

THE WALL STREET JOURNAL.

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ASIA EDITION

As of 12 p.m. ET DJIA 21674.71 ▲ 0.001% NIKKEI 19393.13 ▼ 0.40%

STOXX 600 372.72 ▼ 0.40%

BRENT 51.61 ▼ 2.11%

GOLD 1290.20 ▲ 0.35%

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What's News

Business & Finance

China's Great Wall Motor is looking to acquire Jeep, the profitable U.S. sport-utility vehicle maker owned by Fiat Chrysler. **A1**

◆ **The number** of class-action securities lawsuits filed in U.S. federal court in the first six months of the year hit a historic high. **A1**

◆ **Baidu** is selling its take-out delivery business to Ele.me, which will allow the firm to stop sinking money into a costly business that hasn't paid off. **B1**

◆ **Total** agreed to acquire A.P. Moeller-Maersk's oil unit for \$4.95 billion, signaling a renewed appetite for deals in the oil-and-gas industry. **B1**

◆ **Sempra Energy** reached a deal to buy Oncor for \$9.45 billion, swooping in to snatch the power-transmission company away from Berkshire. **B5**

◆ **Prices of copper**, aluminum and other industrial metals have hit multiyear highs on bets that a rebound in global growth will continue. **B1**

◆ **Qatari banks** are facing funding pressure as foreign customers worried about Doha's intensifying spat with its Arab neighbors withdraw deposits. **B5**

◆ **The debate intensified** over whether tech companies that blocked white supremacists and a neo-Nazi website on the internet have gone too far. **B4**

World-Wide

◆ **The U.S. Navy** announced an operational pause after the destroyer USS John S. McCain collided with a merchant vessel, the second such incident in as many months. **A1**

◆ **Spanish authorities** said they shot the man they suspect in last week's deadly vehicle attack in Barcelona after confronting him. **A1**

◆ **Trump was expected** to give a nationally televised address to unveil his strategy for the long-running war in Afghanistan, the White House said. **A5**

◆ **Opening-round talks** to remake Nafta revealed early fissures dividing the U.S. from Mexico and Canada. **A7**

◆ **Tens of thousands** of people took to the streets in Hong Kong to decry prison terms for three prominent student activists. **A4**

◆ **The U.S. is sharply cutting back visa services** in Russia after the Kremlin responded to fresh sanctions by capping the number of U.S. diplomats in there. **A5**

◆ **A meeting between** Saudi Arabia's crown prince and an obscure Qatari prince has added more fuel to a long-running diplomatic dispute. **A5**

◆ **Germany's economy** is expected to continue its strong growth trend in the current quarter on the back of industrial exports, the central bank said. **A4**

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Navy Stops Operations After Crash

Global pause ordered after 10 U.S. sailors are missing in another U.S. destroyer collision

The U.S. Navy announced an "operational pause" and has begun a broad investigation after the destroyer USS John S. McCain collided with a merchant vessel, leaving 10 sailors still missing, the second such incident in as many months.

The response by the U.S. military signals the Navy believes it needs to examine

whether there may be institutional problems behind the deadly collisions.

Navy Adm. John Richardson, the chief of naval operations, made the announcement about the operational pause during a nearly four-minute video message posted on Facebook Monday morning. Adm. Richardson said he also ordered a broader investigation.

"I directed an operational pause be taken in all of our fleets around the world," Adm.

Richardson said. "I want our fleet commanders to get together with their leaders and their commands to ensure that we are taking all appropriate immediate actions to ensure safe and effective operations around the world."

Adm. Richardson also said there would be a comprehensive investigation would look at operational tempo, personnel, maintenance, equipment and training, suggesting a confluence of factors

Please see SHIP page A4



The collision-damaged destroyer USS John S. McCain.

AHMAD NASOUD/REUTERS

After a Century's Wait, Coast-to-Coast Eclipse Catches U.S.'s Eye



SKYGAZING: A man tests solar glasses in Washington in anticipation of Monday's total solar eclipse, the first coast-to-coast one since 1918.

Barcelona Attack Suspect Is Shot

BY JON SINDREU
AND JEANNETTE NEUMANN

BARCELONA—Spanish authorities said on Monday they shot the man they suspect of being the driver in Thursday's attack here, after confronting him outside Barcelona wearing what appeared to be an explosive vest.

Reports conflicted on whether he was dead.

The news came four days after the attack in the city in which a van swerving through the crowded Las Ramblas promenade killed 13 people.

Earlier Monday, Spanish officials identified the suspected driver as Younes Abouyaaqoub and said he was the final suspect.

Please see ATTACK page A3

TRUMP AND THE CEOS: A SOURED PARTNERSHIP

Cautious optimism gave way to break, despite common policy ground

Can this relationship be saved?

Few chief executives openly supported candidate Donald Trump in the 2016 election. Yet by the time of his inauguration, many were expressing cautious optimism they could work with a president who presented himself as a leader with business acumen.

Many of Mr. Trump's stated priorities—lighter regulation and a tax overhaul—are supported by corporate leaders. Comforting

some executives, Mr. Trump appointed several CEOs to his cabinet, such as Exxon Mobil Corp.'s Rex Tillerson and billionaire investor Wilbur Ross.

"Everyone wanted to support the president in making the country and its economy better," said Kathryn Wylde, chief executive of the Partnership for New York City, a group that represents major Wall Street firms and U.S. companies, and who led a CEO delegation to the White House earlier this year.

By Vanessa Fuhrmans,
Joann S. Lublin
and Emily Glazer

Last week saw a parade of top executives distancing themselves from the president, in some cases sharply, in response to his comments about racial violence in Charlottesville, Va. Once executives started quitting the president's advisory councils, the

groups disbanded, a rare instance of companies putting themselves squarely into the political sphere.

"The social issues became

too difficult to navigate," said Ms. Wylde.

Charlottesville was the tipping point, not the cause. Behind the scenes, some executives say, ties had been growing strained for months.

Then-Uber Technologies Inc. CEO Travis Kalanick, initially a supporter of Silicon Valley

engaging the president, was the first to quit a

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◆ Gerald F. Seib: Stay or go? Some Trump aides feel pressure on all sides..... A2

Chinese Auto Giant Wants to Buy Jeep

BY TREFOR MOSS

Chinese auto maker Great Wall Motor Co. aims to acquire Jeep, the profitable U.S. sport-utility vehicle maker owned by Fiat Chrysler Automobiles NV, a Great Wall representative said Monday.

The spokeswoman couldn't confirm whether Great Wall had submitted a bid to Fiat Chrysler already or whether an offer was being prepared. But she did say the company would continue to pursue Jepp in hopes of doing a deal.

Fiat Chrysler, which Monday said it "has not been approached by Great Wall Motors in connection with the Jeep brand or any other matter relating to its business," has a joint venture with a separate Chinese auto maker, GAC Group, for its sales in China.

Great Wall's salvo is one of the first demonstrations of public interest in a Fiat Chrysler deal since Fiat Chrysler CEO Sergio Marchionne began talking about finding a merger partner several years ago. Mr. Marchionne, long at the helm of Fiat, believes auto makers need to get bigger and consolidate to shoulder regulatory costs and keep up on emerging technology.

Fiat Chrysler's shares had earlier risen by more than 3% amid speculation a Chinese company was circling the company or one of its units.

Great Wall's interest could be seen as following Zhejiang Geely Holding Group's purchase of Volvo Car from Ford Motor Co. earlier in the decade. The Chinese auto maker has revived Volvo, adding manufacturing in China and building a plant in South Carolina, and used Volvo's global brand to become one of the few Chinese auto makers com-

Please see JEEP page A2

This African Feud Is Boiling Hot! Just Ask Mark Zuckerberg

* * *

Sticky debate over which nation makes the best jollof rice prompts a taste-off

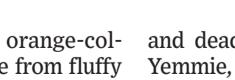
BY JOE PARKINSON

Across West Africa, one of the world's spiciest food fights is getting hotter, snaring politicians, pop stars and even Facebook founder Mark Zuckerberg: Who makes the best jollof rice?

From Ghana to Nigeria, Senegal to Sierra Leone, chefs have for centuries boasted of their region's pre-eminence in preparing bowls

of jollof, a sticky orange-colored delicacy made from fluffy rice and a chili-infused stew that has strong echoes in Louisiana jambalaya.

Each nation treats the dish as a cornerstone of national identity. Sweethearts refer to one another as "my jollof rice"



Please see RICE page A8

Securities Lawsuits on Price Drops Rise in U.S.

BY SARA RANDAZZO

When pharmaceutical company Depomed Inc. of the U.S. said this month it is fielding federal and state inquiries over its marketing of opioid painkillers, a stock drop was likely to follow.

But it was less expected, legal experts say, that shareholders would then sue the company for securities-law violations, alleging that Depomed made false and misleading statements over a more than two-year period leading up to the Aug. 7 announcement in its earnings statement.

Depomed, which is one of several pharmaceutical firms involved in the opioid probes, declined to comment Sunday.

The Friday lawsuit comes after 131 class-action securi-

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WORLD NEWS

Stay or Go? All Sides Pressure Trump Aides



CAPITAL JOURNAL

By Gerald F. Seib

For some top figures in the Trump administration—the ones who occupy the more conventional space of the political world—last week was a tough one.

They listened in distress as the president they work for appeared to defend a march marked by white-supremacist

and anti-Semitic sentiments in Charlottesville, Va. From the left, and from some never-Trump conservative circles, they were then told they had a moral responsibility to resign.

Meanwhile, on the Breitbart right, they were being called traitors and worse. There, they were labeled “White House globalists” out to undermine President Donald Trump’s agenda, who had helped drive out strategist Steve Bannon. The cry was for them to be booted out.

Amid it all, some friends and allies were privately pleading with them to stay for the good of the country, arguing that less-qualified

newcomers with dangerous ideas could take charge in their absence.

Caught in this swirl of conflicting forces, most feel compelled to stay for the greater good, convinced, justifiably, that they are helping steer the nation’s policies onto safer ground. Still, in many cases they left behind good careers or safe sinecures, only to find themselves under attack by both Trump lovers and Trump haters for doing so.

The pressures of the moment are such that Treasury Secretary Steven Mnuchin felt compelled over the weekend to issue a statement rejecting calls for him to resign in protest over the way Mr. Trump responded to the violence in Charlottesville. He told Yale classmates demanding his resignation that the president doesn’t endorse hate groups.

The push and pull is similarly captured in a pair of new commentaries from opposite sides of the Trump spectrum. A piece on Breitbart News—the brash, nationalistic site to which Mr. Bannon now has returned—charged that “a group of globalist White House advisers and generals” were working with establishment Republicans to “betray” Trump voters.

It specifically mentioned H.R. McMaster, the national security adviser; his deputy,



President Donald Trump, with, from left, H.R. McMaster and Steven Mnuchin at the White House in July. ZACH GIBSON/GETTY IMAGES

Dina Powell; and Gary Cohn, the national economic council director. It carried a picture of Mr. Mnuchin as well. Mr. Cohn and Ms. Powell both left positions at Goldman Sachs to join the administration. Mr. McMaster left a top Army command post, and Mr. Mnuchin left a banking and hedge-fund career.

Meanwhile, the opposite pull was reflected in a piece from the Atlantic, written by former national-security official and Trump critic Eliot Cohen, which posed the question: “Is It Time for

Trump Aides to Resign?”

That question is particularly agonizing for members of the Trump national-security team, who may well be the most functional part of the administration at a time of great international peril. Mr. McMaster, Defense Secretary Jim Mattis, Secretary of State Rex Tillerson, new White House Chief of Staff John Kelly and Ms. Powell all have significant experience on the global stage, though none were early Trump loyalists.

They have helped steer Mr. Trump through a fraught

internal debate over military strategy in Afghanistan, in which the president sometimes was battling them as well as himself, culminating in a new policy he is to announce Monday night. They engineered a significant accomplishment at the United Nations: a resolution imposing new sanctions on North Korea that was supported by both China and Russia.

And they have won some quieter victories, such as the release of American aid worker Aya Hijazi after three years of detention in Egypt.

They have become a cohesive group; their experience seems particularly valuable amid a gathering storm over North Korea’s nuclear program.

Should such people stay, even if they have misgivings? Richard Haass, president of the Council on Foreign Relations, who served in national-security posts for presidents of both parties, offers some thoughts:

“The answer is a conditional yes,” he says. “And the condition is that you believe that you are having a real impact. Both your conscience and your reputation can take a hit if you’re working with someone with whom you’re out of sync. You’ve got to be brutally honest with yourself that your presence really makes a meaningful difference.”

The two reasons an official should resign, Mr. Haass says, are either because he or she “can’t live with where the president comes out on a big issue,” or because there is “a pattern of decision-making you can’t agree with.”

For those working specifically in the national-security area, he adds, those conditions probably don’t apply right now: “Given what is in their inbox, they can tell themselves they’re making a difference and aren’t having to defend policies they disagree with. As long as they can do that, we’re all better off” having them in place.

SUITS

Continued from Page One

Ties suits were filed in federal court in the first six months of the year, a historic high, according to data from Cornerstone Research and the Stanford Law School Securities Class Action Clearinghouse.

The volume, which doesn’t include suits challenging mergers and acquisitions, is higher than in any equivalent period since the Clearinghouse began tracking data in 1996, after the passage of landmark securities-litigation legislation. Under securities laws, investors can sue to recoup losses after a stock drops by proving a company or its employees fraudulently misstated or withheld information that would have been material to buying or selling shares.

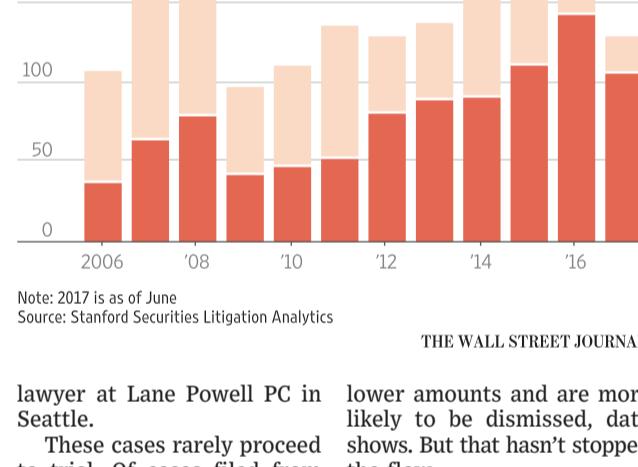
“What’s going on this year is absolutely without precedent,” said Kevin LaCroix, an attorney who advises companies on directors and officers insurance.

Industry watchers say the rise is being driven by enterprising plaintiffs’ firms bringing more, arguably weaker cases under the perceived strategy that companies will settle early to make a case go away. Advisers are alerting clients that in the current era, every company needs a plan for defending against fraud accusations after investor losses.

“There’s a reality of securities class-actions that needs to be baked in,” said Douglas Greene, a securities defense

Angry Investors

As the volume of federal class-action securities cases rises, fewer are filed over financial misstatements, traditionally viewed as the most lucrative cases.



lawyer at Lane Powell PC in Seattle.

These cases rarely proceed to trial. Of cases filed from 1997 to 2016, according to Cornerstone, 48% have been settled, 42% have been dismissed and 10% are continuing. Overall, less than 1% of filings have reached a trial verdict.

Traditionally, the most lucrative cases for plaintiffs have hinged on misstatements within audited financial statements, which can come to light when a company announces plans to revise previously reported results.

But increasingly, smaller law firms are bringing securities cases targeting business disruptions or disasters, failed pharmaceutical trials and disappointing earnings. Such cases are often settled for

lower amounts and are more likely to be dismissed, data shows. But that hasn’t stopped the flow.

At the current pace, 9.5% of the 4,411 U.S. exchange-listed companies will face a securities suit this year, including merger suits, according to Cornerstone—the highest rate since 1997.

Researchers Jason Hegland and Michael Klausner at Stanford Securities Litigation Analytics coined the term “emerging” law firm last year, positing that the firms are largely responsible for bringing what they call higher volumes of lower-quality cases.

The pair found the dismissal rate of cases brought by so-called emerging firms was 60% from 2012 to 2016, compared with 45% for established firms.

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of a hurdle if Beijing backs such a move, analysts say. China has reined in global deal making by many of its biggest companies, but it continues to profess strategic interest in enlarging its footprint in the global auto industry.

Earlier this decade, Great Wall was quick to divine that China, until then mostly a sedan market, was poised to follow the U.S.—where growth and profitability have long been dominated by the SUV.

In 2013, it launched a stand-alone SUV brand, Haval. It quickly soaked up much of the early demand for such models, offering a much more affordable option than the imports available in China at the time.

Last year, Great Wall sold 10.7 million vehicles, up 26% compared with a year earlier, making it one of China’s top-selling auto makers. That success helped make founder Wei Jianjun one of China’s richest men, with a fortune of around \$5.8 billion, according to the Hurun Report, which tracks the wealth of China’s richest individuals.

Trefor Moss

JEEP

Continued from Page One

It isn’t clear how willing Mr. Marchionne would be to carve the lucrative Jeep unit out of the Fiat Chrysler lineup, which has several brands. Jeep vehicles share components with other Fiat or Chrysler units and often are produced in the same factories.

Chinese ownership of Jeep, or other components of Fiat Chrysler’s U.S. business, could face opposition in Washington amid the Trump administration’s focus on American manufacturers.

Analysts have estimated Jeeps is Fiat Chrysler’s most valuable asset, delivering a significant amount of the company’s volume and substantially all its profits. The Ram pickup lineup is a healthy moneymaker, but it doesn’t share the potential as a global brand since large trucks are primarily a U.S. product.

Sales of Jeep have quadrupled since Fiat took a stake in Chrysler in 2009. In a note to

analysts last month, Morgan Stanley analyst Adam Jonas said Jeep is worth more than Fiat Chrysler as a whole—the latter’s market capitalization equals about \$19 billion.

Great Wall is approaching Fiat Chrysler at a murky time. The company faces federal scrutiny related to sales reporting and diesel emissions, and a former executive is set to go on trial this year for allegedly bribing union officials.

Jeep’s health could improve in coming months with the release of an updated Wrangler model, which is built in the U.S. The iconic off-roader, which has long been the identity of Jeep, is being updated to better meet fuel-economy standards and customer demands for increased technology and safety.

Buying Jeep would be “a very logical move” for Great Wall, said Yale Zhang, managing director of Automotive Foresight, a Shanghai auto consultancy.

Great Wall has been open about its global ambitions for years, but has made relatively little headway outside China. When it launched Haval, a new brand for its SUV range, in

2013, “it wanted Haval to be another Jeep,” said Mr. Zhang. That hasn’t happened, but the dream could still be realized by acquiring Jeep and combining it with Haval unit, he said.

Great Wall’s plan to make a Jeep bid was reported earlier by Automotive News.

—Junya Qian and Eric Sylvers contributed to this article.

CORRECTIONS & AMPLIFICATIONS

A World News article Monday about last week’s Barcelona attack in some instances incorrectly referred to Imam Abdelbaki Es Satty as Mr. El Satty.

In 2015, Qatar supplied the European Union with 24.81 billion cubic meters of gas. A graphic with a Business & Finance article Monday about Europe’s natural-gas market incorrectly rounded this figure to 24.80.

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com.

Follow the Leader

Emerging firms have been named lead counsel in a larger percentage of cases in recent years.



tional investors, according to Cornerstone, a further indication of the ascension of the smaller suit.

Emerging firms are more likely to settle cases early and for less money, Messrs. Hegland and Klausner found.

The median settlement size for emerging firms is \$2.6 million in the early pleading stage, and \$3.1 million once a case reaches discovery. For established firms those numbers are \$8.75 million and \$13.9 million, respectively.

“Companies are driven by economics,” said Sean Coffey, a partner at Kramer Levin Naftalis & Frankel LLP who used to be a plaintiffs-side securities litigator. “If you can buy out the risk using insurance money, you do it.”

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WORLD NEWS

Moroccans' Role Scrutinized in Attacks

After Spain attacks, officials worry about some radicals within the diaspora

BY BOENOT FAUCON
AND DAVID GAUTHIER-VILLARS

The alleged involvement in last week's terrorist attacks in Spain of a number of Moroccan nationals—one of whom is still at large—has Western security officials fretting over how deeply radical Islamic groups have penetrated a community of four million spread across the European Union.

Spanish authorities have said most of the 12-strong network they believe plotted and conducted Thursday's rampages in and near Barcelona were Moroccan nationals or of Moroccan descent. Islamic State has claimed responsibility for the attacks in which 15 victims died. Spanish authorities said Sunday they take this claim at face value, adding that some bomb material had the trappings of the militant group.

Concerns over the dispersion of Moroccan radicals, many of whom grew up in Europe, escalated further after Finnish police said a man suspected of stabbing two people to death in the provincial town of Turku on Friday was an asylum seeker from Morocco.

In a statement released Thursday, the Council of the Moroccan Community Living Abroad, which represents the country's diaspora, said it "condemns this abominable terrorist act" and appealed to its members "to reject terrorism and extremism and to intensify their efforts to defy the destructive ideologies which spread feelings of fear and hatred in societies."

Morocco's monarch, Mohammed VI, also expressed his country's "total commitment to international efforts seeking to address the plague of terrorism and eradicate it."

Ali Yassine, president of the predominantly Moroccan Annour Islamic Community of Ripoll, a town at the foot of the Pyrenees where some of the alleged Barcelona attackers had lived, also decried the assault.



Spanish official shows a photo of the Barcelona suspect Younes Abouyaqoub.

"People have to understand that we Muslims aren't guilty, what these people do is outside of Islam," Mr. Yassine said. "People who launch these terrorist attacks are cowards."

In Spain, investigators say they believe the group used a house in Alcanar, a seaside town southwest of Barcelona, to stockpile more than 100 gas canisters and prepare their attacks. The finding, if confirmed, would suggest members of the Moroccan diaspora, possibly without di-

rect connections to Islamic State, succeeded in stealthily using a European base as an incubator to recruit and train young operatives—one was 17 years old—before acting.

The role of Moroccans inside Islamic State came into sharp focus in late 2015 when it emerged that a Belgian-Moroccan, Abdelhamid Abaaoud, had used connections within the Moroccan diaspora in Brussels to travel back from Syria, and organize coordinated attacks on Paris. In the French capital, he had also relied on logistical support from a female cousin, before both were killed by police.

Some émigrés turned terrorists without receiving Islamic State training. One of the two Moroccans involved in the London Bridge attack in June, Youssef Zaghba, had sought to reach Syria, according to his Italian mother, Valeria Collina. After his travel plans were foiled by Italian police, he went to the U.K. where he took part in a truck-and-knife rampage.

—Jon Sindreu
and Jeannette Neumann
contributed to this article.

ATTACK

Continued from Page One

pect in the attack still at large. They said that after fleeing the scene of carnage on Las Ramblas on Thursday, Mr. Abouyaqoub stabbed and killed a man who was parking his car and commandeered it to escape from the city.

Mr. Abouyaqoub then drove the vehicle out of Barcelona, at one point hitting a police officer as he sped through a checkpoint, officials said, adding police lost track of him after that.

Monday's disclosure raised to 15 the number of people killed last week by a suspected terrorist cell along Spain's Catalonia coast. The vehicle attack in Barcelona late Thursday afternoon took 13 lives and occurred just hours before militants, also aboard a vehicle, struck and killed a woman in the seaside village of Cambrils. The Las Ramblas assault also injured scores of people, nine of whom remained in critical condition Monday.

Speaking before the shooting of the suspect on Monday, Josep Lluis Trapero, the police chief of Catalonia, told reporters Spanish authorities' priority was to find Mr. Abouyaqoub, the target of an international manhunt. He added the suspect may already have fled Spain.

In the hours after the assault in central Barcelona, police killed five members of the cell in Cambrils, a seaside village about 75 miles southwest of



Armed police officers stood guard near Subirats, Spain, near where the attack suspect was shot.

Barcelona. Officials believe two more militants died in an explosion late Wednesday night at a suspected bomb factory in the coastal town of Alcanar. Four others were also arrested.

At his news conference, Mr. Trapero said Mr. Abouyaqoub was believed by police to be part of a terrorist cell that had planned to launch an attack on Thursday using explosives and more than 100 gas canisters they had stockpiled in a house in Alcanar.

Members of the cell may have sold jewelry and other

precious items—some of it possibly stolen—to pay for the gas canisters, he said.

Meanwhile, investigators were piecing together the activities of Abdelbaki Es Satty, the Moroccan-born imam who is believed to have radicalized the young men involved in the plot.

Mr. Es Satty is thought to have died in the house explosion last week in Alcanar. Police said Monday that based on scientific evidence and witnesses who saw Mr. Es Satty at the house, the charred remains found at the site of the blast

were likely to be his. Final confirmation of that finding was pending, they said.

In 2010, Mr. Es Satty was arrested in Ceuta, a Spanish enclave surrounded by Morocco, for trafficking hashish, according to an official. He was convicted and imprisoned between 2010 and 2014, Spanish officials said Monday.

Authorities say they have no evidence that he was linked to known terrorists while in prison, Mr. Trapero said.

Mr. Es Satty's later travels to Belgium are now under scrupu-



THE WALL STREET JOURNAL.

tiny. He stayed in the town of Vilvoorde for several months early in 2016, Hans Bonte, the town's mayor, told the Belgian broadcaster VRT on Sunday.

Mr. Es Satty also sought contact with several mosques in Belgium to start work there, but it was unclear if he was ever successful, according to Mr. Bonte. It also wasn't clear whether the imam was in touch with any terrorist suspects in Belgium, he added.

Belgian federal prosecutors said they weren't aware of any criminal activity by Mr. Es Satty at the time of his visits to Belgium. They said he had traveled to the country several times, but declined to provide more detail around the timing

of the visits.

Vilvoorde, a Flemish town outside Brussels, once had a reputation among Belgians for being a hub for Islamist radicalization and sending youths to Syria to join Islamic State and other militant groups. The town was one of the first in the country to establish deradicalization programs to stem the problem, which has subsided in recent years, according to the mayor.

Belgium, which was hit by twin bombings in March 2016, has more local residents who have fought in Syria and Iraq per capita than any other Western European country, Belgian officials say.

—Natalia Drozdiak in Brussels contributed to this article

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WORLD NEWS

Sentences Rev Up Hong Kong Activists

Tens of thousands take to the streets to protest prison terms for student leaders

BY NATASHA KHAN

HONG KONG—A successful appeal by Hong Kong's government that put three prominent activists behind bars is having an unintended consequence: reinvigorating the city's pro-democracy movement.

Three days after the former student leaders of mass protests in 2014 began prison sentences for unlawful assembly, tens of thousands of people took to the streets to decry their punishment, with some accusing the city's authorities of political persecution. The turnout was far greater than other recent rallies, including those during the July visit of Chinese President Xi Jinping, when protesters could be counted by the dozen.

Voices across the anti-establishment spectrum that had fragmented in the wake of the bruising but unsuccessful demonstrations to demand freer elections in 2014 are beginning to speak out in unison. Foreign governments also expressed concern the sentences would deprive young people of their political voice.

"No matter what party you belong to, now we have something to fight back against in the short term," said Lee Cheuk-



Thousands of people turned out in Hong Kong to protest the jailing of pro-democracy activists Joshua Wong, Nathan Law and Alex Chow.

yan, a vice chairman of Hong Kong's Labour Party. "The three jailed activists are now the spiritual leaders to help stimulate the whole movement."

Before the three were jailed, the beleaguered opposition camp had been losing momentum following a series of defeats challenging Beijing's growing control of the city. A

resurgence of public opposition could make it harder for officials to bulldoze through controversial legislation on national security and introducing patriotic education to schools.

Both Beijing and the Hong Kong government denied using the criminal courts for political means, with local authorities saying the activists went

beyond civil disobedience to disorderly and intimidating behavior. The three student leaders were among protesters who scaled security gates to access a square outside government headquarters in 2014.

The most well-known protest leader, Joshua Wong, 20 years old, is being held in a maximum-security prison. Af-

ter he was sentenced, he issued a courtroom rallying cry to people not to give up the fight for democracy.

Since the 79-day protests

three years ago, opposition groups have disagreed on tactics and goals to proceed with their causes. Some have demanded independence—something Beijing has made clear it

won't tolerate—while others have focused on protecting Hong Kong's limited autonomy from China.

"I think it was a big political mistake to unearth the whole thing again," said Jean-Pierre Cabestan, head of Hong Kong Baptist University's government and international studies department. "They've made three martyrs and that, I think, will enhance and deepen the stirs of resistance."

The consulates of the U.S., Canada and Germany in the city all stressed the importance of protecting rights to freedom of expression and peaceful assembly.

The U.S. consulate expressed concern over the prison sentences, noting that two of the men had already served their original sentences.

Because those sentenced to three months or more imprisonment can't run for office for five years according to Hong Kong law, "a large part of the younger population, therefore, loses their voice and the opportunity to be politically represented," Bärbel Kofler, Germany's human-rights commissioner, said.

Hong Kong's government maintained that "there is absolutely no political consideration involved."

Mr. Wong and the other two jailed leaders—Alex Chow and Nathan Law—plan to appeal their case to the Court of Final Appeal, their lawyers said.

WORLD WATCH

FRANCE

Van Crash Kills One in City of Marseille

One man was killed in the southern French city of Marseille after a van crashed into two different bus stops, according to authorities.

The crashes weren't being investigated as terrorism, a person close to the investigation said.

A small van rammed into a bus stop in the north of the city, leaving one person injured, authorities said, before heading south and crashing into a second bus stop, killing one person.

The driver, a man in his mid-30s, was detained by police moments later in the city's Old Port. Two people familiar with the matter said the driver has no record of ties to terrorism.

—Noemie Bissere and Nick Kostov

GERMANY

Bundesbank Sees Strong Growth

Germany's economy is expected to continue its strong growth trend in the current quarter on the back of industrial exports, the central bank said.

The outlook should bode well for incumbent Chancellor Angela Merkel ahead of elections on Sept. 24. Ms. Merkel is hoping for a fourth term leading the European powerhouse.

The Bundesbank's comments follow official data last week that showed the German economy grew by 0.6% in quarterly terms, or 2.5% in annualized terms, in the second quarter.

—Todd Buell

U.S.-Canada Lumber Fight Colors Nafta Talks

BY WILLIAM MAULDIN

MADAWASKA, Maine—The river that divides the U.S. and Canada in this border town also cuts directly through the **Twin Rivers Paper** Co.'s wood pulp and paper operation.

The two-country arrangement has worked for years in the tightly integrated operation, with a Twin Rivers Canadian lumber mill up the road supplying wood chips to a plant that turns the chips into pulp in Edmundston, New Brunswick. The pulp is then piped across the St. John River into Maine, where it gets pressed into massive rolls of paper used to make Bible pages, food packaging and shipping labels.

Today, company managers say the entire operation—including 500 jobs on the U.S. side—is at risk, threatened by a trade fight between the U.S. and Canada over the softwood logs from which the chips are

collected to make the pulp. This year the Trump administration announced preliminary 27% tariffs on the lumber from Twin Rivers's sawmill, squeezing the margins of the operation and weighing on the rest of the business.

Sawmills and timberland owners from Alabama to Oregon are eager to benefit from the higher lumber prices that come with tariffs on their Canadian competition, which they say benefits from unfair subsidies. But U.S. home builders are complaining about higher lumber prices, and American businesses, like Twin Rivers's paper mill, that rely on raw materials from north of the border, find themselves caught in the middle.

"Ultimately [the tariff] affects everything from where the trees come in to where the paper comes out," said Ken Winterhalter, president of Twin Rivers. "It is an economic driver for that area, and

the impact would be felt in the entire northern part of Maine."

The forest fight is putting Washington and Ottawa at loggerheads at time when senior officials from both countries are sitting down with Mexican counterparts to renegotiate the North American Free Trade Agreement for the first time since the pact was enacted 23 years ago. Officials are hoping to resolve the matter separately but concede it could bleed into the talks, complicating political support in the U.S. and Canada.

Fights over lumber and logging have plagued U.S. relations with its northern neighbor for two centuries, especially in and around Maine. In recent decades, logging and lumber production have remained an important part of Canada's economy especially on the other side of the continent, in British Columbia. There, forests on government-owned land provide the biggest share of wood for the U.S. home-building industry.

Lumber mills across the U.S. say their Canadian counterparts get below-market access to logs from government-owned land and have urged the U.S. to take actions like the one hitting Twin Rivers.

One of them, the Pleasant River Lumber mill in Dover-Foxcroft, Maine, churns out boards from fragrant spruce, with an American flag printed on each stick. The Brochu family says it uses nearly all American spruce and pine logs in its mills.

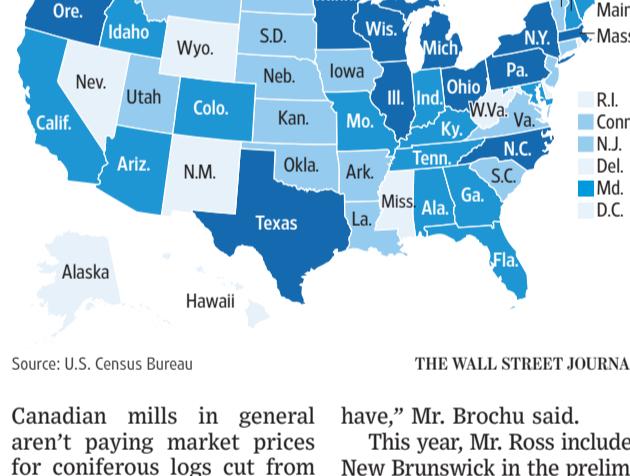
Jason Brochu has traveled to Washington with the U.S. Lumber Coalition to argue that

Tree Trade

Canadian softwood lumber is used across the U.S., with border states and large home-building markets importing the biggest share of the boards, which now face preliminary U.S. tariffs.

Softwood lumber imports from Canada

January through June 2017, value in millions of dollars



Source: U.S. Census Bureau

have," Mr. Brochu said.

This year, Mr. Ross included New Brunswick in the preliminary tariffs. The move is supported by the U.S. Lumber Coalition, a powerful group that has the backing of at least 25 U.S. senators.

In Maine and New Brunswick, politicians are concerned that penalizing New Brunswick lumber could hurt the Twin Rivers paper operation as well as major timberland and sawmill owners on both sides of the border.

The Canadian government and the country's industry groups call the U.S. allegations baseless and are prepared to fight the tariffs.



Piles of mostly spruce are readied for the sawmill at a Maine plant.

SARAH RICE FOR THE WALL STREET JOURNAL

flooding the crew berthing, machinery and communications rooms as the crew sought to limit the damage, the Navy said.

Malaysian search operations were called off Monday night due to rough seas and would continue at 7 a.m. Tuesday, the director of the Malaysian search said. Singapore authorities said their search would continue overnight. The McCain returned to port in Singapore on its own power.

Since June, two of the 7th Fleet's 12 destroyers have been taken out of service because of collisions. The McCain incident came days after the Navy released an initial report on the June 17 collision of the USS Fitzgerald, another 7th Fleet destroyer, with a merchant ship in Japanese waters, leaving seven Navy sailors dead.

The Fitzgerald's captain, the executive officer and the senior enlisted sailor were relieved of command, based on what the investigation had found so far.

The Navy has not explained how the collision happened, saying it is being investigated.

In May, another 7th Fleet

ship, the USS Lake Champlain cruiser, collided with a South Korean fishing boat. The 7th Fleet, which is based in Japan and operates in Asian waters, is commanded by Vice Adm. Joseph P. Aucoin.

A Navy spokesman declined to comment on the lead-up to the collision and didn't address questions about the Navy's navigational capability.

The USS John S. McCain was entering one of the world's busiest sea lanes when it collided with the tanker. Around half of the world's seaborne shipments by tonnage and around 70% of Asia's oil imports pass through the Strait of Malacca each year, according to market intelligence firm IHS Markit.

The two vessels were at a point where broader waters funnel into the narrow strait. The Strait of Malacca is governed by rules that split ships into traffic lanes, with each vessel responsible for its own navigation. Military ships aren't governed by the same rules.

Ships traveling through the Strait of Malacca are typically navigated by their command-

ers, said Yannis Sgouras, a retired Greek captain who has crossed the straits dozens of times. "Accidents happen there because it's a choke-point, but this one is strange because U.S. Navy ships are highly maneuverable with high-tech radar and navigation systems. One of the two ships got out of course or one tried to overtake the other," he said.

The Alnic MC is 600 feet long. It belongs to Energetic Tank Inc., and is managed by Stealth Maritime Corp., both Greek firms, according to a spokesman for Stealth. Shipping tracking firms had noted the ship's registration under another firm, Brave Maritime Corp., owned by Greek shipping magnate Harry Vafias.

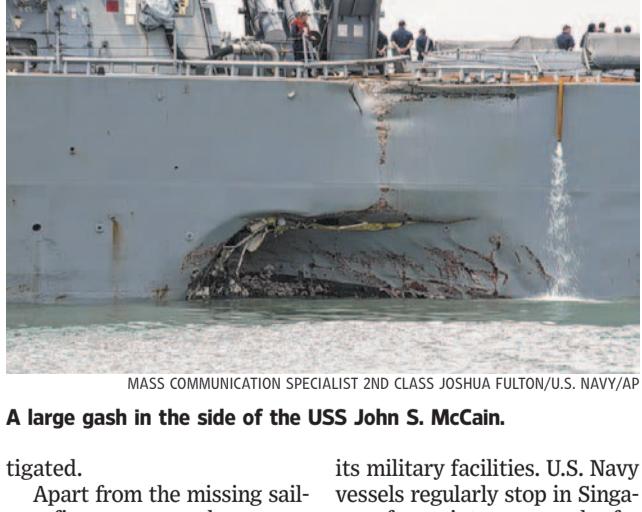
The Alnic anchored off the coast of Singapore late Monday under its own power, pending damage assessments. It suffered a gash toward the front of the ship, the Stealth spokesman said, but the damage was over the waterline.

The McCain was escorted by Singapore Navy vessels back to the city-state. The 7th Fleet said the collision will be investi-

tigated.

Apart from the missing sailors, five crew members were injured, the Navy said; four of those were airlifted to a hospital in Singapore. When the helicopter arrived at Singapore General Hospital, one person was carried by stretcher while three others were able to walk, witnesses said.

The U.S. Navy maintains a close relationship with Singapore, which allow U.S. use of



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its military facilities. U.S. Navy vessels regularly stop in Singapore for maintenance and refueling, including ships that go on to conduct patrols that challenge Chinese and other maritime claims in the South China Sea as the USS McCain had just done.

—Saurabh Chaturvedi, Yantoulra Ngui, Gaurav Raghuwanshi and Costas Paris contributed to this article.

WORLD NEWS



President Donald Trump steps from Air Force One ahead of a Camp David meeting with his National Security Council on Friday.

Trump Is Set to Detail His Strategy for Afghanistan

By PETER NICHOLAS
AND GORDON LUBOLD

President Donald Trump was expected to give a nationally televised address to unveil his strategy for the long-running war in Afghanistan, the White House said, a plan expected to include sending as many as 4,000 more troops to the country.

He was planning to deliver the prime-time speech Monday evening from Fort Myer in Arlington, Va., using the same sort of high-profile stage that his predecessor, Barack Obama, employed in laying out a new approach to the war in 2009. Mr. Obama delivered his speech before a national television audience at the U.S. Military Academy in West Point, N.Y., promising at the time to "bring this war to a successful conclusion."

Last week, Mr. Trump met at Camp David with his top advisers, including Defense Secretary Jim Mattis, national security adviser H.R. McMaster and Secretary of State Rex Tillerson, to discuss the way ahead in Afghanistan. Gen. Joe Dunford, chairman of the Joint Chiefs of Staff, attended by video from overseas.

On Saturday, the president



Top advisers including Defense Secretary Jim Mattis discussed Afghan plans with the president at Camp David last week.

tweeted that he had settled on an approach to a war that is now in its 16th year: "Important day spent at Camp David with our very talented Generals and military leaders. Many decisions made, including on Afghanistan."

The Afghanistan policy announcement marks a turning point for the president. In announcing the strategy himself, he gains ownership of the war that he criticized as a candidate before inheriting it from two predecessors, Mr. Obama and George W. Bush. As the

new strategy takes hold, Mr. Trump will increasingly be asked about any successes or setbacks. Mr. Trump has been criticized in national security circles for foisting his war policy on his generals.

Months ago, Mr. Trump empowered Mr. Mattis to increase the size of the force as needed. The defense secretary, who led troops there as a general before his retirement, pushed to get the White House to agree to a strategy first. Former White House chief strategist Steve Bannon and others em-

bracing an "America First" strategy had cautioned Mr. Trump that there was no payoff in Afghanistan and to pull troops out.

Mr. Trump as a candidate called for drawing down the number of troops, but top military advisers and ultimately Mr. Tillerson advised that he should not only retain but increase the troop levels to address a worsening security situation and to strengthen the advisory effort aiding the Afghan military. He was also advised to take a broader approach to the region that would include Pakistan.

Mr. Trump heads into this high-stakes period for his agenda at a time when his White House is in the midst of a reset. His new chief of staff, John Kelly, has been tightening operations in a West Wing that has failed to notch a major legislative victory.

Mr. Trump on Friday ousted Mr. Bannon, the face of an economic nationalist approach that had discomfited some of the president's more mainstream advisers.

More staff departures could be coming as Mr. Kelly looks to impose more discipline on a staff riven by infighting, White House advisers said.

Meeting Deepens Saudi-Qatari Spat

A meeting between Saudi Arabia's crown prince and an obscure Qatari prince, officially aimed at narrowing differences between two estranged Gulf neighbors, has instead added more fuel to their long-running diplomatic dispute.

By Margherita Stancati in Jeddah and Dahlia Kholai in Cairo

Sheikh Abdullah bin Ali Al-Thani's visit to Saudi Arabia was billed as easing access for Qatari citizens in the coming hajj pilgrimage to Mecca. His meeting on Thursday with Crown Prince Mohammed marked the first public encounter between a Saudi leader and a member of Qatar's royal family since a breakdown in relations in June. It was initially seen as an indication of a possible thaw in relations.

The problem is that few had heard of the Qatari sheikh, beyond tight royal circles, and Doha said he wasn't a government envoy. That situation prompted speculation that sheikh Abdullah was a pawn in a Saudi plot to promote him as a possible alternative to the country's current ruler, sheikh Tamim bin Hamad Al-Thani.

"The Saudis put him out there to say: 'There are legitimate people like him who one day could be in a position to take the throne,'" said a Gulf-based Western diplomat. "It's not pushing for regime change, because the change would be within the same family."

Many Qataris, including members of the royal family, have responded by publicly reaffirming their allegiance to sheikh Tamim, the ruling emir, and playing down the influence of sheikh Abdullah within the family.

"People talking about regime change is something they want to avoid," said Andreas Krieg, an assistant professor in defense studies at King's College, London, who previously worked as an adviser to Qatar's government. The Saudis "are not pushing for it openly, but they are leaving that possibility open; they are creating uncertainty."

A Saudi government spokesman said he wasn't aware of the regime change allegations.

Qatar's government was

quick to distance itself from the visit, with the foreign minister saying sheikh Abdullah had traveled to the kingdom strictly in a personal capacity.

Sheikh Abdullah, in a statement released over the weekend, denied he had visited Saudi Arabia for personal reasons: "My goal was to assist Qataris in the hajj process," he said. "The crown prince welcomed my mediation on behalf of my family in Qatar."

Saudi Arabia and other Arab countries in June cut ties with Qatar over allegations that Qatar supports Islamist groups such as the Muslim Brotherhood. Saudi Arabia, the U.A.E., Egypt and others demanded Qatar sever ties to extremist groups across the region in exchange for restoring ties. Regime change in Qatar wasn't among them.

Qatari prince says he traveled to facilitate his compatriots' hajj arrangements.

Qatar says it has no links to extremist groups and that it has a right to pursue an independent foreign policy.

Before he met Saudi Arabia's Prince Mohammed and King Salman, there was little evidence sheikh Abdullah harbored political ambitions. During the visit, he helped secure a deal to allow Qatari pilgrims to cross the closed land border with Saudi Arabia, according to the official Saudi Press Agency, which also said King Salman would pay to fly Qataris to the kingdom for the hajj.

So far, no Saudi planes have been used to carry Qatari pilgrims, with each country blaming the other for it.

Sheikh Abdullah belongs to a branch of Qatar's royal family that was sidelined from power in 1972, when his brother Sheik Ahmad bin Ali was deposed and replaced by the grandfather of the current emir.

Mr. Krieg, the professor who is close to Qatar's leadership, ruled out any possibility that sheikh Abdullah might succeed the ruling emir.

"He has absolutely no standing or credibility in Qatar, neither with the public nor within the royal family," Mr. Krieg said.

Nigerian Leader Returns

Associated Press

spent seven weeks in London for treatment.

The government of Africa's most populous nation has never said what exactly has been ailing Mr. Buhari. His long absences have led some to call for his replacement and for the military to remind its personnel to remain loyal.

Buhari said he would step up the campaign against extremists like Boko Haram.

On Monday, Mr. Buhari talked about political divisions, urging that Nigeria must be united. He said that while he was in London he kept in touch with daily events at home.

Nigeria's continuing challenges include the deadly Boko Haram insurgency, a weak economy and one of the world's worst humanitarian crises, with millions malnourished in the northeast.

Mr. Buhari called on Nigerians to come together to face challenges of "economic security, political evolution and integration as well as lasting peace."

This isn't the first time Nigeria has faced a leader's long absences. When former President Musa Yar'Adua was ill abroad for months before coming home to die in 2009, northerners blocked his southern vice president, Goodluck Jonathan, from assuming power, creating a monthslong political paralysis.

Mr. Jonathan was eventually confirmed, but his subsequent successful run for election angered many Muslims, breaking an unwritten agreement that power rotates between northerners and southerners.

"Nigerians are robust and lively in discussing their affairs, but I was distressed to notice that some of the comments, especially in the social media, have crossed our national red lines by daring to question our collective existence as a nation. This is a step too far," he said.

Observers have feared that political unrest could erupt in Nigeria, particularly in the predominantly Muslim north, should Mr. Buhari not finish his term in office, which ends in 2019. The previous president was a Christian from the south, as is Vice President Yemi Osinbajo, who has served as acting president during Mr. Buhari's time abroad.

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The U.S. Embassy in Moscow has been engaged in an escalating diplomatic spat with the Kremlin.

U.S. Cuts Russia Visa Services

By JAMES MARSON

MOSCOW—The U.S. is sharply cutting back visa services in Russia after the Kremlin responded to fresh U.S. sanctions by capping the number of U.S. diplomats in Russia in retaliation for new sanctions imposed by Congress for Russia's alleged interference in the U.S. presidential election last year.

The move comes amid deteriorating relations between the White House and the Kremlin. Russia capped the number of U.S. diplomats in Russia in retaliation for new sanctions imposed by Congress for Russia's alleged interference in the U.S. presidential election last year.

Russia and the U.S. are at odds over a host of other global issues, including conflicts in Syria and Ukraine.

The U.S. imposed a series of sanctions on Russian officials, businessmen and companies after Russia annexed Crimea in 2014 and intervened with its military in Ukraine's east.

the Russian government, Russian news agencies reported.

"This logic is well known. It's the logic of those who organized color revolutions," Mr. Lavrov said at a news conference, referring to pro-Western uprisings in former Soviet republics in the 2000s that Russia claims were orchestrated by the U.S.

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The U.S. imposed a series of sanctions on Russian officials, businessmen and companies after Russia annexed Crimea in 2014 and intervened with its military in Ukraine's east.

On Monday, the State Department's envoy for the Ukraine conflict, Kurt Volker, was to meet with his Kremlin counterpart in Minsk, Belarus, aiming to explore whether Moscow is prepared to seek a resolution, a U.S. official said.

Two peace deals have largely frozen the front lines in the three-year conflict between Ukrainian government forces and Russia-backed separatists, but fighting often flares at several hot spots and almost no progress has been made to re-integrate the territories under Kiev's control.

The Kremlin's envoy, Vladislav Surkov, is Russian President Vladimir Putin's top aide on Ukraine, and organized and managed the separatists, according to former separatist leaders and Western and Ukrainian diplomats. Russia portrays the conflict in Ukraine as a civil war and plays down its influence among separatists.



President Muhammadu Buhari arrives at Abuja's airport on Monday.

U.S. NEWS

Group ‘Reeling’ From Memorial Removals

United Daughters of the Confederacy is in the spotlight as statues are dismantled

By JENNIFER LEVITZ

When vandals defaced a Confederate memorial at a Los Angeles cemetery Tuesday, retiree Scarlett Stahl took it personally, as if her own property had been damaged.

In a way, it had. She heads the California division of the United Daughters of the Confederacy, a national organization whose members donated the large stone and bronze monument to Hollywood Forever Cemetery in 1925 and was the driving force behind scores of the Confederate monuments across the U.S. that are now being decried as symbols of bigotry and are being targeted for removal.

“I feel very hurt, like this is not my America,” Ms. Stahl said, choking back sobs as she recalled how she had to authorize having a truck haul the monument away to storage early Wednesday.

Accelerated efforts by cities and activists across the U.S. to remove Confederate monuments in the aftermath of the deadly white supremacist rally in Charlottesville, Va., has thrust the United Daughters of the Confederacy, a lineage society, reluctantly into the fray because of its influential role in spreading these memorials often seen as valorizing those who fought to secede from the union.

It is an uncomfortable spot for the private group founded in 1894, and the momentum against the statues is starting to take a toll.

“They’re reeling, the daughters are,” said Susan McCro-



The empty pedestal where Baltimore’s Confederate Soldiers and Sailors Monument once stood before the city removed the statue.

the Confederacy “really midwifed the ‘Lost Cause’ in a lot of ways,” said Brian Jordan, an assistant professor of history at Sam Houston State University in Texas, referring to “this specious notion” that the war wasn’t about slavery, that the fight was never fair and that a culture had been lost as a result of the war.

Around 1901, the Baltimore chapter of the United Daughters of the Confederacy distributed a fundraising letter for the Confederate Soldiers and Sailors Monument—that would be dedicated in Baltimore in 1903—asking for “your cooperation in this labor of love for our ‘Lost Cause.’”

The letter described the Confederate soldier as “the purest, noblest, highest type of Christian warrior that the world has ever produced!”

Carolyn Billups, the president of the Maryland division of the United Daughters from 2014 to 2016, included that letter in her book on Louise Wigfall Wright, who led the fundraising effort for the 18-foot high Confederate Soldiers and Sailors Monument, which was one of several that was carted off last week.

“The ladies were trying to help heal the nation,” said Ms. Billups, who is 65 and said her great-great grandfather served in the 13th Virginia Infantry during the Civil War. Ms. Billups, who said the Civil War was about taxes, not slavery, said she is saddened and angry that the monument was taken down.

“It pains me, the thought of all the work that went into it to have it erected, the thousands of people who attended the dedication ceremony,” she said. She said she is also extremely sad about the deadly Charlottesville rally. “It’s a tragedy,” she said.

bie, the current historian and past president of the United Daughters’ Kentucky Division, describing the mood in the organization in recent days.

Mrs. McCrobie said many members felt sadness and disbelief about the deadly Charlottesville rally, where the scheduled removal of a statue of Confederate Gen. Robert E. Lee touched off the initial demonstrations. They are also upset, she said, that white supremacists had latched onto the monument debate. “The UDC has nothing to do whatsoever with white supremacy,” she said.

The national president of the United Daughters, which is based in Richmond, Va., didn’t respond to requests for comment.

There are more than 700 Confederate monuments and statues on public property in the U.S., according to a 2016 study by the Southern Poverty Law Center. The United Daughters of the Confederacy was a key organizer and fundraiser behind the majority of them, Mrs. McCrobie said.

Among the group’s gifts: a 1903 monument in Baltimore that was hauled off in a stealth operation before dawn Wednesday; a 1904 statue in Alachua County, Fla., nicknamed “Old Joe,” which was taken down Monday; and the Confederate Memorial Fountain in a park in Helena,

Mont., that was removed Friday. They were also behind the huge carving of three Confederate leaders on Stone Mountain east of Atlanta.

The Daughters, who must provide “proof of ancestors’ service to the Confederate States of America,” grew out of several Southern women’s associations that formed after the Civil War. Many women were suffering because they had lost fathers, brothers, husbands and sons in the country’s bloodiest conflict, which resulted in the heaviest number of deaths on the Confederate side. An estimate of one in three Southern households lost at least one family member, according to the Civil War Trust.

The earliest monuments erected by these women’s groups—from the late 1860s to around 1890—were typically placed in cemeteries as expressions of grief.

But the tone and placement of the monuments shifted at the end of the 19th century. Against the backdrop of rising Jim Crow laws in the south, a wave of more resplendent memorials erected largely through the 1920s were placed prominently in public areas and sought to pay tribute to the Confederate cause and convey white dominance, said Mark Elliott, an associate professor of history at the University of North Carolina at Greensboro.

The United Daughters of

Trump Returns With Full Plate, Diminished Support

BRIDGEWATER, N.J.—President Donald Trump returned to the White House over the weekend, looking to revive his stalled agenda amid signs

By Peter Nicholas,
Joshua Jamerson
and Natalie Andrews

that his hold over congressional Republicans has weakened coming off his comments about the violent demonstration in Charlottesville, Va.

Mr. Trump, after a two-week working vacation at his New Jersey golf resort, is expected to lay out a much-anticipated plan Monday night for a new strategy in Afghanistan. He must help forge a consensus in Congress on a spending bill to avoid a partial government shutdown. He also will try to wrest funding for his proposed border wall and jump-start negotiations over a tax-code overhaul.

White House aides believe that if the legislative push bogs down this fall, it is possible nothing substantial will happen before the midterm elections in November 2018.

The president will have barely settled into a newly



Sen. Tim Scott, the only black Republican in the Senate, said Sunday that Charlottesville presents Mr. Trump with ‘an opportunity for him to be better educated’ on the history of race in the U.S.

renovated West Wing before he leaves again, heading to a rally Tuesday in Phoenix.

Protests are expected following the president’s remarks on the deadly demonstrations more than a week ago in Virginia, in which he said that both white nationalists and counterprotesters deserved blame.

Most elected Republican

officials have offered narrow if any public support for Mr. Trump in recent days, and a few GOP lawmakers have openly criticized the president. Many other Republicans have condemned racism and bigotry without mentioning Mr. Trump by name.

Sen. Tim Scott (R., S.C.) of South Carolina, the only black Republican in the Senate, told

CBS News in an interview Sunday that Charlottesville presents Mr. Trump with “an opportunity for him to be better educated” on the history of race in the U.S.

“What the president should do before he says something is to sit down and become better acquainted, have a personal connection to the painful history of racism

and bigotry of this country,” Mr. Scott said.

Mr. Trump received withering criticism for initially saying that “many sides” were to blame in Charlottesville. In response to that criticism, Mr. Trump doubled down on his comments Tuesday and lashed out at Republicans on Twitter.

The comments, by giving Republicans an opening to criticize him publicly, complicate high-stakes fiscal negotiations looming this fall and the president’s efforts to accomplish his agenda.

“It’s increasingly clear that President Trump is isolated from the Republicans,” said Evan Siegfried, a GOP strategist and political commentator.

“In the first six to seven months he’s really not been able to work with Capitol Hill. He feels like they are subservient to him, that they are middle managers.”

One supportive voice Sunday came from Jerry Falwell Jr., president of Liberty University, who was one of Mr. Trump’s earliest and most influential supporters among evangelical Christians.

“One of the reasons I supported him is because he

doesn’t say what’s politically correct, he says what is in his heart, what he believes, and sometimes that gets him in trouble,” Mr. Falwell told ABC News. “But he does not have a racist bone in his body.”

Underscoring the relative silence from Republicans on Sunday were comments from news anchors who said they had trouble booking GOP leaders or administration officials to appear. Martha Raddatz of ABC News said the White House pointed to Mr. Falwell. Chuck Todd of NBC News said “not one member of the current Republican leadership in Congress” would appear Sunday.

On Saturday, Treasury Secretary Steven Mnuchin rejected calls to resign and said in a statement that “the president in no way, shape or form believes that neo-Nazi and other hate groups who endorse violence are equivalent to groups that demonstrate in peaceful and lawful ways.” Mr. Mnuchin, who is Jewish, had received pressure to resign from former Yale classmates.

—Joshua Jamerson
and Natalie Andrews
contributed to this article.

In Boston, Police Tactics Helped Keep Huge Protest Ordered

By JIM CARLTON

Boston’s success in preventing widespread violence at a right-wing rally and counter-protest on Saturday should serve as a template for smaller cities hosting similar demonstrations, law-enforcement officials said.

Police in Boston largely managed to keep a huge crowd of counterprotesters away from a small group of right-wing demonstrators who had organized a “Boston Free Speech Rally,” one week after violent protests in Charlottesville, Va., on Aug. 12 rattled the nation. In Charlottesville, a woman was killed and others injured when a car plowed into a group of people who were protesting a white-supremacy rally there.

Boston on Saturday, police used officers on bicycles and other tactics to help enforce a gap of about 40 yards between a few dozen right-



Saturday’s counterprotest drew about 40,000 people in Boston.

dispersed within the group. Then they had a contingent of a lot of tactical officers nearby. It created an environment where people don’t easily get involved in violence.”

Other large cities, including New York, Seattle and San Francisco, have learned to

manage such large demonstrations. Seattle police now route opposing groups after being criticized for letting mass protests descend into violence during a World Trade Organization meeting in 1999.

“Quite frankly, it’s not rocket science,” said Anthony Ribera, former San Francisco police chief. “It’s pretty basic in keeping antagonists separate.”

Mr. Ribera said major cities have an advantage over smaller ones because they deal with so many more demonstrations and have greater resources. Charlottesville has 130 police officers, compared with about 2,000 in Boston. When he was San Francisco’s chief in the 1990s, for instance, Mr. Ribera said his department had to monitor more than 200 demonstrations a year.

Smaller cities sometimes have a tougher time maintaining control. Police in Berkeley, Calif., were unable to prevent violent clashes between conservative demonstrators and anti-fascists at three pro-right rallies between February and April. With a “No to Marxism in America” rally set for Aug. 27 in Berkeley, the City Council on Friday passed an emergency

measure giving local officials broader authority to prohibit weapons or other hazardous items at demonstrations.

Mr. Ribera said smaller cities can help compensate for their lack of size by calling in more help from larger agencies. Berkeley, Calif., has done so under a mutual-aid pact with other cities and agencies. But Berkeley officials have been criticized for calling in outside help too late in some instances and for taking a hands-off approach to protests. City officials have said they didn’t want to take actions that might have resulted in more violence.

“The key is to get help,” said Mr. Ribera, also director of the International Institute of Criminal Justice Leadership at the University of San Francisco. “Always err on the side of having too much manpower.”

—Zusha Elinson
contributed to this article.

U.S. NEWS

Tension Builds at Nafta Talks

BY SARA SCHAEFER MUÑOZ
AND BOB DAVIS

WASHINGTON—Opening-round talks to remake the North American Free Trade Agreement revealed early fissures dividing the U.S. from Mexico and Canada, including a Trump administration proposal to require a “substantial” portion of autos and auto parts produced under the pact be made in the U.S.

The renegotiation of the trade deal, which was one of President Donald Trump’s main campaign promises and a key pillar of his “America First” agenda aiming to revive U.S. manufacturing and reduce the country’s trade deficit, is likely to face many hurdles. Auto makers in all three nations generally oppose the stricter rules floated by the U.S. negotiator, and pro-business lawmakers in Congress don’t want the pact altered to restrict trade.

In the first-round talks, which concluded Sunday, the three countries said in a trilateral statement they had made “detailed conceptual presentations” of their positions and were working toward “an ambitious outcome” through a fast-paced schedule of negotiations.

Early tensions over areas such as the so-called rules of origin—a major issue for the automotive industry—signaled the tough bargaining that lies ahead as the three nations try to wrap up a deal by early next year.

The chief U.S. negotiator,

Robert Lighthizer, came into the talks Wednesday saying the U.S. would insist on tightening the rules of origin, and adding a provision covering U.S. production, an idea quickly dismissed as unworkable by Mexican and Canadian officials.

At this early stage of the talks, it is difficult to measure the depth of the disagreement. Opening rounds generally set the tone and schedule for negotiations. The U.S. has yet to release specifics on some of its most controversial positions, including measures to reduce the U.S. trade deficit, prevent currency manipulation, favor U.S. companies in government contracts, known colloquially as Buy America, and rework rules governing arbitration panels.

Discussions continue within the administration about how to accomplish those goals without harming U.S. companies, U.S. and industry officials said. “The lack of U.S. clarity represents a risk [for Canada and Mexico], and they are trying to prepare for any eventuality,” said Eric Miller, a global fellow at the Woodrow Wilson Center’s Canada Institute.

Mr. Lighthizer focused early on what are known as rules of origin requirements, which govern what portion of a product must come from within the bloc to qualify as tariff-free. In his opening remarks last week, Mr. Lighthizer noted that in the auto sector alone, the U.S. has a \$68 billion deficit with Mexico and thousands of



The U.S., Mexico and Canada are working toward a fast-paced schedule of talks. Above, trucks pass through U.S. customs in Laredo, Texas.

American factories workers have lost their jobs.

To create more U.S. manufacturing jobs, he suggested that the pact should set a standard not only for higher content from the three Nafta countries, but also for U.S.-specific content, a demand that drew early resistance from the trading partners Mexico and Canada. They fear that the changes would raise costs and put their auto industry at a disadvantage.

“National content is not used in any commercial agreement in the world, because it puts too much rigidities to the companies,” Mexico’s Economy Minister Ildefonso Guajardo told Mexican radio.

Canada’s Foreign Minister Chrystia Freeland has also voiced opposition to the idea of national content, though she and Mexican officials have noted the U.S.’s tough stance

was expected heading into negotiations.

As with other proposals, the U.S. hasn’t yet provided a brief or text with details on how it would change the rules of origin. The U.S. is expected to provide details on all of its Nafta positions by the third round of talks next month in Canada. The second round will take place in Mexico City from Sept. 1 to 5.

Currently 62.5% of autos and major auto parts shipped within the three Nafta countries must be produced in Mexico, Canada or the U.S. to qualify for duty-free shipment.

The U.S. proposal could amount to an opening bid, and it could also generate opposition in Congress, which would have to approve a final pact, especially if significant parts of U.S. industry bring their lobbying firepower to the issue.

“These sorts of country specific requirements would just add to the cumbersome nature of rules of origin compliance,” said Matt Blunt, head of the American Automotive Policy Council, which represents the Detroit auto makers.

One way to tackle the rules of origin, said trade experts, would be to include in the calculations the advanced electronics used in vehicles. For instance, regional or U.S. content could be revised to include research and development of vehicle software conducted by companies in the U.S. or North America, even though the electronics are manufactured in Asia.

But it is far from clear that the U.S. would be satisfied with cosmetic changes to the content calculations. Mr. Lighthizer on Wednesday said Mr. Trump “is not interested in a mere tweaking of a few provi-

sions and a couple of updated chapters.”

On auto trade, while labor groups have long called for stricter rules on which products qualify for duty-free treatment, auto makers in all three nations oppose tighter rules of origin. The companies warn that stricter rules could affect their supply chains in unpredictable ways, perhaps even driving production overseas.

Meanwhile, a group that represents U.S. manufacturing businesses and supports Mr. Trump’s trade policy praised Mr. Lighthizer’s plan.

“The administration should reject fears of supply-chain disruption asserted by the import lobby,” said Michael Stumo, chief executive of the Coalition for a Prosperous America.

—William Mauldin and Santiago Perez contributed to this article.



A team works on a vehicle for this year's Burning Man at the Artech warehouse in Reno, Nev.

Reno Sees Dollars in Burning Man

BY JIM CARLTON

RENO, Nev.—The self-proclaimed “Biggest Little City in the World” is embracing a new role: gateway to Burning Man.

Some 70,000 people are expected to gather in the Nevada desert to create a temporary city for the nine-day event beginning Aug. 27, featuring art installations, music and people in quirky costumes. Reno is 100 miles southwest, and many “Burners,” as they call themselves, stop here to stock up on everything from food to solar-powered showers.

For some local businesses, the influx is like Christmas in August. At the Melting Pot World Emporium, which stocks goggles, masks and other accoutrements that Burners favor, sales related to the event account for 65% of annual revenue, said co-owner Eric Baron. At Junkee Local Exchange, which carries used costumes and other Burner-type gear, August has eclipsed the October Halloween season as its biggest month, said manager Nichole Paul. The attendees spend an average of \$300 to \$400, with some shelling out as much as \$3,000. “It gets so busy in here we have to open a pop-up shop with two extra cash reg-

isters,” Ms. Paul said.

“For us, it’s Christmas times 10,” Mr. Baron said last week as the first wave of local Burners began trickling in.

Locals weren’t always so welcoming to Burning Man. Burners sometimes drew complaints of bringing too much dirt and dust into town. The money that goes into the community now, though, has helped change that.

Burners’ last year collectively spent about \$50 million in Nevada.

“People don’t thumb their noses at all now,” said Ken Hines, a Reno neon-lighting artist who now spends two months out of the year working on Burning Man art projects. “They like the money.”

Burners collectively spent about \$50 million in Nevada for items including fuel, food and lodging last year, according to a survey of eventgoers conducted for Black Rock City LLC, a San Francisco company that organizes the festival aimed at practicing “radical

self-reliance,” among other things.

This year, 17,000 Burners are expected to fly into the Reno-Tahoe International Airport, according to a spokesman for the airport, which offers bus transportation to and from the event called the Burner Express. The temporary city is built in a dry lake bed, or playa.

Reno stores are running Burning Man specials, with Twin City Surplus offering a 25% “Playa” discount on items such as zip ties and Army tents.

Businesses also are gearing up for a second wave of spending when Burners return from the desert and overwhelm carwashes, restaurants and local hotels—many of which offer decompression parties. El Dorado Resorts Inc., for example, is marketing “The Great Depressurization,” where Burners can kick back with music, comedy and other entertainment at its Reno hotels including the Silver Legacy and Circus Circus.

A more lasting impact is Reno’s growing role in making and displaying the fanciful artworks that are a signature of the gathering. This year, the giant wooden “Man” that is set on fire to conclude every Burning Man was made in

Reno for the first time.

The Nevada Museum of Art here opened a seven-month exhibition of the “City of Dust: The Evolution of Burning Man,” which includes a pictorial exhibition July 1 on the history of the event, which began on a San Francisco beach in 1986.

Last year, a 12-foot-high steel sculpture of the word “Believe” was put on permanent display in the Reno City Plaza after debuting at the 2013 Burning Man; it is one of a growing number of Burning Man artworks on display around the city. “We’re really trying to become the biggest little art city,” said Alexis Hill, Reno’s arts, culture and events manager.

And increasingly, the Burning Man artworks are being built in Reno. Two years ago, an artists’ collective called Artech opened in a warehouse on the city’s outskirts, where new works for this year’s Burning Man—including “Bloom,” a 40-foot, steel-and-glass jellyfish—were being finished last week.

“To have this [Burning Man] in our backyard?” asked Peter Hazel, the local artist who created “Bloom.” “If you want to be a professional artist, this is the place to be.”

Cosmetics Oversight Faces Wider Review

BY THOMAS M. BURTON
AND MICHELLE HACKMAN

SILVER SPRING, Md.—The federal government has received dozens of reports over a decade about hair-straightening treatments that contain formaldehyde, a carcinogen that can sicken salon workers and customers with burning and blisters in the nose and throat, nausea and flu-like symptoms.

Yet six years after a consumer-safety group petitioned the U.S. Food and Drug Administration to ban the products, the agency has taken little action and said recently it is still studying the issue.

At least 15 hair-straightening brands banned in other countries remain on the market in the U.S., and environmental and consumer groups have taken the FDA to court to force action.

Now, through a combination of that litigation and Senate legislation with wide support from the cosmetics industry and consumer groups, the regulator may soon gain new powers to regulate such beauty products.

“Formaldehyde is a poster child for the lack of legislative authority the FDA possesses to regulate cosmetics,” said Scott Faber, senior vice president for government affairs of the Environmental Working Group, the organization that filed the petition and now has sued the FDA over its handling of formaldehyde in hair straighteners.

At least 10 leading cosmetics makers now are backing a bill in the Senate sponsored by Sens. Dianne Feinstein (D., Calif.) and Susan Collins (R.,

Maine). The companies include Johnson & Johnson, L’Oréal SA, Revlon Inc. and Unilever NV.

The companies in general seek the predictability and a kind of seal of approval that comes with FDA regulation; U.S. drug companies have thrived for years partly based on that FDA imprimatur.

The bill would require the FDA to evaluate at least five cosmetic ingredients a year to determine safety and dosage—starting with formaldehyde. It would give the agency the ability to order recalls if safety is threatened, to require labeling and product warnings and to require companies to register each year with the FDA.

“Despite the universal use of these products, none of their ingredients have been independently evaluated for safety,” Ms. Feinstein said.

The FDA declined to comment for this article on the legislation and on the formaldehyde litigation. In a letter in October, Dayle Cristinzio, then the agency’s acting associate commissioner for legislation, wrote to Ms. Feinstein that “FDA’s oversight of cosmetics is limited” and that “underreporting is a significant problem.”

Makers of the hair treatments didn’t respond to requests to comment.

GIB LLC, the company that sells the popular Brazilian Blowout products, didn’t respond to multiple calls and emails seeking comment. But in a 2012 settlement with the California attorney general, it agreed to affix a caution sticker to its hair-straightening products and stop marketing them as “formaldehyde-free.”



The FDA headquarters in Silver Spring, Md., shown in a 2014 photo.

IN DEPTH

TRUMP

Continued from Page One
ing employee pressure and a social-media backlash relating to Uber's response to the president's proposed travel ban.

David Crane, former CEO of power company NRG Energy Inc., and now senior operating executive at Pegasus Capital Advisors, said the president's decision to withdraw from the Paris climate accords, despite intensive industry lobbying, "was seen as a slap in the face by many executives."

The Twitter threat

From the beginning, many were uneasy about Mr. Trump's habit of calling companies out by name on his Twitter account—even for praise.

Apple Inc. executives chose to bite their tongues when in July the president incorrectly portrayed the company's plans to build plants in the U.S. Similarly, Merck & Co. chief Kenneth Frazier and Walt Disney Co. CEO Robert Iger chose to overlook issues where they and the White House differed so they could have a voice in deliberations, according to industry executives and Mr. Iger.

As early as February, the heads of two dozen manufacturers got a taste of the president's style. At a White House meeting to discuss job creation, Mr. Trump urged General Electric Co.'s Jeff Immelt to share how the president hit a hole-in-one during a golf game they played together. At GE's next board meeting, directors ribbed Mr. Immelt for telling the story, according to a person familiar with GE. (Mr. Immelt stepped down as GE's CEO this month but remains chairman.)

By June, CEOs on the White House councils were already discussing whether to disband them, because of the time commitment and the increasing costs of a close association with the White House.

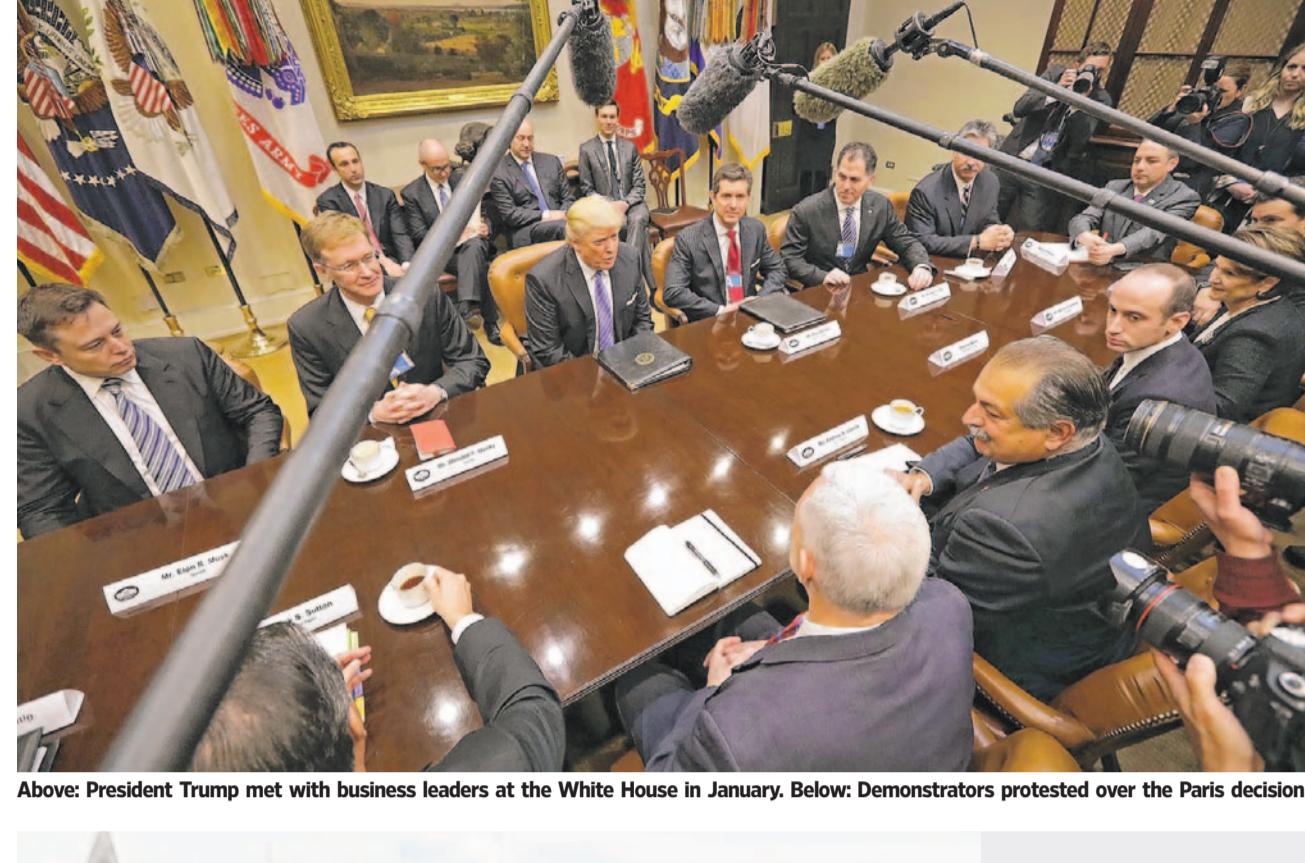
"It's not in the mandate of a company to enter politics, but CEOs are politicians, too," said Eric Dezenhall, a Washington consultant who helped companies respond to Charlottesville. "They have their own bases and constituencies of employees and consumers and shareholders that they also have to navigate."

The question now is whether Mr. Trump can win them back. During President Barack Obama's two terms, CEOs often felt like they were treated as bystanders, and some hold out hope for working with the administration.

Kevin Burch, president of Dayton, Ohio, trucking company Jet Express Inc., said recent events shouldn't overshadow policy goals. His industry wants a seat at the table for many of the same reasons that attracted CEOs in the first place.

"The president's a business guy," he said. "We think infrastructure is something he can really get his arms around and get some movement."

Larry Kudlow, a commentator and informal economic adviser to Mr. Trump, who helped draft a campaign tax plan, said while CEOs are sensitive to social issues, they haven't broken from Trump politi-



Above: President Trump met with business leaders at the White House in January. **Below:** Demonstrators protested over the Paris decision.



cies particularly on deregulation and the tax code.

"This is going to blow over," he said. "I guarantee you that he will be on the phone with many of them."

The White House said the councils, a standard and often ineffective device used by administrations of all political stripes, had outlived their purpose. Trump aides said they retained open lines to business leaders. "We have an incredible amount of CEOs that want to give us their advice and guidance," one official said.

The Paris decision was seen as a slap in the face by many executives.'

the early days of the presidency, many felt a cautious optimism.

Stephen A. Schwarzman, CEO of investment firm Blackstone Group, declared a new era for economic growth at January's World Economic Forum gathering in Davos, Switzerland.

Declining to work with Mr. Trump risked incurring his wrath on Twitter. Health-care company executives such as Johnson & Johnson CEO Alex Gorsky and Merck's Mr. Frazier worried not engaging the president—who had criticized drugmakers as "getting away with murder"—might make it easier for his administration to give Medicare the power to negotiate and lower drug prices, according to industry officials.

Not on the invite list

Connecticut-based United Technologies Corp. had been targeted by Mr. Trump on the campaign trail over plans to ship jobs from its U.S.-based Carrier Corp. subsidiary to Mexico. The company and the president-elect later struck a deal after the election to keep some jobs in Indiana.

CEO Gregory Hayes appeared at the White House early on a rainy January morning for the president's

first meeting with corporate chieftains. It was an inauspicious start. Mr. Hayes was left waiting outside the gate and eventually left. His name had been left off the list of invitees, according to people familiar with the incident.

Mr. Trump's initial immigration ban, imposed days after his inauguration, posed the first major test. Some tech companies had immigrant employees stranded outside the U.S. Employees at technology firms in particular were restive.

Microsoft Corp. initially issued a neutral-sounding statement stressing the importance of immigration. A day later, it sharpened the tone, calling the policy a "fundamental step backwards."

By early February, more than 130 mostly tech companies had joined legal action against the ban, which proposed temporarily barring travel from some Muslim-majority countries. The administration said the policy, now tied up in the courts, was needed to combat terrorism.

Executives on the president's strategic and policy forum were unhappy, but disbanding wasn't on the table, people familiar with the group's discussions said. In

stead, members discussed whether to confront Mr. Trump about the policy during the group's first meeting in February. There, Tesla Inc.'s Elon Musk kicked off the criticism, which participants said Mr. Trump acknowledged.

Executives took heart that the president could be persuadable. At the same meeting, Mr. Trump asked J.P. Morgan Chase & Co. chief James Dimon to back his argument that China was a currency manipulator.

Mr. Dimon disagreed, according to people familiar with the meeting.

"They're not, Mr. President," he said. "They're defending their currency." Gary Cohn, the White House's economic adviser, and other members expressed similar views. Mr. Trump backed off the subject, and two months later, his administration chose not to tag China with the label of currency manipulator.

By late spring, business leaders were growing weary of having to publicly defend their participation with the White House.

Walt Disney CEO Mr. Iger, the target of online petitions with hundreds of thousands of signatures calling for him to withdraw from the business council, responded at a March

shareholder meeting that his participation didn't mean he agreed with all Trump policies. Quoting a song from the Broadway hit "Hamilton," he said remaining on the council gave him a voice "in the room where it happens."

Others bit their tongues. When in a July interview Mr. Trump told the Journal that Apple CEO Tim Cook had promised to build "three big plants, beautiful plants" in the U.S., Apple declined to comment publicly.

Though Mr. Trump had incorrectly portrayed Apple's U.S. plans, Mr. Cook didn't openly challenge the president because "it would have been a tweet war," according to a person familiar with the company.

Over the months, leaders brooded to their boards and families over whether they should take a stand against the president, according to leaders and corporate advisers.

"Informal conversations among board members often revolved around 'what do you tell your kids?'" said Leslie A. Brun, Merck's lead director and CEO of Sarr Group LLC, an investment holding company.

Doubts over Paris

Some business leaders broke with Mr. Trump after the June decision to withdraw from the Paris climate accord.

Dozens had publicly urged the president to keep the deal, and several, including Dow Chemical Co. head Andrew Liveris and Apple's Mr. Cook made the case directly to the president that the treaty benefited job growth.

Within hours of Mr. Trump's decision, Mr. Iger and Mr. Musk quit the presidential council. Mr. Iger told only a few senior executives at Disney about his decision before announcing it in a tweet, according to a person close to the CEO.

By then, individual members of both main business advisory councils had been discussing disbanding them, given they had met only a few times, according to participants. The discussion picked up steam in July, when Mr. Trump moved to bar transgender people from serving in the military, they said.

In recent weeks, IBM's Ms. Rometty and Boston Consulting Group head Rich Lesser asked Mr. Schwarzman, the head of the strategy advisory council, about the future of the group and its effectiveness, given the pressure they were under from employees and the public, said people familiar with the group.

On Aug. 13, after the president's initial Charlottesville response, Merck's Mr. Frazier called Mr. Brun, the Merck lead director, to tell him that his conscience wouldn't permit him to stay on the manufacturing council, Mr. Brun said. Under Armour Inc.'s CEO Kevin Plank soon followed, along with Intel Corp.'s Brian Krzanich.

After Mr. Trump's Tuesday news conference, in which he apportioned blame equally between hate groups and people protesting them in Charlottesville, other executives said they had no choice but to go.

—Ted Mann, Jonathan Rockoff, Andrew Tangel and Ben Fritz contributed to this article.

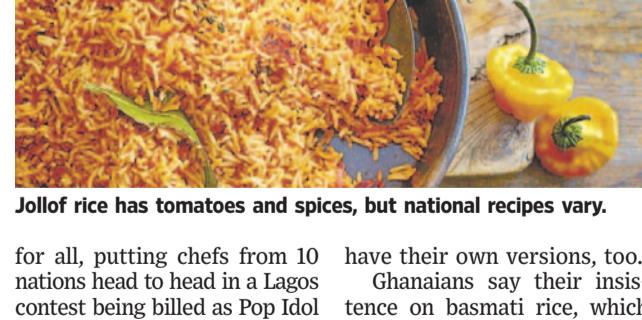
RICE

Continued from Page One

In March, an election campaign event in Northern Ghana had to be canceled after supporters faced off over which party had made the best jollof, local media reported. In Nigeria, protesters called for the resignation of Information Minister Lai Mohammed after he said on television that Senegal's version was superior. Vice President Yemi Osinbajo released a statement the following day calling for calm: "We all know that Nigerian jollof rice is the best; we beat the Ghanaians and the Senegalese hands down."

Mr. Zuckerberg's apparent endorsement of Nigerian jollof while visiting Lagos last summer set off a storm of celebrations in Nigeria and howls of protest elsewhere. "I was told not to compare the jollof rice of neighboring countries," Mr. Zuckerberg said, after tasting the Nigerian variety. "But my god, it was awesome."

Now a new TV show, "The Jollof Rice Challenge," will try to settle the dispute once and



Jollof rice has tomatoes and spices, but national recipes vary.

for all, putting chefs from 10 nations head to head in a Lagos contest being billed as Pop Idol meets MasterChef. "This is the Super Bowl of jollof rice," said Felix King, the show's producer, who plans to screen it on Aug. 21, World Jollof Day, and show it in 42 countries. The show's judges will be blindfolded to stop national pride from influencing their palates. "Enough of the talk—it's time to crown the real king," he said.

Other than including rice, tomatoes and spices there is no agreed upon standard. Each country has very different iterations and within that, regions

have their own versions, too. Ghanaians say their insistence on basmati rice, which better absorbs their slower-cooked tomato sauce, gives their iteration more sophistication. Nigerians say cooking their jollof in cast-iron pots over firewood gives it a more smoky, umami flavor. Senegalese say adding tamarind and pouring extra palm oil at the base of the pan gives their jollof a cro cro—or rice crust—and a crunchy competitive edge.

The largely good-natured "rice rage" has become a proxy clash over national identities, rivalries, and pretensions

of regional leadership. The debate has been supercharged by diss tracks from the region's top Afrobeat stars. Ghanaian rapper Sister Deborah's "Ghana Jollof" extols her country's superiority over Nigeria, with a video showing crowds of Nigerian men tearfully converting to Ghana's recipe. "Ghana jollof, Ghana jollof—Yummy!... Nigerian jollof—hmm, it tastes funny," she sings.

Regional jollof combat has even begun reaching diaspora communities. In Washington last month, Nigeria struck an early blow in the city's inaugural jollof-off, winning first prize in a festival that drew hundreds of rice aficionados and entries from several other countries.

The largely jovial tone of the jollof tussle contrasts with culinary politics in parts of Europe and the Middle East. The so-called falafel wars among Palestinians, Israelis and Lebanese have become a proxy for regional conflicts. Turks, Greeks and Armenians have for centuries sparred bitterly over a host of foods once eaten in the Ottoman Empire, including baklava.

Pierre Thiam, a Senegalese chef who runs restaurants in

Brooklyn, N.Y., Dakar and Lagos, says the "jollof wars" are more like sibling rivalry: "Yes the different jollof recipes divide us but it's also what unites us as Africans."

Mr. Thiam said one particularly piquant aspect of the debate is that neither Ghana nor Nigeria invented the dish. It hails from the Wollof tribe in what is now Senegal and Gambia. "There's no doubt, Senegalese jollof is the original and best!" he added. "We're laughing at Ghana and Nigeria fighting over a dish we created."

The warring West African camps even agreed to a short-term cease-fire in 2014 in response to the jollof recipe of British celebrity chef Jamie Oliver, who took the sacrilegious step of adding coriander, parsley and lemon juice. The episode—which became known as #jollofgate—was met with howls of derision and forged a fleeting moment of West African unity. "Our plates will not be colonized!" said one Twitter user. "Jamie Oliver's jollof rice hurts my soul," said another.

Mr. Oliver's publicist issued a statement saying the chef was just "putting his spin on the dish" and meant no offense.

On the streets in both Accra and Abuja, the different recipes can draw very different emotional, and physical, reactions. "The Nigerian is more natural, but the Ghanaian is so spicy that you end up on the toilet," says Onyeche Saliu, chef at the Omo Obokun Canteen in Nigeria's capital, who estimates that she has made 150 portions of jollof daily for 20 years. "We get plenty of Ghanaians here. They sometimes complain."

What Ms. Saliu calls "natural," many Ghanaians translate as "flavorless." Ghanaian artists and commentators have mocked Nigerians for using a Maggi-brand stock cube as a substitute for a natural jollof sauce borne by a slower-cooked infusion of the ingredients. In the hit track "I Need Jollof" by the Ghanaian Afrobeat artist Fuse ODG made light of the endless battle between Ghanaians, Nigerians, Sierre Leonains and Liberians.

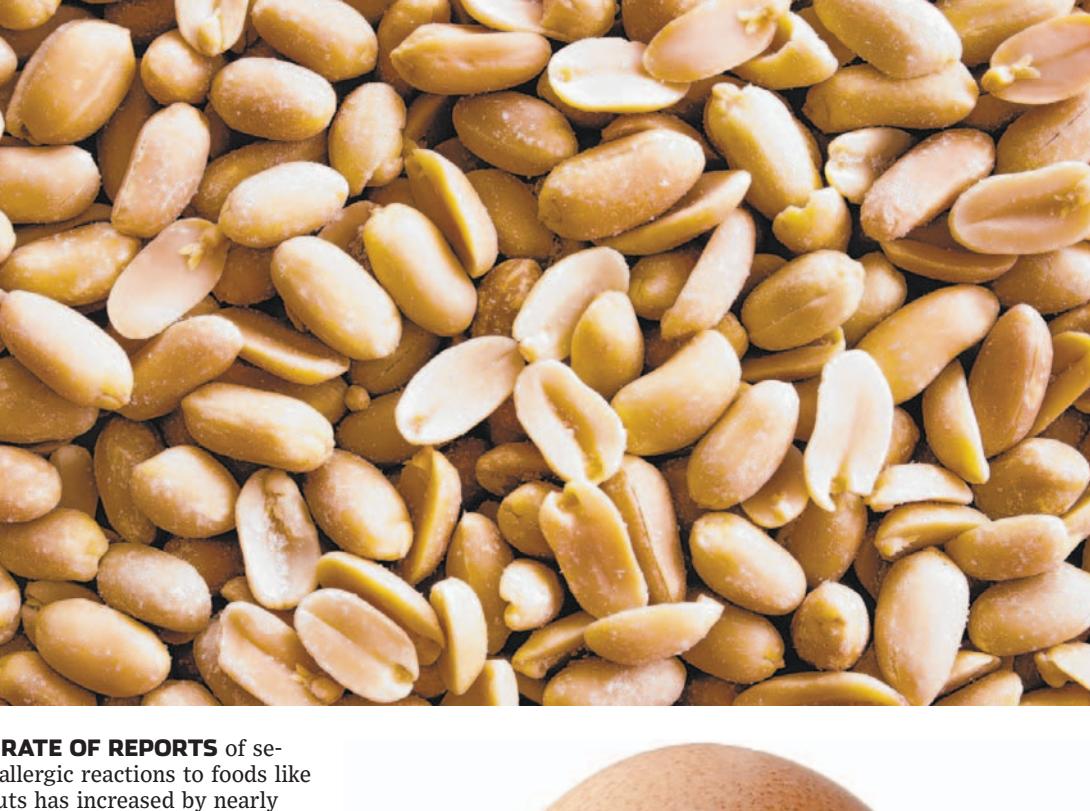
Nigerian blogger Ms. Yemimie says she has a special message to all Africans, whatever their preference. "Whenever anyone is down from anywhere in this region, I tell them this: 'Don't let anyone treat you like white rice; you're jollof rice.'

LIFE & ARTS

YOUR HEALTH | By Sumathi Reddy

A Striking Rise in Allergy Cases

Insurance claims for dangerous reactions to foods like peanuts, eggs and dairy have increased by nearly five times over the past decade



RATE OF REPORTS of severe allergic reactions to foods like nuts has increased by nearly five times over the past decade, according to a new analysis of private insurance claims.

The analysis looked at private insurance claims with a diagnosis of anaphylactic food reaction from 2007 to 2016. Anaphylaxis is a systemic allergic reaction in which the immune system affects multiple parts of the body at the same time, often leading to trouble breathing. It can be fatal if not treated promptly and requires an injection of epinephrine and a trip to the emergency room.

The analysis was conducted by FAIR Health, a New York City-based, independent nonprofit that tracks a database of 24 billion medical and dental claims from 150 million privately insured people.

"This is an incredibly important finding," says James Baker, chief executive officer and chief medical officer for the Food Allergy Research and Education (FARE), a Virginia-based advocacy group. "Clearly our information suggests that not only the frequency of people having an allergy but the severity of an allergy in individuals has increased dramatically."

The proliferation of food allergies in the western world, particularly to peanuts, has baffled medical experts who struggle with how to advise parents and children for a diet with no permanent solution. Studies have found that as many as 8% of children have a peanut allergy, with nearly 40% having a history of severe reactions. The increase could be related to the increasing use of antibiotics,



rising rates of C-sections, and an increasingly sterile environment, says Hugh Sampson, director of the Jaffe Food Allergy Institute at the Icahn School of Medicine at Mount Sinai in New York City. All have altered the good bacteria in our intestinal tracts, which alters the programming of our immune systems.

Many years of medical advice telling parents to avoid highly allergenic foods such as peanuts when children are babies may have

contributed to increasing allergy rates, he says.

Earlier this year medical organizations changed their advice recommending that babies at high and moderate risk of developing a peanut allergy be introduced to the foods by six months.

The rate of food allergies to peanuts and tree nuts have doubled or even tripled over the past two decades in the U.S., Dr. Sampson says.



Peanuts made up 26% of insurance claims in the study. That was followed by tree nuts and seeds, eggs and crustaceans.

Serious Spike

The rate of severe allergic reactions to foods has increased by 377% over the past decade. Twenty-two percent of all such claims were reported in 2016.

25%



Source: FAIR Health
THE WALL STREET JOURNAL.

dent of FAIR Health.

The group will dig deeper into the data in a white paper to be released in October, she says, looking at geographical and gender variations and costs of service among other factors.

About 34% of claims were in people over 18, she says.

"I think a lot of people assume children grow out of these allergies, and the fact that we're seeing about a third of the claims attributable to those over 18-years-old is something that raises some interesting questions and invites some further study," Ms. Gelburd says.

Kristin Osborne, a mother to three boys in Virginia Beach, Va., knows the fear of anaphylaxis. Her sons—ages 15, 11 and 5—all have multiple food allergies.

Her middle son, David Osborne, is allergic to peanuts, tree nuts, wheat, dairy and eggs. He has had two anaphylactic reactions in the past 12 months. The most recent was at the grocery store, where he suspects he was exposed to an allergen on the conveyor belt at the checkout line.

"He started wheezing and coughing and couldn't breathe. I administered epinephrine and rode to the emergency room," says Kristin Osborne, calling the 36-year-old, who works as a disability advocate.

"It's extremely scary," she says of the reactions.

"It's kind of like a roller coaster. We really prepare and try to be proactive as possible. When it happens, you never know what the end result is going to be. We just hope to get to the ER in time."

The FAIR Health analysis found that peanuts were the most common cause of anaphylaxis, making up 26% of claims. Tree nuts, such as walnuts and pistachios, and seeds accounted for 18% of claims, followed by eggs, crustaceans, and dairy. About 33% of claims were due to unspecified or unknown foods.

The analysis also showed a greater increase in claims in rural areas than in cities. "The one thing that surprised me was the bigger change occurring in rural areas as opposed to urban areas," Dr. Sampson says.

The urban and rural area designations were based on the U.S. Census, says Robin Gelburd, president

FILM REVIEW

FUTURE TECH FOR LOVERS

BY JOHN ANDERSON

WHAT CREEPS OVER the viewer during the first segment of Michael Almereyda's "Marjorie Prime," based on the play by Jordan Harrison, is the incongruously flat, nuance-free look of the film. The visuals are, in a word, unromantic—which is the point, despite a sentimental context: an older woman named Marjorie (Lois Smith), sitting in the living room of a modernist seaside home, talking with her much-younger husband, Walter (Jon Hamm), who isn't her husband at all, but rather a computer-generated representation. Her husband was actually older than she. But she has chosen to summon him up at a time that suits her memory best—her memory, at least, the way she wants it to be.

The artificial intelligence explored in "Marjorie Prime," which was a 2015 finalist for the Pulitzer Prize for Drama, is the more sensational and overtly in-

stars Geena Davis and Tim Robbins, Marjorie's daughter and son-in-law. It is memory, and the nature of it, that puts the blood in Mr. Almereyda's sophisticated sci-fi. Memory is probably always selective, but when you get to choose its embodiment—of Walter, or of Marjorie herself—the selection process becomes something nearly gothic.

Much of the fun of "Marjorie Prime" is in figuring out where it's going, and where it's going to go. It would be shameful to reveal much more of the journey save to say that the people who make it do a splendid job. Davis and Ms. Smith give performances that are moving, and full of angles; Mr. Robbins is as good as he's ever been. Likewise Mr. Hamm, whose deliberate process of educating himself about Marjorie and the real Walter, even in the middle of his "character's" impersonation, maintains the critically inhuman quality in otherwise human story.

Mr. Anderson is a Journal TV critic.



OPINION

REVIEW & OUTLOOK

Texas Political Prosecution

Texas has a history of politicized prosecutions that attempt to destroy careers only to be thrown out of court. Think Tom DeLay and Rick Perry. The latest target is Texas Attorney General Ken Paxton, and on inspection the evidence and legal process against him so far look equally dubious.

Mr. Paxton was elected in 2014 on a wave of tea-party support after spending several years in the state legislature. As a lawmaker, Mr. Paxton ruffled the Republican establishment and challenged House Speaker Joe Straus. Mr. Paxton has also roiled Texas politics as AG, challenging the federal government on environmental and labor regulations and the state government on issues involving political speech.

(We recently criticized his grandstanding threat to sue the Trump Administration to deport adult immigrants who were brought to the U.S. as minors.)

In July 2015 Republicans convinced a state grand jury to indict Mr. Paxton on fraud charges, claiming that in private business he had failed to register as an investment adviser in the state when he referred some people to a tech company and was paid a commission. The indictment named GOP state lawmaker Byron Cook, a rival of Mr. Paxton, as a complainant.

But under the Texas State Securities Act Mr. Paxton was not required to register because he never acted as an adviser to Mr. Cook or the others. The relevant law explicitly exempts attorneys from the requirement if "performance of the services is solely incidental to the practice of the person's profession." The investment firm Mr. Paxton worked with was already registered with the SEC, which eliminates the requirement of agents to also register.

The indictment also claimed that Mr. Paxton had an affirmative duty to disclose he was *not* invested, but there is no such duty under state or federal law. When the U.S. Securities and Exchange Commission filed similar charges in federal court, federal judge Amos Mazzant dismissed the case.

In his October 2016 ruling, Judge Mazzant noted there was no evidence Mr. Paxton vio-

lated laws or engaged in illegal conduct. "The SEC is attempting to place square pegs in round holes," he wrote. Judge Mazzant ultimately dismissed the case "with prejudice," barring the SEC from refiling charges.

The state case has nonetheless marched on with political theatrics, including date swapping and venue

shopping by the prosecutors. The investigation into Mr. Paxton's actions was handled by the Texas Rangers, who don't routinely handle securities cases.

In documents presented to the grand jury that indicted Mr. Paxton, the prosecutors and Rangers claimed that Mr. Paxton referred investors to an investment adviser on July 18, 2012, rather than June 26, when the referral letter was actually sent. The change allowed the state to avoid the statute of limitations, which would have prevented an indictment on any actions before July 7, 2012. These documents are under seal but we have seen a copy.

The trial was scheduled to begin in May 2017 in Collin County, where Mr. Paxton lives and where the charges were brought. The prosecutors filed a petition with Judge George Gallagher to change venue because they claimed they could not get a fair trial. Judge Gallagher granted the petition, moving the trial halfway across Texas to more liberal Harris County around Houston.

That's highly unusual. A change of venue is typically sought by defendants who don't believe they can get a fair trial, but not to prosecutors. When the venue was changed, Mr. Paxton petitioned to have Judge Gallagher removed from the case, and a top state appeals court agreed in June. The latest judge is a newly elected Democrat who has never presided over any case, and who has set a trial date for Dec. 11.

Weaponizing the courts for political gain is a refuge of scoundrels and needs to be policed by the courts. Perhaps some new and shocking evidence will emerge to justify the legal assault on Mr. Paxton, but unless it does this looks like a trumped-up case intended to take down a politician who made himself unpopular with the grandees of the GOP establishment.

The Teamsters' Impunity

Federal prosecutors say members of Boston's Teamsters Local 25 demanded jobs at the "Top Chef" cable-TV show, and when they didn't get them, they showed up on set in June 2014 and threatened and roughed up the staffers. But last week a jury found the four Teamsters members not guilty of extortion, thanks to a legal loophole that lets unions get away with behavior that would likely land nonmembers behind bars.

At trial in federal court, several witnesses described the Teamsters' tactics. Host Padma Lakshmi testified that she was "petrified" after one of the Teamsters suggested he'd bash in her "pretty face," while location manager Derek Cunningham told the court he was so scared he slept with a kitchen knife under his bed. Teamsters were caught on camera taunting a crew member with racist slurs, while prosecutors noted that the tires were slashed on nine vehicles rented by "Top Chef." One delivery-truck driver said he received a bomb threat.

Remarkably, while the union members denied guilt, they didn't dispute that they'd behaved aggressively. Defense attorney Oscar Cruz told us that while some of the testimony was exaggerated, his client, Daniel Redmond, had engaged

in "typical picket-line conduct, which is often-times not very politically correct."

Instead, the defense relied largely on a 1973 Supreme Court decision that effectively creates an extortion carve-out for organized labor. *U.S. v. Enmons* established that union members could not be investigated or prosecuted under the Hobbs

Act as long as they are carrying out "legitimate union business." Since that ruling, several states have created their own organized-labor exemptions for behavior that might typically qualify as criminal.

The Freedom From Union Violence Act, which would have closed the loophole in federal law, has repeatedly failed to gain momentum in Congress, most recently stalling in 2015. That same year, in response to some egregious union intimidation in Philadelphia, the state of Pennsylvania passed legislation ending an exemption that shielded unions from prosecution for stalking, harassment and violent threats during labor disputes.

Massachusetts lawmakers should consider similar prohibitions. The Boston Herald reports that since the "Top Chef" fiasco, the number of reality-show tapings in the state have dropped precipitously. When unions can resort to mafia tactics with impunity, why risk it?

The Seattle Tax Fight

Washington is one of seven lucky U.S. states that don't have an income tax, and one reason is that its state law greatly limits the authority to introduce one. "A county, city, or city-county shall not levy a tax on net income," reads the statute.

Then again, when have progressive warriors let a little thing like legality stand in their way? Certainly not in Seattle, where the City Council last month passed 9-0 an ordinance imposing an income tax on high-income residents despite the black-letter law. Individuals in Seattle with incomes above \$250,000 and couples with more than \$500,000 will now pay a 2.25% tax.

To get around the language of state law, Seattle's solons claim that they passed a tax on "total income" as defined by the amount reported on line 15 of the IRS Form 1040A tax form or line 22 of IRS Form 1040. One problem: These lines from the federal tax forms in fact represent *net* income. That's because the amounts listed are after various deductions and exclusions, such as exempt interest or expenses.

In addition, the Washington state constitution says that "all taxes shall be uniform upon the same class of property." In 1933 Washington's state Supreme Court ruled that property included income, meaning a progressive tax is unconstitutional.

In light of the strong statutory and constitutional case against Seattle's new tax, a local think-tank known as the Freedom Foundation has sued the city as an "assault on the rule of

law." Not to mention the clear will of Washingtonians, who rejected a ballot measure for an income tax aimed at the wealthy as recently as

2010. The campaign was led by Bill Gates Sr. and was well funded by labor unions but lost 64%-36%.

Never mind. This latest tax-the-rich initiative comes courtesy of an outfit called

Trump Proof Seattle, a coalition of progressives and public unions. Its main idea, endorsed by Mayor Ed Murray, is that a new income tax targeting high earners advances the general progressive goal of "fairness" while the estimated \$140 million in new revenue it would raise would insulate the northwest city from any potential federal budget cuts (not that those are coming).

But this is about more than revenue for the city. The city councilors even welcome the litigation, because the larger goal here is opening a path to a statewide income tax. And the path becomes much easier if the state Supreme Court takes advantage of this litigation to reverse its 1933 ruling.

As the Freedom Foundation notes in its suit, there is no need for the court even to go to the constitution. Statutory law and the city charter make it abundantly clear that the Seattle City Council lacks the legal authority to impose such a tax, especially without a vote of the people. But as with so many progressive policies these days, the City Council and mayor are counting on the courts to override the voters and impose a manifestly illegal tax.

Bricks, Mortar—And Experiences

By Daniel Freedman

Retailers world-wide are cracking smiles. Amazon's \$13.7 billion acquisition of Whole Foods has flipped the script. Rather than wondering which retailer Amazon will put out of business next, analysts are starting to ask which retailer it will buy next.

Reports of the death of retail were greatly exaggerated. Turns out humans are human. They often want personal experiences when shopping. Now Amazon is betting that retail is still part of the future—but only part. Retailers need to pay attention to the terms and conditions.

Since online shopping arrived in the 1990s, tech futurists have been predicting brick-and-mortar retail's demise. In 2011 venture capitalist Marc Andreessen wrote on these pages that "software is eating the world," rendering many physical retailers unnecessary. He warned a year and a half later that "retail guys are going to go out of business and e-commerce will become the place everyone buys. You are not going to have a choice."

These critiques were reasonable at the time. In 2011 Borders, then America's second-largest bookstore chain, liquidated after failing to find any buyers. Amazon was the purported assassin. Household retail names such as Blockbuster and Radio City were "victims" of software and the internet.

Then, in 2015, Amazon opened a physical bookstore not far from its Seattle headquarters. The company now has eight, with another five on the way. Apple has built around 500 stores across the world. Some of the most successful e-commerce companies have been beefing up their offline presences: Warby Parker (eyewear), Bonobos (clothes), Casper (mattresses) and Peloton (fitness). Retail's supposed killers are betting quite a bit on brick-and-mortar stores.

These won't be your grandfather's general store, though. Brands like Amazon and Apple see the future of retail as less of a traditional transactional interaction and more of an experience. It's curated, much like museum exhibits. Customers are going there to learn and interact with others.

The future of retail will be filled with more Disney-park experiences. Between an app and a digital wristband, you'll be able to pay, skip lines and make reservations. The unpleasant parts of in-person shopping—for instance, waiting in line to pay—are on

their way out. Technology will adapt what you see to your preferences. People with allergies will use personal screens that will guide them to see only what they can eat.

Online shopping will continue to grow—especially for items people would rather not waste time buying in person, like tissues or car parts. The internet makes it possible to experience events people prefer to see up-close but can't attend, such as concerts or sporting events.

But physically going to a site remains many Americans' first choice. People cherish being able to touch and choose groceries or seeing their favorite team up close.

From the Apple Store to Whole Foods, a new twist on old-fashioned retailing

Some entrepreneurs, such as Elon Musk, have focused on finding the most efficient ways to take people places: locally with Tesla's electric cars, between cities with Hyperloop, and beyond Earth with SpaceX. Mr. Musk doesn't seem particularly interested in giving consumers experiences they can enjoy while sitting on the couch.

Perhaps the greatest proof of the value of in-person interactions comes from venture capitalists. They're still largely clustered in one location, Silicon Valley. Most prefer to invest in local companies. At worst, they might settle for a city with direct flights to San Francisco. Ask them why and they'll tell you it's because they like to keep up with founders and teams face-to-face. Video technology, virtual reality and augmented reality haven't changed that.

I had an eye-opening experience last year, and it inspired me to bet my new company on the symbiotic relationship of the online and offline worlds. A company planning to build stadiums where people could watch top videogame players sought to recruit me. This took me by surprise. People can already watch and comment on others playing online. Yet this company thinks the future of gaming will involve in-person human experiences. People want to be spectators, not viewers. And in the company's stadium plans, there are lots of space for retail stores.

Mr. Freedman is a co-founder of BurnAlong, an online fitness and wellness video platform.

LETTERS TO THE EDITOR

Mixed Reviews for Damore, Former Googler

Despite James Damore's whining, he has nothing to complain about ("Why I Was Fired By Google," Review, Aug. 14). One can and sometimes should disagree with an employer's policy. And an employer can and should fire an employee for misconduct. Mr. Damore claims he was fired for disagreeing, when he was in fact fired for his stereotyping of women. His most dishonest claim is that his views were suppressed. Can you call it suppression when his 10-page letter was freely circulated at the company? It wasn't removed, and he wasn't forced to delete it.

Mr. Damore calls for a rational debate on policy but responds with whining when his shameful views are exposed.

SCOTT WILLIAMS
Mountain View, Calif.

How precious of the young Mr. Damore that he has enough years and breadth of experience in engineering to declare that men are generally better suited to technical and leadership roles than women. I don't disagree that there are probably biological or neurological differences that account

in part for why there are more women in some professions and more men in others. But fewer women in engineering doesn't mean that women are less suited to it than men.

If Mr. Damore believes that women may be hindered in the engineering profession by their gender, he may be less likely to hire a woman engineer and less likely to promote a woman to a more technical role that demands skills he deems more suited to men. Maybe that's why Google fired him.

Emphasis on gender in hiring decisions may or may not be a successful corporate strategy at Google or any other organization. Ideally, hiring should be gender neutral. Someday the pendulum may come to rest there, but when a young man makes gender-based generalizations, as Mr. Damore did, to argue against gender-based preferences, then we've been progressing in the wrong direction.

By the way, I've been coding longer than Mr. Damore has been alive. For me, it is a creative outlet for my "artistic" side.

ANN DEFARNO
Superior, Colo.

Critical Thinking Can Thrive Under Any Muse

Regarding Allen Guelzo's "College Is Trade School for the Elite" (op-ed, Aug. 8): The unfortunate truth is that for many students today college has become a remedial high school. That several states now include two years of community college in their system of free education confirms this. There was a time when high-school graduates were sufficiently educated to become good, effective citizens—knowledgeable of their nation's history and values, capable of thinking critically and adequately skilled to work productively. College was "elective," an option to pursue truly higher education, especially the arts and humanities, or to prepare for professional training in law, medicine, education, etc. An undergraduate college degree is no more valuable than the last generation's high-school diploma.

STANLEY SPATZ
Hollywood, Fla.

The claim that "independence of thought, breadth of knowledge and understanding" are restricted to the humanities cannot be supported. Deriding the STEM disciplines looks

past the requirement of analytical skills, the process of extending knowledge by hypothesis-driven experimentation to provide an observational basis on which the validity of a proposed advancement of understanding is tested, along with the predictive value of such advances. These characteristics belie the claims of Mr. Guelzo. Is there a vocational thread within college education? Of course there is.

I'm a graduate of a small liberal arts college, and a STEM major (with a philosophy minor). I think to deride higher education because there is preparation for what happens after the degree is earned is a criticism misplaced.

JAN CHLEBOWSKI
Richmond, Va.

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OPINION

Playing Chicken With China

By Graham T. Allison

President Trump appears desperate, erratic and even irrational as he struggles to stop North Korea from developing nuclear weapons capable of reaching the U.S. mainland. If the president is to be believed, he stands ready to run any risk, pay any price and do whatever necessary to keep the U.S. safe. This includes launching a pre-emptive attack that risks dragging America and China into a second Korean War. To understand the method in what looks like madness, recall the Cold War strategy known as "nuclear chicken."

Trump's North Korea brinkmanship may seem scary, but it's not unusual.

A game played by thrill-seeking teenagers in the 1950s captures the strategy's essence. A pair of daredevils would each put the left wheel of his car on the centerline of the road. From opposite directions, they then drove toward each other at full speed. The one who swerved first was the chicken; the other got the girl—at least in the movies. If neither swerved, the cars collided and both drivers died.

In the current version of this contest, North Korea's Kim Jong Un has

straddled the centerline and is driving straight at Mr. Trump. The president responded by revving up America's military machine. He is now heading toward a collision with his North Korean counterpart. This has led many to call Mr. Trump irresponsible, but a version of his strategy successfully deterred the Soviet Union during the Cold War.

When Moscow was thought to have 100 divisions of troops poised to invade and capture Europe, the U.S. threatened to respond with tactical nuclear weapons against any invading Soviet tanks. American leaders made the warning knowing that the Soviet Union would likely respond in kind, and that the war could rapidly escalate to strategic nuclear weapons destroying American cities.

In 1962 the U.S. discovered that the Soviets had brought nuclear-tipped missiles to Cuba, sparking the Cuban Missile Crisis. How did President John F. Kennedy convince Soviet leader Nikita Khrushchev to withdraw the missiles? He threatened to order airstrikes to destroy them, even though the president and his advisers knew this threat increased the chance of nuclear war. As Kennedy told his brother Robert at the height of the crisis, he believed the chances of nuclear war were "between 1 in 3 and even."

President Richard Nixon described his version of this brinkmanship as a "madman theory." As his secretary of



ASSOCIATED PRESS

Donald Trump is betting Pyongyang will bend if he gets Beijing to blink.

state, Henry Kissinger, explained in 1972 to counterparts at the Defense Department, the president's goal was to "push so many chips into the pot" that the other side would think he might be "crazy." Nixon's chief of staff, H.R. Haldeman, recalled in his diary that Nixon said: "I want the North Vietnamese to believe that I've reached the point where I might do anything to stop the war." For Nixon, the key to this "madness" was not unpredictability, but convincing his adversaries that he was predictably willing to take greater risks than they were.

If Kim Jong Un is driving North Korea's hot rod toward Mr. Trump,

why have the president and his national-security team chosen to play chicken with China's Xi Jinping? Because they recognize that the Chinese are stuck in the back seat of Mr. Kim's car. If Mr. Xi wants to, he can take the wheel from the reckless young leader.

The Trump team knows that successive U.S. presidents have confronted North Korea—and blinked. From President Clinton's threat to attack North Korea over its development of nuclear weapons in 1994 to President Obama's demands that the country give up its nuclear arsenal, Republican and Democratic adminis-

trations have discovered that attempting to appear crazier than a North Korean leader is hard work.

China provides 90% of the oil that North Korea's military and factories depend on, as well as the fuel that allows members of the regime to visit their vacation homes. In 2003, when China interrupted the flow of oil for less than 72 hours, Kim Jong Il immediately snapped to attention.

Between now and November, when Mr. Xi is scheduled to win his second five-year term in office, China's overriding objective is not to rock the boat. A conflict on the Korean Peninsula that leads to hundreds of thousands of refugees flooding into China—or worse, war with the U.S.—would threaten not only China's national security but also Mr. Xi's dominance of the Chinese political system.

To persuade China to squeeze North Korea's oil lifeline, Mr. Trump must convince Beijing that he's willing to order the unthinkable. Will he actually bomb North Korean missile sites and risk restarting the Korean War? No one, perhaps not even the president, can be sure. But unless Mr. Xi concludes the odds of such an outcome are too high for him to ignore, he is unlikely to rein in his North Korean ally.

Mr. Allison, a professor of government at Harvard, is the author of "Destined for War: Can America and China Escape Thucydides's Trap?" (Houghton Mifflin Harcourt, 2017).

Japan's Dangerous Embrace of Medicine Rationing

By Kenneth E. Thorpe

Kyoto University, one of the top research universities in Japan, will soon begin testing a revolutionary new drug. Scientists have engineered a special kind of stem cell to combat fibrodysplasia ossificans progressiva, a rare condition that slowly replaces muscle tissue with bone and can lead to paralysis.

Such innovation has become an existential necessity for Japan. The country's population is aging rapidly, driving up health-care costs at an unsustainable rate. The Japanese people need new and better drugs. Yet, in hopes of limiting short-term health spending, Tokyo may soon impose price controls that will deny patients access to the best medicines.

Rationing won't solve the nation's impending health-care crisis. Japan can only reduce its long-term health spending by encouraging the development of cost-saving cures.

Health-care costs in Japan are rising due to demographics, not drug

prices. Some 27% of Japan's population is older than 65, compared to 15% of the U.S. population.

Meanwhile, Japan's birthrate, which has been stuck below replacement levels for years, continues to fall. Total annual births dropped below one million last year for the first time on record. People 80 and older form the fastest growing demographic group in the whole country.

Elderly people suffer higher rates of costly chronic diseases. Seven million Japanese have diabetes, and the cost of care for the average patient is about \$3,600. Dementia costs Japan roughly \$130 billion annually.

These bills will only grow. Japan will spend nearly \$6 trillion between 2010 and 2030 to treat noncommunicable diseases such as cancer, cardiovascular disease and respiratory ailments, according to a new study from the National Bureau of Economic Research.

There aren't enough young, healthy workers to pay into the health system to cover those costs. So to lower

spending, Japan wants to cut patients' use of expensive therapies.

Tokyo currently determines the prices for all drugs sold through the national insurance program. It re-

A short-sighted attempt at price controls risks stifling innovation and increasing long-term spending.

evaluates, and generally reduces, prices every two years. This results in an average price cut of 6% to 8%.

As part of a new reform effort, the Japanese government is set to clamp down on prices even more. The government is considering the introduction of a "Health Technology Assessment," which would score medicines based on how much they extend patients' lives. It would then use these HTA scores to refuse to cover or significantly limit access to medicines

deemed insufficiently cost-effective.

That would be a disaster for Japanese patients. The proposed HTA program would be similar to one run by the National Institute for Health and Care Excellence (NICE), an arm of Britain's single-payer health system. NICE routinely denies British patients' access to the life-saving treatments that Japanese patients freely access.

For instance, thousands of British patients suffering from hepatitis C have been denied new, highly effective treatments. Most patients can't afford to pay out of pocket, so they've gone without and gotten sicker. Likewise, many British cancer patients can't get access to lifesaving therapies.

NICE rations about one in every five drugs, leading to immense patient suffering, disease and death. If Tokyo adopts the HTA program, it would import that carnage to Japan.

The program also would discourage innovation. Drug researchers almost never experience eureka moments that lead to major breakthroughs. A typical new drug for, say, late-stage breast

cancer, isn't a cure. It's an improvement over existing treatments that adds months, maybe a year, to the life span of the average patient.

These stepping-stone treatments advance scientific understanding and improve patient outcomes over time. By cutting reimbursements for such treatments, the HTA would make it harder to one day wipe out cancer, dementia and other age-related diseases.

These short-sighted price-control measures will result in higher long-term health spending as patients lose out on treatments that prevent costly hospitalizations and nursing-home stays. If Japan's leaders want to reduce health-care costs, they need to encourage more medical innovation and develop policies that address noncommunicable diseases, the main driver of rising health-care spending. Other reforms simply won't work.

Mr. Thorpe is a professor of health policy at Emory University and chairman of the Partnership to Fight Chronic Disease.

Hezbollah Is Running Rings Around U.N. Monitors in Lebanon

By Danny Danon

Over the past year, I have given dozens of United Nations ambassadors tours of Israel's border with Lebanon. During a recent visit with my American counterpart, Nikki Haley, Israel Defense Forces officers identified Hezbollah positions along our northern border. Our guests appropriately asked where the U.N. Interim Force in Lebanon was, and why nothing was being done to stop Hezbollah terrorists from blatantly violating numerous Security Council resolutions.

Our answer was simple. The Unifil force is there, but they aren't effectively fulfilling their mandate. The good news is that when Unifil's mandate comes before the Security Council later this month, there are practical steps that can be taken to ensure that this important U.N. force succeeds and another conflict with Hezbollah is avoided.

Unifil was established in 1978 with the goal of restoring "international peace and security" and assisting the Lebanese government in extending its authority over southern Lebanon. The force was altered in 1982 after the First Lebanon War and again in 2000 when Israel completed its withdrawal from Lebanese territory.

In August 2006, following the Second Lebanon War and the subsequent Security Council Resolution 1701, Unifil's mandate expanded to include monitoring the cease-fire. Most importantly, Unifil was charged with ensuring that the territory south of the Litani River remained free of weapons and fighters other than the Lebanese army.

Unfortunately, these efforts have failed. Over the past year alone, we have shared with the Security Council new information detailing how border towns have become Hezbollah strongholds. One out of three buildings in the village of Shaqra is now being used to store arms or launch attacks on Israel.

We also shared with the council intelligence revealing how the Iranians use civilian airlines to smuggle dangerous arms into southern Lebanon. When the Second Lebanon War ended, Hezbollah had around 7,000 rockets. Today, they have more than 100,000.

Hezbollah is lately stepping up its efforts to destabilize the region. In April its fighters posed for pictures with rocket-propelled-grenade launchers during a media "tour" of their positions along Israel's border. Unifil forces did nothing to halt this live, televised violation of Security Council resolutions.

In June, Israel reported to the U.N. that Hezbollah has established a series of border outposts under the guise of an agricultural organization called Green Without Borders. Our intelligence services have determined that these positions are used regularly for reconnaissance operations against Israel. In this instance too, Unifil insisted on turning a blind eye, claiming that it lacked authority to investigate.

To rectify this situation, and avoid a new conflict, the Security Council must make real changes to Unifil's mandate. In addition to generally improving Unifil's performance, the council should insist on three vital steps.

First, Unifil must increase its presence in the territory. This includes meticulously inspecting the towns and villages of southern Lebanon. Hezbollah strongholds, like the one in Shaqra, must be dismantled, and other villages must be kept free

of rockets and weapons aimed at Israeli population centers.

Second, Unifil must report all violations of Resolution 1701. The Security Council shouldn't hear about

The Security Council should expand the force's mandate—and make sure it does its job.

them from us, and definitely not from the media. It is vital that Unifil report on these violations in real time to ensure that the members of the council can take appropriate measures.

Third, the Unifil forces must insist on unlimited access to all suspicious installations under their mandate. As a report by the U.N. secretary-general recently noted,

Unifil is regularly obstructed in southern Lebanon. Excuses regarding the activities of nongovernmental organizations or other Hezbollah front groups should not be tolerated.

Israel has been, and always will be, ready to defend its citizens. At the same time, no one wants Unifil to succeed more than Israel does. With Hamas rearming in Gaza and Islamic State increasing its strength along our frontier with Syria, we seek calm and stability on our northern border. To achieve this, the Security Council must step up its efforts to ensure that Unifil's renewed mandate fulfills the goals outlined above.

Failing to do so will call into question the efficacy of this U.N. peace-keeping force and endanger the lives of innocent Israelis and Lebanese.

Mr. Danon is Israel's ambassador to the U.N.

Even in Sunlight, Nature Is Spectacular

By Danny Heitman

Now that thousands of Americans have taken in the spectacle of Monday's solar eclipse, they'd do well to follow the example of Annie Dillard.

On Feb. 26, 1979, Ms. Dillard was near Yakima, Wash., as an eclipse darkened a sliver of the planet. She was already famous by that time for "Pilgrim at Tinker Creek," a Pulitzer Prize-winning book about her walks in the woods, fields, creeks and mountains around Roanoke, Va. Now she would use the same lyrical prose to describe the dance between the sun and the moon.

"At once this disk of sky slid over the sun like a lid," Ms. Dillard wrote in "Total Eclipse," an essay published in 1982. "The sky snapped over the sun like a lens cover. The hatch in the sun slammed."

Ms. Dillard's account is mythic and memorable. But what's really striking about the essay, which has received renewed attention this month, is what Ms. Dillard notices in the surrounding landscape, both before and after her world goes dark.

The eclipse, as it turns out, isn't the only or even the most impressive vision of the day. Beyond a hill, Ms. Dillard spots Yakima Valley, a view available all the time, regardless of celestial movements: "Through the valley wandered a thin, shining river, and from the river extended fine, frozen irrigation ditches. Distance blurred and blued the sight, so that the whole valley looked like a thickness or sediment at the bottom of the sky."

As the media coverage of Monday's eclipse made clear, popular culture conditions us to think of nature as a series of cinematic blockbusters: the Northern Lights, the 100-year comet, the once-in-a-lifetime chance to see the sun vanish in the middle of the day.

But seeing nature as a kind of amusement arcade, worthy of note only when it dazzles, blinds us to the basic wonder of the land, sea and sky on any given day.

In 1956, E.B. White suggested that in a more enlightened world, the arrival of migratory birds would be covered as closely by the newspaper as the comings and goings of commerce.

No doubt President Theodore Roosevelt, a generation before White,

would have agreed. As historian Douglas Brinkley notes in "The Wilderness Warrior," Roosevelt once charged into a cabinet meeting with such urgency that his department secretaries knew something truly momentous had occurred. The president's news: "Just now I saw a chestnut-sided warbler—and this is only February!"

That kind of unguarded exuberance may come easily for a naturalist, but anyone can learn it with practice. It's a matter of reading not only the headlines of creation but also the fine print: a summer tomato, a winter's first snow, a billowing cloud in a Michelangelo sky.

I was in Tennessee on Monday, joining many others to witness the day darken long before dusk. But the real trick will be to connect with nature after the news crews have moved on. As Ms. Dillard wrote, "beauty and grace are performed whether or not we will or sense them. The least we can do is try to be there."

Mr. Heitman, a columnist for the Advocate newspaper in Louisiana, is the author of "A Summer of Birds: John James Audubon at Oakley House."

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LIFE & ARTS

JERRY LEWIS: AN APPRECIATION

A Committed Comedian

When Jerry Lewis was at the peak of his powers, he was too much for some people, but his vast influence is undeniable

BY DON STEINBERG

EVEN AT HIS BEST, Jerry Lewis was like a sour pickle, not to everyone's taste. Some giggle just thinking about Mr. Lewis playing Julius Kelp and Buddy Love in "The Nutty Professor." Others want to run and hide. Few artists have had their genius so disputed.

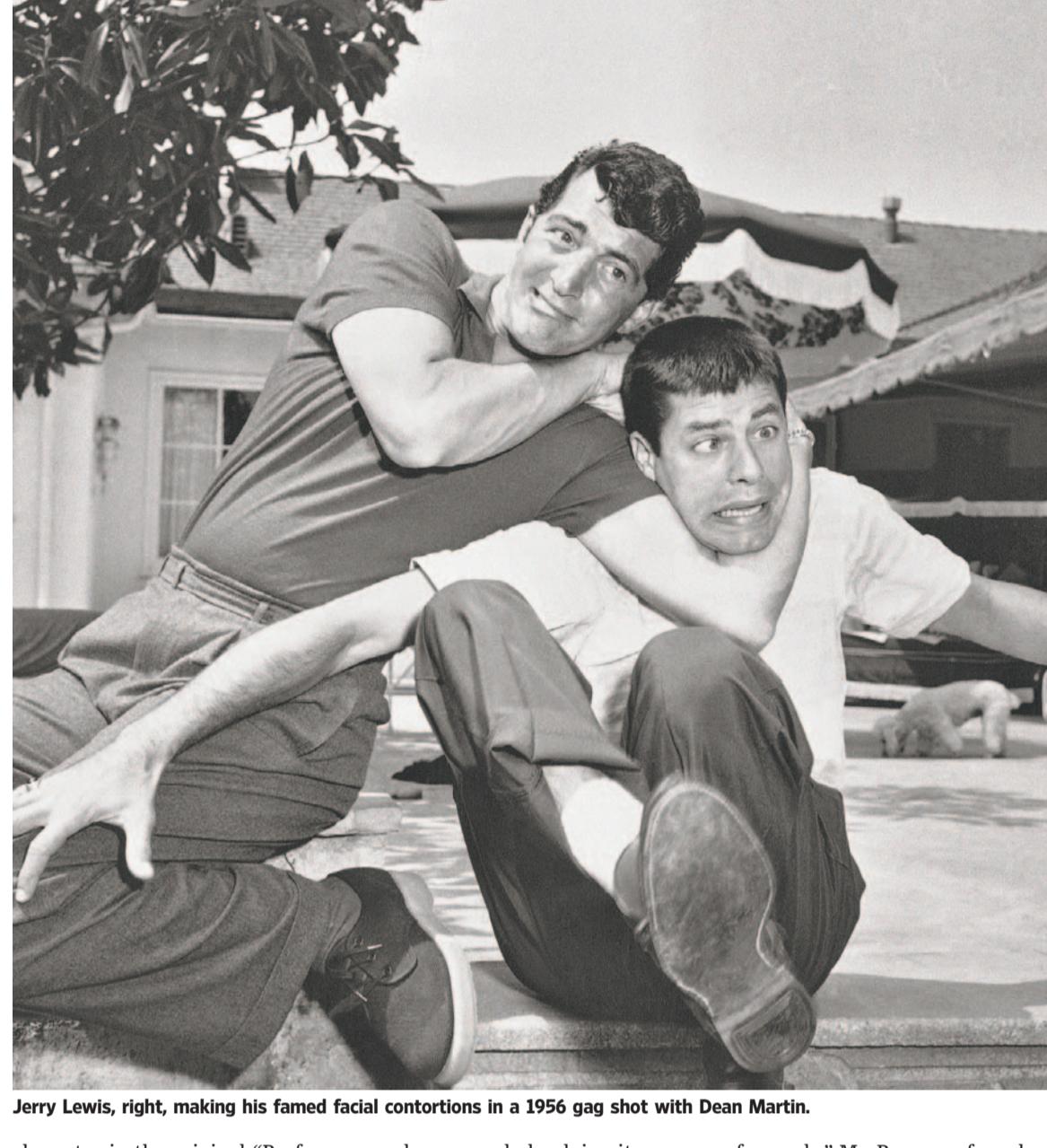
Cartoonist Al Capp wrote a nasty opinion piece about "The Ladies Man" in the Los Angeles Mirror claiming to have walked out of the movie, "not simply because I was bored. It was something more painful: I felt it had been somehow indecent of me to peek at a grown man making an embarrassing, unentertaining fool of himself."

But in the wake of his death, his mark on comedy and filmmaking is hard to dispute.

"I think if you don't get Jerry Lewis, you don't really understand comedy. Because he is the essence of it," Jerry Seinfeld said in "Method to the Madness of Jerry Lewis," a 2011 documentary.

It's tempting to underestimate Mr. Lewis, to dismiss the impact that the sputtering slapstick doofus had on modern entertainment. There are too many pretexts for writing off his game-changing influence, phases of an 80-odd-year career that painted over the brilliance of his prime. There were decades as a maudlin TV telethon host, his repeated, unforgivable insistence that female comedians could never be funny.

Yet his influence extends beyond the comedians most obviously indebted to Mr. Lewis's antic style: Robin Williams, Jim Carrey, Adam Sandler, Eddie Murphy, who played "The Nutty Professor" in a 1996 remake and 2000 sequel that Mr. Lewis produced. "The Simpsons" built a regular character, Professor Frink, around the dweeby main



ASSOCIATED PRESS

Jerry Lewis, right, making his famed facial contortions in a 1956 gag shot with Dean Martin.

character in the original "Professor." Mr. Lewis was humorously lip-syncing other people's records on stage decades before Andy Kaufman supposedly changed

modern comedy by doing it. On a 1966 talk show, a young Richard Pryor told Mr. Lewis what an influence he was. "I love you tremendously and you're the god

of comedy," Mr. Pryor confessed. Woody Allen decided to direct his own films only after Mr. Lewis declined the request to direct Mr. Allen's 1969 comedy "Take the

Money and Run."

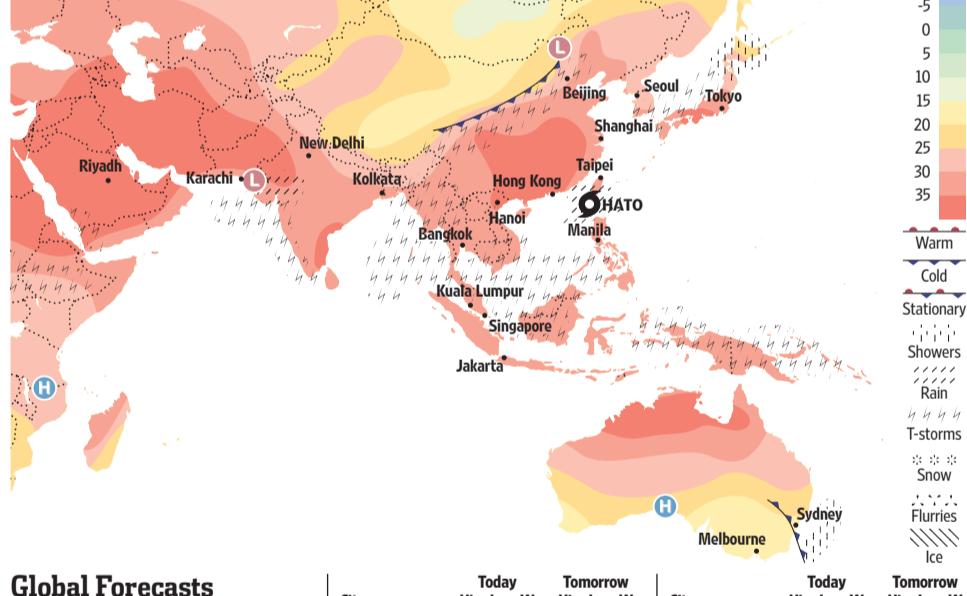
As a filmmaker, he became known for his obsessive attention to detail and ambition. Paramount Pictures gave him a \$10 million contract in 1959, when he was 33, allowing him to write, direct and produce his own films. He'd already spent more than a decade talking to wardrobe designers, cinematographers and everyone else who worked on the movies he made with Dean Martin to learn the craft. Mr. Lewis is credited with inventing the technology of "video assist"—using video cameras to watch what was being filmed in real-time, during his production of "The Bellboy" in 1960.

For the set of his 1961 film "The Ladies Man," he designed a four-story doll house with 42 rooms, a half-million-dollar work of midcentury-modern art. For a scene in "The Patsy" where he clumsily knocked over vases and hilariously caught them, he practiced the moves for three weeks, breaking hundreds of vases.

As with many relentless hams, he had a work ethic that seemed to be about attention and approval. Biographer Shawn Levy wrote that an old show-business joke was revived to explain Mr. Lewis's need to perform: "When Jerry Lewis opens the refrigerator and the light goes on, he does 20 minutes." French actress Corinne Calvet, who co-starred with Mr. Martin and Mr. Lewis in two early 1950s films, wrote in her 1983 memoir: "He seemed afraid of silence, compelled to fill the empty spaces. I was sensitive to his great anxiety, his wanting to be liked by everyone."

He never won everyone over. But his impact on today's entertainment is as deep as his character were goofy. Said the comedian Richard Lewis (no relation), "He spoke this language that even probably wildlife would laugh at."

Weather

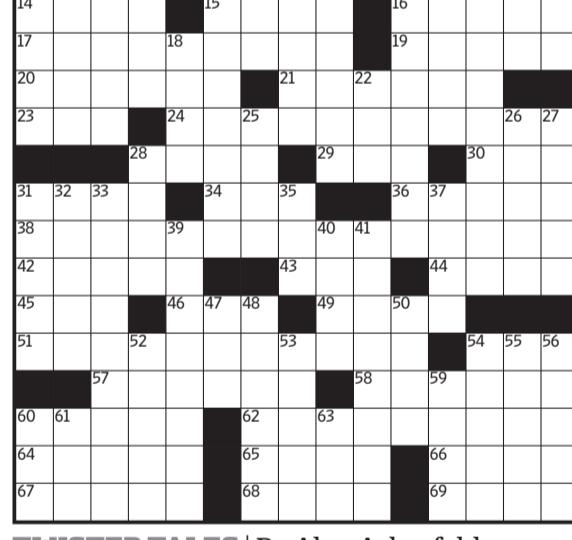


Global Forecasts

s...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

City	Today			Tomorrow		
	Hi	Lo	W	Hi	Lo	W
Amsterdam	23	14	pc	27	15	pc
Anchorage	17	11	pc	15	11	sh
Athens	30	22	s	30	22	s
Atlanta	33	24	pc	33	22	t
Bahrain	46	30	s	44	28	s
Baltimore	34	23	pc	28	17	t
Bangkok	33	26	t	34	26	t
Beijing	27	22	r	29	21	r
Berlin	18	9	pc	21	12	pc
Bogota	20	7	c	20	8	pc
Boise	35	20	s	34	19	pc
Boston	30	22	s	27	17	t
Brussels	24	15	pc	28	14	pc
Buenos Aires	19	14	pc	22	14	c
Cairo	35	24	s	36	24	s
Calgary	27	11	s	30	13	s
Caracas	31	25	pc	32	25	pc
Charlotte	34	22	pc	34	20	t
Chicago	26	15	t	25	15	s
Dallas	36	25	s	33	24	t
Denver	30	15	pc	31	14	c
Detroit	28	14	t	25	13	pc
Dubai	43	33	s	41	31	s
Dublin	20	12	c	19	12	c
Edinburgh	20	14	sh	20	11	sh
Frankfurt	24	12	pc	26	16	pc

The WSJ Daily Crossword | Edited by Mike Shenk



TWISTED TALES | By Alan Arbesfeld

Across

- 1 Big do
5 Ring event
9 Frees of rind
14 Spotted
15 Roughly
16 Completely overrun
17 Paint color with a lot of gray in it
19 Politico Pelosi
20 Parcels out
21 Old game consoles
23 Thanksgiving staple
24 Company that introduced the electric Roadster in 2008

28 Boss of a fashion company
29 4.0 at a univ., e.g.
30 Word, in French
31 Jazz singer Laine
34 Bird with a booming call
36 Cumin or cardamom
38 Feature of the easiest path
42 Bewildered
43 Rolls-Royce's parent company
44 Frankenstein's aide
45 Pose for a portraitist

46 Reel-to-reel speed measure: Abbr.
49 Went quickly, in olden days
51 Get closer to home, in a way
54 Relaxation destination
57 Saskatchewan's capital
58 It needs frequent changing
60 Puccini creation
62 Tie on a board
64 On the up-and-up
65 End for disk or towel
66 Azerbaijani neighbor

67 "Shucks!"
68 Not natural
69 Ward of Hollywood
Down

- 1 Test for purity
2 Guy
3 Domain
4 Aware of
5 "Night Moves" singer
6 Magic, on scoreboards
7 Conventional
8 Morgue ID
9 Move from stovetop to oven
10 Lie ahead
11 Putting up money with expectation of a return?

12 Key near the tilde
13 Reserved
18 Shakespearean rebuke
22 Concert blaster
25 A few
26 Celebrity chef DiSpirito
27 Take the helm

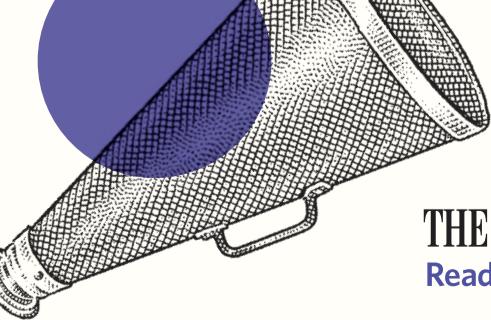
28 It may wind up in the garden
31 Elegance
32 The Beatles' ___ Be"
33 Hidden feature in a computer game or DVD
35 Thumb drive interface
37 Settled up
39 Party in the parking lot
40 Texter's "It seems to me..."
41 Took in, in a way
47 Penultimate Greek letter
48 Had a hunch
50 Singer Brickell
52 Nest on a cliff
53 Slyly malicious
54 Pickup in an alley
55 Potpourri piece

56 Thunderdome, e.g.
59 Author Kingsley or Martin
60 Suffix that may indicate bribery
61 Church perch
63 Took in, in a way

Previous Puzzle's Solution

T	S	A	C	I	R	C	A	D	U	D	E	E	S
N	N	U	S	E	R	U	M	A	M	I	I	I	I
R	I	G	H	O	O	K	S	A	R	A	N	N	N
P	L	U	S	O	M	I	E	N	I	N	N	N	N
O	P	L	U	S	O	M	I	E	N	N	N	N	N

► Solve this puzzle online and discuss it at WSJ.com/Puzzles.



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BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Tuesday, August 22, 2017 | B1

Yen vs. Dollar 108.9080 ▼ 0.28% Hang Seng 27154.68 ▲ 0.40%

Gold 1290.20 ▲ 0.35%

WTI crude 47.54 ▼ 2.00%

10-Year JGB yield 0.036%

10-Year Treasury yield 2.190%

Baidu to Sell Food-Delivery Unit

Buyer of the takeout business is said to be Ele.me, a competitor backed by Alibaba

BY ALYSSA ABKOWITZ
AND JULIE STEINBERG

Baidu Inc. is selling its takeout delivery business to Ele.me, a rival backed by Alibaba Group Holding Ltd., according to people familiar with the situation.

The cash-and-stock deal, expected to be announced later this week, will allow the Chinese search-engine giant to stop sinking money into a costly business that hasn't paid off, according to people familiar with the sale.

Ele.me is valued at \$5.5 bil-

lion to \$6 billion after its latest investment round led by Alibaba and its financial affiliate, Ant Financial. As of last year, Baidu's takeout business, called Waimai, was valued at \$2.5 billion.

The people familiar with the sale didn't give details on a purchase amount. Alibaba and Ant are helping fund the acquisition, one of the people said.

Waimai shareholders will hold a minority stake in the combined entity as a result of the deal, that person said.

The sale is part of a larger refocus for Baidu, which is prioritizing artificial intelligence as its growth driver. In recent months, the search firm has consolidated business units and focused on two AI products, a voice-interaction system called DuerOS and an au-

tonomous-driving open source platform called Apollo.

The deal also signals a defeat in Baidu's attempt to compete in China's fierce online-to-offline, or O2O, market. In 2015, the company an-

The deal comes as the Chinese search engine shifts toward artificial intelligence for growth.

nounced it would spend \$3.2 billion over the next three years on certain on-demand services such as takeout delivery and group buying. At the time, Chief Executive Robin Li said the company thought "in

the age of mobile, search can function as a tool for connecting people with services."

But such services proved to be much more competitive and expensive than Baidu had expected, as Alibaba and Tencent Holdings Ltd. also jockeyed for positions as market leaders in O2O services. To drum up market share, Baidu and its food-delivery competitors have paid subsidies and offered promotions, causing them to burn through cash.

Food delivery is one of the biggest battlegrounds between Alibaba and Tencent, which has backed Meituan-Dianping, an on-demand delivery site. The tech companies are relying on the online-to-offline service to help them gain new users of their lucrative online

payment systems.

Last week, Tencent President Martin Lau said on a conference call with analysts that Meituan-Dianping helps Tencent generate a multitude of transactions. "We are able to have direct coverage...of most of the restaurants in China," Mr. Lau said of the partnership.

Baidu was still touting its delivery business this spring, saying it was improving its operational efficiency and on a "visible path to sustainability and profitability," according to Chief Financial Officer Jennifer Li.

More recently, though, Mr. Li and others have played down Baidu's O2O services, and there was no discussion of the business during the company's earnings call last month.



Total will pay \$4.95 billion in shares. A Maersk rig last year.

MATTHEW LLOYD/BLOOMBERG NEWS

Total to Acquire Maersk's Oil Unit

BY SARAH KENT
AND COSTAS PARIS

Total SA has agreed to acquire Danish conglomerate A.P. Moeller-Maersk A/S's oil unit for \$4.95 billion, signaling a renewed appetite for deals in the global oil-and-gas industry.

The deal will help the French energy giant bolster its position among the world's largest oil companies, potentially boosting its earnings and cash flow and shoring up its ability to pay dividends.

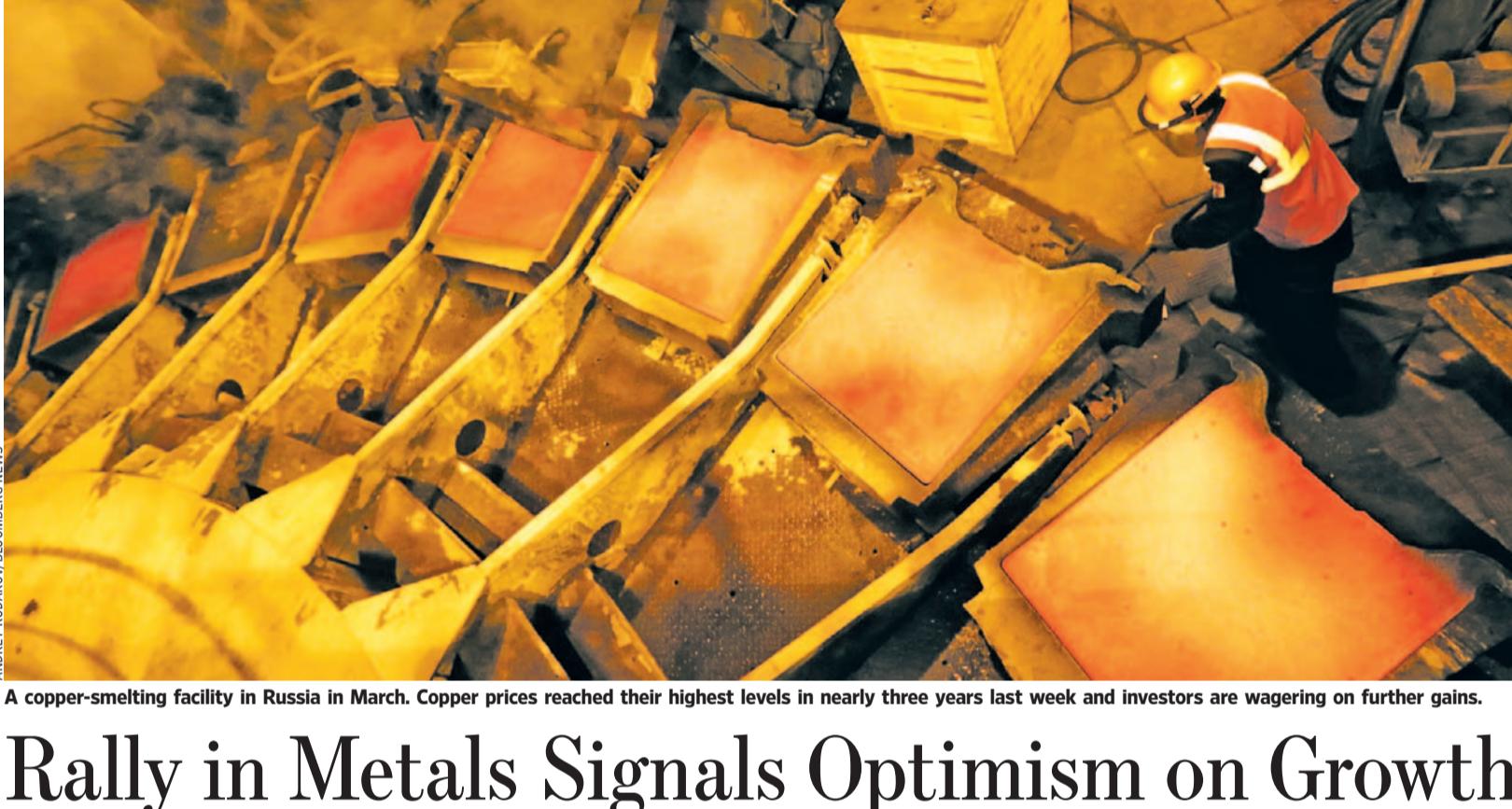
By 2019, Total now says its production will reach 3 million barrels a day of oil and gas—a level achieved by only a handful of private companies including Exxon Mobil Corp. and Royal Dutch Shell PLC. Total currently produces around 2.5 million barrels a day.

For Maersk, among the world's largest shipping companies, the deal streamlines its business as it grapples with historic downturns in both the shipping and oil industries.

It is the first sale for Maersk after it announced plans to break up the company last September. It is also looking to sell or list other units, such as Maersk Drilling, which operates oil and gas rigs mainly in the North Sea, and Maersk Tankers, which moves oil and oil products on a fleet of 158 vessels.

Maersk is trying to reshape itself into a global supply-chain player like United Parcel Service Inc. and FedEx Corp. The plan involves moving more ships through its port operations, APM Terminals, and more cargo inland through Damco, its supply-management division handling airfreight, trucks and warehouses.

"We are investing in our core business" of shipping, Maersk Group Chief Executive Soren Skou said. The sale to Please see MAERSK page B2



A copper-smelting facility in Russia in March. Copper prices reached their highest levels in nearly three years last week and investors are wagering on further gains.

Rally in Metals Signals Optimism on Growth

BY IRA IOSEBASHVILI
AND AMRITH RAMKUMAR

period of lackluster performance. Many investors are also betting that reduced supplies and a selloff in the dollar will continue boosting prices, which had fallen in recent years alongside other commodities as new producers saturated markets.

The recovery in copper and some other base metals "has really only just begun," said Christopher LaFemina, an analyst at Jefferies. "There's much more to go."

Global investors view demand for base metals as an important gauge of economic health, as they are the building blocks of construction and used to make everything from airplanes to smartphones. A continued rise in metals prices could help push up inflation in the U.S. and abroad, giving central banks a freer hand to raise rates or taper the massive monetary policy programs they have employed to kick-

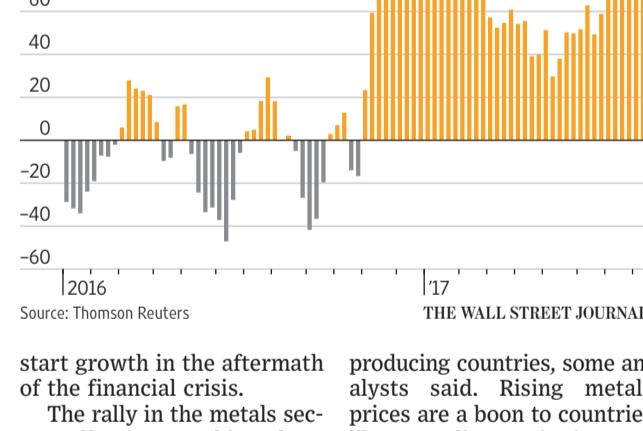
Bullish investors are pushing the prices of copper, aluminum and other industrial metals to multiyear highs, betting that recent signs of resurgent global growth and falling supplies will stoke demand for raw materials.

Prices for copper hit their highest level in nearly three years last week, and zinc reached its highest price in a decade. Aluminum has climbed to three-year peaks and iron ore has rallied nearly 35% since the end of May. Shares of miners also have soared, with the MSCI World Metals & Mining Index up roughly 13% during that span.

Driving the gains are expectations that this year's nascent rebound in global growth will continue, with major economies around the world shifting into higher gear after a long

Copper Top

Net bets on higher copper prices have hit record levels.



start growth in the aftermath of the financial crisis.

The rally in the metals sector affects everything from currencies in developing markets to debt from commodity-

nickel and copper, respectively.

The Australian dollar has risen almost 7% against the U.S. dollar since the end of May, while the Chilean peso is up roughly 4%. The iShares J.P. Morgan USD Emerging Markets Bond ETF has risen in five of the past six sessions through Friday and posted an 11-session winning streak in mid-July, its longest in more than five years.

With the backdrop for metals looking more supportive than it has in years, investors have piled in. Net bets by hedge funds and other speculative investors on a higher copper price stood at 120,175 contracts for the week ended Aug. 15, the highest level since the Commodity Futures Trading Commission began recording the data in 2006.

The one-sided positioning and pace of the rally has concerned some investors, who Please see METALS page B2

zero interest rates around the world. Credit is becoming more expensive as the Federal Reserve has started inching up interest rates in the U.S., and there are expectations of a less accommodative monetary policy from the European Central Bank.

Therefore, businesses are seeking ways to squeeze more cash out of their operations to pay down what they borrowed or to avoid taking on new loans.

"Working capital improvements enable companies to pay back debt, fund future growth, reward shareholders and reduce risk," said Paul Moody, associate principal with Hackett. "There's a mentality of 'get your house in order now, when times are good, and be prepared for the unexpected.'

Please see CAPITAL page B2

HEARD ON THE STREET

By Aaron Back

Smaller Boutiques Are Capturing M&A Fees

Merger-and-acquisition activity is retreating, but some boutique investment banks are still raking in fees.

Global M&A volume peaked in 2015, followed by a 12% decline in total deal value last year, according to Dealogic. So far this year, world-wide M&A volume is down 3% from the same period a year earlier, but deals targeting U.S. companies have fared worse, falling 15%.

Uncertainty over any U.S. policy changes for taxes, health care and trade is play-

ing a role. Executives from M&A advisory firms have cited a lack of clarity on tax changes, in particular.

Despite this lackluster environment, the boutique investment banks that specialize in M&A are doing well, including Moelis & Co., Evercore Partners and Houlihan Lokey. They all posted solid second-quarter earnings and have seen respectable share-price appreciation this year, in comparison with the mixed M&A performance by the country's biggest banks.

These revenue figures are based on previous deals, but there are reasons to believe

Please see HEARD page B2

Firms Strive to Free Up Working Capital

BY TATYANA SHUMSKY
AND NINA TRENTMANN

Finance chiefs in the U.S. are shrinking the time it takes to convert trillions tied up in their businesses into tangible cash, while some of their European counterparts struggle to do the same.

The 1,000 largest U.S. public companies reduced the number of days it took to convert working capital into cash received from customers to 35.7 days in 2016 from 37.1 a year earlier, according to a study by Hackett Group Inc., a consulting firm. The same measure of European companies took 40.4 days, up from 39 days in 2015.

There is roughly \$6 trillion in working capital locked up across U.S. and European com-

panies, Hackett estimates. Finance chiefs at companies including Conagra Brands Inc., NRG Energy Inc., and Diageo PLC are among those reducing the amount of cash used to run their operations.

The focus on more efficient use of working capital follows a prolonged period of near-



Diageo has been successful in freeing cash from working capital.

JEFF J MITCHELL/GETTY IMAGES

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Lazard CEO Ken Jacobs, shown in 2016, has pointed to strong deal activity in Europe. The firm's shares look reasonably valued.

HEARD

Continued from the prior page
that most smaller banks
should keep outperforming.

Blockbuster deals that favor global bulge-bracket firms are becoming less common, says Nomura Instinct analyst Steven Chubak. So far this year, the value of U.S.-targeted deals worth more than \$5 billion has fallen by one-third from a year earlier, while smaller deals have been basically flat, according to Dealogic.

Current uncertainty over policy could be particularly problematic for big cross-border deals, especially when executives are unsure how overseas profits and cash repatriation will be treated by the U.S. government.

Boutiques have been gaining on their bigger rivals for years. Their share of M&A revenue from U.S. clients rose to 22% in 2016 from just 8% in 2008, according to Dealogic. This share has held

steady at 22% so far this year.

One bank that could keep doing well is Lazard. On a conference call, Chief Executive Kenneth Jacobs pointed to strong deal activity in Europe, which is enjoying an economic recovery. Lazard was ranked second by Dealogic in M&A revenue in Europe, the Middle East and Africa in the first half of the year. It also benefits from strong asset management and restructuring arms, which contributed 43% and 13% of first-half revenue, respectively.

Finally, Lazard looks reasonably valued at 11.6 times forward earnings, compared with its five-year average of 14.6 times, and well below an average 16 times for four listed rivals.

If the legislative logjam in Washington clears and policy uncertainty fades, overall M&A activity could snap back. Barring that, investors should look for niche advisers that specialize in still-growing segments.

That backdrop has buoyed

MAERSK

Continued from the prior page
Total "will strengthen the financial flexibility of AP Moller-Maersk and free up resources to focus our future growth on container shipping, ports and logistics," he said.

The acquisition, announced by both companies on Monday, is the latest sign of consolidation in the oil-and-gas industry, which finally appears to be stabilizing after a prolonged downturn in petroleum prices.

Total and other big oil companies say they have reduced their costs enough to generate cash at crude prices at current levels, about \$50 a barrel, giving them flexibility to grow through acquisitions.

In the U.S., where small shale-oil producers have proved remarkably resilient amid low energy prices, the sector has experienced a flurry of deals. So far this year, deals in North America have totaled \$73.2 billion, more than in all of 2016, according to data from Edinburgh-based consultancy Wood Mackenzie.

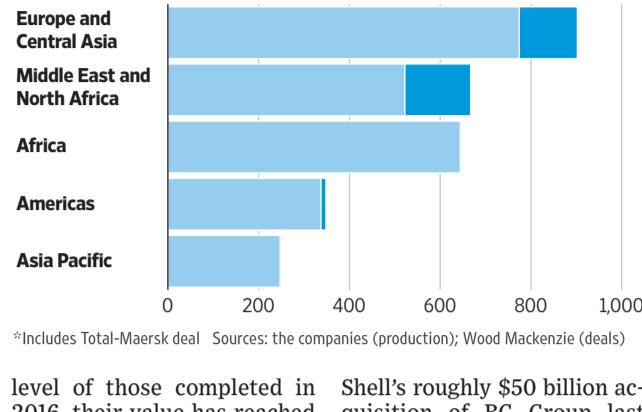
Activity has also picked up internationally, particularly in Europe. Though the number of European deals so far this year stands at roughly half the

BUSINESS & FINANCE

Appetite for Oil

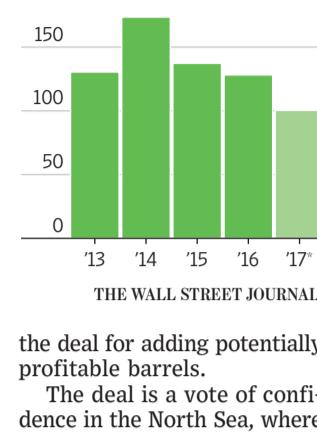
The Maersk transaction adds to Total's output in several regions, and to deal-making momentum in the sector

Oil and gas production, average barrels per day in thousands



*Includes Total-Maersk deal. Sources: the companies (production); Wood Mackenzie (deals)

Oil-industry deals have picked up the pace thus far in 2017



THE WALL STREET JOURNAL.

the deal for adding potentially profitable barrels.

The deal is a vote of confidence in the North Sea, where around 80% of Maersk's reserves are located. The region has been a major oil-and-gas hub for decades but has also been plagued by high costs, aging infrastructure and declining production.

Total will be northwest Europe's second-largest offshore operator once the deal closes, expected in next year's first quarter. The deal has been approved by both companies' boards but remains subject to shareholder votes and regulatory approvals.

—Dominic Chopping
contributed to this article.

level of those completed in 2016, their value has reached \$16.8 billion, compared with \$5.3 billion in all of 2016, according to Wood Mackenzie.

Many of the acquirers have been private-equity firms and smaller players, eager to get a foothold in major oil areas such as the North Sea.

Earlier this year, Shell sold its British North Sea assets to Chrysaor Holdings Ltd. in a deal valued at as much as \$3.8 billion. Chrysaor is backed by Harbour Energy Ltd., an investment vehicle managed by Washington-based EIG Global Energy Partners.

Total's acquisition of Maersk Oil is one of the biggest deals in the sector since

Shell's roughly \$50 billion acquisition of BG Group last year.

Total will pay for the deal with \$4.95 billion in shares, while also taking on \$2.5 billion in Maersk oil debt. The French company will also assume nearly \$3 billion in expected costs for decommissioning oil rigs in the North Sea.

In Monday trading, Total's shares rose 0.3% while Maersk closed up 2.9%.

"We imagine [Total] investors won't be overly enthused with the idea of buying more oil barrels when they are overly concerned with falling oil demand," Bernstein said Monday in a note that praised

METALS

Continued from the prior page
worry that prices have gotten ahead of fundamentals and disappointing news could spark a rush for the exits.

"When the whole world gets crowded into one trade, it typically ends in tears," said Christopher Stanton, portfolio manager at Sunrise Capital LLC. Mr. Stanton took profits on most of his copper and nickel positions last week. "If anything, this is a market beginning to be shorted."

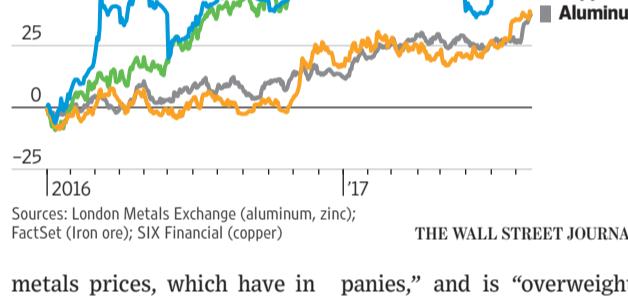
Although analysts have cautioned that the rally may have come too far, recent supply disruptions and a strengthening global economy have continued to fuel buying. The International Monetary Fund in April projected global gross-domestic-product growth at 3.5% for 2017, up from its previous projection of 3.4%. The IMF raised 2017 and 2018 growth estimates for China, the world's top metals consumer, citing strong credit growth and fiscal support. It also increased euro-area growth projections, highlighting diminished political risks.

UBS Wealth Management advised clients to take a position in aluminum earlier this month, saying the metal will benefit from tighter supplies and stronger global growth.

That backdrop has buoyed

Basic Recovery

Inflation could get a boost if the prices of metals continue to rise.



Sources: London Metals Exchange (aluminum, zinc); FactSet (iron ore); SIX Financial (copper)

THE WALL STREET JOURNAL.

metals prices, which have in turn supported stocks of miners such as Freeport-McMoRan Inc. and Glencore PLC. Shares of Glencore, one of the world's largest coal, copper and zinc producers, surged more than 20% from the start of June through Friday, though they are still well below a high reached in 2011. Freeport's shares climbed roughly 23% during that time.

Lucas White, a member of global investment management firm GMO's focused equity team, last year urged investors to buy shares in natural-resource producers as a way to take advantage of beaten-down commodity prices. A year later, Mr. White still believes "there's good value in the mining com-

panies," and is "overweight" the sector.

"We believe these companies can generate earnings and cash flow," he said.

Expectations for future supply shortfalls are fueling gains as well, some analysts said. Aluminum prices rallied recently after China cut its refining capacity and cracked down on illegal producers of the metal as part of an effort to fight pollution. Falling global stockpiles and production cuts have helped boost zinc prices by more than 20% this year. Although the International Copper Study Group, an organization of copper-producing and -consuming countries, currently sees refined-copper usage and production almost

equal, some analysts including Mr. LaFemina expect supply to taper off while demand growth stays steady.

A weaker dollar is also buoying prices, as metals are denominated in the U.S. currency and have become more affordable to foreign investors. The WSJ Dollar Index, which tracks the currency against 16 others, has declined roughly 7% this year through Friday.

A potential source of trouble could come from China. Economists have previously anticipated a broad slowdown in the second half of the year, as China's leaders signaled they would continue efforts to tackle rising debt levels and curb home speculation. Evidence that growth may be cooling came last Monday, when data showed that the pace of Chinese industrial output, retail and housing sales and fixed-asset investment decelerated in July from the previous month and came in below economists' expectations.

For now, however, investors are confident that China will prevent growth from slowing too much ahead of a key Communist Party leadership shuffle this year. And while some data wobbled in July, key metrics like total social finance—a broad measure of credit that includes bank loans and non-bank lending—remain robust compared with prior years, said Jerry Lucas, a senior strategist at UBS Wealth Management.

—Chris Dierckx

Contributed to this article.

Continued from the prior page

U.S. companies have \$3 trillion tied up in working capital, which represents the amount of cash left after deducting current liabilities from current assets. The Hackett Group estimates that \$1.04 trillion could be liberated through efficiency improvements.

Companies in Europe have roughly the same amount tangled up in operations, with €1 trillion (\$1.17 trillion) able to be freed, Hackett adds. However, these firms struggle when it comes to cash conversion, largely because they hold on to 63 days worth of inventory in 2016, up from 57.9 days a year earlier, according to Hackett.

Still, businesses on both sides of the Atlantic are using several tactics to free up cash. They run down inventory levels to reduce the amount of money tied up, collect cash from customers faster and pay suppliers more slowly to avoid using debt to fund operations.

Companies that cut their cash-conversion cycle by seven days added between 1.05% and 2.1% to their earnings margin, according to Hackett.

Chicago-based food maker Conagra cut its cash conversion cycle by roughly 12 days during its 2017 fiscal year, resulting in a \$263 million, or 27%, reduction in its working capital. The lower a company's working capital—without hitting negative numbers—the more cash efficient it is per-

ceived to be.

The maker of Healthy Choice frozen dinners and Reddi-wip improved capital use in areas including inventory, accounts receivable and accounts payable, said CFO David Marberger on the company's fiscal fourth-quarter earnings call in June.

Working-capital improvements contributed to an 81% increase in Conagra's net cash flow from operating activities to \$1.1 billion for fiscal 2017 from a year earlier, Mr. Marberger said.

"Our team places a strong focus on managing working capital as a source of cash," he said during the call, adding that such work also reduces

the amount of money the company borrows.

Electricity producer NRG Energy said it identified \$370 million in one-time working-capital improvements that will be fully realized by the end of 2019 as part of its broader transformation plan launched last month.

The company expects to net a one-time working-capital reduction of \$175 million this year by reducing fuel inventory and cutting the amount of machinery and spare parts kept on hand, among other initiatives.

"We have got really good day-to-day execution around working capital," finance chief Kathryn Mikells said on the company's fourth-quarter earnings call in July.

Many European companies have struggled to free cash from working capital. However, Diageo, known for its Johnnie Walker whisky and Guinness beer, said it reduced its working capital by 4.5% over the past two years. The company, in its July results presentation, said that more efficient debtor management and a reduction in overdue customer payments helped shrink working capital.

"We have got really good day-to-day execution around working capital," finance chief Kathryn Mikells said on the company's fourth-quarter earnings call in July.

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Legal Notices

INTERNATIONAL NOTICES

BUSINESS NEWS



A McDonald's restaurant in New Delhi displayed a closed notice in late June, because it lacked the necessary regulatory permissions.

McDonald's Trips in India

Fast-food chain cuts off large franchisee in legal dispute, adding to woes in market

By CORINNE ABRAMS

MUMBAI—McDonald's Corp. has severed ties with its second-largest franchisee in India, a move that could lead to the loss of nearly 170 outlets and force the fast-food behemoth to start over in parts of this South Asia market.

After years of court disputes over management of the company that controls the McDonald's restaurants in northern and eastern India, McDonald's said Monday it terminated franchise agreements with Connaught Plaza Restaurants Pvt. Ltd., bringing to an end a 22-year-old arrangement.

The only other franchisee in India, Hardcastle Restaurants Pvt. Ltd., runs 242 restaurants in west and south India, which won't be affected.

"We have been compelled to take this step because CPRL has materially breached the terms of the respective franchise agreements," Barry Sum, a McDonald's spokesman in Hong Kong, said.

In June, 43 of the 169 restaurants run by CPRL—in

which McDonald's India Pvt. Ltd. has a 50% stake—were shuttered because they didn't have the necessary regulatory permissions. Previously, McDonald's tried to oust the company's managing director, Vikram Bakshi, but he fought the decision in court and was reinstated in July.

Mr. Bakshi said the burger chain's latest decision was an "oppressive act" and he is considering his legal options.

"This desperate action taken by the McDonald's Corporation is a direct affront on the Indian legal system," Mr. Bakshi said in a statement Monday.

The McDonald's spokesman said CPRL—which opened the first McDonald's restaurant in India—hadn't been paying royalties and had violated other "essential obligations" that it failed to remedy over the past two years.

McDonald's said that CPRL was required to stop using the "McDonald's System," its name, branding and trademarks within 15 days of the termination of its license.

"We understand that this action brings uncertainty for many," McDonald's said. It said it is working to mitigate the impact on employees, suppliers and landlords and is taking steps to find a new partner for the affected regions.

The breakup marks a painful

pause for the Oakbrook, Ill.-based company, as it has been looking to emerging markets like India to offset slowdowns at home and in other more developed markets like China.

One of the first global restaurant chains to bet on the India opportunity back in the 1990s, McDonald's was initially a huge success, with people in cities like Mumbai and Bangalore lining up for its fare, which had been modified to be beef-free.

India's first generation of fast-food fans have been switching to new entries.

It was one of the first brands that embraced India's emerging middle class and was rewarded with regular customers. It was seen as an anchor tenant at new malls and a symbol of affluent neighborhoods.

In recent years, however, McDonald's and other first movers such as Pizza Hut and KFC have seen their growth slow as a slew of international and local competitors gave consumers new options and as food-delivery apps offered

deep discounts.

India's first generation of fast-food fans are increasingly switching to newcomers.

India's cities have been flooded with new outlets from global brands like Burger King and local options like tea chain Chaayos. Meanwhile, even Dunkin' Donuts has taken a bite out of the business by offering its own burgers.

Battling a slump in sales, McDonald's has been trying to upgrade its menu and did the unthinkable last year, changing the recipe of the Indian version of the Big Mac—the Maharaja Mac.

It could end up being a very expensive and time-consuming process for McDonald's to untangle itself from its current locations and rebuild a new network. Meantime, in northern and eastern India, the chain could go from the trailblazer to underdog in the fast-food business.

Abneesh Roy, an analyst at Edelweiss Securities Ltd. said consumers could migrate to Domino's or Burger King in the absence of McDonald's restaurants.

"The two partners were fighting over a long period," he said. "This is the risk McDonald's has to face."

—Debiprasad Nayak and Eric Bellman contributed to this article.



Herbalife sells weight-management and other products.

fer, investor Carl Icahn and his affiliates, the largest shareholder, also agreed to a stand-still provision, preventing them from accumulating a stake above 50% unless they have agreed to acquire 100% of shares outstanding.

Mr. Icahn, who holds more than 24% of Herbalife's shares, explored selling his stake last year but has since doubled down on the company. His bet

on Herbalife comes amid expectations that federal regulators won't shut down the company after rival investor William Ackman attacked it, accusing it of being a pyramid scheme.

Herbalife's shares, up 29%

this year, fell sharply earlier

this month after Chinese regulators announced a three-month campaign to crack

down on pyramid schemes, or

organizations that profit off the recruitment of salespeople, rather than through the sales of products themselves. Herbalife earns about 20% of its revenue from the Asia-Pacific region.

The company reached a \$200 million settlement last year with the Federal Trade Commission, which didn't label it a pyramid scheme, and pledged to make significant changes to its business practices amid concerns it misled customers.

Herbalife executives have weighed the possibilities about going private at various times since the late 1990s. Founded in 1980, the Los Angeles company sells protein shakes, snacks and other weight-management products, as well as other types of dietary and nutritional supplements.

Herbalife uses a network of distributors, who can also sign up new recruits and get paid based on a portion of those recruits' sales.

Nacco.

Nacco said finding a successor to lead a combined company that spans housewares and mining would have been a challenge.

Gregory Trepp, who has been CEO of Hamilton Beach brands and The Kitchen Collection since 2010, will lead the new company.

Existing Nacco shareholders

will receive shares in Hamilton

Beach. Nacco expects the tax-

free distribution to be com-

pleted in the third quarter.

Nacco shares, down 20%

this year, were up 12% in mid-

day trading on the New York

Stock Exchange.

Samsung Broadens Its Drugs Business

By TIMOTHY W. MARTIN AND JONATHAN D. ROCKOFF

The Samsung conglomerate is furthering its effort to build a full-fledged prescription-drugs business, signing the group's first deal to develop novel drugs for hard-to-treat diseases.

Samsung, best known for its smartphones and television sets, is forming a partnership with Takeda Pharmaceutical Co. of Japan to jointly fund and develop multiple treatments in coming years, the companies said in a written statement. The companies plan to begin immediate development of a drug to treat severe acute pancreatitis.

Financial terms of the alliance weren't disclosed.

Acute pancreatitis is a painful condition marked by inflammation of the pancreas. Mild cases might go away without treatment, according to the Mayo Clinic. But one-tenth of patients die as a result of the disease and many have a higher risk of pancreatic cancer, according to the National Pancreas Foundation of the U.S.

Samsung Bioepis Co., the South Korean group's five-year-old biopharmaceutical company, had centered its strategy on creating near-relicas of rivals' blockbuster biologic drugs. The decision to branch into novel treatments represents an aggressive and risky step by Samsung.

Just one in 10 drugs that

make it to human testing wind up getting approved, according to drug researchers. Companies can spend more than a decade and hundreds of millions of dollars working on an experimental drug.

Yet the commercial potential can be large. The lucrative biologics market is expected to generate \$214 billion in sales this year, according to EvaluatePharma, a source of pharmaceutical market data. Revenues are projected to reach \$276 billion in 2020.

Samsung has entered the drug world on a fast timeline, industry analysts say. The privately held Bioepis unit's association with South Korea's largest conglomerate gives it resources to invest heavily in research and development.

Samsung started to make available its lower-price copy of Johnson & Johnson's Remicade, a blockbuster rheumatoid-arthritis drug, in the U.S. last month.

In Europe, Samsung sells that drug and another rheumatoid-arthritis treatment. Two other drugs are under European regulatory review.

For Takeda, the partnership's first project will be in the area of gastrointestinal disease, a focus of the drugmaker.

"This partnership with Samsung Bioepis combines Takeda's unique capabilities in gastroenterology with fresh and innovative approaches," said Daniel Curran, Takeda's head of external innovation.

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E-Tender Notice No.3 For 2017-2018 Notice Inviting Bid

Package No - AM-17

Dated - 02.08.2017

Subject:- RFP for Improvement of Roads in the Yavatmal District In Maharashtra state for Two Lanning road/Two Lanning road with paved shoulders under MRIP Package AM-17 on Hybrid Annuity Mode.

The Government of Maharashtra had entrusted to the Authority the development, maintenance and management of State highways and Major Districts of State of Maharashtra. The authority had resolved to augment the existing road for Improvement to Yavatmal Dist Border Shembal Pimpri Pusad Gunji Dhanoda Mahur Road in Yavatmal Dist joining Aundha Nagnath & Mahur (SH 257,51 & 265) & Improvement to Digras to Pusad & Darvha to Ner road in Yavatmal Dist. joining Digras & Pusad taluka HQ to Dist HQ (SH 257) in the state of Maharashtra by (Two Lanning / Two Lanning with paved shoulders thereof) (The "Project") on design, build, operate and transfer (the "DBOT Annuity" or "Hybrid Annuity") basis, and has decided to carry out the bidding process for selection of (a private entity) as the Bidder to whom the Project may be awarded.

Brief particulars of the Project are as follows:

Name of the State Highway Road	Length (in Km)	Estimated Project Cost (in Rs.Cr)
A) Improvement to Yavatmal Dist Border to Shembal pimpri Pusad Gunji Dhanoda Mahur Road in Yavatmal Dist joining Aundha Nagnath & Mahur (SH 257,51 & 265)	111.563 Km	₹ 269.31
B) Improvement to Digras to Pusad & Darvha Ner road in Yavatmal Dist joining Digras & Pusad taluka HQ to Dist HQ (SH 257)		

The complete BID document can be viewed/downloaded from e-procurement portal of (<https://maharashtra.etenders.in>) Dt 10.08.2017 to 09.10.2017 (up to 23.00 Hrs.IST) Bid must be submitted online only at (<https://maharashtra.etenders.in>) during the validity of registration with the (Maharashtra Government e-Tendering Portal) being managed by portal/website i.e. (<https://maharashtra.etenders.in>) on or before 09.10.2017 (upto 23.00 Hours IST). Technical submissions of the Bids received online shall be opened on 16.10.2017 to 23.10.2017 (at 18.00 hours IST).

Bid submitted through any other mode shall not be entertained. However, Bid Security, proof of online payment of cost of bid document, Power of Attorney and joint bidding agreement etc. as specified in Clause - 2.11.2 of the RFP shall be submitted physically by the Bidder on or before 16.10.2017 (at 11.00 hours IST). Please note that the Authority reserves the right to accept or reject all or any of the BIDs without assigning any reason whatsoever.

Thanking You,

Yours faithfully

(S.D.Dhotre)

Executive Engineer, Public Works Division

Pusad

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THE WALL STREET JOURNAL

By CARA LOMBARDO

The company that makes Hamilton Beach appliances plans to spin off the brand and a kitchen-accessory store chain in an effort to focus on its coal and mining businesses.

Nacco Industries Inc. said Monday that spinning off Hamilton Beach Brands Holding Co. will give the housewares business better access to capital and more opportunities to grow through acquisitions and joint ventures in the changing retail landscape.

Nacco will continue to own its subsidiary, North American Coal Corp.

Hamilton Beach Owner Plans Spinoff

By CARA LOMBARDO

Hamilton Beach brought in more than \$605 million of revenue last year, while the Kitchen Collection chain reported revenue of \$144 million. Overall, Nacco generated about \$856.4 million in revenue in 201

TECHNOLOGY

WSJ.com/Tech

EA, NFL Ready Videogame Tourney

By SARAH E. NEEDLEMAN

Electronic Arts Inc. and the National Football League are teaming up to create an annual videogame tournament aimed at a different kind of esports competitor: the player sitting at home on the couch.

The tournament, called Madden NFL Club Championship, is tied to Tuesday's launch of "Madden NFL 18," the latest installment of an annual football franchise EA says has sold more than 100 million units world-wide since the 1980s.

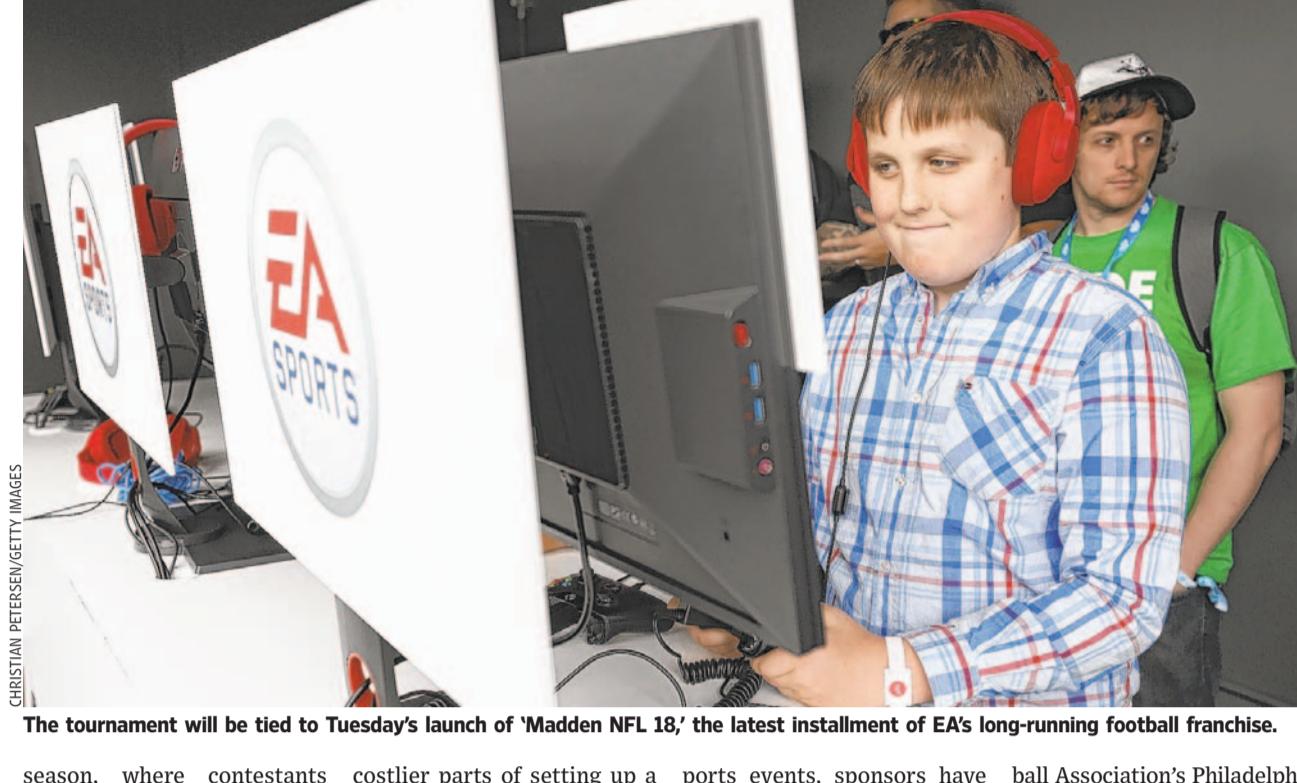
Unlike many esports tournaments—public spectacles filled with paid professionals who belong to investor-backed teams with corporate sponsors—the Madden tournament is open to players at any skill level aged 16 and older. Residents of North America, the U.K. and Germany are eligible.

In both approaches, game companies are looking to move competitions from the living room to the arena and reap the moneymaking hallmarks of traditional sports: sponsorships, ticket sales, merchandising and broadcast rights. Global revenue for esports is projected to more than double to \$1.5 billion by 2020, according to the research firm Newzoo BV.

Esports revenue is tiny compared with the NFL, a \$13 billion business annually. But the industry is attractive because esports fans mostly watch contests online, said Chris Halpin, chief strategy officer at the NFL.

As the media market continues to fragment, the NFL needs to be in more places to reach fans, he said.

The bulk of the Madden tournament takes place online during the regular football



The tournament will be tied to Tuesday's launch of 'Madden NFL 18,' the latest installment of EA's long-running football franchise.

season, where contestants craft fantasy teams and play from their consoles. Top players will earn the right to compete in matches at NFL stadiums in front of live audiences.

Ultimately, finalists will represent each of the NFL's 32 teams in playoffs that culminate in a championship held around the same time and near the same venue as the NFL's Super Bowl title game, EA and the NFL said. Super Bowl LII is set to be played Feb. 4 in Minneapolis.

"The beauty of this is it is completely inclusionary," said Andrew Wilson, EA's chief executive. By making participation in esports open to anyone, the company is hoping to build player engagement, which "drives the profitability of the business" overall, he said.

EA also sidesteps some

costlier parts of setting up a full-fledged pro league. High-profile leagues announced by Activision Blizzard Inc. and Take-Two Interactive Software Inc. require team owners to pay their players salaries and provide health-insurance benefits. Since the Madden tournament is open to anyone, EA expects pro gamers will participate. The company said it could still create a pro league down the road.

The NFL and EA announced the initiative Monday. The agreement calls for some revenue sharing, though neither would go into detail.

EA plans to announce sponsors and advertisers for the new tournament, as well as where matches will be broadcast and on which outlets, at a later date.

For the company's past es-

ports events, sponsors have included McDonald's Corp. and Progressive Corp.

It is the first esports event in which all 32 NFL teams are committed to being involved. The teams will provide marketing support and are ironing out ways to interact with finalists, including possible locker-room visits and merchandising deals.

The new tournament expands on a pilot program last spring involving fewer NFL teams and contests between players and other Madden competitors timed around the Super Bowl. The prize pool this year was bumped up to \$403,000 from \$50,000 during the pilot.

Traditional and digital sports are growing closer. Several pro teams and athletes, including the National Basket-

ball Association's Philadelphia 76ers and baseball star Alex Rodriguez, have acquired or invested in esports teams.

Take-Two is developing a professional esports league in partnership with the National Basketball Association. Of the NBA's 30 teams, 17 will field esports squads that will compete at Take-Two's "NBA 2K" videogame series beginning next year.

Activision Blizzard sold the rights to teams for its Overwatch League, based on a cartoonish shooter game, to groups with ties to the NFL and Major League Baseball.

Besides the Madden tournament, EA is building a similar program with the soccer organization FIFA. Players of any skill level will be able to participate when it is launched, at a date to be determined.

HTC Slashes Price of Its VR Headset

By SARAH E. NEEDLEMAN

HTC Corp. is dropping the price of its Vive virtual-reality headset by \$200, weeks after **Facebook Inc.** made a similar price cut for its Oculus Rift goggles.

The Vive now costs \$599, still \$200 more than the Rift, which had its price slashed in July on what Facebook said was a temporary basis. Both devices come bundled with advanced controllers and require a connection to a powerful computer sold separately.

Sales of high-end VR systems have been sluggish, according to estimates from research firms. Despite more games and apps, there is no blockbuster to send hardware flying off the shelves, analysts say.

With the price cuts, HTC and Facebook are looking to better compete with **Sony Corp.'s** \$399 PlayStation VR. In June, Sony said it had sold more than a million units since the headset came out in October, roughly six months after the Vive and Rift.

Neither HTC nor Facebook have disclosed sales.

Facebook last month lowered the price of a bundle including the Rift and its Touch controllers by \$200. The sale originally was set to last six weeks but Facebook said Friday that it plans to extend it for a few more weeks, without specifying an end date.

Like Facebook, HTC said that it is looking to boost its user base beyond early adopters willing to spend significantly upfront.

The timing is right because "we're going into the second holiday season," said Dan O'Brien, general manager of HTC Vive for the Americas, referring to the end-of-year shopping season.

HTC is working on a wireless successor to the Vive, but it isn't close to being launched, Mr. O'Brien said. The company is still supporting the headset with new accessories coming next month and expects sales to continue well into 2018.

The price cut "is not a way to clear channel for us," he said.



The price of HTC's Vive virtual-reality headset will drop \$200.

Blocking of Supremacist Website Is Questioned

By YOREE KOH

The debate intensified over whether the growing number of technology companies that blocked white supremacists and a neo-Nazi website on the internet have gone too far, as a prominent privacy group questioned the power a few corporations have to censor.

The chief executive of **CloudFlare Inc.**, one of several internet companies last week to cut ties with Daily Stormer, effectively preventing the neo-Nazi website from appearing on the web, acknowledged he set a troubling precedent.

"As [an] internet user, I think it's pretty dangerous if my moral, political or economic whims play some role in deciding who can and cannot be online," Matthew Prince, CEO and co-founder of CloudFlare, said in an interview.

On Thursday, the nonprofit privacy group Electronic Frontier Foundation said tech companies including CloudFlare, **GoDaddy Inc.** and **Google**, part of **Alphabet Inc.**, threatened freedom of expression online by blocking Daily Stormer. The three tech companies pulled support for Daily Stormer after it published a story denigrating Heather Heyer, the 32-year-old woman killed in Charlottesville, Va.



content as "repugnant," Daily Stormer crossed the line when it claimed that Mr. Prince and others at the company secretly supported its views. The action against Daily Stormer was the first time the company removed a client for reasons other than under court order or for explicit violations of their terms of service.

Cloudflare protects sites from denial-of-service attacks, which make sites slower. About 2.4 billion people pass through Cloudflare's network every month, according to Mr. Prince.

The EFF said "states and malicious actors" often turn to denial-of-service attacks when they try to silence voices. Cloudflare's decision to deny security against these kinds of attacks to Daily Stormer signals they can pick and choose clients, making it more difficult for them to fend off external pressure, the EFF said.

Mr. Prince said the censorship of Daily Stormer was decided by behind-the-scenes actors that are little known to the general public, rather than players like Facebook and Twitter that are in direct contact with users, making the moves more unsettling.

Mr. Prince said he hopes his decision will spur conversations around how to handle controversial content.

BUSINESS WATCH

ANGLOGOLD

Mining Company Swings to a Loss

AngloGold Ashanti Ltd., the world's No. 3 gold producer, reported a first-half loss on Monday as the miner restructures some of its South African units.

Net loss for the six months to June 30 came to \$176 million, compared with a year-earlier profit of \$52 million. Earnings were hit by an \$86 million post-tax impairment related to certain South African mines, \$47 million posttax set aside for potential staff layoff costs there and \$46 million posttax for the estimated cost of settling a class-action lawsuit brought against a group of South African miners.

The company said its headline loss, which strips out certain exceptional and one-off items, came in at 22 cents a share, from a profit of 23 cents a share a year earlier. AngloGold added that higher operating costs, due to stronger local currencies in

South Africa and Brazil, as well as lower income from joint ventures also hit its bottom line. Net debt has risen by 12% since Dec. 31 to \$2.15 billion at June 30.

Gold production rose 0.2% from the same six months in 2016, to 1,748,000 ounces in the January to June period. The company received an average gold price of \$1,236 an ounce in the first half of 2017, up 11% from \$1,222 from the first half of 2016.

Revenue for the first six months of the year rose 4.3% to \$2.13 billion.

—Alexandra Wexler

Finance Chief Plans To Join U.S. Startup

Shire PLC said Chief Financial Officer Jeff Poulton has decided to leave the company at the end of the year to join a startup in the U.S.

Mr. Poulton plans to join Boston-based agricultural technology

company Indigo Ag Inc. as its new finance chief, Shire said. The pharmaceutical company added that it will initiate a formal search for a replacement.

—Tapan Panchal

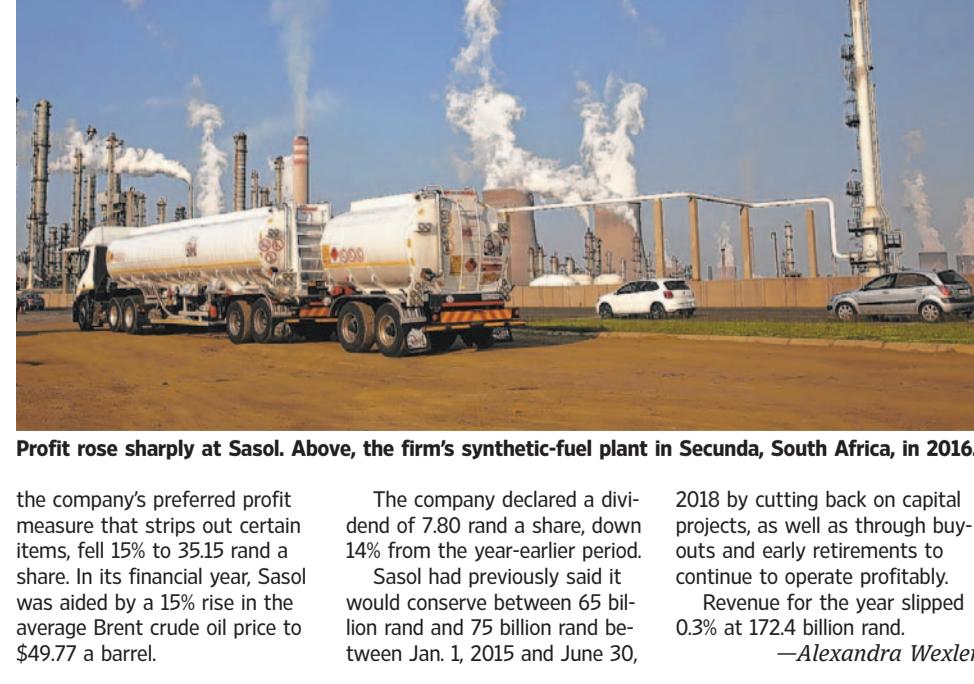
SASOL

Profit Soars 54% on Reduction in Costs

South African petrochemical and energy company **Sasol Ltd.** on Monday reported a 54% increase in its 2017 profit, citing a reduction of costs and conservation of cash as oil prices recovered.

The company posted a net profit of 20.37 billion South African rand (\$1.55 billion) for the 12-month period ended June 30, compared with 13.23 billion rand a year earlier. The company said that in the previous financial year, earnings had been hurt by a 9.9-billion-rand partial impairment of Sasol's Canadian shale-gas assets.

Headline earnings per share,



Profit rose sharply at Sasol. Above, the firm's synthetic-fuel plant in Secunda, South Africa, in 2016.

the company's preferred profit measure that strips out certain items, fell 15% to 35.15 rand a share. In its financial year, Sasol was aided by a 15% rise in the average Brent crude oil price to \$49.77 a barrel.

The company declared a dividend of 7.80 rand a share, down 14% from the year-earlier period. Sasol had previously said it would conserve between 65 billion rand and 75 billion rand between Jan. 1, 2015 and June 30,

2018 by cutting back on capital projects, as well as through buyouts and early retirements to continue to operate profitably.

Revenue for the year slipped 0.3% at 172.4 billion rand.

—Alexandra Wexler

FINANCE & MARKETS

Veteran Investor Embraces Crisis

Emerging-markets pioneer Michael Conelius is betting big on Venezuela

BY CAROLYN CUI

A growing number of bond investors have eliminated their exposure to Venezuela, which they worry is increasingly likely to default or erupt into further chaos.

Then there is Michael Conelius.

A pioneer in emerging-markets investing, Mr. Conelius agrees that a default looks likely. But his T. Rowe Price Emerging Markets Bond fund has taken a bullish position: He has accumulated so much debt issued by Venezuela's government and state-owned oil company that he has become one of the country's largest foreign creditors, according to Morningstar Inc.

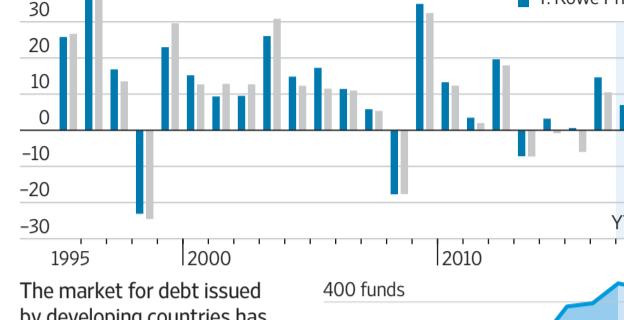
"People tend to get fixated on a situation that is deteriorating," he said of Venezuela, and about emerging-markets investing more broadly. "But if you can identify a crisis that is actually going to be the catalyst for some political change or economic reform...then the good news is more obvious."

When Mr. Conelius began investing in emerging-market bonds, his fund was immediately slammed by the 1994 Mexican peso crisis. Not long after that, emerging markets got flattened by the Asian currency crisis and then hammered by the Russian default.

Leading the Pack

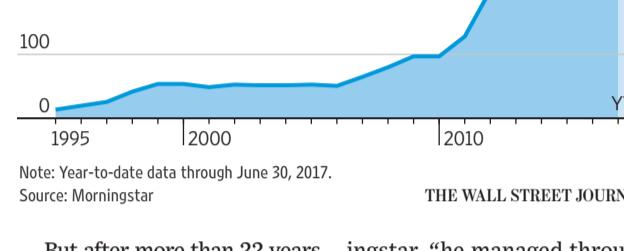
The T. Rowe Price Emerging Markets Bond fund has outperformed most of its peers over the past two decades.

Emerging-markets bonds, annual returns



The market for debt issued by developing countries has grown rapidly in recent years

Emerging-market bond funds



Note: Year-to-date data through June 30, 2017.

Source: Morningstar

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His \$6.6 billion bond fund has returned 5.6% annually during the past three years, beating 95% of his peers, according to Morningstar. Over a 15-year period, he has outperformed three-quarters of the group.

Mr. Conelius ramped up his Venezuelan holdings a few years ago when the bond prices began to fall alongside the price of oil, the country's main export. His wager on

the market for debt issued by developing countries has grown rapidly in recent years

Emerging-market bond funds

400 funds

300

200

100

0

1995 2000 2010 YTD

THE WALL STREET JOURNAL.

But after more than 22 years of analyzing risk and studying how cash-strapped governments respond to crisis, Mr. Conelius is one of the last emerging-market bond investors from the 1990s still around, according to Morningstar.

Some observers say his crisis experiences are a big reason he has become one of the top-performing bond managers. "He hasn't simply studied stress periods," said Emory Zink, a fund analyst at Morn-

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MARKETS DIGEST

Nikkei 225 Index

19393.13 ▼77.28, or 0.40%

High, low, open and close for each trading day of the past three months.



Bars measure the point change from session's open

STOXX 600 Index

372.72 ▼1.48, or 0.40%

High, low, open and close for each trading day of the past three months.



S&P 500 Index

2427.09 ▲1.54, or 0.06%

High, low, open and close for each trading day of the past three months.



Data as of 12 p.m. New York time

Last 23.49 24.85

P/E estimate * 18.69 18.60

Dividend yield 2.00 2.10

All-time high: 2480.91, 08/07/17

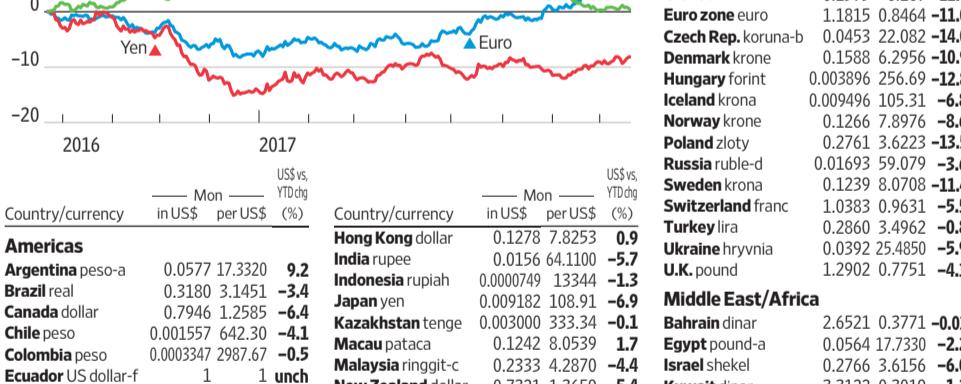
International Stock Indexes

Data as of 12 p.m. New York time

Region/Country	Index	Close	NetChg	% chg	52-Week Range	Close	High	YTD % chg
World	The Global Dow	2809.09	-1.15	-0.04	2386.93	2881.15	11.1	
	MSCI EAFE	1915.86	-0.82	-0.04	1614.17	1955.39	11.6	
	MSCI EM USD	1064.10	4.56	 0.43	838.96	1078.53	34.0	
Americas	DJ Americas	583.94	0.49	 0.08	503.44	599.20	8.1	
Brazil	Sao Paulo Bovespa	69016.70	302.04	 0.44	56459.11	69487.58	14.6	
Canada	S&P/TSX Comp	14956.16	3.83	 0.03	14319.11	15943.09	-2.2	
Mexico	IPC All-Share	51202.86	127.40	 0.25	43998.98	51772.37	12.2	
Chile	Santiago IPSA	3881.27	-5.90	-0.15	3120.87	3908.55	20.4	
U.S.	DJIA	21674.71	0.20	 0.001	17883.56	22179.11	9.7	
	Nasdaq Composite	6208.26	-8.26	-0.13	5034.41	6460.84	15.3	
	S&P 500	2427.09	1.54	 0.06	2083.79	2490.87	8.4	
	CBOE Volatility	13.34	-0.92	-6.45	8.84	23.01	-5.0	
EMEA	Stoxx Europe 600	372.72	-1.48	-0.40	328.80	396.45	3.1	
	Stoxx Europe 50	3029.07	-12.71	-0.42	2720.66	3279.71	0.6	
France	CAC 40	5087.59	-26.56	-0.52	4310.88	5442.10	4.6	
Germany	DAX	12065.99	-99.20	-0.82	10174.92	12951.54	5.1	
Greece	ATG	826.46	1.61	 0.20	548.72	859.78	28.4	
Israel	Tel Aviv	1394.77	5.49	 0.40	1346.71	1490.23	-5.2	
Italy	FTSE MIB	21752.80	-62.16	-0.28	15923.11	22065.42	13.1	
Netherlands	AEX	516.71	-2.93	-0.56	436.28	537.84	6.9	
Russia	RTS Index	1034.29	6.44	 0.63	944.88	1196.99	-10.2	
Spain	IBEX 35	10360.20	-25.50	-0.25	8407.60	11184.40	10.8	
Switzerland	Swiss Market	8883.78	9.43	 0.11	7585.56	9198.45	8.1	
South Africa	Johannesburg All Share	55450.53	146.30	 0.26	48935.90	56396.24	9.5	
Turkey	BIST 100	108614.87	1412.44	 1.32	71792.96	110321.81	39.0	
U.K.	FTSE 100	7318.88	-5.10	-0.07	6654.48	7598.99	2.5	
Asia-Pacific	S&P/ASX 200	5725.90	-21.20	-0.37	5156.60	5956.50	1.1	
China	Shanghai Composite	3286.91	18.18	 0.56	2980.43	3292.64	5.9	
Hong Kong	Hang Seng	27154.68	107.11	 0.40	21574.76	27854.91	23.4	
India	S&P BSE Sensex	31258.85	-265.83	-0.84	25765.14	32575.17	17.4	
Indonesia	Jakarta Composite	5861.00	-32.84	-0.56	5027.70	5910.24	10.7	
Japan	Nikkei Stock Avg	19393.13	-77.28	-0.40	16251.54	20230.41	1.5	
Malaysia	Kuala Lumpur Composite	1771.62	-4.60	-0.26	1616.64	1792.35	7.9	
New Zealand	S&P/NZX 50	7867.78	-5.77	-0.07	6664.21	7873.55	14.3	
Philippines	PSEI	8016.73	...	Closed	6563.67	8072.75	17.2	
Singapore	Straits Times	3246.99	-5.00	-0.15	2787.27	3354.71	12.7	
South Korea	Kospi	2355.00	-3.37	-0.14	1958.38	2451.53	16.2	
Taiwan	Weighted	10326.39	5.06	 0.05	8902.30	10579.38	11.6	
Thailand	SET	1569.62	3.09	 0.20	1406.18	1591.00	1.7	

Currencies

Yen, euro vs. dollar; dollar vs. major U.S. trading partners



Country/currency	Mon. in US\$	Mon. per US\$ (%)	Country/currency	Mon. in US\$	Mon. per US\$ (%)
Americas			Hong Kong dollar	0.1278	7.8253
Argentina peso-a	0.0577	17.3320	India rupee	0.0156	64.1100
Brazil real	0.3180	3.1451	Indonesia rupiah	0.000749	13.3444
Canada dollar	0.7946	1.2585	Japan yen	0.009182	108.91
Chile peso	0.001557	642.30	Kazakhstan tenge	0.003000	333.34
Colombia peso	0.0003347	2987.67	Macau pataca	0.1242	8.0539
Ecuador US dollar-f	1	1 unch	Malaysia ringgit-c	0.2333	4.2870
Mexico peso-a	0.0566	17.6570	New Zealand dollar	0.7321	1.3659
Peru so	0.3088	3.2383	Pakistan rupee	0.0095	105.36
Uruguay peso-e	0.0349	28.680	Philippines peso	0.0195	51.35
Venezuela bolivar	0.096971	10.31	Singapore dollar	0.7348	1.3610
Asia-Pacific			South Korea won	0.0008784	118.37
Australia dollar	0.7936	1.2601	Sri Lanka rupee	0.062595	153.15
China yuan	0.1500	6.6656	Taiwan dollar	0.03298	30.324
			Thailand baht	0.03008	33.250

Key Rates

	Latest	52 wks ago
Liber		
One month	1.23556%	0.52217%
Three month	1.31444	0.82544
Six month	1.45639	1.22900
One year	1.72733	1.53294
Euro Libor		
One month	-0.40000%	-0.37143%
Three month	-0.37329	-0.32029
Six month	-0.30414	-0.20229
One year	-0.20471	-0.07200
Euribor		
One month	-0.37100%	-0.36900%
Three month	-0.32900	-0.29900
Six month	-0.27100	-0.19000
One year	-0.15800	-0.04600
Yen Lib		

FINANCE & MARKETS

Tide Turns: Cash Exits Emerging Markets

Long streak of inflows for stock and bond funds is halted amid North Korea tensions

BY STEVEN RUSSOLILLO
AND SAUMYA VAISHAMPAYAN

Investors poured money into emerging-market stocks for 21 straight weeks. Emerging-market debt funds had attracted fresh cash for 28 straight weeks.

Both streaks came to a halt last week.

Money poured out of emerging-market funds in the week ended Aug. 16, the latest sign of trouble in what had been a sturdy corner of the market for much of the year. The outflows came as threats of nuclear warfare ramped up between the U.S. and North Korea.

Concerns over more political instability in the U.S. following President Donald Trump's response to violence

at a white-nationalist rally in Charlottesville, Va., further fueled investor trepidation.

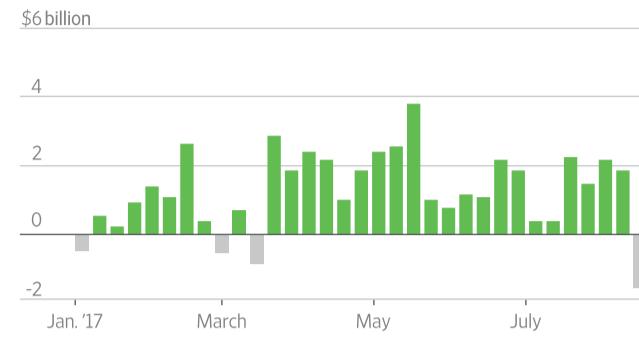
While investors acknowledge the recent bumps, many say it isn't time to call an end to the rally in emerging-market stocks and bonds. Instead, they say, the outflows are indicative of the typical volatility in emerging markets. Rising global tensions and political turmoil in the U.S. also sparked a pullback in U.S. markets, with the Dow Jones Industrial Average on Thursday notching its biggest decline in three months.

A net \$1.6 billion fled emerging-market equities in the week ended last Wednesday, the largest outflow of the year, according to Bank of America Merrill Lynch, which cited fund-data tracker EPFR Global. It marked the first time investors pulled money from those funds since mid-March.

Investors also yanked cash out of emerging-market debt funds, snapping the longest streak of consecutive weekly

Emerging Outflows

Weekly flows of money into and out of emerging-market equity funds



Note: Latest data for the week ended Aug. 16

Source: EPFR Global via Bank of America Merrill Lynch

THE WALL STREET JOURNAL

inflows since 2013. And \$2.3 billion poured out of high-yield-bond funds, the most in almost six months.

Cracks were forming last month in emerging markets as major central banks started to discuss winding down years of stimulus. The latest political turmoil added to the concerns.

One worry, according to JC Sambor, deputy head of

emerging-market fixed income at BNP Paribas Asset Management, is that if Treasury yields rise, U.S. government bonds would become more attractive. That could trigger outflows from U.S. dollar-denominated emerging-market debt.

"The market on the hard-currency side is very complacent about Treasury risk," Mr. Sambor said.

He said that while he has become more cautious, he continues to like local-currency government bonds in India, Malaysia and Indonesia. "We think Asia is on very sound footing," he said, describing growth as improving but "not too hot and not too cold."

Asian stock and bond markets have been some of the biggest beneficiaries of the return to risk this year. Now, there are signs that those markets are beginning to cool. Foreigners pulled money out of Asian emerging-market stocks in July for the first time this year, selling a net \$800 million in shares in the region, excluding China, according to ANZ.

Foreign investors continued to buy Asian emerging-market debt last month, though their net purchases of \$4.7 billion, excluding China, marked the smallest monthly amount since March.

"I'm encouraged by this increase in risk aversion," said Stephen Corry, head of investment strategy, Asia Pacific, at

LGT Bank in Hong Kong, which has about \$150 billion in assets under management.

Mr. Corry said he is positive on both emerging-market equities and debt. "Several indicators were getting frothy on a short-term basis," he said. "But we keep telling clients if you see weakness, buy more."

And even with the recent outflows, emerging markets have had a strong year, consistently defying events originally seen as stumbling blocks.

Money has a history of flowing out of emerging markets when the U.S. Federal Reserve is tightening policy. A recent example was in 2013 during the "taper tantrum," when investors dumped emerging markets as the Fed signaled it was getting closer to removing cheap post-financial-crisis cash.

The Fed has raised rates four times since late 2015, including twice this year. But the tightening cycle has been slow and predictable, and hasn't spooked investors.

Tokyo, European Stocks Fall Again

BY AKANE OTANI AND RIVA GOLD

Japanese and European stocks extended a recent losing streak, but the Dow Jones Industrial Average recovered from early losses to trade nearly flat Monday despite declines in energy shares.

J a p a n ' s
MONDAY'S
MARKETS
Nikkei Stock
Average fell
0.4%, weighed
down by

losses in banking shares, marking a fourth consecutive session of declines. Australia's S&P/ASX 200 index also ended the day down 0.4%.

The Stoxx Europe 600 slipped 0.4%, its third consecutive daily loss, but the Dow Jones Industrial Average was marginally higher at 21675 shortly after midday in New York. The S&P 500 rose 0.1%,

while the Nasdaq Composite fell by the same percentage.

Stocks have pulled back in the U.S. after climbing with few interruptions to records this year, a shift investors and analysts have attributed to nervousness about the long rally, as well as questions regarding how effective the White House will be in pushing through tax cuts and infrastructure spending.

"People are just standing back a little bit and saying let's wait and see what happens here," said Paul Flood, portfolio manager at Newton Investment Management.

Still, the U.S. economy appears to be in a "Goldilocks" scenario, analysts say, where growth is fast enough to support corporate earnings but slow enough to keep the Federal Reserve from raising in-

terest rates quickly. That should help stocks keep chugging higher, even with the length of the rally raising doubts, said Jeremy Zirin, head of investment strategy for the Americas at UBS's Chief Investment Office.

"Equity markets don't just decline unless you have concerns that growth is going to decelerate—and there's very little to suggest that at this point," Mr. Zirin said.

Central bankers including Federal Reserve Chairwoman Janet Yellen and European Central Bank President Mario Draghi will gather at the Jackson Hole economic symposium Thursday through Saturday, where they may offer clues on plans about scaling back their large-scale stimulus programs.

"I think the ECB, the Bank of England and the Fed are all

moving in the same direction, which is to less accommodative policy, and I'm not sure the market is really prepared for that," said Gene Tannuzzo, portfolio manager at Columbia Threadneedle Investments.

Energy stocks in the S&P 500 fell 0.5% on Monday, deepening their decline for the year, as oil prices pulled back. U.S. crude was down 0.7% to \$48.34 a barrel in midday New York trading.

Deals news lent support to markets. Hong Kong's Hang Seng Index finished up 0.4% after China said late Sunday it had cleared plans for state-owned telecommunications giant China Unicom to bring in new investors under an \$11.7 billion plan that was unveiled on Wednesday.

Unicom's Shanghai-listed stock, which hadn't traded

since March 31, rose by the 10% daily limit.

In Europe, shares of A.P. Moeller-Maersk were up 3.5% after French oil giant Total SA agreed to acquire its oil unit for \$4.95 billion. Shares of

Fiat Chrysler Automobiles were up 6% in New York trading in response to news that China's Great Wall Motor is interested in buying Jeep.

—Ese Erheriene contributed to this article.



See 'Priscilla Queen of the Desert'

Enjoy a special rate on tickets to the performance of this heart-warming classic about the adventures of friends traveling across Australia. Be dazzled by a lineup of dance-floor hits and spectacular costumes, in this feel-good Oliver and Tony award-winning musical favorite.

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MARKETS

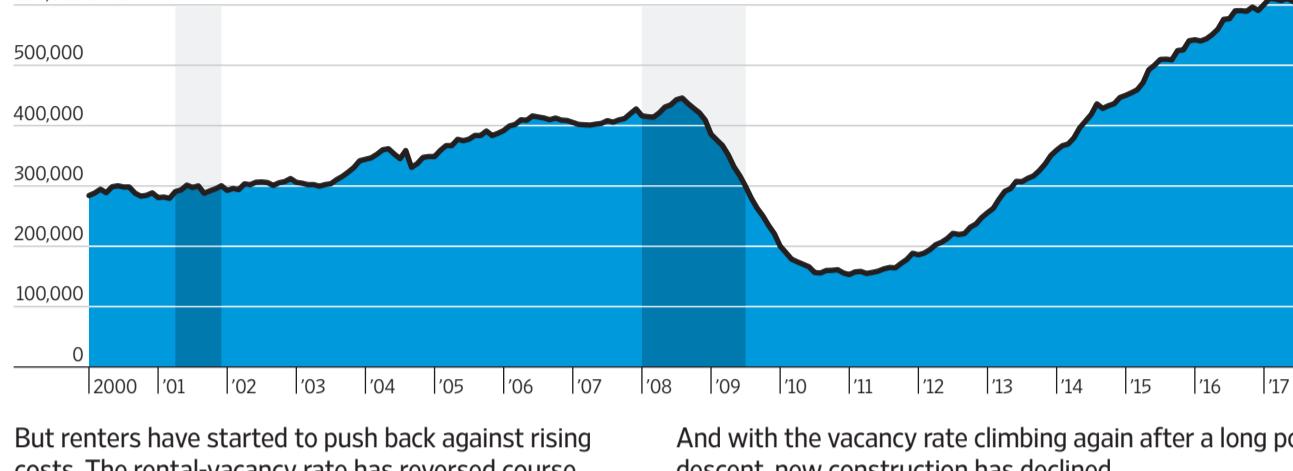
THE DAILY SHOT | By Lev Borodovsky and Amrith Ramkumar

Complications Arise in the Housing Recovery

The U.S. housing market continues to improve, extending gains that began not long after the economy bottomed out in the wake of the financial crisis. But the pace of improvement is slowing and cracks are starting to appear, raising questions about what the end of 2017 may bring.

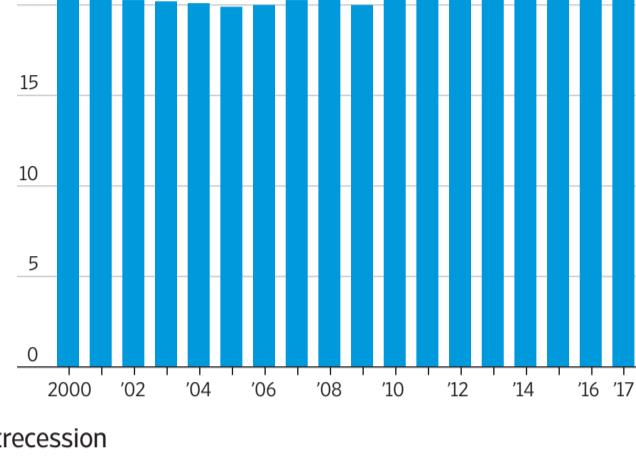
To meet the demand for rentals, the industry went on a building spree. Multifamily housing under construction recently hit its highest level in decades.

New multifamily housing under construction



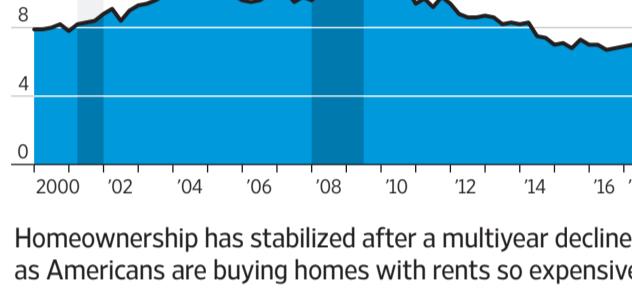
Rental costs as a share of income rose to a record high last year.

Effective rents as percentage of median income



But renters have started to push back against rising costs. The rental-vacancy rate has reversed course.

Rental-vacancy rate, quarterly

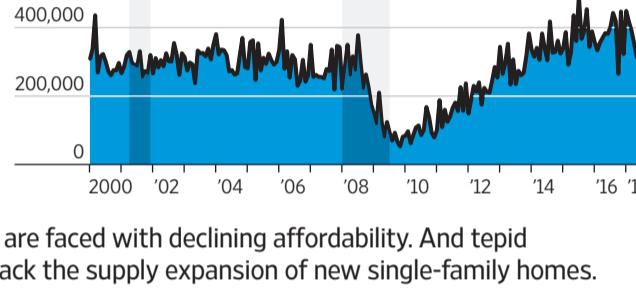


And with the vacancy rate climbing again after a long postrecession descent, new construction has declined.

Multifamily units authorized by building permits*

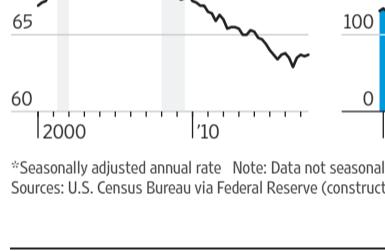


Multifamily housing starts*

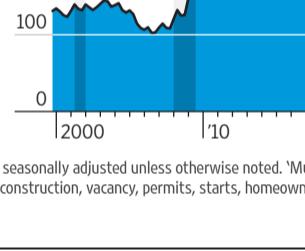


Homeownership has stabilized after a multiyear decline as Americans are buying homes with rents so expensive.

Homeownership rate, quarterly

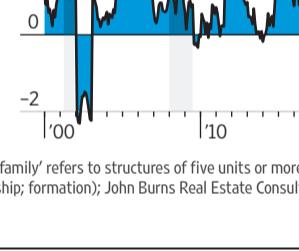


National Association of Realtors Housing Affordability Index

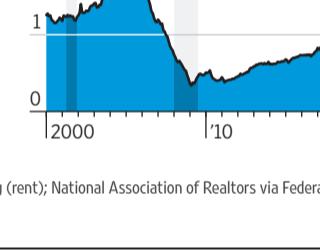


But there are challenges ahead for new homeowners, who are faced with declining affordability. And tepid household formation and weak wage growth are holding back the supply expansion of new single-family homes.

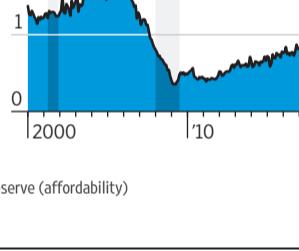
Household formation, change from a year earlier



Single-family units authorized by building permits*



Single-family housing starts*



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*Seasonally adjusted annual rate. Note: Data not seasonally adjusted unless otherwise noted. *Multifamily' refers to structures of five units or more.

Sources: U.S. Census Bureau via Federal Reserve (construction, vacancy, permits, starts, homeownership; formation); John Burns Real Estate Consulting (rent); National Association of Realtors via Federal Reserve (affordability)

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Monetary Policy Isn't Only Game in Town

The Jackson Hole gathering of central bankers of recent years has been an opportunity for policy makers to pledge extraordinary support for economies, in particular via quantitative easing. But this year looks different. As Janet Yellen and Mario Draghi prepare for this week's event in Wyoming, persistence looks like it is paying off.

The big question is whether economies that are gaining resilience still need such large amounts of central bank support and whether monetary stimulus is pushing risky markets up too far.

That is balanced against inflation, which is still proving softer than policy makers would like in both the U.S. and the eurozone, but may be providing false comfort to markets.

Recent communications from both the Federal Reserve and the European Central Bank hint at this. In the



ECB President Mario Draghi

for maneuver.

In Europe, meanwhile, the account of the ECB's July meeting included a reference to the idea that a broader and more self-sustaining recovery is less dependent on monetary policy, a new strand of thought in Frankfurt this year.

These issues run through both financial markets and

the economy. In effect, a stronger growth and inflation picture compared with previous years means that still-loose monetary policy may be providing more stimulus and getting more traction, and that central bankers are getting a bigger bang for their buck.

Europe is the test case. The ECB's policy settings are still at emergency levels, with a negative deposit rate and bond purchases running at €60 billion (\$70.5 billion) a month. But slack is being used up, with unemployment falling. Eurozone capacity utilization has picked up to a level not seen since before the global financial crisis, and the European Commission's business survey has shown an uptick in companies citing equipment and labor as factors limiting production.

Meanwhile, negative rates may be more effective in spurring risk-taking. That is because for as long as inter-

est rates were falling, investors could generate strong returns from risk-free assets such as government bonds. But that process likely came to an end last year.

Total returns on German bonds this year are negative, while returns on investment-grade and high-yield corporate bonds are positive. The stick of negative rates is being coupled with the carrot of a brighter outlook. That gives investors more reason to take risk, not less, although risky assets are already expensive.

True, still-sluggish inflation will deter central banks from acting too aggressively. But the policy debate isn't about stamping on the brakes; it is about easing on the accelerator.

This year's Jackson Hole event comes against a backdrop of continued central-bank largess, but markets need to think about policy makers doing less, and soon.

—Richard Barley

OVERHEARD

Would you buy a smartphone running on ontbijtkoek?

It's a fair question as Google readies the next version of its Android mobile system. This year's beta test version has been dubbed Android O, but Google typically has christened the formal launch with a dessert name. Aside from the Oreo, there are few well-known treats beginning with "O." That hasn't curbed speculation among the gadget press. A popular one is ontbijtkoek, a spiced cake from the Netherlands. There is also oliebol—a donutlike treat from the same country—and Indian flatbread obattu.

Or Google could keep it simple and go with Oreo by securing a deal from brand owner Nabisco. The company made an arrangement with Nestlé in 2013 for the KitKat version of Android. Plus, Android Oh Henry! doesn't exactly roll off the tongue.

The Case for Upside at BNP Paribas

Europe's banks have had a decent run as fears of a eurozone crackup have faded. But France's biggest bank has more to offer.

BNP Paribas shares enjoyed a sharp jump in the spring when Emmanuel Macron's pending victory in France's presidential race eased fears of a populist-led European breakup, but they have gone sideways since.

BNP has had its troubles: Back in 2014, a \$9 billion penalty for busting U.S. sanctions added to concerns that it was short on capital. Since then, the bank has been quietly improving profitability, building its capital base and, in the past few quarters, emerging as a surprise winner from rivals' in-

vestment-banking woes.

Since 2013, BNP's share of European capital markets revenue has risen to 11% from 9%, mainly during this year, according to analysts at Goldman Sachs. That is mostly at the expense of Deutsche Bank and Credit Suisse.

BNP has done especially well in equities trading, particularly servicing hedge funds. These may often be fickle clients, but there is a big reason BNP can continue to win share. It is more attractive and cheaper to deal with as a counterparty. The cost of protecting BNP's debt against default is roughly half that of Credit Suisse and BNP's big domestic retail bank. In September, Mr. Macron is expected to push

through liberalization of labor laws to encourage hiring, which should cut France's unemployment rate and help the economy—and credit growth.

This year should settle another worry hanging over banks, especially French ones. When the so-called Basel IV changes are completed, they will likely make minimal demands on the capital resources of BNP, at least in the next five years.

BNP trades at less than 90% of its forecast book value for 2017 and 2018. That puts it slightly ahead of Credit Suisse, which trades for about 80%, and way ahead of Barclays and Deutsche Bank. But based on consensus earnings fore-

casts, it is those rivals that are overvalued.

BNP's stock price implies a higher cost of equity than these rivals and other large European banks. But the French lender has demonstrated consistently that it

hits its targets and produces more reliable returns. Over the next few months, investors should see that BNP ought to have a lower cost of equity—and that will mean a higher valuation than today.

—Paul J. Davies

Risk Reducer

Annual cost to protect €10 million of bank debt against default in derivatives markets



Sources: Markit; Bloomberg News (photo)
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