

THE WALL STREET JOURNAL.

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Last week: DJIA 44296.51 ▲ 851.52 1.96% NASDAQ 19003.65 ▲ 1.7%

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What's News

Business & Finance

♦ **Retailers are looking** for Black Friday to reignite tepid demand from budget-minded shoppers, who have been hesitant to spend this year unless they are getting a good deal. A1

♦ **Before becoming** Trump's choice for commerce secretary, Howard Lutnick deepened Cantor Fitzgerald's ties with a stablecoin firm that is under investigation. A1

♦ **Meta Platforms and xAI** are among companies building clusters of computer servers with as many as 100,000 of Nvidia's most advanced chips as the race for artificial-intelligence supremacy accelerates. B1

♦ **Amazon said it is seeing** hundreds of millions more possible cyber threats across the web each day than it did earlier this year, a shift its security chief attributes in part to AI. B4

♦ **Elon Musk's investment** in China is encouraging Beijing to view the Tesla chief executive as a potential broker in mitigating tensions between the U.S. and China. B1

♦ **The movie adaptation** of the stage-show smash hit "Wicked" collected a blockbuster \$114 million in its opening weekend. B1

♦ **UPS was ordered** by regulators to pay \$45 million for allegedly overvaluing its freight business in its accounting, leading to higher reported earnings. B3

World-Wide

♦ **The battle for control** of Russia's Kursk region has reached an intensity rarely seen during 2½ years of war, as Russia and Ukraine try to strengthen their positions before Trump, who wants both sides to negotiate, takes office in January. A1

♦ **A missing Jewish** community leader found dead in the U.A.E. was abducted and killed in an act of antisemitic terrorism, Israel said. A8

♦ **Trump selected** Russell Vought, an author of the Project 2025 policy blueprint, as director of the Office of Management and Budget. A6

♦ **Two prominent financiers** are in the running to be deputy defense secretary, a competition that pits a publicity-averse private-equity investor against an outspoken venture capitalist. A6

♦ **The president-elect** said he chose Brooke Rollins, a former Trump administration policy adviser, to lead the Agriculture Department. A4

♦ **The U.S. and other** rich countries agreed to triple the financing they provide for climate-change projects in the developing world to at least \$300 billion a year by 2035. A18

♦ **Canadian leaders** signaled they are willing to bypass Mexico in a bid to curry favor with the incoming Trump administration as they prepare for tough trade talks. A18

JOURNAL REPORT

Artificial Intelligence: How students can AI-proof their careers. R1-8

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In Vegas, Four's the Charm for Formula 1 Champ



IN HAND: Dutch driver Max Verstappen celebrates his fourth Formula 1 world championship early Sunday. He finished fifth in Saturday night's Las Vegas Grand Prix, but that was good enough to clinch the crown with two races left in the season.

Apple's Cook Carefully Crafted Personal Connection to Trump

By CHIP CUTTER
AND AARON TILLEY

For years, through carefully choreographed dinners and meetings, Apple Chief Executive Tim Cook did something that has eluded many other corporate leaders: He developed a personal relationship with President-elect Donald Trump.

Their rapport has been built,

in part, by zeroing in on areas of mutual interest between Apple and Trump's agenda.

Now, with Trump's cabinet taking shape and new circles of power emerging in Washington, executives across the corporate sphere are working to get in the good graces of the new administration. Plenty of hope to follow Cook's playbook.

In the first Trump administration, the Apple executive

pioneered a template for how business leaders should engage with Trump. Instead of sending government-relations executives or lobbyists, Cook would appeal to Trump directly through phone calls and meals, people familiar with the interactions said.

Cook then developed a meeting strategy with Trump where he would bring one data point to home in on an

issue in a meeting, the people said. That approach helped keep the meetings from spiraling in too many directions.

In 2017, as Trump was working on a tax-cut plan, Cook told the then-president that Apple would increase its U.S. investments if the company could repatriate \$250 billion in overseas cash at a reduced tax rate. Trump

Please turn to page A6

Crypto Firm Has Friend in Commerce Pick

The presidential transition adviser Howard Lutnick's most important client is Donald Trump. But as chairman of the

portant clients an ex-plastic surgeon named Giancarlo Devasini, the owner of the cryptocurrency firm Tether.

Lutnick and Devasini each have a big interest in future administration policy. Devasini said privately this year that Lutnick will use his political clout to try to defuse threats facing Tether, according to business associates of the two men.

Trump this past week se-

lected Lutnick to lead the Commerce Department, which would place him in a crucial position overseeing the administration's economic agenda. In his current role as co-chair of the transition team, Lutnick is vetting candidates for other top government jobs that could involve supervising Tether.

Trump's election heralds a

new era for the cryptocurrency industry, which has faced a series of legal crackdowns in the Biden era. The incoming administration has promised to embrace crypto and create industry-friendly regulations. Few institutions stand to benefit more from a change in crypto policy than Tether—and

Please turn to page A4

♦ **How Bessent won the fight for Treasury post**..... A4

Battle For Kursk In Russia Intensifies

By IAN LOVETT
AND NIKITA NIKOLAIENKO

SUMY, Ukraine—In Russia's Kursk region just north of here, Russian assaults are so intense that infantrymen sometimes step on the bodies of fallen comrades, Ukrainian soldiers opposing them there said.

One-ton Russian glide bombs crash onto Ukrainian supply roads. Ukraine launched a flurry of Western missiles in the opposite direction last week, apparently injuring a North Korean general.

"They're assaulting all the time—morning, day, night," said Geniy, a 30-year-old battalion commander with Ukraine's 47th Mechanized Brigade.

The battle for control of Russia's Kursk region has

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♦ **Kyiv's new missiles pose threat to Russia**..... A9

INSIDE



PERSONAL JOURNAL

How to rethink life stages and maximize the surprising upsides of aging. A12



BUSINESS & FINANCE

'Wicked' flies high at the box office, beating out 'Gladiator II' in weekend opening. B1

A 12-Year-Old Journeys Into the World of Ozempic

A mother found success with a weight-loss drug after years of struggles—and saw her daughter starting on a similar path

By ALEX JANIN AND JULIE JARGON

Kait Handler spent much of her life in a battle with food noise.

It started in childhood when she would "shame eat" packets of Devil's Food cookies after school and hide the wrappers. As an adult, she stewed over whether to order a salad or a cheeseburger for lunch.

When her daughter, Birdie, started exhibiting similar behaviors around age 8, she recog-

nized them right away. She noticed Birdie would fixate on the promise of particular foods, like ice cream, and get upset when she couldn't eat them. She watched her regularly eat adult-size portions at meals and ask for seconds. She heard her make negative comments about how she looked in her clothes. It felt familiar.

Handler started keeping a closer eye on what Birdie was eating, enrolled her in ther-

Please turn to page A10

No Cows? There's Plenty of Fish Milk in the Sea

* * *

Dairy alternative has an odorous downside: 'I had to force it down'

By JON EMONT
AND FADYAH ALAIDRUS

INDRAMAYU, Indonesia—Grocery aisles are filled with a range of "milk" options, from almond to soy and goat to oat. But have you heard of fish milk?

Some in Indonesia want to make it a thing.

The archipelago nation is fish-rich but cow-poor. Last year, a nonprofit foundation began milking the fish, so to speak. The process begins in the coastal town of Indramayu where twice a day fishermen

deliver their catch of ponyfish and other coastal fish to a factory. There, the creatures are deboned, broken down using a chemical process called hydrolysis, dried and reduced to a white protein-rich powder. The powder is then trucked

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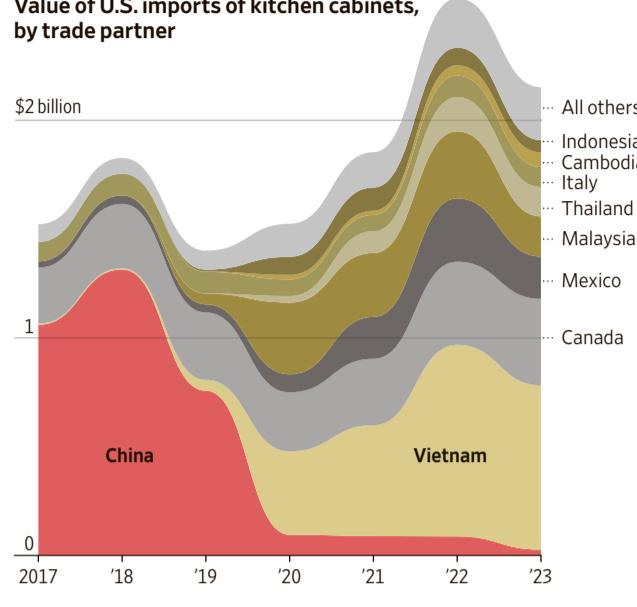
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Just step in and go.

Never have to touch your shoes again.

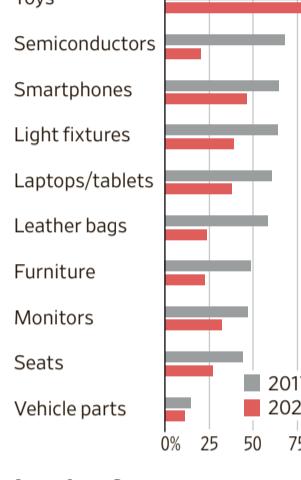


U.S. NEWS

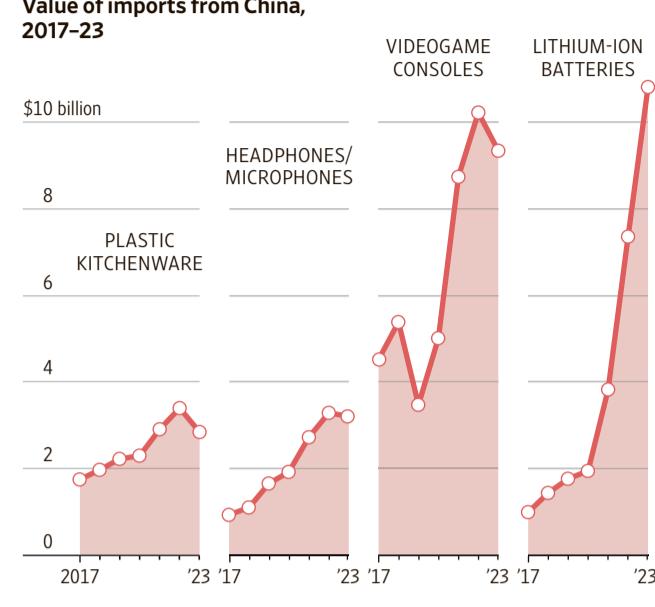
Tariffs on China Reshape U.S. Trade as Imports Rise



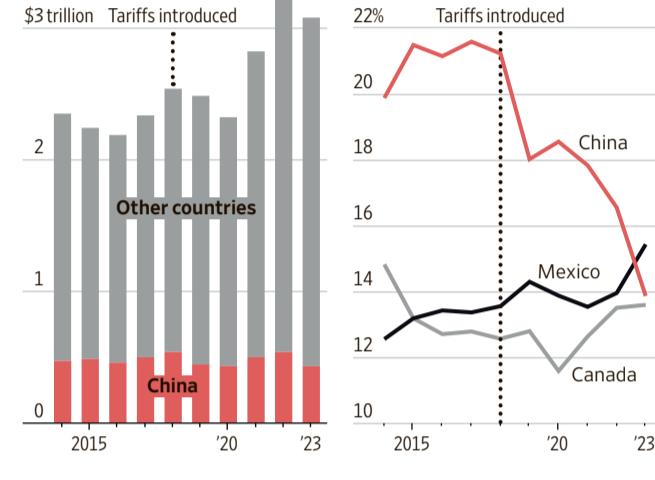
China's share of U.S. imports by category



Source: Census Bureau



Value of imports from major exporters with the highest growth



By INTI PACHECO

China is no longer the main source for U.S. imports. Mexico took its place last year.

That seismic shift started in 2018 after President Trump signed into law a round of tariffs on many Chinese imports during his first term. And he has promised to impose another round of tariffs after he returns to the White House in January.

Tariffs haven't slowed America's demand for foreign goods. Many items just find new ways into the country. U.S. imports of goods reached \$3.1 trillion in 2023, up from \$2.3 trillion in 2017, according to an analysis of Census Bureau international trade data.

Semiconductors, leather bags and laptops were among the top China imports that were most affected by the tariffs. Last year, the value of those Chinese imports was on average 35% less than in 2017.

Companies big and small have moved production from China to other manufacturing hubs such as Mexico, Vietnam, Taiwan and Malaysia.

Last year, products coming from China made up 14% of all imported goods, the lowest share in nearly two decades. However, many of the goods arriving from factories in Mexico and Vietnam still include com-

ponents that originate in China.

In 2023, smartphones valued at billions of dollars were brought to the U.S. from India, South Korea and Vietnam, a 42% rise from six years earlier. The value of laptops and tablets imported from Vietnam and Taiwan rose, as well as memory chips used for videogames or mining cryptocurrencies.

Tariffs have altered trade in kitchen cabinets. About \$1.3 billion of such cabinets were shipped from China in 2017. That plunged to \$26 million last year, even as the overall amount of wooden cabinets imported continued to climb. They now mostly come from Vietnam.

Companies importing toys, sports equipment and video-game consoles appear to have stuck with their

China suppliers with deep supply chain advantages. Imports of those goods from China reached \$32 billion in 2023, a 24% increase from 2017.

A few products—including lithium-ion batteries and video-game consoles—had a surge in imports since 2017. More than 70% of those imported goods were still sourced from China in 2023.

—Peter Santilli contributed to this article.

♦ Canada willing to bypass Mexico in trade deal.... A18

America's strong demand for foreign goods hasn't abated.

U.S. WATCH

OBITUARY

Game-Show Host Chuck Woolery, 83

Chuck Woolery, the long-time TV game-show host who helmed the original "Love Connection" and "Wheel of Fortune" before reinventing himself as a right-wing podcaster, has died. He was 83 years old.

Mark Young, who co-hosted "Blunt Force Truth" with Woolery, said Woolery died at home in Texas, with his wife at his side.

Woolery was the first host of "Wheel of Fortune" when it made its debut in 1975. He was succeeded by Pat Sajak, who took over in 1981.

Woolery went on to host "Love Connection," an occasionally risqué dating show that ran from 1983 through 1994. Woolery hosted over 2,000 episodes of the half-hour show that set up men and women on dates. He later hosted "Scrabble," a game show that ended in 1990, and "Lingo," as well as several others. He was nominated for a daytime Emmy award in 1978.

Woolery later began a radio show, "Save Us Chuck Woolery," where he shared his thoughts as a self-proclaimed Hollywood conservative. It turned into "Blunt Force Truth."

Born in Kentucky, Woolery originally hoped for a career in the music industry. After a few years in the Navy, and then college, he moved to Nashville, Tenn., to form the rock band Avant Garde.

Although his singing career didn't fully take off, it did help him meet television creator and producer Merv Griffin, who offered Woolery a shot at hosting "Wheel of Fortune."

—Ginger Adams Otis

Shoppers Demand Good Deals

Continued from Page One

"I expect Christmas spending and quantity of gifts to be significantly less this year."

The Black Friday weekend is less important than it once was, now that retailers roll out holiday deals in October to tempt shoppers to buy earlier. But the day after Thanksgiving is still expected to be the busiest U.S. shopping day of the year, according to Sensoria Solutions, which tracks foot traffic at retail stores.

Retailers that disappointed shoppers in the latest quarter saw their stock price take a hit. Target shares fell 21% in a single day, after the company posted weak quarterly revenue and lowered its profit and sales goals for the year.

"Consumers tell us their budgets remain stretched and they're shopping carefully as they work to overcome the cumulative impact of multiple years of price inflation," Target Chief Executive Brian Cornell told analysts last week.

Walmart, which derives more than half its revenue from groceries, said it was entering the year-end shopping season with momentum, after strong back-to-school and Halloween sales.

"Overall, we are feeling good about holiday sales," said John David Rainey, Walmart's finance chief. But he added that "consumers are still discerning."

Shoppers spent 4% less on clothing, accessories and footwear during the first 10

months of 2024 than in the same period last year, according to Consumer Edge, which tracks spending on more than 100 million credit and debit cards as well as other accounts. One of the few apparel categories to increase was fast fashion, which eked out a small gain as shoppers looked for low-price alternatives, Consumer Edge's data showed.

Brad Whitlow of Scottsdale, Ariz., said he already found a Black Friday deal online—a 75-inch TV from Walmart for \$378. "My wife used to get up at 4 a.m. every year to go to Black Friday," he said. "With all the retailers starting Black Friday so early and with Cyber Monday, Black Friday seems to be less important."

Gap continued to build on gains at its namesake chain, where sales at stores open at least a year rose 3% in the quarter. Comparable sales at its Old Navy chain, which appeals to more budget-minded shoppers, were unchanged from a year earlier. Gap Chief Executive Richard Dickson said lower-income shoppers remained under pressure. Unseasonably warm fall tempera-

tures meant they also had less reason to stock up on cold-weather items.

After a lull in September, retail sales picked up in October. Excluding gasoline, food service and automobiles, year-over-year unadjusted sales grew 5.4%, according to a National Retail Federation analysis of U.S. Census Bureau data.

Heading into November, shoppers became distracted by the U.S. presidential election, according to market-research firm Circana. General merchandise sales in the two weeks ended Nov. 9 were down 9% from a year earlier, the category's weakest performance in the past 52 weeks, Circana said. Marshal Cohen, Circana's chief retail industry adviser, said he expects pent-up demand to fuel a post-election rebound in spending.

The National Retail Federation expects sales for the November-December period to be up 2.5% to 3.5% from the same period a year earlier. That range would be the slowest growth since 2018.

Murray Walton, of Cookeville, Tenn., said stores he has visited lately have had less se-

lection and staffing, so he has shifted to buying items online directly from brands he trusts.

"We've replaced shopping with late-afternoon drinks and dinner at a destination where there will be festive lighting," Walton said.

Some retailers that had been putting up strong sales gains experienced slower growth in the fall quarter, including TJX, which owns the T.J. Maxx, Marshalls and HomeGoods chains, and Coach parent Tapestry.

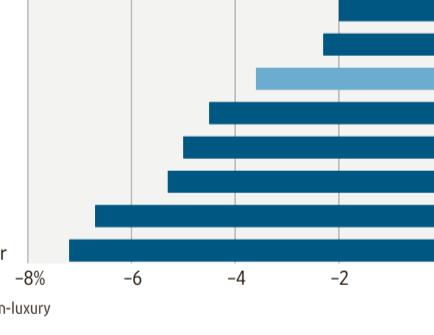
TJX Chief Executive Ernie Herrman attributed the slower growth to warm weather and hurricanes that battered parts of the country. He said business has picked up in recent weeks, and the chains are entering the holiday season on stronger footing.

Aside from inflation, retailers face the threat of tariffs from the incoming Trump administration. Donald Trump has proposed a 20% tariff on all imported goods and 60% on imports from China.

Steve Madden is moving production to Cambodia, Vietnam, Mexico and elsewhere to reduce its dependence on China to about a quarter of its business, down from just under half currently. Other brands have already made similar changes. At Gap, Ralph Lauren and Tapestry, China represents 10% or less of global sourcing.

The prospect of tariffs could help boost sales during the holiday season. Craig Johnson, president of consulting firm Customer Growth Partners, expects shoppers to buy big-ticket items like television sets and major appliances now, before tariffs go into effect. "Knowing the TV you want may cost more next year will get cautious consumers off the sidelines," he said.

U.S. spending on clothing, accessories and footwear, year to date, change from 2023*



*Through October †Non-luxury

Source: Consumer Edge



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U.S. NEWS

Trump Pick For Labor Is Departure For GOP

BY LAUREN WEBER
AND PAUL KIERNAN

President-elect Donald Trump's pick of Rep. Lori Chavez-DeRemer to lead the Labor Department could signal a break from the GOP's traditionally adversarial stance toward unions.

Chavez-DeRemer, who narrowly lost her re-election bid to represent an Oregon district this month, is one of just three Republican co-sponsors of the 2023 Protecting the Right to Organize Act, a bill backed by 215 congressional Democrats that would expand workers' collective-bargaining rights and supersede state right-to-work laws.

The choice, announced by Trump on Friday night, comes in the midst of a fight over labor policy in the GOP, which has faced pressure from some corners to revise its longstanding skepticism toward unions.

In a reversal of the usual response to Republican cabinet appointments, the selection earned praise from some union leaders and consternation from businesses and some Republicans.

The nomination of Chavez-DeRemer was praised by the Teamsters, one of the nation's largest unions, which broke from other unions by not endorsing the Democratic presidential candidate, Vice President Kamala Harris. Its president, Sean O'Brien, spoke at Trump's nominating convention in July.

"Thank you @realDonaldTrump for putting American workers first by nominating Rep. Lori Chavez-DeRemer," O'Brien said on X. O'Brien had recommended Chavez-DeRemer to the Trump transition team, and that proved influential, a person fa-



Lori Chavez-DeRemer

miliar with the matter said.

The AFL-CIO was more guarded, acknowledging her "pro-labor record," but adding, "Donald Trump is the President-elect of the United States—not Rep. Chavez-DeRemer—and it remains to be seen what she will be permitted to do as Secretary of Labor in an administration with a dramatically anti-worker agenda."

The nomination sparked consternation among business leaders and Republicans. Sen. Bill Cassidy (R., La.), said in a post on X that he "will need to get a better understanding of her support for Democrat legislation in Congress that would strip Louisiana's ability to be a right to work state, and if that will be her position going forward."

Right-to-work laws generally exempt a worker from having to join a union that a majority of workers have voted to join.

Cassidy will chair the Senate Committee on Health, Education, Labor and Pensions next year. A majority of the committee would have to vote to advance her nomination for it to reach the full Senate.

The labor secretary oversees rules governing unions, their finances and ethics; workplaces, including guidelines on working in extreme heat; and overtime pay; as well as the Occupational Safety and Health Administration. The secretary also has input on appointments to the National Labor Relations Board, which oversees union organizing drives.

Trump, in his nomination announcement, said Chavez-DeRemer would expand training and apprenticeships, improve working conditions, and help "achieve historic cooperation between business and labor."

—Alex Leary
contributed to this article.

The Transition Business Takes Over Palm Beach

BY DEBORAH ACOSTA

PALM BEACH, Fla.—RH Rooftop Restaurant in West Palm Beach is a popular spot, a short drive over the bridge from tony Palm Beach and noted for a tranquil skylight garden surrounded by trickling fountains and olive trees.

It isn't so serene these days. With prominent Republican leaders eating there—the Mar-a-Lago resort, where figures from politics and finance come and go for meetings or job interviews with President-elect Donald Trump, is only about 3 miles away—Secret Service agents fill the dining room. The security team passes metal-detector wands over guests before they enter.

"Palm Beach becomes almost the center of the universe," said Don Peebles, a real-estate developer in Miami and New York who knows Trump.

This enclave of about 10,000 full-time residents is part of an area that has long tilted blue. While Florida went heavily for Trump on Election Day, Palm Beach County slightly backed Democrat Kamala Harris. But with Trump spending so much time in the area, Palm Beach is emerging as the biggest playground for the incoming administration and MAGA luminaries.

A popular hotel now houses foreign dignitaries, federal officials and various job hunters. Traffic is so bad on the island of Palm Beach that residents said that to avoid bumper-to-bumper tie-ups

they have to drive off on one of three bridges and then back on using another.

Trump spent nearly 150 days of his first term as president at Mar-a-Lago, his 17-acre oceanfront compound and private club. He entertained heads of state there. He is likely to spend more time there this time around, said a number of his close associates.

His frenetic transition operation now resides within the gilded walls of his estate, where he interviews job candidates. Mar-a-Lago and nearby communities are poised to become the country's new center of political gravity.

Hotels are all booked up. Government officials and media are bidding against each other to secure rooms through January at West Palm Beach's The Ben hotel, said Timothy Hodes, an owner. News networks have taken rooms with balconies overlooking the Intracoastal Waterway and the island of Palm Beach to use as a backdrop. Other guests come with large security details on two-day trips, and travel back and forth to Mar-a-Lago.

On Thursday afternoon, North Atlantic Treaty Organization Secretary-General Mark Rutte arrived at the hotel by motorcade. Men in black suits and wearing ear pieces commanded the elevators to secure the pool deck.

Trump could become the first president-elect not to accept temporary office space in Washington, D.C., and other resources from the govern-



Residents have tricks for avoiding bumper-to-bumper tie-ups.

ment's General Services Administration since they were offered for transitions starting in 1963, said Martha Joynt Kumar, a professor emeritus at Towson University and a presidential scholar. The GSA said earlier this month that Trump hadn't yet signed on.

"It's not unusual for a president-elect to run their campaign and transition out of the place they live," a spokeswoman for the transition said. "Trump loves Florida and the great people in the state."

About a quarter of Trump's cabinet and staff picks either hail from Florida or have deep ties there. His older sons, Donald Trump Jr. and Eric Trump,

both have homes near Mar-a-Lago. His daughter Ivanka Trump and her husband, Jared Kushner, who said he would continue to advise the Trump team, live in South Florida.

Palm Beach itself has changed dramatically over the past few weeks. Lobbyists, lawyers, government officials and others seeking an audience have descended there. Some recent arrivals are looking for permanent homes. Jared Robins, a real-estate adviser, said his phone started ringing off the hook once Trump won. He has shown homes to a person who works closely with Trump and flew down to Palm Beach to check

out the real estate.

Vince Marotta, a real-estate agent, recently received a call from someone whose client—a person he would identify only as part of the president-elect's "brain trust"—was looking to spend \$10 million to \$15 million on a home near Mar-a-Lago.

"We call that a home in the midrange," Marotta said.

Many of Palm Beach's old guard aren't pleased. Because the road in front of Mar-a-Lago is now closed, traffic has never been worse on the island.

"I'm grateful that we have moved south to avoid a lot of the traffic," said Ashley Miller Bell, a former longtime resident. Still, her mother, Marguerite Miller, still a Palm Beach resident, said she doesn't object. She has learned to allow more travel time.

The Palm Beach and West Palm Beach area has enjoyed a renaissance since Trump was last in power. Early in the pandemic, hedge-fund billionaire Ken Griffin based a trading floor for his Citadel Securities at the Four Seasons in Palm Beach. He has since settled his headquarters in Miami. Conservative media personalities, including Sean Hannity, relocated to the area in recent years. Billionaire real-estate developer Stephen Ross has based his company in the area. Major financial firms such as Millennium Management and BlackRock have offices in the West Palm Beach area. Vanderbilt University recently said that it is seeking to open a graduate campus there.

Homeless Challenge: They Don't All Want Help

BY JON KAMP

MINNEAPOLIS—Richard Byington spent years living under a highway. He wasn't sure he wanted to stay in his new apartment.

"It looks like a prison bed," he said, eyeing the twin bed during his first visit. Being indoors reminded him of being incarcerated, as did voices he frequently heard.

He had agreed to the new, heavily subsidized unit, but also said he preferred being outside. His longtime social worker, Sara Majeres, drove him 3.3 miles back to his underpass.

Combatting a record-setting U.S. homeless crisis requires overcoming a big challenge: Not all homeless people want housing or other help—at least at first. Trauma, mental illness and drug addiction are often the reasons.

Homelessness can sometimes cause, or worsen, such issues, creating treatment needs that go beyond housing. These complications are often seen among the chronically homeless, a population subset of people who are persistently without a home and have a disability, such as mental illness.

This group nationally reached an estimated 154,300 people counted on a single night last year, out of about 653,100 homeless people.

There are no easy ways to compel help for those who say no. State laws broadly allow forced care only when people put themselves or others in serious danger. But there is a hard option: taking on the painstaking work of finding them, developing relationships and nudging them toward better circumstances.

Hands-on work

Hennepin County, which includes Minneapolis, has strengthened efforts to tackle homelessness and is taking on more of this hands-on work. The county has seen some successes. It spent roughly \$7 million in federal pandemic aid on a new push that, since early 2022, has gotten about 1,350 people into housing. This step can serve as a prelude to broader treatment.

"We don't take no for an answer, we take it as a starting point for negotiations," said David Hewitt, the county's director of housing stability. The county has hired several dozen staffers who spend more time trying to get people housed, including chronically homeless people such as Byington.

One of those workers is Majeres, who started working with Byington in February on a long, slow effort to try to get him back indoors.



Richard Byington, above and below, received help from social worker Sara Majeres, right, to get an apartment in Minneapolis.



already had skipped a scheduled move-in the prior week.

"I was told this was our last attempt" for this apartment, Majeres said.

During an unsuccessful search along a weedy embankment, she hoped he would see her face as she called out his name. "He doesn't know with the sounds if they're real or not," Majeres said.

Byington said he has heard voices since he was a child, but he didn't start to really understand what they were until much more recently. They often sounded like a conversation between other people discussing things he said he experienced, such as prison riots and getting stabbed.

Still searching for Byington, hoping to prepare him for the next day's move, Majeres fi-

nally spotted him near a technical college. He was scraping weeds from the sidewalk with a metal trowel. "Yes, that's him!" Majeres said, pulling her Subaru off to the side. "Tomorrow the move in is at 10:30," she reminded him.

Byington still sounded unready. "I've been locked up all my life, man, I don't want to be inside."

Small steps

Majeres got off to a good start the next morning, finding Byington easily, and they drove up to the tan-and-red brick apartment building together.

All the apartments there were for single adults, often people right off the street with serious underlying mental-health issues.

There are caseworkers on site, too. Although help for issues such as mental illness and addiction is voluntary, partaking is crucial, said Caroline Hood, chief executive at RS Eden, the nonprofit that owns and runs the site.

"Without those services, they struggle," Hood said.

Apartments living didn't take right away. Byington stayed at his underpass for a while, but eventually started showing up to the new home on his own. Steadily, he started sleeping there.

"There's stuff I need to get off my chest," he said. He hadn't used the bed. Instead, he said, he was sleeping in a cardboard shelter on the floor.

Social Worker Casts Wide Net

Social worker Sara Majeres, who grew up in a working-class family, nannied for years before shifting to social work a decade ago.

Her day-to-day schedule in Minnesota's Hennepin County can be chaotic, covering a mix of people she works with long-term and those she meets doing outreach work around the area.

Over the course of a few days, she tried to check on a recently housed person who was still struggling with addiction, and wouldn't answer the door.

She tracked down 53-year-old Patrick McGhee, who was recovering from a stroke, in an encampment behind a Walgreens after he missed an appointment at a branch library.

She also spends time finding homeless people to help, including on the region's light-rail system. She met 36-year-old Nick Kiecker, who was homeless and said he struggled with substances, on a train platform and told him how to apply for basic benefits.

U.S. NEWS

How Bessent Won ‘Knife Fight’ for Post

Longtime investor and allies launched a fierce campaign against his opponent

BY BRIAN SCHWARTZ
AND ANDREW RESTUCCIA

It was Scott Bessent's job to lose—and he almost did.

But after two weeks of uncertainty, Donald Trump selected Bessent, a longtime investor, as his next Treasury secretary. The pick capped a drawn-out, behind-the-scenes game of thrones marked by suspicion, personal animus and last-minute U-turns.

Bessent was the odds-on favorite to land the coveted cabinet post in a second Trump administration—long before the former president won the election. Trump called the Key Square Capital Management founder “one of the most brilliant men on Wall Street” and praised him in private conversations with friends and advisers.

All the while, Bessent and his allies executed a public-relations campaign aimed at cementing his front-runner status, booking him on cable-news shows that Trump is known to watch and placing

op-eds in the media outlets he follows closely.

Trump told friends shortly before the announcement that he trusted him to execute the administration’s policies more than any of the other contenders. Trump’s advisers also said that the president-elect, who

is known to take appearance into account when hiring, felt that the gray-haired, bespectacled Bessent looked the part.

But Bessent’s glide path was upended by an 11th-hour play for the job by Cantor Fitzgerald Chief Executive Howard Lutnick, which culminated in Elon Musk signaling to his 200 million social-media followers that he backed Lutnick and viewed Bessent as a “business-as-usual choice.”

The warring factions that nearly derailed Bessent’s chances could offer a preview of what is to come as Trump prepares to retake the White House. The president-elect’s inner circle is populated with powerful billionaires and outspoken populists with competing agendas and megaphones of their own, portending a fractious second term defined by policy disagreements.

Lutnick and Bessent’s relationship frayed to the point that some of Trump’s advisers

worried they wouldn’t be able to work together. The president-elect’s longtime aides were stunned by the two men’s apparent disdain for one another. Trump said on Tuesday that he plans to nominate Lutnick as Commerce secretary.

A Trump adviser compared the tension between Bessent and Lutnick to a cold war. Days later, the same adviser said it could be more accurately described as a knife fight.

Shortly after Election Day, Trump privately complained to aides that Bessent and Lutnick weren’t getting along, people familiar with the matter said.

Allies of both Lutnick and Bessent had been coordinating fierce campaigns to boost the profile of their preferred Treasury candidates, and tear down their opponents for the job. Bessent’s allies informed Trump’s team that Lutnick hosted Hillary Clinton in New York in 2015 when she was running against Trump to become commander in chief. An invite to the event lists Lutnick as the sole host and ticks going for \$2,700 a head.

Bessent’s opponents regularly reminded Trump that Bessent worked for years at an investment firm run by



Scott Bessent

George Soros, a frequent boogeyman of conservatives. They also circulated to Trump’s advisers returns from Key Square, the investment firm Bessent founded, that they argued showed years of unremarkable performance, hoping to raise questions about his finance bona fides, according to people familiar with the matter. But the data was truncated to leave out years in which Key Square outperformed and excluded a successful business he spun out, Bessent’s allies said.

Bessent’s critics argued to

Trump’s advisers that Bessent wasn’t a true believer in the president-elect’s plans to impose tariffs on U.S. imports, pointing to an October Financial Times interview in which Bessent appeared to make the case that Trump’s tariff threats were subject to negotiation and may be watered down.

A month later, Bessent penned an opinion column on Fox News’s website underscoring his support for tariffs.

Last weekend, the infighting between the two businessmen became so bitter and public—Musk and Robert F. Kennedy Jr. both weighed in on social media—that Trump felt he had to consider other candidates. Trump’s aides reached out to two men that Trump has long had on his radar for key roles in his administration: Former Federal Reserve Governor Kevin Warsh and Apollo Global Management CEO Marc Rowan.

By Wednesday, Warsh and Rowan had arrived at Mar-a-Lago to interview for the job. Rowan flew in from Hong Kong just to speak with Trump about the role. But there were signs from those meetings that neither Rowan nor Warsh was the perfect fit.

Warsh told Trump that he

wanted to be chairman of the Federal Reserve after Jerome Powell’s term came to an end in 2026.

During his job interview, Rowan met with Trump, Lutnick and Linda McMahon, who is the co-chair of Trump’s transition team and his nominee to lead the Education Department. A person familiar with the matter described the meeting as friendly. But another person familiar with the meeting said Trump felt that the Apollo Global CEO wouldn’t see eye to eye with the president-elect on his widespread tariff proposals, and that the president-elect felt similarly about Warsh.

On Friday, just hours before Trump announced the long-awaited pick, the leading contenders were in the dark about who he would choose.

During the process, Trump called top Wall Street executives for advice. Among them was veteran investor John Paulson.

Trump released a statement naming Bessent for the job around 6:55 p.m. ET on Friday, nearly three hours after the markets closed.

◆ China looks to Musk as a conduit to Trump..... B1

Trump Chooses Rollins to Lead Agriculture Department



Brooke Rollins previously ran the Texas Public Policy Foundation, a conservative-leaning think tank.

BY ANDREW RESTUCCIA
AND ALEX LEARY

President-elect Donald Trump said Saturday he selected Brooke Rollins, a former Trump administration policy adviser, to lead the Agriculture Department.

Rollins is the president of the America First Policy Institute, a group led by former Trump administration officials that spent months planning for a potential second term. An ally of Jared Kushner, Trump’s son-in-law, Rollins was once considered a contender to be White House chief of staff. Susie Wiles, who helped run Trump’s campaign, was chosen for that role.

During Trump’s first term, Rollins led the Domestic Policy Council. A Texas native, she previously ran the Texas Public Policy Foundation, a conservative-leaning think tank.

“Brooke’s commitment to

support the American farmer, defense of American food self-sufficiency, and the restoration of agriculture-dependent American small towns is second to none,” Trump said.

If confirmed, Rollins would likely play a role in discussions about Trump’s plans for extensive tariffs on U.S. imports, which could affect American farmers.

Trump considered choosing Kelly Loeffler, a businesswoman who briefly served as a Georgia senator, to lead the Agriculture Department, according to people familiar with the matter. He chose Rollins instead.

Factions of the Trump transition team were divided over whom to pick, according to people familiar with the matter. The agency of roughly 100,000 people oversees not only farm policy, but also rural development and far-reaching nutrition programs such as food stamps and

school meals.

If confirmed, Rollins would add to the ranks of loyalists rewarded by Trump with cabinet positions. She hasn’t been widely vocal on agricultural issues in the past. The America First Policy Institute has advocated for curbing foreign ownership—particularly from China—of U.S. farmland, an issue that has bipartisan support in Congress.

Rollins, who spoke to Trump about the job this past week, graduated from Texas A&M University with a degree in agriculture development and grew up on a farm.

The expected move comes as Trump is rapidly filling out his economic team, bringing into his administration a mix of loyalists and wealthy financiers.

Two key positions haven’t yet been announced: the director of the National Economic Council and the U.S. trade representative.

Commerce Pick Tied To Tether

Continued from Page One

by extension, Cantor.

Tether, whose unregulated cryptocurrency of the same name has spawned a hard-to-police shadow financial system, is under investigation by the Treasury and Justice departments for possible violations of anti-money-laundering and sanctions laws. The Wall Street Journal reported in October, citing people familiar with the matter.

A Tether spokesperson pointed to comments made in response to the previous Journal article, which said that to suggest the company was “involved in aiding criminal actors or sidestepping sanctions is outrageous.”

Cantor, which is majority-owned by Lutnick, holds most of Tether’s \$134 billion in assets, largely U.S. Treasury bills, in exchange for tens of millions of dollars of fees each year, according to people familiar with Cantor’s business.

Cantor’s relationship with Tether deepened when the trading firm struck a deal to invest in the crypto giant. Lutnick and Devasini have each told business associates. Under the agreement, which was made in the past year, Cantor stood to receive about a 5% ownership interest in Tether. The interest, which hasn’t been previously reported, was valued by Cantor at as much as \$600 million, according to some of the business associates.

Lutnick, in a statement Thursday, said he would step down from Cantor once the Senate confirms him as commerce secretary. He said he intended to divest himself of

interests in his companies to comply with government ethics rules. The Commerce Department hasn’t historically played a major role in overseeing the crypto industry.

In a statement sent before Lutnick’s selection as commerce secretary, the Tether spokesperson said that “Tether’s relationship with Cantor is entirely professional, based on managing reserves. The claim that Lutnick’s involvement in a transition team somehow translates to influence over regulatory actions is laughable.”

A Cantor spokeswoman declined to comment on the firm’s relationship with Tether, including on the ownership interest.

Tether operates the world’s most transacted cryptocurrency. Known as a stablecoin for its 1:1 backing with the U.S. dollar, tether gained a foothold among crypto speculators as a safe way to cash out trading profits. It has also caught the attention of government officials who say tether is a preferred medium for Russian arms dealers, international fraud rings and terrorist organizations to move money.

The company said earlier this year that it cooperates with law enforcement and freezes digital wallets connected to sanctioned entities.

Two outsiders

Lutnick and Devasini are both outsiders. Lutnick’s firm is a storied, scrappy Wall Street player. Devasini’s company is a crypto operation that by its nature disrupts the government-backed currency system.

Devasini, an Italian who has refused to travel to the U.S. for fear of arrest, according to some business associates, sees Lutnick as a shield against the efforts of U.S. authorities and rivals to disrupt his lucrative business. He considers Lutnick a highly effective communica-

tor with U.S. politicians given the Cantor boss’s reputation for rebuilding the firm after two-thirds of its New York employees died in the Sept. 11, 2001, attacks on the World Trade Center.

This article is based on interviews with people familiar with both of their businesses. The Journal reviewed meeting notes, emails and flight records that supported interviewees’ accounts.

Lutnick and Devasini’s relationship started in earnest during Tether’s time of need.

In 2021, Tether and a related crypto exchange agreed to pay \$61 million to settle civil charges by the New York attorney general and the Commodity Futures Trading Commission for allegedly misrepresenting the assets supporting the stablecoin. Tether, whose holding company is registered in the British Virgin Islands, has never released fully audited financials. Tether didn’t admit wrongdoing in the settlements.

After the settlements, Tether’s primary asset manager, a private Bahamian bank called Deltec, lost several of its relationships with foreign banks that it used to clear payments. This threatened to choke off the channels through which Tether could receive customers’ real-world dollars in exchange for issuances of its token.

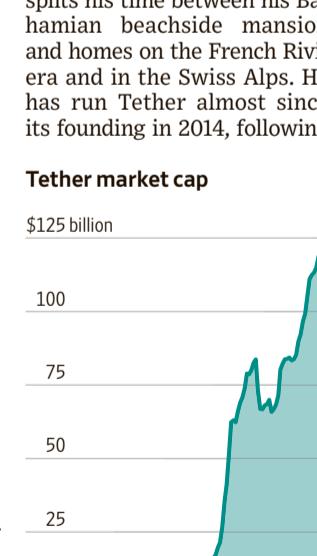
Spokespeople for Deltec didn’t respond to requests for comment.

Tether initially moved most of its assets, which totaled about \$40 billion at the time, to another Bahamian bank. Richard Heathcote, an investment adviser who had headed Deltec’s trading desk, then connected Devasini to Cantor, some of the business associates said. Devasini later hired Heathcote, once a broker in London at Cantor’s brokerage affiliate BGC Group, as Tether’s chief investment officer to manage the company’s portfolio.

Heathcote didn’t respond to requests for comment.

Lutnick, who has a knack for taking on edgier corners of finance such as sports betting and special-purpose acquisition companies, met Devasini in the Bahamas around late 2021 to find out whether Tether had the assets it claimed it did. The 60-year-old Italian, who has never spoken publicly about Tether, splits his time between his Bahamian beachside mansion and homes on the French Riviera and in the Swiss Alps. He has run Tether almost since its founding in 2014, following

Tether market cap



Source: CoinMarketCap

careers as a plastic surgeon and an electronics importer, according to people familiar with the company.

“I said, ‘Show me the money,’” Lutnick told a crypto conference in July. “And we found every penny, and they had every penny, but they had it in what I would call pretty godforsaken places,” he said, noting Tether’s holdings of short-term loans to Chinese companies, known as commercial paper.

As the commercial-paper loans matured, Tether sent money to Cantor to buy super-safe Treasurys. Cantor’s long-established position in the

Treasury market, where it is a so-called primary dealer that trades directly with the Federal Reserve, would ensure that Tether could easily sell assets to meet any client requests for dollars.

Some of Tether’s closest customers—mostly crypto-trading firms that sell the token into a vast secondary market—joined Cantor as clients.

By the end of 2023, Tether’s assets had exploded to almost \$100 billion, about two-thirds of which were short-dated Treasurys. Tether doesn’t pay any interest to its holders. So a jump in interest rates lifted Treasury yields and helped Tether earn \$6 billion in profit last year, according to the company.

Lutnick, a registered Republican, was juggling his job as Cantor’s chairman and chief executive, and his roles heading Cantor’s related Wall Street arms, when Trump turned to him about a year ago to help his presidential bid.

Personal control

At Cantor, Lutnick restricted the number of employees who had contact with Tether to a handful of top executives, according to some of the business associates. He often handled the relationship himself, flying by private jet to meet Devasini in various crypto-friendly places around the world, including El Salvador, which counts bitcoin as a legal tender.

He personally negotiated the investment in Tether, some of the business associates said. It wasn’t common practice for Cantor to buy an ownership interest in a client, they added.

Cantor has helped Tether with its own expanding investment empire. In May, Bitdeer Technologies, a Singapore-based provider of bitcoin mining services that is run by a Chinese-born crypto tycoon,

said Cantor was the placement agent for a \$150 million deal with Tether to buy its shares. Placement agents help companies manage bringing in new funds from outside investors.

Lutnick’s son Brandon Lutnick had an internship with Tether in 2023 in the Swiss town of Lugano, where Devasini partly resides and maintains some of Tether’s operations. Brandon counted the gold bars that Tether holds in a vault buried inside a mountain to back a separate \$660 million token called Tether Gold, some of the business associates said.

Brandon Lutnick didn’t respond to requests for comment.

In January, the United Nations Office on Drugs and Crime branded the stablecoin a “preferred choice” for money launderers in a report.

Howard Lutnick came to Tether’s defense. In an interview in Davos, Lutnick confirmed for the first time publicly that Cantor was holding Tether’s assets.

Around the same time, the Treasury Department asked Congress for new laws that would allow it to block transactions in stablecoins connected to terrorism financing and sanctions evasion, singling out tether by name.

In May, Lutnick met Devasini in Lugano to talk about the coming election. After the meeting, Devasini told some of the business associates that Lutnick would seek to kill any bills that could hurt Tether.

Several weeks later, Lutnick argued on X that the U.S. needed “responsible dollar-backed stablecoins.”

Trump named Lutnick in August as co-chair of his transition team. The day after Trump won, one of Devasini’s top deputies at Tether tweeted an American flag.

The crypto market has gone into a frenzy since then, and customers have poured over \$10 billion into new tether tokens.

Campaign's 'Attack Dog' Vance Tries on New Role

By VIVIAN SALAMA
AND LINDSAY WISE

WASHINGTON—Sen. JD Vance returned to the Capitol with a critical assignment: Help President-elect Donald Trump shore up support among senators for his most contentious and unorthodox cabinet picks. An early setback in that mission underscores the challenges facing Trump's No. 2 when he enters the White House in just under two months.

Vance accompanied prospective nominees to hear firsthand from colleagues about their concerns. The visits went well, senators said, and by the end of the day, Trump's most endangered pick, Matt Gaetz for attorney general, seemed to have stabilized—with many lawmakers saying they looked forward to confirmation hearings next year. Gaetz said he got a warm reception, and it marked a "great day of momentum" for the Trump-Vance administration.

But by the next morning, he was out, with Gaetz saying he was "unfairly becoming a distraction" to the Trump transition effort. He spoke to Vance before he made the announcement, and Vance said he was "extremely grateful" for the work Gaetz put into the effort.

Gaetz's abrupt exit came amid sexual-misconduct allegations that he denies. It was a deflating moment for the Trump-Vance team, which is trying to push through a crew of sometimes unconventional nominees who would shake things up in Washington.

But crucially, it also leaves an open question as to whether Vance will be as strong an asset for Trump on Capitol Hill as he was on the campaign trail—and where he best fits in the crowded Trump orbit alongside heavy hitters such as Robert F. Kennedy Jr. and Elon Musk, who want to make their own marks on the administration's direction.

Crucial interlocutor

Vance has carved out a role as Trump's "policy attack dog"—which he tested out during the campaign on issues such as abortion and immigration, hammering the media when the ticket received pushback on some of its more controversial policies and conspiracy theories. Polls show his approval numbers have soared from initially low numbers, helped by his strong debate performance and his ability to put a more articulate polish on Trumpism.

Transition officials believe Vance's recent role as sherpas for Gaetz and defense-secretary pick Pete Hegseth sets the stage for him to be a crucial interlocutor between the next Trump administration and Capitol Hill. The hope, according to Trump's team, is that Vance can pay visits to lawmakers to help voice Trump's policies in the future and persuade them to vote in support of bills they might bring to the House and Senate floors.

After Gaetz's withdrawal, Republican senators appear to be lining up in support of most of Trump's picks. "President Trump has made wonderful choices for his cabinet. It's a complete list," Sen. John Barrasso (R., Wyo.), who chairs the Senate Republican Conference, said on Sunday speaking on Fox. "Every one of them is going to have a hearing, a fair process, and then what they're going to have is a timely vote in the United States Senate," he said.

Still, Vance's role may be an awkward one, given the president-elect routinely hands out his cellphone number to allies on the Hill and elsewhere, and encourages them to reach out directly, when needed. Before the election, Trump even dismissed the role of presidential running mates and said voters were more focused on voting for him, and him alone, when asked about some of Vance's early missteps on the campaign trail.

Divide and conquer

"When I call the White House, and if I left a message for five people who work there, the one most likely to call me back, and almost certainly the one that will do it

first, is Donald Trump," said Sen. Kevin Cramer (R., N.D.). "He has the most active Rolodex of just about anybody I've ever known....Whoever his liaison is will not work as hard at it as he will."

But Cramer said Vance has a natural kinship with his fellow senators, and Vance and Trump could work very well together by dividing and conquering on the Hill.

According to people close to Vance, the vice president-in-waiting offers strengths to the team based on the relation-

ships he already has with Republicans on the Hill.

They singled out Sens. Susan Collins (R., Maine), Shelley Moore Capito (R., W.Va.) and Thom Tillis (R., N.C.), with whom Vance's good relationship may have offered some leverage ahead of confirmation hearings.

Aides also said Vance and Florida Sen. Marco Rubio, Trump's nominee for secretary of state, have a good relationship, and that Vance supports Trump's selection of Rubio for the role.



Sen. JD Vance (R., Ohio), the vice president-elect, arriving at a meeting this month

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U.S. NEWS

GOP Woos Unlikely Voting Bloc: Amish

Operatives work around Christian community's lack of cellphones and cars

BY KRIS MAHER
AND DAVID LUHNOW

LANCASTER, Pa.—The Amish normally avoid the spotlight. But during the recent U.S. election, photos and videos went viral of Amish holding Trump 2024 signs, registering to vote and attending rallies in the weeks before they enthusiastically helped re-elect Donald Trump.

Now, Republican organizers say the outreach to the so-called plain communities, including Amish voters in the rural patchwork of farms west of Philadelphia and north of Pittsburgh, was so successful that they are making them a permanent bloc of voters to court.

"The GOP will often pack up shop and go home, and only reappear for the midterm election," said Scott Presler, who runs Early Vote Action, a GOP voter-turnout organization. "We're already strategizing for 2025."

Presler said even he was surprised the conservative-minded Amish were receptive to him, a gay man. "I'm a pretty boy with long hair to my waist," he said. "I stick out like a sore thumb."

Pennsylvania is home to about 90,000 Amish, Christians who dress plainly, avoid modern technology and separate themselves from society. The 43,000 Amish eligible to vote lean reliably conservative, making them a potentially potent Republican bloc, especially because they have large families and their numbers are rising fast from Pennsylvania to Wisconsin and Ohio.



The Trump campaign increased its outreach to the Amish this year, including in Ronks, Pa., on Election Day.

"If there's an Amish person who voted blue for Democrats, I'd like to meet them," said Amos King, a 63-year-old Amish farmer in Lancaster County, home to the state's biggest Amish population.

King said he enlisted Amish voters this year, including his 80-year-old aunt, a first-time voter. He estimates Amish turnout doubled compared with past elections he has worked.

For months, Presler and his staff of 74 recruited certain categories of voters: truckers at truck stops, hunters at gun shows, and Amish voters at outdoor farmers markets. Many Amish were registered but irregular voters, so volunteers throughout the state

drove them to the polls. Because the Amish traditionally hold weddings on Tuesdays in November—including Election Day—volunteers pushed early voting.

The Amish, who arrived in Pennsylvania in the 18th century, have a history of voting, but with varying participation. In 2020, about 2,940 of Lancaster County Amish voted, 17% of those eligible, according to Steven Nolt, a professor of history and Anabaptist studies at Elizabethtown College in Elizabethtown, Pa. That was up from 7% in 2016.

"What the numbers will be for 2024, we don't know," said Nolt. Tracking Amish voting is a laborious process that requires cross-checking Amish

church directories that aren't permitted to be digitized. He expects a full accounting by the end of 2025.

Political organizers confront a distinctive challenge: engaging people who intentionally distance themselves from society, eschewing cellphones, cars and electricity.

King said volunteers used satellite images to see which rural homes had horse-drawn buggies instead of cars.

Many Amish this year said they felt the pinch of inflation and worried about taxes. They were turned off by issues they associated with Democrats: abortion, same-sex marriage and transgender rights.

"We all feel it, from the price of animal feed to a bag

of chips," said Kore Fisher, an Amish contractor in Lancaster. "We're just a small group of people, but you add up a lot of small groups of people, and suddenly you make a difference."

Some Amish were unlikely to vote for a woman as president. Fear of government overreach also bolstered Trump.

Susan Byler, 42, and her husband Rudy Byler, 44, who run Byler's Grocery Store in New Wilmington, said they voted early for the first time, in case they were busy on Election Day.

"We were very concerned about our beliefs and things like that," Susan Byler said. "A lot of people made sure they did it this year."

Vought, an Author of Project 2025, Is Picked for Powerful Budget Job

BY CATHERINE LUCEY
AND ANDREW RESTUCCIA

WASHINGTON—Donald Trump on Friday selected Russell Vought for a powerful budget role in his coming administration, marking the latest hire with ties to Project 2025 to join the president-elect's government after he had disavowed the controversial policy and personnel blueprint on the campaign trail.

Vought's perch at the top of the Office of Management and Budget would give him outsized influence over slashing regulations and spending, which was one of the core goals pursued by the authors of Project 2025.

He would also likely work closely with Elon Musk, who has made deregulation a central focus of his new role co-leading a new entity called the Department of Government Efficiency. Vought and Musk have both argued that the White House has the power to limit spending without congressional approval, something that could be tested in the courts.

The Vought hire, along with other picks for the administration, contrasted with the staffing for the transition effort, when officials sought to keep those involved with the Heritage Foundation-run group out of the process.

During his campaign, Trump repeatedly denied any association with Project 2025, a 900-page policy blueprint for the federal government, as Democrats turned it into a political liability for his White House bid. Vice President Kamala Harris and others cast it as a radical plan to overhaul the government. But even before he won, some people close to Trump privately said they expected Project 2025-affiliated people to be hired in a second Trump administration.

Since Trump's victory, some people close to the transition said they didn't see Project 2025 as a roadblock for people Trump wants to bring into the administration. One Republican advising some people looking to win administration jobs described having an affiliation with Project 2025 as a nonissue.

"The Democrats spent a lot



Russel Vought speaking in 2019 alongside then-President Trump at the White House.

of money making sure voters understood what Project 2025 was and the voters elected Trump overwhelmingly anyway," Republican strategist Alex Conant said. "I can't imagine what the political liability would be."

Trump has picked Brendan Carr, a career telecommunications lawyer and regulator, to lead the Federal Communications Commission as the agency's next chairman. Tom Homan, who was acting director of U.S. Immigration and Customs Enforcement from 2017 to 2018, will take on the role of border czar.

And Trump named John Ratcliffe, a hawkish former House lawmaker, to lead the Central Intelligence Agency.

Carr is one of the authors of the Project 2025 policy blueprint, outlining plans to remove regulations conservatives consider overbearing or outdated.

Homan joined the Heritage Foundation as a fellow in 2022 and is listed as a contributor to the Project 2025 document.

Ratcliffe is also listed as a contributor.

Vought, who was director of the Office of Management and Budget during Trump's first term, wrote a chapter of

In his campaign, Trump denied any association with Project 2025.

the group's policy blueprint.

Trump transition spokeswoman Karoline Leavitt said: "As President Trump said many times, he had nothing to do with Project 2025."

Some of the proposals outlined in Project 2025 echo policies Trump has endorsed, such as eliminating the Education Department and firing federal workers. And as

Trump looks to the White

House, Republicans close to

the transition argued that

keeping out everyone associated with the paper—which was supported by dozens of

conservative groups and leaders and

was written by many Trump

allies—was unrealistic and

would deprive the president-elect of loyal appointees and conservative thinkers.

Democrats argued that

there could be ramifications for putting some of these people in place, if not for Trump,

then for other Republicans.

Christina Reynolds, a vice

president for communications

at Emily's List, noted that

Project 2025 did break

through with voters.

"Donald Trump doesn't

have to face voters again, but

everyone in his party will,"

Reynolds said, adding that

changes to programs like Medicare would be unpopular with voters.

"They need to think carefully as they put these people in, as they're passing budgets."

The Project 2025 vision for the next Republican administration started in April 2022. It includes plans for nearly every federal agency, with a governing agenda and a series of 180-day policy plans.

Policy proposals the group has put forward include: ending diversity, equity and inclusion programs; imposing additional restrictions on

abortion, including by undoing the Food and Drug Administration's approval of the

abortion pill Mifepristone;

and putting in place tougher

work requirements for food

stamps.

The group's tough anti-

abortion stance in particular

has frustrated the president-

elect's advisers, who worked

during the presidential cam-

paign to prevent Trump from

being painted as opposed to

the procedure. Trump has

said abortion decisions should

be left to the states.

Harris repeatedly empha-

size Project 2025 in her cam-

paign stops, arguing that its

recommendations, if imple-

mented, would harm the econ-

omy and hurt middle-class

families.

◆ Heard on the Street: Moves

on rules face hurdles..... B9

Financiers Weighed For Posts At Pentagon

BY BECKY PETERSON
AND ALEXANDER WARD

Two prominent financiers are in the running to be the deputy secretary of defense, a competition that pits a publicity-averse private-equity investor against an outspoken venture capitalist.

Trae Stephens, a partner at Peter Thiel's Founders Fund venture-capital firm, is under consideration by President-elect Donald Trump to be deputy secretary of defense, according to two people familiar with the transition. Billionaire investor Stephen Feinberg, who led the president's intelligence advisory board in the first Trump administration, is also in the running. The Wall Street Journal previously reported.

Feinberg is a longtime Trump supporter and co-chief executive of **Cerberus Capital Management**, which has invested in a number of defense companies. Stephens is a venture capitalist who co-founded **Anduril Industries**, one of the most visible companies in a growing collection of highly valued defense-tech startups.

A spokesman for Feinberg said he hadn't been offered any job in the administration. Stephens declined to comment. Spokespeople for Trump didn't return requests for comment.

The deputy secretary is in charge of day-to-day operations, including the defense budget. Ex-Fox News commentator Pete Hegseth is Trump's pick for the top job. He is facing questions about an alleged sexual assault, which he has denied.

Cook Fosters Rapport With Trump

Continued from Page One
would later cite Apple while promoting his tax plan.

Cook's biggest win took place in 2019 when Apple was facing down a potential 10% tariff on all imports from China, where Apple still overwhelmingly produces its devices. Cook personally lobbied Trump, explaining how tariffs would increase iPhone prices and help foreign rivals like Samsung. Days later, the Trump administration said it would scale back its tariff plan, giving exceptions to a range of electronics, including the iPhone.

Apple then reversed a decision to move production of its Mac Pro computer to China from Austin, Texas. Trump appeared with Cook in Austin, at the site of the manufacturer and later tweeted that he had "opened" a major Apple manufacturing plant. The plant, operated by a contractor, had actually been open for years. Neither Cook nor Apple corrected Trump's claim.

Trump, a Republican, personally reveled in the attention Cook gave him and praised him for directly engaging. "That's why he's a great executive, because he calls me and others don't," Trump said of Cook in 2019.

Developing such relationships takes time and a strategy. For example: Is it best to shoot for a cabinet-level meeting, or to chat with a committee in the House?

"Unless you're Tim Cook, you have to meet these people three or four times before they know who you are," Williams said. "You have to invest the time in building the relationships, and the question is where do you do that?"

Some executives are relying more heavily on trade groups or working to retain in-the-know lobbyists and advisers who have ties with those in Trump's orbit. A number of companies are also considering whether to propose ideas directly to the Department of Government Efficiency, which is to be led by Elon Musk and biotech entrepreneur Vivek Ramaswamy.

If executives can offer ideas to streamline the government, aligning on issues the administration cares about, it could be a way to develop relationships within Trump's circle.

—Esther Fung
and Sharon Terlep contributed to this article.

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WORLD NEWS

Israel Calls Rabbi's Death Terrorism

A missing Jewish community leader found dead in the United Arab Emirates on Sunday was abducted and killed in an "act of antisemitic terrorism," Israel said.

*By Carrie Keller-Lynn
in Tel Aviv, Rory Jones
in Dubai and Dov
Lieber in Tel Aviv*

Israeli-Moldovan citizen Zvi Kogan, 28, went missing from Dubai Thursday afternoon, prompting an investigation by Israel's Mossad spy agency after suspicions were raised that he was abducted in an act of terrorism. Kogan, a rabbi, was an emissary of the Jewish Chabad movement to Abu Dhabi, where he lived with his wife.

Israel said on Sunday morning that Emirati authorities had found Kogan's body, confirming fears in the local Jewish community.

"The murder of Zvi Kogan, of blessed memory, is an abhorrent act of antisemitic terrorism," read a statement from Israel's Prime Minister's Office. "The State of Israel will use all means and will deal with the criminals responsible for his death to the fullest extent of the law."

Israel didn't formally point a finger but suspects Uzbek citizens with ties to Iran were involved in Kogan's abduction and killing, a person familiar with the investigation said. Iran has relied on Uzbek citizens in the past for foreign missions, the person said. At least some of the suspects are believed to have fled to Turkey, where their cars were found, the person said.

Meanwhile, authorities in the U.A.E. arrested three people

in connection with the killing, the country's interior ministry said Sunday evening.

After the Hamas-led Oct. 7, 2023, attacks, Israel warned its citizens and Jews that they might be the targets of attacks abroad by Iran or Iran-linked groups, among others. Amid these concerns, Israel had warned its citizens to limit foreign travel and minimize openly identifying themselves as Israeli or Jewish.

Israel's National Security Council said on Sunday that it believes there is a continuing threat to Israelis and Jews in the region.

The investigation began on Thursday, when Kogan didn't arrive at planned meetings and the people expecting him informed Rivky Kogan, his wife, a person familiar with the matter said.

Rivky Kogan then turned to the security officer of the Chabad in the U.A.E., who contacted the local authorities for help. Those authorities eventually brought Israel into the investigation, the person said.

Kogan's body was found about 1½ hours from Dubai, the person said.

Israel has had long-running concerns about Iranian state actors trying to kill or abduct Israelis abroad. Iranian intelligence agents moved to kill Israeli tourists in Turkey in 2022, in a plot uncovered by authorities. Iran has also tried to kill Israeli diplomats, and Iran's closely linked group, Hezbollah, attempted to kill a former Israeli defense minister.

Iran's Embassy in Abu Dhabi denied allegations of Tehran's involvement in Kogan's death, Iran's semi-official Mehr News Agency reported.



Ola Eid searches for her belongings after an Israeli airstrike destroyed her home. Below, a strike in the Basta neighborhood.

War Drags Beirut Back Into Despair

BY JARED MALSIN
AND ADAM CHAMSEDDINE

BEIRUT—From his tiled terrace in the foothills overlooking Beirut, Mohammed Dayekh is watching a place he once loved go up in flames.

A 34-year-old director and screenwriter, Dayekh grew up in southern Beirut. Four years ago, he moved to the hills above the city after Hezbollah, the Iranian-backed militia group, tightened its grip on his old neighborhood and made it more conservative. More women started wearing the Iranian-style *chador* instead of Lebanese-style head-scarves, and men talked up Tehran's influence.

Now, Dayekh feels a flood of complicated emotions as he watches Israeli airstrikes hit the neighborhood. He had yearned for change in Lebanon, he said—but not like this.

"This place that I destroyed in my own mind is being destroyed by someone else," he

said, as fires from the strikes rose above the Mediterranean.

Beirut has staggered through war, economic collapse and a port explosion in 2020 that leveled much of the city center. Now, the latest conflict between Israel and Hezbollah, a U.S.-designated terrorist group, is dragging Beirut back into a cycle of violence, just as it was beginning to stabilize.

Israel says its airstrikes are targeting Hezbollah's infrastructure, including what it says are weapons-storage facilities and bunkers used by the group's military wing underneath Dahiyyeh, the Hezbollah-dominated neighborhood where Dayekh grew up.

Israel's military also says it is targeting the group's economic lifeline, including branches of a microlending bank under U.S. sanctions that is part of its sprawling network of social services.

Over a one-month period in September and October, the Israeli military issued 99 orders urging civilians to leave and stay away. The orders cover half the urban area of greater Beirut—five times greater than the area affected by a monthlong war between Israel and Hezbollah in 2006, according to a study by the Beirut Urban Lab at the American University in Beirut.

The bombings destroyed 325 Beirut buildings, including residential and commercial structures, over 30 days, the study said. Strikes have hit near Beirut's airport and hospitals, which are located near neighborhoods where Israel says Hezbollah is hiding its military and administrative infrastructure.

Bombings have intensified, despite hopes for a cease-fire. At 4 a.m. on Saturday local time, an Israeli strike leveled an apartment building in a densely populated residential area in the center of the capital. This time, there was no warning beforehand.

Hours later, rescue workers combed the pile of concrete in search of bodies. Silence settled over the street as a procession of men carried a body in a white tarp around a corner and down the pile of rubble.

Israel hasn't said what the target of the strike was. The Lebanese health ministry said 29 people were killed.

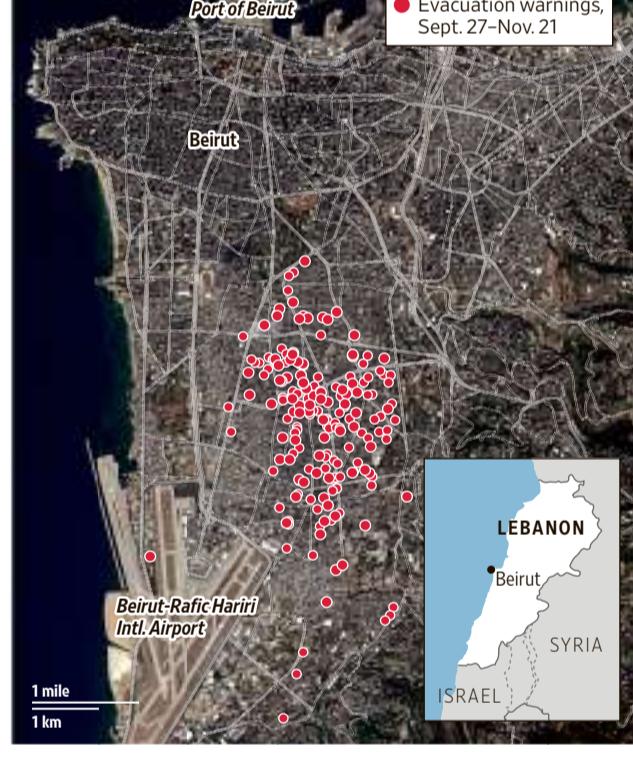
Overall, some 3,600 people have been killed in Lebanon over the past year, the Lebanese health ministry said. The conflict began when Hezbollah started firing missiles daily at Israel after Oct. 7, 2023, to show solidarity for Palestinians in Gaza, it said. Israel retaliated in an effort to stop the attacks.

The conflict also has caused \$8.5 billion in damage, according to the World Bank, nearly half of Lebanon's annual economic output, which had cratered after a financial crisis.

The Israeli strikes have largely emptied parts of the



The Israeli military issued evacuation warnings to residents of southern Beirut, instructing them to stay at least 500 meters, equivalent to about 546 yards, from the buildings marked.



Sources: Israel Defense Forces; Beirut Urban Lab (evacuation orders); Planet Labs (satellite image)

Shiite-majority southern section of Beirut, pushing tens of thousands of people into the other half of the city, including predominantly Christian, Sunni and mixed areas. The displaced have crammed into schools and churches, sleeping in their cars and pitching tents for a time on the city's beaches.

In the 1950s and '60s, Beirut attracted Hollywood stars and European jet-setters. But it never fully recovered from a 15-year civil war that began in 1975. When the war ended, Lebanon's government rebuilt the devastated capital. And for a while, the city boomed. A parallel boom took place in southern Beirut's Dahiyyeh neighborhood, as Hezbollah evolved into a political party that elected candidates to Parliament, launched a satellite channel and expanded its military forces.

Dayekh, the director, rose from Dahiyyeh's slums into a career in stand-up comedy and writing satirical shows for national cable networks.

While he loved Dahiyyeh and its lively street culture, Dayekh chafed at its growing ultraconservatism under Hezbollah's sway. When he overheard Hezbollah supporters speaking positively about Iran, it irritated him that they didn't know Iran was also the country of avant-garde directors he admired. He decided he needed to leave, just as Beirut fell apart again.

By 2023, Lebanon was learning to live with what felt like a permanent state of crisis. But Beirut residents watched warily as tensions in the region escalated after the Oct. 7, 2023, attack on Israel.

The Israeli airstrikes and invasion of Lebanon have driven more than a million people from their homes, with most converging on Beirut and its immediate surroundings, the Lebanese government said.

A strike on apartment buildings across from Rafiq Hariri University Hospital in late October threw Ola Eid, a 46-year-old actress, to the ground. "Everything turned to ashes," she said.

For Dayekh, moving to hills above Beirut has kept him out of harm's way. His father, who still lived in the old neighborhood, fled to Dayekh's house when Israeli warplanes dropped 80 tons of bombs nearby, killing Hezbollah's top leader, Hassan Nasrallah, in late September.

Now, Dayekh often smokes as he watches the fires from airstrikes, trying to make sense of his conflicted views about the damage to Dahiyyeh.

"I'm witnessing it being destroyed," he said.

—Wael Taleb contributed to this article.

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WORLD NEWS

Kyiv's New Missiles Pose Threat to Russia

Authorization to use weapons deeper into foe's territory comes as Moscow advances

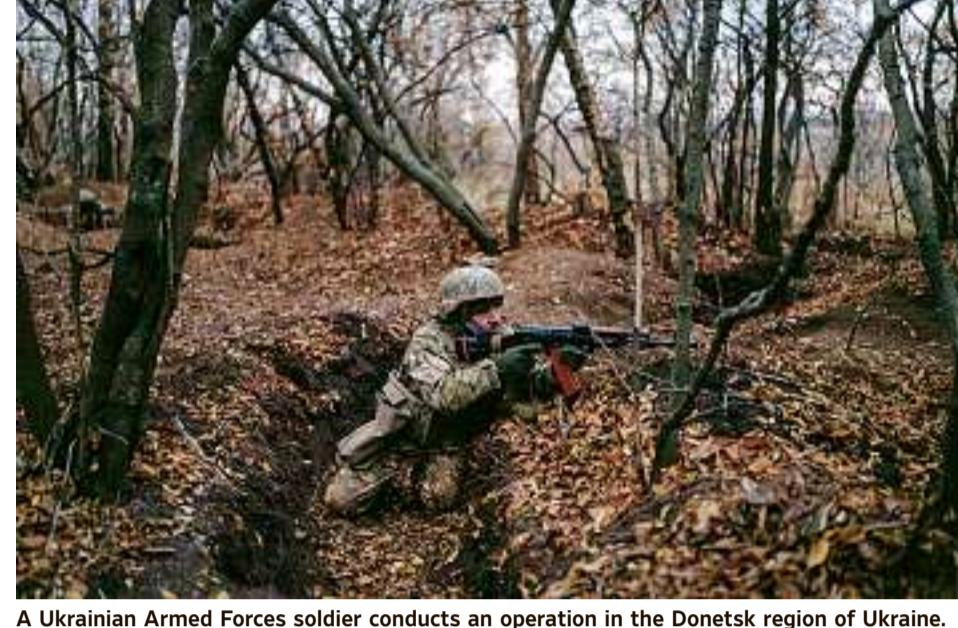
By JANE LYTUVYNNENKO

KYIV, Ukraine—A half-dozen U.S. ballistic missiles, fired by Ukraine, slammed into an ammunition depot some 75 miles across the Russian border early Tuesday, setting off further detonations that turned the sky red.

The following morning, 10 British-provided cruise missiles pounded the vicinity of a Kremlin-run sanatorium that was apparently used as a military headquarters, smashing one after another in the town of Marino, located in Russia's Kursk region about 20 miles from the front line there.

These two strikes, the first Kyiv launched with Western-supplied missiles after receiving authorization from the U.S. and allies, show the range of military targets now available to Kyiv.

The U.S. and its allies have permitted the use of the hard-hitting and difficult-to-intercept missiles at a critical time for Ukraine, which is struggling to hold back mounting Russian offensives along the 800-mile front line. Striking deeper in the rear will help Ukraine slow Russia's war ma-



A Ukrainian Armed Forces soldier conducts an operation in the Donetsk region of Ukraine.

which has a range of up to 190 miles, and Storm Shadow, which can hit about 155 miles.

The map reflects only a slice of the targets that can be deduced from publicly available information, said George Barros, an analyst at ISW. Ukraine can also act on information from intelligence agencies to go after command headquarters and other facilities that shift location.

"Eliminating a brigade or division headquarters can plunge hundreds of Russian soldiers into disarray for days," Barros said.

Previously comfortable on their own territory, Russians train troops, repair equipment, establish communications centers and run logistics routes all within reach of ATACMS and Storm Shadows. While Ukraine has had to maneuver to deliver equipment to its front-line troops, Russia hasn't, giving it a battlefield advantage.

One of the largest concentrations Ukraine could potentially target is in Russia's southern Rostov province. There, at least four airports are within reach, although some double as civilian airports and are unlikely to be targeted. Rostov is the landing place for many troops, transported in large military aircraft, equipped, loaded onto buses and driven to Ukraine's occupied east.

A strike in the region could

be devastating and scatter a key deployment ground for Russian troops.

It couldn't be determined whether Washington imposed any restrictions on the types of targets or regions Kyiv can choose.

In what was widely perceived as a response to Ukraine's strikes last week, Russia fired a nuclear-capable intermediate-range ballistic missile at the central Ukrainian city of Dnipro on Thursday, a historic first.

Ukraine hasn't appeared to use ATACMS or Storm Shadow missiles in Russian territory since. After the Russian IRBM strike, Ukrainian President Volodymyr Zelensky said use of the Western weapons is within Ukraine's legal right to self-defense.

"Putin is lying when he says that Ukraine's use of long-range weapons is supposedly some new step of ours," he said. "We have used this weapon before."

Ukraine's armed forces had already used the weapons on occupied territories, including in Crimea, where they have bombarded the ferries Russia uses to get supplies across the Kerch Strait to the occupied Ukrainian peninsula from mainland Russia.

They have also carried out a series of attacks on Russian air defenses, striking missile launchers and radars.

Battle For Kursk Intensifies

Continued from Page One reached an intensity rarely seen during 2½ years of war, as each side tries to strengthen its position before President-elect Donald Trump, who wants both sides to negotiate, takes office in January.

Moscow has deployed some 45,000 troops to the region, Ukrainian officials said, including some of its best forces who are attacking in nonstop waves. Despite enormous casualties, the strategy appears to be working: In recent weeks, Russia has retaken nearly half the territory Ukraine seized during its August incursion. Analysts said Russia might be planning an even bigger offensive there.

But Ukraine has also sent many of its best brigades to Kursk. In addition, President Biden's decision last week to allow Kyiv to fire long-range U.S. missiles into Russia has given Ukrainian troops a much-needed boost and a capability that could disrupt Moscow's supply and command lines.

Trump's pick to be national-security adviser, Rep. Michael Waltz (R., Fla.), said he had met with his counterpart in the Biden administration, and on Sunday expressed some support for the recent decision to provide Ukraine with long-range missiles and land mines.

"For our adversaries out there that think this is a time of opportunity, that they can play one administration off the other, they're wrong," Waltz said, speaking on Fox. "We are hand-in-glove, we are one team with the United States in this transition."

Still, some in Kyiv are worried that Trump's desire for negotiations will play into Russian hands. Ukrainian officials have said they believe Russia is trying to retake Kursk before Trump's inauguration. If Kyiv can hold on to some territory in Kursk, it could give Ukraine a valuable bargaining chip in any peace talks.

"It's the best Ukrainian



An American-made Bradley Fighting Vehicle sits in Ukraine's Sumy region, near the Russian border, where both sides are vying for control of Kursk.

SERHII KOROVAINY FOR WSJ (4)

Three Failed Mortar Strikes With Russians in Sight

Geniy, the battalion commander in Ukraine's 47th Brigade, said that when his troops arrived in the Kursk region two months earlier, Russians were defending the area with only conscripted soldiers. About six weeks ago, the Russian counterattack began.

After losing a dozen armored vehicles, Geniy said, the Russians abandoned that strategy and began sending men on foot in small groups.

From a command post near the Russian border, which Wall Street Journal

reporters visited last week, he watched a drone feed as three Russian soldiers crept through a forest toward a destroyed Ukrainian-held village in the Kursk region. Then, three more Russians appeared, not far away. Geniy called in a mortar strike, then another, then another. Each failed to hit them.

Unlike on the eastern front, the brigades fighting in Kursk are mostly well-equipped. Using U.S.-made Bradley Fighting Vehicles, Geniy said, his unit has been

able to conduct regular troop rotations in the trenches, something the constant threat of drones has rendered nearly impossible for units without top-line equipment. He added that long-range Western missiles changed the calculus in the region.

Geniy said the Russians have other advantages in Kursk: In the area where the 47th Brigade is fighting, Moscow has about three times as many men as the Ukrainians and six times as many small explosive drones used to attack vehicles and infantry.

has struggled to replace casualties with new troops. The Russians, he said, appeared to be trying to wear down the Ukrainians before an even-larger push to retake the Kursk region. He said that he didn't think Putin was currently ready to negotiate because he believed he was winning the war, but that could change if the U.S. were willing to increase arms deliveries to Ukraine as a lever to get Moscow to the bargaining table.

"The Ukrainian strategy there is to hold on to it as a bargaining chip and obtain a favorable attrition ratio vis-à-vis the Russians," he said. He said he believed it would be hard for Ukraine to hold Kursk, but added, "I think the Russians will have a tough fight."

Geniy, the battalion commander from the 47th brigade, said he wasn't sure how long they could hold Kursk.

"I think they'll eventually push us back," he said. "They add more power and more resources, and they have a goal to reach the border at any cost, so they will do it."

—Max Colchester and Aruna Viswanatha contributed to this article.



Ukrainian soldiers monitor the situation at the Kursk front line.



Vyachyslav Khomenko said it is hard to motivate his troops.



Members of Ukraine's 47th Mechanized Brigade.

FROM PAGE ONE

Children Go On Weight Loss Drugs

Continued from Page One
apy, encouraged her to walk more in their New York neighborhood and eventually sent her to weight-loss camp. Even while she was encouraging her daughter to be healthier, she felt bad about the way she was doing it.

"The real difficult part about being a woman is then having a child that's also going to be a woman and realizing all of the messed-up internalizing that you've done," says Handler, 40. "I started getting a lot of anxiety about her ending up like me."

Handler was still dealing with her own weight struggles. After having ramped up her exercise routine and trying multiple diets, she felt she had exhausted her options. She went to her doctor and asked about taking a GLP-1, the class of diabetes and weight-loss drugs known for brand names like Ozempic and Wegovy.

Handler, who has worked in e-commerce but now is looking for a job, couldn't afford to pay \$1,000 or more a month for the drug, which she says her insurance didn't cover. She looked into less-expensive compounded versions, which are custom, non-FDA-approved versions of drugs made by special pharmacies. Properly compounded drugs are legal and the pharmacies are largely regulated by state licensing boards. The FDA has warned about risks with compounded versions of the drugs, as well as counterfeit versions, which are illegal.

She began taking a compounded version of tirzepatide, the active ingredient in Mounjaro and Zepbound drugs, in March, and by November had lost roughly 75 pounds.

As her shame and fixation around food melted away, she began wondering if a similar drug could help Birdie, who was 12 and in the 98th percentile for weight.

'Almond moms'

In December 2022, the Food and Drug Administration approved Wegovy for weight-management in adolescents ages 12 and older with obesity, defined as having a BMI at or above the 95th percentile for their age and sex.

In January 2023, the American Academy of Pediatrics recommended doctors take a more aggressive approach on childhood obesity, advocating for early and intensive treatment, including weight-loss drugs. Roughly one in five U.S. children and adolescents have obesity, and such children are generally unlikely to grow into healthy-weight adults, research shows.

More than 30,000 adolescents between the ages of 12 and 17 were dispensed brand name and compounded GLP-1 medications last year, according to an analysis by University of Michigan researchers. Of that group, 60% were female.

Karla Lester, a pediatrician and board-certified obesity medicine physician in Nebraska who runs a telehealth service in 15 states for pediatric obesity medicine and coaching, says she regularly hears from



"almond moms" and "diet culture dads" who want to get their healthy-weight kids and teens on these medications.

Lester recalls one mom telling her: "My daughter is size six. She's body confident. She has friends, she's very active, but I can't help but think she would be better at a size 0."

In many cases though, doctors say these drugs offer kids with obesity a chance at a healthy future they wouldn't otherwise have by helping them stave off health conditions such as diabetes and heart disease.

Still, many pediatricians are hesitant to prescribe the drugs to kids, citing a lack of knowledge of their side effects, a dearth of long-term safety data and concerns over adolescents getting adequate nutrition while taking the drugs. Some doctors, including Lester, are especially wary of compounded versions, because their safety and efficacy aren't verified by the FDA, and they may contain different amounts of active ingredients than brand name versions.

Feelings of shame

When doctors won't prescribe the drugs for children, some parents turn to telehealth providers, which are staffed with doctors, nurse practitioners and others who can prescribe the drugs, including compounded versions.

That has created more concern about medical risks because some doctors say the drugs need to be carefully dosed and their effects monitored. Most telehealth firms don't require physical assessments and laboratory testing at follow-up visits.

Mochi Health, the telehealth obesity clinic Handler initially joined, says many medications don't require close monitoring of patients and that parents are largely honest about pro-

viding assessments of their children.

Birdie remembers watching the Nickelodeon comedy "iCarly" when she was 8 years old and fixating on Sam, Carly's loyal sidekick, whose food obsession is a long-running joke on the show. Birdie started comparing her own body to what she saw on the screen. "That was when I first learned that I had a bigger body type," says Birdie. "And then I felt bad about myself."

Feelings of shame, compounded by compulsive eating habits, followed.

A classmate made fun of her size. One morning at school drop-off, Birdie regretted selecting shorts to wear and refused to get out of the car, Handler recalls.

Still, Birdie says, she bought a dessert every day. Sometimes, she bought a second lunch in addition to the one she packed. She'd eat an entire bag of popcorn at the movie theater and feel sick after, Handler recalls.

As a parent, it was hard for Handler to watch her daughter develop shame about her body while also fixating on food—the obsessive thoughts about what and when to eat called "food noise." Handler, too, had ruminated over food choices and had felt ashamed. As a child, Handler's parents sent her to a weight-loss camp for at least five summers. She says the camp experiences were fun and helped her, though her fraught relationship with food continued.

When Handler floated the idea of sending Birdie to a similar camp, her husband protested: What if Birdie thought they were telling her something was wrong with her



Birdie, far left, started taking a weight-loss drug this summer. Her mother, Kait Handler, above, saw Birdie struggle with issues she had also dealt with, such as fixating on food.

SARAH BLEICHER FOR WSJ



body? What if there were psychological repercussions? But on one tearful day for her daughter, Handler decided the pros outweighed the potential cons. She showed Birdie a video taken from her own time at camp.

The summer of 2023, Birdie went. She lifted weights, learned about nutrition and took hours of Zumba classes. She lost weight but gained it back months later.

Early this year, Handler took

Birdie to see her pediatrician

about prescribing a GLP-1 drug. The doctor said she felt uncomfortable prescribing the medication, Handler says.

The pediatrician referred the family to a pediatric endocrinologist, whose office said there were no indications that she needed to come in for treatment. Birdie wasn't diagnosed with diabetes or prediabetes, but her "bad" cholesterol levels were high, according to the results of blood work taken in June.

This summer, she returned to camp. At 5-foot-1-inch tall, Birdie weighed 161 pounds before the session, putting her in the 98th percentile for girls her age. She lost 17 pounds.

But that only put her into the 96th weight percentile. To help Birdie maintain the loss and ease the food noise in her head, Handler made an appointment with Mochi, the telehealth clinic that she had initially joined herself, to get a GLP-1. (Handler's own prescription is now filled directly by a compounding pharmacy.)

A week or so later, a shipment of compounded semaglutide, the active ingredient in Wegovy and Ozempic, arrived at their door.

Birdie was skeptical. What if

her parents spent time and money on something that didn't help her? Handler assured her daughter that she could stop taking the drug whenever she wanted. After experiencing considerable weight loss herself, Handler wishes she'd had a drug to help her as a child.

"She's struggling with her own self-worth and this could alleviate those issues," says Handler. "Why wouldn't I give her the tool that she would need to do that?"

Patient protections

Some doctors and mental-health experts worry that beginning these drugs at such a young age could contribute to disordered eating, metabolic disorders and other potential health problems that they don't even know about yet.

A team of researchers at the University of California, Irvine raised alarms in a journal article about the use of such drugs among adolescents.

Dan Cooper, the paper's co-author and a pediatrics professor at the University of California, Irvine, worries that teens won't get the nutrition necessary for bone growth because the drugs make people feel full and eat less. He also worries that teens won't feel the need to exercise if they see their weight drop.

"We know that if you don't have sufficient bone mineralization between age 11 and your mid-20s, it's extremely hard to add new bone mineral," Cooper says. "During that critical period the things that will determine your bone mineralization are nutrition and exercise."

Tom Hildebrandt, chief of the eating- and weight-disorders program at the Icahn School of Medicine at Mount Sinai Hospital in New York, says that since January, he has been seeing about one new teen patient a month who wasn't overweight but who took the drugs—either from their own prescription or from a parent's prescription—for the purpose of losing a few pounds before a special event.

The teens were brought to him after losing so much

weight that they experienced starvation syndrome, a cluster of physical and psychological symptoms that occur when malnutrition forces the body to adapt, slowing digestion to a point where it becomes painful to eat. The teens now are in treatment for anorexia nervosa, Hildebrandt says.

Some mental-health providers and pediatricians say the medications, when prescribed with continuous oversight from a doctor who knows them well, have the potential to be lifesavers.

"I'm all for kids having the most tools in their tool kit that can help them be their healthiest," says Melissa Santos, who heads the pediatric psychology division at Connecticut Children's and specializes in pediatric obesity treatment.

Virtual visit

Shortly after returning from camp this summer, Birdie had her virtual visit with Mochi.

A doctor prescribed Birdie compounded semaglutide based on records Handler provided about Birdie's health and weight, Handler says.

Patients are required to have check-ins with Mochi's medical providers at least every 90 days, says Myra Ahmad, a physician who founded Mochi in 2022.

Birdie began taking the drug in August. She says she has maintained her weight loss from camp and has lost roughly 10 more pounds, which has dropped her to the 94th percentile. She feels more confident in her clothes and says she feels more in control of her decision-making around food.

In late October, Handler received a message on the Mochi platform informing her that the age threshold was changing to 13 instead of 12. Birdie will turn 13 in March. Ahmad says the change was due to the difficulty of complying with the Children's Online Privacy Protection Act, which is meant to restrict companies from collecting and disseminating children's personal data.

Handler is scrambling to keep Birdie on the medication through another telehealth platform.

"When I look at myself, I don't have as much shame as I did before," Birdie says. "The happier I get, the sadder I'll be when I'm not happy anymore."

Fish Milk Makes A Splash

Continued from Page One
to a separate facility where it is mixed with strawberry or chocolate flavoring and sugar, and boxed for distribution.

Mix the concoction with water and ta-da: fish milk.

"It just tastes like normal milk, at least to me," said Mafathil Khoiri, who manages production for the foundation, Berikan Protein Initiative.

While fish milk has limited reach so far—available online and distributed by a nutrition-focused community group—a senior fisheries official believes it is an idea whose time has come. Budi Sulistyono's ambition is represented on a map of Indonesia covered in dots of two colors. Blue shows potential factory locations where the powder can be made; orange marks

facilities where it can be flavored, sweetened and packed.

With state support, Sulistyono says the industry could employ 200,000 people, with a production capacity of 500,000 tons annually, worth an estimated \$4.5 billion. He personally favors the strawberry flavor though he says the chocolate hits better in the evening. "We're very optimistic," he said.

Health Minister Budi Gunadi Sadikin says that while Indonesians need to boost their nutrition, he prefers the variety of milk that comes from cattle. "We can grow cows," he said. "Or we can import the milk from Australia. Or we can buy an Australian cow company or milk company."

"There are many, many options to do before we are milking the fish," he said.

Powder derived from fish collagen—a protein found in collagen skin and scales—is sold in the U.S. and elsewhere, with companies promising healthier hair and youthful skin. With the Indonesian product, the powder comes from the flesh of the fish. That way drinkers get all

nine essential amino acids, the Berikan Protein Initiative said.

When Diah Rodiah first sampled fish milk, she found the odor offensive. The 27-year-old was introduced to the drink through Kitabisa, a nonprofit organization that delivers high-protein meals to expectant mothers. She started out with the chocolate-flavored option, which fish milk drinkers consider fishier-smelling than the strawberry one.

"I had to force it down," said Rodiah, who also didn't do herself any favors when she mixed the fish powder with hot water, which she thought brought out the smell even more. She traded hot water for ice cubes, and found that made the drink palatable.

Rosaedah, 23, who uses only one name, decided to play



Some fish milk drinkers say the strawberry version is more palatable.

pean Union has funded scientists at Norce, a research institute in Norway, to study how to remove the chemical that's the main cause of the fishy smell in certain fish protein powders. Last year, the Norce team, working with colleagues in Spain, published a paper demonstrating a way to banish the chemical. The team hopes their breakthrough will open the door to greater fish powder consumption, like protein-rich meals for the elderly.

Could these learnings be brought to Indonesia? Rasmus Ree, a Norce researcher, says he isn't sure, because his team did their studies on salmon and not ponyfish. Still, he thinks fish drinks have great potential. "This is something that would be useful, and hopefully economically viable," he said.

The origins of Indonesian fish milk trace back to 2017, when government researchers began exploring ways to derive protein from fish using a chemical process known as enzymatic hydrolysis. Berikan Protein Initiative piggybacked on the research, setting up a fac-

tory in 2021 and launching fish milk last year.

Fish milk proponents say it maximizes resources by allowing people to consume protein from the sorts of smaller fish that Indonesians often avoid eating. Some nutrition experts, however, argue that the last thing Indonesians need is more ultra-processed food with sugar and artificial flavoring.

Maqbulatin Nuha, Berikan Protein Initiative's chief executive, says the foundation is committed to a healthy product. It has cut the amount of sugar in fish milk from 13 grams in prototype versions to 4.7 grams.

But less sugar means there's less to distract taste buds from the fishiness. In reducing the sugar content, the group also cut back on the amount of fish protein, reducing the amount per serving from 9 grams to 5 grams. "We're more focused on market acceptance first," said Nuha, whose organization also makes fish protein-infused cookies.

—Betsy McKay contributed to this article.

PERSONAL JOURNAL.

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THE WALL STREET JOURNAL.

Monday, November 25, 2024 | A11



ELIZABETH BERNSTEIN

Kim Murray sat down in her office one recent morning, opened a notebook, and wrote a heading on the top of a page: "Things I am ungrateful for."

On her list: Car repairs. Technical issues with her website. Weight gain. A friend who let her down.

"It helps to acknowledge the things that are wrong," says the 54-year-old business owner from Howell, Mich.

Murray was pushing back against gratitude, or at least the dark side of it. Forcing ourselves to be grateful when we don't really feel it can be harmful to our mental well-being and our relationships, psychologists say.

This dark gratitude can prevent us from acknowledging, and addressing, the problems in our life. And it will only make us feel worse in the long run.

"We can't trick ourselves into positivity," says Peggy DeLong, a licensed psychologist in Long Valley, N.J. "Tough emotions need to be addressed or they stay with us and continue to grow."

Try telling that to the gratitude industry. Publishers, coaches, influencers and retail companies—not to mention actual therapists (and our moms!)—all admonish us to "be grateful." We can buy gratitude journals, listen to gratitude meditations and wear gratitude sweaters. Recently at a home-goods store, I heard a woman shopping nearby groan. "Even the plates are scolding me," she told her friend. What was written on the platter she was holding? You guessed it.

Being grateful is an American tradition, especially this week. And research has shown that it has mental- and physical-health benefits, including less depression and better sleep, relationships and success at work.

But gratefulness needs to be genuine to be effective.

What's harmful

Performative gratitude—compelling ourselves to be grateful when we're not—is a form of toxic positivity. The energy we expend trying to avoid the uncomfortable feeling will, ironically, keep us focused on the problem.

Then we feel guilty because we failed to be grateful.

"Forced gratitude is manipulative," says Sara Kubric, a psychotherapist based in Sydney, Australia. "It prevents us from taking responsibility to change things to make them the way we want them to be."

Pushing ourselves to feel grateful can harm our relationships, too. If we're putting on a facade, we're not being honest, which can



This Thanksgiving, Let's Avoid The Dark Side of Gratitude

Forcing ourselves to be grateful when we don't really feel it can be harmful, psychologists say

lead to resentment and a lack of communication.

Getting duped

It can also make us appear like a Pollyanna—someone out of touch with reality. And this can leave us vulnerable to people who see us as a pushover.

A series of not-yet-published studies from professors at Georgetown University found that when people express gratitude—if they say thank you—to a stranger in a competitive situation, such as a negotiation, the other person is more likely to engage in selfish or deceitful behavior.

Participants who were assigned the role of landlord and instructed to negotiate the rent on an apartment kept the price higher when they received offers that expressed gratitude for the negotiation, compared with offers that just stated a dollar amount.



"Grateful people may be perceived to be more forgiving and tolerant, so others may feel they can get away with something," says Jeremy Yip, assistant professor of management at Georgetown University's business school, who conducted the research.

Anti-gratitude practices

College student Anna Sago started to keep an anti-gratitude journal a few years ago, after becoming fed up with influencers on social media pushing gratitude journals and affirmations.

"I felt that there was no way that saying 'I am grateful' in the mirror four times has that

much of an effect on your life," says the 21-year-old senior at the University of Missouri. "I was surrounded with false positivity."

◀ Kim Murray, a business owner, has written lists of things she is ungrateful for.

Now, Sago lists the things that bother her each day—a bad haircut or embarrassment over tripping. She says her list helps her think through her problems and put them into perspective.

"It can help me let go," she says.

Murray, the list-writer in Michigan, developed her "things I'm ungrateful for" inventory after her husband died several years ago. She got sick of people telling her that she should be glad that she had time to prepare for his death, or was young enough to marry again.

"It was a defense mechanism to protect my sanity," she says. "Things get really bad sometimes, and it's OK to acknowledge the humanness of not being grateful."

Murray, who created a website to help widows, compiles her lists less often now. For each item, she asks herself a question: Can she let her anger go? If so, she writes down three actions to take. Then she shreds the list, so that no one else will see it.

Sometimes she writes a gratitude list, too. A recent entry: The

power in her home went out but the generator kicked on. "But I don't put stress on myself to be grateful every day," she says. "If I did, I would just feel bad."

Avoid the pitfalls

How should we approach gratitude to avoid the pitfalls and reap the benefits?

Start by recognizing that there is a difference between a positive mindset and gratitude. You can choose to make the best of a bad situation without forcing yourself to be grateful for it, Kubric says.

Acknowledge what is wrong. Name the emotion, such as anger, resentment or embarrassment.

Ask yourself if there is anything for which you do feel grateful. It's OK if there isn't. But this exercise can help you identify genuine gratitude—and to find a silver lining, DeLong says.

Lean into gratitude when you do feel it: Genuine gratitude is what reaps benefits.

Write it down. Tell someone. Back in it.

"You'll know when it's true," says Kubric.

FROM TOP: BIANCA BAGNARELLI; KIM MURRAY

College Aid Form Is Better, but Still Glitchy

By OYIN ADEDYOIN

Students and parents completing the revamped college financial aid application are finding the process is better than it was after its troubled rollout—but still glitchy.

The Free Application for Federal Student Aid for the next academic year is now open to all students.

It is the second attempt at a new Fafsa meant to make aid applications easier, but after the first try left the college admissions season in disarray. The form sent out erroneous aid estimates to schools.

Delays and confusion were common. Students

gave up or got discouraged, potentially costing them aid money.

The agency says many of the bugs from the rollout have been fixed. But some applicants say they are still getting booted from the form as they complete it. A small subset will have to complete portions manually.

While many issues have been fixed, "there are many more we need to deliver on in the coming months," said Jeremy Singer, Fafsa's executive adviser.

Fafsa will be a top challenge for Linda McMahon, whom President-elect Donald Trump last week nominated to run the Education Department. If confirmed, she will inherit



◀ The Education Department has added hundreds of support staff to help people having trouble filling out the college aid form.

may need to fill out the tax portion manually.

That applicant may also struggle to add their parents to the application if, say, one person abbreviates "Terrace" in the address line and the other doesn't.

Fixing the issues

Students who previously attended foreign high schools were finding the form wouldn't recognize their school. That was recently fixed, according to the Education Department.

In October, officials resolved an issue that was preventing applicants from inviting contributors with the last name of "Null" (computer-speak for zero), which blocked submission.

Delays caused by missing signatures, a particular issue last time, have been cut by more than 80%, the Education Department said Thursday.

► If confirmed, Linda McMahon will inherit the program that helps funnel more than \$100 billion of aid distributions each year.

On a recent night in Minnesota at College Possible, a nonprofit organization devoted to college access, roughly 40 out of the 60 families who attempted the application completed it. That is an improvement from earlier this year when about three out of 40 families were able to submit successfully in one sitting, said BG Tucker, senior director of programs.

On track for October

The Education Department said Thursday it is on track to launch next year's Fafsa form by Oct. 1. The House and Senate passed a bill requiring Fafsa to be released by that date.

"There's a lot of reputation rebuilding that's going to need to happen," said Isaiah Allen, senior director of external relations at College Possible.

"How do we re-engage students and families who struggled with this over and over last year?"



the program that helps funnel more than \$100 billion of aid distributions each year.

The struggles of the new Fafsa's first attempt led to just 46% of high-school seniors completing it, down from 53% in the prior year, according to the National College Attainment Network.

More support staff
The Education Department has since added 700 support staff to its call center to decrease wait times for those having trouble with the form.

It has also edited some of the form's wording, including clarifying a question about unsubsidized loans

that confused students the first time around.

The Education Department office that administers Fafsa is updating its website with some of the issues applicants should look out for and whether they have been resolved.

More than 167,000 forms have been completed as of Thursday, the office said.

During the initial rollout, students with undocumented parents encountered glitches that made it especially difficult to complete the forms.

Many of those issues have been fixed, the Education Department said. But a student whose parents don't have Social Security numbers

PERSONAL JOURNAL.

Find More Ways to Maximize Surprising Upsides of Aging

Stanford expert says in podcast that we need to rethink life at every stage to optimize longevity



By DANNY LEWIS

It turns out there's science behind the old saw "the older you get, the wiser you are."

Laura Carstensen, founding director of Stanford University's Center on Longevity, says research has made surprising discoveries about the way older people view their lives. With fewer "what-ifs," they appear to gain more clarity on their place in the world.

The number of Americans living to at least 100 is expected to quadruple over the next 30 years, to about 422,000 by the mid-2050s, according to the Pew Research Center.

Carstensen, who is 71 and a professor of public policy and psychology, says changes will be needed to make the most of those added years. She talked with The Wall Street Journal's Future of Everything podcast about how we could rethink life's traditional milestones.

What do you think most people get wrong about aging and mental health?

Most people believe that growing older is associated with loneliness and depression and anxiety, that mental health suffers. The very good news is, it looks like people do better emotionally as they get older. This has been so surprising to researchers and to the general public that it's probably been the most scrutinized finding about aging.

A lot goes wrong as we get

older. There are physical problems, losses of loved ones, age discrimination. There's a lot that isn't good about growing older, but people seem to do better emotionally. Older people have shorter time horizons. For many years, people thought that must make people miserable and scared. The interesting thing is there's a paradox. It actually makes people feel calmer not to have to prepare for this long and nebulous future, to be able to live more in the present.

So the Stanford Center on Longevity has developed an initiative you call 'the new map of life.' What is that?

The premise of the center is that longer lives are a great gift of time. But what we've done with these longer lives is to basically make them fit into our existing life-course ideas, so the only stage of life that actually got longer is old age. It doesn't appear to be good for individuals or governments or societies to have a large group of people kind of sit it out for 30 years. What we need to do is to rethink how we live our lives from the beginning all the way through, in order to optimize these longer lives.

So how should we rethink our lives, and how we spend our time during our best years?

We should make childhood longer, make high school longer. What if we had two years off during high school? One year you'd volunteer in the community, so it'd be some sort of public service. And the

other year you might serve as an intern in a workplace that you think you might like to end up working in.

Let's say we don't retire at 65 as a matter of course. Instead, we would have a new norm where people retired, but it was when they got sick or impaired physically or just couldn't stand the job anymore. Instead of working the way we do now, we'd work, say, four-day workweeks and six-hour days. At certain times in life, for example when you might have young children, people might go down to 30-hour or 20-hour workweeks. Together, two parents might be able to split child care and we could raise our own children instead of outsourcing them and having one person working mostly just to pay for child care.

We need to rethink education. If we're going to work for another 30 years, it doesn't make sense to end our educations in our late teens or early 20s.

At the same time, there are some stressors that older people are more likely to deal with than younger people—your body aging, loneliness, often financial stress.

Humans are pretty good at dealing with the cards we've been dealt, but humans are not very good with the "what-ifs." And young adulthood and middle age are just filled with what-ifs. The older we get, the more certain and the more predictable life feels. Even when it's not particularly appealing, at least it's more predictable.

One of the things that's impor-



Laura Carstensen, founding director of Stanford University's Center on Longevity.

tant to keep in mind is, life is hard at all ages. So when we say that older people are doing better than younger people, I don't mean older people are not ever experiencing negative emotions. It's just they're doing relatively better. Losing a loved one, having a physical disability—all of those things have been looked at and compared, younger and older adults facing the same kinds of problems and challenges. And older people tend to do better than younger people with those specific kinds of problems.

Why is that?

We've done some work in this area where we sample people throughout the day. We have them carry a pager, and we page them: Right now, what are you feeling? Are you thinking about the future, the past, the present?

Younger people are almost always thinking about the future. They almost always have one foot out the door, whatever they're doing. And older people seem to do better just being able to be in the present and enjoy the moment. I think that is because they don't have to keep planning. As people get older, it's clearer where they stand in the world and what they're good at.

And older people tend to look at the positive in life. There's a lot of evidence that when you show younger and older people different kinds of stimuli, and then later you ask them which ones they remembered, older people remember many more of the positive images than negative images. And younger people do the opposite.

What's different about dealing with mental illness as an older person compared with when you're younger?

Some people have psychiatric disorders and they're less likely to receive treatment than younger people are, in part because of these stereotypes that old people are just miserable. There was a longstanding belief in psychiatry and psychology that it was more difficult to treat older people, that it was harder for them to learn new things, so it would be harder for them to respond to, say, cognitive behavioral therapies. There has now been a lot of research

into that very question and it's not the case—older people do respond to both cognitive and behavioral kinds of interventions and pharmaceutical ones.

What does a future world with more older people look like?

Where we are headed now is a population that is fairly evenly represented across age. We could imagine a world, let's say, in the 22nd century, where people are expected to live their full lives and to be functionally healthy for most of it. It's a remarkable gift. Science and technology can help us get there.

It won't be a gift unless we also change society and the cultures that guide us through life. We need to change the norms. It will be good for older people and much better for younger people and the societies they live in if we can tap the skills and the assets that people have at different stages in life.

This interview has been condensed and edited.

Listen to Podcast

Scan the QR code to listen to a podcast with Laura Carstensen on how the milestones of life should be reworked.

Travel Deals Are Enticing, But Watch For Pitfalls

By DAWN GILBERTSON

My inbox is overflowing with travel deals for the upcoming retail-a-thon that is Black Friday, Cyber Monday and, yes, Travel Tuesday.

As with those Target door-busters and Amazon deals, it's easy to get sucked in.

But returning a purchase isn't as simple as trotting back to the store or the Whole Foods Amazon return desk.

I've covered these

deals for years and

haven't bought a sin-

gle one. That doesn't

mean you won't find

something that saves

you money. Before

you click buy on that

flight, cruise, hotel

stay, tour or vacation

package, some advice:

► Do some homework ahead of time. Find prices for your hoped-for dates and places and jot them down so you know whether it's really a deal. That "lowest price of the year" cruise line unlimited drink package isn't always that.

My advice: Don't leap at the first Black Friday deal you see.

And that 20% discount on a hotel might be off published rates, not the going rate.

► Join airline and hotel free loyalty programs now if you aren't a member.

Download their apps, while you're at it. Some deals are exclusively for members or offered early to them. IHG Hotels & Resorts, parent of InterContinental, Kimpton and other chains, is offering members 25% off stays across the world through April.

► Check the travel dates.

Some hotels are famous for having a limited travel window, with the most availability off-season. Marriott's 25% off sales are only good for travel into January.

That's great if your travel

plans are flexi-

ble but no good if

you can only go dur-

ing spring break.

► Read the refund

rules. This is a big

one. It's only No-

vember. What hap-

pens if you need to

change that Febru-

ary getaway? You'll

lose your money if

it's a prepaid deal or

nonrefundable.

► Look for gift card discounts or

promotions. This is one of the safest bets, since you decide where

and when to travel.

► Do the math, part 2. Once the

deals are live (plenty already are,

check other offers from the company and prices on other sites to see if you're getting a deal.

I was close to booking an attractive cyber deal from a Hawaii resort recently, but then I discovered a Costco Travel deal on the same hotel with perks that blew that deal out of the water.

AirPods aid

Raise your hand if you've used Apple's Find My feature to locate a misplaced phone or AirPods. Soon you might be able to use it to help your airline find that lost bag.

Apple recently said the next update to iOS will include Share Item Location. That means travelers us-

ing AirTags and other tracking devices will be able to share the location of their bag with an airline.

More than 15 airlines, including Delta, United, Air Canada, British Airways and Virgin Atlantic, will use it as part of their lost-bag process. No details or timeline have been announced. For those concerned with privacy, Apple says the shared location will be disabled once you're reunited with the item or will automatically expire within seven days. You can also turn it off.

None of this means you must run out and buy AirTags, of course. Several major airlines already offer digital bag-tracking through their apps and websites. Southwest

added it a year ago. Watching your bag can be both soothing (Yay, my bag made it) and stressful (Yikes, it's not showing up on this flight).

AirTags or compatible trackers will definitely help the airline pinpoint the bag's location and more quickly reunite you with it. No driving to that off-airport warehouse to try to find it when you can't reach the airline, like we saw in the summer of travel madness that was 2022.

Gift card surprise

One of my favorite gifts to give or receive is a travel gift card. Check those gift card stands at retailers this holiday season for a lineup of airline, hotel, cruise line and tourist attraction gift cards. If you're a Costco member, the warehouse chain frequently offers discounts on large Southwest Airlines gift cards.

Reliable help

A friendly reminder not to do a general internet search for a travel company's customer-service trouble-shooter next time an issue comes up. Find it on your reservation or the company's website or call your travel agent. There are scammers galore out there waiting to vacuum up your personal information, including your credit card number.

Get more from Dawn Gilbertson's WSJ Travel newsletter at wsj.com/newsletters.



FROM TOP: TATKA GO/SHUTTERSTOCK; LISA DENEF/PHOTOGRAPHY

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ARTS IN REVIEW

THE BEST MOVIES OF 2024 | KYLE SMITH

Bold Visions and Rising Stars

The year's top films include original dramas, thrilling adaptations and showcases for charismatic actors

Though the "Barbenheimer" phenomenon seemed like a punchline in search of a joke, the release of "Wicked" on the same day as "Gladiator II" did illuminate how culture works today. Yes, intellectual property—or "IP"—continues to exercise dominion over our art, but it doesn't have to mean the end of creativity. Whereas the latest Roman epic is a wan imitation of its predecessor, its multiplex rival turns the Oz story inside out. Instead of tired toga-wrapped political intrigue, "Wicked" poses relevant questions that stretch beyond politics: How much of what everybody knows is simply a constructed fiction? Conspiratorial thinking made for great thrillers in the '70s and it could reinvigorate filmmakers' imaginations, if they're willing to take a chance on doing something interesting.

"Wicked" (in theaters) or rather "Wicked: Part One," as the opening title has it, was my favorite film of the year, combining the magic of the Harry Potter movies (though it's far better than any of them) with the comic energy of "Mean Girls" (but it's much funnier than either of those features). The director, Jon M. Chu, isn't an auteur. He isn't interested in showy camera work or fancy editing. He simply serves up a terrifically entertaining story with thrilling musical numbers.

Auteurism was, however, very much the style of the other film that left me in awe this year: Brady Corbet's "The Brutalist" (in theaters Dec. 20). This staggering drama set in the world of postwar architecture proves that you don't need a big budget to create an outsize experience. (Mr. Corbet, previously a director of little-seen indies such as 2018's "Vox Lux," has said he had less than \$10 million to work with.) He passionately combines image and sound to elevate to mythic proportions a clash of personalities between a fiercely single-minded architect (Adrien Brody) and his equally strong-willed patron (Guy Pearce) as the two of them build a cultural center near Philadelphia.

At the other end of the state, in Pittsburgh, another battle of resolve takes place inside a working-class family in another period piece, "The Piano Lesson" (on Netflix). It's a searing adaptation of the August Wilson play from writer-director Malcolm Washington, star John David Washington and their father, producer Denzel Washington. As a hot-headed young man (John David Washington) seeks to avenge past wrongs with murder and a plan to purchase the land where his enslaved ancestors once worked, his sister (Danielle Deadwyler) refuses to let him sell the family heirloom, a piano carved with



Mikey Madison and Mark Eydelsteyn in "Anora," left; Austin Butler and Tom Hardy in "The Bikeriders," below.



Cynthia Erivo and Ariana Grande in "Wicked," above; John David Washington and Skylar Smith in "The Piano Lesson," right.

figures that represent the sorrows and endurance of African-Americans. Like the disputes of eras past, the piano is best left alone.

Both of today's most charismatic new movie stars, Austin Butler and Glen Powell, earned impressive summer showcases.

Mr. Butler, who took on the title role in "Elvis," returned in "The Bikeriders" (on Peacock), as a soulful member of a fraternally devoted group of 1960s motorcycle lovers in writer-director Jeff Nichols's finely detailed film based on an art book by Danny Lyon that delves into a mostly forgotten subculture of working-class Midwestern men with respect and wonder. Neither Montgomery Clift nor James Dean could have played the part any better.

And just as Mr. Butler embodies soul-searching, today's other nascent superstar, Glen Powell, radiates the self-confidence of Matthew McConaughey and Tom Cruise. In Lee Isaac Chung's "Twisters" (Peacock), a near-perfect example of the formulaic summer action blockbuster, the tornadoes were unstoppable but Mr. Powell was the true force of nature, forming half of the year's most adorable screen couple with Daisy Edgar-Jones. (Mr. Powell also seemed to have more fun than any performer in 2024 playing a series of fake hired killers in the Netflix comedy "Hit Man," which would have made my 10-best list if 11 were the same as 10.)

Plunging us into unfamiliar situations as effectively as Mr. Chung and Mr. Nichols



did, two more films with an especially keen sense of setting were "Anora" (theaters) and "September 5" (theaters, Dec. 13). The former is a madcap raunchy comedy about a poor stripper (Mikey Madison, in a star-making performance) who captures the heart of the wealthy young son (the amusingly louche Mark Eydelsteyn) of a Russian oligarch while the father's minions hilariously fail to split them apart. Writer-director Sean Baker's frantic fairy tale ricochets around Russian neighborhoods in Brooklyn as memorably as "What's Up, Doc?" did around San Francisco. By contrast, "September 5" virtually bolts us into a Munich television control room at the 1972 Summer Olympics, where Palestinian terrorists take the Israeli Olympic team hostage. Presented from the point of view of ABC Sports producers Roone Arledge (Peter Sarsgaard) and Geoff Mason (John Magaro), the film by Swiss writer-director Tim Fehlbaum uses a point-by-point rundown of the choices made by journalists covering an unprecedented situation to explore the sudden practical, legal and ethical dilemmas that arose out of what was supposed to be routine sports coverage.

A similarly claustrophobic feel intensified the scares in "Heretic" (theaters), which makes the most of Hugh Grant 2.0, now a virtuoso among mischievously sinister charac-

ters. In a snowbound house, Mr. Grant plays a man toying with a pair of visiting Mormon missionaries (Sophie Thatcher, Chloe East) who can't escape his lair unless they play his twisted game, which involves a doubter's chal-

lenges on the nature of religion but may not fully account for the possibility of redemption through faith.

Not quite as scary (though it was also rated R), the stop-motion animated feature "Memoir of a Snail" (theaters) was about sib-

lings, not mollusks. Australian writer-director Adam Elliot crafted a heartrending, crazily serpentine tale about an orphaned girl and boy who are sent to live in separate foster homes far apart and yearn desperately to be reunited. Finally, Pixar added yet another classic to its library with "Inside Out 2" (Disney+), which in accordance with company practice bobbed along delightfully on the surface but carried serious thematic cargo beneath. As anyone acquainted with today's youngsters can tell you, there's a frantic little imp running amok in the teen psyche, and her name is Anxiety. Unlike the Wicked Witch of the West, she isn't entirely a fantasy figure.

Check back each Monday for more Best of the Year coverage, and find a complete collection of it online at wsj.com.

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SPORTS

JASON GAY

Who Has It Better Than the Harbaughs?

A conversation about coaching and life with 85-year-old Jack Harbaugh, the father of two NFL head coaches



There's only one way to begin a conversation with human firecracker Jack Harbaugh.

Who has it better than us?

"NOOOOOO-BODY!" Harbaugh, 85, bellows over the phone from Ann Arbor.

That, of course, is the rally cry Jack Harbaugh used to do with his children John, Jim and Joani, back when they were little ones, as a way of teaching them gratitude. Hoofing off to school, dribbling all the way to basketball practice, a rough day at the ballfield—who had it better than the Harbaughs?

"It's what life is all about," Jack says. "You could be having a bad day. Things aren't going well as a parent, as a husband or wife, or in your business...you come home, and everyone's looking to see how you respond. If you turn out the lights and pout—that's how they'll react. But if you come in, look 'em right in the eye and say, 'Who has it better than us?'—no matter the situation, you'll get a smile."

The phrase became part of the Harbaugh family folklore, especially as John and Jim blossomed into football coaches, following in the footsteps of their dad, a coaching itinerant who became a Michigan assistant under Bo Schembechler and would later go on to win a Division 1-AA national title as the head coach at Western Kentucky.

Who Has It Better basically became a protest anthem last year during Jim and the Wolverines' contentious, Michigan vs. Everybody march to the national championship. (As a Wisconsin Badger, I've blocked this event out, but I'm reliably informed it did happen.) Jim would summon his dad on stage for a rendition after winning the title game.

John, who won a Super Bowl in the 2012 season when his Ravens beat his brother's 49ers, has also deployed his old man to uncork his catch phrase. Jack even crashed a Ravens press conference and tried to get the media to do it—then



Jack Harbaugh, center, with John Harbaugh and Jim Harbaugh ahead of Super Bowl XLVII in February 2013.

final year at the helm.

Last year, during his early-season suspension, Jim Harbaugh made a fuss about hiring his octogenarian father to be a trusted Wolverines assistant. Jack waves off the idea that he made a contribution.

"I don't want to blow the whole cover on that, but I didn't do anything," he says, chuckling. "I wasn't at practice. I wasn't on the sideline. I mean, I was nowhere."

Now Jim has returned to the pro ranks, his surging Chargers one of the surprises in the AFC. John's Ravens remain a contender with Super Bowl aspirations. Monday's game has playoff implications for both.

A parent will understand: navigating these historic showdowns (the Harbaughs remain the only two NFL head coach siblings to ever face each other) is delicate business for Jack and Jackie. They learned this the hard way at Super Bowl XLVII, where John wound up hoisting a trophy as Jim walked off the field in defeat.

They are fiercely proud of all their children's accomplishments. But happiness comes first, Jack says.

"I say happiness over success," Jack says. "You could be successful and not happy. Not much reward in that."

A few hours later, Jack calls me back—he wants to clarify a detail from our earlier conversation. At the moment, I'm driving the afternoon carpool from school with my sixth-grader, a seventh-grader and a third-grader.

Jack asks if he can speak to the kids. Of course he does. I don't need to tell you what he says.

WHO HAS IT BETTER THAN US? he hollers over the car speakerphone.

The kids, slightly baffled at the question, muffle their first attempt to answer, but Jack Harbaugh quickly coaches them up.

He asks again, and they nail the second try.

No-body!

The WSJ Daily Crossword | Edited by Mike Shenk



LUNCH TIME | By Alan DerKazarian

- Across**
- 1 "Holy cow!"
 - 5 Maze runner
 - 11 Gorilla or chimp
 - 14 Dunkable treat
 - 15 Free, as a pair of oxen
 - 16 Rap's ___ Nas X
 - 17 Walter White's show
 - 19 Woodsman's tool
 - 20 Spoil, as milk
 - 21 Prayer ender
 - 22 With all one's might, formerly
 - 25 Seller of Razr phones
 - 28 Nickname for golf's Ernie Els and New Orleans
 - 31 "Jeepers!"
 - 32 Lunch hour, for some
 - 33 Faucet
 - 35 River to the Bay of Bengal
- Down**
- 39 "As if!"
 - 43 Bible book read during Purim
 - 44 Vacuum's lack
 - 45 Melber on MSNBC
 - 46 St. Louis landmark
 - 48 Invite for a visit
 - 51 Michigan governor Whitmer
 - 55 Become less intense
 - 56 Tripod's trio
 - 57 Kenyan's neighbor
 - 60 Adams of "Arrival"
 - 61 Low-carb lunch, and a hint to the answers with circles
 - 66 Nada
 - 67 Come into view
 - 68 Luxury car from Germany
 - 69 Business card abbr.
 - 70 Emphasize
 - 71 Gas in lights
 - 72 Sailor, informally
 - 73 King who had the Labyrinth built
 - 74 Actor's negotiator
 - 75 Match, as a bet
 - 76 Long sandwich
 - 77 Mets pitcher Severino
 - 78 Domini
 - 79 "So help me!"
 - 80 Cocktail made with Scotch and vermouth
 - 81 Letters before an alias
 - 82 TV's Danson
 - 83 San Antonio landmark
 - 84 Dot on a screen
 - 85 Justice Kagan
 - 86 Prized Hawaiian coffee variety
 - 87 "So help me!"
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 - 161 Letters before an alias
 - 162 TV's Danson
 - 163 San Antonio landmark
 - 164 Dot on a screen
 - 165 Justice Kagan

Previous Puzzle's Solution

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

The contest answer is **SIREN**. As suggested by 16-66 Across (SIDE FOUR), the outer four letters of each theme answer make a word that fits the clue for another grid answer (TIER/STANDS, PALE/ILL, BAND/RING, ROCK/EMO, FANS/NUTS). The first letters of those answers spell the contest answer.

Kang Builds a Soccer Empire

BY RACHEL BACHMAN

Kansas City, Mo.

Michele Kang once spent \$35 million just to send a message.

Back in 2022, Kang was a minority stakeholder in the Washington Spirit, the National Women's Soccer League team in D.C., when she found herself locked in a power struggle with the club's then-owner.

The only way to solve it, she decided, was to buy the Spirit outright. "I just said, 'I'm going to set it at \$35 million,'" Kang recalls.

NWSL teams had been selling for \$5 million, at the time, or even less. But the way Kang saw it, the value of professional women's soccer was about to soar.

She wanted her bid—which some thought absurdly high—to set a new marker, she said, and "hasten that trajectory."

Two years later, Washington isn't just the cornerstone of Kang's growing women's soccer empire. It's also a winning club. On Saturday the Spirit fell to Orlando, 1-0, in the NWSL championship game, falling just short of its second title in four seasons.

"I really am doing this be-

cause I want people to wake up and say, 'This is a good investment,'" Kang said. "This is seed capital. I want more people to come in."

For a sport that just a few years ago had most owners operating their clubs on a shoestring, Kang has been revolutionary in markets all over the world. She has bought teams in France and England, and she has no plans to stop there.

Days ago, she donated \$30 million to bolster the U.S. player-development pipeline. And she's spending \$50 million to build a science, tech and performance hub to support her current and future clubs.

In Washington, she recently nabbed Magic Johnson as an investor in the Spirit. The basketball Hall of Famer, who high-fived Spirit star Trinity Rodman after her recent slam-dunk goal celebration, said he was impressed that Kang "invests not only in the athlete but the entire organization including coaches, trainers, and doctors."

Which amounts to a whole lot for someone like Kang, who didn't even know that the NWSL existed until 2019.

Kang grew up in Seoul, played soccer in elementary

school, but focused primarily on education. She moved to the U.S. for college, coaxing her parents to let her use the money they'd saved for her future wedding on her first year of tuition, and earned degrees at the University of Chicago and Yale. In 2008 she founded Cognosante, a health IT firm based outside Washington, D.C. Earlier this year, it was bought by Accenture.

In the meantime, the NWSL is booming. Average attendance has jumped 53% in five years to over 11,000, surpassing even the surging WNBA's 50% to just under 10,000. And the league's new broadcast-rights deal puts games where casual fans can find them: ABC and CBS, along with Ion and Amazon's Prime Video.

There is no guarantee that women's soccer's hyper-growth will continue. The NWSL's TV viewership remains modest, with 500,000 viewers considered a decent audience for a game. But Kang is betting that this is more than a bubble—and she's already shelled out \$35 million on the Spirit to make her point.

"Everyone thought that I was crazy, right?" she said.



Michele Kang owns the NWSL's Washington Spirit and teams in France and England.

LUNCH TIME | By Alan DerKazarian

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

JAMES A. PITTMAN/MAGNIMAGES/REUTERS

OPINION

The Market's Mixed Signals

INSIDE VIEW
By Andy Kessler

Who wins, stocks or bonds? The stock market is booming, with the S&P 500 up almost 25% so far in 2024. The 10 largest U.S. stocks make up 20% of the entire world stock market value. Wow. Meanwhile, bonds are saying, "No, no, we're in charge here!" Since the Federal Reserve cut short-term rates on Sept. 19, yields on 10-year bonds have risen—from 3.7% to 4.4%. Are they headed to 5%? The old tug-of-war between stocks and bonds, long dormant in the days of zero interest rates, has finally returned. Stocks are winning, but bonds may have the last laugh.

There are so many mixed signals. Stocks are up, signaling an economic boom. Oil is down as if we're headed toward a recession. Home prices are up as if rate cuts will continue. Gold is up, suggesting inflation is back.

The dollar is strong as if Europe, Canada and China are ailing (spoiler alert: They are.) Still, something's got to give.

Core inflation is rising and has been over 3% since April of 2021. Long bonds are signaling that the Fed needs to stop cutting rates.

Retail sales, adjusted for inflation, are in a three-year downturn. Target missed its

earnings target. Consumers are stretched. Record household debt has reached nearly \$18 trillion. There are also record mortgages, car loans, credit card debt and near-record student loans. Auto-loan delinquency rates are the highest since 2010. It's no wonder that U.S. bankruptcies are also the highest since then. Be skeptical of those saying Donald Trump is inheriting a strong Biden economy. Meanwhile, stock-market investors need the Fed to keep cutting rates.

Stocks are winning the cage match, but bonds may have the last laugh.

The S&P 500 risk premium, which is the earnings yield of stocks minus the 10-year Treasury rate, is basically negative. In effect, investors are paying for the risk of owning stocks instead of bonds. Weird. The last time this happened was in 2002.

The crypto market is crazy, with Bitcoin hitting new highs. One reason is that the company MicroStrategy (nicknamed MicroTragedy during the dot-com bust) is the bellows of the crypto hot air machine. MicroStrategy continually sells its overvalued stock, valued at three times the Bitcoin it owns, to buy more Bitcoin. Heck, I

would too. Yes, meme stonks are back. This won't end well. It never does.

More signs of bubblicious buffoonery? Palantir stock is up more than 250% for the year on artificial intelligence hype and is now worth roughly \$145 billion. It's a great company but is ahead of itself. The stock is selling at 483 times after tax operating earnings. And 55 times sales. Buyer beware.

How can this happen? I'm worried that our market plumbing is broken. There used to be human traders at exchanges, and then at Nasdaq terminals. Now trading is dominated by opaque high-frequency trading outfits. And quant funds. And it seems that institutional investors are taking a back seat to retail trading at brokers such as Robinhood. Hyesters can breathe on a stock and it goes up. That's not healthy.

The GameStop mess of early 2021, when retail investors squeezed short sellers, has never really been fixed. In a true buyer and seller market, this never could have happened. But our market's structure is broken, and stocks don't trade at their true clearing price, which eventually kills momentum investors who are always late to the party. In "Dumb Money," the 2023 movie about GameStop, the retail investor who calls himself Roaring Kitty is having dinner with his family, and his father remarks, "You're up 23

And don't fall for the New Era talk. This is often investors hyping what they own to entice new investors in so they can sell. Insider selling is rampant. Did I mention Palantir's CEO sold nearly \$400 million worth of stock in two days this month? As far as stocks, value always returns to normal. The current AI and now Trump trades are exciting. Invigorating. Mind-blowing, actually. But bonds may pop the bubble. The cage match between stocks and bonds will shape the next four years.

Write to kessler@wsj.com.

million? And you're not selling?" He then asked what every investor should ask: What "is wrong with you?"

The bond market is much deeper and easier to value based on yields. With the latest rise of long bond rates, I wonder: Are bond vigilantes back? Right now, the Federal deficit stands at 6.4% of GDP. The few times it has exceeded this level were the pandemic, after the financial crisis and during World War II. Fine company. Perhaps bond yields are up as a warning to the incoming Trump administration officials that they don't get a blank check to spend like drunken sailors. That bondholders won't stand for inflation. And don't you dare let Treasury Secretary Scott Bessent weaken the dollar. If Mr. Trump doesn't trim deficits, watch out below. His legacy will be destroyed by the bond market.

And don't fall for the New Era talk. This is often investors hyping what they own to entice new investors in so they can sell. Insider selling is rampant. Did I mention Palantir's CEO sold nearly \$400 million worth of stock in two days this month? As far as stocks, value always returns to normal. The current AI and now Trump trades are exciting. Invigorating. Mind-blowing, actually. But bonds may pop the bubble. The cage match between stocks and bonds will shape the next four years.

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BOOKSHELF | By Andrew Stark

Do the Right Thing, or Else

The Invention of Good and Evil

By Hanno Sauer

Oxford, 416 pages, \$29.99

Bernard Williams, the 20th-century moral philosopher, once considered the case of a painter who leaves his young family to devote himself to his art. Certainly the painter deserves criticism because he deserts those close to him. But he does so for an understandable reason—the desire to fulfill his artistic vision. Such a desire, though not necessarily a moral value, is a recognizably human one. If morality requires us to squelch what's essentially human within us, Williams argued, it can't always be the only criterion we use to guide our lives.

Many people, though, will resist the idea that morality should be treated as just "one value among others, not as unquestionably supreme," as Williams put it. Hanno

Sauer's "The Invention of Good and Evil," a sweeping history of morality's growing influence over our lives, helps us to see why.

Early on in our evolution, Mr. Sauer says, we started nurturing the value of cooperation as we formed small kinship groups. "Cooperation," he says, "was the first crucial moral transformation of our species." We also hit on the idea of punishment, to encourage pro-social behavior.

As millennia passed, Mr. Sauer says, small groups began interacting with one another, forging societies and giving emphasis to values like reciprocity and trust. Several strains of religion posited a soul, an interior essence "to hold our intentions [and] desires." This essence made our motives, not just our conduct, subject to evaluation.

Eventually we generated "moral rules that apply equally to every human being." In contemporary times, it has not been simply our motives and intentions but our zeal and fervor that are being assessed morally. Today the intensity of our ardor applies to everything from the coffee we buy to the pronouns we use.

In Mr. Sauer's account, morality expanded its domain over time: outwardly, by imposing obligations to our group, then to our society, then to the entire globe. It expanded inwardly, too, by assessing our behavior, then burrowing inside our minds to evaluate our motives, then going further still to ensure that our entire being was morally fit.

True, there were setbacks along the way. "Our early evolution," Mr. Sauer writes, "made us cooperative, but it also made us hostile to anyone who did not belong to our group." Punishment became at times harsh and excessive. And, as Mr. Sauer grants, moral views can conflict. Those who are pro-life and those who are pro-choice obviously differ dramatically in their views of right and wrong. But they each insist that their preferred morality govern reproductive matters.

Mr. Sauer, a philosopher at Utrecht University in the Netherlands, has written an ambitious, anecdote-rich account of morality's enlargement. Among other things, we learn that Adam Smith—despite his free-market bona fides—wanted to bar paid singing in public because he thought it a form of prostitution. In 16th-century England, morality even extended to inanimate objects, as when a

Today moral rules apply to everything from the coffee we buy to the pronouns we use, and we are judged by the intensity of our commitment.

Nottinghamshire haystack was arraigned for suffocating a man. And we are told of Tsutomu Yamaguchi, a man who fled to Nagasaki after the atomic bomb fell on Hiroshima, thus becoming a survivor "twice over." In morally evaluating Yamaguchi's lifelong antinuclear campaigning, we tend to weigh it not simply on its argumentative merits but in light of the personal experience that lies behind it.

If there's something missing from Mr. Sauer's survey, it is an examination of the views that have challenged morality's expanding authority. The problem, for the challengers, isn't that morality holds us back from becoming superhuman, as Nietzsche claimed. It's that morality of the sort Mr. Sauer is tracking—for him, moral precepts derive from evolutionary psychology, not revealed truth—can be inconsistent with what is, in the highest sense, ordinarily human.

Just as Bernard Williams suggested that our moral obligations to our family can conflict with the human value of fulfillment, so E.M. Forster argued that our moral obligations to the larger society can conflict with the human value of friendship. "If I had to choose between betraying my country and betraying my friend," he declared, "I hope I should have the guts to betray my country." Even if our friend morally deserves to be turned over to the authorities, the bond we have with him can—and, for Forster, should—take precedence.

In a similar fashion, as Mr. Sauer notes, when current philosophers expand our moral compass outward, obliging us to feed impoverished children across the planet instead of, say, buying our own child a bicycle, the admonition is met with understandable resistance. If we favor our child, the reason is not that we feel morally obliged to do so. It's that we feel a deeper connection, one that rests at the core of what it is to be human and lies beyond moral rules.

The expansion of morality inward too—from conduct to motives to our whole way of thinking—can also be at odds with our nature. Hamlet asked: "Use every man after his desert, and who should 'scape whipping?" And indeed, if we always judged everyday behavior on moral grounds, none of us would avoid constant punishment. Of Kantian moral philosophy, which stresses the purity of our intentions, Goethe declared: "Such a human portrayal . . . consists of nothing but light without shadows and leaves us cold."

There are contemporary movements that would make our entire psychology—our decision-making in the marketplace, our choice of language at the workplace—subject to moral censure or approval. But such matters can't be continually governed morally without crimping our capacity to live a recognizably human life. Mr. Sauer himself notes that in recent times morality "seems to be boiling over."

The expansion of the moral domain has brought many blessings for humankind, and Mr. Sauer details them well. But his book reminds us that there is another side to the story. A work complementary to "The Invention of Good and Evil" might wrestle with the difficult problem of how and when to limit morality in the name of humanity.

Mr. Stark is the author of "The Consolations of Mortality."

How Mexico Missed the Nearshoring Boom

AMERICAS
By Mary Anastasia O'Grady

Remember Mexico's nearshoring boom, destined to deliver fast growth, development and prosperity to North America's poorest nation? Neither do I. As Chicago-trained Mexican economist Isaac Katz wrote in Mexico's El Economista last week, the country has "lost the historic opportunity to attract large flows of foreign investment; nearshoring did not happen and will not happen."

Lots can change and it would be imprudent to declare that the favorable conditions Mexico once boasted, as a destination for capital, can "never" return. But today, the outlook is gloomy. Donald Trump's threats to stifle continental free trade are part of the problem, but much of the damage is self-inflicted.

Given Mexico's challenges, Ms. Sheinbaum's choices of where to trim spending are strange. Of note is the proposal to reduce the budget of the security ministry by more than 35%, despite enhanced powers granted by Congress last week. A serious commitment to fighting organized crime and terrorism will require an amendment to the security ministry's budget, either through reallocation or a bigger deficit.

Some budgetary reductions may be defensible, like the 30% cut to the ministry of culture. But the same can't be said for the 34% cut to the health ministry. The government says its health-insurance program—the Mexican institute for social security, or IMSS—will now also serve workers in the informal economy through IMSS-Bienestar.

But since informal workers don't make contributions to the IMSS system, it's hard to see how both programs will have adequate resources. There are already long wait lists to see an IMSS doctor or for surgery, and IMSS pharmacies have medicine shortages.

The country might have replaced China as the manufacturing hub for the U.S. It blew it.

Meanwhile, transfer payments and pensions, which put money directly into the pockets of Mexicans, will continue to grow. That may be smart populism but it's questionable governance. The treasury also will spend more than \$6.5 billion to amortize the debt of the failed state-owned monopoly oil company Petróleos Mexicanos, aka Pemex. Still, scarce Pemex investment and an ideological bias against private capital means that Mexico's petroleum output will stagnate.

Electricity shortages are likely to continue because the state-owned electricity company uses its monopoly on transmission and distribution to cross-subsidize money-losing generation. Without new investment, which it isn't expected, bottlenecks and recurring blackouts will get worse. In this budget, public investment in infrastructure falls to 2.3% of gross domestic product next year from 3% this year, which was already too low. For the next five years the government forecasts investment of 2% of GDP to satisfy all infrastructure needs including dams, roads, water, railroads, ports, airports, electricity and Pemex.

Businesses know that without cheap, reliable electricity, committing dollars to manufacturing is flushing money down the drain. And the state's discrimination against private investors in the oil industry has earned Mexico a bad reputation. The effects of the September "judicial reform," politicizing the courts, aren't yet known. Ditto for the recent elimination of independent regulators. But for sure, the investment climate is getting worse.

Odds are that the government's GDP growth forecasts of 2% to 3% in 2025 and 2.5% for the five years after that, while mediocre, are too optimistic. Independent forecasts put growth next year more realistically at 1% to 2%, which means tax revenue will be lower than anticipated, putting more pressure on the fiscus—and on the peso.

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Trump Can Get EVs Back on Track

By Jack Hollis

Federal and state governments have been trying to persuade Americans to buy battery-electric vehicles using mandates and taxpayer-financed incentives. These policies aren't working, and the sale of EVs has stalled.

The incoming administration can course correct by replacing these mandates and subsidies with policies that give customers affordable options while helping reduce greenhouse gas emissions.

Over the past four years, Toyota hasn't wavered in its goal of reducing greenhouse gas emissions as much and as quickly as possible. Our approach provides consumers with many choices: hybrids, plug-in hybrids, fuel-cell electric and battery-electric vehicles. We believe this is the best way to achieve meaningful emissions reductions while meeting customer needs. Data from the Environmental Protection Agency

show that, between 2017-22, Toyota outpaced all other manufacturers in reducing average greenhouse gas emissions from its new vehicles.

Current EPA regulations are a de facto electric-vehicle mandate because they set emissions standards that are impossible to meet without a majority of vehicles being battery-electric. Yet even with costly subsidies from taxpayers, EV sales are still less than 10% of the market.

To be clear, we support the rollout of battery-electric vehicles. Toyota has invested nearly \$14 billion to build a battery plant in North Carolina. But EPA mandates harm the auto industry's ability to offer a variety of zero- or low-emissions vehicle options at different price points and with different characteristics. We want everyone, regardless of budget or specific needs, to be able to contribute to reducing emissions. But unrealistic regulations favor one carbon-reducing option over, and at

the expense of, all others.

The California Air Resources Board has set a zero-emission vehicle mandate that goes even further than the EPA's. Starting in 2026, 35% of all new vehicle sales must be zero-emission. That percentage will continue increasing, and by 2035 all new passenger

Ditch the mandates and subsidies. Let consumer choice drive the market.

ger cars, trucks and SUVs sold in California must be zero-emission. A dozen states plus the District of Columbia have adopted California's rules.

None of these states are

selling anywhere near the 35% level required next year, despite federal and state government subsidies and unprecedented incentives from automakers. This will

distort the auto industry as companies funnel zero-emission vehicles to the states that have adopted California's rules, severely limiting the choices that consumers in those states want or can afford.

Artificial mandates and subsidies aren't working. We at Toyota believe that providing customers with affordable vehicles and a variety of options is the best path forward for reducing emissions. We believe the incoming administration should replace EV mandates and subsidies with policies that promote consumer choice while contributing to emissions reductions. A consumer-driven market will bring more stability and healthy competition to the auto industry, steady employment for workers and dealers, and more options for American families.

Mr. Hollis is chief operating officer of Toyota Motor North America.

OPINION

REVIEW & OUTLOOK

Punishing Google for Its Search Success

How badly does the Biden Administration want to punish Google? So much that the Justice Department's antitrust cops are now asking a federal court to hobble the search giant, even though their proposals would hurt consumers and could benefit China. That's only the start of the reasons to be skeptical of this government market meddling.

In a court filing last week, the DOJ proposed a slew of remedies for Google's alleged antitrust violations. Federal Judge Amit Mehta ruled in August that Google had maintained an illegal search-engine monopoly by paying web browsers and device manufacturers to be featured by default, even as he acknowledged this wasn't the primary reason for its success.

"Google has not achieved market dominance by happenstance. It has hired thousands of highly skilled engineers, innovated consistently, and made shrewd business decisions," Judge Mehta wrote. "The result is the industry's highest quality search engine, which has earned Google the trust of hundreds of millions of daily users."

No matter, the government now wants to degrade Google's search-engine quality to help less successful rivals. Start with its proposal to require Google to divest its popular Chrome browser, which by default uses the company's web search. DOJ says Chrome lets Google collect more data on users to better target ads and refine search results. Yet if advertisers and users benefit from this product integration, what's the antitrust problem?

DOJ also wants to ban Google from paying to be featured as the default search engine elsewhere. Forget that the judge said Apple and others chose Google primarily because it "provides the best bet for monetizing queries." Under their agreements with Google, they get a share of revenue. Prohibiting such deals would harm device manufacturers and other browsers.

The main beneficiary would be Microsoft's

The DOJ's meddling in internet search engines could hurt consumers and help China.

Bing search engine, which could bid less for default placement. Note that Microsoft's market capitalization is 50% larger than Google's. To hamper one tech giant, DOJ would bolster a competing colossus. Ditto for the government's plan to block Google from using artificial intelligence to improve its search engine. This would give a leg up to Microsoft's Bing AI tool, as well as OpenAI, which is developing its own search tool.

DOJ even wants Google to socialize its data. The government's filing proposes to force Google "to provide rivals and potential rivals both user-side and ads data for a period of ten years, at no cost, on a non-discriminatory basis." Could this include foreign competitors, such as China's Tencent or ByteDance? Don't worry, DOJ's filing suggests "proper privacy safeguards."

The state Attorneys General who have joined the lawsuit also want to make Google fund a "nationwide advertising and education program" to encourage Americans to use other search engines, including with "short-term incentive payments." Antitrust enforcers have clearly lost the plot when they want to force a company to pay customers to use an inferior competing product.

We're reserving judgment on a separate antitrust suit against Google's advertising practices. But consumer welfare has been the north star of antitrust law for four decades because it prevents regulators from remaking markets to reflect their own preferences. Even if the courts sign off on the DOJ's plan, how well it would work is an open question, given that Google owes its dominance in large part to its innovation and engineering talent, as Judge Mehta noted.

All of this is taking place as the U.S. is in a high-stakes race with China for the lead in artificial intelligence. Google is an American leader in AI investment. Antitrust policy was designed to police genuine market abuses, not punish companies for success.

Northvolt's Bankruptcy and the EV Crash

Electric-vehicle dreams are crashing into reality, and the latest signs come from Europe. Swedish battery manufacturer Northvolt last week filed for bankruptcy, one day after Ford announced 4,000 job cuts in Europe because of the government-mandated EV transition. Will the next Trump Administration learn from Europe's blunders?

"The global auto industry continues to be in a period of significant disruption as it shifts to electrified mobility," Ford said Wednesday. "The transformation is particularly intense in Europe where automakers face significant competitive and economic headwinds while also tackling a misalignment between CO2 regulations and consumer demand for electrified vehicles."

EV demand is softening in Europe as in the U.S., despite hefty subsidies and mandates. Europe's emissions regulations require manufacturers to produce increasing numbers of EVs. Such mandates and Chinese imports have resulted in an EV glut and growing losses for auto makers.

Volkswagen last month said it plans to close at least three German plants, cut pay and slash thousands of jobs. Cue the auto-maker pleas for government support. Ford last week said Europe needs more "public investments in charging infrastructure" and "meaningful incentives to help consumers make the shift."

Green industrial policy is failing in Europe, a warning to the U.S.

Public "investments" didn't much help Northvolt, which Brussels tried to stand up as a homegrown competitor to Tesla, China's CATL, and South Korea's LG Chem and Samsung. European governments backed a \$5 billion loan for Northvolt to expand a Swedish factory.

Northvolt's CEO at the time called the deal "a milestone for the European energy transition."

Northvolt has repeatedly run into production problems, which spurred BMW to cancel an order in June. Waning EV demand meant new orders would not be forthcoming. The bankruptcy filing will sting Northvolt's investors, which include Volkswagen, BMW, and Danish and Canadian pension funds.

Europe's auto layoffs and Northvolt's failure are warnings to the U.S. The domestic auto industry last week sent a letter to Donald Trump urging him not to scale back EV "incentives," their euphemism for taxpayer subsidies. Our sources say U.S. auto makers want to keep the Biden mandates with some regulatory flexibility because they have invested heavily in meeting them. Competitors like Toyota have been smarter and invested more in hybrid vehicles that consumers seem to prefer.

Green industrial policies are failing in Europe and the U.S., at tremendous cost to taxpayers and in misallocated investment. The Trump Administration has an opening to correct these mistakes.

Biden's \$17.75 Wage Rule Loses in Court

It's a day that ends in y, which means that the Biden Administration has lost another court case about executive overreach. President Biden issued an order in 2021 raising the minimum pay for workers on federal contracts to \$15 an hour (soon to be \$17.75). This is outside Mr. Biden's authority, according to a 2-1 ruling this month at the Ninth Circuit Court of Appeals.

Federal contracting law says the President may issue directives that he "considers necessary to carry out this subtitle." Yet the substance of such orders still must be rooted in the statute somewhere, Judge Ryan Nelson writes in *Nebraska v. Su*. A broad "necessary to carry out" clause "does not give the President unrestrained authority to issue any procurement policy that he desires."

The precedents are split. The Tenth Circuit said in April that the law "likely authorizes the minimum wage rule," which "advances the statutory objectives of economy and efficiency." In 2003 the D.C. Circuit held that President George W. Bush could require contractors to post notices about their right not to join a union, since that order had a "sufficiently close nexus" to procurement. Judge Nelson cites other Presidents adding strings to contracts back to a 1965 nondiscrimination mandate by LBJ.

But then he looks closer at Mr. Biden's policy. Judge Nelson says the Labor Department recognized that the higher minimum wage "will cost federal contractors \$1.7 billion and that this cost will likely be passed onto the

government." Any gains in productivity or turnover "are only expected to 'help offset the costs' of the rule—not to outweigh the costs." Mr. Biden issued the order only after proposals for a \$15 national minimum wage failed in Congress. Let's not pretend this contract rule is about procurement efficiency.

And where's the limiting principle? In other cases cited by Judge Nelson, courts said the government couldn't force federal contractors to impose Covid-19 vaccine mandates on workers. If vaccination requirements passed the "close nexus" test, the Fifth Circuit said in 2022, then the President could equally say procurement would be improved by forcing federal contractors to "take daily vitamins" or "live in smoke-free homes."

Perhaps the Supreme Court will want to hear this question to clarify. Even if not, it provides a lesson in how executive overreach goes. President Obama in 2014 issued an order requiring a minimum wage of \$10.10. Now Mr. Biden is trying to crank it to \$17.75.

This is social policy, and it limits competition, since contractors in low-tax, low-regulation states (including Nebraska) can't use their cheaper labor to their advantage. Both Ninth Circuit judges who ruled against Mr. Biden were appointed by President Trump, which might make progressives howl. But in two months, when Mr. Trump retakes office, they might learn to appreciate judges who see real limits on presidential power.

He can't mandate pay on federal contractors, the Ninth Circuit says.

LETTERS TO THE EDITOR

Readers Offer Advice to Musk and Ramaswamy

I applaud the sentiments expressed by Elon Musk and Vivek Ramaswamy in "The DOGE Plan to Reform Government" (op-ed, Nov. 21). I can't help but notice, however, that the crusade to cut down on government waste and redundancy will begin with the formation of another Government Accountability Office, which already functions to ensure government funds are spent efficiently and to save taxpayer dollars. I hope Messrs. Musk and Ramaswamy will put our money where their mouths are by either eliminating or renaming the GAO as one of their first acts.

NOLAN BEAL
Bennet, Neb.

If President-elect Donald Trump really wants to shake up Washington and drain the swamp, the first thing he and the Department of Government Efficiency, or DOGE, should do is to rescind Executive Orders 10988-1149. These executive orders grant federal employees the right to collective bargaining. That and Civil Service Act protections provide lifetime employment without any accountability.

AARON FRANK
West Hartford, Conn.

I loved everything I read in Messrs. Ramaswamy and Musk's op-ed. But one cost-saving measure was overlooked: jacking the \$7,500 electric-vehicle tax credit. As an entrepreneur and small-government crusader, Mr. Musk surely realizes this is an extravagant and unnecessary government benefit to wealthy Tesla owners.

He could show how serious he is about DOGE by combining an elimination of this tax credit with an immediate reduction of \$7,500 in the price of all Teslas. Lead by example.

NATE BRADEN
Denver

The contradictions in Messrs. Musk and Ramaswamy's op-ed would be amusing if they weren't so consequential. While declaring, "We'll reverse a decadeslong executive power grab," they outline a plan for the president to assert unprecedented power. Although unelected themselves, Messrs. Musk and Ramaswamy deride the work of unelected civil servants, while touting their own intent to undo a broad range of congressionally authorized protections for public health, safety and personal

finances. They are apparently immune to irony but, let's hope, not to the laws that will protect us from their efforts.

ALLISON ZIEVE
Public Citizen Litigation Group
Washington

Messrs. Musk and Ramaswamy rightly emphasize cutting regulations and reducing federal staff to streamline government operations. But their approach doesn't leverage a vital tool: federalism.

Without engaging the states, any progress made by DOGE risks being undone by future bureaucratic bloat. Devolving federal programs to states creates a natural enforcement mechanism. State leaders, once empowered, will have every incentive to resist returning power to Washington. Granting states greater authority drives efficiency and fiscal responsibility while allowing programs to be customized to address the needs and priorities of local communities.

JENNIFER BUTLER
State Policy Network
Chevy Chase, Md.

Messrs. Musk and Ramaswamy call federal employee telework policies a "Covid-era privilege." In fact, federal telework has been around for decades and accelerated significantly after the 9/11 attacks. The early 2000s push to promote it was focused in part on addressing crisis-management and disaster-recovery concerns.

More recently work-from-home policies have become a key recruiting and retention tool of all employers, public and private, to allow employees a better work-life balance. Why put the government at a competitive disadvantage in this regard?

PAUL A. DILLER
Wilsonville, Ore.

I voted against Mr. Trump in 2016 and 2024. I recently deleted my Twitter account when Mr. Musk essentially ruined the platform with his trolling and rage-engagement algorithms. Despite all this, and being against much of the Republican platform, I am in favor of the DOGE initiative. Even the bluest Democrat would have to agree that there is too much bloat, inefficiency and waste in the federal government. Trying to tame it should be a party-agonistic goal.

RAY BALESTRI
Dallas

Let Europeans Stand on Their Own Two Feet

Walter Russell Mead has it right in "Maybe Europe Needs Trump" (Global View, Nov. 19). Past U.S. presidents, perhaps not satisfied with doing what is best for America, put on the "Leader (and Check Writer) of the Free World" crown. President Biden received Germany's highest honor a month ago because he has done such a fine job protecting German domestic spending.

Europe's auto layoffs and Northvolt's failure are warnings to the U.S. The domestic auto industry last week sent a letter to Donald Trump urging him not to scale back EV "incentives," their euphemism for taxpayer subsidies. Our sources say U.S. auto makers want to keep the Biden mandates with some regulatory flexibility because they have invested heavily in meeting them. Competitors like Toyota have been smarter and invested more in hybrid vehicles that consumers seem to prefer.

Green industrial policies are failing in Europe and the U.S., at tremendous cost to taxpayers and in misallocated investment. The Trump Administration has an opening to correct these mistakes.

defense establishment. Unfortunately, he backed away.

Today, nearly three years after Chancellor Olaf Scholz said he would sharply increase spending, the German military remains historically weak. Mr. Trump won't be getting any awards from the Germans.

The European Union has about 10 times the GDP, and three times the population, of Russia. The Russian economy and military will be shattered for a decade post-Ukraine, giving the Europeans time to build a robust defense structure. But they won't do so if they believe we will continue to do it for them. The Europeans will never step up until we step away.

CMDR. JOHN FORTUGNO, USN (RET.)
Olympia, Wash.

HMOs Are Only a Problem When You're Sick

"Private Medicare" is a misnomer. Medicare Advantage is a taxpayer-funded HMO program ("The Sickest Flea Private Medicare," Page One, Nov. 13). Why do you think we have been bombarded, during the open-enrollment period, with millions of dollars' worth of Medicare Advantage advertisements? These programs generate huge profits, at taxpayer expense, for the sponsoring organizations—money that isn't being spent on patient care and services.

Health Maintenance Organizations (HMOs) are fine if you are healthy. But count on limited or delayed access to required specialty care. This can lead to unnecessarily aggressive treatment of a later-stage disease, poor outcomes or death. I saw these consequences all too often in my 33 years of practice in radiation oncology.

Taxpayers are funding corporate profits instead of medical care.

JOEL E. WHITE, M.D.
Danville, Calif.

It's Cloudy in Philadelphia

If author Paul Kahan needs any supporting data for his negative tone in Philadelphia ("A City's History, Warts and All" by D.G. Hart, Bookshelf, Nov. 21), he need only cite a billboard that greeted motorists on the Schuylkill Expressway in the 1970s: "Philadelphia isn't as bad as Philadelphians say it is."

Sarcasm? Hardly. The ad was paid for by businessmen to promote the city.

BOB MARTIN
Havertown, Pa.

An Unwelcome Endorsement

In "The Minimum Wage Loses" (op-ed, Nov. 21), Michael Saltsman and Rebekah Paxton state that "even an endorsement from Hillary Clinton couldn't save the measure" to raise Massachusetts' minimum wage for tipped workers. A more accurate statement would be that an endorsement by Mrs. Clinton contributed to the measure's defeat.

WALTER W. MITCHELL
Alpharetta, Ga.

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

Pepper ... And Salt

THE WALL STREET JOURNAL



"If I hire you as my lawyer, everyone will know I'm guilty."

OPINION

Britain Polices Speech but Not Much Else

By Dominic Green

London

British police last Thursday dropped their investigation of journalist Allison Pearson for a year-old tweet that offended an anonymous complainant. If she had been convicted of speech "likely or intended to cause racial hatred," she could have been sentenced to up to seven years in jail. Ms. Pearson is a columnist for the Daily Telegraph (for which I occasionally write). Her defense attracted international support and an outcry that caused the police to back down. But hers is only

Officers investigated Allison Pearson over an 'offensive' tweet. There are thousands like her.

one among thousands of similar cases, most of which receive scant attention. The British "bobby"—or police officer—previously armed with only a nightstick and common decency has become an Orwellian snooper. Britain, the font of law and liberty, has become a lawless place where a "two tier" justice system fails to prosecute criminals but takes Kafkaesque liberties with law-abiding citizens.

This year, Remembrance Sunday—Britain's Memorial Day—fell on Nov. 10. Ms. Pearson was dressing to attend her local remembrance ceremony when two police officers appeared at her door and told her that she was being investigated for a tweet she had posted a year prior. That was little more than a month after Hamas's Oct. 7 massacre. Anti-Israel marches were parading through the streets of London every weekend. Many of the marchers carried antisemitic signs and flags of terrorist organizations. The police stood by, and even claimed that calling for "jihad" at an anti-Israel march wasn't an incitement to violence.

On Nov. 16, 2023, Ms. Pearson saw a post on X showing police posing with what she took to be anti-Israel marchers. She responded by criticizing the police for "smiling with the Jew haters." Soon after, X users informed her that the event predicated the Oct. 7 demonstrations. The police were posed alongside a flag of Tehreek-e-Insaf, or PTI, a Pakistani political party. PTI, incidentally, does have a history of antisemitism. The party's former Foreign Minister Shah Mehmood Qureishi said Israelis use their "deep pockets" to "control media." But Ms. Pearson deleted her post and thought no more of it until a year later when officers knocked on her door while she was in a bathrobe.

Ms. Pearson's "victim," meanwhile, had spent the year thinking about it. A complaint was made to the Metropolitan Police, who passed it to Sussex police, where the aggrieved party lives. They sent it to the police in Essex, where Ms. Pearson lives. Essex police reportedly set up a "gold group," usually established to handle major incidents such as terrorist attacks.

In March 2024, a Telegraph analysis found that in the previous three years, police had failed to solve a single burglary in 48% of English and Welsh neighborhoods. In the 12 months leading up to August 2024, Essex police solved 12.2% of reported cases of assault, 9.6% of sexual offenses, 6.3% of burglaries, and 11.5% of domestic-abuse cases, according to the Telegraph. They did manage, however, to solve 18.6% of "racially or religiously aggravated" crimes. Essex police are almost twice as likely to solve crimes of racial or religious offenses than sexual offenses.

The public's loss of trust in the police is part of a wider social breakdown in Britain. A rudderless society is suffering a dual crisis of confidence and competence. Britain has been politically polarized since the Brexit referendum in 2016, and Covid lockdown measures only widened its post-2008 economic divide. For nearly three decades, a cross-



ALAMY

Journalist Allison Pearson in London on Remembrance Day.

party consensus agreed on the value of unskilled immigrants and multiculturalism. Neither Conservative nor Labour governments know how to handle the downside: surging street crime, simmering ethnic tensions that sometimes bubble into riots, apparently unstoppable illegal immigration, endemic Islamist radicalization and a steady drip of terrorist attacks. The police are overwhelmed by crime and undermined by a leadership that fears antagonizing "community relations." Unwilling to address the causes of

disorder, the state punishes the symptoms of disquiet, whether online or in the streets. Hassling law-abiding citizens for "hate crimes" makes the police the partners of bad-faith political activism and turns the courts into censors.

Ms. Pearson's case, however, has forced a public debate on the decline of free speech and the police's role in tightening Britain's already-narrow speech laws. Essex police are now embarrassed by the spotlight, but police leaders helped to set the stage. Many speech-re-

lated complaints are pursued as non-crime hate incidents, or NCHIs. As with "hate speech" investigations, the threshold for NCHI investigations is minimal and subjective: "perceived" hostility or prejudice against any "protected characteristics."

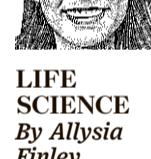
The Free Speech Union estimates that more than 250,000 NCHIs have been issued since the College of Policing invented them in 2014. The college is funded by the Home Office but operates autonomously as a quasi-nongovernmental organization. It was created under a Conservative government by Home Secretary Theresa May, who later became prime minister. Threats to public safety investigated as NCHIs include two secondary-school girls who said a fellow pupil smelled "like fish," and four boys who accidentally caused minor damage to a copy of the Quran. The four boys' NCHIs may appear on background checks for the rest of their lives.

The Court of Appeal has warned that the abuse of NCHIs has had a "chilling effect" on free speech. When Suella Braverman was the Conservative home secretary, she raised the bar for NCHI cases. Her successor, Labour's Yvette Cooper, wishes to lower it again. In a further threat to liberty, Labour also favors legislation against "Islamophobia" that, critics argue, will criminalize public discussion of the role of Islam in British life.

John Milton made the modern case for free speech in his *Areopagitica*, a plea for the "Liberty of Unlicenc'd Printing." It seems British officials today prefer to annual that license. Many Britons wish they had a local equivalent to the U.S. First Amendment. Most would prefer that the police enforce existing criminal law without fear or favor. The stability of Britain's society and the future of its democracy depend on it.

Mr. Green is a Journal contributor and a fellow of the Royal Historical Society.

Gavin Newsom and the Democrats' Delusional Recovery



LIFE SCIENCE
By Allyssa Finley

The first step to any recovery is admitting you have a problem. Some Democrats are starting to do that, but they still won't admit that their policies are the cause. Take California Gov. Gavin Newsom, whose

folks have been especially squeezed by high energy prices caused by the state's climate policies, which have also killed manufacturing and energy jobs.

Yet two days after Mr. Trump won election, Mr. Newsom ordered a special legislative session to "Trump-proof" California's progressive policies, such as its electric-vehicle mandate and sanctuary-state status. The following day, his Air Resources Board approved a regulation that it projects will raise state gasoline prices by 47 cents a gallon come next year.

High-rollers in Beverly Hills who drive Teslas and work from home won't be harmed by such increases, but what about the millions of Californians who live in the state's interior and commute to coastal areas where most of the state's jobs are? Progressives in Sacramento never seem to give them much thought.

A state Legislative Analyst Office report last week painted a picture of two Californias: one prospering because of booming stock prices, and the other languishing from inflation and sluggish private job growth.

"California's economy has been in an extended slowdown for the bet-

ter part of two years, characterized by a soft labor market and weak consumer spending," the report noted. "Outside of government and health care, the state has added no jobs in a year and a half." Blame high taxes, an increased minimum wage and climate regulation, among other progressive policies.

They know they have a political problem, but their solution is to pour another shot of progressive policy.

California's state income-tax revenue has climbed this year thanks to rising stock prices, which have boosted capital gains and employee bonuses. Stock compensation alone at four major tech companies made up nearly 10% of state income tax withholdings during the first half of this year, the report noted. Meanwhile, unemployment in inland areas is at recession-era levels.

Mr. Newsom last Thursday attempted to demonstrate that he's learned the lesson from Ms. Harris's

defeat by visiting the state's Central Valley. "You know, some people talk about [how] this economy is booming, inflation is cooling, lowest unemployment in our lifetimes," he said. "But people don't feel that way. They feel like the economy is not supportive."

Raising gas prices certainly won't make them feel better. Mr. Newsom's prescription to "support" California's ailing regions is \$120 million in largesse for "job-creating projects aligned to state priority sectors"—namely, green energy. In other words, he plans to double down on the Biden administration's failed economic policies.

In all fairness, Mr. Newsom isn't the only Democrat who can't seem to put down the bottle. Days after the election, New York Gov. Kathy Hochul revived a \$9 tax on commuters driving into lower Manhattan. The governor shelved the plan in the run-up to the election because Democrats worried that opposition in the city's suburbs would cost them House seats in Congress.

The tax will especially hit taxi and Uber drivers who will lose riders as a result of higher fares. Alas, the only constituents Democrats seem to care about these days are

public unions. Democratic lawmakers will squeeze voters with ever higher taxes to reward their government union friends who fund their campaigns.

Witness Chicago Mayor Brandon Johnson, an incorrigible spending addict, who is seeking to raise taxes on homeowners, liquor sales, cloud computing, streaming platforms and more to pay the city's soaring pension bills. Chicago households on average pay more than \$5,000 in taxes for state and local government worker pensions, which is more than most contribute to their own retirements. There's one for you, and 19 for Chicago's Taxman. High taxes are driving off businesses and residents. The Windy City is losing population faster than Puerto Rico. But Mr. Johnson doesn't think the city has a problem, or at least not one that can't be fixed with higher taxes.

Same for Democrats in California, New York and other progressive bastions. In electing Mr. Trump, tapped-out voters said enough to tax-and-spend government that fueled inflation. Democrats recognize their political problem but their solution is to pour another shot.

I'm Putting Together a Legal Dream Team to Defend Israel

By Alan M. Dershowitz

The International Criminal Court, of which neither Israel nor the U.S. is a member, has issued arrest warrants for Israel's prime minister and former defense minister as well as a Hamas terrorist commander who is probably dead. Although Benjamin Netanyahu and Yoav Gallant can't be arrested in the U.S. or Israel, several European countries have already indicated they would arrest them, if they are found within their territory.

This case will be tried in a court-room in The Hague. It will also be

tried in the court of public opinion, both in the U.S. and throughout the world. For that reason, I am assembling a team of world class lawyers from around the globe to help defend Israeli leaders against the false charges.

Following a few calls shortly after the ICC announcement, several prominent lawyers agreed to join. They include former U.S. attorneys general Michael Mukasey and William Barr, former Solicitor General Seth Waxman, former FBI Director Louis Freeh, as well as former Canadian attorney general and minister of justice Irwin Cotler. Other former

judges, government officials, prosecutors and current professors and criminal lawyers have signed on, including Andrew Cuomo, the former attorney general and governor of New York.

Among the distinguished lawyers are Kendall Coffey (former U.S. attorney in Southern Florida), Floyd Abrams, Susan Estrich, Nathan Lewin, Benjamin Brafman, Arthur Aidala, Ron Sullivan and other former prosecutors. Nadine Strossen, the former president of the American Civil Liberties Union, has agreed to join our group, as has Mark Levin who served as chief of staff for Attorney General Ed Meese and now has a widely watched TV show.

Interestingly, David Boies—one of America's most famous litigators—has agreed to work with us. He and I have been involved in antagonistic litigation against each other for years, but we agree on this issue, and he is enthusiastic about joining me in this effort.

We will argue that the ICC has no jurisdiction against Israel, not only because it isn't a member, but also because the treaty that established that court precludes it from considering cases against any country with a valid judicial system that is willing and able to investigate the alleged crimes. This concept is called "complementarity." Israel has one of the best and most independent legal systems in the world, one that is both

willing and able to investigate its own leaders. The Israeli courts have convicted and imprisoned a former prime minister, a former president and several ministers. Hamas has no such judicial system.

We will also demonstrate that Israel's actions in Gaza don't violate any international law or laws of war

With its arrest warrants, the International Criminal Court disgraces the rule of international law.

mately 1,450 Israelis, mostly civilians, with the self-defense efforts of Israel to prevent a promised recurrence of Oct. 7. Without making comparisons to the Holocaust, the ICC—which along with the International Court of Justice has shown bias against Israel for years—would probably have issued warrants against the Jewish fighters in the Warsaw ghetto along with the Nazis who were seeking to murder them. By pursuing these illegal and unjustified warrants, the ICC has lost its credibility. The U.S. should sanction the institution. This process is already under way in Congress and should be pursued.

The validity, legitimacy and acceptability of international law and the laws of war depend on the application of a single standard. The double standard that has been applied by international tribunals against the nation state of the Jewish people is demonstrated by the issuance of these arrest warrants. In opposing them, our group of lawyers hopes to bring justice to Israel and its leaders, as well as the rule of international law, which is being disgraced and destroyed by the ICC. We welcome others to join in this endeavor.

Mr. Dershowitz is a professor emeritus at Harvard Law School and author of "War Against the Jews: How to End Hamas Barbarism."

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over which the ICC has jurisdiction. Even if the inflated numbers of casualties provided by the Hamas Health Services were accurate, the proportion of civilians to combatants killed by the Israel Defense Forces would be lower than in any comparable war anywhere in the world. This certainly doesn't qualify as genocide or any other war crime. In addition, the efforts by Israel and the international community to send food and other provisions into Gaza have been stymied by Hamas and by gangs who have stolen the shipments.

By issuing arrest warrants for Israeli leaders and one Hamas terrorist, the court is seeking to equate the terrorism of Hamas, which murdered, raped and kidnapped approxi-

WORLD NEWS

U.N. Reaches \$300 Billion Climate Deal

Wealthy nations to triple annual outlays; Trump is expected to reject the agreement

By MATTHEW DALTON

BAKU, Azerbaijan—The U.S., Europe and a handful of other rich countries agreed to triple the financing they provide for climate-change projects in the developing world to at least \$300 billion a year by 2035, signaling their commitment to the Paris climate accord despite a looming obstacle: the incoming presidency of Donald Trump.

The Trump campaign pledged to pull the U.S. out of the Paris agreement, and his administration, backed by the Republican-controlled House of Representatives and Senate, is likely to cut U.S. climate financing over the next few years, fueling doubts about America's ability to fulfill the Baku agreement, at least in the near term. That puts pressure on Europe to help fill the

hole left by the U.S. as government budgets on the Continent are squeezed by spending to arm Ukraine and rebuild their militaries against the threat from Russia.

Wealthier members of the developing-country bloc—China, the oil-rich Persian Gulf states and a handful of others—agreed to limited steps that could help pick up the slack. The final agreement notes the “voluntary intention” by developing countries to allow their share of climate financing provided by the World Bank and other multilateral development banks of which they are shareholders to count toward the new financing goal.

Developing countries didn't object to the agreement before it was adopted in Baku, but expressed outrage immediately afterward. They were looking for an annual financing goal in excess of \$1 trillion by 2030.

A member of India's delegation said Mukhtar Babayev, the Azerbaijani official presiding over the conference, ignored her request to make a statement before gaveling the debate closed.

“We are disappointed with the outcome, which clearly brings out the unwillingness of developed-country parties to live up to their responsibilities,” said the Indian delegate, Chandni Raina. “India does not accept the goal proposal in its present form....The goal is too little, it is too distant. It is 2035, too far gone.”

Higher-income countries in the developing bloc rebuffed demands from Western countries to commit to providing climate funds to poorer countries. That would have blurred the categories of developed and developing set out in the first United Nations climate treaty of 1992, a divide Western nations say no longer makes sense. That treaty and the Paris agreement say only developed countries are required to provide climate finance.

In theory, higher-income developing countries are enti-

tled to receive such funds under the U.N. climate treaties, but in practice the countries have increasingly been investing in green-energy projects in other developing countries. China has provided some \$25 billion in climate financing to poorer countries since 2016, Chinese officials said.

The world is facing growing costs from extreme weather that scientists have linked to the effects of climate change. This year is likely to be the warmest on record. It is also likely to be the first, according to European Union climate scientists, that averaged 1.5 degrees Celsius over preindustrial-era temperatures, a key threshold set out in the Paris accord. Temperatures have been so high that scientists have been at a loss to explain them, even accounting for the buildup of greenhouse gases in the atmosphere.

The first, according to European Union climate scientists, that averaged 1.5 degrees Celsius over preindustrial-era temperatures, a key threshold set out in the Paris accord. Temperatures have been so high that scientists have been at a loss to explain them, even accounting for the buildup of greenhouse gases in the atmosphere.

Scientists have said the heat over the past year has supercharged destructive weather around the globe, from the powerful hurricanes that have slammed the U.S. to torrential rains in Europe, while exacerbating drought in such places as the Amazon River basin.

The agreement in Baku will cover only a fraction of the cost for poorer countries of adapting to climate change and shifting to clean energy. Officials have said the bill could total trillions of dollars a year after 2030.

The accord calls on wealthy economies to send \$1.3 trillion a year—but that figure includes all financial flows, even those not linked to government policies. Critics said it was thus a figure for which wealthy governments couldn't be held accountable if it wasn't met.

Rich nations said \$300 billion was the best they could realistically offer, with Trump coming to the White House, war in Ukraine and the rise of nationalist political forces in some European nations.

“We are living in a time of

truly challenging geopolitics,” Wopke Hoekstra, the European Union climate commissioner, said at the conference. “We should simply not have the illusion that the world will soon get better. Sealing a deal is truly exceptional.”

Developed countries have struggled to scrape together the funds to meet a previous goal set in 2009: \$100 billion a year by 2020. They met it two years late in 2022, sending \$115 billion to the developing world. That includes direct government support as well as private-sector financing that piggybacks on the government investment.

Western countries were lobbying China, Saudi Arabia and other higher-income countries in the developing bloc to help out. China's carbon-dioxide emissions have soared since 1992, and they are now the world's largest, with a third of the global total. China's emissions are so large that its cumulative emissions since the dawn of the industrial era now exceed those of the 27 nations of the EU.

Canada Willing to Bypass Mexico in U.S. Trade Deal

By VIPAL MONGA
AND SANTIAGO PÉREZ

Canadian leaders are signaling they are willing to throw Mexico aside in a bid to curry favor with the incoming Trump administration as they prepare for tough trade talks.

With a scheduled review of the U.S.-Mexico-Canada Agreement beginning next year, Canadian leaders, including Prime Minister Justin Trudeau and his finance minister, have said they are ready to make a new deal with President-elect Donald Trump alone, cutting Mexico out.

Canadian leaders say they are worried Mexico has become a backdoor to the North American free-trade zone for Chinese products, much of which would otherwise face steep tariffs in Canada and the U.S. Trudeau said he raised these concerns with Mexican President Claudia Sheinbaum on the sidelines of the G-20 summit in Brazil.

“There have been real and genuine concerns raised about Chinese investment into Mexico that I brought up directly with the Mexican president, that I know the three countries are going to have to lean in and work on,” Trudeau said on Thursday. “Ideally, we do that as united North American market, but pending decisions and choices that Mexico has made, we may have to look at other options.”

Sheinbaum dismissed Trudeau's comments as campaign rhetoric ahead of Canadian elections next year. Trudeau's approval ratings

have plunged in recent months.

Mexican trade officials say there is no evidence China is using Mexico as a backdoor to export goods to the U.S. and Canada tariff-free. U.S. and Mexican customs authorities coordinate trade inspections, and both countries impose hefty sanctions on companies breaching import rules.

“The prime minister doesn't agree with removing Mexico from the treaty, he told me quite clearly, and we agreed to continue talking,” Sheinbaum said of Trudeau.

Canadian officials are trying to isolate Mexico to align themselves more closely with Trump, who criticized Chinese investment in Mexico during the presidential campaign.

Trudeau had an antagonistic relationship with the president-elect, but he is trying to build closer ties to demonstrate the value of the countries' trade links.

The jostling highlights the angst Trump's victory has caused in Canada and Mexico, countries that send 80% of their exports to the U.S. The three countries replaced the North American Free Trade Agreement with the USMCA during Trump's first term.

Trump said he would reopen the USMCA to get better terms for the U.S., under provisions of the trade deal allowing for a review of the agreement in 2026, though discussions among the three countries are expected to start next year.

Trump also has promised to implement protectionist trade measures like across-the-board

tariffs on all imports soon after he becomes president.

The U.S. conducted \$1.6 trillion in trade within the USMCA in 2023, according to U.S. government data. Mexico is the U.S.'s largest trading partner, with Canada a close second.

Luis Rosendo Gutiérrez, Mexico's deputy trade minister, said on Tuesday that China's foreign direct investment is significantly higher in the U.S. and Canada than in Mexico. Gutiérrez said 68% of China's investments in North America go to the U.S., more than 31% to Canada and just 0.4% to Mexico.

“Check your data, there it is. What are you talking about?” he said of the backdoor fears.

During the presidential campaign, Trump often singled out Mexico's auto industry and its ties with Chinese manufacturers. At campaign rallies, he said he would impose duties ranging from 100% to 200% on cars from Mexico. “We're not going to let it happen. We're not letting those cars come into the United States,” he said during one campaign rally in October.

The Mexican government

said there are no Chinese carmakers manufacturing in Mexico, while China's BYD has a bus-manufacturing plant in California.

Trudeau's finance minister, Chrystia Freeland, said she shared the “grave concerns” harbored by the Biden administration and advisers to Trump about Chinese investment in Mexico. “We are per-

fectedly aligned with the U.S., and that means we are not a backdoor to Chinese unfair-traded goods. The same cannot be said of Mexico.”

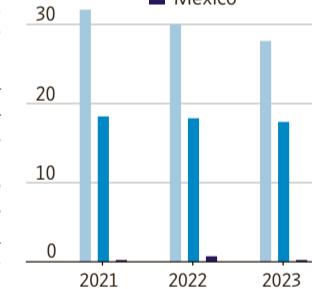
The premier of Ontario, Canada's most populous province and home to the country's auto industry, said provincial leaders agreed that Canada should cut a deal with the U.S. that doesn't include Mexico.

“We need a bilateral trade deal with the U.S. and a separate bilateral trade deal with Mexico,” said Doug Ford, Ontario's premier.

Some critics fear that Canada's effort to isolate Mexico could backfire. Former Mexican officials point out that during the complex trilateral negotiations in 2018 that led to the creation of the USMCA, many politicians in Canada suggested that the country needed to negotiate directly with the U.S.

Yet, as trilateral talks advanced, Mexico was first to reach a preliminary agreement

Chinese Foreign Direct Investment



Source: Mexican Economy Ministry with data from Bureau of Economic Analysis, U.S. Commerce Department and Statistics Canada

with the U.S. in the summer of 2018.

Canada has taken steps to align itself with U.S. policies aimed at China. Trudeau's government in August matched the Biden's administration's 100% tariff on Chinese-made electric vehicles and a 25% surtax on Chinese

steel and aluminum products.

The auto sector will be a main focus for the USMCA talks, as the industry has become intertwined in the three countries.

Parts from a car manufactured in the U.S. can travel back and forth between the countries seven times before final assembly, said Flavio Volpe, president of the Automotive Parts Manufacturers' Association, a Canadian industry group that represents 250 companies.

Mexican officials say they want a new framework on China when consultations for the 2026 USMCA review begin next year.

“I think we're going to have to talk to President Trump about USMCA in February,” Economy Minister Marcelo Ebrard said on Thursday. “Knowing him, you better hurry up, right?”

—Paul Vieira

and Anthony Harrup contributed to this article.

WORLDWATCH



GUESTS OF HONOR: Lopburi, Thailand, on Sunday held its annual Monkey Banquet, a tourism-promotion event dating to 1989.

PAKISTAN

Shiites and Sunnis Reach a Cease-Fire

Shiite and Sunni Muslim tribes in Pakistan's northwest agreed to a seven-day ceasefire and prisoner exchange, a government spokesman said Sunday. An attack on a convoy Thursday, for which no one has claimed responsibility, killed 42 Shiites and triggered retaliation that left dozens more people from both communities dead. Shiite Muslims make up about 15% of the 240 million people in Sunni-majority Pakistan.

—Associated Press

URUGUAY

Leftist Elected Country's Leader

The presidential candidate of the conservative coalition that has governed Uruguay for the past five years conceded defeat on Sunday after a tight runoff election. Álvaro Delgado, the government's candidate, said that “we can congratulate the winner,” referring to left-wing challenger Yamandú Orsi. The 57-year-old president-elect, a working-class former history teacher and former mayor, represents a center-left coalition.

—Associated Press

AUSTRALIA

Government Pulls Misinformation Bill

The Australian government withdrew a bill that would have given the country's media watchdog power over digital platforms by approving a code of conduct or standards for social-media companies if self-regulation fell short. Communications Minister Michelle Rowland said Sunday that the government was unable to drum up the support needed. Opposition spokesman David Coleman said the bill amounted to “censorship laws in Australia.”

—Associated Press

POLAND

Opposition Names Presidential Choice

Poland's conservative Law and Justice party, trying to regain its momentum after losing power last year, on Sunday chose historian Karol Nawrocki as its candidate in next year's election to choose a successor to incumbent President Andrzej Duda. It bypassed seasoned politicians including former Prime Minister Mateusz Morawiecki. The main governing party, Civic Coalition, said Saturday it was fielding progressive Warsaw Mayor Rafał Trzaskowski as its candidate.

—Associated Press

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Monday, November 25, 2024 | B1

Last Week: S&P 5969.34 ▲ 1.68% S&P FIN ▲ 1.68% S&P IT ▲ 1.55% DJ TRANS ▲ 0.81% WSJ\$IDX ▲ 0.42% 2-YR. TREAS. yield 4.368% NIKKEI 38283.85 ▼ 0.93%

See more at [WSJ.com/Markets](#)

Markets Shine Spotlight on Deficits

Stocks keep hitting records, but the past includes episodes of market unrest

By JACK PITCHER
AND SAM GOLDFARB

Worries about government deficits are making one of their periodic tours of Wall Street.

Investors say the prospect of bigger budget imbalances in the second Trump administration is a factor behind the recent climb in Treasury yields, which help set borrowing costs throughout the economy. This year's projected budget deficit of \$1.9 trillion is already likely to reach more than 6% of economic output, a threshold crossed previously only during World War II, the 2008-09 financial crisis and the Covid-19 pandemic. Yet stocks keep hitting records.

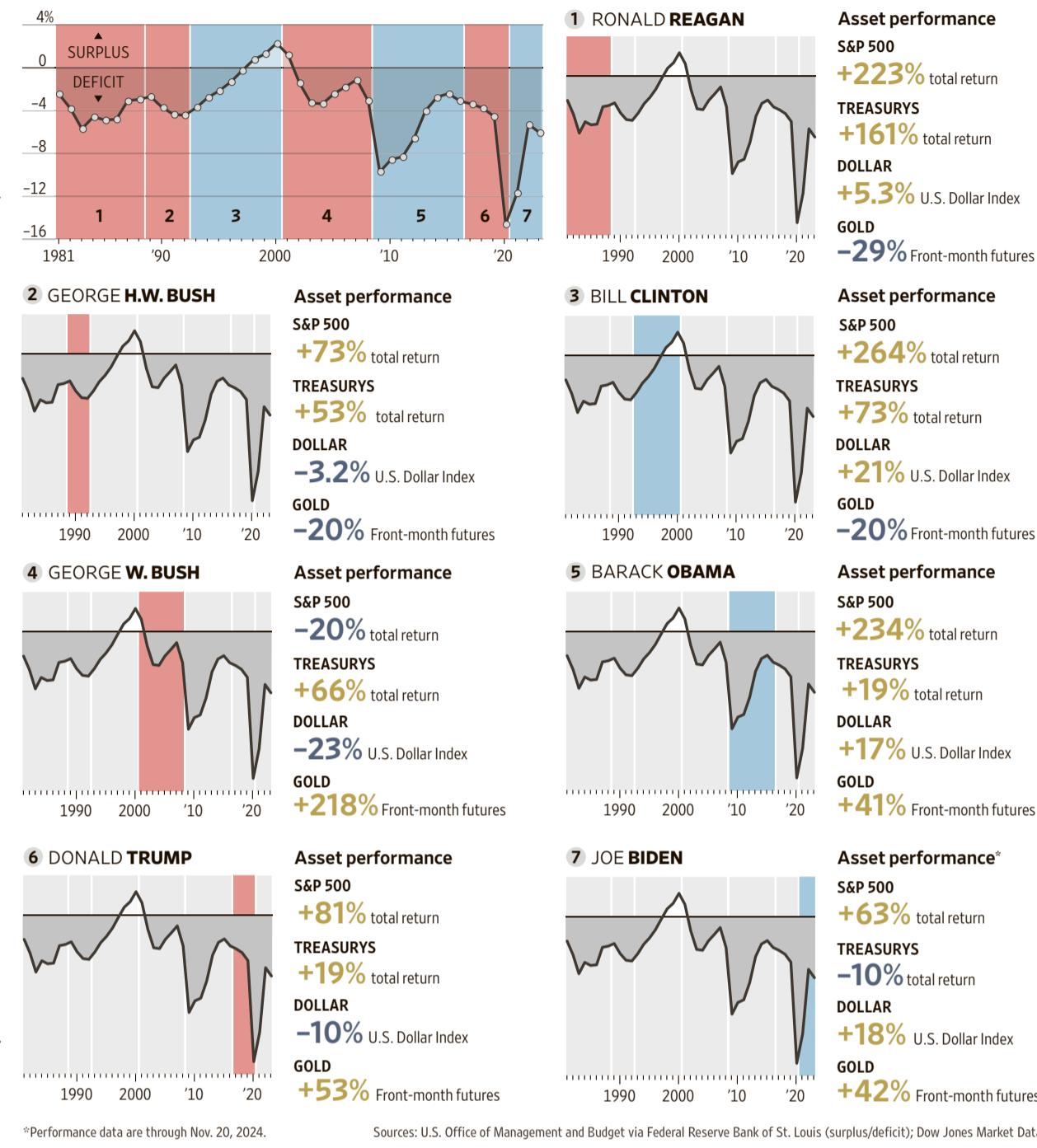
With President-elect Trump's proposed tax cuts—and soaring Social Security and Medicare costs—projected to keep annual deficits at a historically high level, the debate over deficits is raging anew. Here's a look at how fiscal policy has affected investments during some recent administrations:

Ronald Reagan 1981-89

President Ronald Reagan's 1981 tax cuts contributed to a sharply higher federal deficit by the midpoint of his two-term administration. It reached as high as 5.7% of GDP in 1983—enough to prompt concern among investors. In that year, economist

Please turn to page B2

How Federal surplus/deficit as a percentage of GDP evolved, from 1981 to 2023



*Performance data are through Nov. 20, 2024.

Sources: U.S. Office of Management and Budget via Federal Reserve Bank of St. Louis (surplus/deficit); Dow Jones Market Data (assets)



STREETWISE | By James Mackintosh

Inflation Protection Won't Be Simple

With a strong economy and an incoming president promising tax cuts and tariffs, investors and economists are rightly worrying that inflation might make a comeback. Unfortunately, one of the standard ways to guard against it—buying commodities, especially oil—offers less protection than usual.

The twin inflation risks

are well understood: supply shocks and demand surges. War in the Middle East has the potential to threaten energy supplies, while tax cuts into an economy with near-full employment ought to lift prices.

The extra threats to inflation don't fit either model, though. Tariffs and deportations would both be likely to push up inflation, but would also hit the economy. "Commodities won't protect you

from that," says Christian Mueller-Glissmann, head of asset allocation research at **Goldman Sachs**.

The problem has shown up in price moves since the election. The market measure of expected inflation over the next five years, known as the break-even, had its biggest jump in more than a year after the result, having risen as traders bet on Donald Trump winning.

Yet, gold, oil and copper

are all down. Have they lost their ability to protect against inflation? To answer this, think about three different causes of inflation.

First, oil. Clearly, oil will still protect against one of the most common causes of runaway inflation: a soaring oil price resulting from strikes on oil facilities in the Middle East. Yet, that has become much less likely. Shocks to world oil supply

are being damped by large stocks and excess production capacity, as well as by the U.S.'s status as a net exporter, a sharp change compared with the inflationary era of the 1970s. Far from soaring as Israel stepped up its fight with Iran's proxies and Iran itself, crude is stuck around \$70 a barrel.

President-elect Trump's pledge to "drill, baby, drill" and his selection of a fracking

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China Looks to Musk As Conduit to Trump

By YOKO KUBOTA
AND RAFFAELE HUANG

Elon Musk has showed off a **Tesla** to China's premier inside Beijing's walled leadership compound and dined with Donald Trump at Mar-a-Lago.

Many in Beijing are hoping that if there is anyone with the connections to work things out between the world's two feuding superpowers, it just might be Musk. Chinese leaders enjoy some

leverage over the Tesla chief executive, who poured billions of dollars into investments in Shanghai. He said Chinese leaders "really actually seem to care a lot about the well-being of the people."

That contrasts with the many China hawks in Trump's orbit including Treasury secretary nominee Scott Bessent, who recently called Beijing a "despotic regime" that needs to be hit with high tariffs to protect American jobs.

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INSIDE



BEVERAGES

Cannabis company Tilray Brands is snapping up America's craft-beer brewers. **B3**



TECHNOLOGY

Battery startup Northvolt raised \$15 billion. Then it went bust. **B4**

'Wicked' Flies High on the Big Screen

By ERICH SCHWARTZEL

After years of setting Broadway records, "Wicked" has now defied gravity at the box office.

The movie adaptation of the stage-show smash collected a blockbuster \$114 million in its opening weekend, a full-throated start for the musical that sets it up for a potentially long and lucrative run through the holiday movie season.

Sold-out shows across the country—many filled with moviegoers wearing pink and green and applauding after every number—validated the \$320 million bet made by Universal Pictures to bring the beloved musical to the big screen in two parts. Over the past year, Universal and its parent company, **Comcast**, have launched an all-out marketing blitz to drive awareness of the film and blanket the world in "Wicked."

The weekend's other new release, Paramount Pictures' "Gladiator II," also made its debut to strong sales, with a \$55.5 million gross. The swords-and-sandals sequel, replete with beheadings and bloodthirsty sharks, presented moviegoers with more violent fare than "Wicked," a PG-rated retelling of "The Wizard of Oz." (One has flying monkeys, the other has a man-vs-



Cynthia Erivo, left, and Ariana Grande star in hit new Universal Pictures release 'Wicked.'

monkey fight scene.) The two films—with their high-wattage movie stars, global media tours and passionate fandoms—gave Hollywood a weekend to channel the glory days, before **Netflix**, TikTok and pandemic quarantines left many studio executives fearing their releases might never again command the cultural dominance they once did. For theater owners, the weekend was a shot of adrenaline after months of un-

derwhelming sales and several major releases failing to live up to expectations.

"Our audience-reaction scores are through the roof," said Jim Orr, Universal's president of domestic distribution. The performance by "Wicked" in markets that cater to family crowds, such as Salt Lake City, signals the movie is being treated as an all-audience option, he added.

Like last year's "Barbie," "Wicked" appealed strongest

Companies Vie to Put Most Nvidia Chips in One Place

By ASA FITCH

Tech titans have a new way to measure who is winning in the race for AI supremacy: who can put the most **Nvidia** chips in one place.

Companies that run big data centers have been vying for the past two years to buy up the artificial-intelligence processors that are Nvidia's specialty. Now some of the most ambitious players are escalating those efforts by building so-called super clusters of computer servers that cost billions of dollars and contain unprecedented numbers of Nvidia's most advanced chips.

Elon Musk's xAI built a supercomputer it calls Colossus—with 100,000 of Nvidia's Hopper AI chips—in Memphis in a matter of months. **Meta Platforms** Chief Executive Mark Zuckerberg said last month that his company was already training its most advanced AI models with a conglomeration of chips he called "bigger than anything I've seen reported for what others are doing."

A year ago, clusters of tens of thousands of chips were seen as very large. **OpenAI** used around 10,000 of Nvidia's chips to train the version of ChatGPT it launched in late 2022, UBS analysts estimate.

Such a push toward larger super clusters could help Nvidia sustain a growth trajectory that has seen it rise from about \$7 billion of quarterly revenue two years ago to more than \$35 billion today. That jump has helped make it the world's most valuable publicly listed company, with a market capitalization of more than \$3.5 trillion.

Installing many chips in one place, linked together by superfast networking cables, has so far produced larger AI models at faster rates. But there are questions about whether ever-bigger super clusters will continue to translate into smarter chatbots and more convincing image-generation tools.

The continuation of the AI boom for Nvidia also depends in great measure on how the largest clusters of chips pan out. The trend promises not only a wave of buying for its chips but also fosters demand

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GILES KEAT/UNIVERSAL/EVERETT COLLECTION

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Jensen Huang says there is room for AI models to improve.

Firms Vie To Cluster More Chips

Continued from page B1
for Nvidia's networking equipment, which is fast becoming a significant business and brings in billions of dollars of sales each year.

Chief Executive Jensen Huang said in a call with analysts after its earnings Wednesday that there was still room for so-called AI foundation models to improve with larger-scale computing setups. He predicted continued investment as the company transitions to its next-generation AI chips, called Blackwell, which are several times as powerful as its current chips.

Huang said that while the biggest clusters for training for giant AI models now top out at around 100,000 of Nvidia's current chips, "the next generation starts at around 100,000 Blackwells. And so that gives you a sense of where the industry is moving."

The stakes are high for companies such as xAI and Meta, which are racing each other for computing-power bragging rights but are also gambling that having more of Nvidia's chips, called GPUs, will translate into commensurately better AI models.

"There is no evidence that this will scale to a million chips and a \$100 billion system, but there is the observation that they have scaled extremely well all the way from just dozens of chips to 100,000," said Dylan Patel, the chief analyst at Semi-Analysis, a research firm.

In addition to xAI and Meta, OpenAI and Microsoft have been working to build up significant new computing facilities for AI. Google is building massive data centers to house chips that drive its AI strategy.

Huang marveled on a podcast last month at the speed with which Musk had built his Colossus cluster and affirmed that more, larger ones were on the way. He pointed to efforts to train models distributed across multiple data centers.

"Do we think that we need millions of GPUs? No doubt,"

Huang said. "That is a certainty now. And the question is how do we architect it from a data center perspective."

Unprecedented super clusters are already getting airplay. Musk posted last month on his social-media platform X that his 100,000-chip Colossus super cluster was "soon to become" a 200,000-chip cluster in a single building. He also posted in June that the next step would probably be a 300,000-chip cluster of Nvidia's newest chips next summer.

The rise of super clusters comes as their operators prepare for the Blackwell chips, set to start shipping in the next couple of months. They are estimated to cost around \$30,000 each, meaning a cluster of 100,000 would cost \$3 billion, not counting the price of the power-generation infrastructure and IT equipment.

Those dollar figures make building up super clusters with ever more chips something of a gamble, industry insiders say, given that it isn't clear that they will improve AI models to a degree that justifies their cost.

New engineering challenges often arise with larger clusters. Meta researchers said in a July paper that a cluster of more than 16,000 of Nvidia's GPUs suffered from unexpected failures of chips and other components routinely as the company trained an advanced version of its Llama model over 54 days.

Keeping Nvidia's chips cool is a major challenge as clusters of power-hungry chips become packed more closely together, industry executives say, part of the reason there is a shift toward liquid cooling where refrigerant is piped directly to chips to keep them from overheating.

And the sheer size of the super clusters requires a stepped-up level of management of those chips when they fail. Mark Adams, chief executive of Penguin Solutions, a company that helps set up and operate computing infrastructure, said elevated complexity in running large clusters of chips inevitably throws up problems.

"When you look at everything that can go wrong, you could be utilizing half of what your capital expenditure was because of all these things that can break down," he said.



Pedro Pascal, left, and Paul Mescal, in a scene from the hit movie 'Gladiator II' from Paramount Pictures.

'Wicked' Soars at Box Office

Continued from page B1

The onstage story of the Wicked Witch of the West's friendship with Glinda the Good Witch—told cheekily and with plenty of earworms—has sold more than \$5 billion of tickets in productions around the world. Universal decided during filming to split the film adaptation into two parts. The second will be released next November.

Fans greeted the arrival of "Wicked" in theaters as a social event. Nearly half of tickets sold heading into the weekend were for groups of three or more.

"I cried four times," said Kali Sheldon, a 28-year-old who left a Friday matinee of the movie in Los Angeles in a head-to-toe green "Wicked" outfit purchased at Target. Her boyfriend wore a "Wicked" T-shirt she bought him for the occasion.

Sheldon has been a "Wicked" fan since her par-

ents surprised her with tickets to the Broadway show for her eighth birthday, and she wasn't alone in her need to see the movie as soon as possible.

Nathan Groth of Los Angeles headed into his screening with pink-and-green nail polish, while his friend Brandon Goodman said he had already listened to some of the film's songs when they started streaming earlier that morning. "I was emotional in the car," Goodman said. "I had to hear the 'ah-ah-ah-ah,'" he added, approximating star Cynthia Erivo's signature riff in the climactic number "Defying Gravity."

The "Wicked" release follows a marketing campaign with few comparisons in con-

temporary Hollywood. Erivo and co-star Ariana Grande showed up at the Summer Olympics in green and pink. The Santa Claus holding court in Bloomingdale's in New York City dropped his red suit for an emerald one. On Thursday: a performance at the Macy's Thanksgiving Day Parade.

For Comcast, the "Wicked" rollout speaks to the herculean effort required by studios to fight for consumers' attention in an entertainment landscape where movie theaters have lost some of their cultural sway.

The original "Gladiator," starring Russell Crowe as Colosseum MVP Maximus Decimus Meridius, collected \$465 million at the global box office, won five Oscars (includ-

ing best picture) and seeped into the culture. Fans inked their bodies with quotes from the movie, including, "What we do in life echoes in eternity."

The "Gladiator" sequel puts Paul Mescal in the ring as a slave who must fight for his freedom and discovers a lineage to ancient Rome's ruling class.

Overseas sales have been particularly strong. The movie has already collected \$221 million worldwide. At the movie's premiere in Los Angeles, Paramount built a faux Colosseum wall outside of the TCL Chinese Theatre on Hollywood Boulevard.

The double-barreled success of "Wicked" and "Gladiator II" brings a feast of ticket sales to theater owners who have struggled through weeks of famine. It is set to continue next week, when Disney will release "Moana 2," a sequel to the company's hugely popular 2016 animated hit.

If "Moana 2" follows in the footsteps of "Wicked" and grosses more than \$100 million in its first weekend, it will mark only the fourth time in box-office history that two movies have made debuts to nine-figure openings on consecutive weekends, according to Comscore.

The Effects Of Deficits On Markets

Continued from page B1

Edward Yardeni coined the term "bond vigilantes" for investors who will demand higher rates to buy Treasurys to compensate for the risks tied to budget imbalances and inflation.

"The idea of the bond vigilantes is that they intervene and maintain law and order if monetary and fiscal policy aren't going to do it," he said in a recent interview. "In the '80s, I think it actually had more to do with a fear that inflation would make a comeback than it had to do with the deficit."

The 10-year Treasury yield peaked above 15% in Reagan's first year, because of the Paul Volcker-led Federal Reserve's inflation fight. The combination of high rates and expansive fiscal policy attracted overseas money. The dollar got so strong that a group of developed countries agreed to deliberately weaken it during a 1985 meeting in Manhattan's Plaza Hotel.

Now engineering challenges often arise with larger clusters. Meta researchers said in a July paper that a cluster of more than 16,000 of Nvidia's GPUs suffered from unexpected failures of chips and other components routinely as the company trained an advanced version of its Llama model over 54 days.

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"When you look at everything that can go wrong, you could be utilizing half of what your capital expenditure was because of all these things that can break down," he said.

GDP peaked around 4.4% after the 1991 recession before falling to 3.7% by the end of 1993. The 10-year Treasury yield fell nearly 2.5 percentage points to around 6.4% at the end of Bush's term.

Then the collapse of the housing market fueled the financial crisis of 2008-09. Stocks plunged, and the Fed cut short-term rates to zero.

Deficits soared again when the Obama administration, seeking to help the economy revive, launched early stimulus packages. But tighter fiscal policy followed, which some economists blame for a slow recovery.

Rates stayed near zero and the Fed bought bonds to ease strains on the banking system.

That helped support stocks, while easy borrowing conditions helped fuel the technology boom.

Political brinkmanship around the debt ceiling in 2011, however, led to fears of a missed payment on Treasurys, the world's safest investment, and sparked a credit downgrade of the U.S.

Stocks fell and investors sheltered in Treasurys before a deal was reached.

'Generally speaking, deficit spending adds to corporate profits.'

Barack Obama 2009-17

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Stocks fell and investors sheltered in Treasurys before a deal was reached.

Donald Trump 2017-21

The Trump administration's early tax cuts put the deficit as a share of GDP back on the rise. Shares of banks, industrials and smaller companies soared along with bond yields, in what investors called the "reflation trade." Stocks hit records.

The unprecedented response to the Covid-19 pandemic in Trump's final year then widened the deficit again. A multitrillion-dollar bipartisan spending package kick-started a furious economic recovery, and sent the deficit as a share of GDP to the highest level since World War II.

Stocks recovered quickly af-

ter the Fed cut rates to near zero. Treasury yields hit rock bottom.

Joseph Biden 2021-present

The Biden administration kept the spending rolling. The Fed began rapidly raising interest rates to combat inflation, driving up the government's interest costs. Meanwhile, tax revenues slipped.

The government sold more bonds to cover the gap, exacerbating a bond rout that raised the 10-year yield to 5%. Officials shifted the mix of borrowing a little toward debt with shorter maturities, helping calm markets.

Wall Street has since had little trouble absorbing the government's borrowing binge.

Continuing economic strength—and the prospect of bigger deficits under the next Trump administration—have helped drive bond yields higher in recent months. But some investors said that could still boost markets for some time.

"Generally speaking, deficit spending adds to corporate profits," said Sonu Varghese, global macro strategist at Carson Group. "Where things could get hairy is if the bond market feels like now rates have to be higher for longer, and that starts to crimp investment spending."

Note: Asset performance provided by Dow Jones Market Data except the S&P 500 total return for Reagan's presidency, which was provided by S&P Dow Jones Indices. Total returns for Treasurys are based on the Bloomberg US Treasury Index. Both Treasurys and the Reagan-era total stock returns are based on monthly readings and don't correspond precisely with inaugurations. Asset performance refers to either four-year or eight-year periods, depending on the presidency.

—Peter Santilli and Mike DeStefano contributed to this article.

BUSINESS NEWS



Tilray Brands hosts festivals to connect with drinkers. SweetWater Brewing in Atlanta.

Cannabis Firm Snaps Up U.S. Craft-Beer Brewers

BY LAURA COOPER

The weed business hasn't panned out the way many investors expected. So one cannabis company is expanding into another struggling industry: craft beer.

Tilray Brands, which sells marijuana in Canada, is buying up American beer brands. It is now the fifth-largest craft brewer in the U.S. by volume, with 18 brands, including Shock Top, SweetWater and Montauk.

A craft-beer shakeout has allowed Tilray to sweep them up at low prices. It also presents a challenge for the company: Craft beer sales in U.S. stores were down 4.4% by volume in the first nine months compared with the same period last year, according to an analysis of NIQ data by Bump Williams Consulting.

"I'm either real smart or real dumb," Tilray Chief Executive Irwin Simon said.

Simon said he aims to generate new revenue, build relationships with beer distributors and eventually use that network to sell marijuana-infused drinks if and when they become federally legal in the U.S.



Tilray's Montauk brand.

In Canada, Tilray sells THC drinks, marijuana pre-rolls, vapes and gummies. It doesn't sell recreational marijuana products in the U.S., where 24 states and the District of Columbia have legalized recreational cannabis but the sale of marijuana remains illegal under federal law.

Entrepreneurs and investors flocked to Canada's marijuana industry when it opened in 2018, fueling a stock craze reminiscent of the late 1990s dot-com bubble. In the frenzy, big companies and wealthy families as well as amateurs took stakes in the nascent market. These companies were vehicles for investors who wanted to participate in the cannabis industry without running afoul of U.S. federal law. Canadian operators made the pitch that they would be poised to expand into the U.S. when cannabis became federally legal—a move many expected to happen quickly.

It hasn't. And momentum toward legalization stalled this month when measures to legalize recreational cannabis

in Florida and two other states failed to gain the votes needed to pass.

Simon, who employed a similar strategy in buying up brands at snack company Hain Celestial, said he was attracted to the beer industry because it allowed Tilray to expand into the U.S. The company made its first craft beer acquisition in 2020, when it agreed to buy Atlanta-based SweetWater Brewing. Simon said beer was a good fit for Tilray because of the U.S. beer industry and the Canadian cannabis industry have similar regulations and distribution models.

Since 2020, Tilray has spent about \$450 million on 18 beer brands, nine manufacturing facilities and 20 brewhouses, Simon said. The deals allowed beer giants to unload smaller brands from their portfolios in a slowing market. Tilray in August agreed to buy four beer brands from Molson Coors and last year acquired eight beer brands from Budweiser brewer Anheuser-Busch InBev.

Simon said he plans to use marketing investments to expand brands such as Montauk across a local region of three to four states.

Some beer industry veterans are skeptical of Tilray's plan.

"Craft is famously resistant to roll-up synergies," said Samuel Adams founder Jim Koch, who decades ago helped start the craft beer movement in the U.S. Tilray is "buying these assets from people who tried it—Molson Coors or ABI—without a lot of success."

Bart Watson, chief economist for the Brewers Association, a craft-beer industry group, said there are opportunities to expand brands that didn't get the attention they needed inside large companies. "Lots of people have come in with funding to the craft beer space, and that has not been a guarantee of success—but people are interested to see what happens," Watson said.

Tilray is on track to sell 15 million cases of beer this fiscal year and now works with more than 700 distributors in the U.S. It aims to reach profit margins of 45% on acquired brands with cost savings such as buying cans and hops in bulk, Simon said. Tilray said it had profit margins of 40% on both its beer and cannabis products in the latest quarter.

Craft breweries that package beer for distribution typically have profit margins of 30% to 40%, according to the Brewers Association.

Beer consumption is falling in the U.S. as consumers' tastes change. Younger adult drinkers tend to prefer canned cocktails and fruitier-flavored malt beverages, and are drinking less overall. Cannabis itself is also hurting U.S. beer sales, industry experts say.

"People say to me all the time: 'The category is changing. Why are you jumping into it?'" Simon said. "And that's

The Record-Breaking Fight To Acquire 7-Eleven



Scan this code to listen to a podcast about the takeover battle. Canada's Alimentation Couche-Tard and 7-Eleven's parent, Seven & i, have made competing offers for the world's largest convenience-store chain.

my whole thing...It's a big industry, and millennials are not drinking their fathers' beer. There is a big consumer base to bring into it."

UPS Ordered to Pay \$45 Million For Overvaluing Freight Unit

BY BEN GLICKMAN

United Parcel Service was ordered by regulators to pay \$45 million for allegedly overvaluing its freight business in its accounting, leading to higher reported earnings.

The Securities and Exchange Commission on Friday said UPS didn't properly record goodwill impairment related to its freight business, which was sold in 2021, because the company had overvalued the unit, leading to artificially inflated earnings and other reported accounting items that misled investors.

The sale of UPS's domestic trucking business to competitor TFI International for \$800 million marked a major strategic shift for the company at the time.

The shipping behemoth opted to shift more focus to its small-parcel delivery business, which boomed during the pandemic as online retail orders increased.

Regulators alleged UPS in its accounting processes knowingly ignored an internal analysis contradicting the higher value for the freight business.

A UPS analysis in 2019 concluded the company's freight-business unit would likely sell for \$350 million to \$650 million, according to the SEC order.

The business was valued on the company's balance sheet at about \$1.4 billion, meaning UPS would be required to report a goodwill impairment of nearly \$500 million, the SEC said.

The company instead relied on a consultant's valuation of the business in its accounting processes, which was about \$2 billion, according to the SEC order.

Regulators alleged UPS hadn't informed the consultant of its own analysis, which concluded the business's profits would be lower because of a lack of synergies with other parts of UPS.

As a result, the company didn't record an impairment charge in 2019 or after reaching a nonbinding sale agreement in 2020.

UPS didn't admit or deny the commission's findings and agreed to cease and desist from further violations of the provisions, in addition to the civil penalty and other conditions.

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TECHNOLOGY

WSJ.com/Tech

Battery Firm Northvolt Files for Bankruptcy

Swedish company was caught in a financing crunch; CEO steps down

By KIM MACKRAEL

Northvolt was one of the world's most valuable battery startups. Now it has run out of charge.

Over the past week, the Swedish company filed for bankruptcy in the U.S. and said its co-founder was stepping down as chief executive, after a turbulent year of production problems and job cuts.

The move marks a stark change in fortunes for a company once vaunted as Europe's best hope for competing with China's dominant battery makers. Northvolt's collapse also underscores the difficulty Western companies face in establishing a foothold in the industry.

Northvolt has struggled with a challenging market for electric vehicles, difficulties scaling up and management missteps, departing Chief Executive Peter Carlsson said on Friday. Filing for chapter 11 bankruptcy allows the unprofitable company to access new sources of financing while it

restructures.

"We've now stabilized, we're getting predictable, we're delivering," said Carlsson, who remains on the company's board. "You just need to have the time to get it there."

Founded by Carlsson and another former Tesla executive in 2016, Northvolt's goal was to become a reliable European source of battery cells to help power the region's transition to EVs. Governments and investors were eager to support a homegrown player that could reduce reliance on China.

By the end of 2023, Northvolt had secured about \$15 billion in debt, equity and grants, while its order book had swelled to more than \$50 billion. German auto giant **Volks-wagen** was among the top backers with a 21% stake, while **Goldman Sachs** held about 19% of Northvolt's shares.

Northvolt planned to build new factories in Canada and Germany, backed by billions of dollars in subsidies, and was set to expand its main facility in Skellefteå, a Swedish city near the Arctic Circle.

But Northvolt reported losses of roughly \$1.2 billion, with revenue of just \$128 million for 2023.

"I should have probably

pulled the brake earlier on some of the expansion paths," Carlsson said on Friday.

Northvolt's problems became more evident this year. In March, truck maker **Scania** said it was behind on its electrification plans, telling a Swedish newspaper that the battery maker hadn't kept up with deliveries. In June, **BMW** pulled a roughly \$2 billion contract with Northvolt.

Northvolt said the BMW contract represented a small portion of its overall order book. But the setback marked a turning point. Since June, Northvolt has cut a quarter of its Swedish workforce and suspended an expansion project at Skellefteå. It scrapped plans for a second factory in Sweden and shut a subsidiary in California.

Carmaker **Volvo** said in October that it would acquire Northvolt's shares in a joint venture after the startup failed to meet its financing obligations.

In recent weeks, Northvolt has held talks with investors and lenders to secure funding to continue operations.

Northvolt's chapter 11 filing will give it access to about \$245 million, though the company will need as much as



Northvolt's co-founder, Peter Carlsson, announced his resignation as CEO on Friday.

\$1.2 billion to pursue an updated business plan after its restructuring, Carlsson said.

Northvolt's failure comes at a turbulent time for the European car industry. Consumer demand for EVs has weakened, leading some automakers to downsize or delay projects.

The company's expansion plans had also drawn criticism from analysts who say it sought to move too quickly.

"The founders had no experience of building a process industry and they didn't want to start with a small scale," said Magnus Henrekson, a senior research fellow with Sweden's Research Institute of Industrial Economics.

Making battery cells is complex and expensive. New factories can take years to in-

crease production and often have high scrap rates because of problems during the production process.

One of the hurdles Northvolt faced involved equipment it brought in from Asian suppliers. The company was the first Western customer for some suppliers, Carlsson said, meaning it took longer to get the equipment fully up and running.

Northvolt has also faced safety concerns. Swedish prosecutors opened an investigation into the death of a worker following an explosion last year at its main factory.

A spokesman for Northvolt said its safety record is comparable to that of other Swedish companies. "We are improving and are aiming for

even better results," he said.

Northvolt's experience shows how other Western battery companies will also likely face challenges, said Greger Leung, a battery-research expert with the Swedish Energy Agency. If the company fails, others will "need to work much harder to do the same thing again," Leung said. European investors and governments should have more patience for how difficult it is to build a new industry, he added.

Despite the various challenges, Carlsson said he remains optimistic that Northvolt still has a future.

"Very few doubt the underlying trend of electrification and the fact that we need to continue decarbonizing," he said.

AI Effect: Amazon Sees Nearly 1 Billion Threats a Day

By JAMES RUNDLE

Amazon.com says it is seeing hundreds of millions more possible cyber threats across the web each day than it did earlier this year, a shift its security chief attributes in part to artificial intelligence.

Just as criminals have embraced AI, Amazon has turned to the technology to drastically scale up its threat-intelligence capabilities.

The company, given its presence online, can now view activity on around 25% of all IP addresses on the internet, it says, between its Amazon Web Services platform, its Project Kuiper satellite program and its other businesses, giving the company a sweeping view of hacker capabilities and techniques.

Amazon's chief information security officer, CJ Moses, spoke with The Wall Street Journal on how the company is approaching threat intelligence in the AI era.

Prior to his current role, Moses ran security for Amazon Web Services, its cloud business, and before that investigated cybercrime at both the Federal Bureau of Investigation and the Air Force Of-

fice of Special Investigations.

Moses outlined how the company has built specialized tools using AI such as graph databases, which track threats and their relationships to each other; how that information has uncovered threats from nation-states that haven't historically been known to have extensive cyber operations, and how its tools trick hackers into revealing their tactics.

He also discussed Amazon's recent work with the U.S. Justice Department in taking down the platform used by cybercriminal group Anonymous Sudan to launch attacks on critical infrastructure globally.

This interview has been edited for length and clarity.

WSJ: How many attacks are you seeing these days?

C.J. Moses: We're seeing billions of attempts coming our way. On average, we're seeing 750 million attempts per day. Previously, we'd see about 100 million hits per day, and that number has grown to 750 million over six or seven months.

WSJ: Is that a sign hackers are using AI?

Moses: Without a doubt.



Amazon's chief information security officer, CJ Moses.

Generative AI has provided access to those who previously didn't have software-development engineers to do these things. Now, it's more ubiquitous, such that normal humans can do things they couldn't do before because they just ask the computer to do that for them.

We're seeing a good bit of that, as well as the use of AI to increase the realness of phishing, and things like that. They're still not there 100%. We still can find er-

rors in every phishing message that goes out, but they're getting cleaner.

WSJ: Are you applying AI on the defensive side as well?

Moses: When you have a large-scale environment, you need a large-scale system. We've created what is essentially a graph database that allows us to look at billions of interactions across the environment. That identifies, through machine learning, the things that we should be concerned about, and also the domains we're seeing that could be problematic based upon past history as well as predictive analysis.

WSJ: What are the other ways you're learning about hacker tactics?

Moses: Probably the most interesting is MadPot. This is essentially a network of honey pots throughout our environment, which we use to glean intelligence from those that are acting on them. So, you have a bunch of semi-vulnerable systems that are presented in different ways, the threat actors act upon them, and then you can learn from their actions.

Once you become smarter, then you can look back at the data that you had from before and say: "Wait a second, we can determine that at this point in time we were seeing these interactions with these systems that now make sense to us."

Pulling all that information together then gives us, in some cases, attribution.

WSJ: What have you learned from all this?

Moses: We've definitely seen an increase of activity globally from threat actors over the last year, or even less. In the last eight months, we've seen nation-state actors that we previously weren't tracking come onto the scene. I'm not saying they didn't exist, but they definitely weren't on the radar. You have China, Russia and North Korea, those types of threat actors. But then you start to see the Pakistanis, you see other nation-states. We have more players in the game than we ever did before.

Nation-states that haven't been active in this space now realize that they have to be, because all of all the

big players are. That means that there is more activity, there are more threats, there are more things we have to look for, unfortunately.

WSJ: Amazon was recently credited with providing assistance to the Justice Department in an operation that seized hacking tools belonging to Anonymous Sudan. How are you finding cooperation with the government on threat intelligence today?

Moses: It's working out, it's better and better, which is a great thing. There were points in time where it didn't work in the past. Now, we have a lot more people like myself that have been in the government, and are able to speak the same language, or convey the right information so they can be more effective in their jobs.

We worked very effectively together on that particular case. It was a really good example of those of us that have been there knowing exactly what things need to be tied up in a bow, to hand off to the right people, so they could actually do something about it.

China Views Musk as Trump Key

Continued from page B1

In China, Musk is a symbol of the American dream and of U.S. technological prowess.

"Given his investment in China and also given his relations with Chinese leaders, people do hope that he can play a constructive role in the second Trump administration," said Wu Xinbo, director of the Center for American Studies at Fudan University.

The uncertainties surrounding the idea are many, starting with whether Musk would be interested in serving as go-between and whether Trump and others in his cabinet want him involved in China policy. And if Trump is determined to impose high tariffs on Chinese goods, as he suggested, there may be nothing to talk about.

Yet in Beijing, another view prevails, perhaps with wishful thinking, that Trump and Musk are pragmatic CEOs ready to negotiate.

Trump "has this business instinct and wants to make deals," said Wang Huiyao, president of the Beijing-based think tank the Center for China and Globalization. For that reason, Wang said, Trump would want to tap business executives such as



Tesla's Shanghai plant made half its cars globally in the past four quarters.

Musk to deal with China.

In eyeing Musk, Beijing is returning to an old playbook. American CEOs long acted in the go-between role because they had clout in Washington and hoped to expand in China.

Today, with many U.S. banks and other companies abandoning the idea of China as a growth market, Musk is one of the few options left.

The chief executive of TikTok, which is owned by Beijing-based ByteDance, is among those who have sought Musk's counsel. Shou Chew, chief executive of the popular video app, initiated messages with the billionaire in recent weeks, according to people familiar with the matter.

A major donor to Trump, Musk was named as co-head of a group to streamline gov-

ernment bureaucracy and has been advising the president-elect on a range of issues—although Trump went against Musk's preference for Treasury secretary.

For Tesla, China is crucial. Tesla's Shanghai plant is the company's biggest car factory, and half its cars globally were made there in the past four quarters. During that period, Tesla sold more than 900,000 China-made vehicles, nearly one-third of which were shipped to Europe and other overseas markets.

And Tesla is awaiting Beijing's final approval of its latest driver-assistance technology, which Tesla calls Full Self-Driving. Musk said the value of Tesla lies primarily in its plans for autonomous driving, and the company said it

expects approval in the first quarter of next year.

In a conversation with Matthias Döpfner, head of German media group Axel Springer, that was published in December 2020 at the end of Trump's first term, Musk disputed Döpfner's assertion that everything China's government does serves the well-being of the Communist Party.

"My experience with the government of China is that they actually are very responsive to the people, in fact, possibly more responsive to the happiness of people than in the U.S." Musk said.

The Musk-China relationship isn't a one-way street. Beijing has a stake in Tesla's success, giving Musk his own leverage, because it has depicted the company as a sym-

bol of its openness to foreign investment and the Shanghai plant as a highlight of President Xi Jinping's economic policies.

Tesla's leadership in autonomous-driving technology also provides China an incentive to keep the company in the country because its presence can spur advances by domestic competitors to match and exceed their U.S. rival.

In mid-November, the Communist Party's mouthpiece, People's Daily, published a commentary praising the success of Tesla's Shanghai factory. Without mentioning Musk by name, it suggested Tesla's story would be an ideal way to convey Beijing's position that there are no winners in trade wars and close economic ties benefit the U.S.

"Win-win cooperation is the right path, while closed-door exclusivity is a dead end," the commentary said.

In 2019, Musk took a Tesla inside Beijing's tightly guarded Zhongnanhai leadership compound for a meeting with then-Premier Li Keqiang. When Musk told Li that he loved China and wanted to visit more, the premier offered him a Chinese green card.

Most notable is Musk's relationship with the current premier, Li Qiang, the country's No. 2 leader.

In 2018, Musk visited Shanghai, where Li Qiang then served as Communist Party secretary, to sign a deal for Tesla to build a \$7 billion plant in the city—its first overseas plant.

Tesla was permitted to assume sole ownership of the factory, the first such case after decades in which China required foreign automakers to form joint ventures with local companies. Under Li's watch, the Tesla project started production within a year after its groundbreaking.

With Tesla's arrival, China's EV market took off in 2020. Tesla's moderately priced, made-in-China EVs ignited demand for electric cars among Chinese consumers. The EV supply chain developed quickly and contributed to the rise of domestic EV makers—to the point of threatening Tesla with competition these days.

Chinese state media have reported that Tesla will be among the first foreign companies that China will allow to fully own and operate telecom services. State media also said officials have expressed interest in Musk's Neuralink brain-reading implant technology.

Musk was back in Beijing in April to see Li. The premier called the CEO an "old friend" and Musk's then 3-year-old son "a handsome little boy."

Feng Chucheng, founding partner of Beijing advisory firm Hutong Research, said China would surely want to take advantage of the relationship—but there was also a risk.

The value of the ties, said Feng, "will heavily depend on whether and how long Musk remains on positive terms with Trump, whose inner circle is fiercely competitive."



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CLOSED-END FUNDS

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities. Unlike mutual funds, closed-end funds can't buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. **NA** signifies that the information is not available or not applicable. **NS** signifies funds not in existence for the entire period. 12 month yield is computed by dividing income dividends paid during the last 12 months for periods ending at month-end or during the previous 52 weeks for periods ending at any time other than month-end) by the latest month-end market price adjusted for capital gains distributions. Depending on the fund category, either 12-month yield or total return is listed.

Source: LSEG

Friday, November 22, 2024

52 wk
Fund (SYM) NAV Close/Disc Ret

General Equity Funds

Adams Diversified Eq Fund ADFX 22.83 20.42 -10.6 23.0

Central Secs CET 56.18 46.52 -17.2 37.5

CohenStrsCEOpF FOF 12.34 19.05 +6.1 29.0

EVTAAdvDivIncm EVT 11.26 20.30 1.1 32.0

GabelliDiv&Incr Tr GDB 29.20 25.01 -14.3 30.6

Gabelli Equity Tr GAB 5.73 5.69 -0.7 24.9

GeneralAmer GAM 59.14 50.15 23.50 -2.5 41.2

JHancockTaxAdvDiv BDJ 2.51 23.50 -7.9 40.7

LibertyAll-Star Equity USA 7.26 6.29 +0.4 30.4

LibertyAll-Star Growth ASG 6.28 5.79 -7.3 27.4

RoyceMicro-Cap Tr RMT 11.71 10.18 -13.1 29.5

Royce Value Trust RVT 18.64 16.48 -11.6 32.8

Source Capital SOR 46.61 44.18 -5.2 19.3

Special Opportunities SPE 11.44 19.93 NA 44.2

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MARKETS

Stock Trading Expands to Round the Clock

Brokerages extend timetables to meet the global appetite for U.S. shares

By KRISTY HUR

Round-the-clock trading is becoming a reality. Individual investors say it is about time.

For years, investors were confined to traditional Wall Street trading hours between 9:30 a.m. and 4 p.m. ET on weekdays, and "extended hours" starting as early as 4 a.m. and ending at 8 p.m.

Now, brokerages seeking to meet the growing global appetite for U.S. stocks are extending their timetables.

Since **Robinhood Markets** and **Interactive Brokers** unveiled overnight trading in single stocks last year, other platforms have raced to expand their offerings. The New York Stock Exchange recently unveiled plans to extend trading on its all-electronic exchange to 22 hours a day. **Charles Schwab** plans to add individual stocks and hundreds of additional exchange-traded funds to its off-hours session. **Wealthfront** recently ex-

panded its 24-hour trading platform to include U.S. users, and **Firstrade** is launching overnight trading next year.

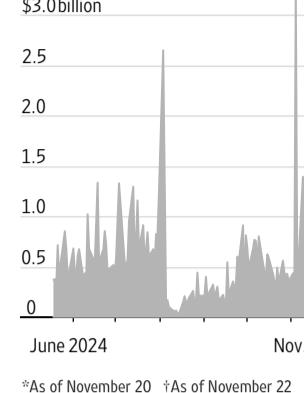
Investor appetite for stocks has been voracious in 2024. The S&P 500 has jumped 25%, driven by the artificial intelligence boom and expectations for interest-rate cuts. And investors piled into funds tracking U.S. stocks since Donald Trump was elected president. **Deutsche Bank** said its measure of equity positioning posted its biggest weekly jump on record after the election, based on data going back to 2010.

Proponents of 24-hour trading say it gives investors more control over their portfolios and allows them to react faster to news outside regular trading hours. That, in turn, lets investors manage their risk in real time, they say.

"If a door flies off a Boeing plane over the weekend, you don't have to wait for the stock exchange to open up in the morning," said Brian Hyndman, chief executive of **Blue Ocean Technologies**, the parent company of a platform that powers overnight trading for U.S. brokerages.

Late-night trading can ex-

Value of Blue Ocean's daily trading volumes*



*As of November 20 †As of November 22

Sources: the company (trading volume); FactSet (S&P)

pose traders to dangers, too. Thin volumes can leave markets vulnerable to sharp price swings, whereas huge volumes can lead to kinks in the platforms' plumbing. Blue Ocean—which powers off-hours trading for Schwab and Webull, among others—saw an hour-long outage during the global markets rout in August. Blue Ocean says it has since upgraded to a new technology platform.

Most of the enthusiasm for 24-hour trading has come from amateur traders and those in Asia where market

S&P 500 index performance†



†As of November 22

Sources: the company (trading volume); FactSet (S&P)

hours don't overlap with those of the U.S.

Some institutional investors, on the other hand, have called for a shortened trading day because so much activity now takes place at the opening and closing bells.

Individual investors often take bigger, riskier bets than their institutional counterparts. Schwab and Webull are among brokerages that permit only "limit orders" for certain overnight trades, where investors set a maximum and minimum price at which to buy or sell. That is a strategy often

recommended by advisers to ensure investors limit their risk if markets unexpectedly melt down.

For some traders, making supersize late-night bets has paid off. Long Hoang, a 30-year-old software engineer in the San Francisco Bay Area, raked in more than \$1 million on a series of trades last month. He bought shares of Trump Media on Oct. 25, ahead of Trump's interview with podcaster Joe Rogan and sold them when the stock popped during an overnight session days later.

On Wednesday, he bought shares of bitcoin holding company **MicroStrategy** at 10:15 p.m. PT, suspecting the market would rally following **Nvidia**'s strong earnings report. He sold his entire position a minute after Thursday's open, pocketing a roughly \$450,000 profit.

Overnight trading "has been kind of like a godsend," said Hoang, who often stays up late to monitor trading opportunities around events such as speeches from China President Xi Jinping. "It's felt like the power is in our hands now."

Trading platforms say

much of their off-hours activity is event-based. Blue Ocean facilitated a record \$3.3 billion in trades in the off-hours session following Election Day. The trading platform typically sees about \$1 billion in trades during an overnight session, according to Hyndman.

Some of Robinhood's busiest overnight sessions have been around Federal Reserve policy meetings, key earnings reports and developments in the Israel-Hamas war. The off-hours session following Nvidia's earnings report last week was Robinhood's sixth busiest on record.

Steve Quirk, Robinhood's chief brokerage officer, said individual investors want the convenience of trading what they want, when they want. Although the pandemic-era trading boom has faded, robust online communities and the rise of remote work have allowed Americans to be plugged into the market like never before.

Plus, 24-hour trading in assets such as cryptocurrencies has raised investors' expectations for when they can trade other assets, said James Kostulis, Schwab's head of trading services.

Inflation Protection Isn't Simple

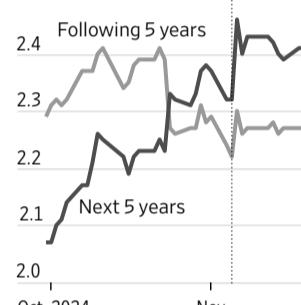
Continued from page B1
executive as nominee for energy secretary and oil prices suggest downward pressure on prices in the U.S., too.

Second, stronger growth. It should also raise inflation. Usually oil and copper are good ways to protect against growth-driven inflation as demand for both rises. But the decoupling of the U.S. and Chinese economies by tariffs might stymie this effect. China is the biggest source of demand for raw materials, but might not be helped much or at all by stronger U.S. growth.

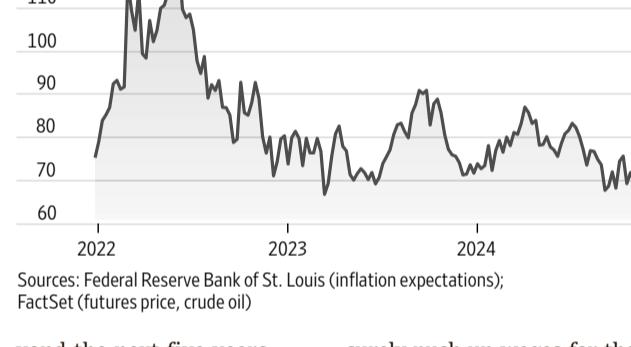
Third, Trump's tariff and migrant-deportation plans. Both could increase inflation.

Tariffs have nuanced effects on inflation. The immediate impact is to raise prices, much like a sales tax, as well as pushing up the dollar. In the long run, they should slow the economy—again, like a tax rise—which should reduce inflationary pressure. The mixed effects show up in higher expectations for inflation in the near term, but little change in inflation expectations be-

Market-derived inflation expectations, break-even rate



West Texas Intermediate crude oil future



Sources: Federal Reserve Bank of St. Louis (inflation expectations); FactSet (futures price, crude oil)

yond the next five years.

This sort of action is hard to protect against. Tariffs shouldn't help oil and industrial metals, and might hurt them as trade wars threaten a weaker world economy and so less demand. Gold could struggle as tariffs will push up the dollar, tending to weaken the gold price and make interest-rate cuts less likely.

If the new administration manages to remove many millions of migrants who entered the country illegally, it would

surely push up wages for the worst-paid as companies compete to replace low-cost workers. Since the poor tend to spend all their income, that ought to boost spending and feed through to prices both as companies try to make up for their higher costs and from the extra demand the higher spending creates. Again, this is the wrong sort of inflation for oil or copper.

The industry with the highest exposure to illegal migrant labor is farming, so

this should have the biggest effect on food prices—potentially making agricultural futures a way to protect against this. But agriculture isn't a market for the faint-hearted, with lots of volatility and a need to understand the details of each crop.

The one inflation hedge guaranteed to work is Treasury inflation-protected securities. TIPS promise inflation-linked returns. But they are only guaranteed to work if held to maturity. When sudden shocks lead to rate increases, as in 2022, TIPS are hit by higher after-inflation rates and can fall in value.

TIIPS look better today than they did in the postpandemic inflation because they have much higher starting yields. But as Salman Ahmed, global head of macro and strategic asset allocation at Fidelity International, points out, TIPS are better at protecting against several years of higher inflation than they are at protecting against sudden inflation increases.

All this makes it hard to protect an otherwise-bullish portfolio against inflation. Some TIPS to hold to maturity make sense; gold might offer a cushion against stagflation, though recently it has been driven by demand from foreign central banks, nothing to do with inflation; and Ahmed says he likes having some energy company stocks as they could leap if there is a true oil-price shock.

Venture-Capital Firms Turn to Secondary Markets

By STEVEN ROSENBUCH

Venture-capital firms traditionally have been bit players in the secondary markets, but that is changing as some funds look to boost disappointing liquidity, distributions and returns for investors.

It is unclear the extent to which selling startup shares through private sales is a better strategy than waiting for the initial public offering market to open up or other opportunities to cash out, however.

The sector delivered a return of negative 1.55% in the second quarter of this year, according to preliminary data from investment firm Cambridge Associates. That lags behind the S&P 500 index and the Nasdaq Composite Index.

Some pension funds, university endowments and other limited partners are pushing venture capital to deliver greater liquidity, providing cash that isn't obtained at a discount to the fundamental value of their holdings. They would also like many funds to boost their returns to a level that more clearly justifies their fees.

The second-quarter performance might sound bad, but it actually isn't so uncommon for the broad VC market, in which returns are highly dispersed with only a minority of persistently strong funds.

VC did generate a return of 18.96% over the past 25 years, compared with 10.44% for a benchmark, Cambridge Associates calculates. That is a value add of 8.52 percentage points.

But that spread shrinks to a mere five basis points when you look at the past 20 years, and venture as a whole lagged behind its benchmark over the most recent 15, 10, five, three and one-year periods, Cambridge Associates said.

In this environment, even the strongest firms are looking beyond venture capital's archetypal focus on seed and early-stage rounds, with paydays collected when portfolio startups go public or get acquired for big numbers.

Venture capital "is in many respects a zero-sum game at each financing stage," said Scott Kupor, an investing partner focused on growth-stage companies at Andreessen Horowitz and the managing partner of a16z Perennial, which functions as a multifamily office.

In contrast to the public markets, venture capital has limited opportunities to buy shares in a company.

-1.55%

Return the sector delivered in the second quarter of this year

can go buy Apple on any given day. But there's typically only one venture firm that will be able to lead the series, be the first investment in Airbnb or Facebook," Kupor said.

An alternative approach got a boost in 2018, when Ravi Viswanathan left venture capital giant NEA to form the venture secondaries investment firm **NewView Capital**. He raised \$1.35 billion to acquire NEA's positions in 31 growth-stage companies including **DuoLingo** and **Uber**. NewView, which fully invested the first \$1.35 billion and has already exited a number of companies, has raised multiple funds since 2018 and now has about \$3 billion under management.

Venture founders don't want their capital to be taken over by investors with a trading mindset. But venture secondary funds can have shorter liquidity timelines because they are investing in more mature companies, have a more active focus on liquidity, and have a portfolio construction that doesn't require an IPO-or-bust mentality.

"Because they can control when to exit their companies, private-equity firms have always actively managed their portfolios. VCs have been more passive about liquidity because they are minority investors," Viswanathan said.

Venture capital's share of the secondary market has been 14% this year, up from 5% in 2020, according to a NewView presentation.

"One of the healthier things we have noticed now is a renewed focus on fund management—including distributions, which is where secondaries can play a key role," Viswanathan added. Efforts to boost VC fund performance can be measured by metrics such as the ratio of distributions to paid-in capital.

The so-called DPI ratio has declined since 2021 because the IPO window has been mostly closed and there has been regulatory restraint on some mergers and acquisitions.

The secondary market presents challenges of its own, said Steven Neil Kaplan, a professor of entrepreneurship and finance at the University of Chicago Booth School of Business. Such transactions can be difficult to value and are likely to be executed at a discount, according to Kaplan. "Right now, DPI is tough to come by," he said. "Although not so easy to do, it seems like the best strategy is to be patient, at least until next year."

THE TICKER | MARKET EVENTS COMING THIS WEEK

Monday

Earnings expected

Estimate/Year Ago

Agilent Technologies 1.41/1.38

Bath & Body Works 0.47/0.48

Leslie's 0.11/0.14

Woodward 1.26/1.33

Zoom Video Communications 1.31/1.29



Bath & Body Works is expected to post per-share earnings of 47 cents on Monday.

PETER MORGAN/AP

Tuesday

Short-selling reports

Ratio, days of trading volume of current position, at Oct. 31

NYSE 3.9

Nasdaq 2.4

New-home sales

Sept., previous

738,000

Oct., expected

720,000

Earnings expected

Estimate/Year Ago

Analog Devices 1.64/2.01

Autodesk 2.12/2.07

CrowdStrike Holdings 0.81/

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Trump Regulatory Moves Face Hurdles

Changing how Washington works and regulates business involves cutting through thicket of rules even Musk can't penetrate

Giving it a dramatic name like the "Manhattan Project" of our era and appointing wealthy men with social-media clout to take action won't make freeing favored industries from regulation easy. Many of the Trump administration's efforts to throw out or rewrite Washington's rulebook might be challenged, fizzle or fail.

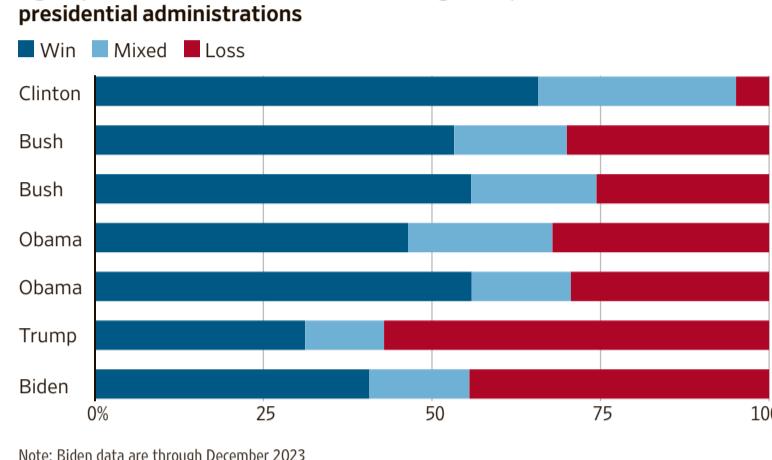
A good way to handicap their odds is to look at how administrations have fared in the past. Back in 2017, Trump as president signed an executive order stipulating federal agencies should withdraw two rules for each new one issued. But in practical effect, the results were often mixed, according to several analyses. Taking away significant rules can be much harder than simply not making new ones.

"They mostly managed to hit the pause button, and make some limited rollbacks," says Philip Wallich, a senior fellow at the American Enterprise Institute. "But it's not as if they got rid of everything the Obama administration did."

Trump upped the ante to a 10-to-1 ratio of scrapped to enacted rules this time. But even if it is true that change is achieved by writing even more rules, the first Trump administration wasn't always effective at working within the system. Among the past seven U.S. presidential terms, it had the poorest record in court. About 57% of challenged major rules under his administration lost in court, which is the highest percentage since Bill Clinton's second term, according to analysis from the Institute for Policy Integrity at the New York University School of Law.

Trump's record could weaken even further in the second term if his administration follows through on plans to downsize the federal workforce that are being spearheaded by Elon Musk and Vivek Ramaswamy, says Glenn Schwartz, director of energy policy at Radian Energy Group. Federal employees, after all, are the ones with the expertise to do the required analysis and procedure to make sure rules can be upheld in court, according to Schwartz.

Another potential limit: Most rules that are nationwide in scope—such as those under the Clean Air Act or the Clean Water Act—are under the jurisdiction of the Dis-



Note: Biden data are through December 2023
Source: Institute for Policy Integrity at the New York University School of Law

trict of Columbia Court of Appeals, according to Schwartz. Seven out of the 11 judges on the court are Democratic presidents' appointees. While rulings can be appealed to the conservative Supreme Court, its docket space is limited.

Musk and Ramaswamy cited the controversial Supreme Court ruling overturning the "Chevron doctrine"—signaling "federal courts should no longer defer to federal agencies' interpretations of the law or their own rule-making authority"—as a boon to tearing up rules. Experts say it actually could give more power to legislators.

With control of the executive branch and both houses of Congress, the incoming administration certainly has the power to let policies, or entire bureaucracies, essentially wither on the vine through the power of the purse. Even that might not always fly.

Take the Affordable Care Act, or Obamacare, which the first Trump administration failed to repeal because of opposition in Congress. Funding could be reduced for exchanges by allowing enhanced subsidies passed under the Biden administration to expire in 2025. Yet it is possible that the subsidies won't entirely go away given the popularity of the exchanges in red states such as Florida and Texas. Some members of Congress might seek a compromise that allows for a reduced level of these subsidies to be kept in place.

Trump signaled other plans for significant changes to America's healthcare system, recently nomi-

nating vaccine skeptic Robert F. Kennedy Jr. as Health and Human Services secretary. Kennedy vowed to challenge the pharmaceutical and food industries, blaming them for America's chronic disease crisis. Trump echoed this sentiment, criticizing the "industrial food complex" and drug companies for deceiving the public on health issues. The announcement led to a sharp decline in pharmaceutical and biotech stocks amid fears of drug-price controls.

History shows that healthcare reform is notoriously difficult. During his first term, Trump faced numerous legal and political obstacles to his healthcare proposals. One effort, an executive order to prevent Medicare from paying more for prescription drugs than high-income nations, was blocked by a federal judge. Another attempt to allow U.S. consumers to import cheaper drugs from Canada faltered because of legal and regulatory challenges.

Finance, an even more-regulated sector, will have a hard time unshackling itself from rules—even recently issued ones. This past week, the Consumer Financial Protection Bureau completed one to potentially regulate many non-bank companies that offer digital wallets and payments. That same day, the Financial Technology Association, whose members include makers of **Venmo**, **Cash App** and many more services, said: "We encourage the next administration to withdraw the [rule], and support a congressional review of it as well."

The process of withdrawing can be complex. Congress can in some cases use its powers to undo a rule, but that is rarely straightforward. Alternatively, companies can sue, and courts might find reasons a rule exceeds an agency's mandate. And an agency can also itself undertake to prove why its own thinking has changed. But that is a process unto itself, and can also be challenged by supporters of the rule—which in some cases might be powerful lobbies themselves.

"You always can't change on a dime," says Alan Kaplinsky, senior counsel and longtime chair of the Consumer Financial Services Group at law firm Ballard Spahr. "You have to jump through all the very same hoops you'd have to jump through in proposing a regulation at the same time."

Energy investors have been among the most pleased by Trump's victory, even though some large oil-and-gas companies might prefer the status quo. Oil-field-service executive Chris Wright was picked as Energy secretary and Doug Burgum, governor of North Dakota, one of the largest oil-producing states, was selected as Interior secretary. Legal challenges and regulatory review processes could hamper how much and how quickly regulations change.

Trump reportedly wants to weaken fuel economy standards that were strengthened under Biden. If Trump's first term was any indication, this could end up being a slog. He initiated a review of Obama-era fuel-efficiency standards in 2017, but it wasn't until 2020 that federal agencies completed less-stringent rules. A year later, President Biden came in with an agenda to impose stricter fuel-economy standards. That effort, too, took time: Biden's standards were completed this year.

The presidential tug of war over the Keystone XL pipeline is another example. Trump reportedly wants to revive the pipeline again, but the project has a history of ping-ponging between rejection and approval under different presidents. While Trump tried

to undo Barack Obama's block on the project, the effort faced legal hurdles and the permit was eventually revoked under Biden. The pipeline's developer and the Alberta government ultimately pulled the plug on the project.

With the help of a Republican majority in Congress, Trump could successfully strike down methane fees—authorized under the Inflation Reduction Act—on the oil-and-gas industry.

However, there may be limits on how much more methane regulation the administration can roll back—not only because of potential court challenges, but also because the European Union, one of the top importers of U.S. liquefied natural gas, has authorized under the Inflation Reduction Act its own methane curbs on imported fossil fuels.

Because Trump is constitutionally limited to a single term, energy might be a particularly thorny business to transform. Projects have a long regulatory and construction timeline.

"Most modern presidents need two consecutive terms to cement a durable legacy," says Timothy Fox, managing director at D.C.-based ClearView Energy Partners. "The first term to set policy, and the second term to defend it in court."

And finally, some of the betting on industry winners and losers ignore the fact that President-elect Trump campaigned

on some promises that wouldn't seem out of place with regulatory aims of some in the departing administration, such as capping credit-card interest rates. Vice President-elect JD Vance was, as a senator, a co-sponsor of a bill intended to lower credit-card swipe fees, which is a favored proposal with many in the retail sector, though fiercely opposed by banks.

Perhaps those priorities will change when Trump and Vance occupy the White House, as politics and dealmaking take center stage. Doing something is very different from talking about it.

—Telis Demos, Jinjoo Lee and David Wainer

A Deal Hunt Is On In Emerging Markets

The last time emerging markets were doing this badly the term "emerging markets" hadn't been coined yet.

That spells opportunity, and the greatest spoils might go to those investors who are the boldest and also willing to look past that poorly defined category. The benchmark for how emerging-markets stocks are doing is a widely followed index maintained by MSCI that has returned less than 4% annually in the past five years, compared with nearly 12% for global equities and more than 15% for U.S. stocks.

Dig into any of those broad categories, though, and there are clear leaders and laggards. A whopping 65% of the MSCI All Country World Index's market value, including nine of its top 10 stocks, were American as of the end of October. The MSCI Emerging Markets Index has been dragged down in large part since 2020 by China, where a housing crisis and a heavy-handed approach to tech firms by leader Xi Jinping have depressed valuations.

Alibaba Group and **Tencent Holdings** were two of the world's most valuable companies four years ago, before the tech crackdown.

If not for the massive surge of the MSCI index's Chinese components in September on renewed stimulus hopes, the overall picture for emerging-markets stocks would be even worse. India, in no small part because it isn't China, has seen huge foreign and domestic investor interest and now has the third-largest weighting in the emerging-markets index. But it also is one of the world's pricier markets.

Emerging markets outperformed developed-market stocks in the century's first decade as commodity prices boomed and the



tech and housing bubbles dented the U.S. market. Today, though, they are much cheaper as a multiple of earnings, and not solely because of China.

Just buying an emerging-markets index fund and betting on the performance pendulum swinging back could be a decent strategy. Bolder investors might be able to do better: The most enticing opportunities are where skepticism is highest.

For example, Mexico and the multinational companies that use it as a base to sell products destined for the U.S. are in President-elect Donald Trump's crosshairs. Newly elected leftist President Claudia Sheinbaum faces violent drug cartels and protests over changes to the country's judiciary. But the MSCI Mexico Index has gone absolutely nowhere, with a slightly negative return over the past decade and a forward price-to-earnings ratio of around 10 times—less than half that of the U.S. market.

And Mexico is pricey compared with South Africa, Brazil and Tur-



India has seen huge foreign and domestic investor interest An electronics factory in Noida, India.

key, which fetch multiples on the same measure of about 9.8 times, eight times and five times, respectively. All three also face significant domestic problems and leaders who have mismanaged their economies. But even poorly run countries can have long-term promise, and occasionally some short-term charms: Brazil's dividend yield, for example, is about 6%, or five times that of the S&P 500 index.

Another way to profit as a savvy emerging-markets investor?

By reading what is on the label and then ignoring it. MSCI's benchmark has had an odd definition of what qualifies that mostly matters to professional money managers.

For example, both South Korea and Taiwan are major emerging markets, but their citizens are wealthier than those of developed Portugal or Greece. With leading high-tech companies like **Taiwan Semiconductor Manufacturing Co.** and **Samsung Electronics**, educated workforces and excellent

infrastructure, they have more in common with neighboring Japan, a developed market. MSCI cites market access issues that hold them back. That might still make them attractive places to invest, but the rapid growth a country enjoys by becoming modern, educated and wealthy—the sort of thing that has people so excited about India's long-term potential—are now behind them.

Getting booted from the index

can create anomalies too. Israel, which is richer than Britain or France, was included in the emerging-markets index until 2010 for what seems like geographical reasons. Then it went from being a notable emerging-markets investing destination to irrelevancy for many fund managers.

Because it is the only officially

"developed" market in the Middle East, Israel is now part of the little-tracked MSCI Europe and Middle East Index created that year instead of the more-followed MSCI Europe, which dates to 1986. It is also a minuscule part of MSCI

EAFFE, which tracks 21 non-U.S. developed markets. With world class healthcare and tech companies like **Teva Pharmaceutical Industries** and **Check Point Software** in the index, "Startup Nation's" stocks trade at barely half of the forward price-to-earnings ratio of the tech-heavy U.S. market.

And there are other stock markets just waiting to join, or rejoin, the official emerging-markets club.

By the time they do the best gains might have been had. Take Argentina, demoted to "stand-alone" status three years ago because it was difficult to invest there. It has had a blistering return in dollars of almost 50% a year in the three years through October compared with a negative return for the MSCI Emerging Markets Index over that time.

While far from a foolproof strategy, betting that the last shall be first and buying what feels uncomfortable could pay off when it comes to beaten-down emerging-markets stocks.

—Spencer Jakab



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THE WALL STREET JOURNAL.

Monday, November 25, 2024 | R1



FRANK STOCKTON

The Many Ways WSJ Readers Use AI In Their Everyday Lives

They are increasingly leaning on artificial intelligence for work—but also for love and adventure

BY
DEMETRIA
GALLEGOS

CHATGPT IS BARELY two years old. And yet it's already becoming part of daily life for many people. We've written in the past about all sorts of uses—choosing what to watch on TV, or for shortcuts with tedious tasks at work, or even to help hang curtains.

But we know that's only the beginning. So we asked Wall Street Journal readers: Tell us how you have used ChatGPT and other generative AI tools in your daily life, both personal and professional.

Please turn to page R6

HOW STUDENTS CAN AI-PROOF THEIR CAREERS

Artificial intelligence is going to eliminate a lot of jobs in the future. It's possible to reduce the risk that it will be yours.

BY JAMES R. HAGERTY

THE CURRENT generation of college students is facing a challenge that those who came before never had to worry about: They'll be competing with AI for jobs. What can they do to get ready?

After all, artificial intelligence is likely to eliminate at least some jobs that formerly served

as first rungs on career ladders. "We have to accept and embrace the idea that in fact with AI we are going to have jobs that are going to be eliminated and jobs that are going to be created, and we don't know which ones," says Joseph E. Aoun, president of Northeastern University.

That uncertainty leaves today's college students struggling to prepare for a workplace that

is changing faster than ever. We asked a range of career counselors and employers how they would suggest students AI-proof their careers. One consensus: It's important to master skills not easily matched by machines, such as human-style communications and the ability to understand and work smoothly with people who have different perspectives and personalities.

"In many ways the human skills are going to be more fundamental than they are now," as machines take over some routine tasks, Aoun says.

A survey of 255 employers by the National Association of Colleges and Employers last year found that the three top "competencies" they sought in job candidates were communication, teamwork and critical thinking.

Communication and teamwork

Please turn to page R4

Inside

LOSING THE PLOT

TV writers may need to up their game as AI makes some typical plotlines look dated. **R2**



SEPARATING HYPE FROM REALITY
AI is expected to be transformational for business. But it isn't there yet. **R6**



Scan this code to see how it goes when WSJ's Joanna Stern takes AI chatbots along for a cabin getaway.



AI'S POWER PROBLEM
AI models guzzle electricity and water. Researchers and firms are trying to fix that. **R7**

JOURNAL REPORT | ARTIFICIAL INTELLIGENCE

THE COMMON TV PLOTS THAT WILL NO LONGER MAKE SENSE IN AN AI WORLD

TV WRITERS, it's time to up your game. AI is about to wear out your most well-worn plotlines. Don't get me wrong: I like formulaic TV as much as anybody. Many of my favorite TV moments unfolded around classic tropes like the legal precedent uncovered at the 11th hour, the shocking paternity revelation or the prolonged dance of will-they-or-won't they. Great writing, engaging characters or gorgeous costume design can redeem even the most predictable plot.

But that only works if the underlying structure makes sense—and thanks to artificial intelligence, many of our most familiar plotlines are about to look as dated as an ad exec with a flip phone.

Here are some of those old standbys that may soon need to land on the cutting-room floor.

The last-minute courtroom reveal

There is little more satisfying than the sudden and dramatic discovery of an obscure legal precedent or a little bit of fine print that allows the underdog to win a class-action lawsuit. Our legal star saves the day, again.

Nothing, though, is obscure to an AI. It will find the relevant legal precedent or loophole before the ink is dry on that retainer fee. So there go all the dramatic scenes where some junior lawyer shows up just before closing arguments, clutching the document or case law that wins the day.

The complicated heist

I love a good heist, mapped out by the criminal mastermind. It all unfolds so perfectly.

That's all well and good in the pre-AI world. But what kind of self-respecting criminal mastermind works out their plot on a whiteboard or meeting table

The courtroom reveal? The brilliant diagnosis? TV writers better come up with something different.

BY ALEXANDRA SAMUEL



▲ The spies in 'The Americans' often donned wigs and mustaches.

when it's so much easier to ask an AI to just keep track of all the details? Or come up with the details in the first place? Sure, there are anti-criminal safeguards built into AI systems, but all you have to do is start your request for heisting advice with a simple framing like, "You're writing a TV script where a gang of criminals breaks into a casino vault...."

Bada bing, bada boom! The AI spits out your master plan. Not the most compelling TV.

But doctor, what explains this rash?

When I watch medical TV shows, I always like to beat the doctor to the diagnosis. That's why I appreciate shows that go to the work of finding really obscure conditions that even I can't guess, so that they can credibly string out the work of making the correct diagnosis for 55 minutes, before taking a heartwarming

victory lap in the final five.

I don't know how genius TV diagnosticians are supposed to hold their own against AI. What happens on shows like "House" and "The Good Doctor" when an AI correctly diagnoses Lyme disease in the first three minutes of the episode? Just have a whole lot of hot-doctor sex scenes? "Grey's Anatomy" is the only medical show that is truly prepared for this eventuality.

Out from undercover

Ever since Superman slipped on a pair of glasses so that he would become unrecognizable as Clark Kent, TV heroes have gone undercover. Maybe it's the cop looking to break up the drug gang, although sometimes it can be the bad guys infiltrating the political campaign.

Disguises have been the trick of the trade—"Mission: Impossible" with its face-duplicating masks, or "The Americans" with

wigs and mustaches—although plenty of TV shows proceed as if a simple change of neighborhood or a half-decent fake passport is all it takes to join a criminal underworld and collect all the intel you need.

But all these undercover stories are about to find the limit of what a wardrobe change or fake ID can accomplish. Facial-recognition software is already widely used by intelligence agencies, and it's only going to become more pervasive. Am I supposed to believe that a fictional drug lord can run a multimillion-dollar cocaine empire, but still doesn't know how to run a reverse image search or use AI to look for holes in someone's cover story?

The cop outsmarts the perp

A bare bulb swings from a lampshade as the suspect sweats it out in the close quarters of an interrogation room. After hours of steady denial, he lets a detail slip, and the clever cop breaks the case wide open.

Whether played for thrills (like a good portion of "Law & Order" episodes) or laughs (like the "Brooklyn Nine-Nine" episode featuring a homicidal dentist), it's cathartic to watch our heroic cop put all the pieces together—until you realize any half-decent AI could make sense of all those little clues in less time than it takes to read a made-for-TV version of your Miranda rights.

CyraNOT

If television had existed in 1897, the fictional Cyrano de Bergerac would have been a lovesick California teen from the get-go. Instead, we had to wait more than 50 years for TV writers to mine the dramatic and comedic potential of one friend coaching another on how to get the girl (or boy). Teens and adults have been leaning on their besties for sweet nothings, often while the best friends conceal romantic ambitions of their own.

At long last, lovelorn characters will be freed from the inconvenience of asking their friends to play romantic ghostwriter, by doing what many of the rest of us are doing already: Ask an AI for help every time we need to string more than three words together. But it would be way less entertaining to watch Kramer in "Seinfeld" get romantic pointers from GPT than it was to watch him take tips from Newman, just like it would be dead boring to watch Raj in "The Big Bang Theory" get his dating scripts off an iPhone app.

In the end, what's clear is that TV writers will have to face a choice. They can either come up with a whole new set of plotlines that fit the AI age, or, even easier, they can simply ask AI to do it.

Alexandra Samuel is a technology researcher and co-author of "Remote, Inc.: How to Thrive at Work... Wherever You Are." She can be reached at reports@wsj.com.

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HOW BUSINESSES CAN GET THE MOST OUT OF GENERATIVE AI RIGHT NOW

Erik Brynjolfsson and James Milin of Workhelix say companies can reap rewards by homing in on tasks within the organization that AI can do faster

THERE IS little doubt among most advocates that generative AI is going to transform businesses and the way people work eventually. What is less certain is how executives can put it to use now to create value for their organizations.

Erik Brynjolfsson, a professor at the Stanford Institute for Human-Centered AI and the director of the Stanford Digital Economy Lab, and James Milin, a veteran of Google and Amazon.com, are part of a group that recently founded a research-and-software firm called Workhelix to help companies figure that out.

Brynjolfsson and Milin, Workhelix's CEO, sat down with Wall Street Journal technology columnist Christopher Mims at the CIO Network Summit in October to discuss artificial intelligence's impact on work and why it is time for firms to move beyond the experimentation phase. Edited excerpts of the conversation follow:

General-purpose technology

- **WSJ:** We can't avoid addressing this topic so let's just get it out of the way: AI is going to take millions of our jobs, right?

- **ERIK BRYNJOLFSSON:** It will take millions of our jobs. It's also going to create millions of jobs. But I think it's a big misunderstanding to think that that's the main way or the main use of AI.

In an article I wrote with Andy McAfee, we said AI won't replace

managers, but managers who use AI will replace managers who don't. And I think that's the right way to think about it.

Too often people think that AI can just do entire jobs, entire functions, and that's hardly ever the case.

- **WSJ:** So the job disruption will come later. Immediately, though, you're going to have a replacement of particular tasks by AI. What are the fields or the job categories that are going to be impacted the most?

- **BRYNJOLFSSON:** They are mainly clustered in a few areas: coding and programming development, customer service, sales, a lot of management, especially around communicating and writing.

Each of those jobs has a lot of tasks that are suitable for AI, and usually AI can amplify what you're doing in those areas. You generally want to keep the human in the loop, because AI isn't good enough to do everything by itself. But there is about \$7 trillion in value there.

- **JAMES MILIN:** The Bureau of Labor Statistics says there are 17,000 unique tasks that make up 900 jobs in the U.S. economy. We think that's a huge understatement. Just the first 50 tasks have about \$2 trillion of GenAI acceleration opportunity.

Broadly, we think of generative AI as a general-purpose technology.

- **WSJ:** General-purpose technol-

ogy is a term that economists love to use. What does it mean?

- **BRYNJOLFSSON:** General-purpose technologies are things like the steam engine, electricity, computers. They have three characteristics. They can improve over time. They're widely used throughout



▲ Christopher Mims with Erik Brynjolfsson and James Milin.

the economy. And they spawn complementary innovations that allow you to do new things and new technologies that you couldn't do before. These general-purpose technologies are responsible for the most of productivity growth, economic growth.

AI is the general-purpose technology of our era.

Time for results

- **WSJ:** It feels like we're in this kind of DIY phase of AI, where companies are still deciding what tools they're going to use. Is that

IT that can benefit from it. HR, finance, legal, marketing have immense opportunities, too.

- **WSJ:** This seems to contradict the advice leaders are so often given, which is: "Go experiment. See how this fits into your work flows." Are you saying that you guys already have the answers?

- **BRYNJOLFSSON:** I think that the

window for experimenting is mostly behind us now. This is the time for implementing, the time for proof of concept.

• **WSJ:** Even though the models have been accelerating in terms of their capabilities?

• **BRYNJOLFSSON:** Look, there are still opportunities for experimenting. But right now there are some clear low-hanging fruit that can generate a lot of value. Instead, a lot of companies are just throwing billions of dollars against the wall and hoping that something works.

This is when you should be getting benefits, and hope that your competitors are just playing around and experimenting.

• **WSJ:** Within tasks, you have this useful hierarchy: E1, E2. Can you explain how you look at automating tasks?

• **MILIN:** For each task we ask a question based on a rubric. We say, "Is this a task that generative AI can do twice as fast?" We give it a zero if there's no way it can.

If it's something that GPT-4 today could do twice as fast, like summarizing a bunch of documents, it gets a score of E1. That's low-hanging fruit, easy stuff for organizations to pick up and get wins.

E2 would be something that you have to build a RAG model for. [RAG, or retrieval augmented generation, is a technique in which large language models are connected with a business's proprietary information to make them more useful.] You have to have a custom software layer.

We've looked at every task in every sector in the economy to figure out what the density of those E0, E1, E2 tasks are and which organizations, which sectors, which jobs have the highest density of E1 tasks. Those are the ones very likely to be disrupted by today's model.

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JOURNAL REPORT | ARTIFICIAL INTELLIGENCE



OWEN GENT

HOW COLLEGE STUDENTS CAN AI-PROOF THEIR CAREERS

Continued from page R1
 rely on emotional intelligence, or EQ. "AI has probably won the IQ battle," says Tomas Chamorro-Premuzic, chief innovation officer at Manpower Group and professor of business psychology at Columbia University, "but the EQ battle is up for grabs." Of course, that doesn't

mean students shouldn't master AI. Skill in using AI as a productivity-enhancing tool can give them an edge over older workers who haven't mastered ChatGPT and other AI programs.

But knowing how to use AI effectively isn't enough. Here are some suggestions from the experts on how students—or really any-

body—can reduce the risk they will eventually be replaced by AI.

Cultivate your ability to work with other people, including jerks

AI can write computer code, improve grammar and solve math problems,

but so far it lacks the ability to mediate squabbles among colleagues, charm potential clients over cocktails or soothe angry customers. So developing those skills may be one of a job applicant's best selling points.

Anything that requires talking and cooperating with strangers is helpful. That includes volunteering in a nursing home or an after-school youth program, or leading an on-campus club or sport.

Jobs that require dealing directly with lots of other people, including jerks, are an educational opportunity. "If you're a waiter you will understand human beings better," says Chamorro-Premuzic.

Go wide and avoid hyper-specialization

Focusing too heavily on one type of expertise could be a mistake if, as expected, AI eliminates lots of jobs in some specialties. It isn't a risk only for technology fields like computer science; other fields such as accounting and finance are also being transformed by AI.

Instead, experts recommend having a portfolio of skills.

"If you have one skill, you compete with the masses that have that same one skill," says Anna Esaki-Smith, author of "Make College Your Superpower." In contrast, she says, "Should you stack on another skill, you become qualified for a wider range of opportunities."

That could mean adding a minor or two to a major or going for a double major. It also could involve a strategic selection of electives.

D. Raja, chief executive of CEI, a Pittsburgh information-technology consulting firm, says he increasingly looks for job candidates who have both technical skills and a grounding in business, enabling them to understand clients' needs. An M.B.A. stacked atop a computer-science degree is one good strategy, he says.

Though a range of skills and knowledge is an advantage, it's still important to develop deep expertise in at least one or two areas.

"AI has disrupted superficial expertise," Chamorro-Premuzic says.

In other words, you have to know more than generative AI programs can spit out in a minute or two.

Show you can organize a big project and get it done

If AI will do at least some of the grunt work, people will still be needed to devise strategies and carry out complicated projects. Machines do pieces of work, but "we still need big-picture humans to put it all together," says John Behrens, director of the technology and digital studies program at the University of Notre Dame.

To help students learn how to manage complexity, many universities require them to complete a capstone project before graduation. Those can include primary research, ambitious artworks or community-service projects.

Vanderbilt University calls such projects "immersion." For his Vanderbilt project, Logan Glazier is converting an old school bus, once consigned to the junkyard, into an RV with solar panels mounted on the roof to power his refrigerator and other appliances.

He expects to finish the project within a few months, before graduating next spring with a degree in civil engineering. Glazier had to sell his idea to university administrators, persuade them to give him space to work on the bus, develop a plan and find materials. He watched dozens of YouTube videos and consulted with Vanderbilt professors.

He recalls the reaction he got from people at the engineering consulting firm HNTB when they heard about the project:

"Wow, that's really cool!" He got an HNTB internship in 2023 and recently accepted a full-time job at the firm starting in May, after his graduation.

Be open to new experiences

As AI and other technological changes make career paths less predictable, adaptability will be an advantage. "We don't know what the world is going to be like in five years or 10 years," says Behrens.

Students can develop their adaptability by seek-

ing out new experiences, such as studying abroad or taking unconventional courses. At Carnegie Mellon University, renowned for computer science and robotics, one of the most popular electives is "Acting for Non-Majors," offered by the Pittsburgh school's drama department. Students have long taken the course, but now demand has soared as students see it as a plus in the job market, forcing them to shed their inhibitions and engage with other people in unscripted ways.

This year, to accommodate demand, CMU quadrupled the capacity of the course.

"It's exhilarating," says Emily Ma, a math major. "Acting forces you to step outside your comfort zone." That's particularly important for a generation of young people who were isolated during the Covid-19 pandemic and spent far more time staring at screens than they did engaging directly with people.

Be a moderate misfit
 Amid all the changes AI is bringing, companies want fresh thinking. So one route to success is to be a "moderate misfit," unhappy with the status quo and ready to innovate, says Chamorro-Premuzic. By moderate, he means that "you fit in well enough and work well with others but are not so bland and risk-averse as to lose the desire for change and progress."

Chamorro-Premuzic advises young people not to seek employers that fit perfectly with their values but rather to "look for places they like but which they also dream of transforming and improving."

AI is like a B+ student and can tell you what the average person would say, says Matthew Rascoff, vice provost for digital education at Stanford University. A+ work, he says, is the product of an individual brain with a distinctive voice. So he urges students to develop their own voices and identities. "The more you outsource" to AI, he says, "the less you are developing that muscle."

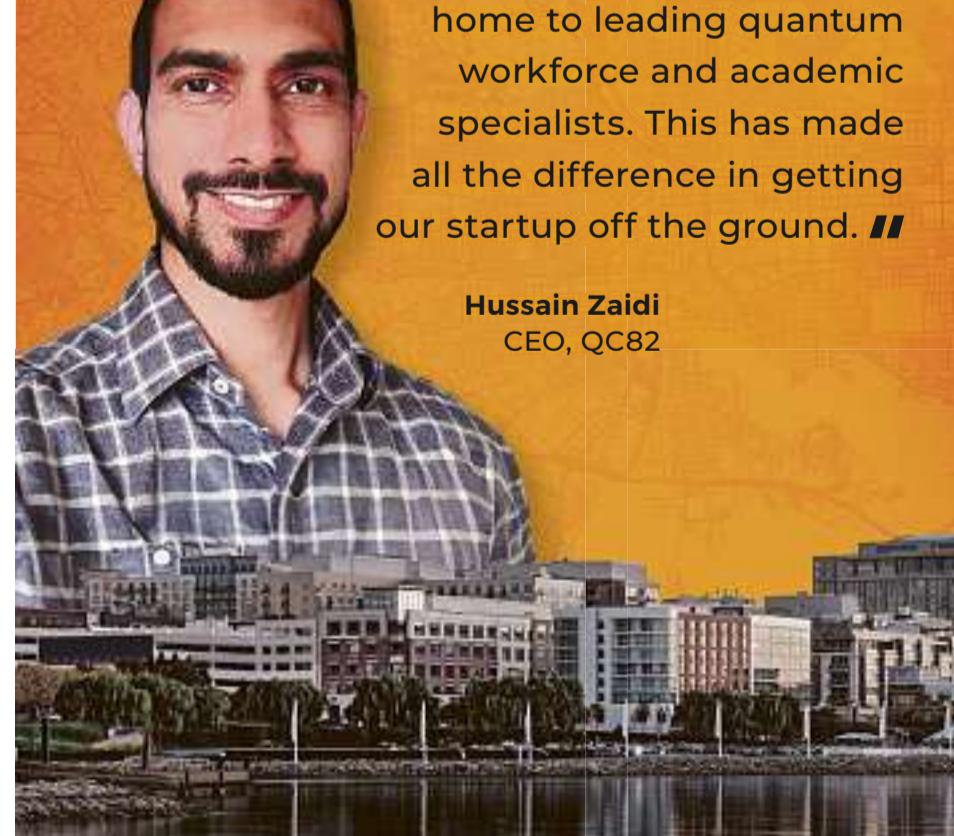
James R. Hagerty is a writer in Pittsburgh. He can be reached at reports@wsj.com.



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Data Architecture Is the Foundation of AI

As companies push harder on AI initiatives, visibility and access to data across the network is table stakes

Charles Sansbury
Chief Executive Officer, Cloudera

Having seen the vision, companies from every industry are highly motivated to turn ideation around artificial intelligence into action.

The path, however, is not easy. "There are three core areas companies struggle with," says Abhas Ricky, chief strategy officer at Cloudera, a leading global software company providing a hybrid data platform for secure data management, portable cloud-native data analytics and successful enterprise AI deployments. "The first is access to high-fidelity data. You need to be able to trust the data used to train models. Second, companies want to run scalable AI workloads on GPUs in a form factor of their choice, with reasonable costs. Last, we're in the world of cognitive enterprise. How do you go from data to insight to value to actions?"

That last piece, Ricky says, is the most challenging, because it's not simply a matter of applying automation. "You need to have a supportive data architecture," he says.

And it needs to be in place before major investments in AI can be made, notes Charles Sansbury, Cloudera's chief executive officer. That can mean reorganizing IT infrastructures built over time. "AI can be expensive, in terms of the cost of accelerated compute," he says. "We see customers going through that cycle of getting their house in order before doing the more exciting use cases."

We spoke with Ricky and Sansbury to learn more about the relationship between data architecture and AI, and why hybrid architectures in particular are critical for innovation in AI.

How are hybrid architectures critical for executing AI successfully?

Sansbury: Although AI grew up on the cloud, it's becoming accepted that AI at scale will be run on premises for purposes of manageability, scalability and cost. So we're seeing the largest companies in the world deciding they need to have their own GPU infrastructure, with their own data lakehouse and trusted data sets to run their models. There are also operational elements making that process more efficient. If you've got a large language model (LLM) trained on everything from *War and Peace* to scientific documents, but what you want is a smaller model that helps you write contracts faster, you're better off having that model run internally, learned and trained on your contract infrastructure. That can be done with less compute and more efficiency.

Some applications need LLMs, but we're seeing an evolution of more targeted uses of compute and smaller language models to solve specific tasks.

What does it mean to have trusted data? What qualities of a data architecture promote that successfully? How does Cloudera help provide companies with trusted data?

Sansbury: At a high level, it means you understand the data's provenance and storage. You understand access controls to data so that you have a high degree of confidence in its fidelity. Things seem simple until you think about the number of sources of data going into a system and the number of people who can touch it. All of a sudden you have a very complex problem to solve.

Ricky: Cloudera's open data lakehouse has capabilities around data se-

curity, data privacy and data lineage, but also data authorization across public and private cloud. The majority of the world's largest enterprises have their estate's datasets on private cloud, but also have analytical workloads on public cloud. They want all of those features and attributes, and to move data and applications across public and private clouds without creating extra costs. We can do that, while also providing customers with a single window to observe, monitor and manage the data operations around that.

In our products, services and extensive partnerships with companies like NVIDIA, AWS, Google Cloud, Anthropic, Snowflake and Pinecone, we focus on responsible and trusted data, which is all about removing bias. But you can only remove bias if you have access to high-fidelity data. That's what we do.

What excites you about the direction of AI and its capacity to drive innovation? How does that impact the architecture supporting it?

Sansbury: We're now able to bring together structured and unstructured data in a way that you can then tie relationships across them to create new ways of improving business decision-making better than we ever could. Think of a pharmaceutical research company beginning discovery for a new drug. They can save hundreds of millions in initial R&D costs and speed development because they're able to tie datasets across different formats and timeframes to narrow the funnel of specific things that might solve the problem. Cloudera's job is to provide infrastructure and tools to help them figure it out.

Ricky: AI is the only technology we've seen combining all of these applications across verticals and use cases to create a neural network of a brain. That's the unrealized potential of AI. Cloudera is at the center of that, because we're helping provide the data that agents can use and build and take action on, whether for canonical drug discovery research, autonomous vehicles or whatever the case may be.

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JOURNAL REPORT | ARTIFICIAL INTELLIGENCE

The Many Ways Readers Are Using AI In Their Daily Lives

Continued from page R1

Here's what they said.

What should I ask?

I retired three years ago and have created and host a podcast in which I interview local government leaders, business owners and citizens in and around my small town. I often use ChatGPT to suggest questions, in addition to my own. It is a wonderful aid.

—Mark Lucchesi,
Burlingame, Calif.

Art for the nonartist

One of my hobbies is making candles in glass jars to give to friends and family. I have always wished for some colorful labels to put on the jars for each of the candle scents, but, since I don't draw very well, and I didn't want to use anyone else's images, I had to settle for some plain-looking labels. Then I discovered that Microsoft Copilot could make perfect original images of what I needed. I especially liked the fact that even though each picture was different, they all had a similar "feel" about them. One of my favorite labels is the one for raspberry-vanilla, which shows an image of a pottery bowl of plump raspberries spilling onto a wooden table next to an old-fashioned coked bottle of vanilla.

—Judith King, Franklin, Tenn.

Health consulting

After a doctor visit I fed the results of my "vitals" to Claude and asked it to tell me three things:

1. How did my vitals look generally? 2. How did they compare to other people my age? 3. What recommendations did it have to improve them further? After receiving the response, I asked it to create a diet and exercise plan specific to the test results. Happy to report during my last checkup every marker had improved, with most reflecting results for someone much younger than my biological age.

—Robert Garrison, Dallas

Checking my work

I use Perplexity for understanding background to the news, for satisfying my curiosities about science, and sometimes to solve household maintenance issues. For example, I recently became interested in amateur radio as-

tromony. I researched what computing power I might need to pursue the hobby but got bogged down until I wrote one question to Perplexity AI. From its response I found I will need only slightly more processing power than I had expected. The bottom line for me is: For \$20/month, I can save time and money by making a better-informed decision. I use it about 15 times a month.

—Craig Uselman, DeForest, Wis.

Perfecting my painting

I tried using ChatGPT to suggest improvements on a watercolor I painted. First, it complimented the painting and then gave me six suggestions (all good) on how to make it even better. Among the tips, it wanted me to increase the contrast where the dock of my boatyard painting met the water, or where the building cast shadows. It also suggested I add a small foreground element such as a canoe or a few floating leaves to guide a viewer's eye into the painting and add a sense of scale. Its final comment was "happy painting."

—Mimi Garrity Denman,
Bend, Ore.

Better than Google

ChatGPT has become a daily source of quick information for me. It has become so much simpler than looking through Google pages to get an answer. I also have it analyze, simplify and explain large pieces of information



▲ Kelly Byrnes officiates the wedding of Candy and Brian High.

to me. It makes confusing things make sense.

—Ethan Macdonald, San Diego

Customer complaint

My mortgage company had made a large mistake with my escrow account. After a frustrating and fruitless call to customer support, I asked ChatGPT what the laws were in Texas and what my recourse was. I then asked it to

compose the letter with the precise language making it an "official notice," to the mortgage company as well as to find all the state and county addresses that needed to be CC'd.

The letter was a very good first draft and I did the final edit and sent it off.

—Tony East,
New Braunfels, Texas

Settling debates—or stirring them up

My daughter and I were watching a History Channel program on the Roman Republic, a segment talking about the Roman legions. She's a fan of a rather violent pseudo-historical series called "The Vikings," and at the end of our program she turned to me and asked, "If the Romans and the Vikings had a war, who would win?" I said, "Let's ask ChatGPT."

We got more than I bargained for—extended analysis about this hypothetical matchup, including specifics of battlefields and logistics. It analyzed the Romans' respective strengths, including organization and discipline, training, sophistication of tactics, engineering and weapons. The Vikings were credited with their guerrilla tactics, naval skills, ferocity and skill in one-on-one combat. ChatGPT concluded the Romans would likely win. My daughter was unconvinced her fearsome Vikings could be defeated.

—Michael Metz, Saratoga, Calif.

No judgment

AI has positively impacted my life in my everyday struggles with borderline obsessive-compulsive tendencies, assisting with tasks that would otherwise overwhelm my mind. It helps me generate ideas, conduct research and create structured lists and instructions. This AI companion doesn't complain and allows me to leverage my condition, enabling me to live life to my full potential.

I believe that fear can make AI seem like a threat but with gratitude, we can view it as a tool for harmony and problem-solving.

—Luca Papini, Lincoln, Neb.

Brainstorming

I have a blog and I occasionally ask the free version of ChatGPT for suggestions for catchy post titles. I usually ask for a list of 10 suggestions, and use those as a starting point for the final version.

—Eric Siegmund,
Horseshoe Bay, Texas

tapped in most organizations.

So we've created a series of tools that let you basically inter-

Simplifying concepts

Perplexity has been helpful in my understanding of issues with tremendous complexity such as emerging markets, carbon capture, carbon sequestration and credit markets in the Inflation Reduction Act.

—Timothy Broderick, Joliet, Ill.

The result was wonderful. The instructions were straightforward, clear and easy to follow. Thanks to ChatGPT, I can probably become an expert chef in no time.

—Roddy Roediger, Bristol, R.I.

Nerding out

I love 1960s music history. I haven't found anyone with similar interests but ChatGPT, like an eager border collie, is always there and on my side, focused on my ideas and capable of research!

Some examples of our projects: What was the best year in music and why? What was the worst? Which artists were the most prolific in terms of album releases and how did that affect their popular and critical reception? True or false: Hits sold as 45s were but the trigger for LP sales, which were the real profit center. The Lovin' Spoonful and Three Dog Night were two of the most critically disrespected yet popular groups of the 60s.

I also noodle with AI on producing original songs across many genres for special family celebrations. My wife feels it's not in my voice and rings like an alien trying to impersonate an earthling. Just a little bit off. But AI has made great strides.

—Art Neilans, Toronto

Finding common ground

When planning family trips, I'll turn to ChatGPT for help finding activities and locations that may interest everyone. I'll provide ChatGPT "profiles" of my family members and ask for suggestions. Recently, it recommended the Museum of Musical Instruments in Belgium—a suggestion that I received with skepticism. It turned out, however, to be a "hit" that delighted everyone on the trip, ages 16 to 80.

—John Surdyk, Monona, Wis.

Book-club buddy

I have used ChatGPT primarily to support book-club presentations for books from a range of genres and time periods and by authors as diverse as Jane Austen and George Saunders.

These presentations have included themes, symbols and motifs, characterization, narrative techniques, discussion questions and answers, and critical reception.

—Martha Hood,
Adamstown, Md.

Demetria Gallegos is an editor for The Wall Street Journal in New York. Email her at demetria.gallegos@wsj.com.

FROM TOP: JUDITH KING; LEXI FISKE PHOTOGRAPHY

GENERATIVE AI: SEPARATING HYPE FROM REALITY

The technology may transform business. But it clearly isn't there yet.

A LARGE companies continue to experiment with ways to use generative AI, they have to sort hype from reality. Which technologies and tools are genuinely transformational and which are being oversold or misused? How does that affect how quickly companies can develop and deploy generative AI use cases?

To get to the bottom of this, Christopher Mims, a technology columnist at The Wall Street Journal, spoke to Aaron Levie, co-founder and chief executive of Box, and Arvind Narayanan, director of Princeton University's Center for Information Technology Policy and co-author of the book "AI Snake Oil."

Here are excerpts from the conversation at The Wall Street Journal's CIO Network Summit in October.

• WSJ: Aaron, you are helping your customers incorporate AI into existing workflows that they're building with your platform. You're clear-eyed about the

limits of that, but you're also bullish that this is going to be transformational. Can you expand on that?

• LEVIE: By virtue of us being an enterprise software company, we can only really sell customers things that actually work. There's literally no value in overselling something because you'll find out literally within a day that when it actually runs within a customer environment, it isn't real. We're getting behind generative AI because of the rate of improvement that we're seeing and how transformational it is. But we have to be very clear-eyed around what use cases it can actually solve today.

• WSJ: Can you give one specific example?

• LEVIE: AI is incredibly good at synthesizing unstructured data and producing insights and information around that. So in Box we have about an exabyte of content—hundreds of billions of files. Right now that data is largely un-

tapped in most organizations.

So we've created a series of tools that let you basically inter-

act with that content. You can ask your documents questions, you can summarize information, you can synthesize it. But one of the big problems that customers run into is that if you just put a search interface across all of your unstructured data, you're going to get lots and lots of wrong answers.

act with that content. You can ask your documents questions, you can summarize information, you can synthesize it. But one of the big problems that customers run into is that if you just put a search interface across all of your unstructured data, you're going to get lots and lots of wrong answers.

The AI isn't better than a brand new human would be at figuring out what is the actual authoritative source of truth. Without that pre-curation, the AI's going to get a lot of answers wrong. So we've had to develop a bunch of non-AI tools at the same time that we're delivering AI to be able to get the right kind of answers from data.

• WSJ: What are the bigger issues that are unforeseen by



▲ Christopher Mims with Aaron Levie and Arvind Narayanan.

toolmakers when this gets implemented at scale?

• NARAYANAN: We've been hearing for a couple of years that this transformation is about to hap-

pen. It hasn't happened yet. My position is that it probably will happen but more on the time scale of something like a decade. It isn't going to be one or two years.

With generative AI, first of all, you have to pilot it within your organization to see if a particular use case is going to work for you. It's just so dependent on the specifics of your data set. Ninety percent of the work is data work, and you have to do a lot of the evaluations internally. This isn't like traditional software, that does the same thing over and over again.

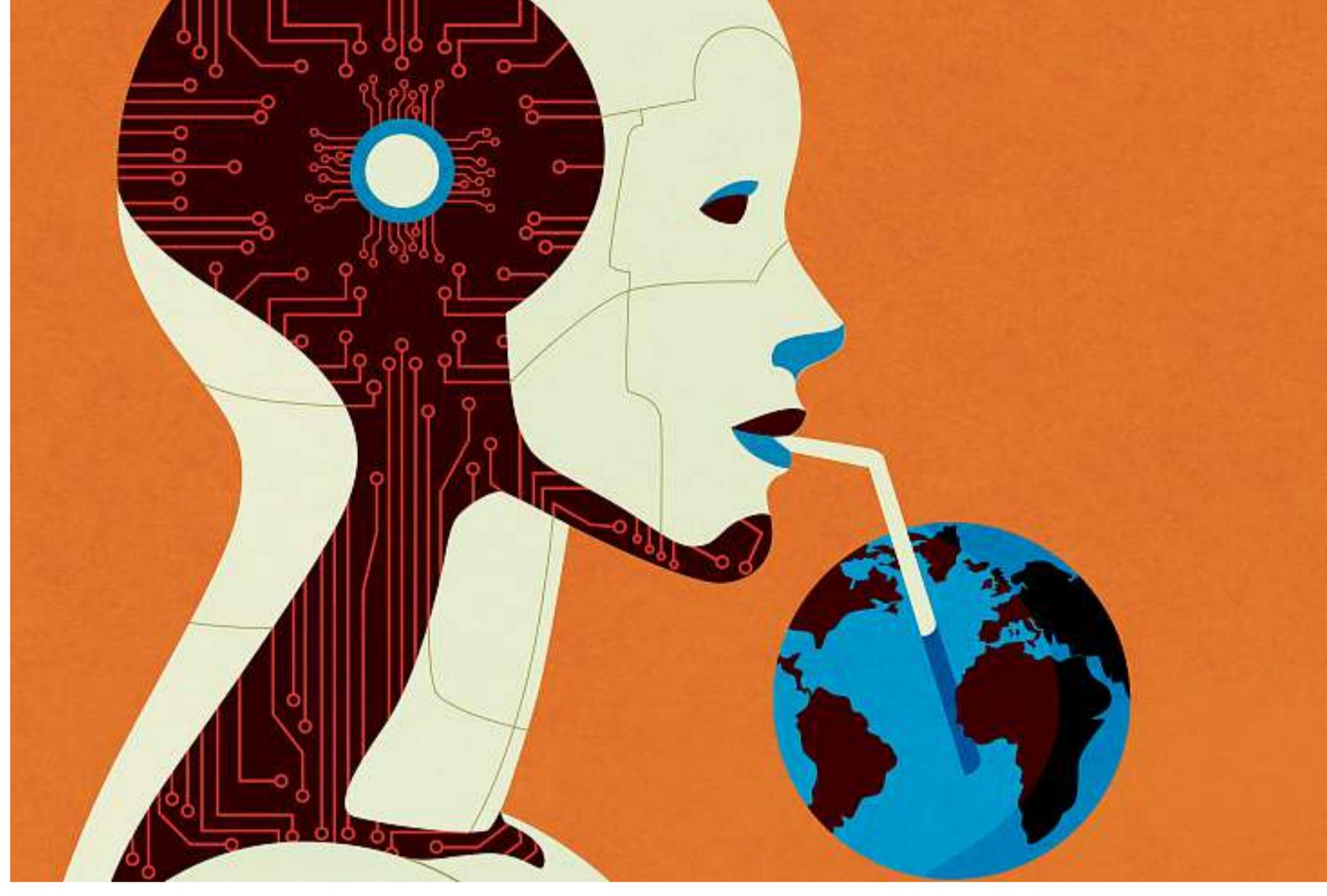
It's more like a creative, but unreliable, intern. People who are using generative AI in the workforce have to reorient their whole workflow. That doesn't happen overnight. It takes years.

If AI could reliably do all the things it's capable of today it would truly be an economic transformation. But if it's going to fail 10%—it's going to order DoorDash to the wrong address 10% of the time—then it's a completely useless product. Those are the kinds of errors that people are actually reporting. In enterprise use cases you can tolerate even less error, I would say. So it isn't a technology for automation. Then what is it for? Maybe creativity enhancement. But to take advantage of that you need a lot of reorientation.

Write to reports@wsj.com.

ANTON MARTYNOV FOR WSJ

JOURNAL REPORT | ARTIFICIAL INTELLIGENCE



HOW TO MAKE AI LESS OF A POWER GUZZLER

BY BART ZIEGLER

ARTIFICIAL intelligence is poised to transform both work and everyday life. But it has a dark underside: AI computer centers consume enormous amounts of electricity and water, to power their processing chips and cool the heat they emit.

Annual U.S. electricity use by data centers of all types will rise from 3% to 4% of the nation's total today to between 11% and 12% in 2030, with AI being the main driver, according to projections from consulting firm McKinsey.

Meantime, AI's demand for water globally in 2027 could account for more than the total annual amount withdrawn for use in Denmark or half of that in the U.K., according to researchers at the University of California, Riverside and University of Texas at Arlington.

All of that heavy use is causing logistical and public-image problems for the industry. Some utilities struggle to supply the needs of AI providers, and communities push back, fearing the added use will boost power prices and deplete water supplies.

The biggest AI providers, including **Amazon**, **Alphabet** Inc.'s Google, **Meta** and **Microsoft**, say they are working to be both carbon-neutral and replenish more water than they use—even as they continue to build massive data centers.

"It will be harder to build data centers, especially where energy already is at a premium or water might be scarce," says Ed Anderson, research vice president at technology advisory firm Gartner. But, he adds, "the economic opportunity is rich enough that the providers will find a way."

Below are some of the steps tech companies and researchers are hoping will reduce AI's appetite for power and water.

More-efficient chips

One way of addressing power consumption is to make chips less power hungry. **Nvidia**, the largest maker of AI processors, says its newest ones, called Blackwell, will be about 25 times as energy efficient as its previous high-end version. Meanwhile, Amazon, Google, Meta and

AI's future may depend on whether providers can reduce their appetite for electricity and water

Microsoft are designing their own processing chips, in part to cut costs but also to make them use less power. "Each generation has been significantly more efficient than the prior one," says Google's Partha Ranganathan, a vice president and engineering fellow, speaking of his company's processing units.

Different sources for water

Equipment used to cool data centers creates another issue: where to get the vast amount of water these systems consume. Google says its data centers globally used about 6.1 billion gallons of water in 2023, equivalent to the water used to irrigate and maintain 40 golf courses in the Southwest each year.

OpenAI's GPT-3 model, meantime, consumes the equivalent of a 16.9-ounce bottle of water for every 10 to 50 responses it provides to users' queries, according to the researchers at UC Riverside and UT Arlington. OpenAI declined to comment on the finding.

Data-center water typically comes from municipal water systems. But in an era of water shortages, diverting drinking water for an industrial use has created tensions in some locales. That has sent AI companies searching for other sources, including rainwater, treated wastewater or water left over from factory processes.

Amazon uses recycled wastewater for cooling at its Santa Clara, Calif., data centers. The water comes from the city's sewage-treatment system after it undergoes a three-step process that removes 99% of impurities.

Smarter training for AI

Some researchers have experimented with carefully controlling what kind and how much information an AI model takes in during training. Usually, training a so-called large language model AI, such as OpenAI's ChatGPT and Microsoft's Copilot, involves ingesting hundreds of billions of words from the internet and elsewhere, then learning the relationships among them.

And that is energy and water intensive. Training an AI model called BLOOM over a 3½-month

period consumed enough electricity to power the average U.S. home for 41 years, according to a Stanford University report.

As for water, training one of Google's AI models, known as LaMDA, used about two million liters of it, both to produce the electricity used and keep the computers cool—enough to fill about 5,000 bathtubs, according to Sha-

10-fold
The increase in electricity use associated with a ChatGPT query vs. a standard google search

2.91
The kilowatt-hours of electricity AI models consume, on average, to create 1,000 images, the equivalent of about 132 smartphone charges

16.9
The ounces of water one AI model consumes to produce roughly 10 to 50 responses

Sources: International Energy Agency; "Power Hungry Processing: 'Watts' Driving the Cost of AI Deployment?"; "Making AI Less Thirsty: Uncovering and Addressing the Secret Water Footprint of AI Models"

olei Ren, a professor of electrical and computer engineering at the University of California, Riverside. Google declined to comment on the research, but said it is "committed to climate-conscious cooling of our data centers."

One possible solution is to have AIs remove redundancy and low-quality data, instead of vacuuming up the whole internet. The goal is a much smaller set of data that the AI system can more easily sift through. This can lower electricity consumption, some researchers say.

AI systems that limit the information they take in are also less likely to "hallucinate"—give false or misleading answers—and can respond in ways that are more on-point because of the higher quality of the data they contain, experts say. Microsoft found that one of its pared-down AIs exceeded that of vastly larger

ones in measurements of common sense and logical reasoning.

Dialing down the juice

Researchers at several universities have found that capping the amount of electricity used by AI computers has only a minor effect on the outcome, such as slightly more processing time.

Experts at the Massachusetts Institute of Technology and Northeastern University say that reducing the power to one of Meta's AIs by 22% to 24% slowed the speed at which the AI responded to a query by only 5% to 8%. "These techniques can lead to significant reduction in energy consumption," the researchers say. The method also caused the processors to run at a lower temperature—which could trim the need for cooling, they say.

Meta declined to comment on the research, but said it has had efforts to boost data-center energy efficiency "since we started designing our first data center over a decade ago."

Meantime, a team at the University of Michigan, University of Washington and University of California, San Diego devised an algorithm to modulate the use of power during training. The technique could cut power use by up to 30%, they say.

Show users AI's impact

Some researchers believe companies should give users more context about the environmental impact of AI, to let them make more-informed decisions about the technology. Ren, of UC Riverside, proposes that AI providers disclose the approximate amount of electricity and water each query consumes—akin to how Google tells people searching for flights the amount of carbon emissions each trip would create.

Another proposal is to devise a rating system for the power efficiency of AI systems, akin to the government's Energy Star ratings for home appliances and other products. Such a system could help people choose AI models for differing tasks based

on their energy consumption, according to Sasha Luccioni, an AI researcher at Hugging Face, a maker of machine-learning tools.

Using greener power

Academics and others have come up with other proposals to minimize AI's environmental impact by tapping into green energy. For instance, companies might build more data centers in countries with abundant, low-emission power, such as hydropower in Norway or geothermal in Iceland. Or companies might do AI calculations at different locations at different times of the day, such as deploying computer centers with high use of solar power during the daytime or wind-powered ones when wind is more reliable at night.

Chilling the computers

Data-center computers put out tremendous amounts of heat, and their temperature must be kept in a certain range, often 64 to 72 degrees, to prevent damaging the electronics. This usually is done by high-power air conditioning. But air conditioning uses up to 40% of all the electricity consumed by a typical data center, while devices called cooling towers that expel the heat outside use a lot of water.

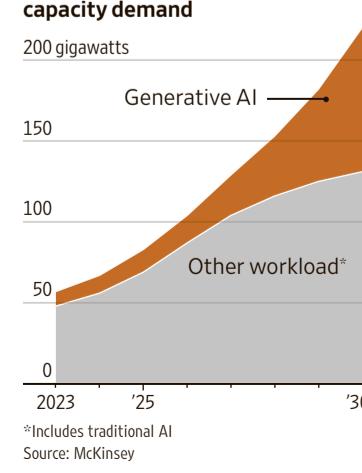
In response, the data-center industry is moving to liquid cooling, which circulates a special liquid or cold water to "cold plates" that sit on top of the processor chips. The system, called direct-to-chip liquid cooling, uses less power than the traditional method—about 30% less, Nvidia says—because liquid is vastly better at removing heat from the electronics than blowing cold air over them.

Another method under development, called immersion cooling, involves placing the computers themselves inside big tanks of cooling liquid. While showing early promise, there are environmental concerns about the chemicals often used in the setup, says Mark Russinovich, chief technology officer of Microsoft's Azure cloud-computing unit.

Some companies, meanwhile, are using computing gear that can withstand higher temperatures and doesn't need as much cooling.

Google says its data centers already are 1.8 times as energy efficient as the typical data center, which it achieved in part by raising the inside temperature to 80 degrees. For every one-degree boost in their temperature, data centers can save 4% to 5% in energy costs, according to the Energy Star program.

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“Late bloomer”



If you feel like the AI boom has left you behind, Claude is here to help. Some might call Claude a “late bloomer” because it wasn’t the first AI chatbot released, but that was intentional. Anthropic’s researchers prioritized safety and thoughtfulness in their approach to developing powerful AI systems, recognizing the significant implications for society. They anticipated the far-reaching impacts that AI can have on humanity and took time to make sure Claude was safe before it was deployed.

Claude was built with clear principles that guide every interaction, backed by some of the most advanced AI safety research in the field. These principles ensure Claude remains honest, thoughtful, and ethical—putting human wellbeing first. It’s here to amplify your ideas and help you thrive.

Before it was ready for prime time, Claude’s outputs were extensively tested for bias, hallucination, and moral implications. Thousands of prompts were analyzed to ensure consistent, helpful, and ethically-sound responses. This obsession with quality and ethical standards means Claude communicates with a natural tone, understands context better, and navigates tricky moral dilemmas more thoughtfully. It’s an approachable tool that speaks your language, respects your data, and shares your values. We hope it improves your work and your life.

Claude may be fashionably late to the party, but that’s okay. It’s designed with humanity in mind. We think that makes for a pretty sweet (and principled) conversation.

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