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"Will a Patek Philippe still be a Patek Philippe in 100 years?

We believe so.

Because our watchmaking is of the highest level, we have faith that each of the hundreds of parts in our watches will function well into the future.

With perhaps a little oil.

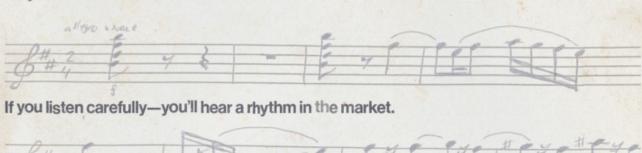
This commitment is my personal responsibility. Watches made now cannot be a problem for my successors. Because at our family-owned company, they will be my sons."

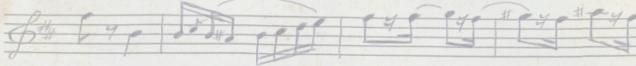
THIERRY STERN
PRESIDENT, PATEK PHILIPPE



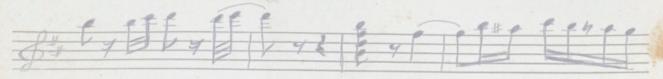


#### Rhythm in the Markets





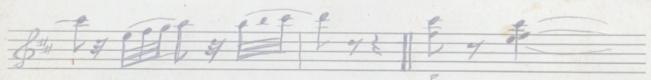
Not just in the resonant echoes of the opening bell,



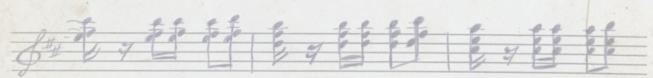
but in the syncopations triggered by a volatile barrel of crude oil,



the slowly rising legato of the Dow,



or the decrescendo in the fall of the Russian Ruble.



The market composes its own tunes.



And once you learn to recognize them, you'll catch yourself humming along.

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# You're being sold an Al future where you're obsolete or irrelevant. We see it differently.

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The AI Optimists at Palantir and Beyond

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#### **Bloomberg Businessweek**



Robinhood CEO Vlad Tenev is focused on "trying to hang out with Gen Zs and listen"  $\triangleright\,73$ 

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 Bloomberg News' Joshua Green and Remarks California, America's paragon and pariah Eliyahu Kamisher report that Governor In Context Sizing up the Al bubble—if it even is a bubble 11 Gavin Newsom said state legislators may A better treatment for prostate cancer 13 be especially keen for voters to approve Serious runners wear...Birkenstocks? 16 California's proposed congressional map: It's Africa's turn to feed the world It promises five new jobs for ambitious 18 A Walk With: Dumpling dynamo Albert Yang 20 Democrats. ≥ 44 In View The end is nigh for quarterly reports. Good! 23 Amsterdam artist José Quintanar 26 Trump flooded the zone. Now he needs a mop says "the simplicity and clarity of Does "fiduciary duty" have a political affiliation? 28 everyday financial transactions" Why Palestinian statehood seems to get further away 30 inspired his illustrations for the special section on personal finance.  $\triangleright$  63 The 2025 New America slams the door—and the world shrugs 34 **Economy Forum** Investment plans in India are unraveling 36 Bloomberg News consumer finance 38 reporter Paige Smith and senior China's growing port portfolio sets off alarms Nine people who really might change the world 43 editor **Janet Paskin** say Robinhood's Porsche-driving CEO dreams Gavin Newsom is ready for a fight 44 of planting a big pole in front of headquarters to fly the company flag Did cloud seeding fuel Dubai's deadly storm? 52 along with an American one.  $\triangleright$  73 **How to** Investing in topsy-turvy times 63 65 **Invest Now** The markets are roaring, but there are hazards ahead 67 Private capital and your 401(k): Pluses and minuses How to gauge an ETF 68 October corrections: In "Curiosity Gap," we omitted Gene Ludwig's first name and his citation as author 71 Feeling bullish? There's more to the US than Big Tech of The Mismeasurement of America. In our Q&A with Feeling bearish? Look to Europe and gold 72 Rick Locke, dean of MIT's Sloan School of Business. we transcribed the word "de-skilling" as "killing" in Robinhood wants to be all things to all investors 73 his comment that "everyone was freaking out about The luxury credit card showdown 77 what it was going to do in terms of immiserating and de-skilling workers." In "Can MrBeast Grow Up?," we misstated the name of the school that Jimmy **Pursuits** Keeping Austria's Montafon Valley safe from Big Skiing 86 Donaldson attended (it's Pitt Community College); the name of a company that Chief Executive Officer You won't be buckling your ski boots for much longer 89 Jeff Housenbold worked for (it's Shutterfly Inc.) and Why Utah has "the greatest snow on Earth" 90 the job Kara McCloud held at Waffle House (she was a recruiting director). In "The Buzz Is Back for Following a higher calling in the Lake District 92 Boutique Hotels," the Ramble Hotel should not have We've entered the golden age of wine bars 94 been included in Midnight Auteur's portfolio, nor should David Kaplan have been listed as a co-owner. The favorite dishes CEOs serve for the holidays 95 Anthony Hopkins on a life of challenges and triumphs 96 Cover 97 What you'll want to watch and read in November 98 Carmakers try to crack the Formula One formula Photograph by Erik Carter for Bloomberg Can you master the global supply chain? 100 **Exit Strategy** 

> Assembly Line Answers 1. Microchip 2. Laptop 3. Auto part 4. Solar panel 5. Smartphone



**Contributors** 

Photograph by Erik Carter for Bloomberg Businessweek. Newsom told Carter about ghosts on the fourth floor of the governor's mansion. Later, the photographer says, he noticed "spectrallooking light leaks" on his negatives.

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## PANERAI



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P.9012 AUTOMATIC CALIBRE 3 DAYS POWER RESERVE

30 BAR

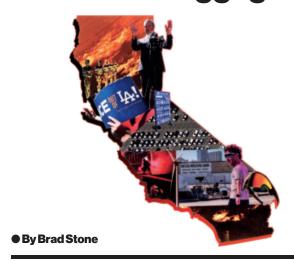
300 M WATER RESISTANCE

#### L U M I N O R POWER RESERVE

INNOVATION FROM THE DEPTHS

#### Remarks

## Gavin Newsom's California Baggage



There's an old saying among politicos: "California is always on the ballot"—America's most populous and productive state is in one way or another continually on the mind of the country's voters. That's palpably true this year, as the state considers a redistricting referendum meant to counter Republicans' attempts to gerrymander the midterm elections in their favor, and as Governor Gavin Newsom, the subject of our November cover story (page 44), presents himself as a social media warrior ready to lead a listless Democratic Party.

But if the nation's voters are ever again asked directly whether America should look more like California–Newsom is near the top of every list of Democratic presidential hopefuls–they'll have to consider an economic picture that is decidedly mixed. The state, as is often noted, is a powerhouse that generates 14% of the country's gross domestic product and alone would have the world's fourth-largest GDP, just ahead of Japan's. It leads the country in confronting climate change by establishing standards for renewable energy and electric vehicles. And as home to almost two-thirds of the leading global artificial intelligence com-

panies, it has reestablished its primacy (if it was ever truly in doubt) as the world's top incubator of the next new thing.

Along with these flexes, not to mention the glorious weather and stunning vistas, California also leads the country in less positive categories. It has the highest unemployment rate (5.5%), is tied with Louisiana for the highest poverty rate and regularly ranks at or near the bottom of most lists measuring high school graduation rates. Since the Covid-19 pandemic, sky-high prices for housing and other necessities, a visible homeless problem in major cities and perceptions of lawlessness have driven

more people—and companies—out of the state than its enduring charms have lured in. "The mythology of California is that you could come here and remake yourself and build a middle-class living," says Los Angeles-based political strategist Mike Madrid, who has advised both Democrats and Republicans. "That's a quaint notion of the past. You can't come here without a college degree and ever own a home, let alone support a family."

The California dream arguably started to fade a few decades ago. After the Cold War, military bases closed, and aerospace giants like Northrop Grumman Corp. and McDonnell Douglas Corp., which helped fuel the state's furious economic expansion, shrank or disappeared. The tech companies that replaced them employed far fewer people and concentrated wealth in the hands of relatively few shareholders and workers. There's consensus that the state enacted bad policies too, including labyrinthine regulations that made it hard to run a business and, crucially, to develop land and build more housing. According to the US Census Bureau, California's population has slightly declined since 2020, while states like Texas and Florida have gotten larger. "It's more than just housing. Development in all areas of California needs to be streamlined and more efficient. We're making it costlier for individuals to live here," says Jennifer Barrera, chief executive officer of the California Chamber of Commerce.

One frequently identified villain is the 55-year-old California Environmental Quality Act, which makes it onerous for companies to get the necessary approvals to build things and too easy for everyone from environmentalists to disgruntled neighbors to stop them. Over the past few months, Newsom has signed several bills that overhaul the state's permitting process, exempt high-density housing from CEQA and shield qualifying projects from expensive and time-consuming litigation. Critics pointed out the reform came relatively late in the governor's second and final term and was a response to President Donald Trump's surprising success in the state in the 2024 election. But the move helped recast Newsom as an "abundance" Democrat—part of the fashionable movement of liberals who want to remove barriers to new construction and economic growth.

In his interview with *Bloomberg Businessweek*, Newsom criticized Trump's economic policies, took aim at what he calls the

administration's engagement in "crony capitalism" and generally displayed the brand of direct and obscenity-laced political pugilism that has helped him capture public attention lately. He also dodged any talk of running for president in 2028 and conceded that the perception of his state isn't all that great right now.

"I'm not naive about California's status in the national election. I'm not a fool. Just the opposite—I'm consciously battling all this, including how vulnerable we are on the two key issues that are completely legit critiques: housing and homelessness," he said. "I'm quite offended about the status quo myself." 

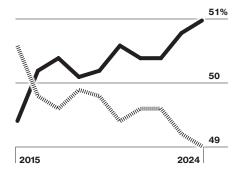
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#### **Moving Out**

One-way U-Haul moving van rentals, California

Arriving from out of state

Departing the state



8



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Douglas Elliman

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Hudson Yards was once a no-man's-land in New York City—home to the West Side Railyards, with 30 active tracks and little foot traffic. Real estate development firm Related Companies led the transformation of the area, building mixed-income residential, retail, office and hotel space to create a new center of commerce and a thriving community.

Now, Related is embarking on the next phase of Hudson Yards—the largest private real estate development in US history—which will include up to 4,000 new housing units, with at least 625 designated as affordable apartments.

"Related was founded in New York City," says Jeff T. Blau, CEO of Related Companies. "This is our home.

We care deeply about the city. We are very active in the affordable housing community as developers of new affordable housing and preservationists of existing affordable housing. We have to keep New York affordable."

For over 20 years, Related has partnered with Wells Fargo to realize its visions, including Hudson Yards, and affordable housing initiatives at the Fulton and Elliott-Chelsea Houses in Manhattan and Willets Point in Queens.

"Together we are changing the skyline, the city and the lives of the people who live in these communities," says Kara McShane, Head of Commercial Real Estate at Wells Fargo.



#### Is Al Another Dot-Com Bubble?

By Christopher Beam

The new technology would change everything, the evangelist said. It was "transforming culture, economics and politics far more thoroughly than the computer age did," he wrote. "A new economy is emerging, based on a new sphere of cornucopian radiance—reality unmassed and unmasked,

leaving only the promethean light."

George Gilder, the writer and tech guru, published these words in late 2000. The revolutionary technology to which he was referring: fiber-optic cable. He had cause for optimism. In the previous few years, the so-called information superhighway had snaked its way across the country, introducing many Americans to the internet.

The boom gave rise to hundreds of telecommunication companies, many of whose stocks Gilder recommended in his popular investing newsletter.

Months later, the telecommunication companies crashed. The industry lost \$500 billion, and more than 200 businesses went bankrupt. Some executives went to jail. The Promethean light had been so bright, it was blinding.

November 2025 In Context

■ Gilder's soaring rhetoric might sound familiar if you've been listening to tech executives talk about artificial intelligence. In June, Elon Musk predicted that AI would become smarter than any human by the end of 2026. OpenAI Chief Executive Officer Sam Altman said in July that his company's product "is going to reshape the course of human history." Mark Zuckerberg has imagined creating "a personal superintelligence that helps you achieve your goals, create what you want to see in the world, be a better friend and grow to become the person that you aspire to be."

The CEOs are backing up their words with dollars. Five of the biggest tech companies are together spending an estimated \$371 billion this year on the massive data centers necessary to train and run complex AI models. That figure is expected to grow in the years to come: McKinsey & Co. projects that data centers will require \$5.2 trillion in spending by 2030 to keep up with demand for AI. That's more than seven times the cost to build the Interstate Highway System, more than 15 times the cost of the Apollo space program and more than 150 times the cost of the Manhattan Project, adjusted for inflation.

All that spending raises the question: Will AI ever produce enough revenue to justify the price? The math is daunting. In 2025, AI technology is expected to generate \$60 billion in revenue, according to one estimate by Azeem Azhar and Nathan Warren, who write the AI-focused newsletter Exponential View. That number will need to increase dramatically if tech companies want to recoup costs. In September, Bain & Co. calculated that Big Tech would need \$2 trillion in additional annual revenue to pay for data center expenditures by 2030 and projected a shortfall of \$800 billion a year even under ideal circumstances. If AI giants and their investors can't make their money back, then we're talking about a historic case of overbuilding and overinvestment. There might even be a word for that.

"I believe it's a bubble," says Harris Kupperman, founder of Praetorian Capital Management LLC, a self-described "contrarian" hedge fund with about \$300 million in assets under management. "Will there ever be a payback on this stuff? I think the answer is 'highly unlikely.' "Covering the cost of just this year's build-out will require additional revenue of \$480 billion, according to Kupperman's calculations. Where that will come from is unclear, especially considering that for most users, ChatGPT is currently free. "If they charged you a couple dollars every time you queried ChatGPT, I don't know if they'd have a market," Kupperman says.

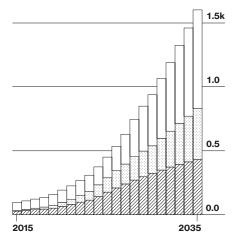
It doesn't help that graphics processing units—the essential computer chips for AI that account for a significant chunk of data center costs-depreciate quickly. In past bubbles, like the railroad construction of the 19th century or the telecommunications build-out of the early 2000s, the overspending at least created lasting infrastructure. Even if people didn't use the railroad tracks right away, they remained useful for decades, as did the fiber-optic cable laid in the 1990s. GPUs, by contrast, appear to have a shelf life of just a few years before they need to be reassigned to more basic AI tasks. The math makes AI spending seem less like a flywheel than a hamster wheel.

Then there are the bottlenecks, which could prevent many planned AI factories from reaching completion. Although

#### Power Demand From Al Data Centers

By market, in terawatt-hours

 $\ oxdiv US \ oxdiv China \ \Box \ Rest of the world$ 



data centers typically take two to three years to build, hooking them up to an energy source can take as long as eight years, according to Boston Consulting Group. So it will take that much longer for data centers to begin generating revenue. And that's if the energy is available at all: A 2024 review by the commonwealth of Virginia, the data center capital of the world, concluded that meeting the unconstrained energy needs of this infrastructure would be "very difficult," and even meeting half of that demand would be "difficult."

Skeptics also point to disappointing performance by the AI tools themselves. A much-cited study by the Massachusetts Institute of Technology's Media Lab found that 95% of AI projects piloted by businesses have produced no measurable return. McKinsey reported that almost 8 in 10 companies that adopt generative AI see "no significant bottom-line impact."

Finally, observers concerned about an AI bubble point to the circularity of recent deals-for example, Nvidia Corp. is selling chips to OpenAI while also investing in it-that has echoes of the telecom bubble. They also worry about the growing opacity of funding mechanisms. In August, Meta Platforms Inc. raised \$29 billion for data centers from private credit firms. Big startups such as OpenAI and CoreWeave Inc. have also leaned on private credit for data center financing. These agreements often take the form of obscure "special purpose vehicles," which keep the debt off the big companies' balance sheets and make the health of the investments hard to track. There are also signs that the exposure of average investors to these risky bets is growing, as private credit firms raise money from insurance companies and real-estatefocused exchange-traded funds invest in data centers. And of course anyone who owns shares in a mutual fund is likely betting on data centers via Big Tech stocks.

The AI bulls—which, judging by stock market trends, include most investors aren't too concerned. In their view, revenue from generative AI is growing

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In Context

and will continue to grow. And while the infrastructure build-out looks big, it's not that big compared with certain past bubbles, write Azhar and Warren of *Exponential View*. As a proportion of gross domestic product, spending on railroads during that boom was four times greater than current spending on AI infrastructure. Most importantly, big tech companies have plenty of cash; they can afford to lose a few hundred billion dollars. Altman and Zuckerberg have both suggested they're focused on the long game rather than quick profits.

The question is how long their investors will take the same view. The challenge of any bubble is not knowing if it will pop but when. Erik Gordon, a clinical assistant professor of entrepreneurial studies at the University of Michigan, says the first signs of fading optimism will likely appear in venture capital funding for AI startups. "You might see the size of funding rounds go down," he says. Public stock prices would likely follow. (For now it's still up, up, up.)

The AI explosion is something of a Rorschach test: What you see depends on how you view AI's prospects broadly. Haters have been calling the boom financially unsustainable for ages. Those who believe in the technology's potential seem to have faith that it will still grow and improve fast enough to recoup costs—even if the traditional laws of the market suggest otherwise.

Gilder, who was blindsided by the telecommunications collapse, scoffs at the current data center mania. "It's way overbuilding," he says by phone from his home in the Berkshire hills of Massachusetts, where he now produces not one but four newsletters. He's bullish on AI, he says, but thinks data centers are yesterday's technology. Instead, he says the future of AI is wafer-scale processors that are bigger than GPUs but better suited to inference tasks, an important part of how AI generates responses. He predicts the big tech companies have "about four or five years to futz around with these data centers" before the paradigm shifts again. In other words, the Promethean light still shines. @

#### Fighting Prostate Cancer With Sound

By Jason Gale and Ashleigh Furlong

The man on the operating table is 50, fit and otherwise healthy. Under the care of a different doctor, he might be waking up without a prostate. But today, inside a brightly lit English operating room at Parkside Hospital in Wimbledon, surgeon Hashim Ahmed has other plans.

The patient, under general anesthesia, lies still, legs suspended in stirrups—an undignified posture, but necessary for what comes next. Ahmed, chair of urology at Imperial College London, consults an ultrasound screen to guide a probe into place alongside the patient's walnutsize prostate. The tumor is small, just 10 millimeters (0.4 inches) across, but it's the kind that usually requires aggressive radiation, surgery or hormone treatment, which attack the whole gland. Ahmed is using a different technique: Bursts of high-intensity sound from the probe will cook the cancer with pinpoint precision, saving the surrounding tissue.

Focal therapy—an investigational approach to prostate cancer offered in only a minority of practices—aims to

spare men the incontinence, impotence and even penile shortening that have made treating the disease one of the most controversial and polarizing fields in medicine. Today's patient is the perfect candidate for it. "He's exactly the sort of guy we want to find," Ahmed says. "Young, keen on maintaining as much function as possible, intermediate-risk disease, good life expectancy—so he's got a lot of years to live with the treatment he gets."

The most common nonskin cancer among American men and one of the most commonly diagnosed worldwide, prostate cancer is on the rise, especially as populations age, putting more men into the risk zone. Black men are about twice as likely as White men to die from prostate cancer, and they remain underrepresented in clinical trials-meaning they've had less access to experimental treatments and doctors have less robust information to help guide their care. Diagnostics and therapies for prostate cancer generated about \$12 billion to \$15 billion worldwide last year, and analysts expect that figure to double by the mid-2030s. A report in 2024 in the medical journal the Lancet projects that the number of prostate cancer cases will more than double by 2040 globally, with annual deaths nearing 700,000.

Ahmed calls himself "the most reluctant surgeon you can find"



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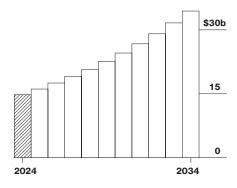
◆ For decades, treatment has swung between two extremes: screening too much and cutting too aggressively, or screening too little and allowing lethal cancers to spread undetected. The first extreme, what Ahmed calls the "sledgehammer" approach, gained popularity in the 1980s after the launch of the prostatespecific antigen (PSA) blood test. With its introduction, diagnoses (and the biopsies and excessive treatment that followed) soared. From 1986 to 2016, an estimated 1.9 million American men were diagnosed with prostate cancers that never would have caused harm, many of whom were overtreated. PSAs have value-a single low reading in a man's 40s can signal a very low risk of aggressive cancer for years-but the overall approach went too far, leaving many men with permanent scars, Ahmed says. Incontinence affects up to 40% of men who have their prostate removed; erectile dysfunction occurs for as many as 70%; and almost 90% no longer ejaculate within five years. "We've had two or three decades of harm," Ahmed says.

The pendulum swung the other way after 2012, when the US Preventive Services Task Force, a government-backed expert panel that advises on preventive care, recommended against PSA-based screening for prostate cancer in all men to curb overtreatment of nonlethal cases. Screening rates fell, but so did early detections: More men were later found to have cancers that had already spread to other parts of the body. In 2018 the task force softened its stance, advising that men age 55 to 69 could decide with their doctors whether to be tested. The shift underscored that the answer wasn't less testing, but better testing. Former President Joe Biden, 82, was recently diagnosed with aggressive prostate cancer that had already spread to his bones-a reminder that skipping or delaying diagnosis can be as dangerous as overtreating.

Ahmed, 49, is determined to show that smarter screening can save lives without the harms of overtreatment. He's running a trial called Transform—the largest prostate cancer screening study in 20 years—that plans to enroll more than

#### **The Cost of Fighting Cancer**

Value of global prostate cancer treatment market 
☐ Projection



250,000 UK men from all backgrounds and follow them for more than a decade to test the smarter-screening theory. One innovation: vans equipped with MRI machines that can complete a test in 10 minutes. "If we can show that screening for prostate cancer should move to an imaging-based paradigm, not a bloodbased paradigm, it's going to be extraordinary," Ahmed says. The results may take a generation, but ultimately, he says, "it will affect tens of millions of lives,"

Once the cancer is discovered, that's where focal therapy can come in-if more doctors and hospitals begin to practice the still-emerging treatment. Ahmed, who was previously a key force behind embedding MRIs into the UK's diagnostic guidance, calls it the "male lumpectomy," evoking the breast cancer battle of a generation ago, when surgeons who challenged radical mastectomy faced fierce pushback. He trained under focal therapy pioneer Mark Emberton at University College London and has since become one of the approach's most prominent champions. He continues to operate on men with enlarged prostates and bladder cancer, but he no longer does radical prostatectomies. "I'm the most reluctant surgeon you can find," he says. Studies show focal therapy lowers the risk of incontinence and erectile dysfunction from as high as 40%-70% after surgery or radiation to just a few percent. UK studies also suggest it could be a cheaper option over a patient's lifetime, since lower complication rates and shorter recovery times translate into reduced health-care costs.

Yet fewer than 10% of eligible British men receive it, and guidelines there still label it a treatment in need of further investigation. In the US, guidelines likewise stop short of recommending focal therapy for most men. A recent survey of American urologists suggested its use is growing-with many reporting they offer focal therapy in some capacity–but it remains far from mainstream. "There is a role for focal therapy," says Tudor Borza, a urologist at the University of Michigan who offers it to carefully selected patients, alongside surgery. "The downside is only part of the prostate is treated, so the rest can still get cancer, and often does." Declan Murphy, a urologist at the Peter MacCallum Cancer Centre in Melbourne, is more blunt when assessing Ahmed's campaign. "He riles people up, because he's extremely pro-focal and communicates very well. But focal therapy is still considered investigational by all the main guidelines, which drives him mad," he says.

Centers like the Cleveland Clinic that are using the technique on some patients have built careful guardrails. Each case is reviewed by a tumor board, and tumors must be visible on an MRI but still small enough to target precisely; larger ones would mean destroying much of the prostate, which makes the treatment more like surgery. "We select the patients we feel are most likely to succeed," says urologist Jane Nguyen. "And, to be honest, our success rate is very high."

Back at Parkside Hospital, Ahmed delivers the high-intensity sound in three-second blasts, then pauses. On the ultrasound screen, white bursts flare like corn kernels popping-tissue, heated to nearly 90C (194F), dying in real time. Ahmed estimates he'll remove just 20% of the patient's prostate gland. The man's recovery will be measured in weeks, with fewer side effects than often follow surgery or radiation: There's less than a 1% risk of lasting leakage, about 5% chance of erectile dysfunction and a complete loss of ejaculation in only half of patients. Compared with the side effects that typically follow surgery, these odds feel merciful. B

In Context



#### **Selling Runners Rest-Day Shoes**

#### By Tim Loh

Trail-running legend Scott Jurek strides across the rolling hills of Colorado's scenic Loveland Pass, before a backdrop of snowcapped peaks, in a slickly produced commercial spot. He's selling shoes, but not the performance trainers you'd expect. Halfway through the commercial, the ultramarathoner completes his run, pulls off his sneakers and slips into a pair of classic Birkenstocks. "When it comes to recovery, how I treat my feet when I'm not running is just as important as what I do when I'm running," says Jurek, who's famous for winning the Western States 100-Mile Endurance Run seven times straight. The sandals' distinctive arch support, the argument goes, will help restore his tired moneymakers so they're ready for the next workout.

International sportswear companies have long competed to get their highend running shoes on athletes' feet during the hours they spend pounding the pavement or trails. Now they see a new opportunity: targeting that even longer period of the day when runners aren't logging miles. Companies, including some that ordinarily have nothing to do with sports, are rushing into the so-called recovery footwear market. They're not promising new world records or personal bests but a little self-care after the finish line for professional athletes and casual joggers alike.

"When you're finished doing your run or your walk, or you've been playing a sport, it's the shoe that makes you sort of go, 'Ahh, that feels better,'" says Sam Poser, a senior analyst for footwear and apparel at Williams Trading LLC, based in Westport, Connecticut. He considers the marketing blitz targeting runners a sort of outgrowth of an ageold phenomenon, one that's familiar to anyone who's ever finished a long day on the ski slopes, taken off their boots and prepared to unwind. "It's a sort of après-sport."

To some extent, the concept of special after-competition footwear has been around for decades. The best-known example is Adidas' Adilette slide, introduced for the 1972 Munich Olympics. (Founder Adi Dassler originally designed the simple plastic sandal for a soccer coach friend who'd complained about walking barefoot to the showers to chat with his players after games.) What's new this time is the concerted effort brands are making to carve out a whole recovery footwear segment, even if the contours of that market remain somewhat vague. In a recent survey from market researcher Circana LLC, half of US respondents said they were interested in recovery footwear or apparel, primarily for everyday comfort but also to support the foot post workout. "The original definition of 'recovery' was very specific, but it's clear that consumers are looking for comfort for a variety of reasons," says Beth Goldstein, a Circana footwear analyst.

One pioneer of this trend is Oofos Inc., a Boston-area company founded in 2011 by footwear industry veterans. Originally, they wanted to devise a shoe that would propel wearers to run faster and jump higher. Instead, the highly accommodating foam they concocted achieved the

higher. Instead, the highly accommodating foam they concocted achieved the opposite effect, absorbing energy like a

soft pillow, says Darren Brown, head of marketing for Oofos and a former professional distance runner. The nascent brand decided to focus exclusively on recovery, and it now sells footwear designed to reduce impact and alleviate stress on the body. The company's products conjure a sense of relief—your creaky joints finally finding solace with \$70 flipflops dubbed OOlala and \$120 slippers called OOcoozie.

Other startups are also looking to capitalize, including Topo Athletic with its Rekovr slip-on and Kane Footwear, a four-year-old, Westport-based brand that's behind Revive, a slip-on covered in Swiss cheese-like holes resting on a thick layer of foam designed to promote "stimulation, circulation and blood flow." Since launching, Kane has seen triple-digit growth every year, it says. Bigname brands are getting in on the action too, including Hoka with its Ora recovery slides, Crocs and its Mellow recovery slides and Nike with its Rejuven8 shoes.

Many of these brands are pushing maximum cushion, but Birkenstock is taking a different tack, arguing that your tired feet really need a firm friend, namely its patented footbed. (Birkenstock typically makes its hard, chunky soles with cork, though they're also available in plastic.) Runners, golfers and other outdoor enthusiasts represent some of the new customers the German brand wants to lure to keep up its recent momentum. The company says revenue is on track to jump more than 17% when it reports full-year results, thanks to a mix of higher prices, fast growth in Asia and the emerging sports crowd.

At four Fleet Feet running-shoe stores in central Ohio, franchise owner Jeff Henderson says recovery is suddenly big business. Oofos has been one of the fastest-growing brands this decade and could one day join the ranks of top sellers such as Brooks, Hoka, New Balance and Asics, he says. And since he started stocking Birkenstock early last year, its sales there have surged by more than 60%. "Birkenstock is chipping away at Oofos' market share, but Oofos has just been really strong," Henderson says. "Recovery as a whole has really taken off." •





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#### African Farmers Seize on Trump's Trade Chaos

By Candido Mendes and Monique Vanek

In September, Beijing approved imports of blueberries from Zimbabwe for the first time. It had given the green light in June to Gambian groundnuts and cashews. Ethiopian soybean meal, a protein-rich byproduct of crushed beans mainly used to feed poultry and pigs, just got its first go-ahead to enter the Chinese market too.

To Africa's 54 countries and the international investors jostling to fund their next wave of agricultural projects, these seemingly minor bureaucratic decisions sent a loud message: US President Donald Trump's trade war is creating big opportunities for African economies, especially when it comes to food.

Long viewed through the lens of subsistence farming and postcolonial land rights, African agriculture is rapidly becoming a proving ground for global investment. For China and other nations whose US trade has been disrupted, Africa offers a chance to diversify away from politically risky agricultural imports. President Xi Jinping announced

in June that China would remove tariffs on imports from all African countries with which it has diplomatic ties. "The Chinese government's basic strategy is very clear," says Christopher Beddor, deputy China research director at Gavekal Dragonomics, a financial research firm. The country wants to put more distance between its economy and Trump, and "that means it is willing to strike agricultural deals just about everywhere in the developing world, including in Africa."

Qatar, the United Arab Emirates and other Persian Gulf states have also been investing heavily in farming and related infrastructure on the continent. Those deals provide a vital hedge against the

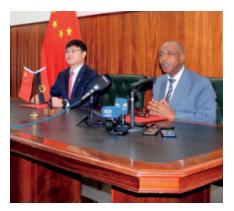
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climate volatility and resource scarcity threatening the Middle East's own food production.

World powers investing across Africahome to almost 1.6 billion people and roughly 60% of the world's remaining uncultivated arable land-haven't always left the region better off. In the past two decades, governments in Ethiopia, Mozambique, Zambia and other countries that were eager to modernize their agriculture industries welcomed Chinese investors. But many regions lacked the roads, power plants and resettlement plans-or even the stable political environmentneeded to make large-scale commercial farming viable. Projects that promised capital, technology and jobs often disempowered rural communities and stirred controversy. "For each of the handful of investments that finally succeeded, many more failed because of poor infrastructure, coups, contentious elections, even civil wars," American political scientist Deborah Bräutigam wrote in her 2015 book, Will Africa Feed China?

These newer deals are different, government officials say. For one, unlike earlier tie-ups that mostly centered on how to get Africa's raw materials cheaply to overseas markets, many of the 2025 agreements blend commercial interests with social development projects such as building infrastructure, creating permanent jobs and sharing technological know-how with African business leaders. Many of the modern deals also require some of the new output to stay local for domestic use.

Every deal is different, but the overarching goal is the same: to improve productivity for the benefit of the host country as well as its overseas backers. Oatar, for instance, plans to invest \$1.5 billion in Ghana's agriculture sector by the end of the year to fund irrigation and increase the output of exportable food-an initiative that's expected to generate more than 2,500 jobs there. Qatar's Al Jedad Holding has linked up with Ghana's Ministry of Food and Agriculture to build a \$5 billion fertilizer production facility at the Petroleum Hub in Atuabo, in Ghana's Western region. The aim is to create a domestic source of urea and ammonia,



Citic Construction managing director in Angola Fan Juntao and Angola Agriculture Minister Isaac dos Anjos

which would reduce Ghana's reliance on pricey farm-chemical imports and strengthen its food security.

In many of these arrangements, the land that will be cultivated will remain state-owned. That's the plan in Angola, which is shaping up as the continent's most ambitious test case. Over a week in July, the southwestern African nation signed \$350 million worth of agricultural deals with Chinese companies. A \$250 million investment by Beijing's Citic Construction Co. will develop 100,000 hectares (about 247,000 acres) of soy and corn, while another deal grants state-owned hydropower builder Sinohydro Group a 25-year tax-free concession to cultivate 30,000 hectares of grain. This summer, Angola also inked agreements with Brazil and the UAE, opening up almost 2 million hectares of farmland to foreign investors. Angola is courting investment from Japan too.

Unlike past deals, these aren't pilot projects or one-off investments. Sixty percent of output from these farms is earmarked for overseas markets; the rest stays in Angola, says Agriculture Minister Isaac dos Anjos. Foreign companies will operate alongside farmers in subdivided plots of 1,000 to 2,000 hectares. Instead of displacing communities, the government says it's integrating them—offering co-production deals and allowing rejected export crops to remain in the country.

By seizing an opportunity created in part by the trade standoff between China and the US, Angola expects to be able to diversify its economy away from oil, which today accounts for more than half of government revenue. "You must admit this is an opportunity for Angola, and Angola shouldn't be afraid to take it," dos Anjos says. The government wants to attract as much as \$2 billion in agriculture investment annually over the next five years and ultimately more than double the sector's contribution to gross domestic product to 23%. "We've always had potential," he says. "Now we need to turn that into reality."

The new era of dealmaking is not without risks. For one, infrastructure remains a major challenge. "Most investors ask for land near ports, with rail links, transport infrastructure, power lines," dos Anjos says. "It's the one condition we cannot satisfy." To help address that, Angola is fast-tracking development of the Lobito Corridor, a rail and port route linking the country's agricultural heartland to Atlantic shipping routes. Similar spending is taking place in Kenya, Morocco, Senegal and other countries.

Whether Angola becomes the blueprint for Africa's agricultural future or another cautionary tale won't be clear for several farming seasons. The political scientist Bräutigam, who's also director of the China Africa Research Initiative at Johns Hopkins University in Baltimore, remains skeptical. "Chinese companies and African governments both like to announce really big deals, which get much more attention," she says. The actual investment total, she adds, may never reach the headline number.

Meanwhile, trading activity between the world's second-largest continent and its overseas investors continues to ramp up. In the weeks since regulators in a quiet corner of China's sprawling trade bureaucracy approved the Ethiopian soymeal exports, the inaugural shipment has hit the seas. It won't be passing any ships carrying US soybean meal to Chinese buyers—Beijing, which began diversifying away from American agriculture during Trump's first trade war, hasn't bought any US soymeal since 2023. 

— With Fasika Tadesse

Bloomberg will hold its inaugural Africa Business Summit in Johannesburg on Nov. 17-18 to coincide with B20 South Africa

November 2025

#### A Walk With



**Albert Yang** grew up folding dumplings at the first US Din Tai Fung, run by his parents. Now he's CEO of the most lucrative-per-site eatery chain in North America

Twenty-five years ago, a 19-table outpost of a popular Taiwanese restaurant set up shop in a suburban Los Angeles strip mall. Today—with 17 US locations and more on the way—it's the top-earning restaurant chain in America.

Din Tai Fung, a staple of international and California dining that arrived on the East Coast just over a year ago, generates an annual average of \$27.4 million per US location, according to industry researcher Technomic—almost triple what high-end restaurant group Nobu pulls in. Yet, when asked about it, Din Tai Fung North America's chief executive officer, Albert Yang, humbly shrugs it off. "It's definitely a proud achievement," he says over a table overflowing with xiao long bao (soup dumplings). "But it's really not our ultimate goal."

Yang, whose grandfather started Din Tai Fung in the 1970s in junta-era Taiwan and whose parents opened the US expansion in 2000, claims he doesn't care much about profit. Culinary quality, excellent service and dialed-in efficiency are what drive the chain's decisions. Profit "just follows if you do the right things," he says as steam lifts from the dumpling baskets before us. In August, Yang—previously co-CEO of Din Tai Fung North America with his older brother, Aaron—was elevated to the region's top job, with his brother now overseeing real estate and the family board.

Headquartered in Taipei, Din Tai Fung is undeniably a global brand, with more than 165 locations worldwide and a cult following on multiple continents. Fans track openings in cities as if they were NBA trades. In 2024 the chain opened restaurants all over the world, including one at Disneyland in Anaheim, California, and the East Coast flagship in New York. This year it added more than a dozen globally. Although franchise requests have poured in for years, Yang says the family, obsessed with quality control, has rebuffed most of the offers. (Most North American locations are company-owned, apart from the Las Vegas restaurant at ARIA Resort & Casino.)

"That's the reason why we will never go public," Yang, 32, says between polite bites of shrimp fried rice in his new Santa Monica restaurant, located on the third floor of a high-end mall overlooking a Nordstrom. (The proximity to shopping helps customers soldier through often lengthy wait times.) "If we're not able to execute in the right way, then we as a family wouldn't feel comfortable."

The food at Din Tai Fung has always been good, but it was Yang and his brother who ultimately propelled the chain into American culinary stardom. When the duo took over from their parents, Din Tai Fung North America felt much like the mom-and-pop operation it was in Yang's childhood, when he could be found hopping over the counter to swipe credit cards at the first US location.

When the brothers began managing the American business, which operates separately from the international arm, they began focusing more on data and guest feedback, with Yang calling high guest ratings his "north star." Yang, who earned a hotel administration degree from Cornell University in 2015, and his team obsessively monitor reviews on Yelp and Google, and corporate bonuses are tied to good reviews. The company conducts almost no marketing beyond Facebook and Instagram. And even though it's not on TikTok, it has its viral moments. (One, centered on its chocolate and mochi dessert xiao long bao, prompted a surge in new eaters.) Top posts have gained millions of views. "I remember walking guests to their table and asking, 'How'd you hear about us?" Yang says. "Four out of five people would say, 'TikTok.'"

That's a far cry from the chain's origins. In 1948, a year before the founding of the People's Republic of China, Yang's grandfather, Bing-yi Yang, left his home in Shanxi province for Taiwan. He was 21. In Taipei, Bing-yi began delivering cooking oil. "Back then, working-class people couldn't take the elevator," Yang says. "When we were kids, he'd show us his calves and feet, all messed up from delivering heavy oil on his back." After Bing-yi married, he and his wife saved up enough to purchase the oil business. Sales were good until the early 1970s, when the advent of supermarkets crippled profits. So they converted half of their store into a dumpling restaurant. Soon it was a full-fledged eatery.

For decades, the shop churned out consistently good food, expanding into four floors. Then in 1993 the New York Times listed Din Tai Fung as one of the 10 best restaurants in the world-and sales went into hyperdrive. By then, Bing-vi's son Warren was leading the company and eager to expand. In 2000, Warren dispatched his younger brother Frank and sister-in-law Joanne-Yang's parents-to California to open Din Tai Fung's first US location, where Yang learned to fold dumplings by age 12. Warren continued the expansion, opening in Indonesia, Australia and beyond. In 2008 a Hong Kong outpost became the first Taiwanese restaurant to receive a Michelin star. Foreign Policy magazine calls Din Tai Fung a soft-power triumph for Taiwan. (Warren continues to lead the international restaurant group.)

After our meal, Yang and I head to the heart of the operation: the dumpling production room, visible to diners through a glass wall. It's here that the staff churns out about 10,000 dumplings per day. (The Manhattan location makes more.) Yang demonstrates. "You want to get that first crease and pinch," he instructs, spreading pink "stuffing"-a mixture of pork, spices and broth in a solidified gelatin form-onto the wrapper before deftly working it into shape. He struggles a bit. "It's been a while," he says with a brief laugh. Dumpling production, so central to brand identity, is standardized across locations: 16 grams of stuffing, 5 grams of dough, 18 folds. Once rolled, wrappers are laid on a backlit surface that allows trainees to gauge proper thinness. (Pros don't need to check.)

Much of this standardization was embedded into company culture at Din Tai Fung's second location, in Tokyo, which opened in 1996. "The Japanese are just meticulous in standardizing everything," Yang says. He took it a step further, rolling out an overhaul of the dumpling-making training program in 2021, which now takes more than two months. The chain went from an average of 15 dumpling producers per location to as many as 60. "It's no longer the bottleneck," he says. "You can't open a store if you can't make enough dumplings."

November 2025



#### Our contributing writers' guide to a changing landscape

## InView



Is this the end of earnings theater? Stacey Vanek Smith evaluates the legacy of the quarterly cycle

November 2025 In View

This was Jack Welch's 2¢ on quarterly earnings expectations-part of the mandatory opening of the books public companies do every 90 days. Businesses have long decried the regulatory requirement as onerous, expensive and something that hangs over every decision they make like the mythological sword of Damocles.

It looks as if their pleas have finally been answered. Paul Atkins, US Securities and Exchange Commission chairman, recently announced a proposal to scrap quarterly earnings and, instead, require public companies to disclose financials only twice a year.

Businesses, as you might imagine, are thrilled. In a statement, Bill Hulse, senior vice president of the US Chamber of Commerce, said the trade group welcomes the "proposal to reform SEC disclosure requirements and address the high costs of reporting faced by companies and shareholders under the current system." (The chamber has lobbied for such a change for years, most recently in a white paper published in June.)

Those quarterly costs are real. The fees businesses pay external auditors to review their accounts now average more than \$2 million a year, according to a study by Audit Analytics Inc. And that's if everything goes well.

"If a company misses earnings expectations, even by a penny, it's seen as a disaster," says Sarah Williamson, chief executive officer of FCLTGlobal, a nonprofit that pushes for companies to invest with an eye on the long term. These make-or-break expectations are typically set by stock analysts on Wall Street; Williamson compares them to meteorologists. "Just like a weather forecaster, sometimes they're right and sometimes they're wrong," she says. "But you'd never say, 'The sky hit or missed the forecast.' That's nonsensical."

Nonetheless, missing expectations can summon a mighty storm. Last year, Target Corp. announced quarterly sales of \$25.7 billion, slightly below the analyst consensus estimate of \$25.9 billion. The company's stock lost almost a quarter of its value in a day.

It isn't regulators or even analysts who are responsible for the Sturm und Drang around quarterly earnings. The roots of these dramatics go back to Welch himself, who turned what had been relatively low-key government disclosures into headline-grabbing theater when he took over running General Electric Co. in 1981. Welch used quarterly earnings reports as an excuse to showboat the success of his radical management principles, including his formulaic firing of the bottom 10% of employees, an annual ritual that became known as "rank and yank."

Under Welch, GE "hit its quarterly earnings targets every three months for 80 quarters in a row," David Gelles, author of The Man Who Broke Capitalism, told NPR's Fresh Air. "It's a record no company has ever come close to."

Wall Street was captivated. GE had long been an icon of American industry. It was the first company to mass-produce light bulbs and played a pioneering role in television and radio production. During Welch's tenure from 1981 to 2001, it also became a money-printing machine. For much of the 1990s, GE was the most richly valued company in the world and its CEO a bona fide celebrity.

Welch, whom Fortune magazine anointed "manager of the century," styled himself as the embodiment of economist Milton Friedman's doctrine of shareholder value: an executive with a single-minded focus on boosting returns for investors (whatever the costs). But in the years since, everyone from Elizabeth Warren to Warren Buffett to Jamie Dimon has criticized the obsession with meeting or beating Wall Street's quarterly earnings estimates, arguing that it distracts from more important long-term goals. "It's kind of like running a marathon. If you run too fast in the first mile or two, you're much less likely to cross the finish line," says FCLTGlobal's Williamson.

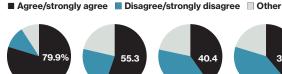
President Donald Trump recently joined the chorus, posting this on his Truth Social platform: "Companies and Corporations should no longer be forced to 'Report' on a quarterly basis... This will save money, and allow managers to focus on properly running their companies."

In fact, studies have shown the relentless drumbeat of 90-day disclosures shapes companies in all kinds

#### **Pushing the Accounting Envelope**

Share of CFOs in a Duke University survey who agreed or disagreed with the following responses to this scenario:

"Near the end of the quarter, it looks like your company might come in below the desired earnings target. Within what is permitted by accounting rules, which of the following choices might your company make?'



**Decrease** discretionary spending, such as R&D and advertising



**Delay starting** a new project even if it entails a small sacrifice in value



Book revenue now rather than next quarter. if justified in either



**Provide** incentives for customers to buy more product this quarter



Draw down on reserves previously set aside



Postpone taking an accounting charge



investments to recognize gains this quarter



Repurchase common shares



accounting assumptions, such as allowances. pensions, etc.

## "You're coming to the end of the quarter, you're gonna be short by a few cents, so you delay hiring, you slash advertising. If you've got a project that is scheduled to start, you delay"

of ways. Back in 2004, economist Campbell Harvey of Duke University's Fuqua School of Business and two other professors surveyed hundreds of chief financial officers about quarterly earnings, asking if they had ever done things that "sacrificed shareholder value" so they could hit earnings targets; 78% said yes. And after talking with many of the CFOs they surveyed, Harvey thinks that number should have been even higher. "Every single CFO we talked to had done it," he says. "This is a deep problem."

In most cases, the value destruction is about timing, Harvey explains. "You're coming to the end of the quarter, you're gonna be short by a few cents, so you delay hiring, you slash advertising. If you've got a project that is scheduled to start, you delay."

When Harvey asked the executives why they couldn't just explain to investors that earnings would come in slightly lower because managers made spending decisions based on the long-term health of the company, he recalls being told, "The fact you're even asking that question is the reason I'm a CFO and you're a professor."

Still, as bad as mandatory quarterly reporting might be, some argue that doing away with the practice might be worse. In a 2020 study, Salman Arif, a professor at the University of Minnesota's Carlson School of Management, compared companies in Japan, Singapore, the UK and other countries that require earnings be

reported only twice a year to companies in countries that require quarterly earnings. Arif found stocks were far more volatile for the semiannual set, because investors would fill the six-month information vacuum with other available data they thought might be relevant and trade on that. (Investors apparently abhor a vacuum as much as nature does.)

In addition to injecting volatility, Arif says, scrapping quarterly reporting would make markets less fair. "You are benefiting the most sophisticated investors, who can do all this fancy research and afford to buy things like satellite images of parking lots," he says. "Those investors now have six months of private information they can basically use for insider trading."

Perhaps the biggest risk in getting rid of quarterly reporting is that you're messing with the secret sauce that's helped make US exchanges the biggest in the world, says Shiva Rajgopal,



Welch in 2000, shortly before he retired

professor of accounting and auditing at Columbia Business School and co-author of the 2004 CFO study. He says the more frequent disclosures mean less perceived risk for investors, which helps inspire trust. "US markets account for roughly half of the value of overall global markets," Rajgopal says. "It's an amazing juggernaut. It's important to preserve that."

Still, Rajgopal acknowledges that quarterly earnings requirements are burdensome and expensive, and they distort decision-making. Perhaps nothing illustrates this better than GE itself. Welch's aggressive job cuts, bold pivots and risky ventures—many in service of the almighty quarterly earnings report-transformed GE into a very different company. After Welch retired, the sprawling conglomerate struggled financially and got hit with multiple SEC investigations and a \$50 million fine for accounting fraud; it eventually split into three companies. Many critics say Welch's obsession with earnings left the once powerful company a shell of its former self.

In one of his last press interviews before he died in 2020, a retired Jack Welch told the *Financial Times* he regretted having been so focused on quarterly performance. The man who had once said, "You have to be an idiot to miss a Wall Street estimate" told the reporter that his focus on shareholder value was "the dumbest idea in the world."

November 2025



#### Not even Trump can keep up with Trump, says Wes Kosova

Donald Trump returned to the White House in January with a far more ambitious to-do list than he had the first time around. His desire to challenge or ignore constitutional limits on his power was spelled out in Project 2025, the far-right governing agenda he disavowed with a wink during the campaign and then immediately set in motion with a frenzy of activity that hasn't let up.

From Jan. 20 to Sept. 20, Trump signed 205 executive orders, an imperfect but useful yardstick of presidential productivity. Compare that with Ronald Reagan, another ambitious Republican president, whose count at this point in his second term was only 35. You'd have to go back to the 261 executive orders Franklin D. Roosevelt signed in the first eight months of his third term to find a president who was quicker with a Sharpie.

Trump's plan going in was to do everything everywhere all at once, so Democrats in Congress, and federal judges, couldn't possibly stay on top of the changes, let alone stop them. The news media too would be overwhelmed by the administration's numerous actions to wrest authority from the other branches of government. In the memorable formulation of MAGA elder Steve Bannon, they would "flood the zone with s---."

And that's just what they've done. But it turns out there was a hitch in this plan: Not a year into his second term, Trump and his lieutenants are themselves struggling to manage the torrent of tariffs, deportations, lawsuits, countersuits, hirings, firings, troop deployments and emergency declarations they've unleashed. The president's ever-shifting priorities and

sometimes contradictory orders have resulted in an ongoing right-hand, left-hand problem within the administration, where one part of Trump's team—or the president himself—inadvertently makes a mess that another must then clean up.

Trump was delighted when Elon Musk and his so-called Department of Government Efficiency swept through federal agencies earlier this year and tossed out tens of thousands of civil servants. Others quit or accepted buyouts under pressure. Wary cabinet secretaries, who weren't about to get between a volatile president and his chainsaw-wielding pal, publicly saluted and kept their qualms to themselves. Now, months after Musk fell out with Trump and left Washington, departments that DOGE stripped bare are quietly trying to refill many of those jobs, says Elaine Kamarck, director of the Center for Effective Public Management at the Brookings Institution in Washington.

Kamarck and her colleagues scoured federal job postings and matched them to positions eliminated in Musk's purge. They found the government is looking to backfill about 17,000 jobs. The Federal Aviation Administration has reinstated 132 technicians, inspectors and maintenance workers. The Department of Energy is seeking to fill 500 positions. The Internal Revenue Service, a major Musk target that lost people who process returns and pursue tax cheats, advertised for 700 jobs. The government is looking to fill 800 positions cut from the US Agency for International Development, which was largely dismantled and placed under the State Department's oversight

earlier this year after Trump slashed foreign aid. "The firing was done in such a chaotic way," Kamarck says, that Musk made little distinction between necessary and expendable jobs. "You can't get the government to a point where it's completely nonfunctional. And if you do, it will blow up in your face."

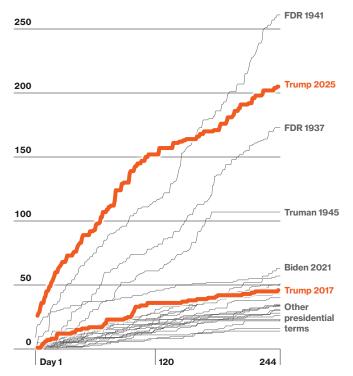
Yet even as agencies mop up after Musk, the White House is still conducting mass firings without always giving much scrutiny to who's being shown the door. Trump used the US government shutdown as an opportunity to send layoff notices to more than 4,000 federal employees, only to discover that among them were scores of people who work to contain deadly diseases. The administration hurried to bring many of them back. The conflicting signals send "a very odd message," Kamarck says.

The president and his team have had an even harder time getting their signals straight on immigration. Trump campaigned on deporting "criminals" and the "worst of the worst." Instead, US Immigration and Customs Enforcement officials have dispatched teams of masked agents to grab workers at stores, restaurants, construction sites, factories and farms.

Trump appeared to waver on the immigration crackdown this summer after business owners who depend on foreign-born workers complained the raids and fear of deportation made it hard for them to find people to build houses, harvest crops, bus tables and clean hotel rooms. "I'm on both sides of the thing," Trump said on Fox News in June. "I'm the strongest immigration guy that there's ever been, but I'm also the strongest farmer guy that there's ever been. And that includes also hotels and, you know, places where people work." He floated

The Power of the Pen

Executive orders signed in the first eight months of each presidential term since 1937



the idea of a "temporary pass" to allow certain migrant workers to stay in the country.

That hasn't happened. If anything, the deportation push intensified, even after ICE embarrassed Trump in September by raiding a Hyundai-LG battery plant under construction in Georgia. The agents arrested hundreds of South Korean engineers and technicians who had permits to work in the country. Awkward, to say the least, especially because just weeks earlier Trump announced South Korea had agreed to invest \$350 billion in the US as part of a trade deal. Deputy Secretary of State Christopher Landau was dispatched to Seoul, where the foreign ministry said he expressed "deep regret" for the incident.

One constituency that's stood steadfastly by the president is farmers. Trump won farming-dependent counties by an average of 78% in 2024. Yet they've been whipsawed by his conflicting policies. Trump's immigration crackdown has diminished farmers' pool of workers. And his trade war has raised the price of fertilizer and farm equipment while cutting them off from one of their biggest export markets.

China typically buys more soybeans from the US than any other country, about \$12 billion worth in 2024. Beijing has stopped purchases this year in retaliation against Trump's steep tariffs, putting some growers in Illinois, Iowa and other states at risk of going bankrupt. Soybean farmers are urging the president to make a deal with China, which is now buying more of the crop from Brazil and Argentina instead. Trump has suggested he'll bail out farmers by using billions of dollars of tariff revenue. "We're going to take some of that tariff money that we've made, we're going to give it to our farmers, who are, for a little while, going to be hurt," he said in September.

Trump also had to bail out farmers during his first China trade war. Like then, the two countries are seemingly far apart on a deal. Agricultural exports to China through July of this year fell 53% from 2024. Farmers who enthusiastically supported Trump's reelection in hopes his second term would be different are once again bracing for "a little while" to become a long time.

"The Administration is putting aside bureaucratic red tape to deliver on" the president's mandate "at lightning speed," White House spokesman Kush Desai wrote in an emailed statement.

For the 43% or so of voters who tell pollsters they like what they see in Trump, a big part of his appeal is that "he will just bull-rush through any objection to his exercising his own prerogative," says Marc Dunkelman, author of *Why Nothing Works*. He argues the US has lost its once envied ability to achieve ambitious goals—building a transcontinental railroad, sending astronauts to the moon—because the government is often paralyzed by indecision. In part, he says, that's because progressive reforms meant to stop abuses of power in the last century eventually grew into a "vetocracy," where any number of stakeholders can delay or block decisions with endless demands for studies, hearings and consensus.

Dunkelman says progressives like him may be offended by Trump's imperiousness, but many Americans see something different: a president willing to "finally get all this muck out of the way." Even if it means he keeps getting in his own way. 

①

November 2025 In View

# Christopher Beam explains why courts won't stop CEOs from playing politics

Late-night host Jimmy Kimmel had just returned to the air in late September when a group of Walt Disney Co. shareholders wrote a letter to Chief Executive Officer Bob Iger, demanding internal company records related to the decision to suspend his show by the ABC network. The shareholders—including the American Federation of Teachers and the AFL-CIO—said they suspected that Disney's leaders "may have breached their fiduciary duties of loyalty, care, and good faith by placing improper political or affiliate considerations above the best interests of the Company and its stockholders" in their response to threats from President Donald Trump's administration.

The letter in some ways echoed a proposal from an Apple Inc. shareholder in February. A conservative organization called on Apple to scrap its diversity, equity and inclusion program, arguing that "DEI poses litigation, reputational and financial risks to companies,

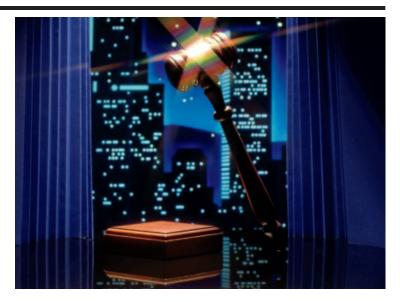
and therefore financial risks to their shareholders, and therefore further risks to companies for not abiding by their fiduciary duties." (Apple shareholders rejected the proposal.)

In both cases, shareholders who disagreed with the companies' political decisions framed them as breaches of "fiduciary duty." This got me thinking: Do CEOs have a legal and financial obligation to follow the political winds to maximize shareholder value?

The question seems especially relevant now. Trump is exerting unprecedented control over large companies, taking stakes in US Steel and Intel Corp. for the US government and attempting to punish media outlets that cross him. Many executives have bent over backward to flatter Trump (and caught plenty of flak for it). But do they have a choice? If Trump is picking winners and losers—or at least making life difficult for disfavored companies—don't CEOs arguably have a fiduciary duty to appease Trump? And if they don't, are they vulnerable to shareholder pushback?

Not really, says Jill Fisch, a professor at the University of Pennsylvania Carey Law School. Executives and boards have broad latitude to make decisions that might have political implications, as long as they're acting in the long-term interest of shareholders. "Making a business decision that the shareholders or the court disagrees with isn't a breach of fiduciary duty," Fisch says.

Shareholders, of course, can disagree on what's in their long-term interest. Some Disney shareholders might say the



company is better off committing itself to independence and freedom of speech, while others would probably suggest that alienating some ABC affiliates by keeping Kimmel on the air hurts shareholder value. But from a legal perspective, as long as executives have no conflicts of interest and are acting on an informed basis, they can do what they want.

Oddly enough, the court decision establishing this principle also involved Disney. In 2022 the company publicly criticized a Florida bill that would prohibit public school teachers from talking about sexual orientation or gender identity, known by critics as "Don't Say Gay," which was eventually signed into law. A Disney shareholder sued the company, alleging breach of fiduciary duty. A judge in Delaware ruled that Disney's choice of how to handle the political controversy—that is, taking the views of Disney's largely pro-LGBTQ workforce into account—was a rational business decision and didn't constitute a breach.

The upshot if Disney shareholders today went to court over Kimmel: "The ultimate chance of winning an actual fiduciary duty lawsuit on this is close to nothing," says Reilly Steel, a law professor at Columbia University.

Even if executives have the right to take political stances, doing so can backfire or age poorly. "In the long run, this is a no-win situation for corporations," Fisch says. "From a short-term perspective, they think, if they're aligned with particular administrations or particular government officials, that this will work to their benefit. But in an increasingly divided country, they risk alienating half the population." 

§



# ■ PHOTOGRAPH BY 731 FOR BLOOMBERG BUSINESSWEE

## How the world's views on a Palestinian state shifted, according to Ethan Bronner

Given the fury in Israel over the growing calls for recognition of a Palestinian state next to the Jewish one, it's worth recalling that a two-state solution was a Jewish nationalist dream—and an Arab nightmare—for generations. Starting in the late 19th century, the movement that became known as Zionism lobbied for a homeland within Palestine. Antisemitism was rampant in Europe and the Muslim world, and the answer was to grant Jews a state in the territory where their history began.

That's not, of course, how the Muslim and Christian Arabs then dominating the area saw things. For them, a Jewish homeland in their midst, in any boundaries, was anathema.

So when a UK royal commission recommended in 1937 that Palestine be divided into a Jewish state and an Arab one, Arab leaders spurned the plan. When the United Nations voted for the same thing a decade later, the Arab answer was again no. After British troops pulled out six months later and Israel declared independence in the UN-designated borders, Arab states invaded. Israel emerged victorious and larger, and did so again in the 1967 Six-Day War.

As the UN filled with new nations that sympathized with the Palestinians

displaced by Israel's conquests, votes by the international forum repeatedly censured Israel and supported Palestinian sovereignty. By the 1990s, Israel said it was open to Palestinian statehood. But the barriers to agreement— Jerusalem, refugees, borders, security-were too high, and no offer was mutually acceptable. In addition, both Israeli and Palestinian societies grew more religious and nationalistic. Hamas, which seeks Israel's destruction. took over in Gaza.

The attack on Oct. 7, 2023, when thousands of Hamas operatives swarmed into Israel killing and abducting people, altered Middle Eastern politics for the foreseeable future. For many around the world, it was proof that

the Palestinian issue won't be buried. They expected Israel to retaliate but then for it to negotiate a joint future.

Israelis saw things differently. The assault, combined with a pile-on from militias in Lebanon, Syria, Iraq and Yemen—which was backed by billions of dollars from Iran—drove for them a stake into the heart of a Palestinian state where, they feared, radicalism could flourish.

For Israelis, the Hamas attack wasn't merely another act of terrorism. It was a strategic catastrophe that required new policies. Prime Minister Benjamin Netanyahu ordered relentless military action in all directions, including against Iran, and vowed to destroy Hamas, no matter the cost. The campaign has claimed tens of thousands of lives, and drawn charges of genocide and causing a famine.

When Netanyahu addressed the UN on Sept. 26, he told backers of Palestinian statehood that they're rewarding terror, that nothing can be planned for Gaza before Hamas is rendered powerless. In early October, Hamas and Israel released hostages as part of a ceasefire agreement overseen by US President Donald Trump—which notably lacks any guarantee to establish a Palestinian state.

Where Arab states once contemplated allying with Israel to counter Iran, now they fear an unrestrained Netanyahu more than Tehran. And there's no future, they insist, without a two-state solution. For Israel, that ship has sailed. The Jewish state, which earned its global legitimacy in a UN embrace 78 years ago, is now facing pariah status in the same forum. It says it doesn't matter, because peace will come not through compromise but through strength. 

①





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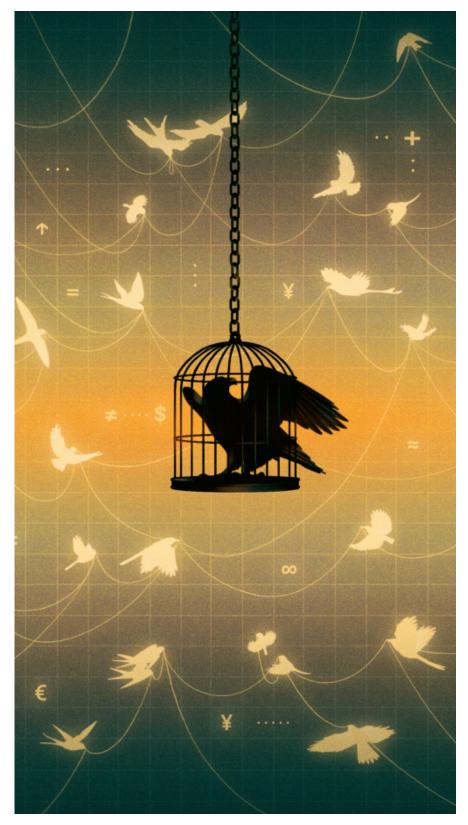
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#### A look at international trade and investment

## In Depth



## THE NEW ECONOMY

Since 2018, Bloomberg's **New Economy has been** convening dialogues among leaders in business and government to help bridge the divide between the Global North and the Global South. The effort feels even more necessary this vear, as the shock waves from Donald Trump's return to the White House radiate around the world. To coincide with the forum, to be held in Singapore on Nov. 19-21, we bring you a selection of stories about the inexorable march of globalization, a city in India that's on the front lines of the trade wars and China's worldspanning network of ports.

Illustrations by Raven Jiang

November 2025



## DONALD TRUMP CAN'T STOP GLOBALIZATION

## US tariffs are rerouting trade flows, but world commerce remains surprisingly resilient

## By Enda Curran

Canada is importing more cars from Mexico than from the US. China has snubbed American soybean farmers at harvest time and is buying from South American growers instead. India and China are resuming direct flights between the two countries and trading rare earths, ending years of frozen relations.

The new contours of global commerce are starting to emerge as governments redraw trade alliances and companies seek other markets to avoid the highest US tariffs since the 1930s.

Smaller economies are also adapting to a world where US consumers and companies are costlier to reach. Peru is seeking buyers in Asia for its blueberries, and Lesotho, a textile producer, is pivoting to Asia, Europe and the rest of Africa. A group of 14 countries that includes New Zealand, Singapore, Switzerland and the United Arab Emirates has formed a partnership to boost trade and investment.

The global economy has defied expectations of a recession triggered by a tit-for-tat retaliation against President Donald Trump's tariffs. Instead, America's turn toward protectionism has demonstrated the durability of the 85% of global trade that occurs outside the US. In October, the World Trade Organization (WTO) revised its forecast for merchandise trade growth in 2025 from 0.9% to 2.4%.

"Quite clearly there are new attempts to form new alliances, to deepen existing relationships and to create new ones," says Cecilia Malmström, the former European commissioner for trade who's now a fellow at the Peterson Institute for International Economics.

Shipping companies, port operators and other cargo handlers have a front-row seat to the changes. In the face of US trade barriers, Chinese manufacturers are actively prospecting for alternative markets, says Christian Gonzalez, executive vice president at International Container Terminal Services Inc., a port operator in Manila whose shares are up almost 30% this year. "There is the potential for it to be very positive for us," he says of the remapping of commerce. "Global trade will continue flowing."

The shifts in the flow of goods around the world are more subtle than seismic for now, but they're starting to show up in data. China's export growth in August was the weakest in six months, with shipments to the US plunging 33%. Its exports to the 10-nation Southeast Asian trading bloc, however, rose almost 23% for the month, while those to the European Union climbed 10% and those to Africa were up 26%. These figures indicate that the world's No.2 economy is still on track to post a record \$1.2 trillion trade surplus this year.

Clarksons Plc, a provider of data on the maritime industry, is forecasting an almost 3% contraction in shipping volumes this year in the transpacific corridor, the main conduit for US-China commerce. But all other shipping lanes are seeing growth, albeit more moderate than in 2024.

"It's very clear that we are redrawing the map of international trade," says Ina Simonovska, an associate professor of economics at the University of California at Davis. "We're going to see a lot more bilateral trade agreements between countries" and subgroups of countries, she predicts.

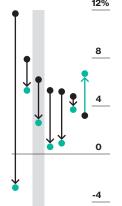
European Commission President Ursula von der Leyen has said she and other officials in Brussels are focused on expanding the bloc's list of 76 trade partnerships, including by fasttracking negotiations that had dragged on for years. European countries are in the process of ratifying a proposed pact with Mercosur, a common market of South American countries with 780 million consumers—a deal 25 years in the making. And in September the EU inked a freetrade agreement with Indonesia, the largest economy in Southeast Asia, after almost a decade of talks. Similarly, negotiations on an EU-Australia pact, underway since 2017, got a jump-start in June. "There's been a shot in the arm for ongoing trade negotiations and getting some of them across the line," says Simon Evenett of IMD Business School in Lausanne, Switzerland, who tracks trade developments around the world.

Despite signs of resilience, Eswar Prasad, an economics professor at Cornell University and an expert on trade, cautions that the scramble to seal bilateral or regional pacts threatens to squeeze out smaller economies, which have relied on a rules-based system that the WTO has helmed. "The shift from a system in which all countries abide by a common set of rules to one where it's every country for itself will be a much harsher world for countries that lack the economic heft of the US," Prasad says.

One wonders, for instance, how the tiny nation of Timor-Leste, the WTO's newest member, will ▶

Year-over-year change in container shipping volume, select trade lanes

- 2024
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Transpacific
-atin America
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Asia-Europe
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◄ fare. With a population of only 1.4 million people and a gross domestic product per capita of around \$1,300, the Southeast Asian nation endured years of instability after gaining independence from Indonesia in 2002. Despite the Trump administration's best efforts to render the 30-year-old WTO obsolete, including by gutting its funding, António da Conceição, Timor-Leste's representative to the United Nations Office in Geneva, is still hopeful that membership will help his country diversify its oildependent economy by opening new markets for its coffee, vanilla and fruit. "We are a country that can start to learn from others," says da Conceição, who initiated accession talks while serving as minister of commerce from 2012 to 2015.

Trump's trade war is having repercussions closer to home. Ben Knepler runs True Places, a company in Wallingford, Pennsylvania, that designs outdoor chairs which are manufactured in Cambodia. He's stopped importing his product into the US, because tariffs have made his business model unviable. Instead he's scouting for customers overseas in the hope of keeping True Places afloat. "It's a bit of an absurd situation that we're even considering this," Knepler says. "But here we are thinking about being a US company and not operating in the US."

## INDIA'S REVERSAL OF FORTUNE

Apparel factories that invested for a surge in orders are saddled with debt and unsold inventory

By Nic Querolo and Satviki Sanjay

When President Donald Trump first unveiled his "Liberation Day" tariffs in April, the managing director at Raft Garments, R.K. Sivasubramaniam, had cause for optimism. His factory in the city of Tiruppur, India's knitwear capital, makes millions of pairs of underwear that he sells for \$1 apiece, with about half the output going to the US. Judging by the poster board Trump displayed in the Rose Garden, Indian exporters faced a tax well below that of rivals in Vietnam and Bangladesh.

After Trump's election last year, Sivasubramaniam had been confident that Prime Minister Narendra Modi's chummy relationship with the American president would deepen trading ties between India and its biggest customer—so much



so that Sivasubramaniam took out a bank loan of about \$2 million to buy sewing, printing and elastic-banding machinery.

But his hopes were dashed this summer when the Trump administration slapped an additional tariff on Indian imports as punishment for the

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country's purchases of Russian crude oil, doubling the rate to 50%, the highest in all of Asia. The levy took effect in late August. The head of an industry association called it the "death knell" for small and midsize apparel makers.

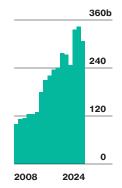
India's \$174 billion textile industry, which is among the largest sources of exports for the country and supports more than 45 million jobs, is in a state of flux. Some small factories that sell exclusively to the US have already shut their doors, while others are keeping production lines humming in the hopes that ongoing trade talks will soon yield a deal.

In September the local arm of Moody's Corp. predicted the tariffs, left unchanged, would crimp Indian apparel exports by as much as 9% in the fiscal year ending March 2026. Manufacturers are scouting for customers in other parts of the world such as the UK, which signed a free-trade agreement with India in July. In the meantime, industry associations are lobbying the government for emergency relief measures such as help with paying interest on a pile of bank debt that hit a record in June.

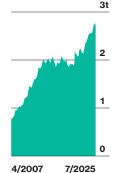
Trump's tariffs could slash India's US-bound exports by almost 52% over the medium term and shave 0.9% off its gross domestic product, according to an analysis by Bloomberg Economics. But damage to textiles would be uniquely painful for Modi's economic agenda, which positions the sector as a critical piece of a strategic initiative to bolster domestic manufacturing and attract foreign investment. "It's not just about the hit to exports this year, it's also the indirect spillovers to the labor market and more the medium-term game plan to actually increase India's export market share globally," says Sonal Varma, chief economist for India and Asia ex-Japan at Nomura Holdings Inc. "Those plans basically are now being questioned."

Tiruppur, with a population of 878,000, is widely expected to be hit hardest. The municipality in western Tamil Nadu state has been transformed in the past four decades from a farming outpost into the largest concentration of textile makers in the country, supplying global companies such as Nike, Walmart and H&M Hennes & Mauritz. Tiruppur is especially vulnerable because the knit products manufactured there tend to be basics like T-shirts and underwear, making it easy for buyers to source cheaper comparable garments from other countries. "It's a completely chaotic and confused state," says Rahul Mehta, president of the Clothing Manufacturers Association of India, an industry group. "It's not easy to find alternatives to the US market."

Textile exports from Tiruppur by fiscal year, in rupees



Gross outstanding bank loans to the Indian textile sector, in rupees



Many analysts assumed the 50% tariff will be short-lived, and some recent developments indicate that relations between the two nations, which are often fraught, may be on the mend. Trade negotiators from both sides said talks in New Delhi in mid-September were "positive," and that same month Trump, who just weeks earlier had lamented that India had been lost to "deepest, darkest China," called Modi to wish him a happy 75th birthday.

After the tariff went into effect on Aug. 27, Sivasubramaniam says his buyers in the US asked for a 16% discount, a level that would've prevented him from breaking even. "How can we give that?" he asks. "We are all working for a single-digit margin."

After he said no, his US customers, whom he declined to name, scaled back an order for 2 million pieces to 500,000, leaving him with a glut of underwear worth about \$1.5 million. He's been trying to find buyers in Europe and at home, wondering how he'll be able to pay salaries and make interest payments on his loan if he doesn't succeed.

Scores of Indian textile manufacturers made similar debt-funded capital investments after the Covid-19 pandemic, when their customers asked them to add capacity as part of an effort to diversify away from China, according to Srikumar K, a senior vice president at Icra Ltd., the Moody's affiliate. "In light of these developments, the sudden tariff-related shock could be a very big negative," he says. In June gross outstanding bank credit to the sector reached a high of about 2.8 trillion rupees (\$31.6 billion), according to data from the Reserve Bank of India.

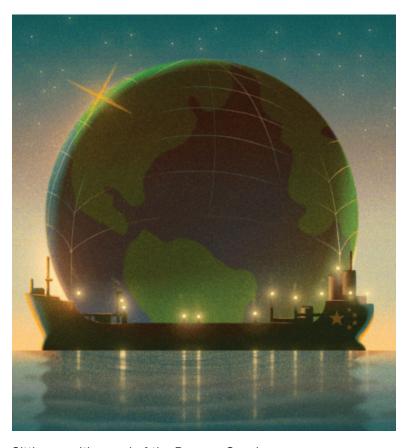
Earlier this summer, Sudhir Sekhri, chairman and managing director at Trend Setters Group, was building a garment factory on the outskirts of New Delhi. In June, still confident of India's standing in the global pecking order, he placed an order for 400 sewing machines and other equipment totaling about \$800,000. Sekhri paused his order in August, forcing the plant to sit vacant, though he recently decided to move forward. "If the buyers go away, then factories will shut down," he says.

About 40% of Sivasubramaniam's roughly 400 workers migrated to Tiruppur from the hinterlands for jobs in the industry and are likely to return to their villages if steady work dries up. The timing is also inconvenient. Diwali, India's festival of lights and its biggest holiday, is in October, and it's customary to pay workers a bonus. Sivasubramaniam typically pays about 10% of their monthly salary, which ranges from \$150 to \$400. He's not sure this year how he'll pull that off. §

## CHINA'S PORT CAPTURE

A globe-spanning network of maritime gateways is causing alarm in capitals from Washington to Canberra

By Peter Martin and Ben Westcott



Sitting on either end of the Panama Canal are two massive ports operated by the same Hong Kong company. Any disruption at the waterway—the conduit for roughly 40% of US container traffic—could cost American businesses hundreds of millions of dollars a day, which explains

why President Donald Trump has set his sights on ensuring the canal is beyond the reach of Beijing's influence. "China is operating the Panama Canal, and we didn't give it to China. We gave it to Panama, and we're taking it back," Trump said during his inaugural address in January.

Trump's demand that Panama's government revoke the rights of CK Hutchison Holding Ltd. to operate the two gateways highlights what for Washington and other world capitals is an uncomfortable reality: China has spent two decades patiently assembling a massive port network spanning every continent except Antarctica. Chinese firms own or operate terminals at more than 90 deepwater ports overseas, according to data compiled by Isaac Kardon, a senior fellow for China studies at the Carnegie Endowment for International Peace. That includes 34 of the top 100 busiest ports, as ranked by Lloyd's List. Holdings include the fifth-largest container port in Europe, the first deep-sea port on South America's Pacific coast and interests in more than one-third of all commercial ports in Africa.

"We often say that to get rich, we must first build roads," said Chinese President Xi Jinping addressing workers at Tieshan port, which sits on the South China Sea, during a 2017 visit. "But in coastal areas, to get rich we must first build ports."

China, whose share of global merchandise exports totaled about 15% in 2024, by far the largest of any country, has a clear commercial interest in maintaining a presence along important maritime trade routes. A PwC study estimates that every \$1 China spends on African ports yields \$13 in trade—to say nothing of the geopolitical return on investment Beijing derives from the properties.

For a country with just one overseas military base, collecting ports is a dual-use strategy. Almost half of the 78 commercial African ports in which Chinese firms are involved have hosted Chinese navy ships as part of drills or resupply operations, according to the Africa Center for Strategic Studies.

"There's a major Chinese presence in every region, clustered around key maritime choke points," says Kardon, who's also the author of China's Law of the Sea: The New Rules of Maritime Order. "There's an obvious commercial advantage to this network, but it also raises acute security concerns."

The degree of control the Chinese government exercises over these numerous properties varies. Ports operated by CK Hutchison, a conglomerate based in Hong Kong, were once seen as beyond the direct reach of the leadership on the ▶

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■ mainland, but that has changed with the push to limit the territory's autonomy in recent years. In other cases, Beijing's influence is less ambiguous: Piraeus in Greece and Chancay in Peru are owned by China Cosco Shipping Corp., which was blacklisted by the Pentagon in January for allegedly having links to the People's Liberation Army. Neither Cosco nor CK Hutchison responded to requests for comment.

US officials have said that Chinese-run ports are helping Beijing to gather intelligence. Ports in Greece, Nigeria and Sri Lanka have welcomed Chinese warships, while China's Ione military base abroad, in the tiny African nation of Djibouti, began life as a logistics hub next to a Chinese-owned port.

"Ensuring that the world's ports remain open and secure is critical for global commerce," said US Senator Andy Kim of New Jersey in a statement to *Bloomberg Businessweek*. "China's growing global network of ports threatens those objectives." Kim sits on the Senate Committee on Commerce, Science and Transportation, which held a hearing in February on China's investment in Western Hemisphere ports.

China says such claims are unfounded. Its foreign ministry said in a statement that US accusations about its port network are aimed at "smearing and disrupting China's economic and trade cooperation with other countries."

Still, other world leaders share Washington's concern. A recent European Commission defense white paper floated the idea of tightening controls on foreign ownership of critical transport infrastructure. India has bristled at Chinese influence over ports in Pakistan and Sri Lanka, while Australia plans to reclaim the port of Darwin from its Chinese leaseholder.

US officials including Secretary of State Marco Rubio maintain that the presence of Chinese-run ports on the Panama Canal could allow Beijing to slow US naval deployments to Asia in the event of a Chinese invasion or blockade of Taiwan, adding 10 to 22 days to the journey from the Atlantic. "If China tried to end the autonomy of Taiwan in the next one to five years, it would be a race against time to get ships into the theater," says Evan Ellis, a professor of Latin American studies at the US Army War College. In an extreme scenario, China could shut down the canal by demolishing a bridge, deploying mines or interfering with its lock systems, he says.

When a consortium led by BlackRock Inc. and Mediterranean Shipping Co. stepped forward in March with an offer of almost \$23 billion

Top 100 global maritime container ports by throughput in 2024

In China

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- Outside China, with Chinese involvement
- Outside China, with no Chinese involvement

to acquire 43 of CK Hutchison's ports, including those in Panama, Trump called it a win. Officials in Beijing, however, pressed the company's founder, Li Ka-shing, to have a Chinese company join the acquiring consortium. Bloomberg News has reported that Cosco is in the process of negotiating a powerful role for itself, including the right to veto any future port divestments.

Panama isn't the only country where Chinese investment in ports has become a political flashpoint. In 2015 the government of Australia's Northern Territory leased Darwin Port to the Landbridge Group, owned by Chinese billionaire Ye Cheng, for 99 years. The move sparked instant controversy and reportedly blindsided Washington, which only three years earlier had begun deploying US marines to Darwin on annual rotations. "Let us know next time," then-President Barack Obama told his Australian counterpart Prime Minister Malcolm Turnbull, according to the *Australian Financial Review*.

Labor Party lawmaker and Darwin resident Luke Gosling is a key figure in Prime Minister Anthony Albanese's push to bring the port back under Australian control. "This was the most idiotic decision that I can remember a Northern Territory government making, or a federal government allowing," Gosling told Bloomberg News in May.

A military veteran, Gosling points out that Darwin often hosts drills with the US, Japan and other partners—near or even involving the port. Since China's national security laws require its companies to share data with the government, Beijing could use Darwin for intelligence gathering or maritime surveillance, according to the Australian Strategic Policy Institute.

Australia's ties with China have soured in the decade since Landbridge was awarded the concession, and in the federal election in May both parties backed reclaiming the port. China's response has been wary, but muted. In April its foreign ministry urged Australia not to "politicize" the port's ownership. Terry O'Connor, Landbridge's nonexecutive director in Australia, said in a statement that the company "looks forward to engaging with government."

Political pushback and China's own economic slowdown mean Beijing is probably done adding to its port empire. Besides, the network is already extensive enough to give China key advantages—and too entrenched for the US to counter, says Kardon of the Carnegie Endowment. "From a market share standpoint, they're covering all their major bases," he says. "It's not clear they need more." • With Viktoria Dendrinou and Marcelo Rochabrun

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**YAW BEDIAKO** 

## Co-founder and CEO Yemaachi Biotech, Ghana

A Ghanaian immunologist, Bediako co-founded Yemaachi Biotech in June 2020, at the height of the Covid-19 pandemic. In his research he'd found that a lack of ethnic and genetic diversity in clinical trials limits discovery of novel drug targets and biomarkers. To fill the gap and support innovation in cancer diagnostics and treatment, Yemaachi created the African Cancer Atlas, a database of genomic data on tumors.



**VATEENDRA DESHPANDE** 

## Co-founder Conifer, US

After stints at Apple and Lucid Motors, Deshpande co-founded Conifer, a startup that's seeking to develop billions of small electric motors that use magnets to power machinery, including vehicles. He envisions magnet technology as an alternative to traditional electric motors, which require rare earth mineralsfor which much of the world is dependent on Chinese supply. Conifer raised \$20 million in seed funding earlier this year.



MARIA MATEO IBORRA

## Co-founder and CEO Ibisa, Luxembourg

Parametric insurance is a nontraditional type of coverage that pays out an agreed-upon amount when a trigger event occurs. As such, it's particularly appealing to farmers facing extreme weather events and climate risk. Leveraging technical expertise acquired while working in the satellite industry, Mateo Iborra uses satellite data and blockchain technology to deliver affordable, parametric insurance to smallholder farmers and other vulnerable communities.



**D SAMIR IBRAHIM** 

## Co-founder and CEO SunCulture, Kenya

After placing second in a pitch competition while at New York University Stern School of Business, Ibrahim took his idea to Kenya and co-founded SunCulture. The startup helps farmers transition from gravity- or dieselpowered irrigation systems to solar ones. Since it was founded in 2012. SunCulture has deployed more than 60,000 solar irrigation systems across several African countries.



**DEN MARUTHAPPU** 

## Founder and CEO Cera Care, UK

Prior to becoming a startup founder, Maruthappu was a practicing physician and served as an adviser to the head of Britain's National Health Service on technology and innovation. Seeing the urgent need for home health care for an aging population, Maruthappu founded Cera in 2016. The company delivers some 2.5 million in-home care visits each month and has developed proprietary artificial intelligence tools that can forecast falls and infections, allowing caregivers to take preventive action



**DEMILY MCATEER** 

## Co-founder and CEO Odyssey Energy Solutions, US

McAteer's Odyssey Energy Solutions operates a digital platform that connects developers of distributed renewable energy projects, such as microgrids, with capital and supply chain credit. Since it was founded in 2017, Odyssey has helped channel more than \$300 million worth of investment into clean energy across 50 countries, including Brazil, India, Mexico and several African nations



MIRA MEHTA

## Co-founder and CEO Tomato Jos, Nigeria

Mehta named her startup after an Ibo slang term for a woman who's not only beautiful but also impeccably put together. Nigeria is one of Africa's largest tomato producers, but it lacks adequate transportation, storage and processing facilities. Tomato Jos' mission is to address those deficits and also empower farmers. The business has 350 partner farmers, and it opened a tomato paste plant in 2021.



**DURREEN SHAHNAZ** 

## Founder and CEO Impact Investment Exchange, Singapore

Shahnaz's 2022 book is titled The Defiant Optimistan apt description of an entrepreneur who's devoted her career to helping women and other marginalized groups access capital and find new opportunities. Impact Investment Exchange has brought new financial classes such as the Women's Livelihood Bond and the Orange Bond to financial markets across Asia and the Pacific and has mobilized \$1.3 billion so far.



**PRASHANT WARIER** 

## Co-founder and CEO Qure.ai Technologies, India

A data scientist by training, Warier is on a mission to disrupt the radiology status quo and speed diagnosis times. Qure.ai uses deep-learning technology to provide automated interpretation of radiology exams, such as X-rays and CT and ultrasound scans, with the goal of getting patients to treatment faster. Al can't replace doctors, but Warier's work has shown it can lighten workloads for health-care providers and improve access by lowering costs.

November 2025 In Depth



## California Trollin

Armed with a podcast, a ballot measure and tweets, Gavin Newsom is spoiling for a fight with Donald Trump

> By Joshua Green and Eliyahu Kamisher Photograph by Erik Carter

EARLIER THIS YEAR, AS WILDFIRES TORE ACROSS SOUTHERN California, Gavin Newsom confronted what felt to him like the low point of a high-wattage political career—and to others like the possible end of a steady political rise that had long fueled whispers of a White House bid.

Entire neighborhoods in Los Angeles burned to the ground. Fire hydrants ran out of water. Visiting the wreckage, Newsom was assailed by angry constituents on live TV. And in a surreal twist, the incoming president was blaming him personally for the disaster. "NO MORE EXCUSES FROM THIS INCOMPETENT GOVERNOR," Donald Trump thundered on social media.

Shell-shocked and exhausted after a week on the front lines, Newsom holed up at home with a bottle of tequila and one of his closest friends, Doug Hendrickson. "He was getting absolutely massacred by everybody," Hendrickson recalls. "Like it was his fault, the whole thing. He was sort of a train wreck."

Newsom agrees he was reeling. "I felt the weight of everything collapsing," he says in early October, during a wide-ranging interview with *Bloomberg Businessweek* at the governor's mansion in Sacramento. "We'd just lost the election. I was watching Elon at peak Elon, Trump at peak Trump." The new president's behavior didn't track with the guy Newsom thought he knew, who'd talked smack on their frequent phone calls in the past but could be cajoled to help when disaster struck. "I'd worked with Trump after the Paradise fires" in 2018, Newsom says. "And I'm like, 'This is a different guy.'"

But fortune can shift quickly in politics, especially when Trump is in charge. It did for Newsom.

The turnaround began in June, when Trump started prodding Texas Republicans to make an unprecedented power grab by redrawing the state's congressional map in a way that would likely carve out five additional GOP House seats at Democrats' expense before the 2026 midterm elections. He soon turned up the pressure on other red states to do the same. "Historical experience suggests the GOP will lose the House next year on the current course," says David Axelrod, Barack Obama's former chief strategist, who saw Democrats suffer steep losses during Obama's first midterm. "Trump

recognizes this and is acting as aggressively as he can to stop Democrats from winning."

When word of Trump's plan got around, Texas Democrats reached out to Newsom to ask if he'd put out a statement saying he was watching what was transpiring in their state. They hoped the implied threat—California has 52 House seats and could theoretically create new Democratic-leaning districts to offset the planned gerrymander—would dissuade Texas Governor Greg Abbott from pushing the plan through. "I said, 'Absolutely,'" Newsom recalls.

But Trump wouldn't relent, and Abbott eventually moved forward. Panicked Democrats worried the move would let Republicans, who hold a narrow three-seat majority, inoculate themselves from a midterm backlash that's the Democratic Party's only realistic shot at reclaiming a measure of national power from Trump and the GOP. Desperate to fight back, they had few good options. So over the course of several weeks this summer, Newsom's bluff to redraw the California map unexpectedly became the Democrats' best plan to neutralize Republican aggression and preserve their chances to retake the House.

Overnight, Newsom became the most important Democrat in the country, his path to redemption lit neon bright. He quickly rallied California Democrats around a new map designed to create five more House seats for the party and strengthen its hold on a handful of others. On Aug. 14, Newsom unveiled Proposition 50, a ballot initiative dubbed the Election Rigging Response Act, which would temporarily suspend the state's independent redistricting commission and allow the legislature to redraw congres-

sional districts. "California will not sit idle as Trump and his Republican lapdogs shred our country's democracy before our very eyes," he declared at the press conference.

On Nov. 4, Californians will decide whether the Democratic gerrymander can proceed. The outcome could very well wind up determining whether Democrats can overcome Trump's bid to steer the midterms to the Republicans. "For Democrats, California is not just the big enchilada," says Amy Walter, editor-inchief of the nonpartisan *Cook Political Report*. "It's the only enchilada on the menu."

Newsom appears to see it as a priceless opportunity. As



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his allies and enemies readily agree, he doesn't lack for ambition. Having rebuilt his standing from the dark days of the wildfires, he's now seizing on the platform Prop 50 provides to cast himself as Trump's chief Democratic antagonist—and maybe more.

"Trump has given him a gift," says Addisu Demissie, a strategist who ran Newsom's 2018 gubernatorial campaign. "The opportunity to be a Democratic hero and a contender on the national stage."

Polls show Democrats are more disillusioned than they've been in decades—fed up with aging, feckless leaders, frustrated by a party adrift and unsure who their next standard-bearer should be, but yearning for someone to take on Trump. Newsom has leaped into the breach. California has sued the Trump administration at least 43 times, and Newsom mounts daily attacks on social media, stoking liberal anxieties over whether Trump will even permit American democracy to endure. "I don't know if there's going to be a fair and free election in 2028," he warns.

Newsom is consumed with the idea that Republicans owe their political success to their dominance of new media, a realization he says hit home when his teenage son grew infatuated with the manosphere and especially right-wing influencer Andrew Tate. Determined to reverse-engineer a response, Newsom has been meeting with dozens of online creators, and he launched a podcast that has featured deep conversations with MAGA heavyweights such as Steve Bannon and the late Charlie Kirk.

Lately, Newsom has been staging a spectacle as audacious—and as gleefully juvenile—as any Trump has put on. A few months ago he turned the governor's official X press account into a Trump-trolling

feed that mercilessly mimics the president's ALL CAPS outbursts and flow of artificial-intelligence-generated imagery. Recent posts depict Trump in drag as Marie Antoinette and as an obese figure devouring McDonald's Big Macs delivered by drones. To Newsom this is shock therapy meant to change the public perception of his party. "I think the biggest challenge with the Democratic brand right now is that we appear so weak," he says. Meanwhile the threat posed by Trump and Trumpism "is existential. It's an invasive species."

If the first step toward revitalizing the party is grabbing attention, Newsom is off to a hot start. Whether his approach is genuinely helpful is up for debate, however. Some Democrats love it. "Right now he's the point of the lance," says veteran presidential strategist Bob Shrum. Others are more skeptical. "It's nakedly political," says Axelrod, who notes that Illinois Governor JB Pritzker is countering Trump "with a little more gravity." What's indisputable is that aping Trump's tactics has brought Newsom the thing politicians love most—attention, spotlighting his record and his leadership, and inviting questions about his future ambitions.

When Newsom isn't tearing into Trump, he's selling the story of his journey from small-business owner to "pragmatic progressive" governor and casting California as a dynamic engine of jobs and innovation





Posts featuring AI-generated art from the California governor's X account

that's plainly superior to Trump's economic vision of tariffs, fossil fuels and industrial nostalgia. As Democrats search for a way forward, Newsom hopes they'll look west. "California is America's coming attraction," he says.

The subtext is that he'd be a natural choice to lead his party out of the Trump era. But can a polished California governor really build a movement around pragmatism? Could the former mayor of liberal San Francisco have enough appeal between the coasts to reach the White House? Newsom doesn't know vet. What he does know is that his future is bound up with the Nov. 4 referendum and the opportunity to deliver something Democrats haven't experienced in a long time: a big victory. He isn't shying away from the stakes. "This is my rocking chair test," he says.

ON OCT. 3, NEWSOM stood on the sixth floor of the University of California at Berkeley's Campbell Hall, clad in his usual navy suit and reaching for profundity. He'd

just signed a law making it easier for drivers at Uber Technologies Inc. and Lyft Inc. to unionize, and he wanted to cast his solidarity with workers in grand historical terms. "The imbalance between the rich and the poor," he said, somberly invoking Plutarch, "is the oldest and most fatal ailment of all republics." On the horizon loomed Salesforce Tower, a massive skyscraper that's home to the company co-founded by Marc Benioff—the godfather of one of Newsom's four children. Afterward, Newsom zipped across San Francisco Bay for a private one-on-one with Mark Zuckerberg.

The afternoon neatly captured the almost absurd wealth disparities that characterize so many aspects of life in California, not to mention the duality of its governor. During his nearly seven years in office, Newsom has navigated the competing demands of the state's billionaire class and its labor unions with enough success that many allies think he's perfectly suited to the national political moment.

■ Newsom is 58, tall and lean, with slicked-back hair, an open collar and an easy manner—think a friendlier Gordon Gekko. He'd seemed to want to run for president in the 2024 election, even participating in an odd, nationally televised debate on Fox News against Florida Governor Ron DeSantis, who was a Republican presidential candidate. But no opening emerged. He opted not to challenge Joe Biden, then deferred to Kamala Harris when Biden abruptly dropped out.

Trump's reelection, and Democrats' resounding defeat in both houses of Congress, transformed the political landscape, tarnishing Harris and prompting deep soul-searching at every level of the party. Even more than usual, Democrats have become a party of warring factions: Left-wing populists, centrist pragmatists and so-called abundance advocates preaching functionality over ideology are all battling to shape the party's future. No one has emerged as a plausible unifying leader. Newsom doesn't satisfy any camp's dogmatic requirements. But the same political malleability that his critics regard as a weakness could perhaps turn out to be a strength. It may ultimately take an old-fashioned politician, rather than an ideologue, to lead Democrats out of the wilderness.

Newsom has been moving between different worlds since he was a child. He was born to a family with deep roots in San Francisco's political and social circles. His parents separated when he was a toddler. His father, William Newsom III, was a state appeals court judge and later a legal fixer for the oil scion Gordon Getty and his family. It was William who in 1973 famously helped deliver a ransom payment to secure the release of J. Paul Getty's grandson after he'd been kidnapped by Italian gangsters. Newsom's father's connections gave him an entrée into the city's old-money establishment; the Gettys even took a teenage Gavin on safari in Africa.

But Newsom and his sister were raised in much less glamorous circumstances by their mother, Tessa, who took in foster children while working three jobs to make rent. His challenges were compounded by severe dyslexia, which made school a constant struggle. Still, he excelled at baseball, and his combination of athletic talent and family connections helped him gain admission to Santa Clara University.

After college, Newsom, with his father's help, established himself as an entrepreneur just as San Francisco's tech scene was taking off. In 1992 he opened PlumpJack Wine & Spirits with his close friend Billy Getty, Gordon's son, and with backing from the Getty family, the pair built up a collection of trendy restaurants and bars that brought Newsom wealth and fame. In 1997, at just 29, he was appointed to fill a seat on San Francisco's Board of Supervisors—its city

council-styling himself as a pragmatic reformer and small-business man.

As a young, handsome Irish Catholic with political roots, Newsom was inevitably dubbed "Kennedyesque"—and he didn't mind. "Bobby Kennedy is my hero," he says. The Camelot imagery only grew after his 2001 wedding to Kimberly Guilfoyle, a local prosecutor who would go on, after the couple's divorce, to gain fame as a Fox News host and to date Donald Trump Jr. In 2003, Newsom ran for mayor as a pro-business moderate and won. His signature initiative, "Care Not Cash," redirected payments from homeless people to social service organizations.

## In Newsom's mind, commercial prosperity and progressive priorities go hand in hand

Newsom first drew national attention the following year, when, citing his strong opposition to President George W. Bush's call for a constitutional ban on same-sex marriage, he instructed San Francisco's city clerk to start issuing marriage licenses to same-sex couples. During the subsequent "Winter of Love," the city wed thousands of gay couples, and progressives hailed Newsom as a moral hero. At the time, however, every major national Democratic figure—including Hillary Clinton, Barack Obama and John Kerry—publicly opposed gay marriage, and Newsom was criticized for energizing conservatives and jeopardizing the party's chances in the 2004 election. "My instinctive reaction was that he just destroyed his career," says Garry South, a political consultant who worked on Newsom's first campaign for governor.

Former San Francisco Mayor Willie Brown, who's known Newsom since the PlumpJack days, says the exposure taught the young mayor a valuable skill: "He learned how to become telegenic." Even then, Newsom seemed bound for bigger things. Brown recalls friends toasting him at his birthday party in 1997 with "Till we get to 1600 Pennsylvania Avenue."

Telegenic appeal also helped Newsom weather the fallout from his not infrequent scandals. One came in 2007, when local media reported that he'd had an affair with his appointments secretary, who was married to his friend and campaign manager. Although Newsom had separated from Guilfoyle, the disclosure sparked intense questioning of his judgment and drinking. He met the fallout head-on in a press conference at city hall. Professing deep remorse, he said, "Everything you've heard and read is true." Voters ultimately accepted his apology, reelecting him with 74% of the vote.

As a mayor allied with the city's business class, Newsom often fought battles waged from his left. His primary nemesis was the leading progressive on the Board of Supervisors, Aaron Peskin, who feuded bitterly with Newsom over everything from appointments to land use. "The bad blood between me and Gavin is legendary," says Peskin, who once had Newsom kicked off the local party committee.

In 2009, Newsom attempted to make the leap from mayor to governor, presenting himself as a young, tech-savvy Democrat who'd help California

"spin to the future" by modernizing government in Sacramento. At a time when Silicon Valley was still broadly seen as a force for progress, Newsom—a prolific networker and texter who's rumored to have more than 10,000 contacts in his phone—sought to align himself with the tech ethos, even announcing his campaign on Twitter and YouTube, a novel move at the time. Although he managed to win Bill Clinton's endorsement, his ambitions were thwarted by former Governor Jerry Brown's late entry into the Democratic primary, which forced Newsom to settle for two terms as lieutenant governor before finally making it to the governor's mansion in 2019.

Since arriving in Sacramento, Newsom has pursued core Democratic priorities including gun control, abortion access and raising the minimum wage while protecting what he calls the "golden goose" of the state's prosperity–Silicon Valley and Hollywood–from incursions by overzealous reformers. In Newsom's mind, commercial prosperity and progressive priorities go hand in hand. "Where do you think this money comes from?" he asks. Silicon Valley "gives us money to invest in ignorance and poverty and disease."

California has certainly benefited from tech's furious bull run. The combination of soaring share prices and high tax rates has stuffed the state's coffers to such an extent that, during the Covid-19 pandemic, Newsom enjoyed budget surpluses totaling more than \$170 billion. "That has helped enormously and kept him out of problems," says Mark Baldassare of the Public Policy Institute of California. Newsom's phone still pings constantly with messages from tech

billionaires Sergey Brin, Larry Page and Sundar Pichai, and he's got plenty of friends in Hollywood too, especially after he steered \$750 million in tax credits to the film industry this year. "If he runs for president, he's going to have a lot of backers for sure," says Jay Sures, vice chairman of United Talent Agency.

Even with these advantages, Newsom's governorship has hardly been smooth. A year after he took office, Republican activists upset about his policies on taxes, homelessness and business regulations started what initially seemed like a quixotic recall campaign. But the effort gained traction during the pandemic, amid frustrations over lockdowns, mask mandates and business closures. Then, with his administration still strictly limiting indoor gatherings, Newsom was caught attending—unmasked—a private dinner at the French Laundry, a Michelin-starred restaurant in Napa Valley. Opponents seized on the egregious blunder as proof of Newsom's hypocrisy and elitism. Even allies wondered if he'd fatally sabotaged his career. "Biggest boneheaded damn decision I made," he conceded in a podcast interview this year.

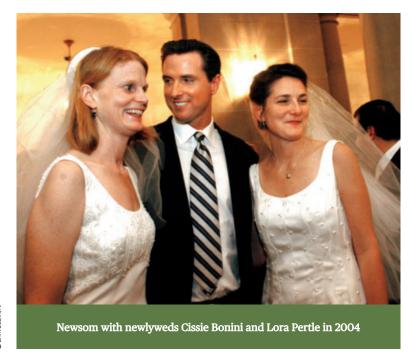
Newsom survived the recall vote in September 2021, thanks to strong Democratic turnout, a clear framing of the recall as partisan, and overall satisfaction with his handling of the Covid crisis. After winning a second term, he stepped up his efforts to cultivate a national platform, showing up on late-night shows and speaking out on issues including climate change and technology. He also became one of Biden's most outspoken surrogates—a move he may come to regret.

As Newsom contemplates what comes after Prop 50 and what he'll do when his term runs out in a little over a year, he can point to the strength of California's economy, which, if it were a country's and not a state's, would be the world's fourth-largest. And it only seems to keep growing, lately thanks to an AI boom that Newsom credits himself with managing.

Lorena Gonzalez, president of California's largest labor organization, points out that Newsom might not be able to sustain the balancing act he's managed between business and unions on the national stage. She's watched him raise the minimum wage for fast-food workers to \$20 an hour and sign

a bevy of pro-union laws, but also reject income tax hikes and rein in progressives eager to target Silicon Valley. "He has the record as a union guy. He has the ability to go out there and whip people up with strong speeches and fight back," Gonzalez says. "Or he has the ability to decide he's the tech Democrat. And those are two very different things."

Certainly, aligning with the tech industry is no longer the unalloyed positive it seemed to be when Newsom first ran for governor in 2009. He's looked on with frustration as many of its leaders—some of whom, including Elon Musk, donated money to him in the past—have embraced Trump. Newsom says Democrats bear some of the blame. "We took for granted those relationships in the Valley," he laments. "They reached a peak under Obama. I had a very good relationship with Elon at the time. But when he was not invited to the EV event"—a 2021 summit at the White House that Biden officials suggested Tesla Inc. was excluded from because the company isn't unionized—"it marked a moment. And you started to see and feel some things eroding a little bit."



By dint of his San Francisco background and political obsession with tech, Newsom has tracked perhaps more closely than any other Democrat the rightward shift in the online universe. He's also witnessed its effects on his own family. Earlier this year, as he was preparing to launch his podcast, This Is *Gavin Newsom*, he mentioned to his 14-year-old son, Hunter, that his first guest would be the conservative influencer Charlie Kirk. Newsom says Hunter was such a fan of Kirk's that he wanted to skip school to attend the taping. But he was shocked to learn



whom his son wanted to meet even more. "He's like, 'Dad, why aren't you meeting with Andrew Tate?' "Newsom recalls, referring to the professional kickboxer turned podcaster who has drawn widespread criticism for promoting misogyny and was arrested in Romania in 2022 on charges of rape and human trafficking. (Tate has denied the allegations.) "He's coming to California. You should meet with Andrew Tate. He's innocent." Newsom gives a horrified look as he recounts the conversation. "Like, what? How do you even know who this guy is? What do you mean he's innocent? He goes, 'All my friends, we all know he's innocent.'"

In some sense, Newsom seems to want to lead a Democratic version of the Republican-leaning manosphere. He has more than a few qualifications. He's a former athlete who briefly played college baseball. He brags about skeet shooting and bowhunting in Montana with his family. He has a sneaker collection and owns more than a dozen pairs of his favorite footwear, Snoop Dogg-branded Skechers. He's a wine snob. (His favorite bottle, a 1947 Cheval Blanc, retails for more than \$15,000.) In his downtime he likes to watch sports, hit the sauna and cold-plunge. Friends describe him as a bro at heart. "When people say, 'Who is Gavin?' I say he's one of us. He's me," says his buddy Hendrickson, an NFL agent. "If you know Gav like I know him, you know him with the hat on backwards. You know, drinking a beer, hanging out watching ball, talking sports—you know, talking shit about things."

ON A RECENT FRIDAY, NEWSOM WAS BACK TO SPREADING THE Democratic message and firming up his bro credentials in a venue where few politicians care to venture. He logged on to the livestreaming platform Twitch to spend an hour playing *Fortnite* with the popular YouTube creator ConnorEatsPants.

"You're crushing it, man!" Newsom said, with the slightly desperate energy of a dad trying to impress his daughter's prom date. For the next hour, as the pair dropped into firefights, their conversation zigzagged through Trump, JD Vance, cryptocurrency, weed smoking (Newsom said he doesn't partake) and the governor's Trump-bashing Twitter antics, which EatsPants knew about and approved of. "I might not agree with you on everything," the streamer said. "But I do like how you at least, like, clap back at these guys."

Sensing a connection, Newsom let slip that he owns a pair of Snoop Dogg Skechers. But his host sounded unimpressed. EatsPants was also unfamiliar with Proposition 50, to his playing partner's evident dismay. "I'm iterating," Newsom said, "I'm trying."

Even here, in a virtual playground where the same young men who are spurning the Democratic Party gather by the millions, Newsom ran into an obstacle that may ultimately limit his political ascent. EatsPants brought up housing prices and said that even successful creators like himself can't afford a place to live. "We can't buy a house, bro," he complained. "None of us are buying a f—ing house."

Despite Newsom's tireless advocacy, California no longer registers to much of the country as a fabled land of sunshine and opportunity. Instead, less flattering associations have emerged. In addition to exploding housing prices, the state is plagued by high rates of poverty and homelessness. It has the country's highest unemployment rate and gas prices. In recent years, prominent corporations including Chevron, Oracle and Tesla have moved their headquarters out of state, with CEOs complaining about punishing tax rates and regulations.

California's struggles have been further magnified through the distorting lens of conservative media—particularly Fox News—which, owing partly to Bay-area Representative Nancy Pelosi's tenure as Democratic House speaker, long ago established "San Francisco liberal" as the ultimate partisan epithet. Millions of Americans are now aware, for instance, that California offers free health care to unauthorized immigrants—a policy Newsom once touted as historic but has now scaled back.

Should Newsom decide to run for president,

Republicans will gladly amplify these criticisms to make the case against him. Bannon, his erstwhile podcast sparring partner, argues that Democrats would be hard-pressed to find a worse candidate, given how inflation and cost-of-living concerns have dominated recent elections. "He won't be able to talk about the California model, because it's been an abject failure," Bannon says. "And he misses the political moment in the country, which is defined by anti-elite populism and economic nationalism. His entire support base is made up of the tech oligarchs in Silicon Valley."

Newsom is touchy about his state's image but doesn't deny the obstacle it presents. "I'm not naive about California's status in the national election," he says. "I'm not a fool." Still, he can't help griping about what he deems to be unfair and misleading attacks. "I think there's a California derangement syndrome," he says. "It's extraordinary, the bullshit that I hear about this state."

In recent months, Newsom has taken policy actions or expressed positions on a number of issues that, viewed together, paint him as more moderate and less tied to his party's liberal wing than his public image conveys. In response to oil and gas companies shutting down in the state, he signed legislation to fast-track approval of thousands of new oil wells to help stabilize California's energy markets. Citing budget constraints, he led an effort to freeze health-care enrollments for undocumented adults and make existing beneficiaries start paying monthly premiums. On his podcast episode with Kirk, Newsom shocked some of his allies by saying he thought it was "deeply unfair" for transgender girls to compete in women's sports.

But even Democrats who applaud his record wonder whether Newsom can separate himself from California's knottiest problems and countercultural excesses. "Part of what Democrats have dealt with is a rebellion against coastal elites, so it seems to me that's a barrier," Axelrod says. "He's an incredibly skilled guy, very smart, very quick, very experienced, with central casting looks. But when you're talking about the role of president, Hollywood's idea of central casting might be different than Peoria's."

Newsom isn't showing any sign of being daunted. As he has throughout his career, he seems driven by a compulsion to seize the spotlight, manufacture a moment and win over his audience, no matter how skeptical it might initially be. Sometimes his knack for self-sabotage undermines him. Often, though, he's shown an instinct for being a step ahead of wherever his party is going and getting there first.

"You're not going to thrive in this current political atmosphere by being cautious," says Shrum, the presidential strategist. "That's what he's demonstrated."

Newsom's next big moment is fast approaching. The fate of the Nov. 4 redistricting referendum is far from certain. So far, Democrats are surprised and disappointed that Trump has shown uncharacteristic restraint and avoided weighing in. An Oct. 2 poll by the *Cook Political Report* found that 47% of California voters support it, 34% oppose it, and the rest remain undecided—a large enough group of persuadable voters to swing the outcome.

Newsom says he's at peace with whatever Californians decide. "I'm on the other side of caring about the outcome," he insists. "I want it. I care about the work. [But] if we fail, it won't be for lack of energy and effort."

Of course, any politician would say that. Watching Newsom surf the wave of public attention he's stirred up and dive into the online universe he's convinced could be the Democrats' salvation, it's a little hard to take him at his word. What politician doesn't want to be their party's savior?

If Californians deliver the victory Democrats are counting on, it would

instantly give Newsom a major achievement and vault him into the top tier of 2028 presidential hopefuls. "We're seeing why it's super helpful to be a governor," says the *Cook Political Report*'s Walter.

Even old adversaries are starting to come around. Peskin, his bitter rival from their San Francisco days, caught Newsom's recent appearance on *The Late Show With Stephen Colbert* and was startled by his own reaction. "I thought, 'Damn, he's saying some shit that I'm feeling!'" Peskin says. "Maybe this guy is a human being."

Even as Newsom bats away questions about whether he'll run, he can't help but reveal how closely he's following the commentary and how sensitive he is to what's being said about him. "I did not wake up as a kid and [spend] my entire life wanting to be president of the United States," he says. "Every time I read someone who says that, I know they don't know shit about me."

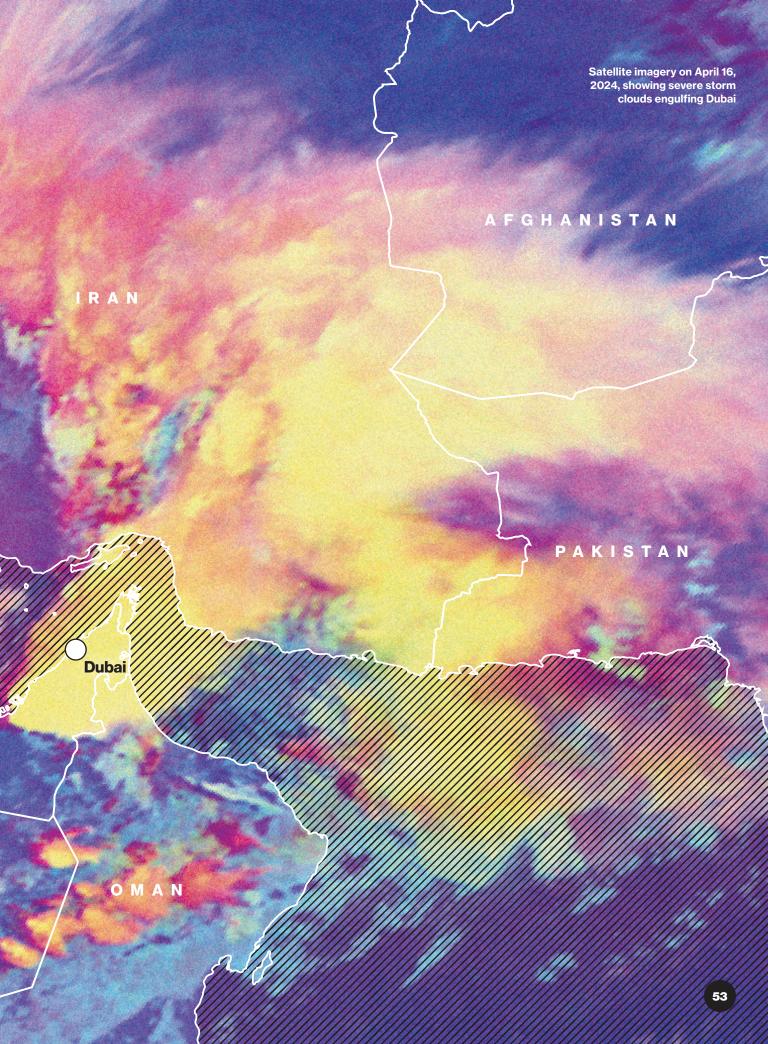
"You're not going to thrive in this current political atmosphere by being cautious. That's what he's demonstrated"

Pressed on the matter, Newsom replies that before he'd consider jumping into the race, he'd have to be able to envision himself up on a debate stage alongside what everyone presumes will be dozens of other Democratic candidates. And he'd have to see a clear path to victory. "If I'm doing this, it's because I'm going to win," he says.

Then Newsom's political radar seems to flash a warning signal: *Best not look too eager—governing is its own reward!* He emphasizes how much he treasures running the state others love to hate on. "I love the work, I love the policy, I love the practical application," he says.

But it's Gavin Newsom. So of course he plunges ahead anyway. "I also love the politics, and I like the game," he adds. "And I want to win."





## THE STORM CLOUDS ROLLED IN

again at 3 p.m. Dubai was already drenched from torrents of rain that had started the previous evening, flooding roads and subway stations. Now, on the afternoon of April 16, 2024, another weather front loomed. It appeared almost as a solid object—a gigantic disk, miles across, framed by greenish light like a Hollywood special effect. Social media users compared the scene to an alien spaceship breaking cover.

The downpour arrived moments later. Palm trees buckled in sideways rain, and thunder boomed overhead. By evening, it was clear that the United Arab Emirates was experiencing a once-in-a-generation storm. Dubai International, the world's second-busiest airport, closed when its runways turned into rivers.

Images began to circulate online of the desert metropolis, famous for its sunny climate and extravagant displays of wealth, swamped by floodwater. "Crypto Bitlord," a digital currency influencer, recorded himself steering a sports car through murky water, saying, "This Lamborghini is swimming, bro." The cryptocurrency conference he'd been planning to attend was one of two washed out that day. A golfer posted a clip of someone paddleboarding down the fairway at the sprawling Dubai Sports City complex. The total damage across the UAE was estimated at \$3 billion. At least four people were killed.

Afterward, many experts attributed the storm's violence to climate change. A warmer planet means more moisture in the air, which means more water for rainfall. In the darker corners of the internet, though, there was another explanation: geoengineering, the deliberate manipulation of climate by humans. The term gets used for both imaginary and real activities in the sky. Chemtrails—plane vapor streams supposedly loaded with dangerous chemicals—don't exist. Cloud seeding—in which particles are introduced into the atmosphere to encourage rain—does.

In fact, more than 50 countries do it. The UAE's National Center of Meteorology (NCM) has been seeding clouds for years, trying to squeeze out extra water for an arid region with a booming population. "The UAE has proven that even the driest lands can flourish," a video produced by the agency on its seeding program proclaims.

After the April 16 floods, some on social media were quick to seize on that history, claiming the government was responsible. "Guess this is the result when you overdo it with the cloud seeding," one anonymous X user wrote. Others blamed a "satanic cabal" of weather manipulators and accused Bill Gates of trying to block out the sun.

Fact-checkers at the BBC, the German public broadcaster Deutsche Welle and other outlets quickly dismissed the idea that cloud seeding had contributed to the Dubai floods. The science behind it has been around since the 1940s, but the evidence that seeding works in practice isn't rock-solid—it probably does, but it's frontier territory. Bizarre, unexplained things happen up there, at molecular scale.

In any case, Emirati authorities denied attempting to alter this particular weather system. "We did not use cloud seeding, because [the storm] was already strong," an NCM spokeswoman said the next day. (Senior officials and spokespeople at the NCM didn't respond to emails seeking comment for this story. The UAE's foreign ministry also didn't reply to messages seeking comment).

Seemingly debunked, the idea that cloud seeding caused the flood appeared to be en route to the tinfoil-lined trash can of history, alongside flat Earth theory. But some doubts remained, even in the scientific community. "The Dubai floods act as a stark warning of the unintended consequences we can unleash when we use such technology to alter the weather," Johan Jaques, a meteorologist at environmental data company Kisters, told *Newsweek* on April 18, two days after the rains struck.

A similar cycle of disaster, accusation and denial played out in the US earlier this year, when more than 100 people drowned in Texas over July Fourth weekend. Afterward, conspiracy theorists pointed to a seeding mission that had taken place two days earlier, releasing a small amount of silver iodide in skies 100 miles from the subsequent flooding. The contractor involved got death threats. Republican Representative Marjorie

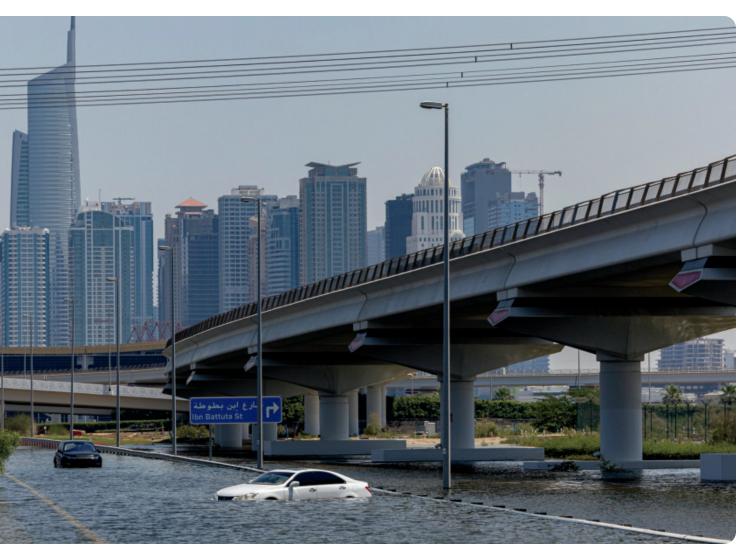
Taylor Greene claimed that an unspecified "they" control the weather and later called for geoengineering to be made a felony.

Although the idea of a political plot to drown Republican voters is manifestly absurd, the reality of cloud seeding is harder to pin down. Even today, meteorologists don't really know how clouds work, let alone what happens when chemical agents are introduced. It's not crazy to ask whether recent advances in the technology might have an effect on extreme weather, especially if used carelessly.

What follows is a full account of the 2024 Dubai floods, based on interviews with insiders at the UAE cloud-seeding program, pilots and meteorologists, and on new flight data that challenges the accepted version of events. It's the story of a catastrophe, weird science, competing narratives and unintended consequences.

**MONDAY, APRIL 15,** began calmly. The outer fringes of the storm brought ashen skies. State-owned broadcaster Dubai One warned of thunderstorms and hail in the evening, with the possibility of flooding. "The bad weather is expected to continue through Tuesday."





At around 1:40 p.m., radio receivers picked up signals from United Arab Emirates Air Force 836 heading north over Dubai. The plane cruised past Palm Jumeirah, a tree-shaped manmade archipelago whose residents include hedge fund traders, movie stars and Russians fleeing international sanctions. With zero personal taxes, great golf courses and abundant shopping malls, Dubai is a welcoming place for the rich.

UAF836 is a Beechcraft King Air twin-propeller plane. It's small, agile and tough. The ones used by the UAE's cloud-seeding program are equipped for a single purpose, former pilots say: delivering seeding agents into the sky. Racks holding dozens of flares lined each wing, each tube containing salt crystals coated with titanium nanoparticles. When burned, the flares release their payload. The crystals are hygroscopic, meaning they absorb water molecules, holding them until they can form a droplet heavy enough to fall to the ground. That's how cloud seeding works.

UAF836 was the only seeding plane whose flight path was tracked on April 15, but the UAE's weather agency has at least six similar craft. The planes can work in shifts, lining up to hit a promising cloud in succession like a bomber squadron.

Because of their small size and air force registration, seeding planes don't always show up on satellite or other public surveillance systems, making them hard for out-

Abandoned vehicles in Dubai on April 18, 2024

siders to monitor. The UAE doesn't release information about specific missions. Flight tracking company AirNav Systems provided some of the data for this story using multilateration, which involved triangulating UAF836's position from broadcast signals pinging off nearby ground stations.

The plane bore east and flew inland, passing over the Margham Gas Plant and Field, where metal pipes transport some of the hydrocarbons that have transformed the UAE into one of the world's richest nations. Dubai's oasis of luxury is also thirsty, thanks to all the golf courses, fountains and swimming pools—and average rainfall of only around 90 millimeters (3.5 inches) per year. London, by comparison, gets about 600 millimeters.

At around 2 p.m. in Dubai, 20 minutes after UAF836 flew overhead, it began to rain.

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**CLOUD SEEDING WAS** discovered by accident in the 1940s. A scientist at General Electric Co. left dry ice—solid carbon dioxide—in a freezer chest. In the smoky, supercooled container, ice crystals formed inside a miniature cloud, seeding tiny snowflakes.

There are trace amounts of water in the air all around us. When warm, moist air rises, it cools and turns into the

vaporous shapes we know as clouds. But researchers have found that this naturally occurring moisture needs some encouragement to do so, and then to condense into raindrops, hail or snow. Simply put, water molecules prefer to have something to hang on to—a seed.

Several types of particulate matter can do the job. There are natural seeding agents—dust that's blown into the troposphere, for example, or the miasmic stench of ammonia gas wafting up from

NCM pilots during a demonstration cloud-seeding flight over Al Ain, UAE, in March 2022 penguin poo in Antarctic colonies, above which researchers have observed extra cloud cover. There are unnatural agents, too, such as stratocumulus trails above shipping lanes, caused by engine pollution.

Plain old salt seems to work. In early experiments, pilots tossed it out of plane windows. Dry ice also proved effective outside the laboratory. Dale Roberts, an American who flew



YAN DENTON/THE NEW YORK TIMES/REDUX (2)



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# "NOBODY ON EARTH UNDERSTANDS WHY IT DOES OR DOESN'T WORK"

missions in the Midwest in 2014, recalls dropping handfuls of it into a storm cloud that was one of three in the area. "By the time I turned around, two minutes later, it was pouring rain out of that cloud and not the other two."

Since the snowflakes in the GE freezer, scientists have continued to experiment with different seeding techniques, funded by those eager to exploit the weather for their own purposes. The US Army tried cloud seeding to wash away enemy supply lines during the Vietnam War. Today, Indonesia uses it to try to empty clouds away from flooded urban areas. India uses it to combat drought. American ski resorts use it to top up slopes with fresh powder. Before the 2008 Summer Olympics, Beijing had 32,000 people working on a program in which planes and rockets fired shells filled with silver iodide crystals to make approaching clouds rain before they reached the stadium. Whether by luck or design, the opening ceremony was dry.

Even after decades of research, such methods remain controversial within the scientific community, something a fact sheet published by the World Meteorological Organization (WMO) acknowledges. An important principle of cloud seeding is that it can't increase the amount of moisture in the air, creating something from nothing. Clear blue skies will stay clear and blue, no matter how much silver iodide is sprayed. Seeding can only enhance the amount of water that falls out of clouds, like squeezing a sponge.

And its effectiveness is still disputed. Some trials reported enhanced precipitation, but others delivered "inconsistent"

Experimental nanomaterial being released during the demonstration flight

results, according to the WMO report. Estimates of the extra rain attributable to seeding range widely, from almost nothing to 45%. Part of the problem is that every cloud and every shower are unique, so it's hard to know how much would have fallen anyway. Meteorologists have to rely

on statistical models or observe experiments in miniature, inside laboratory cloud chambers.

The WMO says it "neither promotes nor discourages the practice of weather modification." Instead, the agency urges researchers to use sound scientific methods and keep a close eye on the "potential effects on the environment and human health," both intended and unintended.

Stephen Broccardo, a NASA engineer who worked with the Emiratis 20 years ago, when the

UAE's program began, says weather modification is a global industry, with proponents and detractors, honest scholars and snake-oil salesmen. Of cloud seeding, he says, "nobody on earth understands why it does or doesn't work."

**UAF836 APPROACHED THE** Hajar mountain range, 60 miles from Dubai, at 2 p.m. on April 15, according to AirNav data. The spine of peaks running up the country's eastern border is the most productive place to seed clouds, say UAE researchers, because it diverts warm air currents upward, a key element of cloud formation. Nearby dams store fresh water, though their reservoirs often dry out in summer.

The plane flew a couple of tight patterns distinctive to seeding operations. These target a specific area of cloud, strafing the base with hygroscopic agents, which are lifted by warm updrafts into the towering plume where droplets are made. At around 2:30 p.m., the NCM reported heavy downpours, thunder and lightning at a weather station in Hatta, roughly 30 kilometers (about 19 miles) to the south of where the plane had flown.

UAF836 was detected again at around 4:30 p.m., flying loops near Al Dhaid camel racing track at the base of the Hajar range, where dry, flood-prone creeks known as wadis run all the way down to the coast. Throughout the afternoon, the NCM posted on X about "the rains of goodness," a phrase that in Arabic evokes a blessing—water to help farms flourish and the desert bloom.

**WHAT WAS DEVELOPING** over the UAE is known as a mesoscale convective system, in which lots of individual thunderstorms converge into a single, roiling mass. This one was roughly the size of France. On the night of April 15, it demonstrated its power. Weather radar lit up in luminous shades showing the rain's density.

At 4 a.m. on April 16, there was a break in the weather when cloud cover moved northeast, away from the UAE toward Iran. But another front was building over the Persian Gulf, west of Dubai. UAF836 was back in the air at 8:45 a.m., passing over Palm Jumeirah before heading south in the direction of Al Maktoum International Airport. (The multilateration data doesn't show whether the plane ignited its flares.) As the rain pounded down below, visibility in the Abu Hail district

◀ of Dubai was reduced to a few feet. Residents of Al Faya, 50 kilometers to the east, told the *Khaleej Times* that the morning skies turned as dark as night, with continuous thunder and lightning strikes.

Virtually the entire country was now covered by a blob of dense cloud that was dumping its moisture from a great height. Dubai Parks & Resorts, a collection of three theme parks, announced it was closing for the day. Onpassive Metro Station started to fill with water. A glamping resort was inundated, forcing the rescue of four Russian tourists. Authorities asked residents to stay at home and leave their cars on high ground. Undeterred, some members of Dubai's immigrant community rolled up their trousers and waded through ankle-deep floodwater to get to jobs as cleaners, construction workers or delivery drivers.

Imported manpower has also helped the UAE become a world leader in weather modification technology. Sheikh Zayed bin Sultan Al Nahyan, revered as the father of the Emirati nation, dreamed of greening the desert and supported cloud seeding until his death in 2004; he recognized that the country's strength depended on its capacity to secure fresh water. The UAE's program began in earnest in 2000, when it joined with the US National Center for Atmospheric Research for a research project in the Persian Gulf. NASA offered its expertise a few years later. Many of the first pilots and meteorologists were recruited from South Africa, where the local weather service had been experimenting with hygroscopic salt flares mounted to aircraft.

Flying into thunderclouds is not for the fainthearted. Visibility can drop to near zero. Pilots might have to navigate lightning, ice or hail, and sometimes all three. One aviator who worked with the UAE program in the early days compares the experience to bumping around a hotel room during a blackout, only with the risk of death instead of bruised shins. "It's thrilling," he says. (All the former employees and contractors interviewed for this story asked not to be named, citing confidentiality agreements and fear of retaliation.)

Another pilot recalls being spat out of a cloud upside down. Air currents can push a plane up or down several thousand feet in moments. With nothing but driving rain and gray vapor visible through the cockpit window, the only way to tell where you are is the spinning dial on the altimeter and a lurching sensation in your stomach.

Storms in the Persian Gulf are infrequent but powerful. They emerge and disappear quickly, especially in summer, demanding a swift response if they're to be seeded. After the UAE moved its program in-house starting around 2003, its weather agency stationed a squadron of modified Beechcraft King Airs at Al Ain airport, close to the Hajar mountains, with a rotating crew of pilots on standby, ready to be airborne on 30 minutes' notice. Over time the process became almost automatic—see cloud; seed cloud. "If you wait to see if it's seedable, it's gone," a former pilot says.

Unusually, given that it added to the risk of accidents, the Emiratis also targeted clouds at night. One evening in 2018, a

pilot ignited his flares over the Louvre Abu Dhabi. He could see the venue's illuminated dome as it prepared for a concert by Dua Lipa. The performance was later canceled because of bad weather. The air crews joked half-seriously about ruining a pop star's night, according to someone who worked there at the time.

By 2017 the NCM was spraying so much seeding material that academics found a significant increase in microscopic silver iodide particles at 20 air-quality monitoring stations on the ground nationwide. A few years later, the agency began using experimental titanium nanoparticles to coat salt crystals. The combination was said to be hydrophilic (attracting water) as well as hygroscopic (absorbing water), making for a more efficient seed. As of 2024 the NCM was flying as many as 300 missions a year, multiple times a day during the summer storms that yielded the most rain.

The UAE's demand for water grows every year, making every drop precious. The majority of its supply comes from desalination plants that boil the salt out of seawater, a costly and energy-intensive process. Weather modification looks cheap in comparison. The NCM estimates that a single dollar spent on cloud seeding produces the same volume of water as \$25 spent running the plants.

**AT JUST AFTER** midday on April 16, the storm briefly loosened its grip on Dubai. The Burj Khalifa, the world's tallest building at a half-mile in height, speared defiantly through a thin layer of cloud. But the punishment resumed at 3 p.m. with the appearance of the strangely shaped front that social media users compared to a spaceship.

It was probably what meteorologists call an arcus, a ring formation caused by cold air plummeting down from the top of an anvil-shaped storm cloud, then curling back upward from the base. There was nothing unnatural about the green or yellow tinge—just a trick of the light as the sun's rays refracted through very wet air—but it did speak to the explosive forces at work. The following deluge was like nothing even lifelong residents had seen before.

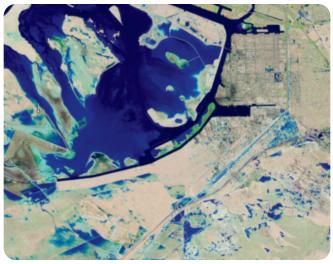
Once a cloud droplet grows to 10 to 20 microns (0.01 to 0.02 millimeters), it stops rising and starts to fall. As it descends, it pinballs against tens of thousands of other droplets in a chain reaction that, in taller clouds, can unleash a staggering amount of liquid. The average thunderstorm contains 1 million metric tons of water, enough to fill 400 Olympic swimming pools.

Floodwater in parts of Dubai rose to knee-deep, then waist-deep. Traffic stacked up bumper-to-bumper for 2 kilometers along Sheikh Zayed Road, the city's main artery.

At around 4:45 p.m., a Bloomberg News reporter spoke to Ahmed Habib, a meteorologist at the NCM, for a story about the floods. The center had been flying seeding missions all that day and on Monday, too, he said. He counted seven operations during the period—meaning UAF836 wasn't the only plane in the air. Any convective cloud should be targeted, he said. (The NCM would later deny this accounting of events.)

As afternoon turned into evening, the NCM issued its first red warning, indicating the most severe hazard. Flights from





**False-color satellite** 

southern outskirts on

April 19 (below), before and after the storm

images of Dubai's

April 3 (above) and

Dubai International were delayed, diverted or canceled. At 8 p.m., mosques around the city broadcast the call to prayer, along with a special message asking worshippers to stay indoors.

It's unclear when on April 16 people started dying.

The only information the police released said that a male citizen in his 70s had died when his vehicle was swept away in the emirate of Ras Al Khaimah. Philippine media reported that two immigrant workers, Jennie Gambao and Marjorie Ancheta, suffocated after their shuttle bus was submerged. And a third Filipino, Dante Casipong, a 47-year-old airport technician, was killed when his car fell into a sinkhole. He left behind a wife and three children.

**HUMAN INTERVENTION IN** the weather has always attracted suspicion. Centuries ago, attempts at storm-raising were considered sorcery. King James VI had dozens of suspected witches

arrested and tortured in Scotland in the late 1500s after a tempest battered his ship in the North Sea.

Cloud seeding itself has been linked to disaster, fairly or not, pretty much since it was discovered. In the summer of 1952, most of the southwestern English village of Lynmouth was swept into the sea by a flash flood, killing 34 people. Villagers suspected the military had been conducting experiments on the clouds, which the authorities denied. Decades later the BBC uncovered a lost interview with an academic who remembered throwing salt from a glider in the days before the flood, part of a military-backed testing program called Project Cumulus. (The UK Ministry of Defence said in a statement to *Bloomberg Businessweek* that its experiments didn't yield significant rainfall and that bad weather had caused the floods.)

In February 1978, a creek in Big Tujunga Canyon, California, burst its banks, killing 11 and causing \$43 million in damage. Afterward, it emerged that Los Angeles County had seeded the day before the storm. The resulting outcry led to dozens of lawsuits (all unsuccessful) and the cancellation of the area's seeding program. In South Africa, cloud-seeding pilots were shot at by farmers as recently as the 1990s. And after the Texas floods this year, Florida's attorney general sent letters to his state's airports warning of third-degree felony charges for anyone attempting to use chemicals to alter the climate.

The UAE has seen an increase in flooding during the cloud-seeding era. The causes are likely numerous, encompassing climate change and urbanization, which replaces naturally absorbent landscapes with flood-prone concrete ones. Although the UAE's weather agency has always denied causing storms, it has admitted to seeding them. It has also acknowledged following extreme rains that this might have meant more water on the ground. After a woman was killed during a three-day deluge in January 2020, a spokeswoman noted that the NCM doesn't "produce" precipitation but does "help the cloud to increase the amount of rainfall." And after heavy rains in January 2022, the NCM told Agence France-Presse that cloud seeding may have exacerbated the impact. In each case, the center was keen to make clear that it would have rained anyway.

No one knows for sure exactly how cloud seeding affects such powerful storms. Some scientists insist that when condensation is already being turned into rain so efficiently, the impact can only be minimal. "Like a breeze stopping an intercity train going at full tilt," Richard Washington, a climate science professor at the University of Oxford, wrote in a blog for the news network the Conversation a few days after the storm. On the other hand, scientists with the US National Center for Atmospheric Research, found during a three-year study in Mexico that the largest quarter of storm clouds produced 45% more rain in the half-hour after being targeted than unseeded clouds, according to an article published in 2000 in *Science* magazine.

The Mexico experiment and other studies have reported that seeded storms seem to last longer. But the turbulence and infinite variety of thunderclouds make it nearly impossible to single out the effect of hygroscopic agents, at least to a scientific standard of proof. It's hard to separate human influence from ▶

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◀ natural chaos. Seeding could lead to more rain; it could also lead to less, if it spurs the formation of ice crystals that don't fall, according to Alan Robock, a professor of climate science at Rutgers University. It could also do nothing at all. "You can't rule any of those out," Robock says.

Absent decisive data, some scientists have urged a cautious approach. A 2022 study by academics at the Dubai campus of Heriot-Watt University specifically linked cloud seeding to an increased risk of urban floods, alongside other factors. "Although cloud-seeding increases precipitations and increases groundwater recharge," the authors wrote, "it has also impacted the performance of drainage networks and urban flooding." A later review of the academic literature by the same researchers called the possibility of a connection between cloud seeding and extreme rainfall "worrisome."

The American Geophysical Union has published ethical guidelines for climate intervention research that recommend proper risk assessment to reduce harmful side effects, transparency and "trigger mechanisms that pause or terminate the experiment" if things go wrong.

**UAF836 WAS RECORDED** in the air a final time at 10:30 p.m. on April 16, flying just north of its base at Al Ain airport. A nearby weather station had just logged an astonishing 255 millimeters of rain in the previous 24 hours—almost triple what

Dubai gets during an average year. Even though it was the heaviest downpour since records began, the news wasn't all bad. The storm had the effect of "strengthening the country's groundwater reserves," according to the **Emirates News** Agency, or WAM, the official state news outlet.

Dubai's inhabitants awoke the following morning to clear skies and a surreal aquatic scene. Several

highways were underwater, dotted with submerged cars. A few hardy souls used canoes to check on friends and neighbors. Those forced to sleep overnight in airports or shopping malls began to contemplate how to get home.

That morning, when Bloomberg News contacted the NCM for an update, a spokesman said Habib had been misinformed: Seeding had taken place, but only on the 14th and 15th, before

the storm hit full-force. The NCM added a statement saying it hadn't conducted any seeding operations "during this event" and doesn't fly missions during extreme weather. (Habib and the spokesman didn't respond to requests for comment for this story.)

Then the NCM's story changed yet again, this time in a statement to Dubai's *National* newspaper. Planes were in the air in the days running up to the storm but had only taken samples, not ignited flares, the NCM said, adding that "we take the safety of our people, pilots and aircraft very seriously."

For some in the small community of pilots around the UAE cloud-seeding program, these denials didn't make sense. For one thing, Beechcraft King Airs, like UAF836, aren't fitted with the specialized equipment required to take cloud samples. All the plane can really pull in is what a former NCM airman calls "Mark 1 eyeball data"—basically, what the pilot senses. "It was purely a cloud-seeding machine," another former NCM airman says.

Nor did the concern for the safety of the pilots and aircraft ring true for all those who've flown for the program. Two former pilots say they were told their jobs would be under threat if they refused to fly in what they'd judged to be unsafe

## "IDON'T KNOW WHAT UPSETS ME MORE, THE LYING OR THE INCOMPETENT LYING"

conditions. About a decade ago, one of the pilots says, air crews got in a dispute with NCM management over the use of Bulgarian-made flares that had a habit of exploding when ignited. The NCM relented only after one of the flares blew up midflight and punched a hole in an aircraft wing. When a pilot complained about safety in 2019, he was rebuffed and told, "It's coming from the sheikh."

Pilots say they were asked to deliver seeding material both in cloudless skies and in conditions so rainy they could see cars struggling on flooded roads below. "It became this weird box-ticking exercise," one of the pilots says. The NCM seemed less focused on results and more interested in running up mission numbers to put in its daily reports.

Another aviator recalled raising the alarm after seeing reports of flooding following a cloud-seeding mission. When he told NCM managers they needed a stop button to reduce risk, he was ignored, he says. This pilot was no longer working for the NCM in April 2024 but says he was in contact with former colleagues who were. "My friends were up in that, saying they would get fired if they didn't fly," he says. "I don't know what upsets me more, the lying or the incompetent lying."

**IN THE AFTERMATH** of the floods, Dubai's state-affiliated newspapers reflected the official account. The global media tended to, as well. A few articles relied on scientists who were either paid directly by the NCM or who'd benefited from Emirati funding. BBC fact-checkers quoted Diana Francis, an atmospheric scientist whose lab at state-funded Khalifa University works in partnership with the NCM, as saying that cloud seeding isn't used on "such strong systems of regional scale." (Francis didn't respond to an email seeking comment.)

The same article quoted two meteorology professors at the University of Reading in the UK whose department had received at least \$1.5 million in funding from the UAE to research cloud seeding. The university distributed a press release with the headline "Cloud seeding did not cause Dubai floods" that quoted the professors, without the relationship and funding being mentioned.

The professors, Maarten Ambaum and Giles Harrison, say they aren't involved in the operational side of the NCM's weather modification program and didn't have firsthand knowledge of when missions were flown. They stand by their assessment, though, which they say was based on the principles of cloud physics. In effect, such powerful storms turn condensation into rainfall so efficiently that seeding them is pointless.

Debate about the effectiveness of cloud seeding is unlikely to be settled anytime soon, but it's hard to imagine, based on the UAE's own figures, that its seeding runs had no impact at all. In media reports and published studies, officials have cited rainfall increases of anywhere from 5% to 35%. And, as hydrological modeling experts point out, once drainage systems are overwhelmed, the effect of any extra rain at all is magnified. "If the cloud seeding added rainfall to exceed design capacity, then flooding would ensue," Thomas Kjeldsen, an associate professor in water engineering at the University of Bath in the UK, wrote in an email. "If 10% or 20% is enough, nobody can say, as it depends how much rainfall there would have been in the first instance," he wrote. "But 10% of a lot is ... a lot."

Two days after Crypto Bitlord's Lamborghini went swimming, life in Dubai was returning to normal. The digital currency conferences got underway. Attendees drank coffee sprinkled with gold leaf and petted llamas to a soundtrack of thumping techno. Luca Netz, chief executive officer of nonfungible token company Pudgy Penguins, was philosophical about the disruption, telling Bloomberg News "we've been through worse."

**THIS JANUARY, CLOUD** scientists from all over the world gathered at a luxury hotel in Abu Dhabi for the International Rain Enhancement Forum, the NCM's flagship conference. The event fused TED Talk-style oratory—speakers used terms such as "value creation" and "nodes of intelligence"—with militaristic nationalism.

The NCM has a grant program that works like a venture capital arm, investing millions of dollars in promising research projects run by some 1,800 academics worldwide. "Impossible is the beginning," someone declared. Meanwhile, a UAE flag fluttered on a giant screen and air force officers received medals for their service in making it rain.

There was little mention of what had happened scarcely nine months earlier. Dissenting opinions on official positions aren't embraced in the UAE. "Virtually nobody in the country speaks out on political and other sensitive issues," according to Freedom House, a pro-democracy nonprofit. Among the few direct statements about the flooding came from Chaouki Kasmi, chief innovation officer at the Technology Innovation Institute in Abu Dhabi, who declared that "unusual atmospheric conditions," not cloud seeding, caused the April floods. "Top scientists have proved it," he said.

"Water is politics," said Loïc Fauchon, president of the World Water Council, when he took the stage. No one could challenge that assessment, at least. Several of the UAE's regional neighbors, notably Saudi Arabia and Oman, have cloud-seeding programs that are, theoretically at least, competing for the same air-bound moisture. It's not hard to see the appeal of controlling the supply of potable water. Twenty years ago, a South African contractor met one of the Emirati leaders backing the nascent seeding operation. "The next world war will be about water," the contractor remembers him telling her.

Weather modification could be a weapon or a savior. Seeding clouds with seawater on a massive scale, a technique called "brightening," could halt global warming by reflecting solar rays back into space, said one presenter at the Rain Enhancement Forum. Scientists there also described firing lasers at clouds and using acoustic waves blasted upward from giant speakers to try to shake moisture from the sky. Roelof Burger, a climatology professor at North-West University in South Africa, warned that, as researchers push the field in new directions, seeding technology has the potential to be "dangerous in the wrong hands."

Whatever the form, geoengineering is likely to become increasingly important as the planet heats up, threatening water supply in some countries, increasing it in others. Or it could all be a tech-utopian fantasy, doomed to fall short against elemental forces that we can barely comprehend, let alone control. The answer depends on who you ask.

Outside, it was another perfect day in Abu Dhabi. A few solitary puffs of cloud drifted overhead. Wisps of vapor, they were barely there at all, certainly not worth dispatching planes for. Soon they disappeared, leaving the desert sun blazing down unimpeded from a clear-blue sky. —With Neil Jerome Morales and Jeremy C.F. Lin



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## How to Invest Now

What should we do with our money these days? First, figure out if you're in a "feelings bubble"

Illustrations by José Quintanar



The financial news isn't just the financial news. For many of us, it's a daily snapshot of how weird the world feels right now. The headlines describe chaos: President Donald Trump's upending of domestic and global politics, the shock of tariffs, the rise of artificial intelligence tools that could replace our jobs. But the numbers scream optimism: The US stock market is reaching all-time highs, and a basic S&P 500 index fund is worth 90% more than three years ago. We're anxious even as the markets are making us richer.

Decades ago, Yale University economist Robert Shiller popularized a useful

measure of how expensive stocks are: the ratio of their prices to average corporate earnings over the past 10 years, a long enough time to smooth out the ups and downs of economic cycles. Right now investors are paying almost 40 times earnings to hold stocks. The last time the market was this high was during the dot-com bubble of 1999. Once again, technology is driving the boom.

A stock bubble? Maybe. But we're in a feelings bubble for sure. Most of us understand that it's hard to time the market and that we're better off pursuing a steady policy of investing for the long term. What's

different now is the sense that, in the world beyond quarterly earnings statements, we're on the brink of something big. Maybe it's positive. It could turn out that AI really is a productivity miracle. Then again, what if AI crashes and takes down the economy with it? Could the massive spending on data centers and chips that's powered growth suddenly turn into a sinkhole of unpaid debt? Or what if AI is so good it takes my job? (OK, Claude: Write something entertaining about Shiller peratios.) What if a Federal Reserve under political pressure can't rein in inflation? Or tariffs turn out to be the economic drag



◀ most economists say they'll be? It's easy to imagine history taking a big swerve, and that's even counting the out-of-nowhere black swan events that can suddenly rattle an exuberant market. Standard advice to stay the course feels inadequate.

This spring, when the S&P 500 was reacting (poorly) to rhetoric about tariffs, these were the questions we started asking ourselves—and we haven't stopped. We wondered what people who think about the answers for a living would suggest to the average investor. We've compiled their wisdom over the next pages.

It's possible we'll look back on 2025 as a great year to have sold stocks. But in 2011, I gave myself an expensive lesson about the potential downside of extreme market-timing moves. Then, as now, politics loomed large: The Republican Congress was threatening not to raise the debt ceiling, which could have led to the US defaulting on Treasury payments, setting off a chain reaction of financial panic. I decided to take money out of the stock market and put it into bond funds until the crisis passed. It did. The trouble, I soon found, was how psychologically difficult



it was to put the money back. Like most people, I built up my investment portfolio over years of making small contributions. But now I had a nest egg's worth to invest in stocks all at once. I missed out on a decent stock market while I dallied.

So how does one balance the urge to do something with a realistic humility about one's skills in market prediction? First, make sure you're not taking more stock market risk than you can handle. The buy-and-hold mantra of a lot of personal finance advice may suggest stocks reliably come back from a crash if one waits long enough. But that's a rule of thumb, not a law of physics. A Japanese stock investor in 1989 would've waited until *last year* to see the Nikkei 225 index get back to that level.

More important, even if stocks do rebound in a few years, investors close to or in retirement won't benefit as much if they find themselves having to eat into a diminished stock portfolio. "Over age 50, I'd be serious about looking at my portfolio's fixed-income and cash exposure," says Christine Benz, director of personal finance and retirement planning at Morningstar Inc. For many at that age or older, that means having 30% to 40% of assets in these safer categories. You want to be able to fund several years of retirement without touching your stocks.

This is also a good moment to check on one's savings. The stock gains of the past several years are extremely unusual. You've had the market's wind at your back when it comes to meeting financial goals, so run the numbers to see what would happen if returns were much lower. Vanguard Group Inc.'s latest model of future returns—based on a mix of valuations, profit trends and macroeconomic conditions—suggests US equities may grow at a bracingly slow 3.3% to 5.3% per year over the next decade.

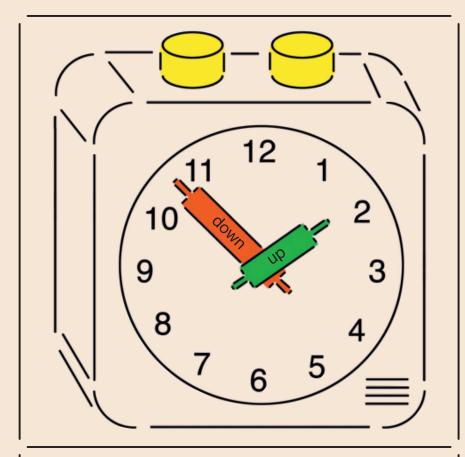
Young and older workers alike should also ensure they have a cash emergency fund in case they lose their job, whether or not it's to a robot. This is always challenging: It's easy to come up with more compelling uses for spare money, and it's hard to keep it in cash when you've seen profits pile up in everything from Nvidia Corp. shares to meme stocks to Fartcoin.

Diversification makes more sense than ever, including in international stocks, which, after years of lagging the US market, are relatively cheap (page 72). They've started to make a comeback this year. One can also hold a broad cross section of stocks in industries besides tech. That's true even for people bullish on AI's future. Joe Davis, Vanguard's global chief economist, argues that if the tech lives up to the hype, it ought to make all kinds of businesses more productive and profitable.



One more thing you can do to feel in control: Be skeptical of new or exotic investment ideas and financial products. Deregulation in Washington could make this a golden age for rip-offs. Beyond fraud, frothy markets such as this one also bring overpriced and overhyped ideas to the surface. Social media is promoting get-rich trading strategies, including crypto stocks and complex options-based exchange-traded funds. Managers of so-called alternative assets such as private equity funds want to tap the retirement market (page 67), offering the hope of higher returns and the certainty of higher fees. For most investors, low-cost, diversified index funds are still the building blocks of a good portfolio.

There are a lot of existential questions to ponder. But the two most important things to ask—Have I saved enough? Am I comfortable with the amount of risk I'm taking?—have the benefit of being grounded in reality, and that's about as much as you can hope for these days.
—Pat Regnier



## Can Anything Slow Down This Market?

Artificial intelligence, tariffs, battles with the Fed and the loss of immigrant labor could test its resilience

US stocks have been on an epic roll for about 15 years. There were bumps along the way, but the S&P 500 has largely powered through inflation scares, interest-rate hikes, corrections, mini bear markets, wars, a pandemic, a growing fiscal deficit and presidents with wildly different agendas. This spring, concerns about fallout from tariffs set off an almost 19% drop in the index, but by early October it was up about 35% from its April 8 low. Outside of an episode no one can predict, what would it take to derail this market? Bloomberg Businessweek asked veteran market watchers to map the fault lines.

## TARIFFS, AI AND THE FED

The market's recent resilience can be explained, in part, by the time it takes sweeping changes to show up in the economy, according to Ben Inker, co-head of asset allocation at investment firm GMO LLC. Inker says the stock market tends to overreact initially to new and potentially scary events, then sees they're not the end of the world. "We go from people freaking out to people shrugging and saying this isn't a big deal," he says. "It very well might be a big deal. It's just going to take a while to really see all the consequences."

This could be the case with tariffs,

Inker says. Other shocks that will take time to filter through the economy, he adds, are the loss of immigrant labor and the way uncertainty—about tariffs, labor and other issues—slows businesses' process of making strategic decisions.

In the meantime, the massive scale of build-outs for artificial intelligence data centers has become material to the economy, Inker says. "If that AI spending were to stop growing, that's a scary thing, because so much of the market depends on the 'hyperscalers,'" he says, referring to major beneficiaries of the AI boom such as Alphabet, Amazon.com and Microsoft.

What would "really freak the market out," Inker says, is the potential damage caused by the showdown between President Donald Trump and Federal Reserve Governor Lisa Cook. Trump wants to remove Cook based on allegations of mortgage fraud; Cook disputes the charges and has sued to stay on the job. (On Oct. 1, the US Supreme Court said Cook couldn't be immediately ousted.) "Fed credibility matters, and I don't understand how their credibility could survive a situation where it is clearly not independent," Inker says.

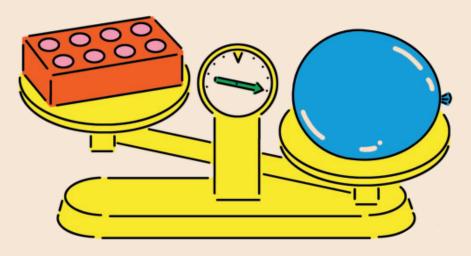
### LESS EXCEPTIONALISM

America's markets can't continue to outpace global ones to the massive degree they have since 2009, says Lisa Shalett, chief investment officer at Morgan Stanley Wealth Management. In a recent paper, "American Exceptionalism: Navigating the Great Rebalancing," Shalett laid out ways the US is becoming less "special."

"We are entering a far more challenging period," she says. Rather than seeing US stocks compound at 15% a year, she expects future returns to be closer to 5% to 6%. Those lower returns mean many other asset classes around the world become more competitive to investors, she says.

Cracks are already emerging in the US exceptionalism story, Shalett says, with the gap between American and foreign long-term interest rates narrowing, leading to a depreciation of the dollar. Slowermoving hits to the country's economic edge include the loss of immigrant ▶

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◀ labor. Aging populations have weighed on economic growth in Europe, Japan and China, but in the US, immigrants have kept the working-age population younger. "Immigrants enter the workforce at a much higher rate because they tend to be young, and they tend to grow our population at a higher rate than native-born Americans," Shalett says.

She stresses that she's not saying the US is in a bubble. She also says the promise of AI could be enormous. But "the US is trying to do a lot of things right

now, and the market is so richly priced," Shalett says. "From here, let's have more modest expectations."

### THE WEALTH EFFECT

The stock market's long rise is masking underlying economic weakness and pushing off a recession, says Doug Ramsey, chief investment officer at Leuthold Group. He's noticed warning signs in labor market data, pointing to nonfarm payroll numbers, where job growth has slowed,

to 0.9% from 1.3%, from the same period a year ago. It's rare to see such growth fall below 1% and still have the economy in expansion mode. "As that number drops, the economy's resilience to any sort of external shock weakens," Ramsey says.

Ramsey argues that fat balances in investment accounts are fueling strong consumer spending by top earners. Spending by households that make up the top 10% of US earners accounted for almost 50% of all spending in the second quarter, a record stretching back to 1989, according to Moody's Analytics. A linkage between asset prices and consumer spending, which makes up about two-thirds of US gross domestic product, is known as the "wealth effect." And if much of consumer spending is tied to higher asset prices, it could leave the economy vulnerable to market drops. "I'd argue that the wealth effect is more important than it's ever been," Ramsey says, "simply by virtue of the fact that the stock market is much larger, relative to the economy, than it's ever been before."

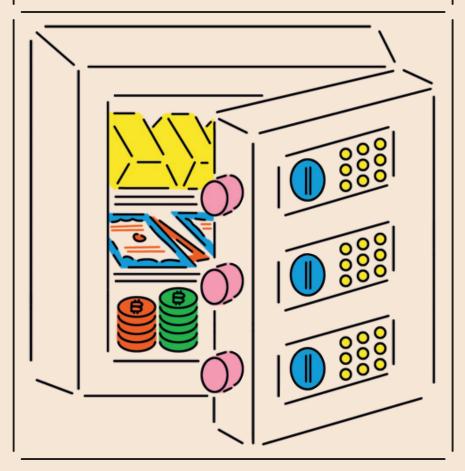
—Suzanne Woolley

Woolley is the author of Bloomberg's Where to Invest series.



## Do I Want Private Market Assets in My 401(k)?

Maybe, but there are potential downsides to consider, including that it's not clear you're going to get better returns



The industry selling "alternative assets" such as private equity, private credit and private real estate wants to get into your retirement plan. Badly.

About \$13 trillion is stashed inside defined contribution plans, the most well known being the 401(k). With many large institutions holding about as much as they want in private market assets, the industry needs someplace new to sell into. The reason such assets should be added into 401(k) plans is, arguably, not as clear-cut.

The pitch: Pension plans, institutions and high-net-worth individuals have been able to invest in private market funds for

years. So why shouldn't 401(k) savers—who may also have the long time horizons these products require—have access? Some target-date funds already include private real estate, but access to private equity and private credit is rare.

Proponents say exposure to younger, potentially faster-growing companies could provide a performance edge and improve diversification to portfolios. Advocates also point out that as many companies stay private longer, they make up a growing chunk of the economy.

It sounds logical. But financial planners tend to be skeptical. "For many savers, trade-offs in areas like liquidity, valuations and fees can outweigh the potential benefits," says planner Nathan Sebesta, founder of Access Wealth Strategies.

### **CLOUDY PERFORMANCE PICTURE**

How much of a return edge private market assets will bring is up for debate. A June BlackRock Inc. report estimated that adding slices of them to a defined contribution account as part of a diversified target-date fund could result in 15% more money in an account over 40 years.

Returns, however, vary greatly by manager. And academic research isn't conclusive on whether private markets outperform public markets on the whole, says Marlena Lee, global head of investment solutions at Dimensional Fund Advisors. "Data on the private side of the markets is less available," she says, "and what's there isn't as high-quality as what's there for public markets."

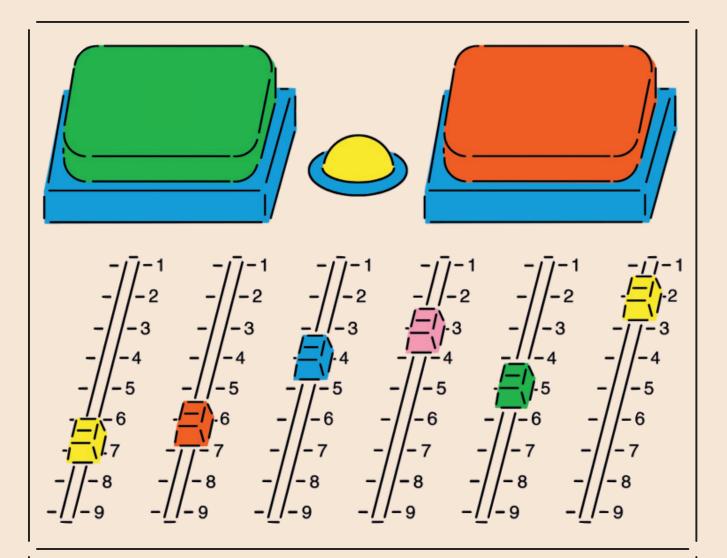
It's also unclear what more competition in private markets means for returns. "When investments initially offered only to institutional and high-net-worth individuals are offered to Main Street, it usually means the biggest profits have already been made," says George Gagliardi of Coromandel Wealth Strategies.

## **HIGHER FEES**

Expenses have been on a long decline in 401(k)-type plans, and private market assets are known for high fees. "There are legitimate questions about whether private investments will consistently outperform traditional market investments after accounting for the higher level of fees," says Jon Henshue, director of alternative strategies at Johnson Financial Group.

There are also concerns about how much access savers will have to money held in private market funds. Historically, funds might lock up assets for 7 to 10 years, though newer funds aimed at retail investors offer much more access.

"I'm open to the idea of private market assets in 401(k)s," Henshue says, "if it includes strong fiduciary oversight, conservative allocation limits and stringent manager selection." — *S.W.* 



## How Can I Get the Right Mix Of ETFs in My Portfolio?

Six that cost less than their more popular counterparts

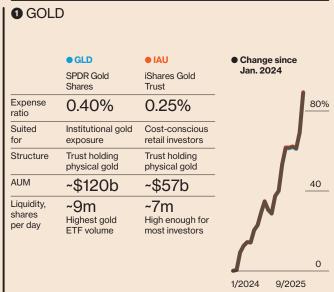
Companies that sell cars, clothes and cosmetics offer similar items at different price points to meet varying consumer needs. It's the same for financial products such as exchange-traded funds. Their makers often sell products that allow buyers to invest in the same asset class but with higher or lower fees, depending on demands like liquidity, strategy and size. As a rule, the better known, more specialized or more actively managed an ETF is, the more it will cost.

"ETFs are like snowflakes," says Bloomberg Intelligence's senior ETF analyst Eric Balchunas. "Even small differences with holdings, weightings or fees can have big differences in your outcomes." He suggests shoppers ask three questions: First, what does the ETF hold? Second, how much does it cost? And third, who is the issuer? (More established names are likely to be more dependable, though up-and-comers can still provide value.) Investors are busy, Balchunas says,

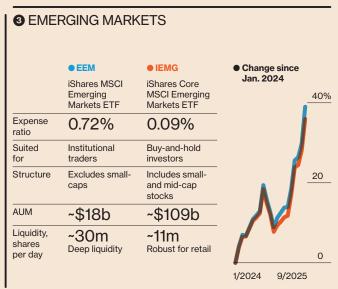
so the average person should focus mainly on cost. But taking these three factors into account should get you about 90% of the way to the right ETF for you.

Here are six hot sectors, with pricier and cheaper ETF options for each. If you're asking why the references to liquidity matter—it lets an investor buy and sell faster to profit from changes in price—then that's probably not relevant to what ETF is right for you.

—Charlie Wells









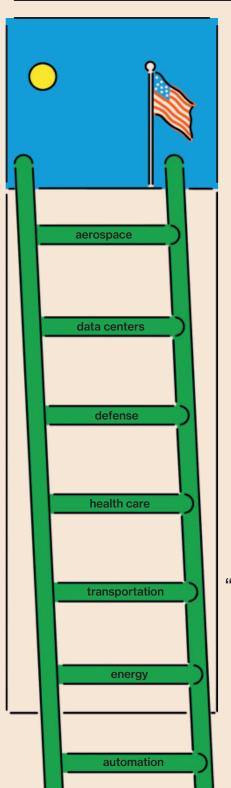
<b>⑤</b> NASDAQ			
	• QQQ Invesco QQQ Trust	• QQQM Invesco Nasdaq-100 ETF	• Change since Jan. 2024
Expense ratio	0.20%	0.15%	
Suited for	Active traders, institutions	Retail, long-term holders	
Structure	Tracks the Nasdaq 100	Tracks the Nasdaq 100	20
AUM	~\$380b	~\$63b	. / V —
Liquidity, shares per day	~40m High liquidity	~3m Adequate for retail	
			1/2024 9/2025





## How Should I Invest If I'm Bullish About the US?

Many financial advisers still want exposure to Big Tech. But If today's frothy valuations frighten you, look to the potential AI winners of tomorrow



The gains in the US stock market have been hard to beat. In 2023 and 2024, investors in the S&P 500 enjoyed total returns of about 25%. So far this year, the index is up about 13%.

The big question is whether the outsize returns can continue. If you're bullish on America, is it wise to stick with Alphabet, Microsoft and Nvidia? Or is it smarter to look at parts of the market that offer better value and may yet shine?

Many portfolio managers and strategists still want exposure to Big Tech. Some are looking for future AI winners in areas such as health care, whereas others figure the optimism about AI's promise has peaked and are looking to the industrial sector, which includes aerospace, defense and transportation companies.

Empower Chief Investment Strategist Marta Norton is nervous about tech valuations. But, she says, "the reality is, if I were to go to sleep and wake up in 10 years, I'd still want some exposure to them." Norton is looking beyond obvious

"The private sector in the US is incredibly robust, and Trump's pro-growth agenda is very positive for 2026 and beyond"

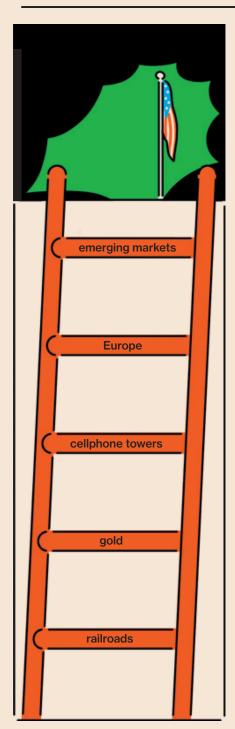
AI plays: "When you look out 10 years and at what AI portends to do, it's hard not to be bullish broadly and, in particular, in areas where there is no bullishness from AI baked in." By that, she means a sector such as health care. "There are very clear AI ramifications for research-and-development spending, and streamlining and bringing drugs to market," she says. "But it's such a beleaguered sector with concerns around policy and tariffs and the like." The potential applications of AI make the most sense to Norton in areas with heavy R&D efforts, such as pharma and biotech.

Simeon Hyman, global investment strategist for ProShares, also has concerns about tech valuations. But he's focused on small-cap stocks; because they often have floating-rate debt, they pay their lenders an interest rate that's a few percentage points above a short-term benchmark such as the federal funds rate. When the Federal Reserve cuts rates, the interest payments these companies owe drops. "There is a little bit of an extra opportunity," he says.

Even if AI stocks take a big hit, the economy will hold together, says Michael Grant, co-chief investment officer and head of long-short strategies at Calamos Investments, "We could have 30% to 50% corrections in some of these names without it undermining the fundamental story. The private sector in the US is incredibly robust, and Trump's progrowth agenda is very positive for 2026 and beyond." Grant doesn't see much opportunity in richly valued tech stocks, but he likes businesses driving automation in domestic manufacturing, as well as electrical; energy; and heating, ventilation and air conditioning companies tied to AI data centers. —S.W.

## How Should I Invest If I'm Bearish About the US?

No one suggests cashing out of the US stock market, but it might be time to diversify internationally



Maybe it's trade tensions. Maybe it's sticky inflation. Maybe it's the current occupant of the White House or even just a sense that what goes up must come down. Whatever the reason, money managers say they're increasingly fielding queries from clients bearish on the performance of US stocks, the dollar and the broader economy.

To be clear, none of these advisers suggest cashing out of the US stock market. No matter how much the strength of tech stocks masks weaknesses in other sectors, most of them caution that changes investors make to their portfolios should be in moderation. Think hedges, not pivots.

Several say that diversification is likely wise. International investments "could help smooth the ride," says Neil Krishnaswamy of Krishna Wealth Planning. That's because, despite the success of the US stock market during the past 15 years, he says, there's no guarantee it will continue to outperform other markets. Start simple, says Dennis Huergo of Wealth Enhancement. Investors might consider MSCI ACWI, he notes, an equity index capturing a broad swath of large-and mid-cap stocks across developed and emerging markets. It's weighted about 65% to the US and 35% internationally.

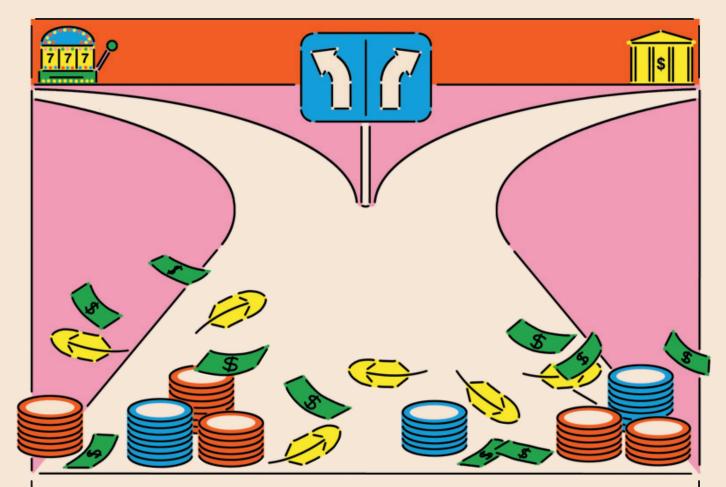
Infrastructure investments tend to perform well in higher-inflationary environments

Northern Trust's Brad Peterson says his company has been advising clients to increase their allocation of European stocks. The continent has relatively high returns at lower price points than similar US equities. Markets have been supported because Europe's main central bank started cutting interest rates before the Federal Reserve with a goal of stimulating the economy. The region's largest economy, Germany, is "leading the way," Peterson says, boosting spending by billions of euros after years of austerity. The Vanguard European ETF (VGK) has been popular with investors this year.

Beyond equities, Peterson also likes global infrastructure investments such as cellphone towers, electric transmission grids, ports, railroads and toll roads. This sector tends to perform well in higher-inflationary environments, the AI boom is increasing demand for it, and many assets are still trading at a discount relative to tech. Investors can look to exchange-traded funds such as the iShares Global Infrastructure ETF (IGF) or the SPDR S&P Global Infrastructure ETF (GII).

Kevin Brady of Wealthspire says bearish investors might consider gold too. Gold has been blowing past records this year, up by more than a third, making it one of the best-performing major commodities. Mounting risks in geopolitics, the US economy and global trade are driving demand for gold, which starts looking like a safer investment given its historic stability and liquidity. But tread carefully: Brady points out that gold also has periods where it underperforms major stock indexes, and diving full-scale into any investment based on how investors think the wind will change is unwise. "It's all about trying to hedge potential risk down the road," he says. --C.W.

Bloomberg Businessweek



### Robinhood's Midlife Turn

The brokerage firm wants to prove sports betting and 401(k)s can sit alongside each other just fine

By Paige Smith and Janet Paskin

On a recent nostalgia trip through the Stanford University campus, Vlad Tenev, class of 2008, now chief executive officer of Robinhood Markets Inc., pops by a coffee kiosk owned by one of his former fraternity brothers. Students mill around, oblivious to the billionaire founder in their midst. But Tenev is acutely aware of them, or at least what they represent to his popular brokerage app.

"We try very hard to always stay relevant to the next generation. We don't want to get stuck just being, like, a millennial company," says Tenev, who's 38. "So, you know, I'm trying to hang out with Gen Zs and listen."

In the company's first decade, Tenev and his co-founder, Baiju Bhatt, proved particularly good at capturing generational vibe shifts. The pair harnessed the lingering spirit of Occupy Wall Street with Robinhood's 2014 launch, promoting free trades as part of a mission to "democratize" investing. Its mobile-first, gamified design took cues from social media companies, not hidebound legacy brokerages.

Robinhood wanted young people, and it got them. From 2016 to 2022, adults 35 and under went from being the least likely cohort to have a brokerage account to the most, according to the Federal Reserve, and many became Robinhood customers.

Some 27 million people now use the app to invest in the stock market, trade crypto and—as of this year—place sports bets via derivatives known as events contracts.

Robinhood's rise has been famously controversial. Not long after it started, it added options trading to the platform, giving millions of customers access to a wide variety of sophisticated instruments that amplify market swings and, for amateurs, as often as not lead to losses. Then the company introduced the trading of cryptocurrencies, unregulated tokens widely believed at the time to be trendy but worthless, or worse. During Covid-19 lockdowns, trading of all kinds surged,

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◄ and Robinhood became the app of choice for the subreddit WallStreetBets, ground zero for meme-stock mania.

As the company grew, so did its legion of critics, who accused Robinhood of turning investing into a game divorced from users' actual financial needs and goals. The app's steady push notifications encouraged regular engagement, as did its flagship watch list of the "most popular" stocks and trades and the highlighting of users' daily gains and losses.

This reinforces the kinds of crowd-following behavior that years of academic research has found ultimately erodes individuals' returns, explains Brad Barber, lead author of the seminal 2000 paper "Trading Is Hazardous to Your Wealth." "It may pay off for some, and they'll go on to make wonderful podcasts about how to get rich quick," he says. "But it will devastate many more."

Existential crises quickly followed: In 2020 a 20-year-old Robinhood customer died by suicide, mistakenly thinking he'd lost more than \$700,000 trading options on the platform. Then came the GameStop Corp. saga, during which Robinhood and other brokerages cut off access to trading just as the meme stock approached \$500, up more than a hundredfold in four weeks, an action Tenev had to justify to a congressional inquiry. A disastrous initial public offering fol-

Robinhood's Share Price lowed, along with a series of regulatory decisions and law-

suits. As the stock price dropped, the company closed offices and cut jobs—and shares fell still more.

> \$37.01 11/5/21

Tenev followed Silicon
Valley's crisis management playbook and
brought in the adults.
Robinhood hired
Dan Gallagher, a
former commissioner of the
US Securities
and Exchange
Commission,

as chief legal counsel and Steve Quirk, a 35-year industry veteran, to run its brokerage business. Since December 2020 the company has paid at least \$257 million in fines and settlements and made mandated operational changes.

As it sorted out its various messes, its stock began to recover, then soar with Donald Trump's return to the White House. Since Election Day, Robinhood shares are up 504%, and in September, Standard & Poor's added it to its flagship index of the 500 most important American companies. The rise in the stock also propelled Tenev and Bhatt into the ranks of the world's 500 richest people.

"It's all come together all at once," Gallagher says. "We have more credibility with regulators and policymakers, and they're listening to us. It's a whole new world, and we're just going to try to take advantage of it."

Tenev's attention to what Generation Z wants, and millennials before them, is part of what's set Robinhood apart. Other wealth management firms have never been very interested in anyone without a lot of "investable assets." Rude? Perhaps, but also a reflection of an industry that's made gobs of money in part by charging customers on the basis of their balances—a model that, its proponents say, motivates brokers to help their clients build and preserve their wealth.

Robinhood had a different idea. Instead of taking fees from its customers, it would charge the middlemen who vie to execute the trades, what's now known as payment for order flow. Those trading firms make their money by matching buyers and sellers, taking a tiny cut of each transaction. It's a volume game for both Robinhood and the market makers: The more trades people make, the more money they collect.

With its no-fee approach and userfriendly app, Robinhood eliminated two of the biggest hurdles for would-be investors without a lot of money or experience. The company said when filing to go public that, from 2016 to 2020, nearly half of the people who opened and funded new brokerage accounts in the US did so on its platform.

Robinhood still gets more than half its revenue from trading, compared with about 16% for Charles Schwab, Robinhood's most direct, publicly held rival. The 54-year-old brokerage makes the bulk of its money from bank products, retirement assets and fees generated by its network of advisers. In the event of a downturn, that revenue mix gives Schwab a buffer, one that Robinhood doesn't yet have. What's more, Robinhood's customers are younger and less affluent, and if the economy goes south, they may pull their funds out to cover living expenses. And, by the way, Schwab now offers zerofee, mobile trades too.

Whether Robinhood can be all things to all ages is an open question. The business has always seen its young, digitalnative customers as a kind of call option, a bet that their incomes and wealth will rise. On average, Robinhood customers have a balance of around \$10,000—less than 4% of the average at Schwab. In anticipation of its customers' potential future needs, Robinhood has built out a suite of more traditional financial products, including retirement portfolios and high-interest savings accounts. Earlier this year it acquired TradePMR, a network of registered investment advisers.

It's unclear whether these measures will help recast the company as a trustworthy steward of long-term financial goals. In 2023, Robinhood offered an unlimited 1% match on all brokerage transfers. Aadik Shekar, a 42-year-old tech investor in Silicon Valley, found it hard to believe there was no cap on the bonus. He decided to move over about 10% of his assets. The rest he left in his account at Schwab, which he likes for "the peace of mind and the grown-ups. There's real value to have it there."

At the same time that Robinhood is trying to persuade its aging millennials to stick around, the company continues to introduce a slew of products and promotions tailored to the next generation of #YOLO investors. These include stunts

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#### "It may pay off for some, and they'll go on to make wonderful podcasts about how to get rich guick. But it will devastate many more"

such as gold bar sweepstakes, plus head-scratching services like home cash delivery (think Grubhub, but for money). Starting next year the app will also feature a social media feed where users can post their trades, follow other investors and even mimic their transactions.

Then there's the sports betting. The feature is an increasingly popular use of derivatives contracts to let customers place wagers not just on the outcome of games but also on all kinds of events, from who will get nominated for an Oscar to whether a green dildo will get thrown onto the court at a WNBA game.

Like a lot of things Robinhood has done, this latest move has been widely derided for what seems like pretty obvious reasons. "The key is to help people understand the difference between gambling, trading and investing-some companies try to blur the lines," says Andy Reed, head of investing behavior research at Vanguard. "We're not trying to present investing as something that's fun or gives you instant gratification. It's not about dopamine, it's about serotonin."

Tenev sees it differently: There's no reason for the brokerage app-like a grocery store that sells both carrots and Ding Dongs, ground beef and Impossible burgers-not to offer memecoins alongside individual retirement accounts, or to promote both sports bets and financial planning services.

Robinhood is a highly American company, sitting "at the intersection of capitalism and democracy," Tenev says. "Capitalism as a construct has come under a little bit of an attack recently, right? Some people question

whether it's a good thing, and I think that we can defend it."

Robinhood's kind of populism matches up well with the Trump administration's light-touch approach to the markets, and Tenev is particularly eager to participate in one of its signature initiatives: \$1,000 tax-advantaged investment accounts for every child born after July 4, 2026. Details are still murky, but Tenev has worked closely with Brad Gerstner, a hedge fund manager and champion of the program.

"We're very engaged, and it's in our interest to make that happen as smoothly and quickly as possible," Tenev says. Obviously, he notes, other providers will want in on the action: "Now, do I think they're going to do it particularly quickly or effectively, or that their customers will be the ones having children? Not so much."

Those accounts would be Robinhood's most extreme generational play yet, an attempt to build brand loyalty starting with literal babies. "Our best shot at getting them is at the beginning," Tenev says.

Europe offers its own pool of newbies. The finance industry and policymakers there have been encouraging regular people to buy stocks for years, with little success. But the growth in the US market has piqued interest, and \$51.12 in July, Robinhood 1/24/25 added "tokenized

equities"-which are traded on a blockchain and intended to mirror the value of the underlying company's share price-for its European Union customers. To promote the debut, it gave away tokens linked

to OpenAI, Sam Altman's not-yetpublic \$500 billion artificial intelligence startup. Altman denounced the whole thing, saying the tokens weren't sanctioned investments in the company. Robinhood shares rose 14% to an all-time high.

Almost exactly two months later, the company's shares jumped another 16% after the announcement that Robinhood would be joining the S&P 500 index, knocking out the 90-year-old casino company Caesars Entertainment Inc. Changes in the S&P reliably trigger stock moves, driven by the \$4 trillion in the lowcost index funds that pledge to mirror its performance.

Ironically, index funds were formerly their own kind of investing

\$115.03 9/12/25

\$109.74

7/18/25

\$34.51 4/4/25

apostasy, based on the idea that individuals wouldn't be able to outperform the market-and shouldn't try. A big part of the problem, according to Vanguard founder and father-ofindexing John Bogle, was trading costs, which would always undermine any stockpicking acumen over time. Vanguard sparked a price war in the fund industry, and today most index funds carry fees far less than a penny on the dollar.

Sound familiar? Thanks to Robinhood, free trades have come to be more or less standard across the industry; some of its biggest rivals have started to offer crypto investments and options. With the company's inclusion in America's most popular index, even diehard Bogleheads are living in the world Robinhood helped create, like it or not. B

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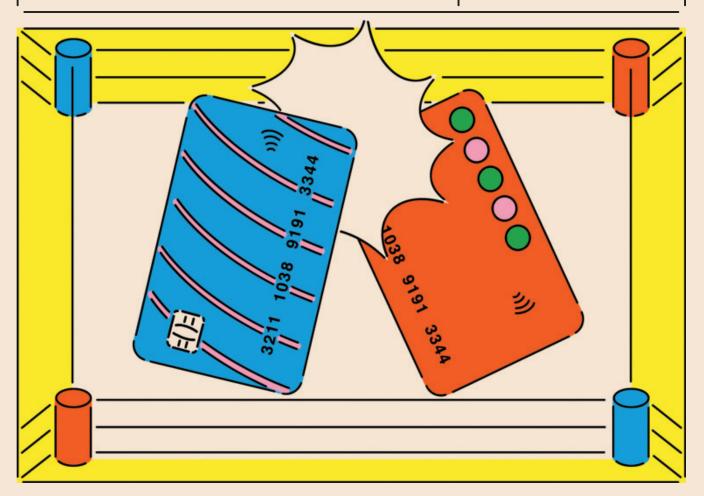
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# Battle of the Premium Credit Cards

Inside the fight between Amex and Chase to win over the country's wealthiest shoppers

By Amanda Mull



If you arrive on the south side of New York City's sprawling Flushing Meadows Corona Park in search of the US Open, you'll know you're headed in the right direction when you spot the endless parade of men in moisture-wicking polo shirts and women with summer-weight sweaters tied around their shoulders. They'll lead you on a long, humid walk toward the park's northern edge, past ball fields and vendors selling pupusas and tamales. Eventually you'll find yourself at

the USTA Billie Jean King National Tennis Center, where the US Open has been capping off summers in Queens since 1978.

Over the years the open has played host to legendary matchups—Borg versus McEnroe, Graf versus Seles, Nadal versus Djokovic. Recently, though, competition off the court has become just as intense as it is in Arthur Ashe Stadium. That's true among attendees, who've driven ticket prices into the stratosphere: On the resale marketplace StubHub, demand

for the tournament has spiked 144% in the past three years alone. It's also true among luxury brands; this year, Cadillac, Moët & Chandon and Tiffany, among plenty of others, jostled for the attention of tennis' largely affluent fan base. But arguably the most heated battle was between companies whose products are often hidden—American Express Co. and JPMorgan Chase & Co.

Three months before the event, Amex got its cardholders first dibs on ▶

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◀ tickets, and at the tournament both companies built a series of elaborate pit stops and private clubs. Near the grandstands was a Chase Terrace with seating and concessions, not too far from a grab-and-go Amex shop with snacks, drinks and merch. Across the grounds, the Chase Lounge loomed over the shoulder of the American Express Fan Experience, where on the first floor, anyone could play a game of virtual tennis or pick up free hair ties and sunscreen. Upstairs, only Amex cardholders could grab a drink and have their US Open hat customized with a patch. Then there was Amex's lavish Centurion Lounge, where members of its invitation-only Centurion program and holders of its less exclusive (but still posh) Platinum card could be treated to a more elaborate selection of food, a complimentary cocktail and a goody bag of luxury beauty products.

The scene was a splashy reminder that the war among high-fee, perk-laden premium credit cards, which had already crept into every part of travel, has swiftly escalated in 2025. Since summer, both Chase and American Express have raised the annual fee on their high-end cards—the Chase Sapphire Reserve from \$550 to \$795, the American Express Platinum from \$695 to \$895. Chase also introduced a Sapphire Reserve for business owners with a \$795 fee of its own, and Citigroup Inc., which discontinued its last premium card in 2021, hopped back into the fray with the \$595 Strata Elite,

the first entry on Mastercard's new World Legend premium tier. (The card names alone are a Mad Libs of one-upmanship.) Mercifully, Capital One Financial Corp.'s Venture X card held steady, a relative bargain at \$395.

"It's a race for enrollment," says Richard Crone, the founder of Crone Consulting LLC and a payments industry veteran, with card issuers offering applicants bonuses of tens or sometimes hundreds of thousands of miles or points for opening and using a new account. "They're trading on this age-old perspective that you get what you pay for, and if you pay for these high-fee cards, you're going to get a bunch of benefits that you wouldn't get otherwise."

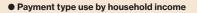
Card issuers have indeed piled on what they describe as thousands of dollars in rewards: tickets to private dinners with famous chefs, comped memberships to Apple Music or DoorDash, early access to concert tickets and restaurant reservations, monthly refunds on Uber rides, free clothes from Lululemon and Saks Fifth Avenue, discounts on luxury gym memberships, and hundreds of dollars' worth of hotel credits, as well as the promise that everything you buy will be turned into points or miles that you might eventually use to book a fantasy vacation.

For millions of people, it's been an effective pitch. "The lure of the perks siren called to me," says Charlotte Zoller, 36, who owns an influencer marketing agency in Philadelphia. She signed up

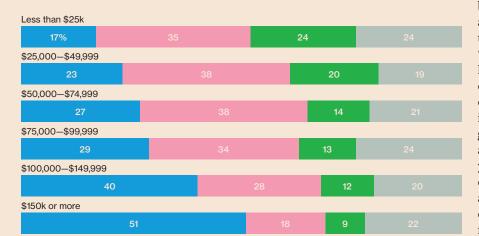
for the American Express Platinum card in 2021, hoping to use its travel credits and points system to upgrade her usual accommodations. Last year, when her financial adviser suggested she add another card to her credit history, she decided to take the Chase Sapphire Reserve for a spin to see how its perks would influence her travel calculusamong other things, the company was about to open a new lounge in the Philly airport. "I was like, you know what, I can have a little bit of overlap time and see what I want," she says. Zoller was paying a total of \$1,245 for both cards. The plan was to cancel one or keep them both, depending on how many perks she used from each. Then came the fee hikes, which amounted to an extra \$445 per year. "The past few weeks have kind of thrown a wrench in my plans," she says.

Premium cards originated as a way to woo mostly road-warrior types trying to impress clients at lunch or squeeze some freebies out of work travel. They've shifted, though, to target all kinds of consumers—and especially younger ones—who are hungry for the perks that come with being a big spender or frequent flyer, even if they aren't one quite yet. Chase's launch campaign for the new Sapphire Reserve makes this pitch explicit: Hailey Bieber poses for mock paparazzi while carrying an oversize credit card like a clutch as she exits the back seat of a black car.

There's good reason for premium cards to try to corner this market. Highearning Zoomers and millennials are richer than their Generation X and boomer counterparts were at the same age, according to recent research from the Federal Reserve Bank of St. Louis. "Our premium customers within millennials and Gen Z look more like the older generations of premium customers than they do their peers" in lower income brackets, says Howard Grosfield, group president of US consumer services at American Express. Instead of luring younger customers to its no- or low-fee cards, then moving them up the ladder as they earn more, Amex, like all of its competitors, now just pitches its highfee cards to all ages. The company says



■ Credit ■ Debit ■ Cash ■ Other





75% of new applicants to its Platinum and Gold cards (the latter carrying a \$325 fee itself) are millennials and Generation Z.

More broadly, the credit card companies are also doubling down on the wealthy, who use credit cards for more of their transactions than any other group and who have made premium cards the fastest-growing sector of the card industry. What issuers don't make in interest from these households, which tend to pay their bills on time, they earn in transaction fees from the sheer immensity of their spending. That, plus their willingness to pay big annual fees, makes locking in high earners "a better business to be in," says Brian Kelly, founder of the Points Guy site and arguably the single most influential person in the credit card rewards game. "It may take a year or two or three to pay off acquiring that customer. But once that's done, I mean, you're making money on the fee, and there's plenty of people who pay the fees and don't use any of the perks."

As American consumers become more economically stratified, the business of issuing credit cards to the rich has turned into big-game hunting for banks. The richest 10% of US households—those making roughly \$250,000 or more—now account for almost half the country's consumer purchases, according to Moody's Analytics. It's an astonishing level of

disproportionality that's grown steadily since the 1990s, when the wealthiest decile's share of consumer spending was closer to a third. As the job market stagnates but stock and asset prices keep rising, this disparity stands to grow, and with it the lengths to which financial institutions will go to court and keep America's supershoppers.

Premium rewards cards seek to solve the industry's fundamental problem: If paying with credit cards is an identical experience, why would anyone use one card instead of another, let alone pay for the privilege?

Some banks have been better at answering this question than others. When it comes to courting the rich, Amex has had more than a century's head start. Beginning in the 1890s, the company, which was originally a highend freight handler, grew to dominate the global market for traveler's checks. Created for people wealthy enough to travel but vulnerable to dangers like train robberies, traveler's checks became so popular that the company began arranging international tours and accommodations on behalf of its elite clientele, eventually opening upscale service clubs for cardmembers around the world. By 1980, American Express issued hundreds of millions of dollars in traveler's

checks each year, solidifying a link in rich Americans' minds between the company and a lot of desirable things: safety, ease, vacationing.

Amex introduced its first Platinum card in 1984-what a Newsweek magazine cover story called the "Year of the Yuppie," and the era of finance guys in Armani suits-just as improvements to card technology and consumer regulation were making credit cards more popular. These changes set off a flurry of activity among issuers to court the card-curious. As initially conceived, the Platinum was an invitation-only product for wealthy clients, but instead of redeemable rewards, it offered services such as access to a 24-hour concierge, who handled things like rebooking missed flights or finding restaurant reservations abroad. These were practical benefits in the pre-smartphone era, but also a way for big spenders to feel special.

As cards became the dominant form of payment among high earners, American Express rolled out more perks to get its cards into the right pockets. In the 1990s the company set up a pointsbased rewards system and began issuing cards co-branded with Delta Air Lines Inc. (That program is still so successful that charges on those cards are collectively "approaching 1%" of US gross domestic product annually, according to a 2023 Delta investor presentation.) Over time the company expanded the pool of high earners it invited to its Platinum card, eventually opening it to the public while spinning up the even more exclusive, invitation-only Centurion Card in 1999 for its wealthiest clients.

At the top end of the consumer market, Amex cruised relatively unchallenged for decades. A few competitors gave it a shot, most notably the Citi Prestige card, launched in 2011 to a rapturous reception among points obsessives. But none gained much ground. Citi Prestige was discontinued in 2021 after years of cardholder complaints about devalued rewards.

Things changed in 2015, the year the first phase of the current credit card wars began. Costco Wholesale Corp. announced it would discontinue its ▶

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◀ co-branded Costco American Express card, at the time accounting for 10% of all Amex cards in circulation. The acrimonious corporate divorce, which both parties said they'd been the one to initiate, also ended an exclusive agreement under which American Express was the only card accepted at America's most beloved discount chain. Costco, which insisted that it came down to transaction fees. began issuing new Visa cards with Citi and now accepts only Visa in its stores, excluding its original partner entirely. "That time was one of those moments inside companies where you take a step back and take a hard look at our company and our business," Grosfield says. "It triggered what I would say was a period of extreme focus on the premium segment." Amex began readying a slew of new perks and upgrades to its Platinum card, which it would announce in fall 2016.

But Chase, too, was taking a hard look at Amex's business. That summer, Chase introduced the Sapphire Reserve-an attack on Amex's dominance of high earners that was specifically designed to entice upwardly mobile millennials, who were by then old enough to be planning real vacations. The card, which carried a \$450 fee and was made of metal-a form factor then reserved for only the most exclusive cards-was successful beyond anything Chase had imagined. A sign-up incentive worth \$1,500 in free points meant applications flooded in so fast that Chase ran out of the metal cards; it had to send temporary plastic versions. All told, the rollout cost the company from \$200 million to \$300 million-enough to ding its earnings for that quarter. The next year, Jamie Dimon, JPMorgan Chase's chief executive officer, told CNBC that the card's projected return on that investment looked so strong, he'd have preferred an even larger initial crater in his bank's balance sheet. "I wish it was a \$400 million loss," he said.

For the first time, American Express' unshakable dominance of the top end of the market appeared to wobble. It's a huge company, worth almost \$230 billion, but it's primarily a credit card business, while Chase is the country's largest consumer bank and a key part

It's fair to wonder who actually pays to go to a party thrown by their credit card. I have a potentially troubling answer for you: normal people

of a financial-services behemoth worth almost \$850 billion. Chase not only had a shot at beating Amex at its own game, but if the company could turn young, white-collar workers into cardholders, it would also over time be able to offer them a whole suite of financial services mortgages, car loans, financial planning, investment accounts, wealth advisory.

American Express piled more perks onto its Platinum card and set about building more of its lavish airport lounges, the first of which had opened in Las Vegas in 2013. At first these lounges were regarded as a strange side quest: Why, after all, would a credit card company want to insert itself into airport hospitality operations? But the lounges, which featured fancy buffets and open bars when most US airline lounges topped out at discounted drinks and platters of cheese cubes and salami, were a hit, eventually baiting competitors into the business. The company also combed its user data for areas of spending where it could gain an advantage, and in 2019 it acquired the trendy restaurant-reservation platform Resy. Wealthy people might travel a couple of times a year, but they go out to eat a lot–especially the younger cardholders

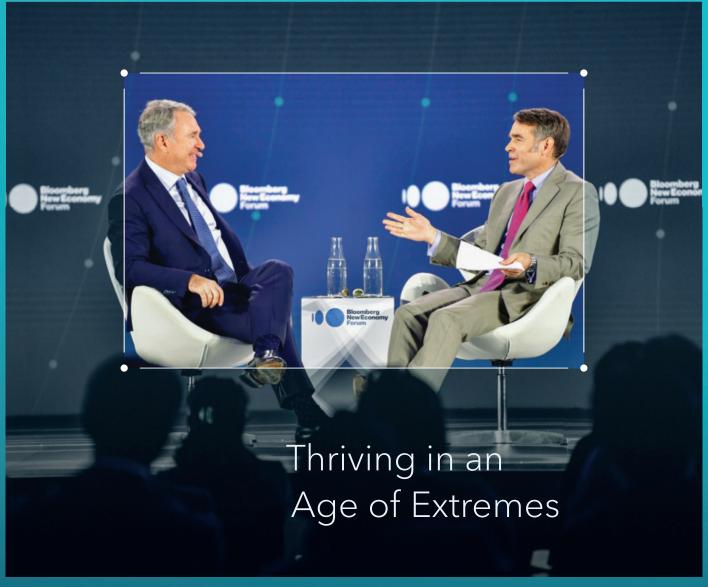
 Share of US spending by the top 10% of consumers by income



most likely to have been swayed by Chase's pitch. Resy allowed American Express to prioritize its top-end clients on waitlists and reserve some tables just for them at hard-to-book restaurants. The acquisition also gave the company a staff of people who knew what young, high-spending Americans wanted to do with their time and money.

The pandemic kicked off Phase II of the credit card wars. Travel and dining weren't exactly booming in 2020, but it was a pretty good year to be in the market for related assets. "Travel companies and dining companies became more receptive to being acquired, let's put it that way," says Allison Beer, CEO of Chase's Card & Connected Commerce businesses and a former executive at American Express. The Sapphire Reserve was by then four years old–still popular but not grabbing attention-and in need of the retooling that rewards cards get every few years. Chase went shopping, picking up cxLoyalty, a tech platform and booking agency that administers travel-based rewards programs, and in 2021 it acquired the Infatuation, a restaurant-recommendation website and events business that would give the bank a more direct line to the young and moneyed. By then, Chase was also plotting its entry into the airport lounge business, opening its first in 2023; the spaces now offer things like made-to-order food and free massages.

Chase believes it's winning the war for America's rich. "Among our private bank customers and among our most affluent customers, we see the tide turning" toward Chase's cards, Beer says. And despite the big up-front bonuses to attract applications, she says the card is profitable on its own, whether or not applicants move more of their ▶



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◀ financial lives toward JPMorgan Chase's other services. But they do that too. The Sapphire Reserve "is an amazing front door for affluent customers, who then deepen into the consumer bank at very high rates and deepen into our investment businesses," Beer says.

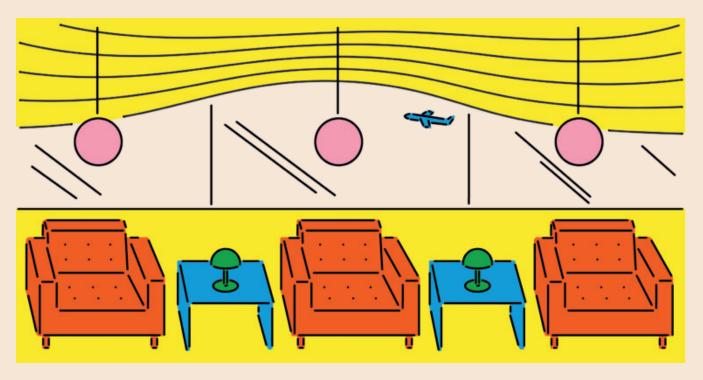
American Express, for its part, sees all of that as a win for American Express, which says it maintains a 98% retention rate for its cardholders. "Pre-2016, we were the only people screaming from the mountaintops to say, 'Hey, maybe a premium fee-based card is right for you," Grosfield says. "Suddenly we woke up, and we had at least one other playerplus Capital One, and now Citi-educating a larger market." If the guy who sits next to you at work and the other parents at the playground are squealing about their free vacations and airport lounges, so the theory goes, it starts to feel like you're missing out. And if the market expands overall, the opportunity expands for American Express too. "Every time Chase announces a lounge and you read the article, American Express gets a paragraph," Grosfield says.

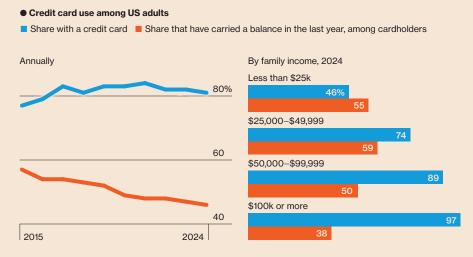
In September, during New York Fashion Week, Capital One hired the art world starlet Anna Weyant to turn a Gilded Age mansion on the Upper East Side into an off-kilter dollhouse. The exhibit, complete with Capital One branding, was open to the public, but the bank's cardholders had additional upgrade options. For \$200, you could attend a private dinner at the installation with San Francisco chef Dominique Crenn; \$50 got you into a tea party a few days later. Tea party attendees could wander among Weyant's impeccably dressed art world guests and take pictures of themselves with the installation before a nosh of tea sandwiches and pastries. Toward the end of the lunch, Weyant's boyfriend, the Grammy-winning musician Jason Isbell, slipped into the room unannounced.

A few days later and a few dozen blocks downtown, Chase bought out buzzy East Village restaurant Kabawa for the night. For \$200, Sapphire Reserve cardholders got a multicourse tasting menu with drink pairings from the visiting New Orleans chef Nina Compton, plus a goody bag that included her cookbook. Just around the corner on the Bowery, American Express was preparing a pop-up shop to open the next morning full of exclusive Dua Lipa tour merch, with Platinum cardholders allowed in an hour early.

Even more so than airport lounges, these are strange activities for banks to be engaged in. Traditionally, credit card issuers make the bulk of their money from two groups: consumers who pay fees and interest, and merchants who pay interchange fees as a percentage of every transaction. In most cases, interchange rates are from 1% to 3.5%, with premium cards sometimes going even higher. In Europe, financial regulations cap these fees to avoid those costs being passed on to all consumers in the form of higher prices. As a result, high-end reward cards are much rarer there. The possibility of similar regulatory moves in the US, where debit interchange is already capped, is one reason banks have increased fees on premium cards, says Crone, the payments industry consultant. If consumers view annual fees more like a subscription they buy for a suite of services and a coupon book of discounts, "then even with regulatory and legislative restrictions on interchange," the banks "can still make money."

Credit card companies also bring in extra revenue from some of those premium perks, such as earning commissions when cardholders make travel reservations through their booking portals. But the industry has ramped up





its involvement in dining, sports and concerts, even when there's no concrete bottom-line benefit. That's because those types of events have become more important to the way young people spend money. Capital One sponsored Taylor Swift's Eras Tour, for example, and gave cardholders early access to tickets. That targeted business is central to acquiring and profiting from high-value credit card users. Events are such an effective draw that cards have started throwing more of their own.

It's fair to wonder who actually pays to go to a party thrown by their credit card. I have a potentially troubling answer for you: normal people. At Kabawa, the room was full of a totally average New York restaurant crowd-couples on dates, fans of Compton's restaurant, people who hadn't had luck getting a regular reservation at Kabawa, where a dinner with drinks costs about as much as the ticket. At the tea party, the scene was similar: pairs of female friends, a mother from Long Island with her adult daughter, tourists looking for things they can't do back home. These were exactly the kind of parties that companies put on regularly to impress influencers and journalists, typically witnessed by the general public only on Instagram. Both events, like the US Open, had people snapping photos constantly, some of them undoubtedly destined for the type of digital performance that professionals are always doing-proof of life on the other side of the velvet rope.

For many consumers, paying almost a grand for a card can be a selling point more than a deterrent. They associate a hefty price tag with high quality, even if "there's no way that they'll ever fully utilize" all of those perks, Crone says. Banks wouldn't say just how many of those rewards go unused. There are of course cardholders at the extremes—those who don't worry about recouping their annual fee with free stuff, and those who keep a tally to make sure they wring every cent from their cards. Most people, the experts I spoke to generally agreed, are in the middle.

But if you do use enough of your rewards to offset the price of your annual fee, that's fine with the banks. At worst, you gave them an interest-free loan that it took you months to collect on. And while card issuers don't disclose the details of their rewards partnerships, when a third-party company provides the benefit-say, credits for subscribing to a particular streaming service or shopping at a particular retailer—that company at least partially foots the bill. In exchange, the issuer induces millions of high-income Americans to consider spending money in ways they might not otherwise. "I'm gonna switch from Spotify and try Apple Music, just to see if it's worth it," says Chris Temple, a 36-year-old documentary filmmaker in Los Angeles, of the free subscription that was added to his Chase Sapphire Reserve in the recent refresh. On Reddit, where points-obsessives dissect every little change in perks, dozens of

discussion threads—some with hundreds of comments—about American Express' new Lululemon purchase credit have popped up recently, with first-time customers bragging about what they bought.

If you're among the internet's legion of points hobbyists with a wallet full of cards and a spreadsheet detailing how to use them to their full effect, you might be feeling a little bit discouraged by the recent fee hikes. And you should be. "Perhaps some of these moves by the big players are being made to force these customers to choose one," says Sanjay Sakhrani, a managing director at the investment bank Keefe, Bruyette & Woods and the head of its consumer finance and payments research. After all, banks want to own all of wealthy consumers' spending, not share it with another financial institution. "My understanding is they want to thin the herd" by discouraging the most unprofitable card-hoppers, Kelly of the Points Guy says. That would also help card companies ease what's become untenable overcrowding at airport lounges while they build more, and perhaps help the whole enterprise feel a little more, well, premium. "If everyone's in the VIP section of the nightclub, no one's a VIP," he adds.

Even so, none of the experts I spoke to thought \$895 was anywhere near the ceiling of what these banks could be charging. "People come up to me on the street and beg me to refer them to the Centurion program," Kelly says. "Super premium social clubs and country clubs have high annual fees and waitlists."

The reality is, many consumers are already in too deep to be dissuaded by a fee increase. Once you load up a card to Apple Pay and Google Wallet and connect it to your frequent-flyer account and start amassing points, you'll likely find the hassle of switching to a new card with a new points structure and figuring out if your new perks actually do what you think they will is too annoying. Once you're in, you're probably in for a long time. If what it takes to make that happen is the promise of a country club in your wallet, then your credit card has some tennis courts they'd just love for you to see. B

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## Pining for Peak Season

By Gordy Megroz

I'd been in Austria's Montafon Valley only a few hours when my partner, Tess, and I found ourselves sitting inside a woodpaneled tavern in the village of Schruns. Across from me was Hannes Schneider, who was to be our ski guide for the next few days. Schneider, a fit and cheerful man with patchy black stubble, slid a tablet across the table, its glowing screen filled with the topographic lines of peaks and valleys. With one finger he traced a route over the tablet, mapping the ski tour we'd take a few days later. With the other hand he lifted a weiss bier to his lips and took a sip. I asked Schneider, who grew up in the valley and has guided here for four years, if he'd ever led an American



through these mountains before. "No, never," he responded. "We don't see many Americans here."

It was just what I wanted to hear. I'd been drawn to Montafon precisely because the valley in Austria's Vorarlberg region is unknown to most Americans—most tourists, in fact. It wasn't until a few years ago, after a friend had stumbled upon the place, that I first heard of it, and I write about skiing for a living. My friend told me that Gargellen, one of the five ski areas in the valley, "is like Alta on steroids." Invoking the name of the Utah resort, one of the great skiers' mountains, known for its copious powder and challenging terrain, is catnip for someone like me. Then he sealed the deal: "Nobody goes there. The slopes are practically empty."

That kind of description is rare these days but especially so in Europe, where marquee resorts such as St. Moritz and Courchevel have long since traded solitude for glitz. It's hard to blame them. It's rarely the mountain itself that makes money for ski industry businesses (a one-day ticket at Gargellen costs only €65, or \$76), but rather all the experiences around it—Champagne-fueled après events and hotels that cost more than \$2,000 per night. Profitability has thus become directly correlated to a resort's ability to attract wealthy visitors. It's almost impossible, the conventional wisdom goes, to retain viability as a small-scale operation.

Montafon has bucked that logic and now feels almost like an alpine Brigadoon. The 25-mile-long valley's five ski areas—Gargellen, Golm, Silvretta Montafon, Kristberg and Silvretta-Bielerhöhe—have about 136 miles of trails that descend into 11 cobblestoned villages, home to onion-domed chapels, dark-timber farmhouses and tiny family-run inns. In a Europe where almost everybody can communicate in English, most people here speak only German, specifically a local dialect other German speakers struggle to understand. The smell of freshly baked bread wafts through the air, and an après beer costs less than €4. After meeting Schneider that first night, we walked past a home with chickens and two donkeys in the yard.

In addition to all that, the snow is better than it has any right to be. Japan's Niseko boasts the world's deepest totals, and the nearby resorts of St. Anton, Lech and Zürs claim Austria's most famous powder, but Montafon gets something rarer: steady refills from storms arriving from both the west and the south and almost no one to share them with.

86 Pursuits Bloomberg Businessweek



But these days hardly any ski area is immune to Big Skiing, particularly as companies such as Vail Resorts Inc. have started to wrap their corporate tentacles around European mountains. Andermatt, Switzerland, for example, has gone the way of Whistler Blackcomb in British Columbia, Canada: badly overdeveloped and a place best avoided. I wondered how long the valley would remain pristine; getting there soon seemed urgent. So in January 2025, Tess and I flew into Zurich, rented a car and drove a little more than two hours—through quaint Swiss towns, past Lake Constance, an enormous aquamarine body of water fed by the Rhine, and up a narrow, twisty road—to Partenen, the last village at the top of the valley. Fewer than 400 people live there, and the town contains little more than a handful of small hotels, farmhouses and an old church.

We were greeted at our *Gasthof*, a chalet-style inn, by the owner, a woman with graying blond hair, a ready smile and rosy cheeks. She was wearing a dirndl, the traditional Austrian dress, something I saw all over town; it's more of a uniform than a costume. She didn't speak a word of English but led us past family photos and crucifixes (the residents of the Montafon Valley are predominantly Catholic) to our spartan

room, which had a bed, night table, closet, tiny bathroom and small skylight window that, if you pushed your head through, allowed for views of snowy mountains.

It was early in the morning when Tess and I met up with Schneider for the tour he'd planned. We could have easily skied the area's hundreds of wellgroomed trails or headed off-piste to explore some of the steep, Alta-like chutes, but ski touring is an Austrian tradition—an especially strong one in this valley—and we craved that experience.

The plan was to circumnavigate Madrisa, a mountain on the nearby border of Switzerland. We'd ski and climb thousands of feet during the daylong, 11-mile journey and also ride a bus and train through ancient-looking Swiss villages and snowy pastures, a route known as the Madrisa Rundtour.

Our first leg was a ride in a gondola and a chairlift to the top of Gargellen Mountain. From there the vast expanse of the Montafon Valley came into view. Toothy ridgelines resembling the jawbones of ancient beasts cut sharply against the clear blue sky, and snow clung to every crag and crevice of the surrounding peaks. Dense forests of pine and spruce draped the lower slopes in a lush green cloak, giving way to grassy meadows and icy rivers and streams on the valley floor, thousands of acres that have been used to raise cows since the mid-1600s.

We skied out beyond the area's official gates, then affixed climbing skins (nylon material used to glide uphill while also preventing backward slipping) to the base of our skis and trekked to an

adjacent ridgeline.

We felt almost alone as we made our way down steep descents, across vast glaciers, navigating up and around whales of snow, through narrow chutes and across gentle meadows, the faint sound of cowbells occasionally clanging in the distance. We stopped at a cafe in the tiny Swiss town of St. Antönien, the sun beating down on us as we sipped cappuccinos and ate croissants next to an old stone church. Ours was an expert route, but we passed another guide and his clients turning down toward a less technical descent. Ski touring is possible for skiers of many different abilities.

The one thing our day lacked, however, was powder. It hadn't snowed in three weeks, an unusually long stretch in this valley, but as we rounded a corner, a *birkhuhn* popped out of the woods. The black grouse is rare and protected in Austria. "You never see them," Schneider said. "It's good luck!"

He was right. That evening a storm blew in from the south, depositing almost 2 feet of snow. Tess and I ate an early breakfast at our hotel and made little sandwiches from fresh baked rolls that we shoved in our pockets before heading out into a blizzard to load the lift. Atop the mountain, we dropped ▶

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◀ into an open slope of untouched powder, bounding down a 30-degree, 1,000-foot run, light snow billowing around our chests. We skied until the lifts closed that day, zigzagging between Silvretta Montafon and Kristberg, never crossing another set of tracks.

Skiers have been carving paths like ours through Austria's western Alps since the 1880s, but intrepid visitors from England and other parts of Europe first arrived in the early part of the 19th century. That's when the Posthotel Taube, where we first met Schneider, was built, though it has recently undergone a handsome three-year renovation and has a modern spa.

We might have been Schneider's first American clients, but he was quick to tell us about the area's most famous visitor, Ernest Hemingway, who decamped to Schruns with his young family in 1925 to avoid the dreary Paris winter. Still a struggling writer, he stayed in the Taube for \$2 a day and worked on his first novel, *The Sun Also Rises*, which was published in 1926. There were no chairlifts or even a rope tow in the valley at the time, but Hemingway partook in the sport, attaching actual sealskins—predecessors to the synthetic skins we use now—to the bases of his skis to trek uphill. He's now idolized in the valley, and portraits of him are almost as ubiquitous as those of Christ.

In 1947 the first chairlift was built in the Montafon Valley, and tourism grew at a steady pace through the '70s. Manuel Bitschnau, head of tourism for the valley, told me over dinner one night that the area had even attracted interest from "a big American investment company." As I ate local venison and spätzle and drank an Austrian white wine, Bitschnau spoke about the virtues of sustainable tourism: "They wanted to build a lift, a hotel and an airport. It leaked, and people said, 'We don't want that.' Because if you do that, you attract different guests. They want different shops in the area. They want different food. And that wouldn't fit into the values of our community."

In the past 50 years the valley has embraced a tempered approach to tourism, which is growing only about 1% each year. There are about 500 family-owned hotels, plus several other Airbnb-type offerings. "We are all happy because what we have is good enough for us," Bitschnau said. "We don't want big hotels built by outside investors."

Getting new projects approved of any scale remains a challenge. While there, I met with Daniel Sandrell, the mayor of Gaschurn. Sandrell spoke only a little English and had a bad cold. He poured us each a shot of schnapps made by the local priest (who, on

powder days, is said to cut his Sunday sermons short) and said "*Ist gut* for the..." as he grabbed his throat.

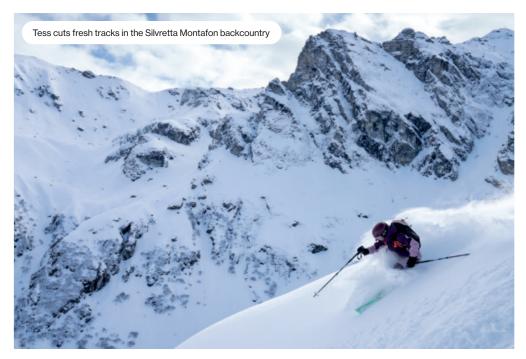
Sandrell recounted how, as mayor, he'd finally secured approval for a new slope linking Silvretta Montafon to the town of Gaschurn, persuading farmers to let skiers and snowboarders cut across their land, a breakthrough that had eluded his predecessors for decades. But when another foreign investor approached the town with plans to build a hotel for hundreds of millions of dollars, it was roundly rejected. Sandrell extended his middle finger. "This is what we say," he told me.

I was worried about my own visit. Would writing about the area for an eager American audience disrupt its gentle ecosystem? Bitschnau assured me it wouldn't be a problem. "We only have so many beds in this valley," he said. "Americans are welcome if they can find a bed."

My fears allayed, I headed home. But then, a few months later, I caught a startling headline: "Silvretta Montafon in Austria is Now Epic." The ski area, the story said, had joined Vail Resorts' Epic Pass. I quickly emailed Bitschnau to ask him why. Naturally, I wondered if droves of Epic Pass holders would flood the area, jamming lift lines and tracking out fresh powder in an instant? Would the working farm at the base of Silvretta Montafon, where skiers can grab eggs, cheese and cured meats from a refrigerator and leave a few euros on the honor system, be bulldozed in favor of ticket-vending machines?

According to Bitschnau, that wouldn't be the case. "The ski resort will try this for one year and then see," he wrote to me. "However, I do not expect too much of a run on Montafon, since we are not as well known in the US as other European destinations."

I hope he's right, but part of me worries this might just be the first step toward corporatization. It's important to get back to the valley again, I decide—and soon. §



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### Comfort Zone

By Jen Murphy Photograph by David Chow

The ease and convenience of snowboard boots have long tempted even the most devoted skier to switch to a single plank. There's no hard shell to wrench open, no buckles to crank down or straps to Velcro tightly around the ankles. Instead, the rider effortlessly slips their feet into soft boots, then "dials in" the perfect fit by turning upper and lower knobs

that cinch a zig-zagging cable routed within the boot shell. This cable-and-dial lacing apparatus was developed in 2001, but it's taken more than two decades-and 18,000-plus hours of development-to integrate the Boa Fit System into alpine ski boots, which withstand far greater forces than their snowboard-bound cousins. (The name refers to the way the cable lacing wraps around the boot, like a boa constrictor.)

If the old four-buckle ski boot system was built

on a "no pain, no gain" philosophy, Boas are fast making it obsolete. Last season, a handful of companies, including stalwarts Fischer, K2 and Salomon, started dabbling in a hybrid Boa design that replaced the two lower buckles with a micro-adjusting dial; they created a more uniform and customized fit, particularly for those with a high arch and instep or narrow feet. But hardcore skiers still felt

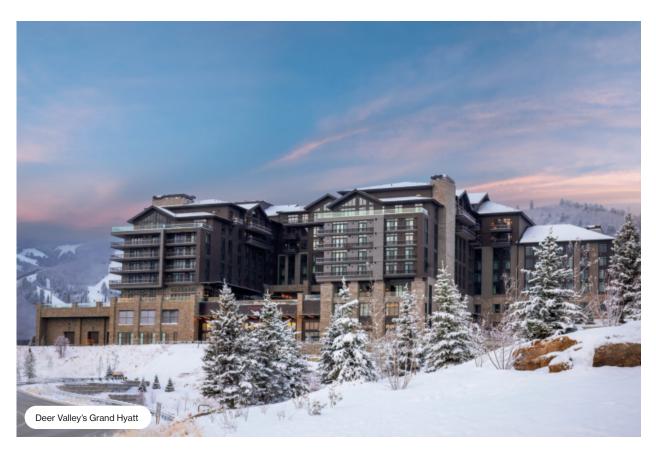
the old-school, foot-anchoring buckle system delivered better performance.

Salomon's first dual Boa, buckle-free boot may finally convince them that aggressive skiing doesn't require a suffer-fest for your feet. The new S/Pro Supra Dual Boa model (\$990) enables skiers to micro-adjust the fit of the boot's upper cuff and lower shell independently by tightening a cable hidden within. Comprising more than 100 strands of stainless steel, it delivers double the tensile strength needed for alpine skiing's higher forces and is strong enough to hold a cable car. The dial on the upper cuff produces a glovelike wrap around the lower leg.

The result: more precision and consistent contact between the shin and boot to increase power transfer to the ski and better edge-to-edge control. Combined with the fine-tuned comfort of the lower shell, the boot amplifies responsiveness in almost any condition across diverse terrain. The second a professional racer adopts them, it's game over for buckles. 19



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UTAH

# Climate-Controlled

By Gordy Megroz

It's 55F and sunny as I slide into the black-and-green seats of Deer Valley Resort's new Keetley Express chairlift. It's mid-March—at least a month before barren earth will reappear through the snowpack in Utah's Wasatch Mountains. But as the lift pulls higher toward Keetley Point, a phalanx of construction crews comes into focus. Piercing the snow are more than three dozen excavators, diggers and forklifts, the landscape newly dotted with rebar and concrete. Deer Valley's multibillion-dollar transformation, I see, is officially underway.

By the time the lifts start spinning again this winter, those crews will have built 10 chairlifts and 2,300 acres of new ski terrain, more than doubling the size of a resort that already has plenty of luxury hotels, high-end shops and swanky restaurants. And that's just the start. In the next several years, Deer Valley

will have hundreds of additional homes, an on-mountain day lodge, 8 hotels, 42 retail shops, 32 restaurants and 7 cafes. It's the largest ski-area expansion in US history.

Deer Valley is hardly alone. Utah ski resorts have invested \$250 million in new chairlifts in the past 12 months—roughly half of what the entire country spends on lifts in any given year. That growth stands in contrast to more sober realities for the industry at large. US ski areas are losing about \$252 million per year because of human-caused climate change, a recent study from the trade journal *Current Issues in Tourism* shows. The number of skiers in the country has practically plateaued since 2019.

Utah seems immune to much of this. The state notched a record 5.1 million skier visits during the 2018-19 season. Every year since the pandemic-shortened season of 2019-20, it's

topped that record, with visits now hovering around 7 million per season, representing as much as \$2 billion in spending. US skier numbers may be stagnant, but a larger share is choosing to come to the Beehive State.

"Utah is one of the fastest-growing states in the country, with an influx of young families, jobs and technology companies," says Jared Smith, chief executive officer of Alterra Mountain Co., which owns Deer Valley as well as 17 other ski areas from California to West Virginia to Canada. In 2014, Utah began a \$5.1 billion upgrade of Salt Lake City International Airport, which will be completed by the end of 2026, increasing the availability of nonstop flights. "It was an easy decision to take one of our premier destinations and expand it," Smith says.

And the powder that skiers are coming for-"the Greatest Snow on Earth," as the slogan goes-seems uniquely impervious to the existential threat facing so many other places. "Utah is one of the most climate-resilient states," says Daniel Scott in Ontario. He's spent 20 years studying climate risk for the ski industry as research chair for the University of Waterloo's department of geography and environmental management. "There are winners and losers all over the world when it comes to climate resilience," Scott says. "In the US, Utah is a winner."

The state's geological advantages include its peaks, springs and reservoirs. As in neighboring Colorado, Utah's portion of the tall Rocky Mountains-which top out at about 11,000 feetare at high altitude and cold enough to guarantee a long snow season. In the winter of 2022-23, when Wyoming's Jackson Hole notched just 412 inches of snow, Alta got a record 903 inches. Over the past 10 years, neighboring resort Snowbird has typically stayed open for skiing well into May; twice it kept the lifts spinning into June. As winters become warmer, these contrasts will grow only more stark, and fewer mountains will be able to compete.

Unlike Colorado, however, Utah also has generous water rights that allow ski resorts to produce more human-made snow. That's why Sundance Mountain Resort, for instance, was able to increase its number of snowmaking machines from 12 to 175 in 2021 alone.

Relaxed regulation helps in other ways too. In ruby-red Utah, getting construction greenlit is easy, even in naturally pristine places. "Utah is reasonably favorable to development," says Gary Barnett, founder and chairman of Extell Development Co. "When you're looking to do something, you want to know that it's not going to take 10 years to get it done."

Barnett is used to hearing "yes." It was he who began buying up land on the eastern slope adjacent to Deer Valley more than a decade ago, the first steps to creating the expansion project I can see from the Keetley Express. It's his land that's being leased out for the resort's future shops, restaurants and hotels, which include a recently opened Grand Hyatt and a ski-in, ski-out Four Seasons coming in 2028.

Back on the mountain that day in March, it's Barnett's partner at Deer Valley, Todd Bennett, the resort's president and chief operating officer, who takes me down a series of freshly cut cruisers that snake across the new terrain. We trace big, lazy arcs through slushy snow down a run called Lady of the Lake, stopping so he can point out some of the more than 1,200 new Bluetooth-enabled snow guns, all drawing water from nearby Jordanelle Reservoir. "They can be activated and adjusted remotely," he tells me, as if guaranteeing snow conditions were as easy as asking Alexa to turn on the lights. "Prior to the expansion we could do about 8,000 gallons a minute. This will double that."

The mountain equivalent of urban planning also helps. As we carve our way toward the new Grand Hyatt, where the rooms start at a democratic \$399 a night, Bennett explains how some of the lower trails tilt away from the sun slightly-a design meant to

forestall melting and preserve the snowpack. "There's a lot of planning like that to help skiers have a better experience," he says. The subtext I glean is that these design tweaks work better in prolonging good conditions than compensating for bad ones. In other words, they might not work as well anywhere else.

Hours after that first ride up Keetley Express, I find myself back on the lift for a last lap. The clouds start to roll in, and the temperature begins dropping. I open my weather app to see snow on the horizon. "They're saying we'll get 20 inches out of this storm," Bennett says. "Maybe more." B



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# A Case for Goals, Not Hobbies

By Sarah Green Carmichael Illustration by María Medem



I got the idea from a stranger in a pub.

A friend and I were finishing a vacation in 2016 in the remote corner of North West England known as the Lake District. If you're of a certain age in the English-speaking world, you may remember it from literature class: Lakeland is where William Wordsworth lived most of his life, and the landscape inspired most of his poetry.

I'd always pictured him wandering "lonely as a cloud" beside a docile little pond. So I was stunned to discover the region is dominated by mountains. We decided to climb one: a pyramid of slate called Skiddaw.

The path was unrelentingly steep. Loose stones slipped under our boots. Wind roared in our ears. The view from the summit was otherworldly, but I was too wind-buffeted to take it in. As we relived the adventure over pints that evening, a man overhearing our conversation asked the question that would change my life: "Are you doing the Wainwrights?" He explained that it was a list of Lakeland summits put together by a man named Alfred Wainwright.

"How many are there?" I asked.

"Two hundred and fourteen."

Lots of people have hobbies they quantify. One friend is trying to visit all 39 mosques in Istanbul designed by the Ottoman architect Mimar Sinan. Another has spent the past 25 years reading the Modern Library's list of the 100 best novels. There are Vermeer obsessives who want to see all of the Dutch master's 34 confirmed paintings and birders who travel the globe adding to their "life lists."

Peakbaggers hike specific lists of summits, whether it's the Colorado 14ers (58 peaks over 14,000 feet, or 4,267 meters), the Scottish Munros (282 summits over 3,000 feet) or Japan's Hyakumeizan (100 of the nation's most famous mountains). Critics call us box-tickers; mountains should be savored, their argument goes, not entered into a spreadsheet. To some, turning a hobby into a to-do list reeks of hustle culture, transforming leisure into another set of obligations.

But for me, having goals doesn't make hiking any less pleasurable. The goals create not an obligation but an excuse to

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spend my time exactly how I want to. Peakbagging is what psychologists sometimes call a "mastery goal," one that celebrates learning for learning's sake. Whether you're studying German, knitting a sweater or writing a novel, you're doing it as much for the process as the outcome.

Mastery goals are different from "performance goals," in which the outcome is the whole point and the focus is on comparisons with others. Sometimes performance goals can foster healthy competition—on a sports team, in a workplace, at school-but often they're stressful. Comparing ourselves with others is almost always a way to feel worse.

In contrast, mastery goals are fun. They tap into our intrinsic motivations and desire for personal growth. Working on them improves our self-esteem, adds meaning to our life and gives us a sense of purpose. Making progress on a mastery goal can enhance our sense of autonomy, which in turn is associated with greater well-being and resilience.

Mastery goals are also a good way to carve out time for hobbies, which bring their own benefits. People with hobbies report higher levels of life satisfaction, fewer health problems and lower rates of loneliness. Being deliberate about them prevents time from leaking into everything else: tidying the house, answering emails, doomscrolling.

When I climbed Skiddaw, I was only a couple of months away from finishing my first peakbagging list: the 48 4,000-footers of New Hampshire, a project I'd been working on since 2009. I needed a new goal. So when the man in the pub opened the door to the Wainwrights, I walked right through it.

I made some early mistakes. In June 2017, I became crag-fast (too terrified to move forward or back) on Hall's Fell Ridge, a stony arête on Blencathra that Wainwright had written was "positively the finest way to any mountain top in the district." I froze sweaty-palmed below the summit, watching a dozen other hikers, including children, scamper up the sheer rock face. After 30 minutes, I heaved myself over the top. One more for the list.

People would tease me: Haven't you got mountains back home? Yes, but they didn't seem as beautiful. They weren't as fun to climb. They didn't have names that sounded like they came from Game of Thrones (Helvellyn, Glaramara, Pike o' Blisco) or a 13-year-old (Crinkle Crags, Great Cockup, Barf).

There was another key difference: precommitment. To hike a Wainwright, I had to choose the dates well in advance, book tickets, get on a plane. Anyone who wants to achieve a big goal has to break it into smaller goals, and then put those on the calendar.

That's how Wainwright's list came to be. In 1952, at the age of 45, he drew up a plan: He'd spend the next 13 years writing a seven-volume series of "pictorial guides" to the Lakeland fells on top of his day job as a civil servant. "Once the idea had hit him," writes his biographer, Hunter Davies, "he was a man possessed." Wainwright would clamber over the mountains in a three-piece suit, pipe clenched between his teeth, making notes-and climbing each summit several times. On weekends he'd spend 10 to 12 hours a day hand-drawing and hand-lettering pages. Every Wainwright completer is, in a way, following in his obsessive footsteps.

There's a moment on every hike-usually the steepest part of the climb-when I ask myself, "Why is this my hobby?" Wainwright describes himself bleeding, bursting the buttons on his suspenders and sliding down the steepest trails on his "rubbery bottom." My adventures in the Lakes saw me falling into bogs, misreading the bus schedule and losing the trail.

One gray day in early March 2020, I found myself alone heading for Seathwaite Fell. As I trudged up the valley, the overcast sky turned a dark slate gray. By the time I reached Sprinkling Tarn, a small mountain lake in the shadow of the Scafell Massif, I was ankle-deep in snow and watching the wind whip whitecaps across the water. I'd come almost 6 miles and was now less than a mile from the summit, but my feet were sliding treacherously beneath me. A fall could mean hypothermia; hypothermia could turn into worse. I turned back.

I profoundly hate quitting. Disappointment and frustration flood in, quickly followed by second-guessing. Am I really making the right call? Couldn't I just go a bit farther? I always try to assuage those doubts by reminding myself that my real goal never is to reach the summit; it's to get to the bottom again safely (and without calling Mountain Rescue). "The mountains will be there another day," I tell myself. "Quitting one hike doesn't mean you've quit the whole goal." Fine bromides to repeat on the long, lonely way back to the trailhead.

I flew home as the pandemic began to slam national borders shut. Peakbagging took a hiatus, replaced by socially distanced nights rereading Wainwright's guides.

According to the Long Distance Walkers Association (LDWA), the first recorded completion of the 214 after Wainwright himself was in April 1966. The fastest completion (so far) is five days and 12 hours, according to records the Wainwright Society maintains. But many people take their time; some have taken more than 50 years.

It took me 8 years, 11 months, 1 week and 3 days.

This summer, I returned to the Lakes for my final Wainwright with my husband and a quartet of friends. We trudged up a grassy glacial valley dotted with wild orchids. I didn't talk much; I was feeling pensive. When I touched the summit cairn of Yewbarrow, I felt both satisfied and sad, as if I'd turned the last page in a good book.

Perhaps this is why so many 214ers simply hike them all over again. (The record appears to belong to Stephen Moore, a septuagenarian who's completed the Wainwrights 61 times for an astonishing 13,054 summits.)

Wainwright finished the 13-year project that would eventually bear his name on Sept. 10, 1965, with a 2,077-foot summit called Starling Dodd. "Happy? Yes, I was happy, as anyone must be who comes to the end of a long road," he writes of concluding his fieldwork. "Sorry? Yes, I was sorry, as anyone must be who comes to the end of a long road he has enjoyed traveling."

When I registered my completion with the LDWA, I got an intriguing message back. "You could consider the Birkett hills next," my correspondent replied. That's all the Lake District fell tops over 1,000 feet—a total of 541 summits.

What a great idea. 6

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**GOOD POURS** 

### Wine Bars Meet Our Moment

By Kate Krader

The most compelling description of a restaurant I've ever heard came from James Murphy, founder of the indie-punk-dance band LCD Soundsystem. In an interview with *Food & Wine* magazine in 2013, he called Brawn in London "the world's most dangerous restaurant." The backstory: He and his girlfriend (now his wife, Christina Topsoe) arrived at their neighborhood spot around noon for a few small plates and wine. After running out of food, they ordered more. Then they needed more wine to accompany the dishes. Some friends arrived, and their lunch turned into a nine-hour fiesta.

This concept of a meal becoming a spontaneous party is what I think of when I consider the slew of convivial wine bars emerging in London and around the UK, as well as in New York City.

These places have a few things in common. They're invariably small, rarely seating more than 40 guests, with menus written on chalkboards or something else that signals constant change. There are always snacks and small plates, and sometimes larger ones too. The wines are often natural, from little-known producers with labels that will make you giggle. What varies is the look and energy. A place might be bright-white-walled or poster-covered or cavelike. The playlist could be 1980s synth pop or '60s folk or Kendrick Lamar. The food might be British-accented. Or French. Or Korean.

Sometimes these wine bars have dual personalities, doubling as restaurants. Like Mon Lapin in Montreal, whose long list of top-flight natural bottles and concise menu make it a wine bar for me, though World's 50 Best crowned it the No. 2 restaurant in North America in September.

Don't get me wrong—such places aren't new. For years, Paris has been a leader of the trend, with spots such as Septime La Cave and Frenchie Bar à Vins. London has also had its share of long-standing cozy boîtes, Exhibit A being the terrific 40 Maltby Street, tucked into a railway arch in South London, which has been uncorking low-intervention wines since 2011.

But now I'm watching a delightful array of new wine bars proliferate, rising up to meet our economic moment. A wine bar is almost always less expensive to operate than a restaurant and can often be wedged into an idiosyncratic space. That's notable when you consider the high-profile restaurants in London that closed this year: Lyle's, Claude Bosi at Bibendum and Voyage With Adam Simmonds all shut, not because they weren't popular, but because of rising food and labor costs and other financial factors.

Filling the void in London are recent comers such as Cadet, where the game liver toast was one of the tastiest dishes I tried in 2022; Hector's, hailed by food-obsessed Bloomberg Opinion columnist Howard Chua-Eoan as the best in the city; and the playful, Japanese-focused Yuki bar. This year we also welcomed Marjorie's, a French-inspired spot convenient to Oxford Street shopping, and the Italian-minded Bastardo in Hackney.

"Right now there's a shift in hospitality in this country," says Jay Patel, co-owner of Luna wine bar in Shad Thames, which opened in July. The British-Italian joint, which has only 34 seats, happens to be my local. The highlight of its compact menu is a coarsely chopped steak tartare with creamy anchoïade sauce that sings when paired with a funky-fruity 2023 Tetramythos Roditis Natur from the Peloponnese. Patel says Luna is purposely not another restaurant. "Prices are creeping up," he says. "There's less disposable cash. People tend to have lighter dinners. There is always a market for people who want to catch up for a drink and then go home." He says the average customer spends £55 (\$73) at Luna; at his cozy Italian dining room Legare, it's closer to £70.

That math doesn't worry Patel. "You can run wine bars a lot leaner, and there's a lower expectation for service," he says. "After I've dropped a bottle of wine on the table, I don't have to do much more than keep the water glasses filled." At Luna he needs a staff of only six, including chefs and servers; at Legare he employs a team of 18. "It's a better business model."

Farther afield, in Edinburgh, I was obsessed with the moody Montrose, from the Michelin-starred Timberyard team. In Bristol, I ate Korean chicken at Bokman with a glass of nutty 2021 roussette de Savoie. Now I'm planning a trip to the buzzed-about Flawd in Manchester, which serves deceptively simple-sounding dishes like smoked mackerel on toast to pair with around 100 sustainably minded wines. "Generally, wine bars can be launched without huge sums of investment," says Flawd co-owner Richard Cossins. "It cost us around £75,000 to open. It would have been triple, quadruple, maybe five times that if it was a restaurant."

Beyond the economics, another reason people gravitate to wine bars is that they allow more flexibility, whether you want to party all day like LCD's Murphy (who owns the marvelous Four Horsemen in Brooklyn) or just grab a glass. A lot of wine bars emphasize things such as walk-in availability and don't require a minimum order of food or drink. As diners move away from the strictures of prix fixe meals, the wine bar becomes a welcome choose-your-own adventure.

In Manhattan, Chase Sinzer, co-owner of New York's popular East Village restaurants Claud and Penny, is opening his first wine bar, Stars, this fall. He noticed that the desire for informality accelerated during the pandemic. "People want an experience that feels comfortable," he says. "They want control. They tend to want to direct things now."

Downtown, on a scenic street in Chinatown, Annie Shi, who once upon a time worked at JPMorgan Chase & Co. before

opening the acclaimed restaurant King in 2016, introduced Lei this summer, serving plates of fried Montauk whiting with tai tiao seaweed and cat's ear noodles, alongside a 30-plus-page wine list. She echoes the customer-is-king sentiment: "Dining out has gotten really expensive," she says. "You sneeze and spend \$100. A wine bar feels like a lower commitment. It's that casualness that people are craving."

And sometimes, real estate and opportunity happily coalesce. Among Israeli chef Eyal Shani's empire of restaurants is the Michelin-starred Shmoné in the West Village, a place too small for a big cellar. When the space next door became available, he snagged it to open Shmoné wine bar in February, where he's serving smørrebrød-style sandwiches on milk bread. "It was the only way to widen the activity of Shmoné," Shani says. Plus, "I was able to create its own new reality, a beautiful wine bar."

CEO DIET

### Holiday Parties With the Boss

By Kate Krader
Illustration by Lisa Carpagnano



Wolfgang Puck, founder of Wolfgang Puck Fine Dining Group

"I love dessert and apple pie. I make one with dried fruit in it, and caramel sauce with Calvados, and crème fraîche. If I'm not traveling too far, I will bring marzipan ice cream, because I always try to give a little twist to something. I'm not the biggest fan of pumpkin pie–in Austria we grew up with apple strudel."

Melissa Bentivoglio, CEO and co-founder of Frame Fitness

"I love making tequila-based cocktails. I freeze ice cubes with fresh fruit inside, so every glass has that extra pop of color. For dessert, I serve pavlova. It's gluten-free, looks stunning on the table and is as delicious as it is light."

Johann Moonesinghe, founder and CEO of restaurant fintech inKind

"I love cooking, but for work I eat every meal out. Thanksgiving is our only cooking day of the year. We make individual Japanese A5 BMS 12 rib-eye beef Wellingtons with local chanterelles—perfect doughto-beef ratio for rich meat."

Harry Slatkin, founder and CEO of Slatkin + Co

"For the holidays, we love to make a warm croissant pudding with Grand Marnier sauce. It's decadent and nostalgic. Another favorite is our pasta soufflé topped with shaved truffles, which feels celebratory but still comforting. We take pride in serving dishes made in our own kitchen. Everything we offer our guests is truly homemade."

Ward Simmons, president, the Americas of Moleskine

"No one needs to eat food that I've made. However, I try to come to the holiday party prepared by bringing Woodford Reserve bourbon balls. I grew up on the Bourbon Trail in Kentucky, and my grandmother would always make these homemade, with just a splash of whiskey for us kids, to celebrate. If you've never had them, you are missing out! I would eat so many, I can't remember half my holidays."

Katherine Jenkins, co-founder of Cygnet Gin

"As a vegetarian, my table is about the abundance of trimmings, and those accompaniments take center stage. My show-off dish is roast potatoes: golden and crunchy on the outside, irresistibly fluffy on the inside. They take hours."

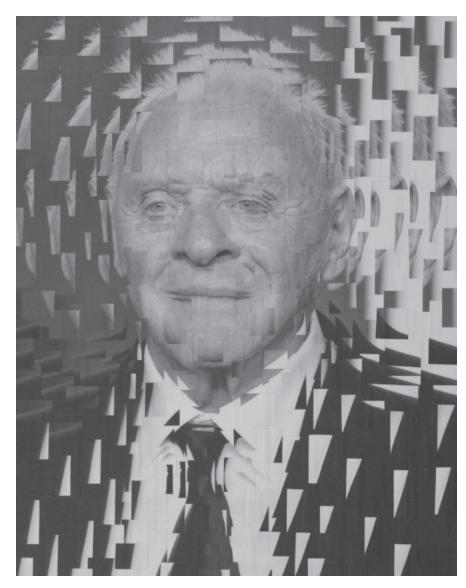
Bing Chen, CEO of Gold House, an Asian Pacific community nonprofit

"Gold beef Welly—Asian-style beef Wellington. Savory pastries are always crowd-pleasers and easy, just tedious. I cheat and sous vide my beef before the oven. I like wrapping mine like golden dumplings. Hosting is theater."

Christopher Horne, CEO of the Bank of London

"In the summer, I would say grilled sardines—they take me back to childhood holidays in Portugal's Algarve. The key is not to overcomplicate things: a bit of garlic, some chopped red chile, plenty of olive oil, black pepper and a generous handful of rock salt. I let the sardines sit in this mix for a short while—just enough time to pour some glasses of albariño. Then onto the grill. As we head toward winter, my go-to dish, also simple, is a tomato soup base, onions, pasta, cheese on top and bake! Then topped with HP Sauce."

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**BIG CULTURE CONVO** 

# HOPKINS ON HOPKINS

By James Tarmy
Photo illustration by Lola Dupre

There's a catalyzing moment near the beginning of Sir Anthony Hopkins' memoir, We Did OK, Kid (Summit Books, an imprint of Simon & Schuster; Nov. 4), when he decides to make something of himself. A mediocre high school student and self-described loner, he's standing listlessly in his family home in Wales while his mother and fathersupportive but disappointed-read yet another dismal school report. Hopkins has a novel flash of resolve: "One day I'll show you," he tells them. "I'll show both of you." And show them he did. Within a few short years, he'd hit the big time, performing in leading roles in London's National Theatre, then quickly becoming a bona fide movie star.

Many celebrity memoirs are written by ghostwriters, but Hopkins penned this book himself. The result is an unflinching chronicle of a spectacular career and not-so-spectacular personal life, told in a crisp cadence that will be familiar to anyone who's seen the Academy Award winner in *The Lion in Winter*, *Silence of the Lambs* or *The Father*.

Hopkins, 87, spoke with *Bloomberg Businessweek* about his almost nine decades of disappointments (substance abuse, relationship issues) and triumphs (getting sober, career success). This conversation has been edited for length and clarity.

You write a lot about your struggle with alcohol at the beginning of your career, when success followed success. Now that you're sober, do you feel ambivalent about those early achievements?

If you have an addiction, it usually is coupled with fear and anger, and a sense of "I'll show the world." It fuels you, and you have courage. I had a lot of courage. I worked with Peter O'Toole, who was [an alcoholic] as well. I thought he was a brilliant actor, but I mean, he used to drink like it was running out of fashion. And so did I. I'd drink anything I couldn't chew, because it fed me—that rage and anger. And of course it's like jet fuel, but then at a certain place in your life, it comes to one thinking, "Hold on, this is burning me up." And that's what happened to me 50 years ago. I thought, "This is going to

kill me." I look back and think I was so fortunate to have been given an opportunity to diffuse that craving, whatever it was. But I wouldn't have missed it. It got me here, in a strange way.

#### One of the really lovely things in the book is that your parents were around to witness your rise to fame.

That's what I'm so grateful about, that they lived long enough to see it. They came out here, to California. And we went to various events through my successful years, and my father was then in his 60s, 70s, I think, and he was very moved by what he saw. He looked at me, and he said, "How the hell did you achieve this?" I said, "I have no idea." He and my mother were sort of appalled: How the hell did their problem boy get to work with these enormous figures of fame and stature? How did this dimwit do it? And to this day, I still don't know.

#### Well, for one thing, you seem to have worked very hard.

I was cunning, that was my gift. I was beginning to creep up the ladder, you know, to success and all that. I thought, "I've got a problem here, I don't know if I'm bright enough to do this." I realized that the only way through was to learn the text so clearly, by working painstakingly every night until I went to sleep. By doing that, I discovered that hidden in the words is the very nature of the person you are playing. It was just remarkable. And from that point on, I went to the National Theatre and worked with Laurence Olivier, people like that. And that was my format. Just know the stuff, show up on time and give a hundred percent. The preparation is all: Know exactly what you're going to do, and be flexible, but do it. Always be prepared. And be clear.

#### I was struck by your emphasis on craft and the way your book goes through the mechanics of acting.

I worked with a famous actor at the time, Robert Morley. He was a wonderful actor, very bright man, big jolly guy. But he was a bit of a buffoon. Everyone loved watching him onstage because he

was a clown, and he could improvise. But he told me a story: He was in *The African Queen* with Katharine Hepburn and Humphrey Bogart. He turned up on-set the first day, and he thought he could improvise. And Bogart said, "You don't know your lines, kid," and Bogart left and so did Hepburn. Morley said to me, "I suddenly realized that you have to be prepared." It's not just looking cute and improvising, it's craft. The great ones knew what they were doing, they didn't mess about, and they were pretty brutal if you didn't know your stuff.

#### So much of your book seems to dwell on death and mortality—

Does it?

#### Maybe it's unintentional.

If that's a theme, that's because I'm grateful to still be here, [almost] 88, still functioning and in good health. My wife takes good care of me, makes sure my diet is good, makes sure I stay fit. It's an enriching thing to reach a certain age thinking, "Well, I don't know what's going to happen next, but let's hope for the best." I get on a plane and go to the next location and hope it will work. I'd like to go on until I'm 120. I've still got my marbles.

#### That alone is an achievement.

I think what's helped me is by learning the stuff, learning, learning, learning. You wouldn't believe how many times I go over a script: over and over and over. And I play the piano, and I paint, and I do all that. I don't run around like a maniac anymore. But I keep my brain active. I won't give in. I'm a fighter.

### At this point in your career, do you say no to jobs more often?

I just enjoy the process. I've got three or four roles coming up, some of them have gotten the go-ahead and the green light, but what I do is I learn them in case it's going to happen. I think the best thing for me is to show up in the morning. You go in, get changed, go on the set—"Morning, everyone"—and action. It's a wonderful way of life. And to quote Robert Mitchum, it sure beats working for a living. **⑤** 

#### Pursuits Picks for November

By James Tarmy

MOVIES

Die, My Love



Country living isn't for everyone, but when Grace (Jennifer Lawrence in full Oscar-bait mode) moves from New York City to Montana with her husband (Robert Pattinson), their rural idyll exposes and exacerbates

her postpartum mental instability with devastating repercussions. Mubi won a fevered \$24 million bidding war at Cannes for what our critic called a "hypnotic, chaotic" film from Lynne Ramsay, who directed We Need to Talk About Kevin. Nov. 7

#### **STREAMING**

Death by Lightning



Why should Abraham Lincoln get all the attention? This Netflix limited series from *Game of Thrones* showrunners David Benioff and D.B. Weiss chronicles the life and death of James Garfield (Michael Shannon), who has the

dubious distinction of being America's second murdered president—in his case, at the hands of a disgruntled admirer (*Succession*'s Matthew Macfadyen). Betty Gilpin and Nick Offerman round out the cast. *Nov.* 6

#### BOOKS

Empire of Orgasm: Sex, Power, and the Downfall of a Wellness Cult by Ellen Huet (MCD)



The Bay Area-based OneTaste, which touted "orgasmic meditation," was a seeming beneficiary of the for-profit wellness boom. But Huet, a staff writer at Bloomberg, exposes its darker side. She details stories of sexual abuse

and financial coercion at the hands of its charismatic founder, and as more victims spoke out, Huet shows how the entire scheme came crashing down, ending in a five-week federal trial this year. *Nov.* 18

ART

"Arthur Jafa-Less Is Morbid"



The MoMA's Artist's Choice series allows A-list guests to organize shows from its collection. (Past curators have included Stephen Sondheim and Ellsworth Kelly.) For this exhibit, Jafa, whose own work spans visual

art, installation and films, has chosen almost 100 pieces, many of which share the "allover" approach in which the picture exceeds its frame. *Nov.* 19-July 5

#### THEATER

End



David Eldridge's Beginning and Middle were critically acclaimed hits at London's National Theatre; now comes the finale of his trilogy about love and relationships. Rachel O'Riordan (Romeo and Julie) directs

this story of a textured, tumultuous affair between Clive Owen and Saskia Reeves. Thoughtful and humorous, it tells of a touching goodbye. *Nov.* 13-Jan. 17

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### Carmakers Race Into Motor Sports. Does Anyone Care?

By Hannah Elliott



Jim Farley isn't your average suit. Between board meetings and finance reviews, the chief executive officer of Ford Motor Co. goes racing. "I spend a lot of time sleeping and racing. Those are my only two private things I do," Farley says after a win at the International Race of Champions exhibition at Laguna Seca in Salinas, California. Six weeks earlier, in France, he placed firmly midpack at the Mustang Challenge Le Mans Invitational.

Farley is the rare C-suite type to compete on the international stage, but he's far from the only one eyeing industry prestige via the racetrack. Myriad niche racing series are attracting brands such as Aston Martin, Audi, Cadillac and Ford that are hoping to cash in on the newfound status and cultural capital of motor sports.

The only problem? American racing fans have yet to prove they care to stick around for anything beyond Nascar and Formula One. The latter cracked the popularity code in 2020 after years of obscurity in the US. It now carries the allure of a \$2 billion sponsorship market, an average of 1.3 million US television viewers per race and an eponymous summer blockbuster starring Brad Pitt that grossed \$600 million. And who wouldn't want to copy this template? There are five races in North America alone, amenities for every price point and

sponsorships with prominent brands such as Louis Vuitton and Heineken. Clever social media and marketing that illuminated the humanity of its drivers and the pathos of high-stakes racing, paired with ESPN's \$90 million deal for TV rights, brought in valuable new audiences: According to F1, 43% of fans are under 35 years old, up from 30% in 2018, and 42% of fans are female, versus 37% in 2018.

By contrast, the crown jewel of International Motor Sports Association (IMSA) racing, the Rolex 24 at Daytona, reported fewer than 900,000 TV viewers this year, and that figure is its highest on record for NBC and Peacock combined.

Motor sports constitute a big world, encompassing everything from the smoke and searing rubber of drag racing to the alien hum of Formula E. Three series dominate American attention: F1, which emerged in the 1950s as a formalized version of the European Grand Prix racing of the 1920s and '30s; Nascar, derived from Prohibition-era moonshiners tinkering with their cars to outrun law enforcement; and IndyCar, an evolution of American 20th century open-wheel racing.

But there are lesser-known contests—including King of the Hammers (*Mad Max*-style desert off-roading), Nürburgring Langstrecken-Serie (F1's Max Verstappen won his first victory

there on Sept. 27), Formula Drift (yep, like *The Fast and the Furious*), World of Outlaws (dirt tracks) and droves of other endurance championships and hill climbs—that have long existed sporadically, scattered around the globe as regional or specialized trials. Most are notorious for their far-flung destinations, complex scoring, arcane rules and lack of trackside amenities, as well as a dearth of TV coverage that actively discourages all but the most determined from developing any interest whatsoever. For many races you've got to work hard, scouring grainy PDFs on outdated websites, to even find results.

Now interest is igniting in unsung corners such as the FIA World Rally Championship and FIA Extreme H's hydrogen-powered World Cup. And automakers are clamoring to join. Motor sports are set to grow by \$11 billion from 2025 to 2029, according to market-research company Technavio. Sponsorships and advertising revenue across racing are rising consistently at a rate of almost 3.5% year.

"We are in a new era of peak interest," says Vincenzo Landino, managing director at Business of Speed, a motor sports consulting company with a Substack newsletter. "The amount of manufacturers that have gotten involved in racing, that's a big signal to anybody and everybody that this is something we should pay attention to."

Take the FIA World Endurance Championship. Usually composed of eight races (though this can vary by year), with the flagship 24 Hours of Le Mans running since 1923, the WEC epitomizes old-world prestige. "I'd rather win Le Mans than the Monaco Grand Prix," Jenson Button declared there in June; the F1 champion had just secured pole position in the hypercar class for Cadillac Hertz Team JOTA. (More than 113 million people watch the race globally, compared with an estimated 1 billion for the F1 Monaco Grand Prix.)

After 50 years away, Ferrari returned to WEC racing in 2023, when it fielded a factory team and won. It's triumphed ever since. Porsche and Cadillac also joined Le Mans in 2023; BMW joined in 2024. McLaren and Ford will each enter factory teams there in 2027. (Ford last won Le Mans in the 1960s, an epoch chronicled in the film *Ford v Ferrari*.) With them come fresh energy, on-site glamping and celebrity starters. (Roger Federer, anyone?) General admission tickets sold out within hours this year, adding to a record attendance of 332,000.

Racing helps develop new technologies: Paddle shifting, hybrid powertrains and active aero were all created for the track. But it also feeds the marketing beast like nothing else. Sponsorships and advertising revenue can promote business models that align with virtuous sustainability initiatives, such as the energy recovery systems used at F1, at Le Mans and increasingly everywhere else. Meanwhile, dramatic pit-lane interviews at rainy Daytona, drivers who could double as *GQ* models and TikTok clips of tight passes and near crashes show audiences a dangerous yet glamorous side of the car business—a vital asset when many new electric vehicles are about as thrilling as a toaster.

With auto shows long gone from relevance, executives, sponsors and savvy stars go to the track to see and be seen.

Races have become convergences where the good and the great go to mingle, much like the executive confab held each year in Davos, Switzerland. "This is a think tank moment," says Farley, just out of his Mustang Dark Horse R between practice rounds at Le Mans in June. "We are all here to advocate for our brands and to meet our customers and dealers. And we are also here to meet each other."

And yet the question remains whether all this investment and buzz will bring in the hoped-for new fans. Although F1 has proven Americans will watch cars go fast on something other than a Nascar oval, it doesn't mean automakers will find big audiences tuning in. "We need to get to a point where people care," Landino says. "Just because there's a bunch of new involvement doesn't make that happen."

TV viewership of this year's Rolex 24 was up more than 130% from 2024, but it's still a fraction of the 3 million people who watch PGA Tour golf, for instance. The Indianapolis 500 had 7 million US viewers this year, up 40% from a year earlier, and the Hankook Mexico City E-Prix pulled in an impressive, and record-setting, 11 million US viewers in January. Yet those numbers pale in comparison to the 20 million who watch *Sunday Night Football* on any given week. (Nascar reported an average of about 2 million viewers per race this season, down roughly 3% from 2024.)

Ask 10 analysts why F1's success hasn't been replicated, and you'll get 10 answers: too many drivers in IMSA; not enough personalities in Formula E; too many weird rules at WEC; too many major sporting events to watch; too many public-relations handlers killing juicy storylines. Even too-perfect racing.

F1's rise could very well have been a once-in-a-generation phenomenon created by the pandemic and the documentary series *Formula One: Drive to Survive*, which fed homebound audiences dynasties like Red Bull, villains like Christian Horner and lovable underdogs like Guenther Steiner. John Malone's Liberty Media Corp., the largest shareholder in F1, capitalized on that momentum with content that concocted meaningful competition and offered entertaining personalities living fascinating storylines. With apologies: It's not an easy formula to replicate. Especially without star American drivers. Porsche announced on Oct. 7 it's exiting from WEC.

"My best advice to all of these other racing series is go all-in on what you do differently or better," Landino says. "You're never gonna be global football, but that's OK. Your people will find you. The numbers may not be massive, but you're gonna get the right people."

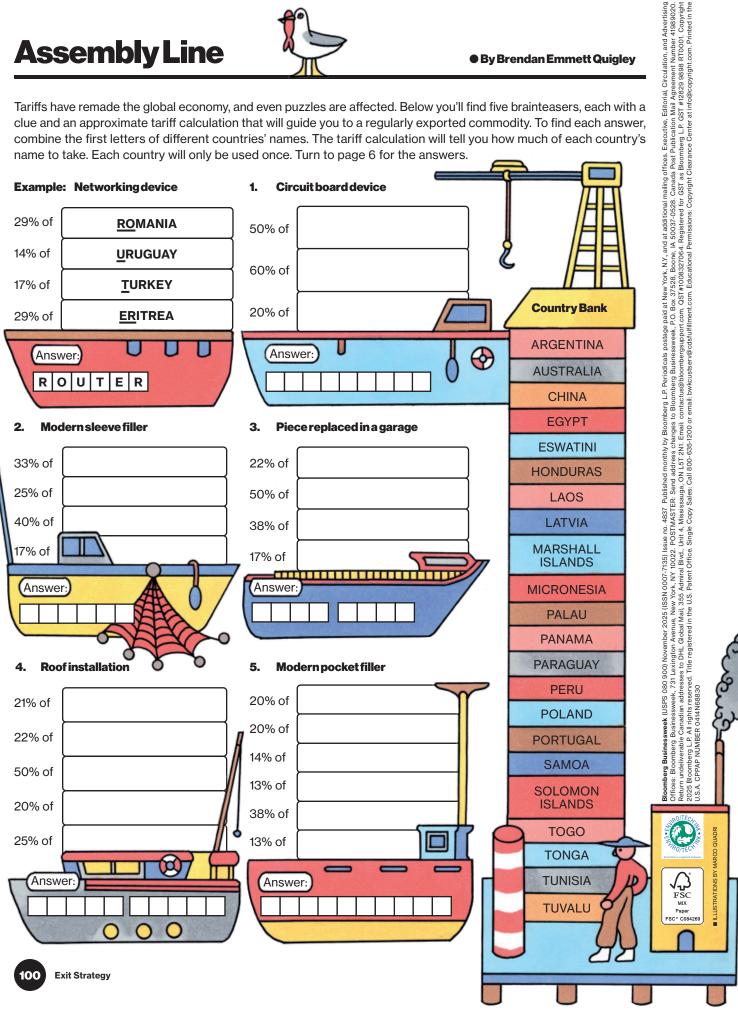
Farley seems to be applying that credo himself. In August he told the Bloomberg *Hot Pursuit!* podcast he wants Ford to build an off-road supercar to win the Score Baja 1000, a small but well-respected desert race run since 1967. In September the company rebranded its high-performance division to become Ford Racing, initiating its first global marketing campaign since 2012, with the tagline "Ready, Set, Ford."

The logic behind the newfound devotion is simple. "We need to be there," Farley says in his unadorned Midwestern style. "Racing is our proving ground." ⑤

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Tariffs have remade the global economy, and even puzzles are affected. Below you'll find five brainteasers, each with a clue and an approximate tariff calculation that will guide you to a regularly exported commodity. To find each answer, combine the first letters of different countries' names. The tariff calculation will tell you how much of each country's







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