

# THE WALL STREET JOURNAL.

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

TUESDAY, JANUARY 21, 2025 ~ VOL. CCLXXXV NO. 16

WSJ.com

★★★★ \$5.00

DJIA Closed (43487.83)

NASDAQ Closed (19630.20)

STOXX 600 523.87 ▲ 0.05%

10-YR. TREAS. Closed (4.610%)

OIL Closed (\$77.88)

GOLD Closed (\$2,744.30)

EURO \$1.0418

YEN 155.64

# Defiant Trump Regains Power

*New president is sworn in to cap remarkable comeback*



President Trump took the oath of office midday Monday at the U.S. Capitol as his wife, Melania Trump, and other family members looked on.

## Riot Defendants Win Sweeping Pardons

WASHINGTON—President Trump pardoned on Monday nearly all of the 1,500 people charged in connection with the Jan. 6, 2021, attack on the Capitol, hours after outgoing Presi-

supporters who joined in what federal judges and prosecutors have called an attack on American democracy.

The new president made the announcement after arriving at the White House, effectively wiping away four years of prosecutions, including more than 1,100 convictions in what Justice Department officials have described as the largest investigation in U.S. history.

While pardoning virtually all of those charged, Trump commuted the sentences of more than a dozen others.

"They've been treated very

unfairly," Trump said in the Oval Office. "The judges have been absolutely brutal. The prosecutors have been brutal."

"I see murderers from this country get two years, one year, and maybe no time, but they've already been in jail for a long time," he said.

Among the recipients of clemency from Trump were leaders of far-right groups, including the Oath Keepers and Proud Boys, who had been found guilty of seditionary conspiracy and other offenses in connection with the Capitol attack. Trump pardoned former

Proud Boys chairman Enrique Tarrio, who was sentenced in 2023 to 22 years in prison, and commuted the sentence of Oath Keepers founder Stewart Rhodes, who was ordered to spend 18 years behind bars for plotting to prevent the peaceful transfer of power.

The breadth of the pardons contradicted the "case-by-case" approach Trump and his allies had signaled ahead of his inauguration. And it flew in the face of admonitions from Republican allies who had voiced opposition to the notion of par-

Please turn to page A2

## Jan. 6 Believers Cheer A Full-Circle Moment

By JOSHUA CHAFFIN

WASHINGTON—The last time Rebecca LaVrenz was here she was in a federal courtroom, standing trial for her participation in the riot at the U.S. Capitol on Jan. 6, 2021.

On Sunday, LaVrenz, 72 years old, returned to the scene of the crime—this time in triumph. She had come to Washington to celebrate Donald Trump's second inauguration. Hours after taking the oath of office, Trump pardoned

nearly all of the 1,500 people charged in the Capitol attack.

So besieged was LaVrenz by well-wishers and admirers that she kept misplacing her handbag in a hotel lobby packed with men in black ties and women in sequined gowns.

With the distraction of LaVrenz's red pumps, it was easy to overlook the black monitor around her left ankle. She had been found guilty and sentenced in August to six months of home detention.

Please turn to page A2

## Tech Moguls in Attendance



ONLINE: From left, Meta CEO Mark Zuckerberg; Lauren Sánchez with her fiancé, Jeff Bezos, Amazon.com founder; Google CEO Sundar Pichai; and Tesla and SpaceX CEO Elon Musk. Columnist Tim Higgins says big tech's new frenemy era is here. A3, B4

## Trump Orders Changes in Border, Energy, DEI Plans

WASHINGTON—President Trump signed executive orders to overhaul border and energy policies and end diversity programs across the federal government, unwinding signature Biden administration policies on the first day of his second term.

By Tarini Parti,  
Meridith McGraw,  
Gavin Bade and  
Brian Schwartz

Trump's immigration plans include ending birthright citizenship, declaring a national emergency at the southern border and ending asylum by speeding up deportations, Trump said. He gave the defense secretary 10 days to provide a plan for U.S. troops to help seal the border.

"With these actions, we will begin the complete restoration of America and the revolution of common sense," Trump said Monday in his inaugural address at the Capitol. At a rally later at Capital One Arena, Trump rescinded 78 Biden-era executive actions and signed other orders as thousands of

supporters cheered.

Some of his measures will likely face legal challenges, including the end to birthright citizenship for children born in the U.S. to mothers who entered illegally or on visas and fathers who aren't citizens or legal permanent residents. The order takes effect in 30 days.

Trump considered trying to end birthright citizenship in his first term. Constitutional scholars and civil-rights groups have said a change to birthright citizenship can't be done through executive action and would require amending the Constitution.

Immigration rights groups, including the American Civil Liberties Union, sued the Trump administration soon after he signed the order.

"The Trump administration's overreach is so egregious that we are confident we will ultimately prevail," said Anthony D. Romero, executive director of the American Civil Liberties Union.

Trump also revived a policy called Remain in Mexico, which requires migrants seek

Please turn to page A6

## What's News

### Business & Finance

◆ **Trump and his family began selling new cryptocurrencies in the form of meme coins days before the 47th president took office, catching the crypto industry off guard.** A2

◆ **KPMG was poised to break a barrier and become the first Big Four accounting firm to practice law in the U.S., leveraging a novel Arizona program that allows nonlawyers to own law firms.** B1

◆ **Lanxess shares rose after the chemical company guided for adjusted earnings for the fourth quarter above market expectations because of a stronger-than-expected December.** B3

◆ **Wells Fargo and Bank of America's Merrill Lynch unit agreed to pay a combined \$60 million to settle probes into accounts that hold cash for some of their wealth-management clients, the SEC said.** B1

◆ **Market-research firm Kantar is selling its media-measurement and analytics unit, Kantar Media, to private-equity firm H.I.G. Capital for approximately \$1 billion.** B3

◆ **Moderna secured a \$590 million package from HHS to accelerate the development of its bird-influenza vaccine as concerns grow about the disease in humans.** B3

◆ **J.B. Hunt defied a weak U.S. freight market to post a higher profit for the fourth quarter, although revenue declined.** B3

◆ **State Farm won't advertise in the 2025 Super Bowl, saying its focus is on supporting Angelenos amid the wildfire disaster.** B5

◆ **Welsh Carson agreed to settle FTC charges that it tried to consolidate the Texas anesthesia market to drive up prices.** B4

◆ **CONTENTS** Opinion..... A17-19 Arts in Review..... A15 Outlook..... A8 Business News..... B3 Personal Journal A13-14 Crossword..... A15 Sports..... A16 Heard on Street.... B11 Technology..... B4 Markets..... B10 U.S. News..... A8-9 Markets Digest.... B7 World News..... A10, A12

◆ **Trump completed a dramatic return to power when he was sworn in as the 47th president, declaring a new "golden age" where he would move swiftly to tackle border security, target rival nations with steep tariffs and widen domestic energy production.** A1, A3-4, A6

◆ **Trump pardoned nearly all 1,500 people charged in the Jan. 6, 2021, attack on the Capitol, hours after Biden immunized from prosecution family members and other potential targets of the incoming administration.** A1

◆ **Hamas asserted its authority in Gaza by sending thousands of its armed and uniformed militants into the streets as a cease-fire with Israel came into effect.** A10

◆ **Chicago, long a target for Trump's ire over migration, went for over half a million dollars as part of a sale of dozens of items related to the iconic singer-songwriter.** A9

◆ **Ohio State defeated Notre Dame 34-23 to win the national college football championship, clinching the Buckeyes' first title since 2014.** A16

◆ **Died: Cecile Richards, 67, national leader for abortion access and women's rights.** A9

### World-Wide

went for over half a million dollars as part of a sale of dozens of items related to the iconic singer-songwriter. A9

◆ **Ohio State defeated Notre Dame 34-23 to win the national college football championship, clinching the Buckeyes' first title since 2014.** A16

◆ **Died: Cecile Richards, 67, national leader for abortion access and women's rights.** A9

◆ **Draft lyrics to Bob Dylan's song "Mr. Tambourine Man"**

0 4237 >  
0 78908 63141 1

# THE INAUGURATION

# First Family Is Now Selling Meme Coins

Tokens launched just before inauguration raise questions about conflicts of interest

By VICKY GE HUANG

President Trump promised a crypto-friendly administration. Days before taking office a second time, he and his family began selling new cryptocurrencies.

Named \$TRUMP and \$MELANIA, the projects are meme coins, a type of crypto whose value is based largely on the popularity of internet memes. The tokens are available on the Solana blockchain.

The president-elect's token, which was unveiled Friday

night, quickly soared in value and held a market value of more than \$9 billion as of Sunday afternoon, according to CoinMarketCap.

"It's time to celebrate everything we stand for: WINNING! Join my very special Trump Community. GET YOUR \$TRUMP NOW," Trump wrote on his social-media platform, Truth Social.

The post, which went live at 9 p.m. Friday, caught the crypto industry off guard. Even as the coin's value soared, some worried about its heavy insider ownership and potential for conflict of interest.

Hundreds of crypto executives and political heavyweights had gathered in the nation's capital Friday night to

celebrate what they expect to be a golden age for digital assets under the Trump administration. Many didn't learn about Trump's meme coin until Saturday morning, according to executives who attended the event, dubbed the Crypto Ball.

On Sunday afternoon, Melania Trump followed in her husband's footsteps, posting on social media that she, too, is launching a meme coin. Some 15% of the \$MELANIA tokens will be available for public distribution, according to the website associated with the token. The \$MELANIA token launch, however, sent the \$TRUMP coin crashing more than 45% before regaining some ground.

The tokens aren't the

Trump family's first foray into crypto. Trump has been courting the money and votes of crypto investors over the past year, making big promises to the industry and pledging to draft friendly legislation that would treat digital assets differently from stocks and bonds. Last year he helped launch a decentralized finance project with his sons Donald Trump Jr. and Eric Trump known as World Liberty Financial.

Trump's new crypto projects quickly drew criticism, even among some diehard crypto fans. A major point of controversy: 80% of the \$TRUMP token's supply is owned by Fight Fight Fight and CIC Digital, an affiliate of the **Trump Organization**, ac-

cording to the website associated with the token. Some 200 million of the 1 billion \$TRUMP tokens have been released, and the rest will be sold over three years, the website said.

Critics said the tokens create significant conflicts of interest for Trump. Foreign governments or businesses seeking to influence Washington could be inclined to buy the tokens to curry favor with him, they said.

"Before the first presidency, the huge concern was his Trump Hotel. All these years later, it has escalated to Trump crypto," said Kedric Payne, senior director of ethics at the Campaign Legal Center, an ethics watchdog group. "That just shows you the amount of

ethics issues that we're going to have during this administration, if he started this even before day one."

Spokespeople for Trump didn't return a request for comment.

[GetTrumpMemes.com](#), the website associated with the \$TRUMP token, said it isn't political and has nothing to do with any political campaign or any political office or government agency.

Some people in the industry saw the move as an opportunity to bring more users into the crypto world. Exchanges including Kraken and Crypto.com were swift to list the \$TRUMP meme coin. Binance and Coinbase also announced plans to list the token.

## Capitol Rioters Are Back in D.C.

Continued from Page One

Lavrenz learned on Thursday that a judge would allow her two days' leave to attend the inauguration.

"I get so emotional," she said, her face knotting in tears, as she tried to make sense of the past four years. "It makes me realize how much people love our country."

A day earlier, Michelle Garthe, 61, a retired schoolteacher, was also overcome by emotion. Garthe and her husband, Kevin, 62, had taken a train from Carbondale, Ill., to join the People's March, a progressive protest against Trump.

It turned out to be a pale and rainy version of the original Women's March that confronted Trump after his first victory in 2016. While that garnered an estimated million attendees around the world—including Garthe—this one was estimated to have fewer than 30,000. Many were seasoned activists—for the Palestinian cause, trans rights, climate justice, women's rights, Congo, Sudan, and the Communist Party—as if the mainstream Democratic stock had boiled for too long and been reduced to the bones.

"I needed to see people on the same side," Garthe explained, sobbing, as she and her husband trudged away from the Lincoln Memorial.

On this inaugural weekend Washington had the feel of a wartime capital changing hands, one army staging a staggering retreat, another breaching the gates and preparing to claim its spoils. Despair was being chased out by celebration. The tides were reversing.

Heightening the strange atmospherics was a sudden shift in the weather that brought



Above, people gathered over the weekend at a vigil outside a Washington jail where dozens were being held in connection with the Jan. 6 riot, right.

snow and sent temperatures plunging. There were also the Village People. They reunited to perform on Sunday with a shimmying Trump in a spectacle that was surreal even by MAGA standards.

"It's been four long years. It's felt like 400 years," Stephen Miller, the senior Trump adviser and architect of the president-elect's immigration crackdown, said in a fire-and-brimstone address at the Sunday rally. No longer would the rest of the world "kick us around," Miller promised.

While the city teemed with expectant donors, Republican Party officials and the MAGA faithful, arguably none felt the whipsaw of emotion quite like Lavrenz and her fellow J6ers, as they call themselves.



Four years ago, they marched on the city as a mob. In the ensuing months, many were taken down in FBI raids. On Saturday evening, a few dozen of them were gathered in a place far removed from the fancy inaugural balls but which had become hallowed ground: the sidewalk outside the Central Detention Facility, a prison in the southeast cor-

## Jan. 6 Pardons Issued

Continued from Page One

doling Jan. 6 defendants who had assaulted police.

More than 140 police officers were injured guarding the Capitol as Congress convened to certify former Biden's 2020 election victory.

Of those incarcerated people who received pardons, Trump said, "We hope they come out tonight, frankly."

The pardons will give limited immediate benefit to more

than 700 defendants convicted in connection with the Capitol attack who had either completed prison terms or were never ordered behind bars.

Trump's proclamation also directed the Justice Department to dismiss all pending cases related to the Jan. 6 attack, including hundreds of prosecutions in which defendants were awaiting trial or sentencing.

The dueling sets of pardons by Biden and Trump reflected the enormous distrust and disdain between the two men, as well as their clashing views on the violent riot that has divided Americans living in a charged political climate.

Biden acknowledged it was an extraordinary move to grant pre-emptive pardons to people

who haven't been charged with wrongdoing, but said he couldn't stand idly by while his family and high-profile officials faced threats of retribution with Trump back in power.

"I believe in the rule of law, and I am optimistic that the strength of our legal institutions will ultimately prevail over politics," Biden said. "But these are exceptional circumstances, and I cannot in good conscience do nothing."

Trump blasted Biden's pardons, which also covered members of the House committee that investigated the Capitol attack. "The brother, the whole deal, was pardoned," Trump said during a rally after his swearing in. "Can you imagine that?"

A prominent name on Bi-

den's pardon list was Dr. Anthony Fauci, who served as the director of the National Institute of Allergy and Infectious Diseases. Before his retirement in 2022, Fauci helped lead the effort to fight the Covid-19 pandemic under both Trump and Biden. Trump has repeatedly criticized Fauci, who became vilified by many on the right for supporting safety precautions and shutdowns and for opposing unproven treatments like the antimalarial drug hydroxychloroquine pushed by Trump.

Fauci defended social-distancing measures and other policies from the early months of the pandemic, saying the steps were based on science available at the time.

Fauci said that he had committed no crime, but that the threats "create immeasurable and intolerable distress for me and my family." He added: "For these reasons, I acknowledge and appreciate the action that President Biden has taken today on my behalf."

Another on the pardon list was retired Gen. Mark Milley, who has repeatedly clashed with Trump. In his 2023 retirement speech, Milley said the military shouldn't bow to "wannabe dictators." He called Trump a "fascist" in a book by Washington Post reporter Bob Woodward. Trump has suggested Milley should face death for treason.

In a statement, Milley said he was "deeply grateful." He

said he didn't "wish to spend whatever remaining time the Lord grants me fighting those who unjustly might seek retribution for perceived slights."

Biden also pardoned members and staff of the House committee that investigated the Jan. 6 Capitol riot, as well as police officers who testified before the committee.

Trump had aimed vitriol at a number of committee officials, including former Wyoming Rep. Liz Cheney, a Republican, now-Sen. Adam Schiff (D, Calif.) and Rep. Bennie Thompson (D, Miss.), the select committee's former chairman.

Thompson and Cheney, the former vice chair of the select committee, said in a joint statement that they had been pardoned "not for breaking the law but for upholding it." They called Biden's actions "extraordinary circumstances" when public servants are pardoned to prevent false prosecution by the government.

In the waning minutes of Biden's presidency, the White House said he had pardoned his sister, Valerie Biden Owens, and her husband, John T. Owens, and his two brothers, James B. Biden and Francis W. Biden, along with James Biden's spouse, Sara Jones Biden.

"My family has been subjected to unrelenting attacks and threats, motivated solely by a desire to hurt me—the worst kind of partisan politics. Unfortunately, I have no reason to believe these attacks will

end," Biden said.

Last year, Biden pardoned his son, Hunter Biden, wiping away criminal convictions on tax and gun charges.

While past presidents have issued controversial pardons to protect allies, donors and family members, Biden's moves were unprecedented in sweep. The threats from Trump were also without parallel. During his campaign, Trump vowed to press the Justice Department to prosecute people he considered part of a political opposition.

Biden also commuted the life sentence of indigenous activist Leonard Peltier, who has been in prison since his conviction for the 1975 killings of two Federal Bureau of Investigation agents during a standoff at the Pine Ridge Indian Reservation in South Dakota. Peltier will spend the remainder of his sentence in home confinement. Activists have spent decades lobbying for clemency for Peltier, who is 80.

The FBI urged Biden to reject the clemency bid. "Peltier is a remorseless killer, who brutally murdered two of our own," former FBI Director Christopher Wray has written.

—Sadiq Gurman contributed to this article.

**Watch a Video**

Scan this code for a video of Trump signing executive order for Jan. 6 rioters.

## THE INAUGURATION

## Tech CEOs Take Their Place as Power Shifts

By ELIZA COLLINS

All of the living presidents crammed into the Capitol Rotunda for President Trump's second inauguration, carrying on a tradition that has been broken only once (by Trump himself) since 1869. But across the aisle, directly behind Trump, sat another elite club that was even more prominent: the CEOs of the world's largest tech companies.

Five of the planet's richest men—**Tesla** and **SpaceX** Chief Executive Elon Musk, **Meta Platforms** CEO Mark Zuckerberg, **Amazon.com** founder Jeff Bezos, **Apple** CEO Tim Cook and **Alphabet** and Google CEO Sundar Pichai—watched as Trump took the oath of office and delivered a 30-minute inaugural address that laid out his plans to transform Washington. Each of the executives have embraced the incoming president and supported his political ambitions with large donations.

Each CEO has much to gain—or lose—from Trump's decisions as the country's leader, on everything from antitrust policy to deregulation. Illustrating how close they had been pulled into Trump's orbit, the group was seated next to Vice President JD Vance, as well as Trump's family and his cabinet nominees.

It was a striking example of the power shift in U.S. politics. The former president's club had never embraced Trump and now they stood sidelined as a new era began in Washington. The power players sitting on the dais add up to more than \$12 trillion in market value and more than \$1 trillion in global wealth.

Musk and Pichai scrolled their phones as they waited for the event to kick off. Other tech leaders leaned back to chat with the nearby cabinet nominees. Soon after Trump entered the rotunda, he shook Cook's hand. Musk smiled and gave a thumbs-up when Trump mentioned going to Mars.

TikTok CEO Shou Chew was also in attendance, just one day after Trump promised to issue an executive order to keep it functioning. Other big names in the crowd: Bernard Arnault, head of luxury-goods conglomerate **LVMH**; investor John Paulson; Google co-founder Sergey Brin; and Rupert Murdoch, who holds big stakes in Fox News owner **FOX Corp.** and Wall Street Journal parent **News Corp.**

In the first row, watching Trump speak, was former Fox News host Tucker Carlson and Laura Ingraham, who currently works at the network. Also in the front row hunched over and declining to stand: Vermont Sen. Bernie Sanders, a Trump critic who ran for the Democratic nomination for president in 2016 and 2020.

Joe Rogan, an influential podcaster who endorsed Trump and helped boost his support with young men, was also in the crowd.

Former President Joe Biden and Trump had a brief chat at the beginning of the event. But Biden and former Vice President Kamala Harris mostly stayed seated, largely declining to applaud as Trump hammered "America's decline" under their watch. The other former presidents also didn't clap for much of the speech.

Trump's mention of reinstating the remain-in-Mexico policy, which requires migrants seeking asylum at the southern border to live in northern Mexican border cities during U.S. court proceedings, drew applause from former President George W. Bush, as did a few other remarks. Former President Bill Clinton lightly applauded when Trump criticized cartels.

Trump's former vice president, Mike Pence, who refused Trump's demands not to certify the 2020 election and declined to endorse him in the last election, got a standing ovation as he entered the room, alongside another Republican former vice president, Dan Quayle.

—Elise Dean and Natalie Andrews contributed to this article.

## Chicago Braces for Raids, Deportations

CHICAGO—The nation's third-largest city has been bracing for Donald Trump's second White House tour since

By John McCormick, Joe Barrett and Douglas Belkin

November. The reckoning arrives soon with the incoming administration's talk of immigration raids here any day.

The new president has long painted many of the nation's biggest Democratic cities as hellscapes, condemning what he describes as lawlessness, weakness among those who run them and wrongful sanctuary for those who aren't in the U.S. legally.

His criticism of Chicago has been particularly pointed and started even before he first entered the White House in 2017. So there is little surprise that the Trump team has signaled the city could be a backdrop for the initial dramatic actions of his second term.

After The Wall Street Journal reported the plan Friday, officials over the weekend said they might adjust timing and city targets to protect the element of surprise in their effort to apprehend immigrants with criminal backgrounds.

Tom Homan, Trump's border czar, said on "Fox News Sunday" that the incoming administration was assessing when and how the actions would be conducted out of concern for officer safety.

Raids are being discussed



ARMANDO L. SANCHEZ/CHICAGO TRIBUNE/ZUMA PRESS

A shelter in the city's Lower West Side. Some officials have pledged to support migrants.

for several other major cities during the first few days of the new administration, people familiar with the plans said. Along with Chicago, other possible targets include Boston, Washington, D.C., Miami, Los Angeles, Denver, New York and San Antonio. The full scale of the roundup remains fluid.

An effort to water down Chicago's sanctuary ordinance failed Wednesday, 39-11, in a city council vote. Mayor Brandon Johnson, a progressive critical of Trump, opposed a proposal that would have allowed police to work with federal agencies on deportation cases for those accused or convicted of gang activity,

drug crimes, sex trafficking or sex crimes with minors.

Silvana Tabares, an alderman who describes herself as a Mexican-American and moderate Democrat, was among those voting in the minority. Her majority Hispanic ward gave Trump 41% of the vote in November.

Many of her constituents want help getting criminals out of their neighborhoods, so long as law-abiding immigrants aren't affected.

"We should not be targeting hardworking immigrants who have pursued the American dream in an earnest way," she said.

City officials are scrambling to get immigrants prepared, Tabares said, including holding

sessions to legally resist, including not consenting to agents entering "any private or 'sensitive' city location," demanding identification and the name of the supervising agent, and asking to see a warrant.

The mayor's office declined to make Johnson available Saturday for an interview, but Beatriz Ponce de León, a deputy mayor of immigrant, migrant and refugee rights, said the city was working hard to inform immigrants of their rights.

"This isn't Chicago versus the federal government, but we are going to follow the laws of our city and state and federal government," she said, adding that she knows some families are "grappling" with whether to take children to school or go to work this week.

Immigrant advocates have been going door to door and to churches in recent months to ensure migrants know their rights, said Brandon Lee, communications director of the Illinois Coalition for Immigrant and Refugee Rights.

His group has also helped set up rapid response teams in Illinois to offer legal support.

"Everybody who is in the U.S. without authorization is at risk of getting deported," said Erendira Rendon, vice president of immigrant justice for the Resurrection Project, a Chicago nonprofit. "There isn't a law that says if you've never committed a crime, you won't get deported. That is just not the case."

The document essentially

## A Tour Inside Trump's Oval Office—Version 2.0

By ANNIE LINSKEY

President Trump's redecorated Oval Office includes a portrait of Benjamin Franklin and a fresh Andrew Jackson painting, part of an Inauguration Day overhaul of the most exclusive office space in America.

On Monday, around 3:30 p.m., shortly after Trump was sworn into office, Trump's aides gave The Wall Street Journal and a photographer an exclusive peek into the office.

A tray of pens was ready on the Resolute Desk for Trump to sign executive orders. A valet button that Trump famously used to order Diet Cokes was set up and ready to go.

Aside from small modifications, Trump's Oval Office looks largely the same as it did when he departed Washington four years ago, a visual signal of continuity from his first term.

Like four years ago, a portrait of George Washington now hangs over the fireplace, which is flanked by portraits of Alexander Hamilton, the country's first Treasury Secretary, and Thomas Jefferson, the country's third president.

A bust of Winston Churchill rests on a table near the fireplace, sitting in the same spot Trump originally had it before Biden moved it out of the Oval Office when he took office in 2021. A bust of Martin Luther King Jr., whose likeness both Biden and Trump displayed in the Oval Office, remains.

There are also new silver eagle figures on the fireplace over the mantel.

The Oval Office is perhaps the most iconic setting in the White House, designed to convey the grandeur and the might of the presidency to the world. It is the setting for meetings with foreign heads of state, brass tacks talks with congressional leaders and



The new Oval Office. Redecorating the room during a transition of presidential power occurs in just hours.

where presidents address the nation in particularly historic moments.

Unlike other working meeting rooms in the White House complex, presidents tend to personalize the office, selecting art and artifacts that emphasize their values and the goals of their administration. When each new president takes power, their freshly madeover office serves as a reminder of the change in administrations.

The Trump 2.0 version of Jackson's portrait hails from the White House art collection. In his first term, Trump had a portrait of the seventh president that was on loan from the U.S. Naval Academy, a White House aide explained.

Biden brought the Benjamin Franklin portrait into the Oval

Office to signify his focus on science. And Trump kept it.

Redecorating the Oval Office during a transition of presidential power occurs in just hours. Staff made changes when Biden was still in the building.

By 10:58 a.m. the blue rug that Biden used had been swapped out for a more neutral one that Trump previously had in his Oval Office. Pieces of the massive Resolute Desk had to be disassembled so the rug could be placed under it, White House aides said.

Other presidents, including Ronald Reagan, have hung Jackson's likeness in their Oval Offices. But Trump is particularly fond of Jackson, who also rose to power on a

populist, antiestablishment

wave and then remade his party into his own image.

At times, the painting made its own headlines: In 2017 some Native American leaders were miffed that the portrait of Jackson, whose actions in office led to forced relocations of Indians that led to thousands of deaths, was the backdrop of an Oval Office ceremony where Trump honored Navajo Code Talkers.

Sitting under the painting of Jackson is a sculpture called "the Bronco Buster" by Frederic Remington, which also graced Trump's first Oval Office.

Trump swapped out a bust of Robert F. Kennedy that Biden kept in a prominent spot near the fireplace, where it was frequently photographed

behind Biden. However, the Kennedy family isn't excised from the government: Trump's cabinet is set to include Kennedy's son, Robert F. Kennedy Jr., who Trump has tapped to lead the Department of Health and Human Services.

Military flags for each service branch have been put back in the Oval Office—they were removed during Biden's term.

Like most presidents, both Biden and Trump used the Resolute Desk, an 1880 gift from Queen Victoria to then President Rutherford B. Hayes—so there is no change there. It is made of white oak and mahogany timbers from the HMS Resolute, a British naval ship used for arctic exploration.

## This Time, Mexican Companies Try Wooing the President

By VERA BERGENGRUEN AND AARON ZITNER

WASHINGTON—Eight years after Mexican cement giant **Cemex** declined to participate in building President Trump's proposed wall along the U.S.-Mexico border, one of its top executives was in Washington on Sunday with a more conciliatory message.

"Make North America great again!" declared Mauricio Doehner Cobán, a Cemex executive vice president, to enthusiastic claps at a Sunday brunch meeting of Mexican business executives and Trump

officials in Washington.

The message underscored a stark shift from Mexican companies toward embracing Trump and co-opting his language in a way that was rarely seen during his first term.

Trump has vowed to impose a 25% tariff on Mexican goods. Mexican President Claudia Sheinbaum has warned that Mexico will retaliate with tariffs of its own and publicly mocked some of Trump's proposals, including his idea to rename the Gulf of Mexico the "Gulf of America."

Mexican companies are

looking to escape the potential trade war by casting themselves as North American—not Mexican—businesses. They hope to either capitalize on Trump's promised pro-business policies or, in the worst case, qualify for tariff waivers.

"They are scared to death about tariffs," said Abraham Enriquez, who leads Bienvenido Empresarios, a coalition of Hispanic business executives.

"Yes, there is a lot of nervousness about the possibility of tariffs," said Esteban Abascal, the CEO of Interamerican Foods, the U.S. subsidiary of the largest pasta manufacturer in Mexico, which announced a

new \$15 million production line at its factory in Cleburne, Texas. "But I believe that President Trump is a businessman, and I'm optimistic about what's to come."

Several other companies announced new U.S. investments, including Cemex, which said it planned to invest \$4 billion to \$6 billion in the U.S. within five years, up from \$3 billion in the past six years.

The Mexican private sector is applying the lessons from Trump's first term, said Matías Gómez Léautaud, the lead Mexico analyst with risk-advisory firm Eurasia Group. "This

is a very transactional president who gave us a very clear playbook of how he negotiates," he said. "This is very different from 2016, because there is an acknowledgment that Trump's priorities have to be taken seriously."

Sheinbaum faces domestic political pressure not to be seen as capitulating to his threats to take steps on tariffs, immigration and drug-trafficking. In a recent poll by Mexican newspaper El Universal, more than 80% strongly oppose Trump's intention to impose steep tariffs on Mexican goods.

## THE INAUGURATION

# How the Economy Has Changed Since 2017

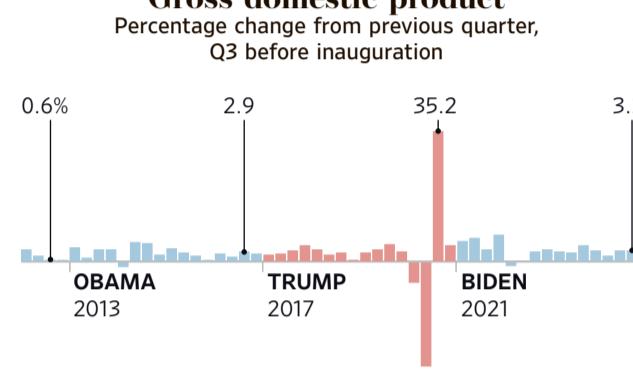
Economic indicators trace the country's path as the new president heads back to Washington for his second term

BY ANTHONY DEBARROS AND ROSIE ETTEHENHEIM

**I**nflation skyrocketed. The federal debt ballooned. The economy took a hit but got back up.

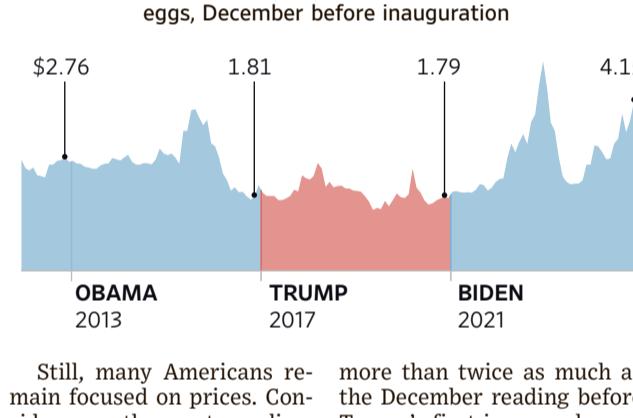
Since Donald Trump's first inauguration in 2017, it has been almost normal to see a surge, a dip or a wave in a federal government data series that told of substantial change wrought by the pandemic, by policy or in the foundations of the economy.

Here's a crib sheet of key economic and national indicators, comparing their latest readings with the known values on three prior Inauguration Days.



Covid left the economy in a deep hole in the first half of 2020, but growth rebounded sharply in the third quarter of that year. Now, the president enters office with gross do-

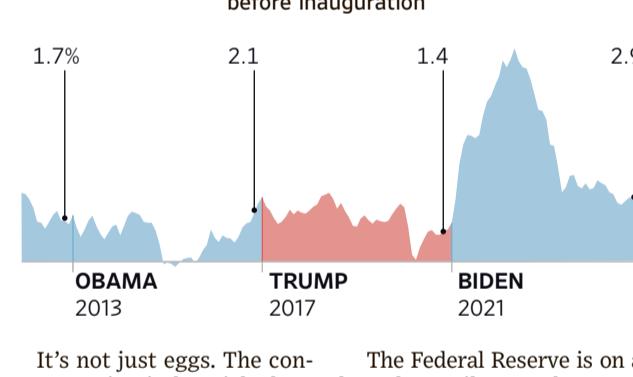
mestic product having posted annualized gains of 3% or more for two consecutive quarters and economists forecasting growth just above 2% for 2025.



Still, many Americans remain focused on prices. Consider eggs, the great equalizer of kitchens from the Michelin-starred to the greasy spoon: A dozen large eggs cost \$4.15 on average in December, according to the Labor Department,

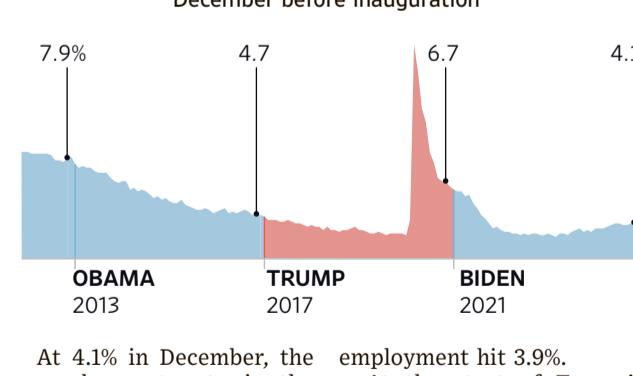
more than twice as much as the December reading before Trump's first inaugural.

Outbreaks of bird flu in commercial egg-laying flocks have recently led to empty shelves in some areas, adding to consumer jitters.



It's not just eggs. The consumer-price index ticked up 2.9% in the 12 months through December, according to the Labor Department. Not only is that more than the December before Trump's first inaugural, but the American wallet still remembers the huge rise in prices in between.

The Federal Reserve is on a long last-mile march to get inflation closer to 2%, but stubborn price pressures—which could be further fueled by Trump's plans for new tariffs and curbs on immigration—have left officials sounding more hawkish, projecting fewer rate cuts this year than anticipated.

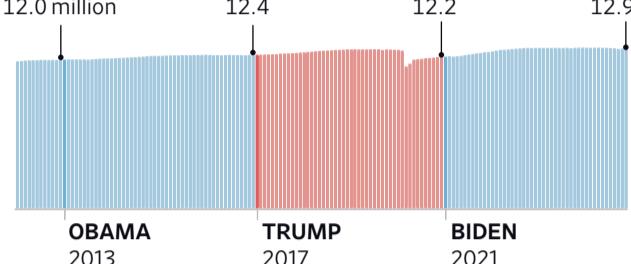


At 4.1% in December, the unemployment rate is the lowest month-before-an-inauguration reading in more than two decades, according to the Labor Department. To find one lower, you have to go back to December 2000—ahead of George W. Bush's first inauguration—when un-

employment hit 3.9%. At the start of Trump's first term, unemployment was part way through a long decline following the 2008 financial crisis. Now, with the economy adding 256,000 jobs in December, the president looks to inherit a solid labor market.

## Manufacturing employment

U.S. manufacturing employees, December before inauguration

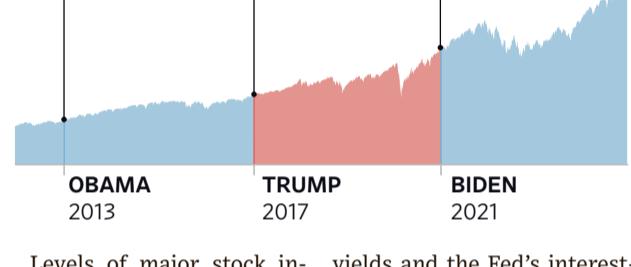


But not every sector is growing robustly. Manufacturing jobs—possibly the most name-checked job type on the campaign trail—fell by 87,000 last year, according to Labor

Department data. Though employment in the sector is up slightly since December 2016, today 6.7 million fewer people are working in manufacturing than its peak in June 1979.

## S&P 500

Close, last session before inauguration

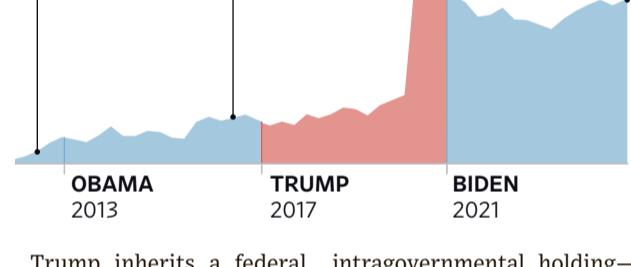


Levels of major stock indexes are all higher than at the start of Trump's first term. But investors are casting a wary eye at rising bond

yields and the Fed's interest-rate plans. Friday, the S&P 500 closed at 5996.66, more than double its level just before Trump's 2017 inauguration.

## Federal debt

Debt held by the public as a percentage of gross domestic product, Q3 before inauguration

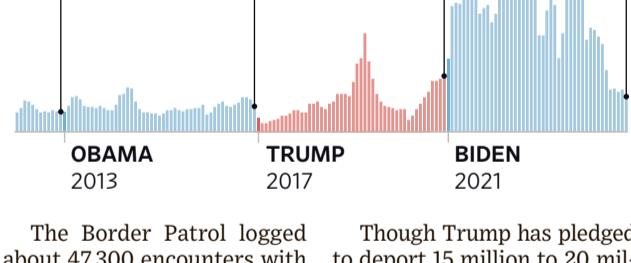


Trump inherits a federal debt exceeding \$36.1 trillion—more than \$16 trillion higher than when he last entered the White House. As of the third quarter, debt held by the public—total public debt minus

intragovernmental holding—was 97% of GDP, up from 75% in the same quarter of 2016. Covid-related spending and tax cuts sharply increased debt in Trump's first term and continued during Biden's.

## Southwest border migrant encounters

December before inauguration

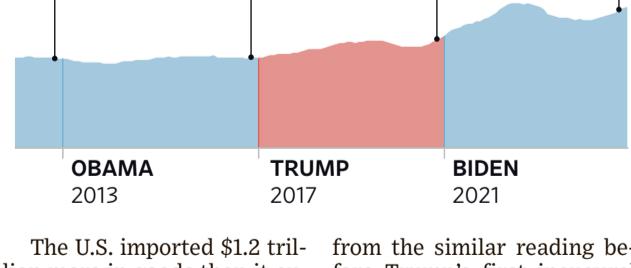


The Border Patrol logged about 47,300 encounters with migrants at the southwest U.S. border in December. That's slightly more than the December before Trump's first inauguration, but well below peaks above 200,000 a month during 2022-23.

Though Trump has pledged to deport 15 million to 20 million immigrants living illegally in the U.S., his tough-talking border czar has tempered that number and said the initial targets for arrest would likely be immigrants with criminal records.

## U.S. trade deficit

In goods, 12-month sum, November before inauguration



The U.S. imported \$1.2 trillion more in goods than it exported for the 12 months ended in November, the most recent reading from the Census Bureau. That deficit is up

from the similar reading before Trump's first inaugural and one of the reasons the president pledged to implement tariffs on China, Canada, Mexico and other countries.



KEVIN LAMARQUE/REUTERS

TikTok CEO Shou Zi Chew at the inauguration on Monday.

# Beijing Signals Openness to Deal For TikTok in U.S.

BY RAFFAELE HUANG  
AND STU WOO

an executive order giving more time for TikTok to work out a deal to prevent the ban.

A document posted on the White House website said Trump was instructing the attorney general not to enforce the ban "for a period of 75 days from today to allow my Administration an opportunity to determine the appropriate course forward in an orderly way that protects national security while avoiding an abrupt shutdown of a communications platform used by millions of Americans."

Zhang has a 21% equity stake in TikTok's Beijing-based parent, ByteDance, and majority control over the company through extra voting rights. In a reminder of the Chinese government's influence, foreign ministry spokeswoman Mao Ning said any deal should comply with Chinese regulations. Musk has repeatedly argued against banning TikTok and has generally positive relations with Chinese officials. Tesla, Musk's electric-vehicle company, has a major presence in China.

Chinese officials have internally discussed allowing Americans they trust such as Musk to invest in TikTok's U.S. operations. It couldn't be determined whether Beijing directly discussed this idea with either Musk or ByteDance leadership. Musk met Chinese Vice President Han Zheng, who was attending Trump's inauguration, over the weekend.

# President Tells Advisers He Wants to Visit China

WASHINGTON—President Trump told advisers before he took office that he wants to travel to China, according to people familiar with the discussions, seeking to deepen a relationship with Xi Jinping strained by the U.S. president's threat to impose steeper tariffs on Chinese imports.

By Alex Leary,  
Alexander Ward  
and Lingling Wei

between the two leaders, the people close to Beijing's decision-making said, could help jump-start the process. Trump has pledged to impose tariffs of up to 60% on imports from China.

China's official account of Friday's phone call between Trump and Xi said the two leaders agreed to establish a strategic communication channel. It quoted Trump telling the Chinese leader that he was "looking forward to meeting with President Xi as soon as possible."

Trump visited Beijing in 2017, nearly a year into his first term. Aides cautioned that no decision has been made for him to go again. One of the people familiar with the discussions said Trump has expressed interest in traveling to China in his first 100 days in office. Trump's transition team didn't respond to a request for comment.

Trump and Xi spoke by phone on Friday for the first time since the November election, discussing trade, fentanyl, TikTok and other subjects. "It is my expectation that we will solve many problems together, and starting immediately," Trump wrote on social media after the call.

People close to Beijing's decision-making said Trump and Xi, through their representatives, have discussed meeting in person, with one option involving the incoming American president inviting the Chinese leader to the U.S. It wasn't clear if Trump raised a visit to China in his Friday conversation with Xi.

Trump had invited Xi to his Monday inauguration, but the Chinese leader sent Vice President Han Zheng instead.

With economic pressure building in China, Beijing has a strong interest in engaging in negotiations to fend off, or at least slow down, tariff hikes promised by Trump. A summit

Another potential flashpoint is Taiwan, which Beijing claims as its territory and hasn't ruled out using force to take. Trump hasn't said much about how he will handle the delicate U.S.-Taiwan relationship.

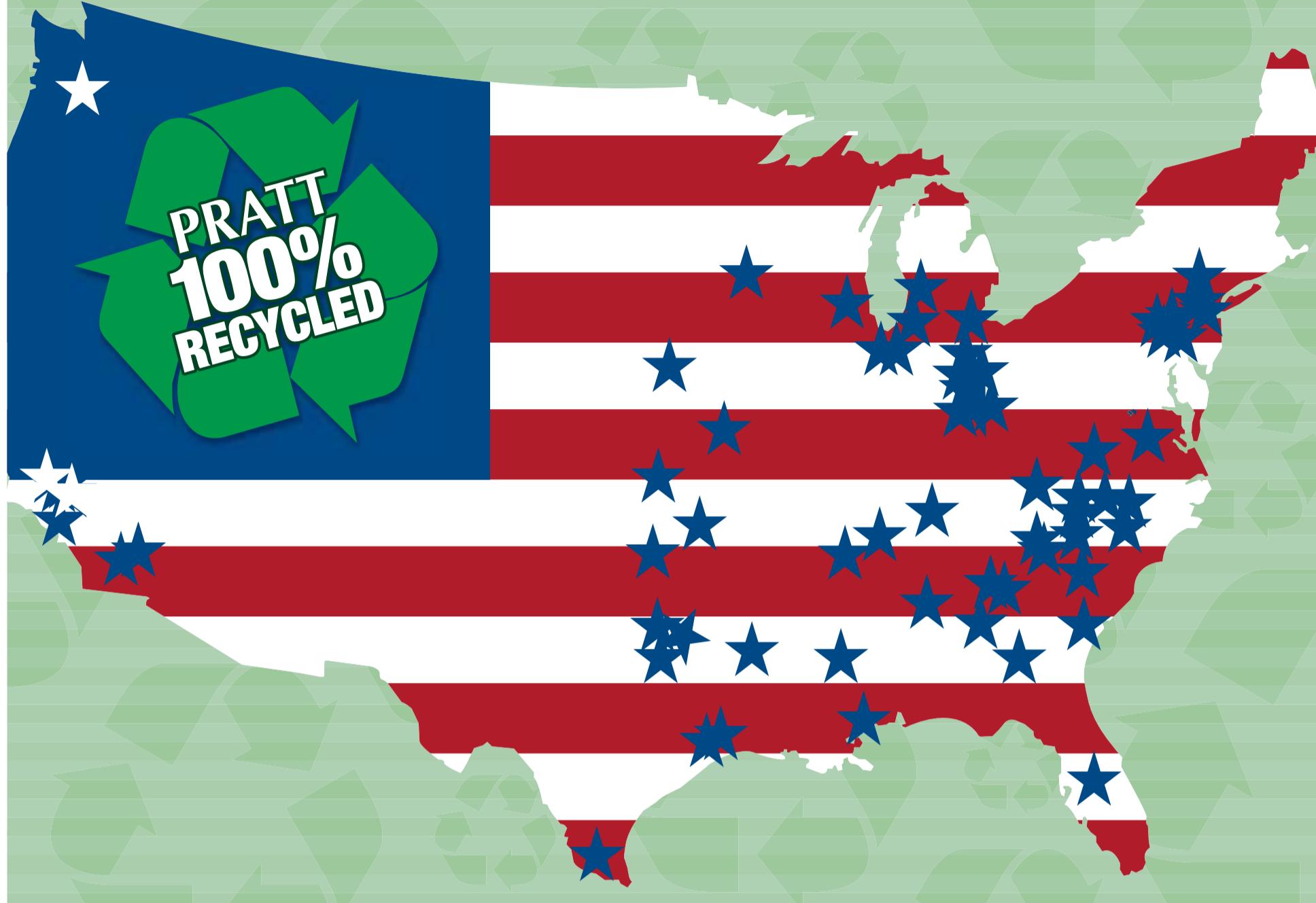
—Annie Linsley

contributed to this article.

Sources: Commerce Department (GDP); Bureau of Labor Statistics (price of eggs, consumer-price index, unemployment rate, manufacturing employment); FactSet (S&P 500); Treasury Department via St. Louis Fed (public debt); Census Bureau (trade deficit); Customs and Border Protection (border encounters).

Notes: Egg prices are U.S. city average, not seasonally adjusted. Unemployment rate seasonally adjusted. Beginning in March 2020, border encounters represent Border Patrol apprehensions and arrests that result in expulsion; prior to that month, encounters represent apprehensions.

PAID ADVERTISEMENT



# CONGRATULATIONS PRESIDENT TRUMP

I'm honored to support your call to  
**Make America Great Again**  
by bringing manufacturing jobs back home.

We've already built 70 factories to create  
**12,000 American manufacturing jobs**  
and under your leadership  
we will create many more.

Signed,

Anthony Pratt  
Executive Chairman, Pratt Industries

★ OUR FACTORIES

## THE INAUGURATION

## Trump Relishes Playing Conqueror's Role

Four years out of office emboldens president to pursue disruption, grievances

BY MOLLY BALL

If he came in the first time unexpectedly, he returned as a conqueror. And so Donald Trump stood in the Capitol's marble rotunda, surrounded by the titans of power and industry, taking the reins of a government he is more determined than ever to bend to his singular will.

The newly sworn in 47th president pulled no punches in his combative inaugural speech, decrying to their faces that the "radical and corrupt establishment has extracted power and wealth from our citizens while the pillars of our society lay broken and seemingly in complete disrepair." He laid out a sweeping and disruptive agenda, vowing to liberate the country from its decadeslong malaise, restore its lofty ambitions and plant its flag on Mars. In a tone at once subdued and defiant, he enumerated his grievances while pledging to pacify "a world that has been angry, violent and totally unpredictable."

It is the dawn of the second Trump era, and the vibes have shifted to a remarkable degree. Four years as a private citizen have left the central character older but no less pugilistic—emboldened by the intervening election loss and near-assassination. But as America prepares for Season 2 of the Trump Show, the world



Supporters line up for the inaugural parade watch party at Capital One Arena in Washington.

of popular backlash. By 2020, Trump's chaotic governance would prove his undoing as voters in the grips of a deadly pandemic ejected him from the White House in favor of a reassuringly conventional politician—a result that held despite Trump's determination to overturn it.

When Biden addressed the nation at his inauguration in 2021, the nation was still reeling from the Jan. 6, 2021, attack on the Capitol. He pleaded for tolerance and unity and spoke of the preciousness and fragility of democracy. Yet the four years that followed would undermine his promises of unity and normality, delivering instead mostly division.

Trump meanwhile spent his four years out of power plotting his comeback, reshaping his adopted party in his image and fending off legal challenges. He battled his way back to relevance on the strength of an unshakably loyal movement that grew only more devoted as he came under attack by prosecutors. In 2016 candidate Trump had been viewed skeptically by conservative evangelical voters; by 2024 he was viewed as a savior figure. With help from the Supreme Court he had helped install, he beat his legal cases and defeated not one but two Democratic candidates, the sitting president and vice president.

Trump hit the Washington of 2017 like an earthquake, yet he was frequently thwarted by the dug-in institutions of a hostile government: a GOP still in thrall to old orthodoxies, a bureaucracy that stifled his intentions, an implacable Democratic resistance, a wave

from their fellow partisans.

Eight years ago, Trump took over the White House from Barack Obama to become the 45th president, delivering a speech that decried the "rusted-out factories scattered like tombstones across the landscape of our nation" and vowed to reverse the "American carnage." The crowd that stretched down the Mall was smaller than his predecessor's, though he would never admit it as he proceeded to govern without regard for conventional notions of truth.

Trump hit the Washington of 2017 like an earthquake, yet he was frequently thwarted by the dug-in institutions of a hostile government: a GOP still in thrall to old orthodoxies, a bureaucracy that stifled his intentions, an implacable Democratic resistance, a wave

the video-sharing service, thus defying both Congress and the Supreme Court before he even lifts his presidential pen. In the Rotunda on Monday, TikTok's Singaporean CEO Shou Zi Chew was seated next to Trump's controversial nominee for director of national intelligence, the former Democratic Congresswoman Tulsi Gabbard.

Two big questions will define the months and years ahead as Trump looks to implement his vast agenda with help from a loyal but closely divided Congress. First, how big will he go? He began signing executive orders Monday to curtail illegal immigration, increase fossil-fuel exploration, reshape the federal bureaucracy and end recognition of transgender identity. But the president and his appointees have sent mixed signals about how quickly he will be able to implement the deportations and tariffs he has threatened. The extent of the immediate disruption to the economy and society will depend on whether he pursues these goals incrementally or whole hog.

Second, how determined is Trump to fulfill the populist promises that won over his working-class coalition? In his first term he often paid lip service to ideas that horrified traditional Republicans, but in practice he mostly did things they wanted. This time around he has a bigger mandate as well as a Trumpier vice president, Congress and cabinet, but he will still have to do battle with old-school conservatives on taxes and spending if he is to fulfill his full slate of pledges.

## Policies of Predecessor Targeted

*Continued from Page One*

ing asylum at the southern border to live in northern Mexican border cities during U.S. court proceedings. Mexico would need to agree to take the migrants. He called for resuming construction of a border wall, designated cartels as foreign terrorist organizations and paused refugee resettlements for four months.

Legal pathways the Biden administration created for migrants who would otherwise have crossed illegally immediately ended after Trump took office. CBP One, an app and website offering 40,000 appointments a month, said it was no longer available, and existing appointments were canceled.

The president repealed the Biden administration's decision made just six days ago to take Cuba off the U.S. list of state sponsors of terrorism, part of a deal with the Catholic Church that led Havana to agree to free 553 political prisoners. Cuban President Miguel Diaz-Canel blasted Trump's decision on a post on X, calling it an "act of arrogance and disdain for truth."

Trump signed orders to withdraw from the Paris Climate Accord and the World Health Organization, which the U.S. could do after a year's notice. And he instructed the attorney general not to enforce a U.S. ban on social-media app TikTok for 75 days. A ban took effect Sunday before service was restored after Trump said he would intervene.

The president repealed the Biden administration's decision made just six days ago to take Cuba off the U.S. list of state sponsors of terrorism, part of a deal with the Catholic Church that led Havana to agree to free 553 political prisoners. Cuban President Miguel Diaz-Canel blasted Trump's decision on a post on X, calling it an "act of arrogance and disdain for truth."

Trump signed orders to withdraw from the Paris Climate Accord and the World Health Organization, which the U.S. could do after a year's notice. And he instructed the attorney general not to enforce a U.S. ban on social-media app TikTok for 75 days. A ban took effect Sunday before service was restored after Trump said he would intervene.

The president repealed the Biden administration's decision made just six days ago to take Cuba off the U.S. list of state sponsors of terrorism, part of a deal with the Catholic Church that led Havana to agree to free 553 political prisoners. Cuban President Miguel Diaz-Canel blasted Trump's decision on a post on X, calling it an "act of arrogance and disdain for truth."

Trump signed orders to withdraw from the Paris Climate Accord and the World Health Organization, which the U.S. could do after a year's notice. And he instructed the attorney general not to enforce a U.S. ban on social-media app TikTok for 75 days. A ban took effect Sunday before service was restored after Trump said he would intervene.

Trump also signed orders and memorandums to cut regulations around energy production and reduce inflation. They include eliminating former President Joe Biden's cli-

mate regulations tied to electric-vehicle production, Trump said.

Trump didn't implement new tariffs, but he said in the Oval Office that he plans to place 25% tariffs on imports from Canada and Mexico on Feb. 1 and that he might still implement universal tariffs.

Trump directed federal agencies to evaluate trade policies and economic relationships with China and North American neighbors. He directed federal agencies to alleviate persistent U.S. trade deficits and confront what he calls unfair trade and currency policies by other nations. He is focused on China, Canada and Mexico, directing agencies to assess compliance with the U.S.-Mexico-Canada Agreement and a 2020 trade deal with China.

The absence of new tariffs he has pledged to implement during this term from the orders he planned to sign Monday offered a moment of relief to foreign leaders and demonstrates disagreement in the new administration on Trump's trade agenda.

Federal agencies were instructed to study trade policies and recommend actions to Trump, an adviser said. In addition to trade deficits, unfair trade practices and currency manipulation, agencies will review policy on counterfeit goods and a tariff exemption for goods under \$800, the adviser said, along with trade-and-tariff actions taken during Trump's first term.

Some Trump nominees with more traditional trade views, such as Treasury Secretary nominee Scott Bessent, have argued that his tariffs should exclude certain sectors, rather than being universal. More protectionist advisers, such as the incoming deputy chief of staff for policy, Stephen Miller, have urged Trump to declare a national emergency that would allow him to raise tariffs across the board, as he pledged during his campaign.

Nancy A. Youssef contributed to this article.



President Trump and first lady Melania Trump attend a luncheon at the U.S. Capitol following Monday's inauguration.

## Trump Is Again Sworn In

*Continued from Page One*

In addressing the challenges facing the nation, Trump portrayed the government as stumbling and failing, railing against illegal immigration and responses to natural disasters, effectively rebuking Joe Biden, his predecessor who ousted him in 2020. Biden, seated just feet from his rival, remained mostly expressionless.

"From this moment on, America's decline is over," Trump, a Republican, said.

Yet he and Biden, a Democrat, shared several cordial displays throughout a day characterized by the peaceful transfer of power, a marked shift from the Trump-to-Biden handover of four years ago, which Trump himself didn't attend and which came just two weeks after the Jan. 6, 2021, attack on the Capitol by Trump supporters. The outgoing president said "welcome home" when Trump arrived at the White House for a traditional sitdown over coffee and tea Monday morning. After the swearing in, Trump, Biden and their spouses walked from the Capitol to a helicopter that began the 82-year-old's journey out of Washington, exchanging a goodbye.

When asked by reporters what his message was, Biden replied "Joy," then paused and added, "Hope."

### The day capped a historic comeback for the former president.

Trump's return was immediately felt outside Washington.

Panama's leader hit back on Trump's promise of taking back the canal there, reversing a treaty that gave control to Panama in 1999. Migrants at the border wept after learning that an app and website offering asylum appointments was no longer available and existing appointments were canceled.

Trump issued a litany of executive orders, including declaring a national emergency at the southern border, kick-starting additional domestic

energy production and wading into cultural battles that animated the election.

Many of the leading technology luminaries who attended the inauguration, including Bezos and Zuckerberg, have recently worked to repair relations with Trump.

Musk poured a quarter-billion dollars into pro-Trump campaign groups and has grown exceptionally close to the president. Also seated prominently were Apple's Tim Cook and Sundar Pichai, chief executive of Google.

The snowy inaugural weekend saw thousands of Trump supporters pour into Washington.

Hotels, bars and restaurants were packed. Pedicab drivers downtown were ferrying customers while blaring Trump's unofficial theme song, "Y.M.C.A." by the Village People. Red MAGA hats were abundant.

Trump is the oldest president to take the office, supplanting the mark set by Biden, whose age became a focal point in the campaign. He also becomes the only other defeated president to mount a successful comeback, after Grover Cleveland, who was denied re-election in 1888 before rebounding in 1892.

Catherine Lucey, Ken Thomas, Xavier Martinez, Tarini Parti, Molly Ball and Natalie Andrews contributed to this article.

### Watch a Video

Scan this code to watch a video of President Trump's full inaugural speech.



President Trump declared a southern border emergency.

JOHN MOORE/GT IMAGES

# WHAT DOES 'HEALTH SYSTEM' EVEN MEAN? IT MEANS A BIG DIFFERENCE FOR YOUR HEALTH.

A health system is more than a doctor. In our case, it's 320+ locations with the exact same high standard of care. It's integrated medical teams that achieve the best patient outcomes. It's leading the charge in medical discoveries. It's the lowest mortality rates in the nation. It's being named #1 for quality care in the U.S. Our health system has the best doctors, and the best doctors are just the beginning.

**Better health starts with a better health system.**



See what makes us  
the better health system



## U.S. NEWS

**Martin Luther King Jr. Remembered on Day Honoring Civil Rights Leader**

**HISTORIC MOMENT:** On Aug. 28, 1963, Martin Luther King Jr. spoke at the Mall in Washington, D.C., where he gave his 'I Have a Dream' speech. He was assassinated five years later.

AP/GETTY IMAGES

THE OUTLOOK | By Paul Kiernan and Anthony DeBarros

**With Trump, Inflation Forecast Edges Higher**

**E**conomists are starting to model the effects of President Trump's plans to raise tariffs, cut taxes and restrict immigration. The upshot: Inflation and interest rates are likely to be higher for at least the next two years than forecasters anticipated before the election.

The consumer-price index is now expected to rise 2.7% in December 2025 from a year earlier, according to the average forecast of 73 economists who answered The Wall Street Journal's quarterly survey. In October, the panel saw consumer prices rising 2.3% in 2025.

"Risks to inflation and interest rates are to the upside with a Trump administration," said Augustine Faucher, chief economist at PNC Financial Services Group.

For the average household, that higher projected inflation over a full year would equate to about \$600 more in costs, based on the latest data on consumer spending.

Trump takes office with a considerably stronger economy than he left in 2021. The U.S. continues to grow much faster than other advanced economies, the International Monetary Fund noted Friday, and unemployment remains low by historical standards.

However, inflation is higher than four years ago, and while it has come down considerably,

public anger at soaring prices is a key reason Trump was returned to the White House.

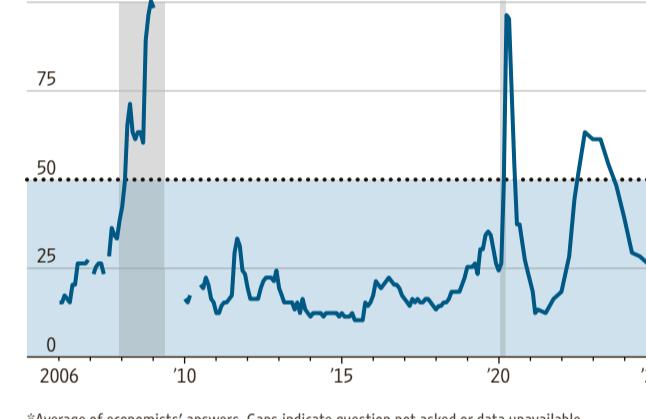
On the campaign trail, Trump repeatedly promised to lower prices by, among other things, increasing drilling for oil.

In the latest Journal survey, economists also raised their inflation forecasts for 2026, projecting the CPI will rise 2.6% at the end of that year instead of the 2.3% they expected in October, according to the survey, conducted Jan. 10-14. That would still be a lower inflation rate than the 2.9% recorded in December.

The extent to which Trump will follow through on his economic promises remains unknown, as are the impacts on prices, employment and growth. During the campaign, Trump floated tariffs of 60% or more on China and 10% to 20% on other countries. In late November, he said he would impose tariffs of 25% on Mexico and Canada and 10% on China on day one of his presidency.

The Journal asked economists which tariffs they assumed that Trump would impose. On average, those responding projected import duties would rise 23 percentage points on China and 6 percentage points on the rest of the world, for a 10-percentage-point higher average tariff on everyone. This, they estimated, would add 0.5 percent-

#### Probability the U.S. is in a recession in next 12 months including today\*



\*Average of economists' answers. Gaps indicate question not asked or data unavailable.

Sources: Wall Street Journal surveys of economists (recession probability, CPI forecasts); Labor Department (CPI actual)

age point to the CPI inflation in the fourth quarter of this year.

"Tariffs are particularly ill-timed given the persistence of inflation following the pandemic-induced price shock," said Joe Brusuelas, chief economist at RSM US.

But several noted that potential exemptions to tariffs, or efforts by importers to skirt the levies by reorganizing their supply chains or shipments, add considerable uncertainty to such projections. Not every economist answered every question in the survey.

Trump's victory over former Vice President Kamala Harris isn't the only thing that has changed the economic outlook

since the previous survey. Inflation and economic growth also came in firmer than expected over the fall. In October, economists expected the CPI to end 2024 up 2.5%, but it rose 2.9%. Fourth-quarter GDP, meanwhile, is now expected to expand 2.5% from a year earlier, rather than the 1.7% projected in October. They see a 22% likelihood of a recession in the next 12 months, the lowest level since January 2022.

Those changes in the outlook, combined with the possible effects of Trump's economic policies, prompted Federal Reserve policymakers to bump up their 2025 inflation forecasts, as well.

Faced with stickier inflation,

#### Consumer-price index, year-over-year percentage change (actual and forecasts)



economists expect the Fed to keep interest rates higher through 2027 than previously forecast. The midpoint of the range of the Fed funds rate, currently 4.375%, is now seen ending the year at 3.89%, up from the October average projection of 3.3%.

Economists now expect the 10-year Treasury bond yield to end 2025 at 4.4%, up from an October projection of 3.7% though down from 4.6% Friday afternoon. All else equal, that would likely translate into higher mortgage rates by a similar magnitude.

Economists modestly revised their forecasts for gross domestic product. They now see GDP expanding 2% in 2025,

according to the survey, up from an October projection of 1.9%. They forecast 2% growth in 2026, down from 2.1% in their October forecast.

The effects of Trump's policies on the growth outlook are mixed. Economists in the Journal's survey expect Trump's tariffs to subtract 0.2 percentage point from 2025 GDP growth.

In general, tariffs weigh on economic output by raising the cost of key inputs and reducing disposable income, and by bringing retaliation by trading partners, which often reduces American exports. Trump's plans to restrict immigration and step up deportations would likely crimp the supply of labor. The magnitudes of both, though, are highly uncertain.

On the other hand, some of Trump's plans may help growth. His proposed new and extended tax cuts, which economists in the Journal survey project adding \$4 trillion to federal deficits over the next decade, could goose overall demand and, along with promised deregulation, boost incentives to work and invest.

Economists expect the unemployment rate to end 2025 at 4.3% and forecast payrolls will rise by 121,000 a month in the fourth quarter, down from an October forecast of 139,000.

◆ Investors are edgy even as stocks rally ..... B1

**Bird Flu, Bad Weather Send Food Prices Rising Again**

BY PATRICK THOMAS AND JESSE NEWMAN

The specter of rising food prices is back.

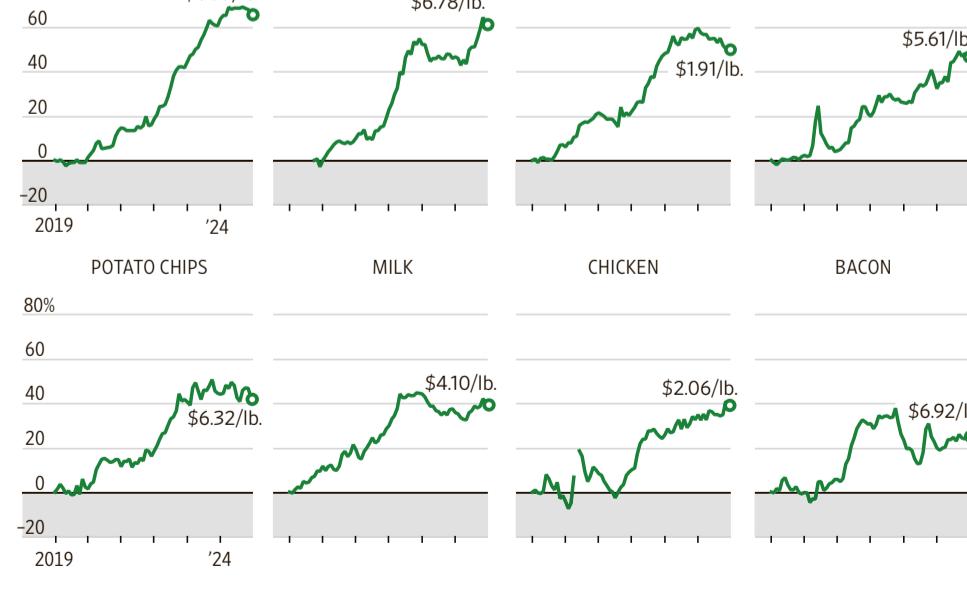
The cost of groceries in the U.S. in December increased 1.8% from a year earlier, rising at the fastest pace in more than a year, according to Labor Department data released last week. The cost of food overall was 0.3% higher in December, after increasing 0.4% in November.

There isn't one factor. Bird flu is killing chickens, cutting egg supplies and sending wholesale prices to a record. Extreme heat and dry weather in the world's coffee-growing regions have sent the cost of brews surging. Chocolate and cereal makers have raised prices for their products, too.

It is a problem for consumers, who are still acclimating to a stretch of bruising inflation following the Covid-19 pandemic. Shoppers are picking up more store-branded groceries and scouring multiple stores for the best deals. Grocery prices in December were roughly 28% higher than they were five years ago, according to the Labor Department.

An uptick in the pace of

#### Consumer-price index average price data, U.S. city average, change from January 2019



\*Shows change from October 2019.

Note: May 2020 figure not available for chicken

price of a dozen large eggs increased nearly 14% to \$4.15 in December.

The price increase is fueled by the deadliest outbreak of avian flu on record, which first started spreading on U.S. farms in 2022. Egg price surges tend to be seasonal because wild birds—ducks and geese—migrate during the winter, carrying the virus to farms as they travel. To limit the virus's spread, whole flocks are killed after an infection is confirmed.

Combined with the more limited supply, demand for eggs tends to peak in December as grocery stores and food manufacturers stock up for the holiday baking season. Price increases have helped increase the profits of egg companies, including Cal-Maine Foods, the largest U.S. egg producer, whose stock has doubled over the past year.

Prices were also higher in December at the meat case. Products such as bacon and breakfast sausage rose 2% in price from November. The Agriculture Department said this month that it expects higher pork, beef and chicken prices in 2025 as meatpackers cut back their slaughter rates.

Other food companies have

come under pressure as consumers tighten their spending and choose cheaper options.

Executives said they don't want to raise prices further, but their own costs continue to climb.

Food giant Conagra Brands said that for now it would absorb increased expenses tied to the meat and eggs it uses in frozen meals such as Healthy Choice and Marie Callender's. Conagra expects protein costs to moderate in the company's next fiscal year, and executives said keeping those prices in check is in the best interest of consumers and the company's shareholders.

"No one wants to take price, but if costs go up, prices tend to follow," said Sean Connolly, Conagra's chief executive, in an interview.

Higher cocoa and sugar costs have driven price increases from snack giants such as Hershey and Mondelez International. Hershey, which makes Reese's and Almond Joy, said it expected cocoa beans to be the main driver of higher costs for the company in 2025, but that increased prices for related products, like cocoa butter and cocoa liquor, will factor in, too.

food inflation presents a challenge for the new administration. President Trump campaigned on consumers' frustration with inflation, though more recently has acknowledged it could be hard to cool rising grocery prices.

Some of the problems underlying food costs, such as disease and bad weather, don't have quick policy fixes. Trump's pledge to implement tariffs on goods from Canada, China and Mexico, some of America's top trading partners,

could further roil food-commodity markets.

Eggs are one of the primary drivers of food inflation. The index for eggs was up 37% from a year ago, according to the latest Labor Department figures, and the average retail

## U.S. NEWS

# Fire Inspectors Catalog Extent of the Damages

The assessments can be a family's first official word on their house's fate

By MARC VARTABEDIAN

MALIBU, Calif.—With no legal way to go home in a disaster zone, tens of thousands of evacuated residents are hanging on a thread as they wait to find out if their houses survived.

Many are furiously refreshing a county website that is, slowly but surely, detailing the damage lot-by-lot.

Those determinations that can change the course of a family's life are being made by people such as Natasha Fouts, a damage-inspection specialist with the California Department of Forestry and Fire Protection. On a recent sunny morning, she high-stepped over a downed power line as she circled what used to be a low-slung 1960s-era Malibu Hills home with soaring views of the Pacific Ocean. Now, all that stands is a brick chimney.

"That's it for this property," Fouts, 45 years old, said, returning to the road. "The house was destroyed." A ribbon tied around an iron gate

signaled the house's fate was officially logged.

It was a somber conclusion for just one of the 30-some homes Fouts thought she would get to during her first day on the job. Up to 12,000 parcels awaited inspection when the roughly 52 inspectors fanned out across the vast Palisades fire area to begin their work. Thousands more examinations were in progress at the nearby Eaton fire.

"Usually it's a two-week assignment, but for this one they told us to plan for three," Fouts said.

As of Sunday, Cal Fire inspectors had tagged roughly 78% of properties in the Palisades fire area and 90% for the Eaton.

Compiling the fire's official destruction tally is tedious but important work, requiring a visit to every lot that sits inside the fire's perimeter and roughly 300 feet beyond to account for windblown embers. Data on what survived, what didn't and to what extent partial damage was inflicted can be used by a variety of agencies and organizations including the Federal Emergency Management Agency, humanitarian relief groups, cities and counties. This publicly available data can also be refer-

enced by insurance companies when determining claims or future risk modeling.

The inspectors also note the wildfire precautions—or lack thereof—each property had taken, data that can inform building codes, university research and vegetation-preparation practices.

For evacuees, entire livelihoods and future planning can hinge on the assessments because they often provide the first definitive word on whether their house still exists. The inspectors' work is translated to colors: red for destroyed, black for undamaged, and green, yellow or orange for partially damaged depending on the severity.

Ed Meyers has been an Altadena resident for 22 years and found out his house and pet supply shop burned down in the Eaton fire when he drove through the area the day after he evacuated. The map generated by the damage inspection teams has been central to how the community engages with one another, he said.

"I wanted to check in on a friend and I wasn't sure if she had lost her home, and so I looked at the map this morning," Meyers said. "Her street hadn't been logged yet and I thought to myself, 'Gosh, does



Damage-inspection specialist Natasha Fouts, lower right, and a trainee assess a structure.

that person know if their home is there?'"

Fouts is new to the job, having done damage assessment on only one other fire and a flood. Neither compared with the task at hand. She says she's leaning on her training and trying to be systematic.

"I kind of compartmentalize because I am a sensitive person," Fouts said. "It's one thing to see someone's house burned down, but when you get to areas where whole communities are destroyed, it's hard."

The work requires more than a drive-by. While it's obvious when a home is reduced to rubble, seemingly undamaged structures can be deceiving. Once, Fouts recalled, she circled a house on foot and nearly marked it undamaged before a

colleague spotted flames that had sneaked up a piece of siding from embers smoldering inside a mulch pile.

Documenting the wildfire-prevention guards that homes had in place also takes time—and a sharp eye. In the ruins of one home, Fouts spotted an exterior vent screen that had quarter-inch wide openings, more than what is recommended to keep embers out.

At another site, shattered glass lying in ash had a purple tint, a clue, Fouts said, that the home had double pane windows, which could bolster its chance to survive a firestorm.

Fouts grew up in fire country in the Sierra-Nevada foothills and followed her older brother into wildland firefighting. She has worked for

Cal Fire in a variety of roles, including firefighter. Her current full-time job as a fire-prevention specialist includes advising communities about landscaping and building design that could help if wildfire tears through town.

After lunch, Fouts and two trainees she was supervising split up to tackle three properties spread across a mountainside. Fouts stepped through what had been a driveway gate and surveyed an estate that she said had good fire defenses—tile roof, stucco siding and manicured trees that didn't butt up to structures. Still, the fire torched the main house.

"I think it's the not knowing that's hard for people," Fouts said.

## Bureaucratic Tangle Made It Harder to Clear Brush

LOS ANGELES—Barry Josephson enjoyed a peaceful life in his hilltop home in the Pacific Palisades, save for one constant worry: the highly flammable brush that clogged the surrounding government-owned land.

By Jim Carlton,  
Mark Maremont  
and Dan Frosch

"We all take a risk living here," the producer of films including "Enchanted" said. "But that land should be maintained."

There have been at least five fires in the area since Josephson moved there eight years ago. Most were fueled by brush, which consists of drought-resistant shrubs that burn easily and intensely.

Impatient with government bureaucracy, including a \$150 fee for permission to remove brush from state parkland, some of Josephson's neighbors cleared it on their own.

They might have saved some of their homes. Of 81 houses in the vicinity, Josephson said 54 are still standing amid the wreckage of this month's Palisades fire, including his. It is particularly remarkable because investigators believe the blaze could have started a few hundred feet away, around a popular hiking destination known as Skull Rock.

Angelenos are asking why so much flammable material was allowed to build up around now-devastated communities. It was particularly dangerous this winter, as vegetation grew quickly following last year's record rains and dried out in a subsequent drought.

Fire experts said no amount of brush clearing could have



Inmate firefighters worked last week to clear brush along the Pacific Coast Highway in Santa Monica.

stopped flying embers driven by hurricane-strength winds from igniting many buildings that are now rubble and ash.

But better maintenance of the wild lands could have slowed the fires' growth. And the lack of preventive work despite pleas from residents and warnings from people inside the government demonstrate how little officials did ahead of a foreseeable disaster.

The delays were caused by a slow-moving tangle of government agencies that own or regulate Los Angeles's undeveloped land and are tasked with mitigating wildfire risks, according to a review of public

records and interviews by The Wall Street Journal.

In the Palisades, the city and county of Los Angeles, the state parks department, the California Coastal Commission, and the National Park Service all have a say in what happens on land surrounding residential areas.

They don't always work well together. In several instances, the Los Angeles Fire Department has issued citations to the state parks department for not clearing vegetation from its property, according to records of community meetings and a person with knowledge of the matter.

A spokesman for California State Parks said the department wasn't aware of any recent brush clearance violations in the Palisades area.

L.A. has tough vegetation-management rules, requiring property owners in hazardous zones to clear brush within 200 feet of a structure and 10 feet of roads or combustible fences. City officials frequently cite owners for failure to clear brush and send crews to clear the land of those who fail to comply, with the owners responsible for the cost.

But Palisades residents have long complained local and state governments don't follow the

same rules on their nearby land.

"They neglect it," said Bart Young, president of a Palisades neighborhood group that raised \$140,000 to fund its own brush cleanup.

Young said he lost his home in the fire, but about 250 of the 300 houses in his immediate neighborhood survived. "It was a good investment on our part," he said of the brush clearance.

Meeting minutes of the Pacific Palisades Community Council, a volunteer group, are filled with discussions of brush-clearance issues.

At a 2023 meeting, a repre-

sentative from California State Parks said that, for environmental reasons, the state doesn't typically remove brush. But any concerned citizen, he said, could remove dry vegetation close to their own property after obtaining a permit.

The permit application requires property owners to schedule a visit by a state parks representative, takes up to eight weeks to be processed and costs \$150.

The spokesman said the parks department takes wildfire preparation seriously and "the notion that State Parks could have done more in this instance to save homes from the recent wildfires is inaccurate."

After the 2018 Woolsey Fire, Los Angeles County commissioned a report with ideas to reduce future wildfire risk.

The report was issued in 2020. Many of its recommendations still haven't been implemented.

Consultants recommended that the county of 10 million people limit development in areas at high risk of wildfires and bolster brush-management requirements for new buildings.

It also said the county should develop "Community Wildfire Protection Plans" for unincorporated areas.

Such plans help identify areas that need brush cleared and who is responsible for the work.

Molly Mowery, a consultant who worked on the Los Angeles County report, said she was surprised to find it didn't already have community wildfire plans. "Given the fire history in that area, it was more like, 'What was keeping them from having these in the first place?'" she said.

### U.S. WATCH



A homeowner clears snow from driveway on Monday, in Attleboro, Mass., after several inches of snow fell overnight Sunday and into Monday morning.

MARK STOCKWELL/THE SUN CHRONICLE/ASSOCIATED PRESS

### TEXAS

#### South Prepares for Frigid Temperatures

Frigid temperatures engulfed Texas and other parts of the South on Monday ahead of a rare winter storm expected to bring heavy snow and disruptive ice accumulations to the region into Wednesday, sending residents scurrying to insulate pipes, check heating systems and stock emergency kits.

People in the Northern Plains to the tip of Maine were experiencing bitterly cold temperatures as an Arctic air mass caused temperatures to plunge well below normal values with dangerously cold wind chills.

Marc Chenard, a meteorologist with the National Weather Service in College Park, Md., projected that as many as 70 million residents will be under some kind of winter storm warning in the coming days.

—Associated Press

### OBITUARY

#### Leader for Abortion Access Dies at 67

Cecile Richards, a national leader for abortion access and women's rights who led Planned Parenthood for 12 tumultuous years, has died. She was 67.

Richards died Monday at home "surrounded by family and her ever-loyal dog, Ollie," her family said.

Richards, the daughter of the late Texas Gov. Ann Richards, was diagnosed with glioblastoma, an aggressive form of brain cancer, in 2023.

Though Planned Parenthood also provides birth control and testing for sexually transmitted diseases at clinics nationwide, its status as the nation's leading abortion provider has long made it a target of social conservatives.

Under Richards's leadership, the organization gained in membership, donor support and political clout.

—Associated Press

### TENNESSEE

#### Dylan Lyrics Sold For Over \$500,000

Draft lyrics to Bob Dylan's song "Mr. Tambourine Man" went for over a half-million dollars as part of a weekend sale of dozens of items related to the iconic American singer-songwriter.

About 60 Dylan items—including photos, music sheets, his guitar, pencil drawings and an oil painting composed by the Nobel Prize for literature winner—were sold on Saturday in Nashville, Tenn., through Julien's Auctions.

The items generated nearly \$1.5 million in sales overall through in-person and online bidding, the auction house said. Julien's said 50 of the items, including the lyrics, came from the personal collection of late music journalist Al Aronowitz.

Dylan wrote the original draft lyrics in the journalist's New Jersey home.

—Associated Press

## WORLD NEWS

## Hamas Retakes Effective Control of Gaza

Cease-fire, lack of alternatives give group a moment to assert power

BY OMAR ABDEL-BAQUI  
AND SUMMER SAID

After Israeli troops stood down when a cease-fire came into effect in the Gaza Strip, Hamas began sending thousands of its forces onto the streets to establish control.

The deployment—envisioned by the agreement that pauses the fighting while the combatants exchange hostages for prisoners—highlights how the U.S.-designated terrorist group remains the territory's dominant power. Israel hasn't been able to destroy the group or empower an alternative.

Hamas punctuated its authority Sunday by parading armed and uniformed militants through the streets flashing V-signs to cheering crowds. The open show of force after months of being pushed underground was a signal that aid groups and governments will need to cooperate with Hamas as reconstruction efforts get under way.

"It highlights that Israel's goals for the war were never achievable," said former Israeli hostage negotiator Gershon Baskin, now Middle East director for the diplomatic advocacy group International Communities Organization.

The truce pauses a war that has reduced much of Gaza to rubble and killed around 47,000 people in the enclave following Hamas's Oct. 7, 2023, attack on Israel, which killed about 1,200 people and left another 250 held hostage.

If it holds, the cease-fire



Hamas fighters escorted a Red Cross vehicle to collect released Israeli hostages in Gaza after the cease-fire took effect Sunday.

during the fighting, Sam Rose, a senior official with the U.N. Relief and Works Agency, the largest aid group in Gaza, said in a phone interview from the enclave.

Frustration with Hamas in Gaza has grown as the war dragged on. Community leaders, business people and the heads of prominent families made a number of appeals in recent weeks for the Palestinian Authority to take over the enclave again.

Current and former Israeli officials have floated a number of plans. Most involve some form of Arab or multinational force working with representatives of Palestinians on the ground. Top Israeli defense officials repeatedly said the only real alternative is the Palestinian Authority. Former U.S. Secretary of State Antony Blinken laid out a plan last week that would have the Palestinian Authority administer the Gaza Strip.

The authority—which polling shows is unpopular in the West Bank—ran the Strip until being ousted by Hamas in 2007. It recently has been trying to assert a role. The rivalry has recently turned violent at times. Hamas detained Palestinian Authority officials in Gaza last year, and the authority recently stepped up a campaign to go after Hamas militants in the West Bank.

There are signs of cooperation. Hamas agreed to relinquish control of the important Rafah border crossing between Gaza and Egypt, allowing Palestinian Authority officials to operate it alongside Egypt and the European Union. For now, however, Hamas has the monopoly of force.

—Dov Lieber contributed to this article.

could ease tensions. But it also raises substantial questions about how Gaza will be governed after the fighting.

Israel battered Hamas in one part of Gaza before moving on to fight in other areas, leaving behind vacuums and creating new threats for ordinary Palestinians already struggling with the fighting and deprivation.

"There is no future of peace, stability and security for both sides if Hamas stays in power," Sa'ar said.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed near Israeli troops or enter the buffer zones near the border with Israel. They can carry weapons only when necessary and would be monitored by teams of Egyptian and other Arab observers. The presence of armed militants on the streets doesn't violate the cease-fire deal, but any attempt to rearm or threaten Israelis would, an

Israeli security official said.

A major point in the first phase of the cease-fire revolves around significantly increasing the amount of aid entering Gaza, with Hamas patrolling major routes and accompanying aid trucks and distributors alongside the United Nations. Looting by criminal gangs within Gaza has been rampant during the war.

The amount of aid that entered Gaza on Sunday is more than what humanitarian groups could often bring in throughout an entire week

of order.

Israel's Foreign Minister Gideon Sa'ar said Sunday that a permanent end to the war would depend on Hamas's abdicating power in later stages of the negotiations.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed near Israeli troops or enter the buffer zones near the border with Israel. They can carry weapons only when necessary and would be monitored by teams of Egyptian and other Arab observers. The presence of armed militants on the streets doesn't violate the cease-fire deal, but any attempt to rearm or threaten Israelis would, an

Israeli security official said.

A major point in the first

phase of the cease-fire revolves around significantly increasing the amount of aid entering Gaza, with Hamas patrolling major routes and accompanying aid trucks and distributors alongside the United Nations. Looting by criminal gangs within Gaza has been rampant during the war.

The amount of aid that entered Gaza on Sunday is more

than what humanitarian groups could often bring in throughout an entire week

of order.

Israel's Foreign Minister Gideon Sa'ar said Sunday that a permanent end to the war would depend on Hamas's abdicating power in later stages of the negotiations.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed near Israeli troops or enter the buffer zones near the border with Israel. They can carry weapons only when necessary and would be monitored by teams of Egyptian and other Arab observers. The presence of armed militants on the streets doesn't violate the cease-fire deal, but any attempt to rearm or threaten Israelis would, an

Israeli security official said.

A major point in the first

phase of the cease-fire revolves around significantly increasing the amount of aid entering Gaza, with Hamas patrolling major routes and accompanying aid trucks and distributors alongside the United Nations. Looting by criminal gangs within Gaza has been rampant during the war.

The amount of aid that entered Gaza on Sunday is more

than what humanitarian groups could often bring in throughout an entire week

of order.

Israel's Foreign Minister Gideon Sa'ar said Sunday that a permanent end to the war would depend on Hamas's abdicating power in later stages of the negotiations.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed near Israeli troops or enter the buffer zones near the border with Israel. They can carry weapons only when necessary and would be monitored by teams of Egyptian and other Arab observers. The presence of armed militants on the streets doesn't violate the cease-fire deal, but any attempt to rearm or threaten Israelis would, an

Israeli security official said.

A major point in the first

phase of the cease-fire revolves around significantly increasing the amount of aid entering Gaza, with Hamas patrolling major routes and accompanying aid trucks and distributors alongside the United Nations. Looting by criminal gangs within Gaza has been rampant during the war.

The amount of aid that entered Gaza on Sunday is more

than what humanitarian groups could often bring in throughout an entire week

of order.

Israel's Foreign Minister Gideon Sa'ar said Sunday that a permanent end to the war would depend on Hamas's abdicating power in later stages of the negotiations.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed near Israeli troops or enter the buffer zones near the border with Israel. They can carry weapons only when necessary and would be monitored by teams of Egyptian and other Arab observers. The presence of armed militants on the streets doesn't violate the cease-fire deal, but any attempt to rearm or threaten Israelis would, an

Israeli security official said.

A major point in the first

phase of the cease-fire revolves around significantly increasing the amount of aid entering Gaza, with Hamas patrolling major routes and accompanying aid trucks and distributors alongside the United Nations. Looting by criminal gangs within Gaza has been rampant during the war.

The amount of aid that entered Gaza on Sunday is more

than what humanitarian groups could often bring in throughout an entire week

of order.

Israel's Foreign Minister Gideon Sa'ar said Sunday that a permanent end to the war would depend on Hamas's abdicating power in later stages of the negotiations.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed near Israeli troops or enter the buffer zones near the border with Israel. They can carry weapons only when necessary and would be monitored by teams of Egyptian and other Arab observers. The presence of armed militants on the streets doesn't violate the cease-fire deal, but any attempt to rearm or threaten Israelis would, an

Israeli security official said.

A major point in the first

phase of the cease-fire revolves around significantly increasing the amount of aid entering Gaza, with Hamas patrolling major routes and accompanying aid trucks and distributors alongside the United Nations. Looting by criminal gangs within Gaza has been rampant during the war.

The amount of aid that entered Gaza on Sunday is more

than what humanitarian groups could often bring in throughout an entire week

of order.

Israel's Foreign Minister Gideon Sa'ar said Sunday that a permanent end to the war would depend on Hamas's abdicating power in later stages of the negotiations.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed near Israeli troops or enter the buffer zones near the border with Israel. They can carry weapons only when necessary and would be monitored by teams of Egyptian and other Arab observers. The presence of armed militants on the streets doesn't violate the cease-fire deal, but any attempt to rearm or threaten Israelis would, an

Israeli security official said.

A major point in the first

phase of the cease-fire revolves around significantly increasing the amount of aid entering Gaza, with Hamas patrolling major routes and accompanying aid trucks and distributors alongside the United Nations. Looting by criminal gangs within Gaza has been rampant during the war.

The amount of aid that entered Gaza on Sunday is more

than what humanitarian groups could often bring in throughout an entire week

of order.

Israel's Foreign Minister Gideon Sa'ar said Sunday that a permanent end to the war would depend on Hamas's abdicating power in later stages of the negotiations.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed near Israeli troops or enter the buffer zones near the border with Israel. They can carry weapons only when necessary and would be monitored by teams of Egyptian and other Arab observers. The presence of armed militants on the streets doesn't violate the cease-fire deal, but any attempt to rearm or threaten Israelis would, an

Israeli security official said.

A major point in the first

phase of the cease-fire revolves around significantly increasing the amount of aid entering Gaza, with Hamas patrolling major routes and accompanying aid trucks and distributors alongside the United Nations. Looting by criminal gangs within Gaza has been rampant during the war.

The amount of aid that entered Gaza on Sunday is more

than what humanitarian groups could often bring in throughout an entire week

of order.

Israel's Foreign Minister Gideon Sa'ar said Sunday that a permanent end to the war would depend on Hamas's abdicating power in later stages of the negotiations.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed near Israeli troops or enter the buffer zones near the border with Israel. They can carry weapons only when necessary and would be monitored by teams of Egyptian and other Arab observers. The presence of armed militants on the streets doesn't violate the cease-fire deal, but any attempt to rearm or threaten Israelis would, an

Israeli security official said.

A major point in the first

phase of the cease-fire revolves around significantly increasing the amount of aid entering Gaza, with Hamas patrolling major routes and accompanying aid trucks and distributors alongside the United Nations. Looting by criminal gangs within Gaza has been rampant during the war.

The amount of aid that entered Gaza on Sunday is more

than what humanitarian groups could often bring in throughout an entire week

of order.

Israel's Foreign Minister Gideon Sa'ar said Sunday that a permanent end to the war would depend on Hamas's abdicating power in later stages of the negotiations.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed near Israeli troops or enter the buffer zones near the border with Israel. They can carry weapons only when necessary and would be monitored by teams of Egyptian and other Arab observers. The presence of armed militants on the streets doesn't violate the cease-fire deal, but any attempt to rearm or threaten Israelis would, an

Israeli security official said.

A major point in the first

phase of the cease-fire revolves around significantly increasing the amount of aid entering Gaza, with Hamas patrolling major routes and accompanying aid trucks and distributors alongside the United Nations. Looting by criminal gangs within Gaza has been rampant during the war.

The amount of aid that entered Gaza on Sunday is more

than what humanitarian groups could often bring in throughout an entire week

of order.

Israel's Foreign Minister Gideon Sa'ar said Sunday that a permanent end to the war would depend on Hamas's abdicating power in later stages of the negotiations.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed near Israeli troops or enter the buffer zones near the border with Israel. They can carry weapons only when necessary and would be monitored by teams of Egyptian and other Arab observers. The presence of armed militants on the streets doesn't violate the cease-fire deal, but any attempt to rearm or threaten Israelis would, an

Israeli security official said.

A major point in the first

phase of the cease-fire revolves around significantly increasing the amount of aid entering Gaza, with Hamas patrolling major routes and accompanying aid trucks and distributors alongside the United Nations. Looting by criminal gangs within Gaza has been rampant during the war.

The amount of aid that entered Gaza on Sunday is more

than what humanitarian groups could often bring in throughout an entire week

of order.

Israel's Foreign Minister Gideon Sa'ar said Sunday that a permanent end to the war would depend on Hamas's abdicating power in later stages of the negotiations.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed near Israeli troops or enter the buffer zones near the border with Israel. They can carry weapons only when necessary and would be monitored by teams of Egyptian and other Arab observers. The presence of armed militants on the streets doesn't violate the cease-fire deal, but any attempt to rearm or threaten Israelis would, an

Israeli security official said.

A major point in the first

phase of the cease-fire revolves around significantly increasing the amount of aid entering Gaza, with Hamas patrolling major routes and accompanying aid trucks and distributors alongside the United Nations. Looting by criminal gangs within Gaza has been rampant during the war.

The amount of aid that entered Gaza on Sunday is more

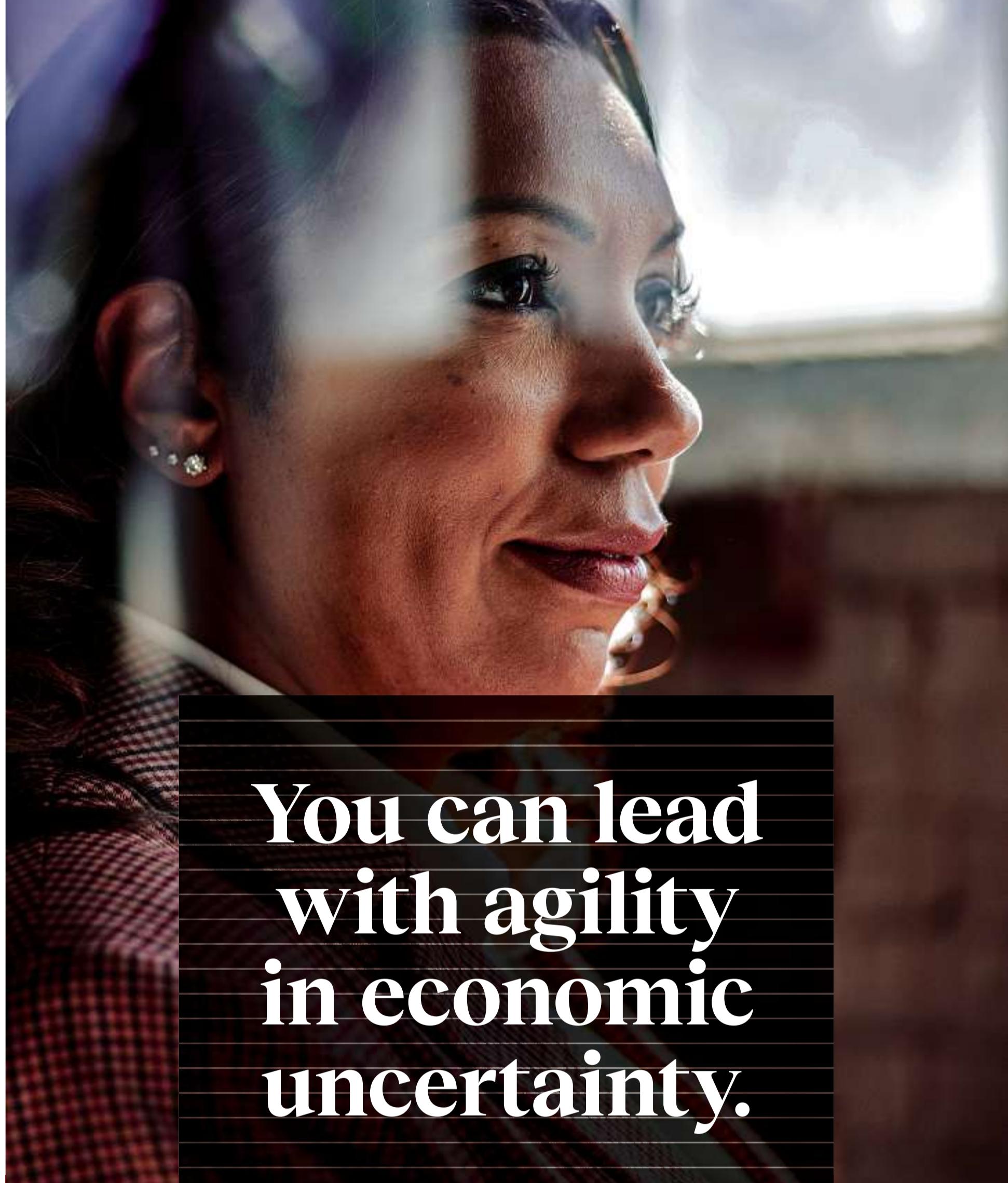
than what humanitarian groups could often bring in throughout an entire week

of order.

Israel's Foreign Minister Gideon Sa'ar said Sunday that a permanent end to the war would depend on Hamas's abdicating power in later stages of the negotiations.

Under the cease-fire agreement struck last week, police overseen by Hamas will assume responsibility for law

and order among Palestinians generally. They will also maintain the movement of displaced Palestinians back to their homes. Hamas police forces won't be allowed



You can lead  
with agility  
in economic  
uncertainty.

We can help  
you meet  
the moment.

[bain.com/lead](http://bain.com/lead)

**BAIN** & COMPANY

## WORLD NEWS

# Tariff Concerns Drive Europe To Gear Up for a Trade Fight

Threatened U.S. duties risk nudging the EU toward protectionist moves

By KIM MACKRAEL

**BRUSSELS**—President Trump's tariff warnings are forcing Europe to choose between shouldering the economic costs of keeping its own tariffs low and throwing up new barriers in a bid to protect its industries.

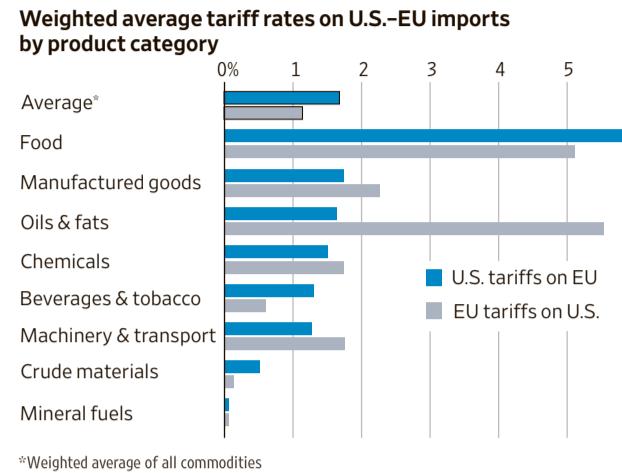
The European Union has long defended the rules-based system for free trade, and last month announced a breakthrough on a trade deal with four South American countries. At the same time, the bloc is preparing to respond to Trump's plan to use tariffs to achieve policy objectives.

Europe wants to avoid an all-out trade war. The U.S. is the EU's biggest trading partner, according to the American Chamber of Commerce to the EU. Any U.S. move to impose global tariffs of up to 20%, as Trump has threatened, would damage Europe's already ailing economy.

Higher U.S. tariffs on China could redirect cheap products to Europe in a double whammy for the bloc's domestic manufacturers.

EU officials hope to head off some of those threats with proposals that could include pledges to buy more American liquefied natural gas and defense supplies and an offer to team up with Trump in confronting Beijing. The bloc could also commit to more support for Ukraine, and member states could boost military spending, *The Wall Street Journal* has reported.

The EU has prepared options for retaliation, which diplomats have said could in-



\*Weighted average of all commodities

Source: ING's analysis of 2022 World Bank data

clude tariffs that target products from politically sensitive U.S. states.

The president's unpredictability makes it difficult to prepare for any actions he might take. His advisers have different views on tariffs.

Trump's trade plans could also link up with broader tensions with the EU. The EU plans to work with the administration toward mutually beneficial outcomes, a spokesman for the European Commission, the EU's executive body, said Friday. But he added, "If necessary, we will defend our legitimate industries, our companies and our member states."

The EU has long based its approach on a view that free trade is a path to global security and economic growth. Its response to trade conflicts typically involves lengthy investigations and proportionate retaliation. Instead of joining the U.S. in slapping 100% tariffs on Chinese electric vehicles last year, the EU held a months-long investigation into Chinese subsidies that led to additional tariffs of up to about 35%. And it earlier resisted Biden administration efforts to persuade it to join forces and impose punishing

tariffs on Chinese steel, in part because of Europe's concerns about World Trade Organization compliance.

But if Trump follows through on some of his trade threats, potentially rewriting global trade flows, the bloc could face pressure to build higher walls.

"It's really hard to say, politically, just take it on the chin and don't respond," said Jennifer Hillman, a trade expert at Georgetown University and a former WTO official.

She said she expects the EU and others to structure any responses to be as compliant as possible with WTO law and to avoid escalation. "But they don't have many good cards to play," she said.

Even a deal to avert U.S. tariffs could require pragmatism. "We want to stick as much as we can to the rules-based order and the WTO," an EU diplomat said. "But it is going to be difficult to do so in negotiating with Trump, because he doesn't care."

Brussels is responsible for trade policy, but the EU's 27 member states will ultimately drive its approach. Some countries are eager to calm trans-Atlantic tensions while

others might see political benefits from strong retaliation.

The EU created an arsenal of tools in recent years to give it more options. The changes might not be enough for some European leaders. French President Emmanuel Macron recently questioned the insistence on sticking with global trade rules. He said the EU's tariffs on Chinese EVs weren't adequate to protect industry.

"The rules of the WTO are no longer respected by either China or the United States of America," he said this month.

The EU's trade commissioner, Maroš Šefčovič, said this month that the bloc is committed to the WTO but believes it needs to change to "overcome the problems we face in today's trading system."

Some officials and trade experts believe Trump's threats strengthen the EU's incentive to double down on free trade with the rest of the world.

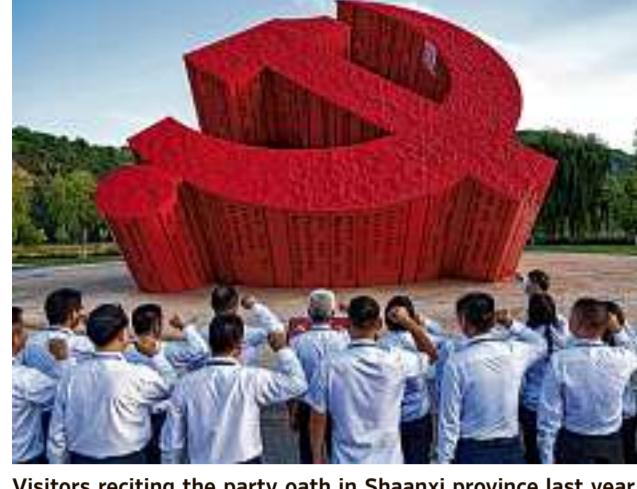
The South American breakthrough came after years of negotiation and despite opposition from France and Poland. On Friday, the EU announced a revamped deal with Mexico.

"Many countries will feel the need to stick together," said Cecilia Malmström, a former EU trade commissioner.

A recent report by the Germany-based Kiel Institute for the World Economy found the EU's economy would be hit much harder by a breakdown in the rules-based trading system than it would by U.S. tariffs alone. That means the EU should try to keep the system as intact as possible, said Gabriel Felbermayr, director at the Austrian Institute of Economic Research and one of the report's authors.

"Failing to do so would damage the EU's trade interests with many other countries," he said.

—Laurence Norman contributed to this article.



Visitors reciting the party oath in Shaanxi province last year.

ANDREA VERDOLI/BLOOMBERG NEWS

## Antsy Officials Get A New Xi Message: To Err Is Human

By CHUN HAN WONG

Chinese leader Xi Jinping is intensifying a war on corruption that has punished officials in record numbers—with the side effect of leaving many unwilling to act for fear of punishment.

To help his bureaucrats rediscover their mojo and revive a stagnating economy, Xi is also promoting the message that some mistakes are acceptable.

His decree to the Communist Party: Enforcing strict discipline shouldn't fuel a climate of fear that saps the can-do spirit that once helped power China's economic rise.

The approach is to "combine strict control with loving care," Xi has said, to "encourage cadres to forge ahead and be enterprising."

The party elite approved a new economic plan that embedded Xi's directive, the "Three Differentiates," which calls for differentiating well-meaning officials who make innocent errors

from those who willfully break the rules.

Xi's campaign seeks to tackle a key challenge in his top-down leadership of the world's second-largest economy: how to wield decisive control over a vast bureaucracy without stifling the local dynamism.

As part of the push for calibrated clemency, authorities have also pledged to curb false accusations against bureaucrats—a phenomenon that grew amid Xi's purges—and encourage remorseful offenders to make amends by working harder. State media meanwhile called for reviving a sense of mission among officials who might otherwise stay passive to avoid trouble.

Xi also made clear that he is pressing forward with a crackdown that has punished more than 6.2 million people since he took power in late 2012—and cemented his standing as China's most powerful leader since Mao Zedong.

No resting for even a single step, no retreating for even half a step," Xi said this month at a policy-setting meeting of the party's Central Commission for Discipline Inspection.

Days later, the CCDI said that authorities had disciplined 889,000 people last year, roughly 46% more than in 2023 and the highest annual total since the party started releasing such data about two decades ago.

Xi's crackdown, launched to combat rampant graft that was threatening Communist Party rule, has since become a campaign of ceaseless purges aimed at keeping officials loyal and on their toes, an echo of Mao's ideas on fanning a "continuous revolution."

China experts say Xi will find it difficult to exert control through purges while also un-

To encourage party members, Xi said, combine strict control with loving care.

Balancing harshness and leniency falls to party enforcers, who have been publicizing cases where errant officials were punished lightly or spared. In one example, according to an official account, enforcers gave clemency to a former township party chief who faced allegations of negligence for rushing into a project to improve the safety of the local water supply.

The project didn't result in financial losses and investigators found the official was contrite and hadn't sought personal gain—meriting "criticism and education" in lieu of formal punishment.

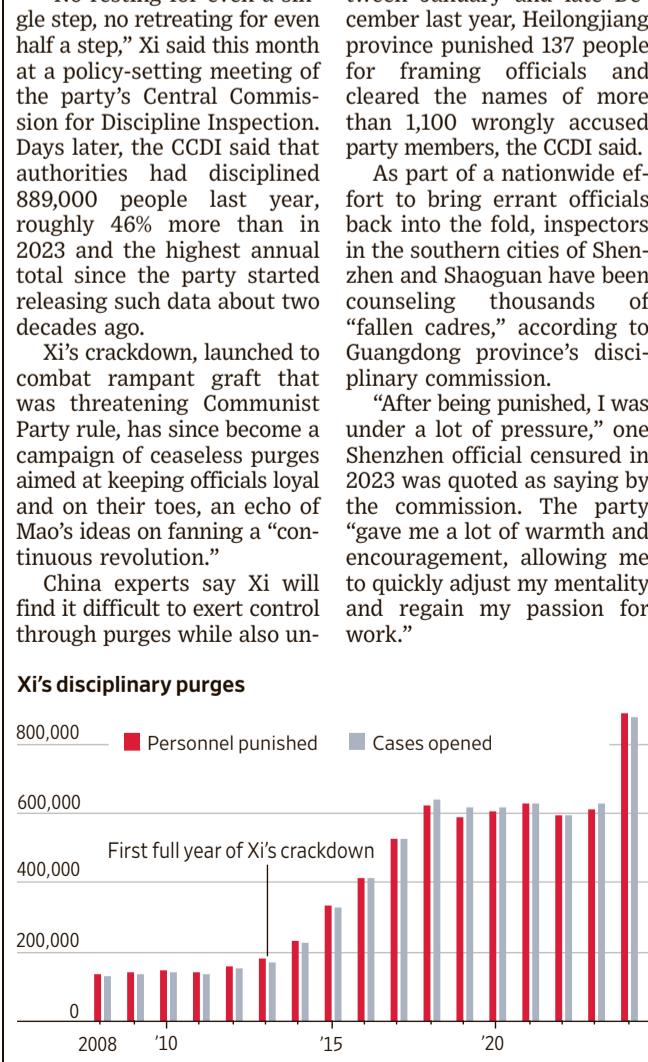
Xi first raised the "Three Differentiates" as a principle in 2016, acknowledging that some officials felt uneasy about making decisions for which they could be held accountable. The effort grew more urgent as China's economy struggled to bounce back from the Covid-19 pandemic.

Authorities also clamped down on false accusations. Between January and late December last year, Heilongjiang province punished 137 people for framing officials and cleared the names of more than 1,100 wrongly accused party members, the CCDI said.

As part of a nationwide effort to bring errant officials back into the fold, inspectors in the southern cities of Shenzhen and Shaoxing have been counseling thousands of "fallen cadres," according to Guangdong province's disciplinary commission.

"After being punished, I was under a lot of pressure," one Shenzhen official censured in 2023 was quoted as saying by the commission. The party "gave me a lot of warmth and encouragement, allowing me to quickly adjust my mentality and regain my passion for work."

### Xi's disciplinary purges



## WORLD WATCH



BLACK-TIE EVENT: Humboldt penguins swam at Byculla Zoo in Mumbai on Monday, which was also National Penguin Day.

### Old Friends Fight To Lead Liberals

Canada's Liberal Party will elect a new leader March 9, testing the friendship of two of the country's best-known politicians. Chrystia Freeland, who blew up the career of an old ally, Prime Minister Justin Trudeau, is taking on Mark Carney, former governor of the Bank of Canada and the Bank of England—and godfather to her son—to succeed him.

The party's new leader will

likely lose a no-confidence vote after Parliament resumes March 24, triggering a snap election. Pierre Poilievre, whose Conservative Party is leading in public-opinion polls by more than 20 percentage points, has criticized both the man he calls "Carbon-tax Carney" and Freeland for supporting unpopular policies.

That two political heavyweights would launch candidacies amid such dismal polling might seem surprising.

Political observers said both likely want to rebuild the post-Trudeau party and prepare for another election later this decade.

—Vipal Monga

### Testing Turns Up Marburg Disease

Tanzania's president said Monday that one sample from a remote part of northern Tanzania tested positive for Marburg disease, a highly infectious virus which can be fatal in up to 88% of cases without treatment.

President Samia Suluhu Hassan spoke alongside World Health Organization Director-General Tedros Adhanom Ghebreyesus.

WHO was the first to report on Jan. 14 a suspected outbreak of Marburg that had killed eight people in Tanzania's Kagera region.

Hassan said Monday that further tests had confirmed a case of Marburg. Twenty-five other samples were negative, she said.

Like Ebola, the Marburg virus originates in fruit bats and spreads between people through close contact with the bodily fluids of infected individuals or with surfaces.

Symptoms include fever, muscle pains, diarrhea, vomiting and in some cases death from extreme blood loss.

—Associated Press

### Army, Rebels Reach Another Cease-Fire

Myanmar's military government and a major ethnic rebel group in the country's northeast have signed a formal cease-fire agreement, mediator China said Monday.

The cease-fire between the military and the Myanmar National Democratic Alliance Army, which seized large tracts of territory along the border with China, is the second such pact in little over a year and came into effect on Saturday.

The new cease-fire was brokered by China in mid-January, Foreign Ministry representative Mao Ning said.

China is the most important foreign ally of Myanmar's military rulers, who took power after ousting the elected government of Aung San Suu Kyi in February 2021. The takeover led to nationwide peaceful protests that escalated into civil war.

Beijing has major geopolitical and economic interests in Myanmar and is deeply concerned about instability along their border.

—Associated Press

### World's Very Rich Had Big Year in '24

Billionaires' wealth grew three times faster in 2024 than the year before, a top antipoverty group reported on Monday, as some of the world's political and financial elite prepared for an annual gathering in Davos, Switzerland.

Oxfam International, in its latest assessment of global inequality timed to the opening of the World Economic Forum meeting, also predicts at least five trillionaires will crop up over the next decade.

A year ago, the group forecast that only one trillionaire would appear during that time.

The group's sharp-edged report, titled "Takers Not Makers," also says the number of people in poverty has barely budged since 1990.

The World Economic Forum expects to host some 3,000 attendees, including business executives, academics, government officials, and civic group leaders at its annual meeting in the Alpine village of Davos.

—Associated Press

—Associated Press

# PERSONAL JOURNAL.

© 2025 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Tuesday, January 21, 2025 | A13



## You Can't Blame DEI for Failures At Work Anymore

Corporate America's DEI retreat removes a barrier—or maybe an excuse—for some workers

By CALLUM BORCHERS

I hear from them all the time.

"Add one more to your list of aggrieved white males," a reader wrote to me recently. The man, a 64-year-old electrical engineer in Florida, said a manager at work told him he'd been denied a promotion because the company needed to elevate more women and people of color.

As a columnist who has written about diversity, equity and inclusion, I am not surprised to receive emails from people who blame DEI for holding them back professionally. More than a third of Americans believe DEI in the workplace hurts white men, according to the Pew Research Center. Still, the earnestness of some messages is striking. One guy emailed me on Christmas morning with a tale of being passed over for diversity reasons.

With Meta, McDonald's, Walmart and other big companies pulling the plug on diversity initiatives, I wondered how these

self-described DEI casualties are feeling.

So, I spoke recently with the aggrieved engineer and seven others who contacted me with stories about doors allegedly closed on them because they were the wrong race or gender. Most feared for their jobs and insisted I not name them publicly.

They generally believe they're more likely to get hired or promoted in an environment where Donald Trump is president, Robby Starbuck's name-and-shame threats loom over corporate America, and Mark Zuckerberg heralds "masculine energy" on Joe Rogan's podcast. Their optimism isn't unbridled, however. Some told me they worry about a bro renaissance going too far and harming women and people of color.

And a few are mulling an egotutting possibility: *What if I've pinned my failures on diversity, only to discover that the stumbling block is...me?*

They say the retreat of corporate DEI removes a barrier for



them—or, perhaps, an excuse they've used to rationalize life's losses.

A 26-year-old chief of staff at a New York software startup suspects his college and career prospects were dimmed because he doesn't advance diversity goals as a straight, white man. He remembers his high-school guidance counselor telling him he wouldn't get into the Ivy League for this reason, and in subsequent years he has chalked up professional disappointments to the effects of DEI.

Now he's considering whether diversity was a boogeyman.

"I'm sure there have been times that I attributed too much to DEI when I didn't get an opportunity," he says. "Maybe I didn't come across well in an interview and I could do more introspection."

Left, Meta CEO Mark Zuckerberg heralds 'masculine energy.' Below, Ruth Villalonga advises companies on diversity messaging.



### Softening the blow

Companies have become more diverse at the top since 2020, the year of George Floyd's murder at the hands of police. That year, 85.1% of executives at S&P 500 companies were white, according to research from the University of North Carolina and Texas A&M University. In 2023, the share of white executives was 79.8%.

That's still far from parity, but the percentage of white executives fell more in the three years after Floyd's death than it had in the previous nine years. At the same time, the number of Black executives in the S&P 500 grew from 253 to 417, a nearly two-thirds in-

crease, according to the North Carolina and Texas A&M study.

White candidates for top positions, while hardly shut out, likely perceived the rapid change as a threat to their careers. Sometimes they were told that DEI had cost them, several recruiters and human resources professionals told me.

That wasn't always the truth.

Harvard sociologist Frank Dobbin, who has devoted much of his career to studying corporate diversity, says hiring managers sometimes let people down easy by suggesting they're victims of demographics—instead of telling them they weren't up to the job.

"When a woman is promoted and a man was in the running, HR will often wink and say, 'Maybe next time, guy,'" Dobbin says. "Even when the woman is promoted because she's better-qualified, it's a way for the manager to get out of having a difficult conversation."

One executive recruiter told me providing honest feedback to unsuccessful job candidates is awkward and sometimes adversarial, so it is tempting to fudge the reason for rejection.

He offered a scenario: "How do you tell someone they had body odor or were weird? 'Sorry, bud, DEI strikes again!'"

### Bottom line

Michael Esposito, the man who emailed me on Christmas, says he doesn't believe companies promote unqualified people to hit diversity targets. But in his career as a labor attorney and human-resources executive, he says he's been part of hiring discussions where white, male applicants received little consideration if there was a woman or person of color who could do the job.

"People speculate about what goes on behind closed doors," he says. "Well, I've been behind those closed doors."

Now 70 years old and working part time as a labor-relations consultant, he says he's freer to talk about his experiences than when he worked for a company full time. He's convinced that he was discounted as a candidate for top HR jobs several times, partly because businesses aiming to diversify their leadership ranks often start in human resources. Women occupy less than half of C-suite roles but more than 7 in 10 chief-human-resources-officer positions, according to BambooHR.

Too many corporate initiatives framed DEI as a moral imperative, says Ruth Villalonga, who advises companies on diversity messaging as senior vice president at Burson, a strategic communications firm. So, it's no wonder that many employees assumed personnel decisions were influenced by something other than the bottom line.

To restore confidence in hiring fairness, companies should make clear that business goals come first and diversity is part of a strategy to recruit top talent, she says.

"A lot of organizations thought DEI was the way forward because it sounds nice, but corporations are not supposed to be the moral compass of the country," Villalonga says.

MY RIDE | BY A.J. BAIME

## He Drove His Jeep To 49 States in 64 Days—and He's 18

AJAY BENTLEY, 18, a high-school senior living in Edwards, Colo., on his 2022 Jeep Wrangler Sahara, as told to A.J. Baime.

I got my driver's license on July 20, 2023, and when I got my Jeep in mid-August, it had 4,000 miles on it. Living in the mountains without many services outside the big cities, you have to drive to get anything you need. Driving here is unique. You need a completely different skill set.

You have to know how to handle snow. You have to have confidence that you can correct yourself when you're sliding on ice. My drive to school can take 20 minutes or, if I'm behind a slow truck and it's snowing, it can take an hour.

Soon after I got my license, I had an idea. I thought: I'll go to every major city in America. At first, my parents did everything they could to avoid talking about it. [David and Tracey Bentley are a retired airline pilot and flight attendant, respectively.] Then, as the year went on, they realized I was serious. I started planning



in January 2024, and the day after the last day of my junior year, I left.

How do you define "major city"? It depended on the state. Denver Metro has 3 million people. But what about Sheridan, Wyo.? Because the state is so unpopulated, Sheridan made the list.

I didn't do anything special to the Jeep. All I did was order a custom air mattress. I folded the back seats down, put the air mattress in back, and put my coolers on top of it. I have a 180-hour Spotify playlist.

I hit Pueblo, Colo., first, then Denver, then shot north over the Canadian border, hitting cities in Wyoming and Montana on the way. My



AJay Bentley and the 2022 Jeep Wrangler Sahara he drove to visit 'every major city in America.'

father joined me to cross the Canadian border, because I worried about crossing as a minor alone. But my father did not do any driving. In Alaska, we hit Fairbanks, Anchorage, Juneau, and Deadhorse near Prudhoe Bay, on some of the most challenging roads you can find. It was near impossible to drive to Juneau, so we flew, went for a walk downtown, then took an Uber back to the airport, all in one day.

We drove to Spokane, Kennewick, Yakima, and Seattle in Washington.

We drove down the I-5 corridor into Oregon, hitting Portland, Eugene and Salem. We took one of the loneliest roads in America—U.S. 20 through eastern Oregon—to Boise, Idaho, and I dropped my dad off at the airport.

From there, I did east-west and north-south zigzags across the country. Portland, Maine, and Miami. Chicago and New Orleans. In Nebraska, I traveled to Lincoln, Omaha, Grand Island and Kearney. I couldn't get the Jeep to Hawaii, so to get to Honolulu, I flew out, took an Uber

into the city, and flew back. Originally, I thought I would sleep on the air mattress. But my dad helped me find a relatively affordable hotel to stay in each night.

The Jeep is a stick shift. Maintenance is not expensive and can be done by just about anyone. It gets about 22 miles per gallon—not that bad for a vehicle that can handle any road, any weather and any environment. The only weakness in terms of weather is wind, which you can feel in the driver's seat. The soft top handles rain just fine. I got five or six oil changes along the way.

I did get pulled over quite a bit. Police officers would see my Jeep with an out-of-state license plate and a 17-year-old alone at the wheel and think: Hey, this guy's got weed! I took one field sobriety test and once waited an hour-and-a-half while an officer called in a drug canine that never came. But I got zero tickets.

The trip took 64 days and covered 43,000 miles. I love this Jeep. It is like a second home. It is incredibly reliable, and all I needed to get where I wanted to go was a little will power.



## PERSONAL JOURNAL.

# GoFundMe Achieves Uneven Results

Crowdfunding gives disaster victims a lifeline, but the results depend on social class, connections and luck

BY NATASHA KHAN AND ASHLEA EBELING

**T**ouched by personal stories of anguish and loss from the fires, donors have sent tens of millions of dollars directly to families in Los Angeles via crowdfunding.

These competing pleas for generosity have uneven results.

For decades, when disaster struck, donors gave money to larger relief organizations offering community support, such as the Salvation Army or Red Cross. More recently, many have shifted to platforms such as GoFundMe that let you put cash directly into the pocket of a single victim.

Crowdfunding donors say they get a deeper connection to the people they are helping and a clearer sense of the impact they can have.

But how much money people get often comes down to their social networks, social class and luck. High-income families received 25% more support com-

**Crowdfunding donors say they get a deeper connection to the people they are helping.**



Rebuilding Pacific Palisades, Altadena and other parts of greater Los Angeles will likely cost billions.

pared with low-income ones, an analysis of all the GoFundMe campaigns after 2021 wildfires in Colorado found, even when accounting for similar losses.

"Connections matter," said co-author Philip Mulder, a professor at the University of Wisconsin-Madison School of Business.

Wealthier families benefit from larger and wealthier social networks. These families were also 27% more likely to start rebuilding within a year.

Still, GoFundMe donations can bring relief to those short on hope and the resources to rebuild.

Ana Rojas's close-knit family of five had lost everything in the wildfires. The television they just paid off? Gone. The beloved set of Harry Potter books their mom could finally afford? Gone. Her

dad's work tools essential for his construction job? Gone.

As they sheltered at 19-year-old Rojas's boyfriend's house for the night, options were looking sparse. The family didn't have any insurance for their rental home. Her father had fled the fire with just the clothes on his back.

Rojas had low expectations when she set up a GoFundMe page for her family. To her surprise, dozens of donations have poured in since, raising more than \$12,000. The funds will allow them to put down a rental deposit for a new home, as well as buy clothes and essentials.

"When I first heard our house burned down, I thought we were all alone," she said. "Every dollar we've received feels like hope, that we can make it through this."

## Missing out

Focusing on one person at a time can also skew the way people understand disasters, said Matthew Wade, a sociologist at La Trobe University in Australia, who has studied crowdfunding.

"It can certainly prove comforting and affirming to lift up someone we see as uniquely deserving, but this can too easily distract us from the magnitude of unseen suffering and equally deserving persons who cannot succeed on these platforms," Wade said.

There are thousands in need of help, and not all of them create a GoFundMe or have widely shared on social media. Community group chats and message boards are flooded with advice, links and spreadsheets. People ask how to reapply after emergency funding

from FEMA has been denied, where to find clothing and donation drives. They share GoFundMe link after GoFundMe link.

The number of such pleas prompted James Bryant and Rodney S. Diggs, both partners at Black law firms in Los Angeles, to start a collective GoFundMe page with a goal of raising \$5 million for members of the Black community, rather than help set up individual ones.

"Who are they going to turn to for help? Everyone they know lost everything, too," said Bryant, who also noted a significant part of the population were elderly and didn't have insurance.

While they have raised about \$190,000 so far, they hope putting their names and law firms on the GoFundMe page will boost exposure and lend credibility to their effort.

Nonetheless, some donors have called the front desks of their law firms to verify the authenticity of the petition.

## Scams

Crowdfunding donors should make sure the requests are real and not scammers exploiting the disaster response.

Soon after the fires broke out, "General Hospital" actor Cameron Mathison posted on Instagram that someone made a phony page in his name.

"PLEASE DO NOT DONATE TO A GO FUND ME PAGE using my videos or photos!!!" he said. "It is not us. We are not asking for money. Unimaginable that someone is using this disaster to rip people off."

GoFundMe said it has a team working to review fundraisers to prevent misuse and amplify the campaigns of those in need. It says it verifies pages and

has added authentic pages to its Wildfire Relief hub.

## Charities on the ground

Crowdfunding doesn't replace charitable giving to organizations such as the Red Cross, but complements it, according to research by the Lilly School of Philanthropy at Indiana University.

"It's not an either or," said Amir Pasic, dean of the Lilly School. Four out of five crowdfunding donors also gave to traditional charities, he said.

Another option is to give through a community foundation or a relief fund vetted and listed by Philanthropy CA. "They are prioritizing people who are most marginalized," said Catherine Crystal Foster, a philanthropic adviser in Palo Alto, Calif.



People sort through items at a pop-up donation center for wildfire victims at Santa Anita racetrack in Arcadia, Calif.

## TIPS FOR DONATING

■ Contributions to individuals aren't tax deductible, so donating to personal GoFundMe campaigns won't qualify. Most taxpayers take the standard deduction instead of itemizing, so they don't get a tax break for charitable donations anyway.

■ GoFundMe takes a standard transaction fee of 2.9% + \$0.30 per donation. Some families are asking for help through Venmo or Zelle to avoid the GoFundMe transaction fee.

■ Donors can give directly to nonprofits such as World Central Kitchen, AmeriCares and the Red Cross. Another option is to give through a community foundation or a relief fund vetted and listed by Philanthropy CA

CAROLINE BREHM/MONSTERSTOCK; MARIO TAMA/GETTY IMAGES

## What You Get When You Pay For Extra-Legroom Seats

BY DAWN GILBERTSON

Airline seat maps are a confusing maze these days as airlines carve up their cabins. In economy, you've got extra-legroom seats, "preferred" seats and rows of seats with no special designation.

Many cost extra to reserve and don't get you anything beyond said seat.

A friend flying from Chicago to Tampa recently texted me to ask what was included with her Economy Plus seat on United. I had a general idea—not much—but had to look it up before answering.

And on a couple of recent Delta flights, I was confused when my Comfort Plus seats didn't come with the usual snacks or free alcoholic beverages.

So it's time for a refresher. Here's what to expect besides extra legroom and a seat closer to

the front of the cabin—if anything—when buying a ticket or upgrading to a seat in those sections on major U.S. airlines:

**AMERICAN MAIN CABIN EXTRA:** Priority boarding, dedicated overhead bins and complimentary beer, wine and spirits.

**DELTA COMFORT PLUS:** Priority boarding, dedicated overhead bin space, premium snacks and complimentary beer, wine and spirits.

**ALASKA PREMIUM CLASS:** Priority boarding and complimentary beer, wine and spirits.

**JETBLUE EVEN MORE SPACE:** Priority security lane and boarding. (And beginning with bookings later this month, dedicated overhead bin space and complimentary beer, wine and spirits.)

**SPIRIT BIG FRONT SEAT:** Priority check-in and boarding, one free checked bag, complimentary beer, wine and spirits and snacks and free Wi-Fi. This is only available if you book the airline's most expensive bundle, the new Go Big option.

**FRONTIER UPFRONT PLUS:** A blocked middle seat plus priority boarding and dedicated overhead bin space and two checked bags if you purchase the airline's Business Bundle. The seat can also be purchased a la carte without the extras.

**SOUTHWEST:** The airline plans to introduce its first extra-legroom section when it starts assigning seats, but it hasn't disclosed any perks yet.

**UNITED ECONOMY PLUS:** Literally nothing.

One thing to note when paying extra for these seats if the free alcohol perk is a draw for you: Most airlines offer limited or no beverage service on short flights, except in first class.

Small bottles of water were the

only drinks offered on my Delta flights from Phoenix to Los Angeles and Los Angeles to San Francisco, and the snack basket flight attendants let travelers pick from on longer flights was nowhere to be seen except in first class.

And keep in mind that those overhead bins are dedicated in theory only.

Flight attendants often don't have time to police these bins (though they did on a Frontier flight I took last year), so other passengers often stick their bags up there.

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



United's version of extra-legroom seating.

CALLAGHAN O'HARE/BLOOMBERG NEWS



# SPORTS



## Ohio State Defeats Notre Dame To Win College Football Title

The Buckeyes withstood a second-half rally from the Fighting Irish to clinch their first national title since 2014, with a 34-23 victory. Quinshon Judkins scored three touchdowns in the game.

BY JARED DIAMOND

**Atlanta** Three days after delivering perhaps the most humiliating performance in program history—and seven weeks before their improbable ascension to the pinnacle of college football—Ohio State's players gathered to clear the air.

They had just lost to Michigan for the fourth consecutive year, in a game they had entered as three-touchdown favorites. The playoffs loomed, bringing with them a rare chance at redemption. But before they could chart a path forward, the Buckeyes first had to grapple with the ignominy they had just endured.

"It was really a truth-telling time," quarterback Will Howard said.

By the time the meeting concluded, emotions had run high, tears had been shed—and Ohio State had been born anew.

The Buckeyes are national champions, completing their run to the program's first title since 2014 with a 34-23 victory over Notre Dame on Monday night. As



scarlet and gray confetti showered the field here at Mercedes-Benz Stadium, the embarrassment they had suffered to their rival to the north over Thanksgiving weekend felt like a distant memory.

Ohio State stormed through the sport's newly expanded postseason tournament, overpowering

four of the best teams in the country—Tennessee, Oregon, Texas and now Notre Dame—by an average margin of more than 17 points. Against the Fighting Irish, the Buckeyes put together what might have been their most impressive showing yet, orchestrating a dazzling offensive display that left

their opponent reeling. Howard, a fifth-year senior who transferred to Ohio State from Kansas State, was spectacular. He went 17-for-21 for 231 yards and two touchdowns. Running back Quinshon Judkins, a transfer from Ole Miss, rushed for 100 yards and scored three touchdowns. After Notre Dame jumped out to an early 7-0 lead, Ohio State responded by racking up 31 unanswered points, breaking down the Fighting Irish's vaunted defense with ease.

Notre Dame fought back, cutting a seemingly insurmountable deficit to just eight points at one point. Then, on a critical third down late in the fourth quarter, Howard launched a 56-yard bomb to freshman sensation Jeremiah Smith to seal the victory.

In the end, Ohio State left no doubt.

The Buckeyes say the journey to the mountaintop began during

Quinshon Judkins, top, scored three touchdowns in the game. Ohio State defenders, bottom, tackle Notre Dame's Riley Leonard.

their post-Michigan conclave at the Woody Hayes Athletic Center on Dec. 3, when they spoke more honestly than they ever had before. Over the span of a few hours, representatives from every position group stepped forward to accept responsibility for their role in the Michigan debacle and outline how they would improve.

"Everyone was mad," defensive lineman Tyleik Williams said.

To offensive coordinator Chip Kelly, the defeat to the Wolverines would mean one of two things. "It could be your tombstone," he said, "or it could be a stepping stone."

On Monday, Ohio State proved which one it was.

"The thing that we clung to was that we still have this opportunity out in front of us to really right all these wrongs," Howard said. "Here we are, man. We're right where we wanted to be."

In some ways, Ohio State reaching this point is no surprise. The Buckeyes came into the season with gigantic expectations, boasting a roster loaded with a ridiculous amount of talent across the field.

The entire squad, OSU athletic director Ross Bjork said, cost around \$20 million to put together.

That payroll nearly went to waste. The Buckeyes' loss to Michigan was their second of 2024. In any other year, that would've been the end of their season. Never before had they fallen to the Wolverines in the regular season and then gone on to claim the national title.

But this is a new era of college football. The College Football Playoff, which in the past invited just four teams to the party, had ballooned to 12. Suddenly, Ohio State had life.

"Everyone, including myself, had to kind of look in the mirror a little bit and say, 'What can I do better? How can we fix this thing?'" Howard said.

It's possible nobody was happier about the new format than Buckeyes coach Ryan Day. A month ago, he might have been the most despised person in all of Ohio, with plenty of OSU die-hards calling for his firing.

Their frustration wasn't because Day had yet to lead the Buckeyes to a national championship—but rather because of a more unforgivable sin: He had dropped to 1-4 against Michigan, a glaring stain on an otherwise successful tenure.

Without the additional playoff spots, Day might be looking for a job right now, cast aside as a pariah in Columbus for the rest of his life.

Instead, he has cemented his legacy as a championship-winning coach at Ohio State, like Urban Meyer, Jim Tressel and Woody Hayes before him.

Allen Bills are generations removed from that soul-crushing but they're trying to get over the hump themselves. To do it, they'll need another defensive masterpiece and mistake-free night from Allen. They'll need to do exactly what they did to Baltimore. Again. On the road.

Chiefs-Bills will be your headliner, with Philly-DC the undercard, which is disrespectful, but someone has to be the undercard, and the Eagles wear disrespect like a cozy sweater. Smash-mouth Philly continues to play with a snarl, an edge, a daffy coach, a wide receiver who is now America's leading book critic, and a belief everyone is making fun of them behind their backs.

The Commanders, a mess just 12 months ago, are nothing less than America's football darlings, with unflappable rookie marvel Jayden Daniels leading a road thumping of top-seeded Detroit and now standing one win from being the first rookie QB to ever start a Super Bowl.

That game should be a doozy, too: An old-style NFC East rock-fight, and really old-style, because Washington hasn't played in a conference championship since George Bush was in office, and I do mean the older George.

This is how the playoffs go—the page turns quickly from what happened to what's next, and painful losses get reduced to footnotes on the way. There's agony today in Baltimore, to say nothing of Detroit, which truly believed this might have been The Year.

But now there's Chiefs and Bills, the one that seemed predetermined. At game's end, one of those teams will head to NOLA and one will be a footnote, which won't be deserved, but that is playoff football. On to the next. Bring me my hot chocolate and Excitable Tony Romo.



Josh Allen and Patrick Mahomes are set for another playoff matchup.

The Bills are happy to wear the underdog's tiny doggy cape, and they may as well do it next Sunday, even if the early line installed Kansas City as only a slight 1.5-point favorite. The consensus—again, the Rational Football Minds—is that the Chiefs are wise, experienced and have the mojo magic of a team that somehow always, maddeningly figures it out.

K.C. is 16-2 and not exactly dominant. They win games they're

not supposed to win and they win the other ones, too. The only game they lost (that they tried in; they mailed in their season finale) was (you guessed it) a 30-21 clash in Buffalo against the Bills in November.

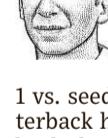
"We'll do it again, baby," Mahomes told Allen after that one. He knew.

He knew because these two franchises seem magnetically attracted this decade, with a string of epics and rollicking finishes.

The series is currently tied 4-4 in the Mahomes/Allen era, but the Chiefs are 3-0 in the playoffs, including an absurd 42-36 Kansas City overtime win in the 2021 season that featured 25 points scored in the final two minutes of regulation, a game-tying 13-second Mahomes drive, led to a change in the overtime rules, and is a very solid candidate for The Craziest Game Any of Us Ever Saw (Non-Jets Edition).

On top of all that is the franchise history: jubilant lately for trophy-hoarding K.C., which has won three of the last four Super Bowls, two in a row and is seeking to be the first "three-peat" champion (Packer historians, hold your emails, we're talking Super Bowls here).

The Bills, of course, have...zero Super Bowl victories, despite four straight appearances in the early '90s, and a wide-right near miss that still gnaws the gut. The Josh



JASON GAY

## Chiefs and Bills Book Another Epic Matchup

Here it comes, the brightly-lit rematch the NFL craved, back-to-back Super Bowl champ versus regular nemesis, AFC seed No. 1 vs. No. 2, outrageous quarterback here, outrageous quarterback there, ludicrously passionate fan bases including table-breaking mafiosos and a certain Nashville-based pop songstress, rich history, old anguish, frigid weather, icicle mustaches, adults making terrible decisions to stand shirtless outdoors...

I don't know what else to tell you. This one is an over-caffinated, double hot chocolate 11 out of 10 on the Tony Romo HEY JIMMM LOOOOK!!! Rom-o-meter (™) overexcitement index, and there's nothing you or I can do about it.

Buffalo Bills at the Kansas City Chiefs. Next Sunday, Jan. 26, at 6:30 p.m. ET.

What else is there to say? Kick it off already.

Call it the Pre-Super Bowl Super Bowl, the Great Gridiron Appetizer, or Yet Another Bills-Chiefs Media Hypefest We All Have to Suffer Through, the victor of which gets to suit up on Feb. 9 at the New Orleans Sportsball Space-ship to play the winner of the NFC Championship featuring Philadelphia and (I still can't quite believe this) Washington.

Kansas City, led by wizard Andy Reid and intergalactic quarterback Patrick Mahomes, is in its seventh consecutive conference championship—a ridiculous streak eclipsed only by (of course) the

peak Tom Brady/Grumpy Lobster Boat Captain Patriots. The Chiefs are here after making relatively short work of the overmatched Houston Texans on Saturday, winning 23-14.

Buffalo, meanwhile, qualified after a snowy Sunday night thriller over Baltimore—a game that made you believe the Josh Allen Bills may be an Imperfect Team of Destiny, the Lamar Jackson Ravens are Formally a Cursed Outfit, or probably a little of both.

This 27-25 contest might have gone a different way had Baltimore tight end Marquise Andrews more firmly gripped a game-tying 2-point conversion he dropped instead, sending the Ravens off shivering into another desolate winter.

Heartbreak. Part of the game, even for reliable talents like Andrews, who also fumbled away a fourth-quarter reception. Won't be a consolation, but Baltimore made plenty of other mistakes—this game, and in too many games this season. Shouldn't have come to that.

The Bills aren't hearing any of other people's sad sack stories, and they shouldn't. They clearly heard all the pregame skepticism—the nation's Rational Football Brains decided the Ravens were too talented for Buffalo to handle, the Bills defense was bite-sized and big Baltimore would eat them like a snack. Allen alluded to it in his postgame interview: "All year we've heard we don't have enough talent to compete. We're too small. We can't stop the run."

The Bills are happy to wear the underdog's tiny doggy cape, and they may as well do it next Sunday, even if the early line installed Kansas City as only a slight 1.5-point favorite. The consensus—again, the Rational Football Minds—is that the Chiefs are wise, experienced and have the mojo magic of a team that somehow always, maddeningly figures it out. K.C. is 16-2 and not exactly dominant. They win games they're not supposed to win and they win the other ones, too. The only game they lost (that they tried in; they mailed in their season finale) was (you guessed it) a 30-21 clash in Buffalo against the Bills in November. "We'll do it again, baby," Mahomes told Allen after that one. He knew because these two franchises seem magnetically attracted this decade, with a string of epics and rollicking finishes.

The series is currently tied 4-4 in the Mahomes/Allen era, but the Chiefs are 3-0 in the playoffs, including an absurd 42-36 Kansas City overtime win in the 2021 season that featured 25 points scored in the final two minutes of regulation, a game-tying 13-second Mahomes drive, led to a change in the overtime rules, and is a very solid candidate for The Craziest Game Any of Us Ever Saw (Non-Jets Edition).

On top of all that is the franchise history: jubilant lately for trophy-hoarding K.C., which has won three of the last four Super Bowls, two in a row and is seeking to be the first "three-peat" champion (Packer historians, hold your emails, we're talking Super Bowls here).

The Bills, of course, have...zero Super Bowl victories, despite four straight appearances in the early '90s, and a wide-right near miss that still gnaws the gut. The Josh

## OPINION

## Donald Trump, Act III



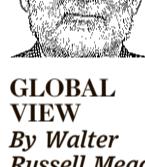
**MAIN STREET**  
By William McGurn

He spoke in the Capitol Rotunda while forsaking his trademark red tie for a purplish one, a nod to the idea that America is neither red nor blue but a mix of the two. The theme of his speech was that the nation has its challenges—though nothing we can't handle so long as we keep faith with the good sense of the American people.

MAGA loved it. Even more than Mr. Trump, these Americans have been monstrously libeled by Beltway elites from the White House on down to the press corps. Mr. Biden and his allies believe that Trump supporters are fascists or white supremacists. They accordingly tend to use MAGA—or mega-MAGA or ultra-MAGA—as a synonym for “yahoo” or “bigot.”

Whatever the criticisms of Mr. Trump, condescending to the average American isn't his habit. One reason Democrats and the press lost the election is that they completely misunderstood the Trump voter. Trump voters sport MAGA gear without irony because they really believe in American greatness—the idea that we had it once and can have it again. Monday was their day as much as it was Mr. Trump's.

## American Exceptionalism Is Back



**GLOBAL VIEW**  
By Walter Russell Mead

I think Mr. Trump's return means exactly the opposite. His remarkable political recovery demonstrates the enduring strength of American cultural forces that have, for more than two centuries, made America uniquely hospitable to the disruption and chaos that dynamic capitalism inevitably brings.

Mr. Trump's MAGA coalition has at least temporarily brought together two groups who are at daggers drawn in much of the world: angry populists seeking to defend the identities and, as they see it, the traditional values of their societies, and entrepreneurial tech lords pushing for deregulation and the rapid deployment of cutting-edge technologies that will likely displace many blue-collar workers.

It will take some fancy footwork by Mr. Trump to keep these rival wings of his coalition together, but the job isn't impossible. American populists are typically more pro-capitalist than populists in Europe and elsewhere, and America's tech lords have less reason to object to the populist elements of the MAGA agenda than do the leaders of more traditional industries and firms. There is a

The other big difference this time was the position of Democrats. When Mr. Trump beat Hillary Clinton in 2016, many of them were shocked. Their mood then was defiance, and that was pretty much how the Trump opposition behaved throughout his first administration.

This time the grievances in the background weren't with Mr. Trump but with the president he replaced: Joe Biden. The same Democrats who cheered for his clear mental decline now blame him for losing the White House and Senate and for not taking the House.

What's amazing is how this bitterness is spilling out in public. In a Jan. 8 exit interview, USA Today's Susan Page asked Mr. Biden if he still thought he could have beaten Mr. Trump. “I think yes” was his answer. The Journal reported that Kamala Harris has expressed resentment over Mr. Biden's remark. Members of Ms. Harris's staff told the Journal that it demonstrates his “one-sided loyalty” to his vice president.

Others are piling on. Last week, Jill Biden used her own exit interview with the Washington Post to weigh in. Using what the Post called “her teacher's voice,” Mrs. Biden said she was “disappointed” by the key role Nancy Pelosi played in pushing her husband off the Democratic ticket.

On Sunday, Mrs. Pelosi's daughter Alexandra fired back in Politico. She referred to Mrs. Biden as “Lady McBiden.” “There aren't that many people left in America,” she said,

“who have something nice to say about Joe Biden, and Nancy Pelosi is one of them.” Mr. Biden also has ongoing feuds with Barack Obama and Senate Minority Leader Chuck Schumer, and we'll doubtless see more finger-pointing when the memoirs start appearing.

The irony is that Democrats still aren't being honest. Certainly they were right when they concluded that sticking with Mr. Biden would lead to defeat, and the former president is delusional when he says he could have won. But

**He overcame huge personal challenges. Now can he do the same for the country?**

those who pushed him off the ticket won't acknowledge that they gaslit the American people about Mr. Biden's mental decline until his disastrous performance in the televised presidential debate exposed their coverup for everyone to see. They still won't admit his decline was the reason for ousting Mr. Biden, portraying him instead as a statesman willingly stepping down for party and country.

Speechwriters, this former one included, often overvalue speeches. When I worked in the White House, a colleague asked how I thought history would regard George W. Bush's speeches. My answer was that it would depend on

whether we won or lost in Iraq, Mr. Bush's defining issue. No one reads the war speeches of Lyndon Johnson.

Mr. Trump's Second Inaugural Address may not go down in history alongside Abraham Lincoln's. But it serves the president well as a prelude to what he plans next. Mr. Trump faces more daunting challenges now than he did coming into his first term. He's also been through a great deal—an outrageous claim of Russian collusion, two failed impeachments, federal and state indictments and two assassination attempts. He pulled off the greatest political comeback in American history, and even used the time between his election and his inauguration to project the power of the presidency.

It wouldn't have been possible without those ordinary Americans who braved the freezing temperatures to be in Washington when their hero was inaugurated. So it was encouraging that in this inaugural address the emphasis was on two broad concerns: keeping Americans safe from threats abroad and ensuring opportunity and upward mobility at home. “In America,” he said with a Reagan-esque flourish, “the impossible is what we do best.”

His choice to dwell on a new golden age instead of “American carnage” is a sign of hope. And it is exactly what the 77.3 million who voted for him in November mean by Make America Great Again.

Write to mcgurn@wsj.com

## Trump has assembled a potentially powerful coalition of tech moguls and populists.

their head counts low. That is good for the national economy and productivity overall. It is even better for the tech sector. Meanwhile, the elements of the MAGA agenda that raise eyebrows in C-suites and economics departments, such as industrial protectionism and immigration restriction, are less worrisome for the tech lords than for many other businesspeople. Tech firms are less vulnerable to the consequences of tariff and trade barriers than companies like Walmart. And while the tech industry's staunch defense of the H-1B visa program enrages some populists, the tech industry is far less dependent on low-wage immigrant labor

lators more interested in blocking potentially dangerous technologies than in developing world-beating companies, American populists have aligned with tech moguls around a program of deregulation that will accelerate the transformation of the American economy.

The pro-enterprise streak in American populism runs deep. The colonists who revolted against Britain wanted, among other things, the freedom to conduct their business without the restrictions that British policy sought to impose. Andrew Jackson's populists weren't capitalism-hating socialists who wanted to introduce central planning or stifle the animal spirits of American entrepreneurs. They hated the Eastern coastal elite and its domination of finance, but they wanted to decentralize and democratize capitalist opportunity, not crush it.

The MAGA-populist/tech-lord coalition is a volatile one, and keeping it together will be taxing. It is too early to tell how successful the second Trump administration will be. But as your peripatetic Global View columnist attends this week's World Economic Forum in Davos, Switzerland, he will be cautioning participants against underestimating the potential of America to renew itself in unlikely and even unseemly ways. In aligning U.S. policy with the needs of the most dynamic, future-facing elements in the economy, the MAGA movement and its newfound technology allies may be more consequential than many critics understand.

Building Fortress Am-Can won't happen overnight, but we owe this alliance to every worker worried about their next paycheck and to every family looking to leadership to keep them safe.

Let's restore the pride of products made in the U.S. and in Canada. Let's be unapologetic as we stand up for American and Canadian workers and fight back against China and other countries that seek to weaken us.

Together, let's usher in this next American and Canadian century. Let's build Fortress Am-Can.

Every country must decide

## Zurich

As the world braces for the second coming of Donald Trump, many fear and some hope that his return to power means the end of American exceptionalism.

MAGA's hatred of entrenched bureaucracies and the smug professional classes who run key American institutions meshes very comfortably with the tech agenda. The economic reform American populists seek is less about restraining the power of large corporations than about restraining the power of the bureaucracies that hamper businesses large and small. And while many blue-collar Trump constituents may fear and resent the effect of artificial intelligence and other revolutionary technologies on employment, much of the president's base will cheer if tech displaces large numbers of bureaucrats, bankers and lawyers. That base won't support technology regulations or demand antitrust suits aimed at preventing the automation of upper middle class professional jobs.

Meanwhile, the elements of the MAGA agenda that raise eyebrows in C-suites and economics departments, such as industrial protectionism and immigration restriction, are less worrisome for the tech lords than for many other businesspeople. Tech firms are less vulnerable to the consequences of tariff and trade barriers than companies like Walmart. And while the tech industry's staunch defense of the H-1B visa program enrages some populists, the tech industry is far less dependent on low-wage immigrant labor

and it stands with Washington or Beijing. Canada stands with Washington. We can't allow China and its allies to manipulate markets or disrupt supply chains that put our security at risk.

To do so, America will need allies, and Canada can help. Our country offers deeply integrated supply chains across strategically significant sectors. We have an abundant supply of critical minerals, oil and gas and nuclear energy. We boast a highly trained workforce and a long legacy of partnership with American al-

lies to confront global threats and fight tyranny.

For Fortress Am-Can to succeed, Canada and the U.S. must remain united and focused on the threats that risk undermining our success. A costly trade and tariff war between the U.S. and Canada would benefit only China and Chinese-backed companies by creating economic uncertainty. China's ban on the shipment of critical minerals to the U.S. is only the latest provocation. We won't have to wait long for another.

Mexico also must step up. That country has become a backdoor for cheap Chinese parts and products to enter the U.S. and Canada, undercutting American and Canadian workers and manufacturers. If Mexico doesn't put a stop to Chinese transshipment, it should lose its seat at the table by being left out of trade agreements.

Every country must decide

## Beat China With Fortress Am-Can

By Doug Ford

## Toronto

The U.S. and Canada can be the richest, safest and most secure countries on the planet. Fortress Am-Can—a renewed strategic alliance between the U.S. and Canada—can bring economic growth, job creation and prosperity.

The partnership is focused on promoting free, fair and balanced trade, expanding both economies, achieving energy security, and keeping communities safe. It would establish a new critical mineral security alliance that builds supply chains and processing capacity in America and Canada. It would encourage more exports of Canadian energy and electricity to the U.S.—including Ontario's clean nuclear energy—to power economic growth on both sides of the border.

Many U.S. lawmakers are

worried about China ripping off American workers by hijacking global supply chains, advancing Chinese companies and communities at the expense of American ones. In response, U.S. lawmakers are decoupling from China and its proxies.

**The U.S. and Canada should join forces to promote trade, energy and economic growth.**

To do so, America will need allies, and Canada can help. Our country offers deeply integrated supply chains across strategically significant sectors. We have an abundant supply of critical minerals, oil and gas and nuclear energy. We boast a highly trained workforce and a long legacy of partnership with American al-

lies to confront global threats and fight tyranny.

For Fortress Am-Can to succeed, Canada and the U.S. must remain united and focused on the threats that risk undermining our success. A costly trade and tariff war between the U.S. and Canada would benefit only China and Chinese-backed companies by creating economic uncertainty. China's ban on the shipment of critical minerals to the U.S. is only the latest provocation. We won't have to wait long for another.

Mexico also must step up. That country has become a backdoor for cheap Chinese parts and products to enter the U.S. and Canada, undercutting American and Canadian workers and manufacturers. If Mexico doesn't put a stop to Chinese transshipment, it should lose its seat at the table by being left out of trade agreements.

Every country must decide

if it stands with Washington or Beijing. Canada stands with Washington. We can't allow China and its allies to manipulate markets or disrupt supply chains that put our security at risk.

Building Fortress Am-Can won't happen overnight, but we owe this alliance to every worker worried about their next paycheck and to every family looking to leadership to keep them safe.

Let's restore the pride of products made in the U.S. and in Canada. Let's be unapologetic as we stand up for American and Canadian workers and fight back against China and other countries that seek to weaken us.

Together, let's usher in this next American and Canadian century. Let's build Fortress Am-Can.

Mr. Ford is premier of Ontario.

**BOOKSHELF** | By Tunku Varadarajan

## Memoirs From Mutti

## Freedom

By Angela Merkel

*St. Martin's, 720 pages, \$40*

Angela Merkel served as chancellor of Germany for four consecutive four-year terms, from 2005 to 2021. Only Helmut Kohl had a longer stint at the helm of a democratic Deutschland—and he was in power for a mere 10 days more than Mutti Merkel (“Mother Merkel”), as the country's first female chancellor came to be known. The nickname, conceived by her detractors as a somewhat sexist put-down, was embraced by her own supporters as an accolade in recognition of the stability and prudence that were the stocks-in-trade of this unflashy pastor's daughter who was raised in communist East Germany.

Her cautious solidity and centrist pragmatism made, inevitably, for dullness. And even though she governed in what were turbulent times—the 2008-09 financial crisis, the Arab Spring, Muslim migrants flooding Europe, the growth of Islamist terrorism, Russia's annexation of Crimea, the emergence of Xi Jinping, Brexit, Donald Trump's first election, and Covid-19—Ms. Merkel never herself set pulses racing as a politician.

And so it should come as no surprise that her memoir, “Freedom,” is an achingly earnest account of her own extraordinary life, the excitement toned down at every opportunity by the dictates of her profound Protestant modesty. The book was written with Beate Baumann, her fiercely protective chief of staff, and the publisher deployed no fewer than eight translators to render it into English.

“Freedom” is, for large stretches, a serious snooze. It might well be retitled “Boredom.” Ms. Merkel has an unerring eye for the humdrum. As a “rustic child” in Brandenburg she “thought nothing of eating unwashed carrots in the nursery.” As a teenager she fell into a lake after drinking “a substantial quantity” of kirsch and “had to go home dripping wet.” Of her debut campaign at age 36 for election to Germany's federal Parliament, she offers this vignette from her encounter with fishermen in Western Pomerania: “It was the first time I'd ever held a turbot in my hands and felt its distinctive stone-like bumps.” While recounting her interactions with German soccer stars, she tells us that she's “fascinated by the mix of physical skill and player intelligence that this team sport demands.”

Her book is the polar opposite of Boris Johnson's “Unleashed.” The former British prime minister's memoir, published one month before Ms. Merkel's, was gaudy and self-aggrandizing, entertaining almost with a vengeance. It could be said, in Ms. Merkel's defense, that she's too dignified to be entertaining and that she'd rather die than turn herself into a circus act.

But her tightly buttoned style ensures that readers must go on an Easter-egg hunt for candor and novel disclosures. This is no easy task—the book runs longer than 700 pages—but a diligent search yields some rewards. Ms. Merkel reveals that Vladimir Putin showed up 45 minutes late for a gathering of heads of government at a G-8 summit she was hosting in Germany because he was—he said—drinking a crate of his favorite German beer in his room. “He seemed to enjoy being the center of attention by behaving like that.” In Sochi, Russia, Mr. Putin brought Koni, his black Labrador, to a bilateral meeting with Ms. Merkel, who is known to be

**The former German chancellor governed in turbulent times: the financial crisis, Russian aggression in Ukraine, Covid and beyond.**

petrified of dogs. “Was it a little demonstration of power?” she asks. “I could tell from Putin's facial expressions that he was enjoying the situation.” Elsewhere, she writes that Mr. Putin told her “a bare-faced lie” when he denied that the armed men who'd taken control of Crimea in 2014 were Russian soldiers.

While Ms. Merkel is effusive in her admiration for both George W. Bush and Barack Obama, she makes it plain that she didn't care for Donald Trump. She would, she says, “have been delighted” to see Hillary Clinton win in 2016. And since her book went to press before the 2024 election, she writes that “I wish with all my heart that Kamala Harris... defeats her competitor and becomes president.” Mr. Trump “assessed everything from the perspective of the real-estate developer he had been before entering politics,” Ms. Merkel says. “For him, all countries were in competition, and the success of one meant the failure of another. He didn't believe that cooperation could increase prosperity for everyone.”

There are flashes of frankness on big global questions. After the Brexit referendum in 2016, she writes, she was “tormented by whether I should have made even more concessions toward the UK to make it possible for them to remain” in the European Union. During talks in 2010 for the financial salvation of spendthrift Greece—it was essentially bailed out by Germany—she describes as “unbelievable” the inability of the Greeks to behave like fiscal grown-ups.

Still, it's deeply disappointing to read her on the subject of the Nord Stream pipelines, which delivered Russian gas to Germany and which she championed throughout her tenure in office. She writes that after Russia's invasion of Ukraine “I was accused more forcefully than ever of having led Germany into an irresponsible dependency on Russian gas,” but she passes the buck by saying that the contracts for the first pipeline—Nord Stream 1—were signed by her predecessor, Gerhard Schröder. In truth, the pipeline was constructed and became operational on her watch; and she approved the contracts for Nord Stream 2, a second pipeline that would have made Germany yet more of an energy-vassal of Mr. Putin, even after the Russian annexation of Crimea.

Ms. Merkel justifies Nord Stream 2—whose launch was rightly nixed in February 2022 by her successor, Olaf Scholz—as essential to keeping Germany's energy costs down. She reaches, also, for a green alibi. Ever since Germany's definitive “withdrawal from nuclear energy”—which Ms. Merkel herself oversaw in 2011—“natural gas served as a fossil-fuel bridge technology to reach climate targets until renewable energy was able to take over completely.” Even if it meant locking Germany into a deal with the devil, one made, ironically, by a pastor's daughter.

Mr. Varadarajan, a Journal contributor, is a fellow at the American Enterprise Institute and at NYU Law School's Classical Liberal Institute.

## OPINION

## REVIEW &amp; OUTLOOK

## Trump's Inaugural of Optimism

**D**onald Trump was never going to deliver Lincoln's second inaugural address—no one else has either—but on Monday the 45th and now 47th President delivered a message of aspiration and optimism that most Americans will welcome. If this captures his real plans, he has a chance to leave office in four years as a success.

"The golden age of America begins right now," Mr. Trump said in his first words after noting the dignitaries in attendance. "From this moment on, America's decline is over."

The contrast couldn't be greater from his "American carnage" inaugural of 2017. That speech responded to the Democratic and media resistance to his election with the same dark tone that set the stage for four years of rancor and division. The tone and message of this inaugural was that America has always been great and will be greater as it meets new challenges. This speech was more Elon Musk and much less Steve Bannon, and all for the better.

This being Donald Trump, there was an inevitable list of grievances about the administration he is succeeding. If anyone expected a grace note toward President Biden or Kamala Harris, there wasn't one. (And give them credit for showing up after a defeat, unlike Mr. Trump four years ago.)

"For many years, a radical and corrupt establishment has extracted power and wealth from our citizens, while the pillars of our society lay broken and seemingly in complete disrepair," Mr. Trump said, with typical hyperbole.

But he is right that government has too often failed Americans in its essential duty of providing for public safety and basic services even as it grows ever larger. As we have learned from evidence in court, the Biden White House also used its power to stifle critics on social media. Ending this censorship regime is one of the election's best results.

The speech was also notable for linking the best of America's past with ambitions for the future. This connection is crucial to an American revival. For years, our cultural and political leaders have lectured Americans that their society is rife with "systemic racism," that it was founded not on freedom but the desire to own slaves, and that it mostly spreads destruction around the world.

## Sam Altman Chats Back to Sen. Warren

**D**emocrats are used to bullying corporations, but maybe the tactic is losing potency. Sens. Elizabeth Warren and Michael Bennet sent a letter last week to OpenAI CEO Sam Altman to bludgeon him for contributing to President Trump's inauguration fund. Mr. Altman responded by posting it online for all to see.

"Big Tech companies have come under increased scrutiny from federal regulators," the Senators wrote. "We are concerned that your company and other Big Tech donors are using your massive contributions to the inaugural fund to cozy up to the incoming Trump administration." Mr. Altman was intending "to personally donate \$1 million," according to the letter.

"Funny, they never sent me one of these for contributing to democrats," Mr. Altman commented on X. The donation described by Ms. Warren and Mr. Bennet "was a personal contribution as you state," he added, so he was "confused about the questions given that my com-

Mr. Trump praised the past of America's "explorers, builders, innovators, entrepreneurs and pioneers." He also invoked the core American value of "a society that is colorblind and merit-based." Americans need to believe again in the essential goodness of their country—its exceptionalism, if we can use a disfavored word—to forge a

better future.

Perhaps the most important lines in Mr. Trump's speech were his promise to end politically motivated prosecutions. "Never again will the immense power of the state be weaponized to persecute political opponents, something I know something about," he said. "We will not allow that to happen. It will not happen again. Under my leadership, we will restore fair, equal and impartial justice under the constitutional rule of law."

That couldn't be clearer, and the contrast with the Biden years (see nearby) is refreshing. If he means this, despite his occasional campaign rhetoric, he will help the country and his Presidency by avoiding a retribution drive that will be a political dead-end.

More than most inaugural addresses, Mr. Trump's speech was focused on some of his initial policy directives. And it's clear that, unlike his first term, he has a more sure-footed sense of what he wants to do and how to do it. He needs to move fast because he can't run for reelection.

But one note of caution is that Mr. Trump said he will declare not one, but two, national emergencies—on border security and energy. This will give him more authority to use executive power and dispatch federal resources. But what is the "energy" emergency?

Such declarations should be saved for real emergencies, and Mr. Trump doesn't need special powers to accomplish his goals on either of these priorities. They enhance the administrative state, rather than limit it as he has promised. Recall how the left wanted Mr. Biden to declare a "climate" emergency.

American democracy is said to be under threat these days, but if Monday is a guide perhaps less than many think. Opponents were respectful of the transfer of power, the mood somber but also joyful for Trump partisans. Trump II is off to a better start than we might have imagined only a few months ago.

He begins his second term with a far better message than in 2017.

pany did not make a decision." Both points hit home, and they show what the Senators are really doing here.

Kamala Harris's political team raised more than \$1 billion. President Biden's inaugural in 2020 got about \$62 million, and that donor club included companies such as Pfizer, Boeing and Uber, as well as the International Brotherhood of Electrical Workers, according to Reuters. We can't recall Democrats taking umbrage.

The letter from Ms. Warren and Mr. Bennet says Mr. Altman has "a clear and direct interest in obtaining favors from the incoming administration," since his company is "the subject of ongoing federal investigations and regulatory actions." Have they considered that a punitive regulatory environment might be what's driving tech CEOs to Mr. Trump?

Companies that reply to browbeating letters by apologetically pledging to do more on progressive priorities encourage the coercive tactic. Kudos to Mr. Altman for calling it out.

## Biden's Pardons and a Last Broken Norm

**P**resident Biden's parting shot to democratic norms was announced Monday at 11:38 a.m., or 22 minutes before his constitutional term ended at high noon. Citing "unrelenting attacks" on his family, Mr. Biden issued pre-emptive, unconditional pardons for his siblings and their spouses, blanket immunity for any "nonviolent offenses" they might have committed since 2014.

Hours earlier, Mr. Biden granted similar unqualified clemency to some prominent critics of President Trump, including Gen. Mark Milley and the Members of Congress who investigated the Capitol riot of Jan. 6, 2021. "The issuance of these pardons should not be mistaken as an acknowledgment that any individual engaged in any wrongdoing," Mr. Biden said. The same can't honestly be said of his son, Hunter, who got a blanket pardon last month.

This is the inevitable political logic of President Biden's lawfare campaign. His Administration became the first in history to unleash the Justice Department on a former President and political rival. As we and others warned, the precedent would tempt future Presidents to do the same, perhaps as early as Mr. Biden's immediate successor.

As a candidate, Mr. Trump has sometimes promised "retribution" against his enemies. In 2016 he said that Hillary Clinton ought to be locked up, though he never followed through once he was in power. Rather than wait around to find out, Mr. Biden has decided to protect the home team and further abuse the unrestrained pardon power that every President has.

As he did with Hunter, he gave his family clemency for unspecified acts since Jan. 1, 2014. This timing is important because a House investigation alleges that Biden family members received money from foreign sources through

His lawfare campaign ends in protection for his family and allies.

shadow accounts. The pardons are an ignominious final act by a President who has never lived up to his self-advertising as a protector of democratic norms.

"I believe in the rule of law," Mr. Biden said in justification. "But baseless and politically motivated investigations wreak havoc on the lives, safety, and financial security of targeted individuals and their families," even when they "have done nothing wrong and will ultimately be exonerated."

There's always some excuse for breaking a political norm, and claims of exceptional circumstances by Mr. Biden sound familiar. He put the White House's imprimatur on a plan to compromise the independence of the Supreme Court, calling it "critical to our democracy."

His Justice Department twice indicted Mr. Trump, but not before leaking to the press that Mr. Biden wanted it done. As we've learned since the election as the White House drops its rule of omerta, one of Mr. Biden's regrets is that Attorney General Merrick Garland waited too long to prosecute Mr. Trump.

These pardons will mute any public anger at Mr. Trump for pardoning some 1,500 of the Jan. 6, 2021, rioters as he did on Monday evening. We're on record as opposing those pardons in all but exceptional cases of unfair prosecution. But with his multitude of post-election pardons, including politically motivated pre-emptive clemency, Mr. Biden has opened the gate for more abuses.

He may also have done Mr. Trump an ironic favor, if the new President is wise enough to recognize it. With fewer political opponents to target, Mr. Trump may be less likely to make the mistake of pursuing revenge. Mr. Trump can help his own legacy if he lets lawfare die with the Biden Presidency.

Hamas, then both will have hell to pay in the history books, if not sooner.

GARY DANIELS  
Orlando, Fla.

Once again, terrorism works ("Trump and the Hostage Deal," Review & Outlook, Jan. 16). We in civilized society are loath to confront evil in a serious way, so we make concessions—and more concessions—and hope that in the end the monsters will prove essentially to be like us.

Our aversion to "endless wars" ignores the uncomfortable reality that these enemies of Western civilization have been at war with us for centuries. Their defeats are interpreted as temporary and reversible setbacks.

Meanwhile, our persistent and predictable policy of "ending" wars before the next election or administration is foolhardy. It is tempting but simplistic to see the Middle East conflict as merely a real-estate battle of two peoples over the same homeland—just as it is naive to think that a Palestinian state, fundamentally committed to the destruction of any Jewish state, can ever be its peaceful neighbor.

Israelis understand this and accept the necessity of constant vigilance and sacrifice, even the profoundly frustrating reality of an insoluble conflict. Their survival is at stake. So is ours; we just don't realize it.

STANLEY SPATZ  
Hollywood, Fla.

## LETTERS TO THE EDITOR

## Don't Be So Sure the War on Hamas Is Ending

Ariel Kahana contends that "Trump Forced Netanyahu to Make a Deal With the Devil" (op-ed, Jan. 16),

which frees some hostages held by Hamas but also lets Hamas live to fight another day. Hundreds of terrorists will be released from Israeli prisons, many of whom will wind up preparing for future strikes against Israel. Mr. Kahana argues that the primary reason Israel hasn't destroyed Hamas already is the Biden administration's intervention to restrain it. Now, he suggests, President-elect Trump is forcing Israel to fight with one hand tied behind its back.

Mr. Trump's willingness in his first term to defy convention, advisers and pundits, antagonize Iran, authorize killing of terrorists and provide steadfast support of Israel is indisputable. If Hamas doesn't abide by the terms of the hostage deal that Mr. Trump allegedly "pushed" on Israeli Prime Minister Benjamin Netanyahu, there is no reason to think that Mr. Trump will prevent Mr. Netanyahu from unleashing the IDF on Hamas.

Mr. Trump warned that there would be "hell to pay" if Hamas didn't agree to free the hostages before his inauguration. He deserves the benefit of the doubt that Hamas renegeing on terms of the hostage deal still will result in "hell to pay" as well. Mr. Netanyahu also has earned the benefit of the doubt. But if Mr. Kahana is right about the lack of determination of Messrs. Trump and Netanyahu to neuter

consumers and powering America's digital dominance, the energy sector is an engine for economic growth and employment. Like oil and gas, the domestic wind industry supports hundreds of thousands of jobs in construction and manufacturing. It also provides investments to local communities through landowner payments and local tax revenues. According to a recent analysis, the incentives criticized in the editorial are returning nearly \$3 of economic activity for every dollar of taxpayer investment.

President Trump's call for increasing American energy dominance is the right direction for the country. Retreating to a "some of the above" strategy that pits the federal government against any aspect of the American energy industry is bad politics and bad policy.

JASON GRUMET  
CEO, American Clean Power Association  
Washington

In addition to reducing costs for

## Don't Take the Wind Out of America's Sails

Your editorial "Trump Speaks Truth to Wind Power" (Jan. 13) is at odds with the longstanding national imperative to increase domestic energy production. For more than a century, Congress has employed tax policy to encourage all forms of domestic energy production, from hydropower, coal and oil to nuclear energy, natural gas and, most recently, renewable resources. These incentives take a variety of forms, including subsidized access to federal lands, tax credits for energy production and domestic manufacturing and liability caps in the case of accidents.

In a theoretical world governed by macroeconomists, we should all welcome the discussion of an energy system that is free of government subsidies. In the real world, careening energy demand requires that we encourage all forms of American-made power.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

But with the increase in snack foods in the diet, particularly in the young and, to a greater extent, in the obese, additives merit much more attention.

We have learned from the experience of using drugs to kill tumor cells that they can survive when one anti-cancer drug is given alone, but that it is much more effective to give two different anticancer drugs at the same time. One food additive in the colon may not be sufficiently injurious to mucosal cells to cause their death. Different additives meeting together in the colon may have a killing effect on these cells.

To my mind, unnatural food additives merit more attention than the amount of sugar in the diet.

NORMAN B. JAVITT, M.D., PH.D.  
New York

## Are Food Additives More Toxic Than Sugar?

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of each chemical, which at the time was a reasonable approach.

It is puzzling that the many approaches to identifying possible causes for the increase in colon cancer in young people didn't include a focus on food additives ("Focus on Young People's Cancer Turns to Gut," U.S. News, Jan. 4). The safety of food additives was established originally by studies of

## OPINION

## DOGE's Challenge Is Gargantuan

By Kyle Peterson

**A**s Elon Musk and Vivek Ramaswamy get ready to lead the new Department of Government Efficiency, or DOGE, on a mission to streamline the federal bureaucracy, it's worth reviewing what they're up against. The Federal Register, the regulatory state's stream of consciousness, ran to 12,174 pages in December. What was done in your name, with your taxes? Here's a light sample, and as the humor columnist Dave Barry always used to say, I am not making this up.

**Take a peek at what all those bureaucrats are doing, from watermelons and whales to wampum.**

- The National Marine Fisheries Service said the U.S. Navy had asked advance permission to run over and blow up some Pacific megafauna by accident during the next seven years. The Navy's meticulous 648-page application seeks approval for "9 takes of large whales by serious injury or mortality from vessel strikes," plus "146 takes by mortality of 11 marine mammal species from explosives during Navy training exercises." Yes, sea lions are neat, but so is national security. Kaboom!

- The Agricultural Marketing Service, using the power vested in it by the Watermelon Research and Promotion Act of 1985, approved a request "to increase the assessment rate from six cents per hundred-weight to nine cents." This extra cash will be deployed by the National Watermelon Promotion Board to "strengthen the position of watermelons in the marketplace," so watch your back, Big Cantaloupe. Sepa-

rately, the feds are holding a referendum of natural grass sod producers to see if they favor a similar setup.

- The International Trade Commission determined, after a 220-page investigation under the Tariff Act of 1930, that U.S. manufacturers are likely being injured by underpriced "imports of paper file folders from Cambodia and Sri Lanka." This trade case was initiated, no kidding, by the Coalition of Domestic Folder Manufacturers, which wants, no surprise, protectionist duties. The trade commission also invited public input on another pending business complaint, entitled "Certain Urine Splash Guards and Components Thereof."

- The State Department declared that a Chicago art gallery, which is putting on an exhibition titled "The First Homosexuals," plans to import works that "are of cultural significance," whose temporary display in the U.S. "is in the national interest." Under a 1965 law, this official designation gives foreign art "immunity from seizure."

- The Consumer Product Safety Commission sought renewed approval to collect information via its "Child Strength Study," explained as a laboratory test of 1,000 kids, "age 3 months to 5 years," to "obtain child strength measures for upper and lower extremities and bite strength." Data from these tiny He-Men will be used to "develop product performance requirements."

- The Federal Emergency Manage-



Translation Guide for Pesticide Labeling, which is a nonbinding resource, though the agency noted that the Pesticide Registration Improvement Act of 2022 will soon mandate bilingual safety labels, with rolling deadlines starting in 2025.

- The Office of Disease Prevention and Health Promotion sought comment on a scientific report that will feed into the 2025-30 edition of the Dietary Guidelines for Americans, which the government must publish every five years under the National Nutrition Monitoring and Related Research Act of 1990. We the people will no doubt take the new recommendations under advisement as we wait in line to try Burger King's limited-time Churro Fries (you know, not bad).

- The National Park Service asked for input on a list of nominations to the National Register of Historic Places. Don't miss South Carolina's majestic Bob Russell Realty Building, a two-story beige brick office from 1967, pitched as exemplifying "New Formalist architecture."

The list goes on, though it gets exponentially more tedious. One thought for Mr. Musk, Mr. Ramaswamy and DOGE is how much of this stuff is created by law and can't be undone without Congress. Another is that leading on federal efficiency might include telling the truth about bad economic populism, even if it upsets the file-folder lobby.

*Mr. Peterson is a member of the Journal's editorial board.*

ment Agency, citing the Hotel and Motel Fire Safety Act of 1990, filed to renew a form it uses to maintain a public list of lodgings that have hard-wired smoke alarms and so forth. Surely, dear reader, you have never gambled with your life by booking a Hampton Inn without first consulting FEMA's official Hotel-Motel National Master List? Luckily for federal employees, the law mandates that they stick to the database when scheduling any "official travel."

- The Transportation Department moved to waive the Build America, Buy America Act of 2021 to speed construction in Guam and other U.S. outposts in the Pacific. Federal projects generally must use U.S. materials, including steel, yet please consult an atlas, the DOT says: "The Pacific Islands are over 5,000 miles from the mainland United States and must import products via air or sea." Muppet

news flash: Steel is heavy.

- The Agricultural Marketing Service issued a rule, citing the Organic Foods Production Act of 1990, to clarify "the requirements for composition and labeling of organic pet food," including by helpfully defining the word "pet."

- The National Park Service, under a 1990 law, said the Peabody Essex Museum in Salem, Mass., intends to repatriate an "object of cultural patrimony" to the Tuscarora Nation, specifically, one 5.9-inch string of "shell wampum beads, alternating white and purple tubes." The beads were donated to the museum in 1884 by Miss Ermie A. Smith, who was "adopted into the White Bear Clan" after being appointed by the Smithsonian to study its language and culture.

- The Environmental Protection Agency unveiled its updated Spanish

## The New Oligarchy Is a Vast Improvement on the Old



**FREE EXPRESSION**  
By Gerard Baker

**B**ring on the oligarchy. Or at least, bring on the new oligarchy. Watching President Trump's second Inaugural Address was almost as revealing as listening to it.

The speech itself was, well, Trumperian through and through. What did you expect? Combative in content, even if delivered in a somewhat mournful, somber tone, it framed the challenge exactly as he sees it—to undo the harm wrought by decades of dominance in our counsels of an ideology that seems to believe America is no more deserving of our admiration and love than any other country.

The call for Americans to "act with courage, vigor and the vitality of history's greatest civilization" was a welcome affirmation of the nation's exceptionalism after depressing years of national self-abasement.

But the president this time will need an administration fully committed to that goal—and that's where the oligarchy comes in.

The visible ranking of the new power arrayed in the Capitol was arresting. As in the dying days of

the Soviet Union, when Kremlinologists carefully scrutinized the lineup atop Lenin's Mausoleum at the May Day Parade to see who was up or down (or simply still alive)—before 2020s America, last-legs gerontocracy was mainly a late-Soviet affliction, you watched to see who was nearest the hem of the great man's garment.

Sure enough, beyond the ex officio lineup of members of Congress, the judiciary, former presidents and the like, up there on the platform in the toasty confines of the Capital Rotunda, was the new oligarchy that Joe Biden had warned us about in his final attempt at cogency last week: Elon Musk, Mark Zuckerberg, Jeff Bezos. The dangerous men of means who write the algorithms on our phones and now, we are told, the legislation on our statute books and the rules on our executive orders.

Bring it on, I say.

The problem with the oligarchy warning isn't primarily that we are being asked to believe that we are about to deprave the pristine democracy Mr. Biden has bequeathed us with craven submission to a small group of rich men. It's that we have had an oligarchy for years and it's been the wrong one. If we are to succumb to the rule of oligarchs, we can at least hope they might do a better job than the last crowd.

The political philosopher Robert Michels's Iron law of Oligarchy states that in a large, complex society, representative democracy will always bend toward control by a few powerful people.

For most of the 21st century the oligarchy that has controlled our critical institutions—the permanent government, big business, universities, great cities, the news and entertainment media—has produced an un-

**For decades the powerful have produced discord, distrust and failures both at home and abroad.**

precedented level of national discord, undermined trust in the key institutions of the republic, and subjected us to repeated failures at home and overseas.

It has achieved this malign trifecta in part because of its adherence to a creed based on an unholly ideological trinity: borderless globalism, environmental eschatology and puritan wokery. A new oligarchy, in tune with the national mood, will at least move us away from this self-destructing lunacy.

Some cynicism about the new rul-

ers is in order, to be sure. This new oligarchy consists of men who until a few months ago were mostly eager defenders of the old order. The pre-Nov. 5 version of the Zuckerberg-Bezos axis, before the American electorate helped remove the scales from their eyes, was a vehicle for the censorious "misinformation" culture that sought to constrain and marginalize dissent.

I'm reminded of Hilaire Belloc's verdict on an early 20th-century British election: "The accused power which stands on Privilege / (And goes with Women, and Champagne and Bridge) / Broke—and Democracy resumed her reign: / (Which goes with Bridge, and Women and Champagne.)"

But if the sudden conversion of some of these oligarchs to a new philosophy is a cynical move, it is nonetheless welcome. The world has changed and like all good business leaders, people with something to sell understand and act accordingly. That these men who control much of our access to information are now fervent in their commitment to apostatizing the ideological trinity that has done us harm is to be praised, not ridiculed.

And there does seem to have been a genuine change of heart in these oligarchical circles. In a fascinating interview in the New York Times, Marc Andreessen, who once hunted

with the Silicon Valley Democratic hounds but now rides with the Trumpian foxes, explains how growing alarm among technology innovators at the authoritarian and ideologically intolerant tendencies of Democrats has turned him and many tech people against the ancien regime and in favor of the new order.

There's another, perhaps more important reason why we should welcome the role of this new oligarchy.

If, as seems highly probable in the next few years, artificial intelligence is to rewrite the boundaries of human endeavor, define our prosperity and build (or jeopardize) our security, I for one want the U.S. to be led by people who ensure the maximum space to grow and enhance that intelligence rather than control and constrain it.

I exaggerate about American oligarchy of course. This nation's genius has always been in its people, who delegate their governing authority to leaders. Like Adolphus Cusins, the radical idealist in George Bernard Shaw's play "Major Barbara," I trust the "common people" to provide direction to their leaders:

"I want a democratic power strong enough to force the intellectual oligarchy to use its genius for the general good or else perish." There's a good mandate for our masters for the next four years.

## Democrats' Gerrymandering Made the GOP Majority Slim

By Matthew Mimnaugh

**T**he 119th Congress begins with a feeling of déjà vu. As in 2023, a GOP speaker has been elected by the narrowest of margins. And as in 2017, the GOP intends to pass President Trump's agenda through a single budget reconciliation bill.

Yet a conspicuous anomaly remains. Though the GOP secured historic victories on the presidential and senatorial levels and obtained one of its widest aggregate House popular-vote margins since 1928, House Republicans have their narrowest majority in almost a century.

In 2000, the House GOP earned its thin majority of 221 while outpolling Dick Gephardt's Democrats nationwide by less than 0.05 percentage point. In 2024, despite a nearly 4-point popular-vote advantage, Speaker Mike Johnson has a majority of only 220.

Here's the reason for the mathematical discrepancy. After the 2020 census, the National Democratic Redistricting Committee—led by Eric Holder, the most partisan attorney general in modern times—poured resources into ensuring that states where Democrats controlled the governorship and legislature redrew districts to maximize their advantage

and disenfranchise independents.

They made sure not only that Democrat-controlled legislatures engaged in gerrymandering but also that partisan state supreme court judges were elected so they could rubber-stamp any Democratic advantage. Democrat-controlled states, including Illinois, Nevada, New Mexico and Oregon, ratified maps with all or nearly all-Democrat delegations, aided, as in New Mexico, by the partisan composition of their high supreme courts.

Gerrymandering is a civic tradition dating back to the early republic that both Republicans and Democrats have deployed to their advantage. Yet the hypocrisy of Mr. Holder and his ilk is particularly pungent considering leaders such as Barack Obama and Nancy Pelosi blamed gerrymandering for Democrats' underperformance in the House from 2010-18. An insincere cry for "fair maps" soon became a refrain for liberal special-interest groups—even following legitimate GOP victories.

The Democrats' election denialism and demands for "fairness" proved hollow. After the 2020 census, it became clear that the "independent redistricting commissions" formed to ensure fair maps were little more than proxies for Democratic gerrymandering. California's inaptly named Citizen Redistricting Commission hired as its sole outside counsel a firm that represented the Democratic National Committee and the

Obama-Biden campaign. After convening in secret in violation of its founding charter, the commission released a map ensuring the re-election of every Democrat in the delegation and endangering several Republican incumbents.

New Jersey's so-called independent commission swiftly descended into farce in 2021 when a former state supreme court justice too liberal to be renominated by Gov. Chris

**Republicans in 2024 had a nearly 4-point advantage in the aggregate national House popular vote.**

Christie was appointed to the "independent" tiebreaker seat on the state's Redistricting Commission. It came as no surprise when the commission expeditiously rubber-stamped the Democrats' map.

To counter Democrats' efforts to influence the House map, the GOP needs to focus on state gubernatorial and legislative races. After Republicans' drubbing in 2008, the appointment of Mississippi Gov. Haley Barbour as chairman of the Republican Governors Association went largely unnoticed by Washington's political class. Yet leadership by Mr. Barbour and his executive director, Nick Ayers, yielded historic gubernatorial

victories in 2009 and 2010. Their discernment resulted in the GOP's holding a record number of state legislative seats by the end of President Obama's tenure.

The GOP should redouble its efforts to prevail in this year's New Jersey and Virginia gubernatorial elections. The governorship of New Jersey is one of the most powerful in the nation, and if elected to two terms, the next executive of the Garden State will undoubtedly have influence over 2030 redistricting through appointments to the state Supreme Court. A GOP governor of Virginia would temper the worst excesses of Democrats in Richmond. Although authority to redistrict in Virginia rests with an independent commission, it isn't hard to envision Democrats emulating their counterparts in New York and reasserting partisan control.

A revival of federalist principles by today's GOP is long overdue. Only by focusing on state legislative and gubernatorial races can the GOP hope to prevail in the next round of redistricting—and avoid repeating the past.

*Mr. Mimnaugh is a New Jersey lawyer. He has served as chief counsel to the Equal Employment Opportunity Commission and senior labor counsel to Sens. Richard Burr (R, N.C.) and William Cassidy (R, La.) of the Committee on Health, Education, Labor and Pensions.*

## THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES &amp; COMPANY

Lachlan Murdoch

Executive Chairman, News Corp

Rupert Murdoch

Chairman Emeritus, News Corp

Emma Tucker

Editor in Chief

Liz Harris, Managing Editor

Charles Forelle, Deputy Editor in Chief

Elena Cherny, Senior Editor; David Crow,

Executive Editor; Chip Cummins, Newsweek;

Taniell Evans, Digital; Brent Jones, Culture,

Training &amp; Outreach; Alex Martin, Print &amp; Writing; Michael W. Miller, Features &amp; Weekend;

Prabha Natarajan, Professional Products;

Bruce Orwall, Enterprise; Philana Patterson, Audio; Amanda Wills, Video

Paul A. Gigot

Editor of the Editorial Page

Gerard Baker, Editor at Large

DOW JONES | News Corp

Robert Thomson

Chief Executive Officer, News Corp

Almar Latour

Chief Executive Officer and Publisher

DOW JONES MANAGEMENT:

Mae M. Cheng, EVP, General Manager,

Leadership; David Cho, Barron's Editor in Chief;

Jason P. Conti, General Counsel, Chief

Compliance Officer; Diana DeSevo, Chief People

Officer; Jared DiPalma, Chief Financial Officer;

Artem Fishman, Chief Technology Officer;

David Martin, Chief Revenue Officer, Business

Intelligence; Dan Shar, EVP, General Manager,

Wealth &amp; Investing; Ashok Sinha, Chief

Communications Officer; Josh Stinchcomb, EVP &amp; Chief Revenue Officer, WSJ / Barron's Group;

Sherry Weiss, Chief Marketing Officer

EDITORIAL AND CORPORATE HEADQUARTERS:

1211 Avenue of the Americas, New York, N.Y., 10036

Telephone 1-800-DOWJONES

# Where the world's greatest businesses connect.

With our world leading financial hub, strong trade networks, highly skilled workforce and strategic location, the UK is the ideal place to connect and grow your business.

**To see things differently, choose the UK.  
Find out more at [great.gov.uk](http://great.gov.uk)**



# BUSINESS & FINANCE

© 2025 Dow Jones & Company. All Rights Reserved. \* \* \* \* \*

S&P Closed (5996.66) S&P FIN Closed S&P IT Closed DJ TRANS Closed WSJ\$IDX ▼ 0.98% 2-YR. TREAS. Closed NIKKEI (Midday) 38951.77 ▲ 0.13% See more at [WSJ.com/Markets](#)

## Investors Edgy Even as Stocks Rally

Some worry that Trump tariffs, deportations will accelerate inflation

By KRISTY HUR

Stocks got their groove back in the days ahead of Donald Trump's presidential inauguration, but some investors are worried that the shadow of 2022 will loom over markets this year.

The S&P 500 index and Dow Jones Industrial Average logged their best week since early November after Wednesday's consumer inflation report suggested underlying price pressures were easing. Investors, who were largely positioned for a disappointing report, rekindled the faltering stock rally.

The yield on the benchmark 10-year Treasury note pulled back and ended the week at 4.61%.

The rally put stocks back in the green for 2025, but some analysts and investors worry the reprieve will be brief.

With Trump returning to the Oval Office, they worry that the hefty tariffs and mass deportations he has

proposed will reaccelerate inflation.

"The threat of higher inflation just lives so large in our head that it's easy to go to a spot where we imagine 2022 happening all over again," said Callie Cox, chief market strategist at Ritholtz Wealth Management. "That wound of inflation is still fresh."

Stocks and bonds fell in tandem in 2022 after the Federal Reserve began aggressively raising interest rates to tame wayward inflation.

The bruising losses left traders with nowhere to hide, until the frenzy over artificial intelligence pushed stocks into a bull market the following year.

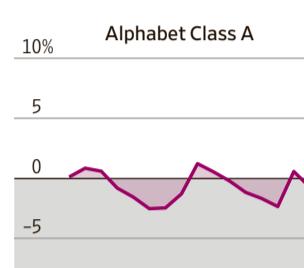
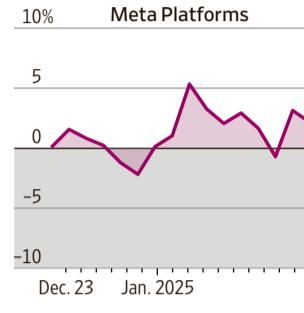
Investors are on edge that Trump's proposed agenda and other government policies could set off another leg higher for bond yields and, in turn, send stocks reeling again.

Surging yields kept a lid on stock returns for much of the past month. Stocks started tumbling in mid-December when the Fed Federal Reserve signaled a more cautious approach to cutting interest rates going forward.

Investors are also concerned about growing government deficits from any tax

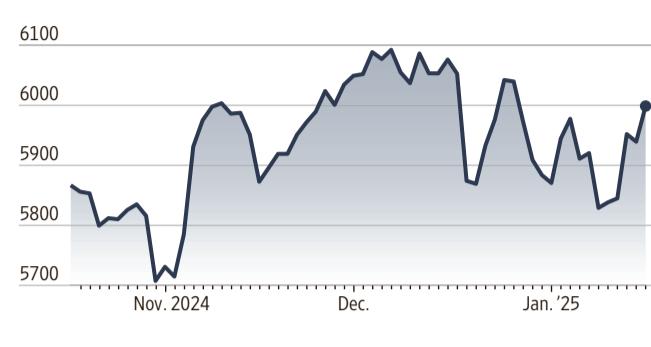
Please turn to page B10

### Magnificent Seven stock performance, past month



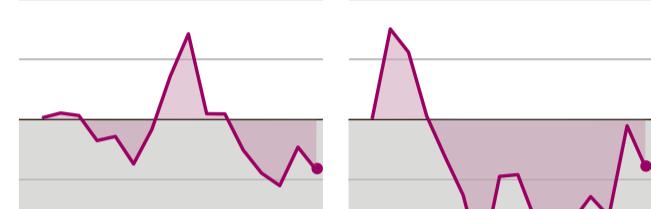
Source: FactSet

### S&P 500, past three months

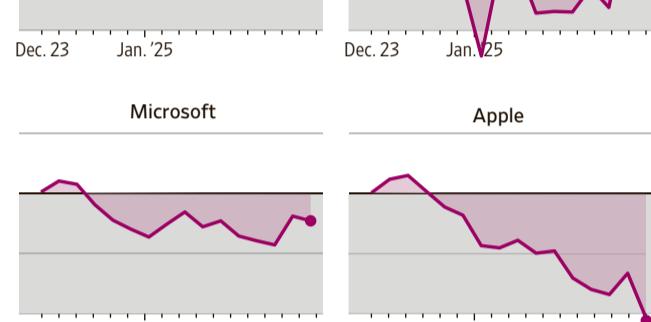


Nvidia

Tesla



Dec. 23 Jan. '25



Dec. 23 Jan. '25



Dec. 23 Jan. '25



Dec. 23 Jan. '25

## Kohl's Shoppers Want Return of Old Store

By SUZANNE KAPNER

Kohl's shoppers have a message for incoming Chief Executive Ashley Buchanan: Bring back the old Kohl's.

To chase younger shoppers and reduce inventory, the department-store chain in recent years scaled back fine jewelry, petite clothing sizes and popular private-label brands to make way for Sephora cosmetics and Babies "R" Us shops inside its stores. The moves upset some longtime customers and sent Kohl's sales into a nosedive that wiped out more than half a billion dollars in revenue over two years.

Departing CEO Tom Kingsbury owned up to those mistakes on a November conference call with analysts. Kohl's isn't backing away from Sephora or Babies "R" Us, which it says have been successful at attracting younger shoppers. But it is bringing back much of the merchandise it removed.

It will be up to Buchanan, who took the helm last week, to decide whether to follow through on that plan. He steps into the role during a period of turmoil for the company. Buchanan, 50 years old, will be the third CEO at Kohl's in



The company's sales have declined for 11 consecutive quarters. The stock has lost nearly 50% of its value over the past year.

three years.

Adrienne Cestare-Alfano, 73, a Kohl's customer for more than two decades, said she has been shopping there less since

the chain reduced the selection of petite clothing and private brands such as Sonoma jeans.

"Why do I want to see Nike

and Eddie Bauer in Kohl's when they are for sale all over the mall?" said Cestare-Alfano, who lives in Middletown, Del.

"Undo the last few years

of changes and get back to being my store."

Buchanan, who spent more than a dozen years at Walmart

Please turn to page B2

### INSIDE



#### BUSINESS NEWS

Gas exporter Venture Global plans to go public at an auspicious time for industry. B6



#### HEARD ON THE STREET

Nintendo sticks to its winning gaming formula. B11

## After Getting Their Mojo Back, Hedge Funds Face Uncertainty

By CAITLIN McCABE

Hedge funds are having a moment. Will it last?

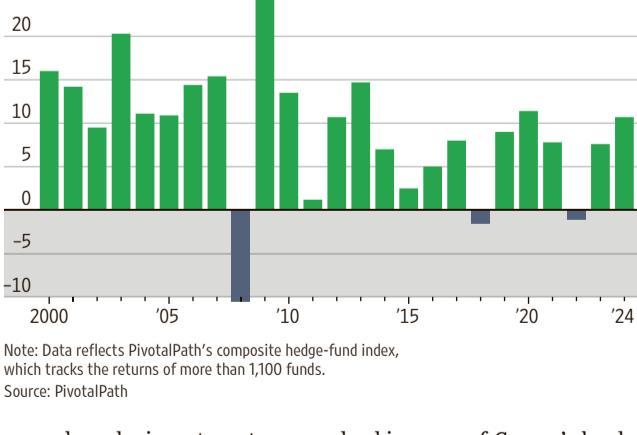
In a year when everything seemed to go up, the industry generated some of its strongest, and most consistent, returns in a decade. The big question for investors: Was 2024 a turning point, or will the recent trend of so-so—and sometimes dismal—returns quickly reassert itself?

On average, hedge funds gained 10.7% after fees last year, according to an index from PivotalPath tracking more than 1,100 funds. That was the best year since 2020, when they made 11.4% amid pandemic-fueled volatility. Before that, the last time the industry saw double-digit gains was 2013.

Every strategy tracked by the research firm made money on average—unusual in an industry where multiple strategies typically falter in any given year.

"Last year was probably one of the best years in a long time for hedge funds," said Caron Bastianpillai, a senior portfolio manager at NS Partners, a Ge-

### Annual hedge-fund performance, net of fees



neva-based investment-management firm that allocates money to hedge funds. "Everything has been working. It's rare that you find that."

Among numerous big winners were Castle Hook Partners in New York, a specialist in macro investing; Florida-based Infinitum Partners, which focuses on technology stocks; and Helikon Investments in London, whose big investments included

backing one of Greece's banks. All three firms returned more than 60% after fees.

It is a welcome showing for an industry that has faced growing competition for investor dollars from areas such as private credit, plus criticism for charging high fees while often

Please turn to page B9

◆ Fees eat up a good portion of fund clients' profits....B9

## Big Banks Settle With SEC On Low Cash Rates

By RACHEL LOUISE ENSIGN

Wall Street is starting to pay the price for the stingy interest rates it gave some customers for their cash.

Wells Fargo and Bank of America's Merrill Lynch unit agreed to pay a combined \$60 million to settle Securities and Exchange Commission probes into the accounts that hold cash for some of their wealth-management clients, the agency said.

Investors often have some incidental cash in their brokerage accounts, including from dividends and interest on their holdings. Many firms automatically put that money into sweep accounts that pay very low interest rates. The settlement over these sweep accounts follows a period when brokerages paid clients minimal interest even when broader rates were rising.

When the Federal Reserve started raising its benchmark rates in 2022, banks kept paying very little on sweep accounts. That allowed them to increase profits, since they were able to raise the interest rates they charged on loans to keep pace with the Fed's hikes. Similar products such as money-market funds reached around 5%.

While this extra cash usually makes up a small percentage of any individual account, taken together, it is a pot of money worth billions of dollars for a big bank.

"It's a giant cash machine," said Peter Crane, who tracks these accounts for his firm Crane Data.

Financial advisers are generally required to make decisions that are in clients' best interests. They are also subject to various disclosure requirements.

Please turn to page B9

## KPMG Seeks Law Firm In the U.S.

By ERIN MULVANEY AND MARK MAURER

KPMG is poised to break through a longtime barrier and become the first Big Four accounting firm to practice law in the U.S., leveraging a novel Arizona program that allows nonlawyers to own law firms.

State approval for KPMG's law ambitions is expected as soon as this month, a move that could usher in a sea change in two industries. KPMG says its Arizona-licensed lawyers could perform legal work for clients around the country. That could give it a leg up on its accounting rivals and send a shot across the bow to law firms, which would face new competition for work.

KPMG is taking advantage of a program in Arizona, which lifted a restriction in place in nearly every state that prohibits nonlawyers from owning a law firm. The program, in place since 2021, aimed to expand access to legal services, in large part to address a dearth of lawyers available to help with issues such as family law or immigration.

The accounting firm's attempt to create its own law firm, KPMG Law, passed a significant hurdle when the Arizona committee that oversees the program unanimously approved the request last week. The company said it wants to offer large-scale services such as drafting and updating contracts, and reconciling legal materials in merger-and-acquisition deals.

KPMG sees this as an opportunity to expand its legal services.

Please turn to page B9

## How Film Feud Turned Into a Hollywood War

There were signs of trouble between the co-stars of "It Ends With Us" even before cameras started rolling.

By Isabella Simonetti, Sarah Krouse and Khadeeja Safdar

In early 2023, actor and director Justin Baldoni filed on Thursday revealed one of his core lines of attack in the escalating feud. His legal team says friendly messages from Lively

and Baldoni had started to deteriorate, leading to a pattern of toxic behavior.

A countersuit Baldoni filed

on Thursday accused Lively of threatening him and his family. Baldoni's legal team says Lively has been sending threatening messages to Baldoni and his family, including death threats. Baldoni's legal team says Lively has been sending threatening messages to Baldoni and his family, including death threats.

Backing one of Greece's banks. All three firms returned more than 60% after fees.

It is a welcome showing for an industry that has faced growing competition for investor dollars from areas such as private credit, plus criticism for charging high fees while often

Please turn to page B9

◆ Fees eat up a good portion of fund clients' profits....B9

B2 | Tuesday, January 21, 2025

THE WALL STREET JOURNAL.

## INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	H
Alphabet.....A3,B4,B10	Helikon.....B9
Amazon.....A3,B4,B10	Hershey.....A8
Apple.....A3,B4,B5,B10	H.I.G. Capital.....B3
B	I
Bank of America.....B1	Indra Sistemas.....B4
Blue Origin.....B4	Infinitum Copper.....B9
BP.....B6	J-L
Bytedance.....A4	J.B. Hunt Transport Services.....B3
C	K
Cal-Maine Foods.....A8	JCPenney.....B10
Castle Hook.....B9	Kantar Group.....B3
Cemex.....A3	Kohl's.....B1
Charles Schwab.....B9	Lanxess.....B3
Cheniere Energy.....B6	LPL Financial Holdings.....B9
Chevron.....B10	LVMH.....A3
Citadel.....B9	M
Conagra Brands.....A8	Meta Platforms A3,B4,B5,B10
D-F	Microsoft.....B10
Deloitte.....B9	Millennium Management B9
ElectrAith.....B10	Moderna.....B3
Ernst & Young.....B9	Mondelez International.....A8
Eurobank Ergasias Services & Holdings.....B9	Morgan Stanley.....B9
Fox.....A3	N
G	Netflix.....B10
Galp Energia SGPS S/A.....B6	News Corp.....A3

## Kohl's New CEO Faces Challenges

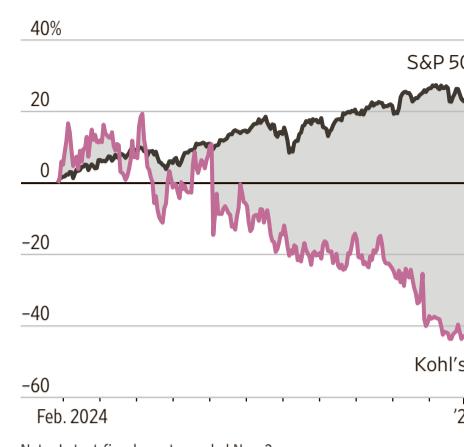
*Continued from page B1* before becoming the CEO of crafts retailer Michaels, will face a conundrum at Kohl's that has tripped up other department-store leaders: how to attract new, younger customers without alienating the existing shoppers who account for the bulk of sales. He must also make the stores more appealing to shop and tidy up the messy displays that have turned off some customers.

Buchanan has some experience walking that line. In 2023, while at Michaels, he introduced MakerPlace, an online marketplace for handmade goods, classes, how-to guides and supplies that rode the Taylor Swift bracelet-making craze among tweens, without turning off older crafters. It was designed as an alternative to Etsy and attracted younger shoppers, though it hasn't become a major competitor to Etsy as a retailer of handmade goods. A Michaels spokeswoman declined to comment.

At Kohl's, Buchanan first needs to stop the bleeding. Its sales have declined for 11 consecutive quarters. The stock has lost nearly 50% of its value over the past year.

Clare Lundberg, who is 70 and lives in Beverly, Mass., said she was unhappy that the addition of Sephora shops took space away from jewelry offerings at Kohl's. "To me, it's

share-price and index performance over the past year



Note: Latest fiscal quarter ended Nov. 2.  
Sources: FactSet (performance); the company (sales)

Kohl's quarterly comparable sales, change from a year earlier



a waste of space," she said. "I'm not a Sephora shopper and I don't go to Kohl's for cosmetics."

Kingsbury has said that 40% of the customers who are shopping Sephora at Kohl's are new to Kohl's and that Babies "R" Us is broadening the retailer's reach with young families.

## BUSINESS NEWS



LUKE SHARRETT/BLOOMBERG NEWS

The trucking-and-logistics company, a freight-sector bellwether, posted the improvement despite a drop in revenue per load.

## J.B. Hunt's Earnings Log Increase

By CONNOR HART

**J.B. Hunt Transport Services** defied a weak U.S. freight market to post a higher profit in the fourth quarter, although overall revenue fell as lower revenue per load more than offset volume gains.

The trucking-and-logistics company, a bellwether for the freight sector, earned a \$155.5 million profit in the latest quarter, a slight increase from the \$153.5 million it notched in the same quarter a year earlier.

Quarterly earnings per share rose to \$1.53 from \$1.47 a year earlier. Analysts surveyed by FactSet were expecting \$1.61 a share.

Revenue fell 5% to \$3.15 billion, just beating the \$3.13 billion that Wall Street analysts were expecting, according to FactSet. J.B. Hunt said its top-

line decline was primarily due to lower revenue per load, excluding fuel surcharge revenue, across its intermodal and truckload segments. The company's dedicated contract services unit posted a 4% decline in average trucks, and load volume in its integrated capacity solutions freight brokerage segment dropped 22%.

The Lowell, Ark., carrier's intermodal business—the combined truck-rail business that provides nearly half of its overall revenue—posted revenue of \$1.6 billion, down 2% from a year earlier. Volumes increased 5% from last year but the gain was offset by changes in mix of freight, freight rates and fuel surcharge revenue, which caused revenue per load to fall 6%, the company said.

Sales across its dedicated contract services unit fell 5% to \$839 million, dragged down

by a 4% decline in average trucks combined with a 1% decline in productivity.

J.B. Hunt's integrated capacity solutions freight brokerage business notched sales

of \$308 million, down 15%, while revenue from its truckload segment fell 7%, to \$182 million. Final-mile services revenue declined 6% to \$228 million.

## U.S. Gives Moderna \$590 Million in Funding For Bird Flu Vaccine

By SABELA OJEA

**Moderna** secured a \$590 million package from the U.S. Health and Human Services Department to accelerate the development of its bird influenza vaccine as concerns grow about a bird flu pandemic in humans.

The financial package will fund the expansion of clinical studies for up to five additional subtypes of bird influenza and provide additional support for late-stage development and licensure of pre-pandemic mRNA-based vaccines, the biotechnology company said Friday.

Highly pathogenic avian influenza has been rampant in poultry farms in the U.S., and there have been several recent human cases in dairy and poultry workers, according to the Centers for Disease Control and Prevention.

The current public-health risk is low, but the CDC is watching the situation carefully and working with states to monitor people with animal exposure.

In 2023, Moderna initiated a Phase 1/2 study to generate safety and immunogenicity data of the bird influenza shot

in healthy adults ages 18 and older. The trial included vaccine candidates against two avian influenza viruses, H5 and H7.

The development of the bird flu vaccine could help buoy Moderna's financial results after the company provided an update for revenue in 2025 that disappointed the market as sales for its vaccines against Covid-19 and respiratory syncytial virus continue to be sluggish.

Last March, an outbreak of bird flu in dairy cows was first reported in Texas and Kansas, and in December California declared a state of emergency because of the rise in cases of bird flu that had been detected in the state's dairy cows.

The most recent cases of bird flu were first detected in the U.S. in the wild bird population in South Carolina in January 2022, according to California officials.

Since 2022, 67 total human cases of avian influenza virus infection have been identified in the U.S., including 66 cases in 2024, according to the CDC. Most infections in humans have been mild, but one fatality has been reported.

## German Chemical Firm Raises Expectations

By PIERRE BERTRAND

**Lanxess** shares climbed after the company guided for adjusted earnings for the fourth quarter above market expectations because of a stronger-than-expected December.

The specialty chemical company said Monday that it expects to report about €159 million, or \$163.4 million, in pre-exceptional earnings before interest, taxes, depreciation and amortization for the fourth quarter of 2024, citing preliminary figures.

That exceeds market expectations of €130 million for the metric, the company added.

"The fourth quarter was positively influenced by a stronger-than-expected December, in particular due to customers' prebuying," the company said, adding that this occurred mainly in the U.S. for specialty additives and consumer-protection products.

The fourth-quarter bump is expected to drive pre-exceptional Ebitda to around €614 million, about 20% higher than in 2023, Lanxess said.

Despite the December performance, the company warned the underlying macroeconomic environment into 2025 hasn't improved.

Shares climbed 5.1% to close at €25.78 in Germany.

## Kantar to Sell Unit For About \$1 Billion

By MEGAN GRAHAM

Market-research firm **Kantar Group** is selling its media measurement and analytics unit Kantar Media to private-equity firm **H.I.G. Capital** for approximately \$1 billion, the companies said.

Kantar Media, which operates in more than 60 markets and employs more than 4,500 people globally, said the deal will renew its focus on providing data to clients to help them make better decisions about their content and advertising.

The London-based company's offerings include cross-platform audience measurement, TV advertising and content ratings outside the U.S., and audience profiling.

Measurement and analytics have become increasingly vital for marketers as the number of channels to reach consumers has only continued to proliferate.

The TV industry has been struggling with how to measure audiences as the old ways of watching break down, with alternatives to longtime ratings provider Nielsen arguing

they can better capture digital viewers.

Private equity already owns a large stake in Kantar Group.

In 2019, ad holding company **WPP** agreed to sell a 60% stake in Kantar to Bain Capital Private Equity, raising about \$3.1 billion, and held on to the remaining stake of 40%.

Kantar Media will now be 100% owned by H.I.G. The companies expect the deal to close later this year.

Advertisers and agencies more than ever want data that can be easily compared across channels, said Kantar Media CEO Patrick Béhar, who will continue to lead the business.

"There's lots of data floating around. They're looking for us to clear through the noise in that process," Béhar said. "And obviously, like everyone in this industry, they want us to do it in a cheaper way."

Béhar said H.I.G. has a willingness to invest and work to improve Kantar Media's services.

The purchase price is expected to be primarily paid in cash, along with noncash consideration and an earnout.

**BARCLAYS** | Investment Bank

# POWERING clarity in changing markets

As markets rapidly evolve, our team of experts is powering performance for investors around the globe by offering data-driven insights paired with liquidity, risk management and financing solutions.

Start Powering Possible with the latest macro insights

QR code

**Brad Rogoff**  
Head of Research

**Mimi Rushton**  
Head of FX Distribution & Co-Head of RSG

**Kristen Macleod**  
Head of Macro Distribution

**Michael Pond**  
Head of Inflation-Linked Research

©2025 Barclays

## TECHNOLOGY

WSJ.com/Tech



TIM HIGGINS

# Tech Giants Enter New Frenemy Era

The start of Trump 2.0 marks a new Frenemy Era for tech giants.

As Jeff Bezos and Mark Zuckerberg try to curry favor with the new president, they appear to be warming to Donald Trump's "First Buddy" Elon Musk after years of frosty relations. It is all part of a dance in which the two are trying to escape Trump's longtime ire and direct it elsewhere within the tech world.

That lovefest was on display last week. Musk and Bezos exchanged early valentines through postings on X about each other's respective rocket launches. And Zuckerberg—who was agreeing not long ago to cage fight Musk—delivered the sincerest form of flattery: imitating Musk by going Trumpcore and abandoning **Meta Platforms'** fact-checking and DEI principles.

"Real Mark," as the Facebook co-founder described himself on Joe Rogan's podcast, sounded a lot like Musk in recent years. The **Tesla** and SpaceX CEO has rallied against the "woke mind virus," his term for progressive policies, such as diversity, equity and inclusion, that he says weaken organizations.

Musk's relationships with business rivals Bezos and Zuckerberg have long been notable for their public confrontations—often punctuated by Musk's own tweets.

**W**hen Bezos' rocket company, **Blue Origin**, years ago protested a government contract given to SpaceX, Musk responded with a double-entendre about his rival's performance: "Can't get it up (to orbit) lol."

Toward the end of last week, however, rocket launches by each man's space company appeared to bring them together. Musk even



Alphabet's chief Sundar Pichai and Tesla boss Elon Musk appeared at Donald Trump's inauguration on Monday.

latched on to a meme from the movie "Step Brothers," about warring boys who later become buddies with the iconic line: "Did we just become best friends?"

"Step Brothers is the perfect meme for @JeffBezos & me," Musk tweeted Thursday.

Zuckerberg's latest moves were also subsequently cheered on by Musk.

"This is cool," Musk posted about Facebook dumping fact checkers for X-like community notes. That was a markedly different tone from 2023. Back then, the two exchanged digital blows as Meta launched an X-like competitor and Zuckerberg's team seemed to revel in Musk's struggles after acquiring Twitter-turned-X.

Now, so many months

later, Musk's gamble to acquire Twitter is seen by some as a victory. And it has given him enormous influence that he used to help get Trump elected.

In publicly embracing

Trump, Musk

talked about

how going

"loud and

proud" would

encourage others

to stand up

and support

the Republican

as a candi-

date—some-

thing that now

seems to be

happening among Musk's

own billionaire peers.

"A lot of people...would like to support Donald Trump but they aren't sure if anyone around them does, too," Musk told a crowd in

Harrisburg, Pa., in October ahead of the election. His advice then and elsewhere was to wear a Trump T-shirt, get a MAGA hat, post a campaign sign. "If people confront you, you say, 'Yeah, that's right!'"

Musk told another crowd to cheers. "That's how it goes."

That public support—along with the hundreds of millions of dollars spent to help the campaign—looks to have given

Musk a special place in the incoming Trump administration. Musk has been seen often at Trump's Mar-a-Lago club in Florida and been weighing in on matters, including trying to shape ap-

pointments and preparing for his role as co-head of the Department of Government Efficiency.

**W**ith Musk in good graces, others see an opportunity to make amends, perhaps aiming to recast the narrative about their place in the Trump world after being made out as the bad guys in the first administration.

Bezos and Zuckerberg as well as **Apple** CEO Tim Cook and **Alphabet** CEO Sundar Pichai are among the tech leaders who attended Monday's inauguration.

It comes as **Amazon.com**, Apple, Alphabet and Meta face scrutiny from antitrust enforcers around the world, including the U.S. government, whose current efforts in some ways date back to

Trump's first administration. For some, though, it is hard to imagine antitrust cases will evaporate once Trump has returned to the White House.

"One flight to Washington and an inaugural ball is not going to get you out of a tech case," Paula Blizzard, California's chief antitrust enforcer, said at a recent Silicon Valley conference held by Concurrences, the law publication.

**S**till, the personal touch has shown to be effective with the incoming president. Before Musk, Apple's Cook was one of the savviest at navigating Trump, developing a personal relationship during the first administration.

This time around, it seems his rivals aren't going to let Cook have Trump's ear exclusively.

While Zuckerberg is embracing Musk's corporate politics, he appears to be attempting to paint Apple as the real baddie in Big Tech, reigniting tensions with the iPhone maker that has been defending its app rules and revenue share as about safety and fairness while developers say they go too far.

As Zuckerberg talked about changes to Meta meant to please Trump, he pointed to Apple's control of the App Economy as the real threat to innovation. In his interview on Rogan's podcast, he suggested Meta would make twice as much profit without Apple's rules. "And that's just us," he said. "All of these small companies can't even exist because the taxes that they put in place."

Musk, too, revisited the issue last week, amplifying his own concerns to his more than 200 million followers.

The reality of the Big-Tech Bro Truce may be simple: The enemy of my enemy is my frenemy.

## Welsh Carson Settles Case From FTC Over Anesthesia

BY CHRIS CUMMING

**Welsh, Carson, Anderson & Stowe** agreed to settle Federal Trade Commission charges that it tried to consolidate the Texas anesthesia market to drive up prices, eight months after a federal judge dismissed similar charges against the private-equity firm.

Under the settlement, announced Friday, Welsh Carson agreed to limit its involvement with Texas anesthesia-services company U.S. Anesthesia Partners, to obtain the regulator's advance approval for any future acquisitions of anesthesia businesses and to provide advance notice of future deals for hospital-based physician practices.

A spokesman for the New York firm called the terms of the settlement "benign" and said the agreement "will not affect our business in any respect and involves no admissions of wrongdoing or monetary penalties."

The FTC brought this case against Welsh Carson via its in-house administrative courts. The regulator, which is tasked with enforcing fair business competition, also brought federal monopolization charges against Welsh Carson and U.S. Anesthesia Partners in 2023, but a judge dismissed the claims against the private-equity firm last May. The case against U.S. Anesthesia Partners is ongoing.

The FTC said bringing a second monopolization case against Welsh Carson through its administrative courts demonstrated its resolve to prevent

anticompetitive behavior. FTC Chair Lina Khan said Friday it also showed a "novel" approach to private equity that it can apply to other firms in the future. The settlement "establishes a valuable blueprint for future Commission orders involving financially sophisticated actors," Khan said.

Welsh Carson said the FTC pressured it to agree to the settlement for political reasons, and that the firm is proud of its reputation and integrity.

"In a last-minute effort to claim a political victory, the outgoing FTC leadership threatened to re-litigate in its captive administrative court the exact same overreaching claims that were dismissed last year by an independent Federal judge unless we agreed to a settlement by Inauguration Day," the spokesman said.

FTC commissioners voted five to zero in favor of the settlement, including Andrew Ferguson, Donald Trump's pick to lead the agency. Ferguson called the settlement an "ordinary application of the most elementary antitrust principles," and said the fact that Welsh Carson is a private-equity firm is irrelevant to the case.

Under Biden-appointed Khan, the FTC sharpened its focus on private-equity firms due to concerns that their acquisitions can constrict com-

petition. The agency showed particular concern about private-equity roll-ups, or deals in which a firm buys many small firms and combines them into a larger company, which agency leadership said can be used to drive out competitors and raise prices.

The 2023 suit against Welsh Carson was the first test of the FTC's aggressive approach to private equity. The agency alleged U.S. Anesthesia Partners typically raised prices after acquiring businesses, and tried to keep potential competitors out of its market.

Welsh Carson created U.S. Anesthesia Partners in 2012, and has since acquired 15 more anesthesia groups to become Texas' largest anesthesia provider and one of the largest in the country. Welsh Carson owns a minority stake in the company, through a fund.

Last May, U.S. District Judge Kenneth Hoyt in Houston dismissed the charges against Welsh Carson, which he said were an overreach by the regulator, but allowed the FTC's claims against U.S. Anesthesia Partners to proceed.

Many in private equity are hopeful that as Biden-appointed antitrust regulators depart and are replaced by Trump appointees, the scrutiny on their industry will diminish and it will become easier to get regulatory approval to buy companies.

BY ADAM WHITTAKER

**Telefónica** replaced José María Alvarez-Pallete with **Indra**'s Marc Murtra as executive chair of the company, saying some of its relevant shareholders wanted a change at the

helm.

The Spanish telecommunication company said Saturday that Alvarez-Pallete accepted a request from the board to resign. Telefónica said Alvarez-Pallete was asked to step down after a group of shareholders

## BUSINESS &amp; FINANCE

# Meta: No Community Notes on Paid Ads

Advertisers await more clarity on how they will be affected by policy change

By PATRICK COFFEE

Facebook and Instagram owner **Meta Platforms** assured advertisers last week that its "Community Notes," which will let users crowdsource annotations on posts that they believe are false or need context, won't apply to paid ads when they arrive later this year, according to people with direct knowledge of the conversations.

Advertisers have been waiting to learn how they will be affected since Meta Chief Executive Mark Zuckerberg said on Jan. 7 that he was ending the company's fact-checking and introducing Community Notes in its place.

Meta's Community Notes will resemble those of social-media platform X, where volunteers propose and approve addenda to posts that they think need more information. X's system applies to both paid and unpaid posts, however, and ads for brands from **Apple** to **Uber** have been called out in attached user notes for making allegedly false or misleading claims. Some of the brands have deleted ads that were marked with such notes.

Community Notes on Meta platforms will be enabled for organic content, meaning posts that Meta hasn't been paid to promote.

That includes influencers' sponsored posts that Meta hasn't been paid to boost, as well as organic posts on brands' own accounts, according to a message from a Meta employee to ad buyers viewed by The Wall Street Journal.



The Facebook owner said it would end its fact-checking.

they roll out in the U.S. over the next couple of months. "Any assertions about how the product will work aside from what we've already officially communicated are pure speculation," the spokesman said.

Meta is a staple of many companies' marketing strategies. The company collected a record \$40.59 billion in revenue during the third quarter of 2024, up 19% from the same period a year earlier, according to its most-recent earnings report. Ninety-six percent of that revenue came from ad sales.

Organic sponsored posts—such as a content creator being paid to showcase a product—have historically made up about 25% to 50% of brands' marketing campaigns on Meta's platforms and TikTok, said Ryan Stern, co-founder and chief executive of influencer marketing firm Collectively. Creators rely on this sort

of material to fill out their branded-content earnings, and brands use it to complement the posts they do pay to boost, she said.

Meta's new system might push more advertisers and creators to abandon organic content altogether to avoid the risk of critical Community Notes, said Lia Haberman, a consultant who teaches social-media marketing at the University of California, Los Angeles.

"I think we're going to see the disappearance of sponsored content on creator pages," Haberman said.

Confusion remains the overarching mood as brands try to figure out how their paid and organic messages will be affected, said Darren D'Altorio, vice president of social media at digital ad firm Wpromote.

"We're all kind of waiting together on the timelines and the specifics," D'Altorio said.

## State Farm Nixes Super Bowl Ad, Citing Los Angeles Fires

By MEGAN GRAHAM

Insurance company State Farm has abandoned its plan to run a commercial in the coming Super Bowl, saying its focus is on supporting Los Angeles residents as wildfires there continue burning.

"We've received over 7,400 home and auto claims, and we are putting tens of millions of dollars back into customers' hands," the company said on Wednesday. "These numbers will continue to rise as residents return and assess damage."

"We will not be advertising during the game as originally planned," State Farm added, referring to the Super Bowl.

The fires are putting a spotlight on the insurance

industry and how some of its leading companies have been pulling back from California.

State Farm in 2023 halted the sale of new home-insurance policies in California because of wildfire risk and rapid inflation in construction costs.

Last year, the company announced plans to nonrenew 30,000 property policies in California, including 69% of those in Pacific Palisades, which has been ravaged by fires since Jan. 7.

State Farm said Wednesday it has paused homeowner nonrenewals in areas affected by the fires for policies on the books on or after Jan. 7.

Property and casualty insurance companies are among

some of the biggest advertising spenders in the country, making characters from Allstate's Mayhem to the State Farm agent Jake ubiquitous on television.

The Super Bowl is television's biggest annual event and an expensive showcase for advertisers seeking maximum publicity.

Last year's game averaged more than 123 million viewers, according to Nielsen, and commanded roughly \$7 million for 30 seconds of ad time.

State Farm ran an ad during the 2024 Super Bowl that starred Arnold Schwarzenegger and Danny DeVito.

The comedic commercial won USA Today's annual popularity contest for Super Bowl

ads.

State Farm spent \$23.2 million on national linear TV since Jan. 1, including \$12.2 million during NFL playoff games from Jan. 11 through Jan. 13, according to estimates from TV ad-tracking firm iSpot.

Companies that have confirmed they will run advertising during this year's Super Bowl, which will air on Fox in February, include domain

name seller GoDaddy and snack marketers Pringles and Reese's.

State Farm's decision was first reported by Ad Age.

—Suzanne Vranica contributed to this article.



An image from the insurance company's 2024 Super Bowl commercial.

THE WALL STREET JOURNAL.

# Congrats to WSJ's National Press Foundation Winner

A Win for Our Coverage. A Win for Our Readers.

"U.S.-China Tech Wars"

HINRICH FOUNDATION AWARD FOR  
DISTINGUISHED REPORTING ON TRADE

## BUSINESS &amp; FINANCE

# U.S. Gas Exporter Plans \$2.3 Billion IPO

Move could value Venture Global at \$110 billion on heels of Trump's return

By BENOÎT MORENNE

Gas exporter Venture Global is planning what would be the energy industry's largest initial public offering in more than a decade on the heels of Donald Trump's inauguration. The timing couldn't be better.

The Arlington, Va.-based firm, which chills natural gas into liquid to ship overseas, said in a recent regulatory filing that it hopes to raise up to \$2.3 billion from an IPO. The issuance would peg the LNG company's value at as much as \$110 billion—more than the market capitalization of British oil giant BP.

The listing on the New York Stock Exchange could take place this week, said people familiar with the matter, and planning for it began before the election. It is sure to attract investors seeking to capitalize on Trump's pro-oil-and-gas agenda.

Following his swearing-in Monday, Trump plans to take a spate of executive actions to boost the fossil-fuel industry, including lifting a freeze on new LNG exports that President Biden imposed last year. Reversing the ban would free Venture Global's hands to continue a building spree to produce more LNG in Louisiana, where it already runs two huge terminals.

"Brilliant timing on their end," said Timm Schneider, a veteran energy analyst. "Everything's kind of falling into place for them."

Venture Global also has made inroads with the new administration. Chief Executive Michael Sabel attended an April meeting of oil-and-gas bosses at Mar-a-Lago, and the company employs former Trump officials. The company is a top donor to Trump's



VENTURE GLOBAL LNG

President Trump is expected to take a spate of executive actions to boost the fossil-fuel sector. A Venture Global export hub.

presidential inauguration with a \$1 million donation, according to people familiar with the matter.

The IPO is an eye-catching public entrance for Venture Global, a scrappy startup just a few years ago. After Russia's invasion of Ukraine, the company sold dozens of LNG cargoes to gas-starved Europe, which allowed it to leapfrog rivals, pocket billions of dollars and invest in new terminals.

Venture Global's meteoric rise has been clouded by controversy. BP, Shell and other early customers that contracted for Venture Global's LNG have accused the company of enriching itself at their expense by withholding the fuel—and instead selling it on the spot market. The companies, which are in some cases both customers and competitors of Venture Global, are pursuing billions of dollars through arbitration.

Venture Global has said the

accusations are meritless.

In a 2023 Wall Street Journal interview, Sabel said the company was a "historically significant disrupter," which made it a target for rivals unable to keep up. "We are so busy executing, and winning, and being successful."

#### Meteoric rise

Venture Global will become the second-biggest LNG exporter in the U.S. after Cheniere Energy once its second facility fully comes online. It plans three more terminals on the Gulf Coast, which, if built, would help its goal to supplant Qatar as the world's top exporter of the fuel.

Venture Global potentially becoming a \$110 billion public company is a surprise to many in the energy industry. Sabel, a former investment banker, and co-founder Robert Pender, an energy lawyer, roamed energy conferences for years promising to build facilities

faster and cheaper than established rivals.

The two men founded the firm in 2013 with a different business model from the rest of the industry. Their idea was to combine midsize, prefabricated LNG units into a new export terminal. They promised

it would be cheaper and faster than competitors, which typically built massive refrigeration units on-site.

The entrepreneurs dangled rock-bottom fees for LNG, landing

mammoth clients such as Shell. Others followed, including BP, Spanish refiner Repsol, Portugal's Galp and Polish state energy company PGNiG, and they signed long-term contracts that allowed Venture Global to get loans for the projects.

A turning point came after Russia invaded Ukraine in 2022, and gas prices soared as Europeans scrambled for alternatives to Russian energy.

By then, Venture Global's first plant was operating in a marshy swath of Louisiana, and the company sold cargoes

to eager buyers. But it didn't supply its early customers, saying it wasn't bound to do so because the plant wasn't fully operational.

While Shell, BP and others seethed, Ven-

ture Global raked in huge profits. The company said in IPO filings that it generated almost \$7 billion in net income in 2022 and 2023 combined.

Venture Global also said that it is in arbitration proceedings with seven early customers.

Venture Global has said

customers knew from the beginning there would be an extended period to get the plant fully operational. Selling cargoes to others during that period before fulfilling long-term contracts was a part of its business plan, the company said.

#### Risks for investors

The controversy surrounding its handling of customers poses a challenge for Venture Global, which needs to attract new clients to build future projects, said Louis Lazzara, a senior research analyst at investment fund Energy Income Partners.

Another obstacle arose when Biden paused approvals on new LNG plants last year, stalling growth prospects and infuriating the industry. Trump's fossil-fuel donors made it clear to him that a priority was lifting the pause and speeding up permitting for new export facilities. Trump is expected to deliver on that.

Reversing the moratorium will bolster the industry, but there are other risks for Venture Global.

Investors may need to weigh a potential peace agreement between Russia and Ukraine, which could bring Russian gas flows back to Europe and dent demand for U.S. LNG. A potential rise in domestic natural-gas prices as electricity demand climbs—caused in part by the rise of artificial intelligence and data centers—could eat into Venture Global's profits, Lazzara said.

And depending on the success of Venture Global's listing, other privately held LNG companies could be inspired to follow the same path, said Mark Bononi, an analyst at Wood Mackenzie.

"Venture Global's IPO reflects the natural progression and evolution of a rapidly growing and increasingly capital-hungry industry," he said.

NYSE AMERICAN: VENU

**VENU**  
FAN FOUNDED. FAN OWNED.

**THE MOST DISRUPTIVE VENUE BUILDER IN THE WORLD**

STEP INTO A WORLD WHERE UNFORGETTABLE MOMENTS TAKE CENTER STAGE

**VENU** is transforming the live music and hospitality industry nationwide, owning and operating upscale music venues and luxury outdoor amphitheaters. With **seven revenue sources**, we're **disrupting the multibillion-dollar live music industry** and redefining how fans experience music and entertainment.

<b>56%</b> Year-Over-Year Revenue Growth	<b>\$166M</b> In Total Assets	<b>\$77M</b> Luxury Suite Sales in 2024	<b>\$200M</b> Expected Luxury Suite Sales in 2025
--	----------------------------------	---	---

**REVENUE SOURCES:** SPONSORSHIPS · TICKET SALES & FEES · VENUE RENTALS  
FEE INCOME · FOOD & BEVERAGE SALE · NAMING RIGHTS · PARKING FEES

**OWN THE STOCK THAT ROCKS**

CALL  
**1-800-RED-CHIP**

LEARN MORE AT  
[VENUINFO.COM](http://VENUINFO.COM)

Venu Holding Corp. (VENU) is a client of RedChip Companies, Inc. VENU agreed to pay RedChip Companies, Inc. a \$10,000 monthly cash fee, beginning in January 2025, and 10,000 shares of VENU Rule 144 stock, for six months of investor awareness services. RedChip intends to and will, if possible, sell all of its shares immediately upon removal of the restriction, and you may be buying as RedChip is selling. VENU also agreed to pay RedChip a \$90,000 fee for a four-week national TV ad campaign aired weekdays from January 13 to February 7, 2025.

## WASH WEEKLY TODAY IS A GREAT DAY FOR A CAR WASH!



SIMONIZ, recommends that you wash your vehicle every week at a professional car wash.

**BUYING A NEW OR PRE-OWNED VEHICLE?  
PROTECT IT WITH...**

**SIMONIZ**

**GlassCoat®**

Ceramic and Graphene-Infused Paint Protection

Lifetime Paint Protection!

WASH OFTEN...BUY WISE...  
DEMAND

**SIMONIZ®**

## 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 do not buy or sell their shares 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, January 17, 2025

52 wk Fund (SYM) NAV Close/Disc Ret

U.S. Mortgage Bond Funds

Fund (SYM) NAV Close/Disc Ret

BickRk Income **BKT** 11.70 11.63 -0.6 9.1

Investment Grade Bond Funds

Angel Oak FS Inc Trm **FINS** NA 13.04 NA 10.3BIRck Core Bond **BTHZ** 12.30 10.41 +1.8 8.5BR Credit Alloc Inc **BTWZ** 11.23 10.55 -6.1 9.6Insight Select Income **INSI** 17.38 17.08 -1.7 4.6InvescoBond **VBF** 16.12 15.46 -4.1 5.5

52 wk Fund (SYM) NAV Close/Disc Ret

U.S. Bond Funds

BlackRock Cap Trm **BFZ** 12.40 11.35 -8.5 5.9BR MH NY Qly **MUJ** 12.68 11.33 -10.6 5.5BR MH NY Qly **MHN** 11.56 10.43 -9.8 5.2BR MuniYld Ml Qly **MIY** 12.61 11.43 -9.4 5.2BR MuniYld NY Qly **MYN** 11.20 10.21 -8.8 5.4BlackRock Floating Crtr **BGT** 12.52 12.51 -0.1 11.2Blackstone Lng-Srh Crtr **GBC** 13.28 12.67 -4.6 9.8BSF SFR 2027 T **BSL** NA 14.26 NA 9.4BS St Cr 2027 Trm **BGB** 12.85 12.30 -4.3 9.2EtrnAdvTrlnCrtlRetn **EFT** 13.15 13.16 +0.1 10.5Eaton Vance NY Muni Bd **ENX** 10.35 9.54 -7.8 5.1EV SenFIRTr **EFF** 12.86 12.96 -0.8 9.7F/Tr Pltg Rte Inc F **FCT** 10.82 10.32 -4.6 11.2Highland Optpy & Income **HFR** 12.86 5.60 -56.5 8.9InvDyCrOppA **XTA** 10.98 NA NA NAInvSmrlnTr **VWR** 3.91 3.96 +13 13.0Nuveen Credit Strat Inc **JQC** 5.85 5.67 -3.1 11.3Nuveen CtryQltyMlnCrt **NAC** 12.13 11.77 -9.7 6.6NuVjNvlt **JFR** 9.19 8.63 -6.1 11.4

52 wk Fund (SYM) NAV Close/Disc Ret

High Yield Bond Funds

abrdn Inc Credit Strt **ACP** 6.42 6.09 -5.1 19.7AllianceBernerGlnHlf **AWF** 11.36 10.77 -5.2 7.4Allspring Income Optpy **APO** 7.39 6.97 -5.7 9.0Barings Gld SD Hyd **BGH** 16.04 15.80 -15 9.7BR Corporate HY **HYT** 9.69 9.78 +0.9 5.9DoubleLine Opp Crtr **BLW** 14.20 14.28 +17 9.3BNY Mellon Hldg Dl **DLY** 15.99 15.86 -0.8 9.2First Trust HY Opp2021 **FTHY** 15.28 14.50 -5.1 10.7Franklin Univ **FT** 8.24 7.56 -8.3 6.9First Trust Hdg Strtl **FTI** 11.19 NA NA 11.5

Specialized Equity Funds

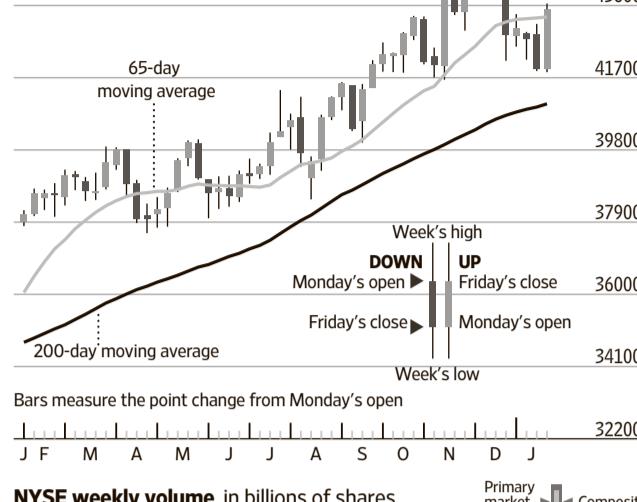
abrdn Global Infra Inc **ASG** 19.47 18.11 -7.0 15.2Adams Natural Resrcs **PEO** 26.19 23.86 -8.9 28.9ASA Gold & Prec Mt **ASA** 24.25 21.81 -10.1 5.1BlackRock Energy & Powr **BGR** 14.54 13.47 -7.4 20.1BlackRock Eqn Div **BDJ** 9.21 8.66 -6.0 21.6BlackRock Eqn Div **BIE** 12.20 11.24 -7.9 21.1BlackRock Eqn Div **BIG** 5.95 5.44 -8.6 12.3BlackRock Eqn Div **BIL** 17.60 16.66 -5.3 21.7BlackRock Hldg Srt **BME** 16.64 15.27 -8.2 14.5BlackRock Hldg Srt **BME** 1.87 1.84 -9.2 20.9BlackRock InvnEqy **BIGZ** 8.61 7.82 -9.2 20.9BlackRock InvnEqy **BIGZ</b**

## MARKETS DIGEST

## Dow Jones Industrial Average

**43487.83** ▲ 1549.38, or 3.69% last week  
High, low, open and close for each of the past 52 weeks

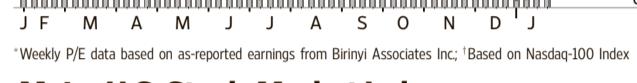
Current divisor 0.16268413125742



Bars measure the point change from Monday's open

J F M A M J J A S O N D J

NYSE weekly volume, in billions of shares Primary market ► Composite



Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

## Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	52-Week Low	Close (●)	High	% chg	% chg	YTD 3-yr. ann.
Dow Jones											
Industrial Average	43653.25	41844.89	<b>43487.83</b>	1549.38	▲ 3.69	37735.11	●	45014.04	<b>14.9</b>	2.2	<b>6.6</b>
Transportation Avg	16634.21	15785.46	<b>16431.26</b>	507.84	▲ 3.19	14781.56	●	17754.38	<b>5.4</b>	3.4	<b>1.1</b>
Utility Average	1018.24	953.26	<b>1012.54</b>	40.29	▲ 4.14	829.38	●	1079.88	<b>18.8</b>	3.0	<b>2.0</b>
Total Stock Market	59869.67	57338.55	<b>59691.25</b>	1806.75	▲ 3.12	48223.97	●	60836.59	<b>23.8</b>	2.2	<b>8.1</b>
Barron's 400	1301.62	1231.07	<b>1298.16</b>	56.50	▲ 4.55	1060.09	●	1356.99	<b>22.5</b>	3.7	<b>6.5</b>
Nasdaq Stock Market											
Nasdaq Composite	19709.64	18831.91	<b>19630.20</b>	468.57	▲ 2.45	15164.01	●	20173.89	<b>28.2</b>	1.7	<b>9.6</b>
Nasdaq-100	21515.76	20538.33	<b>21441.15</b>	593.57	▲ 2.85	17037.65	●	22096.66	<b>23.8</b>	2.0	<b>11.2</b>
S&P											
500 Index	6014.96	5773.31	<b>5996.66</b>	169.62	▲ 2.91	4839.81	●	6090.27	<b>23.9</b>	2.0	<b>8.7</b>
MidCap 400	3251.00	3075.26	<b>3239.76</b>	140.29	▲ 4.53	2732.18	●	3390.26	<b>18.2</b>	3.8	<b>5.2</b>
SmallCap 600	1448.19	1366.12	<b>1441.99</b>	60.05	▲ 4.35	1241.62	●	1544.66	<b>13.5</b>	2.4	<b>1.3</b>
Other Indexes											
Russell 2000	2289.97	2158.63	<b>2275.88</b>	86.65	▲ 3.96	1937.24	●	2442.03	<b>17.0</b>	2.1	<b>1.7</b>
NYSE Composite	19673.71	18857.23	<b>19607.37</b>	644.36	▲ 3.40	16729.55	●	20272.04	<b>17.2</b>	2.7	<b>4.4</b>
Value Line	628.60	599.58	<b>626.70</b>	22.42	▲ 3.71	568.94	●	656.04	<b>9.0</b>	2.6	<b>-1.9</b>
NYSE Arca Biotech	6090.72	5912.47	<b>5987.30</b>	70.96	▲ 1.20	4861.76	●	6154.34	<b>15.1</b>	4.2	<b>4.4</b>
NYSE Arca Pharma	944.07	910.77	<b>912.71</b>	-28.37	▲ -3.02	711.71	●	1140.17	<b>-3.8</b>	-2.3	<b>4.4</b>
KBW Bank	136.41	125.71	<b>136.28</b>	10.33	▲ 8.20	92.30	●	138.78	<b>44.8</b>	6.9	<b>-2.5</b>
PHLX\$ Gold/Silver	148.28	141.36	<b>147.04</b>	1.72	▲ 1.18	102.94	●	175.74	<b>30.2</b>	7.2	<b>4.6</b>
PHLX\$ Oil Service	79.19	73.74	<b>78.57</b>	4.940	▲ 6.71	68.88	●	95.25	<b>0.3</b>	8.2	<b>6.5</b>
PHLX\$ Semiconductor	5319.68	4929.93	<b>5309.74</b>	272.27	▲ 5.40	4260.92	●	5904.54	<b>21.3</b>	6.6	<b>10.8</b>
Cboe Volatility	22.04	15.53	<b>15.97</b>	-3.57	▲ -18.27	11.86	●	38.57	<b>20.1</b>	-8.0	<b>-5.9</b>

\$ Nasdaq PHLX

## S&amp;P 500 Index

**5996.66** ▲ 169.62, or 2.91% last week  
High, low, open and close for each of the past 52 weeks

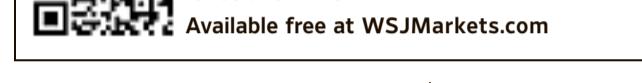
Trailing P/E ratio \* 24.79 22.33  
P/E estimate \* 23.43 21.47  
Dividend yield \* 1.26 1.51  
All-time high 6090.27, 12/06/24



Bars measure the point change from Monday's open

J F M A M J J A S O N D J

Primary market ► Composite



Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.; \*Based on Nasdaq-100 Index

Scan this code Available free at WSJMarkets.com

Available free at WSJMarkets.com

## New to the Market

## Public Offerings of Stock

## IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings. U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/ primary exchange	Pricing shares (mil)	Range(\$) Low/High	Bookrunner(s)
1/22	10/17 2023	Maverick Lifestyle Other Tobacco Product Manufacturing	<b>MVRK</b> Nq	1.2	4.50/ 5.00	Joseph Gunnar
1/22	8/12 2024	Toppoint Holdings General Freight Trucking, Local	<b>TOPP</b> A	2.5	4.00/ 6.00	Alliance Global Partners
1/22	10/4 2024	Decent Holding Wastewater Treatment Technology	<b>DXST</b> Nq	0.0	4.00/ 4.50	Craft Capital Management; EF Hutton
1/24	12/5 2024	FBS Global Commercial and Institutional Building Construction	<b>FBGL</b> Nq	0.0	4.50/ 5.00	WallachBeth Capital

## Lockup Expirations

Below, companies whose officers and other insiders will become eligible to sell shares in their newly public companies for the first time. Such sales can move the stock's price.

Lockup expiration	Issue date	Symbol	Offer price(\$)	Offer amt (\$ mil)	Through Friday (%)	Lockup provision
Jan.19	July 24, '24	<b>BLOMZ</b>	4.30	5.4	<b>-87.9</b>	180 days
	July 24, '24	<b>OS</b>	20.00	563.5	<b>43.2</b>	180 days
Jan.20	July 25, '24	<b>CONC</b>	23.50	546.4	<b>-10.1</b>	180 days
	July 25, '24	<b>LINE</b>	78.00	5102.3	<b>-25.4</b>	180 days
	July 25, '24	<b>ORKT</b>	4.75	15.0	<b>-76.4</b>	180 days
Jan.21	July 26, '24	<b>NIPG</b>	9.00	21.9	<b>-20.7</b>	180 days
Jan.22	Jan. 24, '24	<b>MSDL</b>	20.67	103.4	<b>3.7</b>	365 days
Jan.23	Jan. 25, '24	<b>NCDL</b>	18.05	99.3	<b>-6.5</b>	365 days

Sources: LSEG Data and Analytics; Dow Jones Market Data

## Nasdaq Composite

**468.57**, or 2.45% last week

19600

19300

19000

18700

18400

18100

17800

17500

17200

16900

16600

16300

16000

15700

15400

15100

14800

14500

14200

13900

13600

13300

## BUSINESS &amp; FINANCE

## Big Banks Settle Cash Rate Probe

*Continued from page B1*  
uirements. Regulators and plaintiffs' attorneys representing clients started looking into whether paying minimal interest on sweep accounts ran afoul of these requirements.

The SEC said Merrill and Wells Fargo didn't have proper policies and procedures in place to prevent violations of a key law that requires financial advisers to act in a client's best interest. The banks didn't admit or deny the allegations.

"Our agreement with the SEC puts this broader industry matter behind us, and as the settlement states, we have already successfully addressed the issues covered by the resolution," a Wells Fargo spokeswoman said.

"Merrill took several significant steps before becoming aware of the commission's investigation, including increasing the rates paid to advisory clients," a company spokesman said.

Bank of America, Morgan Stanley and Wells Fargo last

year substantially raised the rates they pay on cash in these advisory accounts, where clients pay a management fee instead of commissions on trades. Bank of America's Merrill unit, for instance, went from paying effectively nothing to shelling out about 4.2%.

Paying more costs the banks money. In October, Wells Fargo said paying these customers more shaved \$128 million off the bank's quarterly profit from interest.

Morgan Stanley has said the SEC has asked for information about its sweep accounts.

Money in accounts overseen by financial advisers makes up about 10% to 20% of the \$2 trillion sweeps market, according to Crane.

The rest of that money sits in brokerage accounts that aren't subject to adviser requirements, and those accounts are still earning little. The average rate on sweep deposits under \$250,000 fell after the Fed started cutting rates last year and is now 0.4%, according to Crane Data.

At some brokerage firms, including **Charles Schwab** and **LPL Financial**, low-yielding sweep accounts generate a huge portion of overall revenue, said Jeff Schmitt, an analyst at William Blair.

## Hedge-Fund Fees Eat Up Half Of Clients' Profits, Report Says

New research puts spotlight on the worsening ratio of fees to performance

By CAITLIN McCABE

Hedge-fund investors often gripe about high fees. A new report puts the problem in sharp relief.

Just over half of the industry's total gross performance was eaten away by fees over the past two decades, according to LCH Investments.

That compares with about 30% between 1969 and the early 2000s, said the company, which manages and advises on investments in hedge funds on behalf of investment firm Edmond de Rothschild and other investors.

"This increase in the proportion of gross gains being paid away in fees is clearly not to the advantage of investors," said Rick Sopher, chairman of LCH.

Viewed another way, hedge

funds have earned \$3.72 trillion since the late 1960s—and kept nearly \$1.8 trillion of that in fees.

The worsening ratio of fees to gains reflects how hedge-fund returns have moderated in recent years, while fees, especially fixed management charges, have crept higher.

Many firms take a management fee of 2% of assets, plus a performance fee equating to 20% of fund profits.

Some outfits, including behemoth "multimanager" firms such as Citadel, charge much more.

LCH released the findings alongside its annual "Great Money Managers" ranking of hedge funds, based on the lifetime gains they have generated, in dollars, for clients.

Some key findings:

◆ New York-based **D.E. Shaw** was on top for 2024, making investors \$11 billion after fees for the year.

◆ Citadel remained the most profitable money manager since inception, earning clients \$83 billion since 1990. In 2024, it returned \$9 billion in net gains to clients.

◆ London-based **Marshall Wace** made LCH's list for the first time. It made \$4.5 billion in net gains last year, and \$29.5 billion since starting in 1997.

◆ The top 20 managers, a group that also includes **Millennium Management**, **Bridgewater Associates** and **Elliott Management**, oversee about 20% of industry assets but are responsible for a higher share of gains. In 2024, LCH estimates that 32% of industrywide net gains were made by those top firms.

LCH compiles the report based on meetings with managers, audited and management reports, internal estimates and other confidential sources.

The firm has invested in many of the funds on the list since 1969.

Industry fees have long been contentious. In an open letter last year, dozens of large investors in hedge funds demanded changes to how managers are paid.

On fees, LCH found:

◆ The top 20 managers have kept 34.3% of gross gains, less than the rest of the industry.

◆ That reflects "higher gross returns, more stable capital bases and their tendency not to generate large drawdowns," Sopher said.

The lower fee ratio is notable because many of the top 20 firms are multimanager firms.

They typically charge investors the costs of running their funds, including items such as signing bonuses and technology, in a "pass-through" fee model.

## Funds Look To Keep '24 Momentum

*Continued from page B1*  
delivering middling returns. Even with last year's strong outturn, the hedge-fund industry still delivered less than half of the S&P 500's 25% total return, including dividends.

Hedge-fund firms say they aren't simply trying to beat indexes. Instead, they focus on making money no matter if broader markets rise or fall. Their appeal to big investors, such as pension funds and endowments, is that they try to protect money during down-

turns and generate returns that aren't correlated to investors' other holdings.

That could be particularly important this year, when markets might face a bumpier ride as global central-bank policy diverges and a new U.S. president takes office. Many hedge-fund managers say higher volatility could yield big investment gains—so long as they are positioned correctly.

Rob Christian, head of absolute return strategies at Franklin Templeton Investment Solutions, said his unit's hedge-fund portfolio logged its best performance in five years in 2024. The unit invests more than \$10 billion of client money into hedge funds.

His team typically rebalances hedge-fund allocations at year-end, Christian said, but this time is putting more money

with managers it thinks have further to run. "We're pressing our winners," he said.

That includes long-short equity hedge funds that bet on and against stocks. Anticipating dealmaking will pick up, his team has also marginally increased exposure to merger-arbitrage funds, he said.

The year's best-performing strategy: funds trading technology, media and telecoms stocks, which averaged a nearly 23% return, according to the Pivotal-Path data. Those buying and selling distressed credit also did well, as did quantitative stock funds. Those two strategies averaged between 15% and 16%.

Dispersion in equity markets was high, meaning there was a lot of variation in the returns from holding different stocks. That aided firms that focus on shares, giving skillful stock

pickers more room to outpace competitors and indexes by picking standout winners or shorting potential losers. Elsewhere, esoteric markets such as Argentine debt, bankruptcy claims tied to defunct crypto exchange FTX and commodities like copper also yielded opportunities.

Some notable performances, according to people familiar with the matter and figures seen by The Wall Street Journal, include:

◆ **Rokos Capital Management** gained 30.7%, according to people familiar with the matter, helped by prescient bets that investors were too optimistic about Federal Reserve rate cuts in 2024. London-based Rokos manages about \$19 billion.

◆ Florida-based **Infinitum** gained about 72%. The firm, which oversees about \$250 million, takes long and short positions in technology stocks. Its largest position last year was in Singapore-based Sea, a tech conglomerate whose shares more than doubled last year.

◆ **Castle Hook** was up more than 60%. It was one of a number of firms that piled into the "AI power trade." It also benefited from a postelection rally in the U.S. dollar and falling U.S. bond prices.

◆ The main fund of London-based **Helikon**, a long-short firm managing more than \$4 billion, gained nearly 62%. Big holdings included **Eurobank Ergasias** of Greece, whose shares surged 39%.

◆ Multimanager firms, or "pod shops," had another strong year. Among the biggest players, **Point72** made 19%. The firm told clients that it would hand back as much as \$5 billion this year. Meanwhile, **Millennium Management** and **Citadel**'s flagship fund both returned about 15%.

◆ Comparatively smaller multimangers rebounded after a lackluster 2023. Walleye Capital, which manages \$77 billion, gained 17.8%. Schonfeld Strategic Advisors, which oversees around \$12 billion, returned 19.7% in its flagship fund.

From the late 1990s through the aftermath of the global financial crisis, hedge funds often averaged double-digit-percentage annual returns. But that changed as the easy monetary policy of the 2010s tamped down market volatility, and the industry largely shifted from focusing on big, swashbuckling bets to generate steadier returns with a closer eye on risk management.

Swaths of capital flowed into multimanager firms such as Citadel and Millennium, and star traders—who historically might have struck out on their own—joined the firms. Meanwhile, hundreds of hedge funds shut their doors.

There are some signs this might be reversing, said Jon Capilis, chief executive of Pivotal-Path. He tracks what he calls high-quality hedge-fund debuts, or firms launched by founders leaving managers who oversee \$1 billion or more, and expects to see 145 of these from the start of 2024 through the second quarter of 2025.

The average launch size is \$300 million, he said. "These are very healthy launches."

## KPMG Seeks U.S. Law Firm

*Continued from page B1*  
portunity to streamline and expand the work it does for clients, while also allowing it to use artificial-intelligence tools to perform work that would otherwise be outsourced to a traditional law firm.

"We believe that the types of services that we're going to bring to market, assuming we get our final permission, are very much adjacent to services that we provide today and really address that client pain point head-on," said Christian Athanasoula, leader of KPMG's U.S. tax practice.

The Arizona Supreme Court will consider final approval for KPMG Law later this month. The high court has signed off on all of the applications recommended by the committee, but occasionally has sent an application back for more questions.

KPMG already practices law in roughly 80 countries, including the U.K. and Australia. Those businesses have grown in part through acquisitions of small and midsize law firms. The U.S. represents the largest law market in the world.

"This is just more frosting on the cake for KPMG and the firm trying to get a big piece of the law marketplace," said Michele DeStefano, a law professor at the University of Miami.

KPMG is the smallest of the Big Four firms, with \$38.4 billion in global revenue for fiscal 2024. Tax and legal services was its fastest-growing division for the year, growing 10% year over year to \$8.7 billion.

Other operations provide legal services ranging from estate planning to online counseling through platforms such as Rocket Lawyer. A handful provide the kind of legal assistance to limited-income clients that the state originally envisioned.

The idea of nonlawyers owning firms has been hotly debated for decades. Critics say lawyers have ethical obligations to their clients, and a nonlawyer owner could give priority to profit instead.

Richard Lewis, former president of the New York State Bar Association, said KPMG's entry in the legal marketplace would raise concerns and could lead to conflicts of interest for the accounting firm.

"It is a threat to the legal profession," Lewis said. "They will be able to undercut and take shortcuts. They aren't held to the same standards."

KPMG says that if and when its Arizona-licensed lawyers work in other jurisdictions, it plans to enter into co-counsel relationships with attorneys licensed in other states.

**Watch a Video: What Trump 2.0 Means For Banks, Crypto and More**



Scan this code for a podcast with Meg Tahyar, head of the Financial Institutions Group at law firm Davis Polk, on what is ahead for banking regulation in a second Trump administration.

### Insider-Trading Spotlight

Trading by 'insiders' of a corporation, such as a company's CEO, vice president or director, potentially conveys new information about the prospects of a company. Insiders are required to report large trades to the SEC within two business days. Here's a look at the biggest individual trades by insiders, based on data received by LSEG Data and Analytics on January 17, and year-to-date stock performance of the company

**KEY:** B: beneficial owner of more than 10% of a security class C: chairman CEO: chief executive officer CFO: chief financial officer CO: chief operating officer D: director DOI: director and beneficial owner GC: general counsel H: officer, director and beneficial owner I: indirect transaction filed through a trust, insider spouse, minor child or other O: officer OD: officer and director P: president UT: unknown VP: vice president Excludes pure options transactions

### Biggest weekly individual trades

Based on reports filed with regulators this past week

Date(s)	Company	Symbol	Insider	Title	No. of shrs in trans (000s)	Price range (\$ in transaction	\$ Value (000s)	Close (\$)	Ytd (%)
<b>Buyers</b>									
Jan. 8									
Jan. 8-10	Sonida Senior Living	SNDA	M. Simanovsky	DOI	42	21.31-21.34	898	22.48	-2.6
Jan. 13-14	Cartesian Therapeutics	RNAC	T. Springer	DO	21	16.86-18.00	366	19.29	7.7
Jan. 14	Cogent Biosciences	COGT	C. Pinnow	O	44	7.60	332	8.03	2.9
Jan. 16	Neogen	NEOG	J. Adent	CEO	23	11.03	254	11.56	-4.8
Jan. 16			D. Naemura	CFO	15	11.11	164		
Jan. 13	Avadel Pharmaceuticals	AVDL	E. Ende	D	30	7.84	235	7.75	-26.3
Jan. 13			P. Thornton	D	10	8.05	80		
Jan. 10-13	Generation Bio	GBIO	A. Quinn	D	211	.96-.97	203	0.95	-10.6
Jan. 8-10	FB Financial	FBK	J. Ayers	B	4	48.46-50.26	197	52.40	1.7
Jan. 13	Lamb Weston Holdings	LW	R. Niblock	D	3	60.94	183	60.08	-10.1
Jan. 10	RE/MAX Holdings	RMAX	A. Peterson	BL	12	9.64	114	9.99	-6.4
Jan. 13	Cosmos Health	COSM	G. Siokas	CEO	164	.61	100	0.86	28.2
Jan. 14			G. Siokas	CEO	87	.69	60		
Jan. 15			G. Siokas	CEO	63	.80	50		
Jan. 15	Anixa Biosciences	ANIX	A. Kumar	CEO	43	2.23	96	2.41	3.9
Jan. 7	Potbelly	PBPB	D. Nierenberg	B	8	9.23-9.24	70		

## MARKETS

## Investors Edgy as Stocks Rally

*Continued from page B1*

Cuts. Larger deficits mean the Treasury Department will need to issue more debt, and additional supply can diminish the value of existing bonds. Bond prices rise when yields fall.

Investors will parse a robust slate of earnings this week from the likes of companies such as **Netflix**, **Procter & Gamble** and **American Express** as they try to gauge whether corporate earnings can keep the stock-market rally going.

Exuberance among individual investors has cooled as of late.

Bullish sentiment, measured as the expectation that stocks will rise over the next six months, fell to its lowest level since November 2023, according to the latest American Association of Individual

Investors survey.

We expect "a lot more index-level volatility driven more by policy coming out of Washington," said Kevin Gordon, senior investment strategist at Charles Schwab. "That's clearly going to be the differentiator for 2025 than it was in 2024."

Among other potentially worrisome signs, shares of the tech titans have tumbled in recent weeks, weakening a pillar of the gang-busters rally of the past two years.

The Magnificent Seven technology stocks—**Alphabet**, **Amazon.com**, **Apple**, **Meta Platforms**, **Microsoft**, **Nvidia** and **Tesla**—have shed about \$620 billion collectively in market value over the past month.

Stocks could be sensitive to rising yields now because they were already looking expensive by historical standards.

The S&P 500 was recently

trading at 22 times its expected earnings over the next 12 months, above its 10-year average of 18.5 times.

Some investors also worry that a rise in benchmark yields, which set the borrowing costs for things such as homes and student loans, could put more pressure on cash-strapped Americans and test the U.S. economy's resilience.

Recent data show the economy remains on solid footing. That bodes well for stocks longer term, even if that strength is accompanied by a jump in yields, some investors say.

"There's been scenarios plenty of times in the past where rising rates are not bad for stocks," said Shana Sissel, chief executive at Banion Capital Management. "If the economy can do fine in a higher-rate environment, then why would we think that's not going to be good for stocks?"

A blockbuster jobs report for December revealed that hiring activity raced past expectations, indicating that the labor market is still strong and might even be gaining steam.

On the earnings front, **JPMorgan Chase** reported a 50% surge in net income for its most recent quarter, while profit at **Goldman Sachs** more than doubled. Executives reported that big corporate clients are ravenous for capital to fuel big-ticket investments.

Companies have already kicked off the year with a fresh wave of deals.

**JCPenney** said it has merged with Sparc Group, which owns such brands as Brooks Brothers and Eddie Bauer.

**Getty Images Holdings** and **Shutterstock** are combining to form a \$3.7 billion company. **Constellation Energy** agreed to buy power company Calpine for \$16.4 billion. "We no longer need the Fed to be aggressive in cutting rates. That feels [like] Goldilocks," said Mark Hackett, chief market strategist at Nationwide.

## Startup to Test U.S. Lithium Production

BY RHIANNON HOYLE

water or chemicals, or needing to ship it to a refinery for additional processing.

"And what that means is we can go to Utah, Louisiana, Arkansas, and we can go to brines that are not economic or not viable, and we can get lithium from them," McGill said.

As for many critical minerals, China plays an outsize role in processing lithium—importing raw forms that it refines into compounds such as lithium hydroxide for use in batteries. Around two-thirds of the world's lithium is refined in China. The U.S. and its allies have sought to build more diverse supply chains as the energy transition accelerates.

The round was led by Main Sequence, a fund founded by Australia's national science agency. ElectraLith is developing technology that McGill said would produce battery-grade lithium hydroxide from a variety of sources without using

Companies have already kicked off the year with a fresh wave of deals.

**JCPenney** said it has merged with Sparc Group, which owns such brands as Brooks Brothers and Eddie Bauer.

**Getty Images Holdings** and **Shutterstock** are combining to form a \$3.7 billion company. **Constellation Energy** agreed to buy power company Calpine for \$16.4 billion. "We no longer need the Fed to be aggressive in cutting rates. That feels [like] Goldilocks," said Mark Hackett, chief market strategist at Nationwide.

### THE TICKER | MARKET EVENTS COMING THIS WEEK

**Tuesday****Earnings expected**

Estimate/Year Ago

3M 1.66/2.02

Capital One Financial 2.83/2.24

Charles Schwab 0.91/0.68

D.R. Horton 2.35/2.82

Netflix 4.21/2.11

Prologis 0.71/0.68

**Mort. bankers indexes**

Purch., previous

up 27.0%

Refinan., prev. up 44.0%

**Earnings expected**

Estimate/Year Ago

Abbott Laboratories 1.34/1.19

Amphenol 0.50/0.41

GE Vernova 2.30/1.70

Johnson &amp; Johnson 2.00/2.29

Kinder Morgan 0.34/0.28

Procter &amp; Gamble 1.86/1.84

**Freddie Mac mortgage survey**

Previous weekly averages

30-year fixed

7.04%

**Earnings expected**

Estimate/Year Ago

CSX 0.42/0.45

Elevance Health 3.98/5.62

GE Aerospace 1.04/0.82

Intuitive Surgical 1.77/1.60

Texas Instruments 1.21/1.49

Union Pacific 2.79/2.71

**Friday****Existing home sales**

Nov., previous

4.15 mil.

Dec., expected

4.20 mil.

15-year fixed 6.27%

Jan., prelim 73.2

Jan., final 73.2

**U.Mich. consumer index**

Previous

217,000

Expected 215,000

Initial jobless claims

Estimate/Year Ago

American Express 3.03/2.62

First Citizens 38.96/46.58

BancShares 1.04/0.82

HCA Healthcare 6.14/5.90

NextEra Energy 0.52/0.52

Verizon Communications 1.09/1.08

**Thursday****EIA report: natural-gas**

Previous change in stocks in billions of cubic feet

down 258

\* FactSet Estimates earnings-per-share estimates don't include extraordinary items (Losses in parentheses) ▲ Adjusted for stock split

Note: Forecasts are from Dow Jones weekly survey of economists

**Wednesday****EIA status report**

Previous change in stocks in millions of barrels

Crude-oil stocks down 2.0

Gasoline stocks up 5.9

Distillates up 3.1

**Leading indicators**

Nov., previous

up 0.3%

Dec., expected down 0.1%

down 0.1%

Note: Forecasts are from Dow Jones weekly survey of economists

**Friday****Existing home sales**

Nov., previous

4.15 mil.

Dec., expected

4.20 mil.

15-year fixed 6.27%

Jan., prelim 73.2

Jan., final 73.2

U.Mich. consumer index

Previous

217,000

Expected 215,000

Initial jobless claims

Estimate/Year Ago

American Express 3.03/2.62

First Citizens 38.96/46.58

BancShares 1.04/0.82

HCA Healthcare 6.14/5.90

NextEra Energy 0.52/0.52

Verizon Communications 1.09/1.08

Earnings expected Estimate/Year Ago

American Express 3.03/2.62

First Citizens 38.96/46.58

BancShares 1.04/0.82

HCA Healthcare 6.14/5.90

NextEra Energy 0.52/0.52

Verizon Communications 1.09/1.08

Earnings expected Estimate/Year Ago

American Express 3.03/2.62

First Citizens 38.96/46.58

BancShares 1.04/0.82

HCA Healthcare 6.14/5.90

NextEra Energy 0.52/0.52

Verizon Communications 1.09/1.08

Earnings expected Estimate/Year Ago

American Express 3.03/2.62

First Citizens 38.96/46.58

BancShares 1.04/0.82

HCA Healthcare 6.14/5.90

NextEra Energy 0.52/0.52

Verizon Communications 1.09/1.08

Earnings expected Estimate/Year Ago

American Express 3.03/2.62

First Citizens 38.96/46.58

BancShares 1.04/0.82

HCA Healthcare 6.14/5.90

NextEra Energy 0.52/0.52

Verizon Communications 1.09/1.08

Earnings expected Estimate/Year Ago

American Express 3.03/2.62

First Citizens 38.96/46.58

BancShares 1.04/0.82

HCA Healthcare 6.14/5.90

NextEra Energy 0.52/0.52

Verizon Communications 1.09/1.08

Earnings expected Estimate/Year Ago

American Express 3.03/2.62

First Citizens 38.96/46.58

BancShares 1.04/0.82

HCA Healthcare 6.14/5.90

NextEra Energy 0.52/0.52

Verizon Communications 1.09/1.08

Earnings expected Estimate/Year Ago

American Express 3.03/2.62

First Citizens 38.96/46.58

BancShares 1.04/0.82

HCA Healthcare 6.14/5.90

NextEra Energy 0.52/0.52

Verizon Communications 1.09/1.0

# HEARD ON THE STREET

FINANCIAL ANALYSIS &amp; COMMENTARY

## Nintendo Sticks to Its Winning Formula

Past product launches hold valuable lessons for the company as gamers get an early look at the long-awaited Switch 2



PHILIP FONG/AFP/GETTY IMAGES

Nintendo's shares have surged 15% in the past three months, and remain just below record highs.

**Nintendo** knows a thing or two about sequels. With the long-awaited Switch 2, it has decided not to mess with a winning formula.

The Japanese gaming giant unveiled its highly anticipated console on Thursday, though only through a 141-second trailer. frustratingly little has been disclosed: There were no details on pricing, tech specifications, game lineup or a launch date. But from the brief glimpse offered, the new console looks conspicuously similar to its predecessor with a few improvements: a larger screen, an extra USB-C port and magnetically attached controllers.

The innovative design of the original Switch—combining a hand-held device with a home console—has proved to be a money spinner for Nintendo. The company has sold 146 million units of Switch, making it the third-best-selling videogame console ever, after the PlayStation 2 and the hand-held Nintendo DS. More important, Nintendo sold 1.3 billion game copies for Switch—the most for any of its consoles.

So it makes sense for Nintendo to stay the course. The last time the company had a smash hit, selling 102 million Wii consoles, Nintendo followed up with a flop. The

confusingly named Wii U, hampered by a weak game lineup and muddled marketing, kept Nintendo in the red and led to operating losses in fiscal 2013 and 2014, and the company never really recovered until the Switch arrived.

Investors, however, seem disappointed by the announcement: Nintendo's stock dropped 4.3% on Friday. Still, Nintendo's shares have surged 15% in the past three months, and remain just below record highs.

Ultimately, the success of the new consoles will depend on games. Nintendo's platforms live and die by their first-party titles, and the trailer seems to suggest a new "Mario Kart" is coming. The racing game was Switch's best-selling title, with 64 million copies sold, so it is a good choice for the launch.

Nonetheless, Nintendo will need to deliver a broad and compelling game lineup to persuade gamers to upgrade.

This highlights how intellectual property is Nintendo's real competitive advantage. Its venture into filmmaking with the smash hit "Super Mario Bros. Movie" points to the same. Nintendo's back catalog of games and characters, not hardware design, is what sets it truly apart. —Jacky Wong

## Beaten Down Under Biden, Drug-Sector Hopes for New Start

The past two years have been punishing for the biotech and pharma space.

As Wall Street chased the artificial-intelligence boom, drugmakers were left behind, with pharma stocks trading at a major discount to the broader market. The SPDR S&P Biotech ETF, meanwhile, was basically unchanged last year despite huge gains for innovation counterparts in the tech sector.

Politics hasn't helped. After decades of wielding significant influence in Washington, the pharma lobby suffered a major blow when the Biden administration pushed through Medicare's drug-price negotiation law.

Now as Donald Trump takes office, the industry is cautiously optimistic that its fortunes might finally begin to shift—or at least not get any worse. At last week's annual JPMorgan Healthcare Conference in San Francisco, industry executives pointed to Trump's promises to cut taxes and to crack down on pharmacy-benefit managers as evidence that his policies might benefit the industry as a whole.

While Trump's victory and his decision to name Robert F. Kennedy Jr. as his top health official initially unsettled executives and investors, many are now warming up to the new administration. No one is betting that Trump will suddenly fall in love with big

pharma. During his first administration he repeatedly railed against the industry and tried to pass a rule linking some Medicare drug prices to international drug prices. But at this point an unpredictable leader, some argue, is better than a predictably unfriendly one.

During a lunch with reporters in San Francisco, **Pfizer** Chief Executive Albert Bourla was particularly blunt, describing the previous administration as heavily influenced by progressive priorities on everything from taxes to antitrust. By contrast, Bourla noted that the Trump administration appears more inclined to address misaligned incentives for PBMs, which act as drug middlemen, rather than pursuing sweeping drug-pricing legislation.

"He doesn't like, of course, that here people are paying a lot for their medicines compared to Germany," said Bourla, who dined with Trump at Mar-a-Lago last month. "But he appreciates that here there is the middleman that is inflating the out-of-pocket [cost] disproportionately."

While Bourla's optimism may reflect a degree of wishful thinking, it was widely shared by many at the conference. The relative optimism is grounded in a harsh reality: For the pharma industry, it is hard to imagine an administration more challenging than Bi-

den's. Just Friday, the Biden administration announced 15 additional drugs, including Ozempic/Wegovy, that will face Medicare price negotiations under the Inflation Reduction Act (IRA). Together, these drugs represent \$41 billion in annual Medicare spending, with officials touting the potential for significant savings.

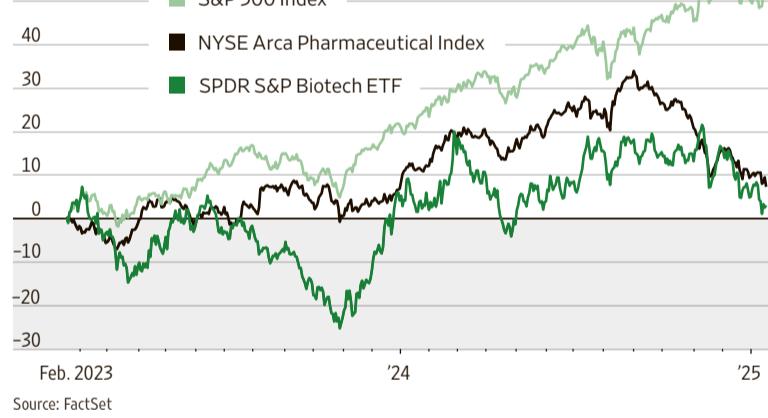
It isn't clear whether the Trump administration will ease up on the IRA negotiation process, said Shawn Maree Bishop, a former top health adviser to the Senate Finance Committee. But members of the industry are hopeful that the White House could work with Congress to modify the IRA. For instance, noted Bishop, now a senior adviser at Akin Gump Strauss Hauer & Feld, the industry may be hoping for a pause in negotiations altogether or for changes to what they call the law's "pill penalty," a provision that requires small molecules to face negotiation four years sooner than biologics.

Concerns about the incoming administration remain, however, particularly given Kennedy's rhetoric on vaccines and drugs more broadly. But even on that front, the thinking in some corners is that Kennedy's more-extreme impulses could be somewhat tempered. Last week, The Wall Street Journal reported that two vaccine skeptics who had been advising



Pfizer CEO Albert Bourla appeared at a Wall Street Journal event last year.

### Two-year performance



Kennedy have been sidelined by Trump transition officials. Some believe he might be steered toward focusing on other issues, like food safety or fluoride, while more industry-friendly voices could play a larger role in shaping policy.

The NYSE Arca Pharmaceutical Index isn't exactly a screaming

bargain at 14.6 times forward earnings, according to FactSet. But that is a discount to its five-year average of 15.2 times, and well below the S&P 500's lofty 21.7 times. Trump's policies are unpredictable on many fronts; at least in healthcare some pessimism is already priced in.

—David Wainer

CONNECT  
YOUR BUSINESS  
TO GLOBAL  
MARKETS



Visit the **Invest Qatar**  
Pavilion at Panorama 80

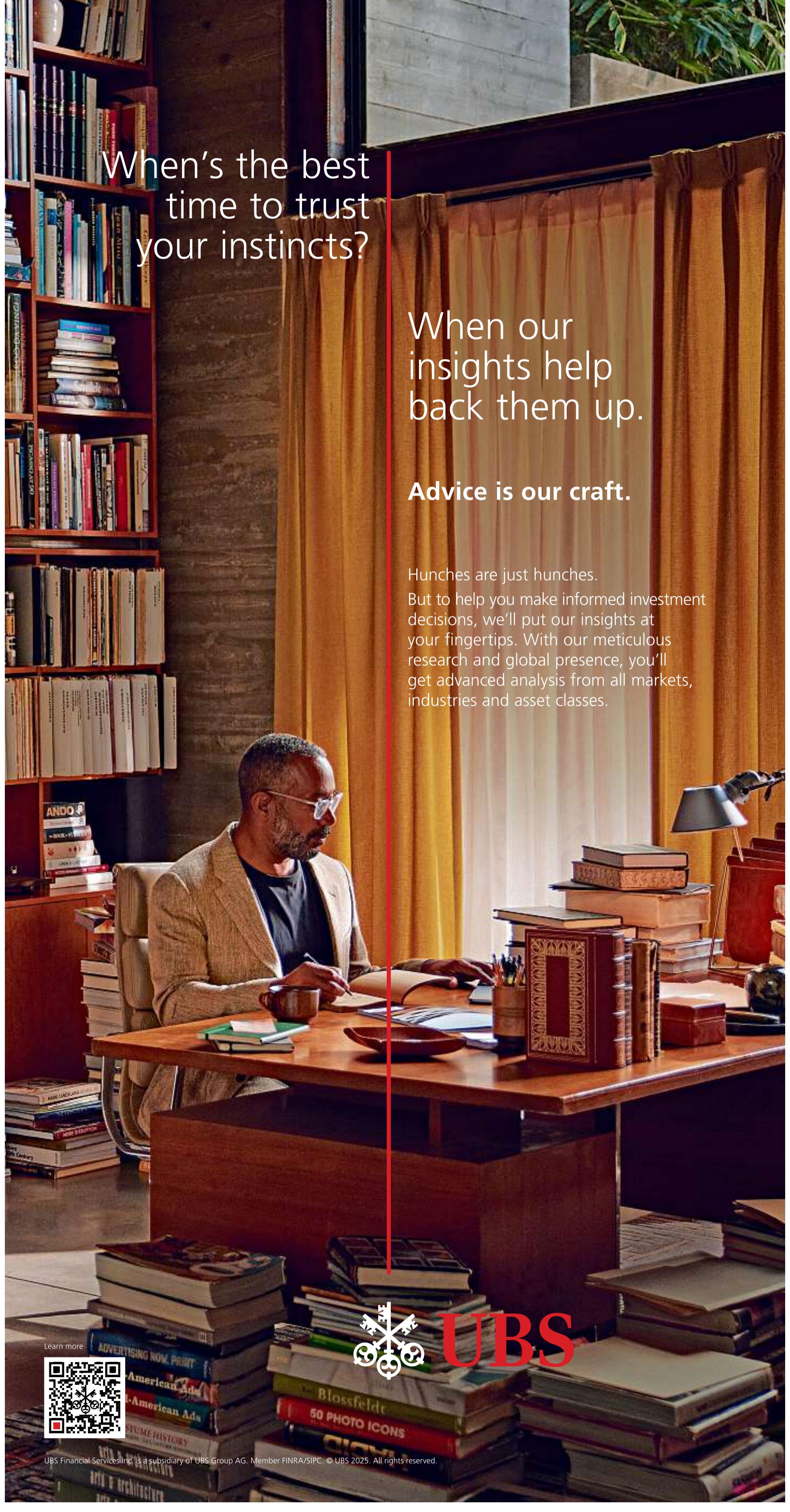


invest  
Qatar

Learn more



invest.qa



When's the best  
time to trust  
your instincts?

When our  
insights help  
back them up.

**Advice is our craft.**

Hunches are just hunches.  
But to help you make informed investment  
decisions, we'll put our insights at  
your fingertips. With our meticulous  
research and global presence, you'll  
get advanced analysis from all markets,  
industries and asset classes.



**UBS**

Learn more



UBS Financial Services Inc. is a subsidiary of UBS Group AG. Member FINRA/SIPC. © UBS 2025. All rights reserved.