

THE WALL STREET JOURNAL.

DOW JONES | News Corp ****

THURSDAY, AUGUST 17, 2017 ~ VOL. CCLXX NO. 40

WSJ.com

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What's News

Business & Finance

New concerns over sagging inflation are driving a split at the Fed about the timing of the next increase in interest rates, July meeting minutes show. A1

◆ Apple, in a sign of how serious it is about making a splash in Hollywood, has set a roughly \$1 billion budget to procure and produce original content over the next year. A1

◆ An Uber investor accused Benchmark of coordinating with Lowercase to force former CEO Kalanick and Huffington off the board. B1

◆ A former BofA employee and several others face insider-trading charges over tips about potential deals. B1

◆ Elliott has bought a slice of debt that would ensure the hedge fund's ability to block Buffett's deal for Oncor. B2

◆ Akzo and Elliott reached a truce after a feud over the investor's push to force the Dutch firm into sale talks. B3

◆ DRW is acquiring rival RGM, the latest deal to show how low stock volatility is roiling the world of high-frequency trading firms. B1

◆ Facebook dismantled an employee discussion board last year that sometimes drew racist or sexist comments. B4

◆ Target's sales rose and the retailer raised its profit forecast, citing cost cuts and improved digital operations. B3

◆ U.S. stocks gained, aided by retailers. The Dow rose 25.88 points to 22024.87. B1

◆ Car makers received a temporary shield blocking them from many suits over defective Takata air bags. B2

World-Wide

◆ Business leaders disbanded two CEO councils created by the White House, a move they said was protesting Trump's failure to sufficiently condemn racism, in a sharp break between U.S. firms and a president who has sought close ties with them. A1

◆ Trump's remarks rattled his staff and risk setting back his policy agenda in Congress, lawmakers and administration aides said. A5

◆ Baltimore removed several Confederate monuments in a stealth operation that highlights the backlash against such memorials. A5

◆ Nafta talks began, with the U.S. laying out a starkly different vision from that of Mexico and Canada on how the trade pact has worked and should be rewritten. A6

◆ The administration is set to issue a rule unwinding an Obama-era requirement that employee health benefits include contraception. A4

◆ The top U.S. general held talks with his Chinese counterparts on ways to avoid miscalculations in the event of war with North Korea. A7

◆ Pence, in a speech in Chile, urged Latin American countries to sever diplomatic ties with Pyongyang and step up sanctions. A7

◆ Kenya's opposition leader said he would challenge the presidential election results in court and promised to show evidence of fraud. A16

◆ A Russian ex-minister on trial for allegedly taking a \$2 million bribe accused the head of state oil company Rosneft of entrapment. A16

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Prayers for Heather Heyer, Victim of Virginia Car Attack



PAYING RESPECTS: Hundreds packed a theater in Charlottesville, Va., and spilled into the street for a memorial service for 32-year-old Heather Heyer. She died after being run down by a driver who allegedly had a history of making sympathetic remarks about Nazis, as she and others protested against a gathering of white nationalists in the city. Her mother urged mourners to 'make my daughter's death worthwhile.'

CEOs Scrap Trump Panels

After president's latest comments on Virginia violence, leaders disband committees

Business leaders disbanded two CEO councils created by the White House, a move they said was protesting Donald Trump's failure to sufficiently condemn racism, marking a dramatic break between U.S. companies and a president who has sought close ties with them.

In the hours that followed Mr. Trump's combative news conference Tuesday—during which he appeared to appor-

tion blame equally between white supremacists and counterprotesters for lethal violence in Charlottesville, Va.—executives on two prominent advisory councils started calling each other to discuss whether to stay on.

On a 45-minute conference call that started around 11:30 a.m. ET Wednesday, members of the President's Strategic and Policy Forum decided to dissolve the group.

Blackstone Group LP chief Stephen A. Schwarzman, who organized the conference call, called the White House and spoke with Jared Kushner, Mr. Trump's son-in-law and a presidential adviser, to give him

the news, according to a person familiar with the call. Around the same time, the manufacturing council also had a call and decided to disband.

Within minutes of the call to Mr. Kushner, Mr. Trump posted on Twitter that he had dissolved the councils: "Rather than putting pressure on the businesspeople of the Manufacturing Council & Strategy & Policy Forum, I am ending both. Thank you all!"

A White House spokesman declined to comment.

By Emily Glazer,
Sarah Krouse
and Elena Cherney

The unraveling of the business councils marks a dramatic moment in corporate America's relationship with the presidency.

From its start, the Trump White House had proclaimed an open-door policy for the country's top business leaders. Many chief executives, while wary of being associated with the president's more contentious policies, such as on immigration and climate change, have been eager to help Mr.

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◆ Greg Ip: For business, a new political status quo..... A2

◆ Trump remarks rattle his staff, threaten agenda..... A5

INSIDE



EASE THE PAIN
OF SHOPPING
FOR A LAPTOP

BUSINESS & FINANCE, B1

Apple Builds \$1 Billion Hollywood War Chest

BY TRIPP MICKLE

Apple Inc. has set a budget of roughly \$1 billion to procure and produce original content over the next year, according to people familiar with the matter—a sign of how serious the maker of iPhones is about making a splash in Hollywood.

Combined with the company's marketing clout and global reach, the step immediately makes Apple a considerable competitor in a crowded market, where both new and traditional media players are vying for original shows. Apple's budget is about half of what Time Warner Inc.'s HBO spent on content last year, and on par with estimates of what Ama-

Please see APPLE page A7

◆ Heard: Does the world want content from Apple?..... B12

THE NEW EXTREMISM: UNIFIED, TECH-SAVVY

White nationalists amplify numbers through the web; the Trump effect

By Dan Frosch,
Cameron McWhirter
and Ben Kesling

The white nationalist drove from South Carolina. The self-described patriot trekked from Tennessee. The college student espousing white pride flew in from Nevada.

The right-wing extremist movement, which until recently was fragmented by division, starved for members and lacking steady leadership, rarely was capable of uniting its forces as it did last weekend. The mayhem in Charlottesville, Va., was a signal that even if not numerous, these groups are unifying.

Patrick LaPorte IV, 35 years old, a white nationalist from South Carolina who attended the rally, said he was drawn to the event even though there wasn't a single group driving the charge, but rather a loose conglomeration of like-minded people connected on social me-

dia. Mr. LaPorte, who brought a mouth guard with him for protection in the event of a brawl, said he isn't bothered when people call him a Nazi, though if he were to label himself he would say he subscribes to "white identity."

In the past, he said, white nationalists might have been scared of showing their faces. For many, he said, those days are over.

For law-enforcement officials and others who have long tracked the extremist groups that descended on Charlottesville, the attendance of so many disparate elements made the gathering a watershed. While only several

Please see GROUPS page A8

◆ U.S. tech firms are thrust into debate..... B4

◆ Baltimore removes Confederate statues..... A5

I Now Pronounce You... America's Most Beloved Bankruptcy Lawyer

* * *

Patricia Redmond delivered scores of

dresses stranded in defunct bridal stores

BY LILLIAN RIZZO

Patricia Redmond remembers when the messages started trickling in, then began to multiply, and finally swelled to a server-taxing torrent, each one more pitiful than the last.

In more than 30 years as a Miami bankruptcy lawyer, Ms. Redmond had seen her share of colorful email subject lines—but never 10,000 of them in just a few days. "I WILL BE KICKED OUT OF THE WEDDING IF I DON'T GET MY DRESS," said one.

Just one month later, Ms. Redmond, working on her own

time with help from friends and strangers, flew to Baltimore to execute the latest in a string of covert operations. She'd unlocked a darkened storefront slathered with "Permanently Closed" signs and hired two security guards to keep watch outside.

"I'm afraid of things getting out of control if the store is publicly opened," she said, wheeling 20 bags to the front of the store. "It could cause a mass hysteria."

Since Alfred Angelo, one of the nation's biggest bridal chains, announced it was going out of business and filing

Please see BRIDES page A8

Oracle #1

SaaS Enterprise Applications Revenue

#1

Oracle Cloud

14.5%

#2

Salesforce Cloud

12.4%

1,000+ Employees Segment, 2015

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oracle.com/applications

Source: IDC "Worldwide SaaS Enterprise Applications Market Shares, 2015: The Top 15 by Buyer Size" doc #US41913816, Dec. 2016; Table 4. For the purposes of this report, SaaS enterprise applications include the following application markets: CRM, engineering, ERP, operations and manufacturing, and SCM.

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U.S. NEWS

CAPITAL ACCOUNT | By Greg Ip

For Business, a New Political Status Quo

The schism that opened up between Corporate America and President Donald Trump this week might look like an outlier, a lone instance of reputational risk outweighing any benefit business hoped to get from working with an administration on taxes and regulation.

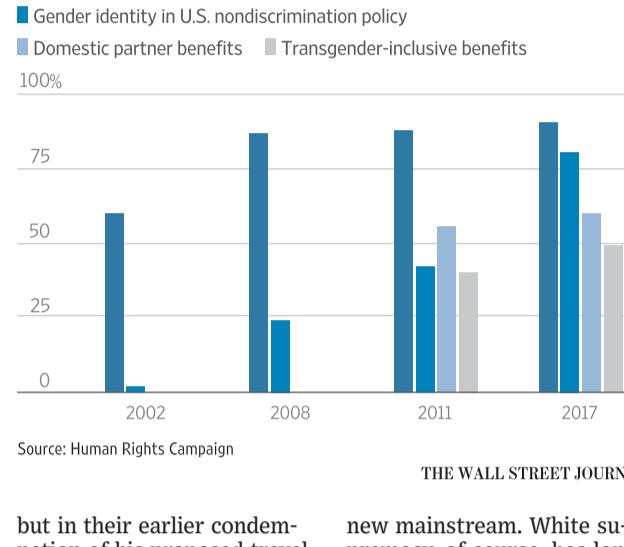
But it isn't an outlier, and to understand why, look to Austin, Texas. There, a seven-month effort by social conservatives, backed by Republican Gov. Greg Abbott, to regulate transgender access to public facilities such as bathrooms died Tuesday. The principal authors of its defeat: More than 700 companies and business groups who attacked the bill as discriminatory and bad for the state's economy.

It was a stunning rebuke to the Republicans who control what they boast is the nation's most business-friendly state. But it illustrates how business has increasingly parted ways with Republicans, including Mr. Trump, on noneconomic issues, becoming, in the process, a check on their agenda.

That was apparent not just in the decision of many CEOs to quit advisory councils to Mr. Trump over his failure to immediately blame white supremacists for weekend violence in Charlottesville, Va.,

Policy Shift

The share of Fortune 500 companies offering gay and transgender-friendly policies has steadily risen since 2002.



Source: Human Rights Campaign

but in their earlier condemnation of his proposed travel ban on several Muslim-majority countries deemed terrorism risks.

On politics, business leaders are risk-averse. They prioritize stability and the status quo. What has changed is the definition of the status quo. Gay and transgender rights, and action on climate change, were once liberal causes. They are now largely mainstream, particularly in big cities that are home to corporate head offices and the educated workers they covet. Businesses have adapted their own plans, policies and attitudes to this

new mainstream. White supremacy, of course, has long been rejected across the political spectrum, but for some companies, merely being associated with a president who didn't clearly condemn it poses risks.

This changes their cost-benefit calculus: Speak up and embroil yourself in unwelcome controversy, or stay silent and invite the opprobrium of customers, employees, social media and, for some, their own families and consciences.

Increasingly, they have concluded that inaction is the riskier path. Merck & Co. CEO Kenneth Frazier quit Mr.

'Bathroom Bill' Dies Again in Texas

A bill that would have regulated bathroom use for transgender people died in the Texas Legislature late Tuesday, as a special session came to a close without addressing many of Republican Gov. Greg Abbott's legislative priorities.

It was the second time conservative lawmakers attempted and failed to pass a bill requiring people to use some public bathrooms based on their birth sex. An array of major corporations in Texas had lined up against such legislation.

Texas Lt. Gov. Dan Patrick championed the bill, describing

it as a safety issue. "The people of Texas...don't want men—we're not talking about transgender—they don't want sexual predators who would use that as a loophole to follow any of the women in this room into a bathroom," Mr. Patrick said at a Tuesday news conference.

The bill was opposed by the Texas Association of Business and Republican House Speaker Joe Straus.

Top tech leaders including Mark Zuckerberg, chief executive of Facebook Inc., Tim Cook, CEO of Apple Inc., and Meg Whitman, CEO of Hewlett Packard Enterprise Co., wrote to Mr. Abbott in May to express their opposition to "discriminatory legislation."

—Quint Forgey

to the Human Rights Campaign, which advocates for gay and transgender people. Restrictive legislation conflicts with those policies.

Similarly, nearly half the Fortune 500 has some sort of internal target for greenhouse-gas emissions, renewable energy or efficiency, according to the Carbon Disclosure Project, which advocates for climate action. Mr. Trump's decision to withdraw the U.S. from the Paris climate accord ran counter to their adoption of low-carbon technology.

For some executives, the considerations go beyond the economic. The bathroom bill "is not just going to hurt our business and our employees, it's a moral imperative not to discriminate against this already marginalized group of people," says Jim Reinhart, the head of Tekvox Inc., an Austin-based audiovisual technology startup.

This pushback against the right on many issues means Mr. Trump and Republicans can't count on reflexive support from business simply because they promise to cut taxes and regulations.

This offers Democrats an opening to grab business's support, although that could be difficult to reconcile with internal pressures to move left on economic issues. Business could find itself a counterweight to both parties, its loyalty up for grabs.

U.S. WATCH



Bill Richard stood next to a painting of his late son, Boston Marathon bombing victim Martin Richard, at ceremony in Boston on Wednesday.

BOSTON MARATHON

Park Honors Child Killed in Bombing

The youngest person to die in the Boston Marathon bombing was honored Wednesday during a ceremony to break ground on a park to be built in his memory.

The family of 8-year-old Martin Richard joined officials and a crowd of supporters at a ceremony at the park site on the South Boston waterfront. Martin and two others were killed when two bombs exploded near the finish line in 2013.

Martin's younger sister, Jane, who lost her left leg in the bombing, said the park would have wheelchair ramps so it is accessible to everyone.

—Associated Press

ILLINOIS

Governor's Education Plan Gets No Votes

No one in the Illinois House of Representatives voted Wednesday in support of Republican Gov. Bruce Rauner's rewrite of a school funding plan, as Democrats demonstrated the general dissatisfaction with the governor's proposal.

Earlier this month, Mr. Rauner rejected a funding formula,

passed by both houses of the Democratic-controlled General Assembly, that allocates state aid to the neediest school districts first.

After the governor made changes to the legislation, the state Senate rejected them Sunday, when one Republican law-

maker joined the chamber's 37 Democrats to achieve the three-fifths majority necessary to override Mr. Rauner's veto.

To better gauge support for an override attempt in their chamber, House Speaker Michael Madigan and other Democratic representatives put Mr. Rauner's changes to Senate Bill 1 in a new piece of legislation Wednesday and forced a test vote. Sixty members voted against it, 33 simply voted present and none voted in support.

Proponents of the original funding model say it attempts to establish adequate funding levels for school districts.

But Mr. Rauner claimed the bill gave preferential treatment to the Chicago Public Schools district.

—Quint Forgey

HAWAII

Five Missing After Helicopter Crashes

A multiagency team scoured the ocean off Hawaii on Wednesday for five soldiers aboard an Army helicopter that went down during a nighttime training exercise.

The UH-60 Black Hawk went missing when another Army helicopter training with it lost visual and radio contact about 9:30 p.m. Tuesday, said Lt. Col. Curtis Kellogg, a spokesman for the 25th Infantry Division. Two pilots and three crew members were on board, he said.

The two helicopters are elements of the 25th Combat Aviation Brigade based in Hawaii.

—Associated Press

RATES

Continued from Page One

Others, however, worried that the strong labor market could produce a spurt of inflation above 2% that could be difficult to control. This group cautioned that waiting too long to raise rates "could result in an overshooting of the [Fed's] inflation objective that would likely be costly to reverse," the minutes said.

Typically, business has been a follower on social issues. In the 1960s, Southern hotels, lunch counters and other businesses didn't back desegregation until the cost of sit-ins, protests and bad publicity came to surpass any potential loss of white customers.

Business opposition to the

Texas bathroom bill was in great part driven by fear of the boycotts North Carolina experienced after passing a similar bill in 2016. (That measure was watered down earlier this year.) But their motives go beyond fear of bad publicity. Many companies were actually on the vanguard of extending equality to gays, and more recently transgender people, partly to attract employees or customers.

Half of Fortune 500 companies provide transgender-inclusive health benefits—up from none in 2002—and 61% offer domestic-partner benefits to gay couples, according

Meanwhile, employers added a healthy 209,000 jobs in July and the unemployment rate ticked down to 4.3%, matching the lowest level in 16 years.

The split has left markets uncertain about the future. As of Wednesday afternoon, following the release of the minutes, investors saw a roughly 50% chance the Fed would hold rates steady through the end of the year, according to CME Group.

Fiscal policy could make matters still more complicated. At the start of the year, some Fed officials anticipated the Republican-controlled Congress and the Trump administration would enact a tax overhaul and new infrastructure spending programs that would deliver a short-term economic boost that might call for higher interest rates to keep inflation in check.

Those expectations have deflated as lawmakers and the White House struggle to coalesce around legislation. Some Fed officials at the July meeting saw lower odds of fiscal stimulus or predicted it "would be smaller than they previously expected," the minutes said.

Ms. Yellen has a chance to weigh in on all these questions at the Kansas City Fed's annual economic conference in Jack-

The minutes suggest Chairwoman Yellen's position has skeptics within the Fed.

son Hole, Wyo., this month.

Economists have found it difficult over the past few years to reconcile booming job growth with weak price pressures. Under standard economic theory, a better labor market would lead to higher wages and consumer prices. That hasn't happened.

Some officials in July said they thought the standard theory "was not particularly useful," while others believed it remained valid.

Puzzled policy makers talked through possible explanations for the disconnect, including possible structural changes in the labor market, imprecise data on the effect of globalization on prices, according to the minutes.

The minutes also indicated greater consensus around officials' plans to slowly reduce their \$4.5 trillion portfolio of bonds and other assets.

Some were ready to announce the start of the portfolio whittling in July, but "most preferred to defer that decision until a coming meeting" to gather more information, the minutes said.

CORRECTIONS & AMPLIFICATIONS

State Street Global Advisors accounts for money-losing companies when calculating average valuation at its exchange-traded funds, but it lessens their impact by adjusting how it calculates average valuation. The Intelligent Investor column on Saturday incorrectly said State Street ignores such firms in the calculation.

From the beginning of the year through Friday, the dollar

declined 11% against the euro and 14% against the Mexican peso. The Outlook column on Monday about the weaker dollar incorrectly said the dollar was down 15% and 28%, respectively. Also, a graphic with the article showed the change in the strength of the dollar against the WSJ Dollar Index, euro and peso. The graphic was labeled incorrectly as the change in those instruments' value against the dollar.

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A2 | Thursday, August 17, 2017

THE WALL STREET JOURNAL.

U.S. NEWS

For Science Standards, Little Backlash

With lessons from Common Core, new curriculum finds easier path to acceptance

BY LESLIE BRODY

After the Common Core standards in reading and math ran into backlash from critics claiming federal overreach, supporters of new science standards decided to take a different tack.

They explicitly asked the Obama administration to sit out the promotion of the science guidelines. They also encouraged states to take time to get local input. The strategy appears to have paid off.

Since 2013, 18 states and the District of Columbia have adopted the Next Generation Science Standards for kindergarten through 12th grade. Another 16 revised their goals to be similar. Teachers nationwide are adjusting to the expectations, which aim to inspire more hands-on problem-solving instead of regurgitating facts.

"There is something to be said for being the second person through the minefield; you know where to step," said Peter McLaren, an education consultant and former teacher who helped write the science standards. "Common Core gave us some good guidance as far as what to do differently."

Supporters hope better instruction will fix a troubling dearth of science and engineering skills that could hurt the nation's economy in the long



New York City middle-school science teachers learn to teach the new standards at a July workshop.

The Evolution Of New Guidelines

Educators say greater input from teachers, among other things, created an easier path for new science standards compared with Common Core. There were 26 teachers on the 41-member committee that drafted the Next Generation Science Standards, which were based on a new framework built by the National Research Council.

States also delayed new science tests tied to the new expectations until several years after rollouts.

Michael Cohen, president of Achieve, a nonprofit that helped implement both standards, said he asked President Barack Obama's education team to keep its distance from the initiative.

"We had learned enough to know we needed to protect science from any debates about federal control or federal overreach," Mr. Cohen said.

A spokeswoman for the U.S. Department of Education under Mr. Obama said the agency had learned that same lesson.

While not directly endorsing the standards, President Donald Trump's secretary of education, Betsy DeVos, "encourages all state leaders to set high academic standards that fit the needs of their students and their individual states," an agency spokeswoman said.

Among states that fully adopted the science standards, six have Republicans in the governor's seat and controlling the legislature, six have Democrats in charge, and six have a mixed makeup.

—Leslie Brody

run. In a 2015 science test for eighth-graders called Trends in International Mathematics and Science Study, America tied for 10th place out of 39 countries.

The Common Core for reading and math was adopted quickly by more than 40 states when the Obama administration's 2009 Race to the Top contest promised to reward states that embraced high standards that would get students ready for college. But the federal nudge created a backlash that caused some states to dump the standards, or revise them using a new name.

The experience prompted

supporters of the new science standards to emphasize that 26 states led their development, with financial support from foundations.

Standards don't dictate curriculum, lessons or books. Rather, they outline skills and concepts that students should master and stress learning through investigation, not lectures. Backers hope the approach will replace "teaching to the test" with actually doing more science in class.

Some skeptics say the guidelines undervalue the need for a rich base of knowledge.

"They seem to almost fe-

tishize this notion of doing science" and don't put enough weight on the need to learn basic content, said Michael Petrilli, president of the Thomas B. Fordham Institute, a conservative-leaning think tank.

Teachers unions and the National Science Teachers Association supported the overhaul. Early adopters, such as California and Kentucky, have already rolled out the standards.

During a recent training at the American Museum of Natural History in New York City, 20 teachers pretended to be middle schoolers figuring out why tiny invasive mussels hurt the

Hudson River's environment.

Lauren Couto, a sixth-grade teacher in the Bronx who began switching to the new standards two years ago, said she tries in every class period to have students tackle hands-on projects.

Her new approach has cut down on discipline problems, she said. "I have kids who might act out in other classes, but they're excited to come to science because they're busy doing things."

Challenges abound. The Carnegie Corporation of New York, a lead funder that gave \$8.5 million for the science standards' development, re-

leased a June report stressing the urgent need for more materials and teacher training.

Experts estimate it will cost about \$50 million to create a free digital library of model lessons and other resources. And many say the standards will improve learning only if implemented well.

"Standards are like the mission statement you read on the wall of a fast-food franchise," promising friendly service, said Frederick Hess, director of education policy studies at the conservative-leaning American Enterprise Institute. "It's entirely about the execution."

Florida Citrus Growers Get Help

BY ARIAN CAMPO-FLORES

Florida's battered citrus industry is teaming up with Bayer AG in its decadelong fight against a disease ravaging the state's groves.

The German pharmaceutical and chemical giant said Wednesday it signed a three-year research agreement with the Citrus Research and Development Foundation, a nonprofit created by the Florida citrus industry. The partnership aims to develop new ways to combat citrus greening, an incurable bacterial disease that depletes trees and can cause fruit to drop to the ground prematurely.

The foundation assembled \$12 million in funding from citrus growers and companies including Coca-Cola Co. and PepsiCo Inc., which are big buyers of Florida citrus for their juice brands. Bayer will dedicate 12 researchers to the effort, a library of more than one million chemicals as well as its lab resources. If it finds potential treatments, the company will further develop and commercialize them.

Florida growers are projected to produce 68.7 million boxes of oranges in the year ending Sept. 30, down 53% from the 146.7 million boxes five years earlier, according to the U.S. Department of Agriculture's July forecast. Land devoted to citrus in the state declined 19% to 437,000 acres in the past nine years, according to the Florida Citrus Mutual, a marketing cooperative.

Tom Jenkins, president of Premier Citrus, which has more than 20,000 acres of citrus groves in Florida, said he is hopeful about the research pact. His company has lost 30% to 40% of its citrus acreage and faced a 30% to 50% increase in costs in the past decade as a result of greening, he said.

Greening, also known as Huanglongbing, has been a maddening foe for the citrus industry. The bacterium is transmitted by an insect, the Asian citrus psyllid, which injects it into the tree's vascular system. The disease hinders the flow of nutrition in the tree and slowly starves it.

"Without advanced tools to control citrus greening, the citrus industry in Florida could be out of business within 10 to 15 years," said Adrian Percy, head of research and development at the crop-science division of Bayer.

Youth Jobless Rate Falls to Level of 1969

BY ERIC MORATH

The unemployment rate among young Americans fell this summer to match the lowest level in nearly a half-century.

The jobless rate for Americans between 16 and 24 years old dropped to 9.6% in July from 11.5% a year earlier, the Labor Department said Wednesday. The rate reflects those actively seeking but unable to find a job.

Last month's figure, while more than double the rate for all adults, matched July 2000 as the lowest midsummer jobless number since 1969. But the historically low rate comes with a big caveat: A far smaller share of young people are seeking summer jobs than in decades past.

The portion of Americans in that group who had or sought a job—called the labor-force participation rate—edged up to 60.6% last month from 60.1% a year earlier. But both of those readings are well down from a 1989 peak, when 77.5% of those in their late teens and early 20s were in that category.

For those who want to work, however, the search is getting easier.

Two years ago, Alaina Warburton said she was turned away for several lifeguard jobs before landing summer work. This year, the 18-year-old from Grand Blanc, Mich., was invited back to work at a local country-club pool. She said she is among the few of her high-school classmates working this summer.

"Most everyone just wants to hang out before heading off to college," she said. "But I enjoy lifeguarding." She said the job was more about gaining work experience than the pay—\$9.25 an hour.

The summer employment data reflect both short-term and long-term economic trends. Falling youth unemployment "is a symptom of what's going

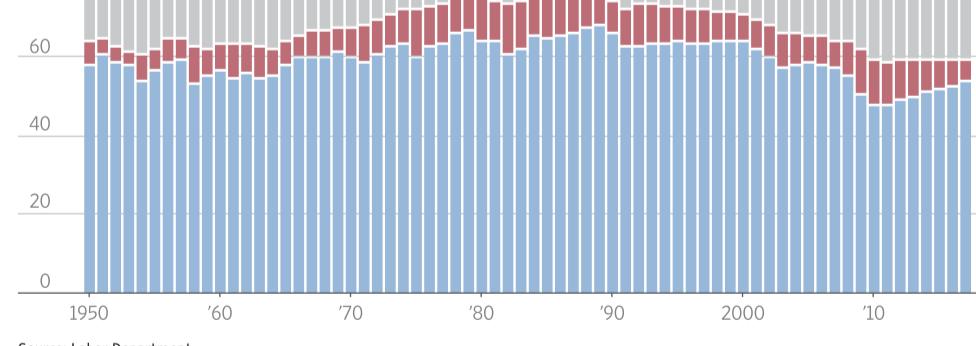


High-school student Hannah Waring, left, and Abby McDonough, a college student, selling berries in Hamilton, Va., in late May.

What Did You Do Last Summer?

Share of the U.S. civilian population ages 16 to 24 in July of each year

■ Not in labor force ■ Unemployed ■ Employed



Source: Labor Department

THE WALL STREET JOURNAL

Builders Pull Back as Apartment Boom Fades

BY LAURA KUSISTO

The apartment-construction boom is coming to an end, and builders aren't ramping up single-family construction quickly enough to fill the void.

Developers for the past several months have slowed down on new apartment projects, reversing a five-year trend in which rental construction boomed while for-sale home construction has lagged behind.

For apartment dwellers and landlords, that suggests a recent slowdown in rent growth might be short-lived.

"For landlords it means there won't be as much of this fear of overbuilding, but unfortunately for renters...it just shows that the market is going to remain tight," said Jay Lybik, vice president of research services at Marcus & Millichap, a commercial real-estate firm.

Overall U.S. housing starts declined for the fourth time in five months in July, the Commerce Department reported Wednesday. Total housing starts decreased 4.8% from the previous month to a seasonally adjusted annual rate of 1.155 million.

Taking into account population growth, single-family housing starts are 17% below the 50-year average, according

to Ralph McLaughlin, chief economist at housing search website Trulia.

Economists said single-family starts are being constrained by a lack of construction workers and land. That is likely to mean continued gradual recovery in the sector rather than a turbocharged expansion.

"If we could overcome those hurdles, the demand is there," said Gus Faucher, chief economist at PNC Financial Services Group.

Starts reached a postrecession peak in October 2016. Since then the pace of building

has slowed despite growing confidence among builders and consumers, a rising stock market and low unemployment—all factors that should support construction.

Banks have been pulling back on apartment lending, which is weighing on construction.

Starts in the first seven months of the year were up 2.4% from the period in 2016, including an 8.6% jump in single-family construction. Apartment and condominium starts for buildings with five or more units are down 10.4% so far this year.

Greening, also known as Huanglongbing, has been a maddening foe for the citrus industry. The bacterium is transmitted by an insect, the Asian citrus psyllid, which injects it into the tree's vascular system. The disease hinders the flow of nutrition in the tree and slowly starves it.

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U.S. NEWS

WASHINGTON
WIRE

WHITE HOUSE

Trump Names Interim Communications Boss

President Donald Trump named longtime aide Hope Hicks as interim communications director on Wednesday, giving one of the White House's key behind-the-scenes aides more responsibility in corner of the West Wing that has seen heavy turnover and instability.

The White House said a permanent communications director would be announced "at the appropriate time."

Ms. Hicks is the fourth person in the first seven months of the administration to handle the duties of the top communications aide in the White House.

Anthony Scaramucci and Mike Dubke both resigned from the role under pressure. Former press secretary Sean Spicer, who also assumed those duties on an interim basis, resigned last month.

—Michael C. Bender



President Donald Trump spoke in May ahead of signing an executive order that made it easier for churches to take part in politics.

Insurers to Receive Payments in August

The Trump administration said on Wednesday the federal government would make a set of payments to insurers for August, despite threats from President Donald Trump that the funding would be halted.

Governors and Democratic lawmakers have been urging Mr. Trump to continue the pay-

ments, known as cost-sharing reduction payments, because insurers have said they may pull out of the ACA's insurance markets or raise premiums in 2018 without the funding.

The nonpartisan Congressional Budget Office said in a report Tuesday that premiums for midprice plans on the ACA exchanges would rise 20% next year without the payments.

The money compensates insurers for reducing out-of-pocket costs for some low-in-

come consumers who sign up for plans on the ACA exchanges. About seven million people qualified in 2017.

Some GOP lawmakers oppose the payments, saying the money was never appropriated by Congress and amounts to a bailout for insurers. Recent comments from Mr. Trump had led to questions about whether the next payment, expected around Aug. 22, would be made.

—Stephanie Armour and Louise Radnofsky

the case back to lower courts.

The Trump administration plans to offer the plaintiffs precisely what they sought: an exemption from the contraceptive requirement for all employers who want one, said people familiar with the plan, ending the need for litigation.

Lawyers preparing cases for

opponents of the change say

that if the rule resembles the

draft, the policy could qualify

as sex discrimination, since it

would disproportionately affect women's health care. They

also plan to argue that leaving

a decision on contraceptive

coverage to employers could

amount to religious discrimination by subjecting workers

to the beliefs of employers.

People familiar with the

proposed rule say the adminis-

tration plans for it to take ef-

fect as it is published. Nicholas

Bagley, a University of Michi-

gan law professor, has said

that could open the adminis-

tration to lawsuits for imple-

menting the rule without time

for public comment.

INVESTIGATION

Research Firm Leader To Talk to Lawmakers

The co-founder of a Washington opposition research firm that produced a dossier of salacious allegations involving President Donald Trump is to be interviewed by the Senate Judiciary Committee next week.

A person familiar with the discussions between Glenn Simpson and the committee said Mr. Simpson has agreed to cooperate with the panel and will appear for a closed-door interview on Tuesday.

Mr. Simpson runs Fusion GPS, which hired the British intelligence officer who produced the dossier containing allegations of ties between Mr. Trump and Russia.

The Judiciary Committee is one of several probing Russia's alleged interference in the 2016 presidential election and whether Mr. Trump's associates colluded with Moscow.

Russia and Mr. Trump have denied the allegations.

—Associated Press

THE WALL STREET JOURNAL. GLOBAL FOOD FORUM

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SVP, Global R&D and Quality
Campbell Soup Company

Dave Gebhardt
Global Director of Strategic Partnerships
GEOSYS Intl, Inc.

Mehmood Khan
Vice Chairman and Chief Scientific Officer,
Global R&D, PepsiCo, Inc.

Joe Stone
Chief Risk Officer
Cargill, Incorporated

Dick Boer
President, CEO and Chairman
Management Board and Executive
Committee, Ahold Delhaize

Hugh Grant
Chairman and CEO
Monsanto Company

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Tj Tate
Director, Sustainable Seafood
Program, National Aquarium

Ethan Brown
Founder and CEO,
Beyond Meat

Ed Harwood
Chief Science Officer
AeroFarms

Amy Novogratz
Co-Founder and Managing Partner
Aqua-Spark

Uma Valeti, M.D.
CEO and Co-Founder
Memphis Meats

Jennifer Carr-Smith
President and GM
Peapod

John Haugen
VP and General Manager, 301 Inc.
General Mills, Inc.

Nancy E. Pfund
Founder and Managing Partner
DBL Partners

Mark Young
CTO
The Climate Corporation

James C. Collins, Jr.
EVP
Dupont

Tom Hayes
President and CEO
Tyson Foods, Inc.

Mark Post, M.D.
Professor, Maastricht University
Founder, Mosa Meat

Craig Finke
Owner
Finke Farms

A.G. Kawamura
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California Department of Food and Agriculture

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U.S. NEWS

Trump Remarks Rattle His Staff, Threaten Agenda

President Donald Trump's comments faulting both sides in Saturday's deadly white nationalist protest in Virginia rattled his staff and risk setting back his policy agenda in Congress, lawmakers and administration aides said.

By Peter Nicholas,
Siobhan Hughes
and Michael C. Bender

Mr. Trump's top economic adviser, Gary Cohn, was upset by the remarks and the trajectory of a news conference Tuesday that was supposed to showcase the White House's infrastructure plans, aides said. Instead, the event was dominated by Mr. Trump's fiery commentary about the violence in Charlottesville that left one person dead.

Still, Mr. Cohn has given no sign he is prepared to resign, aides said. He is a central player in the White House's push to overhaul the tax code, and the president has said he is considering Mr. Cohn to be chairman of the Federal Reserve.

John Kelly, the newly minted White House chief of staff who was brought in last month to impose discipline in a fractious West Wing, was also frustrated to see Mr. Trump equate the white nationalists who had chanted "Jews won't replace us" with the actions of counterprotesters, an administration aide said.

A White House spokeswoman didn't respond to a request to speak to Mr. Kelly or for a comment about Mr. Kelly. An aide said Mr. Cohn was unavailable for comment.

The White House has dealt with high-level turnover in recent weeks. The administration has lost three senior officials, including a chief of staff, and communications director.

Some of the GOP presi-

dent's allies said Mr. Trump's foray into the combustible politics of race will make things tougher as Congress confronts a series of difficult legislative challenges, including lifting the nation's debt ceiling, passing a budget and changing the tax code.

Mr. Trump's relationship with important congressional allies has already soured. He recently attacked Senate Majority Leader Mitch McConnell (R., Ky.) in tweets for the collapse of the GOP health-care legislation.

"Between the McConnell tweets and the mishandling of Charlottesville, he has made it harder to get things done," said Newt Gingrich, a former House speaker and a supporter of Mr. Trump.

But Mr. Gingrich added: "Congressional Republicans know they have to get some things done to get re-elected next year, even if they are unhappy or rattled by Trump."

As the president traveled from New York to his golf club in northern New Jersey Wednesday, the fallout continued in other ways.

More corporate executive officers began parting ways with Mr. Trump, resigning positions on presidential advisory councils.

Republican lawmakers who were traveling to former President Ronald Reagan's ranch in Santa Barbara, Calif., to start a public-relations campaign to win public support for a new tax law said that their efforts risked being undercut by the latest White House drama.

Mr. Trump avoided any mention of Charlottesville on Wednesday, other than a tweet noting the memorial service being held for Heather Heyer, the woman who died during the weekend's violence. He called her a "truly special young woman."

CEO

Continued from Page One

Trump, a fellow businessman, shapes his agenda of deregulation and tax overhaul.

J.P. Morgan Chase & Co.'s James Dimon wrote that he disagreed with Mr. Trump's reaction to recent clashes in Charlottesville, according to an internal memo sent Wednesday afternoon and reviewed by The Wall Street Journal. "Racism, intolerance and violence are always wrong... There is no room for equivocation here," Mr. Dimon said. "It is a leader's role, in business or in government, to bring people together, not tear them apart."

Companies Wednesday stopped short of saying they would refuse to work with the White House in the future, though executives and corporate crisis managers noted that the reputational costs of sticking with the president have risen sharply.

Several CEOs have faced pressure from their own employees or parts of the public for remaining on the council, including International Business Machines Corp.'s Ginni Rometty and PepsiCo's Indra Nooyi.

Ms. Rometty and Ms. Nooyi, along with Boston Consulting Group's Rich Lesser and BlackRock Inc. chief Laurence Fink, were among several leaders who joined Wednesday's call prepared to resign from the Strategic and Policy Forum, participants said.

Mr. Schwarzman led Wednesday's call and gave each member an opportunity to speak, people who participated on the call said.

"It became clear very quickly that there was a consensus" to disband the group in total, one participant said. "It was important that it be addressed as a group and not a drip-drip."

Some panel members said they regretted losing a seat at the table as the White House deliberated on policies that could affect their companies, especially with a president who wasn't familiar with many of their industries.

Everybody Out

Before the council dissolutions, members dropped out after leaving the companies they represented, while others left in protest.

Members and their companies at the time of council formations

Left the council because they left their jobs

Resigned in protest

Strategic And Policy Forum

Bob Iger, Walt Disney

Travis Kalanick, Uber

Elon Musk, SpaceX and Tesla

Paul Atkins, Patomak Global

Mary Barra, General Motors

Toby Cosgrove, Cleveland Clinic

James Dimon, JPMorgan Chase

Larry Fink, BlackRock

Rich Lesser, Boston Consulting

Doug McMillon, Wal-Mart

Jim McNerney, Boeing

Indra Nooyi, PepsiCo

Adebayo "Bayo" Ogunlesi, Global Infrastructure Partners

Ginni Rometty, IBM

Stephen Schwarzman, Blackstone

Kevin Warsh, Hoover Institute

Mark Weinberger, EY

Jack Welch, General Electric

Daniel Yergin, IHS Markit

Source: greatagain.gov (Strategic and Policy Forum); whitehouse.gov (Manufacturing Jobs Initiative); the companies (resignations)

Co., Intel Corp. and Under Armour Inc. announced they were quitting his manufacturing council.

Business leaders now face the challenge of trying to stay in the president's ear without a formal advisory position. Two companies whose leaders served on the Strategic and Policy Forum indicated Wednesday they would remain open to advising the president.

Created in the early days of the Trump presidency, the Strategic and Policy Forum and manufacturing-advisory council gathered CEOs for Mr. Trump to consult as he implemented a broad economic plan that included reworking the

U.S. tax code and trying to stem the flow of U.S. jobs to other countries.

Individual members of both councils had discussed disbanding the forum for months, especially after the decision to leave the Paris climate accord in June and again in July when Mr. Trump barred transgender individuals from serving in the military, members said.

Yet plenty of executives saw value in remaining on the forums until Tuesday afternoon's news conference. Johnson & Johnson CEO Alex Gorsky issued a statement early Tuesday that said he would remain on the manufacturing council and advocate for values like diversity and inclusion from the inside.

But President Trump's news conference made staying untenable for most members. On Wednesday, Mr. Gorsky issued another statement saying he was leaving the council. "The President's most recent statements equating those who are motivated by race-based hate with those who stand up against hatred is unacceptable and has changed our decision to participate," he said.

Executives have faced tough questions from workers and young recruits over their relationship with the White House. A poll initiated by Boston Consulting Group employees this week on Fishbowl, a social network for professionals, found 83% of more than 100 respondents thought Mr. Lesser, the CEO, should step down from the advisory council.

Around 40 people protested outside the New York offices of J.P. Morgan and then Blackstone on Wednesday, and social-media campaigns heavily criticized corporate chiefs for not quitting the councils.

Color of Change, a nonprofit activist group, spearheaded a campaign with the hashtag #QuitTheCouncil and aimed its posts at executives including Campbell Soup CEO Denise Morrison and PepsiCo's Ms. Nooyi. Ms. Morrison withdrew from the manufacturing council Wednesday morning.

—Vanessa Fuhrmans, Jonathan D. Rockoff and Suzanne Vranica contributed to this article.



Workers removed the Robert E. Lee and 'Stonewall' Jackson monument in Baltimore early Wednesday.

Baltimore, in Predawn Strike, Removes Confederate Statues

By Scott Calvert
AND JON KAMP

BALTIMORE—This city removed several Confederate monuments before dawn Wednesday in a stealth operation that highlights the growing backlash against such memorials across the country.

"I said I would move as quickly as I could, and I did," Baltimore Mayor Catherine Pugh, a Democrat, said in an interview. "We didn't need those kinds of symbols."

The city's unannounced action came just days after last weekend's violent clashes in Charlottesville, Va., where white supremacists gathered in protest of that city's plan to take down a statue of Confederate Gen. Robert E. Lee.

In the aftermath of the weekend's events that left one woman dead, some elected officials have taken a tougher stance against monuments dedicated to those who led the fight to secede in the Civil War.

"We cannot continue to glorify a war against the United

States of America fought in the defense of slavery," North Carolina Gov. Roy Cooper, a Democrat, said in a statement as he called for the repeal of a 2015 state law that prevents the removal of such monuments.

Monument defenders said the statues are testaments to Southern bravery and an important part of the region's past. Some are pushing back against politicians who want them to come down, as well as activists seeking to topple statues themselves.

"It's discouraging and it's heartbreaking," said David Nash, chairman of the Sunshine State Heritage PAC, which backs candidates who support keeping up Confederate monuments.

For years, these monuments have given rise to debates, with preservationists arguing that taking them down erases history, while opponents have said they represent white supremacy and a history of subjugating African-Americans. After the mass murder of nine parishioners in South Carolina in 2015 by white

supremacist Dylan Roof, momentum against Confederate flags and imagery gained steam.

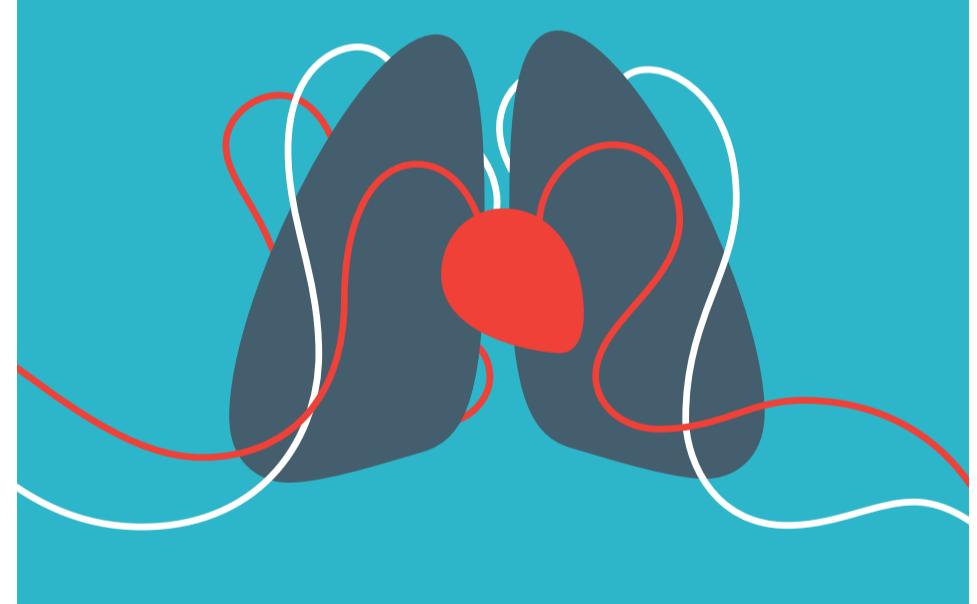
In Birmingham, Ala., a Confederate memorial—a stone obelisk in a downtown park—was boxed in with boards Tuesday to partially block it from view on the orders of the Democratic mayor. The steps were taken to avoid violating a new Alabama law that prohibits taking down monuments.

The monument "symbolized a treasonous act to justify racial oppression of a people," Mayor William Bell said, adding the city is exploring options to challenge the law.

Alabama Attorney General Steve Marshall, a Republican, sued the city in a county circuit court Wednesday for allegedly violating the state law.

Most monuments were erected decades after the Civil War and often went beyond venerating Confederate dead to honoring the larger cause,

said Fitz Brundage, chairman of the history department at the University of North Carolina at Chapel Hill.



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U.S. News & World Report 2017-18

WORLD NEWS

Nafta Talks Open With Frictions Evident

U.S. wants to remake pact to ease trade deficits, while partners seek a lighter update

By WILLIAM MAULDIN
AND PAUL VIEIRA

WASHINGTON—The Trump administration launched the renegotiation of the North American Free Trade Agreement by laying out a starkly different vision from that of its two continental trading partners of how the pact has worked and how radically it should be rewritten.

The wide gap between the administration's opening rhetoric on Wednesday and the positions of Mexico and Canada suggests a difficult road ahead in redoing the 23-year-old accord, even discounting for the posturing at the opening of any negotiation.

"We believe that Nafta has fundamentally failed many Americans and needs major improvements," U.S. Trade Representative Robert Lighthizer said at the opening of talks. "We need to assure that the huge trade deficits do not continue."

Mr. Lighthizer said Mr. Trump, who vilified Nafta in the 2016 presidential campaign, isn't interested in just modernizing the pact and "tweaking" commercial rules, but rather wants new features to reduce the U.S. trade deficit with its two neighbors.

The disparate approaches worry some business leaders, who see a risk that political leaders could dig in on opposing stances and hurt the ability of negotiators to strike a



Robert Lighthizer, U.S. trade representative, speaking to Chrystia Freeland, Canada's foreign minister, in Washington on Wednesday.

define exactly how the U.S. intends to negotiate a new pact that reduces trade imbalances among Nafta partners. Advisors to the Trump administration have discussed injecting some specific deficit-reduction benchmarks into the pact or demanding provisions officials believe could have that effect.

One of the main ways Trump officials are looking to move the needle on deficits is by tightening the "rules of origin," the requirements governing what portion of a product has to come from within the trading bloc to qualify for tariff-free treatment. In his opening remarks, Mr. Lighthizer seemed to suggest the U.S. could set a standard not only for North American content, as Nafta currently does, but also for U.S.-specific content.

The trading partners resist any demand for a specific level of U.S. content in Nafta-traded cars and parts. The opening comments were "kind of a signal from Ambassador Lighthizer that he has in mind some type of a national content," Mr. Guajardo said. "That's not part of trade agreements anywhere in the world."

"Canada is not in favor of specific national content," Ms. Freeland said late Wednesday.

Auto-parts makers from all three countries have warned about risks to the industry's integrated supply chain if changes to Nafta make it harder to ship parts across borders.

Still, said Flavio Volpe, head of the Automotive Parts Manufacturers' Association, a Canadian lobby group, "you are going to have to give a little bit."

—Jacob M. Schlesinger contributed to this article.

deal. Mr. Trump has repeatedly warned he could pull the U.S. out of Nafta.

"Canada doesn't view trade surpluses or deficits as a primary measure of whether a trading relationship works," Canadian Foreign Minister Chrystia Freeland said, noting that the U.S. has a surplus in trade of goods and services with Canada. Ms. Freeland touted the "deep friendship our countries share."

Mexico's Economy Minister Ildefonso Guajardo said his country considers Nafta "a

strong success for all parties" and suggested that achieving a consensus on changing it won't be easy. "For a deal to be successful, it has to work for all parties involved," he said. "Otherwise it is not a deal."

Mr. Lighthizer pointed to Nafta's success for many U.S. farmers, but he said it has hurt many others. The U.S. wants to boost rules to protect intellectual property, guard against currency manipulation and make changes to dispute-resolution mechanisms in Nafta to "protect our national

sovereignty," he said.

Washington's declared intention to do away with dispute-resolution panels empowered to overturn tariffs, as detailed in chapter 19 of Nafta, has drawn particular concern among its partners in the trade deal. Canada insists the panels are crucial tools for Canadian firms fighting U.S. tariffs, and Mexico also seeks to retain the mechanism.

Given Mr. Trump's fiery rhetoric on trade, Mr. Lighthizer's tone "isn't going to shock anyone, but is the kind of pos-

turing you expected to happen privately," said Mark Warner, a trade lawyer who practices in New York and Toronto.

The benchmarks for success Mr. Lighthizer laid out suggest a tough path ahead. The growing U.S. trade deficit with Mexico and the sharp drop in American manufacturing jobs are particularly difficult issues to address in trade agreements. Economists say broader macroeconomic forces play far larger roles than trade does in creating deficits and jobs.

Mr. Lighthizer has yet to

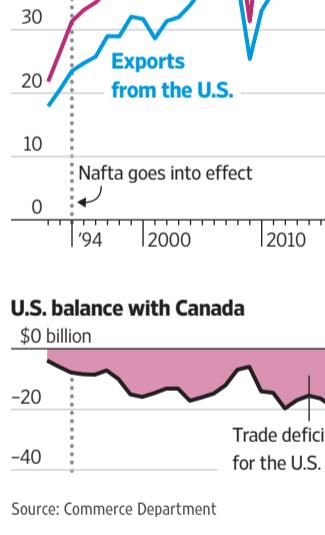
Remaking Nafta, Sector by Sector

Nafta proved to be a windfall for many U.S. agriculture producers while the trade imbalance in larger sectors—such as the auto industry—continues to grow.

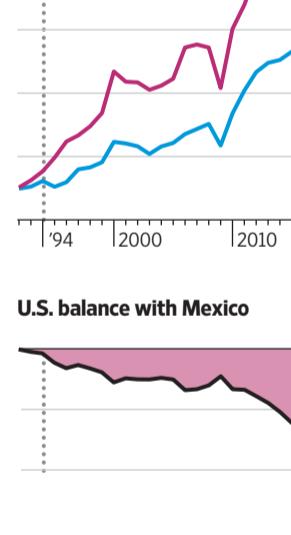
Auto Industry

The Trump administration wants to tighten the rules governing which cars and parts can be traded tariff-free among the three countries.

U.S. trade with Canada



U.S. trade with Mexico

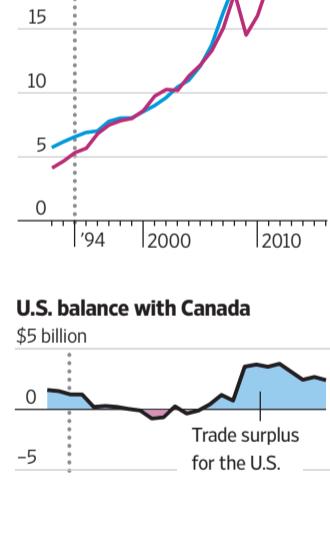


Source: Commerce Department

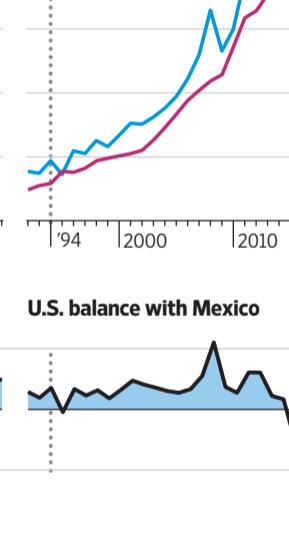
Agriculture

Nafta has aided major U.S. producers of pork, beef and corn, but the U.S. wants better access to Canada's dairy market.

U.S. trade with Canada



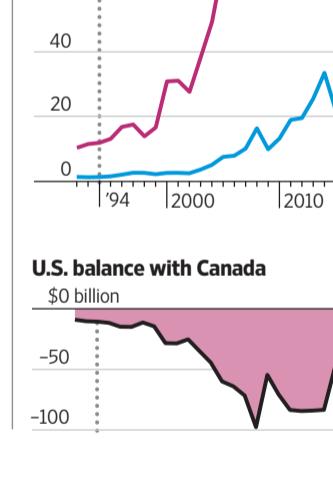
U.S. trade with Mexico



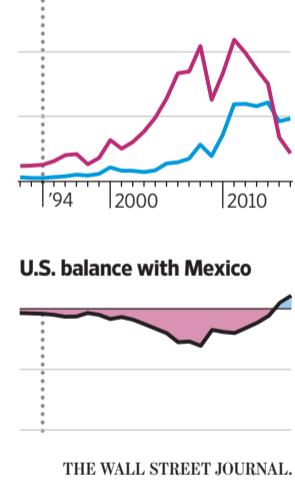
Energy

Politicians in energy-rich states want the accord revamped to boost prospects for U.S. exports of refined oil products and natural gas.

U.S. trade with Canada



U.S. trade with Mexico



THE WALL STREET JOURNAL.

Netherlands, Italy Spur Eurozone Growth

By PAUL HANNON

The eurozone's recovery was more rapid than first estimated in the three months to June as a pickup that started in Germany and Spain has spread to other parts of the currency area, aiding a comeback that is proving vital to the world economy.

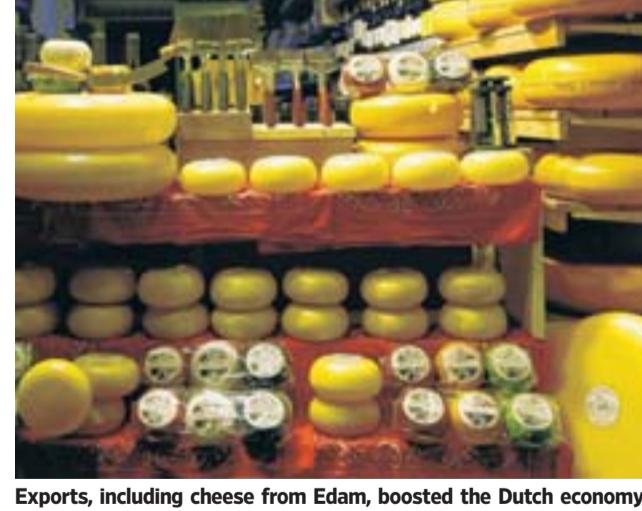
The European Union's statistics agency on Wednesday raised its measure of eurozone economic growth during the second quarter to 2.5% annualized from its first estimate of 2.3%, bringing it closer to the 2.6% recorded by the U.S., which it outpaced in the first quarter.

That upgrade comes at an opportune moment, since the U.S. is growing more weakly than expected and there are signs China may be set for a slowdown.

Separate figures showed the Dutch economy surged during the period as exports jumped, while Italy recorded its strongest six months since the second half of 2010.

"The eurozone recovery continues, and seems to be broadening out," said Fabio Balboni, an economist at HSBC.

The bloc's strength during



FRANCOIS LENOIR/REUTERS

Exports, including cheese from Edam, boosted the Dutch economy.

the first half of 2017 has come as a surprise to most economists, who had expected growth to slow in response to rising energy prices and heightened political uncertainty as voters in the Netherlands, France and Germany chose new governments.

However, the rise in energy prices didn't last long and elections in the Netherlands and France—in March and May, respectively—produced

wins for pro-euro centrists and reduced the threat of a breakup of the currency area. German Chancellor Angela Merkel has a large lead in opinion polls ahead of September's elections.

As Dutch Prime Minister Mark Rutte worked to form a new government, the country's economy surged in the second quarter, recording its fastest expansion since the final three months of 2007. According to

the Dutch statistics agency, gross domestic product—the broadest measure of the goods and services produced by an economy—was 1.5% higher than in the three months through March and 3.8% up on the comparable period a year earlier. That was largely the result of a jump in exports, with overseas sales 11% higher in June than a year earlier.

As a result, the Dutch economy overtook Spain's as the fastest-growing of the eurozone's five largest members. It had previously enjoyed steady if modest growth, expanding by 0.6% in the first quarter.

The CPB Netherlands Bureau for Economic Policy Analysis said it now expects the Dutch economy to grow by more than 3% in 2017 as a whole, the first year in which it will have done so since the financial crisis.

The eurozone's pickup has also been supported by slightly stronger growth in Italy, which recorded a third straight quarter in which GDP rose by 0.4%. Compared with a year earlier, the Italian economy was 1.5% larger, the fastest rate of expansion since the first three months of 2011.

◆ Euro could reach parity with the pound, some say..... B11

Trade Tribunals Rule Globalization Critics

BY EMRE PEKER

BRUSSELS—Dispute-resolution boards have become a lightning rod for opponents of globalization from across the political spectrum.

Millions of citizens, from the U.S. to the U.K., Germany and New Zealand, have rallied against trade deals that include such entities. They argue that supranational tribunals have thwarted the power of elected policy makers, citing the hundreds of millions of dollars in fines such bodies have levied against governments in a series of highly politicized cases in recent years.

"This issue has been drawn into a much wider debate about globalization," said Stephen Adams, a former European Union trade official now with U.K.-based advisory firm Global Counsel. "It reflects a level of public and political concern about large firms and their lawyers seeking to dictate what the EU and other governments can regulate and how."

Two cases have become poster children for opponents of powerful investor protection panels. In 2011, Philip Morris International Inc. brought a

case against Australia to prevent plain packaging of cigarettes. The American tobacco giant's Asia subsidiary based its case, which it eventually lost, around investor rights in the Australia-Hong Kong trade agreement.

Swedish energy firm Vattenfall AB, meanwhile, has sued Germany over Berlin's decision to accelerate the shutdown of its nuclear-power plants after the Fukushima disaster in Japan. Germany said Vattenfall is asking for €4.7 billion (\$5.5 billion) under rights built into an international energy trade agreement.

"Democrats taken decisions can be revoked by these kinds of laws," said Anna Cavazzini of Campact, a European citizens' movement opposing EU trade deals with the U.S., Canada and Japan—partially due to their arbitration clauses.

In October, Belgium's Walloon regional parliament nearly derailed the EU-Canada trade deal over investment-protection panels.

The dispute was solved only when Belgium's federal government promised to ask the EU's courts to rule on the investment court system.

WORLD NEWS

In Chile, Pence Says Pyongyang Must Be Isolated

By LOUISE RADNOFSKY

SANTIAGO, Chile—Vice President Mike Pence urged Latin American countries to sever diplomatic ties with Pyongyang and step up economic sanctions against the North Korean regime in a speech here.

Mr. Pence on Wednesday urged Chile, Mexico, Peru and Brazil to break off diplomatic and commercial relations with the regime of Kim Jong Un, who this week backed off a threat to attack the U.S. territory of Guam.

Mr. Pence said he had asked Chilean President Michelle Bachelet to reclassify Chilean wine as export luxury goods under current U.S. sanctions, which, he said "would prevent North Korea from obtaining these commodities and converting them into hard currency that support the regime."

Mr. Pence was speaking from the presidential palace.

He arrived Wednesday morning in Chile on the third leg of a six-day Latin American tour. Chilean trade overall with North Korea is relatively small; Ms. Bachelet didn't directly address Mr. Pence's request, saying only that Chile has expressed its opposition to North Korea's nuclear-weapons development program.

Venezuelan Police Raid Ortega Home

By KEJAL VYAS

Former Venezuelan Attorney General Luisa Ortega, on the run since being fired by President Nicolás Maduro's government for denouncing its slide into authoritarianism, said Wednesday that the intelligence police raided her Caracas residence in retaliation.

Her announcement came just hours after the man Mr. Maduro's administration named to replace her, Tarek William Saab, said he would seek an arrest warrant for Ms. Ortega's husband, Germán Ferrer, accusing him of running a multimillion-dollar extortion ring.

There was no immediate response from Mr. Ferrer, whose whereabouts were unknown.

Before Ms. Ortega was fired, she had been spearheading corruption investigations against government officials.

U.S., China Militaries Talk Strategy

By GORDON LUBOLD
AND JEREMY PAGE

SHENYANG, China—The Pentagon's top general said he discussed with his Chinese counterparts ways to coordinate with China's military to avoid dangerous miscalculations should war break out with North Korea.

Gen. Joe Dunford, chairman of the Joint Chiefs of Staff, described the contingency talks Wednesday after he paid a rare visit to the Chinese military command that oversees the North Korean border, viewing live-fire drills and sharing lunch with People's Liberation Army troops.

He said the discussion took place on Tuesday, when he also signed an agreement with his Chinese counterpart to formalize and increase operational communication between the U.S. and Chinese militaries.

The talks indicate that alarm on both sides over the tensions surrounding North Korea's advancing nuclear and missile programs are pushing Washington and Beijing to set aside some of their mutual distrust and deepen military-to-military communication, analysts and diplomats said.

Gen. Dunford's trip was planned long before a series of tit-for-tat threats flared in recent days between U.S. President Donald Trump and North Korean leader Kim Jong Un.

United Nations Secretary-General António Guterres on Wednesday said tensions on the



Gen. Dunford met with the Chinese Northern Theater Command's chief in Haichung on Wednesday.

Korean Peninsula are the highest levels in decades and urged a resumption of talks.

But Beijing's decision to proceed with the visit at a sensitive time reflects growing displeasure with Pyongyang, the analysts and diplomats said.

The visit appears to signal "shared concern with the U.S. about the growing threat from North Korea," said Bonnie Glaser, an expert on the Chinese military at the Center for Stra-

tegic and International Studies.

Gen. Dunford said he held broad-strokes discussions about a "contingency" in case of conflict with North Korea and that he had stressed to his Chinese counterparts the need for robust communication ties. He declined to provide details of how the Chinese side had responded.

China's Defense Ministry said the two sides discussed North Korea, citing Gen. Fang Fenghui, chief of China's Joint

Staff Department, saying the Chinese military was willing to enhance communication to "effectively control risks," and to work together to resolve "current problems." It didn't elaborate.

China has been realigning its own military forces in recent months to prepare for a potential North Korea crisis but has long rebuffed U.S. requests to discuss ways to prevent Chinese and U.S. actions

from conflicting with each other in such a scenario. The new discussions signal a shift in its thinking, experts say.

Ultimately, U.S. officials hope U.S. and Chinese military counterparts could be connected at various levels. For example, U.S. military officials said that the American commander of U.S. Forces Korea, now Gen. Vincent Brooks, should be directly in touch with the commander of Chinese forces in their Northern Theater Command, responsible for the North Korean border.

"The time to have some initial conversations about what a contingency on the Korean Peninsula would look like would be before the contingency occurs," Gen. Dunford told reporters on his plane. "It would be helpful for us to have effective communication mechanisms in place so in the event of a crisis we can immediately speak to each other and avoid miscalculation and deepening the crisis."

Gen. Dunford's visit came as the U.S. and South Korean militaries prepared to begin large-scale war games in South Korea on Monday, a semiannual exercise that Pyongyang condemns as a rehearsal for invasion.

Roy Kamphausen, an expert on the Chinese military at the National Bureau of Asian Research, noted that China isn't conducting any joint training or drills with North Korea—despite a formal alliance between the two countries. He said Beijing intended Gen. Dunford's visit to convey a strong message to North Korea.

On Korea, Abe Is Loyal Sidekick to Trump

By PETER LANDERS

siles while they ate dinner at Mr. Trump's Florida resort.

The Japanese leader's refusal to let any daylight come between him and Mr. Trump contrasts with other leaders who have hinted at unease with Mr. Trump's language, including his threat last week to bring "fire and fury" on North Korea.

German Chancellor Angela Merkel said Aug. 11 that "escalation of rhetoric is the wrong answer," and South Korean President Moon Jae-in warned Tuesday that the U.S. would need Seoul's consent for any military action on the Korean Peninsula.

Even the head of the junior party in Mr. Abe's ruling coalition expressed irritation with Mr. Trump on Tuesday. "Countries around the world are seeking restraint from both sides," said Komeito party leader Natsuo Yamaguchi in reference to North Korea and the U.S.

On the North Korea issue,

Mr. Abe has been dealing so far with a war of words—not an actual shooting war that would put Japanese lives at



President Trump greeted Mr. Abe at the White House in February.

stake and amplify the voices of his critics in Japan who fear the nation may get ensnared in a war not of its making.

"It seems the U.S. is cornering itself into a situation of having to impose stronger and stronger threats," said Kyoji Yanagisawa, a former Defense Ministry official. "If its deterrence fails, the [U.S.] bases in Japan would become a target."

An Abe aide said Tokyo's concern was less that Mr. Trump intended to act imme-

dately on his bellicose language and more that the words of the U.S. president would lose weight over time. Japan relies on the U.S. nuclear umbrella, so it is vital that its neighbors believe the U.S. guarantee of Japan's security.

Even so, Mr. Abe thinks the best policy is to bolster the U.S.-Japan alliance through Tokyo's own actions rather than trying to steer Mr. Trump's use of language, the aide said.

Abductee Crisis Hardened Premier

Prime Minister Shinzo Abe's hard line on Pyongyang has been stiffened by a problem of special concern in Tokyo: the dozens of Japanese believed abducted by North Korea in the 1970s and 1980s.

As a cabinet official in 2002, Mr. Abe helped bring five of the abductees home after negotiations with Kim Jong Il, father of current leader Kim Jong Un. In 2014, Mr. Abe made the surprise announcement that Pyongyang had agreed to reopen an investigation into the remaining abductees in return for Tokyo's lifting of sanctions. The investigation went nowhere, and Japan once again hardened sanctions.

"There is absolutely no meaning to having dialogue for the sake of dialogue" with North Korea, said Mr. Abe's top spokesman, Yoshihide Suga, on Tuesday. —Peter Landers

FROM PAGE ONE

APPLE

Continued from Page One
zon.com Inc. spent in 2013, one year after it announced its move into original programming.

Apple could acquire and produce as many as 10 television shows, according to the people familiar with the plan, helping fulfill Apple Senior Vice President Eddy Cue's vision of offering high-quality video, similar to shows such as HBO's "Game of Thrones," on its streaming-music service or possibly a new, video-focused service.

Apple declined to comment.

The budget will be in the hands of Hollywood veterans Jamie Erlicht and Zack Van Amburg, poached in June from Sony Corp. to oversee content acquisition and video strategy.

They exited their Sony contracts a month early and began work this month from Apple's Los Angeles offices, where they are taking over programming responsibilities from the Apple Music team, according to the people familiar with the matter.

Apple's existing video business—movie and TV-show rental via iTunes—has been challenged by Netflix and other video-subscription services that charge a monthly fee. Last year, iTunes generated an estimated \$4.1 billion in revenue, but its share of the movie rental-and-sales market has dropped below 35% from about 50% in 2012.

Apple hopes original video

bolsters the appeal of movie rentals and other offerings on iTunes—a critical contributor to its \$24.35 billion in annual services revenue. Apple aims to double the business, which also includes App Store sales, Apple Pay and Apple Music, to about \$50 billion by 2020.

It won't be easy to catch up with Amazon and Netflix Inc., which have considerable head starts and far bigger programming budgets. And Apple has to avoid jeopardizing its 15% cut of subscription revenues if its app stores take in for services like Netflix and HBO Go.

Hollywood has become a battleground as consumers increasingly sever cable subscriptions and transition to streaming services like Netflix or Hulu. The disruption has fueled competition between tech and traditional media companies eager to sell subscriptions or generate ad revenue with new entertainment programming. It has also fueled a major increase in scripted programming, which rose to more than 500 shows during the recently ended 2016-2017 season, nearly double the 2011 total.

In addition to Amazon and Apple, Facebook Inc. has begun acquiring original programming, like a reality show on NBA player Lonzo Ball's family; Alphabet Inc.'s Google has announced a \$35-a-month streaming TV service.

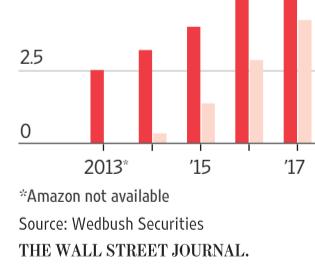
Netflix has aimed to outflank tech rivals by recruiting

Lights, Camera, Action

Content costs for Netflix and Amazon have been rising over the past five years.

Content cost

Netflix ■ Amazon



*Amazon not available

Source: Wedbush Securities

THE WALL STREET JOURNAL

more than \$5 million for a drama. One episode of some high-end shows such as "Game of Thrones" can cost more than \$10 million to produce.

When Netflix released its back-to-back successes "House of Cards" and "Orange Is the New Black," its annual budget for original and acquired programming was about \$2 billion. This year it is expected to spend more than \$6 billion.

To gain relevance, Apple needs at least one hit, the people familiar with the plan said.

Its initial video efforts via Apple Music—"Planet of the Apps" in June, and "Carpool Karaoke" out last week—were criticized by reviewers. But with \$215.64 billion in revenue last fiscal year and more than \$261 billion in cash on its balance sheet, Apple could quickly ramp up spending.

Messrs. Van Amburg and Erlicht have begun meeting with Hollywood agents about shows Apple could acquire, the people familiar said. They hired Matt Cherniss, former president of WGN America, to oversee development.

The types of shows Mr. Cherniss made at WGN America have bolstered Hollywood's expectations that Apple wants high-quality scripted programming—in contrast with Facebook, whose initial programming includes shows about cheese from Business Insider and dog DNA testing from Mashable.

Programming costs can range from more than \$2 million an episode for a comedy to

—Joe Flint

contributed to this article.

immediately on his bellicose language and more that the words of the U.S. president would lose weight over time. Japan relies on the U.S. nuclear umbrella, so it is vital that its neighbors believe the U.S. guarantee of Japan's security.

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IN DEPTH

GROUPS

Continued from Page One
hundred people showed up, far fewer than the tens of thousands who have gathered to demonstrate against President Donald Trump or support immigrant and women's rights, it was among the largest gatherings of its kind in decades.

Among the factors driving this new cooperation: a web-driven rebranding of white nationalism that has broadened its reach and allowed groups to work together; a wave of new young leaders that helped bridge old divisions; and Mr. Trump's remarks on immigrants, Muslims and media bias, which have left such groups feeling emboldened.

Michael German, a former Federal Bureau of Investigation agent who worked undercover in white-supremacist and neo-Nazi groups in California and Washington during the 1990s, said back then they were so antagonistic toward each other that anyone joining one group was barred from others.

The weekend rally showed attendees—including white nationalists, neo-Nazis and other groups including self-described defenders of Southern heritage and the First Amendment—were willing to put aside ideological differences to get behind a platform designed to appeal to the Trump administration, which they perceive as sympathetic to their causes, he said.

"What we've seen is that these groups are coming together and are maximizing their opportunity to get their point of view across," he said, "not just to the nation, but to actually influence policy."

Many leaders of the movement backed Mr. Trump during his campaign and continue to back his leadership, and support his disdain for the media. Eli Mosley, director of events for Identity Evropa—a group describing itself as "a generation of awakened Europeans"—and one of the Charlottesville rally's organizers, said Mr. Trump gave groups like his "a megaphone" for their "message and ideas."

"I would say Trump is not one of us, however he does have an implicit sense of white

The movement, once fragmented, has coalesced on social media and chat rooms.

identity," he said. "Maybe he doesn't realize it, but he's distinctly implying it."

The Charlottesville rally, dubbed "Unite the Right," was organized to protest the removal of a statue of Confederate Gen. Robert E. Lee. It quickly descended into violence. A car driven by an Ohio man with a history of sympathizing with Nazis plowed into a crowd, killing a woman and injuring 19 others. Two police officers who were monitoring the rally also died Saturday when their helicopter crashed.

It was the latest expression of an extremism that has flared throughout American history, especially during periods of social, economic and political stress. In the 1910s and 1920s, the revived Ku Klux Klan drew millions. During the Great Depression, the German American Bund, a Nazi organization, drew supporters with attacks

BRIDES

Continued from Page One
for bankruptcy last month, Ms. Redmond—the company's bankruptcy attorney—has been a woman on a mission. At two dozen former Alfred Angelo locations across the country, she has found ways to deliver gowns, dresses, veils and garters that customers had already paid for.

Though she's not counting, her efforts have saved the day for hundreds of brides, bridesmaids and mothers-of-the-bride. "Whether it was just responding to the emails, or finding a way to get these dresses to these women, I had to do something," she said.

"I've never seen another bankruptcy attorney go through such lengths for people affected by a chapter 11," said Maria Ruark, a friend of Ms. Redmond's who helped out in Baltimore. "She's making miracles happen."

Founded in Philadelphia in



JOE BUGEL/WIRE FOR THE WALL STREET JOURNAL

Doc Smith, who attended the rally despite initial reservations, says: 'Watch the movement explode behind what happened in Charlottesville.'

on leftists and Jews. Splinter groups of the KKK and other white-nationalist organizations committed violence against civil-rights workers and blacks during the 1950s and 1960s.

By the 1970s, white-nationalist groups were splintered and small, yet still showed a propensity for violence. The 1995 Oklahoma City bombing, in which the main conspirator had been influenced by white-supremacist and antigovernment ideas, killed 168 people and led to a prolonged FBI crackdown.

Many followers of those groups operated "on the edges of criminality," said Kathleen Blee, a University of Pittsburgh sociologist who has written books about the Ku Klux Klan, so it became easy for law enforcement to turn followers into informants.

The Charlottesville gathering, she said, was "one of the first cases where people from old racist movements, the David Dukes, came together with the new alt-right in a common project. It's remarkable that they could pull together this event." ("Alt-right" is a catchall phrase for far-right groups that embrace tenets of white supremacy or reject mainstream conservatism.)

Social-media effect

The loose agglomeration has coalesced on social media—Facebook, YouTube, Twitter—and online chat rooms. "I can punch a button and have a message out to 10,000 people immediately," said Preston Wigington, 52, who recently announced a "White Lives Matter" forum on Sept. 11 at Texas A&M University until the university canceled it on Monday.

Mr. Wigington said groups such as his are starting to work closely with similar organizations. Meetings like Charlottesville show there is "an uprising" under way by whites against "displacement and marginalization" caused by "diversity and multiculturalism," he said.

Some newer alt-right groups boast slick websites that have drawn new members. The website for Identity Evropa features photos of young, well-dressed members, essays on white superiority and "boutique" merchandise for sale. The organization is considered a white-supremacist hate group by a range of organizations, including New Jersey's Office of Homeland Security and Preparedness.

Mr. Mosley of Identity Evropa disputed the hate-group characterization and said such designations are intended to stifle free speech.

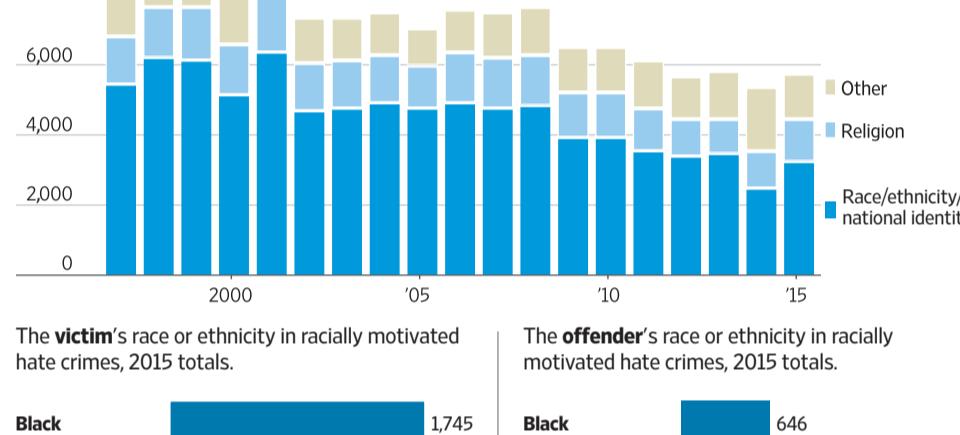
The broader movement has developed greater cohesion around younger public leaders including white nationalist Richard Spencer, who runs The National Policy Institute, an organization dedicated, in its words, to "the future of people of European descent in the U.S." and is considered a founder of the alt-right. Mr. Spencer publicly promotes white-supremacist ideology and has called for a white homeland.

Jared Taylor, editor of the white-nationalist website American Renaissance, said Mr. Trump's influence on the movement had been exaggerated. "This movement was growing with him, without him, and will

Behind Bias

Hate crimes in the U.S. have declined somewhat since the '90s. Race is still the largest motivator. Most perpetrators are white and most victims are black.

Reported hate crimes, 1997-2015



The victim's race or ethnicity in racially motivated hate crimes, 2015 totals.

Black	1,745
White	613
Hispanic or Latino	299
Other	294
American Indian	131
Multiple races	113
Asian	111
Pacific Islander	4

Note: Other includes sexual orientation, disability, gender and gender identity. The FBI didn't track gender and gender identity prior to 2013.

Source: Federal Bureau of Investigation

The offender's race or ethnicity in racially motivated hate crimes, 2015 totals.

Black	646
White	1,833
Hispanic or Latino	182
Unknown race	391
American Indian	58
Multiple races	175
Asian	41
Pacific Islander	5

The White House dismissed white-nationalist claims that Mr. Trump's reticence to immediately issue a condemnation counts as an expression of support. "The president has been clear on this in his condemnation of these groups," said White House spokeswoman Sarah Huckabee Sanders in an email.

Some who attended the Charlottesville rally are being identified on social media by counterprotesters demanding they be fired from their jobs. The Daily Stormer, a prominent neo-Nazi website, was kicked off hosting platforms GoDaddy and Alphabet Inc.'s Google for hate-speech violations after a social-media blitz by progressive activists against the site.

The movement's size can be difficult to ascertain because membership is secretive and fleeting, meaning there is little detailed information on how many people are actively involved.

Boguslawa Szymanski was the first to arrive. Her eyes filled with tears as she picked up her daughter's gown. Even though her daughter, Dominika, bought another wedding dress after the bankruptcy filing, she held out hope for her first choice. "When she found out she could get her original choice, she was so happy," Ms. Szymanski said.

Soon-to-be groom Steven Hilaire showed up at the store on behalf of his fiancée, Lydia Ballard, whose sister and bridesmaid, Michelle, had received a call from Ms. Red-

mond's law office that morning. Mr. Hilaire, who filled out paperwork while talking to Ms. Ballard on his phone, said she was devastated when the store closed before the two bridesmaids got their light pink dresses. Ms. Redmond gave him a fabric swatch to help match the final dress.

The court allotted each store \$300 for administrative expenses, which Ms. Redmond has used for shipments. Toward the end of the day, Ms. Redmond and Ms. Ruark stuffed a wedding gown and bridesmaid dress in a box and had Ms. Ruark's daughter drop it off at FedEx.

Ms. Redmond said she'll soon shift back to the financial wind-down of the company. In September, remaining dresses and assets will be auctioned off. Meanwhile, her office is cluttered with dresses awaiting shipment or pick up.

"I feel we did the very best that we could under these circumstances," Ms. Redmond said. "I saw many wonderful things happen."



GREG DOHLER FOR THE WALL STREET JOURNAL

Patricia Redmond, left, and Maria Ruark organize unclaimed wedding gowns at a shop that filed for bankruptcy.

she estimates 70% were from brides—and scouring customer records. She found that only about 15 stores had shipped all their dresses before the doors were locked for good.

Next she started contacting former employees in hopes they'd unlock doors. Given that workers had been told of the shutdown less than 24 hours beforehand, many declined. She also tracked down landlords who had changed the locks, convincing them to allow someone into the store.

She recruited a friend to reopen the store in Houston, which allowed about 40 to 50 people to pick up dresses and accessories. In Atlanta, her former law school student opened the store. Some cases called for sterner measures:

On Aug. 15, Ms. Redmond filed an emergency motion asking a judge to force the Springfield, Va., store's landlord to allow them to reopen.

The Baltimore location, one of Alfred Angelo's top-grossing stores, was one Ms. Redmond

wanted to handle personally. "I got some desperate calls and emails," she said.

When she arrived on Aug. 9, Ms. Redmond found the gowns and dresses with deposit slips. Working in the August heat with no air conditioning, she found roughly 20 gowns and bridesmaid dresses in all. Assistants called customers that morning informing them of the tight three-hour pickup window.

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GREATER NEW YORK



Resident supervisor Donnette Hall, left, with a student at JCCA in Pleasantville, N.Y., which provides care for foster children.

Money Aimed at Adoptions

Initiative designed for hard-to-place foster children will receive \$11.3 million to expand

By MELANIE GRAYCE WEST

With a boost from private philanthropy, the city's Administration for Children's Services will expand an initiative designed to find permanent homes for older foster children and those with special needs.

The program, called Wendy's Wonderful Kids, is a project of the Columbus, Ohio-based Dave Thomas Foundation for Adoption, the eponymous private philanthropy established by the late founder of the Wendy's fast-food restaurants. Mr. Thomas himself was adopted.

The foundation will give \$7.5 million to the city to increase

the number of recruiters dedicated to this special population—some 1,300 children ages 9 and up and those with special needs—to 43 from two. The city will commit an additional \$3.8 million to the effort, which is expected to run for three years.

During that time, according to Julie Farber, a deputy commissioner for ACS, the goal is to have 250 more adoptions than might otherwise be completed and to share the foundation's model with some 900 foster-care case planners who work across myriad social-services organizations.

The adoption rate for children who have been in the foundation's program is around 54% nationally, according to Rita Soronen, president and chief executive of the Dave Thomas Foundation for Adoption. New York City's placement rate for the same population is

around 34%, she said.

Ms. Soronen said one of the hallmarks of the foundation's program is that it allows a caseworker the time to do a deep dive on a child's background and "break down a wall of mistrust and skepticism" common in an older foster child.

Currently there are more than 110,000 children waiting to be adopted across the U.S.; some 9,000 are in New York City. Roughly 9% of the city's foster-care children reside in a residential-care facility, but many who do are older or special needs.

The expansion of the program comes two years after a federal lawsuit was filed against the city and the state on behalf of 19 children who child advocates and the city's public advocate said languished in foster care, with some allegedly the victims of maltreatment. The

city's public advocate, Letitia James, later withdrew from the lawsuit against the city, but both lawsuits are ongoing.

"Kids get in the system and they just get stuck," said Marcia Robinson Lowry, the executive director of the New York-based nonprofit A Better Childhood and one of the attorneys who filed the complaint.

ACS officials say the number of children in foster care has dropped dramatically since the 1990s when there were some 40,000 children in the city's care. Still, said ACS commissioner David A. Hansell, there is a subset of the population who don't move into permanent homes, which is why the agency is "doubling down" on a program designed for hard-to-place children.

"This is an intervention that has been shown to work," he said.

Home Listings' Square Footage Appears to Grow

By JOSH BARBANEL

As real-estate prices soared in the past decade, Manhattan townhouses also swelled in size—at least according to broker listings.

Brokers in Manhattan are providing more generous estimates of the square footage of houses in their listings than they have in the past, according to two recent studies of listing data.

The crux of the problem: While mortgage underwriters and appraisers follow a standard methodology in calculating square footage—routinely excluding basements and cellars—brokers aren't required to follow the same rules.

Real-estate brokers do have a professional obligation to provide accurate information, but many say by hiring floor-plan artists or providing details about their methods in the text, they have met their obligations.

Leon Cameron, director of

legal services at the Hudson Gateway Multiple Listing Service Inc., a Realtor group, said there is "no statutory definition or even case law on the proper way to determine square footage."

To avoid accusations of misrepresentation, brokers should have a "good-faith substantiation" of the figures they use, typically through tax records, an independent appraisal or architectural plans, Mr. Cameron said.

The listing service, which includes listings from Manhattan as well as counties to the north, recently issued a notice saying listing agents "are strongly cautioned to fact-check all of their listing information including, but not limited to, square footage and tax data."

Many Manhattan townhouse listings include basements that have been finished with wine cellars, gyms and recreation rooms, and are used by owners even if they don't qualify as living space

Please see SIZE page A8B



A rendering of the living room at 73 Washington Place in Manhattan.

GOP Governor Hopeful Focuses on Property Tax

By KATE KING

MANCHESTER, N.J.—Kim Guadagno, the Republican nominee to run for New Jersey governor, is staking her underdog campaign on a big promise: She says she won't run for re-election unless she is able to lower property taxes in her first term.

Tax bills are an issue the campaign assumes will resonate with voters in the country's most highly taxed state. But it remains to be seen whether Ms. Guadagno's platform can overshadow her association with Gov. Chris Christie, who is unpopular, and propel her to victory over well-funded Democratic nominee Phil Murphy.

"I know people are going to vote their pocketbooks," said Ms. Guadagno, who has been Mr. Christie's lieutenant governor for nearly eight years. "When people get to know me and pay more attention to this election, they are going to see the obvious, and that is that I am not Chris Christie."

Ms. Guadagno has proposed a "circuit breaker" that would limit property-tax increases by capping the school portion of residents' bills at 5% of their household income. The parameters for measuring success in fulfilling the campaign promise aren't clear, with a campaign spokesman saying he believes New Jersey residents would consider "any reduction in property taxes" to be welcome news.



Republican Lt. Gov. Kim Guadagno is seeking New Jersey's top job.

Recent polls put Mr. Christie's approval rating at 15%, and Mr. Murphy tries whenever possible to link Ms. Guadagno to the Republican governor's administration. But Mr. Christie, a rising star in the GOP before being dragged down by the George Washington Bridge scandal, rarely shared the stage with his top deputy, and it is unclear how strongly voters associate her name with his legacy.

Polls by Monmouth and Quinnipiac universities have found Mr. Murphy with a double-digit lead over Ms. Guadagno among likely voters. Adam Geller, a Republican pollster who has been hired by Ms. Guadagno, said his poll, with a margin of error of 4 percentage

points, found a narrower, nine-point lead for Mr. Murphy.

Patrick Murray, director of the Monmouth University Polling Institute, said that summer polls "really aren't predictive of what's going to happen in the fall" and that the race could tighten ahead of the Nov. 7 election. Still, he added, New Jersey voter dissatisfaction will be difficult for Ms. Guadagno to overcome.

"It's just that the Republican brand is so tarnished right now—both because of Chris Christie and because of Donald Trump—that anyone who's running under that label is going to have problems this year," Mr. Murray said.

A former federal prosecutor,

Ms. Guadagno, 58 years old,

and her husband, a retired family court judge, live in Monmouth County. She was elected the county's first female sheriff in 2007 and tapped to be Mr. Christie's running mate for his 2009 campaign.

Ms. Guadagno claims credit for lowering the state's unemployment rate to 4.1% from 9.8% in 2010. "But what I found was people still weren't happy," she said. "You can find a job here, probably, but you can't afford to live here once you find the job."

The average residential property-tax bill in New Jersey has increased 32% over the past decade, topping \$8,200 in 2016, state records show. Ms. Guadagno estimates her circuit-breaker plan would cost the state \$1.5 billion, a hole she plans to fill in the short term with savings resulting from a wide-ranging audit of state departments and services, and in the long term by revamping New Jersey's school funding formula.

Lowering health care costs and capping sick-pay pay-

outs for public employees

would also free up funding, she said.

A spokesman for Mr. Murphy called Ms. Guadagno's tax plan "simply not credible."

Ms. Guadagno's spokesman said circuit-breaker systems have been successfully implemented in Illinois and Massachusetts. "If it works in other blue states, it can certainly work here," he said.

By JOSEPH DE AVILA

Westchester County Executive Rob Astorino on Wednesday vetoed legislation aimed at protecting illegal immigrants because he believes it could result in the county being labeled as a sanctuary municipality, risking millions in federal funds.

Mr. Astorino, a Republican, said the legislation would jeopardize public safety and cost taxpayers \$13 million.

"If you end up in our jail for committing a crime, and you're not here legally, we're not providing a sanctuary for you," Mr. Astorino said.

Supporters of the bill, passed by the Westchester County Board of Legislators last week, say it complies with federal laws and would encourage immigrants to come forward and cooperate with authorities when they are victims of or witnesses to crimes.

The legislation would limit what information the county can pass on to federal immigration officials. It also requires federal immigration officials to obtain warrants

before they can speak to a suspect held in county jail and allows suspects to have an attorney present during an interview with federal authorities.

There are about 61,000 illegal immigrants in Westchester County, according to the Migration Policy Institute.

Supporters of the legislation say it wouldn't put the public at risk.

"It has clear exceptions for cases of criminal activity," said Majority Leader Catherine Borgia, a Democrat. "The act simply states that county taxpayer resources should be used for county business only, not do the job of the federal government."

Westchester currently has a policy that prevents county police from acting as agents for federal immigration officials. County police are also barred from investigating or detaining residents based on immigration status.

Ms. Borgia said her caucus wants to override the veto, but it is unclear if they will be able to secure the 12 votes to do so.

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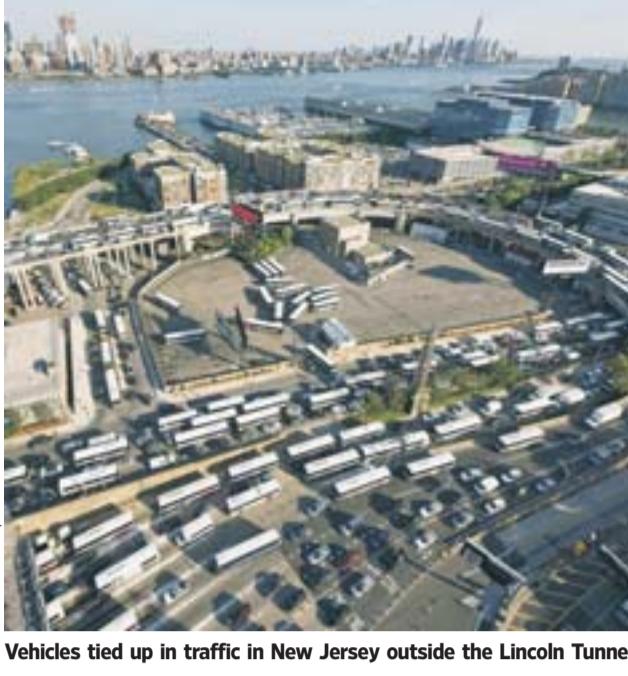
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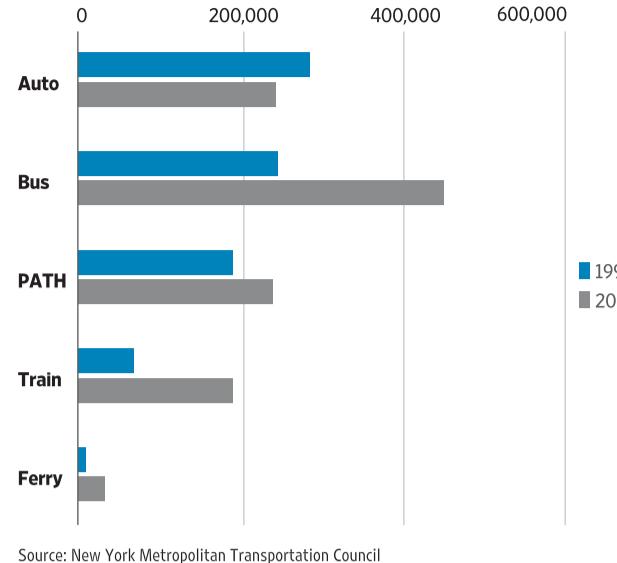
GREATER NEW YORK



Vehicles tied up in traffic in New Jersey outside the Lincoln Tunnel.

Buses, Trains and Automobiles

Daily trips across the Hudson in both directions



Source: New York Metropolitan Transportation Council

THE WALL STREET JOURNAL.

When a Roof Is Counted as Outdoor Space

By JOSH BARBANEL

In the lexicon of real-estate listings for Manhattan townhouses, a plain black roof is sometimes called a garden.

Consider the 40-foot-wide mansion where the late David Rockefeller lived for more than half a century on East 65th Street.

Tucked behind the red-brick Colonial Revival style is a neat garden with red-brick pavers, silver birch trees and flowering bushes. That garden extends nearly 34 feet back to the property line and across most of the house, for a total of 1,318 square feet, according to a floor plan.

Yet the house was described as having much larger surroundings, nearly 3,000 square feet of "total outdoor space," in a June listing by three brokers at Brown Harris Stevens.

The mansion at 146 East 65th St. was listed at \$32.5 million.

Asked about the apparent discrepancy, Paula Del Nunzio, one of the three brokers, said the outdoor space included a count of garden space on the townhouse's roof.

A Google Earth satellite image showed a conventional flat, black roof with no visible plantings.

Ms. Del Nunzio said the roof was accessible by stairs and could be the site of a garden in the future. "Every roof that has a beautiful garden started like that," she said.

Counting plain roofs as outdoor space is an example, some in the industry say, of how Manhattan townhouse brokers have found ways to ac-

centuate the grandeur and size of townhouses that appear to go beyond standard practices in other parts of the country.

Jonathan Miller, an appraiser and president of Miller Samuel Inc., said that having an ordinary roof isn't a special feature.

"All townhouses have roofs, that is a given," Mr. Miller said. "It is not as if one house comes with a bonus, a roof. They all have walls, too."

He said an unimproved roof wouldn't add value in an appraisal. "The fact that someone has the right to finish a roof at some point in the future is usually a given," Mr. Miller said. "It is not something we would itemize in a valuation."

3,000

Square feet of outdoor space, including a roof, in one listing

Buyers of expensive townhouses are sophisticated people, and if anyone questions square footage in the listing they can "go back to the source" for more information or bring in any experts they want to check, Ms. Del Nunzio said.

"When people buy a house they are more concerned with how a house feels and how many bedrooms there are," she said. "They don't say that this house has 10,000 square feet and this one had 10,050 square feet."



The townhouse of the late David Rockefeller at 146 E. 65th St.

GREATER NEW YORK WATCH

NEW YORK CITY

FBI Agent Is Injured By Exploding Device

An FBI agent accidentally discharged a "diversion device" at the agency's New York headquarters garage Wednesday, according to a spokeswoman.

The agent was taken to Bellevue Hospital with non-life-threatening injuries, according to the Fire Department of New York.

"We have no further information to provide regarding the agent's condition," an FBI spokeswoman said in a statement.

An official familiar with the matter said the agent suffered injuries to the hand and arm from a "flash bang device."

Flash bang devices are non-lethal explosives that are mainly

used to distract targets.

—Zolan Kanno-Youngs

LONG ISLAND

Two Reputed MS-13 Members Arrested

A group of MS-13 members lured a Long Island man into a car with the promise of marijuana and sex and took him to a secluded nature preserve where they fatally attacked him with knives and machetes, police said Wednesday.

Two reputed members of the street gang, which has been blamed for 21 deaths in the suburbs east of New York City in the past 20 months, are facing murder charges in the killing, authorities said. More arrests are possible, they said.

—Associated Press

Confederacy Tribute Scrapped



GONE: An Episcopal diocese removed two plaques honoring Gen. Robert E. Lee from church property in Brooklyn on Wednesday.

SIZE

Continued from page A8A under city building rules. Some include basements that could, in theory, eventually be converted.

A red-brick 1847 Greek revival townhouse at 73 Washington Place, a few doors down from Washington Square Park, is listed at 8,643 square feet. The property is listed online with a floor plan showing a huge underground level with a gym, sauna, soaking tub, wine vault and 19-foot-wide theater.

But much of that square footage doesn't exist. Space for the underground theater hasn't been excavated. A recent city filing put the house at less than 6,000 square feet.

The listing said the property is delivered vacant with a full set of Landmarks Commiss-

sion-approved architectural and design plans to renovate and expand the house.

"These figures are not anything pulled out of my thumb," said Leonard Steinberg, president of brokerage Compass, which has the listing along with Leslie J. Garfield & Co. "These are actual figures that come out of the architect."

"The finished townhouse will consist of 8,643 interior square feet and 1,655 exterior square feet throughout the rear garden, roof decks and terraces," the listing said. "A professional-grade elevator connects all 7 levels, including the roof penthouse." Public records say the house is 3½ stories.

Brokers are under pressure after Manhattan median townhouse prices rose 59% over a decade before falling by 5.3% in 2016, according to a report for Douglas Elliman Real Estate prepared by Jonathan Miller, an appraiser and presi-

dent of Miller Samuel Inc. A higher listed square footage can add to the appeal of a property. At the same time, it lowers the calculated price per foot, when buyers compare the price of one property to another.

A review of townhouse listings by StreetEasy.com found numerous inconsistencies in multiple listings of the same properties. When the same Manhattan property was listed more than once over the past decade, the square footage of 55% of the buildings changed between listings. The data, prepared at the request of The Wall Street Journal, were screened to remove, where possible, houses known to have been substantially altered or enlarged between listings.

Of all listing pairs with different square-footage figures, the square footage rose 58% of the time, with these larger

listings increasing the square footage by an average of 987 square feet, or 17%.

Donna Olshan, a Manhattan broker, said she noticed square-footage discrepancies when she listed a townhouse during a recent market slowdown. She noted that other seemingly identical townhouses nearby, with similar widths and heights, were listed as having 20% more square footage, and thus a lower price per square foot.

Earlier this year, Ms. Olshan compiled a list of all 162 Manhattan townhouses then on the market for \$6 million or more and compared each listing with city property records. She found that 120, or 74%, were listed for more than the official square footage.

In addition, she noted 32, or 21%, had listing square footage in excess of the maximum allowed development rights for a building site.



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LIFE & ARTS

THE MIDDLE SEAT | By Scott McCartney

Why Savvy Fliers Take Air Canada

International travelers are finding better deals and faster flights than they get from the big three U.S. airlines by heading north

Toronto

ONE OF THE BEST WAYS to go east to Europe or west to Asia now is to go north.

Air Canada, revived after years of turbulence and bankruptcy, has turned its hubs in Montreal, Toronto and Vancouver into easy, fast connecting points for U.S. travelers. You clear U.S. Customs in Canada without even having to retrieve your checked luggage. Waits are minimal. Fares are sometimes cheaper. Planes are new and fitted with premium economy cabins—an option U.S. airlines are just beginning to roll out.

It's the in-the-know alternative for travelers who want to avoid the slog of connecting in New York or Los Angeles, Paris or London, Chicago or Atlanta.

"People are surprised when I say it's a much better experience on Air Canada," says Louise Clements, an advertising executive who splits time between New York and Toronto.

She lived in New York until last year and found it better to fly from New York's LaGuardia Airport to Toronto for overseas trips on Air Canada than U.S. airlines from Kennedy or Newark, N.J. Now living in Toronto, she flies Air Canada often to Minneapolis and sees more passengers connecting to international flights. Air Canada has put larger aircraft on the route.

Air Canada's international connecting push has been a decade in the making. The airline has invested heavily in new planes, high-speed moving sidewalks, ultrafast baggage belts, bigger security checkpoints and international airport clubs with showers to poach travelers heading into or out of the U.S. Getting all its flights in the same terminal in all three of its hubs has made connections quicker and easier.

The carrier, a Star Alliance partner with United, has long offered connecting service abroad. But now it's building its schedule, offering cities that U.S. airlines don't, like Casablanca and Dubai, along with high-demand destinations like Shanghai, London, Seoul and Tel Aviv.

It is trying to capitalize on its own revival while U.S. airlines are mired in customer battles and reputations for lousy service. Air Canada, which flies to about 60 U.S. cities, thinks its strongest U.S. markets will be secondary cities that don't have many direct overseas flights, itineraries such as Pittsburgh to Beijing or Tampa, Fla., to Copenhagen.

"They've made prices more attractive," says Jack Ezon, president of Ovation Vacations, a New York-based agency specializing in luxury travel. "When you have to make a connection anyway, it's a smart way to go."

Benjamin Smith, president of Air Canada's passenger airline division, says the U.S. dollar's strength—\$1 is worth about 25% more than a Canadian dollar—has enabled the airline to price aggressively in the U.S. The airline's focus has been primarily on luring business class and premium economy passengers with good deals.

Air Canada now flies to about 60 U.S. cities, including New York.



CLOCKWISE FROM TOP: TIMOTHY FADEK/BLOOMBERG NEWS; STR/AFP/Getty Images; LUDOVIC MARIN/AFP/Getty Images

The Benefits Across the Border

Hartford to Paris

	Air Canada	Delta
Economy ticket price:	\$684 ▲ Best	\$699
Premium economy:	\$1,665	N/A
Business:	\$5,961	\$7,235
Round-trip travel time:	22 hrs. 15 mins	25 hrs. 27 mins
Connections:	Montreal	Detroit

Note: Travel dates Sept. 18-25, priced on Aug. 10

San Diego to Shanghai

	Air Canada	United
Economy ticket price:	\$917	\$866
Premium economy:	\$2,112	N/A
Business:	\$3,878	\$5,331
Round-trip travel time:	31 hrs. 20 mins	35 hrs. 14 mins
Connections:	Vancouver	San Francisco (Outbound) Los Angeles (Return)

Geography helps with keeping flight times competitive, since trips between the U.S. and both Europe and Asia pass over Canada. Air Canada can get you from Hartford, Conn., to Paris in nine hours, 25 minutes. That's 50 minutes faster from Hartford to Paris than United, 65 minutes faster than American and more than 2½ hours faster than Delta.

Years back, Air Canada was torn with labor strife, a pension crisis, bankruptcy reorganization and a reputation for lousy service. Under Chief Executive Calin Rovinescu, who took over in 2009, the carrier has revived with \$10 billion capital spending program launched in 2010, 10-year labor contracts and a

low-cost unit for leisure destinations. This year, airline rating firm Skytrax gave Air Canada four stars out of five and named it the best in North America. It's the only large, international four-star airline in North America.

Ryan Hoult is chief executive of a Calgary software company and flies over 100,000 miles a year with Air Canada. He says the airline is ahead of the three big U.S. international carriers because it refreshed its fleet faster, largely with new Boeing 787s and 777s.

Air Canada was first in North America with lie-flat business-class beds on all its long-haul aircraft, first with aisle access for all business-class seats on all aircraft

and first with true premium economy on all long-haul flights. "I know what I'm getting when I fly them," Mr. Hoult says of Air Canada. The experience isn't as fine as with Singapore Airlines, he says. He likens it to Marriott hotels—good quality, but not Ritz Carlton.

Regular fliers can point to one drawback: winter weather. Air Canada's Mr. Smith contends the airline handles winter storms more expeditiously than congested U.S. airports. Recovery is easier, since Toronto and Montreal are smaller than New York and Boston.

The increased passenger flow into and out of the U.S. has enabled Air Canada to offer more cities. Ben Lipsey, director of Air

Canada's global connection product, points to flights to Hartford that probably wouldn't exist without the international connections.

Air Canada launched 16 international and U.S. transborder routes in the second quarter and traffic increased 13.6% over the previous year.

Travelers entering the U.S. used to have to reclaim luggage before U.S. Customs clearance, and then go on to security screening. But Air Canada reversed the process. Your luggage gets screened while you get screened. That slashed 15 minutes off connecting times in Toronto, says Fady Riad, manager of baggage and hub connection performance.

TELEVISION | By John Jurgensen

THIS TIME, THE NETWORK GOT CANCELED

BY JOHN JURGENSEN

PAUL REISER WAS ALL SET to dive into the zeitgeist of streaming TV. Then his stream dried up.

The co-creator and star of the hit 1990s sitcom "Mad About You" made a seven-episode comedy series about life behind the scenes of "The Tonight Show" in 1972. Titled "There's...Johnny!" it stitches real archival clips from Johnny Carson's talk show into a story about fictional characters. It was the biggest show yet for Seeso, a subscription comedy service owned by NBCUniversal.

Then, last week, just before the scheduled Aug. 24 premiere of Mr. Reiser's show, Seeso announced

that it will shut down later this year, forcing "There's...Johnny!" to look elsewhere for a home.

"There's a new problem," says Mr. Reiser, a Hollywood hand accustomed to networks canceling shows, not getting canceled themselves.

His "Tonight Show" period comedy isn't the only orphan. Since its launch in early 2016, Seeso had produced or acquired several dozen

original series and stand-up specials by a diverse roster of comedians.

The number of subscribers paying

\$3.99 monthly for Seeso's originals

and library of licensed comedy was

relatively small—in the low six figures—and in recent months NBCU revised its digital strategy. Instead of supporting a niche, stand-alone channel, the company says it will

focus more on developing content with established partners such as Snapchat and BuzzFeed.

Such are the gaps created among Hollywood's rapidly shifting tectonic plates. Streaming TV is increasingly dominated by a handful of deep-pocketed buyers, who are scooping up top talent and high-profile projects with clockwork regularity.

In August alone, Netflix (expected to spend \$6 billion this year on programming) won "Grey's Anatomy" and "Scandal" superproducer Shonda Rhimes away from Disney's ABC, wooed David Letterman out of retirement for a talk show, and recruited filmmakers the Coen brothers for their first

Please see REISER page A11



Paul Reiser, actor and comedian, on location in New York City early last year.

LIFE & ARTS



Grizzly Bear: Ed Droste, Chris Taylor, Daniel Rossen and Chris Bear

TOM HINES

MUSIC REVIEW | By Jim Fusilli

Grizzly Bear Goes Heavy

'Painted Ruins' departs from the group's light folk-rock, opting for a tougher and heavier but no less melodic sound

A FORCEFUL and appealing work, "Painted Ruins" (RCA), out Friday, is at a distance from Grizzly Bear's light folk-rock that featured high vocal harmonies and acoustic guitars. Produced by the quartet's bassist, Chris Taylor, it projects a tougher and heavier though no less melodic sound that's in sync with its troubling lyrics.

The song "Aquarian," which appears mid-album, summarizes the new environment: It opens with crisp drumming by Christopher Bear, an assertive bass line by Mr. Taylor and a wash of dark synthesizers—an ominous beginning, to be sure, that suggests chaos and a gathering threat. Daniel Rossen then begins to sing the tale: "Great disaster, shocking sight / Scream and run or test your might / Every moment brings a bitter choice." Different synth parts swirl in and voices ring out like anguished screams. An extended outro hints at the Grizzly Bear sound of its

breakthrough "Veckatimest" (2009) and follow-up "Shields" (2012) as if glimpsed in a rearview mirror.

"Painted Ruins" contains several songs with grave imagery. In "Glass Hillside," Ed Droste sings, "Gathered together until relief arrives / Eyes on the lost sons trained in the tricks of the world." Accompanied by march-like drumming, "Four Cypresses" reports a scene of trees "torn from the roadside / Great thundering noise from the hillside / Some thousands of years built up / Some crumbling form to be torn down." Again, the voices coalesce as a cry.

There is a second theme to the album: devastating heartbreak from which recovery seems at best unlikely. "Let love age and watch it burn out and die," sings Mr. Droste in "Mourning Sound." Later, in the lovely "Systole," which features gorgeous vocal harmonies, he



sings: "Take the sheets from the bed / Throw them onto the fire." Over pulselike drumming and bass, chipper synth lines land as cynicism in "Mourning Sound"; in "Systole," what sounds like a church organ is the ghostly substructure.

A simile links the themes—when love goes, the heart and soul are left as barren and arid as a landscape that's been devastated—and the new sound does too. But when I spoke by phone last week with Mr. Rossen, who was at home in Santa Fe, N.M., he said Grizzly Bear's sonics aren't influenced by its lyrics and that Mr. Taylor, in his role as producer, informed the darker environment. Nevertheless, music and words come across as a unified entity, as if the band had chosen to create soundscapes that suit the desolate narratives. Mr. Rossen waved off any interpretations of commentary on culture or politics. "The kind of songs we do aren't topical," he said, though he added that Mr. Droste had been dealing with issues in his personal life that worked their way into the lyrics.

On "Painted Ruins," the quartet once again demonstrates its gift for unconventional song structures and innovative arrangements. The gentle, tranquil beginning of "Cut-Out" gives way to a harsh, rattling

interlude before returning to its origins. In "Three Rings," assertive atmospherics, rather than a guitar or keyboard solo, provide the break between verses. Hints of brass and a vibraphone sweeten the trance-inducing "Neighbors." The voices rise and come together in rich harmonies in unexpected places.

Having long ago synthesized the shared music of its members' formative years—Mr. Rossen mentioned the Beach Boys, PJ Harvey and Elliott Smith—Grizzly Bear doesn't sound much like any other rock or pop group, then or now. The result of its striving to achieve a new aesthetic while maintaining superior quality, Grizzly Bear's "Painted Ruins" continues its run of recorded excellence.

Mr. Fusilli is the Journal's rock and pop music critic. Email him at jfusilli@wsj.com and follow him on Twitter @wsjrock.



Mike Colter, Scott Glenn, Finn Jones, Krysten Ritter and Charlie Cox

TELEVISION REVIEW

ARCANE AND ENGAGING HEROES

BY JOHN ANDERSON

A FEW THINGS to keep in mind before diving into "Marvel's The Defenders." One, it's from Marvel, in case anyone was wondering. Two, Marvel has always been the home of reluctant-cum-troubled-cum-neurotic superheroes and the Defenders have more problems than most. Three, the Marvel worldview is that without its superheroes the world's thin veneer of civility would be peeled away, unleashing the malig-

nancy below, so be prepared. Four, Marvel assumes that you already know all the plotlines, back stories, character biographies and well-muscled miscellany and that you thus can be dropped in the middle of the action without as much as an explanatory subtitle.

This is particularly so in "The Defenders," which opens in a dimly lit tunnel in urban Cambodia where a furious sword fight is under way and the dialogue is barely discernible. More about that later. We are then transported to New

York, where the perpetually dyspeptic private eye Jessica Jones (Krysten Ritter), nursing a hangover, is lifting the illegally parked car of her pal Trish Walker (Rachael Taylor) off a city tow hook while dismissing Trish's plea that Jessica parlay her recent victory (presumably over the evil Kilgrave) into some kind of profit-making celebrity.

At the same time, man-mountain Luke Cage (Mike Colter) is being released from prison and returning to a hero's welcome in Harlem. Down at the courthouse, lawyer Matt

Murdock, aka Daredevil (Charlie Cox), is busy winning a medical malpractice suit after quitting crime-fighting cold turkey. And Danny Rand (Finn Jones), alias the Immortal Iron Fist—yes, that's how he introduces himself—is en route to New York, where he's been dispatched by a victim of that epic, semi-slo-mo martial-arts contretemps mentioned earlier, under the streets of Phnom Penh.

After that, it gets complicated. But though "Marvel's The Defenders" is and will continue to be

arcane, it's also thoroughly engaging, almost entirely thanks to its cast. Ms. Ritter makes Jessica Jones almost comically unpleasant, but without losing our affections; Mr. Colter is pure charisma as his community's first and last line of defense; Mr. Cox is a source of consistent intelligence, even while throwing caution and villains to the wind. And Mr. Jones? He seems to expect giggles every time he says, "I'm the Immortal Iron Fist," and for that the viewer is grateful.

Unlike the other "team" franchises in the Marvel Cinematic Universe (that's its name, don't giggle), "The Defenders" is not about the ridiculously implausible, just the implausible—a sightless lawyer being Daredevil, for instance, or Luke Cage being bulletproof. The truly fantastical arrives courtesy of Sigourney Weaver as the ancient deathless Alexandra, headmistress of the Hand, a cultlike organization intent on destroying New York and that has at its disposal an old cliché, the invincible female ninja assassin—known, this time around, as the Black Sky. Her actual identity might be a spoiler, so suffice to say she's played by hot actress-of-the-moment Elodie Yung ("The Hitman's Bodyguard") and is the catalyst for the Defenders coming together. Which they don't really do until episode 4.

Till then, "Defenders" is about sorting out the whos, the whys and who-did-what-to-whom; it's about well-executed, frenetic action, acerbic witticisms and Scott Glenn performing a self-amputation as Stick, who best knows the depths of Alexandra's malevolence. What it's not about is civic responsibility, but rather addiction—try as they might, none of these reluctant superheroes can resist the allure of reducing malicious malefactors to a quivering pulp. They're high, you might say, on strife.

Marvel's The Defenders
Friday, Netflix

LIFE & ARTS

OPERA REVIEW

The New Faces of Opera

The Glimmerglass Festival gives starring opportunities to many worthy young singers

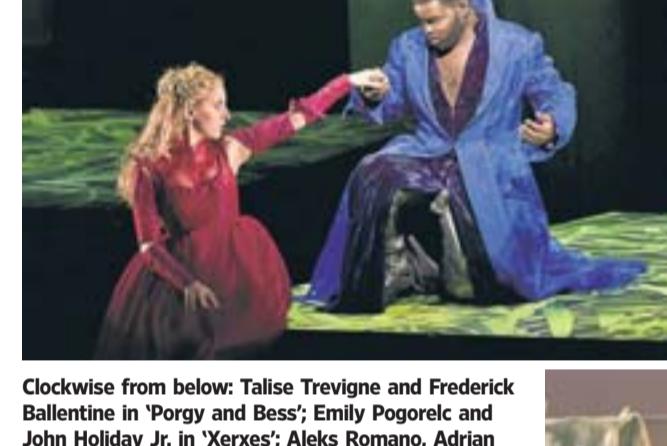
BY HEIDI WALESON

Cooperstown, N.Y. IN RECENT YEARS, the Glimmerglass Festival has been giving starring opportunities to many worthy young singers. This season featured a lot of exciting performers, but the standout was Jarrett Ott as Curly, the lovesick cowboy in Rodgers and Hammerstein's "Oklahoma!" His very first line, "There's a bright golden haze on the meadow," sung from the back of the house, revealed a free, melodic baritone, full of life and sunshine, and it never flagged. A confident actor who is also very handsome, Mr. Ott will go far.

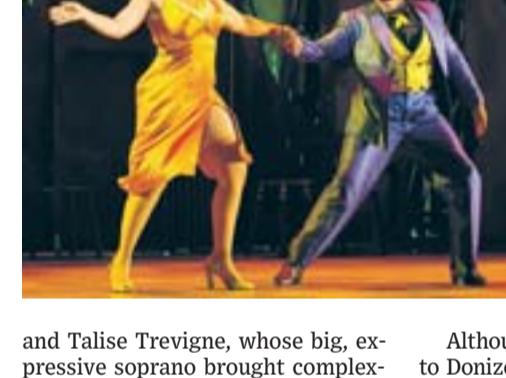
Eugene Lee's simple, classy scenery design—with storybook backgrounds of field and prairie, and a star-studded black drop for night—and Robert Wierzel's sensitive lighting established the show's frontier community. Molly Smith's direction was polished and lively, and the rest of the cast, many of them members or recent graduates of the company's Young Artists program, shone. Vanessa Becerra was a spitfire Laurey, Michael Roach showed off his dance skills as Will Parker, Emma Roos was an unusually innocent Ado Annie, and Michael Hewitt brought the necessary touch of darkness to the plot as Jud Fry. The dancing and the chorus work were first-rate; James Lowe was the idiomatic conductor. It is a treat to hear a classic American musical performed with full orchestra and no amplification. Glimmerglass is one of the few places where that is possible.

Also excellent was the season's other big American work: Gershwin's "Porgy and Bess." This was a more intimate version of the production that Francesca Zambello, Glimmerglass's artistic and general director, has staged in numerous large opera houses, and the 900-seat Alice Busch Theater worked well for it. Peter J. Davison's set shows a prison-like Catfish Row, with rusted metal walls and doors that slam shut when the police come calling. Paul Tazewell's costumes are the drab, workaday clothes of people who have very little, so Bess's orange shift and Sportin' Life's electric-blue suit stand out. Ms. Zambello and John DeMain, the conductor, did especially good work with the big chorus scenes. The hurricane—complete with crashing thunder, pieces seeming to fall off the buildings, and the keening inhabitants—has never sounded quite so terrifying. With sung recitatives instead of dialogue and including some often-cut numbers, like the "Buzzard Song," the show was dramatically taut, a persuasive portrait of a community that holds together in the face of trouble.

The strong cast included Musa Ngungwana, a powerful Porgy,



Clockwise from below: Talise Trevigne and Frederick Ballantine in 'Porgy and Bess'; Emily Pogorelc and John Holiday Jr. in 'Xerxes'; Aleks Romano, Adrian Timpau, Leah Crocetto, Makoto Winkler and Chaz'men Williams-Ali in 'The Siege of Calais'; Jarrett Ott and Vanessa Becerra in 'Oklahoma!'



KARL CADE/THE GLIMMERGLASS FESTIVAL (4)

and Talise Trevigne, whose big, expressive soprano brought complexity to the troubled Bess. As Serena, Young Artist Simone Z. Paulwell delivered an explosive "My Man's Gone Now," and Frederick Ballantine was a slithery Sportin' Life. As Crown, Norman Garrett looked scarier than he sounded; Judith Skinner, a fierce Maria, gave a similarly tough edge to Aunt Eller in "Oklahoma!"

Although there's not much plot to Donizetti's rarity "The Siege of Calais" (1836), the music proved to be worth hearing. The story is drawn from a historical incident that was immortalized in a sculpture by Rodin: In the 14th century, the English King Edward III ruinously besieged the French port city and demanded, as a condition of truce, that six prominent citizens offer themselves for execution. An

elaborate duet for mezzo-soprano (Aurelio, son of the mayor of Calais) and soprano (Eleonora, Aurelio's wife) that recalls Bellini's "Norma" is a high point, along with a moving ensemble for the six burghers and the chorus. Like the other shows, "Siege" also boasted some impressive singers in lead roles: As the mayor, Eustachio, baritone Adrian Timpau had a big, lustrous sound and an arresting stage presence,

and mezzo Aleks Romano was a poignant Aurelio. As Eleonora, Leah Crocetto, the most experienced member of the cast, sounded a bit strident at first, but her soprano bloomed in the duet. Joseph Colaneri was the able conductor.

Ms. Zambello took the modern-day refugee camp of Calais as her inspiration. The correspondence with the story isn't exact, but James Noone's set looked like a city in extremis: corrugated metal walls, bombed-out structures with people camping out in them, fires in barrels. Mark McCullough did the gloomy lighting; Jessica Jahn, the contemporary costumes for the soldiers and resisters.

Glimmerglass was once the home of the baroque revival; this year's production of Handel's "Xerxes" was a sad reminder that those days are gone. It was nicely cast: The astonishingly high, pure, easily produced countertenor of John Holiday Jr. as the tyrannical Xerxes, who insists on marrying his brother's girlfriend, was always exciting; mezzo Allegra De Vita's velvety sound brought pathos to Arsames (the brother); and soprano Emily Pogorelc was a lyrical Romilda (the girlfriend). However, the singers were operating in a musical and theatrical vacuum.

Tazewell Thompson's stand-and-sing-and-then-run-around production made no sense of the emotional travails and journeys of the characters, and John Conklin's rudimentary scenery—a couple of platforms and some bits of wall—offered no context. The orchestra, under Nicole Paiement, was driving rather than buoyant, and the cuts, including chunks of arias, which brought the opera down to about two hours of music, also made the evening feel choppy and unsatisfying, like a concert of unrelated excerpts.

This season's additional events included two premieres. A youth opera, "Robin Hood," by Ben Moore and Kelly Rourke, featured some ebullient teenage performers and, most notably, Young Artist Kayleigh Decker as a dulcet-toned Scarlet, a woodland spirit who inspires Robin's resistance. Also engaging was a revised version of "Scalia/Ginsburg" by Derrick Wang, which explores the friendship of those two legally opposed and opera-loving Supreme Court Justices. Mr. Wang's score plays cleverly with musical jokes—the conservative Justice Scalia's utterances are appropriately Puccinian; Justice Ginsburg's run the gamut from Purcell to Mozart to the blues. Tenor William Burden (Scalia), mezzo Mary Beth Nelson (Ginsburg) and Brent Michael Smith (the Commentator, who sets the plot in motion) were equal to its musical wit.

Ms. Waleson writes about opera for the Journal.

REISER

Continued from page A9
TV series. Another Goliath, Amazon, this month signed up "Walking Dead" creator Robert Kirkman to develop new programming, and ordered two seasons of a drama starring Julia Roberts.

None of these companies had anything to do with making television a decade ago when Mr. Reiser started writing his "Tonight Show" homage with former "Mad About You" producer David Steven Simon. Key to its development: winning the trust and participation of the Carson Entertainment Group, owner of the old broadcasts of the "Tonight Show," on which Mr. Reiser appeared several times as a stand-up.

He doesn't appear in "There's...Johnny!" With a sometimes sentimental and sometimes raunchy tone, the show is a coming-of-age story about a naive 19-year-old (Ian Nelson) Nebraskan who lands a job as a gofer on "The Tonight Show." He gets thrown into a backstage world populated by cynical writers, a welcoming but troubled talent booker (Jane Levy), and a salty producer (Tony Danza).

Within fictional scenes of the characters shooting "The Tonight Show," Carson appears on camera by way of archived footage, including his surprisingly frank exchange with George Carlin about sexual politics.

In addition to Seeso, there were two other potential buyers for "There's...Johnny!" but Seeso committed to producing all seven epi-



The cast of "There's... Johnny!" Paul Reiser's seven-episode comedy series about life behind the scenes of "The Tonight Show" in 1972.

sodes instead of starting with a trial-run pilot, says executive producer Brian Volk-Weiss. He says the creators also liked the idea of being "the big new show at a new company rather than the eighth comedy greenlighted that month" at an established streaming service.

There were no direct signals of corporate doom during several months of shooting earlier this year, Mr. Reiser says, adding that Seeso offered producers "an extra chunk of money" to make sure an ambitious finale sequence looked

right. However, shortly after a screening of "Johnny" at the Tribeca Film Festival in April, Seeso head Evan Shapiro, executive vice president of NBCUniversal Digital Enterprises—who was fond of comparing Seeso to a "cafe" next to the Costco of big streaming competitors—told Mr. Reiser and team that he was leaving.

What initially seemed like an executive shake-up eventually turned terminal when NBCU informed producers that Seeso was being shuttered. The company

owns "Johnny" and says it is looking for a new outlet for the show, which could be an NBCU platform or an outside buyer. Mr. Reiser says he is "pleasantly surprised" at the steps that NBCU is taking to find "Johnny" a home where the show is more likely to be seen.

It's not as if he's on the sideline of the streaming revolution. Mr. Reiser has a major role in the coming season of the sci-fi Netflix hit "Stranger Things." He's also on Amazon in "Red Oaks," a comedy series which, like "Stranger

Things," is set in the 1980s.

As a producer, he has more personal investment in several other projects he's trying to nudge through development. Mr. Reiser says there's only one way to deal with Hollywood's unpredictable delays and disappointments, such as the time NBC canceled his 2011 sitcom, "The Paul Reiser Show," after airing two episodes.

"Whenever there's a bump, you have to sit down and keep writing," he says. "That's the salve for whatever ails you."

SPORTS

THE COUNT



The Marlins' Giancarlo Stanton

STANTON CUTS DOWN HIS SWING

Miami Marlins slugger Giancarlo Stanton is on a roll. Entering Wednesday's play, the 18 home runs he has hit since July 17 is only one fewer than the San Francisco Giants have hit as a team during that same span, according to Stats LLC.

It appears that the 6-foot-6 Stanton has figured out that he doesn't have to swing wildly from his heels to send baseballs soaring into the stratosphere. His league-leading 44 homers have come with a greater emphasis on making contact—he has struck out (K%) a career-low 23.8% of the time, after a strikeout percentage of 28.5% in his previous seven seasons.

Stanton's move comes at a time when hitters are selling out more than ever in hopes of launching a long ball, with the league's strikeout percentage at an all-time high of 21.6%. The only player who comes close to Stanton's rate of a home run every 9.9 at bats, Texas Rangers third baseman Joey Gallo (9.8), is whiffing at a significantly higher rate (37.3%).

Stanton has boosted his average to .285 after falling to .240 last season (29.8% strikeouts). So this approach appears to have also turned him into a more complete hitter, too.

—Michael Salfino

Slugging Kings

Home-run leaders and their 2017 K% compared with their career %.

PLAYER	HR*	K% CAREER
G. Stanton MIA ▲	44	23.8%/27.9%
A. Judge NYY	36	31.8%/33.8%
M. Moustakas KC	35	15.1%/15.4%
C. Bellinger LAD	34	25.5%/25.5%
J. Gallo TEX	34	37.3%/40.8%

Source: Stats LLC

*Entering Wednesday's play

FROM LEFT: GREG FLUEGE/GETTY IMAGES; JOHN RAOUX/ASSOCIATED PRESS

COLLEGE FOOTBALL

Behind the Ouster of a Star Coach

Flight records show former Ole Miss coach Hugh Freeze called an escort service while on a recruiting trip

Former Ole Miss coach Hugh Freeze resigned in July.

BY ANDREW BEATON

ON THE MORNING of Jan. 19, 2016, University of Mississippi football coach Hugh Freeze tweeted a quote: "Look not back on yesterday—so full of failure & regret; Look ahead & seek God's way—all sin confessed u must forget."

Later that day, the coach flew to Tampa, Fla., as part of a recruiting trip using the school plane, according to documents reviewed by The Wall Street Journal. A few hours after the plane touched down at 5:30 p.m. in Tampa, his school phone registered a call to a number linked to a female escort service in that city, according to phone records reviewed by the Journal.

The call that day was part of a "pattern of misconduct" Ole Miss officials said they uncovered last month. Freeze, who in the last five seasons turned the program around by bringing in highly sought-after recruits, resigned July 20 after the school confronted him with its findings stemming from that Jan. 19, 2016, call. The university said he would have been fired for violating a "moral turpitude" clause in his contract if he had not resigned.

Although school officials had previously declined to characterize the alleged misconduct, Ole Miss athletic director Ross Bjork said in response to questions from the Journal about Freeze's travel that the university's investigation uncovered "calls of a similar nature" over the course of several years, often matching up with travel logs showing the coach's use of the school plane. The school said it examined his travel logs from peak recruiting times—often November, December and January—when

Freeze would travel out of state, using the school plane and other public resources.

"When we say pattern, we are describing other phone numbers that when you Google them pull up similar type websites, services, however you would describe them," Bjork said. "We took action swiftly."

When the school presented its findings to Freeze, the coach admitted his misconduct and agreed to resign, school officials said.

W.G. Watkins, Freeze's lawyer, declined to comment. Freeze couldn't be reached for comment and has not publicly addressed the circumstances of his resignation.

Freeze's stunning departure ended a roller-coaster tenure as coach that included as many wins on the field as questions off the field. The Ole Miss football program has been under investigation by the NCAA for a litany of alleged rules violations related to recruiting, and the school had already imposed a ban on postseason play for this season.

Throughout the NCAA's investigation, Ole Miss officials stood by Freeze, who endeared himself within Oxford, Miss., as a pious man who restored the program to glory. He beat Alabama twice in the last three years, giving the sport's superpower its only losses in those regular seasons.

Freeze was the highest-paid employee in the state of Mississippi, earning a \$4.7 million salary.

Even before Freeze got the head post at a big-time SEC program, Freeze was a national figure. While coaching in high school, one of his players was Michael Oher, star of the best-selling book turned hit movie "The Blind Side." Oher went to play at Ole Miss, where Freeze became an assistant.

The conduct that led to Freeze's sudden departure was unrelated to the NCAA investigation, the school said, though the circumstances that brought the phone call to light intertwine the situations.

School officials were first notified of the Jan. 19, 2016, call by Thomas Mars, the attorney for former Ole Miss football coach Houston Nutt, who has been embroiled in a legal battle with the school. Nutt alleged in a civil lawsuit last month that Freeze and other Ole Miss officials wrongfully blamed him for the alleged NCAA violation.

The university's probe uncovered other 'calls of a similar nature' over the course of several years.

tions. In trying to prove that there was an orchestrated campaign against Nutt, the lawyer filed a public-records request for Freeze's phone logs, which turned up the call to the escort service.

Nutt's lawsuit was dismissed by a federal judge last week on jurisdictional grounds. Mars said in a statement that he plans to refile the lawsuit in state court, and that the revised complaint will include "recently-discovered evidence that should put to rest any question about the merits of Houston Nutt's case." Ole Miss has said Nutt's lawsuit is without merit.

The flight records reviewed by the Journal show Freeze crisscrossing the country on recruiting trips and other business on the school plane, at a rate of \$1,375 per hour. The records show Freeze took at least 103 trips on the plane

over about five and a half years.

On the night of the Jan. 19 call to the number linked to the escort service, Freeze was in Tampa on a five-day, 13-stop recruiting trip, according to the flight records. The flights for the trip cost more than \$26,000, which was paid by the state university. Six members of the Ole Miss football staff accompanied Freeze on the plane at points in the trip.

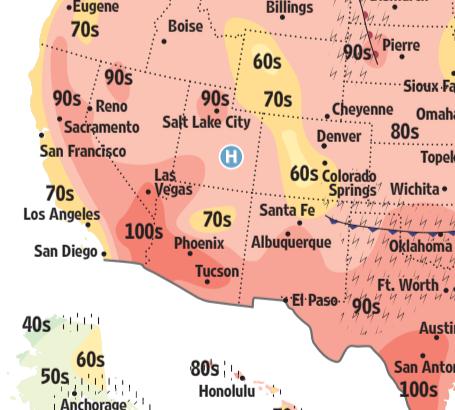
Experts say if there was misconduct on trips paid for by the university, Freeze could be subject to questions about whether public funds were used inappropriately. B. David Ridpath, an associate professor of sports management at Ohio University, says that is "absolutely" a concern based on the flight and phone records reviewed by the Journal. Bjork said the school's investigation did not go into the potential misuse of funds because it had already concluded Freeze would be dismissed.

The Tampa trip came just two weeks before National Signing Day, when Freeze inked one of the country's most heralded recruiting classes. The call that cost Freeze his job—the number is listed on multiple websites advertising a female escort service—lasted about a minute. The number has since been disconnected.

When Mars confronted Ole Miss about the call after reviewing Freeze's phone records, school officials said, they initially attributed it to a misdialed because it was the only call to that specific number on his university-issued phone among the batch Mars requested. The school said its investigation—which included the assistance of outside counsel and members in the athletic department—uncovered the similar calls on other trips.

Weather

Shown are today's noon positions of weather systems and precipitation. Temperature bands are highs for the day.



U.S. Forecasts

s=sunny; pc=partly cloudy; c=cloudy; sh=showers;

t=tstorms; r=rain; sf=snow flurries; sn=snow; l=ice

Today Tomorrow

City Hi Lo W Hi Lo W

Anchorage 56 48 c 57 50 c

Atlanta 90 75 t 91 73 t

Austin 98 75 s 99 75 s

Baltimore 85 73 pc 87 73 t

Boise 89 60 s 91 59 s

Boston 80 65 s 75 69 r

Burlington 79 60 pc 75 66 r

Charlotte 94 74 t 94 72 t

Chicago 83 66 pc 81 65 pc

Cleveland 87 72 t 85 65 s

Dallas 95 78 t 97 78 t

Denver 85 57 t 87 59 pc

Detroit 83 68 t 82 63 pc

Honolulu 89 76 pc 89 75 s

Houston 97 78 pc 97 76 s

Indians 86 68 t 82 66 s

Kansas City 84 61 pc 86 66 t

Las Vegas 102 79 s 104 78 s

Little Rock 89 73 pc 90 73 t

Los Angeles 79 64 pc 80 64 pc

Miami 92 81 pc 92 79 pc

Milwaukee 83 66 pc 79 64 pc

Minneapolis 72 60 r 77 61 pc

New Orleans 91 75 pc 90 68 pc

New York City 83 72 pc 79 74 t

Oklahoma City 91 69 pc 92 70 t

City	Today	Hi	Lo	W	Tomorrow	Hi	Lo	W
Amsterdam	68	59	r	68	79	pc		
Athens	91	78	s	79	75	s		
Baghdad	119	89	s	119	88	t		
Bangkok	90	77	t	89	78	t		
Beijing	81	67	s	82	67	t		
Berlin	78	63	pc	80	59	sh		
Brussels	71	62	c	70	54	pc		
Buenos Aires	68	51	s	70	54	pc		
Dubai	106	90	s	105	91	s		
Dublin	67	49	sh	62	51	sh		
Edinburgh	68	51	sh	60	50	r		

International

Today Tomorrow

City Hi Lo W Hi Lo W

Vancouver 83 62 c 87 63 t

Calgary 92 75 t 91 74 t

Billings 79 56 pc 80 57 pc

Pierre 95 90 s 90 88 s

Sioux Falls 77 s 106 79 pc

Omaha 80 77 s 89 78 s

Topeka 80 70 s 89 71 s

Kansas City 80 68 s 87 67 s

Oklahoma City 80 67 s 87 66 s

El Paso 80 65 s 87 64 s

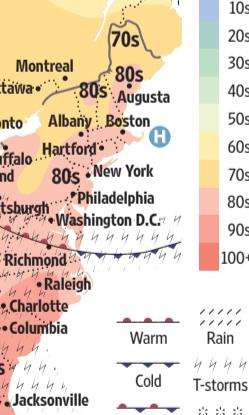
Austin 80 64 s 87 63 s

Houston 80 63 s 87 62 s

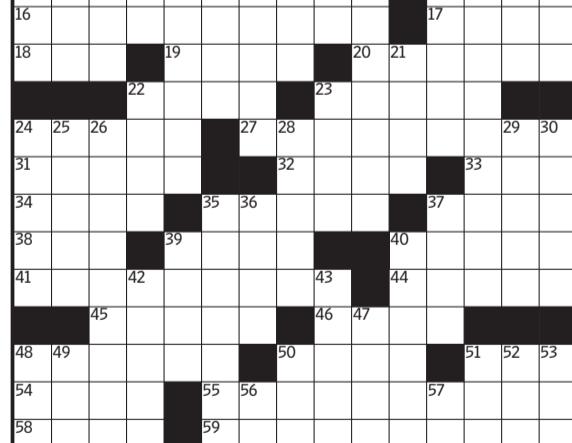
San Antonio 80 62 s 87 61 s

Edinburgh 68 51 sh 60 50 r

AccuWeather.com



The WSJ Daily Crossword | Edited by Mike Shenk



STAND APART | By Alice Long

Across	1 Exercise	22 "Zip—Doo-Dah"	40 Put out, in a way
6 Indispensable item	Geneva	85 62 pc	83 61 t
10 It has a supporting role	Havana	90 72 s	91 73 pc
13 His New York Times obit called him a "cranky voice of CBS"	Hong Kong	92 83 t	92 82 t
15 End of a slide, at times	Istanbul	86 75 sh</td	

OPINION

The Politics of Pointlessness



Charlottesville was a warning. The warning is that America's politics is steadily disconnecting from reality. Our politics is starting to seem psychotic.

Generally people get into politics to accomplish something concrete or achievable—the passage of a piece of legislation or of identifiable public policies whose purpose is to make things better. In a word, progress.

The right and the left have disagreed for centuries on what works, but they at least shared a belief that the point of their political activity was to accomplish something real.

Charlottesville was a political riot. Is Charlottesville the future?

Some may say the Charlottesville riot was the lunatic fringe of the right and left, with no particular relevance to what falls in between. But I think Charlottesville may be a prototype of a politics that is drifting away from traditional norms of behavior and purpose.

Street protest has become the politics du jour. Groups form constantly in the streets to chant slogans. America's campuses live amid perpetual protest.

The protests no doubt are based in belief or sentiment of some sort, but it is more often than not difficult to recognize any political goal normally

associated with conservatism, liberalism or progressivism. Much of it looks like acting out or pleas for attention.

In January the weekend that Donald Trump was inaugurated, I watched a group of protesters sit down and block traffic at a main intersection in Santa Barbara, Calif. It seemed like a play date. The cops watched like bemused adults.

Charlottesville wasn't a play date. It was a pitched battle between two organized mobs—the white nationalist groups on the right and the badly under-reported Antifa, or "antifascist," groups on the hard-as-stone left. Stories about Antifa's

Charlottesville may be a prototype of a politics drifting away from normalcy.

organized violence are trickling out now, but there is no conceivable journalistic defense for having waited so long to inform the public about this dangerous movement.

The phenomenon that enables politics without purpose is the internet. It is the group-organizing tool for psychologically disassociated young people on the left and on the right, like James Alex Fields Jr., who allegedly drove his car into a crowd, killing Heather Heyer. She won't be the last casualty.

Fields makes me think of the lone-wolf jihadists here

and in Europe who explode out of the general population in a homicidal rage. These are people who sit endlessly in front of a computer screen, brainwashing themselves with online propaganda until they snap to make a "political statement." The internet—websites, social media, message boards—is elevating political paranoia and delegitimizing normal politics.

Earlier this week, Britain's head of counterterrorism policing, Mark Rowley, described the new reality: "What we're wrestling with today is something which is more of a cultish movement where they are putting out propaganda and saying 'anybody and everybody, act in our name and you're part of our terrorist campaign.'

But, the argument goes, these behavioral extremes have no relevance to or effect on the rest of public life. I'm not so sure. There have been a series of events lately that suggest the most basic requirements of intellectual or political seriousness are losing ground inside institutions that once provided ballast against the extremes.

The Google firing of James Damore was one of these big events. Its meaning was that the goal of diversity, whatever its original intent, has become mostly a totem. Mr. Damore was the little boy in the folk tale "The Emperor's New Clothes," who shouts, "But he doesn't have anything on!" Google's emperors banished James Damore for unmasking their diversity conceit.

Also certain to enter the era's annals of anti-politics is the Republican party's healthcare meltdown.

All the endless hours that pour into political organizing, fundraising and campaigning are meant to win elections and then exercise political power. After winning control of Congress in the 2016 election, Republicans degenerated into what was essentially a traffic-blocking protest—against their own majority!

A young person new to politics and paying attention to what the Republicans did with ObamaCare reform, or to the Democrats' content-free "resistance," could reasonably conclude Congress is no longer about politics, but about something else. TV face-time or maybe Twitter, but not politics.

Traditional politics is being overtaken by a cult of self-referencing. From the nonstop street protests to what is going on in Washington—everything now is just a selfie.

Amid this torrent, an odd paradox emerges: People are consuming more content and detail about politics than ever, and more people than ever are saying, "I have no idea what is going on." Someone is at fault here, and it is not the confused absorbers of information.

Charlottesville is being pounded into the national psyche this week as a paroxysm of white nationalism. On current course, the flight from politics is going to look like rational behavior.

Write henninger@wsj.com.

Trump Can't Win the Blame Game

By Karl Rove

Like many conflicts, the tiff between Senate Majority Leader Mitch McConnell and President Trump began with a seemingly inconsequential remark. In a speech last week to a Rotary Club in northern Kentucky, Mr. McConnell said the president had shown "excessive expectations about how quickly things happen in the democratic process."

This is accurate. Mr. Trump frequently says things like "We are moving very quickly" (referring to health care, on Feb. 27), "We are going to have tax reform at some point very soon" (April 12), and that his administration's infrastructure plan will "take off like a rocket ship" (June 8).

Mr. Trump also often plays down the difficulty of legislating, as when he declared in March that repealing and replacing ObamaCare would be "such an easy one," and told Fox Business's Maria Bartiromo in April that tax reform "will be easier than health care."

Rather than ignoring Mr. McConnell's observation, however, the president scorched him with a barrage of fiery tweets. Shortly thereafter Mr. Trump piled on at a news conference, publicly blaming Mr. McConnell for coming up one vote short on the Senate's bill to repeal ObamaCare.

If that wasn't enough, Mr. Trump then came close to calling for the majority leader

to step down. When asked by reporters whether he would like Mr. McConnell to resign, Mr. Trump implied that if the senator couldn't pull off health-care reform, tax reform and an infrastructure bill—"a very easier one"—he would revisit the question.

Blaming others may be cathartic for Mr. Trump, but it weakens the presidency and inhibits his agenda. Republicans responded to the president's criticism with a flurry of statements in the Senate leader's support. Legislators never like it when a chief executive—even of their own party—presumes to dictate who presides in their chambers.

If Mr. Trump continues to attack congressional Republicans, the GOP could lose its majorities in the House and Senate in 2018.

That outcome might be welcomed by fringe elements in the party whose primary interest is defeating the so-called establishment rather than advancing sound policy. But it would be a tremendous defeat for Mr. Trump if Democrats captured majorities in Congress. His agenda would be obstructed and his judicial nominees stymied. His administration would be buried in congressional subpoenas and stuck in front of ugly oversight hearings for two years. Then voters would blame him in 2020 for not getting things done. After all, he's the president and is responsible for what happens on his watch.

Where are the speeches explaining the plan to replace ObamaCare and why it would be better? Where are the Oval Office addresses on why tax reform would produce better jobs and bigger paychecks? Where are the choruses echoing the president's arguments for an infrastructure bill? They are nowhere to be found.

Missing also are the administration's legislative proposals, such as an actual infrastructure bill. Although the White House website touts a trillion-dollar price tag for Mr. Trump's program, it devotes

just 314 words to outlining its provisions. As a reference point, that is fewer than half the words in this column—not enough for a major piece of legislation.

Furthermore, the president ought to lower expectations by telling Americans how lengthy and difficult the legislative process will be. He should explain that he's more concerned about doing things right than doing them quickly. Voters will be pleasantly surprised when he delivers.

The president must stop stepping on his own agenda as he did Tuesday during remarks on the Charlottesville fracas. Having backed off from his initial controversial comments, he once again equated the white supremacists and neo-Nazis with the counterprotesters who consisted mostly of University of Virginia students and local residents. The former was almost exclusively a hate group, the latter not.

Mr. Trump must recognize that success depends on his ability to lead congressional Republicans in delivering concrete solutions to problems facing the middle class. Like all presidents before him, Mr. Trump will be judged by results. He must focus on doing better in the coming months than he did in his first seven.

Mr. Rove helped organize the political-action committee American Crossroads and is the author of "The Triumph of William McKinley" (Simon & Schuster, 2015).

Like any president, he'll be judged by results. So far, he's failed to deliver much.

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Missing also are the administration's legislative proposals, such as an actual infrastructure bill. Although the White House website touts a trillion-dollar price tag for Mr. Trump's program, it devotes

the seriousness of the situation Ms. Weingarten faces. The AFT routinely claims it has 1.6 million members, but that number, Mr. Antonucci says, "is not strictly accurate." Here's his math: He cites U.S. Labor Department filings that show the AFT reported 1,544,143 members

The union head likens choice to segregation. What would Polly Williams think?

last year. More than 600,000 of them belonged to affiliates that are merged with the National Education Association, the other big American teachers union. Although both the AFT and NEA count these people as full members, the two unions must split their dues.

Mr. Antonucci further says that nearly 357,000 AFT members are retired, meaning they pay no dues. Another 330,000 members work only part time. "The bottom line: AFT's 1.6 million members equate to a dues-paying equivalent of 854,000 full-time employed teachers," he writes.

Ms. Weingarten likes to style herself as a defender of the urban poor, but her recommendations for education tell another story. Her primary concern seems to be self-preservation. But the biggest threat to her power and position won't be from the Trump administration or school-choice advocates. It will be from AFT members who recognize that she's undermining the union's credibility for her own gain.

Ms. Allen is the founder and CEO of the Washington-based Center for Education Reform.

BOOKSHELF | By Michael Woodsworth

Kings County Comeback

The New Brooklyn

By Kay S. Hymowitz
(Rowman & Littlefield, 199 pages, \$27)

The Wythe Hotel sits in the heart of Williamsburg, a Brooklyn neighborhood directly across the river from Manhattan. Opened to rave reviews in 2012, the hotel offers luxury dining at Reynard restaurant and spectacular city views from the rooftop bar. (Beers: \$11.) Not long ago, the Williamsburg waterfront was a postindustrial wilderness, abandoned but for squatting artists; today it's lined with glass towers and strolling millennials. The Wythe, set in a 1901 factory that once produced barrels for local breweries, features rooms with exposed-brick walls, spare concrete floors and beds made from salvaged wood. The streetscape retains a gritty feel—except at 3 a.m. on a Saturday, when party kids pour out of the nearby nightclubs and limos jostle for curb space with Uber drivers.

It's easy to mock such scenes. But the borough's boom deserves to be taken seriously, argues Kay S. Hymowitz in her engaging book, "The New Brooklyn: What It Takes to Bring a City Back." Ms. Hymowitz, a fellow at the Manhattan Institute, recounts how "a left-for-dead city"—a cultural and economic peasant enviously eyeing the seigneur just across the East River—has reinvented itself in recent decades and emerged as "just about the coolest place on earth." What, she asks, turned Brooklyn into a global brand?

The history of the borough, according to Ms. Hymowitz, embodies what economist Joseph Schumpeter dubbed the "creative destruction" of capitalism—the continual obliteration of old modes of production by rising industries and new technologies. In colonial times, Dutch and English farmers tamed the lush hills of Long Island's southwestern tip. Slavery flourished; the indigenous Canarsee people disappeared. In the 19th century, industrial growth annihilated the bucolic past, while immigration reshaped the city's culture. Factories closed and capital fled in the postwar decades, shattering communities and leaving the built landscape to decay. That destruction, though, cleared the decks for another burst of creative energy—one that has made Brooklyn a model, and a cautionary tale, for the cities of tomorrow.

Ms. Hymowitz herself moved to Brooklyn in 1982, young family in tow. Her neighborhood, Park Slope, was decidedly working class. Drug dealers and empty storefronts haunted Fifth Avenue, one of the main commercial drag. But college-educated boomers and countercultural types had been moving in since the '60s, seduced by Park Slope's leafy streets and charming if rundown Victorian townhouses. This was gentrification's advance guard. Through the '70s and '80s, even Brooklyn hemorrhaged manufacturing jobs, a "knowledge economy" began attracting white-collar families with two working parents and the income to rehab a fixer-upper.

As postwar Brooklyn lost manufacturing jobs, a new cohort of white-collar families and 'knowledge workers' began flocking there.

This "creative class" was joined by a fresh crop of immigrants, who nannied their children, cleaned their homes and bussed their tables. After 1990, crime rates plummeted and rents rose; public schools in Park Slope and surrounding neighborhoods became desirable again. By the 2000s, even Brooklyn's grimy waterfront was getting a facelift. "The New Brooklyn" deftly narrates these familiar developments through personal history, on-the-ground reporting and a close reading of the scholarly literature.

Gentrification, according to Ms. Hymowitz, is "as hated as it is misunderstood." She takes on received wisdom through nuanced portraits of several neighborhoods. Sunset Park's poor yet driven Chinese immigrants, many undocumented, "work like dogs" and obsessively groom their children for educational success. In Williamsburg, artists breathed new life into decrepit industrial spaces only to find themselves shunned out by the very people whose patronage they attracted. The adjacent Brooklyn Navy Yard, a disused shipbuilding facility, has been reimagined as an incubator of high-end manufacturing (artisanal whiskey, robotics), but few low-skilled locals manage to score steady jobs there.

And then there's Bedford-Stuyvesant, a sprawling neighborhood known in the '60s as "America's largest ghetto." Ms. Hymowitz chronicles how Bed-Stuy's black middle class nurtured local businesses, restored brownstones and slowly stabilized the community. Today, some longtime homeowners are cashing in on a sudden influx of global capital, but other Bed-Stuy residents, especially tenants, are getting swept up in the "great inversion" that is reshaping many urban areas: Inner cities are being colonized by the new elite, and lower-income groups are fleeing outward.

In the face of such wrenching transitions, Ms. Hymowitz advises urbanites to set aside nostalgia. Bed-Stuy, she notes, has gone "from rural village to German bourgeois suburb to Jewish enclave to black ghetto to whatever comes next." It's undeniable that Brooklyn, like all successful cities, constantly changes. But Ms. Hymowitz's conclusion that we're all "just passing through" will provide cold comfort to those facing landlord harassment, evictions or simply skyrocketing rents.

Are there lessons for other cities to draw from Brooklyn? The key ingredient in the borough's revival, Ms. Hymowitz argues, is "good genes." Like San Francisco or Seattle—other creative-class meccas—Brooklyn is blessed with favorable geography, good universities and hospitals, an extensive transit network and elegant architecture. Policy choices matter, too, but the borough also enjoyed a unique home-field advantage: proximity to Manhattan.

And yet none of that has done enough to improve the lives of Brooklyn's poorest families. Six miles from the Wythe Hotel, Ms. Hymowitz visits public-housing projects in Brownsville, a neighborhood with the lowest high-school graduation rates and the second-highest incarceration rates in New York City. The residents there are "gridlocked": protected from displacement by public subsidies but also segregated and isolated from gentrification's positive effects. Their fate, Ms. Hymowitz writes, remains "the major challenge facing Brooklyn, and American cities like it."

Mr. Woodsworth is the author of "Battle for Bed-Stuy: The Long War on Poverty in New York City." He teaches at Bard High School Early College in Queens, N.Y.

By Jeanne Allen

Randi Weingarten, the leader of the American Federation of Teachers, has insulted millions of students and families. In a speech at a union conference last month, Ms. Weingarten claimed that the school-choice movement has its roots in 1960s-era racism. Charter schools and vouchers, she asserted, "are only slightly more polite cousins of segregation."

This is a blatant attempt to rewrite history. The modern education-reform movement was originally propelled by African-Americans and progressives. Fannie Lewis, a Cleveland councilwoman and grandmother, fought for the Cleveland Scholarship Program that was enacted in 1995. Polly Williams, a Wisconsin state representative, helped push through Milwaukee's early school-choice program in 1990.

Williams, a Democrat and former Black Panther, found few allies for school choice among her natural constituents. But she firmly believed something had to be done to help children in failing schools. So she joined a diverse coalition, including conservative Gov. Tommy Thompson, to launch the Milwaukee program, which is still running strong more than 25 years later.

Ms. Weingarten must know these facts, because they have been exhaustively chronicled. Yet she actively hides and obscures this history. What's really motivating her over-the-top rhetoric? The answer lies in the numbers. While thousands of children are on waiting lists for charter schools, the AFT's membership is in decline. As the union's head count drops, so does its political clout.

Figures compiled by union watcher Mike Antonucci show

OPINION

REVIEW & OUTLOOK

Coal Makes a Comeback

Not long ago liberals hailed the demise of coal as inevitable while the Obama Administration strangled the industry with regulation. But don't look now, Tom Steyer, because coal is showing signs of a revival and breathing economic life into West Virginia and other coal states.

Former Environmental Protection Agency Administrator Gina McCarthy proclaimed in 2015 that coal "is no longer marketable." She planned to be the lead undertaker. The Obama Administration worked tirelessly to fulfill her mission and may have succeeded had Hillary Clinton become President. "We're going to put a lot of coal miners and coal companies out of work," the 2016 Democratic nominee famously promised.

Yet the Trump Presidency seems to have lifted animal spirits and coal. Weekly coal production has increased by 14.5% nationwide over last year with even bigger bumps in West Virginia (19%), Pennsylvania (19.7%) and Wyoming (19.8%). Exports were up 58% during the first quarter from last year. Apparently coal can be marketable if regulators let it be.

* * *
The Obama Administration first targeted coal consumption with rules on mercury emissions and ash disposal that would have made it next to impossible to build a new coal-burning power plant. Then came the 2015 Clean Power Plan that would have forced the existing fleet of coal plants into early retirement.

Finally, the Obama anti-coal warriors sought to shut down coal's export potential. Thick-seamed coal on federal land in the Powder River Basin overlying Wyoming and Montana is relatively clean-burning and inexpensive to mine. The Obama Interior Department suspended new coal leases on federal land last winter and then reassessed royalty payments—thereby reducing investment and profitability. In December came the *coup de grâce*: Interior's stream rule usurping state authority over permitting.

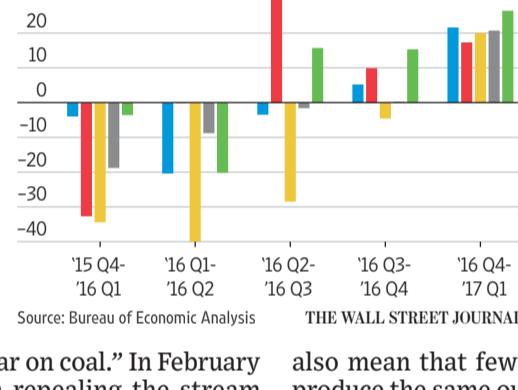
President Trump has called a cease fire to his predecessor's "war on coal." In February he signed a resolution repealing the stream rule under the Congressional Review Act. The Supreme Court stayed the Clean Power Plan in February 2016, and EPA Administrator Scott Pruitt is dismantling the power rule as well as the ash and mercury rules. Interior Secretary Ryan Zinke has re-opened leases and rescinded the royalty revaluation.

Meanwhile, coal is becoming more competitive as a fuel source relative to natural gas, whose price has risen 63% since March 2016 amid an expanding market. The Energy Information Administration says the U.S. will be a net exporter of natural gas this year.

Growing pipeline networks have boosted gas exports to Mexico and are providing new domestic outlets for gas trapped in the Marcellus

A Mining Rebound

Percent change in real mining GDP from the previous period (in chained dollars)



Source: Bureau of Economic Analysis

and Utica Shales. Pipeline export capacity to Mexico is expected to nearly double by 2019. Several interstate pipelines are under review to deliver gas to the Midwest, eastern Canada and Gulf Coast for export. Liquefied natural gas exports have increased six-fold in the last year, and five new terminal projects are expected to be completed

within three years. While coal and natural gas compete as electric power fuels, they can both prosper if energy markets expand.

This is all horrifying to the climate-change lobby, but they might note that U.S. coal exports are rising to countries that claim climate-change virtue. Exports to France increased 214% during the first quarter of this year amid a nuclear power plant outage. Other European countries like Germany and the U.K. are utilizing U.S. coal to stabilize unreliable renewable sources and make up for electric capacity lost from the shutdown of nuclear plants. First-quarter coal exports were up 94% to Germany and 282% to the U.K. Et tu, Angela Merkel?

Coking coal used to make steel is also currently a hot commodity, and its price can soar whenever a storm hits Australia and shuts down mines as one did this spring. Metallurgical exports to China rose 357% during the first quarter. As much as Mr. Trump denounces China's overproduction of steel, U.S. coal miners are benefitting.

* * *

The bigger story is that there's still demand for U.S. coal if regulators allow energy markets to work. The Energy Information Administration in June projected that U.S. coal power generation will increase by 13% by 2025 "as the existing fleet of coal-fired generators can be more fully utilized and fewer coal-fired generators are retired." With the Obama Clean Power Plan, the EIA had forecast a 2% to 16% decline.

Coal production will likely never return to its heyday of decades ago. Recent bankruptcies that have made coal companies leaner and more competitive and more competitive

also mean that fewer workers are needed to produce the same output. But even the current modest rebound is helping coal states.

During the first quarter, West Virginia (3%) ranked second in the nation in GDP growth after Texas (3.9%), according to the Bureau of Economic Analysis. New Mexico, another heavy mining state, came in third (2.8%). Mining resurgences began in West Virginia, Kentucky and New Mexico last summer after the Clean Power Plan was stayed. After plummeting last year, Wyoming and Montana's mining industries grew during the first quarter.

Two or three quarters of economic data don't make a long-term trend, but all of this is still good news for coal states that have experienced two years of little or negative growth and years of political assault.

Blame-Sharing on ObamaCare

The oracles at the Congressional Budget Office this week descended from Delphi to predict 20% premium increases if the Trump Administration ends illegal ObamaCare subsidies for insurers, and Democrats are happy to agree. Yet a careful reading of the report reveals some surprising results that are far less ominous and for consumers mostly benign.

CBO and the Joint Committee on Taxation analyze what would happen if the Trump Administration cut off "cost-sharing" subsidies, which are government payments to insurers that defray deductibles and co-pays for certain people below 250% of the poverty line. These individuals earn south of about \$30,000 a year, or \$60,000 for a family of four, and have essentially been forced to purchase insurance they cannot afford.

Congress has in recent years declined to appropriate funding for the payments, though the Obama Administration wrote checks anyway. A federal judge last year ruled this violates the Constitution, and the case is on appeal. President Trump earlier this summer threatened to stop the payments, though on Wednesday his Administration said it would make them for August. Insurers are warning of double-digit premium increases, and Democrats are trying to shift the blame for those rising prices and fewer insurance choices to Republicans who didn't vote for the Affordable Care Act.

CBO's report this week finds that the exchange's silver plans—the consumer plans are called bronze, silver and gold—would see 20% premium increases in 2018. Yet the report notes that most of this will be absorbed by tax credits that by statute increase with premiums. In other words, insurers who are telling Republicans to hand over the money or risk the GOP majority will get paid in any case.

CBO says the higher subsidies mean that the increased spending on tax credits will add \$194

CBO finds ending insurance subsidies won't kill the exchanges.

billion to the deficit through 2026, though a truck could fit through the caveats. Ending the subsidies would add \$6 billion to the deficit next

year, which regrettably is a rounding error in Washington. The figure increases in later years—\$26 billion in 2023—assuming no changes in policy over the next decade. But when has that happened? By

then who knows what health-care bill President Zuckerberg will have signed.

By the way, CBO says that choking off the payments would produce no significant change in the number of insured individuals, at least not any time soon. Remember that the ostensible goal of the law's subsidies and penalties was to increase the number insured. Also notable: The report predicts that more flight from the exchanges could lead to no insurance options for a fraction of individuals, though over time that could change. In short: No one knows.

Even more surprising, analyst Charles Blahous says the report shows that killing the subsidies could lower costs for some consumers, especially the near-elderly, whose premiums would rise very little while they would be able to afford gold plans that are worth more.

One lesson of all this is that Republicans in Congress needn't panic and rush into a bad deal with Senate Democrats that would continue the payments. The GOP understandably wants to avoid being blamed for failing ObamaCare exchanges in next year's midterm elections, but the insurance market won't implode if the subsidies end. Republicans should insist on significant insurance market reforms and more flexibility for any deal.

There's no evidence from CBO or anywhere that continuing the subsidies will stop ObamaCare's trend toward higher costs and fewer choices. The GOP should use this moment to scrap some of the law's mandates—and make improvements at the margin that would benefit the American public.

Trump's policies and exports to Europe are helping the industry.

Pipeline export capacity to Mexico is expected to nearly double by 2019. Several interstate pipelines are under review to deliver gas to the Midwest, eastern Canada and Gulf Coast for export. Liquefied natural gas exports have increased six-fold in the last year, and five new terminal projects are expected to be completed

within three years. While coal and natural gas compete as electric power fuels, they can both prosper if energy markets expand.

This is all horrifying to the climate-change lobby, but they might note that U.S. coal exports are rising to countries that claim climate-change virtue. Exports to France increased 214% during the first quarter of this year amid a nuclear power plant outage. Other European countries like Germany and the U.K. are utilizing U.S. coal to stabilize unreliable renewable sources and make up for electric capacity lost from the shutdown of nuclear plants. First-quarter coal exports were up 94% to Germany and 282% to the U.K. Et tu, Angela Merkel?

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LETTERS TO THE EDITOR

Identity Politics Is the Poison of Public Life

Regarding your editorial "The Poison of Identity Politics" (Aug. 14): Did anyone consider ignoring the white supremacists instead of making them newsworthy again? I applaud President Trump for addressing the hate without mentioning the organizations and thus giving them the notoriety they seek. There were enough hate groups in Charlottesville, Va., on both the right and left. The president was talking to both sides who were expressing hateful things toward each other. The reason these groups need to bus people in from other states is because most of us wouldn't waste our time participating. The liberal press is never going to be satisfied with anything that President Trump says or does, so I ignore all this. The important thing is that those who are responsible for violence against others are punished to the full extent of the law.

TERRY LARSON
Seffner, Fla.

The left, especially the Democrats, might want to low-key any comment on the weekend catastrophe in Virginia. Historical evidence identifies the Ku Klux Klan as the military arm of the Democratic Party. The white sheets, the cowardly hoods and the nightly torches may be missing now, but the hatred and venom remain. For 100 years after the Civil War, the South was controlled by the Democratic Party, which fostered lynching, cross burning, assassination of African-American leaders and denial of the minority right to vote.

It was the Republican Party that shut down the KKK (temporarily) in the 1870s. The effort to blame the president and his party for the present conflict is misplaced.

DANIEL D. CONNOR
Columbus, Ohio

Funny that those same people who today are damning President Trump for his so-called silence didn't also damn President Obama as he steadfastly refused to call out Islamist terrorism by its name for what it is. Today's so-called Nazi fellow travelers, to the extent that they think at all, hate all that is decent. To juxtapose their hatred with President Trump and conservatism is wrong. Conservatives need to call out those who do so for what they are—ill-informed at best, liars at worst.

NEIL McCAFFREY
Fort Collins, Colo.

In any discussion today of such a hot subject, it is vital to get your historical facts correct about the right and left. The proper name for

the Nazi Party is the National Socialist German Workers' Party.

PAUL T. SEIBOLD
Cape Coral, Fla.

I always thought celebrating "diversity" meant appreciating and even reveling in the traditions, food and music of other people, and social interacting with those from other racial, cultural and ethnic backgrounds. Perhaps traveling to other countries and trying a bit of their language fits in, too. That kind of diversity results in seeing how similar we really are despite looking, sounding and acting a bit differently.

Now "diversity" has come to mean exploiting differences and using them as a cudgel to extract advantages based on national origin, skin color or sexual preferences. The problem with this kind of "diversity" is that it divides, pitting groups against each other. It's now an act of hostility, in effect stigmatizing anyone who doesn't confer privileges to the self-defined oppressed group. As a result, diversity moves us further away from Martin Luther King Jr.'s dream of confraternity among different peoples and equal justice under the law and in the eyes of God.

TOM O'HARE
Boston College
Boston

It doesn't matter that "prominent conservatives" denounce white supremacists if the president doesn't. And he didn't. He blamed the violence on "many sides." And there are no "examples on the left" of the violence we saw in Charlottesville. Who has been murdered at a Black Lives Matter rally?

What happened in Charlottesville was a premeditated and deliberate act of domestic terrorism, executed by America's "alt-right." Say it out loud.

JIM LOW
Glen Ridge, N.J.

One may well wonder if the Klansmen and Neo-Nazis who came to Charlottesville might ever comprehend that they executed a self-defeating argument for white supremacy—perhaps their only redeeming accomplishment last weekend.

The inspiration of their ostensible cause, Gen. Robert E. Lee, would have been appalled. After his Appomattox surrender, Lee held that the Almighty's judgment had prevailed. He spent the rest of his life trying to heal national divisions. These present-day louts could take a lesson.

RAYMOND J. BROWN
Londonderry, N.H.

Critical Thinking Can Thrive Under Any Muse

Regarding Allen Guelzo's "College Is Trade School for the Elite" (op-ed, Aug. 7): 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 pro-

ductively. 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.

Pepper ... And Salt

THE WALL STREET JOURNAL



"The dog is the only one who gets my jokes."

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LEONARD D. FRESCOLN
Bay Harbor, Mich.

OPINION

America's Got Talent, but Not Nearly Enough

By Edward Conard

President Trump has proposed cutting the number of green cards issued each year from one million to 500,000 and issuing them based on skill levels. This approach gets it half right. Increasing skills-based immigration would be good for the economy. But if America issues green cards based on skills, cutting the number would squander the best opportunity for economic growth.

Trump is right to back skills-based immigration. But fewer green cards would defeat the purpose.

Without substantial immigration, the U.S. simply can't produce enough growth to pay for retiring baby boomers without inflicting considerable damage on the economy—and, by extension, on national security. The Congressional Budget Office expects federal spending as a percentage of gross domestic product to increase by nine points as baby boomers retire over the next 30 years. Together with state and local spending, total government spending is projected to rise to 45% of GDP. A spending level that high, especially one largely driven by entitlement spending, will slow growth significantly. The notion that the younger electorate can outvote baby boomers to reduce their benefits significantly is highly doubtful.

With the Chinese economy expected to surpass America's in size within 10 to 15 years, the U.S. needs to do more than pay for retiring

baby boomers. It needs to grow quickly enough to maintain a strong national defense. Boosting growth with high-skilled immigration is the only viable alternative.

If innovation is the primary driver of growth, and the most productive workers are the primary drivers of innovation, doubling the number of workers who currently represent the top 5% of America's talent could double the U.S. growth rate. America has 125 million full-time workers, so the top 5% is just over six million. The U.S. currently issues a million green cards a year. By targeting the most talented would-be immigrants, the U.S. could double its high-productivity pool in short order.

To minimize competition with the domestic workforce, the U.S. could recruit and employ the rest of the world's best engineers. The highest-scoring American students have increasingly moved away from STEM fields—science, technology, engineering and math—toward business and law. America's success relative to Europe and Japan—both of which produce a greater share of STEM graduates—indicates that innovation requires a combination of STEM and commerce to succeed. The rest of the world is racing to educate more business majors but continues to graduate a disproportionate number of engineers.

American companies already employ many of those engineers, who work remotely using tools like Skype. When companies employ these workers offshore, Americans don't enjoy the benefit of the income-tax



revenues they'd pay—for the top 20% of U.S. taxpayers, \$50,000 a year more than the government services they consume. America needs that revenue. Nor does the rest of America's workforce get the opportunity to teach their children, wait on their tables, or treat their medical needs. Growth can raise wages across all skill levels.

It's an error to suggest that a greater share of Americans could do these ultra-high-skilled jobs. Competition demands the highest-IQ problem solvers. Companies who need problem solvers like that can't settle for less. They will continue to recruit these workers wherever they find them.

Can America's education system produce the necessary increase in ultra-high-skilled workers? Decades of effort have produced no significant increase in academic scores. A large share of high-scoring American students avoid the difficulty of STEM careers despite rising wages. And any educational improvement is likely to come gradually and suffice into the workforce slowly. America needs growth now.

In truth, America has a shortage of talent. Some 25% of American workers score in the top third globally on comparable international tests of academic skills, according to data from the Organization for Economic Cooperation and Development.

Forty-five percent score in the bottom third. There is approximately one high-scoring adult American for every two low-scorers. By comparison, Germany has a roughly equal number of high- and low-scorers—about a third of each—giving Germany almost twice as many high scorers per low scorer than America. Scandinavia has three times as many high scorers per low scorer as America. Japan has almost five times as many. The economic effects of this talent deficiency hurt low-skilled workers, who depend on high-skilled workers to design and manage competitive products and processes that employ them.

To be sure, American institutions amplify the productivity of America's most productive workers more than elsewhere, through on-the-job training at companies like Google, and with synergistic communities of experts like

Silicon Valley. But the higher productivity these institutions create leads to higher wages, which draws scarce talent away from supervising low-skilled labor. An influx of talent could increase the quality of talent devoted to low-skilled supervision. A larger talent pool would help the economy grow and make everyone more productive, allowing baby boomers to retire without damaging the country.

Mr. Conard is an American Enterprise Institute visiting scholar, a former Bain Capital partner, and author of "The Upside of Inequality: How Good Intentions Undermine the Middle Class."

Is Colin Kaepernick Executing a Trick Play?

By Jason Whitlock

Former San Francisco 49ers quarterback Colin Kaepernick's national anthem protest hasn't done much to change how we discuss criminal justice. It has, however, changed how some Americans view the National Football League, a conservative American television institution that once seemed impervious to criticism.

Professional football is the most popular TV show on five different networks, but the Kaepernick affair has swept the NFL into a racial controversy now entering its second season—and with no end in sight. Film director Spike Lee is promoting an Aug. 23 rally at the league's New York headquarters protesting Mr. Kaepernick's inability to convince a team to sign him. A Change.org petition calling for a nationwide boycott of the NFL on behalf of Mr. Kaepernick has gathered more than 150,000 signatures. When the Baltimore Ravens declined to offer Mr. Kaepernick a contract, his girlfriend tweeted a photo comparing the team's owner to the white slave master played by Leonardo DiCaprio in "Django Unchained."

Coverage of the Kaepernick saga has migrated from ESPN and FOX Sports 1 to Fox News, CNN and

MSNBC. But even on the news channels, the televised debates rarely touch on the underlying issue of relations between police and the black community. They're almost exclusively focused on whether NFL owners are racist for not signing an average quarterback carrying above-average media baggage.

An American industry that has made millionaires out of thousands of black men now finds itself locked in the progressive racial crosshairs. The NFL markets itself as a color-blind meritocracy, free of victims and aligned with America's patriotic ideals. The Kaepernick kerfuffle is off-brand.

"Any conversation about bias, especially racial bias, is bad for the NFL," NBC "Sunday Night Football" broadcaster Cris Collinsworth told me last week. "The sad thing is that I always considered sports in general far ahead of the rest of society on racial issues. We live and work together every day. Stereotypes always seem so ridiculous when you actually know the people being stereotyped."

Mr. Collinsworth is right: Sports do tend to lead society when it comes to race. Jackie Robinson's integration of Major League Baseball in 1947 predated the civil-rights movement of the 1950s and '60s.

Robinson's success demonstrated how inclusion of black men enhanced the business of baseball. It created space for the idea that the rest of society could be integrated.

But while Brooklyn Dodgers owner Branch Rickey strategically chose Robinson to break baseball's

He's been awfully quiet of late, but his supporters' goal appears to be to sack a conservative institution.

color barrier, Mr. Kaepernick's protest came seemingly out of nowhere. Before the 2016 season, the mixed-race quarterback, who'd been adopted by a suburban white family, was known mainly for his chiseled abs, tattooed body and a touchdown celebration involving him kissing his biceps.

"He is the last guy you would expect to be at the center of this controversy," a prominent NFL broadcaster told me last week. "We called a lot of his games. We sat down with him maybe 10 times. He's a nice kid. You never saw this. [Seattle Seahawks cornerback] Richard Sherman, I could see. He always has

something to say. He's comfortable being outspoken."

Mr. Kaepernick, the activist-athlete being analogized to Muhammad "Louisville Lip" Ali, has remained strangely silent for months. He communicates through tweets, Instagram posts and leaked bits of information to his vast array of media and celebrity surrogates. ESPN NFL reporter Adam Schefter reported in February that sources close to Mr. Kaepernick say he'll end his national-anthem protest in the coming season. If his goal is to raise awareness around the issue of unfair policing involving black men, he is using a silence tactic no other activist has ever used and, at this point, it's fair to question the effectiveness of his strategy.

But what if his goal is to drive a discussion focused on NFL ownership treating him in a racist manner? In that case, Mr. Kaepernick is serving as a Trojan Horse for the progressive media's attack on an iconic institution. The NFL is the highest-rated show on NBC, FOX, CBS, ESPN and the NFL Network. It's an important cultural force, and a conservative one. Mr. Kaepernick is a pretense to change the way football is discussed. It's working this NFL offseason.

His impact during the regular

season remains to be seen. Broadcasters argue the NFL isn't likely to suffer any ill effects from the pre-season boycotts and protests.

"Fans historically have been able to separate what happens off the field from their love of the game itself," said Eric Shanks, president and chief operating officer of Fox Sports. Mr. Shanks pointed to previous NFL controversies such as Ray Rice's domestic-violence incident and Michael Vick's dogfighting conviction that disappeared when the games began. "We'll have to wait and see if there is anything we can point to that says this issue is having an impact on viewership."

NBC broadcaster Bob Costas added: "I don't think the Kaepernick controversy hurts the NFL. Is it good for it? Probably not. I think it's great for the debate shows. It's a legitimate issue and a hot-button question. But I don't see any discussion of it during the games unless Kaepernick is actually in the game. I think NFL ratings are what they are."

The NFL and its TV partners will not be the first group surprised by a Trojan horse.

Mr. Whitlock is a co-host of "Speak for Yourself" on Fox Sports 1.

More Sunny Days Are Likely Ahead for the U.S. Economy

By Alan S. Blinder

Every op-ed should have a simple take-away, one that's easy for readers to remember. Here's mine: Economic expansions don't die of old age—they go on until something kills them.

As the current expansion approaches its 100th birthday (measured in months), many observers assume its days are numbered. The National Bureau of Economic Research, whose chronologies date to 1854, shows only two U.S. expansions that lasted longer than this one, which began in June 2009.

The great expansion of the 1960s went on for 106 months. We'll almost certainly beat that. But the granddaddy of them all was the remarkable 120-month expansion from 1991 to 2001. To top that, the economy would have to continue growing past June 2019—a very tall order.

The good news is that the end isn't nigh: Economic indicators suggest growth will continue for the foreseeable future. These signals aren't entirely reassuring, however, because recessions can't be predicted well in advance. But economists do understand how they begin and end.

Therein lies the better news: No serious threat is in sight.

The most common cause of U.S. recessions in the postwar era has been monetary tightening by the Federal Reserve as a means to fight inflation. If policy makers execute perfectly, they can engineer a "soft landing" from today's low interest rates. That's what the Fed did in 1994-95, when skillful monetary tightening led into a boom. More historical instances of Fed tightening, however, have been followed by recessions. In some cases central bankers actually sought that outcome, as when Paul Volcker sent interest rates skyrocketing to vanquish inflation in the 1980s. In others, they just goofed.

Will the Fed kill the current expansion? That seems unlikely. There's no inflation in sight. Janet Yellen and her colleagues are trying to extend the good times by raising interest rates as gradually as possible, ready to pull back if signs of a slowdown emerge. The Fed is fallible, obviously; it could make a mistake. But I doubt it would be a big one.

Other recessions have been caused by "oil shocks"—sharp increases in oil prices that hurt businesses and consumers. Big oil shocks preceded the world-wide recessions in 1973 and 1979, spurred by the Arab oil embargo and then the Iranian revolution.

Will an oil shock end the current expansion? Your guess is as good—or, more accurately, as worthless—as mine. Oil shocks are unpredictable.

That said, neither markets nor experts seem to expect one.

What about a financial ruction of some sort, such as a stock-market crash? Many of today's worry warts focus on the long and allegedly excessive run-up in stock prices since 2009. I won't enter the debate over whether stocks are overvalued, because no one can predict the market. But a far simpler point is germane: It takes one hell of a stock-market crash to cause a recession.

Economic expansions tend to go on until something kills them. Today, not many dangers lurk.

Ben Bernanke echoed that criticism while serving as a Fed governor in 2002, when he said at Friedman's 90th birthday party: "You're right, we did it. We're very sorry. But thanks to you, we won't do it again."

If any financial calamity does derail the current expansion, it will be more likely to emanate from the credit markets—as happened in both the Great Depression and the Great Recession. Fortunately, there are few signs of credit markets behaving badly, unlike in 2007. Households and businesses are less leveraged, banks hold a lot more capital, and financial regulations are much tougher. Those of us who lived through 2008 will never say "never." But if a credit volcano is rumbling beneath the surface, it's pretty quiet.

What's left on the worry list? Every once in a while, for reasons that become obvious only after the fact, something shakes consumer or business confidence, causing spending to plummet. When that happens, a recession is all but inevitable. Right now, Americans and companies are both feeling sunny. But as storm clouds gather over North Korea and investigations threaten the White House . . .

As I said, expansions don't die of old age—they go on until something kills them.

Mr. Blinder is a professor of economics and public affairs at Princeton University and a visiting fellow at the Brookings Institution. He was formerly vice chairman of the Federal Reserve.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

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Editor in Chief

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Thursday, August 17, 2017 | B1

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Uber Investors Ratchet Up Discord

Accusations fly over search for new CEO and board makeup at ride-sharing company

BY GREG BENSINGER

The fighting among **Uber Technologies** Inc.'s investors spilled further into view with a new letter from one shareholder alleging underhand tactics by board member **Benchmark Capital**.

The letter, sent Tuesday, is the second from **Sherpa Capital's** Shervin Pishevar in the past four days. It claims Bench-

mark is coordinating with another Uber shareholder, venture firm **Lowercase Capital**, to force former chief executive Travis Kalanick and media magnate Arianna Huffington off the board. The letter, which was addressed to "Benchmark Partners," reiterated an earlier call from Mr. Pishevar and two other investors that Benchmark relinquish its board seat and sell much of its 13% stake in the ride-hailing company.

The letter mires Uber, the world's most valuable venture-backed startup, further into a chaotic mix of competing claims and accusations among its biggest shareholders, at a

time when most of its top executive positions are vacant.

On Thursday, Benchmark filed a suit against Mr. Kalanick, claiming he knew about misbehavior at Uber, including alleged sexual harassment, in June 2016 when he persuaded Benchmark and other shareholders to allow him to add three board seats under his control. The misbehavior led to a months-long probe into Uber's culture by former U.S. Attorney General Eric Holder's law firm, which issued an internal report in June. This contributed to Mr. Kalanick's ouster as CEO that month.

Benchmark is seeking to

force Mr. Kalanick off the board and have control of the three seats returned to the board. It said this week that it acted in part because it viewed Mr. Kalanick as impeding the search for his successor.

"Resorting to litigation was an extremely difficult step for

Benchmark," a Benchmark spokeswoman said in a statement Wednesday in response to Mr. Pishevar's latest letter. "But the Holder report cannot be ignored. Failing to act now would mean endorsing behavior that is utterly unacceptable in any company, let alone a company of Uber's size and importance."

Mr. Pishevar's letter claimed that Benchmark was the obstructionist. "Benchmark is holding the company hostage and not allowing it to move forward in its critical executive search," said the letter, which was sent to various Uber investors and seen by The Wall

Please see **UBER** page B2



Shervin Pishevar
blasted another shareholder for holding the company hostage.

Insider Charge for Ex-BofA Staffer

BY DAVE MICHAELS

WASHINGTON—A former **Bank of America** Corp. employee and several friends at prominent Wall Street firms face criminal insider-trading charges over tips about potential mergers gleaned from a confidential deals database.

Prosecutors unveiled charges against seven people, including Daniel Rivas, a former information technology consultant at Bank of America. Mr. Rivas is alleged to have passed on information from the database to friends, including his girlfriend's father, James Moodhe, according to an indictment made public Wednesday.

The group that traded on the information earned more than \$5 million by trading in more than two dozen stocks, including shares of **Monsanto Co.**, **Cabela's Inc.** and **ADT Corp.**, according to the indictment.

Mr. Rivas and Mr. Moodhe pleaded guilty in Manhattan federal court last week, according to prosecutors who announced the pleas on Wednesday. A spokesman for Bank of America said Mr. Rivas was fired in April and that the bank cooperated fully with the government probes.

Mr. Moodhe, a former treasurer and assistant controller at interdealer broker **Tullett Prebon Financial Services LLC**, reaped more than \$2 million in profits by using Mr. Rivas's tips to trade stocks and options of at least 25 companies, according to the indictment. A spokesman for **TP ICAP**, Tullett Prebon's parent company, confirmed that Mr. Moodhe worked there until May. The company declined to comment on the claims.

Mr. Rivas, 32 years old, passed the first tip, about the pending purchase of **Covance Inc.**, to Mr. Moodhe in October 2014 after he started dating Mr. Moodhe's daughter, according to a separate civil lawsuit filed Wednesday against Mr. Rivas and the six traders by the Securities and Exchange Commission. Soon after receiving the information, Mr. Moodhe bought 1,000 Covance shares for a cost of about \$80,000, according to the SEC complaint. About a week later, he unloaded the shares for a \$19,000 profit on the day the deal was announced, according to the SEC.

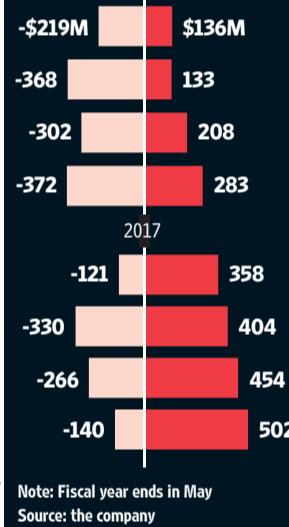
Mr. Rivas later moved in with Mr. Moodhe's daughter, prosecutors said. As more tips came from Mr. Rivas, Mr. Moodhe's daughter, according to a separate civil lawsuit filed Wednesday against Mr. Rivas and the six traders by the Securities and Exchange Commission. Soon after receiving the information, Mr. Moodhe bought 1,000 Covance shares for a cost of about \$80,000, according to the SEC complaint. About a week later, he unloaded the shares for a \$19,000 profit on the day the deal was announced, according to the SEC.

Please see **INSIDER** page B2

Oracle Gains Traction in Cloud Computing After Revamping Its Sales Staff

Sales Force

Oracle's growing sales team has helped it increase cloud-computing sales quarterly, even as revenue from its traditional business of selling new software licenses declines.



Note: Fiscal year ends in May
Source: the company
THE WALL STREET JOURNAL



REBOOT: An Oracle conference in San Francisco last year. The information-technology company is winning new customers after implementing a new sales approach. B4

States Push for Retirement-Savings Plans

BY ANNE TERGESEN

States are forging ahead with efforts to bring retirement-savings plans to residents who don't have access to one through work, as debate intensifies over government's role in ensuring people can support themselves in their later years.

Oregon this summer became the first state to start requiring employers that don't offer a retirement plan of their own to give employees access to a state-run plan, by automatically enrolling them in individual retirement accounts

invested in mutual funds.

Eight other states are designing similar programs, two of which—California and Illinois—are expected to launch initiatives next year.

Fans and foes alike say the endeavors will likely end up scrutinized in court, as detractors contend the programs violate federal pension laws.

Proponents of state-run retirement programs say they are concerned about the estimated 42% of private-sector workers who don't have access to a workplace retirement-savings plan, many of whom don't

save at all. State legislators also are trying to save taxpayers money over the long term by reducing retirees' reliance on public assistance programs, including Medicaid.

AARP, the advocacy group for older Americans and a supporter of state-run retirement savings programs, estimates that Oregon will save about \$100 million on various public assistance programs between 2018 and 2032 if lower-income retirees save enough to increase their retirement income by \$1,000 a year.

The Employee Benefit Re-

search Institute pegs the nation's retirement-savings shortfall at \$4.13 trillion.

Opponents—including some company owners, a trade group for small businesses and the main mutual-fund trade association—have lined up against the state initiatives. They argue that state-run programs may encourage companies to scrap 401(k) plans. They also say lower-income workers who participate may wind up in worse financial shape if they run up debt to make up for the income they tuck away.

With several states consider-

ing legislation to authorize programs, "everybody is looking at how Oregon does," said John Scott, director of the Pew Charitable Trusts' retirement-savings project.

"If Oregon can get off to a good start, that will have a big impact" on confidence in these programs, he said.

By many accounts, Oregon's program, called OregonSaves, has begun relatively smoothly. While only 160 employees are eligible to participate in the pilot program that launched July 1, the number is expected to surge by the Jan. 1 deadline for

Please see **PLANS** page B2

Please see **INSIDER** page B2

PERSONAL TECHNOLOGY | By Geoffrey A. Fowler

How to Ease the Pain Of Laptop Shopping

Shopping for a laptop? First, grab a bottle of Excedrin. Extra strength.

Laptops haven't been this headache-inducing in years.

It's more important than ever for you to go into a store and feel what it's like to carry each laptop around, see how the trackpad responds to your fingers and hear how it sounds when you blast tunes. Then weigh the compromises: A slimmer shape means fewer ports. A higher-resolution screen means less battery life.

Over the past year, I've surfed, typed, drained and probed some 20 laptops priced from \$300 to \$3,000 and found there's real progress amid the chaos. Laptop batteries have improved across the board, thanks to more-efficient processors.

And they're finally starting to settle on a single style of charging plug, called USB-C, so you can borrow your friend's Apple charger even if you've got an HP.

To go with your Excedrin, here are answers to laptop questions I hear most often.

What's one laptop I'll be happy with right now?

The 13-inch HP Spectre x360, which starts at \$940, is like a fancy Swiss Army knife. It's a trusty companion with a responsive trackpad, full-size clickety-clackety keyboard and great speakers. And it can transform into a tablet to write on, or a screen for watching Netflix in bed.

Most of all, the x360 requires fewer painful compromises than the best from Apple, Microsoft and others.

There's no port drama: It has a standard USB-A for ac-

Please see **FOWLER** page B4

INSIDE



TARGET'S NEW PRICING HITS BULL'S EYE

RETAIL, B3



BEIJING AIMS AT PYRAMID SCHEMES

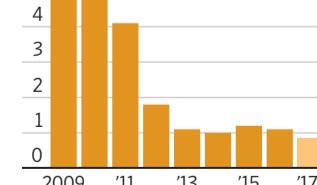
REGULATION, B10

Speed Traders Whittle Down

On the Blink

High-frequency traders' revenue from U.S. equities trading has tumbled amid low volatility.

\$8 billion



*Projection

Source: Tabb Group

THE WALL STREET JOURNAL.

of robots.

RGM made around \$800 million in profits over its life-time, but this year it has been losing money, prompting its owners to accelerate efforts to find a buyer, another person close to the firm said. RGM has also cut staff to around 70 employees, down from more than 100 a few years ago.

This week, RGM agreed to sell itself for less than \$10 million, the person said. Both DRW and RGM declined to comment on the deal's size.

An extended lack of volatility has eroded profit opportunities for traders like RGM. HFT firms make more money when markets swing up and down, because big price moves create brief dislocations between markets that ultrafast traders can exploit.

Revenue at HFT firms from U.S. equities is projected to be just \$850 million this year, compared to \$7.2 billion in 2009, Tabb Group says.

As volatility has stayed low, a wave of consolidation has whittled down HFT firms' ranks. In July, **Virtu Financial** Inc. completed a \$1.4 billion acquisition of rival KCG Holdings.

"We're still in the midst of the industry consolidating and reorganizing itself," said Eric Pritchett, chief executive of **Potamus Trading** LLC, an electronic trading firm in Boston. "I don't think we're done."

TECHNOLOGY



Technology companies reacted to the clashes at a white supremacists' rally in Charlottesville, Va., over the weekend by enforcing their individual policies, effectively blacklisting some radical elements.

U.S. Tech Firms Are Thrust Into Debate

Weekend violence prompts swift action against certain users based on content

BY YOREE KOH
AND JACOB GERSHMAN

Technology companies' recent moves to address white supremacists thrust them into unusual territory for corporations that often take a more hands-off approach toward who uses their services and how.

In the wake of weekend violence at a white supremacists' rally in Charlottesville, Va., **Alphabet Inc.**'s Google and **Go-Daddy Inc.** stopped providing hosting support for the Daily Stormer, a neo-Nazi site that the companies said violated their terms of service. **Airbnb Inc.** banned participants in the

rally from staying in rentals booked through its site.

Uber Technologies Inc. blacklisted white supremacist James Allsup after Mr. Allsup and another passenger allegedly made racist remarks to their driver in Washington, D.C., on Friday night. In a video Mr. Allsup posted on Twitter, Mr. Allsup is heard asking the driver, "how are we racist?"

Crowdfunding site **GoFundMe** removed campaigns to raise money to bail out the driver charged with speeding into a crowd of counterprotesters on Saturday, which killed 32-year-old Heather Heyer.

Facebook Inc. said it removed on Tuesday the profile of Chris Cantwell, a white supremacist who was featured in a Vice documentary on the Charlottesville protests. The company also said it took down at least eight accounts

and pages related to white supremacist groups.

On Wednesday, **Twitter Inc.** suspended the Daily Stormer's account. A Twitter spokesman said that while he cannot comment about individual accounts, "The Twitter Rules prohibit violent threats, harassment, hateful conduct, and multiple account abuse, and we will take action on accounts violating those policies."

Also on Wednesday, web security startup **Cloudflare** said it closed Daily Stormer's account, making the site slower and more vulnerable to attack. Cloudflare co-founder and CEO Matthew Prince said in a blog post that while the company had wanted to remain "content neutral as a network" Daily Stormer's claims that "we were secretly supporters of their ideology" pushed Cloudflare to cut the site off.

Behind the swift action from the firms lie considerations about freedom of speech and the legal application of company policy, which seems to vary depending on who the end user is. Companies that are considered communications

Some web hosts withdrew service support for a neo-Nazi site, Daily Stormer.

platforms have the greatest leeway to enforce policies that bar certain users, legal experts say.

Recently, the debate about what kind of speech tech firms allow on their platforms has focused on companies such as Facebook, which has hosted

false news as well as violent live videos, and Twitter, which has ramped up efforts to remove some accounts from its site.

Following the violence in Virginia, domain registrars—which act as intermediaries by making sure that a website's domain name is linked to the correct IP address—have also become arbiters of free speech. If a registrar pulls service from a site, the site will appear offline to the public until it finds another registration provider.

Now that Cloudflare has pulled the plug on Daily Stormer, security and domain name servers can be added to the list, a move that Mr. Prince says was a dangerous one to make, in part, because of the risks that come with getting involved in "content policing."

Domain registrar GoDaddy said that while it doesn't usually take actions on complaints

that would "constitute censorship of content," it decided that an article Daily Stormer posted ridiculing Ms. Heyer crossed the line "to promoting, encouraging, or otherwise engaging in violence against any person." On Sunday, it gave Daily Stormer 24 hours to find a new registrar.

Daily Stormer then registered on Google. Hours later, Google canceled Daily Stormer's website-hosting registration, saying the site violated Google's policies against inciting violence.

Daily Stormer, whose site was inaccessible Tuesday, didn't respond to a request to comment.

Daily Stormer has reappeared on the web under what appears to be a new domain name, indicating it had found a new domain registrar. That address appeared to be offline on Wednesday after Cloudflare discontinued its service.

Oracle's Sales-Staff Revamp Is Bearing Fruit

BY JAY GREENE

Oracle Corp. is starting to see the benefits of revamping its sales force, addressing longstanding questions from Wall Street about the software company's commitment to cloud computing.

Co-Chief Executive Mark Hurd nearly doubled Oracle's sales staff over the past six years to around 35,000 workers. Many hires were put through a revamped training program, then charged with winning over startups and small businesses that Oracle largely had bypassed.

Annual recurring revenue, a measure of Oracle's ability to attract new customers to its cloud-subscription business, topped \$2 billion in its 2017 fiscal year ended May 31, up

from \$1.4 billion the prior year.

Oracle still faces challenges in the cloud, particularly from market pioneer **Amazon.com Inc.** But the sales changes have helped the 40-year-old company emerge as one of the few pre-internet technology giants to succeed in the era of cloud computing.

Just a few years ago, Oracle was ill-equipped to do so. Its highly compensated sales staff targeted chief information officers at corporate giants, looking for big-budget deals that came with fat commissions. The company not only skipped over smaller businesses—who were among the early adopters of the cloud's web-based, on-demand computing services—but also the division leaders at big companies who were starting to buy cloud services

piecemeal.

While Oracle knew chief information officers, Mr. Hurd said in an interview, "We didn't know the head of HR. We didn't know the chief marketing officer."

So he created a program in 2013 to indoctrinate hires fresh out of college in Oracle's sales methods, rather than solely hiring veteran sales executives from other companies. The program aims to develop a low-cost sales force that prospects for new markets. Oracle taps its own seasoned salespeople to become mentors to the newbies.

The transformation is aimed at helping Oracle, often criticized by analysts for being late to the cloud, better compete against the likes of Amazon and **Salesforce.com Inc.**

Winning over smaller accounts for cloud applications might not be enough, analysts warn.

Customers often run Oracle databases on the computing processing and storage services operated by rivals such as Amazon, effectively giving the rivals a chance to market their competing applications and services.

The risk is that those cloud-infrastructure competitors swipe Oracle's customers as they shift from running legacy Oracle applications in their own data centers to cloud services.

It is "the longer-term existential threat," said Stifel Nicolaus Co. analyst Brad Reback.

That puts pressure on Oracle's sales team to sell the full cloud portfolio, the databases

and other applications as well as the underlying processing and storage.

The program didn't initially sit well with some Oracle veterans, who worried mentoring duties would pull them away from managing their own accounts.

"Everybody thought, 'What the hell is this?'" said Mike Mansouri, a manager in the company's El Segundo, Calif., office, who has worked two decades in sales, the past three years at Oracle. "I thought it would do more harm than good."

Two years later, Mr. Mansouri said he was wrong. Recruits he managed were scooping up smaller customers.

"They are cracking accounts I wasn't aware of," Mr. Mansouri said.

Facebook Closed Offensive Forum

BY DEEPA SEETHARAMAN

Facebook Inc. dismantled a popular anonymous discussion board for employees last year that had become a forum for conservative political debate that sometimes degenerated into racist or sexist comments, people familiar with the matter said, a rare move to censor speech internally.

FB Anon, the name of the forum shut down in December and reported on Wednesday, became a hub for employees who backed Donald Trump's candidacy, the people said. Before the election, the group put up posters across campus that read "Trump Supporters Welcome."

But FB Anon also attracted comments that many employees found offensive, the people said. For example, some posts last year said Facebook lowered the bar to attract female engineers to boost its diversity numbers, one of the people said, provoking angry responses from others in the chat room.

"A cornerstone of our culture is being open," said Lori Goler, Facebook's head of people, in a statement Wednesday. "The FB Anon internal Facebook group violated our terms of service, which require people who use Facebook (including our employees) to use an authentic identity on our platform."

In explaining the decision in early 2017, Chief Executive Mark Zuckerberg told employees that FB Anon contained harassing messages, according to one of the people.

At the time, Facebook reminded employees that there were other forums where they could discuss confidential matters, but not anonymously.

The disabling of the board illustrates Facebook's struggle to cultivate open, freewheeling debate, while still following company rules of decency.

Some employees disagreed with Facebook's move, even if they found some views on FB Anon offensive. There was "lots of information that you would not have had otherwise," one of the people said.

Some details of the anonymous forums were first reported by news site Business Insider.

FOWLER

Continued from page B1
cessories you already own and two USB-C ports for charging and future add-ons. At 2.89 pounds, the x360 weighs less than the MacBook Air yet has the latest processor and a crisp HD touch screen.

It isn't perfect: The "Windows Hello" camera isn't as reliable for logging in as a fingerprint reader. And while HP claims up to 16 hours of battery life, I got only a bit more than half that in my harsh test.

While you're in the store, check out the 14-inch Lenovo Yoga 910, at \$1,050, and my old favorite, the \$800-and-up Dell XPS 13.

What about Microsoft Surface devices?

The new Surface Laptop, starting at \$1,000, is sleek, with a battery that exceeded 10 hours in my test. But beware: Its quirky features include a proprietary charger and a cloth-covered interior (yes, like a car).

Consumer Reports stopped recommending Microsoft laptops and tablets last week. A survey of its members who own laptops indicated some 25% of Microsoft products were having problems by the end of their second year—much higher than for other brands.

Microsoft says it tracks one- and two-year failure and



return rates that are significantly lower than 25%. The company is a relatively young laptop maker, but I think it has addressed many of the problems.

The Consumer Reports data didn't include the Surface Laptop; mine has hummed along fine for the past three months.

And what about the MacBook Air?

This 7-year-old model

ought to be in my gadget museum, but Apple keeps breathing new life into the work of laptops. And the

\$1,000 Air, most recently with a processor bump. Yes, it's still sturdy and has great battery life—over 10 hours in my test.

But don't buy it. The Air's screen isn't HD-quality: It looks like corduroy bell bottoms next to newer laptops. I predict it will go away once Apple gets the super-slim 12-inch MacBook down to \$1,000.

Which Mac laptop is worth buying?

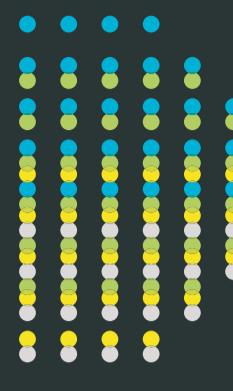
There are lots of reasons to want a Mac: No other laptop comes with so much support or works as well with an iPhone. The problem: Apple's latest, the ultralight MacBooks and MacBook Pros, jacked up prices and put

iPad, for one, has better battery life. Precision work, like spreadsheets, is tough on an iPad, which doesn't have a mouse. If you don't want to use a finger or pen most of the time, stick with a laptop.

How can I get a battery that lasts?

The longest-lasting battery I've tested lately ran 13 hours and belonged to Microsoft's Surface Book, a 3.6-pound pro model that costs \$1,500 and up.

The best slim models can get 10 hours of constant web-streaming. For longer life, opt for lower-resolution screens and/or external charging packs. Also, keep your screen brightness on auto or even turned down a bit.



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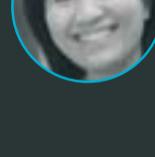
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BUSINESS NEWS

Losing Streak Rattles Philippine Casinos

Security problems, scandal slow the effort to make country an Asian gambling hub

BY JAKE MAXWELL WATTS AND BEN OTTO

MANILA—Poised for big business this summer, casino operators here had expected the opening of a \$2.4 billion tropical waterfront resort and an influx of Chinese gamblers to further propel the sector's recent double-digit growth.

But a series of troubling events during the past several months has marred their ambitions to turn the Philippines into one of Asia's top gambling destinations.

Among them, lax security resulted in an armed assailant setting fire to a gaming hall, killing 37 people including himself; members of an alleged Chinese-run gambling syndicate abducted a Singaporean



City of Dreams Manila resort. The Philippine market has largely failed to attract big Western investors.

woman from a casino; and Japan's Kazuo Okada, the chairman and billionaire namesake of the new waterfront resort, was ousted from his job amid a probe into alleged improper payments.

Industry experts say these events illustrate the poor

state of regulation and security in the Philippine casino market, which, while growing rapidly, so far has largely failed to attract big-name Western investors.

"The credibility, the transparency, is just not there to satisfy the requirements of

most international investor operators," said Ben Lee, a managing partner of the Macau-based iGamiX Management & Consulting.

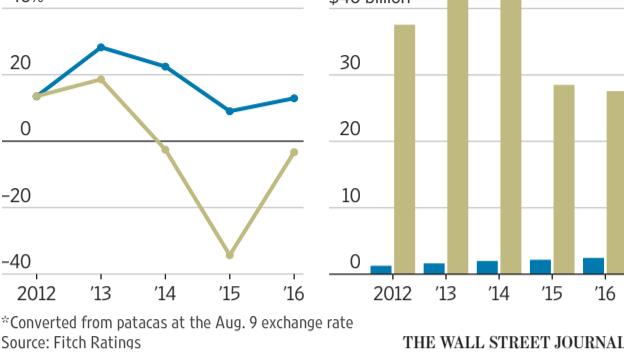
The Philippines has stepped up as a global gaming center at the same time that growth at traditional hubs, such as Macau

Beginner's Luck

A nascent, weakly regulated Philippine casino industry is expanding at a time when revenue is falling at Asia's largest gambling market.

Gross gambling revenue ■ Philippines ■ Macau*

CHANGE FROM A YEAR EARLIER



*Converted from patacas at the Aug. 9 exchange rate

Source: Fitch Ratings

THE WALL STREET JOURNAL.

include the Philippines' richest man, property and retail magnate Henry Sy, and local ports tycoon Enrique Razon.

Both have raked in substantial profits after pouring billions of dollars into casinos located on a plot of reclaimed land, dubbed Entertainment City, near Manila's international airport.

Australian James Packer's **Crown Resorts** Ltd. initially invested in an Entertainment City casino called City of Dreams, but it has since sold its stake.

The only high-profile foreigner still in the mix was Mr. Okada.

He was scheduled to formally open Okada Manila in July in Entertainment City, until he was removed as chairman of the resort after an internal investigation into alleged improper payments.

The investigation has yet to conclude, and while the Okada Manila casino is partially open, its full launch has been delayed.

Mr. Okada hasn't responded to the allegations and couldn't be reached for comment.

port in March described the Philippine casino sector as a "weak link" in anti-money-laundering and terrorist financing, adding that criminal groups had "infiltrated casino operations" for organized crime.

Pagcor didn't reply to requests for comment.

Recent scandals have prompted the government of President Rodrigo Duterte to propose action to clean up the casino industry and strengthen regulation.

The government is considering ordering Pagcor to start privatizing its dozens of casino assets by the end of the year, according to public comments made by the country's finance secretary.

Casino Regulator Stirs Criticism Over Conflict of Interest

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ANNOUNCEMENTS

NOTICE OF SALE: E-COMMERCE SOFTWARE PLATFORM

Pursuant to Article 9 of the Delaware Uniform Commercial Code ("UCC"), the Security Agreement and Intellectual Property Security Agreement (the "Security Agreements") dated as of November 5, 2014, and related loan documents (the "Transaction Documents") among Zonoff, Inc. as Borrower ("Zonoff") and ADT LLC, on behalf of itself and ADT Holdings, Inc. (as "Secured Party"), Secured Party will offer for sale to the public at Auction all of its right, title and interest in the collateral securing Secured Party pursuant to the Security Agreements, including, but not limited to: (1) all Equipment; (2) all General Intangibles; (3) all Intellectual Property, which consists primarily of Zonoff's software (including its "Z1 Software Suite") for service providers, integrators and OEM's who deliver Connected Home products and services to consumers; (4) all Documents; and (5) various items of tangible and intangible personal property of Zonoff, (together with any other property of Zonoff that the Secured Party has a right to foreclose upon and assign under the Transaction Documents, the "Collateral").

The Collateral is being sold "AS IS WHERE IS" pursuant to the following terms and conditions, with minimum bids to start at \$2MM. Further bidding procedures will be provided on the Bid Date.

TIMING/LOCATION OF THE AUCTION

Date and Time of Sale: August 30, 2017 at 11a.m. (prevailing Pacific Time) ("Bid Date")

Location of Sale: Sherwood Partners, Inc.

1100 La Avenida Street, Building A, Mountain View, CA 94043

Alternatively, prospective buyers may provide bids telephonically by dialing (267) 930-4000 and entering access #123 283 772 promptly on the Bid Date; however, all buyers must be pre-qualified or will not be able to participate in the bidding.

REQUEST FOR FURTHER INFORMATION

All inquiries concerning this Notice of Sale or for further information concerning the Collateral should be made to Tim Cox, Sherwood Partners, Inc., 1100 La Avenida Street, Building A, Mountain View, CA 94043 (telephone: (650) 454-8033) (facsimile: (650) 454-8048) (email: tcx@shwrood.com). The Secured Party reserves the right to require any person making such request to (i) disclose the person or entity on whose behalf such information is being sought and (ii) maintain the confidentiality of the information provided.

DISCLAIMER

Zonoff, Inc. and ADT LLC are not liable for any damages resulting from the use of the collateral.

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Borrowing Benchmarks

| WSJ.com/bonds

Money Rates

August 16, 2017

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation

July index level June '17 July '16

U.S. consumer price index

All items 244.786 -0.07 1.7

Core 251.936 -0.03 1.7

International rates

Latest Ago High Low

Prime rates

U.S. 4.25 4.25 4.25 3.50

Canada 2.95 2.95 2.95 2.70

Japan 1.475 1.475 1.475 1.475

Policy rates

Euro zone 0.00 0.00 0.00 0.00

Switzerland 0.50 0.50 0.50 0.50

Britain 0.25 0.25 0.25 0.25

Australia 1.50 1.50 1.50 1.50

Overnight repurchase

U.S. 1.17 1.07 1.38 0.15

U.S. government rates

Discount 1.75 1.75 1.75 1.00

Federal funds

Effective rate 1.1700 1.1700 1.2000 0.3300

High 1.3125 1.3125 1.3125 0.5625

Low 1.0500 0.9800 1.1600 0.2000

Bid 1.1600 1.1600 1.1700 0.2800

Offer 1.1700 1.1700 1.1900 0.3000

Treasury bill auction

4 weeks 0.940 0.985 0.990 0.160

13 weeks 1.015 1.040 1.180 0.250

26 weeks 1.115 1.140 1.140 0.420

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective June 15, 2017. **Other prime rates** aren't directly comparable; lending practices vary widely by location. **Discount rate** is effective June 15, 2017. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPS. Value traded is in millions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Eurex US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; General Electric Capital Corp.; Tullett Prebon Information, Ltd.

MARKETS

Investors Expect Earnings Boom to Slow

Fewer fund managers forecast companies' global profits will rise over the coming year

By BEN EISEN

Corporate earnings are looking strong right now, but analysts and investors aren't too excited about what lies ahead.

Just a third of fund managers surveyed by Bank of America Merrill Lynch expect global profits to improve over the next 12 months.

That share of respondents is down 25 percentage points from the beginning of the year and is at its lowest level since the end of 2015, when sagging oil prices were pulling companies in the S&P 500 stock index into an earnings recession.

In the U.S., analysts currently forecast S&P 500 earnings growth of 5.2% for the July-to-September period, according to FactSet. That follows expected earnings growth of slightly more than 10% in the nearly completed second-quarter earnings season, and 14% in the first quarter, which received a lift as profits rebounded from the oil swoon and global growth gained steam.

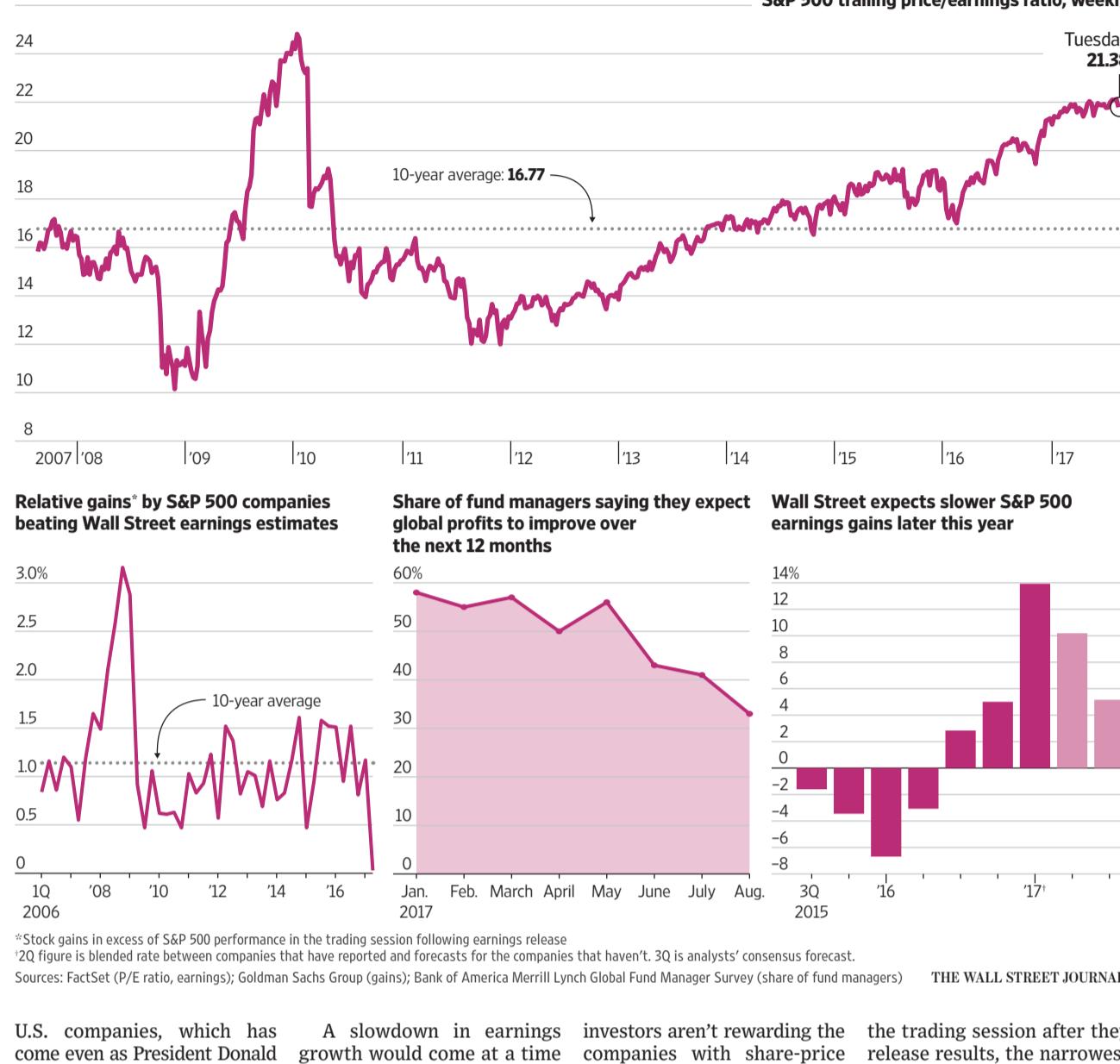
And if history is any guide, the expectations for the third quarter will almost certainly go lower. Wall Street analysts typically revise their estimates down as the reporting period approaches.

S&P 500 earnings growth has been strong this year, but forecasts are for a deceleration later in 2017.

The expected deceleration in earnings growth threatens to weaken a key underpinning of a bull market that has proven remarkably strong this year. Many have pinned the S&P 500's 10% rise in 2017 on the improving results from

Profit Pinch

Companies that beat earnings forecasts are getting less of a stock-price boost as measures of valuation continue to rise. In coming quarters, analysts and fund managers expect earnings growth to slow after a strong start to the year.



to history.

To illustrate that, some cite the S&P 500's high level relative to profits, a measure known as the price/earnings ratio.

For the 12-month trailing ratio to revert to its 10-year norm of 16.77 from Tuesday's level of 21.38, per-share results over the previous 12 months would have had to be 27% higher than where they are today. Or the S&P 500 would have to be 22% lower.

The Bank of America fund-manager survey found that 46% of investors think global equities are overvalued, a record high reading for the survey going back to before the turn of the century.

Still, there are some reasons for earnings optimism. Analysts are lowering their third-quarter earnings expectations at a slightly below-average pace.

The bottom-up per-share earnings estimate declined 1.2% in July, slower than the average drop over the past year of 1.4% during the first month of a quarter, according to FactSet.

But questions remain about where the growth to support higher earnings will come from.

Corporate executives on earnings calls for the most recent quarter suggested that while optimism remains high that Mr. Trump's presidency will usher in policies that boost the economy, they haven't seen much tangible evidence of it yet, according to a Goldman Sachs analysis.

As Christopher Nassetta, chief executive at Hilton Worldwide Holdings, put it on a call last month: "Expectations for macro indicators such as [gross domestic product] growth and nonresidential fixed investment growth suggest continued improvement. But so far, we have not seen that translate into increased demand."

*Stock gains in excess of S&P 500 performance in the trading session following earnings release

'Q2 figure is blended rate between companies that have reported and forecasts for the companies that haven't. 3Q is analysts' consensus forecast.

Sources: FactSet (P/E ratio, earnings); Goldman Sachs Group (gains); Bank of America Merrill Lynch Global Fund Manager Survey (share of fund managers)

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U.S. companies, which has come even as President Donald Trump has so far failed to follow through on policies that he said would lift economic growth, such as tax-code changes and large-scale deregulation.

A slowdown in earnings growth would come at a time when investors are raising the bar for what is enough to propel stocks higher.

Even as earnings top expectations at a high rate during the current reporting season,

investors aren't rewarding the companies with share-price gains.

The stock performances by companies that beat earnings expectations in the latest quarter have been 0.03% better than the broader market in

the trading session after they release results, the narrowest margin on record, according to Goldman Sachs Group Inc.

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HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

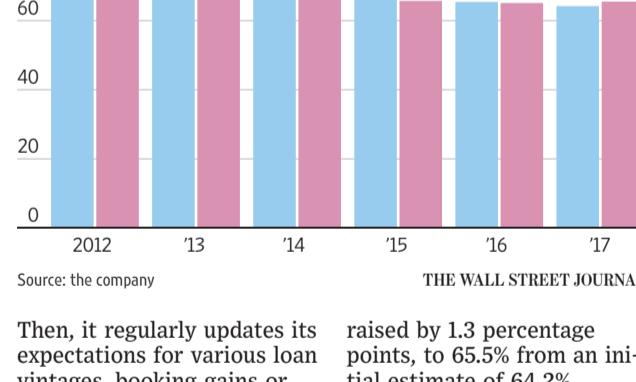
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Careful, This Auto Lender Won't Pay Off

Credit Downgrades

Credit Acceptance's forecasts for loan collection rates, by year originated



forecasts to change. The company didn't explain the 2017 revisions when asked about them on a call with analysts, and declined to comment to The Wall Street Journal.

Concerns about Credit Acceptance's accounting aren't new. Short sellers have been circling the stock, but shares are up 25% so far this year. Short interest nonetheless remains intense, at 38% of the total float, according to FactSet.

There are three other good reasons to sell. First, the company's business mix changed in recent years to become more risky. Most of its loans are structured so that car dealers are on the hook for the majority of credit losses. But the proportion of loans where Credit Acceptance itself holds all the risk has steadily risen, to 32% of total loan volume in the second quarter, from just 12% in 2014. The average term of loans has also risen,

to 54 months this year from 47 months in 2014.

Second, despite rising defaults in the industry, Credit Acceptance is trading at 13 times forward earnings, compared with its five-year average of 11.4 times. Fellow auto lenders **Ally Financial** and **Santander Consumer** trade at 9.1 and 6.9 times forward earnings, respectively.

Third, insiders are selling. Since June of last year, the company's founder and former chairman, Donald Foss, who stepped down in January, along with his daughter have unloaded stakes valued at more than half a billion dollars at the current share price. Other recent sellers include the current president, treasurer, chief financial officer and chief legal officer.

Investors who have ridden this stock up despite the concerns around it can pat themselves on the back. Then they should follow the insiders and sell, too.

—Aaron Back

OVERHEARD

Do you live in the healthy part of America or the unhealthy one?

We have all seen maps of conditions such as obesity and Type 2 diabetes, with certain parts of the country—often in the South and Midwest—being particularly prone. It is largely a matter of diet.

Next week, though, the middle of the country, including much of the Southeast, will get a calorie-free treat—a total solar eclipse. **Krispy Kreme**, which has a big footprint in the region, is coming out with a chocolate glazed "solar eclipse doughnut."

Chiquita, which sells bananas, sees lots of consumption on the coasts and New England, according to a national study of fruit consumption.

The eclipse will be only partial there, so it is natural that the company is using the event for a "banana sun" marketing push.

Beijing's Heavy Hand in China Business

From each according to his ability, to each according to his need. In the nominally communist country of China, capitalism does have a socialist bent.

China Unicom, the country's second-biggest telecom carrier, will raise \$12 billion from investors, including the country's largest private firms as Beijing tries to make its state-owned enterprises more competitive.

According to the plan announced Wednesday, China's largest internet firms—**Alibaba**, **Tencent**, **Baidu** and **JD.com**—will put in a total of \$4.1 billion in return for a 13% stake in the group's Shanghai-listed unit, while other investors, including state-owned China Life Insurance, will take a 22% stake.

Money raised will be used to enhance Unicom's 4G networks as well as prepare for next-generation networks.

The investment is supposed to help the state-owned carrier—which has been trailing another state operator, China Mobile, for years—to "establish effective corporate governance and market-oriented incentive system."

Yet the state still holds a tight grip on the carrier. Even after the deal, the government will effectively own 53% of Unicom's Hong Kong-listed unit, which controls the operating assets and actually runs the business.

It seems unlikely the Chinese government will allow the market to dictate everything.

Does World Want Content From Apple?

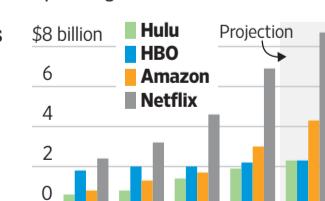
This looks more like a way for the government to ask the internet giants to pay for investments in faster networks that have benefited them immensely. Tencent, for example, on Wednesday announced a better-than-expected 59% rise in revenue for the most recent quarter, as more people play mobile games and use its WeChat messaging app. The 6 billion Tencent will sink into Unicom isn't a big sum for it and looks like a reasonable cost for doing business in China.

It is unlikely this private capital will help state-owned firms become more efficient and profitable. More likely, it will just serve to temporarily fill their coffers.

—Jacky Wong

War for Talent

Spending for content rises



YouTube are also producing original content. Then there are the traditional media companies, for whom content creation is the primary business and which have deep relationships with Hollywood talent.

Media companies already complain that Netflix is driving up the cost of content with its big spending ways. To get the best shows, Apple will have to spend even more, reducing the value of content ownership. And even if Apple can produce shows that people want to watch, the flood of high-quality original content already hitting the market means stiff competition for consumers' time and attention.

Show business is a tough business even if your name is Apple.

—Miriam Gottfried