absorb the cost and, as a result, Walmart is seeking new suppliers outside China, Liu said.

Target, too, is talking to suppliers about how to share any additional costs, said Rick Gomez, chief commercial officer for the company. "Right now, a lot of those negotiations are going on."

Some of the haggling has prompted more sourcing from outside of China. After the first 10% tariff on Chinese goods in February, Home Depot asked one of its U.S. suppliers of lighting and home decor to absorb the cost, according to an executive at the supplier. The supplier agreed to a two-month, 10% discount, part of which would be covered by its Chinese manufacturer.

After the second 10% tariff in March, the supplier declined another request from Home Depot to lower prices again. Instead, the supplier is moving production to Southeast Asia so it can eventually charge the home-improvement retailer the original price, the executive said.


GABBY JONES/BLOOMBERG NEWS

A shopper at a New Jersey Walmart store this month.

A Home Depot spokeswoman said the company has been diversifying its sourcing for more than a decade. "We do this partnering with our vendors typically over several years," she said.

The tariff planning is especially complicated because companies have little sense of which tariff threats will materialize and where new ones could emerge, retailers and suppliers say.

Bouqs Co., an online flower company, learned that lesson soon after Trump took office and threatened a 25% tariff against goods imported from Colombia because of the country's initial refusal to accept repatriation flights from the U.S.

That sent Bouqs executives into an emergency weekend meeting, during which they came up with a plan for Bouqs and its partners to share costs if tariffs emerge, Chief Executive Kim Tobman said. Farms in Colombia provide much of the cut flowers sold in the U.S. Bouqs sells goods directly to shoppers as well as inside Amazon.com's Whole Foods.

"We had been thinking China," Tobman said. "There was no talk in our world about Colombia."

Trump reversed course a few days later after Colombia accepted the repatriation flights. "It was a real shocker and stress for our team" and came just ahead of Valentine's Day, one of the industry's biggest sales days, she said.

Now as the president threatens additional tariffs on a range of other trading partners, companies are worried about investing resources into moving production, only to potentially face duties on goods from those locations.

"Choosing any other country other than the U.S. and thinking it's a safe haven is risky," said Kimberly Kirkendall, president of International Resource Development, an international supply-chain consulting firm that works with U.S. suppliers. "If your business is big enough and you've got the financial wherewithal to have multiple manufacturing sites, then that's the best strategy."

In some cases, retailers and manufacturers have decided it is worth it to keep production in China to maintain quality. Costco, the warehouse chain, plans to continue selling patio furniture made in China—even at an elevated price—because it is higher-quality than versions made in other countries, Costco executives said. Costco and its supplier will absorb some of the cost increase and pass some on to shoppers, they said.

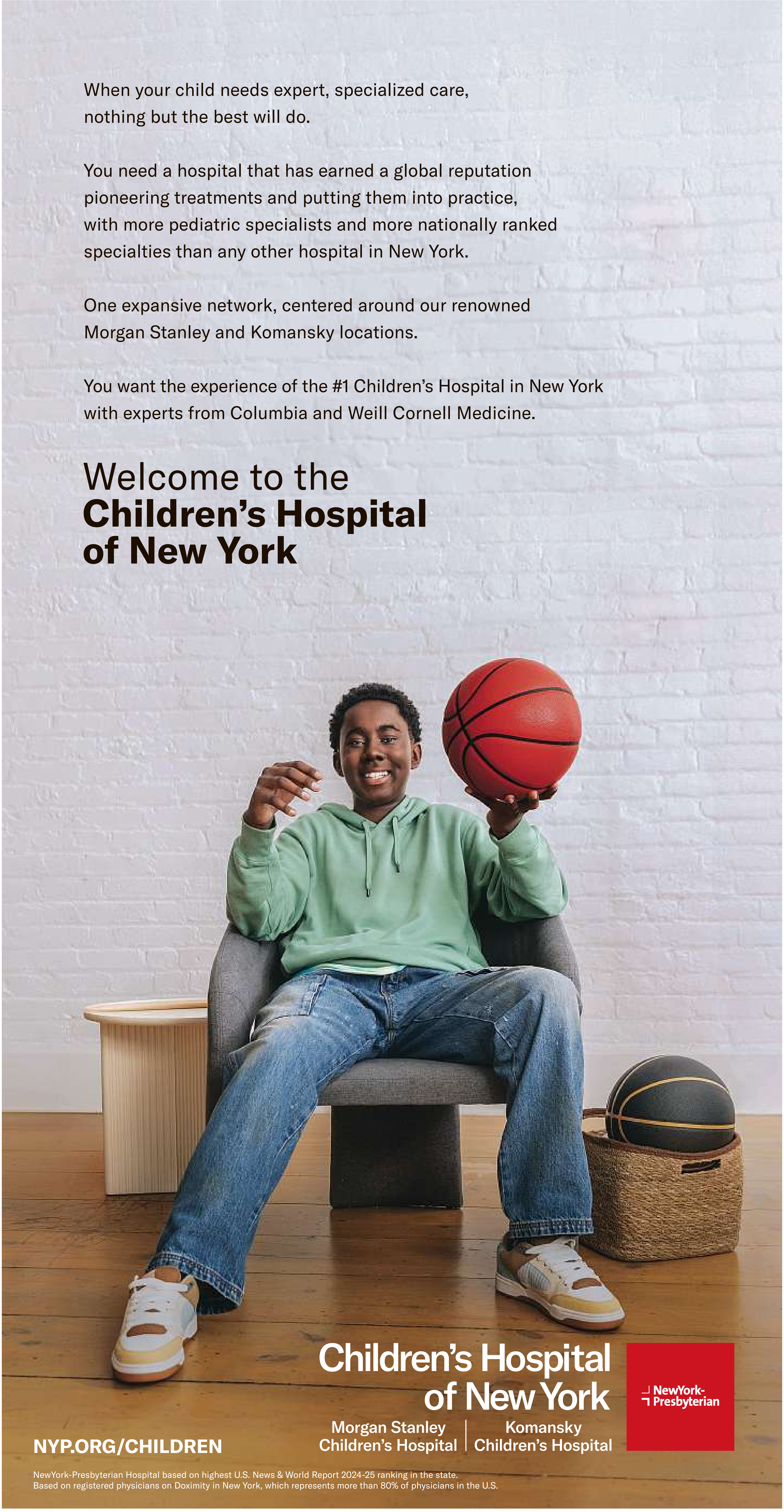
10%

Tariffs the U.S. put in place on China-made goods in February, and again in March.

Prices on all goods affected by tariffs won't go up equally. Retailers create their tariff pricing strategies with the full assortment of goods consumers usually buy in mind. They might raise the price of clothing that shoppers are willing to pay more for, while keeping the price steady on another item shoppers are likely to buy frequently like bananas or paper towels.

Merchants have to think through "pricing architecture," said Gomez. Target, for example, wants to continue selling some Christmas ornaments at $3, rather than raising the price.

"That means we have to think about margin elsewhere. So maybe we will take pricing up a little bit on stockings," he said. "It's really not as simple as just flowing through cost."


When your child needs expert, specialized care, nothing but the best will do.
You need a hospital that has earned a global reputation pioneering treatments and putting them into practice, with more pediatric specialists and more nationally ranked specialties than any other hospital in New York.
One expansive network, centered around our renowned Morgan Stanley and Komansky locations.
You want the experience of the #1 Children's Hospital in New York with experts from Columbia and Weill Cornell Medicine.
Welcome to the
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NewYork-Presbyterian
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NewYork-Presbyterian Hospital based on highest U.S. News & World Report 2024-25 ranking in the state.
Based on registered physicians on Doximity in New York, which represents more than 80% of physicians in the U.S.

WORLD NEWS

Ukraine Driven From Nearly All of Kursk

Retreat from most of Russian region costs Kyiv a bargaining chip in negotiations

By James Marson And Jane Lytvynenko

KYIV, Ukraine—Ukraine's audacious military gambit inside Russia drew toward a close much as it started last summer: quickly.

A rapid Russian advance left remaining Ukrainian forces increasingly isolated under withering assaults, and they had pulled out from all but a sliver of Kursk province by the weekend.

The Ukrainian military's seven-month foray surprised allies with its vigor and embarrassed Russian President Vladimir Putin. After attempting to send his army to capture Kyiv in 2022, Putin found the tables turned and became the first Kremlin leader since Stalin to face a foreign army in his own territory.

The Russians used familiar tactics: relentless assaults with overwhelming numbers of troops—including elite units and North Korean soldiers. Glide bombs smashed buildings and bunkers where Ukrainian troops sheltered. Then, in the past month, Russia deployed large numbers of drones controlled via fiber-optic cables to strike armored vehicles on the main routes for supplying Ukrainian soldiers on a shrinking patch of land.

Ukraine had hoped to cling to territory in Kursk as a bargaining chip in peace talks, but Ukrainian officials said it had to pull out to preserve lives.

"The military command is doing what it should, preserving as many lives as possible of our warriors," Ukrainian President Volodymyr Zelensky told reporters Wednesday.

Critics of the operation said the withdrawal proved it was a wasteful folly that squandered some of Ukraine's best troops and their U.S.-supplied armored vehicles, sorely needed on other fronts.

But some analysts said Ukraine, outnumbered and outgunned by its giant neighbor, was justified in trying something unorthodox.

"What is one bad option among a host of bad options?" said Nick Reynolds, research fellow for land warfare at the Royal United Services Institute in London. "Ukraine has been faced with dilemma after dilemma."

The operation, Ukrainian officials said, achieved some of its aims: proving to Ukrainians and Western backers that the military can still launch offensives, forestalling an anticipated Russian invasion in the same area and capturing soldiers to swap with Ukrainian prisoners languishing in Russian prisons.

The operation "accomplished its task," Zelensky said Friday. Ukrainian forces are now defending along the hilly border to prevent a further advance by Russian and North Korean forces.

As Ukraine pulled back in Kursk, it has stabilized key parts of the front line in eastern Ukraine, pushing Russia back from the embattled city of Pokrovsk and counterattacking in the eastern city of Toretsk, which Russia had been on the verge of capturing.

The path forward, though, is fraught with military and political threats. Ukraine is stuck in a war of attrition with an enemy whose population is four times its own, and the leader of Ukraine's biggest backer, the U.S., is pivoting toward Russia's position. After his envoy met with Putin, President Trump claimed Friday that thousands of Ukrainian troops were surrounded, something Ukraine's military leadership and soldiers in the area quickly disputed as Russian disinformation.

Ukraine launched its shock offensive in Kursk just after dawn on Aug. 6, sweeping past unprepared Russian troops.

Ukrainian soldiers had been on the defensive for months on the front line inside Ukraine. Gen. Oleksandr Syrskiy, the country's top military commander, later said that Ukraine couldn't simply defend a shrinking area of land from the Russian onslaught, but also had to attack to knock the giant Russian invader off balance.

Earlier incursions over the border had been swift raids followed by rapid withdrawals. But the August assault quickly gained territory and took control of 100 villages and towns. Russia's weighty but unwieldy war machine was stunned and struggled to respond. Only after a month did Russia fully halt Ukraine's advance.

Then, Russia began to bring its size to bear, as it has on the front lines in Ukraine. Not only did its warplanes start dropping massive glide bombs on Ukrainian military positions, it also deployed some of its own best units to the region. Finding their armored vehicles constantly bombarded by the Ukrainians, Russians relied on artillery, airstrikes and infantry to press forward in the difficult Kursk landscape, filled with marshes and soft ground unable to support heavy machinery during rainy seasons.

With the push, Russian troops were beginning to move forward, slowly. Ukrainians began reporting brutal tactics from Russian soldiers, including executions of prisoners who had surrendered.

Then, the North Koreans arrived.

Around 11,000 North Koreans were deployed to Kursk in December after training in Russia. Their tactics immediately stood out for their wastefulness. Ukrainians watched as North Koreans stormed across snowy fields under heavy fire, unfamiliar with modern battlefield maneuvers but showing physical strength and bravery.

In one battle, Ukrainian Special Operations Forces fought off waves of North Korean soldiers for eight hours, eventually running low on ammo and withdrawing after taking a prisoner who later died of his wounds.

There were North Koreans everywhere, recalled one Ukrainian soldier who took part in the battle. "It was impossible to count them," he said. "There were too many of them."

North Korean soldiers withdrew to regroup, reappearing in January with improved battlefield tactics. Now, they were capable of both attacking in small groups in the style of the Russian army and in large units, which strained Ukrainian resources.

By early February, North Korean and Russian troops assaulted Ukrainian supply lines, pushing forward with artillery while Ukrainians, short on men, responded with artillery and drone fire.

Critical to the advance was a new kind of drone that Russia has deployed in increasing numbers in recent months. Guided via fiber optic cable, the drones are impervious to Ukrainian electronic jamming. With Ukrainian positions pushed back, Russia was able to deploy some of its best drone operators, who would move closer than usual to the front lines to reach targets deeper in Ukraine's rear, Ukrainian troops said.

By early March, Ukrainian forces couldn't move equipment in or out of Kursk without being targeted by a hail of Russian fire, making systematic evacuation of the wounded or reinforcement near impossible.

"Kursk region is collapsing because it's really tough to reach our positions," one Ukrainian soldier wrote in a text message. The Russians, he said, "are destroying everything."

As the situation deteriorated late last week, Syrskiy sped to the Kursk front. He has been criticized for acting too slowly, but aides said he has to strike a tough balance: saving the lives of troops while not giving up land too easily.

By the time Syrskiy arrived, though, it was clear he was overseeing a withdrawal. Last weekend, soldiers in the area said supply routes to the remaining troops were under fire and largely unusable by vehicles, and artillery and drone-teams were working to hold back advances and allow them to get out.

A brief pause in U.S. weapons deliveries and some intelligence sharing had little impact, analysts said, as the Russian advance was already rolling forward. On Thursday, Russian troops said they took control of Sudzha, the main town that the Ukrainians had occupied.

The Ukrainian retreat appeared generally organized but at times chaotic, under fire—and, for some, too late.

Images from Russian news agencies in recent days appeared to show that Russian forces captured an M1 Abrams tank and several other U.S.-supplied armored vehicles with the dead bodies of Ukrainian servicemen inside.

Kursk incursion

Source: Institute for the Study of War and AEI's Critical Threats Project

DANIEL KISS/WSJ

VLADIMIR GERDO/TASS/ZUMA PRESS

Russian army servicemen with a U.S.-made howitzer that had been left behind by retreating Ukrainian soldiers.

Watch a Video

Scan this code to see a video about Ukraine's pullback from Kursk.

Saudi Security Pact Sets Cautionary Tale for Kyiv

By Stephen Kalin

A mineral-rights deal that the Trump administration says will make the U.S. vested in Ukraine's defense has an instructive historical precedent in Washington's unofficial oil-for-security pact with Saudi Arabia.

For decades after World War II, Saudi security was bolstered by the presence in the kingdom of U.S. oil companies pumping crude that fueled America's expansion, backed by an American air base. President Jimmy Carter kept the oil-for-security arrangement alive even after the Saudis nationalized their energy industry in 1980, with a new foreign-policy doctrine that guarded Persian Gulf oil-supply lines with U.S. military might.

Now the Saudis are finding economics don't always drive Washington's calculus about when to deploy military force, and are seeking codified defense guarantees. That is because U.S. economic interests can shift dramatically, geopolitical analysts said.

"The argument that the Ukrainians can rely on American implicit security guarantees because of American economic interest in their rare earths is a thin reed for their security," said Greg Gause, a visiting scholar at the Middle East Institute think tank in Washington.

In 2019, during President Trump's first term, a suspected Iranian drone and missile attack that disrupted Saudi Arabia's largest oil installation passed without a direct response. That deepened growing uncertainty about whether Riyadh and other Gulf capitals could still count on the U.S. to come to their aid. They have since felt out Russia and China as additional security partners.

Hussein's invasion

The U.S. did protect the Saudis in 1990, sending half a million troops to repel Saddam Hussein's invasion of neighboring Kuwait, which threatened Saudi oil fields, the stability of global energy markets and America's ally, Israel.

In the lead-up to Saddam's invasion, the U.S. still saw the Persian Gulf through a Cold War prism as a strategic asset that needed to be protected, Gause said. Three decades later when the Saudi facilities were hit, the U.S. had shed that perspective and largely weaned itself off oil coming from the Middle East, while tiring of seemingly endless conflicts in the region.

Washington and Kyiv are now close to completing a minerals deal ahead of separate U.S.-mediated talks with Moscow on ending the war. A signing ceremony was pushed back after last month's Oval Office blowup between Ukrainian President Volodymyr Zelensky and Vice President JD Vance. Zelensky initially said any mineral-rights deal would need security guarantees for Ukraine, but he later seemed to soften that stance and become amenable to signing it without such explicit assurances, saying they would come later.

Even if a cease-fire is secured, Ukraine will likely continue to face an existential threat from Russia. But when even America's formal commitments—such as those enshrined in the NATO alliance—are being called into question, there may be no alternative.

Under the terms of the proposed U.S.-Ukraine agreement, Ukraine would pay some proceeds from future mineral-resource development into a fund that would invest in projects in Ukraine.

ROMAN PILIPEY/AFP/GETTY IMAGES

Workers at a titanium mine in the Zhytomyr region of western Ukraine last month.

The deal doesn't include explicit security guarantees, though Trump has said that there would be international peacekeepers in Ukraine. Getting American companies to invest in Ukraine's mining sector, he argues, is the best possible guarantee of the country's security.

Wary of promises

Ukraine is already predisposed to be wary of international promises. The country gave up nuclear weapons it inherited from the Soviet Union after the Budapest Memorandum of 1994, in which the U.S., the U.K. and Russia provided security assurances that force wouldn't be used against Ukraine's territorial integrity or independence. Twenty years later, Russia illegally annexed Crimea and faced little international resistance.

In comparison with Saudi Arabia's security pact with the U.S., Ukraine would be starting off behind. The American and Saudi oil sectors and militaries were closely intertwined for decades before the Carter Doctrine was established.

By contrast, Ukraine's commodities industry offered major obstacles to foreign investment, even before the war left 40% of its critical mineral deposits under Russian control. If U.S. companies do eventually go into Ukraine, it would take years for them to start operating. And even then, there is no guarantee they would be profitable, which could jeopardize any U.S. security commitments.

Extractive industries in foreign countries have historically produced U.S. security relationships, including in parts of Central and South America as well as Southeast Asia. But that usually happens organically over the span of decades, said Michael Wahid Hanna, U.S. program director at the International Crisis Group.

Trump has also said he wants the U.S. to be independent of foreign sources of energy.

And skeptics say that Trump could easily strike a counterdeal with Putin that would undermine any security commitments to Ukraine coming from a minerals agreement.

U.S. Steps Up Fight Vs. Houthis

Continued from Page One

hobbling commerce through one of the world's busiest commercial waterways. The Biden administration, along with the U.K., responded with intermittent airstrikes that reduced but didn't stop the Houthi attacks. Israel also conducted its own strikes in Yemen at least four times, including against San'a airport in December.

The question now is whether the U.S. strikes are enough to make the Houthis relent, or up the ante.

For the Houthis, their own attacks and defiant response to Western airstrikes have enabled the group to show solidarity with the Palestinians, gain popularity in the Arab world and cast themselves as an international player, sparring head-on with some of the world's most powerful militaries.

> Since 2023, the armed group has targeted over 100 commercial ships.

"The idea that you're going to do this massive wave of airstrikes and the Houthis are just going to lay on their back and take it is absurd," said Mohammed Albasha, founder of U.S.-based Middle East security advisory Basha Report. "They're going to retaliate and retaliate severely. It's going to be a vicious cycle."

The airstrikes marked a new level of intensity in the conflict, he said. Besides resuming attacks against Israel and ships, the Houthis could also try to hit U.S. bases in Djibouti, just opposite Yemen, and in the U.A.E., some 800 miles away. If the conflict drags on, he cautioned, the Houthis are likely to resume attacks on Saudi Arabia as an indirect form of pressure on Washington.

Since 2023, the Houthis have targeted more than 100 commercial vessels with missiles and drones, sinking two ships and killing four sailors. They recently claimed to have downed a U.S. surveillance drone and fired a missile at a U.S. jet fighter.

A spokesman for the group said its naval operations were targeting Israel for violating the cease-fire in Gaza and that U.S. attacks on Yemen would elicit a response.

During a televised speech on Sunday, Abdul-Malik al-Houthi, the Houthi leader, said the group's armed forces had begun responding to the U.S. attack on Yemen. "We will respond to the American enemy with missile strikes and targeting its warships and naval vessels," he said.

NAIF RAHMA/REUTERS

People inspected the rubble of a house after the strikes in Sa'dah, Yemen, the town where Houthi leadership is based.

On Sunday, the Houthis launched a 12-hour attack aimed at the USS Harry S. Truman aircraft carrier and its accompanying ships, sending several drones and at least one ballistic missile in the direction of the ships, said a U.S. official familiar with the attack details, but not authorized to speak about it publicly.

U.S. Air Force jet fighters intercepted the drones, a defense official said, and the ballistic missile landed in nearby waters.

The number of attacks the group can muster may be hampered partially by lost capacity from previous U.S. and Israeli strikes, said Wolf-Christian Paes, a fellow at the International Institute for Strategic Studies, a London think tank.

Trump joins a succession of U.S. presidents since George W. Bush who have ordered airstrikes in Yemen against the Houthis, the local al Qaeda affiliate or both. In the past decade, the country—already one of the world's poorest—has suffered tens of thousands of casualties, famine and disease alongside state failure.

The U.S. airstrikes on Saturday targeted Houthi missile launchers that were being moved toward the coast in preparation for new attacks on shipping, according to people briefed by the Trump administration. They were also aimed at Houthi leaders' homes in San'a and the town of Sa'dah, their mountainous home base, the people said.

"This was an overwhelming response that actually targeted multiple Houthi leaders and took them out," national security adviser Mike Waltz said, without naming them. The Houthi-run health ministry said at least 31 civilians were killed and 101 injured.

Going after the leaders, which the Biden administration mostly refrained from doing out of fear of escalation, could further undermine the Houthis' capacity to respond, analysts say. But it also risks making them more unpredictable and susceptible to lashing out.

"The Houthis are likely to show resistance, meaning the U.S. policy of deterrence will take time to show its effectiveness," said Osamah Al Rawhani, executive director for policy and partnerships at the San'a Center for Strategic Studies. "The group has consistently demonstrated the ability to adapt and recover."

The U.S. military action followed a threat last week from the Houthis to resume attacks on Israel-linked ships after Israel cut off aid deliveries into Gaza. The Houthis began attacking ships in November 2023 in response to the Israeli bombardment and siege of Gaza and stopped when a cease-fire went into effect two months ago.

The major difference now is that Iran's network of allied forces is devastated. The U.S.-designated terrorist groups Hamas and Hezbollah have been severely weakened in their conflicts with Israel in Gaza and Lebanon, while Syrian dictator Bashar al-Assad was overthrown in December.

China Economy Surprisingly Strong

By Hannah Miao

TINGSHU WANG/REUTERS

Retail sales in the first two months of the year increased 4% from a year earlier.

SINGAPORE—China reported surprisingly robust economic activity to start the year, giving Beijing some wind at its back as it faces the prospect of increased tensions with President Trump's second administration.

Retail sales, a measure of consumer spending, accelerated, and investment and industrial production grew more than expected, though unemployment rose to a two-year high and the beleaguered property market remained under pressure, according to official data.

The numbers come a day after Beijing released a policy plan to expand domestic consumption, including raising wages, increasing pensions and creating incentives for childbirth.

The plan was the latest acknowledgment of the urgency in Beijing to find alternatives to export-led growth but was light on specifics, such as whether new funding would be allocated to its policies or how local governments would implement the measures.

China this month set an ambitious growth target of about 5% for 2025 and pledged to step up spending and boost domestic demand to stimulate a sluggish economy that is threatened by an escalating trade war with the U.S. The 5% growth target, unchanged from a year earlier, projected a sense of continuity as the Trump administration upends assumptions about the global economic order.

In the two months since his return to office, Trump has put an additional 20% tariff on all Chinese goods and imposed an extra 25% duty on steel and aluminum imports.

China reported weaker-than-expected growth in the export sector to start 2025, which was a key engine of China's economy last year—and which stands to take a hit as tariff barriers rise around the world. China also recently reported a drop in consumer prices for the first time in a year, reflecting a larger disinflationary environment that has prompted Chinese leaders to call for more spending by households and businesses. Loans and credit data for February also came in below expectations.

On Monday, China said retail sales in the first two months of the year increased 4% from the same period a year earlier, up from December's 3.7% year-over-year growth, according to figures published by China's National Bureau of Statistics.

China combines January and February data each year to iron out distortions brought by the shifting timing of the Lunar New Year holiday.

Chinese leaders have identified boosting domestic consumption as their top policy priority for 2025, a move that economists say has become critical as Trump administration tariffs hinder Beijing's ability to rely on exports to boost growth.

China said industrial production in January and February rose 5.9% from a year earlier, more than economists' expectations for a 5.4% increase but down from the 6.2% year-over-year gain in December.

Production of new energy vehicles, which includes electric vehicles, 3-D printing equipment and industrial robots, jumped 48%, 30% and 27% year on year, respectively, according to the data.

Investment in buildings, equipment and other fixed assets rose 4.1% for the same period compared with a year prior.

The real-estate sector, a sore spot in China's economy, continued to struggle.

Property investment fell 9.8% year over year during the first two months of the year. New construction starts dropped about 30% from the year prior.

Many economists say a sustained recovery in China's property market is essential to repairing consumer sentiment and increasing spending, given how important real estate is to household wealth levels in the country.

China's headline measure of joblessness, the urban unemployment rate, rose to 5.4% in February, its highest level since February 2023, up from 5.2% in January and 5.1% in December, according to the data. The metric isn't seasonally adjusted.

WORLD WATCH

NORTH MACEDONIA

Nightclub Fire Kills At Least 59 People

Fire tore through a packed nightclub in North Macedonia on Sunday, killing at least 59 people and injuring 155. The predawn blaze in the eastern town of Kocani left mostly young people dead and hurt from burns, smoke inhalation and injuries from being caught in a stampede as the crowd rushed to exit through the single door, officials said.

Authorities detained 15 people for questioning after an inspection revealed the club was operating without a license. The number of people inside the club was at least double its official capacity of 250, authorities said.

—Associated Press

FRANCE

Macron Lays Out Possible Missions

French President Emmanuel Macron has fleshed out possible missions that could be undertaken by a military support force for Ukraine that Paris and London are working to put together with other nations, a coalition that could deploy after any cease-fire with Russia.

Speaking to French media ahead of an online summit of around 30 leaders that the U.K. hosted on Saturday, Macron said the French-British blueprint doesn't aim to deploy a "mass" of soldiers in Ukraine and instead envisages stationing troop contingents in key locations.

—Associated Press

TAIWAN

Marathon Trophy Leads to Apology

The organizers of a marathon in southern Taiwan, including a member of the self-governing island republic's legislature, apologized Sunday after giving out prizes in the shape of a golden Chinese machine gun.

Legislator Hsu Chi-Chieh, of the ruling Democratic Progressive party, which favors the island's independence from China, said the use of the image of a Chinese QBZ-95 was an unintentional mistake.

—Associated Press

CANADA

Carney to Visit European Allies

New Canadian Prime Minister Mark Carney is heading to Paris and London on Monday to seek alliances as he deals with President Trump's attacks on Canada's sovereignty and economy.

At his swearing-in Friday, Carney said Canada will "never, ever, in any way shape or form, be part of the United States." He will meet with French President Emmanuel Macron and U.K. Prime Minister Keir Starmer to try to diversify trade in the face of U.S. tariffs.

—Associated Press

FERDI LIMANI/GETTY IMAGES

Family members gathered on Sunday to comfort a survivor of the nightclub fire that killed dozens in North Macedonia.

P2JW076000-0-A01200-1--------XA

In Britain, Potholes Are A Shame

Continued from Page One
the "cheeky" teen, the road was fixed. When more appeared, he set up roadside pothole fishing.

James Coxall, a 41-year-old carpenter from the hamlet of Castle Camps in eastern England, got fed up after complaining for eight months about a cavernous pothole along a local road.

He and his wife put a pair of jeans and tennis shoes on two wooden planks and placed them upside down in the water-filled hole, making it look as if someone had fallen in headfirst. The picture went viral, and within days, the local city council had fixed it.

"The response from what was a bit of a joke and to poke fun at the council has been amazing," Coxall said. "I never expected it to go so far!"

Now he's getting requests from across England by people wanting him to make new legs to deploy in their own potholes.

The U.K. has an estimated one to two million potholes, many of which are big enough to be seen on Google Street View. The Royal Automobile Club, an insurer and roadside recovery firm, has even created an index of nicknames for the menacing defects. There's no escaping the "Alcatraz," a cluster of potholes. "The sniper" is hard to spot but deadly, while the chasm-like "Canyon" is a nightmare for two-wheelers. The classic Great British Pothole is "more common in town centres than pigeons."

They aren't just eyesores. Pothole-related damage cost British drivers an estimated $700 million last year, and the craters are a particular hazard for cyclists.

One British construction worker whose cyclist friend was hospitalized because of a pothole, started doodling lewd images of phalluses around the holes to draw attention to the problem. He calls himself "Wanksy."

Anti-pothole activists, led by a man known as Mr. Pothole, celebrate National Pothole Day every Jan. 15. The date reflects peak pothole season, when water seeps into pavement and freezes, causing it to expand and create the tarmac traps.

"Every journey round here ends up being a pothole hunt, so we won't be taking the nice car out," said Mr. Pothole, otherwise known as Mark Morrell, as he drove around on a recent cloudy afternoon in the English Midlands. He said he likes to bring a flat white coffee on his drives so that by the end of the trip, it's a "frothy cappuccino."

Morrell fell into activism when he was teaching his daughter to drive. When he reported some potholes to local authorities, he was told they had received complaints before but there was nothing they could do about it.

"They prodded the wrong bear that day," said Morrell, who estimates his activism over the past 12 years has led to 10,000 potholes across England being repaired.

Morrell became a minor celebrity in pothole circles in 2021 when he rented a bright orange armored vehicle and drove it around London's Parliament Square, urging the government to declare war on potholes.

He was hoping to catch then-Prime Minister Boris Johnson as he entered Parliament, but arrived an hour too late because of heavy traffic on a highway leading into the capital. The cause: a major pothole.

Tim Webb uses much smaller tools to bring attention to the potholes that litter his town of Orpington in southeast London.

The retiree builds Lego dioramas in local holes and then posts pictures to Facebook groups across England—and one in New Zealand. One creation shows a bulldozer lifting a tiny car trapped in a pothole. Another shows a toy flying saucer landing; he quips that aliens must have mistaken the crater for one on their own planet. Another recreates "Swan Lake."

Webb keeps a database of every "unresolved road defect" in his borough of Bromley. It currently stands at 300.

Britain's pockmarked roads have revved up car lovers and collectors. Rod Stewart recently said he's considering selling his collection of Ferraris because potholes have made it nearly impossible to drive them.

The 79-year-old musician has been battling the craters for years. In 2022, Stewart and a handful of others filled in potholes near his house in Harlow.

"This is the state of the road near where I live in Harlow and it's been like this for ages," he said in an Instagram post. "So me and the boys thought we would come and do it ourselves."

Students Are Using AI to Cheat

Continued from Page One
cepts, which many teachers allow. More often, though, AI completed her work. Gemini solved math homework problems, she said, and aced a take-home test. ChatGPT did calculations for a science lab. It produced a tricky section of a history term paper, which she rewrote to avoid detection.

The student was caught only once.

Around 400 million people use ChatGPT every week, OpenAI said. Students are the most common users, according to the company, which offers a free version and advanced services costing as much as $200 a month. OpenAI hopes students will get into a lifelong habit of consulting ChatGPT whenever they have a question, a role played by Google for almost three decades.

Without permission

Of students who reported using AI, nearly 40% of those in middle and high schools said they employed it without teachers' permission to complete assignments, according to a survey last year by Impact Research. Among college students who use AI, the figure was nearly half. An internal analysis published by OpenAI said ChatGPT was frequently used by college students to help write papers.

Students, operating on screens outside adult supervision, are left to decide whether to use or resist AI tools that can clandestinely deliver top grades. Age restrictions set by AI companies are easily circumvented.

Like the unknowns accompanying the introduction of social media a generation ago, there has been limited research on AI's academic merits and pitfalls for students, including the propensity for cheating.

"This is a gigantic public experiment that no one has asked for," said Marc Watkins, assistant director of academic innovation at the University of Mississippi.

The New Jersey student passed her classes last year, but she said she learned far less than she could have. She quit illicit AI use for her senior year. "I have tried to take a step back," she said, "and use my brain."

Class cunning

AI companies play down the idea that academic dishonesty is their problem. "OpenAI did not invent cheating," said Siya Raj Purohit, who belongs to the education team at the company. "People who want to cheat will find a way."

Journal owner News Corp has a content-licensing partnership with OpenAI.

Many educators worry that easy access to AI chatbots tempts students to avoid challenging academic work. Rapid advances in AI technology have made it difficult to detect in student work if employed with a bit of cunning.

"There are probably lots of students, K-12 and higher ed, who used ChatGPT to do their homework last night without learning anything," said John B. King Jr., chancellor of the State University of New York system and the former education secretary, said at an education technology conference in October. "That's scary."

King shared a conference stage with Purohit, who offered a provocative response. Perhaps critical thinking and communication skills should be measured by the ability to use AI well, she said. "What is the value of an essay?" she asked, rhetorically, drawing from a recent discussion with a Wharton School of Business professor.

Writing skills

Daniel Willingham, a cognitive psychologist at the University of Virginia, has an answer. "Writing requires a type of thinking that other types of exercises don't," he said. "Writing prompts you to explain more carefully if you're explaining, argue more completely if you're arguing."

Jody Stallings, who teaches 8th-grade English in South Carolina, has his classes read Harper Lee's "To Kill a Mockingbird." Each day to start class, he asks students to write answers to questions about what they have read so far. The exercise gets students to think about the book, Stallings said, and refine those thoughts through writing.

Tech supporters have high hopes that AI will radically improve learning.

"Our children will have virtual tutors who can provide personalized instruction in any subject, in any language, and at whatever pace they need," OpenAI CEO Sam Altman said last year in a blog post.

The company's vice president of education, Leah Belsky, suggested that schools combat cheating by welcoming AI into the classroom. "Educators who incorporate AI into their teaching and assignments can successfully shift it from a tool students use without disclosure to a fully integrated, guided part of their learning process," she said.

Organizations and companies have launched AI-powered tutors designed to help students learn without a teacher present. Some educators have picked up AI tools to help them write lesson plans, worksheets or letters home.

Sandy Mangarella, a high-school English teacher in New Jersey, said chatbots help improve her lessons and devise new classroom activities. "It's kind of like having a colleague to talk to," she said.

The Education Department, various states, nonprofits, and companies—including OpenAI—have published broad guidance about how teachers can use AI responsibly, noting for instance that chatbot-generated information isn't always correct. Mostly, though, cheating is mentioned only briefly or not at all.

Jacob Moon, a high-school English teacher in Coosa County, Ala., said he rarely used to see evidence of cheating in his class. So far this school year, though, Moon has caught roughly two dozen students using AI for assignments, including essays.

"What scares me as a teacher the most," Moon said, is "what happens when they go into college and the workforce?"

Chris Prowell, a sophomore at the school, said classmates use AI to complete assignments all the time. But he doesn't, fearing he would be ill-prepared for college. Rampant AI cheating, he said, "discredits people that actually work hard on something."

Some educators are skeptical that students can use AI responsibly while doing work at home. Joshua Allard-Howells, a high-school English teacher in Sonoma County, Calif., said AI cheating spread quickly among his students last year.

He now requires them to write their first drafts in class by hand, with computers and phones prohibited and out of reach. The change has produced an unexpected benefit, he said: Students take more time on their work, and their writing is more authentic.

The downside: he can't assign homework. "If I do, it just gets cheated on," he said.

Cat and mouse

Dozens of companies advertise apps they claim can write essays and complete homework with AI software that can't be detected. You.com ran a Facebook ad in July that featured an image of a marketing student wearing a backpack, headphones and braces: "I wrote my essay in minutes, citations included, with You's Research Assistant."

The search-and-research tool was valued by investors at nearly one billion dollars. CEO Richard Socher and a spokeswoman for the company didn't respond to requests for comment.

Around the start of the academic year, Estonian company Aithor ran promotions on Facebook and Instagram for its writing assistant. The ads promised "Flawless essays in a click," showing two emojis of a graduation cap.

"In practice, we provide a starting framework that students still need to refine and personalize," Anatoly Terentyev, Aithor's chief marketing officer wrote in an email. The company was reviewing the language in its ads, he said.

"Teachers hate us," is the advertising slogan for Caktus AI. Harrison Leonard, the company's CEO, said the phrase refers to teachers who resist change. College students already know how to write, Leonard said, so Caktus AI is helping students prepare for work by learning to use AI. He said he wasn't creating a cheating tool.

Caktus AI presents itself differently on social media.

'Annoying work'

"The past three years I was playing football at a good college and really hated doing my school work and going to workouts and all that annoying work. So I built a software for myself that wrote all of my essays and did all of my homework problems instantly," said a Reddit post from Caktus AI's account.

Leonard, who played football for Notre Dame, didn't respond to follow-up questions about the post. Earlier, he had said, "I can't control the way the students interact with the platform."

Patricia Webb, an English professor at Arizona State University, typically bars AI use in her classes. Yet on some writing assignments, she suspects 20% to 40% of her students use it anyway, based on the writing styles she observes.

But without definitive evidence, she said, she rarely confronts those students.

Her attempted remedy is assigning writing based on personal experiences or interviews, which are more difficult to outsource to AI.

OpenAI has developed a tool that can reliably detect ChatGPT-generated writing but has declined to release it, the Journal found. An internal survey found that nearly 30% of users would use ChatGPT less if OpenAI rolled out the feature.

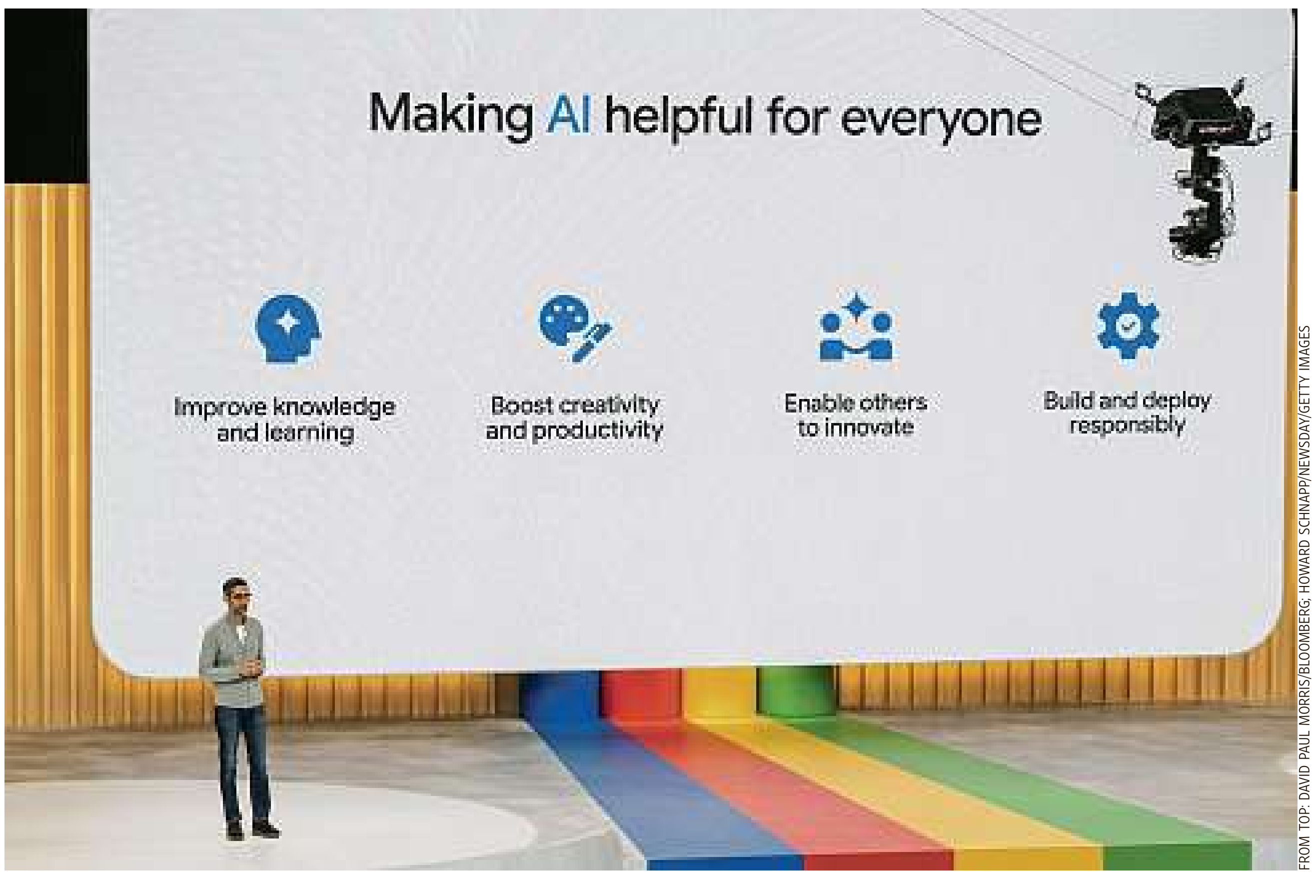
Some teachers turn to third-party AI detection tools. Yet often the software identifies student writing as genuine when it isn't and, in some instances, labels legitimate student work as AI-generated.

In 2023, Max Spero launched Pangram Labs, an AI-detection operation focused on helping companies weed out AI-generated product reviews.

In a Journal experiment, ChatGPT generated a ninth-grade essay on the themes of William Golding's "Lord of the Flies." The essay was reviewed by Pangram Labs' software, which identified the essay as almost certainly AI-generated.

The essay was then fed into HumanizeAI.pro, an app that boasts it can "transform your AI-generated content into natural, human-like text." Pangram Labs was less sure about this version. In one instance, the program said there might be some AI writing involved. On a later try with the same text, it declared the essay "fully human-written."

Pangram Labs is working to "defeat the humanizers," Spero said.



FROM TOP: DAVID PAUL MORRIS/BLOOMBERG; HOWARD SCHNAPP/NEWSDAY/GETTY IMAGES

Sundar Pichai, CEO of Alphabet, above, and John King Jr., center, a public university system chancellor.

MARK PETERMAN FOR WSJ (2)

Arizona State University in Tempe, Ariz., where Patricia Webb, an English professor, assigns writing based on personal experiences or interviews, which are more difficult to outsource to AI.

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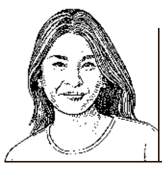
PERSONAL JOURNAL.



PERSONAL TECHNOLOGY
NICOLE NGUYEN

▲ The latest MacBook Air has a faster chip, updated webcam and double the RAM of its predecessor—plus a new blue option.

New MacBook Air Has Big Upgrades at the Old Price

Apple's next-generation classic thin laptop is now priced at $999—with double the RAM

When someone asks what laptop to buy, my default answer is the MacBook Air. And the latest model is even cheaper and better than before. The new M4 MacBook Air has a faster chip, updated webcam and double the RAM—and it costs $100 *less*.

The new 13-inch MacBook Air, now available, is back to its $999 starting price tag. Sometimes, that lower price is just bait to get you to pile on upgrade options. Not here. In my testing, the better chip is speedy. The battery lasts all day, and then some. Plus, I now look better on video calls.

My only complaint is the same as always: It's easy to run out of ports.

A better look

The last MacBook Air I reviewed was the M2 model in 2022, when **Apple** finally refreshed the look of its classic thin laptop. And just like that model, this one has the same quick-release MagSafe magnetic charger, big roomy trackpad and bouncy keys. It has the same 13.6-inch display (and a 15.3-inch screen costs just $200 more).

The M4's webcam has a few more tricks. Center Stage can keep you in frame as you move around or more people jump in. And it can do "Desk View," showing what you're doing with your hands at your desk, while simultaneously keeping your head in the shot. The most notable upgrade, though, is the camera itself: Yes, you will look better on Zoom, with more detail and light.

OK, something else is new: a blue hue. It's more of a light, powder blue, rather than a *blue* blue like the Microsoft Surface Laptop. At least it's more interesting than the other current options: silver, the pale gold "starlight" and the dark blue "midnight."

Now, back to the main event: this laptop's guts.

When you shop for a laptop, there's a complicated decision matrix at checkout because of all the sneaky upgrades. You almost feel lame picking the base model, but don't. It's a good call.

The new M4 model costs less, but offers double the base memory (16 gigabytes of RAM, up from 8), typically a $200 upgrade, compared with the previous generation. That's plenty for web browsing with a dozen-plus tabs open and running apps such as Zoom and Slack at the same time.

When to pay more

If you are a power user, the things to consider are extra graphics processing, extra RAM and extra storage. Each step up adds $100 or more, and you've got one shot to decide: You can't upgrade those specs post-purchase.

Intensive applications, such as Adobe Premiere for video editing, will need more GPU and RAM. Though if you're going to spend that much on upgrades, you might as well spring for the heavier M4 MacBook Pro ($1,599).

The more expensive Pro model also has a ton of ports on both sides of the laptop. The Air has just two USB-C inputs on the left next to the MagSafe charging port, plus a headphone jack on the right.

When I am managing multiple accessories on the Air—an external display, a mic for podcasting and an external drive—I yearn for one more port.

Another thing you can't change: wireless connectivity. It still has the older (but mostly fine) Wi-Fi 6E, rather than the faster Wi-Fi 7, and no option for 5G.

If you keep data in the cloud, you don't need a lot of local storage.

If you, like me, are a digital hoarder who hasn't cleared your downloads folder in years, move up to 512 gigabytes for $200.

If your storage needs are any greater, it's cheaper to get a portable external drive. I like SanDisk's water- and dust-resistant 2TB option for less than $200.

There is also the bigger 15-inch model. The main benefit there is that you can have two documents open side by side.

Once again, Apple built an almost-everybody computer and is selling it at an almost-everybody $999 price. Tariffs could drive up the cost of Apple gadgets, but the new MacBook Air seems to be immune. For now.

▼ Compared with the camera on older Air models, left, the M4 MacBook Air's improved 12-megapixel webcam, right, will make you look brighter and clearer on video calls.

NICOLE NGUYEN/WSJ (3)

American Airlines Tests Wi-Fi Option

By Dawn Gilbertson

American Airlines this month began testing free Wi-Fi. The test is only on three routes. But it is a sign the airline is finally getting serious about joining competitors in offering affordable or free Wi-Fi.

American's Wi-Fi rates, which vary by route due to different providers, are among the highest in the skies and regularly frustrate frequent fliers.

The Dallas-based airline says the limited-time test is offered on three routes: Charlotte to and from Raleigh-Durham, N.C., and Jacksonville, Fla., and Miami to Chicago O'Hare.

Here's a refresher on other major airlines' Wi-Fi offerings:

▶ **Delta Air Lines:** Free Wi-Fi for SkyMiles members on most domestic flights. The loyalty program is free to join.

▶ **United Airlines:** $8 for Mileage Plus members on domestic and short haul international flights, including Mexico and Canada. Nonmembers pay $10. Mileage Plus is free to join. The airline plans to offer free Wi-Fi when it adds Starlink service.

▶ **Southwest Airlines:** $8 per flight.

▶ **Alaska Airlines:** $8 on most flights.

▶ **JetBlue Airways:** Free

Some airlines offer Wi-Fi perks for travelers with elite status so check your airline's rules.

Southwest bag woes

Think you don't have to worry about Southwest Airlines' new bag charges because you don't check bags?

Think again.

The airline's new charges for checked bags, which kick in for bookings made on May 28 and beyond, will no doubt prompt more passengers to carry on bags since there is no charge for that. That would gum up boarding.

Southwest is already preparing for this and is taking several steps to handle it, according to an internal memo from Steve Murtoff, the airline's vice president of inflight operations.

The most important changes you need to know about: The airline will be adding new bag sizers to match new carry-on size limits. A Southwest spokesperson said the bag dimensions, which will match new industry standards, are still in development and that the timeline for rolling out the new sizers hasn't been determined.

Until then, current carry-on bag policies will be in effect.

If you've flown recently, you know Southwest and other airlines have already been cracking down on the number of carry-on bags to speed boarding and maximize limited overhead bin space.

It's the rare flight when gate agents aren't making announcements about consolidating your items. I've repeatedly had gate agents at Southwest and other airlines pull me aside to put my small crossbody bag in my backpack.

You've probably also heard repeated pleas to gate check your bags as bin space runs out, especially in later boarding groups. Those pleas are likely to intensify at Southwest as passengers tote more stuff on board.

MATT ODOM FOR WSJ

▼ Southwest Airlines' new bag charges will prompt more passengers to carry on bags.

Seat blockers

Good news: I found an airline fee I don't hate.

During online check in for my 10-hour flight to Paris a couple weeks ago, Air France offered the chance to pay to block a middle seat. It was $104 and gave my daughter and me the entire row. (I had not paid for any seat assignments.)

Solo travelers who want to block the row could have paid $197. The flight attendants were so curious about this option two stopped by to ask me how much I paid!

Discount scores an AAA

Road tripping this spring? Love's Travel Stops and AAA have teamed up to offer members a discount at the gas pump. Just download the Love's app and connect your AAA account to receive 13 cents off each gallon of gas.

Bag it

Put your purse and other personal items in one of those reusable grocery bags before stashing it under your seat. Food Network Star Katie Lee Biegel says she brings one every trip to keep her stuff off dirty airline floors.

An epic price

$1,051: That's the starting price for this year's Epic Pass from Vail Resorts. It's the first time the seasonal ski pass has launched at a price greater than $1,000.

Vanderpump hotel

In Las Vegas, reality TV star Lisa Vanderpump is expanding her hospitality lineup to include a hotel. The Cromwell Hotel on the Strip will transform into The Vanderpump Hotel early next year, according to casino hotel giant Caesars Entertainment.

These items first appeared in Dawn Gilbertson's WSJ Travel newsletter. Get more at **wsj.com/newsletters**.

Making Sense of Cash Balance Plans

Readers had questions about the complicated and popular retirement-saving accounts after a recent Journal story

By Anne Tergesen

Cash balance plans have exploded in popularity and now hold more than $1 trillion of wealth.

The plans are complicated. They have some features in common with 401(k)s, even though they are technically pensions.

A recent Wall Street Journal article looked at how small-business owners and partners in medical and law firms are using them to supersize retirement savings.

It sparked tons of questions from WSJ readers, including Peter Knupfer, who asked: "How exactly do these plans work?"

Here are some answers:

How the plans work

Cash balance plans are funded by employers, who guarantee the promised benefits, whether the market goes up or down.

As with 401(k)s, users accrue benefits stated as an account balance, which they can roll over to an individual retirement account after leaving their employer.

Cash balance plans allow for much higher annual contributions than a 401(k). (Many business owners with cash balance plans contribute to 401(k)s as well.)

An older higher earner can contribute as much as $380,000 annually, compared with $70,000 this year in a 401(k).

That $70,000 consists of up to $23,500 from employees, plus up to $46,500 in employer matches and profit-sharing.

Limits are higher for those age 50 and older.

If a company sponsoring a cash balance plan files for bankruptcy, the Pension Benefit Guaranty Corp. will take over if the funds in the plan don't cover the promised benefits, paying benefits up to a cap.

Professional services firms offering plans with fewer than 26 participants are exempt from PBGC coverage, according to Steve Sansone, a retirement plan consultant at SageView.


ELENA SCOTT/WSJ, ISTOCK

How money is invested

While 401(k) participants typically choose their own investments from their plan's menu, cash balance plans generally hire a professional to invest the money.

Since many of these plans guarantee a fixed annual return, often 3% to 5%, the managers typically choose relatively conservative strategies weighted toward fixed income.

That helps minimize losses the employer would eventually have to make up with additional contributions, said Sansone.

Who uses them

You can't use a cash balance plan unless your company offers one.

In the 1990s, many large firms converted their traditional pensions to a cash balance model, often to reduce the volatility of their pension expenses.

Many have since shifted new hires into 401(k)s.

In recent years, cash balance plans have grown in popularity with smaller employers, including medical practices and law firms. Companies with nine or fewer employees make up 61% of all cash balance plans, according to FuturePlan by Ascensus.

People who save the most in cash balance plans are typically business owners paid a share of the profit who want to reduce their taxes and save more than the 401(k) permits.

Many smaller companies with cash balance plans pair them with 401(k)s to pass annual tests the Internal Revenue Service requires.

To pass, employers must generally contribute 5% to 7.5% of pay to the accounts of eligible employees who earned below $155,000 in 2024.

As a result, the plans often make the most sense for firms with relatively few employees.

Savings limits

This year, the IRS allows people to accumulate up to about $3.6 million in a cash balance plan by age 62, according to Jerry Cicalese, head of retirement at employee-benefits consulting firm Sentinel Group.

That limit rises to $3.8 million for those working until age 68. The IRS adjusts the limit each year for inflation.

The limit is designed to give a retiree the lump sum they'd need to produce an annual pension benefit of $280,000 a year for life—although very few elect to annuitize, said Sansone.

Accumulating enough to receive a benefit of that size typically takes about 10 years.

Contributions for older participants are often higher since they generally have higher incomes and less time to reach the maximum inflation-adjusted balance.

In some plans, higher earners between 66 and 70 years old can put away as much as $380,000 a year, according to FuturePlan by Ascensus. For those ages 55 to 59, the limit is around $280,000 this year.

Rollovers

Participants in cash balance plans typically roll their savings over to an IRA or 401(k) when they leave their company or the plan terminates.

Cash balance plans are often designed to operate for 10 years or longer, but can terminate early for reasons like the sale of the business, said Sansone.

Fees

Some readers said they wanted more explanation of fees, which for many plans the employer pays.

Cash balance plans are more expensive to run than 401(k)s, because they are more complex and require actuarial services, said Sansone.

A typical small firm might pay $3,000 to $5,000 to establish the plan, plus that amount or more in ongoing annual administration costs, depending upon the number of participants and the features selected, said Sansone.

Larger plans also pay PBGC premiums.

Taxes

As with traditional 401(k)s and IRAs, cash balance plans allow users to defer paying income tax on the money their employers contribute from their income. That reduces the employee's taxable income.

Instead, savers pay the income tax on their withdrawals, an attractive trade-off for those who expect to be in a lower tax bracket in retirement.

Readers including Edward Mackin point out that high earners who defer large sums in IRAs, 401(k)s and cash balance plans may find themselves in the same or an even higher tax bracket once required distributions begin, especially if a future Congress raises tax rates.

Withdrawals can also inflate taxable income above the thresholds at which people become subject to higher Medicare premiums and a 3.8% surtax on certain net investment income.

The Met Takes The Initiative On Stolen Art

Continued from Page One

claim it. Instead, in a turn that shows how the process of repatriation and restitution has changed, the Met took the initiative to investigate how the griffin head got into its collection. The museum found it had disappeared from the Archaeological Museum of Olympia in the 1930s.

Last year the Met appointed Lucian Simmons, a lawyer and former Sotheby's executive, to be its first-ever head of provenance. He leads a team of 10 full-time researchers, which the Met says is the biggest staff dedicated to this task at any museum.

Simmons acts as "air-traffic control," he said, providing support, supervision and coordination to the provenance research specialists, who are embedded within the museum's departments.

Simmons's broader philosophy is that more sunlight is better when it comes to determining pieces' back stories. "We need to know the truth," he said. "Sometimes it's uncomfortable."

With these claims, the stakes are often high: In 2022, local and federal authorities seized 27 objects worth a reported $13 million from the Met and returned them to Italy and Egypt, their countries of origin.

Provenance research, or finding a comprehensive record of an art object's previous ownership and history, is "core museum work" these days, said Hollein, certainly when it comes to vetting new acquisitions. But now, more museums are examining the back story of objects they've had for decades and then taking action based on what they find.

"Museums used to take a wait-and-see approach," said William M. Griswold, the director of the Cleveland Museum of Art and the chair of the cultural property task force of the Association of Art Museum Directors. "Now, they are much more proactive about investigating and finding ways to resolve issues that pertain to provenance."

Hollein noted how much the landscape of looking into a work's provenance had changed. "Forty, fifty years ago, nobody cared about documents. It's not because everything was illegal. That's just not how it worked."


BRUCE SCHWARZ/THE METROPOLITAN MUSEUM OF ART (2)

A collection of Cycladic art, above, will be owned by Greece. The Met investigated the previous ownership of 'La Crainte des Traits de l'Amour', right. Below, the Met took initiative to investigate a bronze sculpture.


THE METROPOLITAN MUSEUM OF ART

The Met has more than 1.5 million objects in its collection, six million visitors a year and an endowment of $4.5 billion.

With the griffin head, Met staffers flagged in 2018 that there were issues, and Hollein then reached out to the Directorate of Antiquities and Cultural Heritage of Greece. The mystery was never solved definitively, and hence the museum could not be sure the piece met its standards.

But it's not gone for good. The bronze is coming back to the Met as a loan next year.

When the billionaire Leonard N. Stern, a real-estate developer and heir of the pet-product company Hartz Mountain, wanted to give the Met a collection of Bronze Age sculptures from the Cycladic Islands, which are now part of Greece, the Met couldn't determine the art's origin.

"Ninety percent of Cycladic art comes from unknown contexts, and a lot of it probably comes out of tombs," said Seán Hemingway, the Met's chief curator of Greek and Roman art.

Instead of turning down the gift, the Met worked with the Greek government and the Museum of Cycladic Art to establish a long-term partnership. The works will be owned by Greece, but most will be on display at the Met for the next 25 years, and the country will loan other Cycladic art to the museum. Separately, Stern is supporting extensive joint research and conservation projects.

Hollein said the reaction to such an offer had changed completely. "Maybe like 40 years ago, it would have been, 'We'll take it,' " he said. "Then maybe 10 years ago, it would have been, 'It's impossible for us to get right.' "

Sometimes, the outcomes of provenance research don't result in a piece being returned, as with Jean-Louis Lemoyne's "La Crainte des Traits de l'Amour" (1739-40), a Rococo marble sculpture in the Met's Petrie Court depicting a woman startled by a tiny Cupid.

Last year, an associate curator in the European Sculpture and Decorative Arts department flagged a gap in its ownership records. Upon further investigation, the museum confirmed that the sculpture, once owned by a branch of the Rothschild banking family, had been seized during World War II, a fact previously unknown to the museum.

After being taken from the family, "it was put on a truck by Nazis in Paris," Simmons said. "It was taken to the Jeu de Paume and then shipped to Berlin."

Somehow, the work found its way back to the Rothschilds, who later sold it, and the Met bought it from a dealer, so it didn't clearly call for restitution. Instead, new information explaining this history will be added to the placard describing the work, part of a new New York state legal requirement that requires New York museums to publicize when an artwork was stolen by the German Army.

ART REVIEW

Modest Paintings, Major Effects

A museum highlights the haunting power of the Chicago artist Gertrude Abercrombie's canvases

By Peter Plagens

Pittsburgh

'INCONGRUITY IS THE SECRET to art," said the Chicago Surrealist painter Gertrude Abercrombie (1909-1977)—and she gave herself plenty of discrepant ingredients to work with: "doors, moons, barren trees and stumps, seashells, masked and shrouded figures, towers and pyramids, clouds, dominoes and jacks, stairs, eggs, couches, letters, and ladders." That inventory is courtesy of Eric Crosby, director of the Carnegie Museum of Art, where a retrospective exhibition, "Gertrude Abercrombie: The Whole World Is a Mystery," is on view through June 1 before traveling to the Colby College Museum of Art in Waterville, Maine. Curated by Mr. Crosby and Colby's Sarah Humphreville, it's an oddly substantial exhibition—with a genuine keeper of a catalog—even though its contents are small, often tiny paintings (all displayed under spotlights in two long corridors painted varying shades of light chocolate brown).

Abercrombie was born in Austin, Texas, to itinerant and impoverished opera singers who eventually retreated to family turf in Illinois. She attended the University of Illinois, obtaining a degree in Romance languages, but also took every art class that she could. For four years in the early 1930s, Abercrombie was the house commercial artist for a few Chicago department stores. In 1935, however, she was able to pursue fine art full-time via a grant from the Works Progress Administration: In return for producing a monthly easel painting, she received $94. (Her live-in studio was only $11 a month, including utilities.)

Abercrombie quickly became successful in a city where artistic quirkiness—with the dark Magic Realism of Ivan Albright, the Monster Roster of Leon Golub and a few others, and such Chicago Imagists as the Hairy Who—made for a kind of municipal uber-style that continues to some extent today. She joined Katharine Kuh's influential Chicago gallery, had a painting in the 1939 World's Fair in New York, and was generally praised by critics; this commercial and critical success extended through the '40s and into the 1950s.

Her personal life was another matter. An alcoholic, she was twice divorced and had little apparent interest in raising her one child, a daughter. As was negatively noted even during her lifetime, she also enjoyed a surfeit of sexual partners. Abercrombie played the piano fairly well and, as a jazz aficionada, hosted parties with Charlie Parker, Dizzy Gillespie and others. Although some of Abercrombie's painting titles are inspired by standards—"How High the Moon," "Somebody Loves Me," "Where or When"—she did not "hold music to be a model for abstraction or jazz to be a distinct national product." By the mid-1960s, however, she was an emotional wreck with an assortment of physical ailments, completely broke (she lost her savings to a fraudster), and in artistic decline.

When she was good, Abercrombie was a quietly and weirdly charming artist. "White Cat" (1938) is a deceptively simple and almost faux *faux-naïf* painting: a simple white room with a gray door and wainscoting, a dark floor on which sits a low brown table with a blue vase and, in a corner, a white cat. On the wall is a painting of a bleak landscape containing the leafless remnant of a tree, and a female figure—likely Abercrombie herself—walking a small white dog. (The door reappears in later work as the main subject.) What does it all mean? Certainly it evokes loneliness and a feeling of being the odd woman out, but it also marks an attempt to create an American Surrealism full of spooky normalcy.

The painter eschews flashy technique in favor of striking simplicity.

Abercrombie's 'Doors, 4 (5½)' (1957); the show will next travel to the Colby College Museum of Art.

Abercrombie's work contains several self-portraits, a particularly good one being "Self-Portrait, the Striped Blouse" (1940). At 36 by 30 inches, it's one of the larger paintings in the show, and somehow one of the scariest. A severe-looking Abercrombie, wearing a flat brimmed black hat and a wonderfully painted black-and-white striped blouse (both the boldness of the pattern and the modeling of it as worn are spot on), reaches a claw-like hand into a compote dish of grapes. Outside the window behind her is a stunted tree and an ominous sky.

In the late 1950s, Abercrombie began painting rows of doors much like the one in "White Cat," save that they're typically colored red, white and blue-green—and somehow standing on a sidewalk with no visible support. "Doors, 4 (5½)" (1957) is the best of them (the cats in a couple of others have a whiff of Hallmark cuteness). The rendering is flat and simplified—each door has the same inset panels with white highlighted borders and dark gray shadowed ones. On rather thin evidence (Abercrombie didn't like what she considered the heartless urban renewal taking place adjacent to her), the paintings are purported by some to be protest pictures. One of the better of her typically small late paintings is "Untitled (Tree at Aledo Variation)" (1963): a leafless white specimen with odd (to put it mildly) black branches—almost stubs—growing out of it. The tree stands, seemingly rootless, on a flat floor plane against a gloomy sky with a single, desultory white cloud floating low, near the horizon. Its economy, simplicity and lack of any earthly life make for a haunting picture.

Because they're comparatively small and decidedly unflashy, Abercrombie's pictures require a bit of careful—and sympathetic—looking to appreciate their strangeness and originality. The paintings' lack of technical flair is probably what led the artist to say, "I don't think I'm a very good painter but I do think I'm a good artist." Actually, in her peculiar way, Gertrude Abercrombie was very much both.

Gertrude Abercrombie: The Whole World Is a Mystery
Carnegie Museum of Art,
through June 1

Mr. Plagens is an artist and writer in Connecticut.

Clockwise from below: 'Untitled (Tree at Aledo Variation)' (1963); 'Where or When (Things Past)' (1948); and 'Strange Shadows (Shadow and Substance)' (1950).

CLOCKWISE FROM TOP: KARMA GALLERY; ILLINOIS STATE MUSEUM/ESTATE OF GERTRUDE ABERCROMBIE; MADISON MUSEUM OF CONTEMPORARY ART; ESTATE OF GERTRUDE ABERCROMBIE

SPORTS

Complete Madness in SEC

The Southeastern Conference has long been defined by its football tradition. Now, with a record number of NCAA tournament bids, it's in danger of being recast as a basketball league.

By Laine Higgins

The Southeastern Conference has long been known for its maniacal fans, its ginormous athletic budgets and the swankiest facilities in college sports. In the SEC, football is a full-blown religion.

Basketball? Not so much.

Even as the conference conquered the gridiron over the last two decades, its basketball teams resembled a bunch of tackling dummies. They did next to nothing and were easy to take down.

The low point for SEC basketball came in 2016, when just three of the conference's 14 teams qualified for the NCAA tournament. Greg Sankey, the SEC commissioner, describes it as "one of the more miserable days" of his professional career.

"We had only three of our teams selected," he says. "One of those teams was assigned to the first round in Dayton—and lost."

Yet nearly a decade later, the country's foremost football conference is in danger of being recast as a 16-team basketball league. For the second straight year, the SEC was forced to watch college football's national championship from home. At the same time, Selection Sunday was one of the best in SEC history, with a record 14 teams earning bids to the NCAA tournament—the most by any single conference in March Madness history.

Several of the conference's teams appear to have a legitimate shot at cutting down the nets in San Antonio next month. Auburn earned the top overall seed in the tournament and three more teams—Florida, Alabama and Tennessee—are in the top six of Ken Pomeroy's rankings.

"This is the best league in the history of college basketball," South Carolina coach Lamont Paris said, "by any metric you would like to choose, including your eyeballs."

How the SEC went from basketball backwater to March Madness mainstay isn't hard to understand. The league simply copied what was working in one sport and applied it to another.

The only surprising thing is that the blueprint wasn't the conference's all-powerful football teams, but a sport with a slightly lower profile.

"I want you to perform like our softball teams do," Sankey told the SEC basketball coaches at a leaguewide meeting in 2017.

His message was greeted by stunned silence. When he explained that he wanted them to replicate college softball's 2017 postseason, in which all 13 SEC teams were invited to compete in the NCAA championship, the confused looks turned to awkward laughter.

"I told them you're right to laugh," Sankey said. "If you go back 10 years in softball and somebody said the same thing to our softball coaches, they would have laughed too."

As far as Sankey was concerned, it started with a mindset shift. That process began when Sankey hired former Big East commissioner Mike Tranghese to serve as a basketball adviser. Veteran coach Dan Leibovitz was also hired to facilitate relationships with SEC coaches.

"I remember telling the athletic directors and the coaches, 'What do you think you're missing?'"

Tranghese realized that the conference's pigskin-worshipping reputation was part of the problem. Basketball coaches were frustrated with playing second fiddle to football. Tranghese encouraged them to use it to their advantage. "I'd argue that being good at football can only help you in basketball," he said.

Tennessee coach Rick Barnes, who arrived in the SEC in 2015 after 17 seasons at Texas, agreed. "If you're at Texas and you don't use football to help you recruit basketball," he told Tranghese, "you're out of your mind."

That practice is now commonplace—Alabama coach Nate Oats even brought Nick Saban in to speak to his team before the Sweet 16 in 2023 and again last year.

The standard of coaching also needed to improve. Athletic directors were making bad hires and cycling through coaches like gym socks. So Tranghese inserted himself into the hiring process, suggesting candidates from beyond the SEC's traditional geographic footprint.

Alabama hired Oats, a former high school math teacher who had only coached at Buffalo. Since 2019, he's taken the Crimson Tide to two Elite Eights and the 2024 Final Four. When Florida had a vacancy in 2022, it was filled by San Francisco coach Todd Golden. The Gators won the SEC tournament and earned a No. 1 seed for the first time since 2014.

"If you don't hire good coaches, you ain't winning," Tranghese says.

Once they had hired good coaches, the schools also needed to keep them. That meant paying up once they started winning.

By and large, the conference has done just that: SEC basketball coaches earned 14.4% more than the national average in 2024, according to data from USA Today.

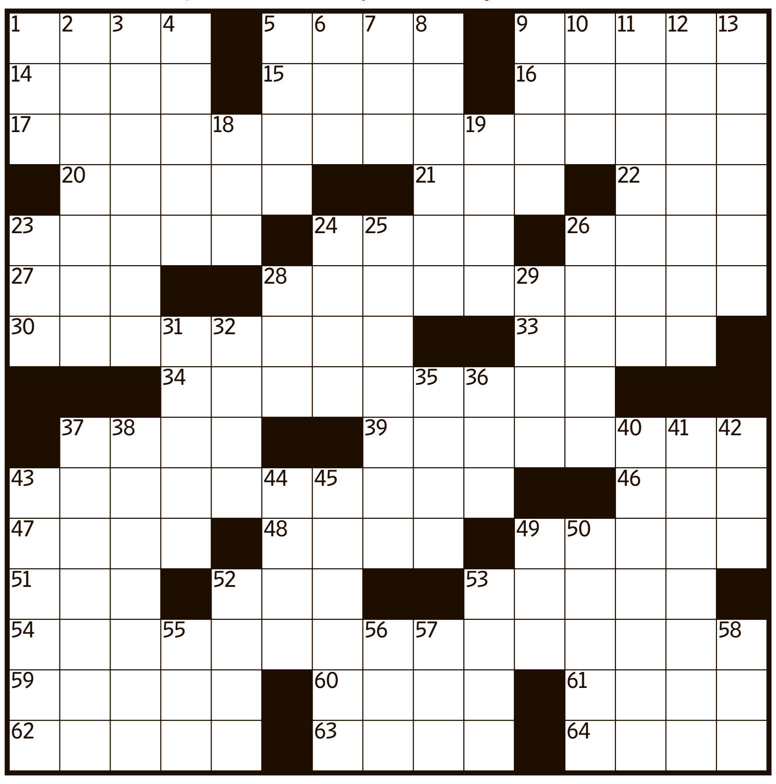
As much progress as SEC hoops have made this decade, a national championship has remained frustratingly out of reach—for now. Winning March Madness takes a healthy dose of luck. But Sankey has no doubt that his teams finally have everything else it takes.

"Everyone is talking about the beast of a league we have," Sankey said.

GEORGE WALKER IV/AP

Auburn and Tennessee players battle for a loose ball during a semifinal game in the SEC tournament.

The WSJ Daily Crossword | Edited by Mike Shenk



SAVE THE EARTHTONES | By Kevin Curry

Across

1 Sit in traffic
5 Soft mineral
9 Discontinued Apple players
14 Hot dog alternative
15 Berry in a smoothie
16 Like a situation offering only bad outcomes
17 *Rapper whose stage name refers to his rapid-fire delivery
20 Puffers and parkas
21 Saint Patrick's, e.g.
22 Ill-mannered fellow
23 "Beats me"
24 December 25, familiarly
26 Windy afternoon flier
27 Boxer who "floated like a butterfly"
28 *Pro at company recruiting
30 Cheese partner
33 Chest contents in a kid's room
34 *British moneymaker once overseen by Sir Isaac Newton
37 Norway's capital
39 Prius proclamation
43 *Kalamata, e.g.
46 Text equivalent of "!!!!"
47 "It's a shame..."
48 Mafia bosses
49 Restaurant guide name
51 "Holy moly!"
52 Chomped down
53 Colorado-based brewer
54 *Gnome home, perhaps
59 Classical theater
60 America's top-selling cookie brand
61 ___ off (miffed)
62 Snooped (around)
63 Wood shop cutters
64 "No ifs, ___ or buts"

Down

1 Company nicknamed "Big Blue"
2 Blood count?
3 Using few words
4 Hawke of Hollywood
5 Doesn't burn, on the beach
6 High card
7 Streaming issue
8 ___ de México (capital, to natives)
9 Jet-black
10 "The Raven" writer
11 "Avian" artist with the 2009 #1 hit "Fireflies"
12 What a pupil does in the dark
13 "Justice League" director Zack
18 "Who am ___ say?"
19 Basketball Hall of Famer Steve
23 Beaver's creation
24 TV's warrior princess
25 Returns, as a ballot
26 Shoelace problems
28 It precedes mañana
29 ___ Reader (digital digest)
31 Where Van Gogh painted "Sunflowers"
32 Chess piece that starts in the corner
35 Dallas NBA team, familiarly
36 "___ got a feeling..."
37 Florida home of many theme parks
38 They've got spirit
40 Make ecologically sound decisions, and a hint to what the starred answers do
41 Stockpiled
42 Police dept. rank
43 "Bring it!"
44 Thor's father
45 State-run jackpot awarders
49 Bronx attraction
50 Largest blood vessel
52 Chicago or Boston, e.g.
53 Corp. money watchers
55 Gardener's tool
56 Historic time
57 Drops on the grass
58 NFL scores

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

Previous Puzzle's Solution

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

The contest answer is **RABBIT EARS**. As suggested by the answer AS SEEN ON TV, find five instances of TV in the Across answers, then take the two letters on top of each instance to spell the contest answer.

This American Sprinting Star Has an 11-Year Winning Streak

By Rachel Bachman

It might be the most precarious race in sports. To win the 60-meter hurdles, a runner has to start strong, clear five barriers taller than a kitchen counter and then outsprint everyone else—all in less than eight seconds.

It's the sort of unforgiving endeavor where even the smallest mistake or tiniest hesitation can prove fatal. Unless you're Grant Holloway.

He's won it 75 times in a row.

When the American sprinter lines up next Saturday at the world indoor championships in Nanjing, China, he will be seeking to win his third world title in the 60-meter hurdles—and extend a mind-boggling streak in the event that now stretches to 11 years.

"I always tell people: You gotta have a little bit of luck, just a little bit, when you roll out of bed that morning," Holloway said. "I think I keep rolling out of bed the exact same way for some time now."

It's more than good fortune that has propelled Holloway to his remarkable record over 60 meters. In addition to being supremely talented, the 27-year-old keeps himself in peak physical condition. Along with workouts on the track and in the weight room, Holloway said he spends as much as $45,000 a year on treatments to maintain his body.

Growing up in Chesapeake, Va., Holloway competed for a track club coached by his father and learned his work ethic from both parents. He played wide receiver in high school but picked the powerhouse track and field team at Florida over college football. He excelled at a range of events, from the long jump to the 400-meter relay.

But the hurdles were where Holloway's genius jumped out. He's a two-time Olympic medalist in the 110-meter hurdles, which includes his gold medal at Paris 2024. He's also a five-time world champion in the indoor and outdoor hurdles.

What makes Holloway so good? For starters, he's tall—standing at 6-foot-2 and with long legs. He also boasts a powerful start. Together, those attributes allow him to take just seven steps—not eight—to reach the first hurdle.

For most sprinters, that's an awkward stretch. But Holloway has perfected the approach, getting to the first hurdle faster and generating crucial momentum, his coach said.

He also embraces routine. Holloway stayed in Gainesville, Fla., after college and lives two doors down from his coach. Even with his pile of titles, he is working on tiny improvements to his form, like lifting his trailing knee higher over the hurdle and keeping his foot tucked closer to his body.

"He doesn't take anything for granted," said his coach, Mike Holloway—no relation. "He challenges me to challenge him daily."

Some athletes use indoor meets as tune-up events for the main outdoor season. But during a boom of nutritional, shoe and track technology, more athletes are taking indoor season seriously—including chasing and shattering records.

That has brought attention to Holloway's 60-meter hurdles streak, which ranks as one of the most impressive in sprinting. Edwin Moses had a nearly 10-year winning streak in the 400-meter hurdles that spanned 122 races in the 1970s and '80s. But Moses's streak ended at age 32, five years older than Holloway is now.

Holloway's last loss in the event came on March 16, 2014, at a boys indoor competition at New York's Armory.

When asked about the streak, Holloway always knocks on wood.

"You guys know the rules," Holloway said before February's U.S. Indoor Championships. "If someone's throwing a no-hitter, and you say, 'Oh, they're throwing a no-hitter,' next thing you know it's a grand slam right over the fence. So anybody watching or hearing this, if you can be quiet, you know, spare me a little bit...."

The next day, he went out and won, just like he always does.

DENIS CHARLET/AFP/GETTY IMAGES

Grant Holloway has won every 60-meter hurdles race he has entered since he was a sophomore in high school in 2014.

OPINION

Make America Smart Again

INSIDE VIEW
By Andy Kessler

"Look, in seventh grade, if I had known that I could have said the word 'they' and got in the girls' bathroom, I would have done it," Rahm Emanuel recently said on HBO's "Real Time with Bill Maher." The former ambassador to Japan, Chicago mayor, chief of staff to Barack Obama, and Freddie Mac board director was on a roll, "And I'll say this about our schools: I don't wanna hear another word about the locker room. I don't wanna hear another word about the bathroom. You better start focusing on the classroom."

Great lines, and maybe it's a sign that an inkling of sanity is returning to the Democratic Party. There are whispers that Mr. Emanuel may run for Senate or even president. But then I thought back to Mr. Emanuel's dealings with the Chicago public-school system.

To be fair, Mr. Emanuel had a reform agenda with plans for charter schools and longer school days. But in September 2012, the Chicago Teachers Union went on strike, demanding higher pay and no link between teachers' pay and student performance. Mayor Emanuel wanted raises linked to layoffs, which the union rejected.

Some critics at the time—OK, I mean me—thought the then-mayor shouldn't let a crisis go to waste and should channel his inner Ronald Reagan. As in 1981, when the president fired striking air-traffic controllers, Mr. Emanuel should have fired striking Chicago teachers (who had an average salary of around $71,000) and replaced them with iPads and educational software—and still have money left over. I was accused of "unadulterated stupidity" by EdSurge back then, but, as you'll see, I was probably right.

No matter, seven days into the strike, Mayor Emanuel caved and gave the Chicago Teachers Union what it wanted—a raise plus no merit-based pay—and weakened the ability to fire teachers for low student standardized test scores. This was a missed opportunity.

I wondered how students entering the Chicago public-school system in 2012 have done. In 2024, only 22% of Chicago 11th-graders could read at grade level. Only 19% were proficient in math. I give Chicago a grade of D for disaster. As of December 2024, the average Chicago Public Schools "Regular Teacher" salary was $92,000, or $120,000 if you include benefits. This is what happens when Democrats give in to unions. High pay, low results.

Who got hurt? Chicago public-school students are 47% Hispanic, 34% black and 11% white. Boston Celtics star Jaylen Brown said in 2022, "Educational inequality is probably the most potent form of racism on our planet." He's right. Schools need to be fixed.

The Trump administration is trying to close the Education Department. It should. Nationwide, lower-performing fourth- and eighth-graders have the worst reading levels in 30 years. We need to move more responsibilities to states, which can be laboratories for experimentation. They can't do any worse than Chicago. All we need is one state to experiment with technology and artificial intelligence to prove their effectiveness, and the floodgates will open.

Let technology and artificial intelligence lead the way to direct K-12 education.

Maybe technology wasn't completely ready in 2012 to replace teachers, but it is in 2025. As Mr. Trump recently said, "Everything's computer." All the piece parts, including a realistic voice, are here. Generative AI is being used to create personalized learning tools. I challenge Elon Musk to build X's Grok quickly into an adaptive education platform for K-12 students. Maybe then people will stop burning Teslas.

Actually, AI is already being deployed with great success. One example: The Alpha School, launched in Austin, Texas, has a goal of completely reimagining education. Alpha co-founder MacKenzie Price says, "Students get AI-powered, self-paced learning plans and spend only two hours a day on academics. They learn twice as much in half the time. The rest of the school day is devoted to learning life skills like public speaking, financial literacy, socialization and teamwork." To do this, teachers become guides, she explains, "doing what humans do best: emotional support, motivation and developing a personal connection to students." It works. How do we scale this nationwide and then globally?

I can't help but notice that the Trump administration's entire America-first agenda is about returning jobs to the U.S. for those who didn't go to college or even finish high school. If ever there was an indictment of our education system, there it is. Sure, it's a smart vote-getting strategy, but using tariffs to hike prices and make select industrial jobs more economically viable in the U.S. is self-destructive. Why not spend the political capital to improve K-12 and move everyone up the value chain? Make America smart again. It's time.

Write to kessler@wsj.com.

How Venezuela's Maduro Is Testing Trump

AMERICAS
By Mary Anastasia O'Grady

A Venezuelan military patrol ship sailed into Guyanese waters on March 1 and approached an ExxonMobil offshore platform. There was no physical confrontation. But Venezuelan dictator Nicolás Maduro's intention to harass the American oil company was unmistakable.

Guyana said it "condemned" the action "in the strongest possible terms." The State Department called the move by Venezuela "unacceptable and a clear violation of Guyana's internationally-recognized maritime territory." It added: "Further provocation will result in consequences for the Maduro regime. The United States reaffirms its support for Guyana's territorial integrity and the 1899 arbitral award."

So much for the nice-guy act Mr. Maduro put on when a Trump official visited Caracas in January to secure the release of six American hostages. Mr. Maduro used a photo-op with the U.S. envoy as propaganda to advance the narrative that relations between the two countries have normalized. The Venezuelan opposition and President Trump's supporters in south Florida were dismayed.

But Mr. Trump signaled last month that voters who backed him in the hope of a maximum pressure campaign against the dictatorship still matter to him. He has to weigh the support of those voters against the pressure he's getting from American lobbyists whose interests are aligned with Mr. Maduro.

A 2020 federal indictment accuses Mr. Maduro of narcoterrorism and other charges. On Jan. 10 the U.S. had upped the reward for his arrest or conviction to $25 million from $15 million.

On Feb. 26, Mr. Trump announced he would rescind Treasury licenses, issued by the Biden administration, for Chevron and its subsidiaries to work with the Venezuelan dictatorship. The president reasoned that Caracas hadn't met the "electoral conditions" the U.S. expected. Translation: Mr. Maduro stole the July presidential vote from the democratic opposition last year and his claim to the office is illegitimate.

Caracas restarts repatriation flights but doesn't deserve sanctions relief.

Mr. Trump complained further that Venezuelan officials have "not been transporting the violent criminals that they sent into our Country (the Good Ole' U.S.A.) back to Venezuela at the rapid pace that they had agreed to."

An additional point not mentioned by Mr. Trump in his warning to Mr. Maduro is that the largely Russian- and Iranian-supplied Venezuelan military has increased threats against U.S. ally Guyana in recent years. That too makes sanctions-tightening a no-brainer.

Venezuela's agreement last week to restart migrant repatriation flights is an attempt to get Mr. Trump to reverse the rescission of the oil licenses. Losing them is a setback for Mr. Maduro as much as it is for Chevron and smaller companies affected. Ditto for bond vultures who bought the distressed debt of state-owned oil company Petróleos de Venezuela at a deep discount. But should an arsonist be rewarded for putting out the fire?

Mr. Maduro has tried to destabilize the U.S. using a criminal network called Tren de Aragua that he cultivated. But he's paid no price. Lift the sanctions and he'll have more dollars to do more damage at home and abroad.

Tren de Aragua dates to at least 2014, when armed inmates at the Tocorón penitentiary in the state of Aragua overpowered guards and seized control of the prison. Aragua Gov. Tareck El Aissami, a former Venezuelan minister of domestic security, permitted the new order to remain in place. (Mr. El Aissami was also the regime's go-to guy for all relations with the Middle East until his arrest last year on corruption charges.)

The gang used its power to extort the prison population and their family members. The government looked away as gang leaders came and went from prison as they wished. Their network spread to surrounding cities and towns and other Venezuelan states as they took territory and ran shakedown rackets. The regime became partners with the thugs, granting them power over government food rations and other aspects of daily life. But they hit the jackpot when, as the economy collapsed and Venezuelans began emigrating in large numbers, Tren de Aragua took control of human smuggling.

In 2023 the government stormed and cleared the Tocorón prison, taking away an important Tren de Aragua asset. Mysteriously there was no resistance. The gang's leaders had disappeared. And while the government claims to have transferred inmates to other facilities, thousands remain unaccounted for. Intelligence sources from around the region believe many were sent to the U.S. with the help of Tren de Aragua smugglers.

Venezuela has called Tren de Aragua "fiction." But countries as ideologically diverse as Colombia, Peru and Chile say it's real and violent. In July the U.S. Treasury imposed sanctions on Tren de Aragua, warning that it is "expanding throughout the Western Hemisphere."

On Saturday Mr. Trump invoked the Alien Enemies Act to deport Tren de Aragua members. A federal judge issued an injunction halting the move for 14 days. There's good reason for the delay: The administration is sending the Venezuelans to El Salvador. That country has become a police state under President Nayib Bukele, as a 2023 State Department report detailed. On Sunday the White House announced that "nearly 300 Tren De Aragua terrorists" have already been arrested, "extracted and removed to El Salvador."

Venezuelan migrants have been a plus for the U.S. overall, but the gangsters have been poison. Some of those who see Venezuela as a carcass to be picked over are trying to convince the Trump administration that the sanctions are driving misery and migration. Nothing could be further from the truth. Venezuelans are running away from repression. For the good of the Venezuelan people and U.S. national security, maximum pressure leading to regime change is the only way out.

Write to O'Grady@wsj.com.

Federal Land Can Be Home Sweet Home

By Scott Turner And Doug Burgum

America needs more affordable housing, and the federal government can make it happen by making federal land available to build affordable housing stock.

The Interior Department oversees more than 500 million acres of federal land, much of it suitable for residential use. The Department of Housing and Urban Development brings expertise in housing policy and community development. Together we are creating the Joint Task Force on Federal Land for Housing to increase housing supply and decrease costs for millions of Americans.

Under this agreement, HUD will pinpoint where housing needs are most pressing and guide the process by working with state and local leaders who know their communities best. Interior will identify locations that can support homes while carefully considering environmental impact and land-use restrictions. Working together, our agencies can take inventory of underused federal properties, transfer or lease them to states or localities to address housing needs, and support the infrastructure required to make development viable—all while ensuring affordability remains at the core of the mission.

Streamlining the regulatory process is a cornerstone of this partnership. Historically, building on federal land is a nightmare of red tape—lengthy environmental reviews, complex transfer protocols and disjointed agency priorities. This partnership will cut through the bureaucracy. Interior will reduce the red tape behind land transfers or leases to public housing authorities, nonprofits and local governments. HUD will ensure these projects align with affordability goals and development needs. This isn't a free-for-all to build on federal lands, although we recognize that bad-faith critics will likely call it that. It's a strategic effort to use our resources responsibly while preserving our most beautiful lands.

Our departments will work together to solve the housing crisis.

This is about more than building houses. We want to build hope. Overlooked rural and tribal communities will be a focus of this joint agreement. We are going to invest in America's many forgotten communities. As we enter the Golden Age promised by President Trump, this partnership will change how we use public resources. A brighter future, with more affordable housing, is on its way.

Mr. Turner is HUD secretary. Mr. Burgum is interior secretary.

BOOKSHELF | By Gerard Helferich

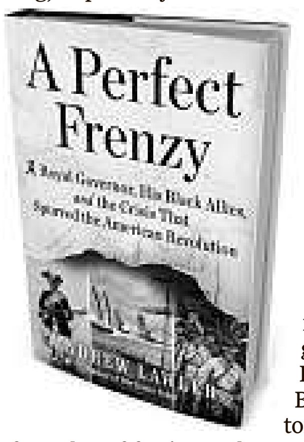
Virginia Rising

A Perfect Frenzy

By Andrew Lawler
Atlantic Monthly, 544 pages, $30

When we recall the places where the simmering feud between Great Britain and its American colonies boiled into revolution, we may think of Boston, with its eponymous massacre and tea party; Lexington and Concord, scene of "the shot heard round the world"; and Philadelphia, site of the Continental Congresses. But in "A Perfect Frenzy," Andrew Lawler reminds us that Virginia, not Massachusetts or Pennsylvania, was the largest and wealthiest of the 13 colonies, and that without the crucial events that unfolded through the 1770s in places such as Williamsburg, Norfolk and Richmond, the Declaration of Independence might never have been signed.

The grievances of mercantile New England centered on issues such as taxes and trade restrictions. But in his compelling, impeccably researched account, Mr. Lawler, a journalist and author whose previous books include an investigation of the Lost Colony of Roanoke, shows that Virginians were galvanized by a different threat. They feared the emancipation and arming of their enslaved workers, who constituted a large slice of the colony's population and the majority of their owners' wealth.



As in the northern colonies, revolution came gradually to Virginia. In June 1774, Virginia's House of Burgesses responded to Britain's punitive closure of Boston's port with a resolution calling for a day of fasting and prayer in support of the Massachusetts patriots. After Lord Dunmore, the Scottish earl who was governor of Virginia, dissolved the body in response, the burgesses continued to meet in a nearby tavern, joining the call for a general congress of all the colonies. In March 1775, the Virginia Convention, the burgesses' revolutionary successor, convened in Richmond and took the provocative step of establishing a volunteer militia, after Patrick Henry challenged, "Is life so dear, or peace so sweet, as to be purchased at the price of chains and slavery? . . . I know not what course others may take; but as for me, give me liberty, or give me death."

As the colonies skated closer to rebellion, loyalists and patriots alike recognized Virginia's unique position. Its men and treasure were essential to the American struggle, and its central location made it a strategic keystone. As Mr. Lawler writes: "Without Virginia's firm support, the patriot cause might collapse into small regional rebellions, uprisings more easily extinguishable by London."

In the end, it was Dunmore who tipped the colony toward revolution. On April 21, 1775 (two days after the fighting at Lexington and Concord, though word of the battles hadn't yet reached Virginia), the governor pre-emptively spirited kegs of gunpowder from the colony's Williamsburg arsenal to a waiting ship. Fearing an imminent attack by British troops and a rumored uprising by their own enslaved workers, some armed residents took to the city's streets. Dunmore warned that if the colonists resorted to violence, he would free the slaves, furnish them with arms and turn them on their former masters. Mr. Lawler suggests that this ultimatum, rather than the confiscated gunpowder, provided "the real explosive."

As tensions grew between American colonists and the British crown, the strategic importance of the largest, wealthiest colony became clear.

Dunmore fled the capital with his family and took refuge on a British naval ship anchored at Norfolk, which was Virginia's chief port and largest city. As the rebels closed in, he made good on his threat, freeing all enslaved workers who enlisted in the British army and raising a so-called Ethiopian Regiment with hundreds of volunteers. During the war, thousands of enslaved men, women and children would cross the British lines in what Mr. Lawler calls "the largest insurrection of enslaved people in North America prior to the Civil War." Patriots stitched "Liberty or Death" on their shirts, while black Loyalists displayed "Liberty for Slaves" on sashes. "In the conflict about to unfold," writes Mr. Lawler, "both sides claimed to fight for freedom."

In Virginia, the arming of enslaved workers only stiffened white colonists' resolve. The Revolution's first battle in the South was fought in October 1775, when Patriots repulsed the British navy at Hampton, Va., opening a new front in the war and providing a welcome boost to rebel morale. In Philadelphia to attend the Continental Congress, Thomas Jefferson wrote, "Lord Dunmore has commenced hostilities in Virginia. It has raised our country into [a] perfect frenzy."

In early December the Virginian rebels scored another victory at the village of Great Bridge, then later that month occupied Norfolk after a British retreat. But it was apparent that the rebels couldn't hold the city, and on Jan. 1, 1776, rather than let it revert to the British, they burned Norfolk utterly, in what Mr. Lawler calls "the largest single war crime of the American Revolution." The colonists blamed the destruction on the British, and for generations history books repeated their claim.

Later in that tumultuous January, Thomas Paine published his pamphlet "Common Sense," while American newspapers printed a recent address by George III, which called on Parliament to support a war against American rebels. Reconciliation began to seem impossible. In May, Virginia instructed its delegates in the Continental Congress to vote for independence, and on June 7, Richard Henry Lee of Virginia introduced a resolution to that effect. On July 2, the body gave its approval and two days later adopted the Declaration of Independence, drafted principally by the Virginian Thomas Jefferson.

And so, Mr. Lawler concludes, it was "not the famous firebrands of New England" but a collection of slave-owning Virginia aristocrats who "would transform the rebellion into a truly continental revolution while deftly maintaining their own grip on power." Fittingly, the war would draw to a close in Virginia, on Oct. 19, 1781, when the British general Charles Cornwallis surrendered to George Washington at Yorktown. Though the Treaty of Paris wouldn't be signed for another two years, the hostilities were effectively over. For the Americans' enslaved workers, Mr. Lawler points out, "the patriot victory at Yorktown meant" not liberty but "a return to a lifetime of servitude."

Mr. Helferich's most recent book is the historical novel "Hot Time," published under the pen name W.H. Flint.

OPINION

REVIEW & OUTLOOK

Why Tesla Doesn't Pay Income Taxes

Elon Musk's company profits from green energy tax breaks.

Now that Republicans in Congress are getting their act together to extend the 2017 tax reforms, Democrats are trying to make examples of businesses that pay little or no tax. Their latest target is Elon Musk's Tesla, insinuating that the billionaire CEO is getting special treatment from Donald Trump. Tesla gets special treatment, all right, except it's from government mandates and tax breaks that Democrats created.

"American taxpayers will shoulder the burden of tax cuts for Tesla, and they deserve answers about your efforts to secure massive tax breaks for billionaire corporations," Massachusetts Sen. Elizabeth Warren wrote to Mr. Musk this month. She cites a report by the left-leaning Institute on Taxation and Economic Policy, which claims Tesla paid no federal income tax last year and only $48 million over the last three years on $10.8 billion in U.S. profits.

The report doesn't allege that Tesla did anything wrong. Its offense in progressive eyes is taking advantage of tax breaks and write-offs that Congress has designed to encourage research and development and investment, especially in green energy.

Note first that most of Tesla's $7.1 billion in net income last year doesn't even derive from selling electric vehicles, solar panels or battery storage. Some $2.8 billion came from the sale of regulatory credits to other auto makers that need to comply with government EV mandates. As EV mandates have increased, so have Tesla's profits from such credit sales.

Tesla made another $1.6 billion in interest income on cash and short-term investment holdings. Democrats can thank the Biden inflation for allowing companies to earn higher interest on their cash holdings. In addition, Tesla recorded nearly $600 million in book income from price appreciation in its bitcoin holdings, but this is akin to an unrealized capital gain.

The main reason Tesla pays little to no tax is because it lost money every year it was in business from 2003 until 2020. All companies are allowed to carry forward net operating losses to offset future tax liabilities. This encourages business formation since it can take years of sweat capital before companies turn a profit. The deduction also minimizes big year-to-year swings in income.

Democrats have long understood this, which is why they exempted most net operating losses from the Inflation Reduction Act's 15% corporate alternative minimum tax. That tax hits companies that make an average of $1 billion in annual financial statement income over three years, or at least it was supposed to. Such book income, which follows financial accounting standards, is distinct from normal taxable income.

Ms. Warren and friends claimed this new corporate minimum tax was needed to ensure companies couldn't use loopholes to dodge taxes. But then they created numerous loopholes in the minimum tax, notably for green energy and low-income housing tax credits. The effect was to increase the tax subsidy for such "investments."

Tesla recorded $625 million from tax credits for its electric vehicles and $756 million for its solar and energy storage business last year, mostly from manufacturing batteries in the U.S. These tax credits can also be carried forward to offset future tax liabilities. Tesla had $1 billion in renewable energy tax credits on its books at the end of last year.

Democrats may loathe Mr. Musk these days, and they may shun Tesla's cars. But their industrial policies helped to make him richer. Don't blame Mr. Musk because Tesla doesn't pay taxes. He and his company are merely playing by Democratic rules.

Chuck Schumer's Finest Hour

Democrats are furious because he saved them from a futile shutdown.

The Democratic left is pounding Senate minority leader Chuck Schumer because he and nine other colleagues provided the votes to pass a budget to fund the government through Sept. 30. Welcome, Mr. Schumer, to the Democratic version of stupid, futile government shutdown gestures that former GOP leader Mitch McConnell had to resist when the President wasn't Republican.

Mr. Schumer had only bad political options after the House GOP stayed united and passed the budget without having to beg House Democrats for votes. If Senate Democrats had filibustered the budget, much of the government would have shut down by their hand. This would have been a gift to President Trump, handing him a foil to change the subject from the dislocations caused by Elon Musk's efforts to shrink the government.

But that hasn't stopped House Democrats and the left from making Mr. Schumer Public Enemy Number 3, after Messrs. Trump and Musk. "There is a deep sense of outrage and betrayal," said Rep. Alexandria Ocasio-Cortez. "Just to see Senate Democrats even consider acquiescing to Elon Musk, I think, is a huge slap in the face."

Hakeem Jeffries, the House Democratic leader, let the press know he was unhappy with Mr. Schumer's decision, no doubt reflecting the unreflective anger in his caucus. The left-wing group Indivisible got the fund-raising headlines it wanted by calling for Mr. Schumer to resign as Democratic leader.

All of this echoes the grandstanding of some Republicans when a Democrat was in the White House. Recall when Sens. Ted Cruz and Mike Lee, backed by Heritage Action, argued that shutting down the government would force Barack Obama to repeal his signature legislative achievement, ObamaCare. Government shutdowns always hurt the party that is seen to want them.

The episode also reveals that Democrats haven't yet accepted their current predicament. The 60-vote filibuster rule gives them leverage in the Senate on legislation other than budget reconciliation. But they can't stop a reconciliation bill unless Republicans shoot themselves. That's the price of voter backlash against four years of progressive governance and pretending until the bitter end that President Biden was fit to run for another term.

Mr. Schumer was complicit in those decisions, and that's what he should be held accountable for if Democrats want to show the public they are a reasonable alternative to the MAGA Republicans. In this case Mr. Schumer saved Democrats from themselves.

Trump Takes On the Houthis

Air strikes target the Iran-backed group firing at U.S. ships.

One of the Biden Administration's worst failures was letting Iran's terror proxies in Yemen shut down a crucial global shipping lane and shoot at the U.S. military with impunity. President Trump sent a better message on the weekend by ordering significant air strikes against the Houthis that are a step toward restoring deterrence in the region.

Mr. Trump on Saturday announced on his Truth Social site "decisive and powerful" military action against the Houthis in Yemen. Its attacks "on American vessels will not be tolerated. We will use overwhelming lethal force until we have achieved our objective," Mr. Trump wrote. To "all Houthi terrorists, YOUR TIME IS UP, AND YOUR ATTACKS MUST STOP, STARTING TODAY."

The Houthis had paid little price for more than a year of piracy that forced the U.S. Navy into a combat pace not seen since World War II. The White House tallies 174 Houthi attacks on U.S. warships and 145 on commercial vessels since 2023. One think-tank analyst estimated recently that the U.S. Navy fired more air-defense missiles in those 15 months than it had in the previous 30 years. That means expensive missiles shooting down cheap drones.

The Houthis took a short vacation from lobbing missiles and drones at commercial vessels amid cease-fire talks over Gaza, but they have been threatening to renew their attacks. Press reports say the terrorists late last month fired a surface-to-air missile at a U.S. F-16, and a U.S drone disappeared around the time the Houthis took credit for taking down a drone two weeks ago.

Mr. Trump often talks tougher than he acts, so it's important to see if this is the start of a larger campaign to target Houthi leaders and eliminate the group's weapons stores and Iranian supply lines. Among his other mistakes, President Biden settled for de minimis retaliatory strikes that let the Houthis conclude they had little to fear. Michael Waltz, White House national security adviser, said Sunday on ABC News that the U.S. strikes targeted "multiple Houthi leaders and took them out."

Notably, Mr. Trump also included Iran in his Truth Social warning to the Houthis. "To Iran: Support for the Houthi terrorists must end IMMEDIATELY! Do NOT threaten the American People . . . or Worldwide shipping lanes. If you do, BEWARE, because America will hold you fully accountable."

This is significant because the Houthis like to claim that they are independent from Iran. But Tehran is their main arms supplier. The Houthis wouldn't be nearly as large a threat without that help.

Linking Iran with the Houthis is also significant in the context of Mr. Trump's desire to open nuclear talks with Tehran. It shows the President understands the regional threat that Iran represents, especially if it obtains a nuclear weapon. Barack Obama's 2015 nuclear deal handed Iran the money and oil sales to finance weapons transfers to the Houthis and other terror groups. Mr. Trump's renewed maximum pressure campaign is intended to cut off Iran's revenue for that financing.

Deterring the Houthi attacks is crucial to restoring the freedom of global commerce. They have all but shut down the Red Sea route between Europe and Asia for ships that aren't Russian, Chinese or Iranian. The cost of shipping and insurance have soared. It's encouraging that, at least in this case, Mr. Trump believes in American global leadership.

LETTERS TO THE EDITOR

Revisiting Trump's Case for a Crypto Reserve

Your editorial "The Fool's Gold of a Crypto Reserve" (March 10) raises a number of arguments against President Trump's strategic crypto reserve, but the bulk of these critiques aren't unique to crypto. They apply to all alternative assets held by the Treasury. Having a strategic reserve of gold and euros also invites presidents to bypass Congress on spending.

The crux of the argument against a crypto reserve is that "gold has been used as a store of wealth for centuries," while "bitcoin has been around for all of 16 years." For those who focus on the short-term movements of bitcoin, this argument is persuasive in a month when bitcoin is down more than 10% and crypto hucksters abound.

There will, however, inevitably be a digital version of gold for the simple reason that there has been a persistent demand throughout history for an asset that isn't subject to political monetary policy. Gold has served this function for millennia, but in our digital age the ability to hold and instantaneously transfer a fixed-supply, transnational asset can in some ways be better served by a digital asset. It's ironic that those who critique gold as a "barbarous relic" (John Maynard Keynes) are usually the first to critique bitcoin as newfangled "rat poison" (Warren Buffett).

Any national asset reserve is susceptible to politicization, as President Biden powerfully demonstrated with his depletion of the Strategic Petroleum Reserve to ease gas prices in 2022. The architects of Mr. Trump's crypto reserve should design guardrails to prevent such politicization—say, by establishing an objective standard for adding new assets to the reserve as well as a formula for buying and selling assets.

It's true we don't want presidents of both parties playing hedge-fund manager in chief. But selling bitcoin is as much an investment decision as buying them. Owning a small amount of bitcoin sends a message that the federal government is skeptical of a Federal Reserve that is all too willing to print and politicize the dollar.

Prof. Max Raskin
New York University

A Misguided Way to Retain Military Talent

John James and Danielle Charette James claim that the Pentagon's SkillBridge program subsidizes private corporations to "poach the military's best and brightest" ("Why Is the U.S. Paying Officers to Leave the Military?," op-ed, Feb. 27). As a former Navy submariner who helped launch McKinsey's SkillBridge program, I respectfully disagree.

As the memory of 9/11 fades, recruiters can no longer rely on patriotism alone to motivate promising Americans to serve. They need to demonstrate that the military is an excellent place to launch careers. Witnessing officers who have participated in such programs can inspire top college students to join the military rather than accept lucrative offers after graduation. Promising young men and women can see that there are significant opportunities for success in the private sector following their service.

Data also show that the authors' second premise—that SkillBridge incentivizes officers to leave—is inaccurate. A February 2023 Army Times article revealed that the main reasons officers left the Army were related to a lack of autonomy, poor leadership and family stress, not financial opportunities elsewhere. If the military wants to encourage retention, it should make a priority of improving its quality of life and leadership over cutting a transition program.

To continue building a strong military, we need to make military service an appealing choice for talented young Americans and enhance retention by improving their experience while serving. Neither of these outcomes involves axing SkillBridge.

Alec Emmert
Portland, Maine

Mr. James and Ms. James object to what they see as SkillBridge's outsize pay and benefits. In my view, the real solution lies in strengthening the military reserve. Officers who use SkillBridge should be required to serve in an active drilling status in their respective reserve component. These are critically short on junior but experienced leaders, and many transitioning officers leave because of peacetime bureaucracy and underutilization. If a first lieutenant or junior captain wants to intern at McKinsey, he should also be leading a reserve unit. This approach ensures that when the nation needs him again, he'll be ready.

Seth Alan Cohen
Chicago

The authors claim that officers' college degrees are "paid for by taxpayers." A better way to view it: The degrees are advanced by taxpayers and paid by the officers who commit as young as 18 to serve for several years following college graduation at below market salaries. Whatever SkillBridge is, it isn't a type of student-loan forgiveness. These officers earned their keep and then some.

Jonathan Koevary
Scarsdale, N.Y.

The Debate Over Changing Clocks Continues

Both standard and daylight-saving time have advantages when they are used for only part of the year, but each has disadvantages over the entire year ("It's Now Time to Debate Daylight-Saving Time," Page One, March 8). However, using each for its advantages only part of the year, as we do now, disrupts our sleep and lives twice a year. Why not have the best of both times year-round? Let's go on daylight-saving time year-round but advance our clocks by only a half-hour over standard time.

Paul W. Gard Jr.
Westminster, Colo.

The issue of permanent daylight or standard time will never be resolved to everyone's satisfaction. Your preference probably depends on whether you live near the eastern edge of the time zone or the western. Changing the clocks is a nuisance. So, please, leave the clocks alone. Businesses, institutions and schools are free to set whatever hours best accommodate their needs. Many already have summer and winter hours.

Monica Larson
Lake Forest, Ill.

Remembering Paul Ryan's 'Charge Up Entitlement Hill'

Gerard Baker's column "Capitol Hill's Republican Sycophant Caucus" (Free Expression, March 11), on elected Republicans who won't criticize Donald Trump seemingly regardless of what he does, reminded me of a distant memory: Paul Gigot's 2011 Weekend Interview with then-House Budget Committee chairman, Paul Ryan. When asked about the political risks of trying to deal with the debt and entitlements, Rep. Ryan said: "The way I look at things is if you want to be good at this kind of job, you have to be willing to lose it. . . . If you don't believe in your principles, and applying those principles, then what's the point?"

A lot can change in 14 years. If only we had more Republicans in Congress, and the party, who still believed that.

Patrick J. Allen
River Forest, Ill.

Vladimir Putin Wants a Piece

In your editorial "The Kremlin Keeps Escalating" (March 7), you write that "Russia responds to Trump by raising its 'peace' demands." That reminds me of the Three Stooges short "You Nazty Spy!" Moe (Hitler), Curly (Göring) and Larry (Goebbels) have seized power and attempt to govern Moronika. Looking at a map, they proclaim together: "Peace. We want peace."

One of their guests responds: "Yes, a piece of this, and a piece of that country."

Robert M. Doroghazi
Highland Heights, Ohio

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Pepper ... And Salt

THE WALL STREET JOURNAL

"No one respected my little lies, but as they became more preposterous, people respected my audacity."

Can Trump Ban Birthright Citizenship?

By Jed Rubenfeld

President Trump petitioned the Supreme Court on Thursday to stay injunctions issued by three different courts against his executive order to end birthright citizenship. The emergency application doesn't ask the justices to rule on the merits, but they will have to do so sooner or later. I'm against birthright citizenship for the children of illegal aliens, and a majority of the justices may share that policy preference. But the court will likely hold that enacting that policy into law would take a constitutional amendment, not an executive order.

Likely not. 'Jurisdiction' in the 19th century was understood to cover visitors to the U.S.

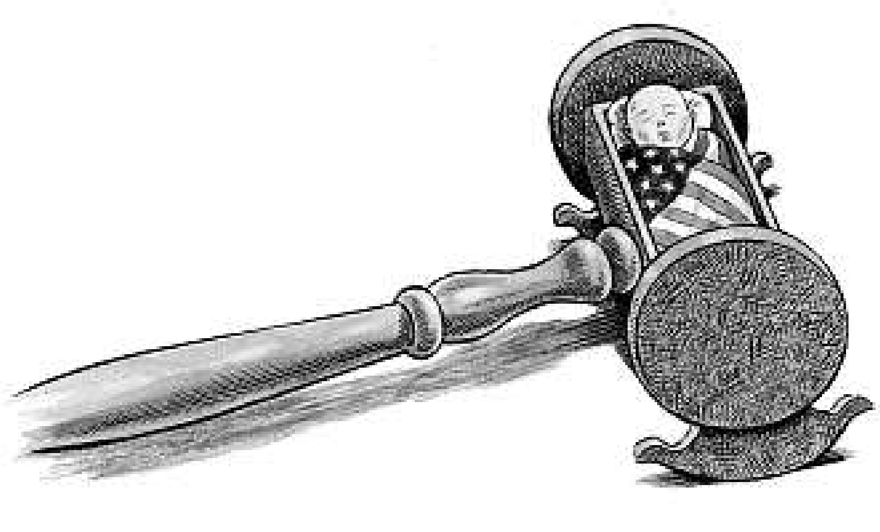
Mr. Trump's birthright-citizenship order applies not only to illegal aliens but also to aliens lawfully in the U.S. on temporary visas. But even if it applied only to illegal aliens, the court would still probably strike it down.

The 14th Amendment guarantees citizenship to everyone "born or naturalized in the United States, and subject to the jurisdiction thereof." The opacity of the "jurisdiction" language allows reasonable people to land on either side of this issue. But in 19th-century legal usage, being "subject to the jurisdiction" of the U.S. had a long-settled, straightforward meaning. As Chief Justice John Marshall explained in *Schooner Exchange v. McFaddon* (1812), it meant being subject to U.S. law.

Could you be prosecuted in an American court and imprisoned in an American jail for violating American law? If so, you were subject to U.S. jurisdiction. That's true of virtually everyone in America, including aliens, even illegal ones. Thus in Marshall's words, "private individuals of one nation" who "spread themselves through another as business or caprice may direct" become "amenable to the jurisdiction of" that country.

Whom, then, did the 14th Amendment's jurisdiction clause exclude? There are a few exceptions to the rule that everyone in a country must obey that country's laws. Foreign ambassadors and their families have diplomatic immunity. When a foreign army invades and conquers another country's territory, that land becomes subject to the conquering country's laws. A third exception had to do with Indian tribes, which were seen as quasi-sovereign nations that weren't directly governed by American law. But otherwise, everyone in America was subject to American jurisdiction.

The Senate's 1866 debate over the citizenship clause reflects this understanding. Sen. Edgar Cowan (R., Pa.) objected to the clause precisely because it would make citizens out of the children of Chinese nationals and "gypsies," who belonged to different races and cultures. Sen. John Conness (R., Calif.) endorsed Cowan's interpretation. "The proposition before us," said Conness, declares that "children begotten of Chinese parents in California . . . shall be citizens." For Conness, that was a reason to favor the amendment—so that everyone born in America, regardless of race, would be a full and equal citizen. Proponents and opponents of the Citizenship Clause agreed that it applied to aliens' children.



DAVID GOTHARD

The Supreme Court affirmed this in *U.S. v. Wong Kim Ark* (1898), which found that the U.S.-born children of foreign nationals were citizens by birth. For more than 125 years, the court hasn't altered or qualified that holding.

Supporters of Mr. Trump's order correctly point out that in *Wong Kim Ark*, the parents were lawful permanent U.S. residents, not illegal aliens (although the reasoning of the decision didn't depend on that). They also point to case law and legislative history concerning Native Americans, because it was often argued that Indians were properly excluded from birthright citizenship due to their divided national loyalties. Indians owed some allegiance to their tribes, the argument went, and hence they weren't "completely" subject to American jurisdiction. Similarly, this argument goes, aliens who aren't permanent residents aren't "completely" subject to American jurisdiction, and hence their children shouldn't be birthright citizens either.

But this argument proves too much. If you apply the divided-loyalty theory to other groups, then the U.S.-born children of an American citizen and a foreign citizen shouldn't be birthright citizens; neither should U.S.-born children of dual citizens. Lawful permanent resident aliens have divided loyalties too, as the Supreme Court held in *Harisiades v. Shaughnessy* (1952), but even the Trump order doesn't deny that their U.S.-born children are citizens.

The Indian nations were *sui generis*—their quasi-independent sovereign status made them unique. In the 1860s, an Indian tribal member who killed another Indian in Indian country generally couldn't be tried in an American court; his acts were governed by Indian law. Legally speaking, he wasn't subject to the jurisdiction of the U.S. (The Indian Citizenship Act of 1924 granted citizenship to all Native Americans born in the U.S.) Even if an illegal or temporary alien somehow isn't "completely" subject to U.S. jurisdiction, why would that necessarily follow for his children? The citizenship clause looks to whether the child, not the parent, is subject to U.S. jurisdiction.

The unsavoriness of "birth tourism" is another argument supporters of Mr. Trump's executive order make. But there are better ways to quell this practice. Congress could impose harsh monetary penalties and automatic deportation on any short-stay visa aliens who enter the U.S. expecting to bear a child here.

Whatever the other disagreements, if there's one consequence of the 14th Amendment no one has ever doubted, it's that the U.S.-born children of black former slaves would be thereafter American citizens. In 1868 there were many blacks in America who had been brought here in violation of federal law prohibiting the importation of slaves. The 14th Amendment didn't confer citizenship on these "illegal" blacks, although the Naturalization Act of 1870 enabled them to acquire it. But their U.S.-born children were citizens by birth. There's no record from the 1860s of anyone suggesting that the nationality of a black child's parents, or the legality of the parents' presence here, had any relevance. If the child was born in America, he was an American—period.

Mr. Rubenfeld is a professor at Yale Law School.

Trump's Opponents Cheer On His Tariff Blunders

LIFE SCIENCE
By Allysia Finley

Spring is in the air, and so are warnings about a potential recession. A somnolent press has emerged from a four-year hibernation to alert us that uncertainty caused by President Trump's tariffs is troubling businesses and consumers.

Yes, but where were these sages as Biden regulators barraged businesses and the highest inflation in four decades squeezed consumers? They were cheerleading the Biden agenda and assuring us that the resulting inflation would be transitory. When they proved wrong and the Federal Reserve had to hike interest rates, they assured us that a soft landing was nigh.

When bumps occurred on the descent, they asserted that Mr. Trump would be worse for inflation and the economy than Kamala Harris. Now they seem to be reveling in the stock market correction and reports of declining consumer confidence. It would be a shame if Mr. Trump gave them the satisfaction they desperately yearn for.

Let's dispel the conceit that Mr. Trump inherited an economic boom. The economy under Joe Biden was buoyed by unsustainable levels of government and consumer spending. The latter was fueled by government handouts, which benefited the poor, and a frothy stock market, which enriched the well-to-do. The middle class got squeezed.

After adjusting for inflation, consumer spending has grown 17% more than personal income over the past three years and 44% more over the past 12 months. Americans can't spend more than they earn forever. Economic bumps were inevitable as Americans spent down their pandemic savings and hit credit-card borrowing limits. Until now, the media ignored such bumps.

You didn't hear about how serious delinquencies on credit-card and auto debt had hit levels seen before the 2008-09 downturn. Or how the personal savings rate has ominously hovered below 5% for most of the last three years. The last two periods when this has happened—in the late 1990s and mid-2000s—presaged a recession.

As I recently explained, home-mortgage delinquencies have also surged, yet Biden officials bailed out borrowers to prevent foreclosures. They did the same with student loans, waiving payments until October 2023 while providing a one-year grace period such that borrowers faced no consequences for missing payments until this past October.

Even so, eight million borrowers in the Biden student-loan forgiveness plan, which has been blocked by courts, don't have to make payments until December. The endless Biden debt forgiveness boosted consumer spending and encouraged people to borrow more than they could afford to repay.

He quickly reverses the Biden overregulation—then squanders the gains by imposing tariffs.

Meantime, business investment slowed amid a relentless regulatory onslaught that created enormous policy uncertainty. Regulators issued burdensome rules running hundreds and even thousands of pages that threatened to upend entire industries. None—not even politically favored green-energy companies—were immune from this de facto tax.

In the absence of animal spirits, moral hazard supported the economy. As another example, see the Federal Deposit Insurance Corp. bailouts of uninsured depositors at the failed Silicon Valley and Signature banks. Several months ago, I asked a bank executive what was behind lofty asset prices, from stocks to crypto to junk bonds. His reply: tulips and moral hazard.

He was alluding to the madness of crowds, as illustrated by the Dutch tulip bubble during the 17th century. As former Citigroup CEO Chuck Prince quipped before the 2008-09 financial meltdown, "as long as the music is playing, you've got to get up and dance." When the government signals it won't let the music stop, investors party like it's 1999.

Even before Mr. Trump won reelection, stock prices were more stretched than a trapeze artist. The aggregate price-to-earnings ratio of the S&P 500 index was approaching dot-com bubble levels, fueled largely though not entirely by the so-called Magnificent Seven—Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla.

Then his promises of deregulation and tax cuts unleashed animal spirits. Consumer confidence, small-business optimism and stock prices soared after his election. Given the ethereal stock prices, a stock-market correction may have been inevitable, but it came hard and fast as Mr. Trump whipsawed businesses with tariff threats. On one day, off the next.

Which is worse, uncertainty caused by Mr. Trump's tariff threats or Biden regulations? Businesses may differ, but the mainstream media and Wall Street investors seem to have concluded the former. That may be in part because Keynesian thinkers don't understand regulations are a tax even though they are, just like tariffs.

But while the Biden team tried to mitigate the economic pain of their policies by suffusing the economy with government spending, the Trump team to its credit is trying to tighten the spigot. Now stock declines could spur the affluent—who are more likely to be in the market and attuned to economic news—and businesses to tighten their belts.

The press gleefully warns such a result could induce a recession, which would vindicate their pre-election predictions. Worries about a recession fanned by the press could even trigger a recession. Mr. Trump might consider that nobody is privately cheering on his tariff blunder more than his opponents. Why give them validation?

A Trade War Puts Pressure on the Federal Reserve

By Mickey D. Levy
And Michael D. Bordo

Virtually all economic research and historical experience show that the costs of tariffs, including the reduction of future potential growth, far outweigh any benefits of protecting the U.S. from international competition and bringing jobs home. President Trump's first-term tariffs failed to achieve their objectives of reducing the trade deficit and increasing domestic manufacturing jobs and proved costly. Now his erratic and unpredictable policymaking on tariffs is heightening uncertainties as households and businesses brace themselves for higher prices and disruptions to production. The falling stock market reflects investors' understanding of this logic and anticipation of economic losses.

Mr. Trump's aggressive tariff policies pose another serious risk: The weaker economic activity, higher unemployment and likely increased prices that will result run counter to the Federal Reserve's dual mandate of 2% inflation and maximum employment. This will strain the Fed's monetary policy, pressuring it to make short-run decisions that may compound the longer-run costs of the tariffs.

The Fed's dual mandate is difficult enough to achieve without tariffs. After it extended excessively easy policy to accommodate the $1.9 trillion March 2021 American Rescue Plan—which fueled a surge in inflation—the Fed raised rates aggressively from March 2022 to July 2023. In late 2024, it lowered rates by a percentage point as the economy remained resilient and continued to grow. Now it faces a delicate balancing act. With inflation sticky at 2.8% and an unemployment rate of 4.1%—generally consistent with maximum employment—the Fed hopes that its federal-funds rate target of 4.25% to 4.5% will lower inflation and sustain healthy growth.

This balance is now threatened by Mr. Trump's policies. His first-term tariffs harmed economic activity and offset the benefits of his deregulations and tax cuts. International trade flattened, and U.S. business imports of capital goods used in production declined.

In response to today's tariffs, some businesses are indicating they will pass higher costs to consumers. Inflation-weary consumers may push back. The public is confused by Mr. Trump's convoluted use of tariffs as a weapon of statecraft. It's one thing to impose trade barriers on China for national-security purposes, but tariffs on Canada, Mexico and Europe make no sense.

The heightened uncertainty is weighing on households and businesses. The Economic Policy Uncertainty Index, developed by economists Scott R. Baker, Nick Bloom and Steven J. Davis, has spiked dramatically since Mr. Trump was elected. Their research shows that past abnormal jumps in the index—such as during the 2008 financial crisis and the Covid pandemic—led to weaker employment and industrial production as businesses slowed hiring and postponed investment plans. Likewise, tariff uncertainties are expected to disrupt supply chains and raise U.S. production costs. There are also worries that they will fuel inflation.

But unlike past spikes in uncertainty, the current surge almost exclusively reflects Mr. Trump's tariffs and unpredictable decision making. How should the Fed respond to such a policy-induced negative shock to the economy? The Fed tends to react more quickly and aggressively to labor-market weakness and high unemployment than it does to high inflation. Thus, the odds are that it will try to soften the blow of tariffs with lower interest rates and expansionary monetary policy.

Lowering interest rates to soften the negative shock risks embedding higher inflation into the economy.

But lowering interest rates to mitigate the short-run economic effects of Mr. Trump's tariffs could boost inflationary expectations and embed higher inflation in the economy. It could also embolden the Trump team to impose more tariffs, further harming economic performance. This would produce stagflation. Monetary ease is incapable of offsetting the economic inefficiencies and distortions created by the tariffs.

History demonstrates the imprudence of this approach. In the 1970s, the Fed under Chairmen Arthur Burns and G. William Miller followed accommodative monetary policies that served to mitigate the negative economic effects of the 1973 and 1979 oil price shocks. This generated higher inflation and inflationary expectations, which harmed economic and financial performance and proved very costly to purge. By contrast, the central banks of Germany and Switzerland kept monetary policy restrictive during the oil shocks, which constrained inflation and more quickly stabilized their economies.

Mr. Trump is betting that the Fed will soften the blow of tariffs by easing monetary policy—and so are interest-rate markets, which are predicting rate cuts. But the Fed's attempts to do so via accommodative monetary policy would risk higher inflation amid tariff-induced economic inefficiencies, while businesses and consumers must deal with the tariffs' distortions.

Chairman Jerome Powell has properly emphasized that the Fed will remain independent while determining monetary policy. Congress—in particular, the Senate Banking Committee and House Financial Services Committee—must support the Fed at this critical juncture. All Americans benefit from an independent central bank that pursues stable, low inflation as the foundation of healthy economic growth. The Fed must now be guided by the lessons of history.

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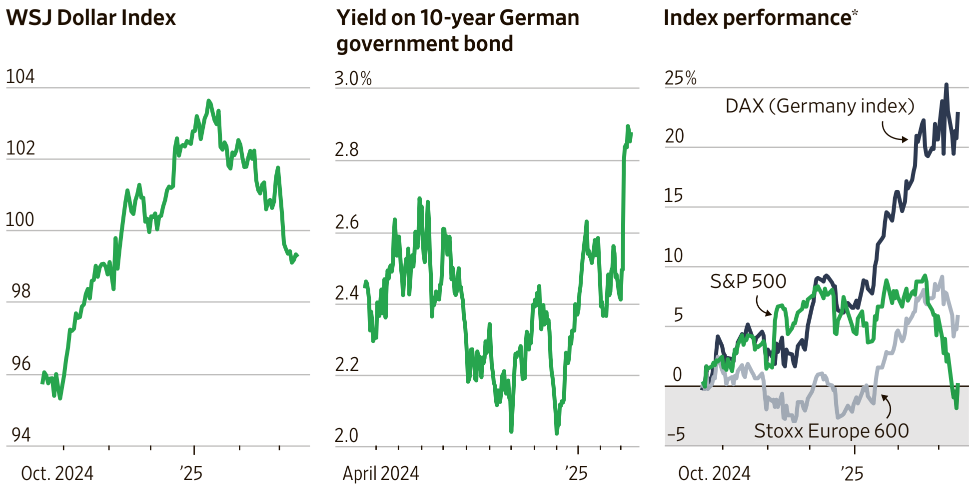
Last Week: **S&P** 5638.94 ▼2.27% **S&P FIN** ▼1.25% **S&P IT** ▼2.06% **DJ TRANS** ▼6.19% **WSJ $ IDX** ▼0.09% **2-YR. TREAS.** yield 4.015% **NIKKEI** 37053.10 ▲0.45% **See more at WSJ.com/Markets**

The Dollar Is Tested by Uncertainty

Investors are more optimistic about Europe while tariffs cloud U.S. outlook

By Sam Goldfarb And Justin Baer



*DAX is a total-return index
Sources: Dow Jones Market Data (WSJ Dollar Index); Tullett Prebon (German bond); FactSet (performance)

President Trump launched an unprecedented challenge to a geopolitical order that prevailed for decades. One potential victim: the U.S. dollar.

In just weeks, a steep increase in tariffs and uncertainty over trade sparked fears that U.S. growth will slow. At the same time, major shifts in U.S. foreign policy led to a surge in optimism about the European economy—driving the dollar down sharply against the euro, sending stocks in Europe to records and spurring the biggest jump in German bond yields since just after the fall of the Berlin Wall.

The WSJ Dollar Index fell seven of the past nine weeks, nearly erasing gains made since the Nov. 5 election. Such financial upheaval, if sustained, could have ramifications for everything from global investment flows to the direction of trans-Atlantic tourism.

For generations, U.S. political leaders generally embraced the dollar's primacy in the global financial system, in part because it led to inexpensive government borrowing. The country's military spending helped bolster that position by driving up the budget deficit, financed in large part by foreign investors, who hold about a third of U.S. debt.

Now, Trump and some of his advisers are making it clear that they want to expend fewer resources protecting allies. And they are saying they want a weaker currency to boost domestic manufacturing, by making goods cheaper to foreign buyers.

"When you look at these policies in a macro way, they have a method to them," said Lloyd Blankfein, the former chief executive of Goldman Sachs. "The risk to the markets is dislocation in the short term. But I think our republic will be better off if we spend a few thousand dollars more for a car in return for having a workforce that can make things and can afford what they make."

Many on Wall Street fear the downside of such changes. A weaker dollar would make imports more expensive, boosting inflation and making it harder for the Federal Reserve to cut interest rates. Outflows from U.S. assets that depress the dollar could drive down stock prices and lead to higher U.S. borrowing costs.

Few believe a huge decline in the dollar is imminent, partly because U.S. interest rates are higher than almost anywhere else in the devel-

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Employers Get Drug Savings via Program to Help Poor

By Joseph Walker

A new breed of drug middlemen are pushing an unusual cost-saving strategy that lets their employer clients tap a federal program meant for hospitals that serve the poor.

The government program, known as 340B, allows hospitals that care for many uninsured and low-income patients to purchase outpatient medicines at steep discounts. Hospitals can pocket the savings, but they can also choose to pass the discounts on to patients at their pharmacies.

Startup companies such as Rescription, MakoRx and Livinit are selling pharmacy-benefit plans that save employers money by funneling workers to those 340B hospital pharmacies instead of traditional drugstores. The workers get the discounted 340B price under these plans. Hospitals participate because it expands their customer base and they receive fees for dispensing prescriptions, the companies say.

The startups count some of the participating hospitals among their clients, providing benefits for hospital workers. They say they are hoping to change the business of pharmacy-benefit managers, or PBMs, which traditionally negotiate prices for their clients with drugmakers and demand rebates to cut net costs.

Exactly what portion of those rebates actually goes back to employers is in dispute, with some critics contending that PBMs take more than their fair share.

"Employers incorrectly think, 'Oh, my God, I got this monster rebate check,'" said Scott Martin, chief executive of Ketchum, Idaho-based Rescription. "But the only reason you're getting a massive rebate is because you're paying exponentially more on the drugs than you did last year."

The arrangements with 340B hospitals avoid rebates because the hospitals buy directly from the drugmakers at the discounted price—and through these plans they pass on that low price directly to the employers, the companies say. The PBMs make money by charging a monthly administrative fee for the employees they manage.

These models, and the 340B program itself, are controversial.

The 340B program has grown into a behemoth since it was created by Congress in 1992, cutting the cost of drugs

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Tariff Threat Jolts Europe's Wine Industry

By Stacy Meichtry And Nick Kostov

NATHAN LAINE/BLOOMBERG NEWS

The tariffs would strike at the heart of the business model used by European winemaking businesses for centuries.

With rolling vineyards and a chief winemaker from France's Champagne region, the Domaine Chandon has all the hallmarks of a French wine estate with one exception: It is located in Napa Valley in California.

The question facing its owner, French luxury titan Bernard Arnault, is whether U.S. properties like Domaine Chandon will ultimately have the appeal and scale to soak up the billions of dollars in sales at risk from President Trump's threat of a 200% tariff on wine and spirits imported from Europe.

Trump's tariff threat strikes at the heart of a business model that has defined European winemaking for generations. Wineries in France and Italy have long pushed the idea that a wine's quality and character is inextricably tied to the soil, climate and heritage of winemaking regions such as Bordeaux and Tuscany.

These appellations, European winemakers say, justify prices that are typically higher than wines made in the U.S. Within the European Union, they are also protected by law—meaning Champagne can come only from its namesake region.

Bending to pressure from Trump to move production to the U.S.—as manufacturers in other industries are considering—is simply out of the question for many European wineries.

"Wine is not just a product that you can do a trade-off for another wine. Wine is about provenance," said Rodolphe Frerejean-Taittinger, chief executive of the Champagne house Frerejean Frères in northern France. "French Champagne is not just any type of sparkling wine."

The threatened tariff, however, will make American consumers think twice about the value of European bottles. EU data show the bloc exported wine worth more than $5 billion to the U.S. last year. Almost half of that came from France and about 40% came from Italy. Trump, betting some of that demand will rub off on U.S. brands, touted his potential levy as "great for the wine and Champagne businesses in the U.S."

European producers had braced for some form of retaliation after the EU moved to impose a 50% levy on American whiskey. If Trump opts for a 200% levy, however, it is likely to price much European alcohol out of the U.S. market, said an executive for one of Europe's largest drinks makers, adding: "We haven't even started modeling the impact on prices."

Thibault Liger-Belair was on his French estate—in the midst of deciding which foreign markets would receive his Burgundy wine—when he received word of Trump's tariff threat.

If the levy is implemented, he said, he will have to scale down his exports to the U.S. to around 5% of sales from 15%. The U.S. will receive only his more expensive bottles, which are priced up to $1,500. Markets such as Baltimore and Chicago, where his clientele is

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Storm Damage Puts U.S. Insurers in Bind

By Heather Gillers

Low living costs were a big reason Richard and Corey Chew moved back to Oklahoma City for retirement. They didn't expect their annual home-insurance bill to be $3,500—double what they had paid on a bigger house there seven years earlier.

Headline-grabbing hurricanes and wildfires weren't the problem. Thunderstorms carrying strong winds and hail were to blame. Repairing storm-damaged houses across the American heartland has grown so expensive that insurers are increasing premiums and dropping vulnerable homes to protect profits. That has left some people scrambling to find coverage, and many others straining to afford it.

"Gas prices, food and everything else is less here. But the insurance has just skyrocketed," said Richard Chew, 65, a retired hospital chaplain.

So-called severe convective storms cost insurers $58 billion in the U.S. last year, according to broker Gallagher Re. That is more than every U.S. hurricane except Katrina and Ian, according to the Insurance Information Institute, and more than the projected price tag for the Los Angeles fires.

Convective storms create strong winds and occasionally tornadoes. According to the National Weather Service, such storms played a role in the intense weather conditions that whipped through the central and southern U.S. over the weekend, including the blinding dust, wildfires and deadly tornadoes. But over the course of a year, hail accounts for the majority of convective storms' costly damage.

Decades of suburban sprawl means hail that once fell in fields around Denver or Dallas now lands on schools and subdivisions. Climate change has likely made hailstones bigger, according to research by the Weather, Climate and Society

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INSIDE

Microsoft Scientist Spent Decades In Quantum-Computer Quest

By Tom Dotan

JOHN BRECHER/MICROSOFT

Chetan Nayak leads a team of several hundred people.

A **Microsoft** executive made a compelling pitch to mountaineer and physics professor Chetan Nayak in 2000: Join the Redmond, Wash., company and together they would scale nearby Mount Rainier—and build a quantum computer.

He summited Washington's highest peak within two years. But the climb toward a workable quantum device continues.

Nearly all major technology companies are working to build a practical quantum computer, which they hope will enable leaps forward in fields such as encryption and medicine. Rather than using classical bits that are either zero or one, quantum computing employs a type of bit known as a qubit that can exist in both states at the same time. This helps qubits to process more information than today's computers and to perform certain calculations exponentially faster.

Nayak leads a team at Microsoft that consists of several hundred chemists, engineers and mathematicians who have been trying to build a quantum computer for about 20 years. The group, called Station Q, is taking an approach that is riskier and less widely accepted than approaches employed at competitors such as **Alphabet**'s Google.

If it pays off, Microsoft could vault to the front of the industry and disprove numerous doubters in the industry and scientific community.

Last month, Microsoft said it created a chip capable of producing a long-elusive particle known as a Majorana that could form the basis for a useful quantum computer, a breakthrough they said could

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INDEX TO PEOPLE

BUSINESS & FINANCE

Europe's Wineries Face Jolt

Continued from page B1

less well-heeled, are likely to be left off his distribution map, Liger-Belair said.

"I'll be limited to certain states, the ones that economically are the richest," he said.

Hanging in the balance is an entire ecosystem of U.S. importers, distributors and retailers that producers, from Liger-Belair to conglomerates like **LVMH Moët Hennessy Louis Vuitton**, rely on to reach consumers.

Harry Root, a wine distributor based in Birmingham, Ala., said he risks getting squeezed by sky-high inventory costs and a struggling customer base of restaurants that depend on markups of European wine to break even.

"I don't know where we'll end up if a 200% tariff comes into place," Root said of the business he co-founded with his wife, Nicki, 23 years ago. "I don't think our business will last very long."

France's wine industry faced headwinds before Trump made his threat. A sluggish Chinese economy and weaker global demand for premium vintages led total exports to drop 4% to €15.6 billion, or the equivalent of $17.5 billion, in 2024, according to the Federation of Wine and Spirits Exporters. Winemakers were also battling softening demand from younger generations that drink less alcohol.

'Wine is not just a product that you can do a trade-off for another wine.'

For centuries, the Champagne region has dominated the world of sparkling wine. Its chalky soil, a key component of a wine's *terroir,* provides natural drainage and imparts a crisp, mineral backbone to the wines. A cool climate—it sits at the northernmost edge of French wine country—preserves acidity, lending Champagnes their freshness. An acre of vineyard in the most coveted parts of Champagne can sell for 200 times more than an acre of farmland just beyond the region's border.

Producers employ the *méthode champenoise*, a labor-intensive process in which secondary fermentation occurs in the bottle, creating the wine's signature fine bubbles and depth of flavor. Though winemakers around the world today employ the same method, Champagne combines it with strict production rules—limiting grape varieties, mandating minimum aging periods and enforcing rigorous quality controls—that have helped to cement its status as the global gold standard of sparkling wines.

Reconfiguring the wine supply chain isn't simple. Planting new vines and bringing them to maturity takes time—typically at least three to five years before they produce usable grapes and longer for high-quality wines.

Champagne production is also time intensive. Under French regulations, the wine must age in cellars for at least 15 months to earn the Champagne label, with vintage bottles requiring a minimum of three years.

For Arnault's luxury conglomerate, LVMH, Champagne is big business. Its Moët Hennessy division dominates the industry with brands like Dom Pérignon, Ruinart and Veuve Clicquot. But in 2024, it was the luxury giant's worst-performing division. Sales fell 11% to €5.86 billion.

Domaine Chandon accounts for a fraction of the €2 billion in sales of wines and spirits that LVMH logged in the U.S. last year. Still, the company has been investing in its estate, located in Yountville, developing its grounds to host wine-tasting tours and gourm

Bottles of Domaine Chandon are cheaper than the Champagnes LVMH exports from France. Pauline Lhote, the estate's winemaker, wrote on its website that her sparkling wine is calibrated to feel approachable. "I wanted to make wines to drink on a Tuesday or Wednesday night," she said.

Louisiana's Baton Rouge General Medical Center implemented Rescription's program this year.

Employers Find Drug Savings

Continued from page B1

today for thousands of participating hospitals. In 2023, 340B hospitals purchased $66 billion in drugs, according to federal data, and at an estimated 55% discount to their list prices, according to Iqvia.

It has raised the ire of pharmaceutical companies that say 340B encroaches on their profits while enriching already-fat hospitals that sometimes abuse the program. For instance, hospitals sometimes charge marked-up prices on the discounted drugs to uninsured patients and insurers instead of passing on the savings to the poor.

Extending those discounts instead to employers pushes the envelope even further, critics say.

"It is a blatant abuse of the program," said Adam Fein, president of the research group Drug Channels Institute, and a critic of PBMs and the 340B system.

Rescription's Martin says his program is compliant with regulations governing the 340B program, which is meant to help hospitals offset the cost of caring for the indigent. The program benefits the hospital by expanding its revenue, "while simultaneously delivering significant savings for employer-sponsored prescription drug programs," Martin said.

Martin said Rescription is careful to avoid the abuses that some critics have levied against the 340B program, such as not passing along the discounts to patients. Hospitals pass along 100% of the discounts they receive through 340B to employers, and are compensated only with a dispensing fee for each prescription they provide to patients, he said.

Rescription targets the 5% of high-price drug claims that comprise 70% or more of prescription-drug spending, says Martin. The company gives clients a guaranteed price for every drug, using 340B prices for high-cost medicines; for typical generic and branded drugs, it uses benchmark pricing of retail-pharmacy acquisition costs published by the Centers for Medicare and Medicaid Services.

To make this work, employees who participate in Rescription's program must become a patient at a participating 340B hospital.

So far, Rescription has enrolled two hospitals and piloted the program with the hospitals' own employees, including Louisiana's Baton Rouge General Medical Center. The hospital implemented the program earlier this year, reaching roughly 4,000 employees and dependents covered by its health plan.

Pharmaceuticals represent about 32% of the hospital system's $31 million health-insurance costs, said Paul Douglas, senior vice president of strategy, business development and human resources at Baton Rouge General Medical Center. "It was becoming unsustainable," he said. "We just couldn't afford these year-over-year increases."

In January, the hospital's prescription-drug spending was 33% lower than in the same month a year earlier, said Douglas. Baton Rouge says its greatest use of 340B is in its emergency room and infusion center, where it typically gets paid a fixed dollar amount for each episode of care.

For some high-cost drugs, Baton Rouge's 340B discounts are upward of 80%. The rheumatoid arthritis drug Enbrel, for example, will cost $600, compared with an average net price of $4,830 after rebates through other PBMs, according to Rescription and Baton Rouge General.

To be eligible for the discounts, employees must complete a telehealth visit with one of Baton Rouge's clinical pharmacists. So far, 99% of workers taking high-cost drugs have signed up for Rescription, according to Douglas. And they all receive their medications with no out-of-pocket costs.

At Bergen New Bridge Medical Center, a safety-net hospital in Paramus, N.J., spending on employee prescription drugs also fell. In 2023, the first year it joined with Rescription, prescription-drug spending was reduced by 28%, compared with what it would have spent under its previous PBM, said Bergen's Geoffrey Gibson, senior vice president of corporate affairs.

The hospital also saw its year-over-year drug spending decline last year. Bergen New Bridge paid 1% to 3% less for its drugs, compared with the 8% to 10% increase employers usually expect, Gibson said. The hospital system has about 2,200 people on its health-benefits plan.

Storms Put Insurers In a Bind

Continued from page B1

Research Group at Northern Illinois University. And while hurricane flooding is rarely covered by regular home insurance, hail damage usually is. State regulators across middle America keep allowing rate increases, afraid insurers will leave.

"We're fighting the wrong fight," said Doug Heller, director of insurance at the nonprofit Consumer Federation of America. "The weather-related burden on Americans lies primarily between the Appalachians and the Rockies, from the middle of Texas up to the Canadian border."

Oklahoma exemplifies the problem. The comparison-shopping website Insurify last year ranked the state second only to Florida for least-affordable home insurance. Wildfires are a risk in rural areas. But hail is doing the real damage to insurers' budgets. Parts of Oklahoma City, where the country's worst hailstorm rained golf-ball-size hail on 35,000 homes last year, are in danger of becoming insurance deserts.

Insurers dropped nearly 3,400 homeowners in the Oklahoma City area in 2023, according to Senate Budget Committee data, a rate on par with fire-prone California and hurricane zones on the Eastern Seaboard. One firm told the state insurance commissioner that this year it will terminate policies for homes with roofs that are 11 or more years old.

"This is the hardest market I've seen ever," said Steven Conway, the 22-year owner of Conway Insurance. "People on Social Security or a real tight budget are really having a hard time."

It isn't just households feeling the pinch. One Oklahoma City-area exterminator said that over the past two decades, his business's insurance costs climbed to about 10% of expenses from about 1%. A home builder told researchers from John Burns Research & Consulting last year that sales in Oklahoma City had suffered as a result of insurance prices.

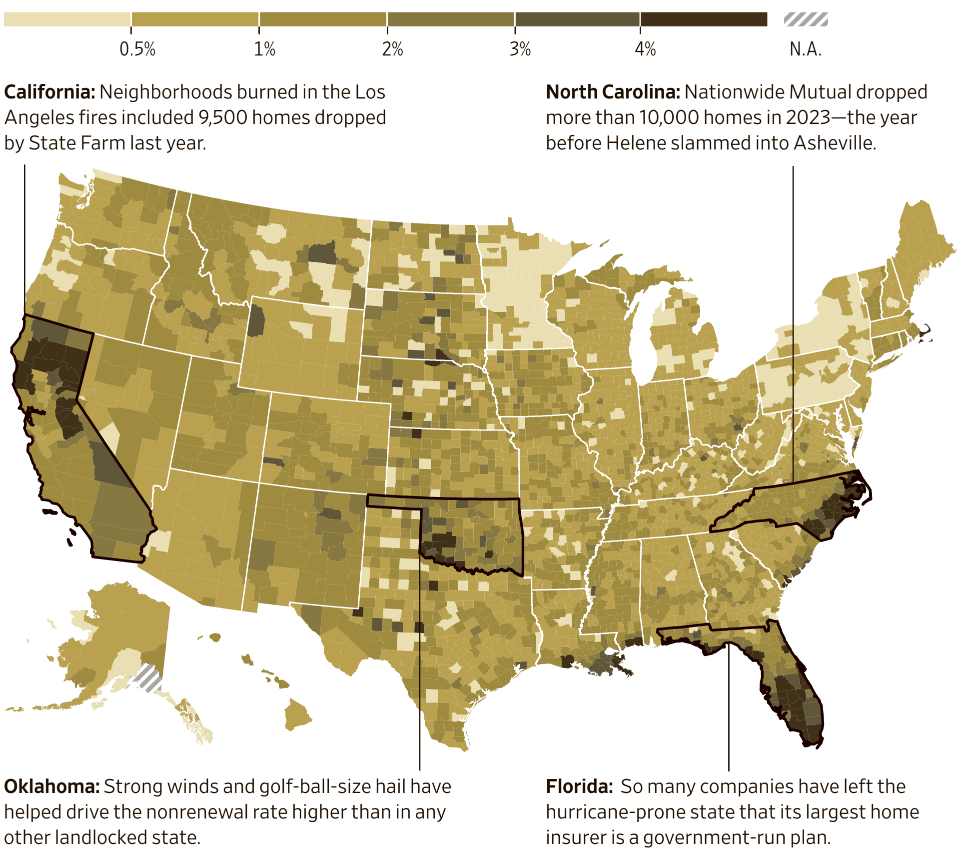
The public-school system in suburban Norman pays $3.2 million for property insurance, twice the cost five years ago and the equivalent of 46 teacher salaries. "It's not sustainable," said Chief Operating Officer Justin Milner.

In many states, including Oklahoma, insurers don't need regulators' permission to change rates. "We allow the market to work," said Insurance Commissioner Glen Mulready. Oklahoma also is among more than a dozen states that don't have a state-run insurance plan, making it more likely that residents who can't find private insurance will go without coverage—or be forced by their mortgage lender to pay for expensive bare-bones policies.

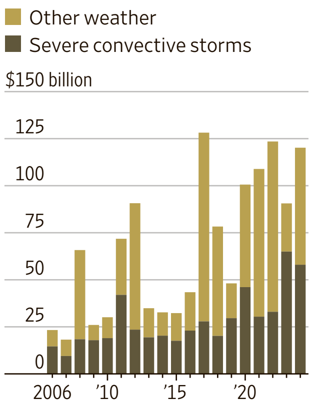
Some regulators fear insurers will leave, especially after four years when payouts and administrative costs exceeded what premiums brought in for the homeowners-insurance industry nationwide, according to Aon. In 2023, a record storm year, an unprecedented 10 local or regional companies reported to the Oklahoma commissioner's office that they had burned through more than 20% of their surplus, the financial cushion built up through years of investment returns and unspent premiums.

The national insurers that cover most American homes are doing better. Surpluses grew 12% to $65 billion over the five years ended in 2023—thanks largely to investment gains—for a group of mainly home-insurance-focused companies tracked by ratings firm A.M. Best. Those companies booked the gains even after paying out nearly $5 billion in dividends to stockholders over that time.

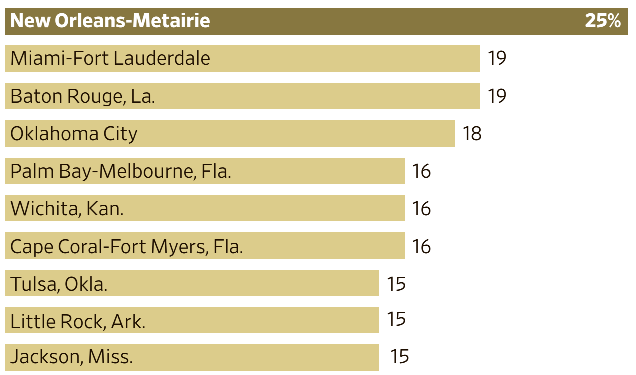
Percentage of home insurance policies that weren't renewed in 2023, by county*



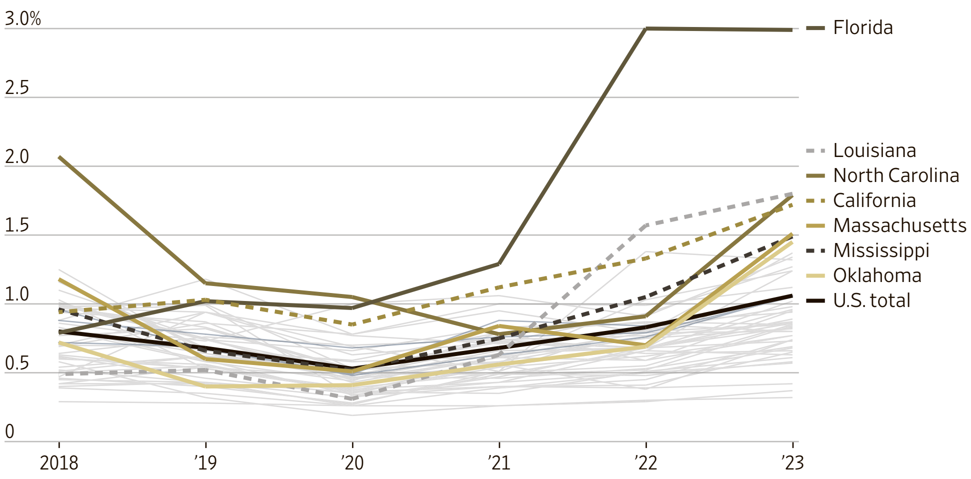
Insured losses†



Insurance costs as a share of monthly mortgage bills, by metro areas with the costliest home insurance‡



Home-insurance-policy nonrenewal rates by state*



*Insurance companies surveyed represent about 65% of the U.S. homeowners' insurance market. †Inflation adjusted; doesn't include Puerto Rico and U.S. Virgin Islands ‡Bills include mortgage principal and interest, insurance and property taxes.
Sources: Senate Budget Committee December 2024 staff report (home insurance policies, nonrenewal rates); Gallagher Re (insured losses); ICE Data Services (insurance cost)

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Adults Are New Target For Hasbro

The toy-and-game maker sees 'kidults' as growth driver as tariffs loom large

By Jennifer Williams

ROY ROCHLIN/GETTY IMAGES FOR HASBRO

A Hasbro collaboration with Mattel's Barbie allows people to outfit their dolls with Play-Doh skirts and tops.

Hasbro is beckoning teens and adults to come out and play.

More-mature customers—the toy industry calls them "kidults"—increasingly have a desire to tinker and feed their nostalgia. They are shelling out hundreds of dollars for intricate Lego sets, scouring store aisles for plush Squishmallows and Jellycats, and matching their outfits with American Girl dolls. These are lucrative trends as adults scooping up playthings tend to spend more money and buy more frequently than when the toys are for children.

Already, roughly 60% of Hasbro's revenue comes from people who are 13 and over. Now, in the midst of a years-long turnaround effort that has involved cutting $600 million in costs and over two-thirds of its individual products, Hasbro is pinning growth on adults and teens interested in Star Wars fighter vehicles, Spider-Man action figures and other toys and collectibles, while working to limit the impact of tariffs.

"We believe that demographic has more spending power and sticking power," Hasbro finance chief Gina Goetter said. "As we thought about where we are investing for growth, it is in all of the businesses that are more exposed to that trend."

That includes digital games like "Monopoly Go!" and role-playing and trading-card games, such as "Dungeons & Dragons" and "Magic: The Gathering." It also includes toys, which Hasbro expects to drive much of its margin expansion this year.

Postpandemic shift

Demand for toys declined in recent years as inflation-weary consumers pulled back on the buying they did to entertain themselves and children during the pandemic. Hasbro's revenue has been down for 10 consecutive quarters, dropping 15% to $1.1 billion for the quarter ended Dec. 29, compared with a year earlier. The sale in late 2023 of the eOne film-and-television business diminished Hasbro's revenue throughout last year and accounted for much of the shortfall for the latest three-month period. Without it, revenue was down just 3%.

In response to the tepid demand, Hasbro has cut costs, saving hundreds of millions of dollars through supply-chain efficiencies and by purging unprofitable products. The company has cut 80% of its stock-keeping units, or SKUs, over the past several years—items that represented between 2% and 3% of Hasbro's revenue, said Goetter, who is also Hasbro's chief operating officer.

The U.S. toy market is stabilizing, with sales flat last year compared with a 7% decline in 2023, according to research firm Circana. After shedding unprofitable items, Hasbro sees room for additional savings by improving the process to design and develop certain products. The company also is looking closely at costs, including the money retailers get to sell and promote Hasbro wares. Hasbro increased its cost-cutting goal last month to $1 billion by 2027, up from a target of $750 million in gross savings by the end of this year.

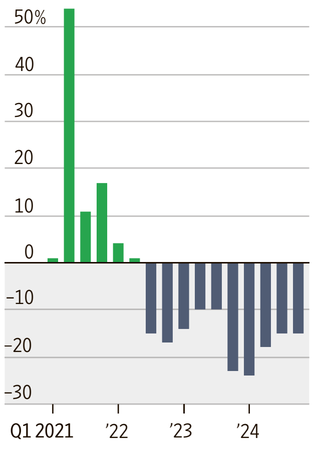
Roughly half of the cost cuts go to improve Hasbro's bottom line, Goetter said. The rest are invested in everything from marketing to upgrading products and creating new ones. Next year, Hasbro will release its first videogame developed and published in-house, following successful digital partnerships like the one that created "Monopoly Go!"

Even so, toys are in focus now. Although margins are thinner for toys than digital products, Hasbro expects toys to account for most of its margin growth in the near term because of limited releases of some digital offerings, such as a "Dungeons & Dragons" game.

The plan to draw teens and adults includes playing up existing brands that they already favor, such as Star Wars and Furbys. It also means finding new temptations.

One of the latest is a collaboration with **Mattel**'s Barbie that allows people to outfit their dolls with Play-Doh skirts and tops. "Young girls will be attracted to it," Goetter said.

Year-over-year change in Hasbro's quarterly revenue



Source: the company

"But the trend was actually started by teenagers and adults making fashion out of Play-Doh."

There are limits to the kidult-centered strategy, analysts said. The older crowd tends to prefer specific Hasbro offerings like collectibles and videogames, said Jaime Katz, a senior equity analyst at **Morningstar**.

But the focus overall makes sense, she said. "You'd rather appeal to everybody than to just people under 13," according to Katz. "It opens up the aperture of the total addressable market in a different way than maybe these companies have traditionally been thinking about."

Tariff impact

Looming large over all toy makers, including Hasbro, is how tariffs imposed by the Trump administration will hit efforts to sell more toys and games.

Roughly 50% of Hasbro's U.S. toys and games comes from China, a target of the tariffs, but the company is working to bring that down to under 40% over the next two years. Making the shift means finding the infrastructure and labor in new locations such as Vietnam, India and Indonesia, which Goetter said can take anywhere from one to two years.

Hasbro might increase consumer prices to offset the tariffs, though Goetter said the specifics are still up for discussion. "It's very fluid," she said.

Shoppers might spend less if prices go up, analysts said. But the toy industry tends to be a bit more insulated from pushback over higher prices. One reason: It is hard to compare prices from year to year because most toys on shelves are new or upgraded from the year before.

Another reason is that toy companies can lift prices without going over critical thresholds, which in this industry are generally considered to be $5, $10 and $20, said Jefferies analyst Kylie Cohu. Executives have to be strategic with any increases, but an action figure going from $6.99 to $7.99 still works for the consumer looking to spend $10 or less, she said.

For Hasbro, tariffs might mean further pruning its list of products, cutting those that don't make sense after factoring in any new import taxes, according to Goetter, the chief financial officer. The levies also threaten to disrupt recent progress across toy businesses, she said.

"The broader industry was finally reaching a stable point, coming off of the highs of Covid, then coming down," she said. "Now here come the tariffs."

A 'Shark Tank' Star Makes a Wager On Disrupting Data Management

By Isabelle Bousquette


CHRISTOPHER WILLARD/ABC/GETTY IMAGES

Robert Herjavec of 'Shark Tank' fame was named an executive director of data-management company Zetaris.

While filming Season 2 of "Shark Tank," Robert Herjavec took executive producer Mark Burnett out for dinner and asked him an important question: "Why don't we see more enterprise IT security type of deals on this show?"

The response, as Herjavec recalled, wasn't exactly encouraging. "Mark looked at me and said, 'I don't know how to tell you this, but what you do is really boring to most people.'"

Clearly the cybersecurity companies Herjavec built his fortune on weren't as interesting to viewers as the risqué Christmas sweater company he backed as an investor, or "Shark," during Season 5 of the reality show.

But now the Emmy-award winner, who retired late last year as chief executive of the cybersecurity company he founded in 2003 and then sold to private equity in 2021, is leaning into boring.

Enterprise data-management company **Zetaris** last week named Herjavec as executive director of global strategy. Herjavec also is a minority investor in the company, which is based in the U.S., but was founded in 2013 in Australia, which Herjavec calls home these days.

The company competes with data-management providers focused on helping enterprises centralize all their data on the cloud. Zetaris said it built technology that will query and analyze data wherever it is—including on-premises data centers. That flexibility is critical for companies that have struggled with the high costs of moving data to the cloud, especially as the amount of data they are looking to leverage for AI balloons, said founder and CEO Vinay Samuel.

Zetaris has raised a total of $35 million, most recently in 2022 at a valuation of $110 million, and will look to raise at least $50 million in a Series B this year, Samuel said. He said that he was looking for a technology leader who could help expand the business in the U.S., and locking down Herjavec was a dream.

Herjavec sat down with The Wall Street Journal to talk about his views on the future of data management, the initial public offering window, and how to make Australians a little sharkier.

This interview has been edited for length and clarity.

What interested you about enterprise data management? Why not invest in a pure AI company?

Every wave of technology has a sexy component that most people talk about. But I think underneath that, you have the infrastructure component that has a much longer tail. I'm an Eastern European old guy. Sexy doesn't work well for me, but longevity works well for me. And it reminds me very much of the early days of cyber. I was one of the first people to sell security for cyber, and a lot of people were selling internet access and AOL and all that kind of stuff. I was fascinated by the infrastructure. To me, data is the picks and shovels of the AI gold rush.

Do you really think this company can compete with data-management giants like Databricks?

I do. And I share your skepticism. I'm like, hang on, you guys are competing with a $70 billion valuation company. But I think technology goes through multiple waves. There's a couple of factors that I think are changing. One is, I think the rush to the cloud is highly oversold. I don't think all enterprises are going to automatically move all their data to the cloud. Zetaris was built with both [on cloud and on premises] in mind.

The second one is: to use some of these intelligence platforms, you have to move your data from a data warehouse into a data lake. And Zetaris over the last five years built a technology that allows you to query the data regardless of where it is.

You're joining Zetaris as executive director of global strategy. What does that mean?

It's the title they give you when you're too old to actually have a job. No, so with my background, I love taking on giants. I love the David vs. Goliath play. Zetaris is well established here [in Australia] and has a good client base. Eventually if you want to build a large-scale tech company, you kind of have to move to the States. So I'm helping them launch into the U.S.

America is the most-competitive market in the world. One thing I always loved about the American market is the brutality of it. And there's a cultural element that you have to get your head around to compete at that level.

Are you actively looking to invest in more tech companies right now?

I am. I would be careful with AI because there's a frothiness within that sector right now. My view is always, just because there's a bubble doesn't mean there isn't an opportunity, but you have to pick the sectors. For obvious reasons, I'm a big believer in data, but I think you're going to see a lot of those engines and software continue to grow. I think the IPO window is going to open up again in the next 18 to 24 months. There's just way too much locked investment from the equity firms that's going to look for an exit.

Is there an IPO in the cards for Zetaris?

You always want to build your company for an exit, IPO, acquisition, but you never want to plan on an exit. Inevitably, like any tech company, there'll be an exit, but I think right now we're just really focused on building something great.

Wonder Buys Tastemade To Make a 'Super App'

By Katie Deighton

Wonder, the food-delivery startup once known for its fleet of kitchens on wheels, said it has acquired the media company Tastemade.

The purchase price was around $90 million, according to people familiar with the transaction.

The deal is the latest step in Wonder's effort to create a mealtime "super app" encompassing elements such as takeout, delivery, meal kits and, now, an international production company, content studio and advertising business.

Wonder in 2023 put the kibosh on its plan to build a nationwide fleet of kitchens in vans that cooked hot curbside meals, shifting to a less-costly model. Its flagship business now offers pickup, delivery and dine-in from multiple restaurant brands, prepping dishes in a large central kitchen and cooking them to order at 38 restaurant locations.

> The deal will give Wonder a content studio and a media company.

It also acquired the meal-kit brand Blue Apron in 2023 and the food-delivery startup Grubhub in 2024.

Founder and Chief Executive Marc Lore ultimately wants to build Wonder into an AI-driven app that will automatically order personalized meals for customers.

"We'd be able to check your health through a bunch of diagnostics, allow you to set your health goals and your budgets, and then autonomously feed you breakfast, lunch and dinner from the assets that we've got," said Lore, the former head of e-commerce at **Walmart** who started Wonder in 2018.

The Tastemade deal will give Wonder a content studio and a media company that has been producing short- and long-form food-and-cooking videos since 2012. Tastemade also operates streaming channels carrying travel, home and design shows. Wonder executives hope that will help them promote their brands to a wider audience.

The acquisition means viewers who watch a famous chef make her signature pasta on a Tastemade streaming channel, for example, may soon be able to easily order the dish to their door through Wonder, Grubhub or Blue Apron, Tastemade co-founder and CEO Larry Fitzgibbon said.

"When you walk around Tastemade, and you see all the monitors on the wall showing all our content, the comment that people make is pretty universal, which is, 'Now I'm hungry and I want to eat that,'" Fitzgibbon said. "We're going to be able to allow people to eat what they're seeing on screen."

Tastemade previously raised $130 million from investors, closing its most recent funding round in 2019. It brought in nearly $93 million in annual revenue as of July 2024, according to an estimate from FactSet. Tastemade is profitable and makes most of its money by selling advertising and creating custom marketing content for brands, according to Fitzgibbon.

That advertising business will now sit under Wonder, offering marketers ad buys and brand partnerships across its full portfolio, said Fitzgibbon, who will continue as CEO of Tastemade and add the title of executive vice president of media, advertising and content.

Tastemade co-founder Steven Kydd is also joining Wonder, where he will be Tastemade's president as well as head of business development and international. A handful of Tastemade's 80 employees will be let go as part of the transition, Fitzgibbon said.

TIM HIGGINS

Robotaxi Startup Is Ready to Break Out

POPPY LYNCH FOR WSJ

Aicha Evans has been at the helm of Zoox since 2019. It aims to launch its service this year.

The boring parts of driverless cars are on Aicha Evans's mind. As we rode through the streets of San Francisco in her company's autonomous vehicle, we talked through all of the things required to launch a robotaxi service later this year.

"Right now, tiny, small, medium, large," the chief executive told me about her strategy for scaling Zoox, **Amazon.com**'s gamble on the technology. "We're still putting the foundation in place and making sure that everything that we've said we were going to do, we're doing."

Her approach is rooted in sweating the small stuff. And small stuff *really* isn't so small: safety procedures; maintenance efforts; charging infrastructure. These are the kinds of logistical issues that turned Amazon into a retail behemoth.

That is a striking contrast to the go-quick, go-bold approach taken by Elon Musk and others who heralded the age of robot cars. The **Tesla** CEO for years said the electric-car maker was on the precipice of deploying driverless vehicles. He once suggested he would have one million robotaxis deployed by 2020.

Alphabet's Waymo had long ago embraced the boring side of fleet management. And it is way ahead in the race, having deployed robotaxis in San Francisco, Los Angeles and elsewhere. Now Zoox is fighting it out for the No. 2 spot with Tesla, which still hasn't demonstrated vehicles on public roadways without humans behind the wheel.

A decade ago, the driverless-car industry was becoming brash as billions of dollars were invested in the idea of robot vehicles changing modern life. Then people got hurt and investors woke up to the harsh realities that deploying robotaxis wasn't going to be as simple as unleashing a Roomba in the living room.

Ultimately, **Uber Technologies** and **General Motors** abandoned their billion-dollar robotaxi efforts. That could have easily been Zoox's fate.

After a long run as a senior Intel executive, Evans took over Zoox in 2019, toward the end of the gold-rush era of autonomous vehicles. She looked at its finances and moved forward selling it to Amazon in 2020.

"It takes a lot of capital and a lot of patience to do this," she told me. "We needed to solve that."

When I first began writing about Zoox in 2016, it was a startup with an air of mystery and a founder savvy at drumming up publicity amid promises of launching a robotaxi by 2020, or mobility service as he dubbed it. "You can really think of it as Disneyland on the streets of perhaps San Francisco," co-founder Tim Kentley-Klay, an Australian entrepreneur, said at the time. He left the company in 2018.

It was his vision for the current look of the Zoox vehicle, unlike other cars on the road. Boxlike with a wheel at each of the four corners, its doors slide open from the middle to reveal a lounge-like interior with a row of two seats on each end.

While Evans kept the vision for the Zoox design, she took her foot off the accelerator. She needed the guts—and Amazon's cash—to slow down, to stop making big promises to excite investors. Instead, she needed to start figuring out how to make it a reality.

Today, she understands why Zoox required its showman days—startups often do—but it had to evolve into an organization with processes and plans.

"Big, bold transformative things don't get done in a linear way—you have to have that audacity to get started," she told me as we rode through the city talking about her early days at Zoox. Then, "the question is: Can you manage through the phases?"

As we crept through traffic, the stakes were evident. As a man with a pet carrier hesitated to cross through passing cars, we came to a jarring stop. Evans seemed pleased. The car was navigating the messiness of city life. "Community trust is really important," Evans said.

Meanwhile, Musk continues to profess his vision for Tesla as a robot company. He argued the millions of Tesla vehicles on the road feed his AI data, allowing his teams to develop robot vehicles that experienced all sorts of unexpected situations. Tesla said it plans to deploy test versions of its robot vehicles this year.

Like Waymo, Zoox built a call-center-like operation that monitors its vehicles in real time and can remotely help vehicles deal with issues. There are operations to keep them clean and maintained.

Now, Zoox is close to deploying its taxis for the public—initially with free rides to select participants this year as part of an early rider program in Las Vegas and San Francisco. That will be followed later this year by a paid service first in Las Vegas.

Listen to a Podcast

Scan this code to listen to the Bold Names podcast with Aicha Evans.

Intel's New CEO Plots Overhaul Of Chip Maker

FROM TOP: INTEL; NITIN SONAWANE/TIMES OF INDIA

Lip-Bu Tan, below, brings two decades of semiconductor industry experience to Intel. Above, an Intel facility in Oregon.

They say Lip-Bu Tan is the best hope to fix **Intel**—if Intel can be fixed at all.

By Heather Somerville, Lauren Thomas and Liza Lin

Tan's selection as the chip maker's new chief executive was cheered by analysts, bankers and shareholders. He brings two decades of semiconductor industry experience, relationships across the sector, a startup mindset and an obsession with AI.

He also comes with tricky China business relationships, underscoring Silicon Valley's inability to sever itself from one of America's top adversaries.

How Tan, age 65, will use his assets to resurrect Intel is on the minds of all industry watchers. Intel has gone from being one of Silicon Valley's biggest innovators to a relic struggling to compete with superstar **Nvidia** and others in the age of artificial intelligence.

Its stock has lost two-thirds of its value in four short years as Intel sat out the AI boom, but its shares were up more than 14% at market close Thursday on news of Tan's ascension. They gained 1.5% on Friday.

The new CEO will soon have to answer the most burning question about Intel's future: whether he will break apart Intel's design and foundry businesses. Manufacturing chips is an enormous expense that Intel can't currently sustain, say industry leaders and analysts. Former board members have called for a split-up.

But a deal to sell all or part of Intel to competitors seems to be off the table for the immediate future, according to bankers. A variety of early-stage discussions with **Broadcom**, **Qualcomm**, **GlobalFoundries** and **Taiwan Semiconductor Manufacturing** in recent months have failed to go anywhere, and so far seem unlikely to progress.

The company has already hinted at a more-likely outcome: bringing in outside financial backers, including customers who want a stake in the manufacturing business.

Resetting Intel

Intel's fortunes also rest in part with President Trump, who has signaled that he wants to unwind the Chips Act, signature legislation from former President Biden to invest more than $50 billion in semiconductors. Intel would receive up to about $8 billion through the legislation, contingent on development of new factories which have faced delays.

Tan likely has no more than a year to turn the company around, said people close to the company. His decades of investing in startups and running companies—he founded a multinational venture firm and was CEO of chip design company **Cadence Design Systems** for 13 years—provide indications of how Tan will tackle this task in the early days: by cutting expenses, moving quickly and trying to turn Intel back into an engineering-first company.

"In areas where we are behind the competition, we need to take calculated risks to disrupt and leapfrog," Tan said in a note to Intel employees on Wednesday. "And in areas where our progress has been slower than expected, we need to find new ways to pick up the pace."

Intel declined to make Tan available for an interview.

Many take this culture reset to also mean significant cuts

at Intel, which already shed about 15,000 jobs last year.

"He is brave enough to adjust the workforce to the size needed for the business today," said Reed Hundt, a former Intel board member who has known Tan since the 1990s.

Tan's first tour at Intel, as a board member from 2022 to 2024, ended in frustration, people close to him say. Although he cited time demands as reason for departing, company insiders believed Tan was fed up with the bloated workforce and the direction under then-CEO Pat Gelsinger. Tan's return, then, signals an inevitable change in strategy.

China connection

Tan, in public talks, has described how he approached reshaping Cadence's culture to eliminate what he described as silos. "I tried to change it to a one-team culture," Tan said in a 2018 interview with the Computer History Museum in Silicon Valley.

Tan, who declared the arrival of generative AI as bigger than the invention of the web, has spent the past several years investing in AI startups across the globe.

Before he rose in the semiconductor industry, Tan was known as one of the first Silicon Valley venture capitalists to invest in Asia. Tan is founder and chairman of Walden International, a prolific investor in Chinese technology startups.

Tan was a big champion of China's semiconductor sector in an era when U.S.-China relations were considerably rosier, including co-investing with a China state-owned asset manager.

As word of Tan's new role spread, one Chinese media outlet headlined the news: "Intel hires 'the CEO with the best knowledge of China's chip industry.' "

Watch a Video

Scan this code to see a video about the challenges Tan faces at Intel.

Scientist Spent Years In Quest

Continued from page B1

shorten the arrival of a quantum device to years, rather than decades.

While some physicists expressed doubt that Microsoft's claims would survive their scrutiny, Chief Executive Satya Nadella appeared thrilled to have something to show the world. Microsoft spends some $300 million annually on quantum research, according to a person familiar with the matter. While tiny compared with its investments in projects such as artificial intelligence, the spending on Microsoft's quantum efforts has piled up over two decades with little to show until now.

Such progress is a stark change from seven years ago, when Nadella dismissed the company's quantum efforts internally as research with no commercial potential, according to someone who viewed an email he sent at the time.

Hooked on quantum

Nayak, 53 years old, describes his quantum research as years of incremental progress punctuated by eureka moments that get the world's attention, like the Majorana announcement. Then it is back to the grind.

"It's just really, really hard to explain this any other way other than us being on the right track," he said.

Nayak communicates daily with colleagues in his Santa Barbara, Calif., lab, as well as in Redmond and Europe. They are keenly aware they are in a race. Google made its own announcement of a quantum-computing advance using a different approach than Microsoft's in December as did a company called D-Wave Quantum this month.

Nayak's fascination with quantum physics started early, when he was a junior at the Manhattan science magnet Stuyvesant High School, when a teacher gave him a copy of a book of lectures by the legendary physicist Richard Feynman.

Nayak's fascination with quantum physics started early.

Quantum physics dates to the early 20th century and challenges the traditional understanding of reality by positing that particles can exist in multiple places simultaneously and influence each other instantaneously across vast distances.

Some executives at Microsoft and other tech companies have been predicting that a useful quantum computer powered by qubits would be commercially available in the next few years for at least a decade.

The problem has been reliability. All computer chips make errors, but on the ones in today's PCs and smartphones, the error rates are minimal. On qubits, the slightest disturbance can cause them to make a cascading series of mistakes.

Under Nayak, Microsoft is tackling the problem with something called a topological superconductor. In it, a single electron is essentially spread across a tiny wire cooled to near absolute zero temperatures. Smearing that electron would form a Majorana particle, which has properties that can be used to make a qubit.

Microsoft contended in a paper published in the scientific journal Nature last month that it had identified a Majorana and measured the information in it.

Qubit controversy

Critics in the world of quantum physics say the Microsoft researchers' claims that they observed a Majorana particle are a mirage.

"Chetan Nayak is running a fraudulent project within Microsoft," said Sergey Frolov, a quantum researcher at the University of Pittsburgh. He pointed to a number of alleged discrepancies in the published data that would materially change the outcome of their claims.

Jason Zander, the Microsoft executive who oversees Station Q, said he was confident Nayak's science would stand. The company is set to publish follow-ups to the Nature paper, which an independent set of researchers are reviewing.

A Microsoft spokesman said the company holds itself to the highest ethical standards.

In 2021, two papers in Nature based on research partly funded by Microsoft about building Majorana particles were retracted because of questions about the validity of the research. Microsoft executives said the research wasn't done by Station Q, but rather a Dutch lab to which the company had ties.

Now that Microsoft says it has shown off a Majorana, Nayak is focused on making the qubits even more reliable and adding more to the chip.

Nayak said he doesn't want to still be working for Microsoft, trying to build a stable qubit chip, in his 70s.

And he could finally put an end to the digs he gets from his three children, the oldest of whom was born around the time he joined Microsoft.

"Every time I say you haven't cleaned your room yet, they say, 'Well look, you haven't built a quantum computer yet,'" Nayak said.

TV Show Gives Marketing Boost To Hotel Group

The Four Seasons' partnership with HBO's 'White Lotus' pays off with guests

By Joe Flint And Rebecca Picciotto

SMITH COLLECTION/GADO/GETTY IMAGES

FABIO LOVINO/HBO/EVERETT COLLECTION

Four Seasons' Maui property, above, received a threefold increase in web visits after it was featured on 'The White Lotus.' Left, a scene from the HBO show's third season.

Some brands would be wary of becoming the site of a grisly murder. But not Four Seasons, one of the world's most exclusive hotel operators.

Three of its resorts have played starring roles in each of the three seasons of "The White Lotus," HBO's twisted take on wealth, class, privilege and five-star hotels. The chain's properties in Maui, the Sicilian hilltop town of Taormina and the island of Koh Samui in Thailand have served as backdrops for the murder, mayhem and bad manners of the show's unsavory characters.

Now, the show and hotel operator are officially business partners. Season 3 is the first time "White Lotus" offered to let the Four Seasons use its fictional brand for the hotel's own marketing.

Four Seasons hosts "White Lotus" viewings at five hotels and launches pop-up bars with cocktails inspired by the show. In April, its Westlake Village, Calif., hotel will transform into a "White Lotus"-style "wellness weekend."

"The marketing machine is really starting to be put in motion," said Marc Speichert, chief commercial officer and executive vice president of the Four Seasons.

The partnership between **Warner Bros. Discovery**'s HBO Max and the Four Seasons is purely serendipitous. When Covid grounded Hollywood production, HBO reached out to producer Mike White to see if he had any ideas for a show that could be shot during the lockdown.

White said yes and began scouting locales that could house a cast and crew for weeks in a bubblelike environment. Initially he tried to find a spot in Australia. But work visas were for eight weeks, not enough time to shoot a show, said David Bernad, an executive producer of "White Lotus."

Next up was Hawaii, where the challenge was finding a resort that could be taken over by a cast and crew for 13 weeks.

"We ended up at Four Seasons because that was the one hotel that let us shoot there," said Bernad.

The Four Seasons signed up for season 1 with no knowledge of the show's plots. There were no finished scripts, only a nondescript first episode, said Bernad.

Even with that uncertainty, the Four Seasons saw a unique opportunity. The luxury hotel was already closed due to the Covid lockdown. Renting out the property to Hollywood was a no-brainer to ride out the pandemic downturn.

"We wouldn't have gotten any business at the Maui resort during Covid without the show," said Speichert.

Not everyone would have taken that bet. Without knowing the details of the story line, the Four Seasons risked any number of potential negative brand associations, said Eric Resnick, chief executive of KSL Capital Partners, a private-equity firm that invests in travel and leisure.

"If you were to take one of our hotels and have some terrible misfortune befall the hotel in a mass-market movie or TV show, it would give me pause," said Resnick, whose hotel investment properties have also been featured in movies and TV. "But kudos to Four Seasons as this has been very successful."

The Four Seasons had a record with these kinds of deals. In 2019, the Four Seasons Hotel Mexico City was featured in the **Netflix** series "Narcos: Mexico," a fictionalized chronicle of the Mexican drug trade.

So far, the gamble on "The White Lotus" has paid off for the legacy hotel chain. Each episode of "The White Lotus" now acts as a Hollywood-level advertisement for the Four Seasons' properties.

Four Seasons declined to say how much the HBO series boosted room rates or overall bookings. But it did say that visits to the Four Seasons webpage for the Sicily hotel soared 193% after season 2. The Maui property did even better with a nearly threefold rise in web visits. Customer inquiries about available hotel rooms experienced triple-digit-percentage increases.

New customers also are willing to pay a premium for the "White Lotus" experience—sans gruesome crime. Occupancy rates in the more-expensive multibedroom suites that were featured in the show are up 7 percentage points.

To capitalize on this "set-jetting" momentum, the Four Seasons is offering guests a 20-day "White Lotus" private jet excursion that stops at each of the resorts featured in the show.

For the current season, Bernad said HBO looked at 50 hotels before landing on the Four Seasons Resort Koh Samui. During the Maui shoot in the middle of Covid, cast and crew stayed at the hotel and there was little overlap with civilians.

The next two seasons led to some periods when HBO was shooting at the same time the resorts had guests as well watching the action.

"By now people know who we are," said Bernad.

"White Lotus" hasn't decided in what city it will take place next season, and Four Seasons has no guarantee it will play host again, Bernad said.

The Mandarin Oriental is already touting its Bangkok hotel's cameo in episode 5, which it said "serves as the glamorous backdrop" for the Thailand-based season.

China Region Is No-Go for Western Firms

Projects are dead and surveillance is constant in Xinjiang, in the nation's west

By Yoko Kubota

URUMQI, China—About a decade ago, some Western companies answered Beijing's calls to invest in Xinjiang, an underdeveloped region in the country's remote west. Some were drawn by the natural resources there. Others eyed the political points they could score with China.

Today, many of those projects are dead or have been sold off. A visit by a Wall Street Journal reporter earlier this year to Urumqi, Xinjiang's capital, found that the site of German carmaker **Volkswagen**—which was especially eager to invest in the region a little over a decade ago—sits lifeless. The factory, in Urumqi's Toutunhe economic development zone, was recently sold. The carmaker and its joint-venture partner **SAIC Motor**'s names have been scraped from the gate, leaving a blurry mark.

As the reporter approached the site and turned onto an empty side street, a white car trailed her movements—surveillance that continued throughout her trip in Urumqi.

The demise of what was the most prominent Western project there shows how toxic association with Xinjiang is for Western companies, and how those companies' ambitions in China can collide with political and geopolitical realities. The investments into relatively minor projects in a remote area ended up morphing into a yearslong international headache.

Over the years, Xinjiang, home to millions of Turkic-speaking Uyghurs and other predominantly Muslim ethnic minorities, has become synonymous to some in the West with Beijing's ruthless clampdown on ethnic minorities. The Chinese government has targeted the minorities in Xinjiang with mass-detention internment camps and omnipresent surveillance as part of a forcible assimilation campaign. China portrays the campaign as an effort to fight religious extremism and terrorists.

Since 2022, a U.S. law called the Uyghur Forced Labor Prevention Act—supported by Secretary of State Marco Rubio while he was a senator—has virtually banned imports from Xinjiang. In 2020, Beijing barred Rubio from entering China, partly in response to his criticism of the mass detention of Uyghurs in Xinjiang.

From clothing companies to automakers, businesses have shunned Xinjiang.

"Xinjiang has not only become a place not to invest, but even bidding on projects there or otherwise selling into the market there has become off limits," said William Zarit, a senior counselor at business consulting firm Cohen Group and a former chairman of the American Chamber of Commerce in China.

Beijing's signals

China uses Xinjiang to signal Beijing's discontent with governments. In February, as the U.S. and China ratcheted up their trade war, Beijing placed **PVH**, the owner of Calvin Klein and Tommy Hilfiger, on an "unreliable entities list" over allegations that it boycotts cotton products from Xinjiang. PVH said it complied with relevant laws and regulations and was working to find a positive resolution.

The Western opprobrium continues to sting Beijing. A senior Xinjiang official said in January that U.S. sanctions had hit operations at more than 100 local companies and resulted in layoffs. "The U.S.'s unreasonable actions are essentially aimed at undermining Xinjiang's prosperity and stability, containing China's development, and violating international trade rules and market order," a representative for China's Foreign Ministry said.

In recent years, surveillance of foreign reporters in Xinjiang has become the norm, including monitoring the Journal reporter's visit to Urumqi in January. The reporter was followed throughout the visit, by car or by foot, by several men who appeared to be plainclothes security officials. At one point, as the reporter emerged from a **Tesla** showroom, police stopped to check her ID and inquire why she was in Urumqi.

Surveillance is commonplace throughout China, but the scale is far larger in Urumqi. Security, including surveillance cameras and special police outposts that have mushroomed in recent years, is heavy throughout the city. Signposts bearing the local emergency services number, along with a six-digit number identifying the location, stand in front of mosques and other spots, so police can respond immediately to calls. Shoppers entering a large market in the city center were subject to airport-like searches.

Continued control of the Muslim population is evident. At a mosque in the center of Urumqi, the patriotic slogan "Love the Country, Love the Religion" was affixed to the building. Nearby, a red banner hung, which read in Chinese "Love the Party, Love the Country, Love Socialism."

Volkswagen was eager to invest in Xinjiang over a decade ago. Now its plant there sits lifeless.

DAKE KANG/AP


Coca-Cola and its joint venture still operate a bottling plant in Xinjiang.

YOKO KUBOTA/WSJ

A swath of desert and mountains, Xinjiang accounts for one-sixth of China's land mass and is home to some 26 million people, or about 2% of China's population. While China's eastern coast rapidly developed, Xinjiang lagged behind.

'Go West'

In 2000, China launched its "Go West" development policy, seeking to develop the western region including Xinjiang. Beijing positioned Xinjiang as a key hub for trade routes to Central Asia and Europe that would thrive under China's giant Belt and Road infrastructure and trade initiative. Chinese authorities dangled tax breaks and cheap land to lure foreign investment.

Xinjiang's climate also made the region a major supplier of wheat, cotton, tomatoes and hops for Western companies. In 2011, coal giant **Peabody Energy** said it would pursue a coal-mine project in Xinjiang with the local government. France's **Air Liquide** said it would build an industrial gas production facility around 2013, while German chemical giant **BASF** started to produce chemicals with a joint-venture partner in Xinjiang's Korla in 2016.

> From clothing to autos, businesses have shunned Xinjiang.

In 2012, Chinese Premier Wen Jiabao and German Chancellor Angela Merkel celebrated at Volkswagen's headquarters in Germany as executives signed a deal to build a car plant in Urumqi. The relatively small Xinjiang factory was among one of the many sites in China for Volkswagen. It was positioned to serve as a manufacturing and export hub for the broader region.

Meanwhile, long-simmering separatist sentiment among Uyghurs spilled over. In 2014, authorities blamed a surge in deadly terrorist attacks around the country on Xinjiang-based militants.

Surveillance and policing intensified in the region. Beijing also began to target the Uyghurs and other mostly Muslim ethnic minorities with mass internment camps. Human-rights groups and Western researchers have alleged that the government forced these groups to work at factories around the country.

Labor allegations

Beijing has denied using forced labor and described the camps as vocational training facilities. It has said programs to transfer mostly Muslim minority laborers are part of poverty-alleviation programs.

Multinational firms soon came under pressure to eliminate forced labor from their supply chains. Volkswagen's investment in Xinjiang came around a time when the company was expanding in China.

But as Beijing's crackdown on Xinjiang became apparent, Volkswagen came under pressure. Top executives tried to strike a balancing act. At home, they sought to avoid reputational blowback from investors, consumers and an influential trade union, which holds a seat on the company's supervisory board.

In China, Volkswagen sought to avoid upsetting Beijing and Chinese consumers. By 2020, Volkswagen's Xinjiang plant was in the process of ending car production and was transformed into a center for quality control and testing. In 2023, Volkswagen hired auditors and said it found no evidence of human-rights abuses at the plants. Nonetheless, trade union officials and investors increasingly pressured Volkswagen to pull out of the region.

Western retreat

In November, Volkswagen said it would sell the Urumqi plant to a state-backed car inspection business. By then, Volkswagen had been surpassed in sales by Chinese electric vehicle maker **BYD**.

BASF is in the process of divesting two plants in Xinjiang, a process that dragged on for a year. Air Liquide's project there was canceled before it was implemented. Peabody Energy stopped referring to its Xinjiang project in its financial filings after 2014, when it said it intended to advance projects in Asia including "studies underway in Xinjiang." The company declared bankruptcy in 2016 as tumbling prices crushed the U.S. coal industry, then exited Chapter 11 a year later. It declined to comment.

Some Western companies, mostly in retail, still operate there on a limited scale.

On a January afternoon, people were browsing a Tesla showroom that opened in 2021. Outside, Tesla vehicles—which can be found occasionally on the streets of Urumqi—were charging. **Ford**, **Toyota** and **Mercedes**, among others, also have authorized dealerships in Urumqi. **Coca-Cola** and its joint venture's bottling plant there is still running.

Precise data on how much and from where foreign investment is still flowing into Xinjiang is hard to come by. Unlike most other regions in China, Xinjiang's official annual statistical yearbook hasn't been updated since 2022, which contains 2021 data, and details on the origin of foreign investments are patchy.

Despite Beijing's earlier calls, foreign investment in Xinjiang remained a tiny portion of the investments flowing into China, dipping to as low as 0.1% of the nationwide total in 2021 before bouncing back up in 2023 again to 0.4%, the same ratio as in 2013.

The most recent data available show that in 2023, foreign direct investment into Xinjiang hit a high of $681 million. Data on foreign investment show a decline in the number of Western entities in Xinjiang in recent years, while Kazakhstan and Turkey had dozens of entities in 2021, the latest data available.

Renewable Energy Is Seen As Key to Beating Beijing


John Kerry, the former secretary of state, used the Texas energy system as an example.

BRANDON BELL/GETTY IMAGES

By Yusuf Khan

The U.S. risks ceding control of the global energy market to China if it continues to turn its back on renewable energy, said John Kerry, the former climate envoy and secretary of state.

In an interview at the Economist's Energy Transition Summit in London last week, Kerry said President Trump's attempts to undermine the energy transition would work against efforts to keep the U.S. at the forefront of global infrastructure and manufacturing.

"There's a big marketplace out there, and America needs to compete," said Kerry. "America needs to be in the hunt for those technologies, and I think the president's goal of being first in class means that these [renewable] technologies require that we continue to be researching, building and deploying."

The global energy market is the largest market in the world, he added, and renewable energy is a major slice of it.

If Trump pushes to roll back incentives created by the Inflation Reduction Act in the U.S., China would be freely allowed to dominate the manufacturing of clean-energy products like solar panels and wind turbines, Kerry said.

"Even on the emotional scale, if you want to beat China, you better be doing this," said Kerry. "You need to be producing better products that are gonna be in demand around the world. It's something that I don't think we should just give up."

Since taking office, Trump has launched attacks on the climate industry, gutting governmental departments while also signing executive orders aimed at stopping new offshore wind projects in federal waters.

Despite those efforts, the energy transition is unlikely to fail, said Kerry.

A Texas example

"The market globally, writ large, has made its decision to move to a low-carbon, no-carbon economy," said Kerry. "The market knows it and many, many CEOs around the world have committed to net-zero 2050, to various plans, scope one, scope two, whatever they're making commitments. And politics is not going to change that commitment. "

Kerry used the example of the Texas energy system to explain why the U.S. wouldn't now change course.

"Texas is the largest deployer of wind in America and Texas is dependent on wind to balance its power delivery," he said. "And get through its winters and so forth. I don't think that the Republican governor there is going to suddenly dismantle or stop doing what his plan is."

Kerry, the 81-year-old diplomatic heavyweight, joined asset-management firm Galvanize Climate Solutions last year as co-executive chair alongside billionaire Tom Steyer and investor Katie Hall. Galvanize is a multi-strategy firm that invests in the business of decarbonization.

Through investing in climate initiatives, "there are a lot of companies making a pretty healthy return on investment," Kerry said.

"You're looking at double digits [in returns]," he added. "And that's powerful as more people become aware of the size of this market and the scope of opportunity. I think things are gonna start to move faster."

Kerry was also positive about the appointment of Mark Carney, the former Bank of Canada and Bank of England governor who has been chosen to lead Canada's Liberal party and will assume the role of prime minister of that country.

In recent years, Carney has focused heavily on climate and getting private capital into climate projects, working as the United Nations Special Envoy for Climate Action and Finance.

Private sector

"Mark is focused on the same kind of thing that I'm focused on, which is how do you move, how do you excite the capital that it begins to gravitate towards these kinds of investments that make the difference," said Kerry.

"He's smart. He doesn't believe that the government's the solution to everything. He wants the private sector to do things, he wants to create jobs," Kerry said. "He's very, very, very practical and he knows how to bring people together and negotiate and make things happen."

Under President Joe Biden, Kerry was the U.S.'s key negotiator at the United Nations' annual global climate gatherings known as the Conference of the Parties, or COP. During his term, the U.S. re-signed the Paris climate agreement after President Trump withdrew in 2017, agreeing to limit global warming below two degrees Celsius. Since his return to the White House, Trump has pulled out of the Paris agreement for a second time.

Gaining global consensus on fighting climate change without U.S. leadership in the COP process is going to be a struggle, Kerry said. "That's where there is a real deficit to what is going on right now, sadly," he said.

Kerry added that the 2023 agreement in the U.A.E., where countries agreed to start transitioning away from fossil fuels, might be the peak for global climate consensus in the near-term. "I think Dubai may be about as good as it can get," he said.

"The basic thrust of the policy, which is net-zero by 2050 and accelerates the transition away [from fossil fuels]—that's big. That's a really big important mission statement," he said.

"Now it's just the implementation. Now who's going to implement for the most part? Well, guess what? There are about 23 countries that equal more than 80% of all the emissions and they're going to have to make that fundamental move because the island states can't do it. Africa can't do it. Less developed nations, Bangladesh and others can't do it. They desperately need the developed world, and it has got to step up here."

BOX OFFICE

'Novocaine' Opens at No.1

MARCOS CRUZ/PARAMOUNT/EVERETT COLLECTION

The action thriller earned $8.7 million in its first weekend.

Estimated Box-Office Figures, Through Sunday

	Film	Distributor	Sales, In Millions Weekend*	Cumulative	% Change
1.	Novocaine	Paramount	$8.7	$8.7	—
2.	Mickey 17	Warner Bros.	$7.5	$33.3	-60
3.	Black Bag	Black Bag	$7.5	$7.5	—
4.	Captain America: Brave New World	Disney	$5.5	$185.4	-35
5.	The Day the Earth Blew Up: A Looney Tunes Movie	Falling Forward Films	$3.2	$3.2	—

*Friday, Saturday and Sunday in North American theaters

Source: Comscore

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

None expected this week

Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date		Symbol	Offer price($)	Offer amt ($ mil.)	Through Friday (%)	Lockup provision
March 18	Sept. 20, '24	Global Engine Group Holding	GLE	4.00	9.2	-56.5%	180
March 20	March 21, '24	Lobo EV Technologies	LOBO	4.00	5.5	-70.5%	365

Sources: LSEG Data and Analytics; Dow Jones Market Data

IPO Scorecard

Performance of IPOs, most-recent listed first

Company SYMBOL IPO date/Offer price	Friday's close ($)	% Chg From Offer price	1st-day close
Marwynn Hldgs MWYN March 13/$4.00	4.23	5.8	-1.6
Micropolis Holding MCRP March 7/$4.00	3.78	-5.5	6.5
Sagtec Global SAGT March 7/$4.00	3.40	-15.0	-5.6
Advanced Biomed ADVB March 6/$4.00	3.78	-5.5	3.6
Kestra Med Tech KMTS March 6/$17.00	21.27	25.1	-2.6
Skycorp Solar Grp PN March 4/$4.00	3.62	-9.5	-10.2
Fifth Era Acquisition I FERAU Feb. 28/$10.00	10.02	0.2	...
Live Oak Acquisition V LOKVU Feb. 28/$10.00	10.05	0.5	0.3
NewHold Investment III NHICU Feb. 28/$10.00	10.05	0.5	0.3
Luda Technology LUD Feb. 27/$4.00	4.36	9.0	9.0
LZ Technology LZMH Feb. 27/$4.00	9.23	130.8	84.6
Rithm Acquisition RAC.UT Feb. 27/$10.00	10.04	0.4	-0.1
Webus Intl WETO Feb. 27/$4.00	3.90	-2.5	8.3
Basel Med Grp BMGL Feb. 25/$4.00	4.09	2.2	-1.2
Wellgistics Health WGRX Feb. 21/$4.50	2.90	-35.6	-23.9
Anbio Biotechnology NNNN Feb. 19/$5.00	7.15	43.0	23.9
Northpointe Bancshares NPB Feb. 14/$14.50	13.89	-4.2	-4.2
Aardvark Thera AARD Feb. 13/$16.00	10.01	-37.4	-30.0
Artius II Acquisiton AACBU Feb. 13/$10.00	10.06	0.6	0.6
Karman Hldgs KRMN Feb. 13/$22.00	33.16	50.7	10.3

Sources: Dow Jones Market Data; FactSet

Public and Private Borrowing

Treasurys

Monday, March 17

Auction of 13 and 26 week bills; announced on March 13; settles on March 20

Tuesday, March 18

Auction of 6 and 52 week bills; announced on March 13; settles on March 20

Wednesday, March 19

Auction of 17 week bill; announced on March 18; settles on March 25

Thursday, March 20

Auction of 4 and 8 week bills; announced on March 18; settles on March 25

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA lost 1,313.53 points, or 3.07%, on the week. A $1 change in the price of any DJIA stock = 6.15-point change in the average. To date, a $1,000 investment on Dec. 31 in each current DJIA stock component would have returned $29,846, or a loss of 0.51%, on the $30,000 investment, including reinvested dividends.

The Week's Action Pct chg (%)	Stock price change	Point chg in average*	Company	Symbol	Close	$1,000 Invested (year-end '24)
7.97	8.98	55.20	NVIDIA	NVDA	$121.67	$906
4.95	7.63	46.90	Boeing	BA	161.81	914
2.81	4.11	25.26	3M	MMM	150.41	1,171
1.25	3.21	19.73	Travelers	TRV	260.91	1,088
0.43	0.68	4.18	Chevron	CVX	157.02	1,096
-0.08	-0.08	-0.49	Merck & Co	MRK	94.57	951
-0.65	-1.30	-7.99	Amazon.com	AMZN	197.95	902
-0.98	-4.83	-29.69	UnitedHealth Group	UNH	488.65	970
-1.21	-4.75	-29.20	Microsoft	MSFT	388.56	924
-1.23	-3.49	-21.45	Salesforce	CRM	279.40	836
-2.33	-3.88	-23.85	Johnson & Johnson	JNJ	162.81	1,135
-2.35	-5.05	-31.04	Honeywell	HON	209.47	932
-2.77	-7.58	-46.59	American Express	AXP	265.63	897
-3.04	-10.66	-65.53	Caterpillar	CAT	339.64	940
-3.18	-2.27	-13.95	Coca-Cola	KO	69.16	1,119
-3.26	-18.26	-112.24	Goldman Sachs	GS	541.41	950
-3.43	-11.15	-68.54	Amgen	AMGN	313.71	1,213
-3.92	-13.52	-83.11	Visa	V	331.80	1,052
-4.06	-9.84	-60.49	JPMorgan Chase	JPM	232.44	975
-4.54	-7.98	-49.05	Procter & Gamble	PG	167.97	1,008
-5.04	-13.19	-81.08	IBM	IBM	248.35	1,137
-5.38	-3.44	-21.15	Cisco	CSCO	60.50	1,029
-5.41	-2.49	-15.31	Verizon	VZ	43.57	1,109
-6.01	-21.84	-134.25	Sherwin-Williams	SHW	341.78	1,008
-6.51	-6.87	-42.23	Walt Disney	DIS	98.64	886
-6.68	-21.46	-131.91	McDonald's	MCD	299.83	1,040
-6.76	-25.49	-156.68	Home Depot	HD	351.31	909
-6.95	-6.37	-39.16	Walmart	WMT	85.35	945
-8.82	-6.93	-42.60	NIKE	NKE	71.66	952
-10.70	-25.58	-157.24	Apple	AAPL	213.49	853

*Based on Composite price. DJIA is calculated on primary-market price.
Source: Dow Jones Market Data; FactSet.

MARKETS DIGEST

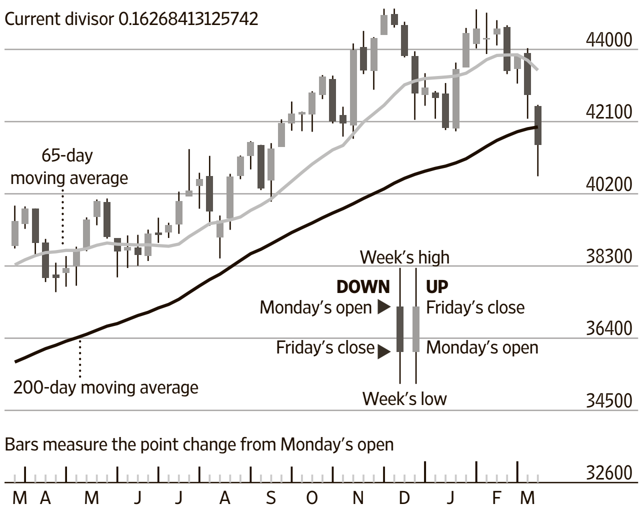
Dow Jones Industrial Average

41488.19 ▼1313.53, or 3.07% last week

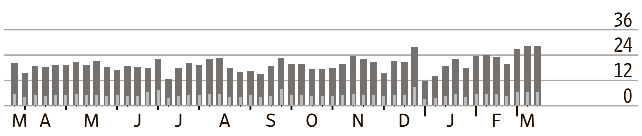
High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio	24.86	26.94
P/E estimate*	18.85	18.76
Dividend yield	1.97	1.87
All-time high	45014.04, 12/04/24	

Current divisor 0.16268413125742



NYSE weekly volume, in billions of shares



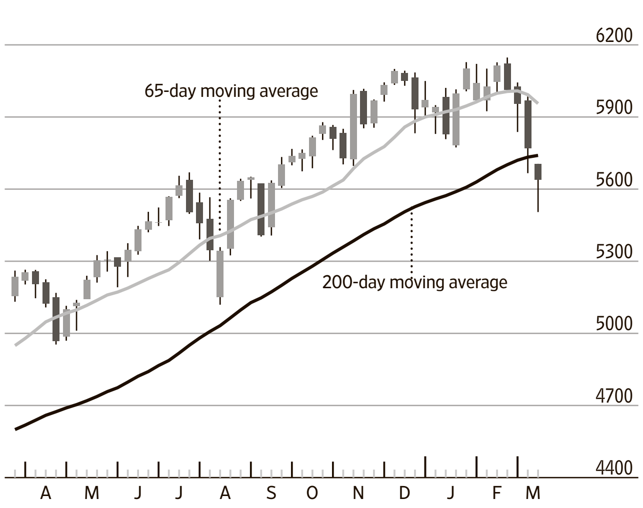
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

S&P 500 Index

5638.94 ▼131.26, or 2.27% last week

High, low, open and close for each of the past 52 weeks

	Last	Year ago
Trailing P/E ratio*	22.32	23.83
P/E estimate*	20.48	21.35
Dividend yield*	1.38	1.44
All-time high	6144.15, 02/19/25	



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Major U.S. Stock-Market Indexes

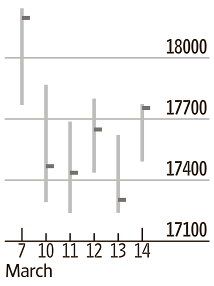
	Latest Week High	Low	Close	Net chg	% chg	52-Week Low	High	% chg	YTD % chg	3-yr. ann.
Dow Jones										
Industrial Average	42541.36	40661.77	41488.19	-1313.53	-3.07	37735.11	45014.04	7.2	-2.5	8.0
Transportation Avg	15540.38	14332.18	14643.53	-966.89	-6.19	14397.68	17754.38	-5.5	-7.9	-1.1
Utility Average	1011.66	981.62	1010.19	18.70	1.89	835.53	1079.88	18.8	2.8	1.1
Total Stock Market	56306.41	54311.40	55696.49	-1291.88	-2.27	49376.46	61024.05	9.3	-4.6	9.7
Barron's 400	1197.14	1155.49	1189.40	-16.08	-1.33	1092.05	1356.99	5.6	-5.0	7.1
Nasdaq Stock Market										
Nasdaq Composite	17868.07	17238.24	17754.09	-442.14	-2.43	15282.01	20173.89	11.1	-8.1	12.2
Nasdaq-100	19867.08	19152.57	19704.64	-496.73	-2.46	17037.65	22175.6	10.6	-6.2	14.7
S&P										
500 Index	5705.37	5504.65	5638.94	-131.26	-2.27	4967.23	6144.15	10.2	-4.1	10.6
MidCap 400	2987.09	2844.34	2927.15	-59.94	-2.01	2825.94	3390.26	0.1	-6.2	4.7
SmallCap 600	1306.31	1243.21	1279.85	-35.20	-2.68	1241.62	1544.66	-0.6	-9.1	0.3
Other Indexes										
Russell 2000	2058.09	1984.92	2044.10	-31.39	-1.51	1942.96	2442.03	0.2	-8.3	1.7
NYSE Composite	19573.06	18818.53	19231.35	-341.71	-1.75	17388.09	20272.04	7.8	0.7	7.0
Value Line	587.70	558.01	573.12	-14.58	-2.48	560.48	656.04	-3.4	-6.2	-1.3
NYSE Arca Biotech	6038.12	5759.25	5871.72	-152.62	-2.53	4861.76	6318.63	12.8	2.2	7.9
NYSE Arca Pharma	1036.93	984.00	995.11	-41.82	-4.03	912.71	1140.17	-1.6	6.5	7.7
KBW Bank	121.51	116.02	120.02	-3.39	-2.75	96.78	140.59	22.4	-5.8	-1.3
PHLX§ Gold/Silver	170.36	154.87	169.38	7.79	4.82	116.83	175.74	40.6	23.5	3.7
PHLX§ Oil Service	65.47	62.38	64.76	-0.571	-0.87	62.70	95.25	-26.0	-10.8	-5.3
PHLX§ Semiconductor	4608.69	4300.49	4598.79	-30.80	-0.67	4306.87	5904.54	-3.3	-7.7	14.7
Cboe Volatility	29.57	21.48	21.77	-1.60	-6.85	11.86	38.57	51.1	25.5	-11.8

§Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

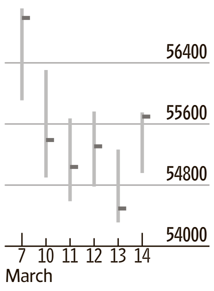
Nasdaq Composite

▼ 442.14, or -2.43% last week



DJ US TSM

▼ 1291.88, or -2.27% last week



International Stock Indexes

Region/Country	Index	Latest Week Close	% chg	52-Week Range Low	High	YTD % chg
World	MSCI ACWI	836.14	-1.87	743.28	887.72	-0.6
	MSCI ACWI ex-USA	348.00	-1.06	313.52	357.36	6.8
	MSCI World	3665.71	-2.00	3255.62	3910.71	-1.1
	MSCI Emerging Markets	1119.61	-0.79	1004.17	1187.97	4.1
Americas	MSCI AC Americas	2123.06	-2.22	1877.61	2316.90	-4.0
Canada	S&P/TSX Comp	24553.40	-0.83	21516.90	25808.25	-0.7
Latin Amer.	MSCI EM Latin America	2095.16	2.97	1842.59	2585.40	13.1
Brazil	Bovespa	128957.09	3.14	118532.68	137343.96	7.2
Chile	S&P IPSA	4027.28	1.79	3306.43	4027.28	11.4
Mexico	S&P/BMV IPC	52484.28	-0.67	48837.72	58092.44	6.0
EMEA	STOXX Europe 600	546.60	-1.22	487.05	563.13	7.7
	STOXX Europe 50	4635.25	-1.27	4234.93	4809.98	7.6
Eurozone	Euro STOXX	558.82	-0.81	472.81	568.52	10.6
	Euro STOXX 50	5404.18	-1.17	4571.60	5540.69	10.4
Austria	ATX	4297.92	0.17	3410.12	4329.90	17.3
Belgium	Bel-20	4410.12	-1.33	3673.19	4476.06	3.4
France	CAC 40	8028.28	-1.14	7130.04	8239.99	8.8
Germany	DAX	22986.82	-0.10	17339.00	23419.48	15.5
Greece	Athex Composite	1693.61	4.07	1341.23	1693.61	15.2
Israel	Tel Aviv	2510.92	1.78	1884.16	2552.30	4.8
Italy	FTSE MIB	38655.30	0.16	31107	39225	13.1
Netherlands	AEX	905.63	-0.63	851.78	948.54	3.1
Norway	Oslo Bors All-Share	1723.84	1.12	1499.82	1741.01	4.8
Portugal	PSI 20	6771.09	-0.73	6122.82	6988.33	6.2
South Africa	FTSE/JSE All-Share	87916.46	-0.74	71868.07	89061.67	4.5
Spain	IBEX 35	13005.20	-1.90	10390.5	13373.1	12.2
Sweden	OMX Stockholm	1006.10	-1.40	927.58	1057.57	5.4
Switzerland	Swiss Market	12916.81	-1.22	11196.67	13166.68	11.3
U.K.	FTSE 100	8632.33	-0.55	7722.55	8871.31	5.6
Asia-Pacific	MSCI AC Asia Pacific	185.71	-1.20	166.07	197.3	2.2
Australia	S&P/ASX 200	7789.70	-1.99	7567.3	8555.8	-4.5
China	Shanghai Composite	3419.56	1.39	2704.09	3489.78	2.0
Hong Kong	Hang Seng	23959.98	-1.12	16224.14	24369.71	19.4
India	BSE Sensex	73828.91	-0.68	72012.05	85836.12	-5.5
Japan	NIKKEI 225	37053.10	0.45	31458.42	42224.02	-7.1
Malaysia	FTSE Bursa Malaysia KLCI	1512.15	-2.27	1484.83	1678.80	-7.9
Singapore	Straits Times	3836.02	-2.00	3144.76	3934.04	1.3
South Korea	KOSPI	2566.36	0.11	2360.58	2891.35	7.0
Taiwan	TAIEX	21968.05	-2.69	19411.22	24390.03	-4.6

Source: FactSet; Dow Jones Market Data

Commodities and Currencies

	Last Week Close	Net chg	% Chg	YTD % chg
DJ Commodity	1061.25	3.25	0.31	3.80
FTSE/CC CRB Index	302.67	-0.37	-0.12	2.01
Crude oil, $ per barrel	67.18	0.14	0.21	-6.33
Natural gas, $/MMBtu	4.104	-0.295	-6.71	12.96
Gold, $ per troy oz.	2994.50	89.80	3.09	13.89
U.S. Dollar Index	103.74	-0.10	-0.10	-4.37
WSJ Dollar Index	99.26	-0.09	-0.09	-3.41
Euro, per dollar	0.9192	-0.004	-0.41	-4.81
Yen, per dollar	148.64	0.60	0.41	-5.45
U.K. pound, in dollars	1.29	0.0012	0.09	3.36

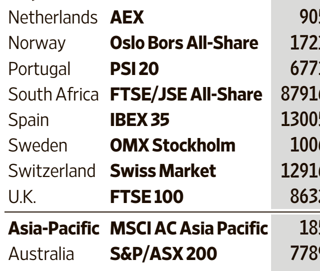
	52-Week Low	High	% Chg
DJ Commodity	942.52	1095.84	7.96
FTSE/CC CRB Index	265.48	316.63	6.34
Crude oil, $ per barrel	65.75	86.91	-17.10
Natural gas, $/MMBtu	1.575	4.491	147.98
Gold, $ per troy oz.	2156.30	2994.50	38.81
U.S. Dollar Index	100.38	109.96	0.29
WSJ Dollar Index	95.31	103.61	1.17
Euro, per dollar	0.8934	0.9760	0.10
Yen, per dollar	140.61	161.70	-0.30
U.K. pound, in dollars	1.22	1.34	1.59

Go to WSJMarkets.com for free access to real-time market data.

Consumer Rates and Returns to Investor

U.S. consumer rates

A consumer rate against its benchmark over the past year



Selected rates

Five-year ARM, Rate

Bankrate.com avg†:	6.31%
Chemung Canal Trust Company Elmira, NY 607-737-3711	5.50%
Florence Savings Bank Florence, MA 800-644-8261	5.50%
Grow Financial FCU Hillsborough, FL 800-839-6328	5.63%
Ridgewood Savings Bank Ridgewood, NY 718-240-4800	5.88%
Rockland Trust Company Rockland, MA 781-878-6100	5.88%

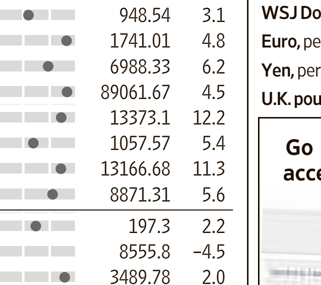
Interest rate	Yield/Rate (%) Last	Week ago	52-Week Range (%) Low	High	3-yr chg (pct pts)
Federal-funds rate target	4.25-4.50	4.25-4.50	4.25	5.50	4.25
Prime rate*	7.50	7.50	7.50	8.50	4.25
SOFR	4.30	4.35	4.27	5.40	4.25
Money market, annual yield	0.46	0.41	0.40	0.51	0.39
Five-year CD, annual yield	1.68	1.67	1.62	1.69	1.18
30-year mortgage, fixed†	6.74	6.75	6.69	7.72	2.38
15-year mortgage, fixed†	6.11	6.13	6.02	7.11	2.56
Jumbo mortgages, $726,200-plus†	6.81	6.78	6.76	7.79	2.41
Five-year adj mortgage (ARM)†	6.31	6.18	5.88	6.78	3.35
New-car loan, 48-month	7.62	7.73	7.18	7.94	4.03

Bankrate.com rates based on survey of over 1,500 online banks. *Base rate posted by 70% of the nation's largest banks.† Excludes closing costs.
Bankrate has changed its calculation methodology for the 5-year CD data. Historical data were recalculated with the new methodology.
Sources: FactSet; Dow Jones Market Data; Bankrate.com

Benchmark Yields and Rates

Treasury yield curve

Yield to maturity of current bills, notes and bonds



Forex Race

Yen, euro vs. dollar; dollar vs. major U.S. trading partners

Sources: Tradeweb FTSE U.S. Treasury Close; Tullett Prebon; Dow Jones Market Data

Corporate Borrowing Rates and Yields

Bond total return index	Yield (%) Last	Wk ago	Spread +/- Treasurys, in basis pts, 52-wk Range Last	Low	High	Total Return 52-wk	3-yr
U.S. Treasury, Bloomberg	4.220	4.210				4.59	-0.61
U.S. Treasury Long, Bloomberg	4.670	4.670				2.20	-7.55
Aggregate, Bloomberg	4.700	4.670	35	30	43	5.09	0.20
Fixed-Rate MBS, Bloomberg	5.000	4.970	35	31	56	5.67	0.05
High Yield 100, ICE BofA	6.767	6.546	249	191	319	8.07	5.71
Muni Master, ICE BofA	3.527	3.407	-1	-6	6	1.25	1.14
EMBI Global, J.P. Morgan	7.406	7.349	301	270	379	8.29	3.78

Sources: J.P. Morgan; S&P Dow Jones Indices; Bloomberg Fixed Income Indices; ICE BofA

CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike open-end funds, closed-ends generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid (during the previous 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: LSEG

Friday, March 14, 2025

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Adams Diversified Eq Inc ADX	21.39	19.00	-11.2	14.3
BlackRock En Lg Cap Cr CII	20.18	18.61	-7.8	4.1
Central Secs CET	54.81	44.92	-18.0	21.8
CohenStrsCEOppFd FOF	11.82	11.98	+1.4	16.1
EVTxAdvDivIncm EVT	25.25	22.95	-9.1	11.0
GabelliDiv&IncTr GDV	27.40	23.82	-13.1	13.1
Gabelli Equity Tr GAB	5.26	5.49	+4.4	10.2
GeneralAmer GAM	57.87	49.75	-14.0	21.4
JHancockTaxAdvDiv HTD	25.00	22.93	-8.3	30.2
Liberty All-Star Equity USA	6.67	6.52	-2.2	5.4
Liberty All-Star Growth ASG	5.35	4.91	-8.2	-0.4
Royce Micro-Cap Tr RMT	9.64	8.48	-12.0	1.8
Royce Value Trust RVT	15.47	14.23	-8.0	8.6
Source Capital SOR	43.91	41.46	-5.6	9.5
Special Opportunities SPE	16.43	15.09	-8.2	32.1
Sprott Focus Trust FUND	8.21	7.19	-12.4	2.0
SRH Total Return STEW	21.24	16.31	-23.2	15.8
Tri-Continental TY	34.85	30.82	-11.6	14.0
Specialized Equity Funds				
abrdn Glb Prem Prop AWP	3.78	3.83	+1.3	14.8
abrdn Global Infra Inc ASGI	19.94	18.10	-9.2	17.3
Adams Natural Resources PEO	24.68	21.95	-11.1	7.0
ASA Gold & Prec Met Ltd ASA	30.30	26.85	-11.4	77.7
BlackRock Energy & Res BGR	13.94	13.08	-6.2	9.4
BlackRock Eq Enh Div BDJ	9.06	8.60	-5.1	17.1
BlackRock Enh Glbl Div BOE	11.97	10.87	-9.2	14.4
BlackRock Enh Intl Div BGY	6.14	5.65	-8.0	12.9
BlackRock ESG Cap All T ECAT	16.38	16.00	-2.3	17.5
BlackRock Hlth Sci Term BMEZ	15.59	15.11	-3.1	6.2
BlackRock Hlth Sciences BME	41.58	38.33	-7.8	-0.2
BlackRock Res & Comm BCX	10.02	9.09	-9.3	10.7
BlackRock Sci&Tech Term BSTZ	20.36	18.61	-8.6	13.5
BlackRock Sci&Tech Trust BST	35.93	34.08	-5.1	2.3
BlackRock Utl Inf & Pwr BUI	22.60	22.72	+0.5	15.2
CLEARBRIDGE ENGY MDS OPP EMO	NA	47.90	NA	33.2
ChnStrInfr UTF	24.35	24.54	+0.8	19.1
Cohen&SteersQualInc RQI	12.92	12.42	-3.9	15.1
CohenStrs Real Est and I RLTY	16.01	15.06	-5.9	18.3
Cohen&Steers TotRet RFI	11.64	11.78	+1.2	9.4
CohenStrsREITPrefInc RNP	21.10	21.50	+1.9	12.5
Columbia Sel Prm Tech Gr STK	28.89	29.12	+0.8	7.4
DNP Select Income DNP	9.20	9.51	+3.3	15.9
Duff&Ph Uti&Infra Inc Fd DPG	13.35	11.92	-10.7	39.8
EtnVncEqtyInc EOI	18.98	18.95	-0.2	15.7
EtnVncEqtyIncoII EOS	21.45	22.03	+2.7	20.7
EVRskMnDvsEqInc ETJ	NA	8.62	NA	12.5
ETnVncTxMgdBuyWrtInc ETB	14.75	13.64	-7.5	11.5
EtnVncTxMgdBuyWrtOpp ETV	13.96	13.35	-4.4	13.7
EvTxMnDvsEqInc ETY	14.24	14.31	+0.5	19.9
EtnVncTxMgdGlbB ETW	9.19	8.29	-9.8	14.1
EVTxMnGblDvEqInc EXG	9.00	8.21	-8.8	13.0
First Tr Enhanced Eq FFA	20.68	19.60	-5.2	12.2
Gabelli Healthcare GRX	11.32	9.96	-12.0	6.0
Gab Utility GUT	3.20	5.29	+65.3	16.9
GAMCOGlGold&NatRes GGN	4.29	4.20	-2.1	19.7
J Han Finl Opptys BTO	32.37	32.56	+0.6	28.9
Neuberger Brmn Enrgy I&I NML	9.78	8.92	-8.8	34.8
Neuberger Nxt Gen Conn NBXG	14.17	12.46	-12.1	18.4
NubrgrRlEstSec NRO	3.47	3.32	-4.3	14.7
Nuv Dow 30 Dyn Overwrite DIAX	16.14	14.19	-12.1	8.7
NuvCorEqAlpha JCE	14.60	14.41	-1.3	14.7
Nuveen Nasdaq 100 Dyn Ov QQQX	26.74	24.20	-9.5	12.7
Nuv Real Est JRS	8.67	8.09	-6.7	14.4
NuvS&P500DynOvFd SPXX	17.38	16.87	-2.9	19.7
NuvSP500BuyIncFd BXMX	14.54	12.95	-10.9	8.4
NXG Cushing Mdstrm Enrgy SRV	42.22	43.49	+3.0	21.8
NXG NextGen Infras Inc NXG	44.17	48.30	+9.4	45.8
ReavesUtilityIncome UTG	32.46	32.28	-0.6	32.0
Tortoise Enrgy Infra Crp TYG	NA	42.59	NA	58.7
Ecofin S&S Impact Term TEAF	NA	11.74	NA	10.8
VDivInt&PremStr NFJ	13.47	12.02	-10.8	8.9
V Art Int&Tech Opps AIO	NA	21.32	NA	20.4
Income & Preferred Stock Funds				
Dividend and Income BXSY	19.27	NA	NA	NA
CalamosStratTot CSQ	16.76	16.29	-2.8	10.8
CohenStrsLtdDurPref&Inc LDP	21.71	20.20	-7.0	10.5
CohenStrsSelPref&Income PSF	21.38	19.79	-7.4	8.6
CohenStrsTaxAvPreSecs&I PTA	20.60	19.20	-6.8	8.1
FirstTrIntDurPref&Inc FPF	19.13	18.26	-4.5	12.2
JHanPrefInc HPI	16.04	16.47	+2.7	11.5
JHPrefIncII HPF	15.90	16.50	+3.8	12.3
HnckJPfdIncoIII HPS	14.30	14.89	+4.1	9.2
J Han Prm PDT	13.63	12.69	-6.9	16.8
LMP CapInco SCD	NA	15.83	NA	16.5
Nuveen Pref & Inc Opp JPC	7.92	7.98	+0.8	23.7
Nuveen Pref Sec & Inc Op JPI	19.75	19.35	-2.0	11.9
Nuveen Var Rate P&I NPFD	NA	18.67	NA	16.7
TCW Strat Income TSI	NA	4.87	NA	12.8
Convertible Sec's. Funds				
AdvntCnvrtbl&IncFd AVK	11.88	11.46	-3.5	7.5
CalamosConvHi CHY	9.97	10.32	+3.5	-3.2
CalmosConvOp CHI	9.43	10.03	+6.4	-0.3
HiIncBd PCF	7.03	6.68	-5.0	11.0
V Conv & Inc NCV	NA	12.96	NA	13.8
V Conv & Inc II NCZ	NA	11.64	NA	15.7
V Div Inc & Conv ACV	NA	20.14	NA	-4.6
V Eqty & Conv Inc NIE	NA	22.18	NA	12.5
World Equity Funds				
abrdn Emg Mkts Ex-China AEF	5.94	5.13	-13.6	8.1
abrdn Glbl Dyn Div AGD	10.88	10.11	-7.1	18.0
abrdn Tot Dyn Div AOD	9.41	8.51	-9.6	16.9
Allspring Gl Div Oppty EOD	5.58	4.93	-11.6	18.9
BlackRock Cap Alloc Term BCAT	15.55	14.77	-5.0	15.9
Calamos GloDynInc CHW	7.35	6.54	-11.1	12.5
EV TxAdvGlbDivInc ETG	NA	18.41	NA	11.0
EtnVncTxAdvOpp ETO	NA	24.83	NA	8.8
Highland Global Alloc HGLB	12.54	8.26	-34.1	23.1
India Fund IFN	15.68	14.88	-5.1	-15.7
Japan Smaller Cap JOF	9.88	8.39	-15.1	10.8
LazardGlbTotRetInc LGI	17.17	15.57	-9.3	7.0
Mexico MXF	NA	14.49	NA	-16.9
MS ChinaShrFd CAF	15.90	13.18	-17.1	11.5
MS India IIF	26.70	23.26	-12.9	23.6
Nuveen Multi-Asset Inc NMAI	NA	12.05	NA	11.8
Nuveen Rl Asst Inc & Gro JRI	13.19	12.83	-2.7	27.6
NYLI CBRE Glbl Inf Meg T MEGI	14.60	12.89	-11.7	17.5
Templeton Dragon TDF	11.91	10.09	-15.3	29.3
Templeton Em Mkt EMF	15.23	13.10	-14.0	16.1

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret / 12 Mo Yld
U.S. Mortgage Bond Funds				
BlckRk Income BKT	11.88	11.68	-1.7	8.9
Investment Grade Bond Funds				
Angel Oak FS Inc Trm FINS	14.04	13.29	-5.3	9.7
BlRck Core Bond BHK	10.32	10.68	+3.5	8.3
BR Credit Alloc Inc BTZ	11.16	10.56	-5.4	9.2
InvescoBond VBF	16.29	15.32	-6.0	5.5
J Han Income JHS	12.02	11.21	-6.7	4.7
MFS Intmdt MIN	2.78	2.70	-2.9	0.0
Loan Participation Funds				
BR Debt Strategy DSU	10.35	10.51	+1.5	11.0
BR F/R Inc Str FRA	12.51	12.77	+2.1	11.4
BlackRock Floatng Rt Inc BGT	12.21	12.59	+3.1	11.4
Blackstone Lng-Sh Cr Inc BGX	13.07	12.50	-4.4	9.7
BS SFR 2027 T BSL	14.51	14.13	-2.6	9.5
BS St Cr 2027 Tm BGB	12.63	12.03	-4.8	9.1
EtnVncFltRteInc EFT	12.84	12.75	-0.7	10.0
EV SenFlRtTr EFR	12.56	12.46	-0.8	10.2
FT/Sr Fltg Rte Inc 2 FCT	10.59	10.20	-3.7	11.2
Highland Oppty & Income HFRO	12.39	5.33	-57.0	7.9
InvDYCrOpp:AX VTA	10.70	NA	NA	NA
InvSnrIncTr VVR	3.80	4.11	+8.2	12.1
Nuveen Credit Strat Inc JQC	5.72	5.51	-3.7	11.6
NuvFloatRateIncFd JFR	8.79	8.42	-4.2	11.9
High Yield Bond Funds				
abrdn Inc Credit Str ACP	6.23	5.93	-4.8	18.7
AllianceBernGlHiIncm AWF	11.23	10.54	-6.1	7.2
Allspring Income Oppty EAD	7.27	6.81	-6.3	8.9
Barings Glb SD HY Bd BGH	15.79	15.20	-3.7	9.6
BR Corporate HY HYT	9.50	9.59	+0.9	9.4
BlackRock Ltd Dur Inc BLW	13.80	14.11	+2.2	9.3
BNY Mellon Hi Yield Str DHF	2.72	2.53	-7.0	8.0
Brookfield Real Asst Inc RA	14.53	13.11	-9.8	8.1
CrSuisHighYld DHY	2.18	2.14	-1.8	8.6
CSAM Income Fd CIK	2.95	2.90	-1.7	9.1
DoubleLine Inc Sol DSL	12.45	12.65	+1.6	10.2
DoubleLine Yld Opps DLY	15.99	16.13	+0.9	8.9
First Trust HY Opp:2027 FTHY	14.96	14.32	-4.3	10.4
Franklin Univ FT	8.20	7.56	-7.8	6.6
KKR Income Opportunities KIO	NA	12.20	NA	11.7
NeubHgYldStrt NHS	7.63	7.69	+0.8	13.8
New Amer Hi Inc HYB	NA	NA	NA	5.2
Nuveen Global High Inc JGH	13.57	12.80	-5.7	9.2
PGIM Global High Yield GHY	13.06	12.95	-0.8	9.4
PGIM High Yield Bond ISD	NA	13.87	NA	8.7
PGIM Sh Dur Hi Yld Opp SDHY	NA	16.26	NA	7.7
PioneerHiIncm PHT	8.19	7.60	-7.2	8.3
WstAstHIF II HIX	NA	4.21	NA	13.3
Western Asset Hi Inc Opp HIO	NA	4.07	NA	10.5
Western Asset Hi Yld D O HYI	NA	11.82	NA	9.4
Other Domestic Taxable Bond Funds				
Allspring Multi-Sector ERC	9.80	9.21	-6.0	8.7
Ares Dynamic Crdt Alloc ARDC	NA	14.15	NA	9.6
BlackRock Mlt-Sctr Inc BIT	14.27	14.54	+1.9	10.1
BlackRock Tax Muni Bd BBN	17.38	16.54	-4.8	6.5
DoubleLine:Oppor Crdt Fd DBL	15.45	15.73	+1.8	8.3
EVLmtDurIncm EVV	10.39	10.01	-3.7	9.1
Franklin Ltd Dur Income FTF	6.86	6.54	-4.7	11.2
FS Credit Opportunities FSCO	NA	NA	NA	10.4
J Han Investors JHI	14.49	13.49	-6.9	7.7
MFS Charter MCR	6.71	6.26	-6.7	0.0
NuvCorePlusImpact NPCT	11.52	10.77	-6.5	12.1
Nuveen Taxable Muni Inc NBB	16.36	15.82	-3.3	6.6
PIMCO Corp & Inc Oppty PTY	NA	14.28	NA	9.6
PIMCO Corp & Inc Strat PCN	11.83	13.43	+13.5	9.8
PIMCOHiIncо PHK	4.68	4.87	+4.1	11.7
PIMCO IncmStrFd PFL	8.06	8.46	+5.0	11.4
PIMCO IncmStrFd II PFN	7.16	7.45	+4.1	11.3
Putnam Mas Int PIM	3.44	3.31	-3.8	7.9
Putnam Prem Inc PPT	3.79	3.59	-5.3	8.6
Western Asset Dvsfd Inc WDI	NA	14.47	NA	11.7
Western Asset Inf-Lk Inc WIA	NA	8.32	NA	7.2
Western Asset Inf-Lk O&I WIW	NA	8.75	NA	8.3
World Income Funds				
abrdn AP IncFd FAX	16.92	15.72	-7.1	12.7
MS EmMktDomDebt EDD	5.30	4.79	-9.7	10.8
PIMCO Access Income PAXS	NA	15.76	NA	11.0
PIMCO Dynamic Inc Strat PDX	NA	23.91	NA	6.0
PIMCO Dynamic Income PDI	NA	19.56	NA	13.2
PIMCO Dynamic Inc Opp PDO	NA	13.60	NA	10.9
PIMCO Stratg Inc RCS	4.51	6.26	+38.8	9.5
Templtn Glbl Inc SABA	NA	8.69	NA	NE
Templeton Em Inc TEI	5.82	5.49	-5.7	10.6
WstAstEmergDebt EMD	NA	9.74	NA	10.4
National Muni Bond Funds				
AllBerNatlMunInc AFB	12.19	10.85	-11.0	3.8
BlackRock 2037 Muni Trg BMN	25.56	25.05	-2.0	4.4
BlckRk Inv Q Mun BKN	12.34	11.27	-8.7	5.8
BlackRock Muni 2030 Tgt BTT	23.99	21.27	-11.3	2.5
BlackRock Muni BFK	10.93	9.94	-9.1	5.8
BlackRock Muni II BLE	11.49	10.39	-9.6	5.8
BlckRk Muni Inc Qly BYM	11.99	10.80	-9.9	5.7
BR MuniAssets Fd MUA	11.44	10.71	-6.4	5.9
BR MH Qly 2 MUE	11.04	9.99	-9.6	5.4
BR MuniHoldngs MHD	12.88	11.70	-9.2	5.5
BR MuniVest Fd MVF	7.62	7.02	-7.9	5.3
BR MuniVest 2 MVT	11.76	10.55	-10.3	5.6
BR MuniYield Fd MYD	11.47	10.46	-8.8	5.8
BR MuniYield Qlty MQY	12.49	11.65	-6.7	5.7
BR MuniYld Qlty2 MQT	11.00	10.00	-9.1	5.7
BR MuniYld Qly 3 MYI	11.92	10.88	-8.7	5.9
BNY Mellon Muni Bd Infra DMB	11.79	10.64	-9.8	3.3
BNY Mellon Muni Income DMF	7.42	7.22	-2.8	3.0
BNY Mellon Str Muni Bond DSM	6.52	5.83	-10.6	3.5
BNY Mellon Strat Muni LEO	6.87	6.12	-10.9	3.6
DWS Muni Inc KTF	9.70	9.34	-3.7	7.2
EVMuniBd EIM	10.88	9.99	-8.2	5.7
EVMuniIncm EVN	10.97	10.40	-5.2	5.5
EVNatMuniOpp EOT	18.14	16.62	-8.4	4.6
InvAdvMuIncTrII VKI	9.34	8.70	-6.9	6.7
Invesco MuniOp OIA	6.27	5.99	-4.5	5.6
InvescoMuOppTr VMO	10.43	9.62	-7.8	6.8
InvescoMuTr VKQ	10.48	9.81	-6.4	6.7
InvescoQual Inc IQI	10.53	9.84	-6.6	6.8
InvTrInvGrMu VGM	10.79	10.08	-6.6	6.8
InvescoValMunInc IIM	12.89	12.15	-5.7	6.7
NeubrgrBrm NBH	11.60	10.41	-10.3	5.4
Nuveen AMT-Fr Mu Val NUW	14.94	13.67	-8.5	3.8
Nuveen AMT-Fr Qlty Mun I NEA	11.91	11.26	-5.5	6.9
Nuveen AMT-Fr Mu CI NVG	13.13	12.43	-5.3	6.8
Nuveen Dyn Muni Opp NDMO	10.82	10.32	-4.6	7.0
Nuveen Mu Crdt Opps NMCO	11.55	10.92	-5.5	6.8
Nuv Muni Credit Income NZF	13.05	12.26	-6.1	7.0
NuvMuniHiIncOpp NMZ	10.90	11.04	+1.3	6.5
Nuveen Muni Val NUV	9.16	8.64	-5.7	4.1
Nuveen Quality Muni Inc NAD	12.40	11.66	-6.0	6.9
Nuveen Sel TF NXP	14.30	14.45	+1.0	4.1
NYLI MacKay DT Muni Opp MMD	16.34	15.08	-7.7	4.6
PIMCO MuniInc PMF	8.92	8.92	0.0	5.4
PIMCOMuniIncII PML	8.31	8.19	-1.4	5.5
Pimco Muni III PMX	7.66	7.24	-5.5	5.2
PioneerHiIncAdv MAV	8.96	8.41	-6.1	4.4
PionrMuniHiIncOppty MIO	12.68	11.90	-6.2	4.9
PioneerMunHiIcm MHI	9.85	9.24	-6.2	4.4
Putnam Mgd Inc PMM	6.73	6.18	-8.2	4.5
Putnam Muni Opp PMO	11.30	10.41	-7.9	3.9
RiverNorth Flx Mu Inc II RFMZ	14.82	13.40	-9.6	7.3
RiverNorth Mgd Dur Mun I RMM	15.66	14.38	-8.2	7.2
Western Asset Mgd Muni MMU	NA	10.17	NA	6.2
Single State Muni Bond				
BlackRock CA Mun BFZ	12.25	11.07	-9.6	5.9
BR MH CA Qly Fd Inc MUC	11.97	10.75	-10.2	5.4
BR MH NJ Qly MUJ	12.51	11.25	-10.1	5.2
BR MH NY Qly MHN	11.33	10.19	-10.1	5.3
BR MuniYld MI Qly MIY	12.47	11.45	-8.2	5.1
BR MuniYld NY Qly MYN	10.96	9.94	-9.3	5.5
BR MuniYld PA Qly MPA	12.44	11.28	-9.3	6.2
BlackRock NY Mun BNY	11.24	10.17	-9.5	5.2
EVCAMuniBd EVM	9.92	9.37	-5.5	5.1
Eaton Vance NY Muni Bd ENX	10.18	9.60	-5.7	4.9
InvCaValMuIncTr VCV	10.78	10.72	-0.6	6.2
InvPAValMuIncTr VPV	11.35	10.37	-8.6	6.5
InvTrInvGrNYMu VTN	11.30	10.47	-7.3	6.8
Nuveen CA AMT-F Qual MI NKX	12.47	12.70	+1.8	6.5
Nuveen CA Val NCA	9.18	8.64	-5.9	4.0
NuveenCAQtyMuInc NAC	11.99	11.32	-5.6	6.9
NuvNJ Qual Muni Inc NXJ	12.89	11.93	-7.4	6.8
Nuveen NY AMT/Fr Qual MI NRK	11.22	10.44	-7.0	7.0
Nuveen NY Val NNY	8.81	8.17	-7.2	4.1
Nuveen NY Qual Muni Inc NAN	11.72	11.41	-2.6	6.7
Nuveen PA Qual Muni Inc NQP	12.56	11.35	-9.6	7.0
Nuveen VA Qlty Mun Inc NPV	11.84	12.22	+3.2	6.2
PIMCO CA PCQ	10.06	8.94	-11.1	4.6
PIMCOCAMuniII PCK	6.42	5.75	-10.4	4.3
Pimco CA Muni III PZC	7.42	6.63	-10.6	5.1

Fund (SYM)	NAV	Close	Prem /Disc	52 wk Ttl Ret
General Equity Funds				
Alternative Strategies:I	13.90	NA	NA	-4.5
First Trust Hdg Strat;A	11.06	NA	NA	6.0
First Trust Hdg Str;I	11.13	NA	NA	6.9
Specialized Equity Funds				
Accordant ODCE Index;A	9.31	NA	NA	0.6
Accordant ODCE Index;I	9.34	NA	NA	0.8
Accordant ODCE Index;Y	9.34	NA	NA	0.8
ARK Venture	30.08	NA	NA	13.7
ArrowMark Financial Corp BANX	NA	21.08	NA	NA
CASCADE PRIVATE CAP;I	17.23	NA	NA	NA
CBRE GlbRlEst IGR	5.07	5.14	+1.4	2.6
CIM RA&C A	22.27	NA	NA	2.6
CIM RA&C C	21.48	NA	NA	1.8
CIM RA&C I	22.53	NA	NA	2.8
CIM RA&C L	21.99	NA	NA	2.3
CION Grosvenor Infras;D	NA	NA	NA	NS
CION Grosvenor Infras;I	NA	NA	NA	NS
CION Grosvenor Infras;S	NA	NA	NA	NS
CION Grosvenor Infras;U	NA	NA	NA	NS
CION Grosvenor Infras;U2	NA	NA	NA	NS
Connetic Venture CA;I	NA	NA	NA	NS
First Tr Real Assets;A	NA	NA	NA	NS
Forum RE Income;Founders	9.68	NA	NA	11.1
Forum RE Income;I	9.68	NA	NA	11.0
Forum RE Income;K	9.67	NA	NA	NS
JACKSON REAL ASSETS;I	10.54	NA	NA	NS
MEKETA INFRSTRCTR;I	26.79	NA	NA	6.8
MEKETA INFRSTRCTR;III	26.79	NA	NA	6.9
NexPointRlEstStrat;A	16.05	NA	NA	3.4
NexPointRlEstStrat;C	16.27	NA	NA	2.7
NexPointRlEstStrat;Z	16.29	NA	NA	3.7
PENDER REAL ESTATE CR;A	10.06	NA	NA	NS
PENDER REAL ESTATE CR;I1	10.07	NA	NA	8.1
PENDER REAL ESTATE CR;I2	10.07	NA	NA	8.4
PIMCO Flexible REI;A-3	10.52	NA	NA	NS
PIMCO Flexible REI;A-4	10.52	NA	NA	NS
PIMCO FLEXIBLE REI;F	10.52	NA	NA	NS
PIMCO Flexible REI;Inst	10.52	NA	NA	7.7
Principal Real Asst A	25.70	NA	NA	3.9
Principal Real Asst Ins	25.86	NA	NA	4.3
Principal Real Asst Y	26.17	NA	NA	4.5
Redwood Rl Est;I	25.15	NA	NA	8.1
The Private Shares;A	41.73	NA	NA	5.9
The Private Shares;I	42.54	NA	NA	6.2
The Private Shares;L	40.97	NA	NA	5.7
Thirdline Real EstateI	10.05	NA	NA	5.4
USQ Core Real Estate:I	21.98	NA	NA	-1.4
USQ Core Real Estate:L	22.07	NA	NA	-1.4
Versus Cap RE:I	24.49	NA	NA	1.7
Versus Capital Real Asst	28.15	NA	NA	4.9
Wildermuth:I	3.34	NA	NA	-55.1
WILSHIRE PRIV ASST;INST	12.62	NA	NA	NA
Income & Preferred Stock Funds				
Calamos L/S Eqty and DI CPZ	17.13	15.48	-9.6	8.3
Flat Rock Opportunity	18.54	NA	NA	10.6
Lord Abbett Corp Opps:A	9.25	NA	NA	8.6
Lord Abbett Corp Opps:I	9.25	NA	NA	9.4
ONEASCENT CAP OPPTYS	NA	NA	NA	NS
Variant Altrntv Inc:Inst	27.27	NA	NA	4.4
Variant Impact;Instl	27.82	NA	NA	6.5
Versus Capital Infra Inc	10.06	NA	NA	NS
Convertible Sec's. Funds				
Calmos Dyn Conv and Inc CCD	17.75	21.73	+22.4	4.3
World Equity Funds				
BEACON POINTE MLT-ALT;I	NA	NA	NA	NS
CalamosGlbTotRet CGO	11.14	10.48	-5.9	9.1
Cantor Fitzgerald SI:A	12.24	NA	NA	18.3
Cantor Fitzgerald SI:C	12.04	NA	NA	17.4
Cantor Fitzgerald SI:I	12.26	NA	NA	18.4
CANTOR FITZGERALD IN;S X	12.41	NA	NA	NS
Sweater Cashmere	23.98	NA	NA	14.3
Primark Priv Eq Inv:I	13.87	NA	NA	8.7
Thornburg Inc Bldr Opps TBLD	19.34	17.56	-9.2	13.1
VirtusTotalRetFd ZTR	6.65	5.85	-12.0	17.9

Fund (SYM)	NAV	Close	Prem /Disc	12 Mo Yld
U.S. Mortgage Bond Funds				
Arca US Treasury	NA	NA	NA	1.1
CATALYST STRAT INC OPPS	10.01	NA	NA	NS
Ellington Inc Opp:A	8.95	NA	NA	14.4
Ellington Inc Opp:M	8.81	NA	NA	14.9
Loan Participation Funds				
1WS Credit Income;A2	19.12	NA	NA	8.3
1WS Credit Income;Inst	19.66	NA	NA	8.1
Apollo Diversified Cd:A	NA	NA	NA	8.4
Apollo Diversified Cd:C	NA	NA	NA	7.6
Apollo Diversified Cd:F	NA	NA	NA	10.4
Apollo Diversified Cd:I	NA	NA	NA	8.6
Apollo Diversified Cd:L	NA	NA	NA	8.1
Apollo Diversified Cd:M	NA	NA	NA	8.0
Axonic Alternative I;A	20.26	NA	NA	8.9
Axonic Alternative I Ins	20.43	NA	NA	8.9
Bluerock HI Inst Crd:A	23.29	NA	NA	11.8
Bluerock HI Inst Crd:C	23.29	NA	NA	11.7
Bluerock HI Inst Crd:F	23.28	NA	NA	12.0
Bluerock HI Inst Crd:I	23.30	NA	NA	11.9
BNYM Alcntr Glb MS Cr Fd	87.19	NA	NA	NA
CliffwaterClFd:I	10.81	NA	NA	11.0
CliffwaterElFd;I	11.03	NA	NA	11.1
CNR Strategic Credit	6.88	NA	NA	23.4
Floating-Rate Opps;A	10.14	NA	NA	9.6
Floating-Rate Opps;I	10.13	NA	NA	9.96
Floating-Rate Opps;U	10.14	NA	NA	9.1
Equalize Community Dev	9.46	NA	NA	3.4
FedProj&TrFinanceTendr	10.15	NA	NA	6.7
Flat Rock Core Income	20.50	NA	NA	10.1
Flat Rock Enhanced Inc	21.77	NA	NA	11.4
InvDYCrOpp:A	10.70	NA	NA	11.1
InvDYCrOpp:R6	10.70	NA	NA	11.5
InvDYCrOpp:Y	10.71	NA	NA	11.3
Invesco Sr Loan A	5.58	NA	NA	9.2
Invesco Sr Loan C	5.59	NA	NA	8.4
Invesco Sr Loan IB	5.58	NA	NA	9.5
Invesco Sr Loan IC	5.58	NA	NA	9.3
Invesco Sr Loan Y	5.58	NA	NA	9.5
Lord Abbett FR Hi Inc:A	10.02	NA	NA	9.99
Lord Abbett FR Hi Inc:I	10.02	NA	NA	10.4
Monachil Credit Income:I	10.07	NA	NA	10.5
Nomura Alt Inc;I	9.92	NA	NA	9.8
Nuveen Enh CLO Inc:A1	NA	NA	NA	NS
Nuveen Enh CLO Inc:A2	NA	NA	NA	NS
Nuveen Enh CLO Inc:I	NA	NA	NA	NS
Octagon XAI CLO Inc;A	25.15	NA	NA	NS
Octagon XAI CLO Inc;I	25.18	NA	NA	NS
OFS Credit Company OCCI	NA	7.06	NA	NA
PC PCAAM AI;I	10.18	NA	NA	NS
PRINCIPAL PRVT CR I;A	10.35	NA	NA	NS
PRINCIPAL PRVT CR I;INS	10.37	NA	NA	NS
PRINCIPAL PRVT CR I;Y	10.38	NA	NA	NS
SEI Alternative Income:F	10.34	NA	NA	7.6
SEI Alternative Income:Y	10.34	NA	NA	7.8
Voya Enhanced Sec Inc:A	10.10	NA	NA	NS
Voya Enhanced Sec Inc:C	10.10	NA	NA	NS
Voya Enhanced Sec Inc:I	10.10	NA	NA	NS
Yieldstreet Alt Inc	NA	NA	NA	8.7
High Yield Bond Funds				
AB CarVal Credit Opp;Adv	9.88	NA	NA	7.0
AB CarVal Credit Opp;A	9.88	NA	NA	NS
AB CarVal Credit Opp;C	9.87	NA	NA	NS
AB CarVal Credit Opp;U	9.88	NA	NA	NS
Opprtnstc Crdt Intrvl;I	11.65	NA	NA	9.0
PIMCO Flexible Cr I;A-1	7.15	NA	NA	8.9
PIMCO Flexible Cr I;A-2	7.15	NA	NA	8.9
PIMCO Flexible Cr I;A-3	7.15	NA	NA	8.7
PIMCO Flexible Cr I;A-4	7.15	NA	NA	8.7
PIMCO Flexible Cr I;Inst	7.15	NA	NA	9.4
Polen Credit Opps;Inst	9.58	NA	NA	9.5
Other Domestic Taxable Bond Funds				
AFA Private Credit;Fndr	9.37	NA	NA	10.9
AFA Private Credit;Inst	9.37	NA	NA	10.9
Alternative Credit Inc:A	NA	NA	NA	9.1
Alternative Credit Inc:C	NA	NA	NA	8.1
Alternative Credit Inc:I	NA	NA	NA	9.5
Alternative Credit Inc:L	NA	NA	NA	8.8
Alternative Credit Inc:W	NA	NA	NA	9.1
AMG Pantheon Crdt Soln;I	10.79	NA	NA	NS
AMG Pantheon Crdt Soln;M	10.80	NA	NA	NS
AMG Pantheon Crdt Soln;S	10.89	NA	NA	NS
Angel Oak Str Crdt:FI	21.25	NA	NA	8.8
Angel Oak Str Crdt:Inst	21.23	NA	NA	8.9
BR Credit Strat;A	8.42	NA	NA	8.7
BR Credit Strat;Inst	8.40	NA	NA	9.4
BR Credit Strat;J	8.41	NA	NA	NS
BR Credit Strat;U	8.41	NA	NA	8.7
BR Credit Strat;W	8.43	NA	NA	8.7
CION Ares Dvsfd Crdt;A	NA	NA	NA	8.8
CION Ares Dvsfd Crdt;C	NA	NA	NA	8.0
CION Ares Dvsfd Crdt;I	NA	NA	NA	9.0
CION Ares Dvsfd Crdt;L	NA	NA	NA	8.5
CION Ares Dvsfd Crdt;U	NA	NA	NA	8.3
CION Ares Dvsfd Crdt:U2	NA	NA	NA	8.3
CION Ares Dvsfd Crdt;W	NA	NA	NA	8.5
CNR Select Strategies	15.53	NA	NA	0.0
Diamond Hill Sec Cr;I	10.34	NA	NA	NS
Diamond Hill Sec Cr;R	10.34	NA	NA	NS
First Eagle Crdt Opps A	NA	NA	NA	10.1
First Eagle Crdt Opps A2	NA	NA	NA	9.6
First Eagle Crdt Opps I	NA	NA	NA	10.5
First Trust Private Cr;A	NA	NA	NA	10.6
First Trust Private Cr;I	NA	NA	NA	10.3
Franklin BSP Pvt Cr:A	10.57	NA	NA	8.6
Franklin BSP Pvt Cr:Adv	10.59	NA	NA	9.0
FS Credit Income;A	NA	NA	NA	8.4
FS Credit Income;I	NA	NA	NA	8.6
FS Credit Income;T	NA	NA	NA	8.2
FS Credit Income;U	NA	NA	NA	7.9
FS Credit Income;U-2	NA	NA	NA	7.8
J HANCOCK CQS ASSETBS;A	19.90	NA	NA	NS
J HANCOCK CQS ASSETBS;I	19.91	NA	NA	NS
J HANCOCK CQS ASSETBS;U	19.89	NA	NA	NS
KKR CREDIT OPPTY;D	NA	NA	NA	9.3
KKR CREDIT OPPTY;I	NA	NA	NA	9.5
KKR CREDIT OPPTY;T	NA	NA	NA	8.7
KKR CREDIT OPPTY;U	NA	NA	NA	8.7
MA SPECIALTY CREDIT IN;S	25.02	NA	NA	NS
NIAGARA INCOME OPPORTNTS	NA	NA	NA	9.8
Palmer Square Opp Inc	18.08	NA	NA	8.4
World Income Funds				
BlueBay Destra Itl E:A	22.02	NA	NA	10.4
BlueBay Destra Itl E:I	22.05	NA	NA	10.6
BlueBay Destra Itl E:L	21.99	NA	NA	10.1
BlueBay Destra Itl E:T	21.87	NA	NA	9.9
BOOSTER INCOME OPPTYS	10.06	NA	NA	NS
Calamos-Aksia ACI:A	10.68	NA	NA	9.0
Calamos-Aksia ACI:C	10.65	NA	NA	8.3
Calamos-Aksia ACI:I	10.68	NA	NA	9.3
Calamos-Aksia ACI:M	10.68	NA	NA	8.5
Carlyle Tact Pvt Cred:A	NA	NA	NA	9.5
Carlyle Tact Pvt Cred:I	NA	NA	NA	10.0
Carlyle Tact Pvt Cred:L	NA	NA	NA	9.4
Carlyle Tact Pvt Cred:M	NA	NA	NA	9.3
Carlyle Tact Pvt Cred:N	NA	NA	NA	10.0
Carlyle Tact Pvt Cred:U	NA	NA	NA	9.3
Carlyle Tact Pvt Cred:Y	NA	NA	NA	9.5
Fid MS Cr;A	NA	NA	NA	6.6
Fid MS Cr;C	NA	NA	NA	5.9
Fid MS Cr;I	NA	NA	NA	6.9
Fid MS Cr;L	NA	NA	NA	6.4
Jackson Credit Opps:I	10.29	NA	NA	8.1
Lord Abbett Cred Opps Fd	8.83	NA	NA	8.7
Lord Abbett Cred Opps Fd	8.83	NA	NA	9.4
Lord Abbett Crd Op:U	8.83	NA	NA	8.7
Oaktree Dvsfd Income;D	9.27	NA	NA	8.3
PIMCO Flexible EM I;Inst	8.60	NA	NA	8.2
National Muni Bond Funds				
Ecofin Tax-Exempt Prv Cr	7.79	NA	NA	10.0
Lind Cap Pt Mun Cred Inc	8.80	NA	NA	5.3
Lord Abbett Muni Opps:A	10.21	NA	NA	NS
Lord Abbett Muni Opps:I	10.21	NA	NA	NS
Nuveen En HY Muni Bd:A1	7.74	NA	NA	4.9
Nuveen En HY Muni Bd:A2	7.75	NA	NA	5.1
Nuveen En HY Muni Bd:I	7.74	NA	NA	5.6
NYLI MacKay Mu IO;A1	10.00	NA	NA	NS
NYLI MacKay Mu IO;A2	10.01	NA	NA	NS
NYLI MacKay Mu IO;A3	10.00	NA	NA	NS
NYLI MacKay Mu IO;I	10.00	NA	NA	NS
PIMCO Flex Mun Inc;A-3	10.21	NA	NA	3.4
PIMCO Flex Mun Inc:A1	10.21	NA	NA	3.7
PIMCO Flex Mun Inc;A2	10.21	NA	NA	3.7
PIMCO Flex Mun Inc;Inst	10.22	NA	NA	4.2
ROCKEFELLER MUNI OPPS;I	19.99	NA	NA	NS
Single State Muni Bond				
PIMCO CA FMI;A-1	10.11	NA	NA	2.8
PIMCO CA FMI;Inst	10.11	NA	NA	3.4

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Fri in US$	Fri per US$	US$ vs, YTD chg (%)
Americas			
Argentina peso	.0009	1066.1791	3.4
Brazil real	.1742	5.7402	-7.2
Canada dollar	.6959	1.4370	-0.1
Chile peso	.001075	930.29	-6.4
Colombia peso	.000244	4097.10	-7.0
Ecuador US dollar	1	1	unch
Mexico peso	.0502	19.9364	-4.3
Uruguay peso	.02348	42.5895	-2.5
Asia-Pacific			
Australia dollar	.6324	1.5813	-2.2
China yuan	.1381	7.2387	-0.8
Hong Kong dollar	.1287	7.7728	0.1
India rupee	.01150	86.945	1.6
Indonesia rupiah	.0000612	16328	0.4
Japan yen	.006728	148.64	-5.5
Kazakhstan tenge	.001995	501.20	-4.5
Macau pataca	.1248	8.0110	0.1
Malaysia ringgit	.2249	4.4465	-0.6
New Zealand dollar	.5748	1.7397	-2.7
Pakistan rupee	.00357	279.926	0.6
Philippines peso	.0175	57.241	-1.5
Singapore dollar	.7496	1.3340	-2.3
South Korea won	.0006891	1451.20	-1.8
Sri Lanka rupee	.0033762	296.19	1.0
Taiwan dollar	.03036	32.941	0.4
Thailand baht	.02974	33.630	-2.0
Vietnam dong	.00003919	25515	0.1
Europe			
Czech Rep. koruna	.04348	22.997	-5.5
Denmark krone	.1458	6.8583	-4.8
Euro area euro	1.0879	.9192	-4.8
Hungary forint	.002726	366.78	-7.7
Iceland krona	.007437	134.46	-3.3
Norway krone	.0939	10.6480	-6.5
Poland zloty	.2603	3.8419	-7.0
Sweden krona	.0986	10.1430	-8.4
Switzerland franc	1.1301	.8849	-2.5
Turkey lira	.0273	36.6313	3.6
Ukraine hryvnia	.0241	41.5500	-1.2
UK pound	1.2935	.7731	-3.3
Middle East/Africa			
Bahrain dinar	2.6528	.3770	-0.04
Egypt pound	.0197	50.6503	-0.4
Israel shekel	.2742	3.6468	0.2
Kuwait dinar	3.2454	.3081	-0.1
Oman sul rial	2.5974	.3850	...
Qatar rial	.2743	3.645	...
Saudi Arabia riyal	.2666	3.7506	-0.2
South Africa rand	.0550	18.1882	-3.6

	Close	Net Chg	% Chg	YTD % Chg
WSJ Dollar Index	99.26	-0.07	-0.07	-3.41

Sources: Tullett Prebon, Dow Jones Market Data

Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by LSEG Data and Analytics on March 14, and year-to-date stock performance of the company

KEY: B: beneficial owner of more than 10% of a security class **CB:** chairman **CEO:** chief executive officer **CFO:** chief financial officer **CO:** chief operating officer **D:** director **DO:** director and beneficial owner **GC:** general counsel **H:** officer, director and beneficial owner **I:** indirect transaction filed through a trust, insider spouse, minor child or other **O:** officer **OD:** officer and director **P:** president **UT:** unknown **VP:** vice president Excludes pure options transactions

Biggest weekly individual trades

Based on reports filed with regulators this past week

Date(s)	Company	Symbol	Insider	Title	No. of shrs in trans (000s)	Price range ($) in transaction	$ Value (000s)	Close ($)	Ytd (%)
Buyers									
Mar. 12	FirstSun Capital Bancorp	FSUN	M. Carter	ODI	1,025	37.06	38,003	38.68	-3.4
Mar. 7-10	TriMas Corp	TRS	S. Sedaghat	DOI	804	23.71-24.22	19,288	24.15	-1.8
Mar. 10-12	CVR Energy	CVI	C. Icahn	BI	295	18.01-18.15	5,335	19.23	2.6
Mar. 5-7			C. Icahn	BI	203	17.84-18.21	3,655		
Mar. 10-11	America's Car-Mart	CRMT	J. Buba	DI	100	42.85-44.00	4,384	46.23	-9.8
Mar. 3-7	TKO Group Holdings	TKO	J. Kraft	DI	24	140.69-152.23	3,528	139.62	-1.8
Mar. 10	South Plains Financial	SPFI	N. Valles	D	100	33.00	3,300	32.95	-5.2
Mar. 5	Permian Resources	PR	W. Quinn	DI	250	12.10	3,025	13.63	-5.2
Mar. 12	Venture Global	VG	R. Pender	H	270	10.23-10.65	2,799	10.71	n.a.
Mar. 12			M. Sabel	CEO	270	10.25-10.67	2,798		
Mar. 13			R. Pender	H	232	10.18-10.69	2,388		
Mar. 13			M. Sabel	CEO	232	10.18-10.69	2,388		
Mar. 10			R. Pender	H	250	9.37	2,343		
Mar. 10			M. Sabel	CEO	250	9.37	2,343		
Mar. 11			R. Pender	H	200	9.86	1,976		
Mar. 11			M. Sabel	CEO	200	9.86	1,976		
Mar. 12	IonQ	IONQ	W. Scannell	D	93	21.81	2,030	25.00	-40.1
Mar. 11	New Fortress Energy	NFE	W. Edens	CEOI	200	8.77	1,754	9.26	-38.8
Sellers									
Mar. 12	Primo Brands	PRMB	T. Lee	DOI	51,750	29.50	1,526,625	31.94	3.8
Mar. 6-7	TransDigm Group	TDG	R. Small	DI	60	1336.99-1352.95	80,606	1346.50	6.3
Mar. 10			R. Small	DI	20	1335.62-1349.21	26,804		
Mar. 12			K. Stein	CEOI	20	1304.79-1329.73	26,289		
Mar. 5	Intercontinental Exchange	ICE	J. Sprecher	CEO	274*	169.92-171.66	46,815	171.06	14.8
Mar. 10	Intuit	INTU	S. Cook	ODI	75	576.26-600.53	43,772	598.80	-4.7
Mar. 5-6	Tempus AI	TEM	E. Lefkofsky	CEOI	812	48.85-52.96	41,099	47.17	39.7
Mar. 12	FirstSun Capital Bancorp	FSUN	M. Carter	ODI	1,025	37.06	38,003	38.68	-3.4
Mar. 4-5	Okta	OKTA	J. Kerrest	D	314*	103.50-112.50	33,960	112.55	42.8
Mar. 11	Fortinet	FTNT	M. Xie	CT	327	96.11-99.80	32,080	96.25	1.9
Mar. 10			K. Xie	CEO	206	96.29-98.97	19,968		
Mar. 4-6	Innoviva	INVA	A. Denner	BI	1,618	17.52-17.63	28,395	17.39	0.2
Mar. 11	Airbnb	ABNB	J. Gebbia	DOI	214	123.84-130.15	27,171	122.86	-6.5
Mar. 10	Broadridge Financial Solutions	BR	T. Gokey	CEO	96	235.18-235.90	22,591	227.65	0.7
Mar. 5	Penumbra	PEN	A. Elsesser	CEO	62	281.14-286.57	17,469	272.62	14.8
Mar. 6-10	Loews	L	J. Tisch	RI	200	84.78-85.84	17,017	86.42	2.0
Mar. 10-12	Disc Medicine	IRON	M. Ashiya	DI	312	54.01-55.05	16,966	51.02	-19.5
Mar. 4-5	Ares Management	ARES	B. Rosenthal	ODI	100	157.03-165.77	16,100	144.36	-18.5

* Half the transactions were indirect ** Two day transaction

p - Pink Sheets

Insider Buying and selling by sector

Based on actual transaction dates in reports received this past week

Sector	Buying	Selling	Sector	Buying	Selling
Basic Industries	3,162,871	5,986,924	Finance	14,238,916	219,894,387
Capital Goods	3,327,522	34,860,425	Health care	3,059,879	279,325,829
Consumer durables	654,075	139,869,896	Public Utilities	4,152,053	10,272,727
Consumer non-durables	549,518	63,107,356	Technology	6,174,085	371,989,513
Consumer services	13,570,033	121,107,492	Transportation	56,114	1,869,761
Energy	27,403,811	37,963,578			

Sources: LSEG Data and Analytics; Dow Jones Market Data

Borrowing Benchmarks | wsj.com/market-data/bonds/benchmarks

Money Rates

March 14, 2025

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

	Feb. index level	Chg From (%) Jan. '25	Feb. '24
U.S. consumer price index			
All items	319.082	0.44	2.8
Core	325.252	0.44	3.1

International rates

	Latest	Week ago	52-Week High	52-Week Low
Prime rates				
U.S.	7.50	7.50	8.50	7.50
Canada	5.20	5.20	7.20	5.20
Japan	1.625	1.625	1.625	1.475
Policy Rates				
Euro zone	2.65	2.90	4.50	2.65
Switzerland	1.00	1.00	2.25	1.00
Britain	4.50	4.50	5.25	4.50
Australia	4.10	4.10	4.35	4.10
Overnight repurchase				
U.S.	4.35	4.37	5.45	4.00

U.S. government rates

	Latest	Week ago	52-Week High	52-Week Low
Discount	4.50	4.50	5.50	4.50
Federal funds				
Effective rate	4.3300	4.3300	5.3400	4.3300
High	4.5500	4.5500	5.6500	4.4700
Low	4.3000	4.3200	5.3300	4.3000
Bid	4.3200	4.3200	5.3300	4.3200
Offer	4.3300	4.3300	5.3600	4.3300
Treasury bill auction				
4 weeks	4.225	4.230	5.285	4.225
13 weeks	4.200	4.210	5.255	4.195
26 weeks	4.075	4.135	5.170	4.075

Other short-term rates

	Latest	Week ago	52-Week high	52-Week low
Call money	6.25	6.25	7.25	6.25
Commercial paper (AA financial)				
90 days	4.28	4.27	5.37	4.26
Secured Overnight Financing Rate	4.30	4.35	5.40	4.27

	Latest	Value Traded	52-Week High	52-Week Low
DTCC GCF Repo Index				
Treasury	4.338	39.500	5.471	4.286
MBS	4.363	52.222	5.526	4.294

Weekly survey

	Latest	Week ago	Year ago
Freddie Mac			
30-year fixed	6.65	6.63	6.74
15-year fixed	5.80	5.79	6.16

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective December 19, 2024. **Other prime rates** aren't directly comparable; lending practices vary widely by location; **Discount rate** is effective December 19, 2024. **Secured Overnight Financing Rate** is as of March 13, 2025. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in billions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; FactSet; Tullett Prebon Information, Ltd.

Cash Prices | wsj.com/market-data/commodities

Friday, March 14, 2025

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.

	Friday
Energy	
Coal,C.Aplc.,12500Btu,1.2SO2-r,w	76.000
Coal,PwdrRvrBsn,8800Btu,0.8SO2-r,w	14.200
Metals	
Gold, per troy oz	
Engelhard industrial	2997.00
Handy & Harman base	2978.05
Handy & Harman fabricated	3305.64
LBMA Gold Price AM	*2944.65
LBMA Gold Price PM	*2974.05
Krugerrand,wholesale-e	3104.73
Maple Leaf-e	3134.59
American Eagle-e	3134.59
Mexican peso-e	3607.40
Austria crown-e	2929.21
Austria phil-e	3134.59
Silver, troy oz.	
Engelhard industrial	34.2500
Handy & Harman base	33.6240
Handy & Harman fabricated	42.0300
LBMA spot price	*£25.6400
(U.S.$ equivalent)	*33.1500
Coins,wholesale $1,000 face-a	25919
Other metals	
LBMA Platinum Price PM	*982.0
LBMA Palladium Price PM	*945.0
Platinum,Engelhard industrial	1002.0
Palladium,Engelhard industrial	991.0
Aluminum, LME, $ per metric ton	*2694.0
Copper,Comex spot	4.8695
Iron Ore, 62% Fe CFR China-s	*103.5
Steel, HRC USA, FOB Midwest Mill-s	*950.0
Battery/EV metals	
BMI Lithium Carbonate, EXW China, =99.5%-v,w	10375
BMI Lithium Hydroxide, EXW China, =56.5% -v,w	9550
BMI Cobalt sulphate, EXW China, >20.5% -v,w	6072
BMI Nickel Sulphate, EXW China, >22%-v,k	3590
BMI Flake Graphite, FOB China, -100 Mesh, 94-95% -v,m	435
Fibers and Textiles	
Burlap,10-oz,40-inch NY yd-n,w	0.8775
Cotton,1 1/16 std lw-mdMphs-u	0.6487
Cotlook 'A' Index-t	*78.85
Hides,hvy native steers piece fob-u	n.a.
Wool,64s,staple,Terr del-u,w	n.a.
Grains and Feeds	
Bran,wheat middlings, KC-u,w	95
Corn,No. 2 yellow,Cent IL-bp,u	4.2500
Corn gluten feed,Midwest-u,w	122.9
Corn gluten meal,Midwest-u,w	452.1
Cottonseed meal-u,w	n.a.
Hominy feed,Cent IL-u,w	115
Meat-bonemeal,50% pro Mnpls-u,w	275
Oats,No.2 milling,Mnpls-u	3.9775
Rice, Long Grain Milled, No. 2 AR-u,w	34.88
Sorghum,(Milo) No.2 Gulf-u	n.a.
SoybeanMeal,Cent IL,rail,ton48%-u,w	306.90
Soybeans,No.1 yllw IL-bp,u	9.8300
Wheat,Spring14%-pro Mnpls-u	7.7675
Wheat,No.2 soft red,St.Louis-u	5.5250
Wheat - Hard - KC (USDA) $ per bu-u	5.9100
Wheat,No.1soft white,Portld,OR-u	6.3200
Food	
Beef,carcass equiv. index	
choice 1-3,600-900 lbs.-u	304.15
select 1-3,600-900 lbs.-u	291.96
Broilers, National comp wtd. avg.-u,w	1.3109
Butter,AA Chicago-d	2.3425
Cheddar cheese,bbl,Chicago-d	169.00
Cheddar cheese,blk,Chicago-d	169.25
Milk,Nonfat dry,Chicago lb.-d	115.50
Coffee,Brazilian,Comp-y	3.9221
Coffee,Colombian, NY-y	4.0423
Eggs,large white,Chicago-u,w	5.0650
Flour,hard winter KC-p	16.35
Hams,17-20 lbs,Mid-US fob-u	n.a.
Hogs,Iowa-So. Minnesota-u	86.87
Pork bellies,12-14 lb MidUS-u	2.0789
Pork loins,13-19 lb MidUS-u	0.9583
Steers,Tex.-Okla. Choice-u	n.a.
Steers,feeder,Okla. City-u,w	346.50
Fats and Oils	
Degummed corn oil, crude wtd. avg.-u,w	n.a.
Grease,choice white,Chicago-h	0.4700
Lard,Chicago-u	n.a.
Soybean oil,crude;Centl IL-u,w	0.4034
Tallow,bleach;Chicago-h	0.4875
Tallow,edible,Chicago-u	n.a.

KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella & Brookes; H=American Commodities Brokerage Co; K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=SNL Energy; S=Platts-TSI; T=Cotlook Limited; U=USDA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. *Data as of 3/13

Source: Dow Jones Market Data

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Nvidia's Next Act Must Be Even Bigger

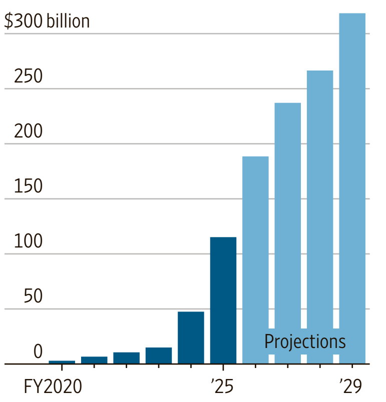
Chips to be unveiled at developer conference expected to drive growth but will depend on Big Tech's spending staying on full blast

Nvidia has barely started shipping its latest artificial-intelligence chips, and everybody is already looking to hear about the next ones. For the world's most-valuable semiconductor company, that is a high-quality problem.

Nvidia's annual GTC developers conference in San Jose, Calif., used to be a relatively modest affair, drawing about 9,000 people in its last year before the Covid outbreak. But the event now unofficially dubbed "AI Woodstock" is expected to bring more than 25,000 in-person attendees to the company's backyard this week, all lining up to hear what the AI kingmaker has up its sleeve for the months and years ahead.

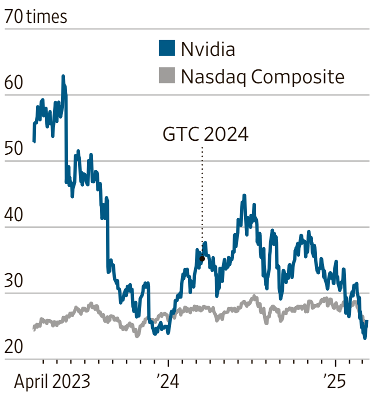
Nvidia's Blackwell AI chips, the main showcase of last year's GTC conference, have only recently started shipping in high volume following delays related to the mass production of their complicated design. Blackwell is expected to be the main anchor of Nvidia's AI business through next year. Analysts expect Nvidia Chief Executive Jensen Huang to showcase a revved-up version of that family

Nvidia's data-center revenue*



*Fiscal year ends in January

Share price as a multiple of forward earnings



Sources: Visible Alpha (revenue); FactSet (multiple)

called Blackwell Ultra at his keynote address on Tuesday.

But Nvidia watchers are especially eager to hear more about the next generation of AI chips called Rubin, which Nvidia has only teased at in prior events. Ross Seymore of Deutsche Bank expects the Rubin family to show "very impressive performance improvements" over Blackwell. Atif Malik of Citigroup notes that Blackwell provided performance 30 times faster than the company's previous generation on AI inferencing, which is when trained AI models generate output. "We don't rule out Rubin seeing similar improvement," Malik wrote in a note to clients this month.

Rubin products aren't expected to start shipping until next year. But much is already expected of the lineup: Analysts forecast Nvidia's data-center business will hit about $237 billion in revenue for the fiscal year ending in January of 2027, more than double its current size. The same segment is expected to eclipse $300 billion in annual revenue two years later, according to consensus estimates from Visible Alpha. That would imply an average annual growth rate of 30% over the next four years, for a business that has already exploded more than sevenfold over the past two.

High marks, to be sure. And doable—if the world's largest tech giants keep dumping significant amounts of capital investments on AI infrastructure. But by that point, such spending will only be justified if there is substantial demand from consumers and businesses for generative AI services, and a willingness to pay a premium for them.

Such an outcome is still a bit iffy, especially with the potential for the global economy to slip into a recession sparked by tariffs, geopolitical instability and inflation. Nvidia also has been haunted by worries about competition with in-house chips designed by its biggest customers like **Amazon.com** and Google. Another concern has been the efficiency breakthroughs claimed by Chinese AI startup **DeepSeek**, which would seemingly lessen the need for the types of AI chip clusters that Nvidia sells for top dollar. Nvidia's stock has actually picked up some gains against the market's turbulence in recent days, but the shares are still down more than 9% so far this year, more than double the S&P 500's decline.

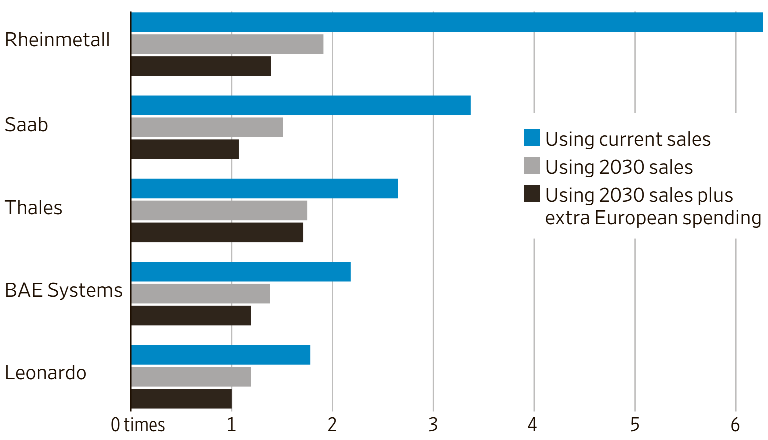
That at least sets a more-reasonable stage for this year's GTC. Nvidia's stock is now trading for less than 27 times this year's projected earnings, which is a 23% discount to the multiple it was commanding at last year's conference and cheaper than the stocks of most other megacap tech companies that aren't growing nearly as fast.

The tech world still expects a lot of Nvidia and its latest chips. But at least the market is no longer pricing in guaranteed blockbusters.

—Dan Gallagher

Europe's Rearmament Will Have More Than One Winner

Enterprise value to sales



Notes: 2030 earnings are median analyst estimates. Extra defense spending estimated against a counterfactual of 2024 spending growing in line with nominal GDP, and added to analyst estimates from six months ago. Following its own outlook, Rheinmetall is estimated to capture 20% of extra European defense spending. Thales, BAE and Leonardo are modelled as capturing 5%, and Saab 1%.

Sources: FactSet (EV & earnings); Rheinmetall (defense forecasts); AlphaValue (current defense spending)

Rheinmetall has become the popular way to play the European rearmament trend. Perhaps too popular.

Following a 23% increase in a week, Rheinmetall's market capitalization has now risen above that of any other European pure-play military contractor, and that of carmaker **Volkswagen**, which has 18 times as many employees.

Investors' enthusiasm for the company shot up on Friday, as Germany's Chancellor-to-be Friedrich Merz closed a deal to turbocharge military spending. Many European NATO countries are set to do the same, showering contractors with an expected extra €700 billion to €2 trillion, or $760 billion to $2.18 billion, between now and 2030.

They are likely to focus their initial spending on rebuilding ammunition stocks, and only later attempt to shed dependency from "off-the-shelf" purchases of aircraft, ships and tanks made by U.S. companies.

Germany's Rheinmetall is Europe's top ammunition manufacturer—a division with 37% operating margins—and could expand into new businesses through acquisitions. The rub is that its enterprise value has reached 6.3 times 2024 sales, compared with 1.8 times for **Lockheed Martin**.

To be sure, this falls to 1.9 times when compared with projected 2030 revenue.

The true valuation picture, then, depends on how much of the European military splurge isn't yet priced in. Rheinmetall could feasibly capture as much as 25% of it, according to estimates unveiled by Chief Executive Armin Papperger last week, becoming a €100 billion firm by sales in 2030—a 10-fold increase from 2024.

It is extremely unlikely that its capacity could expand rapidly enough, however, and Papperger's own guidance places 2030 revenue at €30 billion. Still, €40 billion could be achievable, in which case Rheinmetall would trade at only 1.4 times sales.

Yet some of the company's claims, such as its potential to generate €2 billion by making weapons in Ukraine, as well as its planned expansion into growth areas such as rocket artillery and drones, raise question marks. And tanks, a core business, could underwhelm after their reported poor combat performance in Ukraine.

Meanwhile, taking even a small bite of the extra military spending would make the valuations of other European contractors such as **Leonardo**, **BAE Systems** and **Saab** significantly more attractive than Rheinmetall's. Investors could gain by spreading their forces.

—Jon Sindreu

MARKETS

Dollar Is Tested by Uncertainty

Continued from page B1

oped world, promising continued foreign investment.

Still, "what's happened over the last several weeks has the potential to be a game-changer," said Katie Nixon, chief investment officer at Northern Trust Wealth Management.

The recent decline in the dollar has caught investors off guard. Many had long thought that Trump would mostly govern as a traditional Republican: focusing on cutting taxes and rolling back regulations.

Forecasts for faster economic growth, coupled with modestly higher tariffs, initially helped drive stocks and the dollar higher after Trump's election win.

Investors are now rethinking those assumptions. Trump already slapped major tariffs on goods from America's largest trading partners and threatened more—prompting immediate retaliation from Canada and China. His administration moved to lay off thousands of federal workers. Talk of tax cuts has largely faded to the background.

All of that has dragged down expectations for U.S. growth, with investors worried almost as much about the uncertainty surrounding tariffs as the levies themselves, which promise to push up consumer prices.

Meanwhile, hopes for Europe have jumped. That is partly attributable to a run of better data, but also stems from Europe's move to boost military spending after Trump's public clash with Ukraine President Volodymyr Zelensky at the White House in late February.

Worried they could no longer count on the U.S. to help defend their interests, German leaders said days later that they would break with decades of history by freeing up borrowing to fund a buildup in their military. European Union officials outlined a plan to raise hundreds of billions of euros for military spending, and a relaxation of fiscal rules at the national level.

For investors, the crucial feature of these announcements was that they promised sustained investments.

The recent decline in the dollar caught investors off guard.

The euro has temporarily gained against the dollar at other times in recent decades. But this time the move could be durable because what Europe is promising is "not just a one-off thing, like the Covid stimulus," said Sonu Varghese, global market strategist at Carson Group, a financial advisory firm.

So far, the decline in the dollar's value has been modest, hardly enough to make a major difference for U.S. exporters.

Even so, the move has caught Wall Street's attention because it is consistent with Trump's long-held ambitions. Trump has often argued that the dollar should be weaker, claiming last year that the currency's strength was "a disaster for our manufacturers."

Stephen Miran, the recently confirmed chair of the White House Council of Economic Advisers, put forward several unorthodox ideas in a paper last year about how Trump could weaken the dollar. They included putting a user fee on foreign buyers of Treasurys.

Some on Wall Street are taking such ideas seriously. One reason the dollar has weakened recently is that investors know what the administration is aiming for, said Eric Stein, head of investments at Voya Investment Management.

Others, however, are doubtful that Trump's policies will play out as intended.

For one thing, Trump's commitment to tax cuts likely means that the federal budget deficit will remain large, said Brad Setser, a senior fellow at the Council on Foreign Relations. The need for more borrowing to fund the deficit should keep U.S. Treasury yields elevated and put upward pressure on the dollar, as global investors seek out high-yielding assets.

In another scenario, the dollar could continue to weaken and Trump could achieve his goal of shrinking the gap between U.S. exports and imports, but only because the U.S. economy is suffering, Setser added.

Foreign investors might be tempted to shift money out of U.S. assets.

But the alternatives, including Europe, have problems of their own.

"All of this is creating uncertainty," said Robert Rubin, who served as Treasury secretary during the Clinton administration and once co-led Goldman Sachs. "On the other hand, where else do foreign companies and investors go?"

THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday

Business inventories
Dec., previous down 0.2%
Jan., expected up 0.3%

Empire Manufacturing
Feb., previous 5.7
Mar., expected -1.8

Retail sales, ex. autos
Jan., previous down 0.4%
Feb., expected up 0.3%

Retail sales
Jan., previous down 0.9%
Feb., expected up 0.6%

Earnings expected
Estimate/Year Ago
FibroGen (0.14)/(0.57)
Science Applications International 2.09/1.43

Tuesday

Fed 2-day meeting starts Building Permits
Jan., previous 1.483 mil.
Feb., expected 1.45 mil.

Capacity utilization
Jan., previous 77.8%
Feb., expected 77.9%

Housing Starts
Jan., previous 1.366 mil.
Feb., expected 1.38 mil.

Import price index
Jan., previous up 0.3%
Feb., expected down 0.2%

Industrial production
Jan., previous up 0.5%
Feb., expected up 0.3%

Earnings expected
Estimate/Year Ago
Elbit Systems 1.78/0.67
HealthEquity 0.72/0.63

Wednesday

Fed rate-policy meeting
Target rate 4.25%-4.50%

EIA status report
Previous change in stocks in millions of barrels
Crude-oil stocks up 1.4
Gasoline stocks down 5.7
Distillates down 1.6

Mort. bankers indexes
Purch., previous up 7.0%
Refinan., prev. up 16.0%

Earnings expected
Estimate/Year Ago
Five Below 3.38/3.65
General Mills 0.97/1.17
Ollie's Bargain Outlet Holdings 1.19/1.23

Thursday

Current account
3rd qtr., previous $310.95 bil. Deficit
4th qtr., expected $339.0 bil. Deficit

Initial jobless claims
Previous 220,000
Expected 222,000

Freddie Mac mortgage survey
Previous weekly averages
30-year fixed 6.65%
15-year fixed 5.80%

Philadelphia Fed survey
Feb., previous 18.1
Mar., expected 12.0

Existing home sales
Jan., previous 4.08 mil.
Feb., expected 3.97 mil.

Leading indicators
Jan., previous down 0.3%
Feb., expected down 0.2%

GERARD BOTTINO/SOPA IMAGES/ZUMA PRESS

Carnival is expected on Friday to post per-share earnings of 2 cents.

EIA report: natural-gas
Previous change in stocks in billions of cubic feet down 62

Earnings expected
Estimate/Year Ago
Accenture 2.82/2.77
Darden Restaurants 2.80/2.62
FedEx 4.56/3.86
Lennar 1.71/2.47
Micron Technology 1.43/0.42
Nike 0.30/0.98

Friday

Earnings expected
Estimate/Year Ago
Carnival 0.02/(0.14)

* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ◆ Adjusted for stock split

Note: Forecasts are from Dow Jones weekly survey of economists

JOURNAL REPORT

C-SUITE STRATEGIES

THE WALL STREET JOURNAL.

Monday, March 17, 2025 | R1

PABLO DELCAN

Why Most Companies Shouldn't Have an AI Strategy

Corporate leaders feel they have no choice or risk being left behind. But are they making a mistake? This expert believes so.

BY JOE PEPPARD

FOR THE PAST two years, ever since the launch of ChatGPT, there has been a common refrain among companies and organizations of all sizes: We need an AI strategy!

The frenzy is understandable. Nobody wants to be left behind, and miss the Next Big Thing. So, many companies are rushing ahead—some even creating AI "centers of excellence" to centralize AI expertise and resources, and naming chief AI officers to the C-suite.

Sorry to say this, but most of them are making a mistake. My take-

Please turn to page R4

Joe Peppard is a professor and academic director at UCD Michael Smurfit Graduate Business School in Dublin, Ireland. He can be reached at ***reports@wsj.com****.*

The Best Leaders Aren't Decisive. They're Ambivalent.

Top jobs often go to the person who seems to have all the answers. That has it backward.

BY NAOMI ROTHMAN

IF YOU'RE ASKED to picture a successful leader, what do you see? If you're like most people, you imagine somebody who is decisive and in control. Somebody who seems to have little doubts about his or her actions.

In fact, that is why decisive people are often promoted into leadership positions in the first place.

But that kind of thinking has it backward. In more than two decades of research into how leaders' decision-making has an impact on organizational success, I've uncovered a surprising insight: The most effective leaders aren't the ones who seem to have all the answers. The most-effective leaders are those who question themselves.

They are, in other words, ambivalent. They feel and exhibit conflicting emotions—and are tolerant of them—and can hold two contradictory thoughts or feelings in their head.

Such ambivalence helps in several ways. Internal conflict helps us adapt to complex situations by forcing us to seek out more information and consider alternatives. Managers who don't see everything as either positive or negative seek out expertise from others, incorporating that knowledge more than less-ambivalent leaders. It makes them more receptive to

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Inside

Scan this code to hear about the $30 billion startup founded by OpenAI's former chief scientist.

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Petco's Plan to Win Back Customers It Lost After the Pandemic

CEO Joel Anderson is restoring cheaper food brands and catering to people who view their pets as offspring

BY JOANN S. LUBLIN

WHAT'S the difference between a child and a pet? Increasingly, not much. Which is why **Petco Health & Wellness**—the second-biggest U.S. pet-store company, behind PetSmart—now sells pearl necklaces, dresses, hoodies and even matching pajamas for household creatures and their owners.

"Pet parents see their pets as extensions of themselves," says Petco Chief Executive Joel Anderson. "Our year-end unit sales of holiday products were up more than 10%—partly due to increased humanization."

Anderson took command of Petco in summer 2024, a few months after the San Diego-based retailer swung to a fiscal fourth-quarter loss and then-CEO Ron Coughlin stepped down. The operator of 1,423 stores reported a small loss and roughly flat sales growth during its latest nine-month period.

Anderson blames Petco's recent problems in part on a decision during the pandemic to be a health-and-wellness company instead of a pet-supplies chain. "We went too far," says the 60-year-old executive, a retail-industry veteran who had spent nearly a decade running discount chain **Five Below**. "We are laying the foundation for a return to profit and revenue growth."

In an interview, Anderson explained the company's new approach. Edited excerpts follow:

Unhealthy results

• WSJ: Why and how did Petco focus on health and wellness?

• **JOEL ANDERSON:** It was the right decision at the time. It led to a successful IPO. Health and wellness represented a huge human trend. Pet trends typically follow.

Joel Anderson, with employees' pets, at Petco headquarters in San Diego.

JOHN FRANCIS PETERS FOR WSJ

We launched a full-scale rebranding. We added "health and wellness" to our name. Marketing campaigns centered on pet health—and even pet mental health. We probably bought too many veterinary hospitals at their peak. We misread that health and wellness would be a long-lasting pet trend.

• WSJ: How did the health-and-wellness push hurt earnings?

• **ANDERSON**: For example, we got rid of all foods with artificial ingredients. You effectively fired some customers who preferred those lower-priced items and didn't trade up. We've got to win them back. While health and wellness is still a big trend, it's more important that we take care of all pet parenting than just health.

• WSJ: What else contributed to Petco's fourth-quarter loss during fiscal 2023 besides its health-and-wellness focus?

• **ANDERSON:** We didn't shift fast enough as everything started coming down after the pandemic pet boom. And the shift to value products was much bigger than we expected. When pandemic stimulus money dried up, people cut corners—like buying the lowest price-per-pound dog food.

• WSJ: What are you doing differently besides restoring cheaper food brands with artificial ingredients?

• **ANDERSON:** We're expanding our owned brands. These private-label items are affordable. You can't get them anywhere else. We develop them by reading trends.

One of the biggest new trends is that cat ownership growth is on the rise, outpacing dogs. With more companies returning to the office, cats are easier to take care of if you aren't home every day. We've expanded our assortment of lower-priced and premium cat goods.

Birthday wishes

• WSJ: Almost half of American dog owners have given their dogs gifts for their birthday or "barkday," according to a 2023 YouGov survey. Petco opened "gifts for pet parents" areas in some stores. How else will Petco take advantage of this humanization trend?

• **ANDERSON:** Today, the four-legged family member has reached the status of the two-legged family member. Pet parents want products that integrate pets into their lives. More are celebrating holidays with that pet.

We're leaning more into pet-human matching clothing and accessories. A big point of differentiation in our bricks-and-mortar space is creating an emotional connection with pet parents and their pet.

Many store associates know pets by name more than they know customers by name.

• WSJ: Younger consumers are inclined to pay more for pet brands aligned with their values such as sustainability, according to a 2024 report from Pass_by, a retail-trends tracker. Will Gen Z become your next growth target?

• **ANDERSON:** Gen Zers and millennials make up half of the 82 million households with pets. And they're delaying having kids. They're clearly going to be an important area for us.

Our Reddy brand is targeted toward the Gen Zer whose dog is the most important piece of their life. That product line keeps expanding. Reddy now has clothing, premium dog beds and kitchen items—including pet-food storage solutions—that are both functional and look good in your pantry.

• WSJ: Veterinary care, grooming and training services are a major feature of Petco stores. Which will grow the fastest and why?

• **ANDERSON:** The biggest growth will come from vet services. Ten years ago, we didn't have one hospital. Full-blown veterinary hospitals today are in slightly below 300 stores. There's opportunity to put vet hospitals in a significant amount of our stores.

• WSJ: What additional services might Petco introduce?

• **ANDERSON:** Plans are in the works to get back to our stores' Saturday hamster races—something we last did nationally a decade ago.

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Why Brands Should Avoid Using the Catchy Nicknames Consumers Give Them

People like to create nicknames like Tarzhay and Mickey D's for brands they love. But that doesn't mean companies should use them in marketing.

BY HEIDI MITCHELL

CONSUMERS often come up with cute and catchy nicknames for brands they know and love—think "Mickey D's" for **McDonald's**, "Bimmer" (and variations like "Beamer") for **BMW** or "Bud" for Budweiser beer.

While these kinds of shorthands can foster a sense of closeness between the brand and consumers, new research suggests that some companies should think twice before using nicknames in their marketing campaigns.

At issue is the perception of the brand's power, says Zhe Zhang, an assistant professor of marketing at Ivey Business School at Western University in Ontario, and the lead researcher behind the study.

In earlier research, Zhang had found that more than 80% of consumers believe brand nicknames originate from the public, not from corporate marketing teams. As such, "these nicknames not only represent consumers' connection with the brand, but also help to enhance the perceived authenticity of customer recommendations," making an endorsement seem more authentic, he says.

The new study, however, found that when a company embraces customer-generated nicknames in its own marketing, it risks undermining a brand's power. "A brand that adopts a nickname signals a shift in power dynamics," Zhang says. "Rather than being the authority, it indicates it's being influenced by outside forces, which can hurt a brand's perceived power." Consumers also may feel that a brand is adopting a nickname simply to flatter them, which doesn't exactly exude confidence.

"Consumers don't view brand nicknames as something companies own," Zhang says.

Zhang first analyzed stock performance data before and after two brands began using nicknames in marketing exercises. He says the findings were revealing: When Bloomingdale's announced the opening of a new store called "Bloomie's" in 2021 and Nordstrom announced its loyalty program would be rebranded as the Nordy Club in 2018, their stock prices dropped between 4% and 4.5% in the seven days following the announcements. Two weeks out, the stock performance of both companies remained weaker than before the firms embraced the nicknames.

"This suggests that the market doesn't respond positively when companies formally adopt their nicknames," Zhang says.

Zhang and his team then conducted 10 experiments and field studies to analyze the effect of nickname branding on various other performance metrics. In the first three studies, Zhang examined historical social-media posts by Chevrolet and online-advertising efforts from **Target** and **United Parcel Service** and compared engagement metrics when those companies used their nicknames versus their trademarked names. In every case, the use of nickname branding was associated with inferior engagement.

For example, when Chevrolet's tweets included "Chevy," it received 143 likes on average. When the brand used "Chevrolet" instead, engagement tripled, garnering 421 likes on average. Similarly, an ad for Target saw three times higher click-through rates on average when using the brand's real name rather than its consumer-created moniker, "Tarzhay."

The researchers found similar trends when they looked at high-end brands. In one experiment, Zhang directed 190 female participants to a simulated Christian Louboutin webpage to choose a pair of the company's shoes that were nearly identical and available for rent for $49.99 for seven days. Half of the participants saw the shoe options referred to by the official Christian Louboutin name; the other half saw the same shoe options but one pair was referred to by the brand's street name, "Loubi." The results were striking: 58.8% of participants chose to rent the shoe when the full brand name was used, versus just 21.5% for the same shoe when the "Loubi" nickname was used.

Zhang says companies should feel honored that consumers create affectionate nicknames for their brands, but they should embrace the consumer creativity without trying to co-opt it.

"Let the nicknames live in consumer conversations and on social media. But when it comes to official branding, stick to the name you built your reputation on," he says.

ZOHAR LAZAR

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Is Your Enterprise Data Ready for AI?

Companies can have lofty ambitions for AI, but if their data architectures can't support it, outcomes will suffer

The potential for artificial intelligence (AI) to greatly increase enterprise productivity and generate valuable insights is indisputable. But as companies look to build and deploy AI, many encounter a serious roadblock: Their data ecosystem isn't ready.

"The data challenge around implementing AI is bigger than anticipated, because while the idea of models being trained on your data and systems is elegant in theory, in practice most businesses don't have pristine architecture," says Charles Sansbury, chief executive officer of Cloudera, a leading hybrid data platform that provides enterprises with the data, analytics and security features to effectively deploy AI.

Instead, Sansbury says most companies have "accidental architectures" — patchworks of IT stitched together over time as companies expand and evolve — resulting in fragmented and disorganized data residing in multiple systems and applications across the enterprise. "Organizations have important information trapped in different silos, and structuring it to where it can be used and analyzed in a holistic analytical process takes time and work."

A second obstacle, Sansbury notes, is data quality. In addition to creating a unified architecture for data, companies need to make sure the data it houses is high-quality, clean and secure — with verifiable provenance to ensure fidelity — before it can be used to train and feed AI models.

> *"While the idea of models being trained on your data and systems is elegant in theory, in practice most businesses don't have pristine architecture."*
>
> **— Charles Sansbury, CEO, Cloudera**

OPTIMISM IN IDEATION, CHALLENGES IN EXECUTION

The challenges Sansbury describes are familiar to the ones Bradley Shimmin, chief analyst for AI and data analytics at Omdia, sees many companies face. For business leaders, he says, the buzz around generative AI has led them to believe adoption has an "easy button." In reality, most companies lack the architecture and in-house data management expertise to stand up significant AI deployments.

"You can't just point an embedding model at a bunch of documents and hope for the best," Shimmin says. "Likely, you'll end up with degraded accuracy because the model's not getting the right data."

Companies must also ensure security guardrails are in place before data is utilized in AI models. "You need governance controls to ensure against leaking things like intellectual property or personally identifiable information," Shimmin adds. "It's a long list that needs to be done in order to deploy these sorts of models in a manner that builds trust."

Making those preparations can help companies adopt more complex AI tools and workloads faster, Sansbury says. Cloudera — which has 100 times more data under management than other cloud-only vendors — helps enterprises ensure data readiness to accelerate adoption of AI. Cloudera's open-source data lakehouse provides a single window through which to monitor and manage data operations, safeguard privacy and document lineage, all bolstered by advanced analytics and generative AI tools.

Having technology partners that provide open environments, tools, experience and skills to help them navigate the fast-evolving AI landscape is also critical, Shimmin says. "Flexibility is paramount right now for any company setting up what would be considered a modern data stack for AI," he says. "With open-source technology, it's all about using the data where it lives and surfacing it into the solution you're building while avoiding vendor lock-in."

Flexibility isn't just important for large enterprises and their "accidental architectures," but for providers like Cloudera, as well, Sansbury says. Regardless of their ambition, companies seeking to leverage AI can only be as innovative as their data architecture allows. The most effective technology partners work diligently to ensure their capabilities are always one step ahead of a customer's needs, he says.

ANTICIPATING CUSTOMER NEEDS IN AI

To that end, Cloudera has made significant acquisitions that serve to bolster its data and AI capabilities for customers. In 2024, it acquired the Verta Operational AI platform, which simplifies AI adoption by allowing customers to use their private datasets to build custom retrieval-augmented generation (RAG) and fine-tuning applications to optimize large language models (LLMs). It allows developers, regardless of their expertise in machine learning, to create and optimize business-ready LLMs, and it helps bring those models to company data.

Moreover, when combined with Cloudera's hybrid data platform, analytics and AI, Verta's platform will help future-proof data estates and architectures to meet demand as customer needs increase.

More recently, Cloudera's acquisition of Octopai — a leading data discovery and lineage platform that makes it easy for organizations to understand, access and leverage all the data in their ecosystem — has significantly enhanced its capacity to enable search and locate data across systems. This not only helps integrate data for faster decision-making and predictive AI applications (including data from outside Cloudera), but also boosts security, governance and reliability. All of these qualities are key for generating the trust that is critical for successful AI adoption.

"Enterprises can't afford blind spots or inaccuracies in their data — innovation depends on precision," Sansbury says. "With these acquisitions, we've enhanced our platform to give customers deeper visibility into their data, enabling them to make faster, smarter decisions that drive real business impact."

He believes that bolstering Cloudera's AI-focused data management and governance capabilities is key to how the platform helps companies more efficiently and effectively integrate AI — now and in the future.

"We have emerged as a critical part of our customers' thinking around their AI infrastructure and operations," Sansbury says. "And we're working diligently with the leading companies in the world to do this, investing in solutions that tackle the most business-critical challenges for our customers, so they can focus on what they do best."

CEOs Face More Accountability When a Board Member Has Military Experience

A new study finds that CEOs are more likely to be fired for company underperformance if a director has served in the military

BY LISA WARD

CHIEF executives at poorly performing companies are more likely to be fired if at least one of the company's board members has a military background.

The odds of dismissal for underperformance are even higher if multiple directors on the board have served in the military, according to a recently published study.

The researchers behind the study analyzed 865 publicly listed companies in the U.S. between 2010 and 2020, identifying companies with board members who had served in either the U.S. Army, Navy, Marine Corps, Air Force, National Guard or a foreign equivalent. A little more than a quarter of the companies in the sample had such a board member.

The researchers then measured company performance by looking at return on assets, a metric often used to determine how efficiently organizations are using their assets to generate profits.

Across the entire sample, about 2.1% of CEOs were fired when their company was underperforming its peers—that is, its return on assets was two standard deviations from the industry mean. Having a military director on the board raised the dismissal probability to 2.9% compared with companies that had no directors with military experience, two directors increased it to 3.9% and three directors amplified it to 5.2%, the researchers found.

"When firm performance falls below the 20th percentile in an industry, the influence of military directors on CEO dismissal becomes noticeable," says Stevo Pavicevic, an associate professor at Frankfurt School of Finance and Management in Germany and one of the study's authors.

To better understand their findings, the researchers interviewed 20 corporate directors with military backgrounds. In the interviews, the researchers found that these board members often place a high premium on personal accountability. "It's part of the discipline we grew up with in the military," said one of the directors they interviewed.

The interviews suggest this focus on personal accountability translates into concrete action, such as being more inclined to conduct formal CEO evaluations and blame company-performance shortfalls on the CEO. "It seems that directors with military backgrounds have a different approach to accountability," says Pavicevic.

In another part of the paper, the researchers explored whether their initial findings would hold up if a CEO were entrenched in the company, meaning the executive had a long tenure, held a lot of stock or also served as board chairman.

They found that CEOs were still more likely to be dismissed for poor performance even when they had long tenures or held a lot of stock when a member of the board had a military background. However, in cases where the CEO was also chairman, the relationship disappeared. Those CEOs weren't more likely to be dismissed if a member of the board had military experience.

"Being both the CEO and chairman of the board gives the executive a very powerful position and even with the presence of military directors on the board, dismissals won't be that easy," says Pavicevic.

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Why Most Companies Shouldn't Have an AI Strategy

Continued from page R1

away from my work with organizations as they grapple with artificial intelligence is that not only do most companies not *need* an AI strategy, but they shouldn't have one at all. Going down that road will be, at best, a distraction.

That might seem radical, even nonsensical. Unless companies have an AI strategy *now*, don't they risk falling behind the competition? My answer is no, for a variety of reasons.

Most companies just aren't ready

Even if a well-crafted AI strategy were to somehow magically land in a CEO's inbox, the organization likely won't be able to implement it. Most just haven't done the required foundational work.

Much of it comes down to data. Poor data quality—incomplete, biased or unstructured—affects AI performance in the same way it can have an impact on any other technology. If you don't have good data, you can have great strategic intent, but you won't be able to execute it. The strategy will simply divert attention from what the company really needs to do.

Suppose a manufacturer wants to use AI to undertake predictive maintenance to reduce downtime on a production line. To do this, it will need to predict when faults are likely to occur with machines on the line based on monitoring real-time conditions, and then determine appropriate actions.

To do this, it will need historical data to identify the variety of different faults that can be encountered, and the "signatures"—specific patterns, trends or anomalies in data—that identify early warning signs of failure. AI technology, probably in the form of machine learning, will be used to build an algorithm for this purpose.

That all sounds great, except most companies haven't been collecting the data they need to train AI models. That can take considerable time, sometimes even years, to get the amount of quality data that they need to be confident that the algorithms they create will be accurate.

AI isn't an island

AI is a technology, just like blockchain, the Internet of Things, the metaverse and so on. Why would an organization have a separate AI strategy?

In fact, AI isn't one particular technology, but rather an overarching umbrella for technologies that exhibit what might be considered humanlike intelligence. These include machine learning, computer vision, robotics, image processing and, of course, generative AI in the form of large language models.

> Ever since the launch of ChatGPT, companies and organizations of all sizes have believed they need an AI strategy. There are risks to that approach.

If you look at how organizations are deploying AI now for significant business value, it is usually in combination with other technologies and integrated into workflows.

Consider the earlier example of the manufacturing company looking to use AI to predict machinery-maintenance needs. Assume that the company actually has the data it needs to create the algorithm. Once this has been done, the solution will include sensors to gather data in real-time from machines, Bluetooth connectivity to transmit this data, and cloud computing to store this data and host the data platform—where the algorithm will monitor machine performance and issue alerts if abnormalities are detected.

What does all this mean? Rather than a separate AI strategy, organizations need a strategy that considers all technologies. Having a strategy focused on AI alone would, again, be a distraction at best.

So, I ask again: What's so different about AI that it requires a separate strategy? Nothing!

An immature AI workforce

Studies show that most organizations are immature when it comes to AI. By that, I mean that throughout the ranks—from the top executives through the rank and file—there is little knowledge of, and experience with, AI and its capabilities, and a reluctance to embrace data-assisted decision-making. All of this will mean any AI strategy will be misguided and inexecutable.

If you are the leadership team and you aren't familiar with AI, how are you going to build a strategy for AI? You can't.

Given where most companies are starting from, the priority shouldn't be about building a top-down overarching AI strategy. This can come later. It is about encouraging employees to use AI tools, to experiment and try things out, and to pursue ideas organically rather than following "management direction." It is also important that there are guardrails to ensure that any tool is used properly, responsibly, and in a way that doesn't put the organization at risk. The best ideas are most likely to come from the bottom-up, by those engaging in their day-to-day work and supporting customers. Technology doesn't drive change, people do.

Achieving a certain level of digital maturity across an organization can take years, particularly if cultural change is also needed. Thinking that a magical digital strategy will force that maturity is like thinking that putting a suit on a 2-year-old will make him an adult. It won't.

It will distort decision-making

Striving to create an AI strategy will likely force employees to look at everything through an AI lens. Right now, it seems like AI is seen as the solution, whatever the problem is.

But just because it's getting all the attention today doesn't mean that will continue. There will be other technologies that are coming downstream, and focusing too much on AI will crowd out other solutions to other problems a company might have.

This should not be a conversation about how we can use AI, whether to improve the bottom line or in support of a new business model. Rather, it should be a continuing conversation in the organization about how we can as a business leverage digital technologies for operational and strategic purposes. AI is just one of those technologies. The real challenge with AI, as with any technology, is identifying and then delivering business value from any investment made.

This is similar to the case I made in an earlier article, arguing that companies shouldn't even have a separate information-technology department. If you separate technology—and even worse, a particular kind of technology, like AI—from the business units, you will separate the people responsible for improving the company's productivity and bottom line from the people responsible for implementing the technology. That disconnect will inevitably result in a failure to use technology in a way that improves a company's results. If the solution to every problem is AI, then you're not going to find the best solutions to most problems.

History matters

My research reveals how the set of decisions and options possible at any point in time is limited by decisions made in the past, even though past circumstances may no longer be relevant. History matters.

That is particularly true with technology: A decision not to modernize some old systems or to invest in a particular application may have made sense 10 years ago, but may now be limiting available options when it comes to executing AI.

What this means is that leaders might read about a great application of AI and want to do something similar in their organizations. But they won't be able to because of past decisions. Rectifying this situation will take investment, resources and time. Often, a considerable amount of time.

Companies that cleaned up their data; modernized their technology infrastructure; reduced technical debt; simplified, standardized and automated processes; established data governance; increased digital literacy; and put in place guardrails focusing on responsible use are in a position to leverage what AI offers. But most companies haven't done that.

In the end, if a company is like most companies, and has been slow to embrace the changes that are imperative in a digital-first world, it isn't going to leapfrog other companies just because it has an AI strategy. The company is going to have to take baby steps. And no AI strategy—however well-intentioned, however pretty it sounds—is going to make a bit of difference.

‘Standing Dates’

Why to Have Them on Your Calendar

Scheduled connections put friends and colleagues at the center of your life—not an afterthought

BY ALEXANDRA SAMUEL

IT HAD BEEN months since I had last seen Sabino, a trusted colleague and friend. When I had last messaged him to make a date, he was heading out of town. When he reached out to suggest dinner, I was on deadline. By the time we finally met, it had been more than five months since we had last gotten together.

So I switched to a strategy that keeps me focused on my top priorities and in touch with the people who matter most: the standing date. It's a recurring calendar item—say, every week, or every other week, or monthly.

Many of us are already overwhelmed by a calendar filled with work meetings, doctors' appointments, kids' activities and more, and the idea of adding to that schedule no doubt sounds like yet another demand on our fragmented attention. But standing dates actually reduce the demands on our time. You don't have to make another date; it's already on your calendar.

More important, standing dates put your most important conversations and relationships at the center of your schedule, rather than as an afterthought. A calendar organized around standing dates is like a nutritional pyramid for your time: Instead of letting your calendar fill up with urgent work meetings or must-attend social events, you're creating a balanced diet of the connections and occasions that nourish you—and that align with your priorities.

I'm not arguing for a weekly meeting with everyone in your life. If, for instance, four different colleagues each have great insights for you in a central area of your work life, set up a monthly date with each one of them. That means that whenever a problem pops up, you know you're never more than a few days away from a conversation with someone who has the expertise and wisdom to help you think it through, and over time you'll get a variety of perspectives.

Your calendar should also include the people who support your physical and emotional well-being (like personal advisers, trainers or close friends), and people who advance your career (say, mentors or industry connections). When you set up your calendar so that you have a weekly recurring date in each of these categories, you ensure that you never go a week without an emotional tuneup, an opportunity for professional expansion and at least some physical self-care.

Deeper connections

This may sound rigid or exhausting. But it's actually the opposite. There are so many people I value, yet can easily lose touch with: the colleagues I used to see every day when we worked in the same office; the friend who's now nine time zones away; the busy executive who doesn't have time to answer a call that isn't pre-booked in her calendar.

Standing dates keep these relationships from getting stuck at 101-level conversations—those surface-level catch-ups that are necessary if you haven't spoken with someone in six months or a year. Because we talk every few weeks, we're already caught up, so we can dive deeper and have more meaningful conversations.

While many people may feel they are too busy for standing dates, that busyness is why it's so crucial to put your most valued conversations on your schedule on a consistent, recurring basis. Otherwise they'll get crowded out by everything that's more urgent, but less important.

In addition to bringing our calendars into greater alignment with our true priorities, standing dates also relieve much of the cognitive load of day-to-day scheduling. It takes effort to call or text someone, to get back to them once you check your schedule, or to figure out where and when to meet up. Before I got in the habit of standing dates, it felt like I spent as much time on the work of setting up get-togethers with friends and colleagues as I did on actually getting together.

Worse yet, I nearly gave up on some friends and colleagues, just because we had so much trouble organizing our dates.

The hard part

To be sure, getting started is the hard part. It can be tough to decide who warrants a standing date, and to determine whom you want to see every week versus every month or quarter. I have frequent in-person dates with each of my closest friends and colleagues, with the explicit understanding that it's no big deal if someone cancels—because it won't be long before the next date rolls around. The permission to cancel makes it easier to commit to a weekly or biweekly cadence, and the frequency makes it possible for us to have a “no hard feelings” policy on cancellations. And to make all these standing dates easy and sustainable, I have a recurring time and place for each one.

When I see Sabino for our now every-other-week dinners, for instance, I pick him up at a transit station so we can choose a restaurant that suits our mood of the moment. Now that we're constantly up-to-date on one another's working lives, we've also fallen into a rhythm of regular text exchanges that remind me of how he and I used to inspire one another to new heights of insight and creativity, just because of the kinds of ideas we share. That's the great joy of standing dates: When we invest in the relationships that reflect our true priorities, we stay in closer contact with the truest version of ourselves.

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KIERSTEN ESSENPREIS

Decisive! Resolute! Well, That Might Not Be The Best Way

Continued from page R1

competing or contradictory evidence than more-decisive leaders. As a result, ambivalent leaders make better decisions than the leaders who are most certain of themselves.

In study after study, my colleagues and I have found that ambivalent feelings allow leaders to look at the world from conflicting lenses simultaneously—to identify the new job candidate's strengths and weaknesses, to think about the consulting project's positive and negative components, to provide both positive and negative feedback to a junior colleague. They engage with competing ideas, contradictory evidence, opposing sources, conflicting knowledge and balanced feedback, and they do this even if the uncertainty causes discomfort.

Because of that, ambivalent leaders' teams proved better at solving complex problems and achieving win-win results in negotiations than decisive leaders' teams. And their team members became more intellectually curious and innovative.

Wrong perceptions

Ambivalent leaders face an uphill challenge in becoming leaders in the first place. One of the best ways to convince people into thinking you have what it takes to be a leader is to give definitive answers, even about subjects you know nothing about. It makes people look dominant, important and knowledgeable. Ambivalent leaders, meanwhile, aren't decisive in the eyes of others and are often perceived as weak and deferential.

But, our research found, the truth is exactly the opposite. In one study of 164 consulting teams in Brazil, we found that leaders who were ambivalent about the scope and direction of new projects consulted with more team members, and more frequently, than leaders who were less ambivalent. The openness of these leaders also inspired team members to seek more information from others.

At the end of the project, clients rated these teams higher in their performance than teams led by decisive managers. The impact of having a leader who experienced internal conflict was moderate and positive. The effect was especially strong when the problems were complex.

In a second study in the U.S., we conducted a murder-mystery experiment, where the information needed to solve the mystery was distributed across team members. At the start, the leaders of these teams didn't have all the information, although they didn't always know this.

Of the 182 teams involved, leaders were told to make an initial assessment about the crime and then make arguments that either supported the initial theory, opposed it or were ambivalent (both positive and negative arguments). Another group was told not to evaluate the theory at all.

The leaders who were randomly assigned to be ambivalent turned in much better results at the end of the experiment, correctly solving the mystery 67% of the time. This was significantly higher than teams led by people who had supported their initial theory (34%), opposed it (33%) or who had not evaluated it one way or the other (28%).

As in the Brazilian study, the leaders with internal conflict sought more information from others, asking their subordinates for input more than the other leaders. Here, too, the behavior cascaded down the team, prompting everyone to gather crucial information needed to solve the mystery.

Ambivalence doesn't just make people more effective; it makes them more open to criticism and dealing with people different from themselves.

In another study, we had 2,205 participants take an implicit-bias test about their feelings toward another racial group. Then we switched gears and asked them to write vividly about a memory that evoked feelings of happiness, sadness, neutrality or ambivalence. (We told them what feeling to write about, which we selected at random.)

After the participants completed that task, we gave them feedback about their results on the implicit-bias test. The people who wrote about an ambivalent memory were less defensive than the others about the feedback, and considered it more valid, credible and reliable. Their prejudiced feelings toward the other racial group were also lower than the others. Why? Ambivalence makes people's attention and thinking style more expansive.

Building ambivalence

For leaders, then, there is an advantage to cultivating internal conflict—within themselves and their team members. So, what is the best way to do that?

- **Acknowledge internal conflict.** Leaders should pay attention to conflicting feelings as they try to make a decision. They shouldn't try to bury those contradictory impulses or ignore them. Instead, they should look at the feelings as an opportunity to get better informed and make a better choice.
- **Pursue internal conflict.** Leaders should cultivate internal conflict by writing down ambivalent memories or thinking about trade-offs. They should also engage with the arts—whether music, literature or theater—which can stir a range of emotions at once.
- **Build a new culture.** Leaders should make it clear in their organizations that questioning yourself is a crucial part of decision-making. And they should put systems in place to make sure that people are more likely to embrace inner conflicts. Awareness can make us all more conscious, but systems make it sustainable.

Ambivalent leaders defy traditional views of what leaders look like. But the social-scientific evidence shows, again and again, that their performance also surpasses the decisive and resolute leader. Ambivalence is a spark for critical thinking and collaborative decision-making.

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Management Top 250

Companies Should Do It All—*but Do Some Things Especially Well*

An analysis of the best-managed companies reveals that those with the best investment returns follow a clear pattern

BY RICK WARTZMAN AND KELLY TANG

LONG BEFORE the phrase "stakeholder capitalism" had left anyone's lips, Peter Drucker urged companies to balance a variety of interests—for "management to look at the institution from different angles" and ably serve customers, employees, shareholders and society.

But the author, professor and corporate consultant also taught that most every enterprise is better at some things than others, and that leaning into your strengths is crucial. "Core competencies," Drucker wrote, "define where an organization must excel in order to maintain leadership."

A new study from researchers at the University of Bern in Switzerland suggests that taking a "both and" approach—managing holistically, yet clearly excelling in certain areas over others—is what leads to the richest investment returns.

"It's about where you have strategic advantage," says Jonathan Matzinger, who is part of the team in Bern.

Drucker's principles

The findings are based on a measure of corporate effectiveness, which was created by the Drucker Institute at Claremont Graduate University and forms the foundation of the Management Top 250, an annual ranking produced in partnership with The Wall Street Journal. Bendable Labs, a private firm, works with the institute to perform the calculations and interpret them.

The model, which is rooted in Peter Drucker's central principles, uses 35 metrics to evaluate five categories of performance: customer satisfaction, innovation, social responsibility, employee engagement and development, and financial strength.

Companies are compared in each of these five areas, as well as in their overall effectiveness, through standardized scores with a range of 0 to 100 and a mean of 50. Effectiveness, according to Drucker, is "doing the right things well."

The Management Top 250 for 2024, published in December, represents the best-scoring 30% of a bigger universe of 842 prominent, publicly traded U.S. corporations.

For the Bern study, researchers used historical data from the Drucker rankings, going back to 2013, to construct investment portfolios with distinctive characteristics. (All of the companies used in the study were part of the S&P 500 stock index.)

Two of these baskets of equities—each containing 15 stocks—started from the same place: looking at those companies with the highest overall effectiveness scores from the prior year. But the selections for one portfolio were then refined to include a group whose individual category scores had a relatively large amount of variation, as determined by an algorithm, while the other portfolio was composed of companies that scored more consistently across categories.

The researchers updated the portfolios every year through 2023 with new companies that met the criteria, while reinvesting the gains they made along the way.

Over the 11 years examined, the portfolio with more variation had a significantly greater average total annual return than the other did—20% versus 15.1%. By comparison, the average total annual return for the S&P 500 during that span was 13.8%.

Zach First, a former executive director of the Drucker Institute who is now a partner at Bain & Co., isn't surprised by the results. He often tells clients that while you must generate value for all stakeholders, that doesn't mean management should give everything equal weight. "You have to make choices," First says.

He has noted that **Costco Wholesale** was built on giving priority to its customers, its employees and its suppliers—"pretty much in that order," in the words of former CEO Jim Sinegal, while Virgin Group founder Richard Branson placed the emphasis elsewhere. "If you can put staff first, your customer second, and shareholders third, effectively, in the end the shareholders do well," he has said.

> The lesson for executives appears to be that 'you've got to pick your spots,' says researcher Jonathan Matzinger. And taking care of employees could be priority No. 1.

The trick is to avoid going so far in any one direction that other parts of the operation become unduly neglected. "If you're too inconsistent," says First, "you introduce risks."

They're all connected

Indeed, all of the categories in the Drucker rankings are interrelated, which is why in 2019 we started to assign a "red flag" to any company that falls within the bottom 25% in any category, no matter how well it scores overall. This is also why, in putting together an index derived from the Drucker rankings to track effectively managed companies, S&P Global decided to take the 100 most consistent scorers from the 200 highest overall scorers.

Matzinger agrees that, while the Bern study makes the case that management should double down in areas where a company is exhibiting the utmost success, no firm can afford to falter too severely in any area. "That can come back to bite you," he says.

In addition to assembling the portfolios with different levels of variation, Matzinger and his colleagues also computed the average total annual returns for the 15 highest scoring companies in each separate Drucker category, save for financial strength. Over the 11 years, the employee engagement and development portfolio eclipsed all others, at 21.3%.

"The thing that seems to be driving value is how the workforce is engaged," says David Sprott, dean of the Drucker School of Management in Claremont and a contributor to the Bern study.

This outcome is consistent with a recent analysis by the investment firm FoW Partners, which showed that companies in the top 20% of its "Good Job Score" assessment had twice the share price return of those in the bottom 20% over the previous 12 months.

If one lesson for executives from the Bern study is that "you've got to pick your spots," Matzinger says, another is this: "Taking care of your employees might be a good spot to start."

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Engagement matters

Average total annual returns, 2013-23, for stock portfolios having certain characteristics, drawn from top-scoring companies in the Drucker rankings

Notes: Each portfolio, which was rebalanced annually, consists of 15 stocks and includes only companies that are part of the S&P 500 index.
Sources: For the portfolio construction and analysis, University of Bern's Jonathan Matzinger, Andreas Hediger, Harley Krohmer and Clemens Ammann, and Claremont Graduate University's David Sprott. For the corporate effectiveness data, Drucker Institute, using data from American Customer Satisfaction Index; American Opportunity Index, a joint project of the Burning Glass Institute, Harvard Business School and the Schultz Family Foundation; Clarivate; CSRHub; Glassdoor; HIP Investor; Indeed; ISS EVA; J.D. Power; Kununu; Lightcast; Payscale; Prof. Dimitris Papanikolaou of Northwestern University and Prof. Amit Seru of Stanford University; Refinitiv Eikon; Supply Chain Resource Cooperative; Sustainalytics; Temkin Group; and wRatings.


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