

THE WALL STREET JOURNAL.

What's News

Business & Finance

- ◆ **McKinsey's new class** of partners is roughly a third smaller than usual, according to people familiar with the matter, in the latest sign that economic conditions have dented demand for high-price consultants. **A1**
- ◆ **British American Tobacco** is booking a \$31.5 billion charge to slash the value of its U.S. cigarette business, one of the biggest corporate write-offs in recent history. **A1**
- ◆ **Facebook and Instagram** recommend sexual content to underage users and promote minors' accounts to apparent child predators, the state of New Mexico alleged in a lawsuit against parent company Meta and its CEO. **B1**
- ◆ **Meta will start** fully encrypting messages on Facebook and Instagram by default, moving ahead with a privacy measure that government officials have warned could hide illegal activity. **B5**
- ◆ **Regulators are probing** Comerica after a botched technology upgrade left the bank's wealth-management unit short millions of dollars. **B1**
- ◆ **The U.K. has launched** a criminal investigation into alleged fraud at an aircraft-parts supplier suspected of selling jet-engine components with fake safety certificates. **B1**
- ◆ **Alphabet's Google unit** said it developed a new AI system more powerful than any on the market. **B1**
- ◆ **A rally in Treasuries** dragged yields on 10-year notes to 4.121%, the lowest level since August, while stocks fell with the Dow, S&P 500 and Nasdaq declining 0.2%, 0.4% and 0.6%, respectively. **B9**

World-Wide

- ◆ **President Biden's push** to pass tens of billions of dollars in new aid for Ukraine stalled in the Senate, but the setback could inject new urgency into bipartisan talks over border-security measures that Republicans have demanded as a condition for their support. **A1**
- ◆ **U.S. prosecutors accused** four Russian military personnel of abducting and torturing an American in Ukraine, the first war crimes the U.S. has formally charged in connection with Russia's invasion of Ukraine. **A8**
- ◆ **Former House Speaker** McCarthy said he won't run for re-election and would exit Congress at the end of the year. **A1**
- ◆ **Israel said it has killed** about half of Hamas's midlevel commanders in Gaza and is pressing on the suspected hiding place of the group's leader. **A20**
- ◆ **A suspect is dead** after three people were killed in a shooting at University of Nevada, Las Vegas. **A3**
- ◆ **A ban on noncompetes** agreements could soon be coming to New York, potentially with a carve-out for higher earners. **A3**
- ◆ **A group of 10 Wisconsin** Republicans who tried to reverse the outcome of the 2020 presidential election have withdrawn the paperwork they sent to Congress and acknowledged that Biden won. **A4**
- ◆ **The IRS is rejecting** more than 20,000 requests for pandemic-era tax refunds from employers that either didn't exist or didn't have employees during the required period. **A4**
- ◆ **Died: Norman Lear**, TV producer who mined social issues for comedy, 101. **A2**

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Putin Calls on Saudi Crown Prince



SAUDI PRESS AGENCY/AGENCE FRANCE PRESSE/GETTY IMAGES

WELCOME MAT: Saudi Crown Prince Mohammed bin Salman greets Vladimir Putin in Riyadh Wednesday, as the Russian president seeks to counter U.S. efforts to isolate him over the war in Ukraine. Russia and Saudi Arabia have been allied in setting oil production policy. **A9**

New McKinsey Partners Ebb As Consulting Clients Scrimp

By CHIP CUTTER
AND EMILY GLAZER

It got a lot harder to make it to the top of McKinsey & Co. The closely held firm named its new class of partners, and the group is roughly one-third smaller than last year, according to people familiar with the matter, in the latest sign that economic conditions have dented demand for high-price consultants. Around 250 people will become partners early next year, a far smaller class than previous years. McKinsey named about 380 people to partner in 2022. Making McKinsey partner, like similar promotions at Goldman Sachs or large law firms, comes with big pay bumps and can catapult a career.

The consulting industry boomed during the pandemic as companies sought advice about how to revamp their business, escalating a battle for talent among McKinsey, Bain & Co. and other top firms. McKinsey added about 420 partners in 2021, compared

with about 290 in the years before the pandemic hit. The nearly century-old company has roughly 45,000 employees around the globe and around 3,000 partners. As the economy has slowed, companies in a range of industries have been re-evaluating their corporate overhead and cutting white-collar jobs. That retrenchment appears to be having an effect on consulting demand. McKinsey early this year launched a restructuring that eliminated

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BAT Takes Big Charge, Cuts Value Of Its U.S. Cigarettes

By JENNIFER MALONEY
AND JOSEPH HOPPE

British American Tobacco is booking a \$31.5 billion charge to slash the value of its U.S. cigarette business, one of the biggest corporate write-offs in recent history. The accounting charge, largely stemming from its 2017 takeover of the U.S. maker of Newport and Camels, falls short of the value erased by the failed merger of AOL and Time Warner. BAT spent \$49 billion six years ago to take full control of U.S. tobacco company Reynolds American. In the face of an accelerating decline in cigarette smoking, BAT and other tobacco giants have been trying in recent years to pivot to cigarette alternatives such as e-cigarettes and heated tobacco devices. BAT also faces a planned U.S. ban on menthol-flavored cigarettes, which account for more than half of the tobacco company's U.S. cigarette sales. The Food and Drug Administration is expected to publish the new rule next year, though it wouldn't take effect immediately, and BAT and other tobacco companies are expected to challenge it in court. BAT, whose portfolio includes Newport, the leading

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◆ **Heard on the Street: Big tobacco tries to quit..... B10**

INSIDE



PERSONAL JOURNAL
Taylor Swift's star power becomes a boon to fashion brands. **A14**

BUSINESS & FINANCE
State lawsuit alleges Facebook, Instagram steer predators to children's accounts. **B1**

And You Thought PowerPoint Presentations Couldn't Get Worse

Kids use their skills to craft wish lists to avoid the holiday dread of unwanted gifts

By SUZANNE KAPNER

After getting some dud Christmas presents last year, Ben Galvani decided his family needed more specific instructions. This year, the 11-year-old created a nine-page slide deck detailing every item on his list.

One slide is dedicated to sneakers, including two types of Air Jordans. Another one, "Jerseys," has pictures of gear from NBA athletes such as Stephen Curry and Jordan Poole. Then there are videogames for his

Xbox and a temporary tattoo kit, the latter listed under "miscellaneous."

"My family was starting to just give me money," said Ben, who lives in Wantagh, N.Y. and is in sixth grade. "This way I can tell them exactly what I want." Holiday gift lists have gone high-tech. Tweens and teens are learning how to use Google Slides, Microsoft PowerPoint, Canva and other presentation software in school. Now, some of them are applying those skills in creating

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Republicans Block Aid Bill For Ukraine

Failure to pass package for Kyiv and Israel raises stakes on U.S. border talks

By SIOBHAN HUGHES
AND CATHERINE LUCEY

President Biden's push to pass tens of billions in new aid for Ukraine stalled in the Senate on Wednesday, but the setback could inject new urgency into bipartisan talks over border-security measures that Republicans have demanded as a condition for their support.

Democrats' foreign-aid measure providing \$110.5 billion for Ukraine, Israel and other global hot spots was blocked by Republicans in an initial procedural vote. Forty-

nine senators backed the measure and 51 were against, falling short of the 60-vote threshold needed to advance. Senate Majority Leader Chuck Schumer (D., N.Y.) originally voted in favor, but he changed his vote to preserve the right to bring the bill up again. Sen. Bernie Sanders (I., Vt.), who caucuses with Democrats, voted against it. In remarks ahead of the vote, Biden warned that failure by Congress to pass new aid for Ukraine could lead the U.S. into direct conflict with Russia if it won and continued westward. He said the

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- ◆ **U.S. charges four Russians with war crimes..... A8**
- ◆ **Europe, Washington divided on China tensions..... A9**

McCarthy to Leave House at Year-End

By KRISTINA PETERSON

WASHINGTON—Former House Speaker Kevin McCarthy said he won't run for re-election and would exit Congress at the end of the year, closing the California Republican's tumultuous career in elected office and further narrowing his GOP colleagues' majority in the chamber. The announcement comes two months after McCarthy was ousted as House speaker, less than a year into the role, an unprecedented move that thrust the chamber into weeks of chaos until House Republicans coalesced around Rep. Mike Johnson of Louisiana to succeed him. "I have decided to depart the House at the end of this year to serve America in new

ways," McCarthy wrote in an opinion article in The Wall Street Journal. McCarthy, 58 years old, had said in recent weeks that he was weighing whether to seek a 10th term or step back from a career in the House that began in 2007 and spanned nearly every level of House leadership. On Wednesday, he didn't immediately lay out his future plans, but he said he would continue to remain involved in GOP politics. McCarthy's departure is the latest fallout from the upheaval that has gripped the Republican Party as it grappled with the rise and reign of populism and former President Donald Trump, churning through an entire slate of House GOP leaders in the process. Along with

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Argentina's Next Leader Backpedals After His Win

President-elect Javier Milei, who pledged to kill the central bank and slash public spending, has taken a softer tone

By KEJAL VYAS, RYAN DUBÉ
AND SILVINA FRYDLEWSKY

BUENOS AIRES—President-elect Javier Milei, known by the nickname "El Loco" since he was a kid, rose from university professor to social-media celebrity, making his mark as an economic libertarian and social libertine. He won by a landslide promising to slash government spending by roughly 40% to help bring down Argentina's triple-digit inflation. Milei wielded a chain saw in appearances to make his point. "The state is not the solution, rather the problem," he said, in an echo of President Ronald Reagan.

It was a gutsy platform for a country of 46 million that has long doled out generous subsidies, pensions and public-works contracts, even if it had to print money to do it. Milei, 53 years old, wasn't afraid to extend his stay-out-of-my-life view of government to personal matters, including drug use and same-sex marriage, risking conservative votes in a Roman Catholic country that is home to Pope Francis. "What do I care what your sexual preference is?" Milei said in a YouTube interview a couple of weeks before the Nov. 19 election. "If you want to be with an elephant, and you have the consent of that elephant,

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TV Legend Norman Lear Dies



GES/GETTY IMAGES

HITMAKER: Norman Lear, shown above at right on the set of 'All in the Family' in 1970 with Jean Stapleton, left, and Carroll O'Connor, died at 101. He transformed the sitcom format. **A2**