



# U.S. NEWS



MICHAEL NAGLE/BLOOMBERG NEWS

The stock-market rally has created millionaires and turned professional investors increasingly bullish. The floor of the New York Stock Exchange.

## Stocks Set Best 2 Years Since 1990s

*Continued from Page One* in 2025.

For one thing, interest rates may remain higher than anticipated, affecting borrowing costs and potentially giving investors lower-risk alternatives to the stock market. The Fed recently signaled doubt over how much more it will cut rates. Benchmark Treasury yields had been rising even before that.

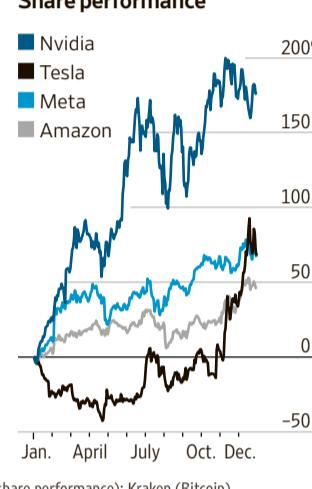
For another: The powerful rally has left stocks looking increasingly expensive.

The S&P 500 traded late last week at 21.9 times its projected earnings over the next 12 months, according to FactSet, above a 10-year average of 18.5 times. Some investors argue that the hefty presence of fast-growing tech stocks in today's market justifies a richer multiple than in the past. But many still worry the market looks pricey.

By itself, a lofty price tag is unlikely to stop the rally. But it will weigh on the returns that investors can expect over the long term and heighten the importance of corporate profit growth to stock performance. "The market has sort of topped out in terms of multiple and can really only grow through earnings," said Brad Conger, chief investment officer at Hirtle Callaghan. "It puts a high burden on compa-



Sources: Tullett Prebon (10-year note); FactSet (share performance); Kraken (Bitcoin)



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Sources: Tullett Prebon (10-year note); FactSet (share performance); Kraken (Bitcoin)

nies to actually deliver."

They could be up against a high bar: Wall Street analysts expect profits from companies in the S&P 500 to grow by 15% in 2025 from a projected 9.5% for 2024, according to FactSet. Traders look ready to punish companies that give reason to worry. Adobe shares recently dropped 14% a day after the software maker offered weak sales guidance.

Over the past year, investors began to turn a more skeptical eye to the question of when companies' spending on artificial intelligence will turn into profits. Shares of Google parent Alphabet and Amazon.com stumbled when investors looked askance at a pairing of heavy spending with signs of disappointing sales growth.

Even so, the biggest tech stocks continued to do much of the work of powering the S&P 500 higher. Through Dec. 24, the Magnificent Seven—Alphabet, Amazon, Apple, Meta

Platforms, Microsoft, Nvidia and Tesla—accounted for more than 53% of the stock index's total return, including dividends, according to S&P Dow Jones Indices. Nvidia alone made up 21% of the return, as the maker of artificial-intelligence chips saw its market value leap past \$3 trillion.

At the same time, stocks in many industries contributed to the rally. The financial sector has climbed 28% for the year, while the utilities and industrials segments gained 20% and 16%, respectively. In the year to come, many investors expect the market will continue to broaden.

"With the economy doing well, with the Fed cutting interest rates, with continued investment in infrastructure and the economy, we see scope for other sectors to play some catch-up with tech," said Holly MacDonald, chief investment officer at Bessemer Trust.

Stocks outside of big tech also boast more attractive val-

uations, MacDonald noted. Bessemer Trust is favoring stocks in the industrial, utility, healthcare and technology sectors, but has reduced its tech position since the start of 2024, she said.

One beaten-down corner of the market that many investors are talking about: small-capitalization stocks. The Russell 2000 benchmark is 8.8% off its record close from November 2021, while the S&P 500 has risen 26% over that time. The disparity has money managers thinking the market's smaller stocks may be due for another look.

"They've underperformed by such a degree," said Marc Pinto, head of Americas equities at Janus Henderson Investors. "We think that potentially sets us up for some mean reversion where small-caps will catch up."

Analysts expect small-caps to benefit as the Fed lowers interest rates. The group tends to issue more floating-rate

debt than do larger companies, so its borrowing costs should fall if the central bank eases monetary policy.

Still, there are reasons for concern. The Fed jolted markets in December when it reduced rates but signaled just two additional cuts next year, suggesting borrowing costs may settle at a higher level than investors expected.

The Russell 2000 slumped 4.4% on the news in its worst day in 2½ years, while the Dow Jones Industrial Average dropped more than 1,100 points, its 10th consecutive day lower. The blue chip average's losing streak was its longest since 1974.

Even as the Fed began cutting rates, the yield on the 10-year U.S. Treasury note has ticked higher. The yield on the benchmark government bond settled Monday at 4.546%, up from 3.860% at the end of last year and 3.685% on the day the central bank announced its first rate cut in September.

Uncertainty abounds on the political front. Stocks rallied when Republicans swept the November elections, raising hopes that business will benefit from tax cuts and looser regulation. But President-elect Donald Trump has also proposed sweeping tariffs as well as mass deportations, policies that could add to inflation if enacted.

"What happens to all this excitement when we start to get all the details?" said Anna Rathbun, chief investment officer at CBIZ Investment Advisory Services.

At the very least, many investors expect, markets could be in for a bumpy ride in 2025.

## Pending Home Sales Grew Again Last Month

BY MATT GROSSMAN

Pending homes sales in the U.S. grew for the fourth straight month in November to return to the highest level since early 2023, the National Association of Realtors said Monday.

The NAR's index of pending sales increased by 2.2% last month to reach an index level of 79, the greatest since February of last year.

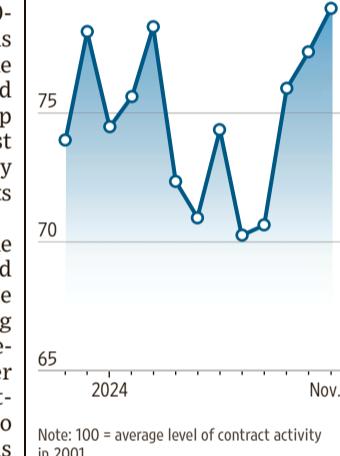
Pending sales improved by the most in the South, where they grew by 5.2%. In the West, they grew by 0.5%, and in the Midwest by 0.4%. Northeast pending sales fell by 1.3%.

Cuts by the Federal Reserve to its benchmark interest rate haven't substantially eased mortgage rates. Those tend to be more responsive to moves in longer-term U.S. Treasury yields, which have climbed to close out 2024.

But prospective home buyers are adjusting to the idea that mortgage rates won't soon bring relief and are dipping their toes back into the housing market, NAR Chief Economist Lawrence Yun said.

"Consumers appeared to have recalibrated expectations regarding mortgage rates and are taking advantage of more available inventory," he said.

### Pending home sales index



Note: 100 = average level of contract activity in 2001  
Source: National Association of Realtors

## Managers Adjust to Pink Slips

*Continued from Page One* off earlier this year after 15 years at Citi, most of them as a manager in operations such as mortgages, settlement services and foreclosures.

Early on in his job search, he did land an interview, only to learn that the job paid \$40,000 less than what he had earned at Citi. The pay was so far off the mark that he withdrew.

Now, months later, he has spread his search to other sectors and roles and said he would probably take the lower-paying job if it came up again.

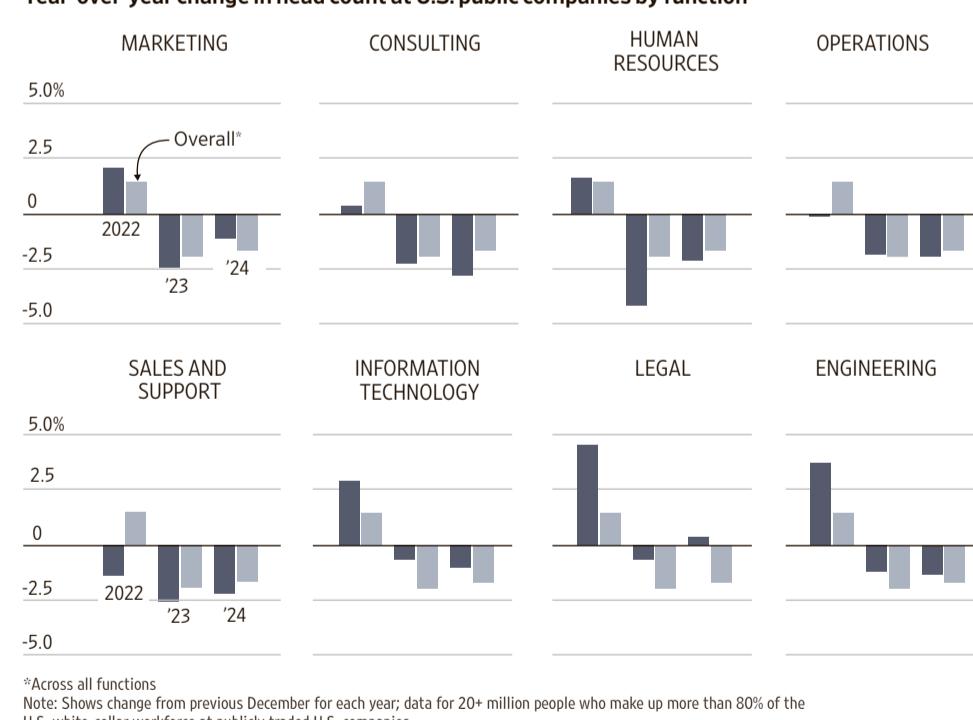
"That's money out of my family's pocket," said Riggle, who lives in O'Fallon, Mo.

### Getting tougher

Managers, and their outsize paychecks, have long been a favorite fall guy after cycles of corporate bloat. This time, companies have collapsed their hierarchies with remarkable speed.

Meta cut multiple tiers last year as it eliminated thousands of jobs and asked some managers to move to non-supervisory roles. Citi, which announced its restructuring in September 2023, trimmed its management layers to eight from 13 by March.

"That [means] much, much faster decision-making," Citi Chief Financial Officer Mark Mason told investors in the spring.



\*Across all functions  
Note: Shows change from previous December for each year; data for 20+ million people who make up more than 80% of the U.S. white-collar workforce at publicly traded U.S. companies.  
Source: Live Data Technologies

The trimming has made one of the toughest corporate jobs harder.

Managers oversee nearly three times as many people today as they did in 2017, according to data from research and advisory firm Gartner. About 30% of employees report having bosses who are too stressed to support them at work, according to LinkedIn's latest Workforce Confidence survey.

Some of the biggest cuts have been in human-resources departments, where head counts are down by more than 6% from 2022, the Live Data Technologies analysis shows.

Rachel Kargas, a former talent-acquisition director who lost her job last year after the company she worked

for was acquired, has since become a recruiting consultant. She has noticed how the dearth of more senior people in her field has worsened the job-search process for candidates and HR staff alike.

"They don't have the senior leadership to mentor them and train them on how to have difficult conversations when they're rejecting candidates or negotiating compensation, giving feedback," the 50-year-old Kargas said.

### The AI wrinkle

Growing use of generative artificial intelligence means some management layers might never come back, said Colyn Montgomery, 37, who left his role at Meta as a

product-marketing team leader in 2021 to co-found a marketing-technology startup.

AI tools could handle routine tasks such as data-sharing and managing workflow, reducing the need for managers. Over time, Montgomery said, AI could even change the way people ascend in companies, given that one individual could be as productive as an entire team.

"Right now, you need to become a people manager to progress in your career at a big company," he said.

Gartner predicts that over the next two years, one in five companies will use AI to flatten its organization and eliminate half of middle-management roles.

Companies might avoid amassing management bureaucracies again if they charge bosses with leading people, not managing processes, said Kyle C. Murphy, a 54-year-old Los Angeles-based executive who has helped build up several venture-capital and private-equity funded companies.

"They're spending half their time or more going through sales spreadsheets and data and everything else," he said. "If you really want them to make a difference, you'd have them focus on developing and empowering their people to solve problems."

### Changing tracks

Some former managers are rediscovering the rewards of working as an individual contributor.

After eight years as a software engineering manager at data-services company Pure Storage, Jeff Yun-Nikolac sought out a career coach to help him figure out how to become a director one day. The visualization exercises his coach asked him to do, though, made him realize that it was working directly with the technology, writing code, that energized him.

"I was a good manager, but I don't think I ever super-enjoyed the job. It felt like the sort of thing you should do to come up in your career," said the 43-year-old Yun-Nikolac, who decided to shift to an engineering role at Pure Storage two months ago.

His new career track lets him earn the same pay as before, with the potential to advance as a technology guru rather than a people manager.

### A March Wall Street Journal poll showed that in Arizona, Georgia, North Carolina, Nevada and Wisconsin, the percentage of respondents who rated their state's economy as excellent or good exceeded the percentage rating it not so good or poor. In Pennsylvania and Michigan, a greater percentage rated the state's economy as not so good or poor. More voters in all seven states rated the U.S. economy as not so good or poor than excellent or good. An April 4 Page One economic analysis contained a chart incorrectly showing that in all seven swing states, a greater percentage of respondents would say their state's economy had gotten better over the last two years than would say it had gotten worse. A corrected version of the chart is available at WSJ.com/Corrections.

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# A Consequential Leader in Era of Turmoil

Carter brought 'genuine integrity' to presidency even as crises piled up

BY GERALD F. SEIB

Jimmy Carter was a good man who was president at a bad time.

The question for the history books to decide is whether he made the problems worse through indecision and vacillation, or whether his tumultuous presidency was simply trapped in a period of inescapable turmoil, the seeds of which had been sown years earlier.

In any case, Carter, who died Sunday, should be remembered as a president of great consequence—indeed, of greater consequence in retrospect than it might have seemed when voters denied him a second term. The tendency in the years since he left Washington in 1981 has been to associate him and his presidency with the crises that piled in upon him: an energy shortage, gasoline lines, debilitating inflation, soaring interest rates, leftists taking over in Nicaragua, Soviet troops marching into Afghanistan, Iranian students seizing diplomatic hostages at the U.S. Embassy in Tehran.

In stereotype, Jimmy Carter came to be seen as a decent, hardworking man who was simply in over his head. Yet that is a woefully incomplete picture of the impact James Earl Carter Jr. had on our politics and on the world.

## Outsider win

Carter had been running a Georgia peanut farm just a few years before his improbable victory in 1976. At a time that the presidency had long been passed from one insider to another, he showed that an outsider could break through. In a sense, Ronald Reagan and Donald Trump both walked in his footsteps.

Though the phenomenon now is associated with Republicans, Carter actually brought evangelical Christians into the political arena as an organized force. By openly presenting himself as a born-again Christian—indeed, one who continued to teach Sunday school while president—he saw a moral calculus in the decisions of governance and brought discussion of religion out of the



Jimmy Carter, Rosalynn Carter and their daughter, Amy, walked along Pennsylvania Avenue after his inauguration on Jan. 20, 1977. Below, Carter is seen on television giving what became known as 'the malaise speech' on July 15, 1979.

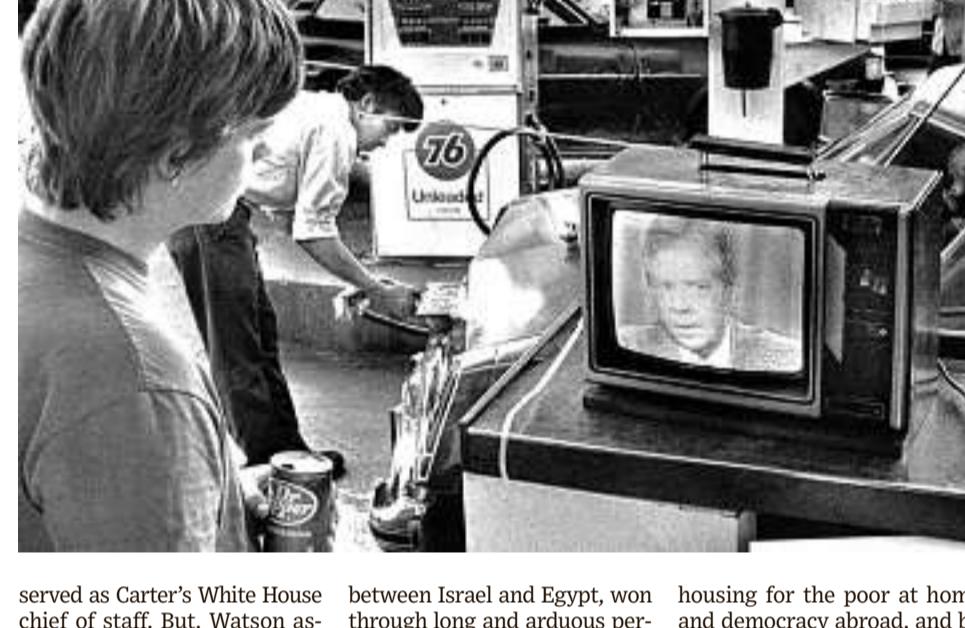
political shadows. That won him, temporarily, the support of many Americans of similar belief.

It is little remembered now, but Carter, a Democrat, improbably introduced an era of deregulation of the U.S. economy. At least to some extent, he deregulated the airline, trucking and railroad industries, and lifted price controls on oil. He never quite got the benefits hoped for, but his actions marked an inflection point for the government's relationship with the economy.

He embedded the idea that morality had a place in America's foreign policy by declaring that respect for human rights—until then, a term rarely identified with national-security decisions—should be at the center of U.S. policy overseas. He was mocked as naive by some, but his policy marked an end to the coldly calculating period of realpolitik that previously had dominated U.S. national-security calculations.

He pushed through Congress a plan previous presidents had considered, to turn over ownership of the Panama Canal to the country of Panama. For doing so he was roundly attacked by his domestic foes, particularly by Reagan, the Republican who would defeat him in his re-election bid.

"He paid a very high price," recalls Jack Watson, who



served as Carter's White House chief of staff. But, Watson asserts, his willingness to ignore the political risks showed that "Carter brought a genuine—not a rhetorical or a theoretical but a genuine—integrity to his presidency."

At home, first as governor of Georgia and then as president, he went some distance to erase the image of the South as a bastion of racism, and to integrate minorities deeper into the machinery of government.

Abroad, his signature achievement on the global stage was the historic peace agreement

between Israel and Egypt, won through long and arduous personal diplomacy at the Camp David presidential retreat. The deal opened the door to a new period of prosperity in Israel and for new diplomatic efforts that bore fruit as recently as Trump's own Arab-Israeli diplomatic breakthroughs during his first term.

In the end, none of those achievements could save him from defeat in 1980. But in the four-plus decades since, Carter became the most successful former president in modern times, through his work on

housing for the poor at home and democracy abroad, and by never seeking to capitalize financially on the fame he had won in public service.

Ultimately, Carter's presidency was defined by forces he couldn't control—and that, perhaps, no one could have controlled. He took office when the nation's growing addiction to cheap imported oil had finally reached its unsustainable peak.

Oil producers in the Middle East had America over a barrel, and they discovered in the 1970s that they could essentially dictate oil prices to the

U.S. rather than the other way around.

The end of cheap oil, in turn, helped force a historic but painful transition in the U.S. economy, from one driven by bountiful energy and heavy manufacturing into one that would come to be dominated by technology and services. But starting that transition was difficult, and Carter bore the brunt of the pain.

## High inflation

The powerful forces bubbling just below the surface burst out in 1979, the third year of Carter's presidency. Inflation ran at 10.4% for the year, and mortgage interest rates were nearing 13%. Though nobody knew it at the time, manufacturing employment hit a peak that year, and then began to decline.

When Iran's Islamic revolution struck in 1979, taking a relatively small amount of oil off the market for a time, prices soared, and Carter decided to give a speech presenting a new energy policy to the U.S. But in considering how to do that, he came to the conclusion that America's problems ran deeper than high gas prices.

So he did a remarkable thing. He postponed the speech, relocated to the Camp David presidential retreat, and spent 10 days huddled with an array of prominent Americans to discuss how to get the country out of its funk. He emerged in mid-July to deliver what came to be known as "the malaise speech," in which he never actually used the term malaise but said the country was suffering from a crisis of confidence as deep as its energy crisis.

The speech went over well initially, but over time came to be seen as an attempt by the president to blame American citizens for his problems.

Carter's woes continued when the Soviet Union invaded Afghanistan and Iranian students took dozens of American diplomats hostage later that year, setting the stage for his defeat and the conservative turn ushered in by Reagan.

Carter closed out his presidency with the kind of selfless good deed that would come to mark his post-presidency: He worked for days, often sleeplessly, on a deal to free the diplomats being held hostage in Iran, winning their release just as his successor was taking office.

# How Habitat for Humanity Became Housing Juggernaut

BY ARIAN CAMPO-FLORES

Tara Morgan had been living with her daughter in a dreary one-bedroom duplex she rented in Nashville until former President Jimmy Carter helped provide her a life-changing opportunity: to own a new yellow cottage with airy interiors that she could afford under favorable financing terms.

The home, constructed in 2019 by Habitat for Humanity International with volunteers including Carter and former first lady Rosalynn Carter, was the last "Carter house" ever built.

"I am who I am today because I have this home," said Morgan, 36 years old.

Four years after losing re-election in 1980, Carter agreed to get involved with Habitat, which was then an obscure Christian nonprofit focused on building affordable homes. That kicked off a collaboration that became one of his enduring legacies: helping transform the organization into a juggernaut that operates across the U.S. and around the world and has helped millions of people improve their living conditions.

For more than 35 years, the Carters themselves worked alongside more than 104,000 volunteers in 14 countries to build, renovate and repair nearly 4,400 homes. They raised funds for Habitat, connected its leaders with officials around the globe and helped catapult its growth and expand its scope to advocacy and other work.

"He and Mrs. Carter put it on the map," said Jonathan Reckford, Habitat's chief executive. "It was such an inflection point for Habitat."



Jimmy and Rosalynn Carter, seen in 1992, helped transform Habitat for Humanity.

Jimmy Carter died Sunday at 100 years old. Rosalynn Carter died at 96 in November 2023.

Habitat was founded in 1976, the same year Jimmy Carter defeated Republican President Gerald Ford. Five years later, after Carter had lost his re-election bid, Habitat built 342 homes, according to the organization.

Once the Carters got involved in 1984, that number climbed steeply, reaching 10,000 built or rehabilitated homes by 1991. In 2023, the organization built or rehabilitated more than 45,000 homes and performed smaller projects and repairs on hundreds of thousands more. Total revenue topped \$350 million. Habitat now has affiliates in all 50 states and works in more than 70 countries.

The Carters' initial exposure to Habitat was unpleas-

ant, the couple recounted in their 1987 book "Everything to Gain." In their final weeks in the White House, the couple learned through a local news report that the director of the group—which was based in Americus, Ga., 10 miles away from their hometown of Plains—was complaining that the couple hadn't attended a dedication ceremony that Habitat had invited them to.

Back in Plains after Carter's presidency ended, the couple regularly encountered visitors at their church who had come to volunteer for Habitat, the Carters wrote. They became intrigued by the group, and when they expressed interest in learning more, Habitat's co-founder, Millard Fuller, pounced. The Carters invited him to their home, they wrote, and he showed up with two typewritten pages listing possible ways they could help—

with a place to mark "yes" or "no" beside each item. The couple eventually said yes to most.

During a swing through New York City in 1984, the former president visited a Habitat work site in Manhattan's Lower East Side where volunteers were renovating an old building, he wrote in the book. Observing the daunting task they faced, he said half-jokingly that he would have to return to lend his carpentry skills, which he began developing when he was young.

Soon after, Carter organized a group of volunteers in Georgia and returned by bus to the work site. He and Rosalynn labored alongside them by day and shared dormitories with them in a nearby church at night.

That launched what Habitat eventually named the Jimmy and Rosalynn Carter Work

Project—a weeklong effort that draws thousands of volunteers to a different city around the U.S. or abroad each year to build roughly 100 or more homes. The Carters donned hard hats to cut wood and hammer nails, and met with new homeowners who benefited from the effort.

The Carters' presence helped raise the profile of local Habitat affiliates, Reckford said. A 2006 project in Lonavala, India, attracted Bollywood stars, American actor Brad Pitt and a famous cricket player. A 2002 build in Durban, South Africa, brought together presidents of other African countries.

"I've never been to a Habitat project yet where, when I came home afterwards, I didn't feel that I got a lot more out of it than I put into it," Carter said in an interview with Reckford in 2019.

Carter participated in his final Habitat project in Nashville in 2019, when he was 95. He had fallen at home the day before, requiring 14 stitches, and showed up at the work site with a black eye and a bandage on his forehead. But he and Rosalynn Carter still assembled and painted wood pieces for the designated "Carter house" and others.

Boosted by the economic security and improved mental health of being a homeowner, Morgan said she has landed a succession of better jobs, most recently as director of supportive and family services at a YWCA. Her daughter, who had been reluctant to go outside their old place, has blossomed and regularly invites friends over for sleepovers.

"It was so cool to be working on my house and look over and see President Carter doing woodwork," Morgan said.

## 'A Very Mission-Driven Man'

In his earlier years volunteering with Habitat for Humanity, Jimmy Carter could be a strict taskmaster, said Holly Eaton, a Habitat volunteer who has worked on 24 Carter projects. He expected volunteers to arrive punctually, she said, and told them not to ask for autographs because that would detract from the work.

Carter would visit each home construction site to see if crews were on schedule, Eaton said. If they weren't, he would marshal additional volunteers.

"He was very emphatic that he was not window-dressing," said Eaton, 65 years old. "He was there to get things done."

Thomas Trumble, who has worked on eight Carter projects starting in 2002, said that after tiring days on the job site, volunteers usually gathered at night for dinner and some form of entertainment. Carter would many times take the stage one night and discuss other initiatives he was involved in, Trumble said.

"He was a very mission-driven man," Trumble added.

## U.S. NEWS

# Trump Backs Johnson, but Doubts Remain

By LINDSAY WISE  
AND XAVIER MARTINEZ

WASHINGTON—President-elect Donald Trump endorsed House Speaker Mike Johnson (R., La.) for another term Monday, as Johnson worked the phones to tamp down rumblings from some Republicans who have suggested the party seek an alternative leader.

Johnson is a “good, hard working, religious man. He will do the right thing, and we will continue to WIN,” said Trump, who wants to pass a broad border-and-tax-policy agenda in his second term, on Truth Social. “Mike has my Complete & Total Endorsement,” he said, while imploring Republicans not to blow their opportunity.

The speaker vote is Friday, when the new Congress begins. Making the matter urgent for Trump is that the House can’t swear in new members or conduct business until a speaker is elected—including certification on Jan. 6 of Trump’s Electoral College victory. Trump is due to take office Jan. 20.

Trump’s endorsement boosted Johnson’s prospects but isn’t a guarantee he can lock up the votes needed to secure the gavel. To that end, the speaker also is reaching out from Louisiana to talk to Republican members who have expressed skepticism about his candidacy, a person familiar with the conversations said.

Johnson has little margin for error. A candidate for speaker needs to win support from a majority of all House members-elect who are present and voting. Republicans are expected to hold a narrow 219–215 majority, and Johnson isn’t expected to get any Democratic votes.

The speaker is coming off a turbulent few weeks after a bipartisan spending deal he brokered was savaged by Trump ally Elon Musk, then rejected by Trump and House Republicans. Johnson failed to pass a slimmed-down version of the original agreement that also included an increase in the country’s borrowing limit—a condition specifically demanded by Trump—as several dozen House Republicans voted no.

Ultimately, the House was able to pass the narrower spending bill minus the debt-ceiling provision sought by Trump, drawing heavily on Democratic support.

Trump’s team wasn’t happy with the spending bill and blamed Johnson for failing to raise the debt ceiling, according to people familiar with the matter. But Trump generally likes Johnson and there wasn’t a serious effort to dislodge him, especially given that Trump wants to get up and running as his presidency begins, the people said.

But a prominent Johnson critic—Rep. Thomas Massie (R., Ky.)—said he was unmoved by the Trump endorsement. He reiterated Monday that he would oppose Johnson as speaker, and several others have said they are undecided. Just one more defection, in addition to Massie, could cost Johnson the speakership.

“I respect and support President Trump, but his endorsement of Mike Johnson is going to work out about as well as his endorsement of [former] Speaker Paul Ryan,” said Massie in a post on X. Ryan was speaker during Trump’s first two years in office, and Massie was the only Republican to vote against him for the post in 2017. Others remained skeptical as

well. Rep. Andy Harris (R., Md.), who chairs the conservative House Freedom Caucus, said the government funding saga has made him uncertain of how he will vote on Friday.

Harris said he wants Johnson to commit to structural changes, which could include opening up opportunities for votes on amendments and prioritizing internal GOP debate before bills are introduced on the floor, Harris said.

But Rep. Tim Burchett (R., Tenn.), who also has concerns about government spending and efficiency, said Republicans will likely heed Trump’s endorsement. The president-elect “is the biggest dog in the pound, and he don’t mind barking,” said Burchett, who hasn’t decided who he will support for the speakership.

—Alex Leary

contributed to this article.

# President-Elect Loses Appeal in Sexual-Abuse Civil Case

By JAN WOLFE

A federal appeals court Monday upheld a jury’s verdict that President-elect Donald Trump sexually abused writer E. Jean Carroll in the mid-1990s and owes her \$5 million in damages.

In a 77-page written decision, a unanimous three-judge panel in New York rejected Trump’s argument that the trial judge erred by allowing jurors to hear the now-infamous “Access Hollywood” recording where Trump can be heard talking about groping women in 2005.

The Access Hollywood tape was admissible as evidence of a pattern of behavior, the Second U.S. Circuit Court of Appeals said, and “the jury could

have reasonably concluded from those statements that, in the past, Mr. Trump had kissed women without their consent and then proceeded to touch their genitalia.”

Carroll first went public with the allegation that Trump raped her in a department store dressing room in a 2019 New York magazine article.

Carroll later sued Trump, claiming he lied when he denied her assault allegations and that the statements he made were damaging to her reputation and her career. In 2023, Carroll took the witness stand over three days of testimony during the two-week civil trial.

Trump chose not to testify—or attend any of the proceedings in person—but in a

videotaped deposition under oath he accused Carroll of making up her allegations for publicity and political reasons, calling it “the most ridiculous,

disgusting story.” The jury didn’t find that Trump committed rape but found it more likely than not that he sexually abused Carroll in a dressing room of Bergdorf Goodman in the 1990s.

Jurors also found that Trump defamed Carroll in comments he made denying her allegations. The jury awarded Carroll a total of \$5 million in compensatory and punitive damages.

A different jury, in a separate federal case, ordered Trump to pay \$83 million for defaming Carroll.

That January 2024 verdict covered statements Trump made during his White House tenure in which he said Carroll, an author and former Elle magazine columnist, fabri-

cated the assault to generate publicity for her new book.

Carroll’s lawyer said that she was gratified by Monday’s ruling.

A Trump spokesman didn’t respond to a request for comment.

Earlier this month, ABC News agreed to contribute \$15 million to Trump’s presidential foundation or museum to settle a defamation lawsuit filed by the president-elect against the network and its star anchor George Stephanopoulos.

Stephanopoulos said on air that the president-elect had been found civilly liable for raping Carroll.

A federal jury determined Trump was liable for sexual abuse.

## FROM PAGE ONE

## Secrets of Party Crashers

Continued from Page One

list beforehand, while others waltz through the front door with aplomb. The lucky ones snag a departing guest’s nametag, and the most brazen ask staff for an escort to the affair. Many claim crashing is easier than it looks—and that they almost never get caught.

About 14% of Americans say they’ve successfully attended a party or event without the host’s permission, while 4% say they’ve tried and failed, according to a December YouGov survey.

Roughly 6% of Americans say they are interested in crashing a party at some point. Most of the rest think it’s wrong. (It is.) And some might think it’s irresponsible to highlight tricks of the trade in a large publication. (Also probably true.)

Gee, who lives in Brooklyn, N.Y., started crashing parties out of curiosity, and has chronicled his escapades on social media. “When I leave, I hug people, I give business cards out,” he said.

Sometimes, Gee scores party favors, like a bottle of vanilla extract from a gathering in 2022. His biggest trophy is a \$600 cash tip from a particularly pleased father at a bar mitzvah, after Gee sang Katy Perry’s “Firework” for a couple dozen teens.

Jaime Kornick, 38, crashed parties for about a year straight in San Francisco in the early 2010s and documented it on her blog. The design researcher, who now lives in San Diego, estimates she averaged about three events a week, more than 150 in a year. “Why go out to a bar and be in that scene if you can go to a company party and learn, network and grow, and have sponsored free food and drinks?” Kornick said.

In July 2012, she grabbed a blank nametag and walked into a party at a museum. Over the next year, she crashed events, including ones hosted by some of the biggest names in tech. Before arriving, she’d read up on the company. Inside, she’d steer conversations away from herself.

Often, staff were more wor-



Top left, a screenshot from Paul Gee’s TikTok video; left, Sheldon Arora, CEO of LiquidAgents, and Daulton O’Neill, a former company employee. Below and above, Jaime Kornick at parties in 2012. Her shirt reads ‘Event Crashing.’



ried about the food or the photo booth than a polite young woman who dressed the part, Kornick said. “People don’t push back as much as you think they might.”

Through her repeated gate-crashing, she met other regular infiltrators who sent one another event details, passwords and registration forms for parties in the Bay Area.

“It’s kind of like fight club,” she said. “You don’t say you’re crashing.”

Eventually, Kornick brought

a saxophonist to a corporate event (attendees asked for an encore) and a photographer to a bachelor auction (women lined up for photos).

Etiquette expert Tami Claytor said it’s never appropriate to attend an event without an invitation.

“It’s in my opinion a pretty narcissistic point of view that you crashing this party is going to make it better,” Claytor said. “It goes back to the host, who put so much time and effort into creating this event

for specific people.”

Daulton O’Neill, an entrepreneur and event promoter in Dallas, has a simple rule to determine whether you can show up uninvited: If at least 60% of the people will be happy you’re there, then you’ve got a green light to gate-crash.

Last year, the 30-year-old slipped into his former employer’s holiday party and tracked down the LiquidAgents Healthcare CEO, Sheldon Arora.

He left, looked back and saw several screens—with the logo of a different company. “I really was mortified,” Ortega said. “It made sense that people were looking at me like, ‘OK, who is this old man at our party?’”

Ortega eventually joined the right party at another lounge in the same stadium.

In the San Francisco party circuit, Kornick became so infamous that some companies started asking her to crash their events and document it for her blog.

Getting the invite killed some of the thrill. “I’m like, ‘Wait,’ she said. “This isn’t exactly the purpose of crashing.”

## Hack of Treasury Traced To China

By CONNOR HART  
AND DUSTIN VOLZ

The Treasury Department told lawmakers Monday that a state-sponsored actor in China hacked its systems, accessing several user workstations and certain unclassified documents.

The Treasury was informed Dec. 8 by a third-party software service provider, BeyondTrust, that a threat actor used a stolen key to remotely access certain workstations and unclassified documents, according to a letter reviewed by The Wall Street Journal.

Once alerted, the department said it immediately contacted the Cybersecurity and Infrastructure Security Agency and has since worked with law-enforcement partners across the government to assess the incident. “The compromised BeyondTrust service has been taken offline and there is no evidence indicating the threat actor has continued access to Treasury systems or information,” a spokesperson said.

In response, the Chinese Embassy in Washington denied the Treasury’s allegations, and said its government opposes what it described as U.S. smear tactics without any factual basis.

China has for years been blamed by the U.S. and its allies for hacking into a vast range of government computer networks to further its espionage goals. Last year, Chinese state-sponsored hackers were accused of breaching email accounts belonging to Commerce Secretary Gina Raimondo and senior State Department officials, including the U.S. ambassador to China, in an attack that also compromised more than two dozen organizations globally.

More recently, U.S. officials have been alarmed by a series of deep intrusions at major U.S. telecom companies that they said were also carried out by Chinese hackers. In those attacks, the hackers were able to secretly listen into some calls that involved select high-profile political figures, including President-elect Donald Trump, as well as senior national-security officials, according to people familiar with the matter.

## U.S. WATCH

### CENSUS BUREAU U.S. Population Hits 341 Million

The U.S. grew by 2.6 million people in 2024, and the U.S. population on New Year’s Day will be 341 million, according to U.S. Census Bureau estimates released on Monday.

The nation was expected to have one birth every 9 seconds and one death every 9.4 seconds in January 2025. International migration was expected to add one person to the U.S. population every 23.2 seconds. The combination of births, deaths and net international migration will increase the U.S. population by one person every 21.2 seconds, the Census Bureau said.

—Associated Press

### OBITUARY Linda Lavin, Age 87, ‘Alice’ Sitcom Star

Linda Lavin, a Tony Award-winning stage actor who became a working-class icon as a paper-hat-wearing waitress on the TV sitcom “Alice,” has died. She was 87.

Lavin died in Los Angeles on Sunday of complications from recently discovered lung cancer, her representative, Bill Veloric, said in an email.

A success on Broadway, Lavin tried her luck in Hollywood in the mid-1970s. She was chosen to star in a new CBS sitcom based on the TV show “Alice Doesn’t Live Here Anymore.” The title was shortened to “Alice” and Lavin became a role model for working moms as Alice Hyatt, a widowed mother working in a roadside diner outside Phoenix. The show, with Lavin singing the theme song “There’s a New Girl in Town,” ran from 1976 to 1985.

—Associated Press

## WORLD NEWS

# Shattered Economy Challenges Syrians

Sanctions, years of conflict leave a lot for inexperienced leaders to overcome

BY OMAR ABDEL-BAQUI

DAMASCUS, Syria—More than a decade of civil war left Syria's economy in shambles. The country lost billions of dollars in oil exports. Inflation forced Syrians to carry massive wads of cash to pay for basics, and nearly one-third of the country was estimated to suffer from extreme poverty.

To rebuild, Syria's new leaders must confront challenges that include persuading Western powers to lift sanctions and regaining control of the oil sector. They will need help from foreign businesses and states, and some of the millions of Syrians who fled the country during the civil war.

"We need the know-how for doing business, we need the technology, we need plenty of things," said Mohammad Hallak, owner of a generations-old food-trading company and vice president of the Damascus Chamber of Commerce. "We especially need sanctions to be raised in order to make the banking system work properly and to move forward."

On the streets of Damascus, the downfall of the Assad regime has brought optimism about the country's future. Prices are dropping, and people are conducting transactions in foreign currencies for the first time in years. Hotel lobbies are teeming with Turkish businessmen looking to cut deals with Syrians.

The new rulers, the Islamist group Hayat Tahrir al-Sham, say they want to build a free-market economy, revitalize the oil industry and forge international partnerships. But while HTS publicly cut ties with al Qaeda years ago and has sought to cast itself as a more moderate Islamist group, the U.S., European Union and United Nations still designate it as a terrorist organization and have kept sanctions in place, giving them leverage while they watch to see how the new government manages the diverse populations and handles issues such as women's rights.

For Turkey, which has ties to HTS, a rebuilding role would boost its own construction industry and counter Kurdish forces that control territory along the Turkish border.

"Turkey has emerged as the net winner and main power in Syria, though there is likely to be intense pushback against this by Saudi Arabia and U.A.E.," said Omar Dahi, professor of economics at Hampshire College in Massachusetts.

The former rebels trying to manage these challenges for a country of more than 20 million people are short on experience. New government officials from HTS are sharing offices with some low and midlevel Assad-era staffers, as they learn how to handle large-scale bureaucracy.

Before the civil war, which began in 2011, Syria was a fast-



Inflation forced Syrians to carry massive wads of cash.

growing, lower-middle-income country with virtually no extreme poverty, according to the World Bank. Now roughly 75% of the population is estimated to be living on less than \$3.65 per person a day, according to the World Bank, and 33% on less than \$2.15, which is considered extreme poverty.

Fuel shortages, which have led to frequent blackouts, are a major challenge. Syria was once a net oil exporter—earning \$3 billion to \$5 billion a year—via sales mainly to Europe. That came apart when the Assad regime began a bloody campaign to stay in power following protests against its rule. Sanctions cut into sales, and the regime lost control of many oil fields during the civil war.

Iran, a close partner of the Assad regime, helped fill the gap but halted oil shipments after the rebels took over. And Syria's northeast, home to the

bulk of oil reserves, is held by the Kurdish-led Syrian Democratic Forces, not by HTS.

"If we gain control of the country's oil fields, we can gain a level of energy independence, rather than being nearly completely reliant on fuel imports as we are now," said Tareq Asfour, who oversees fuel storage and transport for the state-owned company that manages fuel distribution, now under HTS control.

"There is also much work to do to repair the damage done to our long-neglected oil and gas infrastructure," Asfour said in an interview.

HTS leader Ahmad al-Sharaa said talks with Kurdish-led groups controlling the oil fields are under way. Syria's interim oil minister didn't respond to requests for comment.

The civil war and years of international isolation also brought punishing inflation. Before the war, roughly 50 Syrian pounds could buy \$1. In late December, it cost 13,000 Syrian pounds. Foreign currency, restricted by the Assad regime, is finally circulating but it is in short supply.

The central bank needs reserves to pay salaries and fund reconstruction said Randa Slim, a senior fellow at the Middle East Institute, a think tank in Washington.

Foreign currencies are now preferred by some businesses. Freelance currency exchangers are stopped in the street by people asking to take selfies with previously rare U.S. bills.

Hallak, the Damascus business leader, said previously foreign-currency exchanges had to be conducted through state-controlled entities, which charged fees of around 10%.

"Even people abroad who were sending money to try to help their families in Syria had to pay this," he said. "Now that we can freely transact in dollars, we are in a better position."

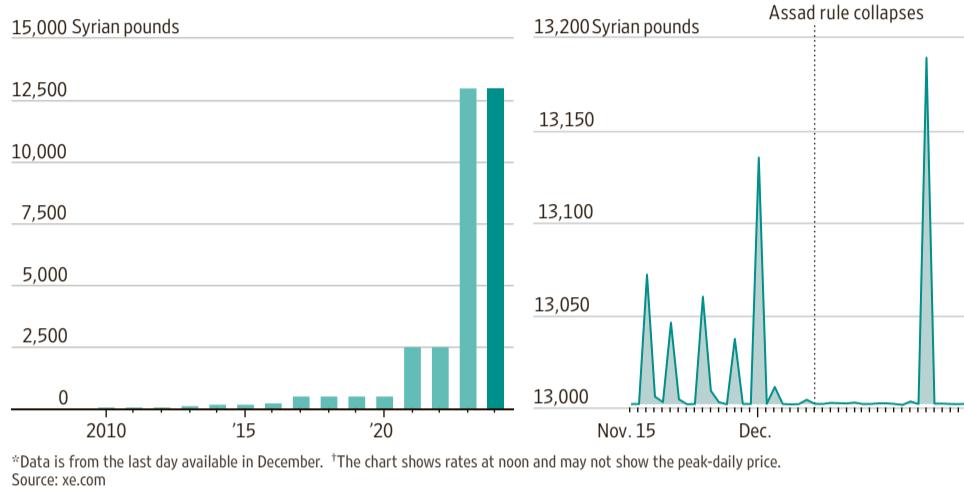
There are signs of improvement. Several business owners said in interviews that prices have gone down since the fall of the Assad regime, due in part to the elimination of the regime's fees and bribes. Stores that once hid smuggled foreign goods now display them prominently.

"Take your pick," said Saleh



On the streets of Damascus, Assad's downfall has brought optimism about the country's future. GABRIEL FERNAN FOR WSJ (2)

## How many Syrian pounds one dollar buys



\*Data is from the last day available in December. †The chart shows rates at noon and may not show the peak-daily price.

Source: xe.com

Mustafa, owner of a tobacco shop in Damascus, pointing at a shelf of foreign cigarettes.

"It is still strange to me that this doesn't get me in trouble."

Businesses and consumers say they are cautiously optimistic about the economic future. Reema Sbiehe, a pharmacist in Damascus, said customers are happy to have access to foreign medicine brands at lower prices.

"There was a reputation that Syrian drugs were not as effective or high-quality," she said. "The foreign drugs we would sell were under the table and more expensive. Now,

they are more accessible."

The U.S. is weighing temporary sanctions relief to provide aid, a person familiar with the matter said. Barbara Leaf, U.S. Assistant Secretary of state for Near Eastern Affairs, met the new government in Damascus in mid-December. She didn't comment on lifting sanctions but said the U.S. has latitude to provide some early assistance to the country's recovery.

The EU has sought assurances from HTS before it lifts sanctions but has also said it would boost humanitarian aid.

Dahi, the economics professor, said maintaining sanctions

could keep the central government weak and dependent on countries with the ability to finance projects.

"We're likely to see the emergence of dual or multiple 'public sectors,'" he said, describing a scenario in which states that finance large projects bypass the central government for some decision-making within Syria.

"Syria's peace right now is extremely fragile, particularly given the dire economic needs," said Dahi.

—Aroub Hammoud, Stephen Kalin and Saleh al-Batati contributed to this article.

## Syria's Islamist Rulers Choose Woman to Head Central Bank

By STEPHEN KALIN

Syria's new rulers elevated a woman to run the country's central bank, as the U.S. and other Western governments watch how the Islamist rebels who toppled the Assad regime treat women and the country's many religious and ethnic minorities.

Government spokesmen confirmed Monday that Maysaa Sabrine, who served as first deputy governor at the central bank under the fallen regime, will take the top job at the institution. She will be the first woman to run the bank and one of the few women named to a senior role by the former rebels now in control in Damascus.

The central bank's new leader has an enormous challenge ahead in stabilizing the currency and foreign-exchange reserves while setting policies to enable growth. Inflation has forced Syrians to carry wads of cash to pay for basic necessities, and nearly one-third of Syrians are estimated to suffer from extreme poverty.

"Decisions like these are being closely watched by Syrians both inside the country and in the diaspora, as they serve as indicators of the caretaker authority's priorities and direction," said Diana Rayes, a nonresident fellow for the Syria Project at the Atlantic Council.

Sabrine's appointment is a positive step toward more inclusive governance and shows the authorities are giving priority to macroeconomic stabilization and recovery, Rayes said.

Hayat Tahrir al-Sham, which led the assault that brought down half a century

of Assad rule, began as an offshoot of al Qaeda, leading Western governments and the United Nations to designate it as a terrorist group, though it later cut those ties. It has repeatedly said it would treat all Syrians equally. But skeptics are wary that it could renege on those promises once international approval is secured.

Another top appointee sparked controversy last week with comments that critics said were disparaging of women's rights, prompting calls for her dismissal. Aisha al-Debs, head of women's affairs in Syria's caretaker government, told Turkish broadcaster TRT that she blamed some organizations focused on women's empowerment for increasing Syria's divorce rate. "I will not give room to those who disagree with my way of thinking," she said.

The country's interim foreign minister later said the new authorities support an active role for women in Syrian society and trust their capabilities and skills. "The Syrian woman has struggled for many years for a free homeland that preserves her dignity and status," Asaad Al-Shaibani wrote on X. "We will work to stand by women's causes and fully support their rights."

HTS previously ran a small enclave in northwest Syria where women had little visible role in public life and where nearly all women wore a headscarf.

**Maysaa Sabrine is one of the few women named to a senior role by the ex-rebels.**

were employed by the Assad government and are now working directly with HTS officials during the transition.

Officials in Washington, which is weighing whether to lift restrictive sanctions on Syria and HTS, say they want to see an inclusive government take shape. "We fully support a Syrian-led and Syrian-owned political process that results in an inclusive and representative government, which respects the rights of all Syrians, including women and Syria's diverse ethnic and religious communities," Assistant Secretary of State for Near Eastern Affairs Barbara Leaf told reporters.

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## WORLD NEWS

# 'Mayday, Mayday, Mayday'

*Continued from Page One*  
mok ordered an emergency safety inspection of the country's entire airline operation system.

All 101 of the Boeing 737-800 jets operated by South Korean airlines will have the maintenance histories of the engine and landing gear inspected by the end of the week.

The generation of Boeing aircraft that includes the one used by Jeju Air is a predecessor of the 737 MAX. It also has one of the best safety records in the industry over its 27 years in operation.

It had recorded just 10 fatal accidents that have damaged the aircraft beyond repair, according to a Boeing report covering accident statistics across the industry between 1959 through 2023. That equates to a rate of 0.08 per million departures—or about one-seventh of the average seen across all commercial aircraft types.

After Sunday's disaster, tens of thousands of passengers canceled Jeju Air flights.



**Firefighters and recovery teams worked at the scene of the crash that killed all but two of the 181 people on board.**

The company's stock declined by about 8.6%. Boeing's shares closed down 2.3% in trading Monday.

Many of the people aboard the Jeju Air flight had traded South Korea's frigid winter for balmier Bangkok. They included a group of government workers on vacation together. There were two Thai nationals, including a 22-year-old university student preparing to become a flight attendant. The victims' ages spanned from 78 years old to as young as three years old—a boy making his first overseas trip with his parents.

"The first stamp on his first passport!" the boy's father wrote Saturday in an Instagram post, now full of condolence comments.

The passengers were due to land at an airport in Muan County on Sunday morning, after departing from Bangkok about an hour later than scheduled. They filed into a 15-year-old Boeing aircraft, where the economy-class seats were arranged three to a side on the narrow-body jet.

Things appeared to go smoothly for about five hours. The pilots had received the authorization to land the plane at Muan's single runway that stretches just over 1.5 miles—about two-tenths of a mile longer than the ones at New York's LaGuardia Airport. Incoming planes can land in either direction of the north-south strip, though often fly in from the south.

But within minutes at 8:57 a.m., the alert from the Muan control tower warned of a potential bird strike, just as

the Jeju Air plane attempted its planned descent, according to South Korea's Transport Ministry.

The pilots appeared to perform a low-pass maneuver over the airport on the aircraft's initial approach, a technique used when crews are experiencing issues with a plane's landing gear, according to analysis of the flight's positional data by Flightradar24, an aviation tracking specialist.

A low pass typically allows air-traffic controllers on the ground to get visual confirmation for the pilots of the landing gear's position.

The mayday call from the cockpit came after that at 8:59 a.m. The plane made a 180-degree loop to make an approach from the other way. Passengers were able to send text messages to family members at that time.

One wrote to a family member at 9 a.m. saying a bird had got lodged on the wing of the plane. "Should I write a will?" one of the messages read.

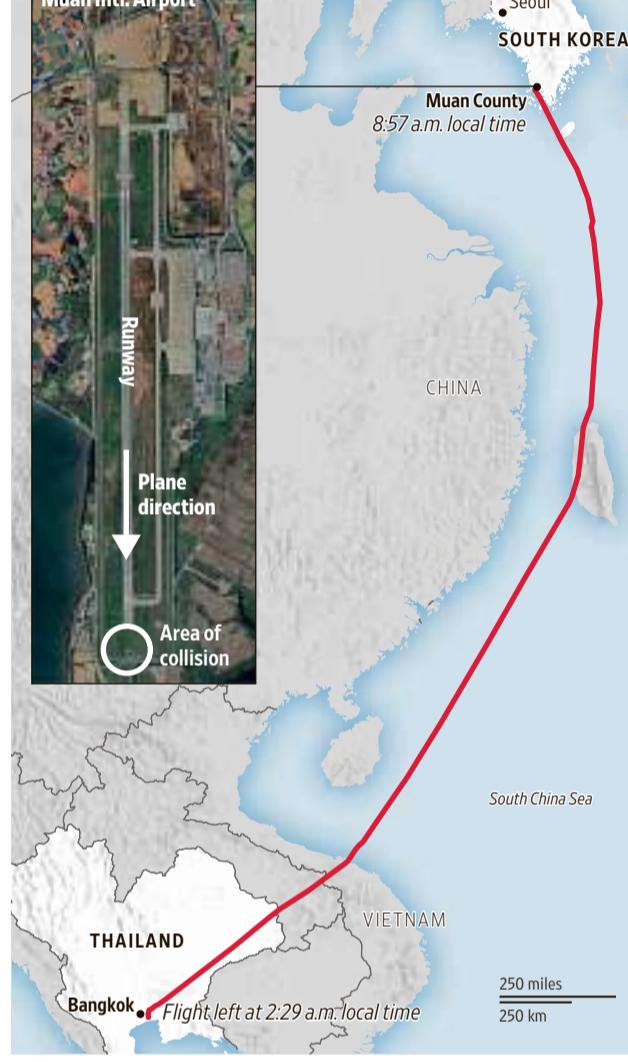
At 9:01 a.m., the Muan control tower gave the clearance for a second landing, this time from the north. The plane touched the ground about halfway down the runway, without its landing gear deployed.

The jet's flaps and slats on the front and back of its wings, which are used to control speed during landing, appeared to have also still been stowed, Flightradar24 said.

The potential effect any bird strike might have had on the Jeju Air jet's engines will

The Jeju Air flight issued a mayday and attempted to land from north to south

## Path of Jeju Air flight 2216



Sources: Flightradar24, South Korean officials (route); Google Earth (satellite image)

ROQUE RUIZ/WSJ

likely be a key focus of accident investigators, along with any faults with the electrical or hydraulics systems.

Even if power had been lost, the pilots could have manually lowered the plane's landing gear, aviation safety experts said.

Lee Geun-young, who runs

a restaurant next to the airport, heard loud bangs that he said sounded like a motorcycle engine backfiring and rushed to the rooftop of the business. From there, he captured about 54 seconds of cellphone video of the crash that has since aired around the world.

The video shows the plane

hurtling down the runway on its belly, before smashing into a barrier. By 9:03 a.m., the aircraft had erupted into a fireball.

"The heat on my face was like the steam rising from a sauna," Lee said.

The plane crashed into a roughly 7-foot-high barrier, where "localizer" antennas held in place with concrete footings sat atop a mound of dirt.

The localizer is part of a landing-assistance system for pilots often used when flight visibility is reduced by inclement weather. The antennas typically need to be at a similar height as the runway to work.

That presented a challenge to the Muan airport—resulting in an unusual and dangerous setup, said Simon Hatfield, a consultant based in Australia who works with airports on safety and design. At the end of the runway, the terrain sloped downward, meaning the localizer had to be elevated somehow.

Localizers often sit at the ends of runways at a similar ground level without barriers. Absent the mound, the odds of the Jeju Air jet turning into a fiery crash would have been greatly reduced because the plane would have been able to plow through the localizer, which is designed to be breakable, Hatfield said.

Dozens of stunned relatives congregated at the Muan airport awaiting news as the death toll rose throughout Sunday.

One family member shared with local media the final text he had sent his daughter.

"Did you arrive yet, princess?" the message read.

As of Monday evening local time, more than 145 of the bodies had been identified. That left authorities still working to identify two dozen people through DNA and fingerprin analyses.

Government agencies and airport officials have set up a support center for family members of the victims.

One of the two survivors, a 33-year-old flight attendant, was rushed to the intensive-care unit of a Seoul hospital by Sunday evening, an official said. He had several fractures on the left side of his body and other injuries, though no burns.

The flight attendant, whose surname is Lee, can communicate enough to discuss his treatment, the hospital official said. Lee had remembered buckling in for the landing before blacking out. The hospital official recalled some of Lee's initial words.

"When I regained consciousness," Lee said, "I'd been rescued."

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## WORLD NEWS

# Africa Has Entered a New Era of Warfare

**Surge in fighting is largely unnoticed amid conflicts in Ukraine, Middle East**

An unprecedented explosion of conflicts has carved a trail of death and destruction across the breadth of Africa—from Mali near the continent's western edge all the way to Somalia on its eastern Horn.

By Gabriele Steinhauser, Andrew Barnett and Emma Brown

Older wars, such as the Islamist uprisings in northern Nigeria and Somalia and the militia warfare in eastern Congo, have intensified dramatically. New power contests between militarized elites in Ethiopia and Sudan are convulsing two of Africa's largest and most populous nations. The countries of the western Sahel—a semiarid region south of the Sahara—are now the heart of global jihadism, where regional offshoots of al Qaeda and Islamic State are battling both each other and a group of wobbly military governments.

This corridor of conflict stretches across approximately 4,000 miles and encompasses about 10% of the total land mass of sub-Saharan Africa, an area that has doubled in just three years and today is about 10 times the size of the U.K., according to an analysis by Verisk Maplecroft, a consulting firm specializing in political risk. In its wake lies incalculable human suffering—mass displacement, atrocities against civilians and extreme hunger—on a continent that is already by far the poorest on the planet.

Yet these extraordinary geopolitical shifts in sub-Saharan Africa have been overshadowed by higher-profile conflicts in Ukraine and the Middle East. That has led to less attention from global policymakers—especially in the West—grossly underfunded humanitarian-aid programs and fundamental questions over the futures of hundreds of millions of people.

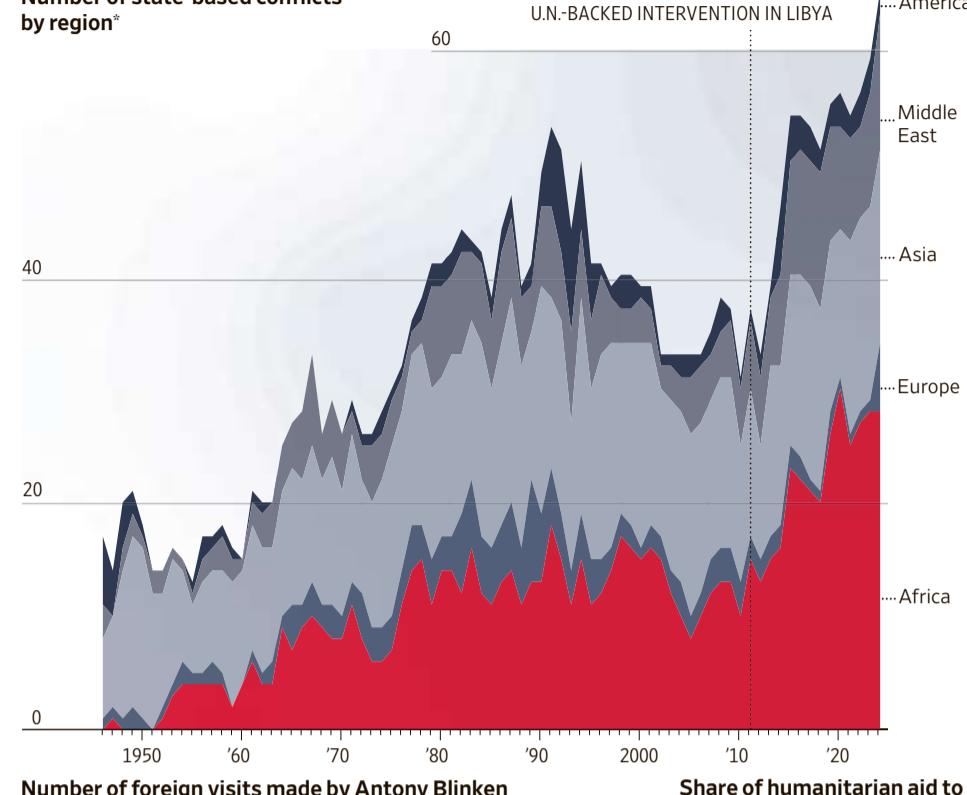
## Dramatic surge

Africa is now experiencing more conflicts than at any point since at least 1946, according to data collected by Uppsala University in Sweden and analyzed by Norway's Peace Research Institute Oslo. This year alone, experts at the two institutes have identified 28 state-based conflicts across 16 of the continent's 54 countries, more than in any other region in the world and double the count just a decade and a half ago. That tally doesn't include conflicts that don't involve government forces, for instance between different communities. Their number has also doubled since 2010.

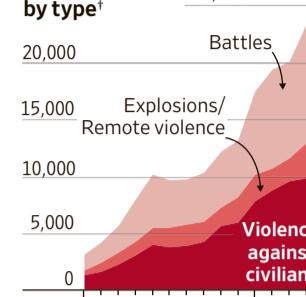
There is no single driver for the emergence and escalation of so many different conflicts across a huge and diverse geography. But, experts say, many of the most-affected states were left vulnerable after failing to settle on a strong mode of governance after independence—whether as functioning democracies or established authoritarian systems—or were destabilized during moments of once-in-a-generation political transitions.

## A Continent in Conflict

**Number of state-based conflicts by region\***



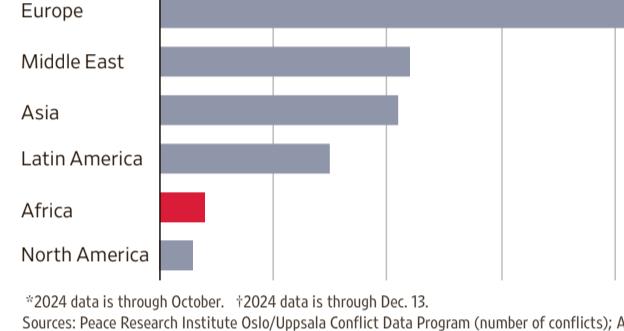
**Number of select conflict events in Africa, by type†**



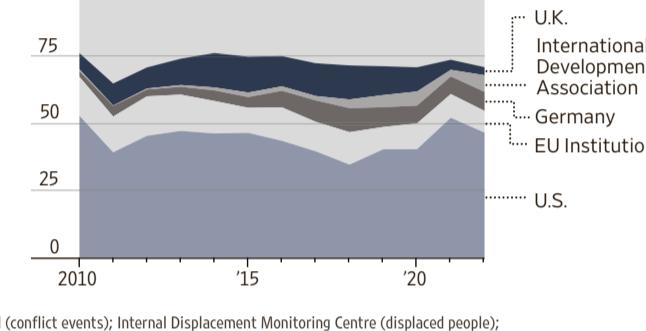
**Number of internally displaced people due to conflicts in Africa**



**Number of foreign visits made by Antony Blinken since President Biden took office, by region**



**Share of humanitarian aid to Africa, by contributor**



\*2024 data is through October. †2024 data is through Dec. 13.

Sources: Peace Research Institute Oslo/Uppsala Conflict Data Program (number of conflicts); Acled (conflict events); Internal Displacement Monitoring Centre (displaced people); Department of State (A. Blinken visits); OECD/One Campaign (humanitarian aid)

For decades, the former French colonies in the Sahel—Mali, Burkina Faso and Niger—were democracies in name only, regularly disrupted by military coups. Congo's central government in Kinshasa, like Nigeria's in Abuja, never managed to exert control over vast territories, opening the door for local and foreign leaders to compete for resources and power, often through violence.

In Ethiopia, Prime Minister Abiy Ahmed's efforts to centralize power after ending decades of dominance by the Tigray People's Liberation Front in 2018 have sparked a series of rebellions and clashes between regional militias.

## General disorder

In Sudan, two powerful generals turned into rivals after ousting longtime强人Omar al-Bashir in 2019 and, two years later, a civilian government that was supposed to move the country to democracy.

One inflection point was the year 2011, when, amid the pro-democracy uprisings of the Arab Spring, militaries from the North Atlantic Treaty Organization intervened in Libya to support rebel forces fighting the country's dictator, Moammar Gadhafi. With Gadhafi's death and Libya's descent into chaos, thousands of armed men moved south into Mali, reigniting a rebellion by the Tuaregs, a Berber people, against the government in Bamako that coincided with the global expansion of extremist ideologies promoted by al Qaeda and Islamic State.

"With the Sahel, it's clearly a problem of Libya's collapse and the highway of arms and ideology that that creates," says Ken Opalo, a Kenyan academic and associate professor at Georgetown University's School of Foreign Service. "So you get weak states, lots of guns and young men leaving Libya and ideologies coming all the way from Pakistan. Then everything is on fire."

From Mali, the jihadist insurgency spread across porous borders into Burkina Faso and Niger, where new military juntas—frustrated with the failure to defeat the militants—have kicked out French and other Western troops. It now threatens coastal West African states like Benin and Ghana.

Today, 86% of the territory of Burkina Faso is affected by fighting between jihadists and state forces, according to Verisk Maplecroft's analysis of incidents collected by the U.S.-based nonprofit monitoring service Armed Conflict Location and Event Data. For Nigeria, that number is 44%.

Counting the dead in African conflicts is notoriously difficult. Access to the front lines for journalists and aid groups is often restricted. Phone-service and internet shutdowns that accompanied the wars in Sudan and Ethiopia's Tigray



People using a homemade boat to leave the Congolese town of Minova after rebels seized the road out earlier this year.

Clionadh Raleigh, the founder of Acled and a professor of Political Violence and Geography at the University of Sussex in the U.K.

The consequences go beyond the immediate loss of life. Stalled development, delayed elections and a broader sense of impunity are all reinforced by protracted conflict, Raleigh says.

## Record displacement

The intensifying conflicts have displaced a record number of Africans—most of them inside their own countries. The continent is now home to nearly half of the world's internally displaced people, some 32.5 million at the end of 2023. That figure has tripled in just 15 years.

Displacement makes civilians, especially women and children, more vulnerable to the collateral effects of war. In the east of the Democratic Republic of Congo, local officials and health workers estimate that 80% of the women in displacement camps around Goma have been raped—many of them more than once. In Sudan, home to the world's first confirmed famine since 2017, the hungriest people are those who have been ripped from their home communities and the jobs or fields that sustained their livelihoods.

Africa's current conflicts haven't prompted the outpouring of sympathy in the West that accompanied Russia's invasion of Ukraine or the outrage ignited by Israel's war in Gaza. There has been no equivalent to the Live Aid concerts motivated by the Ethiopian famine in the 1980s, the protest marches over the genocide in Darfur in the early 2000s or even the #BringBackOurGirls campaign linked to the abduction of 276

schoolgirls from the Nigerian town of Chibok 10 years ago.

That lack of popular attention has translated into a dearth of political action to resolve wars in Africa or alleviate the suffering. Africa's share of official development aid from rich, mostly Western countries in the Organization for Economic Cooperation and Development is at its lowest level since at least 2000, according to an analysis by the nonprofit One Campaign.

And while funding for humanitarian aid, which makes up just a small slice of overall development aid, has increased, it hasn't kept pace with expanding needs. The United Nations received just half of the \$2.6 billion it said it needed in 2024 to provide humanitarian aid in Congo. Its appeals for Sudan were 64% funded; for Nigeria, just 57%.

It has also meant that diplomatic pressure on the United Arab Emirates, which, according to Journal reporting, is supplying weapons and fighters to one of Sudan's rival generals, has consistently taken a back seat to America's desire to maintain the country's support in the Middle East. U.S. Secretary of State Antony Blinken has visited Africa just four times since 2021—compared with 43 trips to Europe and 22 to the Middle East.

## Outside agitators

In the absence of the U.S. and other Western governments, other powers have doubled down—and often to the detriment of local populations.

Russia has sent mercenaries to fight in Mali and the Central African Republic—deployments that, according to rights groups, have resulted in more violence against civilians. While the U.A.E. is supporting Sudan's Rapid Support Forces, the country's military is backed by Egypt, Iran and, most recently, Russia, allowing each side to keep on fighting. In Congo, Rwanda's military is fighting alongside the insurgent March 23 Movement in a campaign that has displaced more than two million people.

Data from Uppsala University shows a sharp surge in internationalized civil wars in Africa. It also shows that those wars with foreign meddling are deadlier than civil conflicts without outside interference.

The U.S. remains the leading funder of humanitarian aid in Africa despite the distractions in Europe and the Middle East. Washington contributed 47% to the U.N.'s Sudan emergency response plan in 2024 and nearly 70% of that for Congo.

Other traditionally large donors, including Germany and the U.K., have already cut their aid budgets amid the crisis in Ukraine and economic problems at home. And many experts expect substantial changes to U.S. foreign and aid policy under the incoming Trump administration, especially toward U.N. agencies—and a further waning of American influence.

The U.S. and the U.N. "were able to hold a line about what would be considered beyond acceptable for some cases," says Acled's Raleigh. "With the Trump administration coming in, that line will disappear. And so the self-interested conflicts that we're seeing and the people creating violence across the continent will not be checked."

## BELARUS

### Priest Convicted Of Criticizing State

Rev. Henrykh Akalatovich, a Catholic priest, was convicted Monday of high treason for criticizing the government and handed an 11-year sentence. Dozens of Catholic, Orthodox and Protestant clergy have been jailed, silenced or forced into exile for protesting the 2020 election that gave authoritarian President Alexander Lukashenko a sixth term and that the West said was marred by fraud. A crackdown on dissent has intensified ahead of a Jan. 26 election all but certain to hand Lukashenko a seventh term. The Vienna Human Rights Center said Akalatovich, 64, rejected the treason charges. It has listed him among 1,265 political prisoners in Belarus.

—Associated Press

## AFGHANISTAN

### NGOs Barred From Employing Women

The Taliban say they will close all national and foreign nongovernmental groups in Afghanistan employing women—two years after they told NGOs to suspend the employment of Afghan women, allegedly because they wore their headscarves incorrectly. The Economy Ministry warned that failure to comply with the latest order would lead to NGOs' losing their license to operate in Afghanistan.

The Taliban deny they are stopping aid agencies from carrying out their work or interfering with their activities. They have already barred women from many jobs and most public spaces, and also excluded them from education beyond sixth grade.

—Associated Press

## KENYA

### Opposition Senator Arrested at Protest

An opposition politician was among protesters arrested in Kenya on Monday during street demonstrations calling for an end to alleged abductions targeting young government critics. Rights groups allege the country's police force is behind such kidnappings, but police have denied involvement and have said that they are investigating the disappearances.

Sen. Okiya Omtatah had joined hundreds of protesters who sat down on the streets of the capital, Nairobi, chanting that police should free seven people abducted this month. Police hurled tear-gas canisters and when Omtatah and several others didn't disperse, arrested them.

—Associated Press

## WORLDWATCH



Police attempted to end a chain-assisted sit-down protest in Nairobi, Kenya, on Monday.

TONY KARUMBA/AP/GT/GETTY IMAGES

## FROM PAGE ONE

# Doctors Help Boost Payments

*Continued from Page One*

from traditional Medicare to the company's plans, according to the Journal's analysis of Medicare data between 2019 and 2022.

Sickness scores for those UnitedHealth patients increased 55%, on average, in their first year in the plans, the analysis showed. That increase was roughly equivalent to every patient getting newly diagnosed with HIV, the virus that causes AIDS, and breast cancer, the analysis showed.

That far outpaced the 7% year-over-year rise in the sickness scores of patients who stayed in traditional Medicare, according to the analysis. Across Medicare Advantage plans run by all insurers, including UnitedHealth, scores for all newly enrolled patients rose by 30% in the first year.

A spokesman for UnitedHealth said in a written statement that the company's practices lead to "more accurate diagnoses, greater availability of care and better health outcomes and prevention, including less hospitalization, more cancer screenings and better chronic disease management." The company's approach, he said, helped to avert more serious health problems later, and to achieve Medicare Advantage's goals of improving quality and reducing costs.

In a series of articles this year, the Journal has examined the practices of Medicare Advantage companies, including UnitedHealth, the largest. Among other things, the articles showed how diagnoses added by insurers increased payments from the government.

The killing earlier this month of Brian Thompson, chief executive of UnitedHealth's insurance division, triggered widespread public venting about some of the practices of health insurers. UnitedHealth has said that neither the suspected gunman nor his parents were covered by the company.

In its written statement, UnitedHealth said Medicare's system of paying for diagnoses was developed by the government, not any one insurer, "to help ensure fair and accurate payments."

UnitedHealth and other Medicare Advantage insurers have said higher sickness scores among their patients reflect a sicker population with greater medical needs. UnitedHealth has said the diagnoses it submits are accurate, and that it detects diseases sooner, benefiting patients.

Jones, the Oregon doctor, said UnitedHealth didn't suggest diagnoses for patients he treated outside Medicare Advantage, where it doesn't pay.

Traditional Medicare patients treated by UnitedHealth doctors had much lower sickness scores, the Journal's analysis showed.

A case of hyperaldosteronism—the obscure hormonal condition that sometimes appeared on Jones's checklists—could trigger about \$2,000 a year in Medicare Advantage payments during the period the Journal studied. The Journal's analysis showed that doctors who didn't work for UnitedHealth seldom diagnosed that condition, which involves elevated levels of a hormone linked to high blood pressure.

Jones said he quit UnitedHealth in 2023 to start his own practice.

UnitedHealth has acquired dozens of medical groups over the past decade-and-a-half. Its Optum unit now employs about 10,000 physicians, its top executive has said, making it one of the nation's largest employers of doctors. It contracts with tens of thousands more. No other national insurer has acquired and hired doctors on that scale.

Patients of the medical groups operated by UnitedHealth have unusually high sickness scores compared with those of other doctors' practices, the Journal's analysis found.

UnitedHealth's doctors, in addition to treating those in the company's Medicare Advantage plans, treat people covered by other insurers and traditional Medicare.

Patients who both saw UnitedHealth doctors and were enrolled in UnitedHealth plans had the highest average sick-

ness scores in the Journal's analysis of claims from 2019 to 2022. Those higher sickness scores triggered about \$4.6 billion more in Medicare payments than UnitedHealth would have received if those patients' scores had been in line with the average for the company's other Medicare Advantage patients.

"The system is not primarily about taking care of the patient," said Dr. Emilie Scott, who worked for a UnitedHealth-owned practice in California before leaving in 2016. "It's, how do you get the money to flow?"

The Journal analysis is based on billions of Medicare records obtained under a research agreement with the federal government. The Journal also examined internal documents from medical practices owned by or under contract with UnitedHealth.

UnitedHealth said its sickness scores trend higher partly because its plans "serve some of the sickest and most vulnerable populations," and that research showed under-diagnosing in traditional Medicare led to some of the differences in sickness scores between the two parts of the program.

The company said revenue from additional diagnoses "are not simply earnings for the company but are instead used to invest in medical benefits" and reduce out-of-pocket costs for members, among other things. It has said that its insurance unit, UnitedHealthcare, operates separately from its Optum health-services arm.

A spokeswoman for the Centers for Medicare and Medicaid Services declined to comment on the Journal's analysis, but said the agency is studying relationships between Medicare Advantage insurers and medical providers. She said Medicare Advantage insurers are required to ensure the accuracy of diagnoses they submit, and that the agency had overhauled the list of diagnoses that trigger extra payments.

**Adding diagnoses**

When Dr. Naysha Isom started working at a UnitedHealth medical group in the Las Vegas area in 2019, she said, she got two days of training on how to record diagnoses. At the training, a UnitedHealth employee suggested that Isom, who had practiced for more than a decade, should consider diagnoses she had never made before.

Isom said she was told that signs of bruising could be recorded as senile purpura, a condition that generated payments in Medicare Advantage but generally didn't require treatment. Isom saw no point, since the finding didn't change patients' care."

After she decided not to diagnose peripheral artery disease, a narrowing of blood vessels, based on a screening test she distrusted, she said, a supervisor pressed her to reconsider. UnitedHealth didn't require her to make diagnoses, she said.

"You're just encouraged to, because obviously, if you don't, they come bothering you," said Isom, who left UnitedHealth to start her own practice in 2022.

UnitedHealth's doctors in the Journal's analysis diagnosed the bruising condition, which triggered extra payments of about \$1,900 a year at the time, 28 times more often with patients in UnitedHealth Medicare Advantage plans than those in traditional Medicare.

Jones, the former UnitedHealth doctor in Oregon, said the suggestions included diagnoses based on scant evidence, such as long-term insulin use for patients who had received the drug only once during a long-ago hospital stay. For patients regularly taking aspirin, he said, the technology would propose a clotting disorder.

To finish a visit, he had to



Former UnitedHealth doctor Naysha Isom didn't agree with some suggested diagnoses.

pendent doctors reviewed by the Journal, UnitedHealth linked bonuses to sickness scores and quality ratings derived partly from patient surveys. For patients with sickness scores 20% higher than average and good quality ratings, doctors could get an extra \$40 per patient each month, one contract shows. Scores 50% above average and top quality ratings could yield \$65 per patient a month. For a doctor with 100 patients covered by the contract, that would amount to a \$78,000 annual bonus.

Andy Pasternak, an independent family doctor in Reno, Nev., has lower-than-average sickness scores across his practice, records show. He said he gets a per-patient bonus of \$2 a month, or \$2,256 annually, for the 94 Medicare Advantage patients covered by his contract with UnitedHealth.

Pasternak said UnitedHealth offered to send nurses to visit those patients to diagnose them more fully. The company would pay him \$250 for each patient their nurses examined, he said.

"That's more than I get paid for treating my own patients," he said. He said the focus on diagnosing has soured him on Medicare Advantage.

One UnitedHealth document reviewed by the Journal projected Pasternak could receive as much as \$23,250 a year in such payments. A UnitedHealth executive in his area told him in an email his practice also would benefit from any additional diagnoses made by the nurse.

## Suspicious patient

Chris Henretta, a UnitedHealth Medicare Advantage plan member who lives in The Villages, a retirement community in central Florida, was suspicious when his primary-care doctor diagnosed him as morbidly obese during his annual exam in October.

He is a lifelong weightlifter, plays water volleyball five times a week and has an athletic build.

"I told her I didn't think I was obese," Henretta said. When she recorded morbid obesity anyway, he said, he began to "suspect my doctor may have a financial incentive to portray people as higher risk."

The diagnosis can trigger payments of about \$2,400 a year to Medicare Advantage insurers.

A widely used measure to diagnose obesity, body-mass index, has been criticized for sometimes mischaracterizing muscular people as overweight. Henretta's medical record shows that even by that standard, he didn't qualify as morbidly obese. His BMI was 32.3 at the time of his October visit, nearly three points below the minimum threshold for morbid obesity.

Henretta's doctor at The Villages Health, a clinic that contracts with UnitedHealth, also diagnosed him with qualitative platelet disorder, a condition that affects blood clotting.

Henretta said his doctor added the diagnosis after he agreed that his blood seemed to clot slightly more slowly after he started taking baby aspirin several years earlier.

Dr. Rachel Bercovitz, a hematologist and professor at Northwestern University's medical school, said aspirin inhibits platelet function, so Henretta's doctor is "diagnosing the intended effect of the medication" as a separate disease.

A qualitative platelet disorder diagnosis can trigger extra payments of about \$2,000 a year to insurers.

The Villages Health, its top executives and Henretta's doctor didn't respond to phone calls and emails requesting comment.

Dr. Coleen Madigan, who worked for a UnitedHealth medical practice in Texas for a little over a year before leaving in 2020, said one of her patients there didn't know what she was talking about when she asked when he had been diagnosed with chronic obstructive pulmonary disease, and got upset when she told him his chart included the illness.

The patient was a smoker who had bronchitis in the past, but he had never been tested to confirm COPD, Madigan said. She added a note to his record saying there wasn't documentation to support the lung disease diagnosis, she said, but it was difficult to remove completely.

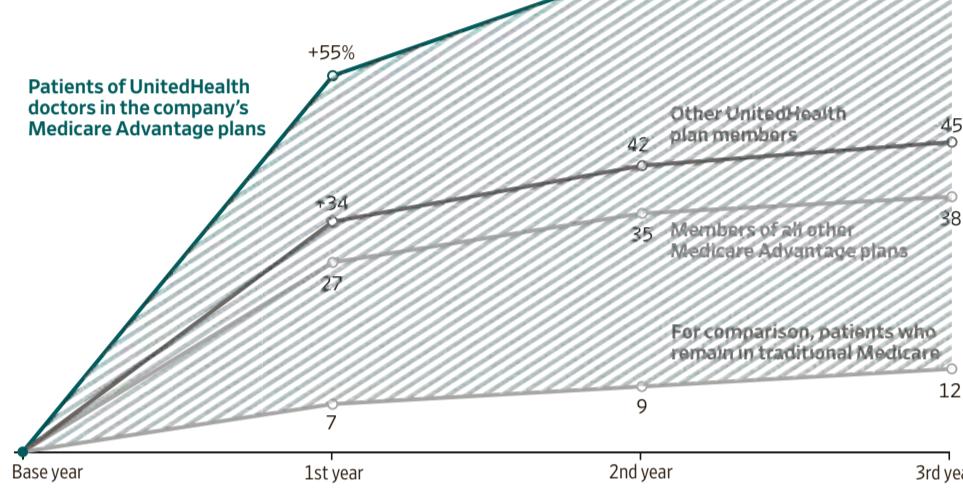
During her time at UnitedHealth, Madigan, now mostly retired, said she felt "an insidious pressure" to document diagnoses. "It distracts you from focusing on the patient."

—Mark Maremont contributed to this article.

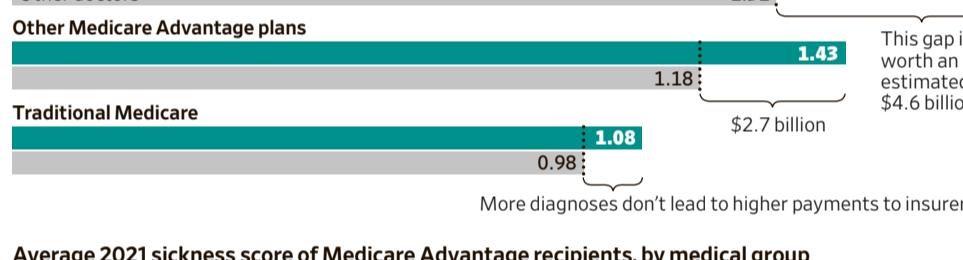
## Medicare's Sickness Factor

The government pays Medicare Advantage insurers based on patient sickness scores, which factor in age and diagnoses. Higher scores mean higher Medicare payments to insurers. A Wall Street Journal analysis found that patients of doctors working for UnitedHealth had higher-than-average sickness scores.

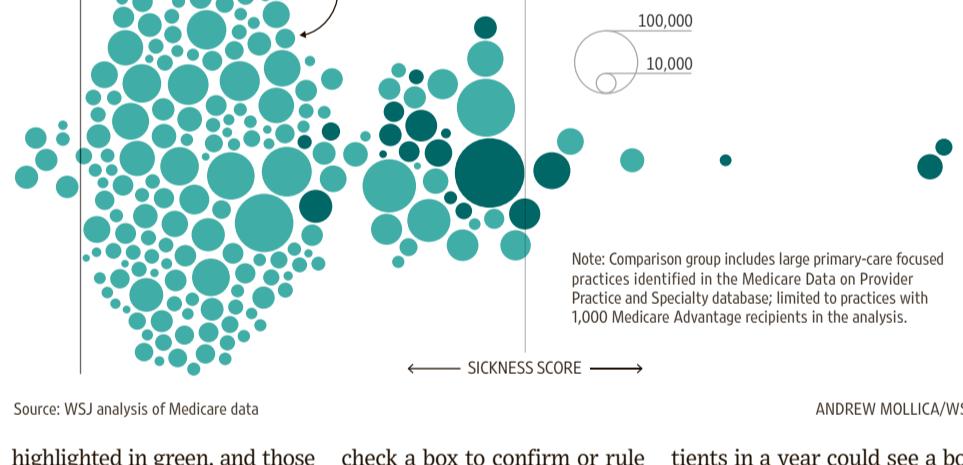
### Change in sickness scores after patients switch from traditional Medicare to Medicare Advantage



### Average sickness scores of Medicare recipients, by coverage type and doctor, 2019-2022



### Average 2021 sickness score of Medicare Advantage recipients, by medical group



Source: WSJ analysis of Medicare data

ANDREW MOLICA/WSJ

highlights in green, and those with the lowest, in red. The presentation showed that as of July 2022, the average sickness score among those practices' patients was 55% higher than the average among traditional Medicare recipients.

Under Medicare rules, each condition that triggers extra payments has to be diagnosed annually. UnitedHealth doctors said patients whose records showed past diagnoses that hadn't been re-documented were frequently called in for office visits, and the company's software would spool out lists of potential diagnoses.

Jones, the former UnitedHealth doctor in Oregon, said the suggestions included diagnoses based on scant evidence, such as long-term insulin use for patients who had received the drug only once during a long-ago hospital stay. For patients regularly taking aspirin, he said, the technology would propose a clotting disorder.

The design of the system, he said, could lead to good-faith errors as doctors clicked through all the boxes. "The system is made to have these happy little accidents that end up resulting in a lot of money from taxpayers," he said.

### Bonus system

A December 2023 compensation plan for one UnitedHealth-owned practice offered doctors bonuses of up to \$37.50 a year for each of their Medicare Advantage patients if they confirmed or ruled out more than 90% of the suggested diagnoses.

That means a doctor seeing 800 Medicare Advantage pa-

tients in a year could see a bonus of as much as \$30,000 a year.

UnitedHealth said a company study found that patients of medical providers under its Optum umbrella had better outcomes than patients in traditional Medicare, including an 18% lower risk of inpatient hospital admissions and an 11% lower risk of emergency department visits. The company said its model improved management of chronic diseases, including diabetes.

Like other Medicare Advantage companies, UnitedHealth also contracts with outside doctors in ways that can increase their payments when they diagnose more conditions. That includes arrangements where doctors receive a portion of the Medicare payments insurers get for their patients. Other Medicare Advantage insurers also suggest diagnoses to independent doctors examining their patients.

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pendent doctors reviewed by the Journal, UnitedHealth linked bonuses to sickness scores and quality ratings derived partly from patient surveys.

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MIKAYLA WHITMORE FOR WSJ

CHRIS HENRETTA, LEFT, A UNITEDHEALTH MEDICARE ADVANTAGE PLAN MEMBER, SAID HE WAS SUSPICIOUS WHEN HIS DOCTOR DIAGNOSED HIM AS MORBIDLY OBES

DR. COLEEN MADIGAN, RIGHT, USED TO WORK FOR A UNITEDHEALTH MEDICAL PRACTICE IN TEXAS.

FROM LEFT: ZACK WITTMAN FOR WSJ; KAYLEE GREENLEE FOR WSJ

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—Mark Maremont contributed to this article.

# PERSONAL JOURNAL.

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MY RIDE | A.J. BAIME

## A Corvette, a Rolls-Royce, And a Trans Am Under a Tree

The vehicles that turned heads this year, and the stories of the driven owners behind them

For the 11<sup>th</sup> straight year, The Wall Street Journal has profiled car and motorcycle lovers in the weekly My Ride column. This year's stories have featured everything from a 1925 Rolls-Royce that makes its home on potholed New York City streets to a "crown jewel" of a lowriding legend. Here are some favorites from 2024.

### '54 Chevy Bel Air, a crown jewel for lowriding legend

Oscar Ruelas started a car-themed social club in Los Angeles with friends back when he was barely a teenager. Today, it's known as Duke's, and it has chapters as far off as Japan and Australia. A retired longshoreman in L.A., Ruelas has been customizing cars for over 65 years, and this 1954 "Mr. Lowrider" Chevrolet Bel Air is the one he uses most these days. It

has everything from door lock buttons that look like bullets to custom etching to paint that "changes color when the sun hits it," Ruelas said.

### To buy this rare Bugatti, he needed money, patience

Bilal Hydrie grew up in Pakistan. His entire life, he dreamed of his ultimate ride: a Bugatti. When he finally had the opportunity to buy one, he flew to France, where company officials interviewed him to find out if he would be a worthy owner. Now the energy company president and CEO, who lives in Calgary, Alberta, owns the last standard 1,500-horsepower Bugatti Chiron that will ever be built, a model that once set a speed record of over 300 mph. "With temperatures at minus-25 degrees Celsius, it's currently in hibernation mode," Hydrie explained.

### She won her Corvette in the weirdest way possible

Janet Long, a retired executive recruiter living in University Place, Wash., was at Disneyland in 1989 with her fiancé when they encountered a 1961 Corvette filled with yo-yos. The car was part of a contest; people could guess how many yo-yos were in it, and whoever came closest could take it home. Long's number was around 2,300. Ever since, she has been driving this first-generation Corvette, with one of the yo-yos still hanging from the rearview. The vanity license plate reads: THXDSNY. "This Corvette has always struck me as stunningly beautiful," she said.

### Bravest driver in N.Y.C. gets around in 1925 Rolls-Royce

In F. Scott Fitzgerald's "The Great Gatsby," Jay Gatsby drives a yellow Rolls-Royce. Matt Moran's yel-

low 1925 Rolls-Royce Twenty once belonged to his godfather. Now Moran, a manager at the Metropolitan Opera, drives it on the streets of New York City, where he lives, and has driven it all over New England and as far as Louisville, Ky. "The brakes are not much stronger than a bicycle's," he said.

### Private detective found his Trans Am under a tree

Joe Gransden, an Atlanta-based professional trumpet player and singer, always missed the 1979 Pontiac Firebird Trans Am he owned when he was a teenager, a model he first saw in the same color scheme on screen in the movie "Smokey and the Bandit." He missed it so much that he hired a private investigator to find it. The investigator found the car in Alabama, where it had been sitting under a tree for about 20 years.

### Enzo Ferrari played key role

The late Robert "Bob" Lee was traveling through Italy in 1955 when he met Enzo Ferrari, owner of the Ferrari factory in Maranello. The

**From left, Anne Brockinton Lee in Ferrari 250 GT Boano, Oscar Ruelas with 'Mr. Lowrider.'**

Clockwise from top left, Bilal Hydrie, Janet Long, Joe Gransden's Trans Am, Kamran Khan, members of Material Girls Racing team and Matt Moran in N.Y.C.

two began a friendship that lasted a lifetime. A year after they met, Lee bought a 1956 Ferrari 250 GT Boano for \$9,500, a fortune at the time. That purchase is today a centerpiece of the Robert M. Lee Automobile Collection. Lee died in 2016, but his wife, Anne Brockinton Lee, a former advertising executive who is a Reno, Nev., resident, maintains it. "For Bob, and for me," she said, "the Ferrari 250 GT Boano Cabriolet is what started it all."

### Family put 20,000 miles on '57 Chevy in one road trip

When Kamran Khan was 14, his family went on a 20,000-mile road trip in a 1957 Chevrolet Bel Air. They traveled from England through Europe, to Jerusalem, all the way to Pakistan. "This trip opened the world to me," he said. "I also thought this 1957 Chevrolet was the most beautiful car ever made." In 2018, Khan's family bought a 1957 Bel Air for him for his 70<sup>th</sup> birthday, in the same color scheme as the one he recalled from his youth.

### Teens built a winning race car that's gritty in pink

In 2021, four Florida high-school students formed a racing team, ultimately naming it Material Girls Racing after the Madonna song. Katie Ortengren, Sam Sentell, Gia Privitera and Teresa Pearlman set out to compete in the Grassroots Motorsports \$2,000, a competition where teams build racing cars for under \$2,000. With the help of Ortengren's father, they bought a 2013 Ford Taurus Police Interceptor, put a 1985 Ford Ranger body on it, and turned it into Rangerus. This April, Rangerus won the competition.



offered better returns than plain old savings accounts. Many kept opening new accounts as banks competed with each other to offer the loftiest rates. Banks often require customers to deposit or maintain certain balances to get the advertised rate.

Certificates of deposits, money-market funds and Treasury bills also paid healthy interest. Cash returns were among the biggest financial benefits for Americans when inflation was rapidly driving up the price of groceries.

Travis Warden, a 39-year-old marine safety specialist in Houston,

built his six-figure savings as he shifted from bank to bank chasing interest rates. "It's a lot of work," he said.

While he still regularly monitors rates across different institutions, he hasn't found a reason to move from Wells Fargo in two years. He calculates that chasing a marginally better rate would yield only about \$50 more annually. That isn't enough to justify switching, he said.

"You're essentially trading your time on earth for money," he said.

Customers added \$119 billion to new and existing high-yield savings accounts at online banks in 2023,

according to banking consulting firm Curinos. That is down from \$174 billion in 2022.

With inflation now more muted and the Fed cutting rates, banks aren't all responding the same. Some hold rates steady for longer to attract or retain deposits, analysts say, while others lower them more quickly. That means today's best-paying bank might not hold that title a month or two from now, says Adam Stockton, managing director at Curinos.

Online banks, which typically offer the highest yields, tend to be more resistant to lowering rates. They rely on competitive rates to attract customers, unlike traditional banks with extensive branch networks.

Still, some advertise competitive rates but pay longtime customers lower ones, The Wall Street Journal previously reported.

Marshall Abrahantes, a 30-year-old engineer in Las Vegas who maintains multiple bank accounts, earns 4.5% on his high-yield savings. This month, he spotted online institutions offering more, but he wants time to research their trustworthiness and withdrawal limits before switching. "I'll get to it after the holidays," he said.

## PERSONAL JOURNAL.

BY JOANNA STERN  
WITH CORDILIA JAMES

If you feel like the rip tide of fast evolving technology is pulling you out to sea, let this be a life preserver.

We've pulled out a handful of tips from a year's worth of my Tech Things newsletters, so that you can feel informed and up to date without having to master all the tech that might affect you. This list can help you be safer, smarter and even a bit AI savvy. Heck, it might even make you the nerd at your New Year's Eve party!

### Organize your browser tabs

The only thing more impressive than my son's Pokémon card collection? My browser tab collection. At any given moment, I have about 40 tabs open in Microsoft Edge on my laptop. But OneTab, a free extension for Chrome, Edge, Safari and Firefox, has been a great solution. Install it and add it to your extension bar. Now, every time your tab collection starts to multiply, click the little blue funnel icon. It will convert all your open tabs to a list of links on a dedicated page. Then you can click the links to open them in individual tabs again or even restore them all.

I tend to have privacy concerns about browser extensions, but OneTab says your web history is never transmitted or disclosed to the company.

### Try out AirPods as hearing aids

Apple released iOS 18.1 in October. Yes, the update included the long-awaited Apple Intelligence for those with an iPhone 15 Pro or any iPhone 16—sorry, everyone else. Even without the newest phones, you can still turn your AirPods Pro 2 into hearing aids thanks to the update.

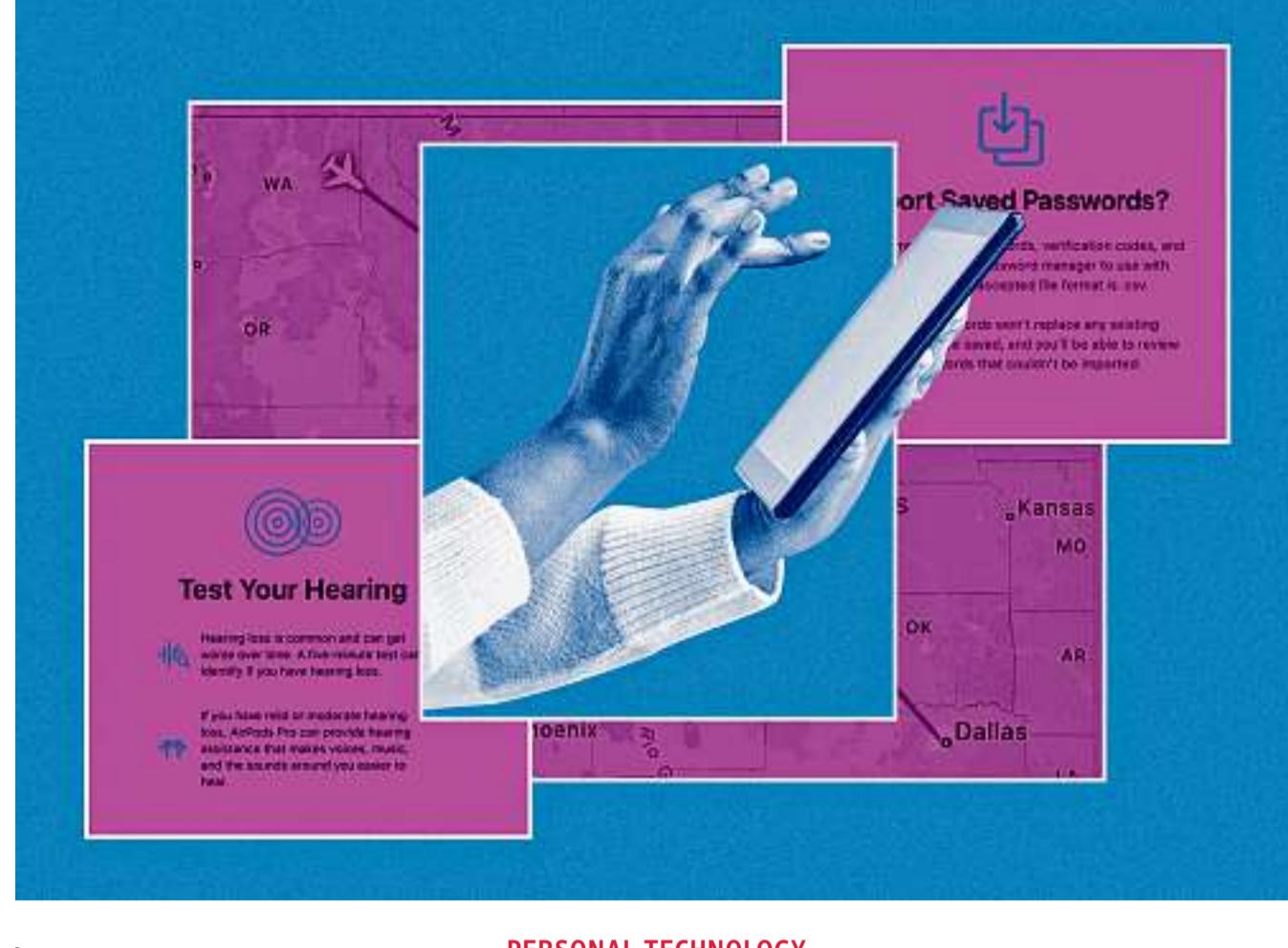
After you download iOS or iPadOS 18.1, head to a quiet room and open your AirPods case near your iPhone or iPad. The quiet part is crucial. I tested this with my dad, and he kept saying the dishwasher hum was throwing him off.

From there, follow the on-screen prompts for the Hearing Test. If nothing shows up, go to Settings, find your AirPods in the main menu and select Take a Hearing Test. Answer the questions, then tap the screen each time you hear a beep. It takes about five minutes per ear.

If the system detects mild to moderate hearing loss, it may recommend setting up your AirPods as hearing aids. After my dad's test, it suggested he try Media Assist, which amplifies calls, FaceTimes, videos and music.

### Switch to Apple Passwords

Apple's new password manager in iOS 18 houses the codes you've been storing in your iCloud Key-



### PERSONAL TECHNOLOGY

## Top Tech Tips of 2024 To Make Things Easier

Use AirPods as hearing aids, cleaning your lens and other helpful hands-on advice from Joanna Stern's Tech Things newsletter

chain all these years. But if you have passwords stored elsewhere, you can move them over so they're all in one place.

To do that, start by exporting your passwords from the other services to what's called a CSV file.

In Chrome, for instance, click the three dots in the menu bar and then Passwords and Autofill > Google Password Manager.

Select Settings on the left, then hit Download file next to where it says Export passwords. You can find similar steps for Dashlane here and 1Password here.

The catch? You can only import the CSV files into the Passwords app on a Mac running the newest MacOS, Sequoia. Open the app, go to File > Import Passwords.

Choose the file you exported, then click Import.

Once those passwords are in, don't forget to delete the CSV file so you don't have your list of passwords just lying around on your computer.

### Opt out of LinkedIn AI training

Here's how to opt out of LinkedIn AI training: The Microsoft subsidiary said in a post that it was tapping user data to fine-tune its generative-AI models. LinkedIn also updated its privacy policy to clarify how it's using that data to develop AI products. Sharing is on

by default for users in the U.S.

If you don't want info from your profile and posts to be used, you can revoke permission. In the LinkedIn app or on the website, find Settings. Click Data privacy > Data for Generative AI Improvement and toggle it off.

This won't wipe away what the bot already learned from your info, but it will stop it from training on your posts moving forward, a spokeswoman said.

If you live in the EU, with stronger data privacy laws, the companies can't automatically turn on this sort of thing.

### Clean your phone camera lens

I recently shared a photo I took with some colleagues. One of my editors said the shot looked too washed out to publish. Burn!

If you have a Google Pixel, there's a setting to alert you when your camera is dirty. Some Samsung phones have it, too.

Sadly, I have to monitor my iPhone's smudges on my own.

(Hey Apple, are you reading this?)

Regardless of what phone you have, it's time to practice good phone hygiene.

All you need is a microfiber cloth. Or if you want to get real fancy, you can buy a camera-cleaning kit with special tissues or wipes. But honestly, your T-shirt will do. Just do it.

### Make an AI podcast with NotebookLM

I just heard an AI podcast host explain my iPhone-buying advice to another AI host—and it sounded insanely real.

I used Google's NotebookLM, a tool to gather files, links and notes, then use AI to generate topical FAQs, study guides—or, yes, a podcast.

Head to notebooklm.google, and you'll be prompted to add sources.

You can paste in text, upload documents or PDFs, share links to YouTube videos, etc. Google says that it never uses your personal data to train NotebookLM, but as always, don't put sensitive information in there.

I threw in a bunch of my old iPhone reviews handy from building Joannabot, plus links to some YouTube videos.

It automatically generated a summary and suggested some questions based on the files.

Under Audio Overview, I tapped Generate.

It took about seven minutes for it to generate my 22-minute "show."

"I love that. In a world obsessed with always having the latest and greatest, Joanna's out here advocating for keeping our phones for longer," the female host says.

Remember: not real people. Bananas!



gest favoring purchases that help you track your health, stay active and reduce stress.

"We know the things that help us age better, and everyone's always disappointed when you tell them," says Andrew Scott, director of economics at the Ellison Institute of Technology in Oxford, England. "Eat less and eat better, sleep more, exercise more and spend time with friends."

Much of that is possible without pulling out your wallet, but each can also be helped along with some strategic spending.

One way to try to buy more longevity is to focus on spending that provides multiple health and social benefits, says Corinna Loeckenhoff, a gerontologist at Cornell University.

"I often tell people one of the best ways to stay physically and cognitively fit is to go into ballroom dancing," she says.

Loeckenhoff also recommends using money to knock down barriers in your life that get in the way of healthy routines.

For example, if you want to exercise more but can't easily go to the gym because you have young children, buy equipment you can use at home. If you want to cook more but don't feel confident in the kitchen, spend on cooking classes.

Of course, money can be spent unhealthily. Meanwhile, plenty of things that are good for you don't

come with a bill, such as going on a walk or minimizing screen time before bedtime. Some recommendations, such as drinking less alcohol and eating less restaurant food, might actually save you money.

But certain gadgets and luxuries can be worth the cost, some researchers say.

Devices such as the Apple Watch and Oura Ring can instill healthy habits and catch worrying patterns that might emerge between annual checkups, says Joe Coughlin, the director of the MIT AgeLab.

### iMessage for travel info

**Disclaimer:** The following tech travel tip doesn't change my love for Flighty, an iPhone app that I've long recommended for tracking your flights. But if you don't want to pay a subscription, there's a free way to track a flight. Just text yourself.

On an iPhone, in the Messages app, text your flight number—say, AA2369—to your own number or another contact. The code automatically turns into a link. Tap it and hit Preview Flight, and you can view your plane in real time, complete with gate information, baggage claim and estimated departure and arrival times.

Android users, you're out of luck with a similar messaging-based feature, but you can always type the flight number into Google.

### Turn on iPhone's theft protection

Thieves steal iPhones and passcodes. They quickly lock their victims out of their Apple accounts by changing the password and other settings. Then they go for the money, draining bank accounts, opening credit cards and more.

I even interviewed an inmate in Minnesota who was convicted of stealing hundreds of iPhones and hundreds of thousands of dollars.

In an iOS update last January, Apple released Stolen Device Protection, a security setting that protects against these thefts. When enabled, it will require your biometrics to access saved passwords and change other Apple settings when you're away from a familiar location, like home or work.

It's off by default, so you have to turn it on. Provided you're running iOS 17.3 or later, go to Settings > Face ID & Passcode and type in your passcode. Then scroll down to Stolen Device Protection and toggle it on.

### Create a visual packing list in Notes app

Some people (me) use Apple's Notes app to jot down their to-do lists, thoughts and ideas. Others use it for all other kinds of wacky things.

As someone who often travels and needs precise outfits for events, using the app to create a visual packing list really spoke to me.

Start by opening a photo of a clothing item or outfit in the Photos app. Tap and hold the subject until it has the highlighted glow around it, then tap Copy. Next, open the Notes app and within a document, hold down and tap Paste.

Pro tip: To line up outfits horizontally, tap the three dots at the top right, then Attachment View > Set All to Small.

Repeat these steps, adding images of your outfits side by side. You can organize them further with headings for different days or outfit categories. For an enlarged view, just tap the image.

SAM KELLY/WSJ. ISTOCK

## Money Can Buy You a Longer Life—To a Point

BY JOE PINSKER

**T**he rich get richer—and older. People with high salaries and net worth tend to live longer lives, research shows.

Once Americans make it to their late 50s, the wealthiest 10% live to a median age of around 86 years, roughly 14 years longer than the least wealthy 10%, according to a study published earlier this year in *JAMA Internal Medicine*.

People with more money can afford healthier food, more healthcare and homes in safer, less-polluted neighborhoods, says Kathryn Himmelstein, a co-author of the study and a medical director at the Boston Public Health Commission.

Though you can't add more months or years to your online shopping cart yet, health and aging researchers say there are ways to spend money to improve your chances of living longer. They sug-

### Plenty of things that are good for you don't come with a bill, such as walks.

same 10-month gap exists between household incomes of roughly \$160,000 and \$225,000, as well as between \$225,000 and \$195 million.

A key to the relationship between income and longevity is that money doesn't just buy stuff that helps you live longer. It also buys time and reduces stress. "If you've got a nice place to live and you don't have to worry about food on the table, you have the mental head space and resources to prioritize your health," says Steven Woolf, a professor at Virginia Commonwealth University School of Medicine.

Someone juggling multiple jobs might not have the free time and flexibility to exercise regularly or cook a nutritious meal at home. Moreover, many lower-income jobs are more physically taxing and more prone to workplace accidents and exposure to harmful substances.

But money's influence on lifespan operates on more than just an individual level. Richer people live in richer communities, which in turn tend to have less violence and higher-quality schools, parks, housing and other infrastructure.

Trying out new activities and hobbies is also a worthy investment of money and time, say researchers who study aging.

After 60- to 90-year-olds spent 15 hours a week for three months learning new skills in quilting and digital photography, their brain function showed improvement as much as a year later, according to a 2015 study by researchers at the University of Texas at Dallas.

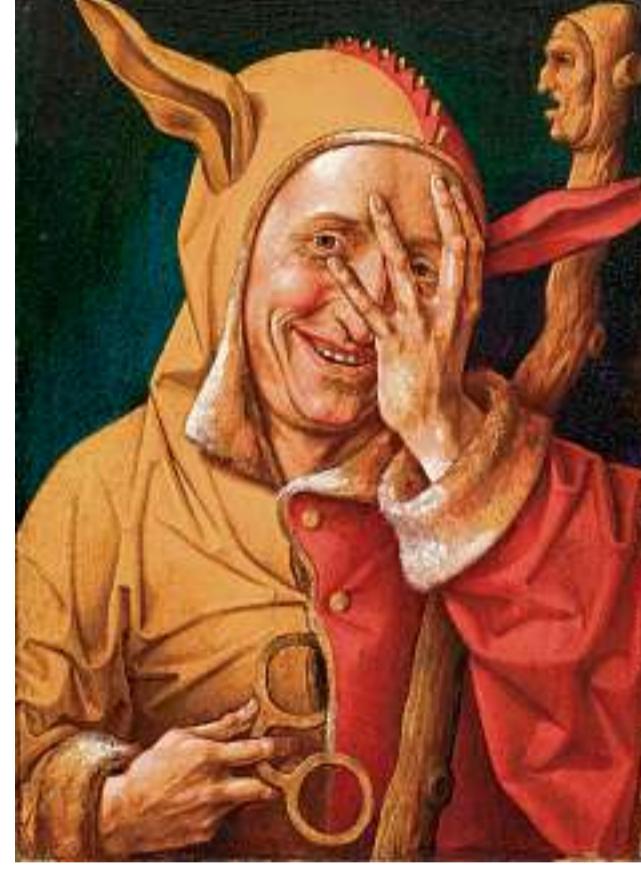
ELENA SOKOLOVA/WSJ. ISTOCK (6)

## ARTS IN REVIEW

ART REVIEW

# History Viewed in a Funhouse Mirror

An exhibition at the Louvre follows the evolution of the fool, who has long served as a reflection of our own self-image



By DOMINIC GREEN

**T**he figure of the fool walked off the margins of medieval manuscripts into the unholy courts of the Renaissance, then returned to the page as Hamlet's Yorick. Later, in the age of reason and democracy, the parodist of royal dignity became a mirror of the universal condition: Dostoevsky's "holy fool" and Picasso's grubby clowns; Stan Laurel and Oliver Hardy.

Curated by the Louvre's Élisabeth Antoine-König and Pierre-Yves Le Pogam, and presenting over 300 works from 90 European and American collections in eight sections, "Figures of the Fool: From the Middle Ages to the Romantics" is an ingenious reflection on the march of folly. From medieval Catholi-

cism to Quasimodo on film, the fool is our constant companion, a shifting reflection of our self-image and its blind side.

In the first sections, "On the World's Margins" and "In the Beginning: The Fool and God," the fool is born in the painted pages of breviaries, psalters and Bibles. In a psalter created for the English prince Alfonso around 1284, he plays with apes. In one of Jacquemart de Hesdin's illustrations for the Duc de Berry's psalter (c. 1386), a nearly naked fool clutches a club.

The fool entered late-medieval society as part morality player, part erotic comedian. In "The Fool and Love" section, basic instinct plays northern European counterpoint to the southern melody of courtly romance. Exposing others as he exposes himself, the fool lets a drunken woman lift his robe in Master

E.S.'s engraving "The Great Garden of Love" (c. 1465-67). He crawls around the lovers in a finely engraved and enameled silver goblet from Lübeck. He lurks in richly colored tapestries and paintings as the Prodigal Son blows his inheritance on women and song. When he makes the fatal introductions in Pieter Coecke van Aelst's "Lovers Surprised by a Fool and Death" (c. 1525-30), he wears the same smoky pink as the lovers.

Later we see him preparing to hop into a tub with two naked women in a terracotta confectioner's mold. In the fourth section, "The Fool at Court," he still has it both ways as a Renaissance parodist of the theater of power. His club becomes his bauble stick, a mockery of the king's scepter. We see the massive jaw and tiny skull of Triboulet, fool to René of Anjou, carved in marble, as though the fool were a Roman emperor. "I ape the role and image of a king / I wear the royal livery to amuse princes," goes the Latin inscription on a 1461 medal of Triboulet. As in our age of social media, only the king and the simpleton can admit that public roles are a performance.

A cabinet in "The Fool in the City" section shows the tools of the fool's trade: tiny tin whistles, a selection of bells bearing his gurning grimace or a cockerel's head, erotic badges to pin to his multicolored outfit, and his bauble stick. This magic wand symbolized the Festival of Fools, the medieval carnival between the feasts of the Holy Innocents (Dec. 28) and Epiphany (Jan. 6). The fool became the "Archbishop of Innocents," the leader of the revels whose simplicity, for a short while, was valued as childlike rather than criminal. We see his silk and gold-trimmed mock mitre, and a 15th-century ink-and-gouache drawing from the Low Countries in which the fool invites a young woman to dance.

But times were changing. The "Archbishop of Innocents" who led the communal dances at the Festival of Fools was a public servant. In the modern world of individual rights and private pursuits, every man could be his own fool. Soon, the next section shows, there were "Fools Everywhere." Around 1590, Jean de Gourmont's engraving superimposed a map

of the world upon the fool's face.

The spectacle of psychological cruelty in the last sections suggests that when everyone is free to become his own fool, the joke is on us. When folly cannot be redeemed, only medicalized and endured, it ceases to be instructive and becomes mere pain and pathology. A crowd enjoys the imposture of Giovanni Domenico Tiepolo's "The Charlatan, or The Tooth-Puller" (c. 1754). In the final section, "Resurgence and

Modernity," the afflicted fight one another in Goya's "Yard With Lunatics" (1794).

Quasimodo—Victor Hugo's revival of the medieval fool—is a fool for love, driven to commit murder and then, by starving himself, to suicide. The colors in a clip from the 1956 film adaptation of "The Hunchback of Notre-Dame" (1831) are as rich as those of a medieval manuscript.

Triboulet is still with us, too, in the form of Verdi's Rigoletto, the court jester destroyed by his passion for revenge. The further we get from the medieval moral drama in "Figures of the Fool," the more explicit its

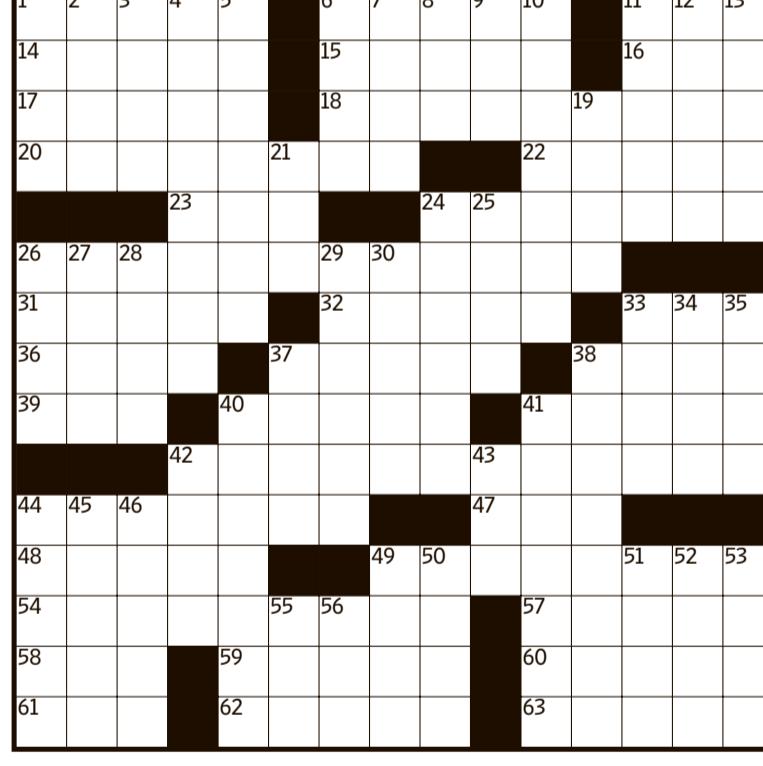
warnings about the perils of unmoored individualism. The fool who once amused the king has become his own master, the monarch and prisoner of his own imagination. The title of Verdi's source material, Hugo's 1832 play "The King Amuses Himself," is the fool's last word.

## Figures of the Fool: From the Middle Ages to the Romantics

The Louvre, through Feb. 3, 2025

*Mr. Green is a Journal contributor and a fellow of the Royal Historical Society. The Arts Calendar will return to print next week.*

## The WSJ Daily Crossword | Edited by Mike Shenk



24 Form a liking for

25 From the U.S.

26 Stow away

27 Revered sort

28 Professor who might use a rope

29 Like some Watergate evidence

30 Detain

33 Mall business

34 Move cautiously

35 Level

37 Spots

38 Coveted position in the standings

40 Extra during the credits, sometimes

41 Accepts eagerly

42 Physics focus

43 Debate side

44 Is without

45 Needs a massage

46 Monk music

49 Pay to play

50 Jury member

51 Paris-based fashion magazine

52 Cyclops or Wolverine, e.g.

53 Starchy tubers

55 In the manner of

56 Combo's job

## BUBBLE CHAMBER | By Mike Shenk

### Across

- |   |   |  |                                     |
|---|---|--|-------------------------------------|
| 1 Cynically callous                                       | 32 Shoes with swooshes                            | 54 New Year's Eve libation whose uncorking sound can be found in the starred answers | 6 Get high                          |
| 6 Missouri or Mississippi                                 | 33 Filming location                               | 7 Magnetic material  | 7 Through                           |
| 11 Do some garment work                                   | 36 Relentlessly gloomy                            | 8 Questionable skill   | 9 Questionable skill                |
| 14 Unaided  | 37 Cattle ranch critter                           | 10 Diamond shape, in geometry  | 11 Sarcastic retort to a complaint  |
| 15 Kind of terrier or wolfhound                           | 38 Bangkok language                               | 12 Heron with white feathers   | 12 Heron with white feathers        |
| 16 "That's disgusting!"                                   | 39 Tree with serrated leaves                      | 13 Word before "up?" or "new?"   | 13 Word before "up?" or "new?"      |
| 17 Winter ailments  | 40 Real humdinger                                 | 14 Buds  | 14 Buds                             |
| 18 *Long story, of a sort                                 | 41 Imprecise, as a translation                    | 15 Poker face?   | 15 Poker face?                      |
| 20 *Hold, as a door                                       | 42 *Deep red spice used in Middle Eastern cuisine | 16 Lotion ingredient   | 16 Lotion ingredient                |
| 22 "Glengarry Glen Ross" playwright                       | 44 Milk sugar                                     | 17 Big name in pineapples  | 17 Big name in pineapples           |
| 23 Finished off   | 47 Megan Thee Stallion's music                    | 18 Blessing preceder, perhaps  | 18 Blessing preceder, perhaps       |
| 24 Fires from Amazon, e.g.                                | 48 Leaf inside a book's cover                     | 19 *State of uncontrollable anger  | 19 *State of uncontrollable anger   |
| 26 *Mammal that can fold its nostrils shut when submerged | 49 Cars of the '30s, '40s and '50s                | 20 *Cars of the '30s, '40s and '50s  | 20 *Cars of the '30s, '40s and '50s |
| 31 Does nothing   | 50 *Pacifiers repast                              | 21 Energy  | 21 Energy                           |

### Previous Puzzle's Solution

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



"Rigoletto" costume design, by Ludovic-Napoléon Lepic, top; "Portrait of Triboulet," bottom.

THE LOUVRE (5)

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

## SPORTS

By ANDREW BEATON

**C**olorado quarterback Shedeur Sanders wasn't exactly coy about his NFL draft prospects last week: Before his team's bowl game, he showed off New York Giants-themed cleats.

It seemed to indicate that Sanders expected the Giants to draft him with the No. 1 overall pick next April.

There was just one problem with that plan. Less than 24 hours after Sanders's final college game, the Giants somehow made an utterly miserable season even worse—by winning their first game in months and costing themselves the top draft selection in the process.

With an out-of-nowhere offensive explosion and 45-33 win over the Colts, the Giants snapped a 10-game losing skid for just their third victory of the year, dropping them to the fourth pick.

That upshot is part of what can make the final weeks of the season even tenser for the worst teams in the league than it is for the ones heading to the playoffs. There's a host of franchises clearly in the market for a new quarterback all stuck in a traffic jam at the bottom of the standings.

The traditional way for teams to address the quarterback position is by being as bad as possible and picking one at the top of the draft.

Only this season, it's far from that simple. For one, teams like the Giants and Raiders have damaged their draft prospects with recent wins. Beyond that, though, while teams are elbowing their way for draft position they're also staring down a draft class that lacks a deep crop of ballyhooed passers.

Sanders, the son of Colorado coach and NFL legend Deion Sanders, is viewed by many as the best of the bunch. But while he finished his college career by completing an astonishing 71.8% of his passes, he's hardly considered a sure thing—a notion that was only reinforced by Colorado's defeat in the Alamo Bowl, when the Buffaloes struggled to move the ball and Sanders tossed two interceptions.

The other top candidates have their share of warts, too. Miami's Cam Ward has dazzled with his improvisational ability but has

# The NFL's Race to the Bottom Is Completely Out of Control

The New York Giants fumbled away the draft's top pick with a stunning win in a Week 17 that also set up conundrums for how various coaches will handle their regular-season finales



Clockwise from top: Malik Nabers and Drew Lock celebrate during the Giants' win. Colorado's Shedeur Sanders is one of the top quarterbacks in the NFL draft. Saquon Barkley has rushed for over 2,000 yards this season.

flashed questionable decision-making. Alabama's Jalen Milroe could prove enticing because of his extraordinary athleticism, yet he has also been extraordinarily inconsistent. Georgia's Carson Beck appeared to be a surefire first-round pick ahead of the season but turned in a disappointing campaign—and then suffered an elbow injury that has ruled him out of the College Football Playoff.

But that doesn't change the number of teams that could be hoping that someone from this group turns into their answer at the game's most important posi-

tion. The Giants, Raiders and Titans seem certain to bring in new starters next year. The Jets look likely to join that bunch after their Aaron Rodgers experiment slumped to new depths in Sunday's 40-14 loss to the Bills. The Browns could be looking for a quarterback too, with all the money they have committed to Deshaun Watson doing nothing to change his poor performance.

All of which could make Week 18 even more intriguing for the teams at the bottom of the standings than the ones at the top. At this point, there's likely only a couple of playoff spots up for grabs.

But there's now nine teams with either three or four wins—meaning that the top of the draft could keep getting reshuffled throughout the final Sunday of the regular season.

The issue is that some of these teams seemingly can't get out of their own way. The Jaguars, one of the rare teams in contention for an early selection without their eyes set on a passer, have played their last four games against bottom feeders and have damaged their draft stock by winning two of them. The Raiders managed to beat the Jaguars and the Saints over the last two weeks, potentially eliminating their chances to take the top quarterback off the board.

None of that compares to the Giants, who cut franchise quarterback Daniel Jones midseason. No

team appeared to be more transparently tanking for a premier draft spot.

Unfortunately, it appears no one mentioned that to backup quarterback Drew Lock, who had the game of his life on Sunday—leading the Giants to a win, and sending their draft pick tumbling.

## The Data: A Historic Rookie Season for Brock Bowers

There hasn't been much for the 4-12 Raiders to cheer about in 2024—and even less lately after back-to-back wins torpedoed their draft position. But there has been one blindingly bright spot: rookie tight end Brock Bowers.

Bowers, who won two national championships at Georgia, has become the rare tight end taken early in the draft to turn into a big value after the Raiders took him 13th in the draft. With seven catches for 77 yards in Las Vegas's win, Bowers etched his name into the NFL's record books.

Even before he plays in the relatively new 17th game, Bowers now has 1,114 receiving yards. That's the most for a rookie tight end in league history, surpassing Hall of Famer Mike Ditka. But what's even more impressive is what Bowers is doing isn't merely unprecedented for his position. His 108 receptions are the most ever for any rookie, surpassing Rams wide receiver Puka Nacua from a year ago.

## The Decision: Should Chiefs Play or Rest Mahomes?

With a 15-1 record, the Chiefs have already clinched the No. 1 seed in the AFC. That's usually a reason for teams to rest their players and let them heal up—and with quarterback Patrick Mahomes nursing a bum ankle, Kansas City appears to fit the bill.

But this season's bizarre schedule will make that an interesting calculation.

The Chiefs most recent game was back on Christmas, when they beat the Steelers. With a first-round bye in the playoffs, that means Kansas City's starters could go nearly three weeks without playing if coach Andy Reid decides to sit his starters in Week 18. And for a team that has lacked offensive chemistry this year, that could be a long time to develop some rust.

## The Debate: Are Records and Awards Worth the Risk?

The Eagles seemed intent on getting star running back Saquon Barkley over the 2,000-yard mark on Sunday. Even with the game out of hand in their 41-7 rout of the Cowboys, they kept handing him the ball until he became the ninth player in NFL history to reach the milestone.

Now, with a game to play, Barkley is just 101 yards shy of the rushing record Eric Dickerson set in 1984 for the Los Angeles Rams. Only, the Eagles may also have



nothing to play for next week with a playoff berth already sewn up—and Barkley could surely use a breather after such a heavy workload.

The Bills will have to weigh a similar quandary: Quarterback Josh Allen could pad his case for MVP with a big game, except Buffalo's season finale is otherwise all but meaningless.



## The Oregon Ducks' Secret Army Of Football Nerds

By JARED DIAMOND

**THERE ARE PLENTY OF PLAINLY** obvious reasons for why the University of Oregon had the best team in college football this year.

Quarterback Dillon Gabriel has excelled since transferring from Oklahoma. The offensive and defensive lines have both been stellar. Only one other program, Texas, ranks in the top 15 nationally in both total offense and defense.

But behind the scenes, there's another, more subtle explanation for the Ducks' undefeated regular season: a group of mostly unknown, lowly paid football obsessives working in anonymity to transform Oregon into a power house.

Dan Lanning, the Ducks' unconventional, 38-year-old head coach, has populated his staff with a collection of oddball coaches and analysts who largely built their reputations in the wonkiest corners of social media and obscure coaching clinics.

Their résumés don't suggest they belong at a college football power like Oregon. Defensive analyst Dante Bartee was the defensive coordinator at Ottawa University, a small Baptist institution located not in Canada, but in Kansas. His colleague, Kyle Cogan, coached the defensive backs at somewhere called Benedictine College, which has roughly 2,000 students. Neither of them played football at a high level.

Exactly who some of Oregon's coaches are and what they do is a mystery. Their pages on the Ducks'

website include no biographical information or even a photograph in some cases. An Oregon spokesman declined to make any of the team's analysts available for interviews. Nick Davis, Bartee's former boss at Ottawa, also declined to speak because, "Dante doesn't want to take the focus away from Oregon and their process."

Meanwhile, when asked about the roles of his analysts, Lanning was coy, saying only that he was "looking for people that wanted an opportunity, not necessarily a paycheck."

"I think you have a bunch of guys obsessed with football, that's for sure," said Lanning, whose Ducks will take on Ohio State in the Rose Bowl on Wednesday with a spot in the College Football Playoff semifinal on the line.

Dan Casey describes coaches like Bartee and Cogan differently. He calls them "internet nerds," a term he considers a compliment—because he happens to be one himself.

Casey is a prominent figure in an online subculture where football crazies gather to study schemes, break down video and master the tiniest nuances of the strategy of the game. Its denizens aspire not to be star wide receivers or linebackers, but offensive coordinators and quality control coaches.

Casey's X account, which boasts more than 140,000 followers, has become an invaluable resource for coaches across the NFL and college looking for new strategies and techniques.

In those spaces, Bartee and Co-

gan are legends. They have "cultish followings," said Cody Alexander, who runs the website MatchQuarters, a site he calls "a defensive football thinktank." They generated their reputations by accumulating an encyclopedic understanding of legendary coach Nick Saban's vaunted "Cover 7" defense, which they learned by devouring copies of his playbook that found their way onto the internet.

"You take the 700-page Nick Saban playbook and it's like opening a medical-school textbook, said Chris Barnstable-Brown, the creator of the website Smart Football. "These guys spent however many hours being self-taught on how to do it."

Alexander said Bartee "is like Rain Man when it comes to this stuff." Benedictine head coach Joel Osborn said he plucked Cogan from a Missouri high school because of his preternatural knowledge of Saban's defense.

Typing Bartee's name into YouTube yields a poorly lit video from three years ago that shows him standing in front of a whiteboard explaining "spacing run fits" for more than two hours. Even diehard fans wouldn't have the slightest clue what he's talking about. But to those at the cutting edge of football strategy, it's a gold mine.

In some ways, it isn't surprising that in the internet age, it's possible to uncover the secrets of the most complicated tactics in football. The part that definitely is surprising is that those kinds of people were able to land jobs at Oregon. Lanning said his analysts are people he knew from previous



Dan Lanning has led the Oregon Ducks to a 13-0 record this season.

career stops, picked from a list he has been compiling since he was a graduate assistant at Arizona State more than a decade ago.

"Guys that don't necessarily have that experience, they have other strengths that you want to lean in on," he said.

And it shows. Oregon's season has been defined by taking advantage of unusual situations that only a true football lunatic would have the wherewithal to recognize.

In November, Oregon drew a crucial 5-yard penalty against Michigan by deploying a bizarre punt formation that tricked a defender into lining up directly in front of the snapper, which is illegal. Against Ohio State in October, the Ducks intentionally put 12 de-

fenders on the field late in the contest, accepting the five-yard foul in exchange for running precious seconds off the clock.

Afterward, Lanning admitted that the extra man ploy was something Oregon had worked on in advance. The NCAA responded by immediately closing the loophole.

Though it's impossible to say that Lanning's "internet nerds" are the reason for Oregon's ingenuity, it speaks to how the Ducks operate: They don't mind being different, both in how they play and who they hire.

"The culture that pervades Oregon," Casey said, "is looking for the most minute edge on the field."

—Laine Higgins contributed to this article.

## OPINION

## It's Biden's Policies, Stupid



**MAIN STREET**  
By William McGurn

Last weekend Team Biden hit back. On Sunday the Washington Post reported that the president still believes "he could have defeated Trump."

Which raises the question: Were Democrats and the press more dishonest before the election, when they routinely reassured the American people Mr. Biden was sharp as a tack? Or are they now, after the election, when they insist Mr. Biden's decision to run for reelection—which most supported at the time—doomed Democratic chances for holding the White House?

Missing from the back and forth about Mr. Biden's decision to run is the slightest recognition that his policies were the source of public dissatisfaction with him. The policies didn't work. They created problems like inflation. And they damaged the Democratic Party's credibility when its leaders tried to tell the American people that if only they were smart enough, they would appreciate how good they had it.

As if to underscore the point, when Kamala Harris ran on the exact same agenda, the policies proved just as unpopular.

## A New Year Isn't a Blank Slate



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

We can reform our policies and institutions. We can change ourselves gradually, in small ways. But we're always beginning from where we are, and history limits what's possible for us to do in the present.

Neither individuals nor societies can be "unburdened by what has been," as Kamala Harris found out the hard way. Our past has shaped our present, and the more we claim the right to shape the future, the more accountable we must be for our past.

This isn't a partisan observation. President Ronald Reagan often quoted a remark Thomas Paine made in a pamphlet urging independence from Britain: "We have it in our power to begin the world over again." Actually, we don't. Not even God does.

Paine's next sentence undercut the idea that we can simply start over with a clean slate. "A situation, similar to the present," Paine wrote, "hath not happened since the days of Noah until now." But recall the biblical story. God told Noah, the most righteous man of his day, that he would destroy all living beings except those on the ark and begin again because the earth had become lawless and cor-

You knew it was coming. Ever since election night, Democrats from Nancy Pelosi on down have been blaming Joe Biden for costing them the White House.

Last weekend Team Biden hit

back. On Sunday the Washington Post reported that the president still believes "he could have defeated Trump."

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Missing from the back and forth about Mr. Biden's decision to run is the slightest recognition that his policies were the source of public dissatisfaction with him. The policies didn't work. They created problems like inflation. And they damaged the Democratic Party's credibility when its leaders tried to tell the American people that if only they were smart enough, they would appreciate how good they had it.

As if to underscore the point, when Kamala Harris ran on the exact same agenda, the policies proved just as unpopular.

Public disenchantment with the president began when he insisted the humiliating pullout from Afghanistan was "an extraordinary success." To most Americans, what they watched on their television screens called to mind the ignominious 1975 evacuation from the U.S. Embassy rooftop in Saigon. Post-Afghanistan, Mr. Biden's favorable ratings slipped under 50% and never recovered.

The dishonesty continued when his homeland security secretary insisted "the border is secure." Again, most Americans realized the deliberate reversal of Mr. Trump's border policies led to record crossings of illegal migrants. Even Democratic mayors complained about it. By the time Mr. Biden recognized his border policies might cost him the election, it was too late.

Probably the most infamous example of Democratic deception concerned inflation. First there was denial. Then the American people were told it was transitory. Then they were told it was licked. "Bidenomics is working" wasn't a winning appeal to workers who saw that their paychecks weren't going as far.

The irony is that when Democrats decided to go with Mr. Biden as their 2020 presidential candidate, it was because the alternative was self-described democratic socialist Sen. Bernie Sanders. Then Mr. Biden got himself elected, and suddenly comparisons to FDR's New Deal and LBJ's Great Society were all the rage. It likely didn't hurt that such compar-

But Democrats aren't mad at Mr. Biden for staying in the race. They're mad because he exposed how all those now turning on him, Mrs. Pelosi included, reassured Americans that the president was at the top of his game when they knew otherwise.

Remember the furies that descended on special counsel Robert Hur when he said he wouldn't prosecute Mr. Biden over mishandled classified documents because the jury would perceive him as a "well-meaning, elderly man with a poor memory"? Or when Mrs. Pelosi told CNN's Anderson Cooper in February that doubts about Mr. Biden's age and mental acuity were misplaced because "he's always on the ball"?

After Mr. Biden's disastrous June 27 debate with Mr. Trump, the party line became untenable. Mr. Biden's mental

sons fed Mr. Biden's ego by making his presidency sound more consequential than Barack Obama's.

Now it is all unraveling, and everyone's dumping on Mr. Biden for not getting out sooner. Mr. Biden doesn't see it that way, of course. He insists that the party's mistake was ousting the only man who had ever beaten Mr. Trump.

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decline went on full public display. Americans saw that a president they had been told was running rings around staffers half his age was in fact confused and incoherent.

The debate performance proved Mr. Biden's unforgivable sin: He publicly embarrassed the Democratic leadership that had covered for him.

They still haven't come clean. Mr. Biden was forced off the ticket because he plainly doesn't have all his marbles. But the Democratic Party never really quite admitted that, because to do so would raise certain still-pertinent uncomfortable questions: How can Mr. Biden be fit to be president but not to run for the office? The official line that Mr. Biden was a statesman who put his party and country first and stepped aside for a better candidate thus rings false.

If Mr. Biden's policies were working, the American people might have given him the benefit of the doubt and maybe even elected Ms. Harris. But they didn't. And rather than reconsider the policies, Democrats complain that Mr. Biden and Ms. Harris had a poor messaging strategy, that Mr. Trump was far better at taking advantage of new media—e.g., his interview with podcaster Joe Rogan—to get his message across.

Which misses the obvious: Mr. Trump won because he had a better message—because of better policies that yielded better results when he was president.

Write to mcgurn@wsj.com.

I love New Year's Eve for its festivities, but New Year's Day brings out my inner skeptic because I don't believe in new beginnings.

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## OPINION

## REVIEW &amp; OUTLOOK

## The Blue State Homeless Boom

In case you missed last Friday's pre-holiday news dump, the Department of Housing and Urban Development reported that homelessness this year hit a record. Add this to President Biden's regrettable legacies, though it's notable that progressive states accounted for most of the increase.

HUD's annual point-in-time survey found that the number of homeless increased 18% this year and 36% since 2019. Local governments and nonprofits in January counted some 771,480 living in public spaces, shelters or other temporary government-funded housing. Yet the report essentially absolves federal policies of blame.

The agency admits what it calls a "national affordable housing crisis, rising inflation, stagnating wages among middle- and lower-income households"—as if these had nothing to do with the trillions of dollars the feds doled out during the pandemic and then on Mr. Biden's watch. HUD also faults "the persisting effects of systemic racism," "additional public health crises" and natural disasters.

HUD places especially heavy blame on the expiration of pandemic programs, including Democrats' expanded child tax credit and Mr. Biden's illegal eviction moratorium. Landlords did increase rents to compensate for tenants who didn't pay under the eviction ban. But the end of souped-up Covid-era welfare can't explain why there are so many more homeless now than before the pandemic.

One culprit is a surge in migration. New York City told HUD that migrant households accounted for nearly 88% of its increase in homeless living in shelters this year. Chicago reported "that an influx of new arrivals," mostly migrants bused and flown from other states, "accounted for more than 13,600 people in emergency shelters."

While migrants have also flooded into Florida and Texas, these states seem to have absorbed them far better. Since 2019 the number of homeless has soared in Illinois (15,633), California (35,806) and New York (65,928), versus Texas (2,139) and Florida (3,034). Higher hous-

## Homelessness keeps rising, as progressive remedies fail.

ing costs and unemployment in progressive states make it more difficult for migrants to support themselves.

Restrictive zoning and environmental regulations reduce housing supply and drive up prices. Compare the number of new housing permits issued last year in Texas (232,373) and Florida (193,788), versus California (117,760), New York (48,807) and Illinois (16,863).

New York City's "right to shelter" policy also encourages migrants to take advantage of government-supported housing, including hotels in midtown Manhattan. But most migrants who can't find work and housing eventually move to places where they can.

Most of the increase in what HUD calls "chronic homelessness" owes to mental illness and drug abuse, which the report fails to mention, if you can believe it. This is obvious to anyone who walks past an urban homeless encampment, or for that matter any street in certain neighborhoods in Los Angeles.

Progressives ignore such clear social ills and instead call for more spending on low-income housing. But such "housing first" policies have failed, as demonstrated by the rising number of homeless in progressive states.

HUD spends \$72 billion a year, mostly on affordable housing, and progressive states spend billions more each year. California spent \$24 billion to reduce homelessness in the last five years, but there are more homeless. The Administration even granted California a waiver to use federal Medicaid funds to help the homeless obtain housing. Meantime, drug rehab centers in the state are closing because of inadequate government reimbursements.

Florida and Texas have taken a more practical and effective approach. They prosecute drug possession and public disorderly conduct as a lever to induce addicts and the mentally ill into treatment as an alternative to jail. This is more humane than leaving the homeless to their own vices on the streets. Alas, progressives prefer the latter.

**Increase in Homeless Population (2019-2024)**

Texas	2,139	8.20%
Fla.	3,034	10.70%
Ill.	15,633	153%
Calif.	35,806	23.60%
N.Y.	65,928	71.50%
U.S.	203,765	35.90%

Source: U.S. Department of Housing and Urban Development

## The Ball Drops, the Minimum Wage Rises

Twenty-one states will raise their minimum wages on Jan. 1, according to the left-leaning Economic Policy Institute, and the tenor of the news stories is that this boost to worker paychecks is an economic free lunch. The unseen effect will be added pressure on many businesses to cut hours, increase prices, and automate away opportunities for unskilled workers seeking a first job.

But at least these states are in charge of their own destinies and can adjust for the local labor market and cost of living. The New Year's Day wage bump in 13 states is an inflation adjustment, including to \$16.66 in Washington state and \$16.50 in California. Delaware and Illinois passed legislation that will lift their pay floors to \$15 an hour.

Ballot measures in Missouri and Nebraska will bring the minimum wages in those states to \$13.75 and \$13.50, respectively, en route to

## Wage floors are going up in 21 states, though the range is instructive.

\$15 in 2026. Yet the range is instructive. The inflation adjustment in Montana will be to \$10.55, up 25 cents. Ohio's is to \$10.70. Those

are places where a buck usually goes much further than it does on the coasts.

This is a fact often ignored by Members of Congress who want to raise the nationwide federal minimum wage to \$17

or maybe more. Today it's \$7.25, but 99% of hourly workers are already above that figure. In 2023 the share of hourly employees paid at or less than the federal minimum was 1.1%, according to the Bureau of Labor Statistics, and 44% of them were under age 25. Many were no doubt soon earning more.

That's the free labor market at work, and it does much better at matching skills with earnings that are economically sustainable and provide opportunity for the unskilled to get that vital first job and a step toward upward mobility.

## The House GOP's Speaker Test

Donald Trump on Monday endorsed Mike Johnson for another term as Speaker when the House votes to convene the 119th Congress on Friday, and that's the smart move. The vote will test whether House Republicans are serious about governing or whether they'll descend again into political masochism.

"Speaker Mike Johnson is a good, hard working, religious man. He will do the right thing, and we will continue to WIN. Mike has my Complete & Total Endorsement," Mr. Trump posted on his social-media site on Monday.

Mr. Johnson has earned re-election given his handling of the narrow GOP House majority and the impossible circumstances he inherited. A group of malcontents deposed Kevin McCarthy out of personal spite, and what did that accomplish? Nothing of substance we can see. Mr. Johnson was an almost accidental replacement after more prominent Members failed to get a majority.

But the man from Louisiana has quietly risen to the occasion. He listens to all factions in the riven GOP caucus. He's as conservative as anyone in the House, but he's also a student of the Constitution and a realist about the difficulty of legislating in the American system. You can't always get what you want, but you try to get what you need—that is, the 218 votes to pass something.

The trouble is a rump, blow-it-all-up GOP faction that wants to make statements more than law. They're threatening to take down Mr. Johnson, though they don't have an alternative. Kentucky Rep. Thomas Massie has declared that he'll oppose Mr. Johnson, and Mr. Massie opposes just about everything. This means the Speaker has to keep everyone else

## Will Republicans re-elect Mike Johnson, or melt down again?

on side if all Members are voting on Friday. Defeating Mr. Johnson would send the House into disarray, and to what end? Some

Members may be holding their votes in reserve to angle for some better committee post in return for voting yes. But that's the trouble with the House GOP: Too many Members are looking out for themselves rather than the larger political good. And the narrow majority gives them more leverage than they deserve.

The stakes are considerable. Voters have given Republicans a rare trifecta of government control—both houses of Congress and the White House. Their majorities are narrow, but this is still an historic opportunity to pass significant reform. Senate Democratic Leader Chuck Schumer can use the 60-vote filibuster rule to defeat much of what Republicans want. Never mind that he said this year he expected to kill the filibuster if Democrats had scored a trifecta.

But Republicans can pass a tax and spending bill via budget reconciliation, which avoids the filibuster. And on issues that were litigated in the election, some Democrats might be willing to come along. Think energy, border security and immigration, and some anti-woke cultural measures. But Republicans will have to demonstrate unity and discipline. Then swing Democrats would have to decide between their party and political vulnerability in 2026.

Voters expect results, and the GOP won't be able to dodge responsibility now that they're in charge. If Republicans can't even elect a Speaker without a meltdown, it will bode ill for the next two years. Down that disruptive path lies Democratic Speaker Hakeem Jeffries in 2027, if not sooner, and the effective end of the second Trump Presidency.

## OPINION

## LETTERS TO THE EDITOR

## Remote Work and the Temptations of Home

In "Don't Let DOGE Kill Remote Work" (op-ed, Dec. 24), Dana Mack claims most remote-work plans have little effect on productivity. She cites a study that shows private remote workers were only slightly less productive than their in-office counterparts. That seems counterintuitive and should be explored more fully before it is accepted. I am sure that some people have the resolve to work hard with the temptations and family demands at home, but it is human nature to do otherwise.

In the office, people are motivated by their bosses and others working around them. At home, the distractions of television, social media, family issues, and most of all, extra hours

of sleep, seem very difficult to ignore. As a university student, I knew that if I didn't go to the library, I wasn't going to get any studying done that night.

JAY BRODY  
Potomac, Md.

Ms. Mack's second sentence gives away the argument. She says that allowing remote work will "save parents many thousands of dollars a year in commuting expenses and child care."

But that's the point: When you are taking care of kids, you aren't working at your job.

J.P. SUAREZ  
Cape Coral, Fla.

## Debating David Mamet on Biblical History

In the brief space of an op-ed, David Mamet manages to pack the power and truth of his plays and films. His "The Jews Are the World's Foster Children" (Dec. 26) draws a straight and unerring line from the Abraham of the Bible to Sen. Chuck Schumer (and not a flattering line at either end).

The millennia-old foster-child status of the Jews came to an end with the founding of the State of Israel, which is why protests calling for the abandonment, if not the destruction, of the Jews and the Jewish state are nothing less than obscene.

MARK LEVENSON  
White Plains, N.Y.

Mr. Mamet writes of the biblical Sarah: "Abraham whored her out to Pharaoh, in return for his safety." Not so. Any yeshiva student knows that Pharaoh abducted Abraham's (then called Abram) wife, Sarah (Sarai), and would have raped her if not for God's miraculous intervention. Pharaoh was the villain, not Abram.

Genesis 12 states that Abram feared for his life and knew that if the Egyptians would see Sarai, and know that she was Abram's wife, they would kill him to take her. The text makes clear that Sarai was taken anyway by Pharaoh's courtiers; she wasn't given by Abram, who had introduced her as his sister. Then, to save the day, "God afflicted Pharaoh and his household with mighty plagues."

Rashi, the most fundamental commentator on the Torah, cites the ancient interpretation (Genesis Rabbah 40:5) that Abram even tried to hide his beautiful wife in a chest and opened it only when Pharaoh's custom's officers demanded.

DANIEL LEHMANN  
Clifton, N.J.

## The Socialists Did Migrate, But They Were Assimilated

While I appreciate the sentiments in the letter to the editor "Leave the Socialists at Home" (Dec. 23), it gets the history backward. The great migration of European immigrants during the mid-to-late 19th century and early 20th century included huge swaths of committed socialists who were made to feel expressly unwelcome in their home countries. Much of America's proud labor-union tradition stems from these people, along with our more unfortunate radical, communist and anarchist segments.

The true secrets of America's success were our written constitution that protected equal rights under the law, which helped promote hard work and meritocracy; our melting-pot culture, which encouraged a national identity; and our enormous country, which acted as a saucer to cool and isolate extremist agitation.

JON BANKS  
Pacific Palisades, Calif.

JUDITH FRIEDMAN  
Brooklyn, N.Y.

Mr. Mamet's op-ed reminds me of something that my 101-year-old Auschwitz-surviving mother just told me. In reference to Jewish security and the existence of the state of Israel, she said that when someone has a home, they are treated well even when outside their home. The homeless, however, are subject to abuse no matter what country they live in. She should know.

STEVEN M. KATZ  
Evanston, Ill.

A Not 'Existential' Threat

The billions of dollars in corporate welfare granted to the EV industry ("The Price of Rivian's \$6 Billion Rescue," Review & Outlook, Dec. 26) has been sold to taxpayers as essential to combat the "existential threat" of climate change. So why would the Biden administration encumber those subsidy programs with conditions wholly irrelevant to addressing that existential threat, such as the executive order requiring the prioritization of funding to companies whose policies facilitate unionization?

Is the threat of climate change not as existential as we have been told?

KENNETH A. MARGOLIS  
Chappaqua, N.Y.

## Pepper ... And Salt

THE WALL STREET JOURNAL



## CORRECTION

The uprising that Hanukkah commemorates occurred in the second century B.C. This was missated in the Dec. 27 Houses of Worship column.

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

JOHN DIXON  
Norfolk, Va.

## OPINION

## A Flat Tax in 2025

By Steve Forbes  
And Stephen Moore

**M**aking the Tax Cuts and Jobs Act permanent would be a good start for Congress in 2025. But it's time to take an even bigger step: creating a simplified flat tax for all. The TCJA got us close to this goal, and a few additional reforms would get it done.

Collapsing the personal-income and corporate tax rates to 15% would have huge economic benefits. America would suddenly have one of the lowest tax rates in the world, resulting in trillions of dollars of new capital flow and a spike in take-home pay.

The simplicity of a flat tax would reduce the deadweight costs associated with tax compliance—and the headaches. The White House Office of Information and Regulatory Affairs calculates that Americans spent almost eight billion hours filling out

**Congress should scrap itemized deductions and enact a uniform personal and corporate rate of 15%.**

tax forms in 2024. The Tax Foundation estimates that this cost the economy \$413 billion in lost productivity, and the Internal Revenue Service estimates that we spent \$133 billion on out-of-pocket compliance costs. That adds up to a burden of \$546 billion.

Donald Trump's 2017 reforms already simplified tax filing by doubling the standard deduction from \$12,500 to \$25,000 for married couples filing jointly. Prior to 2017, almost 40% of tax filers itemized deductions on their tax returns. Today, only 9% do. Almost all low- and mid-



DAVID GOTTHARD

middle-income tax filers now check the box for the standard deduction.

Getting rid of what remains of these itemized deductions and special credits—except for those dedicated to supporting families with children and dependents, a worthy investment—would unleash the economy.

Consider the mortgage interest deduction. Most homeowners don't take it anymore, and those who do are effectively subsidized by lower-income taxpayers who don't have a large mortgage. Any revenue losses resulting from this deduction's elimination would be easily offset by the higher incomes created by the new flat tax rate. This would also help housing affordability: When people are earning and saving more they have more cash to spend on homes.

Then there is the state and local tax deduction, or SALT, which effectively allows higher-income Americans to deduct more than lower-income taxpayers. The TCJA capped this deduction at \$10,000. The Tax Foundation calculates that eliminating this deduction would raise \$2

trillion over 10 years. Almost all of that revenue would come from the wealthiest Americans, who would still come out ahead thanks to the lowered tax rate.

Some Republicans have recently proposed raising the SALT cap. But why should lower-income Americans be subsidizing the wealthy's local taxes at all? The deduction encourages states and cities to raise their taxes, which chases out businesses and workers.

We can even safely eliminate the deduction for charitable contributions. When Americans have more take-home pay, they give more. They don't need a deduction to encourage them to do so. In the 1980s, charities feared that donations would decline when the top income-tax rate went from 70% to 28%. Instead, giving reached record levels.

Mr. Trump has already proposed a flat 15% corporate tax rate. There are plenty of wasteful business deductions we can get rid of to help pay for the lower rate. We should start with green-energy subsidies, which are smashing Germany's once-

mighty industrial machine by sending energy costs sky-high. The corporate SALT deduction can disappear too. It's unfair: Why should Walmart get to deduct its local taxes while a local hardware store can't?

Under the flat tax, companies would need only to deduct the normal costs of doing business, such as those resulting from labor and raw-material sourcing. The beauty here is that capital spending could be expensed—not more worrying about depreciation schedules.

Interest groups such as the housing lobby and officials from high-tax states say middle-income Americans benefit from itemized deductions. But almost all the revenue loss to the Treasury comes from the tax returns of millionaires and billionaires. In other words, the most regressive feature of our tax code is the availability of special deductions and loopholes. When no one is getting any special-interest breaks, a progressive tax rate won't be needed to make sure the super-rich pay their "fair share." The low rate will so supercharge the economy it's likely the rich will end up paying more—as typically happens when rates have been cut, including in 2017.

Mr. Trump has a rare window of opportunity to transform America's economy into a fast-growing colossus by enacting a simplified flat tax. And we can't think of a better way to drain the swamp of special-interest lobbyists, IRS agents and tax lawyers.

*Mr. Forbes is chairman and editor in chief of Forbes Media and a co-author of "Inflation: What It Is, Why It's Bad, and How to Fix It." He was a candidate for the Republican presidential nomination in 1996 and 2000. Mr. Moore is an economist with the Heritage Foundation. They are co-founders of the Committee to Unleash Prosperity.*

## Jimmy Carter Was a Great Citizen

By Jay Winik

**J**immy Carter wasn't an exemplary president, but he lived an exemplary life. Even his modest beginnings were a tribute to his spirit: Before going to Washington in 1977, he was a naval officer, a peanut farmer on the Georgia plains, a community-affairs activist and deacon at his Baptist church, a born-again Christian and Georgia's governor.

It is up to history to sort out where he belongs in the pantheon of presidents. Was he a one-term failure, as some historians think? Or was he the most successful one-term president in history, which would place him in the ranks above such formidable figures as John Adams, John Quincy Adams, James K. Polk and George H.W. Bush?

He shrewdly sensed the disillusionment of Americans in the wake of the Watergate scandal and portrayed himself as a new kind of Democrat: an "outsider," the man who would "never tell a lie." Yet behind his toothy grin and folksy style was a cold stare. He was stubborn, self-righteous and aloof.

**His presidency fell short in important ways, but his life can serve as an example to all Americans.**

Locked in the Cold War abroad and domestic disaffection at home, Carter was less comfortable with big themes and bold rhetoric than with administrative minutiae. Ill at ease with the give-and-take of politics, he had frosty relations with Congress. In a 1979 article titled "The Passionless Presidency," former speechwriter James Fallows memorably revealed in the Atlantic that Carter personally signed off on who could use the White House tennis court.

The nation's economic woes mounted and Carter floundered, wrestling with an energy crisis, long gasoline lines, rising inflation and high unemployment. In foreign affairs, he had some successes. He helped foster two treaties with Panama and reopened diplomatic relations with Beijing. He advocated human rights. And the crown jewel of his presidency was his tireless personal diplomacy between Israeli Prime Minister Menachem Begin and Egyptian President Anwar Sadat. In brokering the Camp David Accords, Carter helped end the state of perpetual war between Israel and what was then the most powerful Arab nation.

During Mr. Trump's first term the FOMC basically ignored his exhortations. Letting nonpolitical technocrats run monetary policy has been good for the White House and the Fed. A little jawboning, even if nasty and gratuitous, probably won't hurt much. Cross your fingers.

*Mr. Blinder is a professor of economics and public affairs at Princeton. He served as vice chairman of the Federal Reserve, 1994-96.*

Gerard Baker is away.

## Will Trump Respect the Fed's Independence?

By Alan S. Blinder

**W**hen I joined the Federal Reserve Board as vice chairman in 1994, the central bank was already the center of the universe for financial-market specialists. To the general public, however, it was an obscure government agency that did . . . what? One of my colleagues joked that most Americans thought the Federal Reserve was a national forest.

No longer. The Fed is often the focus of national attention, as it was recently when it announced that it expected to cut interest rates only another 50 basis points in 2025. This issue—how many rate cuts the Fed will pursue and when—matters a great deal to bond traders. Yet in the scheme of things, it's minor compared with an issue the nation is likely to face once Donald Trump returns to the White House: the independence of the Fed.

This is déjà vu all over again. During Mr. Trump's first term, he frequently lambasted the Federal Open Market Committee, and Chairman Jerome Powell personally, for not cutting rates fast enough. Now the FOMC seems almost certain to pause its rate cutting at its Jan. 29 meeting. Whether it resumes cuts on March 19 is in question. If it doesn't, will Mr. Trump hold his temper?

It would doubtless be in the country's best interest if he did. Several centuries' worth of evidence showed that political control of monetary policy often led to high inflation, whether from monarchs clipping the currency or governments running the printing presses. More recent statistical evidence, between the 1960s and 1980s, showed that more independent central banks generally produced lower inflation without slower growth. Seeing that technocrats executed monetary policy better than politicians, many nations made their central banks independent.

The Fed gained real independence from the White House in the Treasury-Fed Accord of 1951. It lost it for a brief while in the early

1970s, when Chairman Arthur Burns allowed Richard Nixon to bully it, contributing to a bout of inflation. The iron-willed Paul Volcker firmly re-established the central bank's independence thereafter, and it has rarely been questioned since.

**A little jawboning won't hurt, but firing Powell or designating a 'shadow chairman' would.**

That is, until Mr. Trump's first term. As president, he threatened for months to fire Mr. Powell but backed off when told he lacked the legal authority. Will he follow that same legal advice this time around? Will he even get it from Attorney General-designate Pam Bondi?

Suppose Mr. Trump decides not to try to fire Mr. Powell, as Scott Bessent, his nominee for Treasury secretary, has suggested. There are still many things the president can do to undermine the chairman and the Fed's independence.

Most obviously, the president

gets to fill vacancies on the Federal Reserve Board as they arise. If Mr. Trump can hold his fire for a year, the term of Fed Gov. Adriana Kugler will expire in January 2026. Ms. Kugler is a fine governor who leans dovish, so Mr. Trump may reappoint her. He should. But he is also perfectly within his rights to send the Senate another name.

What he does in January 2026 will send an important signal about May 2026, when Mr. Powell's four-year term as chairman expires. Replacing him with someone more to Mr. Trump's liking is also entirely within the president's authority, so long as the Senate confirms the nominee. Hold your breath. A MAGA sycophant at the helm of the Fed is a frightening thought.

Speaking of nightmares: Mr. Trump may not wait for a peaceful transition. During his first term, the White House broached the idea of demoting Mr. Powell to an ordinary member of the Federal Reserve Board. This step, too, is probably illegal, so the incoming administration is considering another scenario: Mr. Trump could designate, or even nominate, Mr. Powell's successor well before his

term ends, thereby creating, in Mr. Bessent's words, a "shadow" Fed chairman.

Imagine the dynamic: Every time Mr. Powell offered forward guidance about what the FOMC might do, or even opined on the state of the economy, the nominee waiting in the wings could take to the media to contradict him. How much Fed independence would that leave?

Perhaps the least-bad option we can hope for is that Mr. Trump resumes jawboning the Fed to lower interest rates. That's uncomfortable for the Fed but not threatening. During Mr. Trump's first term the FOMC basically ignored his exhortations.

Letting nonpolitical technocrats run monetary policy has been good for the White House and the Fed. A little jawboning, even if nasty and gratuitous, probably won't hurt much. Cross your fingers.

*Mr. Blinder is a professor of economics and public affairs at Princeton. He served as vice chairman of the Federal Reserve, 1994-96.*

## The Bald Eagle Is Heaven-Sent

By Eli Federman

**P**resident Biden last week signed a unanimously approved bill that officially names the bald eagle America's national bird. Few have paused to reflect on the deeper meaning of this iconic creature.

When the Founding Fathers considered designs for a national emblem after the Declaration of Independence, they considered depictions of Moses parting the Red Sea and the children of Israel in the desert. In 1782 they chose a bald eagle, clutching in its talons an olive branch and arrows—biblical symbols of peace and war.

In the media coverage surrounding the eagle last week, our national bird's religious significance was overlooked. The Bible mentions

eagle at least 30 times, including in Exodus, Deuteronomy, Job, Psalms, Proverbs, Isaiah, Hosea, Jeremiah, Obadiah, Samuel and Revelations. Isaiah 40:31 declares: "But those who hope in the Lord will renew their strength. They will soar on wings like eagles." Exodus 19:4 describes God carrying the Israelites "on eagles' wings."

A Jewish Chabad camp song from my childhood tells the story of a wounded bird, trapped by vultures and longing to escape, until an eagle swoops down to rescue it. The song ties the eagle to the Messianic age, a symbol of healing and the connection of the sacred with the everyday. Like the mockingjay in "The Hunger Games" and the phoenix in "Harry Potter," the eagle represents hope and resilience.

Across religious traditions, the eagle is a symbol of divine connection. In Native American spirituality, eagle feathers, still seen at powwow ceremonies, symbolize honor and courage. The eagle's soaring flight reflects the clarity and vision needed to transcend earthly struggles.

Still, the bald eagle wasn't unanimously revered. In a private letter, Benjamin Franklin criticized it as a bird of "bad moral character" and a "rank coward." Franklin wasn't entirely wrong. Ornithologists note that bald eagles often steal food from other birds, and some traits attributed to them—such as carrying their young on their backs to shield them from harm—are more myth than reality.

But symbols need not be flawless to inspire. The eagle's power isn't

only symbolic—it's real. Its biological strength dominates in the animal kingdom. The majesty and biblical resonance of the eagle has inspired people for millennia.

My seven-year-old daughter, Liel, instinctively understands this. She loves watching YouTube clips of eagles taking down wolves, attacking bears to defend their nests, tossing prey off cliffs and diving at speeds up to 100 miles an hour. When she

**Soaring with symbolism, America's new national bird is mentioned in the Bible at least 30 times.**

asked me how the birds manage such feats, I didn't have an answer—but it sparked an evening of diving into eagle facts together. Seeing her wide-eyed fascination reminded me that the eagle's magnificence isn't exaggerated; it's as awe-inspiring as the myths suggest.

The eagle offers us more than a patriotic emblem. Its sharp vision urges us to focus on what matters. Its flight challenges us to rise above obstacles. Its nest reminds us of the importance of building strong foundations for future generations. In a world grappling with division, the eagle calls us to rise above turmoil, find clarity and soar toward the promise of something great.

*Mr. Federman is a private-equity manager and writer.*

It is hard not to be moved by Carter's tireless efforts as a former president to improve his community, his nation and the world. His Habitat for Humanity galvanized legions of volunteers. He wrote poetry and best-selling books. He wore the mantle of diplomat and humanitarian and relentlessly pursued peace around the globe. In doing so, he had an iconoclastic touch of Donald Trump in him; unbound by convention, he was always willing to experiment with the personal touch and talk to rogue leaders. Nor did he hesitate to criticize his own party for drifting too far to the left.

Diagnosed with metastatic cancer in 2015, when he was 90, he courageously soldiered on, becoming the first U.S. president to reach his 95th birthday, then his 96th, 97th, 98th, 99th and 100th. As he redefined the meaning of the postpresidency, Carter remained a tribute to American democracy.

*Mr. Winik was the inaugural historian-in-residence at the Council of Foreign Relations and is author of "1944" and "April 1865."*

## THE WALL STREET JOURNAL.

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**in·no·va·tor** /inəvādər/noun: a highly talented person who introduces something new which changes the world.

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## How U.S.-Made T-Shirts Compete

American Giant's item turns a profit at a price of just \$12.98 at Walmart

By SUZANNE KAPNER

**Walmart** aisles are piled high with goods this holiday season, but one item sticks out: cotton T-shirts that were made in America and cost \$12.98.

The U.S. is awash in a sea of cheap imports that has destroyed much of the domestic apparel industry. In 2023, less than 4% of the apparel purchased in America was made here.

Seeking to turn the tide, Donald Trump imposed tariffs in 2018 on Chinese imports during his first term as president and has proposed additional tariffs on all imports in his second term, including items from neighboring Canada and Mexico.

But it wasn't tariffs that made the \$12.98 shirt economically feasible, says Bayard Winthrop, the chief executive and founder of **American Giant**, the U.S. apparel company producing it. It was Walmart's heft—and guaranteed orders.

The country's biggest retailer—and importer of consumer goods—pledged in 2013 to buy more items that were made, grown or assembled in



Domestic producer American Giant has succeeded in a market full of cheap imports. American Giant supplier in North Carolina.

the U.S. In 2021, Walmart increased its goal and promised to spend billions more each year through 2030. More than half of Walmart's sales come from groceries, most of which are produced domestically.

Winthrop said that without Walmart acting as a backstop by committing to buy a prede-

termined number of shirts over time, American Giant's suppliers wouldn't have had the confidence to make the investments in automation and other upgrades that drove down production costs. A Walmart spokesman confirmed that the retailer essentially signed noncancelable pur-

chase orders.

The T-shirt project brought together what Winthrop has called "strange bedfellows."

Born in Greenwich, Conn., Winthrop started out on Wall Street as an investment banker before moving to San Francisco and the apparel industry. He started American

Giant in 2011 to re-create the soft, thick Champion sweatshirts and flannels of his youth.

"There are a million things that I disagree with Walmart about," Winthrop said. "American Giant is premium and made in America. They are

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## Factories In U.S. Are Struggling To Fill Jobs

By PAUL BERGER

Craig Jones's biggest problem for years was winning new business for his family-run plastics company headquartered in Louisville, Ky.

Today, the challenge is finding workers to meet the company's growing order book as companies increasingly source more of their parts and products from the U.S.

"My biggest concern as we continue to reshore business is, who's going to do the work?" said Jones, the chief executive of Jones Plastic & Engineering.

Jones Plastic has five factories in the U.S. and three plants in Mexico churning out door handles for refrigerators, spray arms for dishwashers, and washing machine doors for companies like **Whirlpool** and GE Appliances. The business is among many U.S. manufacturers that say they are struggling to find skilled workers to put a Made in America label on their goods.

U.S. factories employ about 13 million people. Plant owners are struggling to fill positions even as other sectors of the economy, such as transportation and warehousing, have recovered from pandemic-era labor shortages.

For most of 2024, the gap each month between manufacturing job openings and hirings has hovered at about 100,000 positions. More than 60% of employers in a recent survey by the National Association of Manufacturers said attracting and retaining talent is a top concern. The trade

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## Atlanta Pushes Back as AI Boom Scarfs Up Property for Data Centers

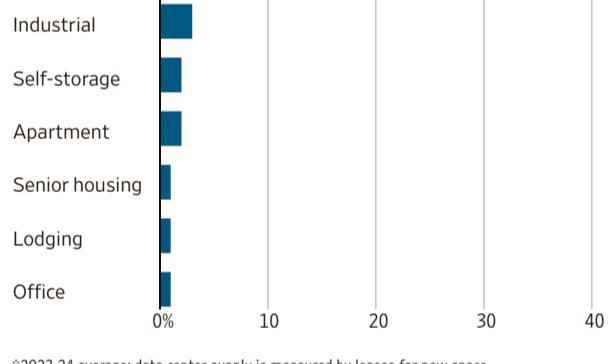
By WILL PARKER

ATLANTA—Adair Park, a spit of land just southwest of this city's downtown, is a neighborhood on the rise. Part residential, part industrial, it sits next to a train station and the popular Beltline walking trail. Developers have trickled in to turn empty lots and rundown buildings into new housing, co-working space and retail shops.

But here, and across the Southeast's biggest metropolitan area, demand for one type of real estate threatens to crowd out others: data centers.

Space to store and process data for everything people stream, scroll and swipe online is still in short supply. An artificial-intelligence race among the world's largest tech companies—the so-called "hyperscalers"—is driving a land rush for ever-larger computing facilities with plentiful power.

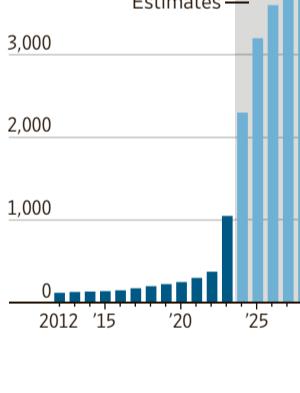
### New property supply as a share of existing inventory\*



\*2023-24 average; data center supply is measured by leases for new space.

Source: Green Street

### Growth in metro Atlanta data center power capacity



Data-center construction is growing faster in Atlanta than in just about any other major city. Measured by power capacity, it was up 76% in the metro area during the first half of 2024 compared with the same period a year prior, according to real-estate firm CBRE.

These firms and many other tech companies and property investors are attracted by the city's cheap electricity, state tax incentives and existing fiber-optic infrastructure.

Now, Atlanta is pushing back. More residents and lawmakers worry that the pace of data-center growth—and the amount of land and resources

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tracted by the city's cheap electricity, state tax incentives and existing fiber-optic infrastructure.

Now, Atlanta is pushing back. More residents and lawmakers worry that the pace of

data-center growth—and the amount of land and resources

Please return to page B4

## ETFs Get Record \$1 Trillion 2024 Inflow

By JACK PITCHER

Investors plowed more than \$1 trillion into U.S.-based exchange-traded funds in 2024, shattering the previous record set three years ago and raising Wall Street hopes for an even bigger year ahead.

The rebound from last year's lackluster flows marked a broad embrace of U.S. assets in a year in which the S&P 500 gained around 25%, analysts said. Longer-term trends also

played a role as investors extended a yearslong practice of swapping their mutual funds for the greater tax advantages and easy trading of ETFs.

Total assets in U.S.-based ETFs reached a record \$10.6 trillion at the end of November, according to monthly EFTGI data, an increase of more than 30% from the start of 2024.

"Investors clearly had their confidence back this year," said Brian Hartigan, **Invesco**'s head of ETFs and index investments.

"The mood was risk-on."

Swelling ETF assets were a windfall for Wall Street giants including **BlackRock**, which reported record management fees this year. Its stock reached record highs. It also was a big year for smaller asset managers that specialize in actively managed ETF strategies.

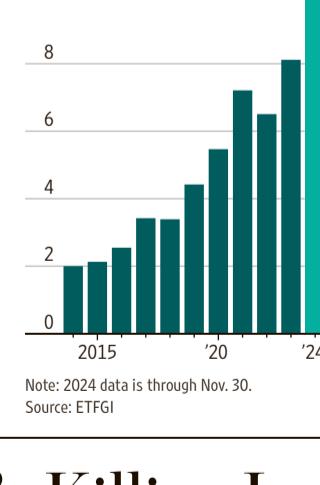
The biggest S&P 500 funds led the inflow leaderboard as usual. Invesco's QQQ, which tracks the tech-heavy Nasdaq-100 Index, followed, at

tracting more than \$27 billion of fresh cash through mid-December. It was an eye-popping figure after QQQ brought in \$7.3 billion in 2023, said Hartigan.

Investors looked especially optimistic in the weeks after Donald Trump was elected president, putting a monthly record of \$164 billion into ETFs in November. Many are hoping lower taxes and fewer regulations can stoke an already-hot

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### Total assets in U.S.-listed ETFs



Note: 2024 data is through Nov. 30.

Source: EFTGI

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CSX's CEO rethinks the railroad's approach to labor negotiations. B3



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Modelo brewer awaits fateful decision on tariffs. B11

## UnitedHealth Executive's Killing Is Crisis-Control Test for Insurer's CEO

By KEVIN T. DUGAN

Since the assassination of his top lieutenant Brian Thompson on Dec. 4, Andrew Witty has been keeping long, difficult hours at the Minnesota headquarters of the giant company he runs, **UnitedHealth Group**. Witty has been telling company executives during meetings and rank-and-file employees in videos that the work they do is important,

lifesaving and deeply appreciated following the killing of Thompson, who had run the company's health-insurance division.

More quietly, Witty is telling executives that the company is expecting to hit financial records by the end of the year.

It is up to Witty, a knighted former pharmaceutical chief who went on to a rare second act running the even larger and more-powerful healthcare

conglomerate that is UnitedHealth, to steer through one of the worst corporate crises imaginable: the targeted killing of one of its own executives.

Witty must ease the concerns of his company's 440,000 anxious employees following Thompson's assassination and keep its complex business humming while also responding to a wave of outrage over health-insurance

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JONES PLASTIC &amp; ENGINEERING

Companies increasingly source more of their parts and products from U.S. manufacturers like Kentucky-based Jones Plastic.

## Factories in U.S. Fight To Fill Jobs

*Continued from page B1*  
group forecasts the sector will need to fill 3.8 million roles over the next decade because of retirees leaving the industry and growing manufacturing demand.

Manufacturers are scrambling to fill positions as more companies are rethinking their supply chains and moving production out of Asia. A KPMG survey earlier this year found 73% of U.S.-based executives said their companies have brought or are bringing back more of their supply chains to the Americas because of geopolitical and economic uncertainty.

Instead of relying on a single country, such as China, to produce most of their goods, multinational companies are moving toward regional models in which factories in Europe or North America supply a greater share of products for those markets. The strategy shortens global supply chains and, in theory, reduces the risk of shocks such as trade wars, geopolitical conflicts and sudden price spikes or bottlenecks in supply chains.

Japanese machinery maker Kubota Tractor is expanding its U.S. factories and distribution center networks as part of "a strategic blueprint of on-shoring," said Robert Davy, the company's director of sup-

ply-chain operations in the U.S.

Susanne Waidzunas, global supply manager at Inter IKEA Group, the company that manages IKEA's supply chain, said the furniture retailer is seeking out more North American suppliers to reduce the region's dependence on shipping from other parts of the world.

Lego is spending more than \$1 billion to open a factory in Virginia in 2027 that will supplement its Mexico plant to feed the Americas. The investments are happening as a slew of new semiconductor and electric-vehicle battery plants are expected to open in the next few years, boosted by U.S. government grants, across states such as Ohio, Nevada, Georgia, Idaho, Arizona and Texas.

"It's boom time," said Carolyn Lee, president of the Manufacturing Institute, a workforce development and education affiliate of the National Association of Manufacturers. Lee said the industry usually advertises about 500,000 job openings each month. "When those facilities open in 2025 and 2026 that need is going to go up even higher," she said.

Labor demand across manufacturing is uneven. Some factory employers are cutting jobs as they respond to shifts in the economy and a slowdown in spending on farm equipment and big-ticket

items like cars and major appliances. But the overall trend is toward a shortage of workers.

The problem is exacerbated by an exodus of Baby Boomers from factory work that began with a surge of retirements during the Covid pandemic, Lee said.

Manufacturers say factory work has an image problem. They say teenagers think of jobs in plants as dirty and unskilled, even though factories have become cleaner and more reliant on skilled workers operating high-tech machinery.

**3.8M**  
U.S. factories are projected to need to fill this many roles over the next decade

Younger workers aren't as amenable as older generations to shift work that can involve 12-hour days. They also are more likely to want a job that offers some remote work or a better work-life balance. She said some automakers are so desperate for workers they are bringing back retirees to work temporary, part-time jobs. "Once they're gone those skills are gone," she said.

Craig Jones's son Ryan Jones, Jones Plastic's chief operating officer, says finding younger workers to replenish the company's graying ranks can be frustrating because of

the high number of "lower quality candidates."

"They're shaky, they're flaky," said Jones, who is 39 years old. "There's not a lot of high percentage chances that they're going to stick around."

Some manufacturers say high schools push too many students toward four-year bachelor's degrees while neglecting associate degrees that can be more appropriate, as well as more lucrative, for some students.

"It seems like high school counselors are really pushing everyone that if you don't have a four-year degree you're not going to be successful," said Shannon Lafferty, general manager of Blum USA, which makes hinges and drawer systems used in furniture and cabinetry at its factory outside Charlotte, N.C. "Where are the skilled individuals going to be developed to support the onshoring efforts of manufacturing in the U.S.?"

Some companies like Jones Plastic are turning to apprenticeship programs overseen by the Manufacturing Institute to provide a pipeline of workers. Blum USA runs a program modeled after a similar initiative at its parent company in Austria. Students enter the program from high school and are paid to spend one day a week in the classroom and four days in the factory.

They graduate after four years with a journeyman's certificate in a trade, an associate degree in mechatronics—which combines mechanical engineering, electronics and computer science—no debt, and a salary of about \$50,000 per year.

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### Watch a Video: How Jimmy Carter Sparked America's Craft Beer Industry



Scan this code to watch a video on the history of craft beer—whose roots trace back to underground home brewing, which was legalized with a stroke of the pen by former President Jimmy Carter in 1978.



Above, American Giant contracts with domestic suppliers including this cotton provider in North Carolina. Left, Walmart has curbs on what products on its shelves can display the U.S. flag or the term 'American made' but American Giant's \$12.98 T-shirt made the cut.

mechanized, there are limits to automation in apparel. For the most part, fabric is still sewn by humans.

To fulfill Walmart's order for hundreds of thousands of shirts, American Giant and its partners hired 75 people to staff the Los Angeles sewing facility. The company and its suppliers also spent \$1 million on machinery designed to make production faster and more efficient. It also tweaked the design.

To arrive at the \$12.98 price, American Giant sifted through data provided by Walmart that forecast how many shirts it could expect to sell at various prices. "We could then go to our partners and say, 'Depending on pricing, we're either going to sell 10 T-shirts or 10,000 or a million,'" Winthrop said.

The T-shirts arrived in 1,700 Walmart stores in time for the July 4 holiday. They were up against other 100%

## ETFs Log Record Inflows

*Continued from page B1*  
stock market during Trump's second term.

Fixed-income ETFs, which make up a smaller share of the market than equity funds, also had a strong year. They benefited as investors tried to lock in elevated yields as the Federal Reserve began to cut short-term rates.

While flows to stock funds were well over double those to their fixed-income counterparts through the end of November, bond funds grew at a faster pace relative to their starting assets.

This year's influx represented almost 20% of total assets under management at the start of the year.

But as the fourth quarter rolled on, it was clear that U.S. equities remained king. The rolling three-month differential between flows to U.S. stock funds and all other types of ETFs reached a record high in November, according to the research team at SPDR, State Street's ETF business.

Funds that buy U.S. stocks dominated, dwarfing the fund flows to international stocks. In November, 97% of net inflows to stock funds went to the U.S.

"There's a lot of exuberance and excitement over this idea of U.S. exceptionalism in terms of economic growth and profit and performance," said Matthew Bartolini, head of SPDR Americas research.

Investors chased performance with their money this year, and there is a growing risk that they have become overly concentrated in such areas as big tech and U.S. large-

caps, Bartolini said.

Another growth area: active management. While ETFs have long been associated with passive, index-tracking stock investing, more-complex, options-based strategies exploded this year, as did bitcoin funds.

When more than a dozen asset managers got the regulatory go-ahead in January 2024 to launch the first U.S. funds that could buy and offer direct exposure to bitcoin, the cryptocurrency began a sharp rally. Investors plowed billions into the funds, minting several of the most successful ETF launches in history.

At the other end of the risk spectrum, retirees looking to maintain stock exposure while cutting some of their risk flocked to a class of funds that the industry is colloquially calling "boomer candy."

The actively managed funds typically use an options-based strategy to damp volatility and generate income for shareholders.

THE WALL STREET JOURNAL.

### Weekend Reads Newsletter



## BUSINESS NEWS

# Rail CEO Rethinks Labor Deal Approach

**CSX boss opts to negotiate directly with unions, skipping coalition bargaining**

By ESTHER FUNG

It took three years for freight railroads and unions to agree on their last labor deal, which was reached in late 2022 only after Congress and the White House stepped in to block a national strike. That contract lapses this week.

**CSX** Chief Executive Joe Hinrichs broke from his peers in 2024 to avert another dragged-out negotiation—during which workers went years without raises and bosses were reprimanded by regulators about poor service.

"I believe it's in the industry's interest not to repeat this again," Hinrichs said in a recent interview. The former **Ford Motor** executive took over CSX in September 2022 and was thrust into the prior labor dispute.

Rather than wait for national collective bargaining sessions, CSX started in early 2024 to negotiate directly with the various unions that represent its workers. **Union Pacific** did, too. The companies reached some tentative agreements months before the old

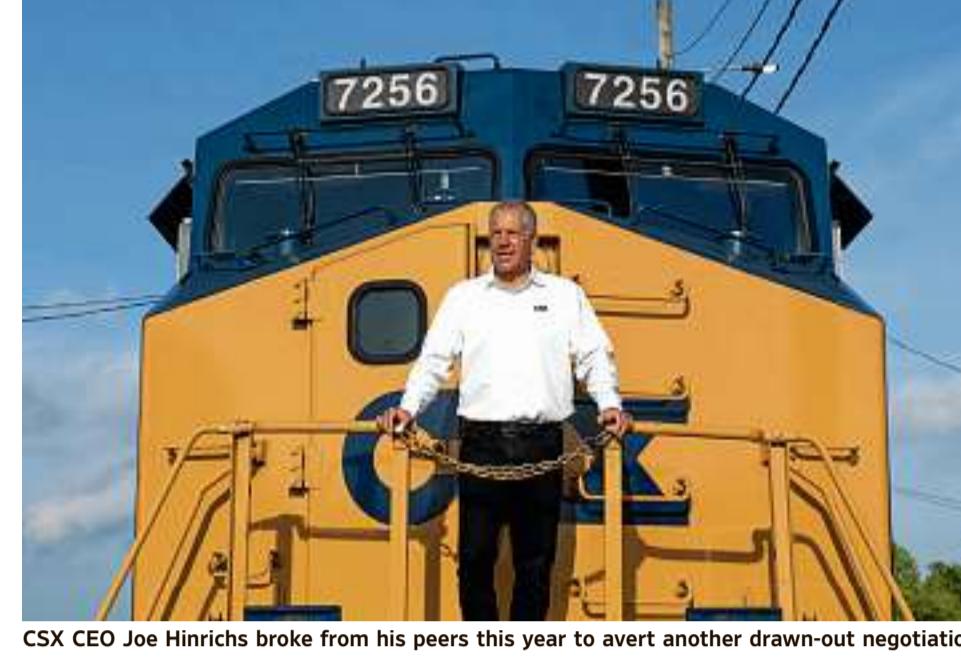
contract expired.

Most of the new agreements are five-year contracts that provide roughly 19% in compounded wage increases and greater flexibility for workers to take time off earlier in their careers. The prior contract offered 24% in wage increases over five years.

Historically, the major freight railroads have been represented by a group called the National Carriers' Conference Committee, or NCCC, that hammers out national deals with each of the 12 major unions that cover close to 100,000 workers in a variety of rail occupations. The process can stretch out, but under federal law, railroad labor contracts remain in effect while a new contract is being negotiated.

CSX and Union Pacific aren't participating in the bargaining with the NCCC this time, while **Norfolk Southern** and **BNSF** are still working through the group. A fifth major freight railroad, **Canadian Pacific Kansas City**, has authorized the NCCC to represent it only for health and welfare issues.

In August, CSX was the first railroad to announce a tentative wage agreement with the Transportation Communications Union, which represents clerks, carmen and other workers.



CSX CEO Joe Hinrichs broke from his peers this year to avert another drawn-out negotiation.

It came as a surprise because new contracts aren't typically negotiated so far ahead of the end of the existing one.

"We know how it's always been, but does it always have to be this way?" said Matt Hollis, national vice president of the TCU. The union initially tried to get an agreement with the NCCC. Those talks didn't pan out so the union decided to bargain locally.

Workers wanted a wage agreement without waiting

years, union leaders said. Bargaining locally helped the parties address specific issues, which often aren't addressed in national bargaining.

The NCCC started its national round of negotiations in November and has reached tentative deals with several of the unions so far. It said that the local deals between some railroads and unions set a framework for the national negotiations.

"The NCCC is pleased to close out 2024 with three ratified agreements, and we look forward to building on this momentum in the new year," Jeff Rodgers, chair of the NCCC, said in a Dec. 20 statement.

Two unions have been holdouts in the current talks: the Brotherhood of Railroad Signalmen and the Brotherhood of Locomotive Engineers and Trainmen. The BRS and BLET didn't respond to requests for comment.

Excluding benefits like retirement and health insurance, Class I rail employees make between \$90,000 and \$140,000 in annual wages, depending on their craft. The average annual wage is \$111,000, according to the NCCC.

Before the latest negotiations, major freight railroads had agreed to provide paid sick leave to most unionized employees, an issue that had stymied the prior negotiations. A longstanding dispute over the crew size in the locomotive cab has also been set aside.

"We don't have a big cause célèbre issue to fight over," said Hinrichs, the CSX boss.

Union Pacific said it is negotiating directly because it wants to address local issues that allow it to enhance service. "We offer great jobs with amazing benefits. Our goal is a fair agreement that improves operating efficiency," said Union Pacific spokeswoman Kristen South.

Norfolk Southern has around one-third of its employees covered by new labor pacts, including an agreement with the Brotherhood of Maintenance of Way, which represents workers who build and maintain the tracks. The union earlier this year had supported an activist investor in a proxy fight with the Atlanta-based railroad.

# 'Nuclear Verdicts' Can Drive Up Cost of Doing Business

By RICHARD VANDERFORD

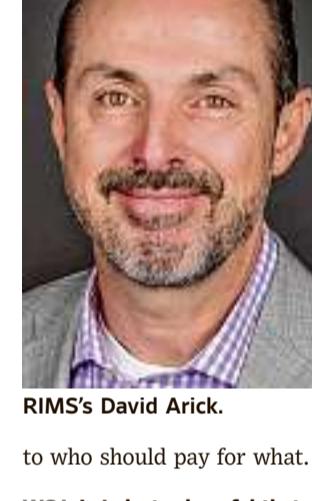
Corporate risk managers in recent years have increasingly complained about the apocalyptically named "nuclear verdict," a term referring to jury verdicts topping \$10 million.

The cases are growing in number, and the verdicts are getting bigger, insurer **Allianz** said in a recent analysis. A Philadelphia jury this year, for example, ordered **Exxon Mobil** to pay \$725 million to a service station mechanic who developed leukemia. In another case, a California jury said an entertainment billionaire should pay \$900 million to a former employee who brought sexual battery claims.

For victims' advocates, the large verdicts hold corporations accountable, but businesses have argued they lead to increased insurance costs that are ultimately passed on to consumers. The Wall Street Journal spoke with David Arick, the president of the risk management society RIMS, for his views on the trend, and whether 2025 and Republican control of the White House and Congress could bring changes.

**WSJ:** Could you talk about the trend toward ever-larger jury verdicts against businesses?

**ARICK:** The plaintiffs' bar has done a really good job of making it seem like a victimless crime when they get a



RIMS's David Arick.

business to pay for an event that occurred, whether they were legally responsible or if the amount that's paid equals the amount of damages or an appropriate amount of compensation for that injured party.

It's a big concern for insurers, and [especially] insurers that cover certain industries like trucking [and] retail. Insurers are paying for these [verdicts], which drives up the cost of insurance, which drives up the cost of goods and services. It's effectively becoming a tax. It's a winning lottery ticket for that plaintiff to make them feel compensated for something bad that happened.

**WSJ:** When you have a large verdict, are others benefiting apart from the alleged victim?

**ARICK:** That winner of that lottery ticket, many times, is a firm that's financing that litigation as an investment, and they're looking for the potential for some kind of windfall investment return. That's not really what most people would consider to be justice.

I think it's reasonable to ask for litigation funding to be disclosed in litigation, so that the actual parties to a given court case are known to everyone involved, including a potential jury that's being asked to make a vote as

to who should pay for what.

**WSJ:** Is industry hopeful that there is going to be any kind of movement? What could change in the coming year?

**ARICK:** I've seen a couple different proposals at the U.S. legislative level, in the U.S. House [of Representatives]. Darrell Issa, [R., Calif.] had proposed a model bill that would require disclosure and it was supported by a fair number of people. But whether it gets traction or not in Congress remains to be seen. There were some big companies that all signed a letter that was directed to the U.S. Judicial Conference. They've got an advisory committee that's doing a study

that's looking at to what extent [disclosing] litigation funding should be required, at least in federal court cases.

A few states have done

their own version of requirements for either disclosure or certain controls on when and how litigation funding can be used. But certainly the best solution would be a federal solution that makes it uniform across states, especially when so many large corporations and large businesses operate across multiple states.

**WSJ:** The election means in 2025, the House of Representatives, the U.S. Senate and the presidency will be controlled by Republicans. Do you think that could produce some reforms?

**ARICK:** Historically speaking, the Republicans have tended to be more pro-business, less [in favor] of regulation over aspects of the economy. Certainly you would hope that that is a possibility for next year or in year two of the administration, but it's obviously still early days. Generally speaking, I think that there should be reason for optimism.

The only real beneficiaries of all this expense that's coming out of the economy are the firms that are funding and financing litigation...We think disclosure is

at least a great first step. But if we could get to a place of having some kind of tort reform, that would be fantastic.

**WSJ:** One criticism of the points you're making is that juries know what they're doing, and if they decide a big company should pay all this money, we aren't entitled to second guess them.

**ARICK:** You have to give the plaintiffs' bar credit for having very adept marketing and for having their sound bites and positions very well formulated. The bottom line is, a lot of times juries are formed of people that couldn't get out of jury duty. We all complain about doing jury duty. So, it's not like every case is heard in front of the Supreme Court, where everyone would have a vast amount of legal experience.

People are increasingly fed by reality TV and things that play to emotions, and the plaintiffs' bar plays to emotion.

Where it gets to be unfair is when you feel like you have to add zeros to it just to punish somebody, when there is no apparent intent to do something wrong. Accidents happen.

**WSJ:** You mentioned trucking earlier. What's happening to that industry and other sectors?

**ARICK:** You see trucking firms

struggling to have insurance that allows them to go on the roads because of the cost of that insurance being driven up by the way the legal system reacts to even minor accidents.

In general, I would say any business that's public facing and has employees has the exposure. Sexual harassment and those kinds of things can happen in almost any context, even in higher education. A lot of industries face the public.

**WSJ:** What is the worst-case scenario in your view if no reform happens?

**ARICK:** There's a possibility that insurance becomes unavailable in some areas, or if it is available, it's at a very high cost. And then it's a matter of, "Can that business afford it?"

I'm not speaking for the insurance industry. I'm speaking as an executive that's representing risk managers. We're seeing our budgets go up, and our businesses are already under pressure in other areas that are squeezing margins. This is another negative headwind that we have to deal with. We sometimes don't agree with our insurance companies as well, but we have to buy the insurance because we have so much exposure out there.

# Better Days for VC Fundraising Are Likely to Require a Wait

By YULIYA CHERNOVA

The pension funds, endowments and other financiers that bankroll venture-capital dealmakers are eager to get cash back from their investments. They might need to wait another year.

Limited partners are expecting another dry year, despite renewed optimism for a rise in public listings and acquisitions. Less money on hand would also result in less willingness by LPs to commit to new venture funds. In such a scenario, funds would likely continue deploying capital into startups at a sluggish pace.

Global fundraising by venture firms is trending toward about \$101 billion in 2024, slightly below last year's totals, and a steep drop from the levels in 2020 and 2021, according to research firm Preqin. Fundraising will likely stay roughly flat in 2025, per Preqin's forecast.

"It may take until the end of 2025—and most likely into 2026—before optimism from investors converts into greater commitments" to venture funds, Preqin analysts wrote

in a recent report.

Research-and-investment firm Cambridge Associates echoed the prediction. "We anticipate a more modest fundraising pace, similar to 2023 and 2024" in the coming year, said Theresa Hager, head of U.S. venture capital research at Cambridge Associates.

"It will continue to be very difficult for new managers," she added.

The main reason for such cautious predictions is that LPs have been struggling with a lack of distributions, while managing previous commitments to venture capital made in the peak market years, around 2020 and 2021.

Distributions from U.S. venture funds, on a net basis to LPs, are likely to come in at around \$20 billion in 2024, on par with 2023's totals and well below the amounts in the prior four years, according to Cambridge Associates.

Some investors hope the strong public market during 2024 and the prospect of a friendlier regulatory environment in the U.S. after President-elect Donald Trump takes office will spur IPOs and

startup acquisitions in 2025. Eventually such exits will result in more cash getting to LPs. That will take time.

"We are looking at 2026, which is not tomorrow," said Beezer Clarkson, partner at Sapphire Partners, where she invests in venture funds, about the likely time when distributions might start to flow in a more meaningful way.

The extended period of illiquidity in venture capital is weighing on its attractiveness as an asset class, especially in light of more liquid, high-growth investment options, whether that is cryptocurrency or public stocks.

"A lot of the conversations now are about what is the illiquidity risk premium that's right for venture?" Clarkson said.

Venture capital yield, or the percentage of the total value of venture funds distributed per year, has been trending well below historical averages. Cambridge Associates expects the venture yield for U.S. funds to be about 6% this year, compared with 17% in pre-pandemic 2019, for example.

Venture returns globally

underperformed stocks in the one-year to three-year periods as of midyear 2024 on a net basis, according to Cambridge. Venture returns were at negative 1% in the one-year period, compared with 20% returns calculated on a public-market-equivalent basis for a global index of stocks, per Cambridge. Venture is ahead of stocks over the longer term.

Even in the best-case scenario, a large increase in IPOs in 2025 would still take a while to send freed-up cash to LPs.

At the same time, few believe the IPO market would suddenly gush with new listings. That is because many of the largest potential candidates

don't appear to be in a rush to go public. Some of these mega companies, be it Databricks or Stripe, completed large secondary transactions, likely delaying their IPO plans.

There is also a large backlog of late-stage venture-backed companies that aren't ready to go public, in part because expectations by public investors have changed and their prior market valuations won't be cleared in a public listing until they grow even more.

"Many companies are running a couple of years behind their IPO schedule," said Andy McLoughlin, managing partner at venture firm Uncork Capital. "My guess is we'll see

the bulk of the action happening in 2026," he said.

As companies and boards contemplate an optimal public listing time, LPs are waiting.

"LPs need to buckle in," Cambridge's Hager said. "We are not out of the woods yet."

That isn't to say venture capital will have lost luster completely. Many LPs realize it is a cyclical business.

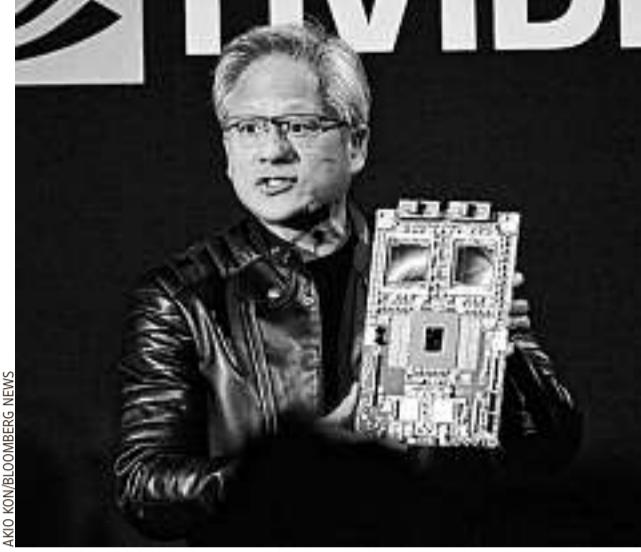
"You will have sophisticated LPs who look at VC as a strategic part of their portfolio," said Cameron Joyce, global head of research insights at Preqin. "Many of them will be OK with the fact that distributions and capital velocity are slowing," he said.



A large increase in IPOs in 2025 would still take a while to send freed-up cash to LPs.

MICHAEL NAGLE/BLOOMBERG NEWS

# Nvidia Closes Acquisition Of Israeli Startup Run:ai



Jensen Huang's Nvidia agreed to buy Run:ai in April.

Regulators across the globe had looked at the transaction over past months

By ASA FITCH

**Nvidia** closed its acquisition of Israeli software startup Run:ai following months of regulatory scrutiny across the globe.

Nvidia first agreed to buy Run:ai in April, aiming to expand its reach in software for data centers where AI calculations largely take place. Run:ai's software helps coordinate and maximize the usage of Nvidia's AI chips.

The European Commission

signed off on the deal in December. The U.S. Justice Department had examined it, too, amid a broader look at potential antitrust issues arising from Nvidia's dominance in AI chips.

The deal drew scrutiny partly because Run:ai's software could allow customers to do the same work with fewer Nvidia chips.

Run:ai's founders announced the closing in a blog post, and Nvidia confirmed it.

The founders indicated in their post that usage of Run:ai's software wouldn't be constrained following the deal. They said the software would be made open-source, meaning it will be available for others to use and modify.

# IBM's \$6.4 Billion HashiCorp Takeover Faces U.K. Scrutiny

By MICHAEL SUSIN AND EDITH HANCOCK

The U.K.'s antitrust watchdog said it was considering whether **International Business Machines**' planned \$6.4 billion takeover of **HashiCorp** would affect competition.

The Competition and Markets Authority said Monday that it was inviting comments from interested parties by Jan. 16. The regulator set a provisional Feb. 25 deadline to decide whether to clear the deal or refer it for a further in-depth investigation.

IBM said in April that it agreed to buy HashiCorp, extending the tech company's push into cloud and artificial intelligence as those offerings

drive growth. San Francisco-based HashiCorp makes tools and products that help its customers set up cloud infrastructure.

Under the terms, IBM will pay \$35 a share in cash for HashiCorp, giving the company access to HashiCorp's roster of some 4,400 clients.

The deal also is being looked at by the U.S. Federal Trade Commission, which asked the companies for more information earlier this year.

The initial review comes as the cloud sector is under increased scrutiny from competition regulators. Separately, the U.K. watchdog is expected to move forward with its cloud services market investigation early next year.

## City Resists Data Center Land Rush

Continued from page B1  
being devoted to it—has gone too far. They say it is starting to compete with more-pressing real-estate needs, like housing and retail stores.

In September, the city council banned new data centers from opening in neighborhoods near transit and the Beltline. An ordinance that would have created an exception to allow data centers in Adair Park was withdrawn this month.

"Data Center development cannot be prioritized over people-centered urban development, including affordable housing, quality jobs, and neighborhood retail," Atlanta Mayor Andre Dickens wrote in a letter addressing the legislation.

Still, that might not significantly derail new construction, much of which is happening outside the city limits. By 2028, the Atlanta metro's data-center inventory will grow to a power load of more than 4,000 megawatts, more than 30 times the metro's data center load in 2012, according to real-estate data firm Green Street.

Average annual increase in national data-center inventory in 2023 and 2024

43%

make it harder for the city to address its housing shortage, which totals some 100,000 units in the greater metro, according to one 2022 estimate. Residents echo those concerns.

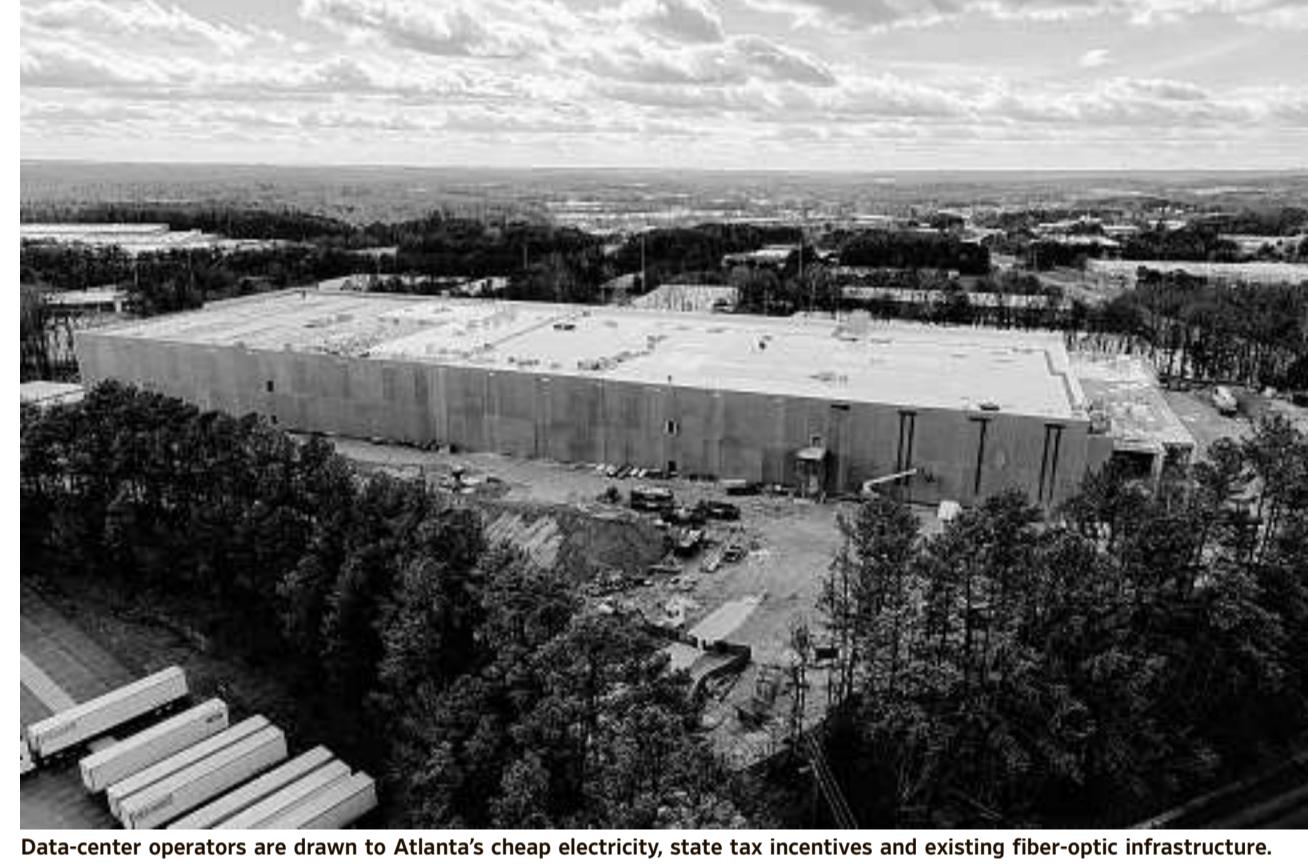
"I think the city is recognizing that data centers, while they provide some value to abandoned office buildings, they don't really, long-term, add to the city's vibrancy or housing," said Matthew Garbett, a member of the Adair Park Neighborhood Association and a co-founder of urban planning advocacy group ThreadATL.

Garbett pointed to several projects in the neighborhood where worn-out properties on large lots were successfully converted to community-oriented uses. A former school was turned into affordable housing. A shelving factory was redeveloped into apartments, offices and shops. And

"If we had an industry with a large number of jobs that came looking...is that going to impact their decision to come to Georgia?" Blackmon said.

Georgia Power, the top utility company in that state, said this month that the power requests of potential economic development projects, which are predominantly data centers, could total 36,500 megawatts by the mid-2030s. Today, the utility has a total capacity of 21,500 megawatts, generated and purchased. The utility plans to publish a report with more details on how it will meet future demand in January.

"There isn't a single utility provider out there that isn't being overburdened by requests," said Guarino, the Green Street analyst.



Data-center operators are drawn to Atlanta's cheap electricity, state tax incentives and existing fiber-optic infrastructure.

a struggling shopping mall, purchased by the city, will make way for a new hotel, apartments and retail, according to a recent development proposal.

Data centers are still finding new markets that welcome them. Amazon Web Services said earlier this year it would invest \$10 billion in new data centers near Jackson, Miss., and Microsoft debuted plans recently for three data centers around New Albany, Ohio.

The majority of states offer some form of incentive for data centers, according to the Data Center Coalition, an industry trade group. Georgia, for example, offers sales tax benefits on equipment purchases, which can cost hundreds of millions of dollars at a single site. Data-center proponents say property and other tax revenue generated by centers more than make up for what is lost from sales tax forgiveness.

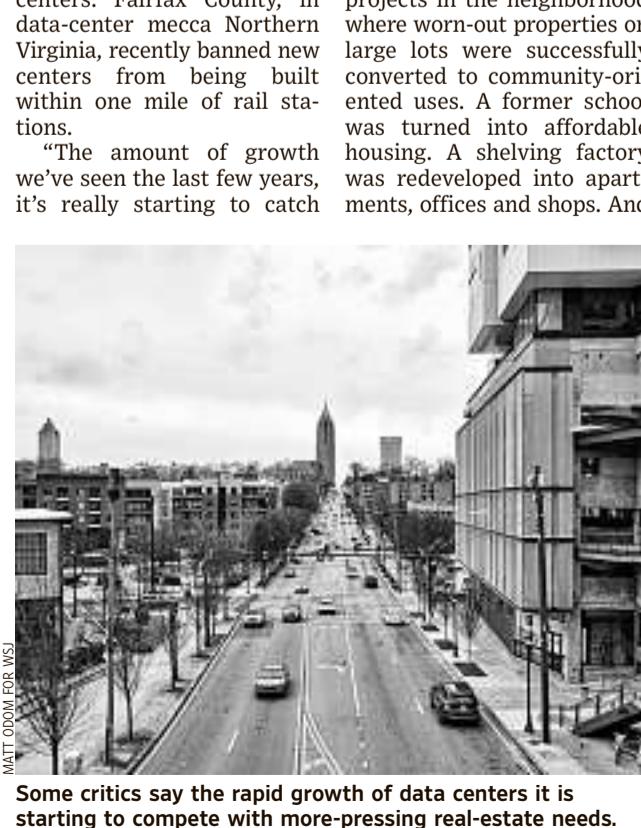
But tax benefits are getting more scrutiny lately. Georgia's Republican-led state legislature earlier this year passed a temporary repeal of data-center sales tax benefits, though it was ultimately vetoed by Republican Gov. Brian Kemp.

Shaw Blackmon, a Republican in the Georgia House of Representatives, said some people were concerned that devoting too much of the state's power capacity to data centers could mean less resources for other industries that create more jobs than data centers, which are often light on permanent staff.

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Some critics say the rapid growth of data centers it is starting to compete with more-pressing real-estate needs.



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# BIGGEST 1,000 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 usual 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; 1-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.**

Monday, December 30, 2024

**Net** **Net**

Stock	Sym	Close	Chg	Stock	Sym	Close	Chg
<b>A</b>	<b>B</b>			<b>C</b>	<b>D</b>		

**Stock** **Sym** **Close** **Chg** **Stock** **Sym** **Close** **Chg**

**Stock** **Sym** **Close** **Chg** **Stock** **Sym**

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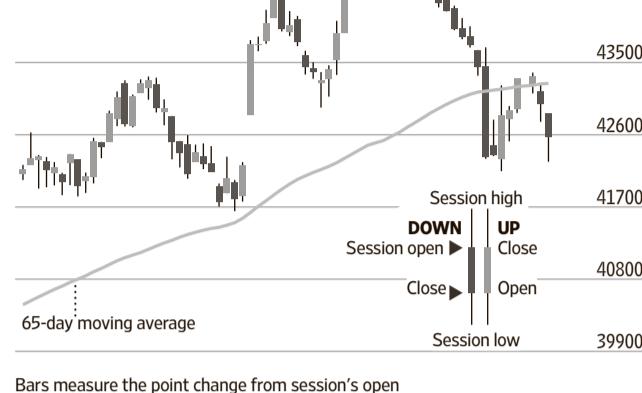
## MARKETS DIGEST

## EQUITIES

## Dow Jones Industrial Average

**42573.73** ▼418.48, or 0.97%  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio 26.76 27.26  
P/E estimate \* 22.12 20.80  
Dividend yield 1.91 1.95  
All-time high 45014.04, 12/04/24



Bars measure the point change from session's open

Sept. Oct. Nov. Dec.

\*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

## S&amp;P 500 Index

**5906.94** ▼63.90, or 1.07%  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio \* 26.64 21.87  
P/E estimate \* 21.93 21.57  
Dividend yield \* 1.25 1.47  
All-time high 6090.27, 12/06/24



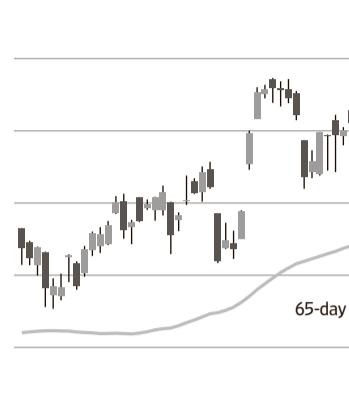
65-day moving average

Sept. Oct. Nov. Dec.

## Nasdaq Composite Index

**19486.78** ▼235.25, or 1.19%  
High, low, open and close for each trading day of the past three months.

Trailing P/E ratio \* 33.07 30.15  
P/E estimate \* 27.12 28.92  
Dividend yield \* 0.74 0.82  
All-time high: 20173.89, 12/16/24



65-day moving average

Sept. Oct. Nov. Dec.

## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr.ann.
<b>Dow Jones</b>										
Industrial Average	42863.80	42263.51	<b>42573.73</b>	-418.48	-0.97	45014.04	37266.67	<b>13.0</b>	13.0	<b>5.4</b>
Transportation Avg	15992.57	15738.56	<b>15886.79</b>	-143.87	-0.90	17754.38	14781.56	<b>-0.1</b>	-0.1	<b>-1.0</b>
Utility Average	985.64	973.75	<b>983.40</b>	-3.86	-0.39	1079.88	829.38	<b>11.5</b>	11.5	<b>0.2</b>
Total Stock Market	58959.37	58229.51	<b>58634.55</b>	-623.19	-1.05	60836.59	46849.48	<b>22.7</b>	22.7	<b>6.3</b>
Baron's 400	1258.67	1241.84	<b>1253.35</b>	-9.06	-0.72	1356.99	1039.19	<b>16.9</b>	16.9	<b>4.3</b>

## Nasdaq Stock Market

Nasdaq Composite	19622.93	19342.51	<b>19486.78</b>	-235.25	-1.19	20173.89	14510.30	<b>29.8</b>	29.8	<b>7.4</b>
Nasdaq-100	21346.06	21046.63	<b>21197.09</b>	-275.92	-1.28	22096.66	16282.01	<b>26.0</b>	26.0	<b>8.9</b>

## S&amp;P

500 Index	5940.79	5869.16	<b>5906.94</b>	-63.90	-1.07	6090.27	4688.68	<b>23.8</b>	23.8	<b>7.3</b>
MidCap 400	3131.30	3088.29	<b>3117.08</b>	-21.53	-0.69	3390.26	2691.79	<b>12.1</b>	12.1	<b>3.2</b>
SmallCap 600	1413.00	1390.93	<b>1406.35</b>	-10.19	-0.72	1544.66	1241.62	<b>6.7</b>	6.7	<b>0.1</b>

## Other Indexes

Russell 2000	2237.92	2202.67	<b>2227.78</b>	-16.81	-0.75	2442.03	1913.17	<b>9.9</b>	9.9	<b>-0.3</b>
NYSE Composite	19238.48	18953.55	<b>19077.93</b>	-160.55	-0.83	20272.04	16522.83	<b>13.2</b>	13.2	<b>3.6</b>
Value Line	615.04	604.44	<b>609.64</b>	-5.40	-0.88	656.04	566.64	<b>2.7</b>	2.7	<b>-3.2</b>
NYSE Arca Biotech	5788.67	5682.68	<b>5714.05</b>	-74.62	-1.29	6154.34	4861.76	<b>5.4</b>	5.4	<b>0.9</b>
NYSE Arca Pharma	943.16	930.45	<b>931.15</b>	-12.01	-1.27	1140.17	910.13	<b>2.3</b>	2.3	<b>4.0</b>
KBW Bank	128.15	126.31	<b>127.64</b>	-0.82	-0.64	138.78	91.80	<b>32.9</b>	32.9	<b>-1.2</b>
PHLX® Gold/Silver	137.46	135.25	<b>136.24</b>	-2.58	-1.86	175.74	102.94	<b>8.4</b>	8.4	<b>1.1</b>
PHLX® Oil Service	72.06	69.93	<b>71.44</b>	0.90	0.12	95.25	68.88	<b>-14.8</b>	-14.8	<b>10.7</b>
PHLX® Semiconductor	5075.61	4988.55	<b>5026.51</b>	-96.46	-1.88	5904.54	3908.85	<b>20.4</b>	20.4	<b>8.3</b>
Cboe Volatility	19.22	16.44	<b>17.40</b>	1.45	0.99	38.57	11.86	<b>39.8</b>	39.8	<b>0.1</b>

\$Nasdaq PHLX

Sources: FactSet; Dow Jones Market Data

## Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 50,000 shares.

## Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours High	Low
Geron	GERN	15,139.7	3.34	-0.06	-1.76	3.41	3.34
SPDR S&P 500 ETF Trust	SPY	9,990.0	587.85	-0.37	-0.06	588.44	587.35
Comcast Cl A	CMCSA	8,774.2	37.32	-0.07	-0.19	37.39	37.21
iShares 20+ Year Treasury Bd	TLT	7,264.4	88.05	0.25	0.28	88.06	86.37

ACADIA Pharmaceuticals ACAD 6,564.8 18.25 1.56 **9.35** 18.40 16.42

PDD Holdings ADR PDD 4,846.7 94.78 0.39 **0.41** 94.96 94.39

NVIDIA NVDA 4,477.8 136.84 -0.65 **-0.47** 144.11 133.70

Intel INTC 4,451.3 19.80 -0.02 **-0.10** 19.86 19.77

Gannett GCI 111.8 4.76 -0.19 **-3.84** 4.95 4.76

Percentage gainers...

ACADIA Pharmaceuticals ACAD 6,564.8 18.25 1.56 **9.35** 18.40 16.42

Aclaris Therapeutics ACRS 50.6 2.70 0.22 **8.87** 2.70 2.48

CompoSecure CMPO 106.7 16.60 0.95 **6.07** 18.87 15.64

Myriad Genetics MYGN 93.3 14.31 0.68 **4.99** 14.32 13.63

Brookdale Senior Living BKD 71.2 5.18 0.24 **4.86** 5.19 4.94

...And losers

KULR Technology Group KULR 2,806.7 3.74 -0.40 **-9.66** 4.17 3.50

Sage Therapeutics SAGE 180.9 5.02 -0.41 **-7.55** 5.54 5.02

Palladyne AI PDYN 256.8 12.64 -0.67 **-5.03** 13.60 12.08

Defiance Dly Tgt 2x Lg MSTR 600.9 50.85 -2.1

## COMMODITIES

wsj.com/market-data/commodities

## Futures Contracts

## Metal &amp; Petroleum Futures

	Contract				Open	High	Low	Settle	Chg	Interest	Open interest
	Open	High	hilo	Low							
<b>Copper-High (CME)</b> -25,000 lbs; \$ per lb.											
Jan 4,0900 4,0900	4,0335	4,0455	-0,0275	4,461							
March 4,1260 4,1485	4,0815	4,0930	-0,0290	124,155							
<b>Gold (CMX)</b> -100 troy oz; \$ per troy oz.											
Jan 2620,70 2626,90	2597,00	2606,10	-12,30	3,782							
Feb 2636,10 2640,70	2608,40	2618,10	-13,80	327,697							
April 2658,10 2663,80	2632,50	2642,00	-13,20	58,040							
June 2682,60 2688,00	2657,60	2667,20	-12,30	33,799							
Aug 2698,70 2709,60	2682,50	2691,20	-11,50	13,878							
Oct 2714,00 2715,30	2708,00	2714,70	-11,00	1,829							
<b>Palladium (NYM)</b> -50 troy oz; \$ per troy oz.											
Jan 893,50 893,50	▼ 882,00	894,20	-7,90	9							
March 917,50 921,00	896,00	901,10	-10,50	18,791							
<b>Platinum (NYM)</b> -50 troy oz; \$ per troy oz.											
Jan 920,00 925,20	▼ 896,50	902,40	-17,10	4,246							
April 936,50 941,30	913,60	919,80	-15,60	79,222							
<b>Silver (CMX)</b> -5,000 troy oz; \$ per troy oz.											
Jan 29,660 29,720	28,990	29,106	-0,539	1,770							
March 29,980 30,100	29,275	29,412	-0,556	117,336							
<b>Crude Oil, Light Sweet (NYM)</b> -1,000 bbls; \$ per bbl.											
Feb 70,42 71,56	70,12	70,99	0,39	340,806							
March 70,00 71,05	69,75	70,53	0,35	232,176							
April 69,62 70,64	69,41	70,16	0,35	125,533							
June 68,96 69,96	68,81	69,50	0,34	174,675							
Sept 68,04 68,92	67,91	68,52	0,32	96,736							
Dec 67,00 68,00	66,97	67,60	0,32	156,286							
<b>NY Harbor ULSD (NYM)</b> -42,000 gal; \$ per gal.											
Jan 2,2405 2,3185	2,2397	2,2995	0,0547	12,877							
Feb 2,2453 2,3218	2,2446	2,3012	0,0513	114,116							
<b>Gasoline-NY RBOB (NYM)</b> -42,000 gal; \$ per gal.											
Jan 1,9504 1,9917	1,9449	1,9763	0,0181	9,698							
Feb 1,9630 2,0041	1,9582	1,9902	0,0191	108,595							
<b>Natural Gas (NYM)</b> -100 MMbtu; \$ per MMbtu.											
Feb 3,657 4,201	▲ 3,648	3,936	0,553	178,153							
March 3,112 3,368	3,105	3,273	0,306	292,751							
April 3,098 3,303	3,074	3,212	0,245	116,054							
May 3,158 3,373	▲ 3,150	3,278	0,214	111,661							
Oct 3,630 3,801	▲ 3,609	3,704	0,158	106,596							
Jan 26,456 4,788	▲ 4,611	4,707	0,139	104,079							

## Agriculture Futures

	Contract				Open	High	hilo	Low	Settle	Chg	Interest	Open interest
	Open	High	hilo	Low	Settle	Chg	Interest					
<b>Corn (CBT)</b> -5,000 bu; cents per bu.												
March 453,75 458,50	449,75	452,25	-1,75	749,899								
May 460,75 466,00	457,25	460,00	-1,50	290,183								
<b>Oats (CBT)</b> -5,000 bu; cents per bu.												
March 320,50 332,00	319,50	324,00	6,00	3,477								
May 330,50 341,25	330,50	334,75	5,50	375								
<b>Soybeans (CBT)</b> -5,000 bu; cents per bu.												
Jan 983,50 994,75	974,75	982,00	2,00	31,384								
March 994,25 1004,50	986,75	991,75	2,00	409,662								
<b>Soybean Meal (CBT)</b> -100 tons; \$ per ton.												
Jan 302,40 308,30	301,00	302,60	1,70	11,144								
March 312,00 317,70	310,00	311,80	1,30	275,842								
<b>Soybean Oil (CBT)</b> -60,000 lbs; cents per lb.												
Jan 39,60 40,00	39,29	39,72	0,20	15,131								
March 40,44 40,51	39,83	40,30	0,30	269,060								
<b>Rough Rice (CBT)</b> -2,000 cwt; \$ per cwt.												
Jan 13,86 13,88	▼ 13,57	13,61	-0,15	1,148								
March 14,05 14,07	13,82	13,84	-0,10	9,859								
<b>Wheat (CBT)</b> -5,000 bu; cents per bu.												
March 547,25 554,75	544,50	548,25	1,75	264,107								
May 557,50 565,25	555,25	559,00	2,25	86,869								

## Cash Prices | wsj.com/market-data/commodities

Monday, December 30, 2024

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

	Monday	Monday	Monday	Monday	Monday	Monday	Monday	Monday	Monday	Monday	Monday	Monday
	Energy	Metals	Battery/EV metals	Fibers and Textiles	Grains and Feeds	Fats and Oils						
<b>Gold, per troy oz</b>	2608,00											
Engelhard industrial	n.a.											
Handy & Harman base	n.a.											
Handy & Harman fabricated	n.a.											
LBMA Gold Price AM	*265,55											

# THE WALL STREET JOURNAL.

**■ India** In its review of U.S. trade policies, India's Ministry of External Affairs has found that the U.S. has failed to live up to its obligations under the World Trade Organization, according to people familiar with the report. The ministry has issued a statement of non-compliance notice to the U.S. and India's trade partners, China, India, and South Korea, respectively. It is "The result of AIA [the America-Israel Economic Partnership Act] and the U.S. administration's failure to live up to its obligations," said a group of Indian economists quoted in the report.

**■ Report** The World Bank has released a comprehensive report on climate change mitigation in Indonesia. The report highlights the need for urgent action to combat climate change and calls for a shift towards more sustainable development models.

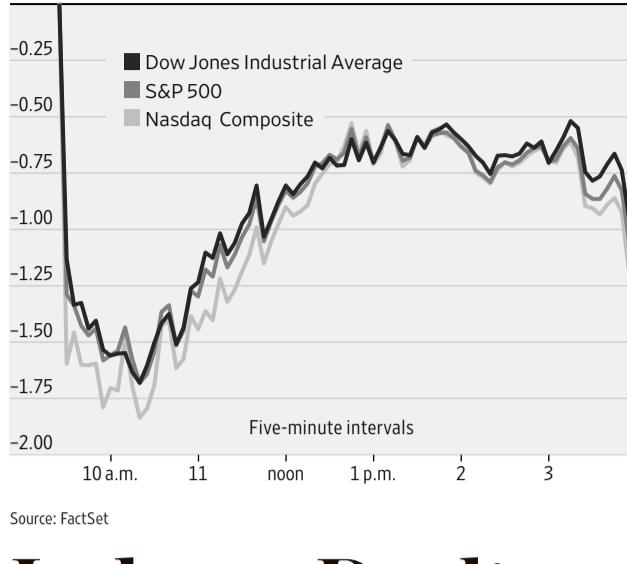
**■ Malaysia** Protests continue across the country against the proposed expansion of palm oil plantations. The government has responded by cracking down on protesters, leading to widespread arrests and injuries.

**■ World Trade**

**■ The U.S. and the EU**

## MARKETS

## Index performance on Monday



Source: FactSet

## Indexes Decline In Tech Pullback

A year-end tech selloff rattled markets for a second straight session on Monday.

Major U.S. stock indexes slumped. The technology-heavy Nasdaq Composite fell 1.2%, leading the day's declines. The Dow Jones Industrial Average slid roughly 1%, or 418.48 points, and the S&P 500 declined about 1.1%.

Tech names such as **Arm Holdings**, **Broadcom** and **Micron** dropped more than 2%.

With the year wrapping up Tuesday, many investors are trimming risk from their portfolios and locking in gains for the year. Through Monday, the S&P 500 is up 24% in 2024, on pace for its best year since 2021. The Nasdaq Composite is up 30% over the same period.

Investors are also grappling with uncertainties heading into the new year. Most Federal Reserve officials projected two rate cuts in 2025 at their latest meeting, though some traders are betting on just one or none at all. Some investors worry that stickier-than-expected inflation could compli-

cate things for the Fed. Donald Trump's coming presidency and the prospect of tariffs on imports from China and other trading partners are also on traders' minds.

"There is some continual risk being taken off the table as we approach uncertain aspects that are certainly going to arise in 2025," said Andrew Briggs, director of portfolio management at Plaza Advisory Group.

## Elsewhere:

The 10-year Treasury yield fell to 4.546%. It had settled Friday at 4.619%, the highest since May.

Bitcoin traded above \$94,000. It has pulled back sharply after hitting an all-time high of \$108,309 earlier this month.

In Asia, indexes mostly lost ground. Japan's Nikkei 225 fell 1% on its final trading day of the year to finish with a 19% annual gain.

The Stoxx Europe 600 also retreated.

—Krystal Hur and Caitlin McCabe

## Credit Spreads Lift Bonds

Continued from page B1

bonds have hovered over the past two months around their lowest point on record, going back to at least 2003, S&P said.

Companies have taken advantage. Investment-grade companies, in particular, have issued debt to address both near-term and future refinancing, as well as strategic projects, analysts said.

Companies have been able to earn high yields on the cash they put on their balance sheet, providing an additional incentive.

The professional-services company **Accenture**, for example, sold an inaugural \$5 billion bond issuance in October, while **Meta Platforms'** \$10.5 billion offering in August was the company's largest bond sale on record.

Investment-grade companies issued \$1.662 trillion in debt this year through Dec. 10, up 27% from the same period a year earlier and the most since 2020, according to financial data provider Dealogic. Excluding financial institutions, companies issued \$917.7 billion in debt, up 27% from a year earlier.

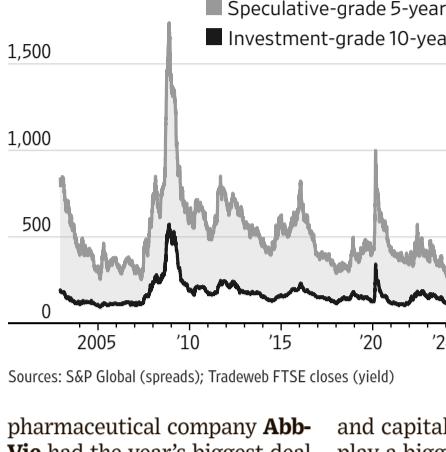
"We consider this an opportunistic type of new-issue year, where it's management teams and companies saying: 'We'll figure out what to do with the cash later, but we're going to be able to get really strong execution, and that's good enough for us,'" said Winnie Cisar, global head of strategy at credit research firm CreditSights.

"The market kind of defied gravity this year," even before rate cuts began, said Dylan Walsh, global head of corporate and institutional banking at advisory firm Oliver Wyman, referring to corporate bond issuance.

Among the other notable corporate bond sales: bio-

Credit spreads this year tightened to their lowest point in roughly two decades on strong investor demand and economic data.

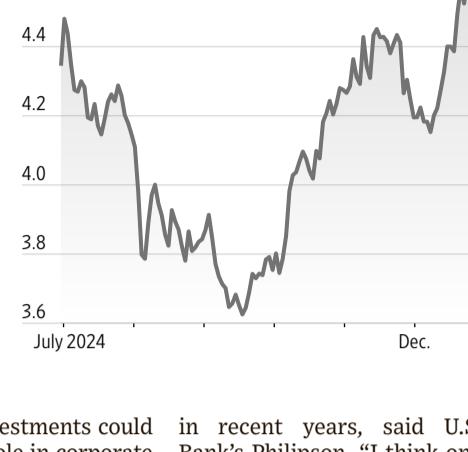
## Credit spreads on investment- and speculative-grade bonds



Sources: S&amp;P Global (spreads); Tradeweb FTSE closes (yield)

Treasury yields jumped in the final months of 2024, causing some companies to hold off on issuing debt, bankers said.

## 10-year U.S. Treasury yield



in recent years, said U.S. Bank's Philipson. "I think one of the key elements of 2024 is it feels like we psychologically transitioned out of that period," he said.

Whether spreads tighten further in 2025 remains to be seen. JPMorgan Chase projects that a JPMorgan index of investment-grade corporate bond spreads will end 2025 at 0.80 percentage point, down from 0.90 percentage point as of mid-December.

But macroeconomic risks, such as the potential for inflation to reaccelerate, concerns about tariffs or the increasing U.S. deficit, could also cause spreads to widen. CreditSights forecasts investment-grade credit spreads will widen to 1.10 percentages points by the end of 2025 and experience more volatility compared with this year. It bases its forecast on an ICE BofA index of corporate bond spreads.

## The improvement in spreads surprised some bankers.

and capital investments could play a bigger role in corporate issuance next year, particularly if regulators present fewer challenges to mergers under President-elect Donald Trump and the Federal Reserve continue to cut rates, advisers said.

The total value of mergers and acquisitions globally is ex-

pected to end 2024 at about \$3.5 trillion, up 15% compared with last year when M&A was

at its lowest level in a decade, according to Bain, the corporate advisory firm.

"That will be something that we'll be looking at closely next year," said Matt

Toole, director of deals intelligence at the London Stock Exchange Group, referring to event-driven bond issuance, such as for M&A and capital spending.

One wrinkle in an otherwise strong year for corporate issuance is that Treasury yields have marched higher since September, making some companies hesitant to issue, bankers said.

Overall, though, finance chiefs in 2024 grew more comfortable with the idea that borrowing costs are likely going to remain higher than they were

Financing for acquisitions

## AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

	13-Week	26-Week
Applications	\$204,964,055,900	\$222,515,015,600
Accepted bids	\$88,579,745,000	\$88,268,704,000
"noncomp	\$2,086,800,000	\$1,227,769,600
"foreign noncomp	\$15,000,000	\$0
Auction price (rate)	98.930750	97.99528
	(4.23%)	(4.13%)
Bids at clearing yield accepted	4.35%	4.28%
	95.14%	61.57%
	912797MIVS	912797N1X1

Both issues are dated Jan. 2, 2025. The 13-week bills mature on April 3, 2025; the 26-week bills mature on July 3, 2025.

## Biggest 1,000 Stocks | WSJ.com/stocks

Continued From Page B5

Stock	Symbol	Close	Net Chg	Stock	Symbol	Close	Net Chg	Stock	Symbol	Close	Net Chg								
MarvellTech	MVLV	111.66	-0.74	NorthernTrust	NTRS	102.74	-0.74	PlainsGP	PAGP	18.15	-0.02	PrudentialFnd	PRUD	118.15	-0.93	Ryanair	RHAP	43.94	-0.13
Massco	MAS	72.50	-0.70	NorthropGrum	NOG	46.52	-4.83	PublicStorage	PSA	248.83	-1.32	S&P Global	SPGI	498.02	-1.00	SAP	SAP	99.68	-0.08
Masimo	MASI	168.59	-2.38	Noxartis	NVS	97.23	-1.06	Primera	PRI	269.68	-0.91	SB Cosm	SBC	203.32	-0.12	SEIC	SEIC	82.64	-0.72
MacTec	MTZ	135.80	0.07	No Nordisk	NVO	85.73	-1.06	Principia	PRMO	307.30	-0.58	SEI Investments	SEI	213.23	-0.26	Siemens	SSGC	116.43	-1.89
Mastercard	MA	52.55	-0.65	NoNHoldings	NHOLD	10.65	0.32	PrincipalFinl	PFG	77.23	-0.24	Siemens	SSNC	116.43	-1.89	Sociedad	SOCY	169.60	-1.06
MatchGroup	MTCH	32.80	-0.37	NoVista	NOV	85.73	-1.06	ProcureTech	PCOR	75.37	-0.99	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06
McCorckittg	MCKV	75.52	-0.85	NoVista	NOV	85.73	-1.06	Procore	PRO	167.09	-2.44	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06
McDonald's	MCD	28.60	-4.02	NoVista	NOV	85.73	-1.06	Procore	PRO	167.09	-2.44	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06
Medpace	MEDP	33.34	-7.78	NoVista	NOV	85.73	-1.06	Procore	PRO	167.09	-2.44	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06
Merck	MK	98.37	-1.33	NoVista	NOV	85.73	-1.06	Procore	PRO	167.09	-2.44	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06
Merck & Co.	MKCO	47.33	-3.23	NoVista	NOV	85.73	-1.06	Procore	PRO	167.09	-2.44	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06
MercadoLibre	MLB	171.28	-3.67	NoVista	NOV	85.73	-1.06	Procore	PRO	167.09	-2.44	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06
Mercari	MRCY	75.52	-0.85	NoVista	NOV	85.73	-1.06	Procore	PRO	167.09	-2.44	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06
Mercato	MTC	135.80	0.07	NoVista	NOV	85.73	-1.06	Procore	PRO	167.09	-2.44	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06
Mercatus	MTC	135.80	0.07	NoVista	NOV	85.73	-1.06	Procore	PRO	167.09	-2.44	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06
Metro	MTR	128.14	-14.31	NoVista	NOV	85.73	-1.06	Procore	PRO	167.09	-2.44	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06
MicroStrategy	MSTR	302.66	-27.04	NoVista	NOV	85.73	-1.06	Procore	PRO	167.09	-2.44	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06
MidAmplify	MIA	150.34	-0.71	NoVista	NOV	85.73	-1.06	Procore	PRO	167.09	-2.44	Principia	PRMO	295.40	-1.91	Sociedad	SOCY	169.60	-1.06</

# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## Modelo Brewer Awaits Tariff Decision

Trump's trade warning poses threat to Constellation Brands' Mexican beer labels

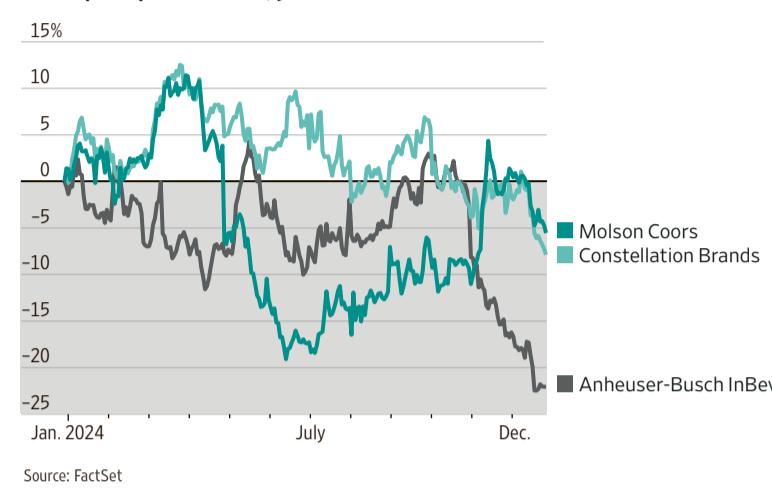
Few major U.S. corporations would be as clearly affected by tariffs on Mexico as **Constellation Brands**, which sells the imported Modelo, Corona and Pacifico beer brands in the U.S.

No wonder its shares are down about 9% this year compared with a 24% rise for the broader market.

It is tempting to think that the stock could be in for quite a bounce if President-elect Donald Trump doesn't ultimately make good on his threat of 25% tariffs for Mexico and Canada. But the shares still aren't cheap enough to justify what is a huge risk.

After all, the Mexican brands that make up Constellation's beer business accounted for 82% of the company's net sales in its fiscal year ended in February 2024. They were also its growth driver, rising 9%, compared with a 9% decline in sales of wine and spirits.

Even absent tariffs, Constellation has problems that justify at least



some of its share-price decline. Namely, weak U.S. beer consumption in general.

Constellation's beer sales have been slowing. Depletions—an industry measure monitored by analysts

that refers to sales by distributors to retailers—rose just 2.4% from a year earlier in the quarter through August.

For the quarter ended in November, which Constellation reports in

January, analysts expect depletion growth to rebound to 4.2%, according to Visible Alpha's consensus estimates. But that is still down from 7.5% in Constellation's prior two fiscal years.

The company has attributed this slowdown to "macroeconomic headwinds" such as inflation. It says conditions are now improving.

Against this backdrop, a 25% tariff would hit extremely hard, making what are already premium beers much less affordable, especially relative to domestic brands.

Asked about the tariff threat at a Morgan Stanley conference on Dec. 4, Constellation finance chief Garth Hankinson pointed to possible offsets including cost cuts and price increases.

He said that any price hikes would have to be balanced against the impact on demand.

Hankinson also made a political case for the imported beer business, saying it helps American distribu-

tors and retailers. He also argued that tariffs would hurt U.S. farmers who provide inputs for the beer, which "cross the border into Mexico for conversion into finished goods and then cross the border back for U.S. consumption."

Arguments like that seem unlikely to make a large dent in the Trump administration's enthusiasm for tariffs.

Meanwhile, Constellation's stock is trading at roughly 15 times forward earnings, according to FactSet. That compares with a five-year average of 19.6 times. But **Anheuser-Busch InBev** and **Molson Coors** are also trading at discounts to their historic averages, and are even cheaper at about 13.9 and 9.7 times forward earnings, respectively.

The risk is that Constellation's multiple converges not with its historic average, but with those of its rivals. In that case, its stock isn't that much of a bargain.

—Aaron Back

## Drug Middlemen Spared By Trump and Musk, for Now

Tucked into the bipartisan budget deal that President-elect Donald Trump's allies torpedoed earlier this month was a rare and significant attempt to reform the mechanics of America's drug-pricing system.

Americans are broadly aware of how big pharma profits from high drug prices, but few understand the market distortions introduced by pharmacy benefit management companies that negotiate prices on behalf of employers, insurers and government programs.

The failed budget bill included provisions that would have addressed some of the misaligned incentives within the PBM business model. But health conglomerates **Cigna**, **CVS Health** and **UnitedHealth Group**, which own the three largest PBMs, caught a break when Elon Musk, Vivek Ramaswamy and other Trump allies began agitating against the bill. This set off a frantic effort in Washington to pass a stripped-down version of the legislation that no longer contained many extraneous measures, including the PBM changes.

While the PBM provisions in the 1,547-page stopgap bill are now dead, they are far from buried. The bipartisan agreement highlighted a growing consensus that PBM business models are flawed, with both

Republicans and Democrats—and even Trump himself—signaling intent to take action. In recent weeks, Trump has twice criticized PBMs, declaring in a news conference his intention to "knock out the middleman."

At the core of the failed reform effort was a push for greater transparency and alignment in PBM operations. Among the proposed measures were requirements that PBMs disclose more data and decouple their compensation in Medicare from the rebates they negotiate with manufacturers, addressing accusations from states and the Federal Trade Commission that PBMs give priority to high rebates, which inflate drug prices.

In today's model, PBMs often take a cut of rebates as well as fees for negotiating down prices, motivating them at times to give priority to drugs with higher list prices. The bill also would have forced PBMs to pass through 100% of the rebates they collect from drug companies to employer health plans.

Critics, including entrepreneur Mark Cuban, have argued that employers and government agencies are complicit in this high-rebate system, enabling a structure that often saddles sick patients with exorbitant out-of-pocket costs.

Meanwhile, an unlikely alliance

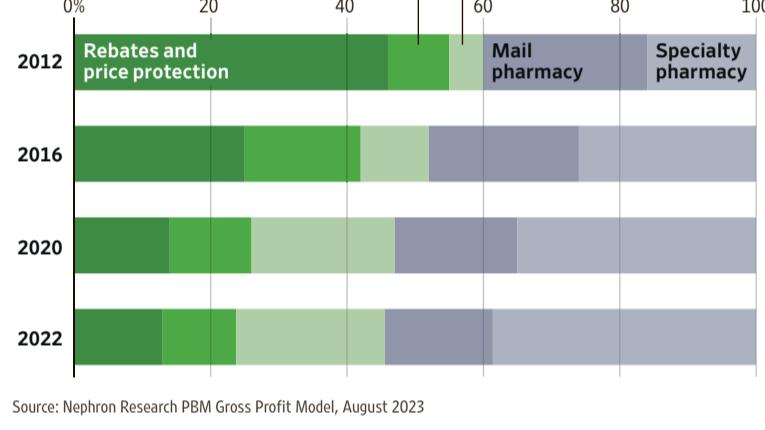
between Senators Elizabeth Warren (D., Mass.) and Josh Hawley (R., Mo.) resulted in a separate bipartisan bill that would force PBMs to divest their pharmacy businesses, a measure designed to address conflicts of interest.

PBMs, once obscure entities in the drug-supply chain, are increasingly the focal point of policymakers tackling America's ballooning healthcare costs. While public ire still primarily targets big pharma—underscored by the rising popularity of pharma critic Robert F. Kennedy Jr.—policy discussions have shifted toward PBMs, especially after the Inflation Reduction Act began to squeeze pharmaceutical companies' margins on key drugs. Notably, Trump singled out PBMs following a high-profile dinner with Eli Lilly Chief Executive David Ricks, Pfizer CEO Albert Bourla and Kennedy.

Before the spending bill was scrapped, Lance Wilkes, an analyst at Bernstein, predicted that the PBM provisions would either pass by year-end or be revisited in a reconciliation package in 2025.

The proposed reforms would have had only a modest impact on PBM earnings. Over the past decade, PBMs have shifted away from rebates as a primary revenue source. While rebates accounted for

Share of PBM gross profits by source, select years



Source: Nephron Research PBM Gross Profit Model, August 2023

46% of their gross profits just over a decade ago, that figure has now dropped to just 13%, according to Nephron Research. Instead, PBMs generate more revenue through administrative fees, many of which are funneled through group purchasing organizations based in countries such as Switzerland, making regulatory oversight more challenging. Charles Rhee, an analyst at TD Cowen, estimated that the year-end bill would have reduced profits for the "big three" PBMs by only 3.5%.

Even incremental reforms, however, could pave the way for more transformative changes down the line. For instance, Trump might revive efforts to eliminate the rebate system entirely. During his first term he sought to get rid of the rebate through a rule that would have scrapped Medicare prescription-drug rebates. The Biden adminis-

tration wound up not implementing it. Additionally, increased transparency in PBM operations could reduce the system's opacity, potentially fostering competition from smaller PBMs.

The U.S. remains the only wealthy nation without strict drug-price regulation, which explains the unique role PBMs play in its healthcare ecosystem. In the absence of a centralized authority to control pharmaceutical prices, the economics underpinning the PBM model are unlikely to disappear. And despite their flaws, PBMs' profit margins are relatively slim compared with those of pharmaceutical companies, which continue to capture the lion's share of drug profits.

Still, it is clear that Washington has set its sights on PBMs, and 2025 could very well be the year they begin to face a reckoning.

—David Wainer

## BUSINESS & FINANCE

### CEO Witty Goes Into Crisis Mode

*Continued from page B1*

practices since the killing in Midtown Manhattan.

Luigi Mangione, the suspect in the killing, is charged with murder after being arrested with a notebook expressing hostility toward the healthcare industry, turning the case into a cause célèbre.

Witty has had decades navigating unusual crises—hacks, sprawling frauds, even an incriminating sex tape of a top lieutenant—in a storied career.

Now on the line is the future of UnitedHealth, the standing of the wider health-insurance industry and the personal reputation that Witty has fostered for years as a healthcare reformer.

"The environment we find ourselves in is a complex one, not one that was ever designed by anybody," Witty said in a video, viewed by The Wall Street Journal, that UnitedHealth sent to employees on Dec. 23.

UnitedHealth, which didn't make Witty available for this article, said he has worked throughout his career to help people around the world gain

access to high-quality, affordable healthcare and to transform health systems.

#### Monitoring threats

The company, one of the largest in the U.S. with a market capitalization of around \$465 billion, doesn't just do one thing. It is a web of businesses that pays for medical care, approves lists of drugs that patients can get and employs tens of thousands of doctors and nurses in the U.S., among many other services.

Thompson led a unit called UnitedHealthcare, the largest health insurer in the country, providing coverage for more than 50 million people.

Since Thompson was slain, some workers have received threatening emails. The company told employees to stay home if they didn't feel safe.

Armed guards now patrol the company's Minnetonka, Minn., headquarters, a person familiar with the company said. The company is monitoring the internet for threatening messages, including those with images of UnitedHealth executives, another person familiar with the company said.

Some of the messages threatened the security of UnitedHealth employees and executives.

In some cases, UnitedHealth has asked news outlets to blur photos of "wanted"

posters that show executives, or has asked social-media platforms to take down concerning posts.

The company has asked employees to contact security if they receive a threat or have any concerns, while making grief counseling available to employees, the two people said.

Witty, who had often worked from his native U.K. or Washington, D.C., offices since taking the helm in 2021, has sought to be a reassuring presence in UnitedHealth offices.

He has met with executives and employees. He also has appeared in videos distributed throughout the company and sent supportive emails reminding employees of how important their work is.

In the Dec. 23 video, Witty tried to reassure his employees about the future of the company, and praised their resilience. "Right now, people continue to have strong feelings inside the organization, maybe nervous, maybe anxious, maybe worried about security," he said.

#### Rapid growth

At the helm of UnitedHealth, Witty led an era of rapid growth. It bought up doctors offices and technology providers. Revenue through September of this year eclipsed \$299 billion, a record and up from \$277 bil-

lion in 2023.

When the company's shares peaked in November, they had risen about 90% since Witty took the helm in 2021.

Even before Thompson's killing, UnitedHealth's winning streak was already starting to falter. Wall Street has been worried that UnitedHealth, like other major insurers, could get hit next year by rising medical costs and a crackdown on their pharmacy-benefit business practices.

Inside the company, employees complained of burnout, low wages and internal systems that reject medical procedures that should be

approved.

Also, a growing backlash among doctors and patients with its use of prior authorization, the process by which insurers review requests for medical procedures and medicines, eroded the public's trust in the company.

Witty has said he wanted to make healthcare simpler for consumers. "What we've ended up with is a very fragmented experience for the consumer, so you need an app for this or you have a doctor for that," he told CNBC in 2022.

To address mounting frustrations with prior authorizations, the company said last year it would try to reduce the reviews by 20%. On Oct. 15 of this year, Witty discussed a newly instituted "Gold Card" program to reduce prior authorizations by 50,000 a year for providers.

But some doctors say the program is more public relations than meaningful action. "I've never qualified for a gold card," said Dr. Maria Abreu, president of the American Gastroenterology Association and director of the Crohn's and Colitis Center at the University of Miami Leonard M. Miller School of Medicine.

UnitedHealth denies prior authorization requests at a higher rate than average, but isn't the most prolific refuser, according to data on Medicare Advantage rates from

health-policy nonprofit KFF. (Information about private employer-run plans, through which most people get their insurance, isn't publicly available).

UnitedHealth hasn't released information about the denial rates for all of its plans, which include insurance for private employers.

After Thompson's death, the company said it approves 90% of all claims, and less than 1% of those that required review from the insurer were due to clinical or medical reasons.

Inna Sarkisyan, who worked for UnitedHealth for 12 years but lost her job as an auditor in May, said Witty's speeches to the rank-and-file about wanting to help customers had made her proud to work there. She especially appreciated his talk about how it took a village to take good care of patients. "I adored him," she said.

She had grown cynical earlier this year, however, about whether he genuinely wanted to help.

"He had mentioned the quality standards, how quality affects everything. His investors, if they see a lot of mistakes, they won't trust him, and he has to make them happy," she said. "That's what got me, even though he was the one that used to talk about how it takes a village."

—Peter Loftus contributed to this article.



UnitedHealth's Andrew Witty.

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