

# THE WALL STREET JOURNAL.

What's News

Business & Finance

◆ **Google said it was** overhauling its search engine to compete more directly with artificial-intelligence chatbots that threaten its core business. **A1**

◆ **Warby Parker is** collaborating with Google to develop AI-powered glasses. **B3**

◆ **Losses in tech weighed** on major U.S. stock indexes, helping to depress both the S&P 500 and Nasdaq by 0.4% and the Dow by 0.3%. **B1**

◆ **Home Depot said it** intended to keep its prices steady and is working with suppliers to do the same despite tariff-imposed costs. **B1**

◆ **Providence Equity Partners** is nearing a more-than \$1 billion deal to acquire a live-event logistics company that has worked on Taylor Swift and Beyoncé tours. **B2**

◆ **Levi Strauss said it** would sell Dockers to Authentic Brands for \$311 million as the company continues to take steps to center its image on its namesake brand. **B3**

◆ **Tesla finance chief** Vaibhav Taneja received a pay package of \$139 million last year, the most reportedly paid to a CFO since modern disclosure began. **B4**

◆ **Honda plans to reduce** its investment in electric vehicles by more than \$20 billion in the coming years as EV demand growth slows. **B3**

◆ **Ford is pulling back** more on its electric-vehicle ambitions by letting rival Nissan use part of its flagship U.S. battery plant. **B5**

◆ **Vodafone plans** about \$2.3 billion in share buybacks and forecast a return to top-line growth in Germany, its biggest market. **B4**

World-Wide

◆ **Trump warned** Republican dissenters that they would pay a steep political price if they impeded his multitrillion-dollar tax-and-spending agenda that party leaders want to pass quickly through the House. **A1, A5**

◆ **House GOP leaders** and Republicans from high-tax states neared a deal on the state and local tax deduction. **A4**

◆ **A federal judge** told the administration to be prepared to return migrants who lawyers believe were deported to South Sudan and signaled concern the administration had violated a prior court order. **A6**

◆ **The president named** Space Force Gen. Michael Guetlein to oversee the development of a “Golden Dome” antimissile shield to protect the U.S. **A5**

◆ **Secretary of State Rubio** warned that Syria potentially was weeks away from a return to full-scale civil war. **A7**

◆ **A jail maintenance** worker was arrested for allegedly helping 10 inmates escape from a New Orleans corrections facility last week. **A3**

◆ **Senate Democrats** pressed Trump’s nominee to run the IRS over his promotion of tribal tax credits and recent acceptance of campaign donations from people tied to those claims. **A5**

◆ **Caracas released** an imprisoned U.S. Air Force veteran, a move the government hopes could encourage Washington to allow Western oil companies to continue operating in Venezuela. **A16**

◆ **Died: George Wendt**, 76, actor on TV’s “Cheers.” **A2**

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## For Kids’ Day, First Lady Is the Adult in the Room



**YOUNG AIDES:** First lady Melania Trump hosted staffers’ children at the White House on Tuesday, helping them with crafts.

## Europe’s Firms Fall Far Behind In the Race to Create Big Tech

Lack of innovation holds economies back, weighing on Continent’s future

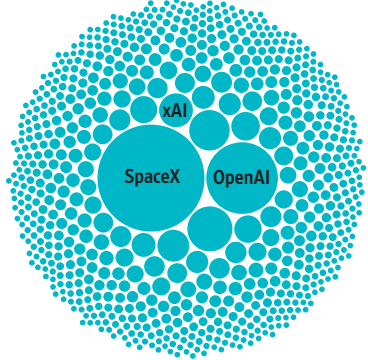
By Tom Fairless and David Luhn

BERLIN—The world’s technology revolution is leaving Europe behind. Europe lacks any homegrown alternatives to the likes of Google, Amazon or Meta. Apple’s market value is bigger than the entire German stock market. The continent’s inability to create more big technology firms is seen as one of its biggest challenges and is a major reason why its economies are stagnating. The issue is

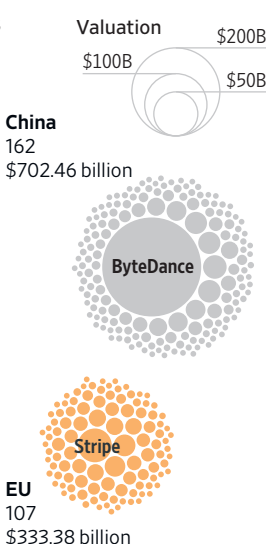
even more urgent with the prospect of higher tariffs threatening to further curb economic growth. Investors and entrepreneurs say obstacles to tech growth are deeply entrenched: a timid and risk-averse business culture, strict labor laws, suffocating regulations, a smaller pool of venture capital and lackluster economic and demographic growth. Thomas Odenwald, a German tech entrepreneur, left Silicon Valley in January of last year to join Aleph Alpha, a Heidelberg, Germany-based startup that aimed to go head-to-head with artificial intelligence leader OpenAI. Odenwald had spent nearly three decades working in California. *Please turn to page A8*

Privately held technology companies valued over \$1 billion, by select country/region

U.S.  
90 companies  
Combined value: \$2.53 trillion



Note: Stripe is headquartered in both Dublin and San Francisco, and its value is split between the U.S. and EU; combined values exclude companies valued under \$1 billion; data as of Jan. 7. Source: CB Insights



## Google Takes Aim at AI Rivals on Search

By Katherine Blunt

Google is overhauling its iconic search engine to compete more directly with a wave of artificial-intelligence chatbots that threaten its core business. The company has started rolling out on its search page what it calls “AI Mode,” which answers search queries in a

chatbot-style conversation without the standard list of blue links. The option, which Google announced at its developers conference on Tuesday, is being added as a tab within search for users in the U.S. The change marks Google’s most ambitious effort to confront the AI upstarts that threaten its flagship search

product and largest source of revenue. “It’s a total reimagining of search with more advanced reasoning,” said Sundar Pichai, chief executive of Google parent Alphabet. “We are now entering a new phase of the AI platform shift where decades of research are now becoming reality.” Many major tech companies are grappling with the

prospect that generative artificial intelligence could disrupt their longstanding dominance, and face pressure from Wall Street to embrace AI. AI chatbots are fundamentally changing the way users search for information. In recent years, they have become a staple of many households. *Please turn to page A2*

## Migrants Stay on Job Despite Crackdown

By Paul Kiernan

WASHINGTON—President Trump’s mass-deportation push has instilled widespread fear among migrants. What it hasn’t done, so far, is stop many from showing up for work. While data covering immigrants lacking permanent legal status are fragmentary, what’s available shows no broad pull-back from the labor force. In the three months since Trump took office, employment has continued to grow, including in many industries reliant on workers lacking legal status: construction; the category that includes janitorial and landscaping services; food-manufacturing and restaurants; and staffing firms. As of April, there were 31.8 million immigrants in the U.S. *Please turn to page A2*

◆ **Removal to South Sudan** challenged in court..... A6

INSIDE

**U.S. NEWS**  
Covid vaccines face new hurdles for approval, as data show cases at low level. **A3**

**PERSONAL JOURNAL**  
Cannes was always glamorous—now it determines whether films live or die. **A10**

To Achieve Daytime Beauty, They Look Like Monsters at Night

Women are spooking partners and kids with sleep accessories that evoke horror

By Chavie Lieber

When she gets ready for bed, SaraJane Warner covers her face with a squishy mask, wraps a strap around her head to compress her jawline and seals her lips with mouth tape. “My husband and teenager thought it was a joke at first,” said Warner, a 39-year-old mom of two in Provo, Utah. “And yes, it is kind of a comedy when I look in the mirror.” The first time her husband, Nick Warner, saw her wearing the nighttime accessories, he was skeptical. “Please turn to page A8

## Netanyahu Confronts Pressure From Allies To End War in Gaza

By Dov Lieber

TEL AVIV—Mounting pressure from Israel’s allies including the U.S. to wrap up the war in Gaza is confronting Prime Minister Benjamin Netanyahu of Israel with a dilemma: end the conflict and risk the collapse of his government, or plow on and sacrifice international support. U.K. Foreign Secretary David Lammy said Britain was suspending free-trade talks with Israel Tuesday and summoned Israel’s ambassador, saying that the “11-week block on aid to Gaza has been cruel and indefensible.” Israel said the talks were already stalled. The U.K. government also sanctioned two settler outposts and three people in the West Bank. “Israel’s actions are intolerable,” Lammy said. Israeli allies France, the U.K. and Canada had called earlier this week on the prime minister not to pursue the new ground offensive that he

## President Tells GOP Dissenters To Drop Objections

Trump signals waning patience with opposition over Medicaid, SALT cap

By Olivia Beavers and Siobhan Hughes

WASHINGTON—President Trump turned the screws on holdout Republicans, warning they would pay a steep political price if they stood in the way of the multitrillion-dollar tax and spending agenda that party leaders want to pass quickly through the narrowly divided chamber. In a closed-door meeting Tuesday with the House GOP conference, the president urged fiscal conservatives to give up efforts to expand Medicaid cuts and a bloc of moderates to be measured in their demands for further blue-state tax relief, pushing them to unite around his “one big beautiful” budget bill, according to people familiar with his comments. “Don’t f— around with Medicaid,” Trump said, according to attendees. House Speaker Mike Johnson (R., La.) has said he wants to vote on the package as soon as Wednesday and no later than the coming Memorial Day weekend. But holdout lawmakers said sticking points remained and could force changes to the bill or delays in voting despite Trump’s arm-twisting. Late Tuesday, House GOP leaders and Republicans from high-tax states neared an agreement on a further boost to the state and local tax deduction. The overall package funds a series of promises Trump, a Republican, made on the campaign trail. It would extend his 2017 tax cuts and make new ones like no taxes on tips, as well as boost border spending and repeal climate tax credits. He warned that taxes would rise for many U.S. households if Congress fails to extend the provisions from his first term and that Republicans who opposed the bill could face primary challenges. “What Republican would vote for that? Because they wouldn’t be a Republican much longer. They would be knocked out.” *Please turn to page A4*

◆ **Lawmakers near higher SALT cap**..... A4

◆ **Trump agenda hangs on tax bill success**..... A5