

# THE WALL STREET JOURNAL.

D DOW JONES | News Corp \*\*\*\*\*

WEDNESDAY, JANUARY 29, 2025 ~ VOL. CCLXXXV NO. 23

WSJ.com

★★★★ \$5.00

DJIA 44850.35 ▲ 136.77 0.31%

NASDAQ 19733.59 ▲ 2.0%

STOXX 600 531.60 ▲ 0.4%

10-YR. TREAS. ▼ 5/32, yield 4.548%

OIL \$73.77 ▲ \$0.60

GOLD \$2,766.80 ▲ \$29.30

EURO \$1.0432

YEN 155.53

## What's News

### Business & Finance

◆ **China's DeepSeek** exploited untrammeled engineering talent, clever programming shortcuts and a loophole in U.S. export controls to shock the world with its artificial-intelligence programs. **A1, A4-5**

◆ **The innovator behind DeepSeek's breakthrough** is a math whiz who drew inspiration from Jim Simons, the quant who was using machine-learning techniques in the 1980s. **A5**

◆ **Tech stocks recovered** their footing after Monday's sell-off tied to AI, with the Nasdaq rising 2% to lead U.S. index gains. The S&P 500 and Dow added 0.9% and 0.3%, respectively. **B12**

◆ **The Fed was expected** to hold its benchmark interest rate steady at its two-day meeting that concludes Wednesday, as Trump's tariff intentions cloud the central bank's outlook. **A2**

◆ **General Motors' \$4 billion** restructuring of its struggling operations in China resulted in a fourth-quarter loss of \$2.9 billion. **B1**

◆ **Starbucks said** business continued to slide at cafes and its profit fell in the most-recent quarter, though executives were upbeat about a turnaround. **B1**

◆ **Smithfield returned** to the U.S. stock market after more than a decade under Chinese ownership, seeing its shares fall 1.3% on their first day of trading. **B1**

◆ **Shares of JetBlue lost** a quarter of their value after the airline offered tepid guidance for the first quarter. **B3**

◆ **LVMH posted** fourth-quarter sales in excess of analysts' forecasts as the luxury-goods industry strives to buck months of sluggish demand. **B3**

### World-Wide

◆ **A federal judge** temporarily blocked a sweeping White House order that sought to pause billions of dollars in federal grants, loans and other financial-assistance programs, a directive that created chaos as states struggled to access funding portals from the federal government. **A1**

◆ **The administration** pulled back from its order to pause nearly all foreign aid, and will now exempt "core life saving programs" that involve medicine, medical services, food and shelter, according to a memo from Rubio. **A6**

◆ **Trump signed an executive order** that would restrict access to treatments that include puberty blockers and hormones for transgender children and teens. **A3**

◆ **The White House gave** federal workers until Feb. 6 to decide whether to return to the office full time or resign and get paid for the next eight months. **A3**

◆ **Colombian nationals** deported from the U.S. were repatriated aboard Colombian government jets and touched down complaining of their treatment by American authorities. **A1**

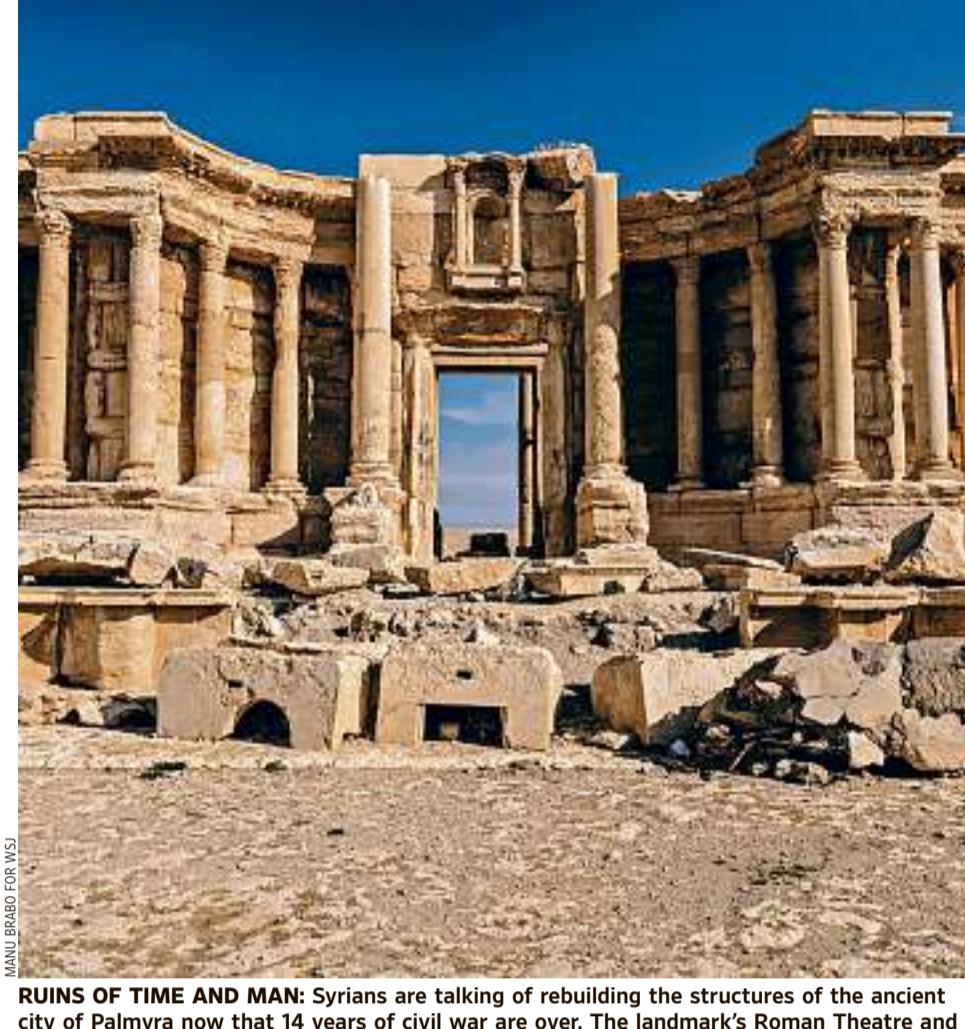
◆ **Drugmakers raised** the list prices of more than 800 prescription drugs for blood pressure, cancer and other conditions by a median 4% at the start of this year. **A3**

◆ **Trump repeated his proposal** to relocate Palestinians from Gaza to Jordan and Egypt, expanding on an idea rejected by the Arab states that would represent a significant shift in U.S. policy. **A7**

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## Ancient City Eyes Revival After War



**RUINS OF TIME AND MAN:** Syrians are talking of rebuilding the structures of the ancient city of Palmyra now that 14 years of civil war are over. The landmark's Roman Theatre and other architectural and artistic treasures were deliberately wrecked by Islamic State. **A8**

## Judge Pauses Trump Freeze On Aid After It Sparks Chaos

WASHINGTON—A judge temporarily blocked implementation of a sweeping White House effort to pause potentially trillions of dollars in fed-

By Ken Thomas,  
Kristina Peterson,  
Liz Essley Whyte  
and Patience Haagin

eral grants, loans and other financial-assistance programs, a directive that created chaos as states struggled to access funding portals dealing with

Medicaid, emergency aid and low-income education and nutrition services.

Minutes before the White House order was set to take effect, U.S. District Judge Loren AliKhan in Washington, D.C., temporarily blocked federal agencies from taking steps to implement it. Ruling from the bench at the end of a hastily arranged court hearing Tuesday, AliKhan said she was issuing a brief stay that would "preserve the status quo" until she can hold an oral argument, which is

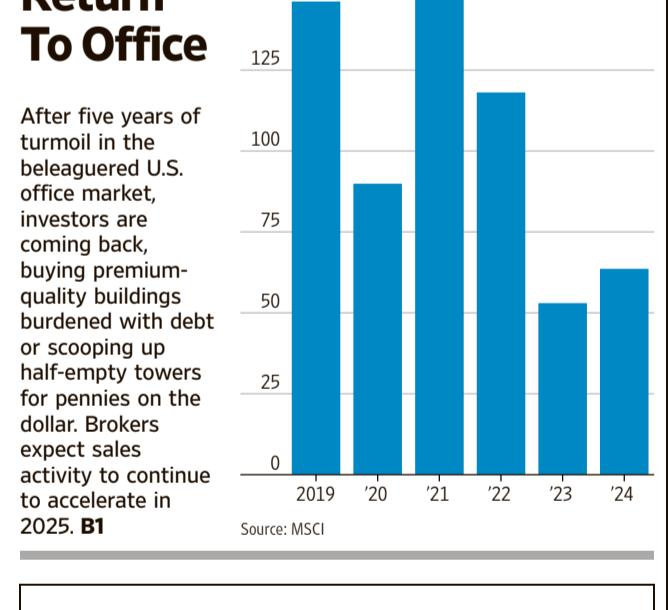
set for Monday morning.

The order came in response to a lawsuit filed on Tuesday by organizations who represent grant recipients.

Earlier in the day, federal, state and local government officials sought to assess the impact of the order issued a night earlier by the White House Office of Management and Budget, which set off a

Please turn to page A6

◆ **White House tries to flip budget script..... A6**



## Strained Glass? France Frets Over Notre Dame's New Windows

\* \* \*

Macron's plan to immortalize himself in Paris landmark is getting panned

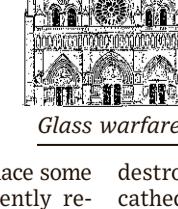
By NOEMIE BISSERBE

"non!"

His aides say Macron wants to remind future generations of the 2019 blaze that consumed the medieval-era cathedral—and his part leading its restoration. He has approved contemporary designs in yellow, pink and green stained glass for the replacement windows.

The resistance is multilayered. Art historians and architects say the 19th-century windows Macron wants to replace are protected by French law and that changing them out would destroy the harmony of the cathedral's design.

The backlash is also a reflection of Macron's sinking popularity in France, where



toes are crossed.

Star employees escape return-to-work mandates, stirring office tensions. **A9**



**SPORTS**  
Russell Westbrook is rescuing Denver—on one of basketball's lowest paychecks. **A12**

## DeepSeek Used Bevy of Tactics To Outfox U.S.

AI startup relied on inexperienced engineers, loophole in export controls

By STU WOO  
AND RAFFAELE HUANG

ting-edge computer chips—and that Chinese companies would have trouble competing because they couldn't get those chips. DeepSeek defied those predictions with a resourcefulness that led to a \$1 trillion bloodbath on Wall Street and is spurring Silicon Valley to rethink its approach.

The Chinese company delivered a wake-up call to Washington, according to President Trump. His administration is set to decide in the coming months what to do about Biden-era policies limiting Please turn to page A4

◆ **Trump is pressured to act on AI..... A4**  
◆ **CEO's path to becoming an AI disruptor..... A5**  
◆ **Wall Street reconsiders energy trade..... A5**

## Nvidia's Dominance Atop AI Under Siege

By ASA FITCH

boom with profit exceeding \$63 billion in the past four quarters. Its shares have surged eightfold since the end of 2022.

With excitement around DeepSeek emerging, Nvidia's shares plunged around 17% Monday. The stock stabilized on Tuesday, closing up 8.9% to \$128.99.

Nvidia cast the jolt from DeepSeek in a positive light. In a statement Monday, it said that DeepSeek's advance was an excellent illustration of new ways of operating AI models. Doing the work of Please turn to page A5

◆ **James Mackintosh: New beliefs on the AI race..... B1**  
◆ **Heard on the Street: A plus for some tech stocks..... B13**

## Deported Latin Americans Accuse U.S. of 'Humiliating' Treatment

BY JUAN FORERO

"The treatment was despotic, humiliating," said Juan Sebastian Alonso, 23 years old, as he wandered Bogota's El Dorado International Airport trying to decide what he was going to do next.

The Trump administration has made it a priority to follow through on deporting criminal and illegal migrants to their homeland, as quickly and in as many flights as possible.

Many of them said they were arrested shortly after crossing the border in recent days, after journeying hundreds of miles. They were bitter about having been expelled so quickly.

complaining of their treatment from U.S. authorities.

Mexico, Brazil, Guatemala and other countries have received deported migrants on U.S. military flights in recent days.

U.S. officials have said they are focusing their early efforts on migrants with criminal records. On Friday, President Trump said the deportations were "going very well."

"We're getting the bad, hard criminals out," Trump said. "These are murderers. These are people that have Please turn to page A2

## INSIDE



**PERSONAL JOURNAL**  
Star employees escape return-to-work mandates, stirring office tensions. **A9**



**SPORTS**  
Russell Westbrook is rescuing Denver—on one of basketball's lowest paychecks. **A12**

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## U.S. NEWS

# Tariffs Are Fed's Wild Card

A new trade war that fuels inflation would pose a policy puzzle for the central bank

By NICK TIMIRAO

A key question looms over the Federal Reserve as President Trump contemplates bolder uses for tariffs in his second term: How much would any price increases fuel expectations of higher inflation by the broader public?

The Fed is widely expected to hold its benchmark interest rate steady at its two-day meeting that concludes Wednesday, taking a pause after cutting short-term rates by a full percentage point at its last three meetings.

Since officials first cut rates in September, inflation has made uneven progress toward the central bank's 2% goal. The labor market, meanwhile, has expanded steadily, dousing fears of a sudden weakening that flared last summer.

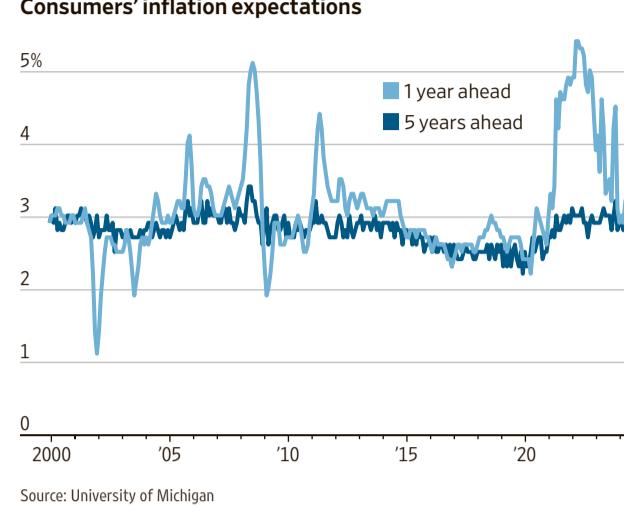
When or whether the Fed resumes cuts rests in large part on the outlook for inflation which, in turn, could be shaped this year by whether Trump follows through on threats to raise tariffs. Last week, Trump said he was considering whether to impose higher duties on imports from Canada and Mexico by this Saturday.

Tariffs remain a key wild card for the Fed's outlook because of concerns over how they could influence businesses' and consumers' expectations of future inflation.

## Cuts in last trade war

To be sure, the Fed ended up lowering rates in 2019 when Trump escalated a trade war the first time he was president. Fed Chair Jerome Powell and his colleagues feared the hit to business sentiment and investment from a trade war might swamp potential effects of higher prices from tariffs.

Those tariffs were rela-



tively small. To the extent they influenced economic activity, "they were not inflationary because that was not an inflationary period," said Steven Kamin, who at the time oversaw the Fed's international finance division and is now at the American Enterprise Institute.

The Fed is likely to react differently this time around after any tariff increases take effect because the U.S. has just been through a period of great inflation.

"Price setters and price payers are much more attuned to price pressures than they were back in 2018," said Kamin. He said he expects the Fed "to indeed lean against tariff hikes much more in this round than the last" by holding interest rates higher than they would otherwise if tariff increases are enacted.

Because the Fed hardly ever changes interest rates based on policy outcomes that haven't happened, the Fed is unlikely to react until tariff increases materialize, Kamin said.

Fed officials closely monitor inflation expectations, captured from both consumer surveys and market-based measures, because "if people expect inflation to be higher, they will respond and react differently, in a way that will drive more inflation," said Cleveland Fed President Beth Hammack in an interview this month.

For example, if landlords expect their costs to go up in the future, they will raise rents to get ahead of cost increases. Workers will negotiate for higher raises.

## Consumers on spree

A survey of consumers by the University of Michigan released last week showed inflation expectations have edged up since November's election. Researchers who conducted the survey said consumers continued to spontaneously express that they were buying cars and other durable goods now to avoid future price increases.

Investors' expectations of inflation one and two years ahead have ticked up over the past few months, even though longer-run expectations are little changed, according to measures such as the two-year inflation break-even rate.

The last time Trump was president and imposed tariffs on trading partners, expectations of future inflation were low and firmly anchored—or set in dry cement. The public had little experience with inflation, and that made businesses more hesitant to pass along price increases from tariffs.

"They didn't know how much business they would be losing" if they raised prices, said Hammack.

Scott Bessent, who was confirmed Monday as Trump's Treasury secretary, played down the prospects of higher consumer prices from tariffs at his confirmation hearing earlier this month. He said the dollar could strengthen against foreign currencies, offsetting part of the increased cost to U.S. importers, while foreign manufacturers could cut prices and consumers could shift their purchases to avoid any remaining cost increase.

The centrality of expectations in the Fed's view of the inflation-generating process means that how tariff increases are implemented could matter for how officials set interest rates.

In 2018, Kamin and other Fed economists modeled the impact of a tariff increase and concluded the central bank could look through—or not react to—higher inflation readings so long as two conditions held: Households and businesses expected inflation to stay low, and the price increases flowed through the economy quickly.

"If you did them all at once and never did them again, they would just be a one-time jump in the price level. You'd see a spike in inflation and then it would kind of go away," said Fed governor Christopher Waller during a question-and-answer session at a conference in Europe earlier this month.

But if tariff increases are applied at different times to different countries and on varying goods, it could be harder for the Fed to tease out whether prices are rising because of tariffs or whether broader macroeconomic forces were responsible.

"Will it be a 'one-and-done' or will it be two years of a sequence of tariffs in many different sectors of the economy?" St. Louis Fed President Alberto Musalem said in an interview this month. "If it's over two years, incrementally, every month or every two months, it gets harder to parse out."

## Deportees Complain of Treatment

*Continued from Page One*  
been as bad as you can get, as bad as anybody you've seen. We're taking them out first."

The Colombians who were deported on Tuesday, though, had no history of criminal activities, the Colombian government said.

"It's important to point out that they have no outstanding issues with the justice system, neither in Colombia nor in the United States," Colombian Foreign Minister Luis Gilberto Murillo said. "They are not criminals. This information has been verified and confirmed by the relevant authorities."

In all, 201 Colombians—108 of them men, 77 women and 16 children—arrived on Tuesday.

The migrants said they believed all of those who had come aboard the flights had spent only days in the U.S., having been detained upon entering from Mexico.

Deporting migrants who were recently caught at the border is easier for U.S. officials because they can fast-track their expulsion without holding hearings to delay the operations.

Alonso said he had arrived in California on Jan. 15, crossing over from Tijuana, Mexico, and turned himself over to U.S. Customs and Border Protection agents, hoping he could apply for asylum and begin working in the U.S. while his case was decided. He was quickly put in detention.

"They made us take off everything," he said. "They only let us keep the clothes we had on, even though they knew there was air conditioning inside and it was extremely cold. They insulted us."

He and Luis Gualdrón, 61, who entered the U.S. on Jan. 17 and was deported on the same Colombian flight with Alonso, said the authorities let them keep the clothes they wore but took everything else—save their cellphones,



Colombian migrants deported from the U.S. arrived at Bogotá's airport on Tuesday.

which they got back upon being expelled from the U.S.

"They treated us very badly," Gualdrón said. "They took our jackets, the jackets we had on, they threw our clothes away."

In a brief interview with a British news reporter, Trump's border czar, Tom Homan, denied migrants were being mistreated.

"That's a bunch of crap," Homan said. "Our detention standards are higher than any state or local facility in the nation, in the world."

He said federal officials would investigate complaints. "But we're going to enforce the law. And we're not going to apologize for doing it."

The Trump administration's plan to deport migrants to Colombia ran headfirst into trouble on Sunday when Colombian President Gustavo Petro barred two U.S. military planes loaded with deported Colombians, although his government had offered written approval for the landings.

Petro conceded late Sunday after President Trump on his Truth Social account threatened tariffs of 25% against Colombian imports.

Alonso and Gualdrón were on the Sunday flight aboard a U.S. C-17 transport plane that had been scheduled to land and then turned back when

Petro issued a missive on X saying the "U.S. cannot treat Colombian migrants like criminals."

"We were very chained up, like prisoners," Gualdrón said.

He said he was upset that U.S. officials used metal handcuffs. Immigration officials have said handcuffing deported migrants is longstanding policy to prevent outbursts on planes.

The deportation of Colombians—as well as migrants from other countries who entered the U.S. illegally, committed crimes or were residing illegally—has been going on for years. Tom Cartwright, director of Witness at the Border, a U.S. immigration-advocacy group, said there were 475 flights carrying deported Colombians from 2020 through 2024, covering the last year of the first Trump term and the Biden administration.

The Trump administration hopes to step up the pace. Over the weekend, senior ICE officials told the rank and file that each of the agency's offices now would be responsible for hitting a target of 75 arrests a day, or roughly 1,000-1,500 a day across the country, The Wall Street Journal reported, citing people familiar with the matter.

Among those irritated in Latin America about the operations were officials from President Luiz Inácio Lula da Silva's government in Brazil.

In Colombia, among the passengers who arrived in Bogotá on Tuesday aboard the Colombian government planes was Jaime Valdiris, who said he had entered the U.S. from the southern border after having flown to Mexico, like most Colombian migrants. He said he wanted a better future for his family.

"But I was surprised to find out that they weren't letting anyone get in," he said. "I also wasn't expecting to be mistreated."

He said the security officials at the detention center where he was held called him a criminal. "You've heard that Trump doesn't want any Colombian here," Valdiris said, recounting what he said he heard.

For now, he says he is headed back to Barranquilla on Colombia's northern coast, where he once worked in food delivery.

Others, though, sounded like they would try to go back to the U.S. again.

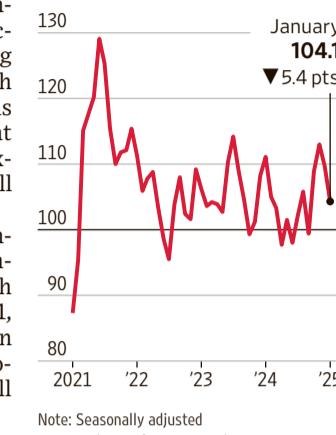
"I'd think about it," Alonso said. "It would just depend."

—Jenny Carolina Gonzalez and Samantha Pearson contributed to this article.

# Consumer Confidence Retreats Again

By ED FRANKL

## Conference Board consumer confidence index



in sentiment was led by consumers under 55; those above age 55 registered a small uptick in confidence, according to the data.

The result shows consumers cautious about their future situation at the start of the new Trump administration. The cutoff date for the survey was Jan. 20, the date of Trump's inauguration.

Ahead of the Federal Reserve meeting this week, average year-ahead inflation expectations increased to 5.3% in January from 5.1% in December, according to the survey.

Still, consumers notably remained bullish about the stock market, though slightly less than at the end of 2024. More than half of consumers expected stock prices to increase over the year ahead, Peterson said.

## U.S. Home Prices Saw Gains Accelerate Toward End of 2024

By ED FRANKL

close, so the November data are based on purchase decisions made earlier in 2024.

New York again reported the highest annual gain among the 20 cities surveyed, with a 7.3% increase in November, followed by Chicago and Washington, D.C., with annual increases of 6.2% and 5.9% respectively, S&P said.

Tampa, Fla., posted the lowest return, falling 0.4%, the first annual drop for any market in more than a year in once-hot Florida, Luke noted.

"With New York leading the nation for the seventh consecutive month and U.S. banks reporting strong fourth-quarter earnings, this could set the Big Apple up as we close out the year," Luke added.

However, mortgage rates have more recently risen, which could hit the housing market in the coming months, reaching 7% earlier in January for the first time since the middle of last year, according to a survey of lenders by Freddie Mac.

## CORRECTIONS & AMPLIFICATIONS

**China Vanke warned** of a multibillion-dollar loss. In some editions Tuesday, a Business & Finance article about the property company incorrectly said in one instance that it reported a multibillion-

dollar loss.

**A 1965 photo** of young Bill Gates with his family that accompanied an essay in Saturday's Review section was incorrectly captioned as 1956.

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

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## Trump Restricts Trans Treatment For Youths

BY LAURA KUSISTO

President Trump signed an executive order Tuesday that would restrict access to treatments, including puberty blockers and hormones, for transgender children and teens.

Trump is directing federal agencies to take steps to withhold funding to institutions that provide common gender therapies to anyone under the age of 19 and exclude such treatments from health-insurance coverage for members of the military and their families.

It also directs the Department of Health and Human Services to take whatever steps it can to restrict access to such care, including potentially by withholding Medicare and Medicaid funds.

The order stretches the limits of Trump's ability to deliver on his promise to roll back the expansion of transgender rights that has happened in recent years. The regulation of medical care is mostly in the purview of the states, about half of which have already heavily restricted access to gender therapies for minors.

The executive order said the government has an obligation to protect young people from therapies that it says can have life-altering consequences.

"Countless children soon regret that they have been mutilated and begin to grasp the horrifying tragedy that they will never be able to conceive children of their own or nurture their children through breast-feeding," the order says.

Advocates for transgender rights and major U.S. medical associations say that such treatments protect transgender youth from harm, including depression and suicide, that can stem from leaving their conditions untreated.

The treatments targeted under Tuesday's order span from pediatric-approved hormone treatments and puberty blockers to surgeries that aren't usually performed on minors.

The executive order "defies science and facts, and threatens access to essential healthcare," said Alexis McGill Johnson, president of Planned Parenthood Federation of America.

Trump also this week signed an executive order that would make it effectively impossible for openly transgender people to serve in the military. Transgender service members challenged that order in federal court Tuesday.

*—Mariah Timms contributed to this article.*

# Buyouts Offered to Federal Workers

Eight months of pay is held out for those now working from home if they resign

BY NATALIE ANDREWS  
AND MERIDITH McGRAW

WASHINGTON—The White House gave federal workers a choice: Return to the office full-time or resign and get paid for the next eight months.

In a Tuesday night email, the Office of Personnel Management told federal workers they have until Feb. 6 to decide how to proceed. If they step down, they will continue to receive all pay and benefits and will be exempt from in-person work re-

quirements until Sept. 30.

But the Trump administration made clear that even those government employees who stay on could still eventually lose their jobs as the president works to downsize the federal government.

"At this time, we cannot give you full assurance regarding the certainty of your position or agency but should your position be eliminated you will be treated with dignity and will be afforded the protections in place for such positions," the email says. The White House said it is considering relocating some government offices and downsizing agencies through restructuring, furloughs and reclassifying employees so they have

fewer job protections.

White House officials esti-

mated that the in-office require-

ment will prompt 5% to 10% of

federal employees to quit, and

they said it could lead to \$100

billion in savings annually.

Sen. Tim Kaine, a Virginia

Democrat, cautioned against

taking the offer, saying that

Trump could renege on the plan.

"If you accept that offer and resign, he'll stiff you just like he stiffed the contractors," he said on the Senate floor, referencing people who have accused the Trump Organization of hiring them and not paying. "He doesn't have any authority to do this. Do not be fooled by this guy."

A recent Pew Research sur-

vey found the federal govern-

ment employed just over 2.4 million people, when the military and Postal Service are ex-

cluded.

The program, which the White House calls "deferred resignation," will be available to all full-time federal employees except for military personnel, the U.S. Postal Service, and positions related to immigration enforcement and national security, according to the administration.

To step down, employees need to send an email to a human-resources address and put "resign" in the subject line, according to OPM's instruc-

tions. "If they don't want to work in the office and contribute to making America great again, then they are free

to choose a different line of work, and the Trump adminis-

tration will provide a very gen-

erous payout of eight months,"

said White House press secre-

tary Karoline Leavitt.

Officials at the State De-

partment, the U.S. Agency for

International Development and

others were unclear if the ex-

emption for national security

staff applied to them. The

email wasn't specific and left

hundreds of diplomats and aid

workers wondering if they

could take the severance offer.

"It's so confusing," a State

Department official said.

Most of federal employees

are already working in the of-

fice at least some of the time,

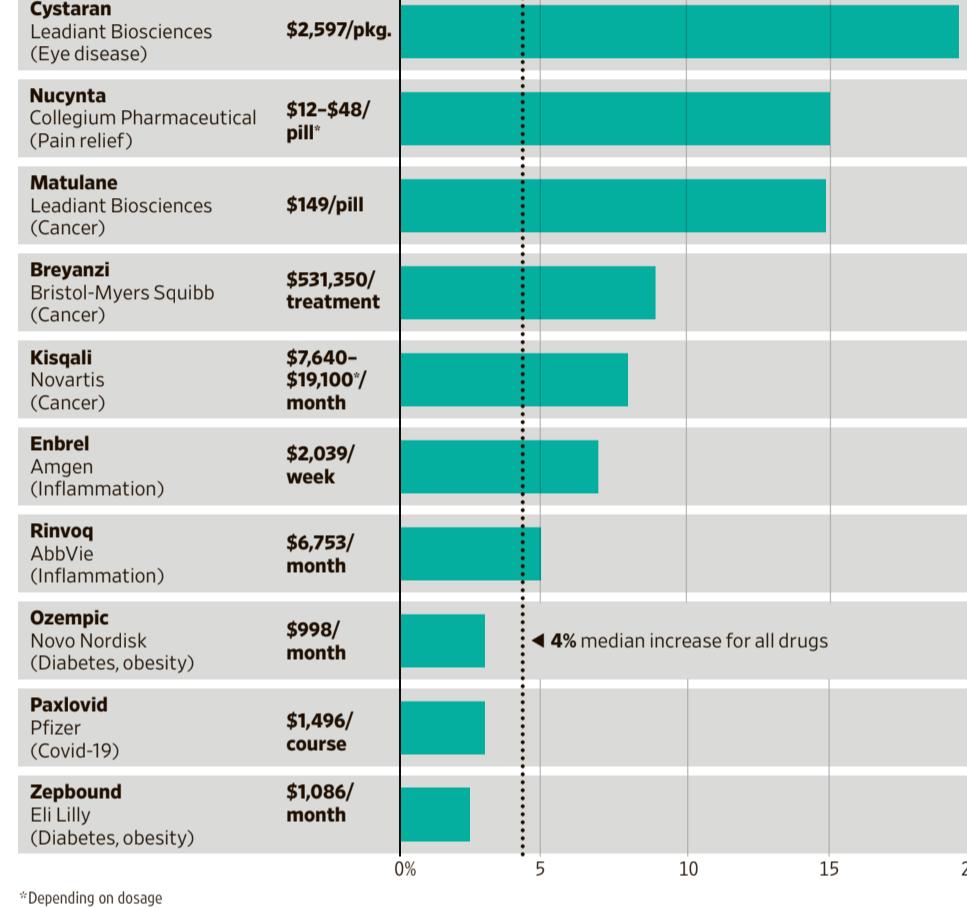
according to the nonpartisan

Partnership for Public Service.

## Prescription-Price Increases Slow a Little

BY JARED S. HOPKINS

Price increases taken in January 2025 for select drugs



industry's goals: dialing back a large and costly hospital drug-discount program and the use of price rebates by middlemen known as pharmacy-benefit managers, which negotiate the discounts for employers, unions and other organizations.

Companies also want to change a provision in federal law stipulating when Medicare can negotiate the price it pays for pills.

The chief executives of Pfizer, Eli Lilly and an industry trade group dined last month with Trump at his Mar-a-Lago club in Florida. "There's more common ground than perhaps meets the eye," said Steve Ubl, chief executive of the trade group, Pharmaceutical Research and Manufacturers of America. The role of pharmacy-benefit managers and other matters "are ripe for action," he said.

Also encouraging more moderate increases is a provision in the Inflation Reduction Act, which requires companies pay a rebate if they boost a drug's price by more than the rate of inflation. Instead, drugmakers have launched medicines at higher list prices than in the past, Conti said.

United Therapeutics raised prices on three medicines, including pediatric cancer drug Unituxin by 9.9% to \$19,047 a vial. The drug's price has risen more than 80% since 2016.

The company's price increases were largely driven by higher costs of doing business because of inflation and developing drugs for more uses and wouldn't affect patient access, a United Therapeutics spokesman said.

Pfizer took the most total increases, raising prices on more than 60 medications, most of which are used in a hospital and injected. The company made sure to keep its overall average price increases below the rate of inflation, a spokeswoman said.

patients could pay a larger deductible, monthly copay or other out-pocket cost because the list price of a prescription went up.

Amgen said its list prices didn't reflect the rebates it provides, and the average prices of its medicines after rebates was declining. A Roche spokesman said costs could vary based on a patient's weight and dosage. He added that even after the price increase, Hemlibra's price remains lower than other preventive hemophilia treatments.

Companies generally said they raised prices to help fund

the cost of drug development and to pay for the rebates negotiated with firms that manage drug benefits.

Drugmakers usually raise

prices every year, often in Janu-

ary, with companies this year

calculating the increases even as

they seek to get on the good

side of Trump and the new ad-

ministration.

Trump has promoted the

powers of medicines, such as

the antiviral from biotech Re-

generon Pharmaceuticals that

helped him overcome Covid-19.

Yet he has also lambasted high

drug costs, which his first ad-

ministration pushed to reduce.

By exercising price restraint this year, drugmakers can steer clear of Trump's criticism while pursuing his support for their initiatives.

"People really can't tell whether Trump and the adminis-

tration are going to move for-

ward with looking at drug pric-

ing again," said Rena Conti, an

associate professor of markets,

public policy and law at Boston

University's Questrom School of

Business.

Among the pharmaceutical

companies, Pfizer has the largest

list price increases, followed by

Roche and Amgen.

Amgen's list price increases

were the largest in 2024, fol-

lowed by Novartis and Eli Lilly.

United Therapeutics' list price

increases were the second lar-

gest in 2024, followed by Bristol-

Myers Squibb and AbbVie.

Novartis' list price increases

were the third largest in 2024,

followed by Pfizer and Eli Lilly.

Eli Lilly's list price increases

were the fourth largest in 2024,

followed by Novartis and Bristol-

Myers Squibb.

AbbVie's list price increases

were the fifth largest in 2024,

followed by Novartis and Eli Lilly.

United Therapeutics' list price

increases were the sixth lar-

gest in 2024, followed by Novartis

and Eli Lilly.

Novartis' list price increases

were the seventh largest in 2024,

followed by Eli Lilly and Novartis.

Eli Lilly's list price increases

were the eighth largest in 2024,

followed by Novartis and Eli Lilly.

Novartis' list price increases

were the ninth largest in 2024,

followed by Eli Lilly and Novartis.

Eli Lilly's list price increases

were the tenth largest in 2024,

followed by Novartis and Eli Lilly.

Novartis' list price increases

were the eleventh largest in 2024,

followed by Eli Lilly and Novartis.

Eli Lilly's list price increases

were the twelfth largest in 2024,

followed by Novartis and Eli Lilly.

Novartis' list price increases

were the thirteenth largest in 2024,

followed by Eli Lilly and Novartis.

## U.S. NEWS

# DeepSeek Pressures Trump to Act on AI

**Chinese advance fuels debate over export controls and testing standards**

President Trump has a new task at the top of his rapid-fire agenda: confronting China's artificial-intelligence prowess.

By Amrit Ramkumar, Dustin Volz and Heather Somerville

**DeepSeek** said it achieved artificial-intelligence results on par with the best U.S. models at lower cost and without top-performing chips, an advance that would tilt the global tech race despite the Biden administration's export controls on semiconductors.

The model, RI, ignited debate about whether Trump should maintain or tighten strict export restrictions that companies including U.S. giant **Nvidia** opposed. It created urgency for his administration to assess the future of an AI standards-setting group within the Commerce Department and billions of dollars in grants for making semiconductors in the U.S.

"Hopefully, the release of DeepSeek AI from a Chinese company should be a wake-up call for our industries that we need to be laser-focused on competing to win, because we have the greatest scientists in the world," Trump told House Republicans in Miami on Monday.

Rep. Don Beyer (D., Va.), member of a bipartisan AI task force, said he hopes Trump and Republicans who see the AI race as a U.S.-China competition will make it a priority. Beyer has co-sponsored bills tied to AI standards and research that haven't advanced in Congress.

"It's a stark wake-up call," he said.

Trump last week signed an executive order directing his team to create an AI action plan focused on the sector and revoking former President Joe Biden's executive order.

Under asking companies to tell the government when developing powerful models. Trump's order didn't say what will happen to the AI Safety Institute, which works with companies on model testing and standard setting.

"Companies need clarity as soon as possible," said Rep. Jay Obernolte (R., Calif.), chairman of the House AI

the AI race. The U.S. was seen as having a big lead over other countries until late last year, when DeepSeek and other companies began releasing impressive models.

The results have shown how developers find workarounds to not having top U.S. chips through software engineering to process data more efficiently or getting their hands on the semiconductors they need anyway.

"The piecemeal and half-in, half-out approach to export controls is a failure," said Dmitri Alperovitch, co-founder of the Silverado Policy Accelerator think tank.

Alperovitch, who wrote a book on the U.S.-China security relationship that focuses in part on AI technology competition, said DeepSeek couldn't have trained its model without Nvidia chips acquired on the black market and less powerful chips that the U.S. permitted for export to China until 2023.

But DeepSeek's breakthrough was also accomplished by Chinese government mandates and state funding for the country's technology ambitions, an advantage that U.S. policies fail to adequately address, said Anna Puglisi, an expert in U.S.-China technology competition at the Hoover Institution, a think tank.

"This is a great example of how China doesn't have to do it the way we do it," Puglisi said.

Senior U.S. intelligence officials have warned for years that China and

other adversaries are racing to develop and deploy AI systems to support—and in some cases supplant—their existing military and intelligence objectives.

U.S. intelligence officials grew alarmed during the Biden administration about Beijing's efforts to steal U.S. AI secrets through espionage, in-



Above, President Trump appeared last week at the White House with, from left, SoftBank CEO Masayoshi Son, Oracle Chairman Larry Ellison, and Open AI CEO Sam Altman. Rep. Don Beyer, below, has co-sponsored bills tied to AI standards and research.



## Chinese Firm Used Creativity

*Continued from Page One*  
China's access to the best chips for AI.

DeepSeek's leader, Liang Wenfeng, built his company in the tech hub of Hangzhou, the same city where tech giant Alibaba is based. The AI company grew out of a hedge fund co-founded by Liang that uses AI to find profitable trades in financial markets.

In an interview with a Chinese publication in 2023, Liang said most technical positions were filled by fresh graduates or people with one or two years of experience.

Experience, he said, was a potential obstacle. "When doing something, experienced people will tell you without hesitation that you should do it this way, but inexperienced people will have to repeatedly explore and think seriously about how to do it, and then find a solution that suits the current actual situation," Liang said.

What they came up with is now being studied by Silicon Valley's best and brightest.

Until recently, the pioneering AI models that lie behind programs such as OpenAI's ChatGPT were trained on a vast compilation of text, images and other data. They employed specialized algorithms to find patterns that a chatbot could use to hold a conversation.

DeepSeek's tactic was to cut down on the data processing needed to train the models, using some inventions of its own and techniques adopted by similarly constrained Chinese AI companies.

Imagine the earlier versions of ChatGPT as a librarian who has read all the books in the library, said Lennart Heim, who researches AI at the think tank Rand. When asked a question, it gives an



The DeepSeek app was seen on a cellphone in Beijing earlier this week.

Task Force, who said he has been talking to White House AI and crypto czar David Sacks and other members of Trump's team.

Trump's executive order signaled his commitment to U.S. dominance in the industry, said Victoria LaCivita, spokeswoman for the White House Office of Science and Technology Policy.

Trump has said he wants to support companies by removing regulations and boosting energy production to make it easier for companies to build data centers for training AI, such as a mammoth \$500 billion plan from ChatGPT maker **OpenAI**, tech investor **SoftBank** and database company **Oracle**.

The Biden administration aimed to use export controls, federal standards and subsidies for chipmaking to win

including hacking. China has denied hacking U.S. firms or stealing intellectual property.

The Federal Bureau of Investigation has placed AI on a list of critical U.S. technologies. But the rise of DeepSeek suggests rapid advances in AI can circumvent American know-how.

Some policymakers say the biggest threat from China is that its AI models are censored, and that when they are cheap and widely available,

the world could adopt AI that strategically omits information.

DeepSeek omits the dark side of the Chinese Communist Party's history, such as its oppression of minorities, said Rep. John Moolenaar (R., Mich.), chairman of the House Select Committee on the CCP.

"We must work to swiftly place stronger export controls on technologies critical to DeepSeek's AI infrastructure."

Hype around DeepSeek has been amplified by social-media accounts affiliated with the party, said Matthew Johnson, a China expert at the Jamestown Foundation, a national-security research group.

"All of this techno wizardry is cool, but it is becoming a key narrative in the party's external efforts to make China look like it's the country of the future," Johnson said.



answer based on the many books it has read.

This process is time-consuming and expensive. It takes electricity-hungry computer chips to read those books.

DeepSeek took another approach. Its librarian hasn't read all the books but is trained to hunt out the right book for the answer after it is asked a question.

Layered on top of that is another technique, called "mixture of experts."

Rather than trying to find a librarian who can master questions on any topic, DeepSeek and some other AI developers do something akin to delegating questions to a roster of experts in specific fields, such as fiction, periodicals and cooking. Each expert needs less training, easing the demand on chips to do everything at once.

DeepSeek's approach re-

quires less time and power before the question is asked, but uses more time and power while answering. All things considered, Heim said, DeepSeek's shortcuts help it train

AI at a fraction of the cost of competing models.

"Engineering is about constraints," former Intel Chief Executive Pat Gelsinger wrote on X. "The Chinese engineers

had limited resources, and they had to find creative solutions."

Ingenuity explains only part of DeepSeek's success.

The other part is the rocky introduction of U.S. export controls, which gave DeepSeek a window to buy powerful American chips.

The Biden administration in 2022 put in place controls on chips exported to China. U.S. companies that wanted to sell to China first needed to throttle a chip function called interconnect bandwidth, which refers to the speed at which data is transferred.

In response, Nvidia, the world's leading designer of AI chips, came up with a new

product for China that complied with this parameter—but compensated for it by maintaining high performance in other ways. That resulted in a chip that some analysts said was almost as powerful as Nvidia's best chip at the time.

U.S. officials vented publicly and privately that while Nvidia didn't break the law, it broke the spirit of it. The government had hoped that industry leaders would be collaborative in designing effective export controls on fast-changing technology, said a former senior Biden administration official.

An Nvidia spokesman said Monday that "DeepSeek is an excellent AI advancement" that demonstrated an innovative AI technique while using computing power "that is fully export-control compliant."

A year after the initial controls, the government tightened the rules. Still, that left an opening of about a year for DeepSeek to buy Nvidia's powerful China-market chip, called the H800. In a research paper published in December, DeepSeek said it used 2,048 of these chips to train one of its AI models.

Since the rules were revised in 2023, Nvidia designed a new export-control-compliant chip for China that is significantly less powerful than the H800.

Some U.S. AI industry leaders are skeptical that DeepSeek has revealed all of its secrets. They said Chinese researchers could have stockpiled leading-edge Nvidia chips before the U.S. restrictions, or used workarounds such as accessing

Nvidia-enabled computing power from countries outside the U.S. and China. The Biden administration in its final days implemented new rules to address such blind spots.

DeepSeek didn't respond to requests for comment.



Experience was a potential obstacle, said DeepSeek's Liang Wenfeng.

## U.S. NEWS

# DeepSeek Chief's Path to AI Disruptor

BY GREGORY ZUCKERMAN  
AND RAFFAELE HUANG

Some call him China's Sam Altman.

Others compare him to Jim Simons, the pioneer of quantitative investing.

Liang Wenfeng shares a lot with both innovators, and his impact might end up being as great.

Artificial-intelligence models from China's DeepSeek, the company led by Liang, have taken the world by surprise, racing to the global top 10 in both performance and popularity. The company has done it with less-advanced chips than those available in the U.S., jolting technology executives in Silicon Valley, politicians in Washington and investors around the globe.

Like Simons, Liang is a math geek who caught the investing bug. He realized that computerized analysis of reams of market data could detect hidden patterns—and open the path to profit. His hedge fund, called High-Flyer, manages some \$8 billion, making it one of China's largest quantitative funds.

Colleagues say Liang isn't one for the trappings of wealth or fame—but he did once say he wanted the respect of the U.S.-led technology world.

It is safe to say he has it now.

Born in 1985, Liang grew up in Zhejiang, one of the port cities on the southern Chinese coast that have traded with the world for centuries. He

was a straight-A student in school and began studying calculus on his own in junior high school before going on to China's prestigious Zhejiang University.

As a student, Liang started writing AI algorithms to pick stocks. In 2013, a few years after graduation, he started Jacobi, an investment firm named after German mathematician Carl Jacobi. In 2015, he founded High-Flyer with two college friends.

It was a pioneer in China in applying newer AI techniques so computers could absorb many types of data—not just market prices—and tease out significant patterns.

Unlike high-frequency traders, who try to get a jump of a few milliseconds on others, Liang and his colleagues have focused on medium-frequency trading where positions can be held longer.

Liang drew inspiration from Simons, a mathematician and pioneer in quantitative finance who founded the Long Island hedge fund Renaissance Technologies and was using machine-learning techniques in the 1980s.

Liang wrote the introduction to the Chinese version of "The Man Who Solved the Market," a book about Simons and his team. "Whenever I encounter difficulties at work, I recall Simons's words: 'There must be a way to model prices,'" Liang wrote.

Over the past five years, at least five funds High-Flyer managed produced average excess returns of more than 20%



Liang Wenfeng in an image from a Chinese TV broadcast.

compared with market benchmarks, according to financial data provider Simu Paipaiwang.

There have been bumpy patches, too. In 2021, High-Flyer apologized to its investors for poor

performance, saying it misread which sectors of the market would perform well. Another rough spot occurred last year when China's financial regulator clamped down on quants, accusing them of herd behavior that exacerbated volatility.

Richard Dewey, a technology executive and former hedge-fund manager, said DeepSeek's AI development strategy of doing more with less—a smaller team, less money and fewer chips—re-

minded him of quant traders.

"They seem to have focused on wringing a lot of signal out of a relatively small amount of data, which is similar in spirit to what's required in quantitative trading," Dewey said.

Like some other quants, Liang prefers to be thought of as an engineer rather than a trader, according to people close to him. DeepSeek didn't respond to requests for comment.

People familiar with High-Flyer describe Liang as a hands-on leader who refined algorithms to make them smarter in picking stocks and hedging risks, sometimes sleeping in the office with colleagues as they rushed to get projects done. He has described the move into AI models as a

frenzy overnight, they said.

Colleagues said Liang fit the typical profile of a Chinese engineer. He doesn't put much thought into clothes and hairstyle, makes decisions by applying formulas and calculations, and loves soccer, they said. Liang has been keeping a low profile and was surprised to see DeepSeek turn into a

phenomenon, they said.

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Liang Wenfeng, in an interview last year with tech publication 36Kr

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## U.S. NEWS

# White House Tries to Flip Budget Script

Some advisers think they need to wrest parts of the process away from Congress

BY DAMIAN PALETTA

**WASHINGTON**—A White House freeze on potentially trillions of dollars in government “financial assistance” was set to go into effect at 5 p.m. Tuesday. But the White House initially couldn’t explain which programs would be impacted, lawsuits were immediately filed, and a federal judge intervened.

Welcome to the Budget Chaos of 2025.

Some of President Trump’s top advisers think the U.S. budget process has become so distorted—allowing the budget to become so bloated—that they need to wrest parts of it from Congress’s control to make changes that are long overdue.

This is a tension that isn’t just playing out between Democrats and Republicans, but also inside each party, as the budget hawks often get outshouted—and outvoted—by big spenders in their respective parties.

## ‘Zero-based’ method

“What they are doing is what a lot of people do who are not in the government, which is zero-based budgeting,” said former Sen. Judd Gregg (R., N.H.), who at one time chaired the Senate Budget Committee. “You go back to the beginning and take a look at what you are spending money on, and then spend it. The way it usually works is, ‘Spend the money, spend it all, and then ask for more next year.’”

The exact number of affected programs was unclear Tuesday, and even White

House officials appeared uncertain at times what was in and what was out.

The U.S. government is projected to spend \$7 trillion in the fiscal year that ends Sept. 30, according to the Congressional Budget Office, running a roughly \$1.9 trillion deficit. In 2019, the last year before the pandemic, the government spent \$4.4 trillion. A number of factors play into the huge change, including big increases in spending categories such as interest on the debt, an aging population and rising Social Security, Medicare and Medicaid costs. But spending bills approved by both parties only allowed the budget to grow even more each year.

The government’s budget process is a hard one to arrest, which is one reason spending snowballs.

Early each year, the White House proposes a budget for the entire government, and Congress often ignores nearly all of that and starts its own process. Horse-trading begins. Whenever there is an impasse, Democrats and Republicans dig in, looking to run out the clock until Washington is on the eve of a government shutdown. Panic ensues, and then—almost every time, except when there is a government shutdown—a short-term spending deal is patched together, pushing off tough decisions.

Trump hasn’t traditionally been a fiscal firebrand. During his first term, he wanted big increases in military spending, but he needed Democratic votes to get that money. So he agreed to increase spending on other programs, such as housing and education, in exchange for the military cash.

In his second term, Trump and Republicans are looking to push through new tax cuts and border spending using a special budget process that allows them to pass the package with-



If this stands, then Congress may as well adjourn,’ said Sen. Angus King (I., Maine).

out Democratic help. Some GOP lawmakers also are pushing for deep spending cuts, but it isn’t clear if they will get traction. The signal Trump is sending now, though, is that he is willing to freeze money that Congress has already allocated if it doesn’t fit with the administration’s priorities.

“Career and political appointees in the Executive Branch have a duty to align Federal spending and action with the will of the American people as expressed through Presidential priorities,” Matthew J. Vaeth, acting director of Trump’s budget office, wrote to federal agencies Monday.

The White House probably will run into its own budget strains in the months ahead. Trump already is talking about new initiatives that could add to spending, such as an “Iron Dome” missile-defense shield around the U.S. and a manned mission to Mars.

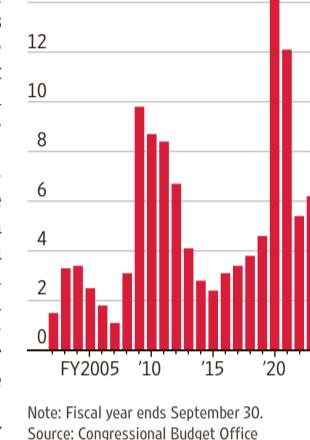
## Uncertain impact

The freeze might prove so disorganized and disruptive that it ends up setting back efforts to cut the budget later in the year.

“If this stands, then Congress may as well adjourn, because the implications of this is the executive can pick and choose which congressional enactments they will execute,” said Sen. Angus King (I., Maine).

A footnote in the White House memo exempts Social Security and Medicare from

## U.S. deficit as a percentage of GDP



Note: Fiscal year ends September 30.

Source: Congressional Budget Office

any cuts. That approach still leaves huge government programs, affecting millions of people, potentially exposed.

The White House sent Capitol Hill staff a memo Tuesday afternoon saying that programs such as Medicaid and the Head Start preschool program would continue without pause, and that pauses for other programs might be as short as a day. States were reporting Tuesday they were unable to tap federal Medicaid funds.

Sen. Chris Murphy (D., Conn.) said his state couldn’t access Head Start funds.

Such programs often are used as shields by defenders of government spending. The Vaeth memo says there was \$3 trillion in spending last year that he considers “Federal financial assistance, such as

grants and loans.” It is unclear where he came up with the sum. The memo also says the government spent \$10 trillion last year, which is at least \$3 trillion more than CBO says.

Still, the \$3 trillion identified by Vaeth is the pot of money that the White House wants to take a closer look at.

Gregg, the former senator, projected that there will be enormous political pressure on the White House to eventually back down and let the money start flowing again.

Americans appear torn.

In a January Wall Street Journal poll, most American voters (62%) said protecting funding for education, healthcare and social-safety-net programs was a bigger priority than reducing the national debt (34%).

## Legal challenges

Democrats say the money has been appropriated by Congress and then signed into law by former President Joe Biden, so it must be spent. The Trump administration’s view is much different. Officials note they are calling for a temporary pause in the money, not ending the programs—yet.

And, in directing the freeze, the memo directs agencies to act “to the extent permissible under applicable law.” That phrasing could have been a nod to their anticipation of the same legal challenges that swiftly postponed the enactment of the policy.

Whether they aligned with Trump’s agenda.

Aides on Capitol Hill said Republican lawmakers who write the annual spending bills weren’t given a heads-up about the unexpected OMB move.

Nonetheless, Rep. Rep. John R. (R., S.D.) said: “This shouldn’t surprise anybody. Donald Trump was talking about doing this throughout the campaign,” adding: “Listen, this guy wants to change how D.C. operates, and I think we need to work through this process to figure out what’s best.”

The OMB said the temporary freeze pertained to programs affected by Trump’s recent executive orders, “such as ending DEI,” or diversity, equity and inclusion programs, “the green new deal, and funding nongovernmental organizations that undermine the national interest.”

Other groups that rely on federal grants, like the Meals on Wheels program, which provides food to homebound individuals, said they were unsure Tuesday about the future of those funds.

“There’s real people that depend on these grants, and real people with real jobs, with missions, and I’ve heard from people in my district this morning asking me about it,” said Rep. Don Bacon (R., Neb.), who represents a competitive Omaha-area district. “All I could say right now, I hope it’s short-lived.”

The OMB memo said that the federal government spent more than \$3 trillion on federal assistance, such as grants and loans, out of nearly \$10 trillion spent in the fiscal year 2024.

The memo didn’t say where those figures came from. For the current fiscal year, which ends Sept. 30, the government is expected to spend about \$7 trillion, according to the nonpartisan Congressional Budget Office.

Early Tuesday, the OMB sent a separate directive reviewed by The Wall Street Journal notifying federal agencies that they were required to fill out an attached spreadsheet answering a series of questions about programs that might require funding and

# New Memo Reverses Near-Full Stop of Foreign Aid

By MICHAEL R. GORDON AND ALEXANDER WARD

The Trump administration pulled back from its order to pause nearly all foreign aid, and will now exempt “core life saving programs” that involve medicine, medical services, food and shelter, according to a Tuesday memo from Secretary of State Marco Rubio.

A Jan. 24 State Department directive had called for a broad suspension of foreign assistance while the agency carried out a three-month review of aid programs.

That suspension spurred alarm and confusion among humanitarian organizations that the step would disrupt the distribution of vaccines, food and other vital assistance in needy countries around the world.

## Flood of appeals

The original directive allowed U.S. officials and aid groups to seek waivers so that the programs could proceed without interruption. That produced a flood of appeals for exemptions, leaving unclear which might be granted and when.

While aid experts welcomed Tuesday’s memo, they noted that the State Department directive still pauses other programs unless specific waivers are granted.

“This waiver demonstrates the vital importance of continuing humanitarian assistance programs,” said Robert Nichols, an attorney for contractors and nongovernmental organizations. “But it should go further to exempt global de-mining, anti-terrorism cooperation, democracy building and other programs.”

State Department officials have yet to clarify whether the pause applies to the agency’s financing of weapons purchases for Taiwan and Ukraine.

Foreign military financing for Egypt and Israel was exempted in the directive last week, as was emergency food aid for foreign countries.

Rubio’s Tuesday memo says that the funding pause will continue for assistance that involves abortions, family-planning conferences, transgender surgeries and gender and diversity, equity and inclusion efforts.

## Trump agenda

The State Department has said that a broad review of foreign aid programs is needed to ensure that the assistance is used efficiently and is aligned with Trump’s “America First” agenda. The White House has also been wary of financial commitments abroad.

But the suspension instructed U.S. officials to issue stop-work orders to nongovernmental organizations and aid groups to preclude them from using U.S. funding they have already received.

Aid groups said those stop-work orders prevent them from distributing lifesaving supplies, such as early-childhood hood vaccines or bed nets to prevent malaria, that they have already purchased with U.S. money.

In Uganda, for example, where more than 1.4 million people are living with HIV, health authorities have raised the alarm that funding interruption would reverse years of steady gains.

Every administration entering office orders policy reviews, including on foreign aid, to get a sense of how much is spent, what the money is spent on and how effective the spending is. But the stop-work order for most foreign aid was unprecedented, halting assistance for counterterrorism training in Somalia and much more.

On Monday, U.S. Agency for International Development acting Administrator Jason Gray put dozens of agency officials on administrative leave, saying they were suspected of seeking to circumvent Trump’s orders.

# Judge Pauses Aid Freeze

Continued from Page One

temporary pause of the grants to give agencies time to review spending priorities.

The administration spent the day trying to contain the fallout from the late Monday order. The White House said the order wouldn’t affect individual assistance programs such as Social Security and Medicare benefits, food stamps and welfare benefits.

But because the Monday order gave few other clues as to what it covered or didn’t cover, government officials, lawmakers, nonprofits and others were left to parse through the two-page document—down to the footnotes—to try to understand which programs would be halted.

“This is not a blanket pause on federal assistance and grant programs from the Trump administration,” said White House press secretary Karoline Leavitt, who made her first appearance in the briefing room Tuesday. “It is the responsibility of this president and this administration to be good stewards of taxpayer dollars.”

Confusion was so widespread that the OMB sent Capitol Hill staff an explanation Tuesday afternoon seeking to make clear to lawmakers that programs such as Medicaid and the Head Start preschool program would continue without delay, and that pauses for other programs might be as short as a day.

But despite the White House assurances, multiple states said they had difficulty accessing funding portals from the federal government for Medicaid, the federal health insurance program for low-income people that provides coverage for nearly 1 in 4 individuals in the U.S., community health centers and other funding.

“Connecticut’s Medicaid payment system has been turned off. Doctors and hospi-



Sen. Chris Murphy (D., Conn.) joined other Senate Democrats to criticize the Trump White House’s funding freeze.

tals cannot get paid,” wrote Sen. Chris Murphy (D., Conn.) on X.

Massachusetts Attorney General Andrea Joy Campbell, a Democrat, said her state had tried to draw \$41 million in Medicaid funds Monday and hadn’t been able to obtain it yet.

Leavitt wrote on X Tuesday that the portals would be back online and that payments were still being processed and sent.

Lawmakers and others involved in Head Start said the freeze disrupted reimbursements for the federal program providing early childhood education to low-income children. It wasn’t clear if the federal aid freeze would affect the Women, Infants and Children supplemental nutrition program, known as WIC, which provides baby formula and healthy food to low-income mothers and young children.

Sen. Chris Murphy (D., Conn.) joined other Senate Democrats to criticize the Trump White House’s funding freeze.

“The country into chaos,” said Sen. Chuck Schumer of New York, the chamber’s Democratic leader. “This decision is lawless, it’s destructive, it’s dangerous, it’s cruel.”

A group of 23 state attorneys general, including those in New York and California, said they planned to file a lawsuit later Tuesday seeking to stop enforcement of the funding freeze, calling it unconstitutional.

The memo echoed the Project 2025 policy blueprint drawn up last year by conservative activists, which included a proposal calling for the Environmental Protection Agency to “institute a pause and review for all grants over a certain

threshold.”

And it was in line with recent arguments made by Russell Vought, a Project 2025 author and Trump’s nominee to lead the OMB, to confront “government waste.” Vought hasn’t yet been confirmed by the Senate, and Democrats said Tuesday that the process should be delayed so that Vought could answer their questions about the freeze.

Trump campaign officials discussed the pause as early as last year, a person familiar with the discussions said. And campaign staff and allied groups helped draft lists of specific grants they considered

“multiple states said they had difficulty accessing funding portals.”

“There’s real people that depend on these grants, and real people with real jobs, with missions, and I’ve heard from people in my district this morning asking me about it,” said Rep. Don Bacon (R., Neb.), who represents a competitive Omaha-area district. “All I could say right now, I hope it’s short-lived.”

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More than a week into his presidency, the move by President Trump represented his most audacious effort yet to disrupt the nation’s spending priorities, setting up a constitutional clash with Democrats who swiftly dubbed the freeze as illegal. Democratic lawmakers said the freeze violated Congress’s power of the purse and ability to ensure funding for priorities through the appropriations process.

President Trump plunged

whether they aligned with Trump’s agenda. One question, for example, asked if the program supports abortion “in any way.” The information requested information related to programs with funding or activities planned through March 15.

The OMB said it may allow the ability to provide exemptions “on a case-by-case basis,” adding to the confusion among states.

Dan Jacobson, a former OMB general counsel during the Biden administration, said the lack of clarity from the initial memo may have led agencies to go beyond what was intended.

“I assume that agency officials, because they’re afraid in the current environment of being perceived as running afoul of the president’s directives, will be overly cautious and err on the side of freezing funds if they’re unsure whether it’s covered by the directive,” Jacobson said.

State officials said they were particularly concerned about how the Monday order might affect Medicaid. That program covers about 80 million people, including an affiliated program for children.

“Even a ‘pause’ broadly applied will cause real, measurable and immediate harm to people,” said Kody Kinsley, a former North Carolina health secretary.

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## WORLD NEWS

# Trump Presses Palestinian Relocation Plan

President is pushing Egypt and Jordan to take in refugees. Arab states are opposed.

BY RORY JONES  
AND SUMMER SAID

President Trump repeated his proposal to relocate Palestinians from Gaza to Jordan and Egypt, expanding on a controversial idea that was rejected by the Arab states and would represent a significant shift in U.S. policy.

After first raising the idea over the weekend, Trump elaborated on it Monday, telling reporters on Air Force One that he wants to relocate Gaza residents to "an area where they can live without disruption and revolution and violence."

He again pushed Egypt and Jordan, which receive significant financial support from the U.S., to help with the plan. "We helped them a lot, and I'm sure he'd help us. He's a friend of mine," Trump said of Egyptian President Abdel Fattah Al Sisi. "I think the king of Jordan would do it too."

Egypt, Jordan, Hamas and the Palestinian Authority, which governs parts of the West Bank, have rejected the idea of relocating Palestinians. The Arab League, a group of 22 nations, said the proposal would only prolong the conflict.

Officials from Egypt, Jordan and Saudi Arabia are discussing holding an emergency meeting for Arab states to make public their opposition to the proposal and put pressure on Trump to change course, according to Arab officials familiar with the talks.

Trump said he would soon meet with Israeli Prime Minister Benjamin Netanyahu to discuss the conflict. Netanyahu's office said Trump extended an invitation for a Feb. 4 meeting at the White House.

The U.S. for decades has pushed for the establishment



Displaced Palestinians return to the sites of their homes in the northern Gaza Strip as part of a Hamas-Israeli cease-fire deal.

Palestinians began Monday moving back to the north of the strip, where many found their homes destroyed and neighborhoods unrecognizable.

Israel and Hamas, designated a terrorist organization by the U.S., are expected soon to start negotiating over a permanent end to the fighting, again under the mediation of the U.S., Egypt and Qatar. The U.S. wants to maintain a cease-fire between Israel and Lebanese militia Hezbollah after the two sides engaged in fighting as a consequence of the war in Gaza.

The war was sparked by the Hamas-led Oct. 7, 2023, attacks on Israel that left 1,200 dead. More than 47,000 Palestinians have been killed since the fighting began, say local health authorities, who don't say how many were combatants.

Trump's Middle East envoy, Steve Witkoff, who recently helped negotiate the temporary cease-fire between Israel and Hamas, is visiting Saudi Arabia this week, according to Arab officials, and is expected to meet with Netanyahu in Israel.

While Israel's far-right lawmakers have been pushing for what they call "voluntary migration" from Gaza, the Israeli government has promised to allow displaced Palestinians to return to their homes when the fighting ends. Netanyahu's office didn't respond to a request for comment Tuesday.

Foreign-policy veterans don't see the idea as viable but were reluctant to dismiss Trump entirely. "One has to take it seriously, since this is the president of the United States putting something on the table," said Hugh Lovatt, a senior policy fellow with the European Council on Foreign Relations. "But on the other hand, I think it's a bit of a nothing burger."

The objections from Egypt, Jordan, the Palestinians and Hamas make the idea difficult to pursue, he said. "Hamas is still very much the dominant power in Gaza," he added.

of a Palestinian state in the Gaza Strip and the West Bank that would exist alongside Israel. Trump put forward a similar plan in his first term.

The 15-month-old war in Gaza, however, appears to be scrambling long-held U.S. ideas about how to solve the Israeli-Palestinian conflict.

The war has displaced most of the Palestinian population of Gaza, reduced much of the enclave to rubble and raised questions about how it would be governed and rebuilt.

Trump, who is working to shape his Middle East agenda and end the war, said over the weekend he wants to "clean out" the enclave, and urged Amman and Cairo to take in refugees either temporarily or for the long term. The idea appears to have been floating around his team of Middle East advisers for some time. An unnamed transi-

tion official told NBC News this month that Indonesia could provide Gaza Palestinians a temporary home. Indonesia's Embassy in Washington didn't respond to a request for comment.

White House officials haven't spelled out the precise parameters of the idea, including how the more than two million Palestinians in the enclave could be relocated, and what their removal might mean for the prospects of a two-state solution between Israelis and Palestinians.

Softening the idea, Trump officials have suggested that Washington and its regional partners could provide guarantees that Palestinians eventually would be allowed to return to Gaza.

Early in the war, Egypt, Jordan and Saudi Arabia rejected the idea of accepting Palestinian refugees when the notion was floated publicly by

Israeli officials and in private conversations with U.S. officials, Arab officials said.

Both Egypt and Jordan fear that taking in a large number of Gazans would threaten their own security. Egyptian officials repeatedly have said militants among Palestinian refugees could launch attacks on Israel from inside the country, drawing Israeli retaliation.

More than half of Jordan's population is of Palestinian origin, including nearly 2.4 million registered as Palestinian refugees with the United Nations. A sharp increase in their numbers would risk upending the country's demographics and could spark instability.

"Egypt and Jordan are very much, on the one hand, dependent on the U.S., but also Israel's relationship with those countries is really vital," said Mairav Zonszein, a senior

Israel analyst for the International Crisis Group. "Putting them up against the wall like that, I don't think, is very good for regional stability."

The thought is particularly worrying for Gazans, who during the war feared they would be pushed permanently from their homes in a dislocation like those that followed conflicts between Arabs and Israelis in 1948 and 1967, when hundreds of thousands of Palestinians fled.

Trump's comments have come at a delicate moment in Gaza and wider Middle East diplomacy. Egypt and Qatar worked with the U.S. to coax Israel and Hamas toward a truce, and Arab states are awaiting a U.S. road map for securing an extension of the initial 42-day halt to the fighting that took effect Jan. 19.

As part of the agreement,

## WORLD WATCH



NORSE RACING: Members of the 'Jarl Squad' paraded in Britain's Shetland Islands on Tuesday as part of the Up Helly Aa festival celebrating the archipelago's Viking culture and heritage.

## CONGO

**Demonstrators Burn, Attack Embassies**

As Congolese security forces tried Tuesday to slow the advance of Rwanda-backed M23 rebels who say they have captured the eastern city of Goma, demonstrators calling for international condemnation of Rwanda looted and set fires to parts of at least nine foreign embassy buildings far off in Congo's capital, Kinshasa.

"We denounce the hypocrisy of the international community," said Timothée Tshishimbi, one of the protesters. "They must tell Rwanda to stop this adventure."

The attacks on embassies including those of Rwanda, France, Belgium, Kenya and Uganda, were condemned by their countries, as well as the Congolese government, which said it has reinforced security.

In the east, many people continued to flee into Rwanda, braving heavy rains and shoot-outs between the Congolese soldiers and the rebels.

"Congolese people are victims, but now they find themselves seeking refuge from the aggressor," said Christian Bahati, a Congolese teacher sheltering in the Rwandan town of Gisenyi.

—Associated Press

## SERBIA

**Protests Drive Out Prime Minister**

Prime Minister Miloš Vucic resigned Tuesday, seeking to calm tensions after weeks of anticorruption protests. The unrest followed the deaths of 15 people in the collapse of an overhang at a newly renovated train station, a failure that has become a flashpoint for dissatisfaction with Serbia's authoritarian rule and lack of transparency. The graft-plagued country has carried out a quick series of large infrastructure projects, mostly with Chinese companies.

"It is my appeal for everyone to calm down the passions and return to dialogue," Vucic said. Hours later, the mayor of Novi Sad, site of the collapse, also stepped down.

The protests have spread as citizens from all walks of life have thrown their support behind the student movement that has rattled the country's most powerful figure, President Aleksandar Vucic.

Vucic's resignation could lead to an early parliamentary election. The resignation must be confirmed by Serbia's parliament, which has 30 days to choose a new government or call a snap election.

—Associated Press

## ITALY

**Premier in Probe Over Repatriation**

Premier Giorgia Meloni said Tuesday that she and two government ministers are under investigation by Rome prosecutors for repatriating a Libyan warlord wanted by the International Criminal Court in The Hague.

Her government has been under fire from the opposition, human-rights groups and the ICC itself. Italy arrested Ossama Anjiem, also known as Ossama al-Masri, in Turin on Jan. 19, the day after the ICC's arrest warrant was issued. He was expelled on Jan. 21, after a court failed to confirm his arrest.

Meloni complained that before arriving in Italy al-Masri had spent some 12 days in three other European countries. She said the international arrest warrant wasn't transmitted to the Justice Ministry as required by law, "and for this reason the Appeals Court in Rome decided not to confirm the arrest." That left al-Masri free in Italy, so he was expelled for security reasons, she said.

The warrant accused al-Masri of committing war crimes and crimes against humanity in Libya's Mitiga prison.

—Associated Press



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## WORLD NEWS

# Syrian City Seeks Return From Ruins

Wrecked by ISIS and war, Palmyra is at peace and hoping to restore antiquities

BY YAROSLAV TROFIMOV

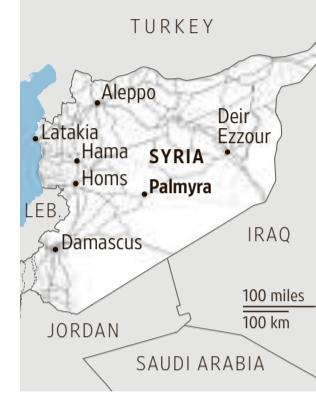
PALMYRA, Syria—Abdurahman Abu Hamza, a farmer from the Syrian city of Deir Ezzour, last visited the ancient ruins of Palmyra on a school trip as a child. Last week, he strolled with friends past the limestone Roman Theatre and the Great Colonnade, and raised his hand in a victory salute.

"It has always been a dream to return here," said Abu Hamza, one of the few visitors to Palmyra since December's downfall of the Syrian regime. "Now, even the stones have changed shape and color. They are breathing free once again."

One of the world's most important historical sites, Palmyra was badly damaged during the 14 years of Syria's war. It became by turns a symbol of Islamic State's barbarism, Russia's global power, and the Syrian regime's brutality as the conflict ebbed and flowed.

Now, it is finally at peace—and the city's returning residents once again dare to hope. "I have returned to rebuild," said Talib Moussa, a member of the city's new interim administration committee who came back to Palmyra in December after 12 years of internal exile in rebel-held parts of northern Syria.

Moussa said he started off by visiting the battered sites of the sprawling ancient city, which flourished thanks to its



position astride the Silk Road two millennia ago.

"Honestly, I shed more tears for the historical landmarks than for what used to be my own house," he said. "The destruction is massive. It's not easy to look at it."

On Dec. 7, Syrian rebels swept into the area as the regime of President Bashar al-Assad melted away. The Russians, Iranians and Iranian-backed militias fled, and the ancient city—for the first time since 2011—has become accessible to the public again.

The desert roads from Damascus and Homs, littered by remains of tanks and multiple-rocket launchers, are patrolled by fighters of the country's new interim administration led by rebels from the group Hayat Tahrir al-Sham. Islamic State, whose remnants still roam the Syrian desert, is nowhere to be seen, at least for now.

A trickle of Syrian visitors has resumed. For most, seeing Palmyra again, the level of devastation is hard to overcome.

"I'm in shock," said Khaled Katbi, who used to drive busloads of tourists to Palmyra



Islamic State in 2015 laid waste to the Great Colonnade in Palmyra, part of a pattern of destruction over more than a decade.

## A Devastated Temple 'Could All Be Catalogued'

In the coming months, Syria's new authorities will have to decide whether and how the monuments destroyed by Islamic State in Palmyra should be rebuilt. Perhaps the most important of them is the inner Temple of Bel, most of which was turned into a pile of column fragments and large rocks by Islamic

State's 2015 demolition. "It doesn't look pretty, but the rubble remains on the site, and with new technologies it could all be catalogued, and the temple building could eventually be reconstructed, obviously with some missing parts," said Davide Nadali, a professor with the antiquities department of the Sapi-

enza University of Rome who has worked extensively in Syria.

Palmyra's modern residential areas, once home to luxury hotels, restaurants and some 100,000 people, are even more devastated than the ancient sites, with street after street of twisted concrete, collapsed roofs and pockmarked ruins.

from Damascus and who returned last week for the first time since the war began. "The city was vibrant, and the roads were full of people from all over the world—Americans, Europeans—everyone wanted to visit. Now, it's just empty."

Mohammad Saleem, a 25-year-old who took his wife for a drive around the temples of Palmyra still stand. Most of the treasures of its museum—now containing dozens of statues defaced by militants—have been evacuated for safekeep-

ing at the National Museum in Damascus. Gunmen tried to breach the Damascus museum in the chaotic first hours after Assad's downfall, when regime soldiers abandoned their weapons in the streets and sporadic looting began, but never entered the premises.

"The police disappeared, and I was all alone here," said Mahmoud al-Khateeb, a museum veteran of 34 years who was guarding the entrance gate of the National Museum in Damascus at the time. He

extinguished a small fire that broke out under the stairs, and rebuffed anyone who tried to approach. "I stood firm," he said. "Nobody was able to enter or take anything."

Hayat Tahrir al-Sham restored order after entering Damascus hours later and since then appointed a new director of antiquities for Syria, an Italian-trained archaeologist and art restorer named Anas Haj Ziedan. He has set up an office inside the National Museum, which is once again open to regular visitors—including bearded fighters who marvel at Hellenistic statues and mosaics on display.

"We have so many projects for the future, for the near future and not for the distant future," Ziedan said. One of them, he said, is the resumption of the archaeological exploration and restoration of Palmyra, which has been a Unesco World Heritage site since 1980.

"We hope that all the foreign archaeological missions working in Syria get together with us, so we can discuss how they can return to work this year," he said.

## Pilgrims Stampede at Massive Festival in India



DANGEROUS CRUSH: Rescue personnel carried victims Wednesday after tens of thousands of Hindu devotees rushed to bathe in sacred river waters at the Maha Kumbh festival in Prayagraj. Several people were feared dead and many more injured.

**Panama Turns on Charm With U.S.**

Panama's conservative government is preparing a charm offensive to defuse tensions with the Trump administration over the Panama Canal, offering closer alignment to curb the flow of migrants and drugs to the U.S., while working to draw American investment to offset that of China.

By Kejal Vyas,  
Santiago Pérez and  
Vera Bergengruen

Top Panamanian diplomats met Tuesday with counterparts from the U.S. State Department in preparation for Secretary of State Marco Rubio's tour of Central America that begins with a stopover in Panama on Saturday.

Panama is an example of how countries in the Americas are scrambling to address President Trump's concerns over U.S. trade terms and China's presence in the region.

Panama is trying to avoid direct confrontation, while opening up negotiation channels. It is one of the few countries in the region that have the U.S. and not China as their top trading and investment partner.

Tuesday's bilateral meeting was the first encounter be-

tween both governments since Trump said the U.S. would seek to take back control of the canal by force if necessary. He said China's presence in Panama is a national-security threat for the U.S.

President José Raúl Mulino, a pro-business politician who took office in mid-2024, has said the interoceanic waterway will remain under Panama's control.

A senior Panamanian official familiar with the discussions said the Mulino administration is willing to take actions to assuage U.S. jitters over China's business presence in the country.

This month, Panama launched an audit of the 25-year license it granted to Hong Kong-based Hutchison Whampoa, which operates container ports on the Pacific and Atlantic ends of the canal. Trump has pointed to those terminals as evidence of a threat that China poses to a waterway that is overwhelmingly used for U.S. commerce.

"China has been in the region filling a vacuum, which has led to a number of things that raise concern and we are ready to work on those," a Panamanian official said.

## France Frets Over Church Windows

Continued from Page One

many voters have soured on what they see as a defiant and imperious leadership style. France's ascendant far-right is berating him over his plan, which now looks set to be challenged in the courts.

"We have an unpopular president, and everything is held against him," said Pascal Perrineau, a political-science professor at the Paris Institute of Political Studies.

Memes appearing online depict Macron and his wife

Brigitte in stained glass. In some, Macron is wearing a crown. Unfounded rumors have circulated on social media claiming the windows will depict two men kissing. A petition to block Macron's plans has gathered more than 275,000 signatures.

The plan involves replacing the towering windows of six side-chapels in the south aisle of Notre Dame's nave.

The cathedral, according to the presidential aides, is an evolving piece of historic architecture. Much like France's heritage, they say, it isn't frozen in time, each century bringing its own attributes.

Macron has staked much of his legacy on rebuilding Notre Dame, an edifice in Paris that for centuries has encapsulated the country's civic and religious life. Hours after the fire,

he pledged to restore—and exceed—the cathedral's former glory within five years.

The fire destroyed the Gothic spire, along with parts of the cathedral's majestic roof. Macron proposed an international competition to design replacements for both, which prompted an array of proposals from a diamond-shaped glass roof to a 300-foot flame-like structure covered in gold leaf.

The chief architect overseeing France's historic monuments, Philippe Villeneuve, told French radio that he would resign rather than allow a contemporary spire.

Eventually, Notre Dame was rebuilt to its pre-fire blueprint, on deadline and to great acclaim. Macron turned his attention to stained-glass windows as a way to give the

building a modern accent and leave his mark. (He can't stand in the next election.)

The windows Macron wants to replace were installed in the 19th century by Eugène Viollet-le-Duc, who also designed the cathedral's gothic spire and added the mythical stone creatures that adorn the balustrade between its two famous bell towers.

Preservationists say removing the stained-glass windows, which are protected under the country's heritage rules, shatters the Venice charter, a set of international guidelines drawn up in 1964 for the conservation and restoration of historic buildings.

Opponents also argue that the new windows would destroy the harmony and disrupt the balance created by Viollet-le-Duc through his simple de-

signs that allow light to stream into the otherwise shadowy nave.

"There is a hierarchy in the richness of stained-glass," says Julien Lacaze, head of Sites & Monuments, France's oldest national heritage body, who launched the petition to block Macron's plans.

In July, the country's National Heritage and Architecture Commission unanimously voted against Macron's proposal for new windows.

As a result, Pascal Convert, one of the artists in the running to design the stained glass, dropped out of the competition. Convert, 67, said Macron's decision to go ahead despite the vote showed his arrogance.

"He wants to leave a mark like Mitterrand, but he will never," Convert said. "Mitter-

rand was a man of culture, Macron he's a banker," he added, referring to Macron's former finance career.

Mitterrand faced opposition, too. Critics said the glass pyramid, inaugurated in 1989, clashed with the style and aesthetic of the Louvre.

Last month, members of an artistic committee set up by the French culture ministry selected French artist Claire Tabouret's design to grace the window shafts.

The aim is to install her new figurative work at the end of next year, for an estimated four million euros, or around \$4.2 million.

The Paris region prefect, the top local civil servant, is now expected to sign off on the move, which Lacaze of Sites & Monuments plans to oppose through the courts.

# PERSONAL JOURNAL.

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## Star Employees Escape Return-to-Work Mandates

High performers and those with unique skills get perks in new hybrid hierarchy

By RAY A. SMITH

**M**illions of workers across the country are being given return-to-office marching orders. But the rules are different for stars and top performers.

Companies including Amazon.com, AT&T and JPMorgan Chase have called workers back to the office five days a week recently, with bosses citing a need for collaboration and connection. Nearly 80% of 400 CEOs in a 2024 KPMG survey said they expect employees to be in offices full time within the next three years.

Employees with unique skills and talents, however, are often being offered more flexibility than their peers, labor researchers and recruiters say. The privilege gets extended to those with a proven record of exceeding performance quotas, or whose brains and personal brands make them a hot target for competitors to poach. Sometimes it is also about seniority. In other cases, your work-from-home status depends on what team you're on.

Work-from-home days once arranged with an empathetic boss have now become a privilege.

"It's a little bit more selective, more quote-unquote perky," said Ron Porter, a senior partner at organizational consulting firm Korn Ferry, which referred to the phenomenon as the "new hybrid hierarchy" in a recent report. "In certain roles, you could see it as that's what it took to get them, or that's what it took to retain them."

Still, the tiered return-to-office policy can lead to tensions about fairness among peers, as well as between managers and their staff.

Hadejah Alford, who works in sales for an advertising company in California, is allowed to remain hybrid while managers have had to start going into the office five days a week. Work from anywhere is important for her as a mom of four, she said, allowing her to easily schedule her children's doctors appointments or help with school projects.

"From the managers' perspective, I think they're looking at it as like, OK, if we can do it, you can do it too, so there's that resentment," she said.

### Work-from-home haves and have-nots

Many employees are frustrated about why some of their colleagues don't have to comply with RTO mandates.

Ryan Essenburg, a business development director in Mountain View, Calif., wasn't happy when a former employer moved from hybrid to five days a week in office last year, with the exception being those who exceeded their performance quotas.

He and colleagues who didn't exceed the quota went into the company's office every day and "were routinely treated like children and micromanaged," he said.

Essenburg parted ways with the company shortly after and continues to look for other hybrid opportunities.

"I believe hybrid is the most optimal, productive and beneficial form of work regardless of seniority, title or quotas," he said. At one previous employer, everyone from the chief executive officer to rank and file went into the office on the same day every week. "It worked great, there was no tension."

After AT&T began implement-



▲ Chris Pelesky, a 26-year veteran of AT&T, resented a company RTO mandate.

ing mandated in-office days for management employees in 2023, Chris Pelesky, a former lead channel manager at the company, said he found the policy inconsistent, with "many cases of favoritism." Certain employees were allowed to work remotely more often than others.

"Some people were correctly protected by classification, that's

understandable, but there were a lot of 'teachers' pets' situations as well," he said.

An AT&T spokesperson said business units have some flexibility to determine a workplace model that best serves customers, and that some employees will continue to work remotely or on a hybrid schedule.

Pelesky, who worked at AT&T for 26 years, lost his job last year after he couldn't relocate from Abingdon, Md., to a Dallas hub to comply with the company's mandate.

He now works in a chief sales and marketing role at a 3-D printing business in Newark, Del. His salary is 40% lower than his AT&T pay, but he has a hybrid schedule that includes one remote day.

### Who gets to work from home?

Five days a week in the office was the norm for most office workers until the pandemic forced millions to work from home. Many workers discovered a new work-life balance, with the flexibility to start preparing dinner earlier while still getting work done.

As offices started reopening in 2021, many employers stayed remote or settled on a hybrid schedule of two or three days in the office. When some workers still wouldn't come in, bosses started putting their foot down, mandating and even tracking attendance.

Today, one in 10 working professionals in the U.S. who want to change jobs cited a desire for hybrid or remote work that their current company doesn't allow, according to a new LinkedIn survey.

Fields where the share of hybrid job listings increased the most in 2024 include technology, finance and insurance, and non-profit, according to jobs platform ZipRecruiter. Overall, the increase in job listings for hybrid roles slowed in 2024, according to jobs site Indeed.

Remote workers are more likely to be white, older and wealthier, according to new Census Bureau data.

Seemingly each week, more companies are pivoting back to making sure everyone comes back to the office. They believe in-person time leads to better communication, camaraderie and productivity.

At WPP, an advertising and marketing-services group, Chief Executive Mark Read announced in a New Year's memo to staff that most employees would be required to spend an average of four days a week in the office. The policy applies to every employee at the company, including Read, he said, with some exceptions that would have to be agreed upon with a manager.

"This is not about asking our junior staff to do something that our most senior staff are not going to do," he said. "In fact, we're rolling this out with our most senior people now, at the beginning of the year, before the whole organization in April."



overspending on groceries and cancel his streaming services—except for Netflix.

"If I can't control what the stores do, I can control how I spend my money," he says.

People also are adhering to "project pan," a similar trend to no-buy that spurs people to finish all their skin care, makeup or body-care products before buying replacements. Some are even combining no-buy with project pan.

Elysia Berman, a 35-year-old who works in the beauty industry in New York, had a credit-card and loan balance of almost \$49,000 from feeling pressure to dress a certain way for work. Last year, she decided to focus on lowering her debt.

Berman has used up almost 100 makeup products she'd purchased

and received over the years. Now she plans to do the same with skin care products. Her no-buy list includes clothes, beauty products, perfume, jewelry, home decor and books, and she plans to cut down on takeout orders and make it to her Pilates classes to avoid cancellation fees.

"It really forced me to re-evaluate my habits," Berman says. Since she started last year, she's paid off \$35,000 of her debt and will be done paying it off by April.

### Rinse and repeat

Rebecca Sowden, a 27-year-old commissions analyst at an adtech company, is buckling down on no-buy this year after trying it in the past.

Sowden, who lives in Corona, Calif., has 12 rules written down for

her no-buy year, including a weekly \$85 budget for food and \$50 a week for discretionary spending.

The tight restrictions help her stick to her budget and avoid temptation. "I want to minimize the amount of times I have to tell myself no," Sowden says.

Marissa Huertas-Crespo, a 25-year-old financial analyst has done what she calls "low buys" over several years.

Whenever she sees something she likes, she takes a screenshot of the item, puts it in a folder on her computer and—at the end

of each month—deletes anything she hasn't thought about. At the end of every quarter, she'll allow herself to buy something from this folder with money she set aside in a savings account.

"It gives me a good amount of time to think about how badly I really want something or need something," says Huertas-Crespo, who lives in Middletown, N.J. She's earmarking her money for experiences or items that have lasting value, such as a leather bag from a small designer in Spain and a pair of secondhand leather flats.

"When inflation was at an all-time high, cost-of-living was at an all-time high, I've never seen so many people telling me to buy things on the internet," Huertas-Crespo says. "Those two things together have exhausted people."

## New Believers Take Frugality Pledge

By ANN-MARIE ALCÁNTARA

In Instagram, TikTok and other social-media sites are usually overwhelmed by people showing off what they bought. This year, people are pivoting to something else: displaying how they're buying nothing.

The "no buy 2025" trend encourages people to purchase as little new stuff as possible. Some people make lists of specific items they won't purchase, while others vow not to buy any non-essentials.

While it's occurring on social media, it has very real-life reasons for catching fire. There have been two years of higher prices and rising levels of debt for households. There was also a shorter holiday season that felt rushed, where many Americans on the lower income end cut back aggressively.

Instead of needing to have the latest and greatest viral products, people are finding it's better to focus on what they already own.

Rachel Holdsworth, a part-time nurse and stay-at-home mom, came across no-buy videos around the holidays. Holdsworth wanted to pay off her family's \$10,000 credit-card debt. The 28-year-old and her husband, Macy, also wanted to stop living paycheck to paycheck.

This year, Holdsworth is cutting out hair treatments, manicures and unnecessary purchases like new water bottles.

"We are spending so much less money, it's crazy," says Holdsworth, who lives in Jeffersonville, Ind. "It's been very empowering to live within our means."

In just a month, they've paid down \$2,000 of their debt through no-buy and Holdsworth's side hustles, like selling clothes on third-party marketplaces.

An idea like no-buy has trended before on TikTok (last year, 20% of Americans tried the "no-spend" challenge, says fintech company Chime). Google searches for "no buy challenge" are up 40% year-over-year, while "no spend challenge" searches have hit an all-time high, Google says.

**Out of sight, out of mind**

Donovan Harnage, a 33-year-old analyst and part-time grocery-store worker in Charlotte, N.C., saw the no-buy trend on TikTok in December and decided to examine his own finances.

He became a first-time homeowner last year and spent a lot of money on decorating and furnishing. This year, he wants to visit Target and TJ Maxx less, cut back on

**'If I can't control what the stores do, I can control how I spend my money.'**

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## PERSONAL JOURNAL.

# Ballooning Costs Hit American Dream

A home that more than doubled in value since 2011 highlights affordability woe: 'We could never afford this house today'

By VERONICA DAGHER

**T**he three-bedroom Victorian-style home at 1139 Great Ridge Parkway looks nearly identical to when it was built in 2010. On paper it is unrecognizable.

The Chapel Hill, N.C., house is currently listed for \$520,000, more than double what it first sold for in 2011. A buyer who puts 20% down would have a mortgage payment of about \$2,800 at a 6.96% interest rate, nearly triple the monthly cost in 2011. Then add property taxes and insurance, both of which have risen sharply.

"We could never afford this house today," current owner Rachel Walker said.

Walker and her husband Brian bought the house in 2020 for \$315,000 with a 3.75% mortgage rate. The price was a stretch then, but they knew the home would appreciate. They never imagined its value would rise by roughly two-thirds in under five years.

The dramatic change in value tells a story of home affordability across the country. Through three owners in 14 years, the house hasn't had major renovations or additions beyond a fresh coat of paint. Yet its rise in value, coupled with higher mortgage rates and inflation, made it harder to reach 1139 Great Ridge Parkway and addresses like it along the road to the American dream.

"The bar keeps getting higher and higher for what it takes to afford the typical home," said Daryl Fairweather, Redfin chief economist. "Many first-time buyers wish they could take a time machine back five years to when both prices and mortgage rates were significantly lower."

In January 2012, the household income required to afford the typical home in the U.S. was \$39,223, according to Redfin. As of November 2024, home buyers need to earn \$126,764, a 223% increase.

Here is the tale of the three-story home.

## 2011: A new home

Donna and Thomas Worcester bought 1139 Great Ridge Parkway as a spec home from the builder in



2011 for \$250,000 in cash. They had sold their place in Chicago to retire in a region with a warmer climate.

The couple fell in love with its farmhouse features and hardwood floors. They appreciated the surrounding nature trails, the proximity to three universities and the lower property taxes.

The home's annual tax bill was about \$1,777 at the time. By last year it had risen 57% to around \$2,790, according to CoreLogic and county records. Taxes jumped by about 23% in 2021 alone, when the couple reappraised the property.

The Worcesters recall paying about \$130 a month in homeowner's association dues.

Donna, a master gardener, created a plot in the backyard with native shrubs and perennials. She felt reassured that many of their neighbors worked for the surrounding hospitals.

"I liked to joke that if one of us ever had a medical emergency, I could just shout out our door and one of our doctor or nurse neighbors would come running to help,"

**2015: For rent**  
Nearly a third of single-family-home sales are made to investors.

Donna said.

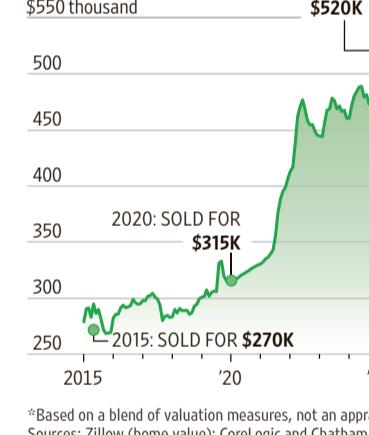
But over time, the couple worried that the stairs to the third floor of the home would be too steep for their aging knees. They sold the home to an institutional buyer in 2015 for \$270,000 in cash, netting a few thousand dollars of profit after real-estate commissions. The Worcesters moved about 15 minutes away and built a single-story home.

Despite the home's subsequent rise in value, they have no regrets, partly because they didn't want to be landlords.

"It's a charming house in a good location," Donna said.

## 2015: For rent

Nearly a third of single-family-home sales are made to investors.



\*Based on a blend of valuation measures, not an appraisal

Sources: Zillow (home value); CoreLogic and Chatham County property tax records (property taxes); Redfin (income required to afford home)

Most are mom-and-pop landlords, but institutional investors account for more than 1%, according to CoreLogic.

**Invitation Homes**, a major owner and manager of single-family homes, bought the Worcesters' house in 2015 and rented it out soon after, according to a spokeswoman from the company.

Invitation Homes sold the home in 2020, in part because of HOA rules of that community.

## Much appreciated

Rachel and Brian Walker were relieved when they found 1139 Great Ridge Parkway after being outbid on several other homes in the area. The newlyweds were determined to move into the Briar Chapel community so Rachel's son



Rachel and Brian Walker bought 1139 Great Ridge Parkway in 2020 for \$315,000 with a 3.75% mortgage rate.

could continue high school in the same district where his biological father lived.

The house they bought for \$315,000 became their haven, especially during the challenging times of the pandemic. The screened-in back deck is a favorite spot, allowing them to enjoy nature without pesky mosquitoes. Each family member found their own space to work, study and relax, with the third floor becoming Rachel's personal retreat for remote work.

The Walkers made no major renovations or improvements, except for the \$10,000 they recently spent to paint the exterior of the home forest green.

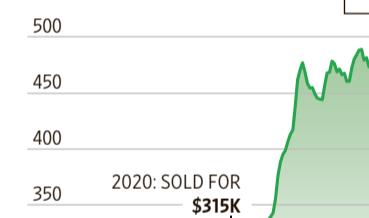
The Walkers are benefiting the most from the home's appreciation as the biggest jump in value happened during their ownership. They are asking \$520,000 with a \$5,000 concession.

"I will deeply miss bird-watching, pink sunsets, our garden and the warm community we were a part of," Rachel said.

The Walkers are hoping they'll find a buyer soon. They are building a house near the beach and are counting on some of the proceeds to allow them to take out a smaller mortgage on the new house.

"We'll miss the house and our low mortgage rate," Rachel said.

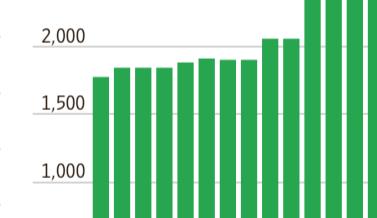
## Estimated home value\*



\*Based on a blend of valuation measures, not an appraisal

Sources: Zillow (home value); CoreLogic and Chatham County property tax records (property taxes); Redfin (income required to afford home)

## The home's property taxes



## Household income required to afford the typical home



CLOCKWISE FROM TOP: REDFIN; RACHEL WALKER

lowing the body to move through its natural healing process.

With sudden or accidental soft-tissue injuries like sprains, strains and bruises, a more effective approach involves removing certain elements of RICE and modifying others, says Milica McDowell, a certified physical therapist and exercise physiologist in Bozeman, Mont.

The rest and ice portions of the protocol have been found to sometimes slow down recovery. (Even Dr. Gabe Mirkin, who introduced the RICE method in 1978, has since said that ice can delay healing.)

## Pick your spots

Rest can still be a valuable piece of the equation, especially in the 12 to 24 hours postinjury, says Dr. Karan Rai, a sports medicine physician at OSF Healthcare in Bloomington, Ill.

Once the rest period is over, it is important to focus on mobility, moving the injured area as soon as possible.

Meanwhile, ice is only helpful for some injuries, says Dr. Jesse Shaw, a sports medicine physician and associate professor of sports medicine at University of Western States.

"Icing is still a good option for pain relief and to possibly help reduce swelling—a sign of inflammation," he says.

But with minor injuries, inflammation often isn't the enemy.

It is a key part of the body's built-in mechanism for healing injured tissue. Icing the area inter-

feres with this natural response, Shaw says, reducing blood flow to the affected area and slowing the healing process.

If you are using ice on its own—without compression—to reduce pain and some swelling, keep it brief, McDowell says.

"Eight to 12 minutes is a good window. And it's best to apply ice within the first six hours of the injury." After the 12-hour mark, any possible gains could turn into losses.

## MEAT and PEACE

With newer research come more nuanced options for recovery protocols—with even more acronyms. This list of RICE alternatives keeps growing, with a few sailing to the top of doctors' and physical therapists' recommendation lists.

First, there's MEAT: movement,

and treatment. "For most of my patients, I offer MEAT, but it depends on their degree of pain and prior activity level," says Rai.

The movement here is light, pain-free and focused on maintaining a range of motion. This should take place under the supervision of a coach or athletic trainer, he says.

The T-for-treatment portion of MEAT moves you out of the at-home sphere to include professional care like physical therapy or acupuncture for long-term injury recovery.

When it comes to analgesics, always consult your physician first. You might not want to add anti-inflammatory medications to your recovery regimen—perhaps due to issues with your kidneys or GI tract—and you want to support the natural physiological response to injury.

If so, consider PEACE, says Alex Rothstein, the coordinator for the

exercise-science program at New York Institute of Technology.

It stands for protection, elevation, avoid anti-inflammatories, compression and education.

PEACE should begin no later than three days after the injury.

"Protection here simply means don't do too much too soon, but also don't get too comfortable being sedentary either," Rothstein says. "It's about finding that comfortable balance using gentle, functional movement focused on maintaining range of motion."

It's important to keep the movement and exercises unloaded, he says, meaning using reduced weight or pressure on the injured area.

## Follow with LOVE

Many medical and exercise-science experts recommend using some methods together. One such pairing is PEACE, followed by LOVE—load, optimism, vascularization, exercise—about four or five days after the injury.

LOVE involves gradually increasing the load, or the amount of weight, you put on the affected area. At the same time, you continue with gentle exercises and your normal day-to-day activities, says Dr. Raj Dasgupta, a Los Angeles-based internal medicine physician.

Vascularization is a fancier word for increasing blood flow and improving circulation, Dasgupta says. You can do this with easy cardio like walking, swimming or biking.

Although the optimism part might strike some as a little corny, it is actually an important component, Dasgupta says: "The fact is, your mindset matters."



SEAN DONG

## ARTS IN REVIEW

MUSIC REVIEW | MARK RICHARDSON

# Beauty Through Noise

Benjamin Booker fuses well-wrought songs with deliberately distorted production

**A**fter singer-songwriter Benjamin Booker released his self-titled debut album in 2014, his likely career path seemed clear. He wrote catchy garage-rock songs informed by blues, and he shared both a label and a producer with Alabama Shakes, who were on the rise and worked precisely in this vein. He toured as an opener for Jack White, whose fanbase seemed like a perfect aesthetic match, and cut a vinyl-only live record for the rock titan's label. And his 2017 album "Witness" added soul inflections to the mix, including a guest vocal on the title track from Mavis Staples. From that point, one could easily have imagined Mr. Booker, who grew up in Tampa, Fla., and currently lives in New Orleans, tailoring his music for the large retro-minded audience that made acts such as Black Pumas and Leon Bridges so popular.

But not unlike Alabama Shakes lead singer Brittany Howard, Mr. Booker comes across as an artistically restless sort who follows his muse and instinctively resists music-industry machinations and attempts to pigeonhole him. While living in Australia during the Covid-19 pandemic, he began collaborating via email with Los Angeles producer Kenny Segal. The latter has a lengthy résumé that includes work with underground rappers like Busdriver and Open Mike Eagle. Like the producer Madlib, one of his influences, Mr. Segal has a knack for finding and extracting hidden meaning from forgotten slabs of crackly vinyl—noise and unusual processing are essential components of his approach. Their long-distance collaboration, "Lower" (Fire Next Time), out now, is a highly distinctive fusion of their styles.

While Mr. Segal's beatmaking suggests that the music might veer toward hip-hop, Mr. Booker's songs are structured traditionally, with sung verses and choruses. These tracks sound like they were composed for guitar and voice, even when the instruments have been transformed beyond recognition. The pair drew widely from genres where glitches and distortion reign supreme—lo-fi folk, noise-rock, experimental electronica—and the opening "Black Opps"

carries a thick bed of tape hiss along with a thin and trebly guitar and a drum break that brings to mind industrial music.

The lyrics in the first half especially are ragged and nervous. In a recent interview, Mr. Booker mentioned the influence of filmmaker Paul Schrader and the director's identification with characters who have been pushed to their limits. The people in these songs are often desperate and seem to be considering actions they never thought possible. On "Lwa in the Trailer Park," over a bass throb and a trebly distorted guitar that seems like it's leaking from a pipe, Mr. Booker sings at a near-whisper; his voice sounds like a wounded plea from someone who is barely hanging on to consciousness. Lines like "No one will ever love me / I see the way they talk about people on this side of town" possibly draw from his own background growing up in such a community in Florida.

The following "Pompeii Stat-



ues" is built around a drum loop and de-tuned instruments—guitar and keyboards sound like ghosts of themselves, and it's hard to tell what is original and what might be a processed sample. A queasy off-pitch riff on an acoustic guitar reinforces the junkyard folk vibe, while Mr. Booker's vocal melody is fairly straightforward as he sings of downtrodden figures on the street. "Passing the tents on concrete, needles and bottle shards / Making a way through the city, Queen of Angels."

"Slow Dance in a Gay Bar" is



more of a character study, about someone who is learning to accept his sexuality and is seeing life differently. "I am beginning to see the beauty all around me /

What this life can be," he sings softly. But the production, which brings to mind the cold and distant spaciousness of the slowcore band Duster, creates a sense of wariness and lurking danger amid the moments of vulnerable discovery—the music is gorgeous and ugly at the same time.

"Lower" has a discernible emotional arc, moving from songs about life at its lowest and gradually finding room for human connection and beauty. Though the sonics are worlds away from his early work, Mr. Booker's melodies

**Singer-songwriter Benjamin Booker; his new album, 'Lower,' is out now.**

are as rich with hooks now as they were then. He's a gifted writer of singalong anthems, and this quality rises to the surface in the record's more optimistic second half. "Same Kind of Lonely" is filled with wavy dissonance from instruments that slam into each other like bumper cars, but its keyboard line brings to mind the dark romance of the Cure, and the chorus is instantly memorable. The upbeat rocker "Show and Tell" is close to a conventional love song, but blasts of guitar noise and distortion disrupt the reverie.

"Hope for the Night Time," a song about an alcoholic trying and

failing to change his ways, closes the album on a gentle note, with a faint sequencer in the background, a lazy drumbeat, and Mr. Booker's voice at its softest and most soul-steeped. If you have heard little lo-fi music, the sonics of "Lower" might take some getting used to, and at first you might find yourself unplugging and reattaching wires to see where the crackling static is coming from. But stick with it. The music sounds like it's on the verge of breaking apart, but it's the perfect frame for Mr. Booker's raw yet well-crafted songwriting. "Lower" is a highly original record that also happens to be his best so far.

*Mr. Richardson is the Journal's rock and pop music critic. Follow him on X @MarkRichardson.*

TRINITY THOMAS

TELEVISION REVIEW | JOHN ANDERSON

# On Netflix, Crime Without Punishment

**T**hose with real-time memories of the events recounted in "American Manhunt: O.J. Simpson" might greet the four-part Netflix documentary with both a sigh and a "Why?" Given that 30 years have passed since Nicole Brown and Ronald Goldman were murdered, young people might ask "Who?" and "What?" And even if they know the outcome, many will still be wondering "How?"

Director Floyd Russ answers that last question in depressing detail and in a manner revelatory even to those of us still morbidly, and perhaps stupidly, fascinated by the case, about which there are some ABCs: The evidence against Simpson was overwhelming, the prosecution allowed itself to be steamrolled by a defense that turned a murder case into a referendum on the Los Angeles Police Department, and the gloves didn't fit—even though they really did.

It is with the embellishments that Mr. Russ weaves a spell. The squabbling we see among the veteran police detectives involved in the initial probe of the double murder—which took place in the Brentwood section of Los Angeles on June 12, 1994—is almost comical, if wearily so, and hardly a testament to the professionalism of the '90s LAPD. The faux back-and-forth, the juxtaposing of cop interviews to create an argument, is remarkable, as is the amount of evidence and number of witnesses never brought before the jury, which took four hours to acquit Simpson after an eight-month trial.

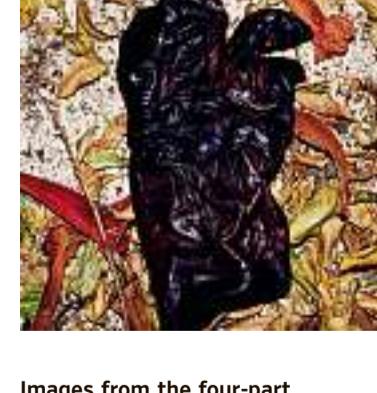
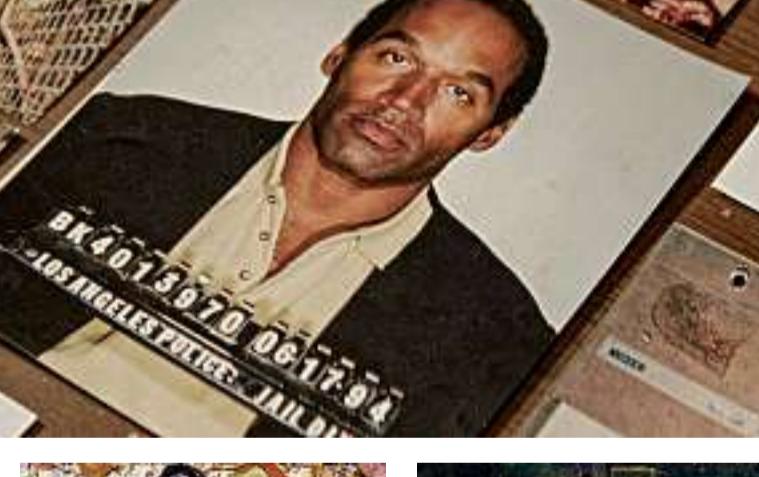
Mr. Russ's technique, which includes having events and news reports appear on TVs planted in ran-

dom locations, is to have a detective such as Tom Lange explain a piece of evidence and then to slap a "never collected as evidence" on, say, a bloody fingerprint. Or a "never subpoenaed" across the face of a witness—one of whom was the man who says he saw Simpson drop a mysterious sack into a trash can at the airport while the ex-NFL star was en route to Chicago right after the killings. Was there a knife inside the bag that Simpson let no one else handle? Mr. Lange seems to think so.

It may be that nothing would have swayed the jury, not after the Rodney King case, the rehashing of LAPD racism or the fact that then-detective Mark Fuhrman had to invoke his Fifth Amendment rights when asked whether he had planted or manufactured evidence against Simpson because he had perjured himself earlier in the trial. Fuhrman—as noted, the only one convicted of a crime

in the Simpson case—is quite frank about his culpability in getting Simpson off. Whether it amounts to abdication is up to the viewer.

Mr. Russ is limited by the number of people who have passed away since the murders—and the Simpson acquittal, the subsequent civil suit that he lost, and the \$33 million in damages he never paid. The series



**Images from the four-part 'American Manhunt: O.J. Simpson,' directed by Floyd Russ.**

is constrained by the absence of defense counsel Robert Shapiro; DNA expert Barry Scheck; and Marcia Clark, the lead prosecutor upon whom so many doubts are cast. Why weren't those aforementioned witnesses called? Why wasn't Simpson—the prime suspect in a double homicide—arrested, handcuffed and put into custody immediately? Why was he allowed to give himself up

room, as he was burying her case.

There is a sense that Mr. Russ had to make do with whom he could get. Cochran is dead, as is Simpson. So are defense team members Robert Kardashian and F. Lee Bailey, and lead investigator Philip Vannatter. The reliance on Carl Douglas, a member of the Cochran law office, is an act of desperation. Mr. Douglas is strident, angry, focuses almost entirely on the crimes of police and can never bring himself to say Simpson was innocent. He says he sleeps well at night, which isn't something anyone asked him.

The editing by David Tillman and Patrick Nelson Barnes is terrific given all the moving parts and the pace at which this "American Manhunt" entry moves, and the trail of societal damage it left behind. There are pop-cultural echoes, too. Many of the tangential figures in the

Simpson case still haunt the airwaves. The ubiquitous Kardashian offspring were launched by the Simpson unpleasantness, as was the TV commentating career of Jeffrey Toobin and the resurgent presence of Geraldo Rivera (who has little

to offer, except for citing the "white-people revenge" of the Simpson civil judgment). Fuhrman has been popping up as a legal commentator on the entertainment-news circuit. Do the young bookers on TV know who he is? Do they know the whereabouts of Alan Dershowitz, who was also on the defense team and is MIA here? Mr. Russ does a rather exhaustive job with those whom he's wrangled, but Dominick Dunne's voice would have been a priceless addition to the chorus.

**American Manhunt: O.J. Simpson**  
Wednesday, Netflix

*Mr. Anderson is the Journal's TV critic.*



and instead use the grace period to flee with pal Al Cowlings (leading to the notorious "slow follow" by police of their white Bronco and Angelenos lining the streets to support a suspected killer)? Why didn't the prosecution foresee the strategy defense attorney Johnnie Cochran would take in making the case not about the slaughter of innocents but the historical animosity between the black community and its police? Ms. Clark's fellow prosecutor Christopher Darden spends much time on camera, to his credit, never criticizing his former colleague, but he has questions about what went down and why. Fuhrman seems to still have a problem with Ms. Clark not making eye contact with him in the court-

## SPORTS

By ROBERT O'CONNELL

**A**t first glance, the player who's become the biggest bargain in the NBA this season doesn't seem like he'd come at much of a discount.

He's won an MVP award, led the league in scoring, and been named to nine All-Star teams. Over the course of his career, he's earned almost \$350 million.

Russell Westbrook has turbocharged the Denver Nuggets, who are in the thick of the playoff race after a slow start to the season. He's leading fast breaks and hammering throwback dunks, but the number that really shows his value to the Nuggets has nothing to do with points or assists.

Instead, it's his \$3.3 million salary. That happens to be the absolute minimum amount of money that a player of his tenure can make in the NBA—and means that Westbrook has taken the single biggest pay cut, from peak salary to lowest, of any player in the history of professional basketball.

This season, 289 players—nearly 10 on each of the league's 30 teams—will pocket more cash than Westbrook's veteran minimum contract will pay him. That number includes over-their-head rookies, grizzled locker-room guys, and bench-warmer who barely ever see the floor.

Westbrook isn't just logging minutes. He has single-handedly transformed Denver into one of basketball's speediest teams, spurring them to the most fast break points in basketball after they finished below-average last season.

After Westbrook notched a triple-double in a win last month, Denver coach Mike Malone called him "one of the greatest point guards to ever play the game."

"What I admire so much about him," Malone added, "is he's got no ego."

For proof, just take a look at his pay stubs. It wasn't long ago that

Russell Westbrook has taken the single biggest pay cut in the history of professional basketball.



Westbrook was at the exact opposite end of the NBA's class system. He burst onto the scene playing alongside Kevin Durant for Oklahoma City, who reached the 2012 Finals. Then, after Durant left the Thunder, Westbrook emerged as a do-it-all tour de force. He won the MVP award in 2017, becoming the first player since Oscar Robertson in 1962 to average a triple-double over an entire season.

Unsurprisingly, oodles of cash

soon followed. In 2017, Westbrook signed a five-year deal with the Thunder worth \$206.8 million—the most lucrative contract in NBA history at the time.

But as Westbrook got older, his hard-charging style of play started to clash with a league increasingly predicated on outside shooting. During stops in Houston, Washington and Los Angeles, his stats dropped and his teams fizzled out of the playoffs.

Under the NBA's salary-cap rules, paying big money to a player seemingly on the decline is doubly expensive. Teams can spend only so much—\$140.6 million, this season, before incurring tax penalties—so every dollar spent on one player is a dollar you can't spend on another. Those financial realities dented Westbrook's reputation: He was still one of basketball's premier athletes, but every deficiency was

now magnified by the dollar signs attached to it.

In 2023, Westbrook took a buyout to cut short a tumultuous run with the Lakers. He signed with the crosstown Clippers, and then inked a new two-year contract with them that summer. But after the Clippers traded for James Harden, pushing Westbrook toward the periphery, he looked around the NBA and considered where he might like to spend the downslope of his career.

And he was willing to work for a fraction of his onetime rate to make the right fit happen.

"Could he have made a little more money elsewhere?" said Jeff Schwartz, Westbrook's agent. "Sure. But it wasn't about that. It was about the basketball piece, the fit."

Schwartz facilitated a buyout of Westbrook's existing contract, a move that forced Westbrook to sacrifice \$1.7 million—but which freed him to join whichever team he chose.

And Denver needed a player exactly like Westbrook. The Nuggets had been unable to meet the asking price for a number of core players from their 2023 championship team, who left for bigger paydays. Westbrook offered the promise of high upside at a fraction of the going rate.

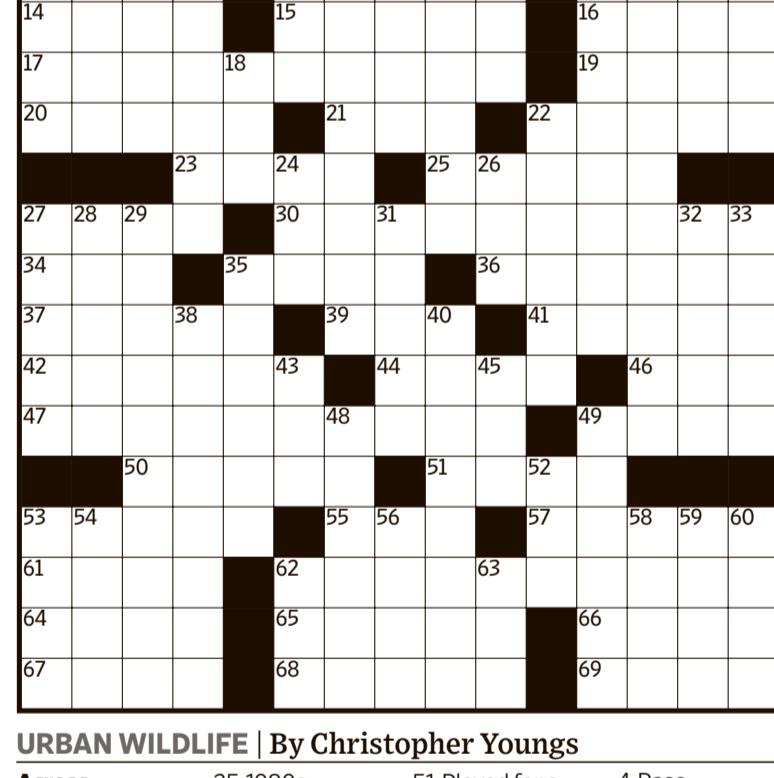
Westbrook has notched 13.1 points and 6.5 assists per game, entering Monday, and boasts the highest effective field-goal percentage of his entire career. Earlier this month, he and Jokic became the first teammates in the history of the NBA to record triple-doubles in the same game twice in the same season.

The two have evolved into a classic thunder-and-lightning tandem—Jokic bruising opposing big men, Westbrook dashing into the space his burly teammate opens up.

"I'm grateful for them wanting me to come here," Westbrook said.

Considering he cost the Nuggets the basketball equivalent of a cup of coffee, the pleasure is all theirs.

## The WSJ Daily Crossword | Edited by Mike Shenk



## URBAN WILDLIFE | By Christopher Youngs

- |   |  |  |   |
|---|--|--|---|
| <b>Across</b>   | 25 1980s Camaros                           | 51 Played for a sucker                               | 4 Pass quickly                                |
| 1 Level   | 27 Minute                                  | 53 Letter for change                                 | 5 Initialism of surprise                      |
| 5 You can take it or leave it   | 30 Cocktail                                | 55 Key hider, perhaps                                | 6 Glamorized imagery that may induce drooling |
| 10 Sound of an air kiss   | traditionally served in a copper mug       | 57 Cutting comments                                  | 7 Spot alternative                            |
| 14 Stone with two Best Actress Oscars   | 34 Spanish contraction                     | 61 Ansari of "Parks and Recreation"                  | 8 Hot   |
| 15 "Schitt's Creek" matriarch   | 35 On the fence                            | 62 Dish that earned its name during the Ming dynasty | 9 "The Entertainer," e.g.                     |
| 16 Second-largest branch of the second-largest religion   | 36 Dry goods merchant                      | 64 Language from which "khaki" is derived            | 10 Game with an orange ghost named Sue        |
| 17 It's topped with yellow mustard, onions, tomatoes, sport peppers, relish, celery salt and a pickle | 37 Language from which "galore" is derived | 65 Sign of spring                                    | 11 Bugs line                                  |
| 18 It's tanned with yellow mustard, onions, tomatoes, sport peppers, relish, celery salt and a pickle | 39 Catch                                   | 66 Pale gray   | 12 "___ la stinker?"                          |
| 19 Huff and puff  | 41 "The Return of the Jedi" moon           | 67 Honeyes   |   |
| 20 Monopoly piece   | 42 Tom Sawyer, e.g.                        | 68 Arya Stark's sister                               |   |
| 21 Colon part   | 44 Wine list section                       | 69 It's about a foot                                 |   |
| 22 Foamy quaff  | 46 Square of 46-Across                     | 70 Cockle's cousin                                   |   |
| 23 Microwave output   | 47 Cockle's cousin                         | 71 Market sector                                     |   |
| 24 Trimurti, the Hindu trinity  | 49 Served up a winner                      | 72 Online "methinks"                                 |   |
| 25 Hindu trinity  | 50 God in the Trimurti, the Hindu trinity  | 73 Give off  |   |

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

13 Far from fancy?

18 Potent pint

22 Blurry, perhaps

24 Angsty subgenre

26 Cone counterpart

27 Translator's challenge

28 Vegetable chips brand

29 Toy that connects to a garden hose

31 Angry sound

32 Western African currency

33 Dropped the ball

35 Muse of comedy

38 Chinese toys

40 Real lookers

43 Like the Annapolis acad.

45 Contacts privately on X

48 Shot taker

49 Brand with a three-stripe logo

52 Flan ingredient

53 Apply haphazardly

54 Political analyst Klein

56 Similar

58 Outback

59 Bounce back

60 Scottish isle

64 Language from which "khaki" is derived

65 Sign of spring

66 Pale gray

67 Honeyes

68 Arya Stark's sister

69 It's about a foot

70 Cockle's cousin

71 Market sector

72 Online "methinks"

73 Give off

## Get Ready for the Most Chaotic Night In the History of Champions League

By JOSHUA ROBINSON

**SEVERAL YEARS AGO**, the powers that oversee European soccer looked at their premier club competition and came to a stunning assessment.

There wasn't enough of it.

The Champions League, which drew in 32 teams and took 10 months to complete, needed more games. So UEFA, European soccer's governing body, decided to revamp a format it had used for more than two decades in order to include more clubs, stretch out the group stage, and, ultimately, drive up the price of television rights. It landed on the 36-team tournament that debuted this season.

Now, after four months of competition, UEFA's bet on a radical new design will deliver the kind of spectacle that had once seemed impossible: the biggest, most chaotic night in Champions League history.

On Wednesday night, 18 matches will be played simultaneously in a frenetic conclusion to the tournament's new format, which lumped all 36 clubs into a single group for eight games.

The top eight teams will advance with byes into the round of 16. The next sixteen in the standings will be drawn into home-and-home two-game playoffs for the right to join them in a seeded bracket. The bottom 12, meanwhile, will all be eliminated.

The idea was to give everyone more guaranteed games—eight in the group stage instead of six under the old format—while generally protecting the big clubs. It seemed unlikely that the richest, most successful teams in Europe would fail to finish in the top 24 spots on a 36-team ladder. (No one is terribly surprised to see Liverpool, Barcelona, Arsenal, and Inter occupying the top four spots.)

And yet, for an unlucky few, the jeopardy is real.



Erling Haaland and Manchester City face a must-win match.

Though nine teams are mathematically eliminated already, no one ever expected that Manchester City, the juggernaut of English soccer coached by Pep Guardiola and backed by the royal family of Abu Dhabi, would be in danger of joining them. But here it is, sitting on eight points from seven matches in 25th place. City must now beat Belgium's Club Brugge at home to sneak into the playoffs.

"If we don't win, we don't deserve it," said Guardiola, who guided City to its first Champions League title in 2023. "This is the reality, we haven't got enough points and we have to accept it. We have to do what we have to do."

French giant Paris Saint-Germain, which reached the final in 2020, was nearly in the same boat. The club took only seven points from its first six points until a dramatic turnaround at the Parc des Princes last week when it came from 2-0 down to beat Man City 4-2. PSG, whose prospects were dim a couple of weeks ago, can guarantee its progress with a result against 24th-placed Stuttgart.

"If we can do that at Manchester City, we can do it against a lot of teams," PSG coach Luis Enrique said.

The new format had originally been a UEFA strategy to counter the failed Super League project launched by a group of elite European clubs. The executives behind the attempted breakaway, which included the leadership at Manchester City, were looking to run their own competition and grab a larger slice of the TV rights pie. Most of all, they were hoping for a bigger slate of guaranteed European matches every season.

What they got from UEFA was a compromise format that fans greeted with plenty of skepticism. The single group stage, they said, was too long and too confusing—particularly since every team played a different set of opponents. Managers were also worried about the extra strain on their squads and the added uncertainty it created for clubs planning around the January transfer window. But the novelty, combined with the intrigue around City and PSG, has at least made it more palatable to supporters at large.

"The schedule has adapted in a really demanding way, but the constraints that the clubs have are more limited," Arsenal coach Mikel Arteta said.

Still, he added, "I think probably for the public it's very interesting."

GREGORY FISHER/REUTERS

Previous Puzzle's Solution

W	O	O	F	S	W	E	P	T	G	M	C	S
I	N	F	O	T	O	R	A	H	R	A	R	E
G	O	F	L	Y	A	K	I	T	E	A	C	E
E	R	R	O	R	T	A	K	E	A	H	I	K
M	A	E	W	E	S	T	I	N	K	N	E	T
O	P	T	S	E	Y	E	O	P	E	D	S	E
R	U	N	A	L	O	N	G	N	W	O	N	T
S	T	I	P	E	N	O	N	L	A	M	A	S
O	R	B	R	I	C	R	U	L	E	S	O	N
P	O	U	N	D	S	A	N	D	A	Y	H	B
H	U	T	O	R	O	S	I	T	S	T	I	W
I	B	I	D	M	A	K	E	T	R	A	C	K
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CARL RECINE/GETTY IMAGES

## OPINION

## Trump's Ukraine Moment



**BUSINESS WORLD**  
By Holman W. Jenkins, Jr.

An interesting moment has arrived in the Ukraine war. "Putin is not yet desperate" says a headline in Foreign Affairs magazine, over an article by a well-informed former employee of Russia's central bank. Of course, Vladimir Putin wouldn't wait until he's desperate. The time to negotiate is when you think your hand is strong, not weak and getting weaker.

Meanwhile, longtime Ukraine supporters and frequent decriers of Donald Trump are starting to encounter cognitive dissonance of their own. Mr. Trump's tweets have clearly begun sizing up Mr. Putin for a pressure campaign over a war Mr. Trump says is "destroying Russia." Trump critics murmur that his claims of "millions and millions" killed are wildly out of line. They do so quietly because Mr. Trump's megaphone is the biggest and even his critics realize his exaggerations usefully reach the ears of Mr. Putin's constituents.

From analysts I respect come widely discordant takes. Formerly cynical and self-preserving, Mr. Putin now is driven by sweeping historical and ideological motives. China's embrace is not grudging or expedient. Beijing will take sizeable risks to advance

Mr. Putin's anti-NATO goals. If Mr. Putin allows a ceasefire, some say, it will only be to rearm and restart the war. No, say others. Mr. Putin is 72. His war is a botch. His domestic allies, not to mention the Chinese, won't tolerate another attempt.

Yet others say trying to read Mr. Putin is a fool's errand. He's so KGB, he conceals his true intentions even from himself. After all, the recommended Western policy remains the same in every case: Keep up the pressure until Mr. Putin decides his path has become untenable.

**A U.S. president saying that he wants the war over is a big change.**

Put me in the last category. Instead, the big change the world should notice is the baton-passing that occurred in the U.S. on Jan. 20. Joe Biden had to pretend Mr. Putin was already desperate, always fingering his nuclear weapons, to justify Mr. Biden's own ultra-cautious approach, aimed at not frightening Americans with the prospect of a doddering, half-asleep president managing a superpower showdown.

Mr. Biden has been succeeded by the most shocking peacetime seizer and user of power since Andrew Jackson. Mr. Trump has turned global

psychology on its head simply by saying America wants the war settled and fast.

In a sense, the two defining political miscalculations of our time have become one. Democrats told us Mr. Trump was Hitler. In their behavior, they had him down as a patsy. They could run a senile incumbent against him. They could throw open the border for three years and in the fourth pretend they didn't.

The other miscalculation was Mr. Putin's, who mistook the low comedy of our domestic politics, especially the Russiagate hoax and its sequels, for America's unraveling, which meant Ukraine was ripe for the picking. Never mind that this required him (and others) to ignore certain contrary evidence: America's booming Covid recovery, its innovation-led dominance of global energy markets, its invention of artificial intelligence.

Lost on Mr. Putin and others not only was the resilience of America's constitutional system and its underlying civil society. The low comedy turns out to have been the rivet-popping sounds of a large, bureaucratic, democratic society overturning its elites and redirecting its energies via the imperfect but available instrument of Mr. Trump.

In his own way, Mr. Putin is a hard-bitten, clawing survivor, but consider the dimensions on which he can't compete:

Mr. Trump prevails against

enemies who nevertheless remain powerful and even dominant in the culture, in many institutions and the bureaucracy. He doesn't need to silence or jail them. He watches MSNBC to hear the worst his opponents have to say about him, then figures out how to turn it to his advantage.

His family life is intact. His capacity to relate is intact. He may assert outlandish claims when it serves his interests, but he does so instrumentally knowing his statements will be loudly contested. Mr. Trump bulls ahead against enemies who always live to fight another day. His opponents stand ready, as they should, to gain strength from his failures as they did during Covid and will again if his economic plans go awry or he makes a hash of his Ukraine moment.

Mr. Putin exists in a hall of mirrors. Only an implausible nuclear bluff has kept his floundering war afloat through 2½ years of Bidenism and Mr. Putin's fear of certain segments of his own population.

His flunkies like Dmitri Medvedev and the talking heads on Russian TV who want to nuke the world only say it because they don't mean it. Mr. Putin himself knows he can't put off a reckoning with his failed gamble of February 2022 forever. It's a reckoning, if he bothered to count, he will realize he shares with most Soviet as well as Western leaders who started wars since 1945.

## Trump's Attack on Birthright Citizenship



**POLITICS & IDEAS**  
By William A. Galston

James C. Ho, the son of immigrants from Taiwan and a naturalized U.S. citizen, received a juris doctor with high honors in 1999 from the University of Chicago Law School, where he joined the Federalist Society. He went on to work in the private sector, in the Justice Department and as a legal adviser to subcommittees of the Senate Judiciary Committee. Between 2005-06, he clerked for Justice Clarence Thomas. In 2008 he became solicitor general of Texas, succeeding Ted Cruz, who became one of his strongest supporters in the U.S. Senate.

In October 2017, President Trump nominated Mr. Ho to fill a seat on the Fifth U.S. Court of Appeals, based in New Orleans. The Senate confirmed Mr. Ho two months later. In late 2020, Mr. Trump included Judge Ho on a list of potential Supreme Court nominees, where he reportedly remains today.

Judge Ho is a staunch cultural conservative. He supports an expansive understanding of religious liberty and in 2022 publicly pledged not to hire law clerks from Yale Law School, charging that the school not only tolerates but actively practices cancel culture. He vigorously opposes illegal immigration, arguing that a country that

can't control its borders isn't fully sovereign.

But Judge Ho is also the author of a 2006 legal article that strongly argued in favor of birthright citizenship, including for the children of illegal immigrants. In support of his conclusion, he cited the text and history of the 14th Amendment as well as the key cases—*U.S. v. Wong Kim Ark* (1898) and *Plyler v. Doe* (1982)—in which the Supreme Court has interpreted its application. In *Plyler*, he noted, all nine justices endorsed the proposition that illegal immigrants are "subject to the jurisdiction" of the U.S. This matters because the 14th Amendment establishes being "subject to the jurisdiction" of the U.S. as the threshold qualification for children born in the U.S. to be citizens at birth. Mr. Ho ended his legal paper by dubbing efforts to eliminate birthright citizenship "Dred Scott II."

Until recently, Judge Ho's article was of academic interest only. No longer. On day one of his second term, Mr. Trump issued an executive order aimed at eliminating birthright citizenship for children born to mothers who are present in the U.S. illegally or temporarily—unless the father is a U.S. citizen or permanent resident at the time of the birth. In response to suits filed by multiple states, a federal judge issued a temporary injunction against the executive order, calling it "blatantly unconstitutional."

If a higher court dis-

agrees, this dispute will almost certainly end up at the Supreme Court. What then? If the justices follow Judge Ho's argument—or their own prior rulings—Mr. Trump will lose. But in an interview last November after Mr. Trump's election victory, Judge Ho offered the court an escape hatch. "Birthright citizenship obviously doesn't apply in case of war or invasion," he said. "No one to my knowledge has ever argued

**The 14th Amendment and court precedent run counter to the president's order.**

that the children of invading aliens are entitled to birthright citizenship." If Mr. Trump's characterization of mass illegal immigration as an invasion is legally correct, Judge Ho implies, the executive order could be upheld.

But is it an invasion? Enter the Texas Public Policy Foundation, not exactly a band of never-Trumper. This staunchly conservative organization was headed by Kevin Roberts before he left to become president of the Heritage Foundation. Brooke Rollins, who founded the America First Policy Institute and is Mr. Trump's nominee to head the Agriculture Department, is a senior adviser to the Texas foundation's board.

In November 2022, the foundation issued a report:

"The Meaning of Invasion Under the Compact Clause of the U.S. Constitution." After a careful textual, legal and historical inquiry, the report rightly concluded that the term invasion involves two core concepts—entry plus emphy. "Entry alone, which is trespass, is not sufficient to constitute an invasion," the report concluded. While some nonstate actors, such as cartel-affiliated gangs, may fall under the category of invaders, most illegal entrants don't. By itself, "the unlawful entry of people into the United States cannot be construed as an invasion."

Thus, Mr. Trump's use of the term to characterize the situation at the southern border is a metaphor without legal validity or force. The report slams shut Mr. Ho's proposed escape hatch.

If the Supreme Court agrees to accept the cases challenging the executive order, the justices will face a choice: They can follow the text and history of the 14th Amendment as well as the court's past decisions, or they can disregard logic and common sense to give the president what he wants, as they did in their decision on presidential immunity.

Many Americans have come to view the court as dominated by politics rather than nonpartisan jurisprudence. The court's decision on birthright citizenship will either accelerate this decline in public trust or begin the long process of reversing it.

## Lame-Duck Biden Snubbed Israel on AI

By Scott Cohen

President Biden launched a partnership with Israel on artificial intelligence in 2022. It is now at risk from a questionable decision the administration announced a week before Mr. Biden left office.

The creation of the AI partnership was no surprise, as Israel has proved itself a global leader. Major U.S. tech companies focused on AI, including Nvidia, Google, Microsoft, Intel and Salesforce, have all acquired Israeli AI startups in the past few years. The U.S.-Israel partnership was intended to bring this expertise to bear on national-security applications by "enhancing collaboration" between the countries' national-security councils.

So it was somewhat baffling that the administration restricted the export of AI chips to Israel. On Jan. 13 the Commerce Department's Bu-

reau of Industry and Security announced export controls on advanced computing chips and certain closed AI model weights. The rule classified Israel as a Tier 2 country subject to advanced-chip export caps, instead of including it in the Tier 1 list of countries with no restrictions. (China and other U.S. adversaries are in Tier 3.)

The move creates unnecessary obstacles to the long-standing and much-needed U.S.-Israel AI partnership. Nvidia, which acquired Israeli startup run:ai in December, called the export-control rule "unprecedented and misguided," and countered by announcing that it would invest half a billion dollars in a new AI research center in Israel.

Israel's exclusion from the Tier 1 list is particularly baffling in a post-Oct. 7 world, since the ensuing combat has led Israel to develop homeland-security applica-

tions that the U.S. needs. Israel has been piloting drone-detection systems that use AI to geolocate and track threats in real time. That's exactly the type of AI that the U.S. Defense Department said it needed in a December counter-drone strategy document, which promised the Pentagon would "fully incorporate allies and partners."

**Correcting the error would be an easy way for Trump to enhance U.S. national security.**

The Trump administration should respond by immediately adding Israel to the Tier 1 list, eliminating any restrictions on AI chips to Israel. Doing so is in the best interests of U.S. national security and America's effort to execute its National Strategy on

Critical and Emerging Technologies, which specifically calls for coordination and partnerships with like-minded allies.

The matter is urgent. Experts were concerned about U.S. capabilities in AI even before a Chinese company released DeepSeek last week. A 2021 report of the National Security Commission on Artificial Intelligence—co-chaired by former Deputy Defense Secretary Robert Work and former Google CEO Eric Schmidt—didn't mince words: "America is not prepared to defend or compete in the AI era."

Cutting off Israel from

America's high-stakes battle

for technological dominance

doesn't help.

Mr. Cohen is a general partner at AGP Ventures and co-founder of the CET Sandbox, a U.S.-Israel innovation hub on critical and emerging technologies.

**BOOKSHELF** | By Diane Cole

## Missions Of Relief

## Saints and Liars

By Debórah Dwork

Norton, 256 pages, \$29.99

In June 1941, a year into the Nazi occupation of France, a ragged group of refugee children crowded the Marseille train platform. Clutching their battered luggage and wearing numbered cards to identify them, they resembled, one observer noted, "live baggage." Most of their parents had already been interned in Nazi concentration camps for being Jewish or holding political views opposed to Hitler. But the special train these children were waiting for had been arranged by the American Friends Service Committee to rescue them from Nazi Europe and transport them to new lives in the United States.

In "Saints and Liars" Debórah Dwork, a historian of the Holocaust, chronicles the intertwined stories of the refugees

Hitler targeted and the unsung cadre of American relief workers who stood in harm's way to help them. By "zooming in on one city, one year, and one person or couple" in each of five successive chapters, Ms. Dwork presents compelling snapshots of the war's devastation as it spread beyond Europe to engulf Asia and America.

We meet Waitstill Sharp, a 37-year-old Unitarian minister from Wellesley Hills, Mass., and his wife, Martha, soon after their February 1939 arrival in Prague to provide relief work on behalf of the American Unitarian Association. The Sharps' initial aim was to help resettle the asylum seekers who had flooded the city after Hitler seized the Sudetenland. But by March of that year, when Hitler's takeover of still more Czech territory had brought to Prague thousands of additional refugees, including countless orphans, the Sharps recalibrated their mission. Martha proceeded to rush through the necessary paperwork to bring groups of children to London. Waitstill engaged in irregular if not illegal currency exchanges to fund the escape of university students fleeing to England. Together, they arranged for the emigration, both legal and clandestine, of 3,500 families.

Moses Beckelman arrived in Vilna in October 1939 to begin his work for the New York-based Jewish Joint Distribution Committee. His was the overwhelming task of helping the approximately 15,000 Jews who had fled to the city from Nazi-occupied Poland. The Lithuanian Red Cross had declined to provide aid, Ms. Dwork tells us, because, they declared, "these Jews were not Lithuanian citizens"; in fact, due to the constantly changing frontiers of the war, they were not even "on Lithuanian territory." It was left to the New York-born Beckelman and the JDC to secure clothing and housing, as well as the meals Beckelman arranged through 52 dining rooms around the city. By June 1940, the Soviet Union had taken control of Lithuania and began ordering the refugees' deportation to Siberia. The prospects for their survival were dim, but as many as 3,500 escaped in part thanks to the JDC, which aided the refugees in finding new lives outside Europe.

One of the few cities where Jews fleeing Nazi Europe could find safe haven without a visa was Shanghai, and by 1941 approximately 20,000 refugees had made their way

**A cadre of American relief workers stood in harm's way—and bent more than a few rules—to help those who were targeted by the Nazis.**

there. As JDC's first female overseas representative, Laura Margolis—born in Constantinople (now Istanbul) and raised in Cleveland—had to contend with both sexist superiors in New York and chauvinist community leaders in Shanghai. Nevertheless, the unyielding Margolis persuaded JDC's rival groups to share their resources in support of JDC's soup kitchens. Not only did Margolis modernize and expand these kitchens, she kept them going—at first with the cooperation of the city's Japanese officials, even after America declared war on Japan, and then, after she was interned by the Japanese as an enemy alien, managing them at a remove via correspondences and personal visits from colleagues.

Marjorie and Roswell McClelland were young newlyweds embarking on careers in academe and in psychology when the American Friends Service Committee (AFSC) hired them in 1940 to run its small operation in Rome. By 1942 the couple had been transferred to Marseille and tasked with improving the execrable conditions of the local internment camps, which were crammed beyond capacity with Jews and political refugees. With conditions growing ever bleaker, an agreement was reached to transport 336 children to America. Marjorie was one of the AFSC workers assigned to select the children to be transported. The experience was wrenching. She was, Ms. Dwork quotes her as saying, "the formidable Dame Americaine who had the life and death power of deciding whether [a child] could have a future in America or must stay where he was with no future whatever to look forward to." Despite her attempt to be impartial, Marjorie "chose children who appealed to her, prizes the physically attractive, docile, and, if Jewish, not Orthodox," Ms. Dwork writes. "High-spirited children did not appeal, nor did the homely or plain."

By the time Elisabeth and Robert Dexter moved to Portugal from Massachusetts in 1941, the Unitarian relief group that had employed the Sharps had become the Unitarian Service Committee (USC). The Dexsters were asked to run its Lisbon operation. With Portugal's neutral status having made the country the only one to admit refugees without proof of passage to elsewhere, its capital became known as "Europe's sole window to the west." Attentive to the precariousness of the refugees' lives, especially their lack of legal passports or identification, the Dexsters turned to clandestine means to help their clients find food, shelter and contacts who might smuggle them to safety. The Dexsters' regular interactions with refugees of diverse international backgrounds also allowed them to collect intelligence from abroad. Both Elisabeth and Robert were soon recruited as agents for America's Office of Strategic Services, a precursor of the CIA.

Throughout, Ms. Dwork emphasizes the messiness and uncertainties of relief work amid the turmoil of war. "Every moment was the now of responsibility, the now of decision," she writes. The success of the agents' work depended on their willingness to lie on the saintly chance that they could save lives.

Ms. Cole is the author of the memoir "After Great Pain: A New Life Emerges."

## OPINION

## REVIEW &amp; OUTLOOK

**Tulsi Gabbard, Snowden and Secrets**

**V**oters want disruption in Washington, but it'd be something else entirely for the Senate to confirm a director of national intelligence who has a record of defending those who subvert U.S. interests. When former Rep. Tulsi Gabbard testifies Thursday, will Republicans pose questions that serve the public interest, or go along to get along with President Trump?

Sen. Tom Cotton, the head of the Intelligence Committee, recently said he hopes nobody questions Ms. Gabbard's patriotism. We aren't. The issue is what she believes and what she does, especially on U.S. intelligence. Her history isn't encouraging. In 2020 she introduced a House resolution, alongside then Rep. Matt Gaetz, calling for the feds to drop charges against Edward Snowden.

"The National Security Agency's bulk collection telephone records program was illegal and unconstitutional," the resolution argued. "Edward Snowden's disclosure of this program to journalists was in the public interest." Oh, his disclosure of one NSA program to some trusted journalists? Is that all Ms. Gabbard believes Mr. Snowden did?

The reality is that Mr. Snowden betrayed his oath by pilfering a massive cache of U.S. secrets, fleeing to Russia, and subsequently taking citizenship there.

"The vast majority of the documents he stole have nothing to do with programs impacting individual privacy interests," a House Intelligence Committee review said in 2016. "They instead pertain to military, defense and intelligence programs of great interest to America's adversaries." Many of the details are classified, though, and the report was heavily redacted.

Yet the damage was real. "Russia and China have cracked the top-secret cache of files stolen by the fugitive US whistleblower

**A director of national intelligence who excuses mass leaking of secrets?**

Edward Snowden, forcing MI6 to pull agents out of live operations in hostile countries," the U.K.'s Sunday Times reported in 2015. The U.K. is part of the Five Eyes alliance of nations that share intelligence with the U.S. It's hard to square that report with the euphemistic description in Ms. Gabbard's House resolution.

Or take it from Mr. Cotton, who didn't mince words in 2016. "Edward Snowden was an egotistical serial liar and traitor whose unauthorized disclosures of classified information have jeopardized the safety of Americans and allies around the world," he said. "Snowden's close and continual contact with Russian intelligence services speak volumes. He deserves to rot in jail for the rest of his life."

We agree with the late New York Sen. Daniel Patrick Moynihan, who led a commission on government secrets in the 1990s, that overclassification is a problem. "The best way to ensure that secrecy is respected, and that the most important secrets remain secret, is for secrecy to be returned to its limited but necessary role," that report said. "Secrets can be protected more effectively if secrecy is reduced overall."

What Mr. Snowden stole wasn't needlessly kept secrets, and the solution to overclassification isn't for random government contractors to go rogue and download whatever they see fit. Ms. Gabbard might try to parry by saying today's whistleblower protections offer better channels for dissent. But the House report said that "laws and regulations in effect at the time of Snowden's actions afforded him protection." He made a different choice.

No, the question isn't Ms. Gabbard's patriotism. It's judgment, and what message it would send friends and foes to confirm a director of national intelligence who doesn't really seem to believe in protecting national intelligence.

**California Wildfire Damage Control**

**D**amage from the Los Angeles wildfires could topple California's insurer of last resort and increase insurance premiums by thousands of dollars. Cue Democrats in Sacramento who are now seeking to blame and soak—who else?—oil and gas companies.

Democrats from areas affected by wildfires introduced legislation on Monday that would put U.S. oil and gas producers on the hook for natural disaster costs. "Big Oil knew this would be our future, but prioritized lining their own pockets at the expense of our environment and the health of our communities," said Pasadena Sen. Sasha Renée Pérez.

The legislation would hold U.S. oil and gas producers liable for "climate disasters," including fires, floods, mudslides and "extreme heat events," on the dubious premise that their CO2 emissions contribute to global warming and weather-related disasters. The companies could even have to pay for damage from blackouts owing to electric-power shortages.

It doesn't matter that U.S. oil and gas producers are responsible for a small fraction of the global CO2 emissions. Or that many variables mediate the relationship among emissions, temperature and weather. Or that political mismanagement of land, water and infrastructure has exacerbated fires and other disasters.

**Democrats want oil and gas firms to pay for Sacramento's failure.**

The Democrats' goal is political damage control. They know that the Federal Emergency Management Agency (FEMA) won't cover all of Los Angeles's rebuilding costs. If the recent wildfires wipe out California's undercapitalized insurer of last resort, all state policyholders are on the hook for the cost. Insurance premiums, already set to rise 20% to 40% this year, would skyrocket.

"The backstop for wildfire insurance funds shouldn't just be other California policyholders," says Los Angeles Sen. Henry Stern. The bill would let homeowners, businesses and insurers sue oil and gas companies for nebulous climate-related property damage. The state insurer of last resort could also recover claims from the companies.

Democrats say their bill will provide a "major infusion of financial support to stabilize the insurance market and contain the high cost of insurance for Californians." Call it political mitigation for years of Democratic mismanagement of the state insurance market, which suppressed premiums and caused carriers to drop millions of policy holders.

The bill may be unconstitutional since it would punish companies—and thus their customers and investors—for activity outside of California. But that's the point: To make people pay who can't vote Democrats out of power.

**'The Iron Dome for America'**

**O**ne benefit of President Trump's return to power is that fresh thinking is sweeping through a stultified federal government. A welcome example is his desire to make the U.S. homeland safer from missile and nuclear attacks.

This has received little press attention, but on Monday Mr. Trump issued an executive order titled "The Iron Dome for America." The order instructs new Secretary of Defense Pete Hegseth to submit to the White House within 60 days a "reference architecture, capabilities-based requirements, and an implementation plan for the next-generation missile defense shield."

The order goes on to list the elements that should be part of this architecture, including plans "against ballistic, hypersonic, advanced cruise missiles, and other next-generation aerial attacks from peer, near-peer, and rogue adversaries." Mr. Trump wants plans for deploying new sensors for tracking missiles, including in space, as well for the "development and deployment of proliferated space-based interceptors," and more.

This has the potential to be a great leap forward on defense. Most Americans don't realize how vulnerable the U.S. homeland is these days, as missile and other technologies improve and proliferate. Gone are the days, going back to the early 2000s, when the U.S. had to worry mainly about a rogue North Korea firing an ICBM at California. Hypersonic weapons that China and Russia have today could strike the U.S. with a warning of only a few minutes. This is far more worrisome than climate change.

Apart from 40 ground-based interceptors in Alaska and four in California, the U.S. relies for

deterrence on its second-strike nuclear capability. Mr. Trump's order wants a plan to buttress that too.

**Trump asks for a plan to defend the homeland from growing threats.**

But, as in the Cold War, a second strike doesn't protect the Americans who would have already died in a missile attack. Deterrence is enhanced if an adversary contemplating a first strike can't be confident its attack will get past U.S. anti-missile defenses. That's why Ronald Reagan proposed his famous Strategic Defense Initiative that was never implemented but helped to convince the Soviets that they couldn't win a technology race.

Mr. Trump's analogy to Israel's Iron Dome isn't the best because that shield defeats only short-range missiles up to 70 kilometers. But Israel has other aerial defense layers such as David's Sling, Thaad and the Arrow system. This defense network has worked beautifully to protect Israel's urban and military centers from Hamas, Hezbollah and Iranian attacks.

The U.S. would need a much larger system to cover the continental U.S., Hawaii, Alaska and its territories. But technology has advanced a great deal since the 1980s, especially in space sensors, software for detection, and better interceptors. Directed-energy laser weapons have also advanced.

None of this will be cheap, and Mr. Trump will have to seek much more than the \$10 billion or so a year that the U.S. now spends on missile defense. He'll also need champions in the Pentagon and Congress to push it through a bureaucracy that would prefer to spend on other things. But the first step is admitting the vulnerability and laying out a plan to address it—and kudos for Mr. Trump for doing so.

**LETTERS TO THE EDITOR****Don't Count on an Easy California Comeback**

Regarding James Brigham Jr.'s "Lessons for California in New York's 1970s Comeback" (Cross Country, Jan. 25): There are several differences between New York City's fiscal crisis in the 1970s and today's challenges in California. The first issue is the supposition that California is broke and needs federal funding. Neither is true.

Second, New York City had the option to declare bankruptcy to put its fiscal house in order, something states such as California don't have. Third, while New York was "profligate," Mr. Brigham overlooks the critical issue that the city took money from its capital budget to pay operational expenses. New York effectively lied to the credit markets about how it was using the money. It doesn't take high-powered bankers to figure out the city was a lousy credit risk.

While much-needed fiscal reform came about, the city also cut city services to the bone, with layoffs to the police and fire departments, and abandoned maintenance of the city's roads and bridges. Only the rampant graffiti hid the rusting of anything the city owned, except the repair of Central Park's Wollman skating rink.

The city paid off or refinanced its loan guarantees by the end of 1986 but also had a perpetual dividend of drug addiction and street crime.

Mr. Brigham asks: Who in California will step up to the task at hand? For New York, local unions made crit-

ical financial commitments to hold over the city in the early months of the crisis. It's hard to believe today's unions in California would do the same.

ALEXANDER W. STEPHENS  
Sarasota, Fla.

Mr. Brigham's piece reminded me of an old friend who once showed up to a potluck with a stack of takeout menus. "I contribute ideas," he said, as everyone else scrambled to feed the crowd.

That's California in a nutshell: plenty of ideas, but when the crisis hits, don't expect a casserole.

MANNY HALS  
Richmond, Calif.

Saving New York City in the 1970s is analogous to assisting a typically reasonable relative who has fallen on tough times owing to some poor financial decisions.

By contrast, saving California today is like trying to help someone who has lost complete touch with reality and is screaming "climate change will kill us all," "save the smelt," "sanctuary for all undocumented migrants," "men can have babies," "let's pay billions in reparations," etc.

Without profound political and cultural change, as well as a reconnection with reality, saving California will be an exceptionally tall order.

DANA R. HERMANSON  
Marietta, Ga.

**The CTA Takes Aim at Criminals and Misses**

Thomas Nichols shows a keen perception of the obvious: Criminals and terrorists don't comply with the law ("Don't Bet on Criminals and Terrorists to Be Transparent," Letters, Jan. 25). But with approximately 30 million closely held entities that qualify as reporting companies under the Corporate Transparency Act, or CTA, we are allowing criminals and terrorists to hide in plain sight.

Does the act overreach in terms of potential unintended consequences? Perhaps. But it's worthwhile to get the vast majority of such entities that are owned by law-abiding citizens on record, making it all the more difficult for the bad guys to disappear in the crowd.

ROBERT R. KAPLAN  
Richmond, Va.

Even as the Treasury Department recovers from its latest data breach, it wants to collect from America's smallest businesses the kind of data that make cyber criminals salivate.

It's well-documented that our federal agencies aren't adequate data custodians, yet the CTA would create another valuable database for the government to mishandle.

IRA VICTOR  
Reno, Nevada

**Israel Should Consider Capital Punishment**

Amit Segal is correct that seeing hostages returned from the Hamas terror tunnels "fills the heart with joy" ("This Israel-Hamas Deal Sets a Dangerous Precedent," op-ed, Jan. 24). The release of unrepentant convicted murderers, meanwhile, is what should fill the heart with dread. The execution-style killing of hostages when Israel Defense Forces soldiers approached leaves no doubt that to get the hostages home alive required "dangerous" actions.

The simple solution Mr. Segal misses is to follow principles regard-

ing the sanctity of life: those who take a life forfeit theirs. If the convicted murderers had been put to death, they couldn't now be released to kill again. The death penalty may not deter other attackers, but it would end the possibility of murderers repeating their lethal acts.

Life is sacred. But with safeguards in place, it is time to institute a death penalty for terrorist murderers.

MICHAEL RAAB  
Sanibel, Fla.

**The Small-Government Left**

Zachary Price worries that conservatives will "forfeit the high ground" if they follow progressives' lead by embracing nonenforcement of certain laws and regulations ("Trump Follows Biden's Lead by Flouting the Law," op-ed, Jan. 23). But conservatives have played defense in politics for decades, to little avail. If progressives learn that they don't like such a powerful executive branch, perhaps they will support laws limiting the power of the president. I'm sure they would find a sympathetic ear from small-government conservatives.

NICK IVES  
Chesapeake, Va.

**Pepper ... And Salt**

THE WALL STREET JOURNAL



"Yes, but is 'Bigfoot enthusiast' an actual job?"

## OPINION

# How Much Do Tariffs Matter?

By Donald L. Luskin

**D**onald Trump's promise to impose tariffs on imports of foreign goods and services was a pillar of his campaign rhetoric. He has already brandished tariffs against Mexico, Canada and Colombia, but those were only threats to achieve political objectives such as cooperation on immigration. In the flurry of executive orders he issued on his first day in office, all he did regarding tariffs as a tool for rebalancing America's trade relationships with other nations was call for a study of the matter. That should be

**Their economic effect is minimal, but reordering the world-trade system would be dangerous.**

easy, because a quick survey of history reveals the potential risks and rewards if he goes forward with this policy.

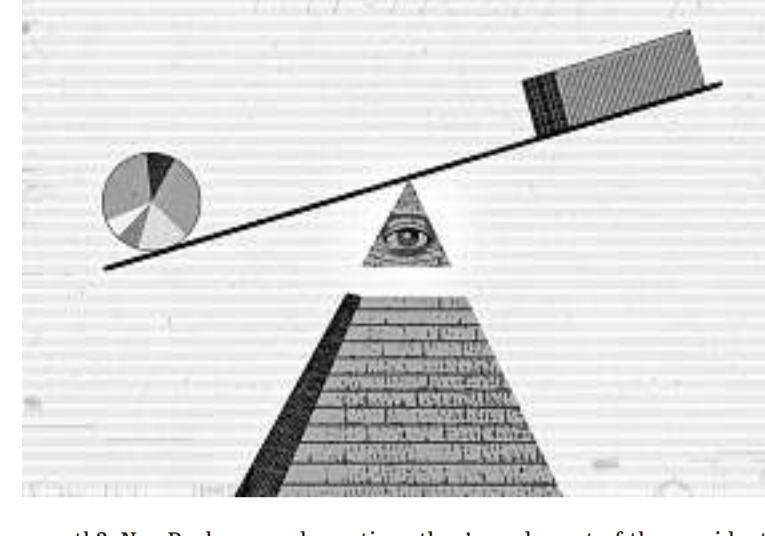
As a starting point, we know that tariffs are tax hikes. They're inherently small tax hikes because tariffs only apply to, at most, a base of \$3.257 trillion—the total value of goods and services the U.S. imports annually. The personal income tax applies to a much larger \$25.079 trillion base. That means a 10% tariff would have an effect roughly equivalent to a 1.3-point increase in personal tax rates.

Therefore tariffs wouldn't be a significant revenue source for the Treasury. Before January 2018, when Mr. Trump announced the first in a series of tariff initiatives that would roll out over the coming two years, tariffs were bringing in a trivial 1.1% of federal tax revenue. Mr. Trump's tariffs started producing revenues for the Treasury in July 2018. Over the year that followed, tariff collections rose to 2% of federal tax revenue—about double the pretariff percentage, but still trivial in the grand scheme of things. In his 2020 campaign, Joe Biden promised to repeal Mr. Trump's tariffs, but as president he failed to do so and even added his own. Today, tariffs bring in 1.7% of federal revenue.

The first Trump term's tariffs offer economists a natural experiment. We can analyze what difference the tariffs made over the 20-month period from their imposition in July 2018 to February 2020, shortly before the pandemic upended everything.

Did the tariffs raise inflation? No. Consumer Price Index inflation averaged 2.1% over the initial 20 months of Mr. Trump's tariffs, nearly identical to the 2.2% of the prior 20 months. Market participants are worried that the Federal Reserve is already keeping policy tighter than it otherwise would for fear of the inflationary effects of coming tariffs. That would be a policy error based on the historical record, which shows that unfounded fear of tariffs would be more harmful than the tariffs themselves.

Did the tariffs affect economic



calls this plan "restructuring the global trading system."

Vice President JD Vance has said the U.S. dollar's reserve-currency status has contributed to persistent trade deficits and artificially low borrowing costs that have hollowed out America's manufacturing base and left us a debtor nation. Mr. Vance suggests we may be better off without it.

But U.S. manufacturing jobs bottomed out in 2010—eight years before Mr. Trump's tariffs—and have been rising ever since except for a blip during the pandemic.

And among the Group of Seven nations, the U.S. is tied with the U.K. for the highest borrowing costs on long-term sovereign debt—and that's with reserve currency status. Do we dare find out what our borrowing costs would be without it?

Recent attempts to tweak the global trade system haven't hurt, but they also haven't helped. That system isn't ideal, but Messrs. Trump, Vance and Miran should respect that it has evolved over the entire post-war period. It has been the platform for multigenerational global prosperity and the advance of liberty. Surely further tweaks are at our peril—"restructuring" even more so—with likely little to no upside.

The Trump administration should instead focus on policies we know will make a positive difference: dealing with our borrowing costs by reducing debts and deficits, and maintaining growth by preserving and expanding the expiring provisions of the 2017 Tax Cuts and Jobs Act.

Mr. Luskin is CEO of TrendMacro.

growth? No. Real gross domestic product growth averaged 2.7% at an annual rate over the initial 20 months of Mr. Trump's tariffs, including both the best and worst non-pandemic quarters of his presidency. That's nearly identical to the 2.9% of the prior 20 months.

Most crucially, did tariffs affect the trade deficit? Their main purpose was to reduce it. Sadly, no. Over the initial 20 months of Mr. Trump's tariffs, the trade deficit as a share of GDP averaged 2.2%, the same as in the prior 20 months. Today, with the combined Trump and Biden tariffs in place, the trade deficit is higher, at 2.5% of GDP.

So why bother imposing tariffs? And conversely, if they have little effect, why all the angst about them? Perhaps Mr. Trump's proposals have raised concerns because

they're only part of the president's broader program to reconfigure the long-established order of global trade with America as the hub and the U.S. dollar as the world's reserve currency. Granted, Mr. Trump has committed to maintain dollar supremacy; he has even threatened tariffs against any nation that doesn't honor it. But based on the people he surrounds himself with, he appears willing to upset the global-trade apple cart.

He has selected economist Stephen Miran to be chairman of his Council of Economic Advisers. Writing as a strategist for hedge fund Hudson Bay Capital in November, Mr. Miran argued for tariffs, capital controls, taxation of foreign investments in U.S. securities, dollar devaluation—and even exploring the sale of U.S. gold reserves. Mr. Miran

and friends, innocent bystanders every time they're in public. It's also about the president being able to get good people and get good advice."

Immigration is another area where Mr. Trump currently has license to advance common-sense policies but could easily overdo things if guided by his worst instincts. In a Harvard CAPS/Harris poll released earlier this month, 71% of respondents supported deporting illegal immigrants with criminal histories, and 61% favored "reinstating past immigration policies that discouraged illegal immigration." Mr. Trump has acted with dispatch on both fronts, and bully for him. But the president also attempted to use the same methods to change immigration policy embedded in the U.S. Constitution.

Hours after taking office, Mr. Trump signed an executive order that would end so-called birthright citizenship, a policy that grants automatic citizenship to babies born on U.S. soil, regardless of their parents' immigration status. The problem is that the 14th Amendment, added to the Constitution in 1868 to grant citizenship to former slaves, plainly states that "All persons born or natu-

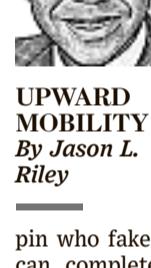
ralized in the United States, and subject to the jurisdiction thereof, are citizens of the United States and of the State wherein they reside."

Last week, U.S. District Judge John Coughenour, a Ronald Reagan appointee, blocked Mr. Trump's decree and questioned the advice the president is getting. "I have difficulty understanding how a member of the bar would state unequivocally that this is a constitutional order," he said. "It just boggles my mind."

The administration has said it will appeal, but Mr. Trump might reconsider whether this is the best place to spend limited political capital. Harry Enten of CNN reported that only 35% of the country favors ending birthright citizenship, a percentage that has held steady since 2011. And although 56% of the Republicans back the effort, that's far lower than the 91% approval rating Mr. Trump enjoys overall among members of his party.

Joe Biden badly misread voter sentiment after winning in 2020 and left office with an approval rating in the mid-30s. If Mr. Trump has learned nothing from his predecessor's mistakes, it could be a long four years.

## Trump Begins Boldly but Risks Overreaching



You keep hearing that peak woke has passed, but then "Emilia Pérez" received 13 Oscar nominations last week, including one for best actress, and it makes you wonder.

The film tells the story of a drug kingpin who fakes his death so that he can complete his transition to a woman, and the title character is played by a transgender actor. In a previous era, a movie like "Emilia Pérez" probably would have garnered scant attention outside the world of devoted art-house cinephiles. Critics gave it middling reviews and audiences gave it an abysmal 22% approval rating on Rotten Tomatoes. Yet Hollywood doyens seem eager to make history this year by bestowing best actress honors on a biological male.

This sort of progressive overreach is one of the reasons Donald Trump is back in the White House. It's why he's been so eager to take executive action against left-wing excesses on gender and race. He's issued orders

declaring that the federal government will recognize only two sexes—male and female—and prohibit diversity, equity and inclusion policies that in practice amount to unconstitutional group preferences.

Mr. Trump believes that most of the country is firmly on his side in such endeavors, and the polling suggests that he's right. But we also know that the president is given to his own excesses, and a successful second term might hinge on keeping them in check. For MAGA die-hards, there's no such thing as the president going too far. It wasn't Mr. Trump's base, however, that put him over the top in the election. Swing voters who couldn't bring themselves to cast a ballot for Kamala Harris are a major reason that Mr. Trump won the popular vote and another presidency.

The distinction matters. Trump loyalists don't care if the president pardons Jan. 6 protesters who assaulted police officers after he condemned George Floyd protesters who assaulted police officers. It doesn't concern them that Robert F. Kennedy Jr., the president's nominee for secretary of health and human services, declared as recently as

2023 that "there's no vaccine that's safe and effective." They're not bothered that he yanked security protection for former key advisers involved in planning the lethal drone strike on Iran's leading terrorist, Qassem Soleimani—not because it's no longer needed but because he simply doesn't like them anymore.

**From Jan. 6 pardons to birthright citizenship, some of his policies are likely to alienate voters.**

Mr. Trump can't be confident that all his supporters will ignore such rank hypocrisy, foolishness and petty behavior. "The threat to anyone involved in President Trump's strike on Qassem Soleimani is persistent. It's real," Sen. Tom Cotton (R., Ark.), chairman of the Intelligence Committee and a strong Trump ally, said during an appearance on "Fox News Sunday." Moreover, "it's not just about these men who helped President Trump carry out his policy in his first term. It's about their family

and friends, innocent bystanders every time they're in public. It's also about the president being able to get good people and get good advice."

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## The Trump Effect May Solve Germany's Migrant Crisis

By Philipp Piatov

Friedrich Merz suddenly sounds a lot like Donald Trump. That's surprising because Mr. Merz—leader of the conservative Christian Democratic Union and the front-runner to serve as Germany's chancellor, has long been regarded as a methodical realist with little flair for populism, uninspiring and even dull.

But on Thursday he made a declaration that electrified the political landscape and for the first time since 2015 put a way out of the migration crisis within reach.

The previous day, a horrifying crime shook Germany. A 28-year-old illegal Afghan migrant attacked a group of kindergarten children with a kitchen knife, killing a 2-year-old boy and a 41-year-old man who tried to intervene. It's the latest in a long line of brutal crimes committed by migrants. But the perfidy of the attack barely a month before the Feb. 23 election made it a defining event.

On Monday, the newly inaugu-

rated President Trump had signed a series of executive orders addressing the migration crisis. That bold move resonated in Germany. Mr. Merz spent a night weighing his options, then stepped before the press on Thursday morning and delivered remarks unlike anything ever heard from a conservative German leader. He spoke of the "completely unrestrained brutality in Germany" and the "wreckage of a decade-long misguided immigration policy"—a scathing indictment of Angela Merkel's legacy.

Then came words that party insiders say he never would have uttered without Mr. Trump's inspiration: "If elected chancellor of the Federal Republic of Germany, on the first day of my term, I will instruct the Federal Ministry of the Interior, using the chancellor's directive authority, to permanently control Germany's borders with all of our neighbors and to categorically reject all attempts at illegal entry."

He promised in effect to translate Mr. Trump's executive orders into German. It was perhaps the

first time a German politician had pledged to enact sweeping measures "on day one," a phrase familiar to Americans but not part of Germany's cautious political discourse. Green Party chancellor candidate Robert Habeck immediately accused Mr. Merz of pursuing a "Germany first" agenda.

Mr. Merz addressed his party's leadership that evening in a closed meeting, where he declared: "I'm going all-in." His party said he would forgo the chancellorship rather than compromise on this issue. The conservatives acted swiftly, submitting corresponding motions to Parliament. They also made it clear they were indifferent to whether these plans would require support from the far-right Alternative for Germany—a move that, until recently, was considered unthinkable and has drawn fierce criticism from the left. Mr. Merz doubled down, insisting that addressing the crisis is more important than politics.

Opinion polls confirmed that the risk had paid off. Sixty-six percent of Germans supported his proposal to turn back migrants at the border, including 56% of voters from the center-left Social Democratic Party of Chancellor Olaf Scholz.

Mr. Trump's method, it seems, has found fertile ground in Germany. Germans have observed his actions with a mix of astonishment and fascination and asked themselves: Is he really as bad as we were told? Mr. Trump's approach to addressing long-standing issues reshaped his image in Germany.

In 2015 the German public welcomed Syrian war refugees with open arms. But when the influx grew to nearly 1% of the population within a year—and as hundreds of thousands of African and Arab migrants continued to arrive annually—the mood shifted. The societal impact became undeniable, from

rising crime rates to strained welfare systems and a housing crisis. It took Germany five years (2020-24) to increase annual deportations from 10,000 to 20,000, while more than one million asylum seekers entered. Despite claims by Green politicians that migration "plays no role in people's everyday lives," the issue has become omnipresent for many Germans.

Yet for years, political leaders lectured Germans that resolving the crisis was impossible. They claimed deportations were legally restricted and border controls would undermine the Schengen Area, the open-

**Friedrich Merz, likely the next chancellor, shocks the country by promising to control its borders.**

borders agreement that has become a central pillar of the European Union. This rhetoric of resignation masked as pragmatism became a hallmark of governmental paralysis.

Mr. Scholz's left-Green government clings stubbornly to the status quo, citing EU law. This is an absurd act of self-deception. The entire European asylum system is fundamentally based on the persistent violation of its own laws. EU law technically requires migrants to seek asylum in the first member state they arrive in. Germany is in the heart of Europe with no Mediterranean coastline or troubled state on its borders. Yet nearly one-third of all illegal migrants in Europe end up here. They often pass through multiple countries that under EU law are obligated to register and care for them. In practice, nations like Italy and Greece have been funneling migrants through their territory for years and later

refusing to take them back. In 2024, Italy was obligated to take back more than 10,000 migrants registered there who had traveled to Germany. German authorities managed to return only three.

Mr. Merz's proposal could trigger a domino effect and topple the dysfunctional EU asylum system. If German police effectively close the open borders by monitoring all border crossings and immediately returning intercepted migrants, a chain reaction could unfold: Every other EU country that had previously relied on passing migrants through to Germany would implement its own border controls and rejections. Berlin would shed its role as the EU's migrant magnet and force an immediate reform.

Suddenly, a turning point in migration policy—elusive since 2015—seems within reach. And it is no coincidence that this shift began three days after the American inauguration.

Mr. Trump's influence is particularly striking given his reputation during his first term as one of the most disliked U.S. presidents in German history. Political campaigns were built around accusations of being "like Trump." But Berlin's ineffectiveness has left the public hungry for decisive governance. Many of Mr. Trump's policies, once unimaginable in Germany, enjoy growing support. Germans may never warm to Mr. Trump personally, but they've adopted his voters' attitude, no longer accepting excuses from their government for failing to solve obvious problems. Being labeled "like Trump" on migration won't be a liability for Mr. Merz in this election campaign. It could work to his advantage.

Mr. Piatov is deputy head of the politics department at Bild, a German newspaper.

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One of the ways we help do this is by creating lists of appropriate drugs from which our clients can choose. We like to think of each list as a carefully curated medicine cabinet. Clients are welcome to use everything inside or customize it based on their members' needs.<sup>2</sup>

Our lists include nearly 600 brand-name drugs and 99% of all generics.<sup>3</sup> Each meticulously evaluated by independent medical researchers, clinicians, and medical professionals to prioritize clinical effectiveness, patient efficacy and safety. We rigorously negotiate to ensure the greatest access at the lowest possible cost, just one of the many ways we serve more than 100 million Americans each year.<sup>4</sup>

It's how we've saved our clients billions.<sup>5</sup> And when manufacturers raised prices on over 60% of drugs, we were able to hold average patient costs to \$15 per prescription — keeping the average cost for all the medications their members might take under \$250 per year.<sup>6</sup>

And we're not stopping any time soon.

Our sole mission is to make care more affordable, more accessible, and to improve health outcomes for those we serve.

See how our advocates make it possible at [evernorth.com/advocate](http://evernorth.com/advocate)

**Express Scripts**

By EVERNORTH

# BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Wednesday, January 29, 2025 | B1

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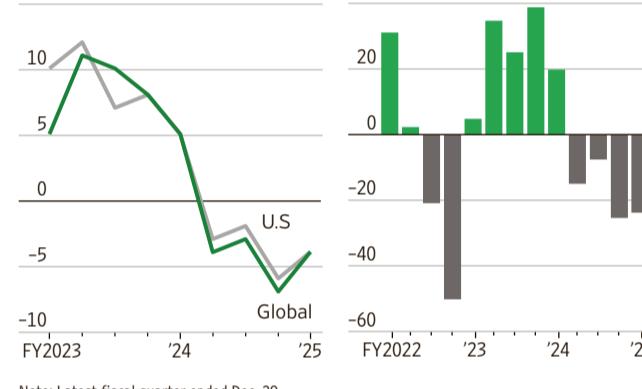


SPENCER PLATT/GETTY IMAGES

The coffee chain returned self-service condiment bars and is making other changes to make its stores more appealing.

## Starbucks Profit, Store Sales Fall, But CEO Upbeat on Turnaround

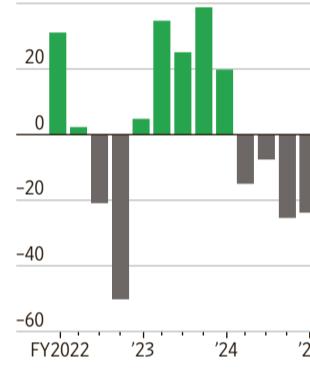
Starbucks same-store sales, change from a year earlier



Note: Latest fiscal quarter ended Dec. 29

Sources: the company (same-store sales, 1Q 2025 net income); S&amp;P Capital IQ (net income)

Starbucks net income, change from a year earlier



By HEATHER HADDON

**Starbucks** said business continued to slide at cafes and its profit fell in the most recent quarter, though executives saw progress in their efforts to make cafes more welcoming and less hectic. The Seattle-based company said Tuesday that quarterly per-share profit declined 23% compared with the same period last year, reflecting investments in upgrading cafes and other efforts to revive business.

Starbucks's U.S. and global same-store sales declined 4%, the fourth consecutive quar-

terly decline.

Profit and revenue both came in ahead of analysts' expectations, according to FactSet. The decline in U.S. same-store sales and transactions during the quarter were slightly improved from the prior quarter, and overall revenue held roughly steady compared with last year.

"While we're only one quarter into our turnaround, we're moving quickly to act on the 'Back to Starbucks' efforts and we've seen a positive response," Chief Executive Brian Niccol said Tuesday.

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## GM Reports Quarterly Loss Of \$2.9 Billion

CEO says carmaker has 'levers that we can pull' if Trump imposes 25% tariffs

By CHRISTOPHER OTTS AND MIKE COLIAS

**General Motors** is taking steps to soften the blow of U.S. tariffs on Mexico and Canada, including expediting vehicle imports from those countries and strategizing ways to potentially build more pickup trucks domestically.

The Trump administration has signaled that the U.S. could impose 25% tariffs on Mexico and Canada as soon as Saturday, levies that could roil the auto industry given its extensive factory network across the three countries.

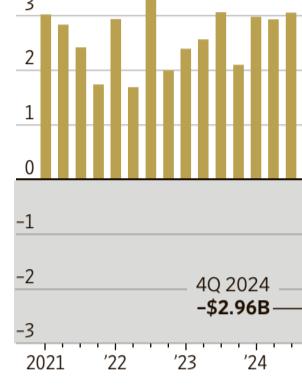
Chief Executive Mary Barra said Tuesday during GM's fourth-quarter conference call that the company makes its lucrative pickup trucks in all three countries, and that GM has factory space in the U.S. to shift some work there.

"We're doing the planning and have several levers that we can pull," Barra said. The automaker won't do anything that requires significant capital, though, until it has more clarity on any policy changes, she said.

GM is among the most vulnerable automakers, with more than a third of its U.S. sales estimated to be produced in Mexico and Canada.

GM's quarterly net profit/loss

\$4 billion



Source: S&amp;P Capital IQ

A \$4 billion restructuring of its struggling China operations resulted in a fourth-quarter loss of \$2.9 billion. The company telegraphed the loss in December, saying it would incur a multibillion-dollar charge to get its China business back on solid footing by closing plants and culling its vehicle lineup.

GM's shares sank 8.9% Tuesday.

The tariff threat overshadows what has been a solid run for the Detroit automaker's U.S. business, its biggest profit source.

GM said pretax profit for the year, excluding one-time items, rose 21% to a record \$14.9 billion on strong sales of its pricey SUVs and pickup trucks.

GM is the first U.S. automaker to post fourth-quarter results, with **Tesla** set to re-

Please turn to page B2

STREETWISE | By James Mackintosh

## DeepSeek Undercuts Beliefs About AI Race



Anything vaguely related to artificial intelligence was smashed on Monday after investors spent the weekend frantically googling DeepSeek-R1, the low-cost Chinese AI model released last week.

The new generative-AI model, which claims performance on a comparison with OpenAI's latest, stuck a knife into two beliefs that have come to dominate investment in the past two years. First, that AI needs massive amounts of new infrastructure, energy and microchips,

mostly from **Nvidia**. And second, that the winners of AI will be the dominant American technology companies.

Monday's AI crash was led by the first part, the "chips and shovels" that supported the development of AI, not the developers of these fancy programs themselves.

Nvidia stock fell 17%, losing more than half a trillion dollars of value, nuclear-power stocks **Constellation Energy**, **Vistra**, **Oklo** and **NuScale Power** were down 21% to 28%, and data-center supplier **Vertiv Holdings** was off 30%.

Investors should have some questions.

**How much was the sell-off about fundamentals and how much about sentiment?**

The moves in prices appear to show investors focused on fundamental issues of how DeepSeek's approach will lead to lower power use and less demand for chips and data centers.

Yet, it is hard to believe that prices had run up so much purely on the back of smart investors plugging growth estimates into their spreadsheets and valuing the resulting cash flows.

A lot of what's been going on is similar to when investors discovered the internet. They have grasped that AI is

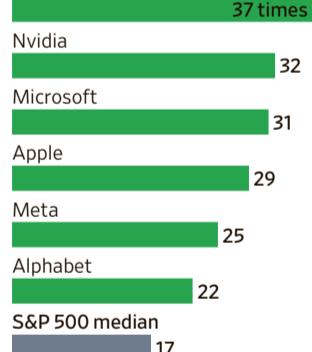
A Big Deal, but can't yet see exactly how or when it will make money.

In a sentiment-driven market, it is even harder to work out what happens next. I thought the market was overly frothy in mid-December, because prices seemed too far detached from reality.

The trouble is that sentiment is hard to predict: Investors can always become even more excited about something, but sentiment becomes more vulnerable to a setback the more enthusiastic investors are. DeepSeek may be just that setback.

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Forward 12-month price/earnings ratio



Note: As of Jan. 24; Tesla not shown, is at 123 times earnings.

Sources: LSEG (companies); FactSet (median)

## U.S. Office Sector Is Attracting Investors

By PETER GRANT

Investors who shunned the beleaguered U.S. office market in recent years are coming back, brightening the outlook for the sector after five years of turmoil.

Some investors are buying premium-quality buildings that are burdened with debt, or scooping up half-empty towers for pennies on the dollar. Others are bidding on obsolete office properties with an eye toward converting them to apartments. Some big foreign investors are showing renewed interest, hoping to beat what they believe will be an even larger surge of buying later in 2025.

"People are making their bets," said Gary Phillips, managing director of real-estate investment-banking firm Eastdil Secured.

Office-building sales increased to \$63.6 billion in 2024, up 20% from 2023, according to data firm MSCI. That activity still pales compared with 2015-19, when annual sales averaged \$142.9 billion. But it marked the first increase since 2021.

And with a lot of cash sitting on the sidelines, brokers

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## INSIDE



### BUSINESS NEWS

Louis Vuitton's owner records quarterly sales above analyst estimates. **B3**



### MARKETING

Telehealth provider Hims & Hers plans weight-loss drug ad for Super Bowl. **B7**

## Pork Giant Smithfield Foods Returns to U.S. Stock Market

By PATRICK THOMAS

**Smithfield Foods** wants to be seen as America's pork champion after more than a decade under Chinese ownership. Its goal may rely on how the Trump administration manages trade ties with Beijing.

Smithfield shares closed down 1.3% at \$19.75 in their first day of trading Tuesday after the company completed an

initial public offering. The tepid reception came after the IPO priced at \$20 a share, below its target between \$23 and \$27 a share. The company also reduced the amount of shares available in the offering.

The company's return to the U.S. public markets comes at a time when President Trump has threatened to increase pressure on China and renew a trade fight, which could hurt American pork exports. At the

same time, some in Washington have called for greater restrictions on China's ownership of U.S. farmland.

Since late 2013, Smithfield has been a subsidiary of **WH Group**, whose \$4.7 billion deal was one of the largest takeovers of a U.S. company by a Chinese firm at that time. The deal placed recognizable meat brands, including Smithfield and Eckrich, with WH Group.

Please turn to page B2

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## BUSINESS NEWS



Given weakness in China, the U.S. is set to be the focus of attention for luxury brands owned by LVMH and its competitors.

## Louis Vuitton Owner's Sales Top View

By ANDREA FIGUERAS

**LVMH Moët Hennessy**

**Louis Vuitton**, the world's largest luxury group, posted fourth-quarter sales ahead of analysts' forecasts, but weak growth shows that the industry is struggling to turn the page after months of sluggish demand for luxury goods.

The French luxury empire reported revenue of €23.93 billion, or \$25.11 billion, for the final quarter, 1% higher organically compared with the year-earlier period. Analysts had forecast revenue of €23.50 billion and expected the luxury behemoth led by Bernard Arnault to post an organic decline of 1.26%, according to a poll of estimates compiled by Visible Alpha.

The group's core fashion and leather goods business—

which houses high-end brands including Louis Vuitton and Dior—recorded revenue of €11.14 billion for the quarter, surpassing analysts' forecast of nearly €10.92 billion, according to the consensus.

For the year as a whole, LVMH booked €84.68 billion in revenue, up 1% organically but down 2% in reported terms compared with the prior year. Still, the figure came ahead of market estimates of €84.36 billion.

LVMH's update comes after Cartier owner **Richemont** and **Brunello Cucinelli** raised hopes of a potential rebound in demand for high-end goods.

Investors also celebrated **Burberry**'s trading update last week, which highlighted better trends in the all-important U.S. market. The trench-coat maker upgraded its profit forecast

last week as sales returned to growth in the Americas.

However, LVMH figures show the French conglomerate is struggling to entice clients to splurge on high-end garments. Full-year net profit slumped 17% to €12.55 billion, missing analysts' forecasts of €13.45 billion.

Profit from recurring operations dropped 14% in 2024 to €19.57 billion, with an operating margin of 23.1%. LVMH said it would propose a dividend of €13 a share.

After strong results between 2019 and 2023, the luxury industry entered a period of slower growth levels, as consumers—especially the less affluent—axed their luxury budgets in light of the macroeconomic environment.

The slowdown in demand was particularly pronounced

in China, as the country contends with an economic malaise that prompted Chinese consumers to cut back on luxury purchases. The government's stimulus initiatives, coupled with a very high savings rate, are expected to contribute to a rebound in this market, though it is not clear when.

Given weakness in China, the U.S. is set to be the focus of attention for luxury brands. Decreasing inflation, wealth creation, more disposable income and less uncertainty linked to the election are expected to propel consumption.

President Trump's broader policy agenda, which is viewed as positive for equities, will ultimately boost American luxury spending, Berenberg analysts said in a research note ahead of LVMH's results.

## BUSINESSWATCH

**CHEVRON, GE VERNONA Companies Team On Power for AI**

Chevron, GE Vernova and investment firm Engine No. 1 said they were forming a joint venture to power artificial-intelligence data centers with natural-gas-fueled electricity.

The joint venture of Chevron, the second-biggest U.S. oil-and-gas company, turbine maker GE Vernova and Engine No. 1 aims to deliver 4 gigawatts of electricity—enough to power up to 3.5 million homes—for data centers starting by the end of 2027.

The rapid development of artificial intelligence requires huge amounts of energy-hungry computing power. Over the past year, this has renewed investor interest in power generators, and even spurred a revival of moribund nuclear power.

The companies' announcement, however, came a day after shares of a raft of power companies—including GE Vernova—plunged in the wake of Chinese company DeepSeek releasing an AI model that appears to per-



A GE Vernova turbine model is shown at a Shanghai event last November.

form on par with peers such as ChatGPT, while using less computing power and energy.

The companies said the new company's first projects, which they dubbed power foundries, would use GE Vernova turbines to power co-located data centers in the Southeast, Midwest and

western U.S.

The projects will be designed to integrate technologies to cut carbon-dioxide emissions, such as carbon capture and storage, or CCS, and renewable generation sources.

The companies said a goal was to establish the first mul-

tigigawatt, co-located power plant and data center of President Trump's second term.

Shares of GE Vernova, which plummeted more than 20% on Monday, rose 7.6% to \$355.20 Tuesday. Chevron's stock ended 0.7% lower at \$156.21.

—Mark R. Long

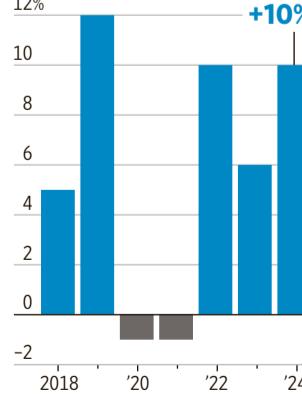
**KOHL'S Corporate Staff Is Cut by 10%**

Kohl's is cutting roughly 10% of its corporate workforce, two weeks after installing a new chief executive.

The cuts affect fewer than 400 positions. More than half the reductions will come from eliminating unfilled positions, according to a spokeswoman. The rest will come from eliminating roles that report into its Menomonee Falls, Wis., headquarters.

The downsizing follows an announcement earlier this month that the retailer planned to close 27 underperforming stores and an e-commerce fulfillment center in San Bernardino, Calif.

In 2023, the retailer employed 96,000 people, which included approximately 36,000 full-time and 60,000 part-time associates. —Suzanne Kapner

**SAP annual revenue, change from a year earlier**

Sources: S&P Capital IQ; the company

but if they could demonstrate to us that we don't need to have a concern about this and survive the due diligence, we could also use these models," Asam said.

SAP ended 2024 with a non-International Financial Reporting Standards net profit of €5.28 billion, or \$5.54 billion, up 22% year over year.

The company said it now expects non-IFRS operating profit between €10.3 billion and €10.6 billion this year, above a previous forecast of roughly €10.2 billion. The new projection represents 26% to 30% growth at constant currencies.

Reporting on a non-IFRS basis, the company said total revenue grew 10% at constant currencies to €9.38 billion.

Meanwhile, operating profit climbed 24% to €2.44 billion in the quarter, with the company's operating margin up to 26% from 23.3%. —Mauro Orru

## JetBlue Sets Weak Outlook, Sinking Shares

By DEAN SEAL  
AND ALISON SIDER

Shares of **JetBlue Airways** lost a quarter of their value after the company laid out tepid guidance for the first quarter, overshadowing solid results for the last three months of 2024.

JetBlue is in the midst of a turnaround plan after its efforts to grow by combining with other carriers were stymied by government lawsuits.

Analysts said the airline's narrower-than-expected fourth-quarter loss showed that its efforts to drum up more revenue are paying off. But JetBlue's cost outlook—which projects that the cost to fly a seat a mile, excluding fuel, could rise 10% in the first quarter and 7% for the full year—raised concerns.

"On one hand, the carrier certainly seems to be making unit revenue gains," Citi Research analyst Stephen Trent wrote. "On the other, ex-fuel seat mile costs continue to increase faster than unit revenue."

JetBlue shares fell more than 25% to \$6.01 Tuesday, their largest-ever percentage decrease.

While appetite for travel hit

records last year, there has been a shakeout among smaller and budget-oriented carriers.

JetBlue has deferred plane deliveries and refocused flying within its core leisure network along the East Coast and in Puerto Rico, culling money-losing routes to slash stubbornly high costs. It is planning to install more first-class seats and building lounges in an effort to attract more high-paying highfliers—which has been a winning strategy for some of its bigger rivals.

JetBlue executives on Tuesday said the airline cut \$190 million in costs last year, at the high end of its target range. Cost pressure is higher in the first quarter due to the timing of required maintenance and a step-up in pilot wages, but executives said that would dissipate throughout the year. The carrier has also been affected by an engine defect that it expects will keep more of its planes on the ground this year.

"I think, frustratingly, we would love to have even faster ramp," Chief Executive Joanna Geraghty said. "But this is a multiyear strategy and it's not linear."

## Boeing Won't Issue 2025 Targets

Boeing isn't providing financial targets for 2025, the second straight year the company will refrain from providing guidance as it works to stem losses and overhaul its troubled manufacturing operations.

Analysts hoped Boeing would lay out financial goals after suspending the practice following a January 2024 fuselage-panel blowout on an Alaska Airlines flight. The company last week disclosed key results

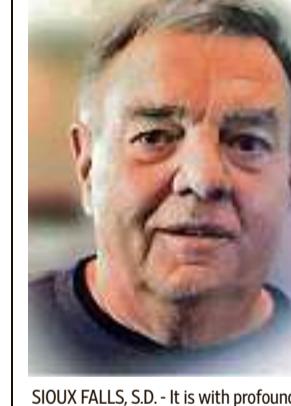
for the year's final quarter that included a \$4 billion loss that was roughly four times worse than analysts expected.

"I've heard from many of you that we need to be less bureaucratic and more agile—and that we are truly making progress," CEO Kelly Orthberg wrote in a memo to staff. "We now have fewer layers in our organizations and are better positioned to make faster decisions."

—Sharon Terlep

## In Memoriam

## Robert Carr



of this program. Also during his time at USD, he and other faculty from the USD Department of Psychiatry developed an alcohol/drug curriculum for third and fourth year medical students. One of a handful of alcohol/drug curricula at medical schools in the country.

Bob left USD to start the first outpatient alcohol/drug treatment program in SD Carroll Institute, and also one of the first outpatient alcohol/drug programs in the country. His career moved to the Veteran Affairs Medical Center (VAMC) as Director of the Substance Abuse Program which also allowed him the opportunity to work clinically, serving veterans. His supervisor nominated Bob for the most prestigious Department of Veterans Affairs "Service Director's Award" in recognition of his achievements in enhancing clinical care for veterans being treated for addiction and mental health.

During Bob's 22-year career at the VA, he established the first gambling treatment program in South Dakota. He personally facilitated the treatment groups. This experience led him to co-author and publish three journal articles pertaining to the impact of video lottery on individuals in SD.

He served on many boards throughout his professional career. He continued to teach and mentor students—be they medical students, graduate students, or undergraduate students. He had many academic responsibilities and various committee assignments, including published articles. (Former) Mayor Rick Knobbe chose Bob to serve on the first Human Relations Commission for the city of Sioux Falls. He served as chair from 1983 - 1984.

Beyond his professional achievements, Bob was deeply passionate about guiding others through significant life transitions.

His support helped many navigate their path with dignity and respect. The great Irish poet William Butler Yeats stated: "I have believed the best of every man.

And find that to believe it is enough to make a bad man show him at his best or even a good man swing his lantern higher." This sums up Bob's attitude about helping others.

Those who remember Bob well recall his ability to tell detailed stories of the old West, the Civil War and he had a love of history in general including his Welsh family roots. He was a voracious reader on many topics but always nonfiction! He could tell the best jokes, although you had to wait a bit for the punchline as he told a joke like he was telling you a story.

Bob is survived by his wife Dona Kennealey, his son Don (Elesha Peterson), and granddaughter Riley from Minneapolis, MN. He is also survived by his sister Nancy and brother-in-law Lyle Kraft, from Virginia, and nieces and nephews. As well as his pet family, especially Buddy, his dog. He is predeceased by his parents and sister Judy Danielsen.

# Google to Fight EU Antitrust Fine

Penalty in 2018 of \$4.55 billion over Android is among largest in the bloc

By EDITH HANCOCK

**Alphabet** Inc. Google is facing off against the European Commission in Luxembourg in a bid to overturn the company's biggest-ever EU antitrust fine over its Android operating system.

The European Union regulator fined the company 4.34 billion euros, equivalent to \$4.55 billion, in 2018. The commission alleged Google unfairly used its dominance to strong-arm device manufacturers and network operators into making sure that traffic on Android devices goes to Google's own search engine through pre-installation deals.

The company made its case at the European Court of Justice, the bloc's highest court, on Tuesday. Lawyers acting for Google said the company is being punished for its own success and that the commission made mistakes in its ruling. They said judges at the general court—where the case was heard before—failed to assess whether Google could have realistically maintained an open business model for Android without agreements with device manufacturers, and didn't factor in the company's argument that users simply preferred using Google's search engine and Chrome browser.

Android competes closely



Lawyers acting for Google on Tuesday said the company is being punished for its own success.

with Apple's iOS operating system and provides people with plenty of choice in terms of applications they can use, download and set as default, the company said. "Android has created more choice for everyone, not less, and supports thousands of successful businesses in Europe and around the world," a spokesperson for the company said.

The fine is the highest bill the EU has handed Google in its long-running battle to curb the search giant's dominance online—and among the largest the commission has ever issued

over antitrust abuses.

Google has fielded some €8.25 billion of EU competition fines in the past decade. It failed to cancel a €2.4 billion penalty last year—the first it ever received from the commission—over how its search results display those from competing price-comparison sites.

The company also previously lost a battle at the General Court of the European Union, the bloc's second-highest court, to get the Android fine canceled, but persuaded judges to lower the figure to around €4.13 billion from €4.34 billion.

At the heart of the Android dispute is what the commission sees as Google's fight to stay on top of the online-search market. The regulator holds that Google's deals with device makers, which came at a time when users were increasingly migrating to smartphones, gave it a significant advantage that competing providers couldn't offset.

The fine, though massive, "is manageable compared to the gains and compared to what would have happened to them financially if they had not done this," said Christian Bergqvist, associate law professor at the

University of Copenhagen.

Judges will weigh the commission's and Google's arguments before making their decision, a process that can take months. However, a win for the commission could well stir up more tension between the EU and President Trump's administration. Trump used his address at the World Economic Forum in Davos, Switzerland, last week to pan multibillion-euro fines the EU executive has handed Google, Apple and Meta in recent years, calling them a form of taxation on American corporations and saying the EU treats the U.S. "very, very unfairly."

Google in 2019 offered to let rivals appear on a choice screen that lets users pick their default search engine. It also has to give Android users more options for browsers and search engines under the Digital Markets Act, a new European antitrust rulebook that largely targets U.S. tech giants. Under that law, Google can't use Android to favor its own products over rivals' offerings. The commission is scrutinizing Google's Play Store and search results displayed under the law and is expected to move forward with its probes early this year.

The EU executive is also in the final stages of an investigation into Google connected to its advertising-technology business. Margrethe Vestager, who until last year led the commission's competition enforcement, has signaled that the regulator may order Google to break up that business unit to address its concerns.

## U.K. Mulls Microsoft, Amazon Probes

By IAN WALKER  
AND EDITH HANCOCK

**Microsoft** and **Amazon** Web Services could face an investigation by U.K. regulators after an independent inquiry found that competition isn't working in the cloud-services market.

The U.K. Competition and Markets Authority said Tuesday that the inquiry provisionally found that the lack of competition could result in higher costs, less choice, less innovation and lower quality of service for businesses and organizations across the U.K. economy.

Amazon Web Services and Microsoft each have a 40% share of the cloud-services market, while **Alphabet**'s Google is the next largest provider with a much smaller share, according to the report.

The watchdog said high upfront costs, particularly for cloud infrastructure, create "significant barriers to entry and expansion in cloud services" for newer rivals.

It added that larger players enjoy lower costs overall thanks to their sheer scale, and continue to make large investments to expand their own services.

Microsoft's corporate vice president and deputy counsel for competition law, Rima Alaily, said the CMA's report "should be focused on paving the way for the U.K.'s AI-powered future, not fixating on legacy products launched in the last century."

A spokesperson for Amazon said the proposed intervention by the U.K. regulator is unwarranted, saying the IT services sector is highly competitive and that cloud computing has lowered costs for businesses over the years.

## Musk's X Platform Partners With Visa on Payments

By ALEXA CORSE

Elon Musk's X platform said it is partnering with **Visa** to launch payment features for users that will debut later this year.

X Chief Executive Linda

Yaccarino said Visa is X's first partner for what she called an X Money account. Users will be able to move funds into an "X Wallet," connect their debit card, and transfer funds to their bank account, according to a post from Yaccarino on

the social-media platform.

Yaccarino has been pursuing a deal with Visa since at least last year, though she at times faced internal divisions over the idea, The Wall Street Journal previously reported.

The partnership represents

a step toward the company's goal of becoming what Musk calls an "everything app"—an all-in-one platform for services including messaging, payments and entertainment.

After Musk's acquisition,

the company's revenue

plunged as big advertisers pulled back from the platform. More recently, however, X has seen momentum thanks in part to the site's role as a place to get news during the 2024 U.S. election cycle and Musk's alliance with President Trump.

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## Who's Who of Distinguished Leaders: 2025 Honoree

Since 1898, Marquis Who's Who has remained the standard for reliable and comprehensive biographical reference material. We are proud to highlight hand-selected listees who have been recognized as *Distinguished Leaders* in their fields of endeavor.

Of 1.6 million listees, only a small percentage is recognized with the *Distinguished Leaders* honor. We laud these individuals for their ambition, professional fortitude, industry contributions, and career accomplishments. It is our great pleasure to present one of them here:

Avtar Singh Walia

OWNER

TAMARIND TRIBECA

[WWW.TAMARINDTRIBECA.COM](http://WWW.TAMARINDTRIBECA.COM)

*The Stalwart of Indian Cuisine in America*

Tamarind Tribeca by Avtar Singh Walia is

more than just a restaurant — it is a culinary

institution that redefines Indian fine dining.

Situated in a loft-like space with floor-to-ceiling

decor and a welcoming atmosphere that mirrors

the graciousness of its founder. Under Mr.

Walia's visionary leadership, Tamarind Tribeca

has become synonymous with excellence,

earning Michelin stars in 2013 and 2014,

a testament to its status as one of New York

City's premier dining destinations.

Mr. Walia's journey in the culinary world

began in 1986 with the launch of Daawat, a

pioneering Indian restaurant co-founded with

his associates. Partnering with celebrity chef

Madhur Jaffrey, Daawat introduced New York

to a more authentic and refined version of

Indian cuisine. It quickly became a sensation,

celebrated for its innovative menu and bold

flavors that highlighted the richness of Indian

spices. This early success laid the foundation

for Mr. Walia's future endeavors.

In 2001, Mr. Walia opened Tamarind on 22<sup>nd</sup>

Street, further cementing his reputation as a

trailblazer in Indian fine dining. Collaborating

with luminaries such as chef Raj Jallapalli, who was honored by the White House as part of its millennial program, and other culinary icons, such as master chef Durga Prasad from Bukhara. Mr. Walia elevated the perception of Indian cuisine on the global stage. His emphasis on authenticity, balance of spices and high-quality ingredients became the hallmark of his restaurants. With Tamarind Tribeca, which opened in 2010, Mr. Walia achieved his magnum opus. The restaurant's menu is a celebration of traditional Indian flavors elevated by the application of contemporary techniques.

Mr. Walia is often cited as "a pioneer of Indian gastronomy in America" by his contemporaries. Critics have always praised how innovative he is, even while preserving the authenticity of the cuisine. Forbes has called him the "godfather of high-end Indian cuisine in America." A food critic lauded him as "a visionary who has redefined Indian dining in the West." Under his guidance, Tamarind Tribeca has been called "a masterclass in Indian fine dining."

Central to Mr. Walia's philosophy is the belief in "Atithi Devo Bhava" (the guest is god). This ethos permeates every aspect of Tamarind Tribeca — from its immaculate service to the thoughtfully curated menu. Guests are treated to an experience where every detail is meticulously crafted, from the plating of dishes to the elegant ambiance of the private dining rooms.

Mr. Walia's humility and hands-on approach remain integral to his success. Actively involved in the kitchen, particularly during festive occasions, he ensures that the authenticity of his dishes remains uncompromised. Even with all his years of experience and success, he is driven and motivated to work seven days per week, embodying the principles of hard work and dedication. "Success comes from honesty, sincerity and putting forth one's best efforts," he often says.

As a former server and bartender who rose through the ranks, Mr. Walia's story is one of perseverance and passion. Even after decades in the industry, he continues to innovate while staying true to his roots. Tamarind Tribeca stands as a testament to his vision, creativity and tireless pursuit of excellence. Dining at the restaurant is more than enjoying a meal — it is a journey through the best of Indian cuisine, crafted by one of the most respected figures in the culinary world.

**MARQUIS Who'sWho**

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# THE PROPERTY REPORT

## Tycoon Seeks to Rebuild From L.A. Fires

**Caruso casts himself as a shadow power broker, bumping up against mayor's pick**

BY KEVIN T. DUGAN  
AND PETER GRANT

When Los Angeles Mayor Karen Bass this month appointed Steven Soboroff, a former police commissioner and property developer, as the city's chief recovery officer, his mission was clear: Rebuild the Pacific Palisades largely as it was before the fires ravaged the neighborhood. Upzoning and development would be discouraged. More safety plans would be put in.

But her one-time political rival Rick Caruso had plans of his own. The billionaire developer has been quietly positioning himself to be the ritzy neighborhood's shadow power broker. Caruso, who owns a cluster of high-end Palisades shops that survived the fire, would be able to put his stamp on large parts of a project to create a new Palisades.

### New nonprofit

In an interview, Caruso said he is forming a nonprofit to help speed and smooth rebuilding. That entity would give him input over many of the most-crucial aspects of rebuilding the Palisades. He and a small team would push for how the community's infrastructure gets rebuilt and would advocate for maintaining its current residential zoning, he said.

While his nonprofit won't work with individual homeowners, he hopes to make it easier for them to find construction and financial services in one place. Caruso said he has been talking in recent days to bankers, home builders and others about how to expedite and finance the rebuilding process.

"If things get locked down in the city, we want to be able—in a very thoughtful but mighty way—to push through them," he said.

For his part, Soboroff doesn't welcome the prospect of Caruso offering an alternative plan for the Palisades.

"I've talked to Rick, and all I want from Rick is, if I need him, to make a call for me, or do something like that," Soboroff said. "Or, if he thinks I'm screwing up, to let me



The Palisades Village Mall surrounded by damage in the Pacific Palisades. Rick Caruso, below, at a project in Glendale in 2013.

know, period. That's it."

In many ways, Caruso's vision for the neighborhood closely mirrors Soboroff's. Both want to improve fire safety and retain the neighborhood's quintessential Californian charm, all while accelerating cleanup and construction.

But Caruso's battle plan could differ in one crucial way: He wants to curb additional affordable housing to the Palisades if that creates more density, he said. Soboroff hasn't ruled out adding more affordable housing to the area, and state law has mandated that cities build more of it.

"This is not the time to go reimaging the Palisades," Caruso said.

Caruso and Bass have a contentious past. He ran against her in the 2022 mayor's race.

### Collision course

More recently, he has emerged as one of the mayor's biggest critics, assailing her leadership and chastising her for being in Ghana when the fires erupted.

Now, his vision for how to rebuild the Palisades puts Caruso on another potential collision course with the mayor—



FROM TOP: ERIC THAYER/BLOOMBERG NEWS; GARY FRIEDMAN/LOS ANGELES TIMES/GTY IMAGES

and with Soboroff.

Any job rebuilding the Palisades would be enormous. More than 6,800 structures in the neighborhood have been destroyed, according to the California Department of Forestry and Fire Protection, also known as Cal Fire. The number of acres burned is near 23,500.

The time span for rebuilding is measured in years in the most optimistic scenarios. By Monday, 20 days into the blaze, the Palisades fire was still 94% contained.

Soboroff, 76 years old, and Caruso, 66, bring remarkably similar qualifications to the recovery job. Both had former

stints on a board overseeing the Los Angeles Police Department, and each made respectable but unsuccessful runs for mayor of the city.

Like Caruso, Soboroff had a good run in real estate. He was involved with two of the city's major infrastructure projects. In 1999, it was the

## Office Space Is Drawing Investors

*Continued from page B1*

expect sales activity to continue to accelerate in 2025. Opportunistic real-estate funds had \$196.8 billion available at the end of last year, up from \$179.9 billion at the end of 2020, according to data provider Preqin.

Norges Bank Investment Management, the giant Norwegian sovereign-wealth fund, last month purchased the 50.1% stake it didn't own in eight office properties in Boston, San Francisco and Washington, D.C., in a deal that valued them at \$1.9 billion.

Norges last year also bought an office building on Sand Hill Road in Menlo Park, Calif., a strip filled with venture-capital firms. The two deals last year were the fund's first U.S. office investments since 2018.

"We see an opportunity being a very large capital source that is willing to write checks in a sector that most of our peers are still not willing to invest in," said John McCarthy, head of U.S. real estate for Norges.

The budding buying spree offers more encouraging news after the rise of remote work and the increase in interest rates greatly depressed office values. Now, investors point to a pickup in leasing activity as businesses start requiring workers to be back in offices more.

"We hear from customers they're going to continue bringing more workers back to the office. In many cases, they don't have enough space to accommodate the transition,"

said Colin Connolly, chief executive of **Cousins Properties**. His firm recently bought office properties in Atlanta, Charlotte, N.C., and Austin, Texas.

Certain business districts also are experiencing shortages of the most-desirable space, with rents rising because there has been practically no new development in recent years.

Owners of high-quality office buildings in good markets "should be on much better footing to start the new year than they have in recent memory," real-estate analytics firm Green Street said in a January report.

A venture of investment manager Hines and Rialto Capital has raised nearly \$750 million for a debt fund, after banks and other lenders have fled the office market.

The partnership is targeting well-leased office buildings that are having trouble finding lenders. It also is looking to lend to buyers of office buildings sold at huge discounts from what they were worth before the pandemic.

Office towers acquired at cut-rate prices offer the new owner a lot more flexibility. "By financing an asset reduced in price, it allows owners to lower rents," said Alfonso Munk, co-head of investment management for Hines.

The office market still faces a number of challenges, including high vacancy rates and loan delinquencies. Many investors remain leery about the sector and favor other types of commercial real estate, such as multifamily buildings or warehouses.

Values for office buildings that are less than pre-

Staples Center, now named for Crypto.com. Two years later, he transformed the Playa Vista neighborhood by building a mix of 6,000 affordable and luxury homes.

### Wrangling aid

Rebuilding, though, is a far different challenge. A week into his job, Soboroff said he was trying to wrangle aid and advice from emergency officials and from cities and states around the U.S.

He is trying to encourage current Palisades residents to rebuild the homes they lost. The push comes after California Gov. Gavin Newsom suspended property taxes, lifted regulations for hauling away garbage, eased some zoning restrictions and sought to curb speculators.

Soboroff said he would like to have rebuilding start in a year to 18 months.

Residents will be allowed to bypass some permitting processes—including the state's Coastal Commission and the California Environmental Quality Assessment board—if their new homes are within 110% of the original square footage, he said.

If Caruso—or anyone else—tries to develop beyond those parameters, they will likely face years before permitting committees. "If they are successful in buying those lots and they want to increase the size of the house, they're going to go through a city process," Soboroff said. "They're going to have all kinds of issues."

Caruso, the son of Dollar Rent a Car founder Harry Caruso, founded Caruso Affiliated Holdings in 1987 after a brief stint as a lawyer. As a 25-year-old Republican, he was appointed as a commissioner to the Department of Water and Power. In 2002, he was named president of the Board of Police Commissioners.

The developer is most closely associated with his luxe shopping centers. His flagship, The Grove, has a dancing fountain like the kind seen on the Las Vegas Strip. Caruso properties regularly produce some of the highest sales revenue in the U.S.

He switched parties in 2022 to run against Bass, a former California representative in the U.S. House, for mayor. Though he lost by about 10 percentage points, he was overwhelmingly popular in the Palisades.



The office market still faces challenges, including high vacancy rates and loan delinquencies.

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mium grade A are about 35% to 60% lower than they were before the pandemic, according to Green Street.

But more sellers are finally capitulating. Many had been hoping that interest rates would fall further this year, boosting commercial property values.

Recently, the Federal Reserve indicated that it would likely keep rates steady, persuading more owners to put their properties on the block.

Some buyers are even ready to take a chance on buildings that are located in prime locations near transport hubs but are struggling with debt and too much empty space.

New York landlord RXR this month acquired a 49% stake in a Midtown Manhattan tower.

(The building is home to **Fox** Corp. and Wall Street Journal owner **News** Corp.)

The 2-million-square-foot building is losing one of its largest tenants, which will drive vacancy up to about 25%. It also has \$1 billion of debt coming due this year, with high rates making it tricky to refinance. RXR is planning to invest more than \$300 million to attract new tenants by adding a new entrance, new plaza and gym.

The firm can afford to do this because its purchase of a 49% stake values the building at \$1.3 billion, including the new capital. That is about \$700 million less than the building was worth in a 2015 refinancing.

"If we can come in and fix the capital structure, we'll have no problem leasing the space because the market has gotten stronger," said Scott Rechler, RXR's chief executive.

## BUSINESS &amp; FINANCE

# Telehealth Provider to Advertise Weight-Loss Drugs at Super Bowl

BY KATIE DEIGHTON

Telehealth provider **Hims & Hers Health** said it had bought its first Super Bowl commercial, spending big to promote weight-loss treatments including the injections known as GLP-1s on a night better known for snacks, soda and beer ads.

The commercial is styled as a punchy politically tinged manifesto, using Donald Glover's 2018 racial prejudice protest song "This Is America" as its soundtrack.

"Something's broken, and it's not our bodies—it's the system," a narrator says over footage of a pie with an American flag lattice, people climbing on scales and ominous statistics about obesity. "There are medications that work," the ad continues, "but they're priced for profits, not patients."

"We wanted to highlight that systematic issues aren't things people should be ashamed of or feel bad about," said Mike Chi, chief commer-



**Hims & Hers sells compounded semaglutide, a copy of the active ingredient in Wegovy, and other weight-loss drugs.**

loss medication space, where analysts view the 100 million U.S. adults with obesity as target consumers.

In the past few years, the so-called obesity duopoly of Novo Nordisk and **Eli Lilly** delivered more than \$1 trillion in market capitalization gains. In November, the company reported quarterly revenue of \$401.6 million, an increase of 77% from the same period a year earlier when it had yet to introduce its GLP-1 offering.

But the business of compounding weight-loss drugs is now on shakier ground. The Food and Drug Administration currently allows semaglutide to be compounded because it is considered to be in short supply. But Novo Nordisk has invested billions of dollars to increase its production capacity for the drug, and some analysts have raised concerns about what will happen to companies reliant on compounding once the FDA declares the shortage over.

cial officer at Hims & Hers, which presents itself in the ad as the provider of affordable, U.S.-formulated options for medicated weight loss.

Hims & Hers stock rallied in May when the company, first known for selling erectile-dysfunction and hair-loss treatments, announced it would

sell compounded semaglutide, a copy of the active ingredient in **Novo Nordisk's** Wegovy and Ozempic drugs, at a far lower price than the branded equivalents.

Any additional demand Hims & Hers can generate through advertising will please investors in the weight-

## DeepSeek Undercuts AI Beliefs

Continued from page B1

**What about the AI companies?** What are the prospects for Microsoft-backed OpenAI, Alphabet, Amazon-backed Anthropic, Elon Musk's xAI and all the others to make money when faced with a low-cost rival?

On Monday this wasn't the main concern, with Microsoft off 2.1%, Alphabet 4.2% and Amazon slightly up. They have big, profitable businesses they are using to finance AI development, and will be able

to use the techniques DeepSeek shared to lower their costs. But they just lost one of the biggest barriers to entry. If a new AI model can be produced for just a few million dollars, maybe others can do the same. More competition will make it hard for big tech firms to make the oligopoly-like profit margins that investors hope for.

**Is this just another bump in the road?** As the dot-com bubble was building in 1999-2000 there were large price corrections, but they merely attracted people who had missed out to come in and buy what they thought were bargains. On Jan. 4, 2000, the Nasdaq-100 index tumbled 6.5%, double Monday's fall, yet the tech bubble didn't burst until March.

**What will the economic impact be?** Even quite significant market corrections typically have little to no effect on growth. This time, though, a change of market signal might be under way that would affect on-the-ground activity, not just Wall Street.

Investors have been encouraging companies to pour cash into building new data centers, power stations and anything related to the power grid for the past year. Monday's price drops suggest less appetite for real-world investments and could persuade companies to invest less into such projects.

**Will investors now remember the benefits of diversifying their investments?** At the start of the year the 10 largest stocks in

the S&P 500 made up 37% of the index, and only one, **Berkshire Hathaway**, was outside the tech sector. The point of buying the S&P or other large market indexes is to gain exposure to a range of stocks with low fees, but the concentration created by the sheer size of the behemoths means the market offers less diversification of risk than any time since index funds were invented.

Monday showed the problem: The Magnificent Seven stocks were down over 3%, weighted by market value. Yet the rest of the S&P 500 was down 0.4%. Diversification means underperformance when the big get bigger, but offers protection when investors get overenthused by an idea and push prices too far.

## Biggest 1,000 Stocks | WSJ.com/stocks

### How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are consolidated from trades reported by various market centers, including securities exchanges, FINRA, electronic communications networks and other broker-dealers. The list comprises the 1,000 largest companies based on market capitalization.

**Underlined quotations** are those stocks with large changes in volume compared with the issue's average trading volume.

**Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

**Footnotes:** I-New 52-week high; T-New 52-week low; dd—Indicates loss in the most recent four quarters.

**Stock tables reflect composite regular trading as of 4 p.m. ET and changes in the official closing prices from 4 p.m. ET the previous day.**

Tuesday, January 28, 2025

Net

Stock Sym Close Chg

A B C

AAON AAON111.77 -0.93

AECOM ACOM 105.42 -1.27

Aflac AFL 107.28 -0.87

AGNC Inv AGNC 9.87 0.08

Ansys ANSS 230.33 5.34

APA APA 23.34 0.04

ASE Tech ASK 9.82 0.09

ASML ASML 683.35 -6.80

AT&amp;T T 24.40 0.26

AbbottLabs ABT 127.39 -2.04

AbbVie ABBV 174.81 -2.09

Accenture ACN 378.39 5.24

AcuityBrands AYI 327.53 -1.27

Adobe ADBE 485.84 -0.9

AdvDrainage Sys MWS 124.77 -0.20

Aegeon AEG 6.54 -0.06

Aermotor ARCC 57.64 2.47

Affarma FMR 50.34 -0.2

AgileTech FMS 150.34 -0.84

AkinaLife GLY 77.29 1.4

AlarisCare FMS 102.93 ...

AlarisLife ALB 85.90 -2.88

AltairEngg ALTR 110.32 0.04

Albemarle ALB 85.90 -2.88

AcuityBrands AYI 327.53 -1.27

## BIGGEST 1,000 STOCKS

Continued From Page B7

Stock	Sym Close	Net Chg	Stock	Sym Close	Net Chg	Stock	Sym Close	Net Chg	Stock	Sym Close	Net Chg	Stock	Sym Close	Net Chg	Stock	Sym Close	Net Chg			
CoStar	CGSP	-0.32	DT Midstream	DTM	99.00	1.48	Docusign	DOCU	97.70	5.44	EOG Rscs	EOG	130.25	-1.71	EquityResIntl	EQR	69.26	-0.88		
Costco	COST	958.67	Darden	DHR	247.84	-0.75	EPAM Systems	EPAM	255.14	3.06	ERIE	ERIE	406.73	-2.69	FirstHorizon	FHN	21.29	0.09		
CoterraEnergy	CTRA	27.90	1.07	DollarTree	DLTR	74.95	....	EQT	EQT	49.90	1.44	EssentialUtil	EWTR	35.71	0.28	FirstSolar	FSLR	160.24	-4.07	
Coupage	CPNG	23.15	0.45	DominionEner	DPZ	55.31	-0.42	EagleMaterials	EXP	258.35	-1.32	EssexProp	ESS	281.20	-1.89	FirstService	FSV	185.45	-0.43	
Crane	CR	175.81	1.37	Dayforce	DVA	173.21	-2.32	Dominos	DPZ	429.81	-0.34	EsteeLauder	ESTEE	82.97	-0.59	Gartner	IT	542.54	5.49	
Credicorp	BAP	181.43	0.12	DeckersOutdoor	DECK	215.92	4.02	EastGroup	EGP	173.16	-0.17	EverestA	EVRA	286.67	5.29	HealthEquity	HQY	107.71	3.37	
CredoTech	CRDO	58.15	2.55	Deere	DE	479.99	-4.16	Ecobat	ECB	49.79	-0.89	Flex	FLEX	40.59	1.74	HealthpeakProp	HDP	20.85	-0.54	
CrownStrike	CRWD	408.68	34.93	DellTechC	DELL	101.29	-2.55	Ecolab	ECB	249.52	3.32	FloridDecor	FND	103.37	-2.62	Ingenier	INGR	139.09	-1.49	
CrownCastle	CCI	89.75	-2.68	DeltaAir	DAL	67.65	-0.12	Ecopetrol	EXC	56.11	-1.63	Flex	FLEX	211.72	-1.41	Insmed	INSM	78.46	0.83	
Crown Holdings	CCK	88.80	-0.74	DesertSystems	DSGX	117.65	1.10	EdisonInt'l	EW	72.54	-0.34	FlutterEnergy	FLUT	267.59	5.00	Intergen	INGR	275.97	0.08	
CubeSmart	CUBE	41.98	-0.73	Dereddy'sLab	RDY	13.53	-0.12	ElanCorp	ELAN	39.01	-0.88	FootwearConex	FMX	86.34	1.69	Intel	INTC	19.80	-0.49	
Cullen/Frost	CFR	140.24	-0.88	DevonEnergy	DVN	34.88	-0.45	Emerson	EMR	130.00	-1.02	Fortinet	FTNT	99.83	3.06	GeneralMotors	GM	50.04	-4.88	
Cummins	CMI	350.27	1.43	DexCom	DXC	88.39	0.82	Endeavor	END	44.46	-0.24	Fortive	FTV	80.39	0.62	Genmab	GMAB	19.98	-1.22	
Curtiss-Wright	CW	338.02	-3.17	Diageo	DEO	125.54	-2.13	Enbridge	DUK	76.33	-0.33	Freightliner	FTR	10.08	-0.30	Gencorp	G	47.64	1.26	
CyberArkSoftware	CYBR	27.50	16.04	DiamondbackEnergy	FANG	169.25	-2.35	Edwardsville	EW	249.23	2.82	Frontline	FYNN	22.72	-0.09	HessMidstream	HESM	40.87	0.68	
D E F				Dick's	DKS	162.14	-2.60	Dutchbros	BROS	59.59	0.25	Frontier	FYNN	22.76	-0.09	HewlettPackard	HPE	21.44	-1.49	
DTE Energy	DTE	118.60	-3.13	DiscoverFincs	DFN	199.53	-0.80	Dynatrace	DT	57.94	1.46	FullTruck	GYM	11.44	0.09	HomeDepot	HDP	22.66	3.04	
				Disney	DIS	112.14	-1.20	EMCOR	EME	438.27	8.27	Frontline	FYNN	22.76	-0.09	IntellFlavor	IFF	62.54	-1.09	
					ENI	E	28.11	-0.17	FusionTech	FYNN	22.76	-0.09	GilbanePart	GIL	11.77	-0.23	InterCellular	ICL	59.12	-0.17

## Cash Prices

Tuesday, January 28, 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.

Tuesday

Wednesday

n.a.

## Metals

Tuesday

n.a.

## Gold, per troy oz

Tuesday

n.a.

## Handel industrial

2751.00

## Handy &amp; Harman base

2751.00

## Handy &amp; Harman fabricated

3054.61

## LBMA Gold Price AM

2767.10

## LBMA Gold Price PM

2742.40

## Kruegerand;wholesale-e

2875.32

## Maple Leaf-e

2902.97

## American Eagle-e

2902.97

## Mexican peso-e

3341.43

## Austria crown-e

2712.99

## Austria phil-e

2902.97

## Silver, troy oz.

30.2500

## Engelhard industrial

30.4080

## Handy &amp; Harman fabricated

38.0100

## LBMA spot price

224.4600

## (U.S. equivalent)

30.5800

## Coins,wholesale \$1,000 face-a

23363

## Other metals

Tuesday

n.a.

## LBMA Platinum Price PM

949.00

## LBMA Palladium Price PM

970.00

## Platinum,Engelhard Industrial

945.00

## Palladium,Engelhard Industrial

970.00

## Aluminum,LME,\$ per metric ton

2616.5

## Copper,Comex spot

4.2205

## Iron Ore, 62% Fe CFR China-s

104.8

## Steel,HRC USA,FOB Midwest Mill-s

700.00

## Battery/EV metals

10550

## BMI Lithium Carbonate, EW China

5925

## BMI Lithium Hydroxide, EW China

56.5%

## BMI Cobalt sulphate,EW China

&gt;20.5%

## BMI Nickel Sulfate,EW China

&gt;22.0%

## BMI Flake Graphite,FOB China,-100 Mesh,94-95%

435

## Fibers and Textiles

Tuesday

n.a.

## Degummed corn oil,crude wtg,uw

n.a.

## Grease,choice white,Chicago-h

4.4600

## Lard,Chicago-u

n.a.

## Soybean oil,crude,Cent IL-uw

0.4454

## Tallow,bleach,Chicago-h

0.4950

## Tallow,edible,Chicago-u

n.a.

## Hides,hvy native steers piece bob-u

n.a.

## KEY TO CODES: A=ask; B=bid; BP=country elevator bids to producers; C=corrected; D=CME; E=Manfra,Tordella &amp; Brookes; H=American Commodities Brokerage Co;

## K=bi-weekly; M=monthly; N=nominal; n.a.=not quoted or not available; P=Sosland Publishing; R=RNL Energy; S=Platts-TSI; T=Cuttock Limited; U=USA; V=Benchmark Mineral Intelligence; W=weekly; Y=International Coffee Organization; Z=not quoted. \*Data as of 1/27

Source: Dow Jones Market Data

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## BIGGEST 1,000 STOCKS

Tuesday, January 28, 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.

Tuesday



## BIGGEST 1,000 STOCKS

Continued From Page 88

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg								
KKR	KKR	167.05	5.85	LyondellBasell	LVB	78.31	-0.36	Morningstar	MORN	330.45	-3.04	Orix	IX	106.72	0.71	Olagen	QGEN	45.14	-0.34	Saiia	SAIA	495.82	-4.01	Sunoco	SUN	56.16	0.34	Vistra	VST	149.44	12.56
KLA	KLAC	70.92	0.21	M N				Mosaic	MOS	28.18	0.19	OtisWorldwide	OTIS	95.87	-1.87	Qorvo	QRVO	85.78	-1.85	Salesforce	CRM	359.95	12.85	SuperMicro	SMCI	28.18	-0.89	Vodafone	VOD	8.52	-0.06
Kasplikz	KSPY	97.85	0.79	Macom Tech	MFTS	122.02	1.61	MotorolaSol	MSI	465.24	-3.03	OwensCorning	OC	138.19	-0.29	Qualcomm	QCOM	171.55	0.37	Samsara	IOT	51.82	2.49	Suzano	SUZ	107.4	-0.10	TradeDesk	ID	128.46	1.46
Kelanova	KVUE	21.38	-0.08	MST Bank	MTB	199.82	-1.22	NICE	NICE	167.22	-3.36	PDD	PDD	112.18	-1.39	QuantaServices	QTSR	202.89	1.55	Sanofi	SNY	52.97	-0.37	TradeWeb	TW	128.68	0.74				
Kenuvu	KVUE	21.38	-0.08	MGM Resorts	MGM	32.50	-0.06	NIO	NIO	4.32	0.05	QuestDag	QDG	157.13	-2.84	ScriptaTherap	SRPT	81.70	-0.22	Synaptics	SNPS	526.12	15.39	VulcanMatts	VMC	275.10	0.11				
KeurigDrPepper	KDP	31.34	-0.49	MLX	MLX	51.56	0.76	NRG Energy	NRG	100.87	3.38	PCC	PCC	15.96	-0.33	Schwab	SLB	112.32	-1.22	Synopsys	SYN	66.66	-3.20	VulcanMatts	VMC	275.10	0.11				
KeyCorp	KEY	17.65	-0.01	MSCI	MSCI	628.34	4.61	NVR	NVR	306.09	-18.54	PNC	PNC	201.72	-1.17	Schulumberger	SLB	81.70	-0.22	Syco	SY	72.28	-4.58	W X Y Z							
KimberlyClark	KMB	129.44	-1.97	Magnalint	MGA	41.09	-0.47	NXP Semicon	NXPI	213.43	-1.65	PGE	PGE	15.96	-0.33	ServiceNow	NOW	1170.39	29.77	Syco	SY	72.28	-4.58	W X Y Z							
KimcoRealty	KIM	27.46	... ... ...	MakeMyTrip	MMYT	106.96	2.90	Natera	NTRA	168.08	2.82	PGC	PGC	15.96	-0.33	Syco	SY	72.28	-4.58	W X Y Z											
KinderMorgan	KIM	27.46	... ... ...	ManhattanAssoc	MANH	295.18	6.87	NationalGrid	NGG	61.08	-0.34	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
KinrossGold	KGC	10.87	0.25	Maplebear	CART	46.75	-1.90	NetWest	NET	10.76	0.09	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
KinrossCapital	KNSL	442.14	-2.18	MarketAxess	MFTX	223.29	-2.11	NetEase	NTES	103.42	1.47	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
Klavivo	KVYO	45.62	2.30	MarathonPetrol	MPC	150.64	-1.96	NetApp	NTAP	119.53	2.64	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
Knight-Swift	KNX	58.52	-0.28	Marriott	MAR	288.64	0.59	Neurocrine	NBIX	150.71	2.57	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
KraftHeinz	KHC	27.20	-0.10	Marsh&McLenn	MMC	220.88	-2.96	NYTimes A	NYT	54.26	0.30	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
Kroger	KR	60.37	-0.61	MarinMarietta	MLM	542.17	-3.87	Newmont	NEAR	41.35	-0.22	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
Kryndyl	KD	38.42	0.49	Masimo	MASII	175.18	4.64	NextEraEnergy	NEE	11.65	-0.17	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LamairAirlines	LM	28.20	... ... ...	MasterCard	MA	547.36	-0.16	NewsCorp B	NWSA	28.15	-0.25	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LKO	LKO	30.13	-0.77	MatchGroup	MTCH	35.42	0.43	Nielsen	NLSN	101.84	-1.19	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LPL Financial	LPLA	350.18	5.43	Mercadolibre	MELI	189.53	49.53	Novartis	NVS	101.84	-1.57	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
L3HarrisTech	LHX	213.30	-8.09	McCormickFtG	MCKV	77.78	0.74	NovoNordisk	NVO	85.19	2.32	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
Laborx	LRX	245.51	-1.16	McDonald's	MCD	76.69	-0.26	Phillips66	PSX	121.18	-1.90	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LamResearch	LRX	74.51	-1.12	McDonald's	MCD	291.15	-1.94	PenskeAuto	PAG	165.51	1.49	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LamarAdv	LAM	126.41	-1.78	Mettler-Toledo	MTD	135.28	5.61	PenskeAuto	PAG	165.51	1.49	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LambWeston	LW	60.33	-2.07	MidCap	MEDP	345.81	-4.56	PenskeAuto	PAG	165.51	1.49	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LasVegas Sands	LVS	43.23	-0.22	MidwayUSA	MU	88.25	-2.86	PenskeAuto	PAG	165.51	1.49	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LibertyBroadband	LBRDK	80.31	-0.46	MicroTron	MTR	80.25	-0.09	Pinterest	PINS	32.90	-0.58	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LibertyBroadband	LBRDK	80.31	-0.46	Microsoft	MSFT	447.20	12.64	PlainsAllAmPte	MAA	151.41	-2.22	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LibertyFormOne	LFVNK	95.25	1.52	MicroStrategy	MSTR	335.93	-11.99	Priamerica	PRI	289.69	0.02	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LibertyLive	LVNK	70.98	1.40	Midsize	MID	172.89	1.14	Prometric	PIN	20.62	-0.05	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
Elliility	LLY	80.49	-3.18	Moderna	MRNA	44.94	3.29	Prometric	PIN	20.62	-0.05	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LincolnElectric	LECO	196.15	0.36	Mobileye	MBLY	161.71	0.54	Prometric	PIN	20.62	-0.05	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
Linde	LIN	53.15	-3.98	MolnáreHealthcare	MOH	49.00	-4.46	ProcoreTech	PCOR	81.78	-0.53	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
Lineage	LINE	59.88	-0.12	Monolithic	MOC	120.34	-3.19	Progressive	PGR	245.05	-1.86	PNC	PNC	201.72	-1.17	Syco	SY	72.28	-4.58	W X Y Z											
LithiaMotors	LAD	367.88	12.09	MorganStanley	MS	138.54	1.89	PrudentialFinl	PRDF	102.0																					

## MARKETS DIGEST

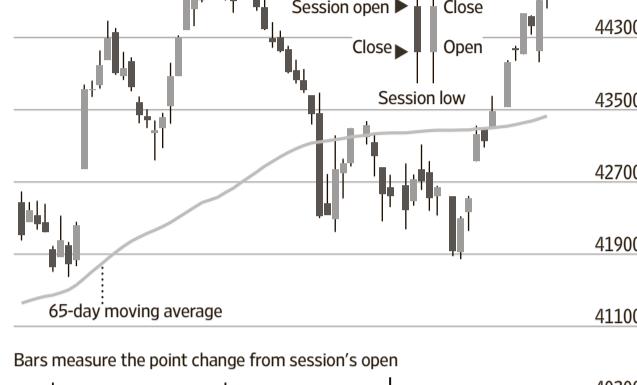
## EQUITIES

## Dow Jones Industrial Average

**44850.35** **▲136.77, or 0.31%**  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 27.45 25.56  
P/E estimate \* 21.89 19.46  
Dividend yield 1.82 1.91  
All-time high 45014.04, 12/04/24

Current divisor 0.16268413125742



Bars measure the point change from session's open

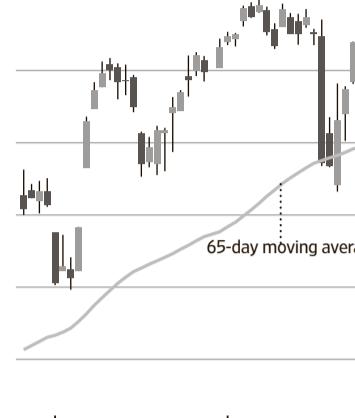
Oct. Nov. Dec. Jan. 40300 41100 41900 42700 43500 44300 45100

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

## S&amp;P 500 Index

**6067.70** **▲55.42, or 0.92%**  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio \* 25.75 22.33  
P/E estimate \* 22.30 22.01  
Dividend yield \* 1.22 1.51  
All-time high 6118.71, 01/23/25



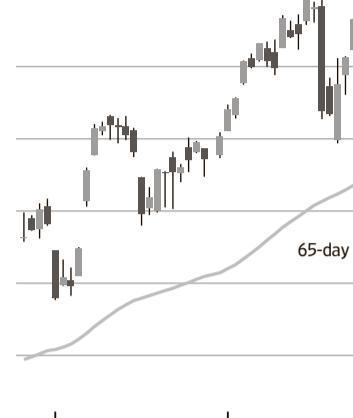
Oct. Nov. Dec. Jan. 5600 5700 5800 5900 6000 6100

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; †Based on Nasdaq-100 Index

## Nasdaq Composite Index

**19733.59** **▲391.75, or 2.03%**  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio \* 33.45 31.37  
P/E estimate \* 27.63 30.15  
Dividend yield \* 0.69 0.85  
All-time high 20173.89, 12/16/24



Oct. Nov. Dec. Jan. 17200 18200 19200 20200

## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr.ann.
<b>Dow Jones</b>										
Industrial Average	44976.35	44621.96	<b>44850.35</b>	136.77	<b>▲0.31</b>	45014.04	37735.11	<b>16.6</b>	5.4	<b>8.9</b>
Transportation Avg	16834.91	16665.00	<b>16694.02</b>	-154.53	<b>-0.92</b>	17754.38	14781.56	<b>5.8</b>	5.0	<b>3.5</b>
Utility Average	991.09	975.84	<b>984.15</b>	-7.64	<b>-0.77</b>	1079.88	829.38	<b>15.1</b>	0.1	<b>1.5</b>
Total Stock Market	60444.24	59659.11	<b>60365.55</b>	541.18	<b>▲0.90</b>	60885.79	48275.32	<b>22.9</b>	3.4	<b>10.5</b>
Barron's 400	1302.98	1292.73	<b>1300.16</b>	4.57	<b>▲0.35</b>	1356.99	1063.30	<b>19.5</b>	3.9	<b>9.3</b>

## Nasdaq Stock Market

Nasdaq Composite	19759.43	19294.62	<b>19733.59</b>	391.75	<b>▲2.03</b>	20173.89	15164.01	<b>27.2</b>	2.2	<b>12.7</b>
Nasdaq-100	21500.73	21043.13	<b>21463.04</b>	335.76	<b>▲1.59</b>	22096.66	17037.65	<b>22.8</b>	2.1	<b>14.1</b>

## S&amp;P

500 Index	6074.54	5994.63	<b>6067.70</b>	55.42	<b>▲0.92</b>	6118.71	4845.65	<b>23.2</b>	3.2	<b>11.0</b>
MidCap 400	3252.76	3230.03	<b>3244.31</b>	4.63	<b>▲0.14</b>	3390.26	2732.18	<b>16.6</b>	4.0	<b>8.0</b>
SmallCap 600	1455.30	1444.28	<b>1450.61</b>	0.30	<b>▲0.02</b>	1544.66	1241.62	<b>11.7</b>	3.0	<b>4.5</b>

## Other Indexes

Russell 2000	2294.67	2275.08	<b>2288.86</b>	4.84	<b>▲0.21</b>	2442.03	1937.24	<b>14.7</b>	2.6	<b>5.2</b>
NYSE Composite	20009.48	19903.22	<b>19970.63</b>	-9.38	<b>-0.05</b>	20272.04	16911.13	<b>16.9</b>	4.6	<b>6.8</b>
Value Line	632.41	628.61	<b>630.96</b>	-0.53	<b>-0.08</b>	656.04	568.94	<b>7.5</b>	3.3	<b>0.7</b>
NYSE Arca Biotech	6270.17	6187.76	<b>6241.35</b>	23.99	<b>▲0.39</b>	6251.16	4861.76	<b>20.0</b>	8.6	<b>8.0</b>
NYSE Arca Pharma	969.72	958.44	<b>958.56</b>	-10.75	<b>-1.11</b>	1140.17	912.71	<b>0.5</b>	2.6	<b>6.3</b>
KBW Bank	138.57	137.25	<b>138.15</b>	-0.11	<b>-0.08</b>	138.78	92.30	<b>41.0</b>	8.4	<b>0.9</b>
PHLX® Gold/Silver	149.18	146.98	<b>148.91</b>	1.16	<b>▲0.78</b>	175.74	102.94	<b>30.4</b>	8.5	<b>7.1</b>
PHLX® Oil Service	74.79	72.76	<b>73.39</b>	-1.08	<b>-1.45</b>	95.25	68.88	<b>-11.2</b>	1.1	<b>4.1</b>
PHLX® Semiconductor	4928.19	4776.82	<b>4907.03</b>	53.79	<b>▲1.11</b>	5904.54	4260.92	<b>13.6</b>	-1.5	<b>14.1</b>
Cboe Volatility	18.39	16.25	<b>16.41</b>	-1.49	<b>-8.32</b>	38.57	11.86	<b>23.3</b>	-5.4	<b>-16.0</b>

\$Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

## International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg	
<b>World</b>						
MSCI ACWI	<b>868.64</b>	4.81	<b>▲0.56</b>	3.2		
MSCI ACWI ex-USA	<b>335.72</b>	-0.80	<b>-0.24</b>	3.0		
MSCI World	<b>3836.25</b>	22.92	<b>▲0.60</b>	3.5		
MSCI Emerging Markets	<b>1089.13</b>	1.59	<b>▲0.15</b>	1.3		
<b>Americas</b>						
MSCI AC Americas	<b>2286.83</b>	21.18	<b>▲0.93</b>	3.4		
S&P/TSX Comp	<b>25419.45</b>	130.30	<b>▲0.52</b>	2.8		
MSCIEM Latin America	<b>1995.80</b>	9.76	<b>▲0.49</b>	7.7		
Bovespa	<b>124055.50</b>	-806.00	<b>-0.65</b>	3.1		
S&P IPSA	<b>3773.06</b>	3.51	<b>▲0.09</b>	4.4		
S&P/BMV IPC	<b>51535.96</b>	-151.49	<b>-0.29</b>	4.1		
<b>EMEA</b>						
STOXX Europe 600	<b>531.60</b>	1.91	<b>▲0.36</b>	4.7		
Eurozone	<b>532.99</b>	1.69	<b>▲0.32</b>	5.5		
Bel-20	<b>4300.96</b>	22.29	<b>▲0.52</b>	0.9		
Denmark	<b>OMX Copenhagen 20</b>	2068.62	<b>-28.14</b>	<b>-1.34</b>	-1.6	
France	<b>7897.37</b>	-9.21	<b>-0.12</b>	7.0		
Germany	<b>DAX</b>	21430.58	148.40	<b>▲0.70</b>	7.6	
Israel	<b>Tel Aviv</b>	2467.82	4.22	<b>▲0.17</b>	3.0	
Italy	<b>FTSE MIB</b>	36147.06	-44.11	<b>-0.12</b>	5.7	
Netherlands	<b>AEX</b>	898.41	3.57	<b>▲0.40</b>	2.3	
Norway	<					

## MARKETS

# Nasdaq Gains 2% After DeepSeek Rout

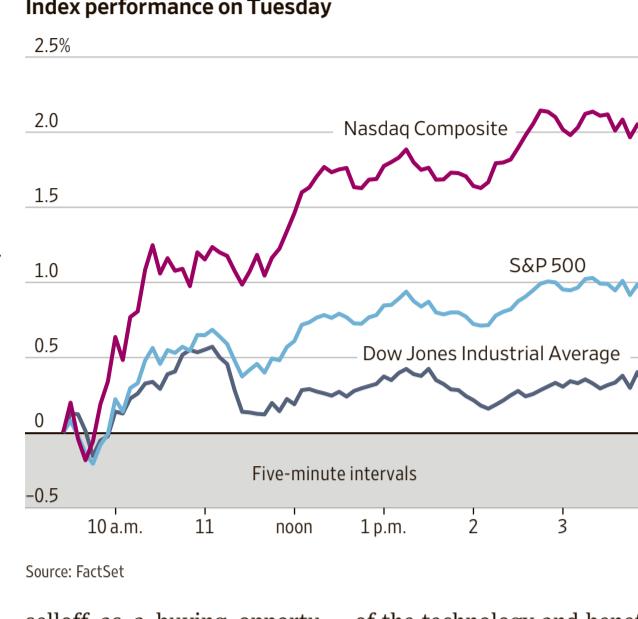
Hard-hit tech stocks post some gains as investors see a buying opportunity

Technology stocks rebounded, recovering their footing one day after China's DeepSeek triggered a selloff of stocks tied to artificial intelligence.

**TUESDAY'S MARKETS** The tech-heavy Nasdaq Composite rose 2%, leading other major indexes. The S&P 500 gained 0.9%, while the Dow Jones Industrial Average added 0.3%.

Some stocks pummeled on Monday posted solid gains on Tuesday—though not enough to make up for the earlier session's losses. Chip maker Nvidia surged 8.9%, one day after it lost 17%, wiping out more than half a trillion dollars in market cap. Oracle gained 3.6%.

The rebound suggested that some investors saw Monday's



selloff as a buying opportunity. While the emergence of DeepSeek, a low-cost Chinese artificial-intelligence player, punctured the lofty valuations of many AI-linked stocks, some executives argued that cheap AI will hasten adoption of the technology and benefit the industry.

Corporate earnings are likely to take back the spotlight this week. General Motors slumped 8.9% after the automaker reported a \$2.9 billion quarterly loss.

**Meta Platforms** and **Microsoft** are among the companies set to report earnings Wednesday. Both could give insights into how U.S. tech giants view the threat from DeepSeek.

The Federal Reserve's key interest-rate committee is set to conclude its two-day meeting on Wednesday. Near-unanimous expectations are that the Fed will keep rates steady at 4.25% to 4.5%, meaning investors are likely to be most focused on the tone of Fed Chair Jerome Powell's remarks after the meeting.

♦ The Stoxx Europe 600 rose 0.4% to a record close. Japan's Nikkei 225 fell 1.4%. Hong Kong's Hang Seng Index inched higher in a shortened session.

—Alexander Osipovich and Joe Wallace

**WEDNESDAY'S EVENTS:**

Fed rate decision is due at 2 p.m., followed by a news conference from Fed Chair

Jerome Powell. Market participants overwhelmingly expect the Fed to stand pat.

**EARNINGS EXPECTED:**

Ahead of the bell:  
ADP  
ASML  
T-Mobile U.S.

After the close:  
Meta Platforms  
Microsoft  
Tesla  
IBM

**STOCK SPOTLIGHT****Vistra, Talen and Constellation Energy**

The power producers rose 9.2%, 6.4% and 1.4%, respectively. They plunged on Monday on fears the AI industry wouldn't devour as much power as expected.

**U.S. Bancorp**

Shares of the regional lender slipped 2.1% after it said CEO Andy Cecere would leave the role this spring. He will be succeeded by bank president Gunjan Kedia.

**Royal Caribbean**

Shares soared 12% after the cruise company's quarterly profit surpassed estimates, and it said it recently enjoyed some of the best weeks for bookings on record.

**RTX**

The aerospace-and-defense company posted higher-than-expected quarterly sales and adjusted earnings per share. The stock jumped 2.6%.

**Starbucks**

The Seattle company reported after the close that quarterly profit declined 23%, reflecting investments in upgrading cafes and other efforts to revive business. Shares gained more than 2% in after-hours trading.

**AUCTION RESULTS**

Here are the results of Tuesday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

**SEVEN-YEAR NOTES**

Applications	\$118,423,806,900
Accepted bids	\$46,443,305,300
"noncompetitively	\$182,440,200
"foreign noncompetitively	\$0
Auction price (rate)	99.511524 (4.457%)
Interest rate	4.375%
Bids at clearing yield accepted	49.84%
Cusip number	91282CMK4

The notes, dated Jan. 31, 2025, mature on Jan. 31, 2032.

**TWO-YEAR FRNs**

Applications	\$91,986,497,900
Accepted bids	\$31,665,890,500
"noncompetitively	\$28,618,400
Spread	0.098%
Bids at clearing yield accepted	88.62%
Cusip number	91282CMJ7

The floating-rate notes, dated Jan. 31, 2025, mature on Jan. 31, 2027.

Wall Street, Tech World Tally Up Monday's Pain

## \$1 Trillion

That is the amount of stock-market value the tech bloodbath wiped out on Monday, according to Dow Jones Market Data. Some reactions:

*"This is kind of classic in our industry... The pioneers are not the ones who end up being the victors."*

Marc Benioff,  
Salesforce  
chief executive

*"Everybody was bulled up in the market. If you have a contrarian bone in your body, you have to look the other way."*

Leon Cooperman,  
American billionaire  
stock picker

*"It's a disruption of this whole narrative that this small cohort of companies is going to be controlling AI progress for years and years."*

Rob Arnott, founder of asset-management firm Research Affiliates

## France Probes Binance Over Alleged Laundering Lapses

By ANGUS BERWICK

French officials have begun a criminal investigation into **Binance** for suspected failings in countering money laundering, opening another front in the crypto exchange's legal battles.

Binance, which picked Paris as its European hub several years ago, allegedly failed to meet its anti-money laundering obligations, likely enabling the laundering of funds earned from drug trafficking and tax fraud, prosecutors said.

The investigation by the Paris prosecutor's office will look at possible offenses committed between 2019 and last year. Binance, the world's larg-

est crypto-trading platform, pleaded guilty in 2023 to violating U.S. anti-money-laundering requirements and agreed to pay a \$4.3 billion fine. Binance's founder, Changpeng Zhao, served four months in jail on a related charge. The company is still fighting separate civil charges by the Securities and Exchange Commission.

A Binance spokesperson said the company denies the allegations by the French prosecutors and will fight any charges made against it, adding the matter was several years old. Binance said its advances in anti-money laundering compliance had been recognized by authorities.

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# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## New ETFs Bet on Wary Bitcoin Investors

Funds that cap the cryptocurrency's upside and downside are among the products that remove too much risk to make sense

Irrationally exuberant investors who lose their shirts get a lot of attention. But there is another way to manage your money poorly: taking so little risk that you end up with little reward.

Enter the **Calamos Bitcoin Structured Alt Protection ETF**, which started trading under the "CBOJ" ticker last Wednesday. The fund uses a combination of safe investments and options on other bitcoin vehicles to guarantee that initial backers won't lose any money over the following year, despite investing in one of the most speculative assets in existence. The flip side is that it also limits the maximum returns they will receive over this period at 11.65%.

Since 2016, there have been 23 occasions in which bitcoin has risen more than that in a single day. Its average annual volatility has been 86%.

Calamos frames this as an advantage, since the chances of hitting the maximum are high, but there is an equally big probability that the cryptocurrency will tumble and never again come close to its recent \$100,000 mark. So CBOJ's return could easily be zero minus its 0.69% fee, which seems to make it a poor alternative to cash. Right now, some bank deposits return 4.5%.

Arguably, this defeats the whole purpose of allocating money to bitcoin, which is to have a shot at outsize gains at the cost of big potential losses.

This exchange-traded fund ultimately joins an illustrious tradition of investments that exploit loss aversion. Chief among them are the structured products that have become wildly popular among individual investors since

**Calamos Bitcoin Structured Alt Protection ETF**

\*Monthly data since 2016 †Monthly data since 1871

**One-year changes in bitcoin prices, by how often they happen\***

instance, must remember that the terms shift with market prices. CBOJ's downside protection has gone from 100% to 100.03% as a result of bitcoin falling over the past week.

Why, then, is the promise of not losing capital so mesmerizing? Research by psychologists Daniel Kahneman and Amos Tversky famously found many people decline betting on a coin flip when they have a 50% chance to win \$150 and a 50% chance to lose \$100. While apparently irrational, the psychological hit from actual losses far outweighs that of missing out on larger winnings.

To be sure, it is still a good thing that structured products are increasingly migrating into safer, liquid ETFs with fees below 1%, rather than the roughly 3% charged by banks. Perhaps this will turn out to be enough to make such buffer ETFs a useful part of expert investors' tool kits.

And there are other rationales behind Calamos's bitcoin offerings. One is tax efficiency. Also, CBOJ is to be the first of a series of three ETFs, one of which has a more crypto-like profile—losses capped at 20% and a maximum return of around 50%. Crucially, these vehicles are a tool for financial advisers to push bitcoin to the fearful, or to allow newly made crypto millionaires to diversify, said Matt Kaufman, head of ETFs at Calamos.

Most investors, though, are better off following classic portfolio theory and diversifying with cash and vanilla market trackers. Laying all the risk on the table only to sweep it away with the same hand is an odd approach at best.

—Jon Sindreu

ETF released by Calamos in January.

An analysis of monthly historical data underscores how much investors may be giving up: The S&P 500 has beaten those returns 57% of the time. In 42% of cases, it has more than doubled them.

Of course, past probabilities are a poor guide to the immediate future, whereas the options used to set the caps on these products should allegedly reflect the risk that, say, today's S&P 500 is more expensive than average, or that bitcoin has few real-world uses

and could suddenly become worthless. Indeed, the traditional argument to sell structured products was that investors didn't have access to derivatives to fine-tune their portfolios.

The problem is that most studies, including a well-cited 2011 paper by Brian Henderson and Neil Pearson, found no value in adding structured products to portfolios after accounting for the high fees charged by issuer banks. And complexity can be an issue for the unsophisticated: Those who buy structured ETFs after launch, for

could face pressure if demand shifts. But, as the world's largest contract chip maker, it is well positioned to benefit from growth in electronic devices and semiconductors as AI becomes more accessible.

At around 21 times forward earnings, TSMC trades at a reasonable multiple compared with Nvidia's still-lofty 40 times. For a company poised to win whether AI remains high end or goes mainstream, the current valuation looks attractive.

In times of market panic, it is worth remembering that the real winners often emerge only once the fog lifts.

—Jacky Wong

## DeepSeek's Deeper Impact Is Positive for Some Hard-Hit Stocks

A Chinese artificial-intelligence upstart has sent highflying technology stocks into a tailspin. The rise of China's DeepSeek is disrupting the industry's established order, but some players could actually thrive in the new landscape.

Monday's panic sell-off hit the companies supplying the "picks and shovels" for the AI gold rush the hardest. **Nvidia**, whose high-performance chips have been central to the AI boom, saw its stock drop 17% Monday. **Taiwan Semiconductor Manufacturing**, or TSMC, which produces Nvidia's chips, wasn't spared either—its American depositary receipts fell

13%.

Investors were spooked by DeepSeek's claim that it could build AI models rivaling OpenAI and a competitor from **Alphabet** at a fraction of the cost. They fear that if DeepSeek delivers on its promise, the need for expensive chips could plummet, dragging down the whole supply chain.

While DeepSeek has indeed made some breakthroughs—mostly driven by the constraints in its ac-

cess to the most-advanced chips—there are reasons to believe that demand for the high-end chips

might continue. For one, cutting-edge AI models will still rely on the fastest, most-capable chips available.

**Microsoft** Chief Executive Satya Nadella highlighted the phenomenon known as Jevons Paradox: When a resource becomes more efficient to use, overall consumption often increases rather than decreases.

Cheaper AI could unlock applications in industries and devices previously priced out of the AI revolution, driving greater demand for semiconductors across the board.

The fact that **Apple**'s stock rose 3% during Monday's rout is telling. If AI models become efficient enough to deliver compelling functionality on smartphones, this could expand AI adoption while boosting demand for consumer devices.

The sell-off in names like TSMC, therefore, may represent an opportunity. Yes, TSMC manufactures the high-end chips powering today's most advanced AI models, which

It's always been easier for me to help others than to help myself

**There are reasons to think demand for high-end chips might continue.**

As a Veteran, when someone raises their hand for help, you're often one of the first ones to respond. But it's also okay to get help for yourself. Maybe you want or need assistance with employment, stress, finances, mental health or finding the right resources. No matter what it is, you earned it. And there's no better time than right now to ask for it. **Don't wait. Reach out.**

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