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DJIA 36124.56 ▼ 79.88 0.22% NASDAQ 14229.91 ▲ 0.3% STOXX 600 467.62 ▲ 0.4% 10-YR. TREAS. ▲ 30/32, yield 4.171% OIL \$72.32 ▼ \$0.72 GOLD \$2,018.50 ▼ \$5.60 EURO \$1.0800 YEN 147.15

What's News

Business & Finance

◆ **China is trying** to defuse a time bomb of hidden local-government debt that could damage its banking system, as Moody's lowered its outlook on the country's credit rating. **A1**

◆ **In a sign the labor market** may be cooling, the number of available jobs at the end of October fell to the lowest since March 2021, the Labor Department said. **A2**

◆ **The prospect of Fed rate cuts** has helped propel the price of gold to a record—passing a three-year-old mark—as the investing advantage of bonds declines. **B1**

◆ **The FTC is investigating** Exxon Mobil's \$59.5 billion plan to buy Pioneer Natural Resources in what would be the largest oil-and-gas deal in two decades. **B1**

◆ **A group of activist nuns** filed a shareholder lawsuit to pressure Smith & Wesson to drastically change the way it makes and sells its version of the AR-15 rifle. **B1**

◆ **Procter & Gamble** is booking a \$1.3 billion charge on its Gillette business, adjusting the value of a shaving giant that it took over nearly two decades ago. **B3**

◆ **Yields on 10-year notes** fell to their lowest level since the summer. The Nasdaq rose 0.3%, while the S&P 500 and Dow industrials lost 0.1% and 0.2%, respectively. **B11**

◆ **Developers are launching** a series of residential projects in San Francisco, including a 71-story tower, as the city tries to create more housing. **B1**

◆ **Musk's AI company, xAI**, is looking to raise \$1 billion, according to a new filing it made with the SEC. **B4**

World-Wide

◆ **Israeli forces** closed in on southern Gaza's largest city, Khan Younis, in what is becoming a decisive battle of the war with Hamas in the militant's group's last bastion. **A1**

◆ **The Biden administration** said it would restrict travel to the U.S. by extremist Israeli settlers and others it blames for undermining security in the West Bank. **A7**

◆ **The Supreme Court** signaled it was unlikely to impose strict limits on Congress's power to tax income, as it heard arguments in a case challenging principles of the tax code. **A1**

◆ **Senate Democrats** and Republicans headed for a showdown on Ukraine aid as the GOP tied its approval to changes in U.S. immigration policy. **A6**

◆ **Tuberville ended** his monthslong hold on most military promotions that he placed to protest the Pentagon's abortion policy. **A4**

◆ **Rep. McHenry**, who was briefly temporary speaker this year, won't seek re-election. **A4**

◆ **Venezuela is ratcheting up** claims to a swath of its oil-rich neighbor Guyana after Maduro staged a referendum that he said backed him. **A10**

◆ **U.S. negotiators** made a fresh offer to Russia recently for the release of two American prisoners, including the WSJ's Gershkovich, but it was rejected. **A9**

◆ **Republican lawmakers** chastised the presidents of Harvard, MIT and Penn at a hearing about antisemitism on college campuses. **A3**

◆ **The NCAA** unveiled a proposal that would allow Division I schools to pay their athletes for the first time. **A1**

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Storm Spawns Deadly Floods in Southeast India



BEAST OF BURDEN: People used a bullock cart Tuesday to cross a flooded street in Chennai, India, after heavy rains from Tropical Storm Michaung. At least a dozen people were killed from the storm's downpours and heavy winds. **A10**

Wary Justices Signal Doubts About Upending U.S. Tax Code

By JESS BRAVIN AND RICHARD RUBIN

WASHINGTON—The Supreme Court looked unlikely to impose strict new limits on Congress's power to tax income, with some conservative and liberal justices alike signaling wariness about upending long-settled principles of the federal tax code.

Tuesday's arguments involved a relatively small payment required by a one-time charge under the 2017 tax

overhaul. Challengers are seeking a ruling limiting income that can be taxed to money "realized" by taxpayers—that is, cash they receive or in some fashion control, as opposed to a mere increase in the value of their holdings.

Conservative groups behind the case see it as an opportunity for the court to narrow the definition of income taxable under the 16th Amendment, heading off progressive initiatives such as taxes proposed by Democrats on

wealthy people's unrealized capital gains.

But several justices seemed less concerned with hypothetical future taxes than with possible effects on statutes long familiar to investors, tax advisers and businesses. Those include the Internal Revenue Code provision known as Subpart F, which since 1962 has required many American shareholders in foreign corporations to pay taxes on their pro rata portions of those companies' undistributed pas-

sive income. It prevents Americans from placing assets inside foreign corporations as a way of deferring U.S. taxes.

Justice Amy Coney Barrett asked how Subpart F differed from the tax imposed on the plaintiffs, Charles and Kathleen Moore of Redmond, Wash. They are seeking a \$14,729 refund after making a tax payment required by their investment in an India-based company that they say hadn't paid them any money.

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Home From Ukraine, Convicts Sow Havoc

Former prisoners freed to fight by Russia unleash crime wave upon return

By MATTHEW LUXMOORE

In early August, police in Russia's rural northwest were called to the scene of a mass murder. In the charred remains of two homes set ablaze hours earlier, they found the burned, mutilated bodies of six local residents.

News of the massacre shook Derevyannoye, a village of 1,200 people. Most shocking was the identity of one of the two suspects: a repeat offender freed from a maximum-security prison to fight in Ukraine.

Igor Sofonov had been in and out of jail for 20 years by the time he joined Storm Z, a unit of convicts created to bolster Russia's war effort. If he and others survived long enough to complete their six-month contracts, they were promised their freedom through a secretive program of presidential pardons.

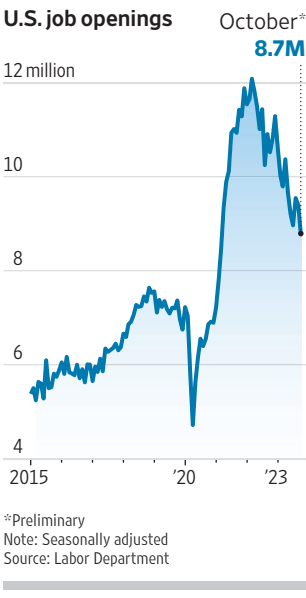
Sofonov survived, and returned to Russia with the remainder of his sentence for

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◆ **U.S. says Russia rejects Gershkovich swap..... A9**

Labor Market Cools Further

Available jobs at the end of October hit their lowest point since March 2021. **A2**



Clock Is Ticking On China's Efforts To Stem Local Debt

By REBECCA FENG AND CAO LI

China is trying to defuse a financial time bomb that could severely damage its banking system.

Cities and provinces have accumulated a massive amount of hidden debt following years of unchecked borrowing and spending. The International Monetary Fund and Wall Street banks estimate that the total outstanding off-balance-sheet government debt is around \$7 trillion to \$11 trillion. That includes corporate bonds issued by thousands of so-called local-

government financing vehicles, which borrowed money to build roads, bridges and other infrastructure, or to fund other expenditures.

No one knows what the actual total is, but it has become abundantly clear over the past year that local governments' debt levels have become unsustainable. China's economic growth is slowing, and the country is battling deflationary pressures that will make it harder for local governments to keep up with their interest and principal payments.

Moody's Investors Service on Tuesday lowered its outlook on

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The Dullest \$900,000 Book Around

IPO prospectuses 'going the way of the dodo bird'

By CORRIE DRIEBUSCH

In this year's biggest initial public offering, semiconductor designer Arm Holdings raised around \$5 billion in September. One mundane task on its path to IPO riches was the prospectus—the lengthy documents required by U.S. regulators for aspiring public companies.

The roughly 200-page document included a description of its business, audited financial statements and boilerplate legal language about the risks of investing in its shares. The company had to navigate arcane Securities and Exchange Commission rules about for-

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NCAA Proposes Schools Directly Pay Athletes

By LAINE HIGGINS

In a groundbreaking move that would transform how college athletics has operated for more than a century, National Collegiate Athletic Association President Charlie Baker unveiled a proposal that would allow Division I schools to pay their athletes for the first time.

Baker outlined the proposal in a letter sent to member schools on Tuesday. Should Division I schools choose to accept the proposed changes, they would be free to enter into endorsement deals directly with their athletes and remove any cap on educational related benefits. They can also establish a trust fund for their athletes.

The proposal bucks the NCAA's founding principle of amateurism, defined as athletes competing without pay, and ushers the 117-year old or-

ganization into a new era.

It's a revolutionary idea for an often lumbering organization that has struggled in recent years to modernize its rules amid pressure from litigation, state and federal lawmakers and turning public opinion. Baker's letter, viewed by The Wall Street Journal, also represents a marked shift in the organization's tone, from defensive and reactive to sweeping and proactive.

"Colleges and universities need to be more flexible, and the NCAA needs to be more flexible, too," Baker wrote.

The proposed changes would create a new top tier, or subdivision, for the richest programs. Those schools would be required to set aside at least \$30,000 per year for at least half of their eligible athletes in an educational trust fund designed to serve as a launching pad fund. The sub-

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Salesforce.

#1 CRM.

Ranked #1 for CRM Applications based on IDC 2023H1 Revenue Market Share Worldwide.



Source: IDC, Worldwide Semiannual Software Tracker, October 2023.



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