

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

WEDNESDAY, AUGUST 23, 2017 ~ VOL. CCLXX NO. 45

WSJ.com

★★★★ \$4.00

DJIA 21899.89 ▲ 196.14 0.9% NASDAQ 6297.48 ▲ 1.4% STOXX 600 375.80 ▲ 0.8% 10-YR. TREAS. ▼ 10/32, yield 2.215% OIL \$47.64 ▲ \$0.27 GOLD \$1,285.10 ▲ \$5.70 EURO \$1.1762 YEN 109.57

What's News

Business & Finance

Chevron's CEO is planning to step down, as the oil major becomes the latest to signal a strategic shift through changing leadership. **A1**

◆ **Four mutual-fund companies have marked down their investments in Uber by as much as 15%. **B1****

◆ **Some banks are lending as if rates will never rise, loading up on a record amount of loans and securities that carry low rates for long periods. **A1****

◆ **Blackstone is considering an IPO of Gates that could value the auto-parts maker at as much as \$9 billion. **B1****

◆ **Bayer's takeover of Monsanto will face deeper scrutiny from European antitrust regulators. **B1****

◆ **Google and Wal-Mart are joining in a partnership that includes voice-ordered purchases from the retailer on Google's virtual assistant. **B4****

◆ **Affirm is in talks to offer installment loans to Wal-Mart customers. **B10****

◆ **Tech companies led a broad upswing in U.S. stocks. The Dow rose 196.14 points to 21899.89. **B16****

◆ **Big mining firms are flush with cash again, fueled by the sharp rise in commodities prices. **B1****

◆ **BHP said it plans to sell its U.S. onshore oil-and-gas operations, in a victory for activist investor Elliott. **B2****

◆ **Great Wall's interest in Jeep follows a path set by Geely's successful acquisition of Volvo in 2010. **B3****

◆ **Verizon Communications said it would start limiting video quality for all customers across its network. **B3****

World-Wide

◆ **The administration outlined steps it is prepared to take to raise pressure on Pakistan to stop harboring extremist groups, including sanctions on officials, ramping up U.S. drone strikes and further cutting aid. **A1****

◆ **The Pentagon maintains more than 12,000 U.S. troops in Afghanistan, defense officials said, about 3,500 more than it publicly acknowledges. **A6****

◆ **The U.S. targeted a host of Chinese and Russian firms and related individuals it accuses of aiding Pyongyang, adding them to its sanctions list. **A5****

◆ **The U.S. is considering restricting trades in Venezuelan debt as it seeks to punish President Maduro for undermining the country's democracy. **A5****

◆ **The Navy plans to remove the commander of the fleet that has suffered four recent collisions and the deaths of several sailors. **A4****

◆ **Trump addressed supporters at a Phoenix political rally, the first since his remarks over the violence in Charlottesville, Va., sparked an uproar. **A4****

◆ **The firm behind the Dakota Access Pipeline is suing Greenpeace and others, alleging they effectively ran a criminal enterprise through their protests of the project. **B3****

◆ **The terror cell in last week's assaults in Spain had been planning to strike multiple targets in Barcelona, one of the suspected terrorists told judicial authorities. **A16****

CONTENTS Opinion A10-11
Business News B3 Property Report B6-8
Crossword A12 Sports A12
Head on Street B16 Technology B4
Life & Arts A9-11 U.S. News A2-4
Management B9 Weather A12
Markets B15-16 World News A5-6,16



34335>

0 78908 63141 1

Copyright 2017 Dow Jones & Company. All Rights Reserved

Trump Addresses Arizona Rally, Aiming to Recharge His Base



TAKING THE STAGE: President Donald Trump directed remarks to supporters at a political event in Phoenix Tuesday night. **A4**

U.S. Lays Out Pakistan Plan

Administration readies aid cuts, sanctions to push Islamabad to help with Afghanistan

The Trump administration on Tuesday outlined steps it is prepared to take to raise pressure on Pakistan to stop harboring extremist groups, including sanctions on government officials, ramping up U.S. drone strikes in the country, and further cutting aid.

The effort—the latest in a series of start-and-stop U.S. campaigns to influence Paki-

stan dating to the Sept. 11, 2001, attacks—comes as a centerpiece of a new strategy encompassing Afghanistan and South Asia. President Donald Trump announced Monday that the U.S. would expand its military presence in Afghanistan.

But experts and former officials with experience in the region question whether it will be any more successful than its forerunners, and Pakistani officials already are chafing under new U.S. demands that come without the recognition they want of Islamabad's past efforts.

By Felicia Schwartz in Washington and Saeed Shah in Islamabad, Pakistan

Secretary of State Rex Tillerson said a variety of tactics would be considered if Pakistan's leaders are "unwilling to change their posture or change their approach to how they're dealing with the numerous terrorist organizations [that] find safe haven inside of Pakistan."

"Obviously, we have some leverage that's been discussed in terms of the amount of aid and military assistance we give

them," Mr. Tillerson told reporters at the State Department on Tuesday.

He said Pakistan's status as a major non-North Atlantic Treaty Organization ally of the U.S. also could be "put on the table."

A senior Trump administration official said the U.S. also is considering slapping sanctions on Pakistani officials found to be aiding terrorists.

The official said the administration's first move to press

Please see PLAN page A6

◆ **U.S. undercounts troops in Afghanistan..... A6**

Chevron Seeks CEO for New Era

BY BRADLEY OLSON

Chevron Corp. Chief Executive John Watson is planning to step down, according to people familiar with the matter, as the oil major becomes the latest to signal a strategic shift through changing leadership.

The transition is expected to be announced next month, although Mr. Watson's successor hasn't yet been finalized by the board and plans could change, the people said. Mr. Watson isn't expected to depart immediately and is likely to remain after the announcement for an orderly transition, the people said.

His likely departure underscores the dramatic shift underway at big oil companies as they adapt to a prolonged period of lower prices brought about by the U.S. shale boom. While the companies once favored swashbuckling leaders who bet billions on megamergers and pricey projects in far-flung regions, many are now turning to executives adept at squeezing every last dollar from a barrel through refining, and shorter-term investments that turn a profit faster.

The leading candidate to succeed Mr. Watson, 60, is Michael Wirth, 56, a refining specialist who earlier this year was elevated to the position of vice chairman at the oil company, the second largest in the U.S. behind Exxon Mobil Corp., the people said.

Chevron directors see Mr. Wirth's years of experience wringing costs out of big plants that process fuel and chemicals as a critical need in a new era

Please see CEO page A2

CSX SPARKS AN EPIC RAILROAD TRAFFIC JAM

CEO's turnaround plan wreaks havoc on supply chains for farms, mines, factories

BY PAUL ZIOBRO

The freight-train ride from Chicago to Colesburg, Tenn., usually takes a few days. Earlier this month, though, the ride was 18 days, 13 hours and 57 minutes, logs show.

Congestion, delays and erratic service are hitting CSX Corp., one of only two railroad operators that handle nearly all the shipments that move by train east of the Mississippi River. The problems began in May and became much worse this summer, according to customers and weekly performance data reported by the Jacksonville, Fla., company.

It's a colossal mess for businesses that have spent years streamlining supply chains to run with just-in-time inventories.

Coal producers say their

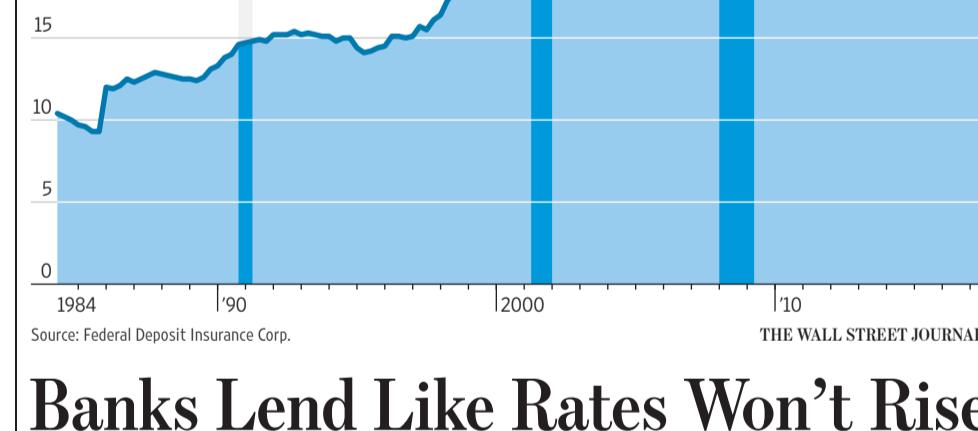
stockpiles are growing because CSX is taking longer than it should to pick up coal-filled railcars from mines in Ohio and West Virginia. Food makers have slowed production in hopes that ingredients such as oils and sweeteners will last until the next delivery. Some companies are trying to avoid the worst bottlenecks in CSX's system, including by switching to trucks and other railroads.

McDonald's Corp. has supplemented its regular train shipments of frozen french fries into the Nashville, Tenn., area with truck deliveries, according to a person familiar with the matter. Kellogg Co. has called in truck-hauled tankers of cooking oil to ensure uninterrupted production of Pringles at a Jackson, Tenn., factory.

Please see TRAINS page A8

Going Long

Bank assets with terms greater than five years as a percentage of total assets, quarterly



Source: Federal Deposit Insurance Corp.

Banks Lend Like Rates Won't Rise

BY RACHEL LOUISE ENSIGN

After years of waiting for interest rates to rise, some banks are lending as if that day will never come, loading up on a record amount of loans and securities that carry low rates for long periods.

The percentage of bank assets that won't mature or change rates for more than five years reached a new high in the second quarter, according to Federal Deposit Insurance Corp. data released Tuesday. That means banks are allowing more

borrowers to lock in low rates for long periods, a potential risk should rates move sharply higher.

"The interest-rate environment and competitive lending conditions continue to pose challenges for many institutions. Some banks have responded to this environment by 'reaching for yield' through higher-risk and longer-term assets," FDIC Chairman Martin Gruenberg said in remarks accompanying the data.

Banks largely make money in two ways: from lending and

fees. Midsize and smaller lenders tend to rely more on lending profits than bigger banks that have fee businesses like wealth management. Lending profits typically come from the difference between what banks pay out on deposits and what they earn on loans and securities.

But rock-bottom interest rates following the financial crisis eroded those margins across the industry, leading some banks to lend for longer so they can capture more yield. Growing their volume of loans also

Please see LEND page A2

INSIDE



FOUR FUNDS CUT VALUE OF UBER HOLDINGS



NEW YORK'S PLAZA HOTEL IS ON THE BLOCK

PROPERTY REPORT, B6

Naples Needed a Hero. It Chose Diego Maradona

* * *

City sees itself in an admitted soccer cheat; 'he's a little crazy'

BY IAN LOVETT

NAPLES, Italy—Neapolitans venerate an array of saints. They hold feasts for Santa Patrizia, who devoted her life to the needy, and honor the city's patron saint, San Gennaro, in a ceremony in which his preserved blood is said to miraculously liquefy.

Above all, they worship Diego Maradona, who isn't Italian and whose past is, to say the least, somewhat checkered.

their soccer team, S.S.C. Napoli, to its first-ever Italian-league title in 1987 and to another in 1990; the team hasn't won the title since.

Shrines to Mr. Maradona dot nearly every Naples neighborhood. Families hang replicas of his jersey from balconies. His face is plastered onto walls, chalked onto sidewalks and taped onto restaurant

doors. Shop-window posters deem him "Santo Originale," (the original saint) or simply "Dios."

"He's not a saint—he's a god," said Enzo Cozzolino, who owns a shop in the historic center that doubles as a house of Maradona worship. "He's like San Gennaro."

He also left Napoli in disgrace in 1992 after testing

Please see DIEGO page A8

U.S. NEWS

Companies Promote Tax Overhaul

BY RICHARD RUBIN

LOUISVILLE, Ky.—Large companies, looking for every angle to prod Congress into making the corporate-tax changes they have been seeking for years, are turning to some in-house muscle: employees and customers.

Beyond efforts by corporations' lobbyists and a television-ad campaign run by the Business Roundtable, an association of CEOs, companies are now seeking to rally broader public support for business-tax cuts. They are inviting senior lawmakers to their facilities this summer and encouraging workers to contact their representatives in Congress.

"We believe this issue's so important that you've got to get engaged. We can't ensure

success. We can ensure that our point of view and our customers' point of view is heard," David Abney, the chief executive officer of **United Parcel Service Inc.**, said in a brief interview Tuesday.

Business executives, though wary of direct connections with the White House after President Donald Trump's comments about white-nationalist protesters last week, remain deeply involved in promoting one of his major policy objectives.

Mr. Abney hosted Rep. Kevin Brady (R., Texas), chairman of the Ways and Means Committee, at the company's global air hub in Louisville and bolstered the chairman's tax-code pitch. The lower rates and permanent changes Mr. Brady envisions, he said, would encourage UPS to accelerate already-planned

domestic investments.

Mr. Abney provided Mr. Brady with a forum to speak to more than 100 employees in an airplane hangar. The lawmaker also fielded questions from Louisville-area business execu-

David Abney, CEO of United Parcel Service Inc., is urging workers to join in the debate over taxes.

tives that use UPS, toured some of the 155 miles of conveyor belts and saw parcels headed to his hometown's ZIP Code.

"You leave tax reform just to Washington, it won't get done," said Mr. Brady, who

was joined by Rep. Andy Barr (R., Ky.) and Rep. Trey Hollingsworth (R., Ind.).

Before Congress's fall push for a tax bill, Mr. Brady has been busily adding to the 2.5 million frequent flier miles he mentioned to the UPS employees. He visited alcohol maker Brown-Forman Corp. in Kentucky on Tuesday, following a visit to Best Buy Co. in Minnesota last week and a speech at former President Ronald Reagan's California ranch.

Mr. Brady plans to head to Dallas Wednesday for a similar employee town hall at AT&T Inc. and a local Chamber of Commerce event. House Speaker Paul Ryan (R., Wis.), meanwhile, is scheduled to be in Oregon at Intel Corp. on Wednesday before heading to Everett, Wash., Thursday to

meet with Boeing Co. workers.

Businesses can have a tough case to make in connecting the corporate-tax cuts they seek with benefits for the broader public.

Mr. Abney said he thought UPS employees—more than 300,000 in the U.S.—understood the broader benefits of the tax changes the company seeks. "We talk to them about how it benefits our customers," he said. "It will create more packages for us."

Bill Samuel, a government affairs executive at the AFL-CIO, said workers should be wary of these arguments from executives and conscious of the ultimate cost.

"They should be skeptical that they're not hearing the full story," he said. "They'll pay for them in decreased services."

awards and pension changes, was \$24.6 million in 2016, according to company filings.

Although the compensation measure ultimately passed with more than 50% of the vote, company officials and directors made an effort to meet with investors about their concerns and make changes.

After pay reforms, including a provision that holds executives accountable for cost overruns, Chevron's executive-compensation package for this year won the support of more than 93% of shareholders.

Among major oil companies, Chevron also has by far the biggest position in the Permian basin in West Texas and New Mexico, among the busiest and most sought-after oil fields in the world.

Under Mr. Watson and production chief Jay Johnson, Chevron has moved to exploit the resource at a breakneck pace, a strategy that has been lauded by analysts.

The company's land in the Permian may hold as much as 18 billion barrels of oil and gas, according to Houston energy investment bank Tudor Pickering Holt & Co.

Some had pushed Chevron to ramp up drilling sooner, but the company proceeded at a deliberate pace, seeking partners in an effort to understand how to maximize returns.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock



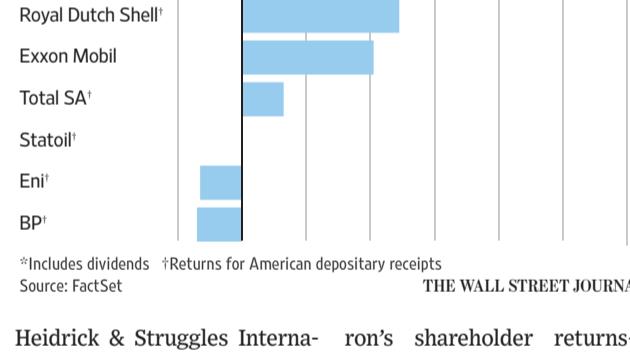
F. CARTER SMITH/BLOOMBERG NEWS

The expected departure of Chevron's John Watson comes as oil companies adapt to a shifting market.

Market Leader

Under CEO John Watson, Chevron's returns have beaten peers.

Shareholder returns since 2010*



*Includes dividends †Returns for American depositary receipts

Source: FactSet

THE WALL STREET JOURNAL

Heidrick & Struggles International, and wasn't involved in Mr. Watson's succession. "This is the answer for these companies as low prices continue."

In Mr. Watson's seven-and-a-half years at the helm, Chev-

ron's shareholder returns—which include dividends—have increased by more than 80%. That performance has far outstripped that of peers such as Exxon and Shell in that time period, although it fell short of

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined by spending on an epic scale to build out projects all over the world as oil prices ballooned, including some in which costs far exceeded initial projections.

In Australia, two mammoth gas-export projects cost Chevron and its partners almost \$90 billion, or \$23 billion higher than initial projections, according to analyst estimates.

That spending was a sore spot for some investors, the people said, although many analysts over the years have come to see the projects in a favorable light because of how much cash they are expected to generate.

Last year, investors came close to rejecting Mr. Watson's compensation in a "say on pay" advisory vote. His overall compensation, including stock

the advance by the S&P 500 index. He previously played a major role in managing Chevron's absorption of Texaco Inc. in 2000 and served as the company's chief financial officer. Mr. Watson's tenure was defined

U.S. NEWS



A corner of Cincinnati's Over-the-Rhine neighborhood in 2011, left, and 2016. The transformation has largely been the product of a nonprofit development corporation infused with private capital.



A Cincinnati Neighborhood Transforms

Corporate-backed development hailed as a success, but change comes at a cost

By SHIBANI MAHTANI

CINCINNATI—Georgia Keith has seen everything from the segregation of the Civil Rights era to riots and violent crime over some five decades in Ohio's third-largest city.

After a corporate-driven revival of the Over-the-Rhine neighborhood just north of downtown, where Ms. Keith has lived since 1965, she says her greatest challenge today is simply staying in her home.

"I keep saying no to individuals who want to buy the house. There have been maybe five or six different ones, others keep putting mailings in the mail box," says Ms. Keith, 71 years old. "I don't respond."

Over-the-Rhine's transformation has largely been the product of a nonprofit development corporation armed with private capital, a unique concept that is gaining attention as other cities look to develop their most ailing, crime-filled neighborhoods. The success of this approach, however, can come at a cost to some longtime residents, who find themselves priced out or feeling alienated.

Named for the Germans

who settled here in the 1800s, Over-the-Rhine was among the country's most blighted neighborhoods in 2001, when riots erupted over the shooting of Timothy Thomas, an unarmed 19-year-old black man killed by a white police officer during an attempted arrest for a nonviolent misdemeanor.

Fearful that the neighborhood's decline would rub off on nearby downtown, the city's corporations—including Procter & Gamble Co., Kroger Co., U.S. Bancorp and Macy's Inc.—pumped capital into a nonprofit real-estate company that was formed in 2003 with a mission to buy up and repurpose abandoned buildings and vacant lots in the area.

Almost 15 years and over \$1.1 billion later, Over-the-Rhine is now a mecca for trendy restaurants, loft apartments and artisan doughnut shops. Modern condominiums have gone up and public spaces, including two parks and a pool, have been revived.

The nonprofit behind the development, 3CDC, has won praise from the city and some local residents for revitalizing the neighborhood while maintaining some affordable housing, investing in homeless shelters and consulting with Over-the-Rhine's longtime residents. The experiment has inspired similar efforts in St. Louis and Atlanta, where 3CDC is consulting with groups trying to revi-

Uneven Rise

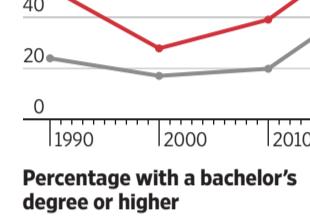
The section of Cincinnati's gentrifying Over-the-Rhine neighborhood where 3CDC has focused its efforts, Census Tract 10, is becoming whiter and wealthier.

■ Tract 10
■ The rest of Over-the Rhine

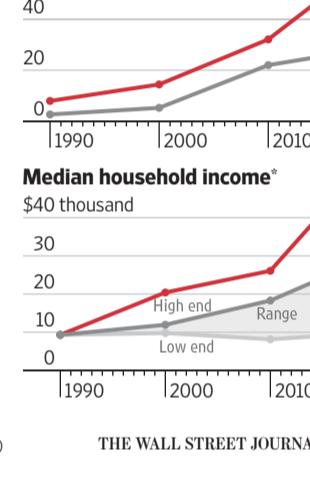


*Adjusted to 2016 dollars.
Sources: Longitudinal Tract Database, Brown University (1990-2010); Census Bureau (2015)

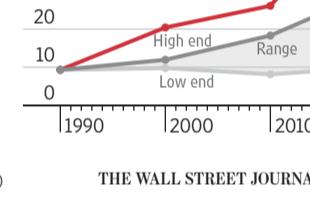
Percentage white



Percentage with a bachelor's degree or higher



Median household income*



such efforts, driven by corporate goals and often lacking an economic plan to keep long-time residents, many of whom are low-income, in the area.

"In terms of the development model, what 3CDC did was phenomenal," said Nate Pelletier, executive director of Joseph House, a drug rehabilitation center for veterans in Over-the-Rhine. "But all the other parts of what makes this sustainable, that's falling apart exponentially," he said, specifically citing economic opportunity for residents.

Stephen Leeper, 3CDC's president and chief executive, described the neighborhood as "gone" when the company came in, and credits the corporate community with stepping up to the plate. "There was no easy exit strategy, huge financial risk and potential reputational risk," he said.

Still, rising property values have driven dozens of families out of the neighborhood, and longtime residents like Ms. Keith say the mom-and-pop shops, laundromats and neighborhood grocery stores they frequented are long gone, replaced by more expensive options.

"The neighborhood has improved, I'm not saying it hasn't," said Ms. Keith. "But who has it benefited? The person with money."

—Cameron McWhirter contributed to this article.

Investment Pays Off For Some Locals

Holtman's Donuts, a small family-owned chain, opened a shop in Over-the-Rhine in 2013, after getting a loan through 3CDC and its property development partners, the Model Group.

"A lot of people thought we were crazy," said Katie Plazarin, who co-owns the shop with her husband, Danny Plazarin.

But the bet paid off. The store did so well that the Plazarins are now planning on opening a fourth location in West Chester, Ohio. The couple credit the Over-the-Rhine store for cementing their brand and giving them greater visibility.

3CDC's investments have also helped local social-service agencies. Shelterhouse, a homeless shelter, was able to sell its existing space and buy two new shelters about a mile away from the neighborhood, tripling the agency's footprint to 100,000 square feet.

"Obviously, the more money you put into a neighborhood, it is going to change and that may not be good for everyone," said Arlene Nolan, the shelter's director. "But for us and our people, it was a good thing."

—Shibani Mahtani

Pipeline Company Sues Greenpeace

By CHRISTOPHER M. MATTHEWS

The company behind the Dakota Access Pipeline launched an unusual legal attack Tuesday against Greenpeace International and other environmental groups, alleging that the organizations effectively ran a criminal enterprise through their protests of the project.

The suit by Energy Transfer Partners LP was filed in federal court in North Dakota under the Racketeer Influenced and Corrupt Organizations Act, a law created to prosecute the mafia. It represents an aggressive new front in the battle over the nearly 1,200-mile pipeline, which became operational in June but remains the subject of legal challenges.

The company alleged that Greenpeace ran a "relentless campaign of lies and outright mob thuggery." Among other things, it alleged Greenpeace and other groups solicited donations under false claims about the pipeline, threatened company investors and lenders,



Protesters marching against the pipeline in Washington in March.

launched cyberattacks and sought to sabotage the pipeline.

"For decades, Greenpeace has executed its fraudulent, slanderous campaigns against hundreds of companies and industries with virtual impunity, and its tactics have become increasingly aggressive as a result," the lawsuit alleged.

Greenpeace USA General Counsel Tom Wetterer said in a statement that the suit was

"not designed to seek justice, but to silence free speech through expensive, time-consuming litigation. This has now become a pattern of harassment by corporate bullies."

The Trump administration gave a green light to the pipeline in February following months of intense opposition from Native American tribes and environmental groups.

The Standing Rock Sioux

tribe filed a lawsuit to stop the project, arguing that a reservoir crossing could contaminate its water supply. The lawsuit failed, but the tribe has since asked a federal court to shut down the line while the U.S. Army Corps of Engineers conducts another environmental assessment of the project.

Energy Transfer's lawsuit seeks at least \$300 million in damages, which can be tripled under the RICO statute.

The lawsuit is the second of its kind filed against Greenpeace by a law firm with ties to Mr. Trump. **Kasowitz Benson Torres LLP**, Energy Transfer's law firm, sued Greenpeace last year on similar grounds on behalf of multinational forestry company **Resolute Forest Products Inc.**

Greenpeace has denied the allegations in that suit, which is pending.

One of the law firm's founders, Marc Kasowitz, served as Mr. Trump's personal lawyer. Michael Bowe, a partner at the law firm, is the lawyer for both Energy Transfer and Resolute.

Philadelphia Train Crash Injures Dozens

By SCOTT CALVERT

A Philadelphia commuter train crashed into an unoccupied parked train at a transit station early Tuesday, injuring 33 people, in the latest accident involving a commuter rail line in the Northeast.

The crash occurred at around 12:15 a.m. at the 69th Street station in Upper Darby, Pa., just outside Philadelphia, the National Transportation Safety Board said.

Lead NTSB investigator Ruben Payan said it was too early to speculate on the cause.

The operator of the Norristown High Speed Line train was released from the hospital on Tuesday, Mr. Payan said at a news briefing. He gave no information on the extent of injuries to passengers.

Earlier, the Southeastern Pennsylvania Transportation Authority said all 41 passengers reported injuries, none of which appeared life-threatening.

Investigators planned to meet Wednesday with the train operator, the operator of an adjacent train and supervisors at the transit agency, Mr. Payan said. He said he didn't know how fast the train was going when it hit the parked train but noted the floors on both trains buckled.

In February, four people were hurt near the same station when one out-of-service train rear-ended another.

In New York, Amtrak has reduced service into Penn Station this summer for repairs to tracks and switches in the wake of two low-speed derailments in March and April. Days before those repairs started in July, an NJT train carrying 180 passengers derailed at New York Penn Station.

In September 2016, an NJT train crashed into a Hoboken terminal. A woman on the platform was killed by falling debris.

U.S. Bid to Exit Nafta Arbitration Panels Draws Business Ire

By BOB DAVIS

WASHINGTON—U.S. trade officials are putting together a proposal to let the U.S. withdraw from a corporate arbitration system at the heart of the North American Free Trade Agreement, upsetting big U.S. companies that said the system protects their foreign investments.

The plan, drawn up by the Office of the U.S. Trade Representative, would remake what is known as the investor-state dispute settlement system. ISDS is a form of international arbitration in which corporations can sue governments for damages if they believe governmental decisions improp-

erly diminish the value of their foreign investments.

The arbitration panels, which operate as an alternative to domestic court systems, have been widely criticized by labor and environmental groups and conservative nationalists as giving corporations—and only corporations—a way to circumvent domestic laws and regulations.

Under the plan, the three Nafta countries would need to "opt in" to the ISDS system in the future—essentially making participation in the system voluntary, according to people briefed on the plan. Mexico, for instance, could decide to keep the arbitration system as a way to give investors confidence

that disputes won't drag out in the Mexican court system, which has long been criticized for delays and corruption.

But the U.S. could end up joining the system, forcing investors to take any disputes through the U.S. court system. If the U.S. took that path, Canadian and Mexican companies wouldn't have the right under Nafta to submit investment disputes with the U.S. to arbitration panels.

The U.S. trade representative is circulating the plan to

other agencies and the White House, which haven't yet given their approval. The U.S. is trying to put together concrete plans to submit to Mexico and

The panels have been widely criticized by labor and environmental groups.

Canada in time for the third round of Nafta negotiations next month in Canada, which will follow a second round beginning Sept. 1 in Mexico City. A spokeswoman for the

agency declined to comment on the proposal.

The plan is generating opposition among business groups and on Capitol Hill.

"The business community supports no fundamental change" in the ISDS system, said Vanessa Sciarra, a trade specialist at the National Foreign Trade Council, an organization representing big U.S. exporters.

Early this month, more than 100 U.S. trade associations sent a letter to the administration supporting the system as "a core element to protect the United States against the theft, discrimination and unfair treatment of U.S. property overseas."

The U.S. stance is among

several evolving positions that put the administration at odds with big business.

Critics of the system have long said the arbitration panels infringe on U.S. sovereignty, an argument made by U.S. Trade Representative Robert Lighthizer in Senate testimony in June.

"I'm always troubled by the fact that nonelected non-Americans can make the final decision that the United States law is invalid," he said. "This is a matter of principle I find...offensive."

The U.S. trade representative hasn't briefed Mexican or Canadian negotiators on its proposal in detail, said individuals familiar with the plan.

U.S. NEWS

Trump Seeks to Recharge His Base

President addresses his supporters in first rally since Charlottesville uproar

PHOENIX—President Donald Trump, in his first rally after the violent white supremacist protest in Charlottesville, Va., earlier this month, attacked the news media and his fellow Republicans who were critical of his response to the protest.

By **Rebecca Ballhaus, Ted Mann and Ian Lovett**

In an address of more than an hour, Mr. Trump accused the news media of "fomenting divisions" and attacked his GOP colleagues for failure to repeal the Affordable Care Act, also known as Obamacare. He also urged supporters to press lawmakers on the overhaul of the tax code.

Mr. Trump's remarks about the Charlottesville violence—which oscillated between condemning the white supremacists and saying that "both sides" were to blame—was criticized by lawmakers, business leaders and civil-rights groups. The White House had sought to end those defections on Monday with a somber statement that unequivocally rejected bigotry and racism.

At the rally, Mr. Trump issued a forceful condemnation of "the thugs" who perpetrate hatred and violence.

"What happened in Charlottesville strikes at the core of America," he said.



President Donald Trump greeted supporters in Yuma, Ariz., ahead of a rally on Tuesday.

NICHOLAS KAMM/AGENCE FRANCE PRESSE/GETTY IMAGES

But Mr. Trump also reiterated his previous criticism of efforts to remove Confederate monuments, including a statue of Civil War general Robert E. Lee, which sparked the demonstration in Charlottesville.

"They are trying to take away our history and our heritage," Mr. Trump said Tuesday of the news media.

The rally was the latest example of the White House's struggle to control its narrative. The White House on Tuesday had sought to highlight the Department of Homeland Security's immigration enforcement policy with the president's tour of a border protection facility in Yuma, Ariz.

"We're finally defending our own borders," Mr. Trump said later in the rally Tuesday.

He also threatened to shut down the government to secure funding for a wall on the southwest border.

Ahead of the rally, protesters denounced the president as supporters queued to enter the arena in downtown Phoenix, where a heavy police presence reflected local officials' concern about the chance of violence. Supporters of the president chanted "Build that wall" in the direction of a Trump critic waving an American flag, who shook his finger and repeatedly responded, "With your tax money."

Some of his loudest cheers of the night came when he praised former Maricopa County Sheriff Joe Arpaio, who was found guilty last month of criminal contempt for defying a judge's order to stop conducting immigration patrols in the state. Mr. Trump has hinted in recent weeks that he is considering pardoning Mr. Arpaio, but didn't do so on Tuesday evening.

What started as largely peaceful protests turned raucous following the conclusion of Mr. Trump's remarks, as Phoenix police deployed tear gas, rubber bullets, and loud flash bangs to disband the crowds.

Protesters dispersed, coughing and with burning eyes, while Trump supporters exiting the convention center appeared largely unaware of the scene unfolding on the street.

Mr. Trump sought the support of his crowd to move his agenda. While he largely refrained from naming any Republicans, he pointed to Senate Majority Leader Mitch McConnell's failure by one vote to pass a bill to repeal the Affordable Care Act and Arizona Sen. John McCain, the Republican who cast one of the fatal votes on the repeal bill.

"One vote. Speak to your senator, please," the president said before a boisterous crowd.

Mr. Trump arrived in town as he is feuding with Jeff Flake, Arizona's junior senator who has been critical of the president's trade and border-wall plans and decried his Charlottesville remarks. Mr. Trump in turn has called Mr. Flake, one of the Republican Party's most vulnerable incumbents in 2018, "toxic" and "weak on borders."

In a tweet last week, Mr. Trump praised one of Mr. Flake's primary challengers, Kelli Ward. "Great to see that Dr. Kelli Ward is running against Flake Jeff Flake," he wrote.

Mr. Trump on Tuesday didn't mention Mr. Flake by name, but alluded to him, saying: "Nobody wants me to talk about your other senator, who is weak on borders, weak on crime." He added: "I haven't mentioned any names, so now everybody's happy."

WASHINGTON WIRE

TREASURY

Mnuchin's Wife Gets Into Flap Over Photos

Louise Linton, the wife of Treasury Secretary Steven Mnuchin, pays her own way when she accompanies her husband on official business, an agency official said Tuesday after a flap over photos and comments Ms. Linton posted to Instagram related to her travel in a government plane.

On her Instagram account, Ms. Linton posted a photo of herself and her husband leaving the plane and spotlighted her designer-label wardrobe, and then railed at a commenter who criticized the post.

In a statement to CNN from her publicist, Ms. Linton later apologized for the post and her comment, which she said were "inappropriate and highly insensitive."

—Kate Davidson

WHITE HOUSE

Kushner Spearheads Trip to Middle East

White House adviser Jared Kushner is leading a delegation to the Middle East on behalf of President Donald Trump to discuss the possibility of resuming the Israeli-Palestinian peace process.

A White House official said Mr. Kushner, the GOP president's son-in-law, left Sunday along with Jason Greenblatt, envoy for international negotiations, and Dina Powell, deputy national security adviser.

—Associated Press

Navy to Relieve Admiral of Command After Collisions

The U.S. Navy plans to remove the commander of the fleet that has suffered four recent collisions in Asia and the deaths of several sailors, U.S. officials said Tuesday.

By **Gordon Lubold in Washington and Gaurav Raghuvanshi and Jake Maxwell Watts in Singapore**

Navy officials declined to comment. But two U.S. officials familiar with the matter said that Vice Adm. Joseph Aucoin, the three-star commander of the U.S. Seventh Fleet in Yokosuka, Japan, will be relieved of command Wednesday in connection with four collisions since January, including two fatal ones.

Vice Adm. Aucoin was expected to retire in coming weeks, but under the Navy's tradition of public accountability, commanders or ship captains are dismissed as soon as their superiors lose confidence in their leadership.

His expected removal—by the commander of U.S. Pacific Fleet, Adm. Scott Swift—doesn't represent a specific finding of fault against him. Navy officials are investigating the role that training, manning and other internal fleet processes may have played in the collisions.

The Navy said Monday that it would impose a rare operational pause across the globe following the accidents, all within the Seventh Fleet's waters.

Those include the collision on Monday of the destroyer USS John S. McCain with a commercial vessel, the Alnic MC, as the McCain headed for a port visit in Singapore. A search-and-rescue operation had been underway for 10 missing sailors. Navy officials said Tuesday at least one body and other remains have been found.

That accident followed the destroyer USS Fitzgerald's June 17 collision with another commercial ship, killing seven sailors.



ROYAL MALAYSIAN NAVY

Malaysians on Tuesday carried the body of a U.S. sailor found miles from the site of a collision of the USS John McCain and a merchant ship.

Navigation Errors

AUGUST 2016

Nuclear ballistic-missile submarine USS Louisiana collided with the support vessel USNS Eagleview off the coast of Washington state. Both vessels were damaged but returned to port under their own power.

JANUARY 2017

Guided-missile cruiser USS Lake Champlain collided with a South Korean fishing boat east of the Korean Peninsula. No injuries resulted from the accident and both ships were able to navigate after the collision.

Antietam ran aground spilling 1,100 gallons of hydraulic fluid in Tokyo Bay. The U.S. Navy relieved the captain of the cruiser from command on March 1.

MAY 2017

Guided-missile cruiser USS Lake Champlain collided with a South Korean fishing boat east of the Korean Peninsula. No injuries resulted from the accident and both ships were able to navigate after the collision.

JUNE 2017

Seven sailors died after the Japan-based destroyer USS Fitzgerald hit a Philippine-flagged merchant ship, the ACX Crystal, off the coast of Japan. On Aug. 18, the U.S. Navy removed from command the top officers of the ship, citing "inadequate leadership." The Seventh Fleet said the collision was avoidable and junior officers were relieved of duties for "poor seamanship and flawed

teamwork in keeping watch."

AUGUST 2017

Ten American sailors went missing and five were injured after the guided-missile destroyer USS John S. McCain collided with a merchant vessel, the Alnic MC, damaging the destroyer's rear left side near the Strait of Malacca and Singapore. Both vessels had come through seas south of China.

—Staff and news reports

The Navy said last week that the Fitzgerald's commanding officer, the ship's executive officer, and the senior enlisted sailor on the ship all had been relieved of their command. The cause of the two fatal collisions are unknown and investigations continue into each, defense officials said.

Two other accidents within the Seventh Fleet's area of responsibility occurred earlier

this year. In May, the guided missile cruiser USS Lake Champlain collided with a South Korean fishing vessel, and in January, another cruiser, the USS Antietam, ran aground near its port in Yokosuka.

As the search for the sailors missing from the McCain continued, Malaysian search teams found a body in the waters off the coast of Malaysia and east of Singapore, where the Mc-

Cain collided with a civilian tanker early Monday.

U.S. Navy and Marine Corps divers had located other remains inside sealed compartments of the vessel, Adm. Swift, the Pacific Fleet commander, said Tuesday in a news conference in Singapore.

Adm. Swift didn't address a suggestion that the McCain might have suffered steering difficulties. He declined to com-

ment on potential causes of the collision, saying an investigation was "in its earliest stages."

The Navy hadn't seen any indications of attempts to interfere with the ship through cyberattacks, he added, but the investigation was considering all options. "We are not taking any considerations off the table, and every scenario will be reviewed and investigated in detail," he said.

Speaking to reporters at Osan Air Base in South Korea, Adm. Harry Harris, commander of U.S. Pacific Command, said the operational pause is important and would enable commanding officers to look at procedures and work on crew readiness.

"As far as the operational pause having an effect on our availability to defend our nation and our allies, it will not have that effect," Adm. Harris said.

—Yantoulra Ngui in Kuala Lumpur, Malaysia, and Chieko Tsuneoka in Tokyo contributed to this article.

BY COSTAS PARIS

The sea area east of Singapore, where the American destroyer USS John S. McCain collided with the Alnic MC tanker on Monday, is one of the world's busiest seaways leading into the Strait of Malacca, where half of the world's seaborne shipments by tonnage pass through.

Captains describe the waterway, which separates Malaysia and Singapore from Indonesia, as a bottleneck where rules must be followed to avoid collisions.

Westbound vessels coming in from the South China Sea and eastbound ships heading from the Indian Ocean to the Pacific Ocean are on a double-lane sea highway where overtaking is al-

lowed only in some spots. Big draft vessels, like very large crude carriers, usually enter the strait with a maximum speed of 12 knots (13.8 miles an hour). Smaller vessels can go as fast as 18 knots, depending on traffic and weather conditions.

Officers on the bridge talk to peers on nearby vessels and to inland Vessel Tracking Stations

when they enter the strait. U-turns aren't allowed, and when a ship needs to cross through the opposing lane to berth, it waits for traffic to clear and crosses as fast as possible on a 90-degree turn.

Ships with engine or steering problems inform Vessel Tracking, and other vessels in the vicinity and await instructions. Tugs are deployed to

pull incapacitated ships out of the way.

Ships are obliged to keep their Automatic Identification System on. The AIS gives inland stations and other vessels live information about a ship's position, speed and course.

Global marine regulator the International Maritime Organization requires AIS to be fitted aboard all oceangoing ves-

sels of 300 metric tons (661,386 pounds) or more and all passenger ships regardless of size.

Navy vessels may turn off their AIS when they are on a mission. Otherwise, captains are advised to keep it on.

Ships on the right always have the right of way. Ships on the left must yield to allow them to cross their paths.

Strict Rules Are Designed to Prevent Crashes in a Bottleneck

WORLD NEWS

U.S. Adds Firms to Sanctions List

Coal importers are among new targets over Pyongyang's weapons programs

BY ARUNA VISWANATHA
AND IAN TALLEY

WASHINGTON—The U.S. targeted a host of Chinese and Russian firms and related individuals it accuses of aiding Pyongyang, expanding its broader efforts to clamp down on financing critical to North Korea's nuclear-weapons program.

The Treasury's Office of Foreign Assets Control added 10 firms, including Chinese coal importers and Russian fuel exporters, to its North Korea sanctions list. Federal prosecutors also filed a pair of cases in federal court in Washington seeking tens of millions of dollars in penalties from these companies in addition to seizing \$11 million in their funds already frozen at U.S. banks.

The cases target Chinese firms that allegedly had imported \$700 million in North Korean coal since 2013 and a Russian-operated firm allegedly helping Pyongyang procure fuel. In all, the U.S. alleges that the coal trade generates more than \$1 billion in revenue per year for North Korea, which helps fuel its weapons programs.

The actions mark a promised escalation of a growing U.S. sanctions regime aimed at North Korea, which in recent months has launched intercontinental ballistic missiles that U.S. officials say put America at risk of a nuclear attack. They also mark an effort by the Trump administration to ensnare North Korea's supporters—particularly in China—in an effort to crack down on Kim Jong Un's regime.

"Treasury will continue to increase pressure on North Korea by targeting those who support the advancement of nuclear and ballistic missile programs, and isolating them from the American financial



Soldiers at an antiterror drill in a subway station in Seoul on Tuesday, part of joint annual U.S.-South Korean military exercises.

system," Treasury Secretary Steven Mnuchin said.

The United Nations this month banned coal exports from North Korea. A U.N. panel has complained that compliance among some of its members has been spotty. The Trump administration has been particularly frustrated with China's cooperation with North Korea. China officials have agreed to enforce the latest measures amid growing international pressure.

North Korean officials didn't immediately appear to comment on the U.S. sanctions. A spokesman for the Chinese Embassy in Washington said Beijing opposes unilateral sanctions, saying such "long-arm jurisdiction" could affect the U.S.-China relationship. Beijing, he added, would investigate any

Tillerson Praises North's 'Restraint' In Recent Weeks

WASHINGTON—Secretary of State Rex Tillerson expressed hope Tuesday that North Korea had abstained from missile launches and other provocative acts in recent weeks to signal a readi-

ness for dialogue sometime in the near future.

"I am pleased to see that the regime in Pyongyang has certainly demonstrated some level of restraint that we have not seen in the past," Mr. Tillerson said in a news briefing in Washington. "We hope that this is the beginning of this signal that we have been looking for."

—Paul Sonne

goods bound for North Korea.

Treasury named Dandong Zhicheng and its majority owner, Chi Yupeng, to its North Korea sanctions list, along with two other Chinese coal importers, JinHou International Holding Co., and Dandong Tianfu Trade Co.

Washington-based C4ADS, which studies transnational threats, says Dandong Zhicheng is the biggest importer of North Korean goods into China. In the complaint, prosecutors said

North Korea uses the company to not only supply cash but also as a broker that purchases goods for North Korean use.

The Wall Street Journal attempted to contact the company via an email listed on its now-defunct website and it didn't respond to a request for comment.

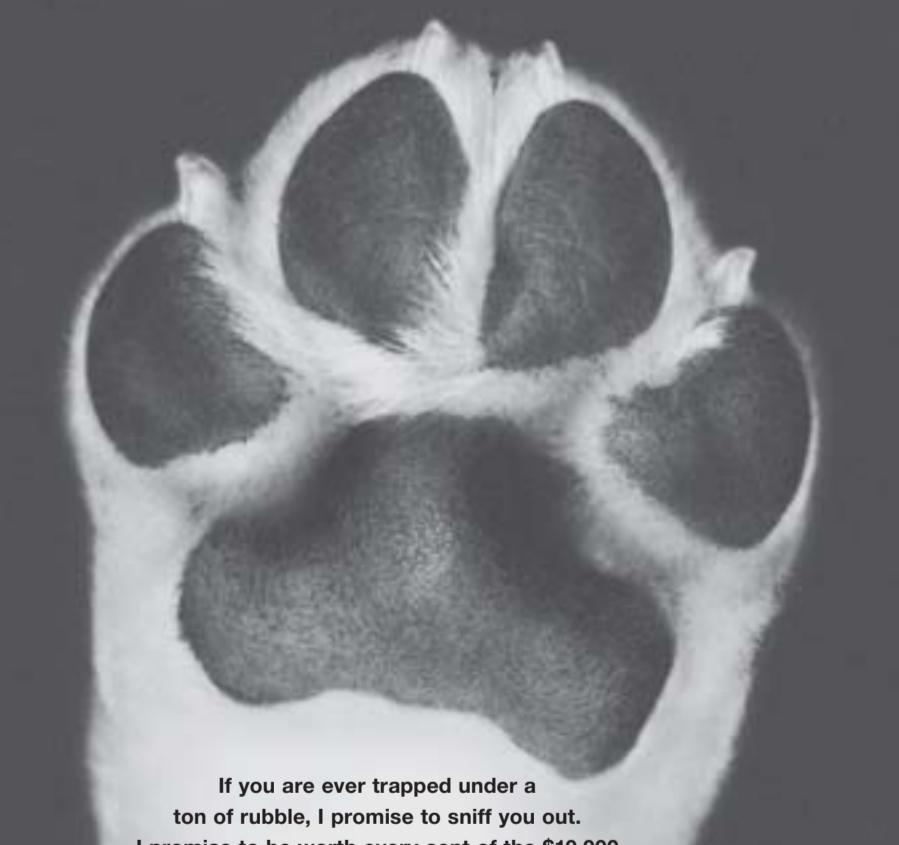
funding its nuclear program. Much of the funding, according to prosecutors, comes through the mining and sale of coal to front companies—firms designed to obscure business dealings—who then pay for the coal through the purchase of other

potential violations of U.N. sanctions under its own laws.

The complaint against the Chinese firms, Dandong Zhicheng, also described as

Dandong Chengtai, and several related companies, provided new details of how Pyongyang is

THE PLEDGE



If you are ever trapped under a

ton of rubble, I promise to sniff you out.

I promise to be worth every cent of the \$10,000

that it took to train me.

I promise to ignore all other more fascinating smells

and concentrate on the scent of live humans.

I promise to go about my work with a wagging tail,

even if my paws get sore.

I promise never to give up.

NATIONAL DISASTER SEARCH DOG FOUNDATION®

Strengthening disaster response in America by teaming the most highly trained dogs with firefighters to save lives.

To donate, call (888) 459-4376 or visit

www.SearchDogFoundation.org

BE PART OF THE SEARCH®

THE NEXT GREAT ITALIAN MASTERPIECE

The Argento Byzantine Necklace is an impeccable work of art with a price unmatched by any in its class.

Da Vinci's Mona Lisa, David by Michelangelo, Madame Butterfly by Puccini. Italy has produced some of the world's greatest masterpieces. And, it's no secret it is the epicenter of the best metalworking on earth. Which is why we sought out one of the best artisans to ever melt precious metals to create yet another great Italian masterpiece. For over two decades, our designer has pursued his passion for making jewelry of great beauty inspired by the Tuscan countryside. The **Argento Necklace** is his latest masterpiece. **And, you can own it for under \$80!**

Each necklace is meticulously made by hand from pure sterling silver and celebrates the traditional woven Byzantine design—an intricate array of woven links that forms a flexible and elegant drape.

Passing the test of time and surpassing the definition of beauty, the **Argento Byzantine**

Necklace is perfect for the lady who appreciates fine art. And, priced for those who appreciate a fine value.

The difference between priceless & overpriced. High-end

design should not carry a high

price just because it comes

from a big name retailer, where

you'll find a similar necklace

going for four times as much. We

prefer to keep our costs low so we

can bring you the very best in Italian

design at a cutting edge price.

Masterpiece, not mass produced. It takes months

to create just one of these necklaces which means we have a select number available.

No questions asked, 30-day money back guarantee. We want you glowing with satisfaction. You have nothing to lose, except the opportunity to own a masterpiece. Call today!

Raffinato™ Argento Byzantine Necklace

Stunningly affordable **\$79** + S&P



Also available Raffinato™ Argento Byzantine Bracelet Stunningly well-priced

at **\$39** + S&P

• Made in Arezzo, Italy • .925 sterling silver • 18" necklace; lobster clasp

Call today. There's never been a better time to let your elegance shine.

1-888-444-5949

Offer Code: RFC185-01. You must use the offer code to get our special price.

Raffinato™ 14101 Southcross Drive W., Dept. RFC185-01, Burnsville, Minnesota 55337

A collection of impeccable design & craftsmanship from Italy.

Curbs on Debt From Venezuela Weighed

BY ANATOLY KURMANAEV
AND IAN TALLEY

WASHINGTON—The U.S. government is considering restricting trades in Venezuelan debt as it seeks to punish President Nicolás Maduro for undermining the country's democracy, according to people familiar with the matter.

The unprecedented move would temporarily ban U.S.-regulated financial institutions from buying and selling dollar-denominated bonds issued by Venezuela and state oil company **Petróleos de Venezuela SA**, according to a person who was briefed on the proposal.

Another person familiar with the matter cautioned that the measure was one of several steps under consideration. The person said the final decision would rest with President Donald Trump.

One option being considered is banning the trading in just some papers issued by the state oil company to limit its access to external funds, said a third person.

The ban would be the first step against the Venezuelan financial system since Mr. Trump promised "swift economic action" against Mr. Maduro for installing a parallel parliament staffed with loyalists earlier this month.

U.S. sanctions have targeted Venezuelan officials, banning them from traveling to the U.S. and freezing any assets in the country for alleged human rights abuses and corruption.

The ban is designed to damage Mr. Maduro's support among military officers and government contractors who hold Venezuelan bonds, without immediately hurting the wider population, said the person briefed on the matter.

WORLD NEWS

U.S. Undercounts Troops in Afghanistan

Pentagon hasn't included in force tally 3,500 who slip in and out of theater

BY GORDON LUBOLD
AND NANCY YOUSSEF

WASHINGTON—The Pentagon maintains more than 12,000 U.S. troops in Afghanistan, defense officials said, currently about 3,500 more than it publicly acknowledges, a critical factor as military planners weigh how many additional forces to deploy under a new strategy.

The actual number of troops, which hasn't been previously disclosed, reflects the true U.S. force level on the ground in Afghanistan. The Pentagon for many years has kept the actual number of forces deployed to a war zone hidden, choosing to publicly disclose only those deployed for longer periods while not counting those who slip in and out of a war zone on temporary status.

In recent years, when tens of thousands of troops were deployed to places like Afghanistan and Iraq, the difference between the public and the true numbers was largely inconsequential. But in recent years, overall troop numbers began to dwindle and the hidden number became more significant, analysts and military officials acknowledge.

In Afghanistan, there are



WAKIL KOHSAR/AGENCE FRANCE PRESSE/GTY IMAGES

A U.S. soldier holding the flag before a handover ceremony at Camp Leatherneck in Lashkar Gah in the Afghan province of Helmand.

currently about 8,400 troops that the Pentagon publicly acknowledges it has deployed to Afghanistan. But another 3,500 troops are there on temporary assignment or other status. Other groups of troops, such as special forces and other specialized units, are rarely if ever disclosed, bringing the total number in Afghanistan to above 12,000.

In addition, the Pentagon is expected to send up to another 3,900 troops under the new strategy for Afghanistan, for a total of about 16,000 troops, military officials said.

Defense Secretary Jim Mattis said on Tuesday that he has asked the Pentagon's Joint Staff for a specific plan that would determine the actual number of new forces Mr. Mattis would

need for the war in Afghanistan, now in its 16th year.

"When he brings that to me, I will determine how many more we need to send in," Mr. Mattis said Tuesday during a stop in Baghdad, referring to the chairman of the Joint Chiefs of Staff, Gen. Joe Dunford. "It may or may not be the number that is bandied about," he said, referring to the roughly

3,900 troops the Pentagon is expected to send to Afghanistan under the new strategy.

Once a plan is approved, those forces will likely deploy in the next few weeks, a senior U.S. official said.

In June, President Donald Trump gave Mr. Mattis the authority to deploy up to 3,900 additional service members to Afghanistan under a new strat-

egy, which wasn't completed until last week. It wasn't clear until now that they would be joining the roughly 12,000 troops already there.

The number of troops deployed to a combat zone can shape domestic politics as much as military tactics, as it is the metric Americans most commonly use to understand the U.S. commitment to a war zone. Since 2001, there have been changes with every administration regarding how much to reveal about troop deployments.

The Obama administration set a cap on the maximum number of troops deployed, known as the Force Management Level, or FML. That number is sent to Congress and updated when there are major force deployments.

Under the FML, the administration doesn't disclose the total number of troops, excluding from the count those on short-term assignments, certain special operations forces and troops assigned to other government agencies are departments. Such exceptions to the FML eliminate as many as half the number of troops publicly disclosed.

In his speech Monday, Mr. Trump suggested he wanted to keep military strategy—even the number of forces deployed to execute that strategy—under wraps.

"We will not talk about numbers of troops or our plans for further military activities," Mr. Trump said.

Shift Helps Kabul, Pressures Pakistan

The Trump administration's new Afghan strategy bolstered Kabul in its fight against the Taliban, but officials and analysts in Pakistan warned that Washington's approach risks fueling the 16-year war in Afghanistan and encourages Islamabad to deepen ties with China.

By Ehsanullah Amiri
in Kabul, Saeed Shah
in Islamabad and
Margherita Stancati in
Jeddah, Saudi Arabia

A day after President Donald Trump said the U.S. would expand its military involvement in the country, Afghan President Ashraf Ghani on Tuesday said the greater U.S. role would help counter the Taliban, which has expanded the territory it controls in recent months.

"The U.S.-Afghan partnership is stronger than ever in overcoming the threat of terrorism that threatens us all," Mr. Ghani said. "The strength of our security forces should show the Taliban and others that they cannot win a military victory. The objective of peace is paramount."

But Pakistani officials believe there is no military solution to the war and that peace talks with the Taliban are needed, not additional U.S. troops and the "fight to win" position announced by Mr. Trump.

"The policy announced is a recipe for instability. It won't work. It has been tried, tested and failed," said Mushahid Hussain, chairman of the Senate defense committee in Pakistan's parliament.

On Tuesday, Pakistani officials also bristled at Mr. Trump's comments, in which he said Pakistan continued to harbor "agents of chaos," and threatened to cut American aid unless that changes.

"No country in the world has done more than Pakistan to counter the menace of terrorism," Pakistan's Ministry of Foreign Affairs said on Tuesday. "It is, therefore disappointing that the U.S. policy statement ignores the enormous sacrifices rendered by the Pakistani nation in this effort."

Analysts said the new pressure on Pakistan will deepen Islamabad's partnership with China.

"Pakistan will be telling America, 'Don't push us too hard,'" said Rustam Shah Mohmand, a former Pakistani ambassador to Afghanistan.

China has a \$55 billion infrastructure-building program in Pakistan.

PLAN

Continued from Page One

Pakistan would be to gradually withhold some security and economic assistance. That could be followed up by sanctions, first on targets in the militant organization known as the Haqqani network, which supports the Afghanistan Taliban, and possibly extending to Pakistani government officials who are found to be supporting the terrorist network.

Pakistani officials say they are being blamed unfairly for the failures of American policy in Afghanistan and deny that they are harboring insurgents.

Past U.S. administrations have struggled over how to balance security cooperation with urging Islamabad to suppress extremist groups. The George W. Bush administration boosted aid to Islamabad after 2001, but then-Vice President Dick Cheney made a secret trip in 2007 to press then-President Pervez Musharraf to do more to crack down on militants.

Under the Obama administration, the U.S. tried a mix of carrots and sticks, including creating new strategic dialogues and boosting military aid, before later cutting back on support as it grew increasingly frustrated with Pakistan's continued harboring of militant groups.

Former officials and experts said the Trump administration's fresh bid to turn up the heat on Pakistan is unlikely to persuade its government to deny a haven to the Haqqani network.

"Even under conditions where I had nearly 150,000

troops in Afghanistan and worked closely with the Pakistanis on cross border operations, they were usually lukewarm at best in their efforts to do that," said retired Gen. John Allen, a former commander of the International Security Assistance Force in Afghanistan. "Pakistan may not change, but the president is right to seek a change in Pakistan's behavior."

Further withholding funds to Pakistan, a likely first step, has traditionally had limited effect, said Jarrett Blanc, a former special representative for Afghanistan and Pakistan under the Obama administration.

"We've tried this in every conceivable way," he said, referring to efforts to crack down on Pakistan. "We've withheld funds in the past, and it doesn't have any particular meaning."

Mr. Tillerson also raised the possibility of ramping up U.S. drone strikes in Pakistan, operations which have been a point of tension between Washington and Islamabad in recent years but have dwindled in number. So far in 2017, the U.S. has conducted four drone strikes in Pakistan. The number peaked in 2010, when the U.S. carried out 122.

Pakistan, a U.S. ally for decades, has been exploring alternative alliances in recent years. The new pressure on Pakistan, as well as a renewed U.S. tilt toward India that Mr. Trump stressed in Monday's speech, is likely to drive Islamabad deeper into a growing partnership with China, which has shown an increased willingness to provide support to Pakistan, analysts said.

Additionally, Washington has to be careful that any pressure

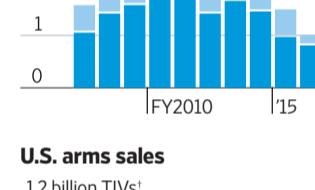
A Limited Partnership

The U.S. has steadily cut aid to Islamabad since 2010 and has called on India to become more involved in Afghanistan.

U.S. aid to Pakistan

Economic Security

\$5 billion



U.S. arms sales

1.2 billion TIVs[†]

0.0

0.1

0.2

0.3

0.4

0.5

0.6

0.7

0.8

0.9

1.0

1.1

1.2

1.3

1.4

1.5

1.6

1.7

1.8

1.9

2.0

2.1

2.2

2.3

2.4

2.5

2.6

2.7

2.8

2.9

3.0

3.1

3.2

3.3

3.4

3.5

3.6

3.7

3.8

3.9

4.0

4.1

4.2

4.3

4.4

4.5

4.6

4.7

4.8

4.9

5.0

5.1

5.2

5.3

5.4

5.5

5.6

5.7

5.8

5.9

6.0

6.1

6.2

6.3

6.4

6.5

6.6

6.7

6.8

6.9

7.0

7.1

7.2

7.3

7.4

7.5

7.6

7.7

7.8

7.9

8.0

8.1

8.2

8.3

8.4

8.5

8.6

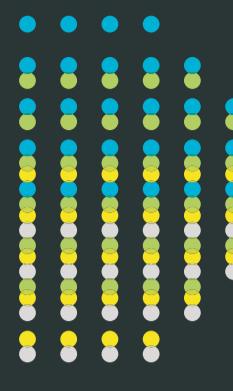
8.7

8.8

8.9

9.0

9.1</p



THE WALL STREET JOURNAL.
D.LIVE
LAGUNA

OCTOBER 16-18 | LAGUNA BEACH, CA

TECH'S MOST AMBITIOUS
MINDS, ON STAGE AND
ON THE RECORD

2017 SPEAKERS INCLUDE:



SAM ALTMAN

President
Y Combinator



MAX LEVCHIN

Co-Founder and CEO
Affirm



BETH COMSTOCK

Vice Chair
GE



ROBIN LI

Co-Founder, Chairman and CEO
Baidu, Inc.



KHANYI DHLOMO

Founder and CEO
Ndalo Media



MARC LORE

President and CEO
Walmart eCommerce U.S.



BARRY DILLER

Chairman and Senior Executive
IAC and Expedia, Inc.



MARISSA MAYER

President and CEO
Yahoo! (2012-2017)



JEFFREY KATZENBERG

Partner
WnدرCo



GINNI ROMETTY

Chairman, President, and CEO
IBM



JENNY LEE

Managing Partner
GGV Capital



EDUARDO SAVERIN

Co-Founder and Partner
B Capital Group

Join conversations with investors, founders and luminaries
disrupting the status quo, as well as industry giants fostering
innovation around the globe.

TICKETS TO THIS EVENT ARE LIMITED, REQUEST YOUR INVITATION TODAY:
DLIVELAGUNA.WSJ.COM

Proudly supported by:



IN DEPTH



DIEGO

Continued from Page One
positive for cocaine and serving a 15-month suspension from professional soccer. In his 2000 autobiography, he admitted to using drugs during his playing days.

Mr. Maradona, 56 years old, scored one of the most infamous goals in soccer history—an illegal handball that defeated England in the quarterfinal stages of the 1986 World Cup, which has been dubbed the “hand of God” goal and led to decades of loathing from English fans.

More recently, he has drawn barbs for his support of Venezuelan leader Nicolás Maduro, whom he has said on Facebook he would be willing to fight for. He is now toiling in obscurity as manager of Al-Fujairah, a little-known team in the United Arab Emirates.

Not only is Mr. Maradona not Italian, he is an Argentine who helped knock Italy out of the 1990 World Cup.

No matter in Naples.

Twelve-year-old Gaetano Scotto, born long after Mr. Maradona’s 1997 retirement, proudly cites Maradona as his favorite player. Had he even seen him play?

“Of course!” Local television still frequently replays games from Mr. Maradona’s

glory days. Plus, Young Gaetano’s father, Salvatore Scotto, requires Maradona devotion in the household. “I taught him,” said Mr. Scotto, 42. “Maradona is a saint. He’s given us so much.”

Mr. Maradona couldn’t be reached for comment.

At Mr. Cozzolino’s shop, drinks and snacks for sale are hardly visible behind the Napoli banners and Maradona photos, drawings and figurines. Mr. Maradona’s off-field lifestyle only endeared him to Mr. Cozzolino, 59, who reminisces about how the player would show up late for games after partying all night and still score. “That’s like Naples—that’s how the Neapolitans do it,” he said. “He has solidarity with Naples. He’s a little crazy.”

Somehow, Mr. Cozzolino isn’t the most devoted Maradona fan on his block. At Bar Nilo across the street, a shrine to El Diego adorns the wall, complete with strands of his black, curly hair. Owner Bruno Alcide, 56, said he saw Mr. Maradona on a 1990 flight and later snatched the hairs off his hero’s headrest.

“When Neapolitans wake up, they think first of soccer,” he said. “Family is second.”

Mr. Maradona arrived in 1984 at what many residents describe as a difficult time for Naples. An earthquake had devastated the city. The Camorra, a crime syndicate



Tributes to Diego Maradona abound in Naples, Italy. A shrine at Bar Nilo, above left, and a mural showing his ‘hand of God’ goal.

based in Naples, controlled the streets. Residents resented how they were viewed in wealthier Italian cities to the north. “Maradona gave the city new life,” Mr. Alcide said.

“He would say, ‘We’re the best in the world.’ People started to believe it in other aspects of the city as well.”

Naples Mayor Luigi de Magistris said Mr. Maradona “let Neapolitans dream” and sparked a rebirth. Last month, he brought Mr. Maradona to Naples to make him an honorary citizen. During his time there, crowds watched as he sliced a cake, climbed on a car and partially removed his shirt. “No community,” Mr. Maradona said during a ceremony there, “has loved me as much as you.”

Comparisons of Mr. Maradona to saints may have begun

with...Mr. Maradona.

After using his hand to score the 1986 World Cup goal, he claimed it was “a little with the head of Maradona, and a little with the hand of God.” The play has been called the “hand of God” ever since.

He met fellow Argentine Pope Francis before a charity match in 2014 and credits the pontiff with his return to the church. The esteem is only partly mutual: Pope Francis said during World Youth Day festivities last year that Lionel Messi, Argentina’s current star, is a better player than Mr. Maradona.

That view is heresy in Naples, where current Napoli and Italian national-team players are all but forgotten in the Maradona fervor.

At one official S.S.C. Napoli

team shop, Mr. Maradona’s shirt isn’t for sale, because he no longer plays for the team. But there are four Maradona photographs on the door and only one of a current player. A photo of El Diego is taped to the register.

Alessandra Grieco, who sells soccer shirts from a sidewalk stand, said Maradona shirts are her biggest seller. “He’s always the most requested,” said Ms. Grieco, 48. “Because he’s always been a great champion, even if it was in the past.”

Agnostics include Carmela Esposito, 44, who called Mr. Maradona “a god” on the field but was troubled by some of his behavior. “He was great for the team,” she said, “but not necessarily for the city.”

Doubters are rare, though. Asked about Mr. Maradona on

the street, Francesco de Pasquale led a reporter up to his apartment. A huge picture of Mr. Maradona hung over his mantle, dwarfing family photos below.

Like some other Neapolitans, he was glad Mr. Maradona defeated Italy in the 1990 World Cup. His allegiance to his country wasn’t as strong as his allegiance to Naples, he said, adding that Mr. Maradona was as important to the city as San Gennaro.

“He’s the King of Naples, after the Bourbons,” said Mr. De Pasquale, 44, referring to the monarchs deposed when Naples was unified with the rest of Italy in the 1800s. “I love Naples. But more than Naples, I love Maradona.”

—Francis X. Rocca contributed to this article.

TRAINS

Continued from Page One
factory, a person familiar with the matter said.

A spokeswoman for McDonald’s said french fry eaters haven’t been affected because “we have contingencies in place to ensure there is no disruption in our supply.” Kellogg didn’t respond to a request for comment.

Much of the blame is aimed at Hunter Harrison, the 72-year-old railroad-industry veteran who became CSX’s president and chief executive in March as part of a shake-up led by an activist investor. He promised to run the company’s 21,000-mile network more efficiently by idling excess equipment, closing some freight yards and running trains on a tighter schedule.

Mr. Harrison used a similar strategy to turn around Canada’s two largest railroads, Canadian National Railway Co. and Canadian Pacific Railway Ltd. He conceded that the program is off to a rocky start at CSX but said any short-term problems will lead to improved service in the long run.

“I’m sensitive to the issues that we’ve had. I don’t want to give the impression that I’m not,” Mr. Harrison said in an interview. “Some of the characterizations of some of the issues have been inaccurate and have been far overstated.”

He added: “Each one that has come to our attention, we have worked and continue to work very diligently” to address the problem.

Trains in vain

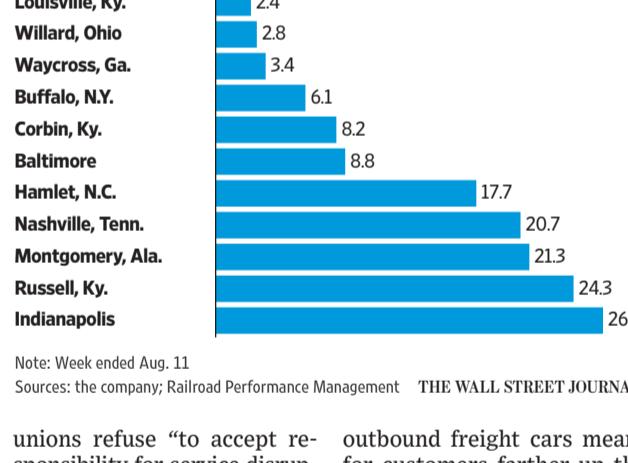
Mr. Harrison said some recent snarls were beyond his control, such as a derailment in Pennsylvania that interrupted service in that region for more than a week. Some employees also are resisting the efficiency plan, he said.

In June, CSX fired nine employees in Cincinnati who Mr. Harrison said falsified reports about train-car movements to avoid being criticized about delaying customer shipments. He said this month’s derailment of a CSX train in South Carolina appears to be suspicious. Local news reports said a bulldozer was partially blocking the tracks.

Unions representing CSX workers disputed Mr. Harrison’s comments. In a letter to Mr. Harrison, they said the

Delayed and Backed Up

Change in average dwell time at CSX terminals from a year earlier



Note: Week ended Aug. 11

Sources: the company; Railroad Performance Management THE WALL STREET JOURNAL.

unions refuse “to accept responsibility for service disruptions that negatively affect the customers when we have no input on operational changes.”

Late last month, the federal Surface Transportation Board ordered CSX to hold weekly meetings with the regulator to discuss the problems. Last week, the STB told Mr. Harrison in a letter that it is concerned about “widespread degradation” of rail service.

“The network needs to be fluid,” Ann Begeman, the agency’s acting chairwoman, said in an interview. Several companies told the STB that they were close to shutting down factories because of service-related problems at CSX.

A broad group of freight shippers, the Rail Customer Coalition, told lawmakers in a letter that the service woes “put the health of our nation’s economy in jeopardy.” The group called on Congress to investigate the problems.

CSX’s Mr. Harrison responded that the letter contains “unfounded and grossly exaggerated” statements.

Chemours Co. expected Mr. Harrison to make big changes at CSX but was in the dark about when they would occur, said Eddie Johnston, federal government affairs manager at Chemours. The Wilmington, Del., company makes Teflon coatings, pigments for automotive paints and cosmetics ingredients.

In May, CSX trains started missing expected stops at Chemours plants in the eastern U.S., according to Mr. Johnston. Sometimes, CSX trains delivered raw materials to Chemours but left behind

outbound freight cars meant for customers farther up the supply chain.

Other times, he said, CSX picked up finished goods from Chemours but didn’t deliver raw materials or empty freight cars needed for the next pickup.

Mr. Johnston said one Chemours plant came within hours of shutting down in late July before a CSX train arrived with a critical ingredient. Chemours has slowed production at one plant to make sure it can keep running.

“We’re sort of hanging by a thread,” he said. More than once, Chemours complained to a CSX employee about the problems and then found out the next day that the employee had left. CSX has eliminated 2,300 jobs this year. It had about 27,000 employees in

December.

Chemours is using trucks to keep its plants running and deliver finished products to customers. A conversation last month between Mr. Harrison and Mark Vergnano, president and CEO of Chemours, has led to better communications, but service levels haven’t improved.

“There are people that think normalcy still could be months away,” said Mr. Johnston.

Mr. Harrison said CSX customers were “well-informed”

A Long Trip

Because of problems at CSX, it took one freight train 18 days to complete a trip that usually takes a few days.



of what the changes would look like, given his record at other railroads. “I don’t think anyone got caught by surprise,” he said.

One of the most jarring changes by Mr. Harrison was the elimination of hump yards, massive facilities that sort long trains by rolling them down an incline and directing them toward tracks where new trains are built. Those trains then roll out to new destinations.

CSX’s Mr. Harrison wants more freight trains sorted when the railroad picks them up and to use locomotive power to break apart and reassemble trains. Soon after taking over at CSX, he closed eight of 12 hump yards, adding more strain to the four remaining locations.

One of the closed hump yards, the Avon Yard in Indianapolis, has since been reopened. “We might have made a mistake” there, said Mr. Harrison.

CSX’s closed Radnor hump yard in Nashville, Tenn., was part of a 500-acre facility. The entire terminal has struggled to adjust.

A measurement of freight-yard delays called dwell time averaged 53.5 hours in Nashville in the latest week for which CSX has released figures, up 63% from a year earlier. Dwell time has more than doubled since April.

Mr. Harrison said the Nashville terminal “didn’t have the best culture,” so he brought in some new managers to try to unclog it. He said the worst is behind CSX in Nashville, and dwell times have begun to rebound.

After this article was published online Tuesday, CSX said it has revised how it calculates three service measurements “to more accurately reflect the company’s operational performance.” Using the new methodology, average dwell time throughout CSX’s network was 12.5 hours in the week ended Aug. 18, an improvement of 2.3% from a week earlier.

Ping-ponging

Some shippers complain that freight is taking roundabout routes that add days to the travel time. The railroad industry calls it ping-ponging.

“All of a sudden, we’re seeing a flood of these types of things,” said Dennis Wilmot, chief executive of Iron Horse Logistics Group, of Aurora,

Ohio, which manages railcars for customers. CSX took an Alabama-bound metals shipment to New Orleans, where it was handed off to a Union Pacific Corp. train and then headed west before turning around and eventually reaching Alabama, according to Mr. Wilmot.

CSX said it has been “sending some cars to less-congested, out-of-route terminals for sorting” to keep “customer deliveries moving as efficiently as possible through some congested terminals.”

Poultry farmers are “incurring hundreds of thousands of dollars in additional business costs to make emergency purchases of ingredients transported by truck to keep poultry alive,” according to a letter to regulators from the National Grain and Feed Association and other agricultural trade groups. The groups said some CSX feed deliveries were delayed nearly three weeks.

\$100 a day

Each day that a railcar is delayed costs the owner as much as \$100, estimates Herman Haksteen, president of the Private Railcar Food and Beverage Association, which represents large food companies like PepsiCo Inc. and Kraft Heinz Co. For now, companies are absorbing the higher costs.

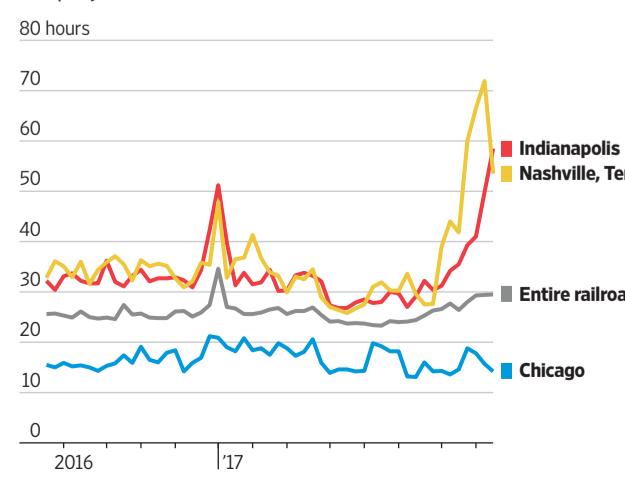
“They’re doing everything they can so the consumer doesn’t see it,” said Mr. Haksteen. “The customer might see it next year.”

Brent Bilsland, chief executive of coal producer Hallador Energy Co., of Denver, said service improved in July and August after “subpar” performance in the second quarter. “The performance of the CSX has been much more precise and really, really quite good,” he told analysts Aug. 9.

Shipments of corn and soybean meal by CSX are arriving at a Gettysburg, Pa., facility in seven days, down from 12 days, said Dan Sharrett, co-owner of Agricultural Commodities Inc. The company makes pretzel flour, fertilizer and poultry feed.

“They stubbed their toe, but all in all, they have done me well,” he said.

CSX has told customers to brace for a few more rocky weeks. “Shortly after Labor Day, you’ll see things return to what we call normal,” Mr. Harrison said. “And then they’ll start tracking up again.”



Sources: the company; Railroad Performance Management THE WALL STREET JOURNAL.

GREATER NEW YORK

Test Scores Inch Up in City

New York students in third through eighth grades boosted math and English results

BY LESLIE BRODY

Test scores edged up in English-language arts and math in New York public schools statewide this year, with charter schools in New York City seeing stronger gains, according to state data released Tuesday.

In public schools statewide, 39.8% of students in grades three through eight were proficient in English in the spring, up by 1.9 percentage points from 2016. In math, 40.2% hit that mark, up 1.1 percentage points.

"Real progress takes time," state Education Commissioner MaryEllen Elia said. "So, the test scores we're announcing

today are a positive sign."

In New York City district schools, proficiency increased by 2.6 percentage points in English to 40.6%, slightly exceeding the statewide figure. In math, the passing rate rose by 1.4 percentage points, to 37.8%.

City officials credited stronger school leadership, teacher training, parent involvement and after-school programs, among other factors.

"We're just at the beginning of an ascent," said Mayor Bill de Blasio. "We're going to go a lot farther."

Many factors can affect test scores, including changes in teacher quality, curriculum and student demographics, and in some years the tests themselves.

Taken together, New York City charters continued to beat the city's traditional pub-

lic schools and state.

In English, 48.2% of New York City charter students hit proficiency, up 5.2 percentage points. In math, 51.7% scored as proficient, up 3 percentage points. Charters outside the city lagged behind the state.

The city's biggest charter operator, Success Academy Charter Schools, released an analysis finding that 84% of its test-takers passed in English, and 95% in math, outperforming top suburban districts.

Most of the Success charter network's students are poor and black or Hispanic, and supporters see its 46 sites as havens. Comparisons are skewed, critics contend, because the network, which has strict discipline policies, doesn't attract or retain some of the most hard-to-serve students, among other factors.

New York City's "Renewal Schools" show mixed results. Mr. de Blasio has poured hundreds of millions of dollars into the most troubled schools, hoping to turn them around. He said he would announce this fall that some would be closed or merged because they didn't make enough progress.

Overall, 15.9% children passed in English at the Renewal Schools serving elementary and middle-school students, and 9.4% did so in math, showing slight increases since last year.

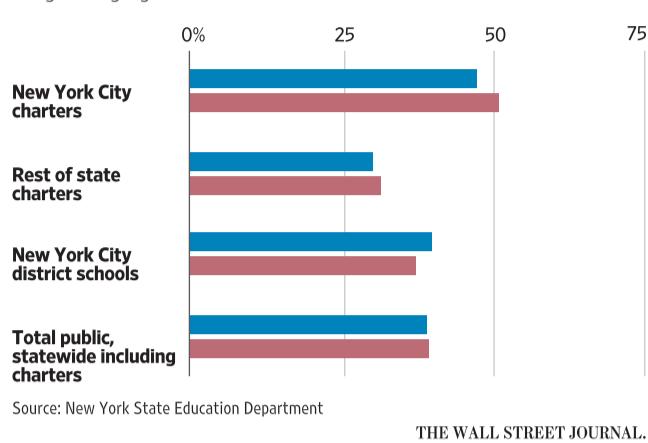
Proficiency rose in English at 47 of these 57 Renewal Schools, and increased in math in 34 of them.

Achievement gaps persist statewide.

In English, for example, about 29% of black and Hispanic students statewide passed, compared with 61% of

Passing Grade

Percentage of students who scored at or above the proficient level in spring 2017 tests



Source: New York State Education Department

THE WALL STREET JOURNAL.

Asian students and 47% of white students.

The movement to opt out of testing remains strong.

New York has seen a wave of families boycotting state tests in recent years, saying they were flawed and

prompted too much "teaching to the test." Test refusals dipped to 19% statewide last spring, from 21% last year. Data showed they are more likely to be white and enrolled in a wealthy or average-income district.

Cooling Off During the Dog Days of Summer



RELIEF: Pooches (and their people) beat the heat Tuesday by taking a dip in the fountains at Flushing Meadows-Corona Park in Queens.

Charges Are Filed in Death of Student

BY ZOLAN KANNO-YOUNGS

A student from the John Jay College of Criminal Justice left a party to get an iced tea from a bodega in Bushwick last August when he was spotted by a member of the Loot Gang, acting Brooklyn District Attorney Eric Gonzalez said.

Terrell Henry, 22 years old, who had aspirations of working in law enforcement, was walking at about midnight in territory controlled by the True Bosses Only gang, rivals of the Loot Gang, Mr. Gonzalez said.

Alleged Loot member Quincy Vital, 19, has been accused of shooting and killing Mr. Henry, said Mr. Gonzalez at a Tuesday news briefing announcing the indictment of nine alleged members of the Loot Gang.

"It did not matter who was

there," Mr. Gonzalez said. "It did not matter if you were just an innocent person in the wrong place at the wrong time. You were going to be put in harm's way."

Mr. Vital was held without bail after his arraignment Tuesday. His attorney said Mr. Vital "recognizes the seriousness of the charges and plans to fight them."

The defendants variously have been charged with murder, conspiracy, assault and firearm counts. The nine suspects, eight of whom have been arrested, are responsible for seven shootings, resulting in 13 people suffering injuries and Mr. Henry's death, Mr. Gonzalez said.

Officials said the incidents, which took place between November 2015 and August 2016,

all were committed when the Loot Gang members were "spinning the block" or moving through rival territory.

Alleged Loot Gang members

shared guns, which they called "Becky," in the incidents, Mr.

Gonzalez said.

Police cracked "Operation Loose Loot" with surveillance footage, as well as rap music videos posted to YouTube, that showed the alleged Loot Gang members bragging about

the crimes, he said.

"Social media is a big part of it. It's a road map to their violence," said Assistant Chief James Essig, who leads the department's gun-violence suppression division.

Mr. Henry wasn't the only bystander caught in crossfire.

In February 2016, one alleged Loot member spotted an alleged rival gangster in a Queens restaurant and shot him, according to the indictment. The alleged rival gang member used a 33-year-old female patron as a shield.

The woman suffered three gunshot wounds but survived. The alleged gang member who used her as a shield was shot five times and also survived. The alleged Loot Gang member fled and was one of the nine included in the indictment.

Terrell Henry, a 22-year-old John Jay College student, was shot and killed in Brooklyn last August.

Gonzalez said.

Police cracked "Operation

Loose Loot" with surveillance

footage, as well as rap music

videos posted to YouTube,

that showed the alleged Loot

Gang members bragging about

the crimes, he said.

"Social media is a big part

of it. It's a road map to their

violence," said Assistant Chief

James Essig, who leads the

department's gun-violence

suppression division.

Mr. Henry wasn't the only

bystander caught in crossfire.

In February 2016, one alleged Loot member spotted an

alleged rival gangster in a

Queens restaurant and shot

him, according to the indict-

ment. The alleged rival gang

member used a 33-year-old

female patron as a shield.

The woman suffered three

gunshot wounds but survived.

The alleged gang member who

used her as a shield was shot

five times and also survived.

The alleged Loot Gang member

fled and was one of the nine

included in the indictment.

Mr. Henry wasn't the only

bystander caught in crossfire.

In February 2016, one alleged Loot member spotted an

alleged rival gangster in a

Queens restaurant and shot

him, according to the indict-

ment. The alleged rival gang

member used a 33-year-old

female patron as a shield.

The woman suffered three

gunshot wounds but survived.

The alleged gang member who

used her as a shield was shot

five times and also survived.

The alleged Loot Gang member

fled and was one of the nine

included in the indictment.

Mr. Henry wasn't the only

bystander caught in crossfire.

In February 2016, one alleged Loot member spotted an

alleged rival gangster in a

Queens restaurant and shot

him, according to the indict-

ment. The alleged rival gang

member used a 33-year-old

female patron as a shield.

The woman suffered three

gunshot wounds but survived.

The alleged gang member who

used her as a shield was shot

five times and also survived.

The alleged Loot Gang member

fled and was one of the nine

included in the indictment.

Mr. Henry wasn't the only

bystander caught in crossfire.

In February 2016, one alleged Loot member spotted an

alleged rival gangster in a

Queens restaurant and shot

him, according to the indict-

ment. The alleged rival gang

member used a 33-year-old

female patron as a shield.

The woman suffered three

gunshot wounds but survived.

The alleged gang member who

used her as a shield was shot

five times and also survived.

The alleged Loot Gang member

fled and was one of the nine

included in the indictment.

Mr. Henry wasn't the only

bystander caught in crossfire.

In February 2016, one alleged Loot member spotted an

alleged rival gangster in a

Queens restaurant and shot

him, according to the indict-

ment. The alleged rival gang

member used a 33-year-old

female patron as a shield.

The woman suffered three

gunshot wounds but survived.

The alleged gang member who

used her as a shield was shot

five times and also survived.

The alleged Loot Gang member

fled and was one of the nine

included in the indictment.

Mr. Henry wasn't the only

bystander caught in crossfire.

GREATER NEW YORK

How You Can Stay in New York For \$30 a Night

Tanya Murray of Canada was excited this summer about her family's pending trip to New York City. Except for the rates at the Midtown hotel she had booked: \$1,600 for six nights. "That's crazy," she says. "I was having a heart attack about how much the hotel was going to cost."

Happily, she found a much

cheaper alternative: Camp Hudson in Staten Island, a National Parks Service site. Last week, after driving 32 hours from their home in Regina, Saskatchewan, the Murray family pulled up in their red mini van and pitched a tent in the shadow of the Verrazano-Narrows Bridge. The rate for the site: \$30 a night.

"Now we can see New York and not worry about the money," said Ms. Murray, sipping cowboy coffee as her daughter spotted boats in the Lower Bay.

At an adjacent site, two young couples from Katowice, Poland, were finishing breakfast.

"We can't afford the normal. Camping was the only option," said Marcin Burek.

The couples brought their own tent and sleeping bags from Poland, along with a supply of cereal, instant noodle soup and candy bars. Their goal: New York on \$10 a day. So far, they were averaging \$15. But taking the free Staten Island Ferry to Manhattan, they managed to explore sites from Ground Zero to Chinatown.

"We are very proud of this," Mr. Burek said.

There are just seven small tent sites on a patch of lawn, divided by a split-rail fence. Each accommodates up to six campers and includes a fire pit, picnic table and asphalt tent pad built by Boy Scout Troop 37.

There are two flush toilets and a pair of outdoor showers. A small gazebo overlooks the rocky beach, Brooklyn, and an abandoned seaplane hanger.

The Staten Island and Sandy Hook Sandy, N.J., sites typically are open from Memorial Day to Labor Day, but the season may be extended depending on weather and staff availability. The Camp Gateway site at Floyd Bennett Field in Brooklyn is open year-round. All three sites usually are booked up on weekends.

At the Staten Island site, guests can tour nearby historic forts, catch striped bass or visit a herd of brush-clearing goats.

There's no Wi-Fi, but there is a single electric outlet at the gazebo that campers have used to power toasters and televisions. One guest from Vermont tried running an extension cord across the site to power his refrigerator, says the site



A family enjoyed Staten Island's Camp Hudson, one of three Camp Gateway sites in the New York area. Below, Marcin Burek and other tourists from Poland ate breakfast at their campsite.



manager, Ranger Kathleen Garofalo, who is based on Staten Island.

"Some people unplug other people. You have to officiate," she says.

Some campers enjoy spotting critters ranging from deer and raccoon to osprey

and oystercatchers.

"One person complained: 'The birds are really loud here, I can't sleep!'" says Ms. Garofalo. "I said, 'I can't do anything about that.'"

But at \$30 a night, most are grateful for a cheap stay. Especially given the average

New York City room rate of \$263, according to STR, a data and analytics specialist.

Roughly a third of campers are local, like Angelie Aldeguer, a nurse from the Grant City neighborhood of Staten Island who enjoyed a recent Camp Hudson weekend with five family members.

"I live 10 minutes away, yup!" Ms. Aldeguer says.

The family collected shells on the beach and visited the goats. They cooked foil-wrapped suppers over the fire.

The cost for their two-night getaway: \$42 per person, including food and supplies.

Campers can rent equipment from outfitters such as Tent & Trails, a store in lower Manhattan. There, a three-day rental on a four-person tent starts at \$60.

Philip Murphy, an environmental analyst, recently drove down from Brockton, Mass., with his wife and two daughters to spend a week taking in Central Park, Coney

Island and a Staten Island Yankees game.

"It's sort of a romantic camp site. You're taking the ferry every day, and have the beautiful view," he notes.

To save money, the Murphys bought hot dogs and hamburgers at a local Key

There's no Wi-Fi, but there is a single electric outlet. And you can visit goats.

Food supermarket and ordered takeout from the nearby Dragon House Chinese restaurant.

Tab for a week: \$1,000.

Best of all, Mr. Murphy has a fun story for the folks back home.

"People can't believe it," he says, "When I say I camped in New York City."

anne.kadet@wsj.com

Churches Get Help With Land

BY MELANIE GRAYCE WEST

A few times a week, pastor Sheila H. Gillams receives a phone call or a letter with a variation of the same pitch: "Wouldn't you like a new church?"

The unsolicited offers—almost always insultingly low, she says—are for the prime parcels belonging to Shiloh Church of Christ, Disciples of Christ. The modest church is a short walk from a busy stretch of trendy restaurants and new retail outlets in Harlem.

Dr. Gillams and her parishioners want the land to be developed into affordable housing, with space that can be used for programs that serve the needy.

The problem, she says, is that after nine years of talking to fellow pastors and learning about deals, she's seen the same thing repeated at churches all around the city.

"Congregations get fleeced" in such deals, she said.

A new program, to be announced this week, aims to broker good marriages between developers and charity organizations, with the aim of fulfilling the city's need for affordable housing.

Called the New York Land Opportunity Program, the initiative is a joint effort of New York's nonprofit Local Initiatives Support Corporation, the city's Department of Housing Preservation and Development, and the Mayor's Community Affairs Unit.

The program will provide



Pastor Sheila H. Gillams and her parishioners want land their church owns in Harlem to be developed into affordable housing.

free technical expertise—lawyers, architects and others—to help nonprofits properly assess the possibilities for their land, while also maintaining a foothold in their neighborhoods to do charity work and keeping ownership of the property.

The first five groups selected for the program are all churches, including Dr. Gillams' church. The others are: Wakefield Grace United Methodist Church and St. Luke's Episcopal Church, both in the Bronx; St. John's Global Ministries in Queens; and Manhattan's Community Church of New York and Unitarian Universalist Fellowship of Manhattan.

The program is intended to solve a larger problem: There is virtually no city land to develop, but plenty of scattered parcels around the city owned

by groups that have a mandate to serve. According to the city's Independent Budget Office, there are more than 12,000 parcels of land throughout the city with religious or nonprofit property tax exemptions, about 1% of the citywide total.

Sam Marks, executive director of the New York City office of the Local Initiatives Support Corporation, says that while affordable housing was the exclusive work of nonprofits a generation ago, the sector now has become much more sophisticated and complex, with both nonprofit and for-profit groups competing.

In many cases, land is the primary asset that a church owns, said Mr. Marks, and churches "are interested in activating that property, but want to retain ownership and drive the process."

GREATER NEW YORK WATCH

NEW JERSEY

Police Seek Source Of K2 Overdoses

Newark police are investigating why several people were treated Monday for suspected synthetic marijuana overdoses around the city.

At about 8:12 a.m. on Monday, Newark police said they received a call reporting a sick individual near Newark Penn Station. Afterward, the department received reports of at least

10 more incidents around the city. Police suspect the individuals became ill after ingesting K2, better known as synthetic marijuana. No deaths were reported.

—Mariana Alfaro

BRONX

Teen Dies at School Football Practice

A teenager died Tuesday during football practice at a private Bronx high school, according to a school official.

Police identified the 14-year-old Mount St. Michael Academy student as Dominick Bess.

The freshman was playing noncontact football during a training session, the school said.

A Fire Department of New York spokesman said it received a report of a cardiac arrest at 9:32 a.m. at the school. "The student was treated immediately on campus and paramedics transported him to a local hospital," the school said. "His cause of death is not yet known."

—Melanie Grayce West

 Communities In Schools

In schools to break barriers.

A parent loses a job. A family loses a home. These are just some of the hardships Alina was coping with when she started at her new school. Jamall from Communities In Schools helped her settle in and map out a path to graduation. Along with his support, Alina's "no excuses" attitude has earned her a scholarship to her dream college. There are millions of at-risk kids like Alina who need help breaking barriers to stay in school and succeed in life.

See how we help all kids succeed.
CommunitiesInSchools.org



LIFE & ARTS

WORK & FAMILY | By Sue Shellenbarger

After a Bad First Impression...

An early slip can do serious damage with a boss, colleague or client; here's how to redeem yourself

IT'S A MOMENT FEW can avoid: You meet someone you want to impress but wind up starting with a glaring faux pas. That tone-deaf comment to a prospective boss or spilled coffee all over a customer can wreck everything.

The moment Angela Copeland showed up for a job interview at a California clothing company years ago, she knew it was over. She had the digital-marketing skills the company needed, but the interviewers wore Birkenstocks and casual clothing of natural fabrics and she showed up in heels and a black tailored suit. "I could immediately see the look on their faces, thinking, 'Why is she here?'" says Ms. Copeland, a career coach in Memphis, Tenn. She never got a second chance.

It's possible to recover from a bad first impression. But it takes time, effort and some nuanced skills.

"First impressions are very sticky," says Heidi Grant, author of "No One Understands You and What To Do About It," a book about the psychological factors that shape people's interactions. Those impressions are rooted in biased thought patterns, including the primacy effect—the tendency for the first few things people notice about someone to influence how they interpret information later, Dr. Grant says. Another pattern, called confirmation bias, causes people to notice only details that confirm what they already believe. "People see what they expect to see," she says.

When Ms. Copeland got off on the wrong foot with new acquaintances again a few years later, she knew how to repair the damage. At a leadership program she attended, other participants told her they saw her as cold and unfriendly at first. "I'm an introvert and I can be somewhat formal," she says.

But her colleagues said they felt friendlier to her after she talked with them one-on-one. "I took the time to get to know each person" and find common interests, Ms. Copeland says.

Spending a lot of facetime with someone can repair a bad start, Dr. Grant says. If you've made a bad impression on a manager who's about to become your boss, arrange to work out at the gym or hit the company cafeteria at the same time she does—not to stalk her, but to build familiarity with a casual greeting or wave.



ROB WILSON

Offering lots of evidence to counter a bad start can help. "If you're late for a meeting, make sure you're early every other time in the future, for a long time," says Alyssa Gelbard, founder and president of Resume Strategists in New York. Erasing a bad first impression takes patience, she says. "You can't just snap your fingers and make it go away."

Ms. Gelbard, who is in her mid-40s, was disappointed at a recent networking event when a senior executive in his 60s assumed she was younger and lacked senior-executive status, she says. He kept dropping such comments as, "That was before your time, so you couldn't relate."

She patiently worked to undo that impression, emailing him via LinkedIn, where her profile shows her 1996 M.B.A. and her years of experience as an executive-career consultant. She later went to a gathering where she

knew she would see the executive and others she knew at his level. She wove more evidence of her experience into the conversation. In time she overcame the executive's first impression and he became a valuable contact.

Poking fun at yourself can show you take your mistake seriously and want to make amends.

Drawing attention to common bonds, such as rooting for the same sports team, can help dispel bias, says a 2015 review of 119 studies led by Elizabeth Focella, a researcher at the University of Arizona at the time.

Poking fun at your own blunder can ease the tension. A little self-

deprecating humor can show you take your mistake seriously and understand how you made the other person feel, says Kate White, a former editor-in-chief of Cosmopolitan magazine and author and speaker on career issues.

If you muffed a job-interview question about your past accomplishments, follow up by sending work samples showing your skill, Ms. White says. "You want to dazzle them, to show that the underlying impression you made doesn't matter," she says.

Offering to help the other person reach an important goal can nudge her toward acceptance, Dr. Grant says. Use the collaboration as an opportunity to showcase your skills.

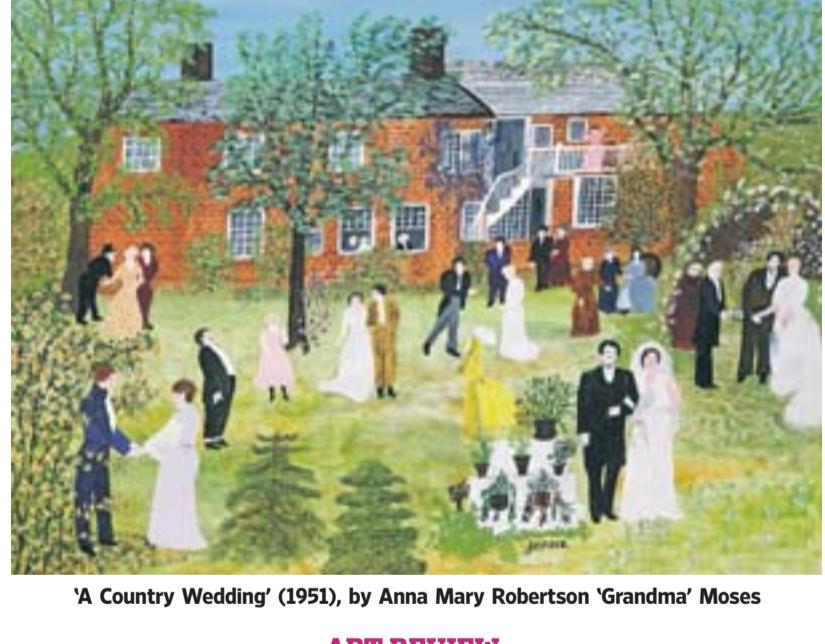
Opening up and sharing details about your experience can help erase others' negative views by evoking empathy, says the 2015 research review by Dr. Focella, a consultant with Portland, Ore.

based Research Into Action.

Eric Gates interviewed a job applicant at a previous employer several years ago who made a terrible first impression by confessing that he'd done prison time for dealing meth. Mr. Gates, an Austin, Texas, minister and former police officer, joked with the man about having been on opposite sides in the criminal-justice system, then made a conscious decision to move beyond his initial shock and re-evaluate the applicant, Mr. Gates says.

The man quickly showed "he wasn't the criminal he'd been in a previous life," Mr. Gates says, by describing his self-improvement efforts and handing Mr. Gates a list of people willing to serve as references.

"He came prepared to answer the tough questions," Mr. Gates says. He decided to take a chance and hire the applicant, and the man became one of his best employees.



BENNINGTON MUSEUM/GRANDMA MOSES PROPERTIES CO. NY

'A Country Wedding' (1951), by Anna Mary Robertson 'Grandma' Moses

ART REVIEW

SEEING AN ICON ANEW

BY KAREN WILKIN

Bennington, Vt. IN 1939, the Advisory Committee of the Museum of Modern Art organized its first exhibition installed in the Members' Rooms of the 53rd Street building. Titled "Contemporary Unknown American Painters"—"outsider art" wasn't yet coined—it showcased works by 18 artists, their names followed by such labels as "Milliner, Brooklyn," "Unemployed. The Bowery, N.Y." and—shockingly, to today's sensibilities—"Negro housewife, Missouri." One, Anna Mary Robertson "Grandma" Moses (1860-1961), a "Housewife, New York," was a farm woman who at age 78 began painting scenes of ru-

ral New England life. Her work had been discovered the previous year in a drugstore in upstate Eagle Bridge, N.Y.: charming bird's-eye views of barns and buggies, farmyards and clapboard houses, steeped churches and sleighs, populated by agile figures and lively animals. A year later, in 1940, Grandma Moses had her first solo exhibition, at New York's Galerie St. Etienne. She quickly became a full-fledged American icon, her images seen as emblematic of the values of postwar U.S. society. Moses' work was reproduced on greeting cards, calendars, tiles, fabric and dinnerware. In 1950, the U.S. Information Service circulated in Europe a large exhibition of her paintings. In 1953, after countless shows internationally,

Please see ART page A11

MUSIC

SURPRISE DANCE ALBUM

BY JOHN JURGENSEN

JOSHUA HOMME'S height—6 feet, 5 inches—is a big reason for the sweat-breaking pace of "Feet Don't Fail Me Now," the opening song of a new album by his rock band Queens of the Stone Age.

"That's the tempo I walk. That's my stride length," says the singer and guitarist, who was moving down a sidewalk when the tune took shape in his mind.

Movement is the message behind the band's seventh album, "Villains," which encourages listeners to live with urgency and gives them something to dance to in the process. The heavy rock of Queens of the Stone Age, abbreviated QOTSA and formed by Mr. Homme 20 years ago in the aftermath of grunge, has always had a groove to it. But to push itself forward, the band tightened the beat and intensified the swing of its new music.

Dancing is "the steam valve for joy, and I love being a part of that," says Mr. Homme, whose music has also inspired mosh pits and headbanging. His band recorded "Villains" with Mark Ronson, the producer whose song "Uptown Funk" had singer Bruno Mars dancing, along with countless wedding parties and proms.

From Billboard charts to festival stages, rock 'n' roll is largely missing in action as hip-hop, especially, defines pop culture.

Comment-section critics online are divided over "Villains" (out on Friday, Aug. 25),



Josh Homme of Queens of the Stone Age, seen here in July in Australia, has upped the tempo on his band's new album.

cular work suggesting that the band has surrendered some ground. For Mr. Homme, making danceable songs isn't a concession to the market forces of pop; it's a natural step for a band that has always stacked its songs with melodic hooks and an arch sense of humor.

QOTSA's signature tone—hypnotic, arid, ominous—is often identified with the desert setting in Southern California where Mr. Homme grew up and formed his first band, the "stoner rock" group Kyuss. His sound

Please see MUSIC page A11

LIFE & ARTS

MY RIDE | By A.J. Baime

The Jaguar XKR-S, Iron Maiden Edition

Nicko McBrain, 65, the Boca Raton, Fla.-based drummer for British hard rock band Iron Maiden, on his 2013 Jaguar XKR-S, as told to A.J. Baime.

I was 10 years old, walking down a street in North London with my dad, when we saw a Jaguar Mark X pass by. I'll never forget it. My dad turned and said, "That is the most beautiful car. I'm going to own one someday." When I started making money in the 1980s, I wanted to buy him a Mark X, but I lost him in 1985. He never did get to own one.

Around the time he passed away, I started driving these cars myself. On Iron Maiden's mid-80s World Slavery Tour, the whole band rented Jaguar XJ6s. There were five of us at the time, driving these cars across Britain. Two years later, I bought my first Jaguar (also an XJ6). Now I have four "cats" in my garage, and my daily driver is Priscilla (my wife Rebecca came up with the name), an XKR-S customized at the factory in England.

I had the Jaguar Growler logo made to look like Eddie, the Iron Maiden mascot, on the center wheel caps, the grille of the car, and embroidered on the seat backs. The writing on the car is done in Iron Maiden font—the word "supercharged" on the hood, the "Jaguar" on the wheels, and on the running board it says "Nicko McBrain XKR-S."

The glove box is done in piano-black lacquer, and on it is written the words "Made In Aluminum," with the extra i, the correct way of spelling the word [as it is spelled in Britain]. The car is the only XKR-S in the world with this color, Ultra Blue. At the time it was built, the supercharged 5.0-liter V-8 was the most powerful production Jaguar engine ever (550 horsepower). All in, I paid about \$150,000. I got a VIP deal on the custom work.

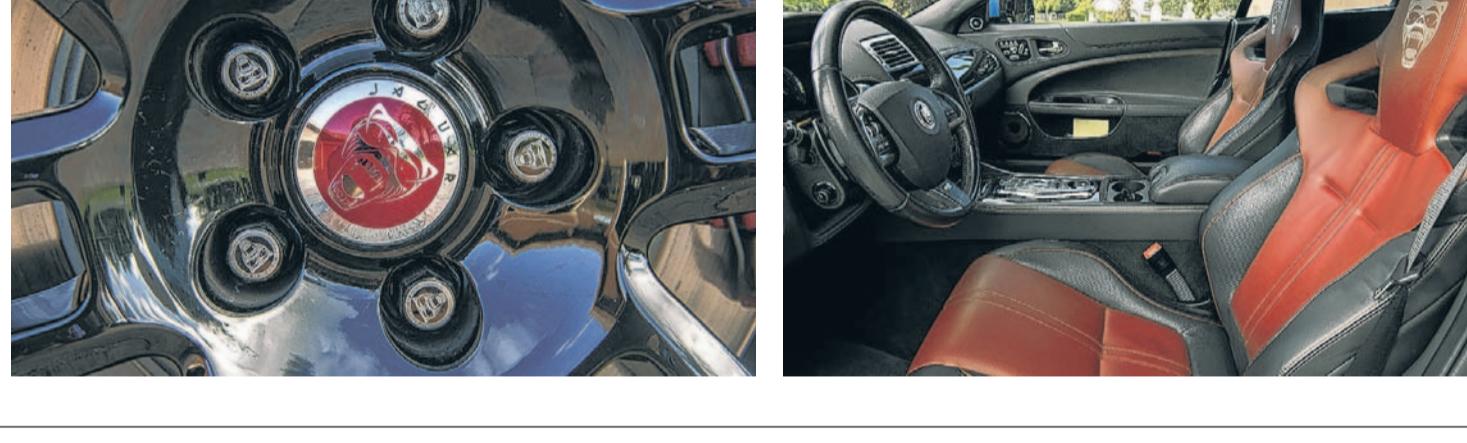
Just last week, we got a new cat in the litter. I bought my wife a new Jaguar F-Type R. That car has basically the same engine as Priscilla, but it's a lighter vehicle, so that means it's the fastest pussycat in my garage.

I'm not so much a petrol head that I know the torque values on all kinds of cars. I'm just a Jag nut. That's me.

Contact A.J. Baime at Facebook.com/ajbaime.



Nicko McBrain with the car he calls Priscilla, his custom 2013 Jaguar XKR-S, in his driveway in Boca Raton, Fla. The Jaguar 'Growler' logo was customized to look like Eddie, Iron Maiden's mascot, on even the lug nuts, bottom left, and seat backs, bottom right.



JOSH RITCHIE FOR THE WALL STREET JOURNAL

ADVERTISEMENT

Showroom

To advertise: 800-366-3975 or WSJ.com/classifieds

PORSCHE



Our priority is *you*.

> PORSCHE

17 911 Turbo S Coupe PDK	Black/Black	1K mi	\$192,900
17 911 Carrera S Coupe PDK – Save \$15K	Carmine Red/Black	2K mi CPO	\$121,900
16 911 Carrera 4S Cabriolet PDK	Black/Espresso	20K mi CPO	\$114,900
16 Cayman GT4 Coupe Manual, PCCBs	White/Black	16 mi	\$129,900
16 Cayenne S E-Hybrid	Moonlight Blue/Black & Cream	8K mi	\$75,900
15 911 Carrera S Coupe Manual	Guards Red/Black	7K mi CPO	\$94,900
15 Macan Turbo	White/Black	6K mi CPO	\$69,900
14 911 Carrera 4S Cabriolet PDK	Basalt Black/Black & Beige	14K mi CPO	\$94,900
12 911 Carrera S Cabriolet PDK	White/Luxor Beige	31K mi CPO	\$74,900
11 911 GT3 Coupe Manual	Basalt Black/Black	6K mi	\$129,900
11 911 Carrera S Coupe Manual	Dark Blue/Beige	21K mi CPO	\$69,900
08 Cayman S Coupe Manual	Atlas Grey/Black	10K mi	\$39,900
03 911 Carrera Cabriolet Manual	Seal Grey/Grey	45K mi	\$33,900

> MERCEDES-BENZ

16 S 63 AMG Coupe	Obsidian Black/Black	17K mi CPO	\$124,900
14 SL 550 Convertible	Black/Black	28K mi CPO	\$65,900
89 560 SL – 2 Owner!	Arctic White/Grey	24K mi	\$59,900

> BMW

18 M760Li xDrive	Black Sapphire/Black	126 mi	\$166,900
16 X5M	Long Beach Blue/Aragon Brown	1K mi	\$94,900
16 535d xDrive	Mineral White/Black	4K mi CPO	\$58,900
88 M6 Coupe	Schwarz Black/Grey Leather	37K mi	\$89,900

> SPECIAL INTEREST

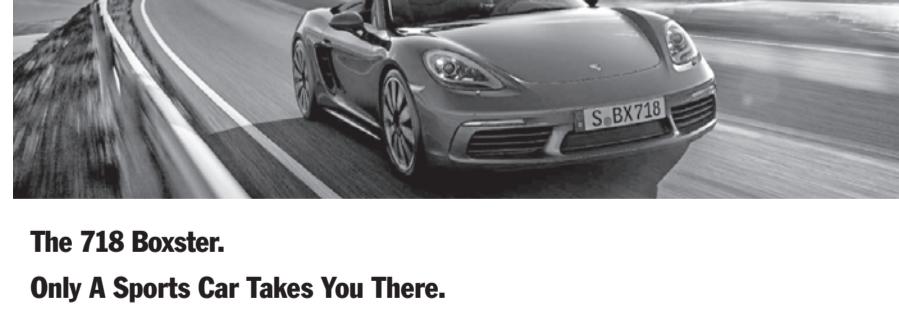
89 Ferrari Testarossa	Rosso Corsa/Crema	2K mi	\$199,900
84 Ferrari 512 BBi	Rosso Corsa/Beige	24K mi	\$349,900

877-362-9770 | Springfield, IL
sales@isringhausen.com | isringhausen.com



Nationwide Delivery

©2017 Porsche Cars North America, Inc. Porsche recommends seat belt usage and observance of traffic laws at all times.



The 718 Boxster.

Only A Sports Car Takes You There.



877-362-9770 | Springfield, IL

isringhausen.porschedealer.com

Featured Porsche Inventory:

911 Turbo S Cabriolet	Jet Black/Black & Red	\$209,490
911 GTS Coupe PDK	Agate Grey/Black	\$139,870
911 Carrera S Cabriolet PDK	Agate Grey/Black	\$152,365
911 Carrera S Cpe Endurance Racing Edt. PDK	Black/Black	\$152,365
911 Carrera S Coupe Manual	Mexico Blue/Black	\$128,710
911 Carrera 4 GTS Coupe PDK	Black/Black	\$143,870
911 Carrera 4S Cab. PDK	Agate Grey/Black & Red	\$146,955
911 Carrera 4S Coupe Manual	Graphite Blue/Black	\$127,805
Panamera 4S Hatchback	Jet Black/Black	\$118,655
Cayenne GTS	Moonlight Blue/Black & Cream	\$110,960

All prices exclude Tax; Title; Registration and Licensing; Delivery and Handling Fees; Dealer Charges. Dealer is not responsible for pricing errors.

Premier

Porsche Dealer



PORSCHE

FERRARI

OFFICIAL
Ferrari
PRE-OWNED

One of the finest selections of concours-quality, high option, low mileage, Ferrari-certified vehicles available.

COLLECTIBLES

14 FIA 458 GT3 \$475K

11 GTO Blk/Blk 2k \$719K

08 Scuderia Gry 7k \$240K

05 SuperAmerica Red/Bge \$398K

04 575M Blk/Bla \$145K

99 355 Spider Series Fiorano Blk/Bge \$145K

83 BB512i Red/Blk 1 owner \$349K

04 575M Blk/Bla \$349K

MODERN 12 CYLINDER

17F12 Blk/Blk 400 mi \$329K

17 F12 Red/Tan On Display

17 F12 Blk/Blk 2k DEMO

16 F12 Blk/Blk 6k \$289K

15 FF Whl/Blk 6k SOLD

15 F12 Dk Gry 4k \$289K

15 FF Blk/Bge 3k \$199K

14 F12 Blk/Bla \$199K

11 GTO Blk/Blk 2k \$179K

04 575M Blk/Bla \$145K

488 MID ENGINE

17 Spider Red/Tan 1k Call

17 Coupe Blk/Bla 1k Call

458 MID ENGINE

14 Coupe Blk/Tan 1k \$249K

14 FIA GT3 Rare \$475K

14 Coupe Blk/Bla 4k \$229K

13 Spider Nero/Coulo 11k \$219K

13 Spider Blk/Bla 2k \$245K

13 Spider Red/Bla 1k DEPOSIT

12 Coupe Gry/Bla Blk 1k \$199K

CALIFORNIA

17 Blk/Bge Speciale DEMO \$209K

16 S/DkBlm 1k Call

16 Red/Bla Speciale 1k SOLD

15 Red/Tan 3k \$179K

15 Red/Tan 2k \$187K

15 Whl/Blu 16k \$169K

14 Red/Tan 5k SOLD

13 Ok/Red/Bla Bge 5k \$149K

13 Yel/Bge 4k SOLD

12 Gry/Blk Bge 12k \$139K

12 Blk/Bla 11k \$139K

10 Red/Tan 22k \$99K

430 MID ENGINE

07 Spider Red/Tan 4k SOLD

06 Spider Red/Tan 12k \$129K

06 Coupe Blk/Tan 11k \$119K

360 MID ENGINE

03 Spider Blk/Bge 13k SOLD

03 Spider Red/Bla 13k \$89K

348 TS

90 Targa Red/Bla 15k SOLD

LIFE & ARTS

ART

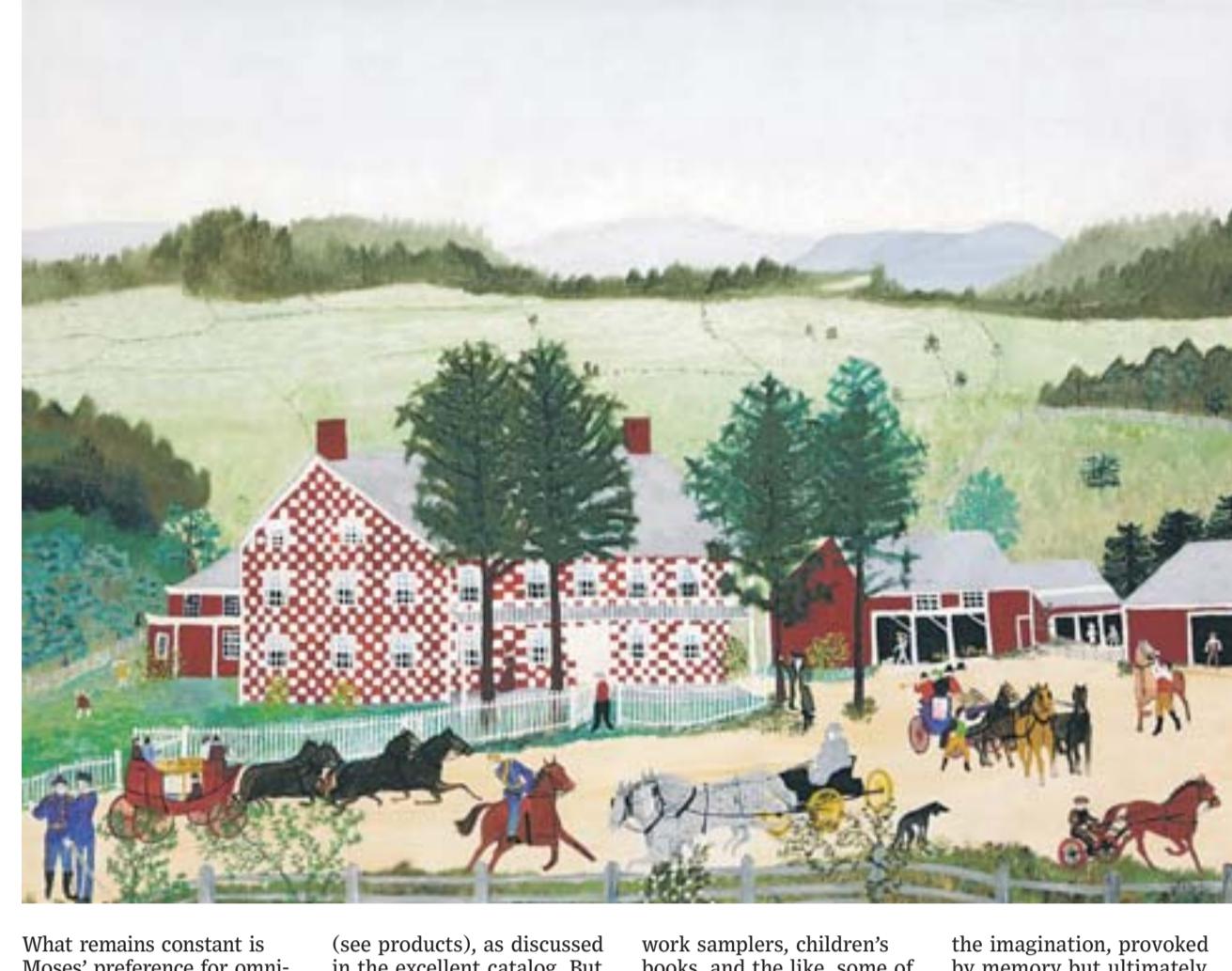
Continued from page A9
she appeared on the cover of Time magazine, a perfect embodiment of a salt-of-the-earth unsophisticate, with her cheerful grin, rimless glasses, and white top-knot; a country church in winter, from one of her paintings, was seen behind her. In her 90s, she was featured on television, including on Edward R. Murrow's "See It Now."

Modernism has long embraced the work of self-taught artists—think of Henri Rousseau—while today they are viewed with increasing admiration. Yet despite Moses' debut at MoMA and her representation by a respected New York gallery, her popularity and celebrity compromised serious appreciation of her art. Now, "Grandma Moses: American Modern," at the Bennington Museum, Vermont, offers a fresh evaluation of this well-known but problematic figure. Co-organized with the Shelburne Museum, Vermont, where it was seen earlier, the exhibition is a comprehensive survey of Moses' career, contextualized by a small group of works by her "schooled" modernist contemporaries, including some who are on record as admiring her paintings.

In the Bennington Museum installation and in his fine catalog essay, the museum's curator Jamie Franklin creates informative juxtapositions with works by Helen Frankenthaler, Joseph Cornell, Andy Warhol and Fernand Léger, among oth-



Grandma Moses (1860-1961) in 1958, above, and her 'The Old Checkered House, 1853' (1944), right



BENNINGTON MUSEUM/GRANDMA MOSES PROPERTIES CO. NY (2)

ers, underscoring the obvious differences among them, but finding unexpected commonalities in their attitudes toward nature and their ways of working. We learn, for example, that Moses, like Warhol, often repeated images, as we discover when we track a checkered house from picture to picture.

The generous selection of Moses' paintings at the Bennington Museum allows us to follow her evocations of different seasons and of subjects as diverse as the Battle of Bennington, which includes the commemorative monument erected a century after the event; a country wedding in the 1890s; boiling maple sap for syrup; and the Eagle Bridge hotel, with buggies in the foreground and a locomotive spewing smoke. We can follow, too, her growing mastery of composition, over the years, and note the way she heightened textures and simplified shapes in her last works, painted when she was 100. (She is supposed to have said she thought she was becoming more "modern.")

What remains constant is Moses' preference for omniscient, panoramic views, her reliable sense of placement, and her ability to animate and punctuate complex scenes with busy figures and animals whose activities are always completely intelligible.

We can enjoy the paintings' idyllic vision of a now-vanished, unspoiled, pastoral world governed by the seasons, marvel at a display of vintage Grandma Moses spinoff products, or meditate on the political value of her imagery for 1950s America

(see products), as discussed in the excellent catalog. But we are also given ample evidence, discovered by recent research, that Grandma Moses was not simply a little old lady innocently depicting her memories. Instead, she proves to have been a thoughtful interpreter of existing imagery, whose father painted landscapes. She was largely ignorant of art history and contemporary art, but she was responsive to suggestions from photographs, advertisements, chromolithographs, needle-

work samplers, children's books, and the like, some of which she clipped and saved in a trunk of what she called "art secrets," often tracing the outlines of particular images for her paintings. Once alerted to this by a selection of original material, we look differently at, for example, a foreshortened horse-drawn sleigh in a snow scene.

"Grandma Moses: American Modern" reveals that while Moses' paintings are about her long experience of traditional farm life, they are also considered works of

the imagination, provoked by memory but ultimately invented from a combination of observation, recollection and what might be called appropriation. They're no less charming once we know this. If anything, we gain new respect for the "Housewife. New York."

Grandma Moses: American Modern

Bennington Museum,

through Nov. 5

Ms. Wilkin is an independent curator and critic.

FROM TOP: ANDREAS NEUMANN; BONEFACE (2)

MUSIC

Continued from page A9
also owes something to a less sexy part of his roots: the polka lessons he took when starting to learn the guitar at age 9 because that's what the local music teacher favored.

"It's the best investment I ever made. When people hear about [the polka period] they say, 'Oh my God, it's everywhere!' Mr. Homme says, pointing to the spiky oompah, oompah that powered his band's biggest hit single, 2002's "No One Knows."

"I feel like I've been writing the same riff for years, trying to get it right. It's not because it's all I can do. It's because I know there's this perfect version out there and it's worth pursuing," he says. The squirming fuzz-guitar line on new single "The Evil Has Landed" dates back 15 years, he says, but he and his bandmates only recently nailed it down. "It was tied with monofilament lines to my brain, just dragging on the ocean floor...if a riff is really good, I'll remember it."

After the more brooding 2013 album "...Like Clockwork," Mr. Homme's music and outlook were reshaped by both tragic and triumphant events. In 2015, a side band that he formed with friend Jesse Hughes, called Eagles of Death Metal, was at the center of the terrorist attack on Paris in 2015. Mr. Homme wasn't performing with the band at the Bataclan theater, where 90 people were killed. The shock and mourning "reshuffled and re-prioritized my life so quickly. You want to talk about spring cleaning of people, relationships, ideas? My priorities were so clear and I only had a few. Family, friends, work. That's it."

Around that time he also made an album with a hero he had long admired from afar, Iggy Pop. In addition to his huge musical impact (with proto-punk band the Stooges and albums he made with David Bowie in the late 1970s), Mr. Pop offered the allure of a rock survivor who withstood infi-

mous substance abuse and a gonzo performance style. Mr. Homme says he long thought of Mr. Pop as an "intake litmus test" to rationalize his own party levels.

"Once I got to know him, those things didn't mean anything anymore," he says. In producing the album "Post Pop Depression" and touring with Mr. Pop, now 70, the 44-year-old rocker says that he learned how to age with integrity in an art form that fetishizes youth. Mr. Pop "was a beacon in the night of the future, of something to be." In the new song "Un-Reborn Again," Mr. Homme sings, "Everyone is drowning in the fountain of youth."

A less public force in QOTSA's creative process came from a young visual artist from England known as Boneface. After he provided illustrations and animations for the previous album, the band invited him to play a more immersive part in the new one. Boneface occupied a desk in the recording studio and drew the songs as QOTSA wrote and recorded them.

Mr. Homme describes Boneface as a "visual part-



Queens of the Stone Age. From left: Jon Theodore, Dean Fertita, Joshua Homme, Michael Shuman and Troy Van Leeuwen

ducer and engineer Mark Rankin). Says Mr. Homme, "When I see something that he's drawn that really resonates, it refocuses my effort on lyrical stuff and the con-

versation about songs and what they're supposed to do. Saying it out loud also impacts what he's doing visually and creates this circular excitement."

"Domesticated Animals," a song with a staggered rhythm and grim lyrics about groupthink, led Boneface to draw a suited man snarling out of a cone collar



The cover of Queens of the Stone Age's seventh album, top, and the illustration for the song "Domesticated Animals," both by the artist known as Boneface.

ner" whose illustrations helped build momentum in the studio (with guitarist Troy Van Leeuwen, keyboardist Dean Fertita, bassist Michael Shuman, drummer Jon Theodore, and co-pro-



This
is
Not
Your
Grandfather's
Office
Chair

X-CHAIR

30 DAY Risk Free Trial | FREE Shipping | \$100 off

Free footrest with code: FreeFootrest

BuyXchair.com | 844-4-XCHAIR | Corporate Discounts Available

**EXTRA
COMFORT
IN EVERY
STEP**



The Un-Sneaker™ goes to work.

You deserve insane comfort 24/7. So why not treat your feet to the Hubbard 24 Seven?

SAMUEL HUBBARD.COM

SHOEMAKERS SINCE 1930

Free shipping and returns. Order online or call 844.482.4800.

SPORTS

BASKETBALL

The GM Behind the Biggest NBA Trade

Koby Altman was a real estate broker 10 years ago. Now the new Cavs GM, he just traded Kyrie Irving.

BY BEN COHEN

KOBY ALTMAN had a summer vacation planned. He canceled it. Altman was too busy at work: He suddenly found himself in charge of the most delicate situation in professional sports.

Altman was largely unknown among basketball fans before last month. There's a reason for that. It has been only 10 years since he left a successful career in New York commercial real estate, helped coach a Division-III basketball team to cover his graduate-school tuition and took an unpaid assistant's job in the Ivy League.

Now he's the general manager of the Cleveland Cavaliers—and on Tuesday night he pulled the trigger on a massive deal as the Cavs traded Kyrie Irving to the Boston Celtics in exchange for Isaiah Thomas, Jae Crowder, Ante Zizic and the Brooklyn Nets' 2018 first-round draft pick.

Altman's very first trade as a GM was the biggest trade of the entire NBA season.

"If you told me 10 years from now that I'd be sitting up here," the 34-year-old Altman said as Cavs owner Dan Gilbert introduced him last month, "I would've told you you're crazy."

He might have said that last year too, until the chaotic series of events that coincided with the assistant GM's elevation.

After the Cavs lost in the NBA Finals, Gilbert declined to renew the contract of David Griffin, leaving Cleveland without a general manager days before the draft and the beginning of free agency. The Cavs whiffed on their blockbuster trade attempts. The chatter that LeBron James might leave next summer got louder. And then Irving turned the NBA world upside down by requesting a trade.

The best team in the conference with the best player in the league was in such disarray by the time the Cavs promoted Altman to GM on a full-time basis that there was not a single question about him at his own hiring press conference.

But getting this job under extremely unusual circumstances was oddly appropriate. Altman's basketball career has been unusual from the very beginning.

He grew up in Brooklyn a few blocks from what's now the Barclays Center before going to Middlebury through a program called The Posse Foundation that places talented students from the inner city at highly selective institutions. Altman was admitted before the basketball coach knew who he was. In two decades at Middlebury, Jeff Brown said, Altman is the only starter he began recruiting after he'd already decided to

Cleveland Cavaliers general manager Koby Altman chats with the media in July.



DAVID LIAM KYLE/NBAE/GOTTY IMAGES

attend the school.

His first job in basketball was equally unlikely.

For three years after college, Altman worked in New York at Friedman-Roth Realty, learning to negotiate deals by staying late at night. He showed such promise that he was rewarded with a cheap, rent-regulated apartment in downtown Manhattan "that any 23-year-old kid in New York City would give his eye teeth for," said Joel Radman, a managing partner at the brokerage firm.

Altman then quit and enrolled at the University of Massachusetts to pursue a master's degree in sport management while coaching basketball at the nearby D-III school. "I thought he was out of his mind," Radman said.

Amherst coach David Hixon didn't recognize Altman when he walked into his office unannounced one day in 2007 wearing a suit and tie. He was still impressed enough to hire Altman on the spot. He spent two years at Amherst and one season at Southern Illinois before hearing through connections at USA Basketball that Columbia needed a young, quantitative assistant coach.

There was a catch. Ivy League

basketball teams pay two of their three assistants. Altman was the third assistant. The position was unpaid. He took the job anyway, moved into his childhood apartment and started around the time LeBron James relocated to Miami for his own new job. At that point he'd only worked in college basketball, but it wasn't a secret that Altman wanted to be in the NBA.

"I was just enthralled with it," he said. "I was so interested in getting into a front office." He'd picked the right Ivy League school. Columbia coach Kyle Smith had worked under San Diego coach Hank Egan, the godfather of a quietly powerful NBA mafia, and Smith connected Altman with one of his former players: Cavs general manager Chris Grant.

He was hired as Cleveland's manager of pro personnel in 2012. Over the next five years, first under Grant and especially under Griffin, Altman climbed the ranks and took on more responsibilities.

The job changed, however, when he was refreshing Twitter before a summer game in 2014 and saw the report: James was coming back to Cleveland. "This can't be true," he thought. His phone soon buzzed with "more texts than I've gotten

in 10 birthdays combined," Altman said. With one tweet the Cavs had become a contender.

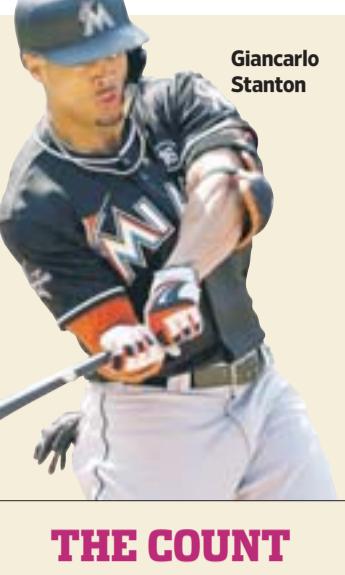
They won the first title in the history of the franchise last year, but it wasn't enough to save Griffin's job as the GM. He left in June with his deputy—Gilbert has never given a second deal to any of his GMs—and Altman was the Cavs' decision-maker almost by default.

The situation that Altman inherited is what makes his new job unconventional. A typical GM takes over a team because it's bad. Altman was thrust in control of a team that has been to three straight Finals, built to win now.

"We've been doing this now for three straight years," Altman said. "You put your head down and keep plowing."

All that plowing earned Altman a haul for Irving that was larger than anyone expected. Thomas is an All-Star point guard. Crowder is a valuable wing defender with an even more valuable contract. The Nets' pick in next year's draft could be No. 1 overall again.

The people who have known Altman longest said long before Tuesday night that he was ready for the opportunity. They turned out to be right.



THE COUNT SLUGGERS CARRY THE NL

Conventional wisdom dictates that in baseball, the American League generally produces more offense than the National League. It isn't exactly complicated to figure out why.

That's what happens when you take the pitcher, a player whose biggest responsibility at the plate is to avoid hurting himself, out of the lineup and replace him with the designated hitter. Since the DH was introduced in 1973, the AL has a cumulative on-base-plus-slugging percentage of .741, compared to .722 in the NL.

But this year, the Senior Circuit has a rare opportunity to declare offensive supremacy in a way unseen in decades. Entering Tuesday's action, the NL had a .752 OPS to the AL's .753, meaning that with one final power surge, the National League could finish ahead for the first time in more than 40 years. The two leagues both finished with a .681 OPS in 1976 when rounded to three decimal places, but the NL came out ahead by a margin of .0003 with more precise calculations. Just last season, the AL out-OPSD the NL, .744 to .734.

Entering Tuesday, of the 10 players currently atop MLB's OPS leaderboard, eight play for a National League team, including the top five. Led by Cincinnati's Joey Votto, the group of sluggers includes Arizona's Paul Goldschmidt, Colorado's Charlie Blackmon, Washington's Bryce Harper and Miami's Giancarlo Stanton, who is on pace to hit close to 60 home runs.

—Jared Diamond

Closing the Gap

The OPS (on-base-plus-slugging percentage) of AL and NL teams.

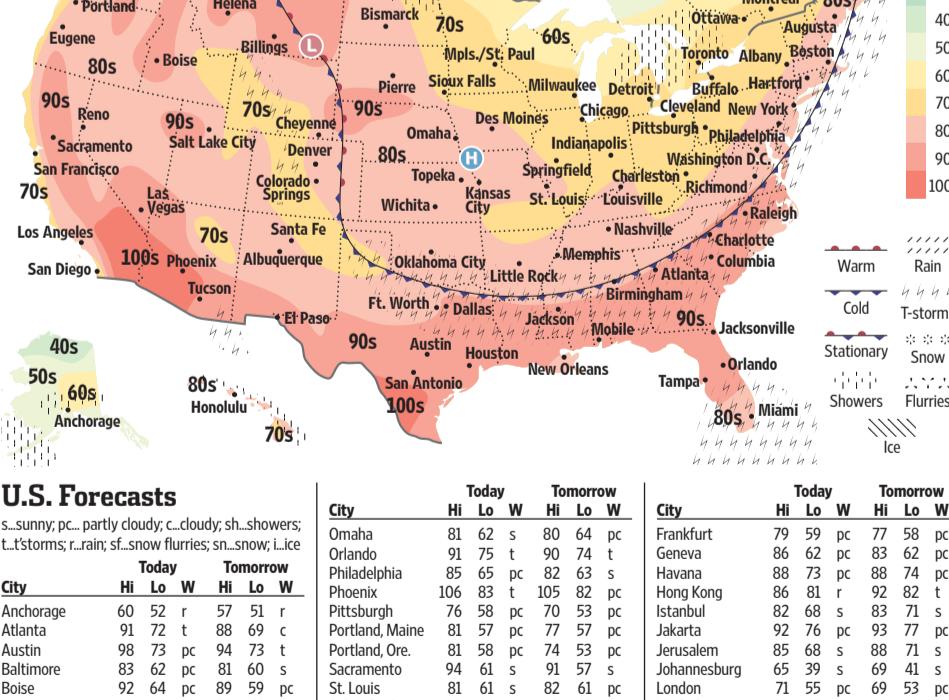
SEASON	AL	NL	DIFF.
2017	.753	.752	.001
2016	.744	.734	.010
2015	.730	.713	.017
2014	.706	.694	.012
2013	.725	.703	.022

Note: Entering Tuesday's play

Source: Stats LLC; WSJ

RICH SCHULTZ/ASSOCIATED PRESS

Weather



U.S. Forecasts

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

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

City Today Tomorrow

Hi Lo W Hi Lo W

Anchorage 60 52 r 57 51 r

Atlanta 91 72 t 88 69 c

Austin 98 73 pc 94 73 t

Baltimore 83 62 pc 81 60 s

Boise 92 64 pc 89 59 pc

Boston 80 63 pc 78 61 pc

Burlington 78 57 pc 74 54 pc

Charlotte 91 68 t 87 66 c

Chicago 76 59 s 72 55 pc

Cleveland 78 60 pc 73 58 pc

Dallas 90 75 t 86 70 pc

Detroit 87 57 c 86 55 t

Honolulu 88 74 pc 87 75 pc

Houston 96 77 t 91 76 t

Indianapolis 78 57 pc 76 56 pc

Kansas City 80 58 s 80 62 s

Las Vegas 98 78 pc 101 81 s

Little Rock 82 63 c 82 64 s

Los Angeles 80 65 pc 79 66 pc

Miami 89 79 t 88 77 t

Milwaukee 74 59 s 69 56 s

Minneapolis 74 57 s 72 56 pc

Nashville 85 63 c 84 62 s

New Orleans 89 76 pc 89 78 t

New York City 83 67 t 79 63 s

Oklahoma City 86 61 pc 86 64 s

International

Today Tomorrow

Hi Lo W Hi Lo W

Amsterdam 79 59 pc 70 57 pc

Athens 87 74 s 88 72 s

Baghdad 109 80 s 110 80 s

Bangkok 92 80 t 91 79 t

Beijing 90 71 r 87 66 s

Berlin 70 51 pc 74 57 pc

Brussels 83 57 pc 72 54 pc

Buenos Aires 73 58 c 73 61 c

Dubai 108 90 s 104 88 s

Dublin 66 52 c 64 54 c

Edinburgh 68 51 r 64 53 sh

Today Tomorrow

Hi Lo W Hi Lo W

Frankfurt 79 59 pc 77 58 pc

Geneva 86 62 pc 83 62 pc

Havana 88 73 pc 88 74 pc

Hong Kong 86 81 r 92 82 t

Istanbul 82 68 s 83 71 s

Jakarta 92 76 pc 93 77 pc

Jerusalem 85 68 s 88 71 s

Johannesburg 65 39 s 69 41 s

London 71 55 pc 69 53 pc

Madrid 98 67 pc 97 70 pc

Manila 88 79 sh 85 79 t

Melbourne 61 43 sh 75 41 pc

Mexico City 77 55 pc 77 56 pc

Milan 89 63 s 90 67 pc

Moscow 77 58 r 65 52 sh

Mumbai 86 80 t 86 80 t

Paris 81 57 pc 77 59 pc

Rio de Janeiro 75 63 pc 75 63 pc

Riyadh 110 83 s 107 80 s

Rome 84 65 s 86 65 s

San Juan 89 77 pc 90 79 pc

Seoul 82 77 r 81 70 r

Shanghai 94 82 s 96 82 s

Singapore 89 82 t 89 79 t

Sydney 70 50 s 63 49 sh

Taipei 97 81 t 96 81 t

Tokyo 90 78 pc 88 79 pc

Vancouver 73 52 pc 67 50 pc

Vancouver 71 55 c 68 52 pc

OPINION

The Great Nazi Scare of 2017



BUSINESS WORLD
By Holman W. Jenkins, Jr.

Well, that was a bit embarrassing. Antifascist liberal mountaineers have kenne against a Nazi threat that proved nonexistent or thin on the ground. Leftists imagined themselves to be modern-day versions of the Czech resistance or the Warsaw uprising, but it turns out they were the majoritarian mob shouting down a handful of losers who've been an execrable but small part of the American pageant for as long as most of us can remember.

We don't know what speakers at Saturday's "free speech" rally in Boston might have said. It was organized, according to the local papers, by libertarians protesting campus speech codes, though they opened their platform to anybody, left and right. The meeting ended early; the speakers were all drowned out. Nazis and white supremacists, if any were present, were shown to be vastly outnumbered by Americans who reject such doctrines.

To state another obvious point, our civil liberties are meaningless if they don't protect unpopular views. It's not the mob but the mob's targets that need protection.

For the record, of the 20th century's malign ideologies, Nazi ideas of who should be

murdered and why strike me as slightly more odious and frightful than Maoist or Stalinist ideas of who should be murdered and why. The applicability to current U.S. events is slender, though.

More relevant is the principle that large mobs are more dangerous than small mobs, and likely to harbor more psychopaths. Apparently running out of Nazis to resist, Boston protesters threw rocks and urine-filled bottles at police. Any shortage of white supremacists can always be corrected by expanding the definition. Opponents of a \$15 minimum wage are racist. Skeptics about a pending climate crisis are racist. Anyone questioning the utility of pulling down old statues is racist.

The slippery slope of civil rights erosion is manifest every time certain members of the vituperative left open their mouths.

Hard to escape is a lesson about incentives: Majoritarian violence is the predominant risk even when its targets are people otherwise impossible to sympathize with.

Which brings us back to Charlottesville. Serious professionals in every field know first reports are unreliable. We aren't counting certain modern-day news sites, of course. Their job is manipulating passing, news-related symbols in ways that pleasure their target audiences. Bandwagons are their profession.

For the record, however, Donald Trump's press conference, in its entirety, is available

online and takes 23 minutes to watch. He did not fail to denounce Nazis and racists.

An account of events in Charlottesville is also taking shape. Mr. Trump feels he has been treated unfairly. Guess what? That's politics. Your opponents aren't required to give you a break. Outsmart them. President Obama would

break up fights. Neither supported the Nazis, and both promptly withdrew when the governor declared an "unlawful assembly."

In a tweet she has been made to regret, the New York Times's Sheryl Gay Stolberg reported: "The hard left seemed as hate-filled as alt-right. I saw club-wielding 'antifa' beating white nationalists being led out of the park."

For its part, the FBI has put out a call for witnesses and video of James Alex Fields Jr. before he got in his car.

Messrs. Trump and Obama may have different ideological bents, but no president wants to be consumed by passing political furies. Every president over a longer horizon, we also semi-confidently presume, would have a chief magistrate's willingness to let the true facts emerge and fill in public perception of events.

Many reputations are now tied to a false version of what Donald Trump said, and a version of events in Charlottesville that may or may not survive careful documentation. Do not expect moral courage or any apologies. Mobs are mobs. Nazis whose every thought is reprehensible will still quail in the face of a lawless crowd. CEOs of publicly traded companies are not in the business of being brave. And yet the natural order is holding. Neo-Nazis and white supremacists may be a continuing American embarrassment and eyesore, but they are not today's most pressing threat to our civil liberties.

According to Charlottesville's Daily Progress, there were two armed militias, one representing a pro-Constitution group, the other a left-wing group. No shots were fired. They worked together to

Fear the majoritarian mob, whatever its ideological predisposition.

spoken carefully, starting with: Though we don't have all the facts, one thing Americans can agree about is that Nazi ideology and racial hatred are offensive to American ideals.

Even an Obama Justice Department, though, would be open to the possibility that Americans holding a legally permitted rally were beset by a mob while police failed to keep order, if that's what the facts eventually showed. From the Washington Post comes an interesting social characterization of today's young white nationalist idiots—but also a description of how their van was attacked with flying bottles and other objects.

According to Charlottesville's Daily Progress, there were two armed militias, one representing a pro-Constitution group, the other a left-wing group. No shots were fired. They worked together to

BOOKSHELF | By A. Roger Ekirch

Hell Afloat In Wallabout Bay

The Ghost Ship of Brooklyn

By Robert P. Watson
(*Da Capo*, 288 pages, \$28)

A French prison inspector wrote in 1837: "It is to the prisons that the historian must go if he is to make a sane judgment of a people's moral state." As in peace, so too in war, to judge from the confinement of American revolutionaries aboard derelict British warships known as "hulks," a controversial practice Robert P. Watson describes in "*The Ghost Ship of Brooklyn: An Untold Story of the American Revolution*."

If not short, America's Revolutionary War was often nasty and brutal, a fact that historians have amply documented over the past three decades. It was an uncivil war, particularly on the part of loyalists and patriot militia, unbridled by the constraints that commanding officers imposed on regular troops. Eager to win civilian support and bolster enlistments, military leaders on both sides had a strong incentive not to pillage the property or endanger

the lives of noncombatants. During the first years of the fighting, the British remained all the more reluctant to employ harsh measures, since they hoped to negotiate an early surrender. Gen. William Howe, the commander in chief of British forces beginning in September 1775, threatened soldiers with execution for molesting civilians or burning property.

But no such priorities governed the treatment of American prisoners, who, British authorities vainly hoped, would remain out of sight if not out of mind. This was not to be the first time that London policy makers had resorted to subterfuge to avert public clamor, whether by dumping convicts on American shores before the war, rather than construct prisons at home for "free-born Englishmen," or by pressing British sailors on merchant vessels into the Royal Navy, rather than dredge domestic ports.

Hulks were moored chiefly in the waters of New York Harbor after the city's occupation by the British in the summer of 1776. Before the war ended, more than two dozen vessels lay anchored in the vicinity of Manhattan. Samuel Johnson memorably compared life at sea to being in a jail with the chance of drowning. Hulks posed no such risk, but arguably prisoners would have fared better braving the North Atlantic. At the least, the air would have been less toxic, and there might have been lower mortality rates from scurvy, dysentery and typhus.

Instead, prisoners, principally consisting of privateers and merchant seamen, not soldiers, found themselves crammed into lower decks reeking of urine, excrement and vomit with little ventilation owing to sealed gunports, inadequate vents and limited access to the main deck. Malnourishment, as a consequence of fetid water and scarce provisions, was rampant, as were rats and mosquitoes. Corpses were routinely heaved aboard, whose bones two decades later would still litter nearby shorelines.

The Jersey, a British warship docked off Brooklyn during the American Revolution, served as a prison where some 11,500 perished.

Overcrowding was the principal problem: Before the Battle of Saratoga, American authorities simply did not have enough British prisoners to swap. But Britain's resources were limited as well: During the winter of 1776, food shortages in New York also afflicted British troops. Even so, the cruelty shown by guards aboard the hulks was horrific, compounded by the criminal negligence of prison commissioners.

Nowhere were conditions worse than aboard the Jersey, a dismasted, decrepit warship with a decaying black hull anchored in the shallow channel of Brooklyn's Wallabout Bay. Nicknamed "Hell Afloat," the ship routinely confined more than 1,000 men. A fair estimate, according to Mr. Watson, puts the number of prisoners who perished aboard the Jersey between the ship's arrival in 1778 and the British army's departure in 1783, at roughly 11,500. This was greater than the death toll suffered by American combatants in the field during the Revolution.

Too often, as if the ship's wretched conditions were not obvious enough, Mr. Watson's language is gratuitously hyperbolic. Certainly it is a stretch to allege that Howe appointed "as prison commissioners men with a lust for blood." Mr. Watson also contends that authorities deliberately sought to "frighten patriots into submission" by consigning prisoners to the "cursed ghost ship." Quite the contrary. The British feared that news of the hulks, though isolated offshore, would leak, as it did in newspapers, which only steeled the resolve of independence-minded Americans.

Far from seeking to cow the Continental Army into surrendering, military commanders repeatedly denied the mistreatment of prisoners.

Mr. Watson acknowledges the reluctance of American authorities to exchange, man for man, able-bodied British regulars for civilian privateers. Late in the war, Congress even blocked a potential exchange whereby Redcoats,

traded for seamen, would have been sent home and forbidden to rejoin the fighting for one year, an idea to

which George Washington warmed, given his longstanding frustration over reports of British abuse.

"The Ghost Ship of Brooklyn" offers a readable, if at times melodramatic, account of the worst atrocity committed by either side during the Revolutionary War, as well as a damning portrayal of the British military's "moral state." Especially compelling are the vivid recollections of former prisoners, not least a cabin boy from Rhode Island who, in September 1781, escaped by swimming more than two miles to Long Island. Contrary to the book's subtitle, however, the story of the Jersey and other hulks has not gone "untold." Earlier works, including "Forgotten Patriots" by Edwin G. Burrows, have told it very well. Published in 2008, Mr. Burrows's book remains the most authoritative and comprehensive history of American prisoners and their mistreatment.

Mr. Ekirch, a professor of history at Virginia Tech, is the author of "American Sanctuary: Mutiny, Martyrdom, and National Identity in the Age of Revolution."

We Need a DUI Test for Marijuana

By Ethan Siegel
And Alex Berezow

Cheylyn Ranae Collinsworth, an 18-year-old Washington state resident, died in May following a car crash. The person responsible was driving under the influence of marijuana and has been charged with vehicular manslaughter. In states where marijuana is legal, car collisions are up 3%, according to the Highway Loss Data Institute.

Although marijuana impairs driving ability, police knew the driver in Washington had been using the drug only because he confessed. There is a striking resemblance between President Xi Jinping's drive to extend Communist Party control over

Two recent events on either side of the globe have underscored the importance of free speech—and the peril it faces today.

Just days ago, Cambridge University Press yielded to pressure from the Chinese government to remove more than 300 articles from the website of its journal *China Quarterly*. The censored articles covered topics that the Chinese consider incriminating, such as the Tiananmen Square massacre. The publisher was given the choice between accepting censorship and facing total exclusion from China's massive and rapidly growing market.

It is easy to understand China's economic strategy. Innovation is the heart of the 21st-century economy, and coercing its transfer enables China to reach the cutting edge while its indigenous research-and-development activities ramp up. But why the heavy-handed suppression of academic materials, viewed by only a tiny number of scholars?

This takes us to the heart of the matter: President Xi understands the power of free speech and free inquiry to call into question even the most entrenched claims that autocratic governments use to justify their rule. Allowing access to dissenting arguments and long-buried facts about Tiananmen and Tibet could have disruptive consequences. No one knows what scholars would write, who would be reading, or how they might react. Better to shut the door completely than to leave it open even a crack.

China's government was not pleased. An editorial in the state-run *Global Times* was chillingly frank: "Western institutions have the freedom to choose. If they don't like the Chinese way, they can stop engaging with us. If they think China's Internet market is so important that they can't miss out, they need to respect Chinese law and adapt to the Chinese way. It doesn't matter if some articles . . . disappear on the Chinese internet."

There is a striking resemblance between President Xi Jinping's drive to extend Communist Party control over

problem worse, there is very little data on the short- or long-term effects of marijuana on the brain and body.

The only test that currently shows any promise for detecting intoxication is blood-plasma analysis. But empowering police officers to draw blood on the roadside would set up a dangerous precedent for individual liberties. And the

banning confession, there's no way to tell if a driver is high.

connection between blood THC levels and intoxication is not well-defined, as pattern of use and dose directly affect the impairment level, according to the National Highway Traffic Safety Administration.

How to move forward? Researchers must first identify a reliable biomarker of marijuana intoxication. For alcohol, NHTSA says that impairment

occurs for roughly three hours after cannabis is consumed. If the ratios of THC to its metabolites can be measured appropriately and over time, it may be possible to pin down the critical time when someone was first intoxicated.

As more states legalize marijuana and its availability increases, ensuring responsible use will become more important. We propose that the federal government loosen its restrictions on marijuana research so that Americans better understand how the drug affects their minds and bodies. This will help quantify a meaningful marijuana intoxication standard. That rule—along with the consequences for crossing that threshold—must be derived from scientific evidence, not ideology.

Scientists also must determine a straightforward test to detect THC intoxication. One possibility is a "breathalyzer" test for marijuana. Scientific American reports that one company, Hound Labs, claims to have created a portable device that measures the amount of marijuana consumed. Other companies are racing to develop blood-, urine- or saliva-based tests. Alternatively, a company could consider developing a test that analyzes THC with small blood samples, the way diabetics test for glucose levels.

Another possibility is to develop a test that determines when THC was consumed. NHTSA says that impairment

occurs for roughly three hours after cannabis is consumed. If the ratios of THC to its metabolites can be measured appropriately and over time, it may be possible to pin down the critical time when someone was first intoxicated.

As more states legalize marijuana and its availability increases, ensuring responsible use will become more important. We propose that the federal government loosen its restrictions on marijuana research so that Americans better understand how the drug affects their minds and bodies. This will help quantify a meaningful marijuana intoxication standard. That rule—along with the consequences for crossing that threshold—must be derived from scientific evidence, not ideology.

Mr. Siegel is the author of "Beyond the Galaxy" (World Scientific, 2015). Mr. Berezow is a senior fellow at the American Council on Science and Health.

For reliable on-the-spot test for marijuana intoxication exists. Urine tests, used widely by employers, are not useful for testing impairment. They detect breakdown products of tetrahydrocannabinol, or THC, marijuana's psychoactive component. Such metabolites can be found months after a marijuana high has worn off. Making the

OPINION

REVIEW & OUTLOOK

Trump's Afghan Commitment

President Trump inherited a mess in Afghanistan, so give him credit for heeding his generals and committing to more troops and a new strategy. His decision has risks, like all uses of military force, but it will prevent a rout of our allies in Kabul and allow more aggressive operations against jihadists who would be delighted to plan global attacks with impunity.

Also give him credit for explaining a matter of war and peace to the American people Monday in a serious, thoughtful speech. Barack Obama unveiled his Afghan strategy in a major speech in 2009 and then tried to forget about the place. Mr. Trump should continue making the case for his strategy in more than Twitter bursts.

The heart of the new strategy is a commitment linked not to any timeline but to "conditions" on the ground and the larger war on terror. "We are not nation-building again. We are killing terrorists," he said, in a line that will resonate with his political base even if building the Afghan defense forces is part of the goal.

Mr. Obama's great antiterror mistake was imposing political limits that made it harder to succeed. He did this in Afghanistan at the start of his surge when he put a timeline on withdrawal. And he did it at the end of his term when he refused to let U.S. forces target Taliban soldiers even when they were killing our Afghan allies.

Mr. Trump said he is lifting "restrictions" from Washington on the rules of military engagement. This means going after jihadists of all stripes, and it gives the generals flexibility to inflict enough pain on the Taliban that they begin to doubt they can win. Mr. Trump didn't commit to a specific number of troops, though some sources have suggested 4,000 in addition to the 8,400 currently there.

Those troops won't turn the tide by themselves, but we hope Defense Secretary Jim Mattis has the flexibility to deploy what he needs. If the strategy includes more close-air support, medical evacuation capability, Apache attack helicopters and officers embedded at the battalion level with Afghan military units, the U.S. troops will boost the morale of Afghan forces who ultimately have to win the war.

Mr. Trump's most significant shift—if he can follow through—is the challenge to Pakistan. "We have been paying Pakistan billions and billions of dollars at the same time they are housing the very terrorists that we are fighting," he said. "But that will have to change, and that will change immediately."

History shows that a key to defeating an insurgency is denying the kind of safe haven that

His critics lack an alternative other than retreat and defeat.

Pakistan provides the Taliban and the closely allied Haqqani network. Mr. Trump's implication is that Pakistan must help in Afghanistan or face a cutoff in U.S. aid and perhaps cross-border strikes against terrorists inside Pakistan. Pakistani military leaders have never taken such a U.S. threat seriously, and if they play the same double game Mr. Trump

will have to show he means it.

The Taliban now control as much as 40% of Afghan territory. But if the U.S. and Afghan army can stabilize more of the country, while training more Afghans to be as effective as its special forces have become, a diminished Taliban threat is achievable. The Afghan government will also have to do its part by providing better governance. Taliban leaders will have to be killed, but its foot soldiers might decide over time they can live with the government in Kabul.

And what is the alternative? Senator Rand Paul and the isolationist right want a U.S. withdrawal. But as Mr. Trump explained, that could return Afghanistan to a jihadist playground. Mr. Trump would own the foreign-policy and political consequences as Mr. Obama did the rise of Islamic State after his retreat from Iraq. Opposition from Democrats now is also disingenuous given their silence as Mr. Obama pursued his losing strategy.

Erik Prince of Blackwater has proposed turning the Afghan duty over to mercenaries with experience in the country. But does anyone think the U.S. public would long support paying modern-day Hessians to fight, as the press corps highlights every mistaken use of force or alleged misuse of taxpayer funds? Democrats turned Blackwater into a dirty political word—unfairly, for the most part—even when it was working side by side with U.S. troops in Iraq.

* * *

As Mr. Trump acknowledged, the U.S. public is wary of spending money on war without results. But Americans have also shown they will support commitments abroad for decades as long as casualties are low and they serve U.S. security interests. That's true in South Korea, Europe and the Persian Gulf. The long war against jihadists will require similar commitments abroad.

Mr. Trump campaigned against overseas entanglements, but America's foreign commitments can't be abandoned without damaging consequences. Mr. Trump has now made his own political commitment to Afghanistan, and his job will be maintaining public support and congressional funding. These obligations go with the title of Commander-in-Chief.

to unions, whether they like it or not. Across the Midwest, voters have asserted that workers deserve a choice, not a mandate. Missouri lawmakers also acknowledged that with seven of their eight neighbors having enacted right-to-work legislation, they needed to follow to remain competitive.

When right-to-work passed in January, Missouri's Democratic Senate minority floor member Gina Walsh admitted: "I can count. We knew this was going to happen, and as long as we had a fair, free and open debate, I was satisfied with that."

But these days unions need the help of political coercion to gain new members and won't concede. They've spent heavily to gather signatures, and Missourians can expect to be deluged with anti-right-to-work messages over the next year. And as it campaigns, Big Labor will be spending the same compulsory dues money that it's fighting to keep.

Right-to-Work Sore Losers

Missouri's gubernatorial election last fall was the most expensive in the nation, and it was in part a referendum on whether the Show Me State would become the 28th in the nation to pass right-to-work legislation. Organized labor spent more than \$12 million on a candidate who would veto right to work but lost anyway. Republican Eric Greitens made good on his campaign promise, signing a right-to-work bill in February.

The unions are now angling for a do-over. The right-to-work law was supposed to go into effect Aug. 28, but a quirk in Missouri law gives voters a referendum. On Friday the AFL-CIO and its allies turned in 310,000 notarized signatures—three times as many as needed—to put the new legislation on hold and get the issue on the ballot in 2018.

In non-right-to-work states, workers are forced to hand over a portion of their paycheck

Unions push a ballot initiative to overturn a new Missouri law.

to unions, whether they like it or not. Across the Midwest, voters have asserted that workers deserve a choice, not a mandate. Missouri lawmakers also acknowledged that with seven of their eight neighbors having enacted right-to-work legislation, they needed to follow to remain competitive.

When right-to-work passed in January, Missouri's Democratic Senate minority floor member Gina Walsh admitted: "I can count. We knew this was going to happen, and as long as we had a fair, free and open debate, I was satisfied with that."

But these days unions need the help of political coercion to gain new members and won't concede. They've spent heavily to gather signatures, and Missourians can expect to be deluged with anti-right-to-work messages over the next year. And as it campaigns, Big Labor will be spending the same compulsory dues money that it's fighting to keep.

New York Attacks Success

If New York City's 46 Success Academy charter schools were their own public school district, they would be New York state's seventh largest—and its highest achieving. That's based on the math and English scores on state proficiency tests released Tuesday, which showed Success Academy students far outperforming most of their peers.

But instead of celebrating student achievement, the chair of the committee that oversees new charter school approvals by the State University of New York, Joseph Belluck, said it would be "very difficult" to approve new Success Academy schools as long as Daniel Loeb remains on its board.

Mr. Loeb, who runs the Third Point hedge fund, has drawn fire for an ill-advised Facebook post. He wrote that Andrea Stewart-Cousins, an African-American Democrat who serves as the Senate minority leader in Albany, had done "more damage to people of color than anyone who has ever donned a hood" because of her support for the teachers unions.

Mr. Loeb's post was foolish, and he has apologized. But what does it say about Mr. Belluck and New York's education authorities that he would be willing to deprive black children of good new schools because of a stray comment he didn't like?

Let's add some perspective. Eighty-six percent of the 15,500 students who attend Success Academies are children of color. And they are learning: 95% of Success Academy students

tested proficient in math, with 84% proficient in English.

Compare this to the performance in traditional public schools in New York City. For the city's students of color, only 24% are proficient in math and only 29% in English. About a third of the city's black students score at the lowest end—

Level 1—on English and 47% in math. This means they can't even master basic arithmetic or reading.

This is the real racial scandal in New York City today—or should be. It's a sign of the city's misplaced education priorities that having hundreds of thousands of children who year after year test below proficient barely elicits a yawn.

As for racially insensitive comments, we don't recall hearing Mr. Belluck's outrage last month when the head of the American Federation of Teachers, Randi Weingarten, accused charter schools and vouchers of being "slightly more polite cousins of segregation."

Our guess is that Mr. Belluck, a well known plaintiffs lawyer, is using Mr. Loeb's Facebook post as a political excuse to run him off the Success Academy board. Mr. Belluck knows that charter schools benefit from private donors like Mr. Loeb who want to provide a better alternative to all of New York's children, rich or poor. The success of students at Success Academy is a daily rebuke to the failure of too many union-run schools, and for the unions that is simply intolerable.

Now the unions want to run Dan Loeb off the charter network's board.

Letters intended for publication should be addressed to: The Editor, 1211 Avenue of the Americas, New York, NY 10036, or emailed to wsj.ltrs@wsj.com. Please include your city and state. All letters are subject to editing, and unpublished letters can be neither acknowledged nor returned.

OPINION

LETTERS TO THE EDITOR

Immigrant Worker Visas vs. Trumpian View

Lest Trump administration officials dismiss the H-2B visa shortage as a problem only for liberal north-eastern enclaves like Martha's Vineyard, I'd like to assure you that the same problem has seriously hurt small businesses in Trump country ("Visa Curbs Test Seasonal Hiring," page one, Aug. 11).

Here in southeastern North Carolina where a year ago "Trump for President" signs far outnumbered those for Clinton-Kaine, some small businesses that cater to the summer influx of beachgoers on the Outer Banks were unable to open this year because they couldn't get the H-2B visas required to bring in foreign workers they'd employed in previous seasons. For example, the Seaside Market, a locally owned produce and fish business that operates only seasonally in the small town of Corolla, has been closed this year because it hasn't been able to muster its usual labor force.

If the nativist mood in Washington continues to crimp business in Trump-friendly outposts, Republicans had best watch out in 2018.

JANET MILLIKEN

Corolla, N.C.

This article speaks to the tremendous disadvantage all young people, particularly low-skilled high-school graduates, face in this country. While it addresses the fact that Americans are less willing to work hard for the wages offered by seasonal local businesses (\$10-\$12 an hour), it isn't a moral flaw for them to expect a higher rate (\$14-\$18 an hour) that is closer to a living wage in Massachusetts. Aside from economic forces depressing younger people's savings such as ballooning college tuition, increased health-care premiums and unavailability of housing, the artificially suppressed summer labor market because of competition from H-2B visa holders is another way they get a terrible deal.

Additionally, here are some numbers worth mentioning: My dad's

1971 private-college tuition was \$1,200. Working a 12-week season, 40 hours a week at \$2.35, he made \$1,128—94% of his tuition. My 2012 senior-year tuition was \$49,000. Working 40 hours a week at \$10 an hour for a 12-week summer season is \$4,800, or less than 10% of tuition.

If the fellow from the article who was renting rooms on the Vineyard for well over \$500 a night were willing to pay American college students \$25 an hour, they would be moving from all over the country to work on the Vineyard.

DREW BROOKS
Orleans, Mass.

Two Massachusetts businessmen lament a shortage of workers due to President Trump's restrictions on temporary legal immigration. But are these businessmen capitalists? I suspect not.

A fudge-shop manager has realized that his employees "know you need them more than they need you." A restaurant owner now deals with the predicament that his workers are free to change employers, protesting: "If someone says, 'I'll give you 25 cents more an hour,' they're gone."

Supply and demand apply to goods and labor. Capitalism provides an immediate solution to these problems.

MIKE CASTELLANO
Ames, Iowa

Our landscaper, a national company, has been suffering badly this year because of the lack of temporary workers under the H-2B program. This economy will never grow at 3% a year if we cut back on documented, legal, temporary workers who meet a need in agriculture, construction, landscaping and hospitality. There is an overall lack of workers, both at the high- and low-skill level, and the present administration chooses to ignore these facts as it pursues its stance on immigration.

TONY HUGHES
Leland, N.C.

The Siren Allure of a Universal Basic Income

Silicon Valley is correct in advocating for a universal basic income (UBI) as a solution, but it is fighting the wrong problem ("Why a Universal Basic Income Would Be a Calamity," By Dan Nidess, op-ed, Aug. 11). The biggest threat to the future of productive employment is the growth of government, not automation. If unconstrained by the tentacles of government, human ambition and incentive will find a way to handle a surplus of labor. This has always been the case since the Luddites.

We already live in a country where there is a divide between the productive and unproductive classes. Remember candidate Mitt Romney's comments about the "47%" net receivers from the government. But as Charles Murray once explained on these pages, one of the ways to fight the expansion and disincentive of government benefits is via a universal basic income. This is possible if all current forms of messy government transfer payments (Social Security, Medicare, Medicaid, etc.) were substituted for a single, electronic cash payment to each qualifying citizen's bank account. We all agree there needs to be a social safety net in our society, so a UBI would keep that in place and eliminate much of the wasteful bureaucratic structure in Washington.

IAN MCCLINTIC

Houston

tion sits atop a hierarchy and can only be reached after esteem, which comes from prestige and a feeling of accomplishment, and belongingness and love, which come from intimate relationships and friends. I can't speak for others, but I met my wife and many of my best friends through work.

DONALD GIANCOLI
Pompano Beach, Fla.

One suspects that we are close to a UBI, regardless of the illogical economic and behavioral underpinnings of a guaranteed income for all. Emerging "plutonomies" in New York and San Francisco, wherein a group of well-heeled technocratic elites take care of less-productive dependents, make no more sense at the national level, but that is where a UBI would lead. It will take one election cycle for Democrats to seduce us with unaffordable entitlements. Once in place, any measure to repeal or reform it would be blasted as a heartless cut in benefits for those in need and a disaster for city and state budgets. Some GOP governors and the usual RINO suspects in Congress would join the liberal chorus defending a UBI. As liberal policies fail at city and state levels, progress requires adoption at the federal level.

DAVE ANDERSON
Laurel, Md.

Thanks to Dan Nidess for concisely summarizing the flaws and subtle hypocrisy in a UBI. Proponents often invoke Abraham Maslow, arguing that a UBI will free millions to pursue more important and fulfilling needs than the drudgery of work. These do-gooders, who intend to keep working themselves, ignore that self-actualization sits atop a hierarchy and can only be reached after esteem, which comes from prestige and a feeling of accomplishment, and belongingness and love, which come from intimate relationships and friends. I can't speak for others, but I met my wife and many of my best friends through work.

When Mr. Nidess asks, "How long before the well-educated, technocratic elites come to believe the unemployed underclass should no longer have the right to vote?" I say, not soon enough.

No recipient of direct governmental largess should be allowed to vote. Edmund Burke said that government is a compact between the dead, the living and the yet to be born. Which means that the living should be careful about running up huge debts that must be paid by future generations. No representation without taxation.

KENNETH A. CORY
China Township, Mich.

Pepper ... And Salt

THE WALL STREET JOURNAL



"Nothing says 'important' like leather conference table chairs."

OPINION

Was I Right to Pull the Plug on a Nazi Website?

By Matthew Prince

I helped kick a group of neo-Nazis off the internet last week, but since then I've wondered whether I made the right decision. I'm the co-founder and CEO of Cloudflare. We run a global network that makes internet applications faster and protects them from cyberattacks. If you haven't heard of us, I'm not surprised. We're part of the internet's infrastructure, one of the groups operating behind the scenes to bring you everything you enjoy online.

Although Cloudflare isn't a household name, nearly 10% of all internet requests from 2.8 billion people pass through our network each month. We have almost 10 million customers, from small businesses to large financial institutions.

A handful of private companies control whether speech can appear online. That's reason to worry.

During the 2016 presidential election, 17 major-party candidates used Cloudflare to protect their campaigns from hackers. (Hillary Clinton was the notable exception.) Chances are you've used our network hundreds of times in the past 24 hours and, if we're doing our job, all you've noticed is fast internet.

Nearly all of our clients are upstanding people and businesses. But every once in a while, someone will use one of our services to protect content I would consider repugnant.



DAVID GOTTHARD

Such was the case with the Daily Stormer, a bulletin board for self-proclaimed white supremacists.

The site was used to help plan the neo-Nazi demonstrations in Charlottesville, Va. After Heather Heyer was murdered there, the Daily Stormer's founder and editor mocked her as a "fat, childless 32-year-old slut" and a "drain on society." By any reasonable standard it was vile. Not surprisingly, the site was constantly targeted by anti-Nazi hackers trying to knock it offline. Cloudflare had helped foil those cyberattacks until last week when I pulled the plug.

At some level, it's easy to fire Nazis as customers. They don't pay you much, if anything, since Cloudflare offers a free version of its service. Our terms of use give us broad discretion to choose whom we allow to use our network. Beyond the horrible content, the Daily Stormer began claiming that we secretly supported their ideology, causing a major distraction to our team. Firing a Nazi

customer gets you glowing notes from around the world thanking you for standing up to hate.

But a week later, I continue to worry about this power and the potential precedent being set. The reality of today's internet is that if you are publishing anything even remotely controversial, your site will get cyberattacked. Without a massive global network similar to Cloudflare's, it is nearly impossible to withstand the barrage. Only a small group of companies—names you know, like Facebook, Google and Microsoft, along with a handful of others you may not, like Cloudflare—have sufficient scale to keep their users online.

The upshot is that a few private companies have effectively become the gatekeepers to the public square—the blogs and social media that serve as today's soapboxes and pamphlets. If a handful of tech executives decide to block you from their services, your content effectively can't be on the internet.

Before terminating the Daily Stormer, Cloudflare's policy had been to stay neutral to the content that used our network. We'd comply with the law in the jurisdictions where we operate, but we wouldn't bow to political or public pressure to boot anyone off our network. And make no mistake, there is pressure: Hackers actually tweeted to us asking that we get out of the way so they could take down the Daily Stormer.

When standing up to government requests or angry Twitter demands to silence unpopular speech, it was powerful to be able to say we'd never terminated a customer due to political pressure. I'm not sure we can say that anymore.

I'd like to fall back on the First Amendment. I'm the son of a journalist. I grew up with discussions around the dinner table on the importance of freedom of speech. But the First Amendment doesn't compel private companies to let anyone broadcast on their platforms. Moreover, Cloudflare

operates infrastructure in 70 countries, few of which have anything approaching American-style speech protections.

Yet in all nations, there is (or should be) a reasonable expectation of due process. It is the idea that no one is penalized without first receiving a fair hearing and a fair shake. In civilized societies, the law is applied equally by independent decision makers, not capriciously by mobs and tyrants.

Did we meet the standard of due process in this case? I worry we didn't. And at some level I'm not sure we ever could. It doesn't sit right to have a private company, invisible but ubiquitous, making editorial decisions about what can and cannot be online. The pre-internet analogy would be if Ma Bell listened in on phone calls and could terminate your line if it didn't like what you were talking about.

Cloudflare is an expert at stopping cyberattacks, but we do not have the expertise to pass judgment on which of our 20 trillion monthly internet requests is racist, reprehensible or offensive. Even if we could solve the technical challenge of filtering them out, hidden behind the scenes is a problem of political legitimacy.

We're going to have a long debate at Cloudflare to think these issues over. But terminating the Daily Stormer is likely to be the exception that proves the importance of content neutrality. My moral compass alone should not determine who gets to stay online.

Mr. Prince is the co-founder and CEO of Cloudflare.

Trump Learns From America's Failures in Afghanistan

By Vance Serchuk

Since the end of the Cold War, one of the unfortunate patterns in American foreign policy has been the tendency of new presidents to denounce their predecessors' approach to the world—only to repeat their mistakes.

As the Trump administration debated the way ahead in Afghanistan in recent months, it risked falling into this trap. For all their differences Donald Trump and Barack Obama both entered office ambivalent about the flagging war effort in South Asia. Each was sensitive to the threat of terrorism from the region, but viscerally resistant to the military's call for an intensified commitment to a potential quagmire.

As in 2009, the result was a drawn-out review in which competing strategies were mooted—including some offering the seductive promise of achieving more by doing less. But in his remarks Monday night, Mr. Trump put forward a framework for Afghanistan and the surrounding region that suggests he is not repeating past failures there but has learned the right lessons from them—even when they conflict with his own instincts.

The first and most important of these is the rejection of fixed timetables for U.S. withdrawal. Instead the president is taking a conditions-based approach that removes any deadline for pulling out.

That's significant because America's recurring efforts to extricate itself from Afghanistan—from the Bush administration's push to hand over the Afghan mission to NATO, to the Obama administration's pledge to bring all forces home by the end of its term in office—have helped foster the very conditions that have forced the U.S. to stay.

This U.S. exit-seeking has encouraged the Taliban to think it can outlast America on the battlefield, deterred Afghan civilians from siding with the coalition, and given regional powers like Pakistan incentives to hedge against the U.S. by supporting insurgent groups.

Although by no means a guarantee of success, the Trump administration's consideration of an open-ended military commitment to Afghanistan marks a sharp break with past practice and creates new possibilities to pursue a decent outcome.

Mr. Trump was also correct to place the Afghan crisis in a regional context and to call out the Pakistani

military for sheltering Islamic extremists. Changing Islamabad's strategic calculus will require tremendous ingenuity and tenacity. But since a major reason for Pakistan's support for terrorists has been its belief it will need them as proxies after America's long-telegraphed exit from Afghanistan, a sustained presence in Afghanistan is the overdue first step to confronting this problem.

By focusing on getting out of the country, Bush and Obama fostered conditions that forced us to stay.

And Mr. Trump identified clearly why a U.S. exit from Afghanistan would court catastrophe, given the probability its territory would again be seized by terrorists to plot attacks against the U.S.

The most problematic part of the speech was when the president sounded most like his predecessor—in his disavowal of "nation building." Reasonably enough, Mr. Trump forswore telling Afghans how to live or trying to re-create their society

in America's image. But as he acknowledged, the only way for Afghans to shoulder more of the burden in the shared fight against terrorism is to build strong institutions like the Afghan National Army. Success also requires an Afghan state that is not so corrupt or dysfunctional that it pushes the population toward the Taliban, and that is sufficiently inclusive of the country's major communities that they have a stake in its success rather than its failure.

None of this entails the U.S. undertaking utopian social engineering in Afghanistan, but it does require much more than killing terrorists. And it explains why the U.S. has a national interest in standing with Afghans who share American values.

In his speech, Mr. Trump emphasized that continued U.S. support would be contingent on improving Afghan governance and politics. That is more sensible than the Obama approach, which committed the U.S. to leave regardless of what Afghans did. But identifying how and where to exercise that U.S. leverage will require considerable skill and savvy.

In this and other respects, while the president's framework gets most of the big ideas right, success will

now turn on smart implementation and wherewithal. Both will be constantly tested.

Over the past 16 years, Washington has often described Afghanistan as being in "transition," implying the country's wrenching but inexorable progress toward a decisive endpoint, with our own involvement there a fleeting exigency.

But "transition" is a concept that might better apply to Washington's strategy itself. The U.S. has approached Afghanistan since 9/11 with a typically American mind-set—as a discrete problem to be solved, requiring a temporary surge of effort, after which the military can declare success and go home.

There were strands of this thinking in Monday's speech. But in its substance, the Trump framework suggests the start of a reckoning with a more difficult reality: that Afghanistan is less a tactical battle to be won than a strategic challenge, like the Korean Peninsula or the Arabian Gulf, where the U.S. has vital, enduring national interests and therefore needs to remain engaged for the foreseeable future.

Mr. Serchuk is an adjunct senior fellow at the Center for a New American Security.

Insurers Are Still Denying Treatments for Pre-Existing Conditions

By Craig Bliderman

One of the principal achievements of the Affordable Care Act was its prohibition on denying insurance coverage to patients with pre-existing conditions. Under the ACA, insurance companies must sell policies to people with chronic diseases and charge the same premiums paid by healthy people.

But patients with pre-existing conditions in fact are being denied coverage when their insurance plans don't allow for medically recommended treatments or place significant obstacles in the way of getting them. Many plans impose "utilization management" rules restricting access to drugs by requiring prior authorization, quantity limits and

so-called step therapy—making patients try a cheaper drug before taking a "step" up to a more expensive treatment.

While such restrictions generally don't pose significant harms to patients whose conditions aren't life-threatening, those with a serious illness like cancer or advanced dementia risk being denied treatments that are necessary for the relief of pain and other distressing symptoms.

Over the past 10 years caring for seriously ill patients, I have noticed a marked increase in demands for prior authorizations by insurance companies and other third-party payers before granting approval for certain medications, treatments or procedures. In 2006, according to a

Kaiser Family Foundation study, 8% of brand-name medications covered under Medicare Part D required a prior authorization and 18% were subject to some form of utilization management. In 2013, those rates had jumped to 21% and 35%, respectively.

Utilization-management policies don't actually reduce costs or improve patient outcomes. Time wasted by doctors and their staffs pursuing prior authorizations costs as much as \$31 billion in lost productivity annually. A review of the literature suggests that any cost savings due to step therapy or formulary restrictions—only allowing the use of medications on a pre-determined list—are offset by resulting increases in emergency-room visits and hospitalizations. Researchers have found a negative correlation between formulary restrictions and health-care outcomes.

I have seen firsthand how patients suffer when recommended treatments for pain and other distressing symptoms are denied or delayed. One of my patients is a 64-year-old

cancer survivor who developed a chronic pain syndrome following multiple surgeries. His insurance company required prior authorization and imposed a monthly quantity limit on the only safe, effective pain medication that he could take

Patients with chronic illness are often forced to jump through hoops to get drugs they need.

without side effects. The delay in getting the proper quantity of medicine led him to experience opioid withdrawal, increased pain, and loss of functioning.

Another patient was denied a prescription for a strong opioid after surgery on a fractured bone related to advanced cancer. I had deemed the medication necessary for her worsening pain. Her insurer rejected the request because she had previously filled a prescription

and reached her monthly "quantity limit."

While reducing health-care costs is essential, insurance-imposed cost-saving measures such as blanket requirements for prior authorizations do more harm than good. Perhaps a special exception should be carved out of the ACA for those with serious illnesses like cancer. Insurance plans, including Medicaid and Medicare, could enact a "preauthorized trial period" for all medications, dosages and quantities deemed necessary by a doctor for the management of severe pain or other debilitating symptoms. Following this trial period, physicians could be asked to justify continuation of the therapy.

Doing this would relieve patient suffering due to delays or disruptions in the amelioration of symptoms, reducing health-care costs in the process. More than half of all U.S. health-care spending goes toward care for the chronically ill and debilitated. Outpatient palliative-care programs reduce costs and unnecessary hospitalizations, improve symptom control and quality of life, and may even improve survival. When patients are denied coverage or experience significant treatment delays, these benefits are unlikely to be realized.

Medicine is about caring for the patient. Health insurance is about providing timely access to care. When health insurance limits treatments for seriously ill patients, it harms those who need care most.

Dr. Bliderman is an associate professor of medicine and the director of the Adult Palliative Care Service at Columbia University Medical Center.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

Rupert Murdoch
Executive Chairman, News Corp

Gerard Baker
Editor in Chief

Matthew J. Murray
Deputy Editor in Chief

DEPUTY MANAGING EDITORS:

Michael W. Miller, Senior Deputy;

Thorold Barker, Europe; Paul Beckett,

Washington; Andrew Dowell, Asia;

Christine Glancey, Operations;

Jennifer J. Hicks, Digital;

Neal Lipschutz, Standards; Alex Martin, News;

Shazna Nessa, Visuals; Ann Podd, Initiatives;

Matthew Rose, Enterprise;

Stephen Wisniewski, Professional News

Paul A. Gitot, Editor of the Editorial Page;

Daniel Henninger, Deputy Editor, Editorial Page

WALL STREET JOURNAL MANAGEMENT:

Suzi Watford, Marketing and Circulation;

Joseph B. Vincent, Operations;

Larry L. Hoffman, Production

EDITORIAL AND CORPORATE HEADQUARTERS:
1211 Avenue of the Americas, New York, N.Y., 10036

Telephone 1-800-DOWJONES

ROBERT THOMSON
Chief Executive Officer, News Corp

WILLIAM LEWIS
Chief Executive Officer and Publisher

DOW JONES MANAGEMENT:
Mark Musgrave, Chief People Officer;

Edward Roussel, Innovation & Communications;

Anna Sedgley, Chief Operating Officer & CFO;

Katie Vannbeck-Smith, President

OPERATING EXECUTIVES:

Ramin Beheshti, Product & Technology;

Jason P. Conti, General Counsel;

Frank Filippo, Print Products & Services;

Steve Grycuk, Customer Service;

Kristin Heitmann, Transformation;

Nancy McNeill, Advertising & Corporate Sales;

Jonathan Wright, International

DJ Media Group;

Almar Latour, Publisher;

Kenneth Breen, Commercial

Professional Information Business;

Christopher Lloyd, Head;

Ingrid Verschuren, Deputy Head

DOW JONES
News Corp

Notable & Quotable: Yale

Mark Alden Branch writing at YaleAlumniMagazine.com, Aug. 9:

If you were especially observant during your years on campus, you may have noticed a stone carving by the York Street entrance to Sterling Memorial Library that depicts a hostile encounter: a Puritan pointing a musket at a Native American. . . . When the library decided to reopen the long-disused entrance as the

front door of the new Center for Teaching and Learning, says head librarian Susan Gibbons, she and the university's Committee on Art in Public Spaces decided the carving's "presence at a major entrance to Sterling was not appropriate." The Puritan's musket was covered over with a layer of stone . . . that Gibbons says can be removed in the future without damaging the original carving.

WORLD NEWS



Supporters of João Lourenço, who is favored to win the presidency, cheer at a campaign rally in Luanda.

MANUEL DE ALMEIDA/REX/SHUTTERSTOCK/EUROPEAN PRESSPHOTO AGENCY

Wealth Gap

Angola is Africa's second-largest oil producer, but corruption and graft have prevented many citizens from benefiting. Poverty is widespread and life expectancy is among the world's lowest.

2016 oil production, in thousands of barrels a day

Nigeria	1,871
Angola	1,770
Equatorial Guinea	227
D.R. Congo	20
South Africa	2
Sierra Leone	0
Kenya	0

Ranking on corruption-perception index (out of 176)*

South Africa	64th
Sierra Leone	123th
Nigeria	136th
Kenya	145th
D.R. Congo	156th
Angola	164th
Equatorial Guinea	Not ranked

Average life expectancy at birth (in years)

Kenya	63
South Africa	63
D.R. Congo	60
Equatorial Guinea	58
Nigeria	55
Angola	52
Sierra Leone	50

*With 1 being the least corrupt

Sources: U.S. Energy Information Administration; Transparency International; World Health Organization

THE WALL STREET JOURNAL.

Corruption Cases Cloud Angola Election

Investigations in Portugal implicate members of departing president's regime

Angolans go to the polls this week to pick their first new president in decades, but money-laundering and bribery

By Gabriele Steinhauser in Luanda, Angola, and Patricia Kowsmann in Lisbon

cases in Portuguese courts are raising questions about the ability of Africa's No. 2 oil producer to tackle corruption and right its economy.

João Lourenço, a former general who is favored to

win Wednesday's election, has promised to increase transparency as low oil prices have crippled government resources and the kwanza currency.

How he responds to the cases in the country's old colonial master Portugal will go a long way toward determining whether Angola, which Transparency International has rated one of the world's most corrupt nations, can clean up its act.

Although Angola's per capita gross domestic product of \$4,342 is among the highest in sub-Saharan Africa, the majority of its 29 million people live in poverty. At 52.4 years, it has the world's second-lowest average life expectancy, behind only much poorer Sierra Leone.

The cases have implicated key members of the regime of longtime President José Eduardo dos Santos, and Sonangol, the state oil company that has powered the southern African nation's economy since the country emerged from civil war in 2002.

They shine a light on how prominent Angolans were allegedly able to funnel millions of dollars into luxury Portuguese properties even as its citizens remained among the world's poorest, but also illustrate European authorities' heightened efforts to rein in potentially illicit financial flows from Africa.

A spokesman for Mr. dos Santos, who isn't implicated in any of the cases, declined to comment.

Rulings by Portuguese courts have handed prosecutors there jurisdiction over more than a dozen investigations involving senior players in the ruling People's Movement for the Liberation of Angola, or MPLA, and the Angolan elite that lower Portuguese courts had shut down.

The Portuguese investigations have implicated some of Angola's top officials. Vice President Manuel Vicente, a former Sonangol president, will go on trial in Portugal for allegedly bribing a Portuguese prosecutor to end a money-laundering investigation against him. No trial date has been set.

Mr. Vicente's lawyer declined to comment.

Angola's government has de-

nounced the charges against Mr. Vicente as an attack designed to disrupt the country's bilateral relations with Portugal.

The cases come against the backdrop of Wednesday's election, which is the first without Mr. dos Santos as a candidate since he took office in 1979.

The 74-year-old said last year that he wouldn't seek reelection, and the MPLA tapped Mr. Lourenço to run.

Opinion polls suggest the MPLA will retain its absolute majority in Parliament, but with a smaller share of the vote than the 72% it garnered in 2012, when U.S. democracy watchdog Freedom House deemed the poll deeply flawed.

The allegations have un-

dermined the political ambitions of Mr. Vicente, once a favorite to succeed Mr. dos Santos. Portuguese prosecutors haven't asked for his extradition to Portugal for his trial, which can go ahead in his absence.

What will happen to Mr. Vicente if he is convicted will largely depend on the man who beat him to the candidacy.

Asked whether he would support prosecutions of corruption by foreign courts, Mr. Lourenço said no Angolan was above the law. But, he said, in proceedings that are politically motivated, he would have to defend his country's sovereignty.

"We will have to decide case by case," he said.

Catalonia Flaunts Autonomy in Terror Probe

BY DONATO PAOLO MANCINI AND MARINA FORCE

The Barcelona attacks have thrown tensions between Spain's central government in Madrid and the region of Catalonia into sharp relief just weeks before the northeastern region is slated to hold an independence referendum that Madrid considers illegal.

The investigation into the attacks, which killed 15 people, and the manhunt for its perpetrators have given the Catalan government an occasion to demonstrate its argument that it can govern independently of Madrid.

Carles Puigdemont, the head of the region and a chief proponent of a vote to secede in the Oct. 1 referendum, has been the dominant public figure leading the response to the attack, overshadowing the role of the central state. On Monday, it was he who made the announcement, broadcast live on national television, that Catalan police had shot and killed the one remaining terrorist at large.

A Spanish national government official said the Catalan regional government is acting within its competencies and that coordination between Madrid and Barcelona has been fluid and efficient since the attacks.

But many perceived the region as in charge. "The Catalan government...has proved we are



Catalan President Carles Puigdemont spoke in Barcelona on Friday as Spanish Prime Minister Mariano Rajoy stood by.

prepared to face anything that might come," said Eulàlia Codina, a 21-year-old student in Barcelona.

"Catalonia has reacted as if it were already a state," said Ferran Requejo, a political-science professor at Universitat Pompeu Fabra in Barcelona.

In the latest development in a decades-long push for autonomy, Mr. Puigdemont set the October referendum as part of a fresh bid to win independence for Catalonia, one of Spain's richest regions, and home to Barcelona, the coun-

try's second-largest city.

Two of Spain's biggest newspapers, Madrid-based *El País* and *El Mundo*, called in editorials Friday for the Catalan government to shelve its secessionist project to focus on security.

Mr. Puigdemont responded with disdain. "Whoever wants to doubt the Catalan police's and institutions' engagement against terrorism is, let me say it clearly, a miserable [person]," he told radio station RAC1.

In 2014, the Catalan government held a nonbinding referendum, in which more than two

million of the region's estimated 5.4 million eligible voters took part. In that vote, an overwhelming majority favored independence. Spain's top court deemed that referendum illegal.

The stakes this time are higher. The Catalan government hasn't promulgated the law mandating the October vote, and is expected to wait as long as possible before doing so to limit the time available for a legal challenge from Madrid. Spanish Prime Minister Mariano Rajoy

said the referendum won't take place as long as he is prime

minister. Mr. Puigdemont has vowed to hold the vote regardless of Madrid. Once the law is passed, the Rajoy government could take legal action against leaders of the referendum movement to stop the vote.

If the Catalan government proceeds and a majority opts for autonomy, Catalonia could unilaterally declare its independence, though the government is more likely to seek to use that result to negotiate a more orderly exit. Either course would likely spark a political and constitutional crisis for Spain.

Suspects Appear Before Judge

BY JEANNETTE NEUMANN

BARCELONA—The terror cell that killed 15 people in assaults on Barcelona's Las Ramblas and a Catalan coastal town on Thursday had been planning to strike multiple targets in the city, one of the suspected terrorists told judicial authorities.

The suspect was one of four men who appeared before an investigative judge in Madrid on Tuesday in a hearing to determine whether they could be held on preliminary charges of causing death and injury and being part of a terrorist organization.

The judge ordered two of the suspects, Mohamed Houli Chemlal and Driss Oukabir, held without bail. Another man, Salh El Karib, was set to be detained for another 72 hours pending the presentation of additional information to the court.

The fourth suspect, Mohamed Aalla, was freed and ordered to appear in court every Monday while the judge completes the investigation.

Judge Fernando Andreu said prosecutors, who requested all four men be held without bail, hadn't provided enough evidence that Mr. Aalla participated in the terrorist cell. While Mr. Aalla owned the Audi A3 that five other members of the cell used to mow down people in the Catalan seaside town of Cambrils, killing one Spanish woman, the judge said the vehicle was used mainly by his brother, Youssef. The five alleged terrorists were shot and killed by police in Cambrils.

Court officials declined to identify the suspects' lawyers.

One of the four men in court on Tuesday said an imam who investigators believe was the cell's leader planned to blow himself up during the attacks, a court official said. Investigators believe he died instead while preparing the attacks.

The man police suspect of having been the plot's leader was Abdelbaki Es Satty, an imam in the town of Ripoll, where most of the alleged terrorists grew up and lived.

Es Satty and Youssef Aalla are believed to have died in an explosion Wednesday night in a house in another town, Alcanar, where the cell was "making explosive devices for the purpose of committing a major terrorist action," according to court documents. The explosion most likely thwarted the group's more ambitious attack plans.

Macron's Waning Support Imperils His Economic Plans

BY MATTHEW DALTON

PARIS—As Emmanuel Macron sets out to shake up France's rigid labor market, the young president is losing the public support he may need to weather protests by the country's powerful unions.

Less than four months after handing him the presidency in a landslide election win, voters are souring on a leader many hailed as a reformer who would help address Europe's economic dilemmas and break down traditional ideological divides.

Mr. Macron's government wants to make it easier for French firms to hire and fire workers. Similar proposals by former President François Hollande sparked union protests, some of them marred by violence, forcing him to water down his agenda.

A spokeswoman for Mr. Macron said he was focused on implementing his campaign pledges. "The president doesn't govern by looking at the polls," she said.

Analysts say Mr. Macron's popularity was primed to take a hit. His lopsided victory in May over the far-right nationalist Marine Le Pen obscured public distrust of him. A third of registered voters refused to vote for either candidate, by far the highest rate in recent presidential elections.

Mr. Macron's popularity was primed to take a hit.

His lopsided victory in May over the far-right nationalist Marine Le Pen obscured public distrust of him. A third of registered voters refused to vote for either candidate, by far the highest rate in recent presidential elections.

Analysts say Mr. Macron's popularity was primed to take a hit. His lopsided victory in May over the far-right nationalist Marine Le Pen obscured public distrust of him. A third of registered voters refused to vote for either candidate, by far the highest rate in recent presidential elections.

Mr. Macron's popularity was primed to take a hit. His lopsided victory in May over the far-right nationalist Marine Le Pen obscured public distrust of him. A third of registered voters refused to vote for either candidate, by far the highest rate in recent presidential elections.

Analysts say Mr. Macron's popularity was primed to take a hit. His lopsided victory in May over the far-right nationalist Marine Le Pen obscured public distrust of him. A third of registered voters refused to vote for either candidate, by far the highest rate in recent presidential elections.

Mr. Macron's popularity was primed to take a hit. His lopsided victory in May over the far-right nationalist Marine Le Pen obscured public distrust of him. A third of registered voters refused to vote for either candidate, by far the highest rate in recent presidential elections.



The French leader says loosening labor rules is key to his agenda.

office left him basking in approval after a series of political coups. His new party, La République en Marche, won a commanding majority in legislative elections in a vote that decimated traditional parties. He challenged U.S. President

Donald Trump, highly unpopular in France, with a series of high-profile white-knuckle handshakes.

But the bloom of his popularity has withered in the summer heat. His critics have turned Mr. Macron's self-de-

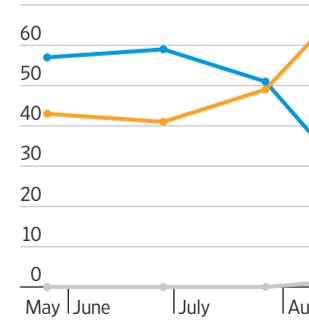
Fading Appeal

The French public's approval of President Emmanuel Macron has dropped markedly since his election in May.

■ Satisfied/have confidence

■ Dissatisfied/no confidence

■ Don't know



Source: Harris Interactive polls; most recent of 994 adults conducted Aug. 8-10; margin of error: +/- 3.1 percentage points

THE WALL STREET JOURNAL.

scribed "Jupiterian" style—a vision of forceful presidential leadership named for the chief of the Roman gods—into an epithet, portraying him as aloof and intolerant of dissent.

—William Horobin

contributed to this article.

BUSINESS & FINANCE

© 2017 Dow Jones & Company. All Rights Reserved.

* * * * *

THE WALL STREET JOURNAL.

Wednesday, August 23, 2017 | B1

S&P 2452.51 ▲ 0.99% S&P FIN ▲ 1.05% S&P IT ▲ 1.45% DJ TRANS ▲ 0.87% WSJ \$ IDX ▲ 0.38% LIBOR 3M 1.317 NIKKEI (Midday) 19473.17 ▲ 0.46% See more at WSJMarkets.com

Mutual Funds Cut Value of Uber

Moves by Vanguard, three others indicate investors' doubts on ride-sharing firm

By ROLFE WINKLER
AND GREG BENINGER

Four mutual-fund companies have marked down their investments in **Uber Technologies Inc.** by as much as 15%, the first such price cuts suggesting these investors are souring on the ride-hailing giant following a scandal-ridden year.

Vanguard Group, Principal Financial Services and Hartford Funds all marked down their shares by 15% to \$41.46 a share for the quarter ended

June 30, according to the fund companies' latest disclosure documents. **T. Rowe Price Group Inc.** cut the estimated price of its Uber shares by about 12% to \$42.70 for the same period.

Uber's shares don't trade publicly, so the mutual-fund companies that hold them must estimate the shares' worth each quarter.

Seven mutual-fund companies had mostly maintained a \$48.77 share price since the fourth quarter of 2015, when Uber first sold its shares to investors at that price.

Fidelity Investments held its estimate of \$48.77 as June 30. The one outlier is **BlackRock Inc.**, which wrote up the shares

slightly each of the past two quarters, settling at \$53.88 as of June 30.

Uber didn't have comment. The mutual-fund companies couldn't be reached or didn't have comment.

Uber has struggled with a string of scandals, executive departures including the ouster of its chief executive and a lawsuit from **Alphabet Inc.** over allegedly stolen trade secrets.

It also faces fallout from a probe into its culture after allegations of sexual harassment and sexism.

Uber's board, meanwhile, is trying to fill the CEO position after Travis Kalanick resigned in June under investor pressure.

Uber board members are

again considering **Hewlett Packard Enterprise Co.** CEO Meg Whitman as a possible candidate for CEO job despite her public statement last month pulling out of contention, people familiar with the matter said. Some directors have discussed in recent days potentially putting Ms. Whitman's name back on Uber's shortlist of candidates, which also includes **General Electric Co.** Chairman Jeff Immelt. The thinking goes that if a majority of Uber's eight-person board were to vote to approve her as CEO, she could be persuaded to come to the table again, the people said.

Ms. Whitman said in a Twitter message last month after word of her candidacy

became public that "I am not going anywhere" and "Uber's CEO will not be Meg Whitman." A person familiar with her thinking said on Tuesday that she stands by her prior statement.

The CEO search is in flux after one of Uber's biggest investors, **Benchmark**, sued Mr. Kalanick in an effort to oust him from the board.

The legal feud began earlier this month subsequent to the mutual-fund filings' June 30 ending date and has since spiraled into a broader battle among shareholders.

Benchmark has been negotiating for months a potential deal with tech investor **SoftBank Group Corp.** to sell part

Please see **UBER** page B2

Buyout Firm Eyes Fast IPO Payday

By DANA MATTIOLI
AND MAUREEN FARRELL

Blackstone Group LP is considering an initial public offering of **Gates Corp.** that could value the auto-parts maker at as much as \$9 billion.

The private-equity firm is in the early stages of laying the groundwork for the possible offering, according to people familiar with the matter.

The business could be valued at between \$8 billion and \$9 billion, one of the people said.

It isn't clear whether that includes debt. Either way, that would make it one of the biggest new issues in recent years.

There is no guarantee there will be a Gates IPO soon. If there is, it would represent a relatively quick turnaround for Blackstone, which bought the business just three years ago, and likely signal that the investment has been a good one.

Blackstone acquired Gates for about \$5 billion. At the time it was the largest private-equity buyout of an industrial company in more than four years, after the financial crisis put a chill on deals.

Gates, based in Denver, manufactures power transmission belts and fluid power products for cars. Founded in 1911, it employs more than 14,000 people in 30 countries.

In another notable listing that is being prepared, private-equity firm **Apollo Global Management LLC** is expected to file IPO paperwork for home-security company **ADT** by the fall. The Wall Street Journal reported last month. The offering could value ADT at well over \$15 billion, including debt, people familiar with the matter said then, and comes less than two years after the company was taken private.

That Blackstone and Apollo are contemplating the offerings is a sign the IPO market may weather some recent turbulence. The new-issue market has been relatively strong this year, with \$30 billion raised in 105 offerings in the U.S. through July—or nearly triple the comparable amount from last year, according to Dealogic.

The comparison is relatively easy though, as 2016 was the slowest year for IPOs in more than a decade, with ample supplies of private funding leaving many would-be issuers on the sidelines.

There have been a couple of high-profile stumbles lately: Shares of **Snap Inc.** and **Blue Apron Holdings Inc.** have struggled following their recent debuts, and that has caused some companies considering listings to rethink their plans, the Journal has reported.

Bayer's Big Move Triggers 'Doubts'

By NATALIA DROZDIAK
AND JACOB BUNGE

Bayer AG's takeover of **Monsanto Co.** faces deeper scrutiny from European antitrust regulators who say they have "serious doubts" about uniting two of the world's largest manufacturers of genetically engineered crop seeds and pesticides.

The European Commission said the \$57 billion deal could add pressure on farmers already struggling against low crop prices. The regulator has completed a preliminary probe but said Tuesday it may need until January to finish its work, throwing into doubt the companies' plans to complete their deal by year-end.

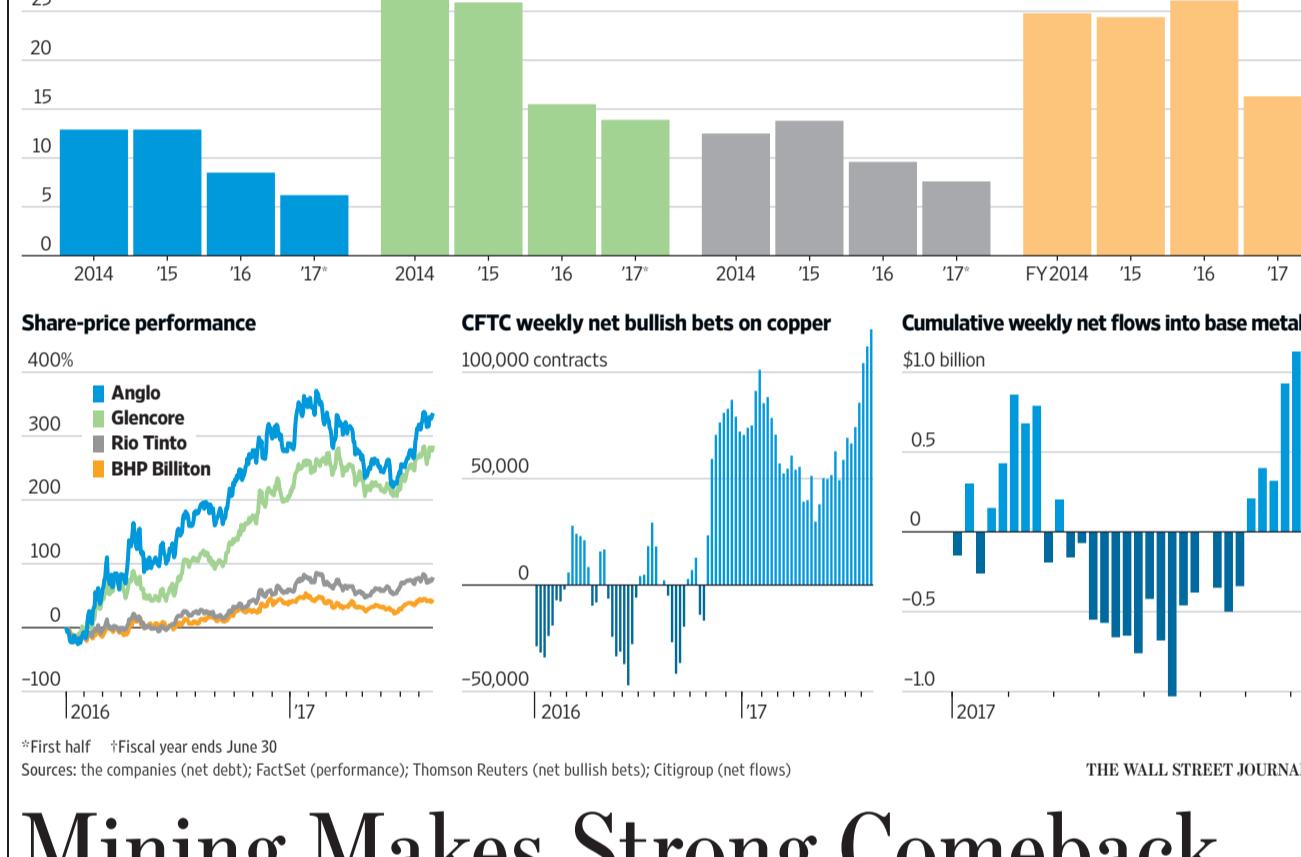
It is common for antitrust authorities to take longer than initially expected to conduct their analyses. The planned tie-up between Bayer and Monsanto, the largest in a string of deals that are reshaping the global agricultural industry, was announced last September after several other rival seed and pesticide makers had made their own deals to combine.

EU antitrust chief Margrethe Vestager said on Tues-

Digging Out of a Hole

The fortunes of the world's biggest mining companies have turned around.

A commodities-price rally has helped them cut their net debt.



THE WALL STREET JOURNAL.

Mining Makes Strong Comeback

By SCOTT PATTERSON

LONDON—The world's biggest miners are on a tear.

Fueled by a sharp rise in commodities prices, companies such as **BHP Billiton, Glencore PLC** and **Rio Tinto** are flush with cash again, boosting dividends, cutting debt and shelling out cash for expansion projects.

Just a couple of years ago, they were trying to survive a historic downturn in the sector.

The world's biggest mining company, BHP, on Tuesday posted a net profit of \$5.9 billion for the year ended June 30. That is a sharp turnaround from the previous year's loss

of \$6.4 billion, when the company took charges from its U.S. oil-and-gas business and a fatal 2015 dam failure at an iron-ore operation in Brazil.

BHP boosted its annual dividend 17% and said its net debt had fallen 38% from the previous year to \$16.3 billion.

The BHP report caps a strong financial showing for mining companies such as Rio Tinto, **Anglo American PLC** and Glencore.

An important sign of these companies' renewed health is their shrinking debt load. As of June, BHP, Rio Tinto, Anglo and Glencore collectively held net debt of about \$44 billion,

down about 50% from the end of 2014, according to a review of their earnings reports.

It is a significant shift from two years ago, when the mining industry was reeling. Slowing Chinese growth had sent commodity prices sharply lower. Mining companies loaded up with debt and cut dividends as their share prices sank.

But a surprise rally in the past year in commodities such as copper, iron ore and coal has brought in much-needed cash, breathing new life into the beleaguered industry and boosting mining stocks. The S&P 500 Metals & Mining index has doubled since bottom-

ing in January 2016.

The question for investors is whether mining companies will continue to pay down debt—and boost dividends—or, lured by rising commodity prices, return to the big-spending ways that got them into trouble two years ago.

Paul Gait, a Bernstein mining-industry analyst, said the rally has returned companies to the financial position they held before the commodity-price bust but not further. That suggests the companies remain scarred after the share-price collapse two years ago and are unlikely to launch aggressive

Please see **MINES** page B2

INSIDE



JEEP HOPES TO FOLLOW IN VOLVO'S TRACKS

AUTOS, B3



FOR PAKISTAN, TRUMP EFFECT IS A WEIGHT

EQUITIES, B15

HEARD ON THE STREET | By Richard Barley

Why ECB Can't Catch a Break on the Euro

Does gravity work differently in bond and foreign-exchange markets? At the start of July, both German bond yields and the euro were moving higher. But in August they have diverged, with bond yields off the boil but the euro maintaining its poise. The answer to the paradox may lie outside the euro-zone.

German bond yields and the euro rose sharply after a June speech by European Central Bank President Mario Draghi that pointed to less-accommodative monetary policy in the future. By mid-July, 10-year German yields stood at 0.6%, their highest since the end of 2015. But they have since fallen back some 0.2 percentage point, moving back into the narrow range that

had held for much of the year.

The euro, however, has continued to fly high. At \$1.175, it is close to its peak for the year against the dollar. Against sterling, it has reached a seven-year high.

That is a worry for the ECB: The account of its July monetary-policy meeting betrayed concerns about the rising euro while sounding far less fazed by higher bond yields.

There may be a common explanation: Global markets have been more jittery of late, with stocks off their highs and volatility off its lows. German bonds are playing a traditional haven role, amplified by ongoing ECB bond purchases.

But the source of these jitters isn't in the eurozone, unlike earlier in the year, when European elections dominated attention.

Home on the Range

Yield on 10-year German government bond



Source: FactSet

THE WALL STREET JOURNAL.

Instead, uncertainty has risen around the U.S. The White House is in turmoil, and soft inflation has markets doubting whether the Federal Reserve will press on with lifting interest rates.

The U.K., meanwhile, is struggling to reconcile the political and economic challenges of Brexit. Such uncertainty tends to support the euro against the dollar and the pound.

What might ease the ECB's concerns? Better economic data from the U.S. might lend the dollar some support and provide reassurance that political theater isn't damaging growth.

In particular, if U.S. inflation shows signs of life, that might make the market assign a higher probability to U.S. rate increases. What Fed Chairwoman Janet Yellen does or doesn't say at this week's Jackson Hole meeting may matter as much as Mr. Draghi's words.

Unhappily for the ECB, that may leave the currency mostly outside its control. For now, it may not be able to catch a break from the stronger euro.

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A - B

ADT	B1
Affirm	B10
Albertsons	B9
Aldi	B9
Alphabet	B1, B4
Amazon.com	B4, B9
Anbang Insurance Group	B6
Anglo American	B1
Anhui Zotye Automobile	B3
Apollo Global Management	B1
Applied Materials	B16
Bayer	B1
Benchmark	B1
Berkshire Hathaway	B2, B16
BHP Billiton	B1, B2, B16
BlackRock	B1, B14
Blackstone	B1
Blue Apron Holdings	B1

C - E

CBRE Group	B6
Chemours	A8
Chongqing Changan Automobile	B3
Cisco Systems	B16
ConnectOne Bancorp.	A2
Costco Wholesale	B4
Coty	B9
CSX	A1
Deli	B4
Dollar General	B6
DSW	B9, B16
Elliott Management	B2, B16
Energy Transfer Partners	A3
Essex Realty Group	B6

F - G

Fiat Chrysler Automobiles	B3
---------------------------	----

Fidelity Investments	B1
Ford Motor	B3
Gates Corp.	B1
Geely Automobile Holdings	B3
General Electric	B1
Glencore	B1
Globalfoundries	B8
Google	B4, B9
Great Wall Motors	B3
Grossman	B8
Hallador Energy	A8
Hartford Funds	B1
Hewlett Packard Enterprise	B1
H&R Block	B3

S - U

Sahara Group	B6
Sandler O'Neill + Partners	A2
Seacoast Banking	A2
Sempra Energy	B16
Snap	B1
SoftBank Group	B6
Stonestrom Financial Group	B6
Summit Development	B8
Synchrony Financial	B10
Target	B3, B4
Telefon L.M. Ericsson	B6
Tencent Holdings	B4
T. Rowe Price Group	B1
Uber	B1, B3, B4
Unilever	B16
Union Pacific	A8
Unis	B3
United Parcel Service	A2

L - N

Lam Research	B16
Lidl	B9
Macy's	B16
MetLife	B6
Miller Samuel	B8
Monsanto	B1
Mozilla	B9
Mylan	B6
National Resources	B8

O - R

Oak Street Real Estate	B6
Oncor	B16

V - Z

Vanguard Group	B1, B14
Venrock	B3
Verizon Communications	B3
Volv	B3
Walgreens Boots Alliance	B4
Wal-Mart	B4, B9, B10
Western Digital	B16
Whole Foods Market	B4, B9
Yandex	B2
Zhejiang Geely Holding Group	B16

INDEX TO PEOPLE

A	
Arrington, Michael	B6
B	
Buffett, Warren	B10, B16
C	
Charney, Felix	B8
Cheung, Eddie	B14
D	
Delinsky, Jeremy	B3
E	
Elliott, Brian	B4
G	
Gait, Paul	B1
Giddis, Kevin	B15
Glasenberg, Ivan	B2
Goh, Edmund	B14
Grande, Trond	B15
H	
Haddadin, Sam	B6
Harrison, Hunter	A8
Hashemy, Saad	B15
Hennessey, Sean	B6
I	
Herro, David	B2
Hildenbrand, Scott	A2
Hilcoat, Hunter	B2
Hudson, Denny	A2
J	
Imber, Doug	B6
Immelt, Jeff	B1
K	
Johnson, Ben	B14
Jones, Jeffrey	B3
L	
Kalanick, Travis	B1
Kocher, Bob	B3
M	
Leather, Gareth	B15
Levchin, Max	B10
Lin, James	B3
Lore, Marc	B4
Lyngren, Ian	B15
N	
Manimbo, Joe	B15
McMullen, Rodney	B9
Meliker, Ryan	B4
P	
Park, Ed	B3
Park, Todd	B3
Parsons, Jay	B6
Piantadosi, Lew	B16
R	
Roberts, Bryan	B3
Rogers, Chris	B3
Roy, Subratra	B3
S	
Sheng Songcheng	B14
T	
Tomal, Dan	B6
W	
Ward, Lynne	B8
Whitman, Meg	B1
Williams, Neil	B9
Witcher, Brendan	B2
Woodford, Neil	B10

BAYER

Continued from the prior page
tentially for consumers.

Groups pushing back against agriculture industry consolidation have called on regulators to block the Bayer-Monsanto deal. This month, a group of 24 agriculture organizations warned that the deal would strengthen Bayer's hand with farmers and with smaller seed companies.

The past year has been another lean one for farmers. Swelling grain supplies in the U.S., Europe and South America have made corn, soybeans and wheat cheap, forcing farmers to curb spending.

Soybean and wheat prices continued to decline over the past 12 months, and the U.S. Department of Agriculture projects that U.S. net farm income will slide to \$62.3 billion this year—marking the fourth consecutive annual decline, and half what domestic farmers earned in 2013.

Some farmers in recent years have been able to counter cut-rate grain prices by harvesting bumper crops. But dry weather across some stretches of the U.S. Farm Belt this summer will make that harder as combines roll in the autumn, analysts say.

"I don't think the average corn or soybean producer will be in the black this year," said Michael Langemeier, professor of agricultural economics at Purdue University in Indiana.

Lindsey Lusher Shute, executive director of the National Young Farmers Coalition, which joined in on the warning this month, said:

"This is not a time to narrow the options farmers have available to them."

Bayer and Monsanto are seeking approval after the EU

Crop Chemistry

Bayer aims to add Monsanto, the world's largest crop seed supplier, to the German chemical firm's deep portfolio of pesticides.

Monsanto

2016 net sales \$13.5 billion

Seeds and genomics Agricultural productivity

74% 26

Bayer

2016 crop science sales €9.9 billion

Seeds Crop protection

14% 80 6

Environmental science

Note: As of Tuesday €1 = \$1.18

Source: the companies

THE WALL STREET JOURNAL.

and other antitrust bodies already cleared the merger of Dow Chemical Co. and DuPont Co. as well as China National Chemical Corp.'s roughly \$43 billion takeover of Swiss seed and pesticide maker Syngenta AG. The companies made considerable divestitures to win approval in both cases.

In spelling out its concerns about the Bayer and Monsanto deal, the EU said the two companies have a high market share in breeding or licensing—and in some cases both—vegetable, canola and cotton seeds.

The EU also noted the two companies were the only firms among a limited number of competitors capable of discovering new active ingredients and new formulas, such as those that could tackle the problem of increased weed resistance to existing herbicides.

The EU also noted the two companies were the only firms among a limited number of competitors capable of discovering new active ingredients and new formulas, such as those that could tackle the problem of increased weed resistance to existing herbicides.

Bayer and Monsanto already have submitted various commitments to the EU, but regulators deemed them insufficient to dismiss their "serious doubts" about the merger.



Bayer sees benefits from folding in Monsanto's research capabilities.



A surprise rally in the past year in such commodities as copper, iron ore and coal has brought mining companies much-needed cash.

MINES

Continued from the prior page

spending plans any time soon.

"I don't think management wants to live through the volatility that we saw in the last few years and the near-death experience many of these companies saw," Mr. Gait said.

That is likely bullish for commodity prices in the long run, he said, because it means few new large mines are likely to get started in the coming years, limiting the supply of materials.

To be sure, other mining companies aren't standing still. Rio Tinto is plowing billions into a Mongolian copper mine and is moving ahead on a bauxite and iron-ore project in Australia.

BHP said last week that it would spend \$2.5 billion to extend the

life of a copper mine in Chile.

Indeed, copper and a byproduct of copper mining, cobalt, have become darlings of the industry as mining companies position themselves for what many describe as the next wave of development in China and other industrializing countries.

Such countries are likely to scale back demand for bulk commodities such as iron ore and coal, used in steel making, and shift to copper, used in electric grids and consumer products.

"We should see strength in demand for those commodities as economies grow toward the later cycle," Glencore Chief Executive Ivan Glasenberg said on a recent conference call.

A trend away from developing so-called greenfield mines marks a reverse from the so-called commodity supercycle, when surging prices fueled by

seemingly bottomless demand in China encouraged mining-company managements to splurge on new projects—and the debt that funded them.

BHP in 2011, when it posted a record \$24 billion in net profit, had plans to invest \$20 billion in major projects and exploration over the following year, and more than \$80 billion by 2015. Rio planned to invest \$14 billion in new projects in 2012.

Hunter Hillcoat, a mining analyst at Investec Securities, says there is one exception to mining companies' more-cautious stance: Glencore. The Swiss mining company has been more focused on deal-making than its competitors, signing a \$1.1 billion deal in July for a stake in Australian coal assets and considering a bid for \$11 billion grain trader Bunge Ltd.

While Glencore has restored its dividend, returning \$1 billion to shareholders in 2017, it didn't announce an increase in the payout in its latest earnings report this month as did BHP and Rio. Anglo American surprised investors by reinstating the dividend after having suspended it in 2015.

That is fine with David Herro, fund manager for Harris Associates LP, which controls about 5% of Glencore's stock valued at roughly \$3 billion, according to FactSet. A year ago, Mr. Herro wanted Mr. Glasenberg to hold his fire on the deal-making front and focus on restoring the company's balance sheet after it faced down a share-price collapse in 2015.

That has changed.

"They are very astute deal makers," Mr. Herro said.

UBER

Continued from page B1

<p

BUSINESS NEWS

Insurance Startup Focuses on Medicare

BY ANNA WILDE MATHEWS

In a sign of the health-care industry's focus on the growing business of private Medicare coverage, several high-profile executives plan to launch an insurer focused on such plans.

Devoted Health expects to begin offering its first Medicare Advantage products in the fall of 2018 in Florida and West Virginia.

The company operates on about \$7 million in seed money from venture capital firm Venrock and Devoted co-founders Todd Park and Ed Park, brothers who were a co-founder and early employee, respectively, of Athenahealth Inc.

Private insurers offer Medicare Advantage plans as an alternative to government-run traditional Medicare. The insurers are paid by the federal government.

Like other Medicare Advantage insurers, Devoted says it aims to improve the quality of patients' experience and care, while holding down costs by avoiding unneeded procedures and working closely with physicians. Devoted says it will be closely tied to physician groups in the markets it enters and will assign beneficiaries guides who are supposed to help them navigate their care.

Todd Park, who also worked in the White House and as chief technology officer of the Department of Health and Human Services during the Obama administration, will be executive chairman and Ed Park will be chief executive of the new insurer; Venrock partner Bob Kocher will serve as Devoted's chief medical officer.

Venrock partner Bryan Roberts, who is on Devoted's board, said he was attracted by the team running Devoted—which, in addition to the Parks, includes Jeremy Delinsky, a former executive at home-decor retailer Wayfair.com, and Dariel Quintana, who worked for major Medicare insurer Humana Inc. in Florida. Medicare Advantage feels like a growing, well-regarded program in the health-care space," he said. "You're building into a growing market."

Devoted is choosing a business that existing managed-care giants such as UnitedHealth Group Inc.—as well as other health-care players such as hospitals that are eyeing the insurance business—already view as a growth engine. Aging baby boomers are increasingly selecting the private plans as they age into Medicare eligibility.



VOLVO/ASSOCIATED PRESS

The \$1.8 billion that Geely paid for Volvo at a time when Ford was desperate to shed noncore assets is now widely seen as a bargain in the auto industry.

Volvo Setting an Example for Jeep

Geely's purchase of the Swedish car maker paid off; can Great Wall wish as much?

BY TREFOR MOSS

SHANGHAI—Many assumed it was a disaster in the making when **Geely Automobile Holdings Ltd.**—a little-known Chinese car maker with virtually no international experience—bought Sweden's Volvo Cars from Ford Motor Co. in 2010.

Seven years later, Geely and **Volvo** are both motoring along, and inspiring other Chinese auto makers to take the same road.

Great Wall Motors Co.'s interest in buying the legendary Jeep brand from **Fiat Chrysler Automobiles NV** is being seen as fitting a bid for global prominence—an ambition that analysts are taking seriously in part because of the success of the Geely-Volvo marriage.

"Volvo is certainly much better off than it was under Ford," said Janet Lewis, Macquarie Capital Research's managing director of equity research.

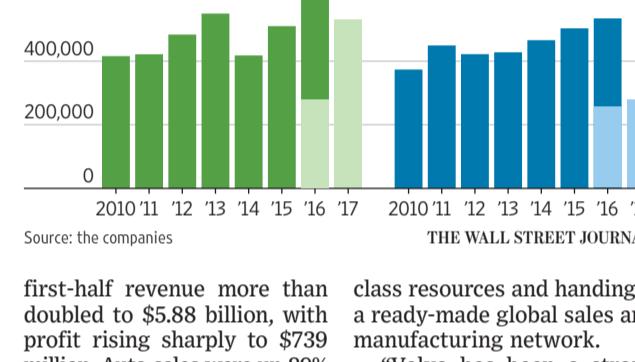
Great Wall said Tuesday that it was still evaluating a move for Jeep or Fiat Chrysler itself. Amid speculation over its plans, the Hong Kong stock exchange suspended trading of its shares.

Acquiring a marquee name like Jeep would help Great Wall in its long-running rivalry with Geely, which as of late is in the lead. The unit of **Zhejiang Geely Holding Group Co.** recently took control of a second foreign auto maker, Malaysia's Proton.

Last week, Geely said its

Takeover Takeoff

After Geely's 2010 acquisition of Volvo, sales of both car brands are significantly higher.



Source: the companies THE WALL STREET JOURNAL.

first-half revenue more than doubled to \$5.88 billion, with profit rising sharply to \$739 million. Auto sales were up 89% at 530,627, more than the company sold in the whole of 2015.

Geely is significantly outperforming the Chinese passenger car market, which grew only 1.6% in the first six months of this year.

"Right now Geely is in a class by itself" among Chinese auto makers thanks largely to its technology connection with Volvo, said Michael Dunne, president of consultancy Dunne Automotive.

China has scores of domestic car makers, most of them state-run: They are broadly considered mediocre by industry analysts.

Many operate joint ventures with foreign auto makers, but that structure has proved an ineffective means of absorbing advanced technologies.

In contrast, buying Volvo proved a transformative moment for privately owned Geely, Mr. Dunne said, giving the Chinese car maker access to the Swedish outfit's world-

class resources and handing it a ready-made global sales and manufacturing network.

"Volvo has been a strong teacher and brother to Geely Auto," said a Geely spokesman, partly crediting technology and supply-chain sharing for the recent strong performance of both brands.

The turnaround wasn't instantaneous. Volvo was languishing when Geely bought it from Ford, and it took several years for its integration with the Hangzhou-based company to start paying dividends.

Volvo's annual sales increased by 25% between 2013 and 2016, and grew 8.2% in the first half of 2017.

So far, Geely is the only Chinese automotive company to have pulled off the takeover of a major foreign car maker.

Great Wall, which is also privately owned, has been open about its global ambitions for years, but it has made relatively little headway outside China: only 1% of its 1.07 million sales last year were made in foreign markets.

Great Wall's interest in ac-

quiring Jeep is seen by many as a "very logical move," said Yale Zhang, managing director of Automotive Foresight, a Shanghai auto consultancy.

"If they can buy Jeep, they get the brand, the products,

the R&D, and the foreign distribution channels," he said.

In the tussle between China's two top privately owned auto companies, Great Wall fell behind Geely in terms of deliveries for the first time in the January-to-June period, as its sales edged up 2.3% from a year earlier to 460,743 vehicles.

Geely's sales surged thanks in part to new SUV models that ate into Great Wall's once-dominant share of the popular

mass-market vehicles uncompetitive unless they are built in the country. Ford already operates two joint ventures in China with local auto makers **Changan Automobile Co.** and **Jiangling Motors Corp.**

China is encouraging auto makers to build electric cars to help meet ambitious national targets for electric-vehicle adoption. Beijing normally limits foreign auto makers to two joint ventures, but it allows them to set up a third if it specializes in electric-car assembly.

Zotye, Ford's new partner, is a little-known electric-car specialist. The Chinese company sold more than 16,000 electric cars in the first seven months of this year, according to Ford, or 7% of the 228,000 electric cars sold in China so far this year.

Ford had already announced plans to start building its first electric car in China—the Mondeo Energi plug-in hybrid—next year.

segment. In response Great Wall heavily discounted some vehicles in the first half of the year, causing its profits to halve to \$373 million.

Snaring Jeep would certainly change the complexion of Great Wall's operation, said Macquarie Capital's Ms. Lewis. "Overseas M&A is the best route to survival" as Chinese car makers struggle to achieve sufficient scale and technical quality to match foreign rivals, she said.

The \$1.8 billion that Geely paid for Volvo at a time when Ford was desperate to divest noncore assets is now widely seen as a bargain in the auto industry. Jeep is unlikely to come so cheap.

Verizon to Curb Mobile Video Quality

BY RYAN KNUTSON

Verizon Communications Inc. said it would start limiting video quality for all customers across its network, months after the No. 1 U.S. carrier by subscribers launched unlimited data plans.

The video-throttling technique, which is also employed by rival carriers, came alongside new data plans that effectively raise the price of Verizon's current unlimited data offer. The company said it would limit video qualities for both users of its unlimited plans as well as customers with monthly amounts of data.

Verizon said starting Wednesday it will sell an unlimited data plan that doesn't stream video in high definition, starting at \$75 a month for one line, alongside an unlimited plan with HD-quality video, starting at \$85 a month for one line. (Both prices include discounts for enrolling in automatic payments and paperless billing.)

The tiered unlimited plans illustrate how wireless carriers have struggled to make money off increased data usage. For years, carriers primarily sold capped plans that charged per gigabyte of usage. But consumers, struggling to understand what constitutes a "gigabyte," flocked to unlimited-data offers.



MINT IMAGES/ZUMA PRESS

Imports surged 15% in July at the ports of Los Angeles and Long Beach, Calif.

Activity Perks Up at Ports

BY ERICA E. PHILLIPS

U.S. retailers and manufacturers are stocking up their inventories with newfound confidence heading into this year's peak shipping season, when imports typically tick up ahead of end-of-year holidays.

American ports took in the equivalent of 1.72 million 20-foot containers in July, just shy of a record, according to preliminary data from the National Retail Federation.

Importers and logistics firms attributed July's blockbuster growth to rising consumer confidence, which hit its second-highest level since 2000, according to the Conference Board. Shipments of auto

parts, furniture and back-to-school-related goods were among the strongest categories of growth, analysts with Panjiva, a trade-data service, said.

Midsummer through early fall is typically the peak season at U.S. ports as retailers stock up for the holidays. In recent years the usually busy months have seen uneven or flat volumes as retailers worked through excess inventories.

Many ordered fewer goods from overseas to slim down their supply chains as more customers shopped online. Import data this year show retailers are coming to the end of that process and are restocking to match rising de-

mand.

"We've imported more this year than in many years past," said Mark Morales, owner of furniture-import business Charles Jacobsen. Mr. Morales said his showroom in Culver City, Calif., is "stacked to the rafters" with Asian antiques, the firm's specialty, for its annual August sale.

Imports surged 15% in July at the neighboring ports of Los Angeles and Long Beach, Calif., the nation's biggest port complex.

The Port of Savannah, Ga., the second-largest East Coast port, reported its busiest July ever, and Houston's port saw a 13% jump in loaded import containers year over year.

H&R Block Picks Its Next Chief from Uber

BY CARA LOMBARDI

H&R Block Inc. has tapped a former **Uber Technologies Inc.** and **Target Corp.** executive to revamp the 62-year-old company and figure out what customers now want in tax preparation.

Jeffrey Jones will take over as chief executive on Oct. 9, H&R Block said Tuesday. His mandate will be to transform a company best-known for its in-person tax-preparation services into a formidable competitor of **Intuit Inc.**'s rapidly growing TurboTax products and other low-cost online options.

Since 2007, the number of tax returns prepared using TurboTax has nearly doubled, while the number of returns prepared using H&R Block's assistance and online platform has remained about the same.

Mr. Jones most recently served as president of ride sharing at Uber, but he quit in March after only six months on the job, citing differences with leadership. He had reported directly to Uber's then-Chief Executive Travis Kalanick, who resigned in June after a series of scandals raised questions about Uber's corporate culture.

Before joining Uber, Mr. Jones was Target's chief marketing officer from 2012 to 2016, where he helped the

brand recover from a 2013 data breach and launch Cartwheel, a smartphone app that lets customers access coupons while shopping.

H&R Block Chairman Robert Gerard said the board knew it needed a leader who was adept at applying the latest technologies to changing customer needs. Bill Cobb, 60, who led H&R Block for six years, retired as chief executive in July.

Aside from offering a wider range of financial services to customers, Mr. Jones doesn't yet know where he will steer the business. "It's too early to start picking a path," he said in an interview. "I have to ask all the questions and be open to thinking about how we can serve more people in more ways."

The Kansas City, Mo.-based company has been retooling its business model as more customers want to file their taxes online rather than visit one of H&R Block's 10,000 branches in person. Still, in its most recent fiscal year, which ended April 30, more than half of its \$3 billion in revenue came from hands-on tax-preparation services and less than 10% from do-it-yourself fees.

The company prepared 23 million federal tax returns, or about 14% of all individual returns filed with the Internal Revenue Service, which was a slight decline from a year earlier.

TECHNOLOGY

WSJ.com/Tech

Google and Wal-Mart Join Voices

Taking run at Amazon, partnership includes ordering purchases on virtual assistant

BY JACK NICAS
AND LAURA STEVENS

Google and **Wal-Mart Stores** Inc. are joining forces in a partnership that includes enabling voice-ordered purchases from the retail giant on Google's virtual assistant, challenging rival **Amazon.com** Inc.'s grip on the next wave of e-commerce.

Wal-Mart said Wednesday that next month it will join Google's online-shopping marketplace, Google Express. While the deal will add hundreds of thousands of Wal-Mart items to Google Express, it will also give Wal-Mart access to voice ordering. The deal won't alter how consumers receive their orders, because Wal-Mart will fulfill purchases made through Google Express.

Consumers will be able to order Wal-Mart goods from the retailer's stores by speaking to Google's virtual assistant, which sits in phones, Google's voice-controlled speakers and soon other devices. Wal-Mart said it will share consumers' purchase history with Google to enable users to quickly reorder items, a primary function of voice-controlled orders for commodity shopping.

"How do you help people who are going to be interacting more and more with devices get their weekly shopping tasks taken care of?" Google Express chief Brian Elliott said in an interview, citing a key reason for the partnership.

The increasing importance of voice shopping suggests Wal-Mart and Google, part of **Alphabet** Inc., need each other to compete against Amazon. Voice-controlled ordering is a small but rapidly growing share of online sales, analysts say, and one of the top reasons to



A Wal-Mart in Burbank, Calif. Consumers will be able to order goods from the retailer's stores by speaking to Google's virtual assistant.

use Amazon's virtual assistant Alexa and its Echo speakers.

Google has "made significant investments in natural language processing and artificial intelligence to deliver a powerful voice shopping experience," Marc Lore, Wal-Mart's head of e-commerce.

Amazon effectively invented voice shopping, which allows users to easily order goods, like toilet paper and diapers, thanks to Amazon's vast data set on customers' past purchases. A significant portion of online shopping is made up of consumers reordering the same staples. That is well-adapted to voice ordering because a device can recall the preferred brand, size and type, without requiring shoppers to scan through different product listings.

"When I buy a product that I don't care about, it is actually a pain for me to go to a

website and find an item and check out," said Forrester analyst Brendan Witcher, a former retail executive. "If I can simply say, send me dishwashing soap...and you send it, that's much easier on me as a consumer."

To make voice shopping easier, Wal-Mart said it will allow users to link their Wal-Mart accounts to Google Express, so a Wal-Mart shopper who asks the Google Home for more toothpaste will get the same brand she bought last time.

The Wal-Mart-Google partnership comes as Amazon continues to expand its share of online purchases. In July, Amazon claimed nearly 45 cents out of every dollar spent online, according to receipt tracker Slice Intelligence, up from about 43 cents at the start of the year. Wal-Mart, in comparison, claimed nearly 2 cents of each

dollar, holding steady.

Google launched Google Express in 2013 and steadily expanded the service to reach the full contiguous U.S. by late last year. Google enlists third-party firms to fulfill orders from a variety of retailers, including **Target Corp.**, **Costco Wholesale Corp.**, **Walgreens Boots Alliance Inc.**, and **Whole Foods Market Inc.**, which Amazon agreed to buy in June for \$13.7 billion. Google Express earns money on commissions from those merchants. Wal-Mart said it would fulfill its Google Express orders itself, a new, likely cheaper model for Google.

Google said on Wednesday that it is also dropping the \$95 annual fee for free shipping on orders that reach a given store's minimum cart size, similar to a move Wal-Mart made in January. Google

Express' Mr. Elliott said the company decided to offer free shipping on such orders, with a typical minimum of \$25 or \$35, to make buying easier, particularly when ordering goods via voice interactions.

Wal-Mart will leverage Google's virtual assistant and Echo competitor, the Google Home, to make its goods available at the sound of a consumer's voice. Google, meanwhile, hopes access to Wal-Mart's inventory will help boost engagement and sales of its assistant and speakers. The partnership will enhance the selection and overall cachet of Google Express, which competes with delivery services such as **Instacart Inc.**, **Deliv Inc.** and **Uber Technologies Inc.**

—Khadeeja Safdar
contributed to this article.

◆ Wal-Mart discusses offering loans to customers..... B10

NFL Calls New Play In China: Streaming

BY WAYNE MA
AND ALYSSA ABKOWITZ

BEIJING—Pro football might rule big-screen television sets in the U.S., but it is the small screens of smartphones where the **National Football League** hopes to make its play in China.

The NFL and **Tencent Holdings** Ltd. announced a deal this week that will give the Chinese internet company exclusive rights to digitally stream games online for three years. Financial terms weren't disclosed.

Tencent plans to stream live games and other NFL content free of charge on mobile and desktop platforms, including its flagship WeChat social-media app, which has more than 960 million monthly active users.

Expectations are that most of the viewing in China will be on mobile platforms, partly because of the time difference between the U.S. and China, said Richard Young, the head of the NFL's operations in China.

"Because our games came in on Monday, Tuesday and Friday mornings, people were often displaced from their TV sets," Mr. Young said. "Now, they are watching from home while getting ready for work, watching on their commute to work, putting it on pause, going to work and continuing to watch."

Under the agreement, Tencent will pay the NFL to stream all of its Thursday, Sunday and Monday Night Football games, as well as the Super Bowl championship game and other selected games.

Chinese viewers will be able to listen to live Chinese commentators as well as read NFL coverage on Tencent's news platform.

—Zhang Huan
contributed to this article.

ADVERTISEMENT

Career Opportunities

To advertise: 800-366-3975 or WSJ.com/classifieds

CAREERS

Associate,
Distressed Corporate Debt Trading
NY, NY. Trade diverse coverage universe such as chemicals, paper & pkg. utilities, energy svcs & drillers, metals, industrials, transportation, media & healthcare sectors. Focus on tracking revenue, idea generation & increased client interaction. Must have Bachelor's or equiv in Econ, Fin/c, or rel field + 2 yrs relevant exp. Demonstrated industry knowl of dynamics of stressed & distressed industries such as Transportation, Fin/l, Tech, Chemicals, Paper & Pkg, Utilities, Energy Svrcs & Drillers, Metals, Industrials, Media & Healthcare. Demonstrated knowl of Corp Bonds, Leveraged Loans, Bankruptcy Claims, Over the Counter (OTC) Equity, Escrews, & other illiquid & esoteric obligations of Corporations & Special Purpose Vehicles in North America. Exp as Lead Trader of specific trading book w/profitable PNL of over 3mm US Dollars. Exp w/execution of block trades, as defined as transactions of over 25mm of notional. Exp w/transactions 5bn or more of notional in past 24 months, ind evidence of 50mm or more w/at least 20 clients whose Assets Under Management (AUM) is betw 1bn - 20bn. Exp w/clients from diverse array of Hedge Funds, Value Investors, Mutual Funds, & Private Equity Firms. Exp handling illiquid credit & equity positions using Treasuries, Credit Default Swaps, Exchange Listed Equities & Equity Derivatives. Exp trading non-US Dollar securities. Any amount of exp w/reld skills is acceptable. To apply, visit <http://careers.jpmorganchase.com> & apply to job # 170084095. EOE, AAE, M/F/D/V. J.P. Morgan Chase is a marketing name of JPMorgan Chase & Co. The Chase Manhattan Bank is a subsidiary of J.P. Morgan Chase & Co. © 2003 J.P. Morgan Chase & Co. All rights reserved. www.jpmorganchase.com

Analyst

(New York, New York): D. E. Shaw & Co., LP seeks an Analyst in its New York, NY office. Responsibilities include: Provide first-line technical support for a number of the firm's discretionary businesses. Participate in technical meetings and discussions with traders and portfolio managers to understand their requirements and queries. Make critical enhancements to software. Upgrade systems infrastructure and provide support for front office operational issues, including responding to analyst and trader queries. Enhance software in response to requests submitted by business users. Maintain and improve systems platform for scheduling and running jobs, monitoring those jobs, and resolving failures. Analyze and implement technical projects, including developing ad-hoc reports and data-driven projects. Upgrade systems in response to firm-wide API changes; coordinate with stakeholders during upgrades and implementation required changes. Coordinate with technical teams on FIX connection setup for trading systems. Coordinate with other development teams on process enhancements, customized reports, and testing. Work with Unix, Python, Perl, SQL, object-oriented programming techniques, financial reference data and transactions modeling. The successful candidate will have a Bachelor's degree in Computer Science, Engineering (any) or a related field of study, plus five (5) years of progressively responsible experience with Unix, Python or Perl, SQL, object-oriented programming techniques, and financial reference data and transactions modeling. Applicants should submit a resume to D. E. Shaw & Co., LP, 1166 Avenue of the Americas, New York, New York 10036. Submissions must reference NEWYRGSJ. No phone calls please. D. E. Shaw & Co., LP does not discriminate in employment matters on the basis of race, color, religion, gender, gender identity, pregnancy, national origin, age, military service eligibility, veteran status, sexual orientation, marital status, disability, or any other protected class.

Phelps County Regional Medical

Center in Rolla, MO is looking for an invasive/interventional Cardiologist.

Send CV to Beth Hedrick

bhedrick@pcrmc.com

CAREERS

Director
Deutsche Bank Securities Inc. seeks a Director, Asian Equity Sales in New York, NY to conduct detailed fundamental valuation, macro, micro, geopolitical, and derivatives analysis of Asian equity markets and stocks. Requires a Bachelor's degree in Economics, Statistics, Mathematics, or related quantitative field or equivalent and ten (10) years of progressively responsible experience planning, directing, and coordinating investing, banking, securities, and other financial activities of a financial services institution. Prior experience must also include at least ten (10) years of analyzing relationship between different asset classes domiciled in various equity and fixed income markets globally; conducting detailed fundamental valuation, macro, micro, geopolitical, and derivatives analysis of Asia equity markets and stocks; cultivating business relationship and firm franchises with global and regional asset managers in Pan-Asia and Emerging Markets; employing various investment strategies, including long/short, event-driven, and market neutral strategies, to maximize alpha generation for clients and manage mock equity portfolios; identifying trading and quantitative patterns within individual stocks and industries to optimize portfolio returns; conducting single stock absolute and relative valuation analysis, employing options, futures, and synthetic baskets to originate derivative ideas for core stock investments; and coordinating and facilitating complex share placements and offerings on behalf of corporate clients and investors. Apply to www.db.com/careers and search by professionals, keyword SR1724.

Assistant Vice President
Deutsche Bank seeks an Assistant Vice President, Project Manager in New York, NY to coordinate and execute Program Management Office (PMO) responsibilities across multiple regulatory programs. Requires a Master's degree in Information Systems, Information Technology or related field or equivalent and two years of experience analyzing banking organization's compliance with foreign regulatory banking requirements. Must include at least 2 years of experience performing analysis of Dodd-Frank Act; maintaining program sites and reports in SharePoint; gathering, reviewing, coordinating, and documenting business requirements across multiple work streams; developing project management framework for large projects; developing executive presentations for reporting to management, supporting the front-to-back dry runs and coordination across bank functions to ensure operational readiness of delivery; defining Initiative Level Governance to ensure clear escalation routes and availability of control procedures; and ensuring compliance of FBO programs with documented standards, templates, and frameworks. Employer will accept a Bachelor's degree and five (5) years of progressively responsible experience in the alternative. Apply to www.db.com/careers and search by professionals, keyword SR1724.

Database Mgmt Analyst
NY, NY. Build innovative solutions around data mining, reporting, data mgmt., & data transformation using dbase/SQL prog./Build new svcs for next generation Chase online & mobile platforms. Must have Bachelor or equiv in CS, or rel field (Employer will accept 2 yrs exp in app dvlpt, or rel exp. Exp comparing & correlating data among 50+ DB/Schema, SQL/dvlpt exp, Unix dvlpt exp, SDLC exp, Report design exp, ETL exp, exp wrting bus. rules, Dbase Admin exp, Data Migration exp. Data Analysis exp. Any amount of exp w/reld skills is acceptable. To apply, visit <http://careers.jpmorganchase.com> & apply to job # 170083615. EOE, AAE, M/F/D/V. J.P. Morgan Chase is a marketing name of JPMorgan Chase & Co. The Chase Manhattan Bank is a subsidiary of J.P. Morgan Chase & Co. © 2003 J.P. Morgan Chase & Co. All rights reserved. www.jpmorganchase.com

CAREERS

Vice President
Deutsche Bank Securities Inc. seeks a Vice President, Structured Credit in New York, NY to contribute to origination, business and strategy ideas. Requires a Bachelor's degree in Mathematics, Finance, or related field or equivalent and four (4) years of experience originating, structuring and executing off-the-run asset backed securities (ABS) transactions and warehouse financing transactions. Must include at least four (4) years of experience modeling complex transactions and sensitivity analyses in the middle market lending, consumer, and esoteric asset classes; utilizing MS Excel and VBA in the modeling of transactions; researching existing ABS structures and proposing alternative structures to meet client financing objectives; evaluating transactions for credit and operational risks; preparing presentations on financing recommendations for clients on ABS offerings and asset-backed funding options; reviewing and approving underlying middle market corporate loan collateral for inclusion in lending facilities; preparing credit memoranda for credit approval processes; and negotiating legal transaction documents for ABS transactions. Apply to www.db.com/careers and search by professionals, keyword SR1724.

Vice President
Deutsche Bank seeks a Vice President, Treasury Modeling and Analytics in New York, NY to perform development and implementation of board-level capital analytics, including quarterly assessments of the Bank's capital depletion under stress to senior management. Requires a Master's degree in Business Administration, Finance, Economics, or related field or equivalent and three (3) years of experience performing development of product specific revenue forecasting economic models. Must include at least three (3) years of experience challenging assumptions and limitations through sensitivity analysis of key drivers and assumptions; performing attribution analysis; defending revenue forecasting econometric models through performance monitoring; performing model remediation, maintenance, re-calibration, and re-specification across various revenue and balance sheet forecasting econometric models; developing ongoing model monitoring requirements; working with data and IT teams to source data for model refresh and re-development; performing ad hoc macroeconomic sensitivity analysis; responding to queries on revenue forecasting econometric models, techniques, data and outcomes; applying econometrics techniques, segmentation analysis, time-series modeling (OLS, ARIMAX, GARCH, Logistic), and VaR modeling; and utilizing R, SAS, Excel, MATLAB, VBA, and SQL. Apply to www.db.com/careers and search by professionals, keyword SR1724.

M & A BUSINESS BROKERS
Sell & Show Businesses
Six Figure Commissions
As Independent Contractor
Work From Home / Outside Sales
Leads Furnished • Training • Since 1985
Send Letter & Resume to:
brokers@gottesman-company.com
Visit our website: gottesman-company.com
United States • Canada • Europe

Push Back on Phone Alerts

I'll bet *[Buzz! Julie just posted to Facebook for the first time in a while]* you can't make it through *[Ding! Notafriend123 just started a live video!]* this column *[Buzz! Sunday Runday!]* without being annoyed by a *[Ding! A brunch spot for you]* push notifications on your smartphone.

Here's another bet: You've tried to silence unimportant push alerts but couldn't figure out the complicated settings. Or you thought you mastered the settings, but trivial messages still

manage to sneak through like a mouse in an air vent.

Our attention is such a precious commodity that apps, social networks and, yes, news outlets have deployed infuriating numbers of pop-ups to conquer it. "Silence all the notifications!" isn't the answer, however. Do I want Facebook to ding me to update my profile? Never. But I sure as heck want to be buzzed by the babysitter watching my newborn.

I polled readers on which apps they find are the worst notification offenders—I'm looking at you, Facebook and Instagram. After digging deep into app and system settings, I discovered tricks to reclaim some power. I also reached out to 10 companies to express my frustration.

Most of them directed me to buried, unclear settings. There seems to be an industrywide belief that this is enough. But our time and attention deserve more respect. With that, I propose the Notification Bill of Rights.

Article I: The right to easier controls

Whether you have an Android or iPhone, there are two places to control your notifications:

In the operating system's settings menu, you decide, app by app, if you will permit notifications at all. If you allow an app to send

alerts, you can control when and how they appear—on your lock screen, in your notification center, etc. Go through this list and turn off apps you don't care about.

In an app's own settings menu, you usually get the ability to control notification content—friend requests, breaking news, music releases, new game levels. If you have enabled notifications for an app, be sure to comb through these options.

Article II: The right to not be manipulated

Tristan Harris, a former Google design ethicist who runs the nonprofit Time Well Spent, which fights to keep us from being hijacked by technology platforms, thinks Facebook and Instagram notifications are manipulative. Facebook reminds you to post something ("You haven't updated your profile in 52 weeks") then taps all your friends to look at it, Mr. Harris says. "They are orchestrating social interactions between people—like tapping two people on the shoulder and then running away—to keep people coming back to the app."

A Facebook spokeswoman says, "We sometimes alert people to new content from their friends that they might find interesting. They don't have to click on that post if they choose not to." You can disable alerts in Facebook's often perplexing and unnecessarily personalized notification controls, and in Instagram settings under "First

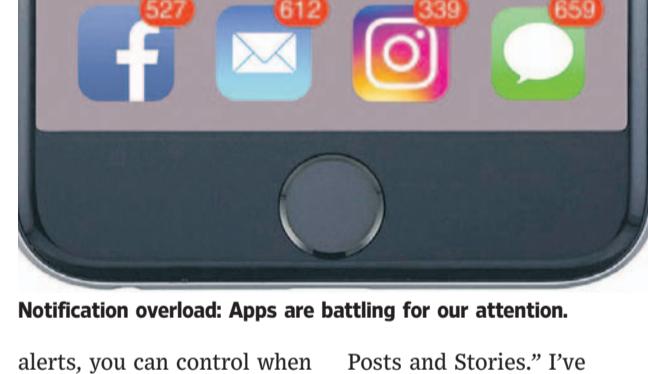
Posts and Stories." I've turned off all Facebook, Instagram and Twitter push notifications, period.

Article III: The right to smarter tools

Do Not Disturb is one of the best features in iOS and in Android. Flip the switch before a meeting, movie or going to sleep and it silences almost all notifications and keeps the lock screen from lighting up. (As the ancient philosophers once pondered: If a notification doesn't ding, is it a notification at all?)

In Android you'll find the setting in the pull-down panel at the top of the screen. In iOS, it's that moon icon in the Control Center. You can also set specific Do Not Disturb hours. What's missing yet again are simple and functional customization controls. Android's Priority Mode allows you to fairly easily allow calls and text notifications from favorites. In iOS, Do Not Disturb allows calls from favorites to ring through but it doesn't work for texts. A buried setting called Emergency Bypass makes every text chime audible. Your babysitter could reach you in a movie, but you'd probably get kicked out.

The real solution is artificial-intelligence systems to pick and choose what's important to us. If there are 25 email and text notifications on my lock screen after dinner, why can't it rank them by importance based on my everyday patterns?



Notification overload: Apps are battling for our attention.

Phelps County Regional Medical

Center in Rolla, MO is looking for an

invasive/interventional Cardiologist.

Send CV to Beth Hedrick

bhedrick@pcrmc.com



redhat®

TAME TODAY. FRAME TOMORROW.

Upgrade your legacy IT and free up valuable resources
with Red Hat's® broad portfolio of open technologies.

HYBRID CLOUD | CONTAINERS

APP DEVELOPMENT & INTEGRATION

MANAGEMENT | DEVOPS



REDHAT.COM/PORTFOLIO

THE PROPERTY REPORT

The Plaza, a Trophy in Hotels, Is for Sale

The owners have hired a broker to market New York landmark, inviting a scramble

By CRAIG KARMIN

The Indian owners of the Plaza Hotel have hired a broker to sell the New York City landmark, a move expected to unleash a scramble among foreign investors eager to own one of the jewels of American real estate.

Chinese insurers, Middle Eastern governments, Latin American tycoons and other overseas investors have ramped up their purchases of U.S. real estate in recent years, often with a distinct preference for prestige properties in major cities.

Foreign investors made nearly \$61 billion in U.S. property acquisitions for the four quarters ended March 31, more than double the amount invested during the same period five years earlier, according to Real Capital Analytics.

These buyers frequently view U.S. property as a reliable long-term investment that will generate steady income for decades. This is especially true for hotels, which are considered a good inflation hedge.

Luxury hotels, some say, also confer prestige on their owners. In 2015, China's **Anbang Insurance Group** Co. paid \$1.95 billion for the Waldorf Astoria New York, the highest price ever for a U.S. hotel. Anbang's chairman later told a Harvard University audience about a plan to convert



A sale by India-based conglomerate Sahara Group, the hotel's majority owner, could top \$500 million. The hotel has passed through many hands, including owners from Singapore and Israel.

many rooms to condos. Buyers, he boasted, would need "more than money to qualify" for residence.

Luxury hotels "attract foreign buyers for ego reasons," said Ryan Meliker, a hotel analyst for the investment bank MLV & Co. "And everybody knows the Plaza."

The 1907 property has a pedigree few can match. It has been featured in novels like "The Great Gatsby" and numerous films, including Alfred Hitchcock's "North by Northwest." Marilyn Monroe and the Beatles stayed there. John F. Kennedy's sister Patricia Kennedy held her wedding reception in the Plaza's ballroom. Previous owners include hotelier Conrad Hilton and

Donald Trump, who once compared it to the "Mona Lisa."

The hotel has passed through numerous hands over the years, including owners from Singapore, Israel and Saudi Arabia.

Sahara Group, a Lucknow, India-based conglomerate and the hotel's majority owner, has enlisted JLL Hotels and Hospitality Group, a unit of real-estate firm **JLL**, to find a buyer, according to a person familiar with the matter.

While it is unclear how much an investor would pay for a trophy property like the Plaza, hotel investors and brokers suggest it could be one of the most expensive hotel sales on a per-room basis, a popular industry metric for hotel

deals. By that valuation it would bring a sales price of more than \$500 million.

A Sahara spokesman wouldn't comment on the hiring of a broker but said a "sale is under process and it has not yet concluded."

Dozens of real estate moguls, foreign government funds and other investors around the globe in recent years have looked into buying the Plaza after Sahara indicated that it would listen to offers, according to people familiar with the matter.

A Qatari sovereign-wealth fund, a Shanghai municipal investment fund and Pras Michel, the Grammy-winning co-founder of the hip-hop group Fugees, are among

Pricey Lodging

Top 10 largest U.S. hotel sales

PROPERTY NAME	YEAR SOLD	PRICE
Waldorf Astoria New York	2015	\$1.95B
Waldorf Astoria Orlando & Hilton Orlando Bonnet Creek	2015	\$1.76B
The Palace Hotel (New York)	2015	\$805M
Hilton New York Midtown	2007	\$765M
Hyatt Regency Waikiki Beach Resort (Hawaii)	2016	\$756M
Hotel del Coronado (California)	2006	\$745M
Peabody Orlando	2013	\$717M
Fontainebleau Miami Beach Resort	2008	\$700M
The Plaza Hotel (New York)	2004	\$675M
Hilton San Francisco Union Square	2005	\$668M

Source: STR

THE WALL STREET JOURNAL.

those that have expressed interest, say people who have been close to the process.

Sahara founder and Chairman Subrata Roy, who spent two years in a New Delhi jail on contempt charges, even negotiated with potential buyers from the jail's guesthouse, according to people familiar with the situation.

None of those talks led to a sale, and several of the Plaza's suitors walked away frustrated, even questioning whether Sahara was a serious seller, according to hotel brokers and investors involved with the discussions.

But recruiting a broker to run a formal sales process signals that Sahara is getting more serious about unloading

its crown jewel, said Sean Hennessey, chief executive officer of hotel consultants Lodging Advisors, which isn't involved in the sale process.

"This suggests a commitment to consummate a transaction," he said, adding that a professional broker handling the process "might draw people back that looked once and walked away."

Foreign investment in U.S. real estate is showing signs of slowing after a period of furious growth. China's government has clamped down on money heading overseas, and wealthy Middle Easterners and governments have less to invest because of low oil prices.

—Debiprasad Nayak contributed to this article.

Chicago Flips the Script

By LAURA KUSISTO

During real-estate booms developers often rush to convert rental buildings into condos to take advantage of skyrocketing prices. But in an unusual reversal, investors in Chicago are transforming condos into apartments.

Dozens of stately Chicago condo buildings are or have recently been converted into rentals, real-estate agents say. One of these "deconversion" efforts is being attempted at a roughly 400-unit building on Chicago's Gold Coast, an area overlooking Lake Michigan, which would be one of the largest ever.

These projects reflect the preference to rent rather than buy among many millennials flooding into hip urban areas. Investors also are reacting to the Chicago condo market's lackluster recovery from the recession, even in some of the city's most desirable areas.

Chicago condo prices peaked in early 2007 before plummeting 35% to touch bottom in early 2013. They have begun to recover, but remain 15% below their previous peak, according to the real-estate website Zillow.

Rental prices, meanwhile, have risen 24% over the past seven years to a record, according to **RealPage**, a real-estate software and data analysis firm.

Deconversions are rare in most places across the country, mainly because of the complexity and expense of buying out individual owners who could number in the hundreds. Chicago real-estate laws make it relatively straightforward, requiring three-quarters of unit owners to vote in favor.

Most of these deconversions are started by a group of owners cutting a deal with an investor who would want to buy the building as a rental property. The owners then vote.

If the deal is approved, the owners divvy up the proceeds among themselves based on the size of their apartments, how high up they are in the building, whether they have great views and other factors.

Usually, if owners don't want to move, they can stay on as renters.

On Chicago's Gold Coast, an owners group this week is set to begin marketing their building at 1400 North Lake Shore Drive to developers. If successful, a sale would fetch well over \$100 million, according to Sam Haddadin, of real-es-



This condo building at 1400 North Lake Shore Drive in Chicago will be marketed to developers.

state-services firm **CBRE Group** Inc., who is marketing the property.

The structure was built in 1927 and boasts a grand lobby with walnut paneling and frescos on the ceiling. It is virtually impossible to find a site in that location, right on the lake, to build a brand-new

Chicago's laws help make deconversions more straightforward than elsewhere.

rental building, Mr. Haddadin said.

Michael Arrington, a real-estate investor and entrepreneur, owns 87 units, or one-quarter of the building, most of which he bought during the bust, including the entire penthouse floor in a distressed sale. He supports selling the building now.

In today's market, buyers will sometimes pay a 25% premium or more relative to what all the units would sell for individually to purchase an entire condo building.

Mr. Arrington predicted he

could sell his units for more than \$400 a square foot in a deconversion sale, more than \$100 a foot more than if he sold his units individually and about twice what he paid for them.

Only about one-quarter of the units are owner-occupied, and Mr. Arrington controls a quarter of the votes, so he believes the conversion has a good chance of winning approval.

Dan Tomal, an author, consultant and professor who lives in one unit in the building and rents out another, said he plans to vote in favor of the rental conversion. Many residents like him are conflicted over how to vote, he said.

"Some of the long-term, on-site owners are more prone to have anxiety because of the fear of the unknown....It will force them to consider another option to their normal living habitat," he said. Mr. Tomal said he ultimately expects many primary residents to vote in favor.

Still, investors may be paying a high price for these condos just as the rental market is slowing.

Chicago rents increased 4% a year on average from 2011 through the first half of 2016,

according to RealPage. Rent growth has since slowed to 1.5%, and Jay Parsons, a vice president at RealPage, said rents are likely to remain close to flat for at least the next 18 months.

Doug Imber, president of **Essex Realty Group** Inc., said his company alone has worked on dozens of condo buildings in Chicago and the surrounding suburbs. He said when he started about five years ago, investors and lenders were hesitant.

Often the buildings they are purchasing are older and come with significant deferred maintenance. And while it is still cheaper to buy an existing building than develop a new one, investors are paying a premium compared with what they would fetch as condos, betting on a rising rental market.

Getting the majority of owners in a condo building to even agree on repainting the lobby is often difficult. But Mr. Imber said that if managed tactfully, many buildings have been able to reach near-consensus.

"Apparently you can get people to agree on one color," he said, namely green, the color of money.

STONEMONT FINANCIAL

Firm Buys Portfolio For \$1.3 Billion

Stonemont Financial Group, an Atlanta-based real-estate-management firm, is buying a 100-property portfolio of office, industrial and retail properties across 20 states for \$1.3 billion, the company said, as demand for properties with investment-grade tenants remains strong.

The deal, Stonemont's largest acquisition ever, was fueled in part by strong appetite from debt capital seeking to finance strong real-estate portfolios, the company said.

Stonemont recently launched a fund focused on long-term, diversified assets with investment-grade yield. This is the fund's first acquisition.

The seller of the portfolio, Chicago-based private-equity real-estate firm **Oak Street Real Estate Capital**, will continue to provide management services to Stonemont.

The portfolio of buildings derives 96% of its net operating income from investment-grade tenants with an average lease of about 12 years. They include six campuses occupied by **MetLife** Inc., as well as offices occupied by **Mylan Technologies** Inc., **Ericsen AB** and stores that include tenants such as **Dollar General**. The portfolio is 100% occupied.

—Esther Fung

COMMERCIAL

Online Is Driving Real-Estate Values

Values for U.S. retail properties generally fell even as they rose for industrial properties in the first half of 2017, according to a new survey, as the growth of online shopping reshapes commercial real-estate markets.

The survey, by real-estate services firm **CBRE Group** Inc., analyzed values partly by looking at the yields investors get when buying income-producing properties, known as capitalization rates.

Capitalization rates fall when values rise, and vice versa.

Average industrial capitalization rates fell in the first half to 6.66%, compared with 6.73% in the second half of 2016, according to the CBRE survey. Rates were as high as 9.91% in the first half of 2009, when CBRE began tracking them, the firm said.

By contrast, capitalization rates for retail power centers—outdoor shopping hubs dominated by two or three big box retailers surrounded by shared parking—rose in the first half of

2017 to 7.31% from 6.92% in the second half of 2016. Capitalization rates for neighborhood shopping centers increased to 7.23% from 7.12% during the same period, CBRE said.

High-street retail in downtown also is weakening, with capitalization rates rising to 4.52% from 4.37%, according to the survey. San Francisco was the lone market to see capitalization rates fall, to 3.75% from 4.25%, CBRE said. Manhattan rates rose the most—by 1 percentage point—because of a decline in rents.

—Peter Grant

RETAIL

Malls Step Up Mobile Efforts

Retailers are making progress incorporating the benefits of online shopping into the physical shopping experience, but consumers are still uncomfortable with location-based services that track their smartphones, according to a recent survey of 5,000 shoppers.

Faced with competition from online vendors, shopping-mall landlords and retailers have been trying to transform brick-and-mortar spaces with innovations such as click-and-collect services and other interactive shopping functions.

One in five shoppers nationwide buys goods online and picks them up in stores two to three times a month, according to a joint report by Tata Consultancy Services and Retail Info Systems News based on an annual survey of 5,000 shoppers nationwide.

Some large landlords and retailers have been trying to dab in mobile technology, because most shoppers now carry smartphones, and are experimenting with geolocation capabilities such as tracking customers as they enter a store and offering location-specific promotions.

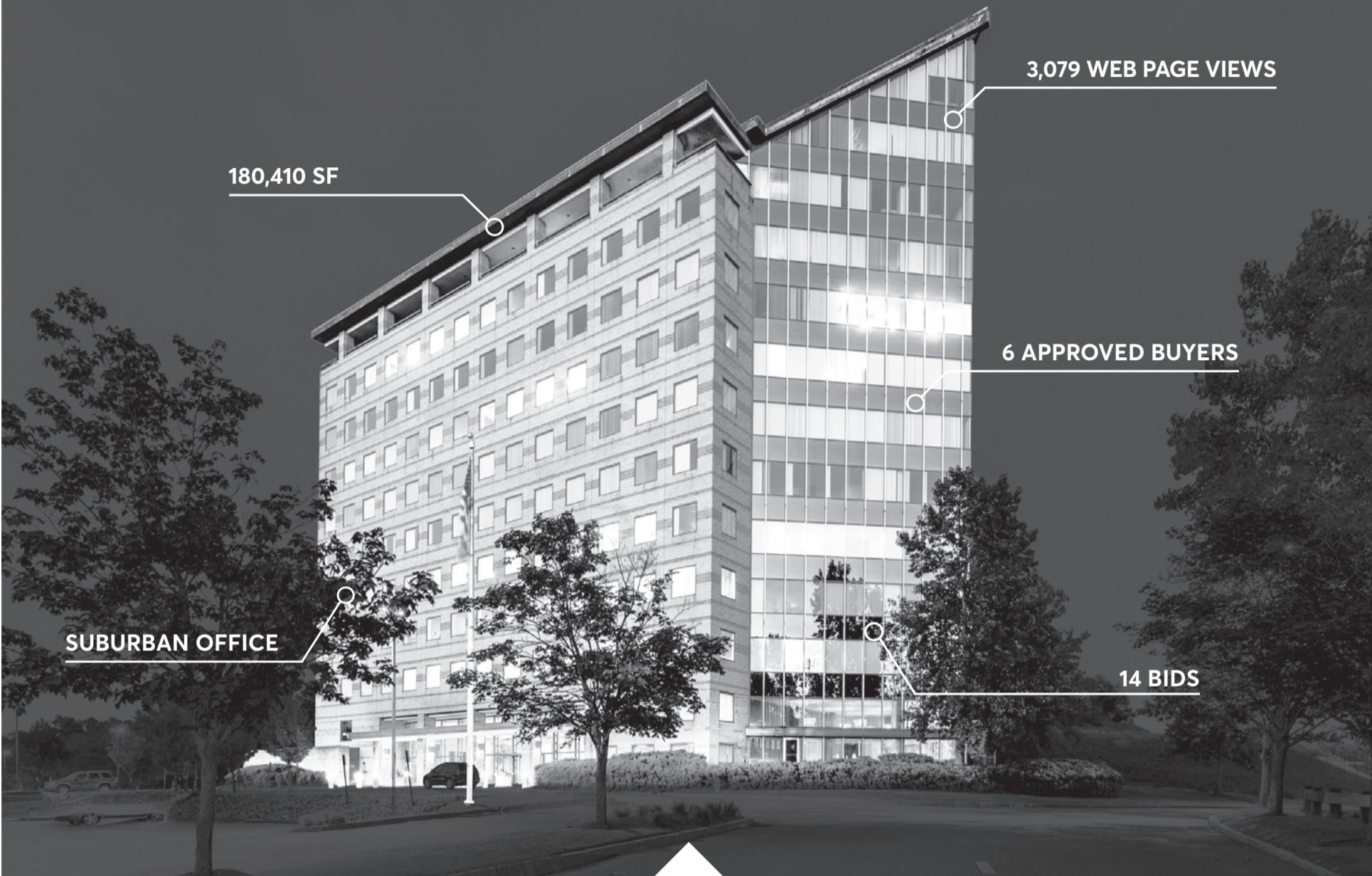
According to the survey, a majority of shoppers aren't comfortable allowing retailers to track their locations when they aren't using the retailer's apps or with changing messages on digital signs as shoppers pass by. Some 70% of the respondents said they weren't likely to use retailer services that rely on location tracking via the phone when the app isn't in use.

But 40% of the respondents said they would take advantage of the ability to self-checkout via smartphones. Among the respondents, 15- to 17-year-olds were more open to innovation than the rest of the respondents.

—Esther Fung

STAND OUT TO THE UNKNOWN BUYER.

X MAKE YOUR MARKET



CALL FOR OFFERS: SEP 13

96 S. GEORGE STREET
York, PA

62,317 SF	Office
--------------	--------

View Details:
10x.com/york-wj

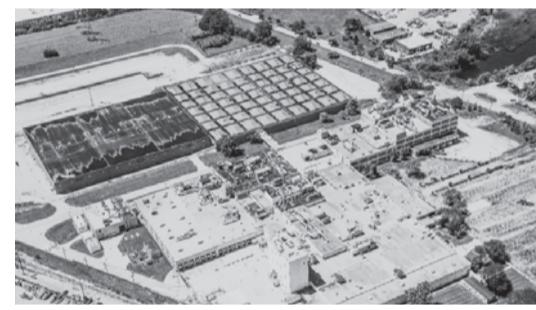


ACCEPTING OFFERS

200 RENAISSANCE AT COLONY PARK
Ridgeland (Jackson MSA), MS

323,550 SF	Office
---------------	--------

View Details:
10x.com/renaissance-wj



ACCEPTING OFFERS

WEST CHICAGO INDUSTRIAL CAMPUS
WEST CHICAGO, IL

865,000 SF	Industrial
---------------	------------

View Details:
10x.com/wchicago-wj



BID ONLINE: SEP 11-13

HUB BUSINESS CENTER
Hagerstown, MD

63,394 SF	Office
--------------	--------

View Details:
10x.com/hubcenter-wj



BID ONLINE: SEP 11-13

HAWTHORN SUITES
Jacksonville, FL

116 ROOMS	Hotel
--------------	-------

View Details:
10x.com/hawthorn-wj



BID ONLINE: SEP 11-13

VENTANA LAKES VILLAGE CENTER
Peoria, AZ

83,436 SF	Retail
--------------	--------

View Details:
10x.com/ventana-wj

Ten-X Commercial is the CRE marketplace that goes beyond the usual suspects. It connects you with unknown buyers across the globe and offers a greater certainty to close. Sixty percent of our buyers come from out of state.

10x.com/wj | **888-770-7332**

TEN-X
COMMERCIAL

ADVERTISEMENT

The Mart

To advertise: 800-366-3975 or WSJ.com/classifieds

ANNOUNCEMENTS

Paul McCartney Concert Tickets
Incredible Seats for Sale! I Cannot Attend!
"Prudential Center - Newark, NJ on 9/11"
22nd Row Front & Center - 2 or 4 VIP Seats
"Vet Memorial Coliseum - Long Island on 9/26"
5th Row From Stage - 2 VIP Seats
"Paul's Sound Check Pre-Show Reception"
"Priority Check-in and Entrance Tickets Priced At Cost-Rog 732-239-5566"

Negotiate or Die.
Search on Amazon:
No One Can Escape the 4 Laws

MEN'S SPECIALTY CLINIC
Local non-doctor owner-operators wanted. New clinically-proven, state-of-the-art European medical treatment uses acoustical waves to restore performance when pills fail. No surgery or needles. Huge profits, make \$4k+ per patient, all cash, no insur. Exclusive areas. \$99,700 inv. (800) 241-1070

BUSINESS FOR SALE

FOR SALE
Forty five year manufacturing precast concrete products.
Business very successful, great opportunities, competition low in this market, under ten employees. Owners getting up in years. Turn Key Business in the beautiful Black Hills of South Dakota. 605-343-3192 or email jdprecast@aol.com

BUSINESS OPPORTUNITIES

FARM WITH US Red River Valley Farmer
Long term investment in a finite resource with stable returns. Seeking parties interested in investing in North Dakota farmland. Returns gained through cash rent or sharecrop lease. 1031 Exchange options available. For additional information see: www.sproutfarms.com paul@pdsproule.com

\$2,400 WOTC
(Work Opportunity Tax Credit)
Get \$2,400 average credit for Qualifying New Hires
Your web app determines eligibility before hiring
GetTaxCredit.com

WATERFRONT INTERCOASTAL PROPERTY FLORIDA EAST COAST APPROVED FOR 350 APARTMENT OR CONDO UNITS
\$2,460,000 • 561-225-5548

BUSINESS OPPORTUNITIES

Hotel Development Services, Inc
Complete development services available for Major Chain, Limited Service and extended Stay Hotels to be built including **Below Market Financing**. Catering to the first time owner.
772/466-9609

BUSINESS OPPORTUNITY
Become a dealer for a new technology that saves home and business owners 75% on their monthly power bill.
616-430-7987
mondialinvestments@gmail.com

10 yr Established **IT Staffing Co.** \$31M annual revenue/\$4M EBITDA Seeking private lender /Investor for \$10M 3 yr term **ESOP** Loan. \$103M govt contracts (5&10 yr contracts) \$5M annual **ESOP** tax reimbursement from IRS pays loan. Terms negotiable. Call 530-307-0103

CAPITAL WANTED

MOBILE HOME PARK OWNERS
Would you like to:
• Increase Monthly Cash Flow
OR
• Cash Lump Sum and Monthly Cash Flow

WITHOUT Selling or Refinancing
John Yeandle
714-221-1103
JYeandle@santiagocorp.com

Capital Needed
Bridge loan of \$3 mil.
Real estate for collateral.
Principals only, no brokers.
918-804-8030

TRAVEL

Save Up To 60% First & Business INTERNATIONAL
Major Airlines, Corporate Travel
Never Fly Coach Again!
www.cooktravel.net
(800) 435-8776

THE WALL STREET JOURNAL.

THE MART

ADVERTISE TODAY

(800) 366-3975

sales.mart@wsj.com

For more information visit wsj.com/classifieds© 2017 Dow Jones & Company, Inc.
All Rights Reserved.**THE PROPERTY REPORT****The New Urban: Suburbs**

By EMILY NONKO

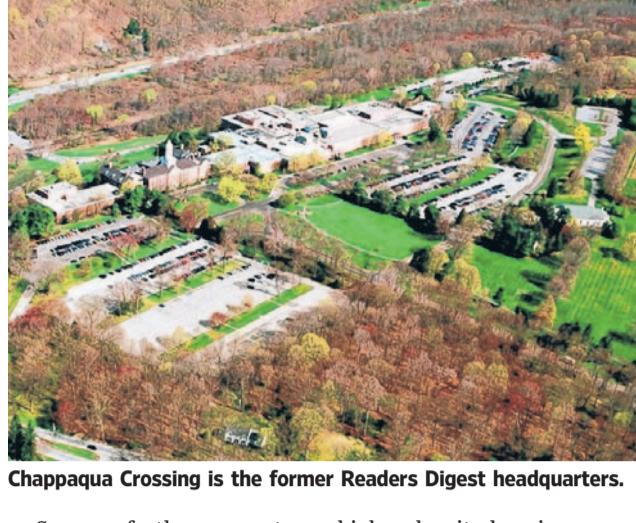
Developer **National Resources** has for several years been studying different office, retail and residential models for an underused corporate campus designed in the 1960s for **International Business Machines Corp.** in East Fishkill, N.Y.

But now, as National Resources moves to close on a deal to buy a 300-acre site, the Greenwich, Conn.-based developer is recognizing that housing has got to be a central component of the plan. Firm principals Lynne Ward and Joseph Cotter recognize low rents are the best way to lure millennials and others away from New York City, about a 90-minute drive away.

National Resources is paying an undisclosed price for the land from California-based semiconductor company **Globalfoundries**, which purchased IBM's semiconductor business in 2015 and still runs a slimmed down operation at the East Fishkill site that employs about 1,700 workers.

Over the next five years National Resources plans to introduce efficiently sized apartments not available in that part of New York state, according to Ms. Ward. They would rent for as low as \$1,200 a month, "which is less than half of [rents in] New York City," she said.

Other developers hoping to redevelop dead and dying corporate office parks are coming to similar realizations as the shortage of affordable housing spreads throughout the country. Many of these developers also are looking at ways they can create downtown-style districts with a mix of office and retail. But these can be tougher sells as employers flock from these types of office campuses to downtowns and suburban shopping centers get clobbered by online retail.



Chappaqua Crossing is the former Readers Digest headquarters.

Some of these master-planned developments have also been criticized for having an ersatz quality similar to the faux city in the 1998 movie "The Truman Show." Even the best ones can't match the vibrancy of a thriving downtown.

But suburban developments have popular downtowns licked when it comes to affordable housing, something that is in scarce supply in New York, Boston, San Francisco and other cities. The housing crisis in cities has become "suburbia's opportunity to participate in the new urban movement," said Jonathan Miller, chief executive of **Miller Samuel Inc.**, a real-estate appraisal firm.

Mr. Miller has tracked what he said are unusually high residential sales volumes in some of New York's suburbs, which he said is a reaction to prohibitively high real-estate prices in New York City. "We're seeing consumers take a different look at the suburban market," Mr. Miller said.

Still, not all residents and elected officials in suburbia welcome the company. Redevelopments of corporate campuses throughout the country have run into resistance from locals who are concerned that

higher density housing means more traffic, pressure on school systems, higher crime and other city-style problems.

Developers adding housing to the former Readers Digest headquarters in Chappaqua, N.Y., ran into years of resistance before breaking ground on the redevelopment last year.

The project, known as Chappaqua Crossing, will include housing types more commonly found in New York City than this Westchester County suburb: townhouses and rental apartments.

"In the beginning, we had virtually no local support for adaptive reuse of this site," said Felix Charney, founder of **Summit Development**, of Southport, Conn., which is now developing the site with partner **Grossman Cos.** of Quincy, Mass.

Natural Resources has developed mixed-use office projects across New York and Connecticut. "We decided there was more than enough demand within one and a half hours of New York City," Ms. Ward said.

Construction is expected to begin immediately following the closing. "What we're building is not your grandfather's office park," she said.

ADVERTISEMENT

Business Real Estate & Services

To advertise: 800-366-3975 or WSJ.com/classifieds

www.rmnw-auctions.com

EASTERN OREGON REAL ESTATE AUCTION**Ranch, Condominium, Commercial Complex, and Development Properties****Richland • Baker City • Milton-Freewater**

Pheasant Ridge Ranch with hilltop residence, caretaker apartment and shop, vineyard, water irrigation rights, and resident elk herd. Overlooking Brownlee Reservoir, by Richland



Two bedroom, two bathroom, 1,743± square foot historic Pollman Building Condominium, with artist studio, in downtown Baker City



29,500± square foot building complex with fueling facility, on 1.7± acre site, and two additional development sites, in Milton-Freewater. Near growing wine industry in Walla Walla Valley

PRICES START AT \$40,000!**SEALED BIDS DUE OCTOBER 27, 2017****Financing Available on Some Properties • Broker Cooperation Invited****CALL NOW FOR FREE COLOR CATALOG #1707****1-800-845-3524****Realty Marketing/Northwest, Broker**

522 SW Fifth Avenue, Suite 725 – Portland, Oregon 97204

BANK DIRECTED**AUCTION**

SEPTEMBER 12

SURPLUS BANK-OWNED REAL ESTATE FORMER BANK BRANCHES & COMMERCIAL SITES

THROUGHOUT CHICAGOLAND, ILLINOIS & INDIANA IN AREAS WITH STRONG DEMOGRAPHICS

FOR IMMEDIATE SALE • PREEMPTIVE OFFERS CONSIDERED!



LOCATION	DESCRIPTION	SUGGESTED OPENING BID
Alsip, IL	6,100± SF Commercial Building	List Price: \$749,000
Arlington Hgts, IL	11,400± SF Commercial Building	List Price: \$1,500,000

— AUCTION —

Chicago, IL	3,100± SF Commercial Building	\$25,000
Chicago, IL	2,500± SF Commercial Building	\$50,000
Danville, IL	3,000± SF Commercial Building	\$125,000
Dolton, IL	0.58± AC Commercial Land	Absolute
Hickory Hills, IL	23,000± SF Commercial Building	\$575,000
Hickory Hills, IL	11,000± SF Commercial Building	\$575,000
New Lenox, IL	5,410± SF Commercial Building	\$750,000
Tinley Park, IL	3,870± SF Bldg on Ground Lease	Absolute
Tinley Park, IL	2.84± AC Vacant Land	\$200,000
Hammond, IN	3,900± SF Commercial Building	\$100,000

Hilco Real Estate For Additional Information, Call or Visit Our Website: **855.755.2300** HilcoRealEstate.com

**OCTOBER 4 • REAL ESTATE AUCTION****WELL LOCATED 66 ACRE COLLEGE CAMPUS**

SPRINGFIELD, MISSOURI

Former Central Bible College Offers Endless Opportunities with Acres of Undeveloped Land

**OFFERED IN 4 PARCELS OR ITS ENTIRETY****PARCEL 1:** 21.69 Acres w/ Numerous Buildings**PARCEL 2:** 10.82 Acres w/ Numerous Buildings**PARCEL 3:** 30.26 Acres w/ Vacant Land, 2 Ponds & 3 Homes**PARCEL 4:** 3.54 Acres w/ Chapel & ParkingFor More About the Parcels go to FineAndCompany.com

- 24 buildings including administration building, library, fine arts, dining hall, chapel, gym, (4) residence halls, apartments, townhomes & single family homes
- Springfield is the region's hub and home to Missouri State University, Drury University and the Springfield-Branson International Airport
- Across from Fair Grounds, Event Center, Park & High School

*Ideal for Continued Use as a Campus, Retreat or Total Redevelopment***On-Site Inspections: 10:00 AM - August 24, 31 & September 7 & 14**

An appointment for inspections is required. Call 312.278.0600 ext 101 to schedule.

FineAndCompany.com

312.278.0600

MANAGEMENT

WORKAROUNDS

How do employers motivate workers to do the unglamorous tasks that keep companies running?

Mozilla Corp., maker of the Firefox web browser, faced that question last year when it weighed how to fix the bugs in its bug-fixing process. Programmers considered the task tedious.

Fixes meant rewriting small sections of code. But teams had other priorities and sometimes took too long to make revisions. More important, says Naveed Ihsanullah, the senior engineering manager who led the overhaul, they often focused too narrowly.

Mr. Ihsanullah says Mozilla needed to focus on Firefox's ability to operate smoothly and without the interruptions signified by, for example, the spinning color wheel on a Mac—to make progress against another industry leader, the Chrome browser from Alphabet Inc.'s Google.

To identify critical issues and get them fixed, Mr. Ihsanullah revamped the tracking database where any employee can report a bug. He designated a core team of engineers, including himself, to review and prioritize problems.

Mr. Ihsanullah gave employees two goals: close 40 high-priority bugs between the effort's launch in February and the next beta release of Firefox on Sept. 20, and bring Mozilla within 20% of Chrome's score on a benchmarking service that evaluates browsers' performance. Google didn't respond to a request for comment.

Since February, 165 Mozilla employees have closed 400 high-priority bugs and Firefox is "within the margin of error" of its goal of closing the performance gap with Chrome, Mr. Ihsanullah says.

The idea of catching up to a chief rival "resonated with everyone I talked to and that was motivation enough for them to jump on board," says Mr. Ihsanullah.

—Lauren Weber

CEO Weighs In on Rivals, Ugly Produce

Rodney McMullen of Kroger copes with slowing growth, Amazon and Wal-Mart

BY HEATHER HADDON

If you run America's largest supermarket chain, it should be easy to travel anywhere in the country and answer questions about where you work. But for **Kroger**

BOSS TALK Co.'s Rodney McMullen, those conversations can be a chore.

"I'll say

'Kroger,' and they don't even know what that is," says Mr. McMullen, who became the company's chief executive in 2014. Then, "they will **Google** it and go 'oh, wow.'

Until recently, investors were just as enthralled with the world's third-largest retailer. But after three years presiding over steady growth, Mr. McMullen, a farm-raised Midwesterner, has been navigating Kroger through its stormiest period in more than a decade.

The Cincinnati-based company's stock fell 19% in June after it reported a slide in sales growth and lowered its guidance for the year. The next day, **Amazon.com** Inc. announced it was buying **Whole Foods Market** Inc.

To fend off Amazon and other online grocery services, Kroger is sacrificing profits to provide e-commerce pickup options

at hundreds of stores. It is also lowering prices on staples as it competes with **Wal-Mart Stores** Inc. and European discount chains **Aldi** and **Lidl** for value-oriented shoppers.

Mr. McMullen, 57 years old, sat down with The Wall Street Journal this month to talk about the competition, Kroger's future and the value of ugly vegetables.

Edited excerpts:

WSJ: Where were you when you got news of the Amazon-Whole Foods deal?

Mr. McMullen: I was with our internal audit team. The average age is in their low 20s. One of our interns who is 20 years old, the very first question to the group is, 'I thought bricks and mortar was dead? If it's dead, why is Amazon buying Whole Foods?' It didn't surprise me at all. Several years ago, we decided that the customer wants a physical experience and an online experience. Obviously, it surprised the market a lot more than it did me.

WSJ: What does the deal mean for Kroger?

Mr. McMullen: There isn't anything from a strategy standpoint that we will change because the strategy we've been executing as-



sumed something [like the Amazon deal] would happen. It makes it a lot easier in terms of helping [Kroger executives] understand the sense of urgency.

WSJ: Given the competition, have you had conversations with, say, **Albertsons** Cos., about a deal?

Mr. McMullen: I always tell people that if there's anything out there, you should assume we've looked at it.

WSJ: Which of these developments is making you lose the most sleep: Whole Foods/Amazon, a revitalized Wal-Mart or the growing presence of foreign chains like Aldi and Lidl?

Mr. McMullen: I worry about all of them. And I worry about restaurants. We operate in an industry that is \$1.5 trillion in terms of how much people spend on food. If people are eating a meal,

we want to get our fair share of that meal. Anybody who is getting a meaningful part of that, we'd worry about.

WSJ: What are you doing to cut down on food waste?

Mr. McMullen: Over the last four years, we've partnered with local food banks and provided over one billion meals.

In some of our fresh departments, that would have been product we'd have thrown away. We were able to partner with local food banks so fresh product that is still high quality to eat, but you wouldn't sell from an appearance standpoint, [is donated]. We legitimately believe we will be able to get every store to be zero waste.

WSJ: Much of the food that's wasted in the U.S. is edible produce that doesn't meet aesthetic standards. Do you believe customers are open

to eating less-attractive tomatoes?

Mr. McMullen: I grew up on a farm. Last Sunday, I went out to see my parents and their garden, and I find the produce that looks the ugliest tastes the best.

WSJ: Time travel to Kroger 2025. What would it look like?

Mr. McMullen: It wouldn't surprise me that customers would be in the store eating but they would use an app to order what they want. When they are finished, [the store clerk] would deliver the groceries to them. It will be so easy because we'll be able to predict a lot of the things you want. The associates you engage with will be so knowledgeable about where tortillas came from. I believe some stores will be big and some small. And it will be the combination of all those things that make it special.

BUSINESS WATCH



Coty, whose brands include Cover Girl, has faced sinking sales.

COTY

Former P&G Brands Take Blame for Loss

Coty Inc. spent billions on dozens of **Procter & Gamble** Co. brands with the goal of becoming one of the world's top players in the beauty business.

So far, the deal has brought mostly pain.

The New York-based company posted a surprise quarterly loss Tuesday that executives attributed largely to sinking sales of those products, which include CoverGirl and Max Factor cosmetics and Clairol hair dye, and unexpected costs associated with the business it has owned since October.

Because P&G and Coty were competitors at the time of the acquisition, provisions of the deal prevented Coty from getting information on the inner workings of the business.

Coty reported an adjusted net loss of \$34 million. A year earlier, it reported an adjusted profit, which excluded the P&G beauty business, of \$45.7 million. Organic sales fell 3%.

—Sharon Terlep

INTUIT

New Finance Chief At TurboTax Owner

Intuit Inc., the maker of TurboTax and QuickBooks, said Tuesday that Chief Financial Officer R. Neil Williams will step down from his post next year after spending nearly 10 years with the company.

He will be replaced by Michelle Clatterbuck, a senior finance executive at Intuit. Mr. Williams is slated to step down

in January, with Ms. Clatterbuck taking the reins Feb. 1.

She is senior vice president of finance for Intuit's consumer tax group and acting finance leader for the company's small business group.

Intuit also said Tuesday that in its latest quarter, it earned 20 cents on an adjusted per-share basis, which is better than the 17 cents expected by analysts polled by Thomson Reuters. Revenue for the period rose 12% to \$842 million, better than the \$804.6 million analysts predicted.

—Ezequiel Minaya

Shoe Retailer Regains Its Stride

DSW Inc. shares rose 17% in trading Tuesday as the shoe retailer posted same-store sales growth for the first time in six quarters.

The stock, which closed up \$2.74 at \$18.43, had lost 30% of its value this year through Monday's close. Sales at stores open for at least a year rose 0.6% in the company's second quarter, compared with a 1.2% drop a year ago.

For the quarter, the Ohio-based company reported a profit of \$28.6 million, or 35 cents a share, compared with \$25 million, or 30 cents a share, a year earlier. On an adjusted basis, earnings rose to 38 cents a share from 35 cents a share last year. Revenue was up 3.3% at \$680.4 million.

Analysts polled by Thomson Reuters had forecast earnings of 29 cents a share on \$666.1 million in revenue.

—Imani Moise

ADVERTISEMENT

Business Real Estate & Auctions

To advertise: 800-366-3975 or WSJ.com/classifieds

NORTH CAROLINA

tranzon® auction

Bankruptcy: Former Spa/Event Venue and 3.67± AC Dev. Site Near Emerald Isle, NC

Info: tranzon.com/FX1879



Auction: Tues., Sept. 19, Noon, on-site

Tranzon Fox | NCAF 4953

TRANZON.COM

910.297.5141

AUCTIONS

REAL ESTATE AUCTION

Former Skilled Nursing Facility (Currently Vacant)
138 Rosemond St., Pickens, South Carolina
Approx 10,277 sq. ft. one-story concrete block bldg. on .84 Acres. Last major renovation in 2011

Previously Valued Well Over \$1,000,000

Suggested Opening Bid: \$100,000

On-site Inspections Noon to 2pm

Sept. 12th and 20th

Sealed Bid Deadline: September 26, 2017

John Dixon & Associates
1-800-479-1763

Lic. S.C. Real Estate Broker & Lic. Auctioneer
#02815R

In Conjunction with
Rick Levin & Associates, Inc
312-440-2000 www.ricklevin.com

CALIFORNIA

COLDWELL BANKER COMMERCIAL WESTMAC FOR SALE

Beverly Hills \$12.8M

215lacienga.com

T.C. Macker agent BRE# 01232033

310-964-4352 / tcmacker@westmac.com

INVESTMENT PROPERTIES

AVAILABLE SEATTLE DEVELOPMENT SITE

TOD Multi-Family — Rainier Ave. S

3-Blocks from Mt. Baker Light Rail

\$2.6M

(206) 793-1594

Bob@Shoremont.com

REAL ESTATE AUCTION

-\$1,000,000 Suggested Opening Bid-

24 - RENTAL TOWNHOMES

Known As "Cambridge Square"

\$178,164 Net Operating Income

Currently 96% Occupied

Sale On Premises

3220-3266 SOUTHERN AVENUE

"Waltherson," Off 4700 Harford Road Baltimore, MD 21214

THURS., SEPT. 14, 2017 AT 2:00 P.M.

Operated as a rental complex. Condominium regime is in place and each unit has a separate tax bill. Please see our web site for complete details, photos and terms.

A.J. BILLIG & CO. AUCTIONEERS

Real Estate Specialists

410-296-8440

www.ajbillig.com

VIRGINIA

Commercial warehouse and offices in industrial area outside Richmond, Virginia.

13,200 square feet on 1.5 acres.

Sprinkler and A/C throughout.

\$1,100,000

vahickey@comcast.net

ILLINOIS

FINE & COMPANY LLC

OCTOBER 5 • REAL ESTATE AUCTION

O'HARE AREA OFFICE BLDG

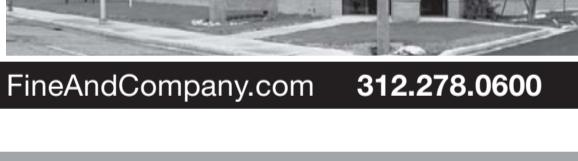
1800 E. OAKTON STREET, DES PLAINES, IL

25,195 SF Former Headquarters Bldg can be Converted into Many Alternative Uses

MINIMUM BID OF \$900,000

Location offers endless possibilities with easy access to O'Hare, Rosemont & Downtown Des Plaines

Large training / conference facilities - 68 parking spaces & on-street parking
• Loading dock lift • Two nearby hotels • 1.33 acres • C-3 Zoning



FineAndCompany.com 312.27

BANKING & FINANCE

Wal-Mart's New Deal: Installment Loans

By ANNAMARIA ANDRIOTIS

Upstart financing firm **Affirm Inc.** is in talks to offer installment loans to **Wal-Mart Stores Inc.** customers, said people familiar with the matter.

The development is the latest sign of retailers' desire to reach new customers with limited credit histories and of the intensifying competition facing credit-card providers such as **Synchrony Financial**, the exclusive issuer of U.S. credit cards for the world's largest retailer.

Affirm, based in San Francisco, is run by PayPal Holdings Inc. co-founder Max Levchin. Affirm and Wal-Mart, which is based in Bentonville, Ark., are nearing an agreement on a pilot program in which Affirm would offer installment loans to some Wal-Mart shoppers in the U.S. as soon as this fall, the people said.

The financing at first would be available in select locations and to certain customers online, though it could expand later if the program proves successful.



Wal-Mart is near an agreement with financing company Affirm in a bid to reach new customers.

Affirm's loans will be largely geared to costlier Wal-Mart items like tires and other purchases over \$200, a person familiar with the matter said.

Installment loans, which are designed to be paid off by a certain date, generally appeal to shoppers who want to spread out payments over time.

Affirm's installment loans have fixed annual percentage rates that often range from

10% to 30%, depending in part on the borrower's creditworthiness.

Rates for purchases on Synchrony Wal-Mart credit cards are variable and run from 17.9% to 23.9%. Affirm doesn't charge borrowers late fees, while those fees on Synchrony's Wal-Mart cards are up to \$38.

Affirm's loans are often geared to people who don't have enough of a borrowing history to get a credit

card. The firm's average loan is about \$750, but its loan sizes generally run as much as \$10,000. The company has repayment periods that range from three to 24 months, with an average term of nine months.

At Synchrony, the average balance per active store-card account across the company was \$935 in the second quarter, according to an analysis by Autonomous Research.

Affirm wouldn't issue

U.S. consumers are once again taking on more debt, while credit-card charge-offs are rising after a long decline. Many retailers, under pressure from online competition, are seeking to expand their customers' access to financing as a way to boost sales.

Wal-Mart is one of Synchrony's largest retail card partners, accounting for more than 10% of its total interest and fees in 2016, according to data from the lender.

Synchrony, which was spun out of General Electric Co., has been the exclusive Wal-Mart credit-card issuer for the past 17 years.

It will keep that post, though some Wal-Mart shoppers could soon be deciding between signing up for a Synchrony credit card or an Affirm loan to make their Wal-Mart purchases.

Affirm and Wal-Mart have been in contact since 2014, but the discussions picked up last year when Wal-Mart became more interested in increasing financing approvals for customers, one of the people said.

ADVERTISEMENT

Legal Notices

To advertise: 800-366-3975 or WSJ.com/classifieds

BANKRUPTCIES

UNITED STATES BANKRUPTCY COURT NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:
ADPT DFW HOLDINGS LLC, et al.¹

Debtors.

NOTICE OF MODIFICATIONS TO PLAN OF REORGANIZATION

Case No. 11-31432
Jointly Administered under Case No. 17-31432

Chapter 11.

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

Case No. 17-31432

Court No. 17-31432

Date filed: August 1, 2017

MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average



Bars measure the point change from session's open

May June July Aug.

Weekly P/E data based on as-reported earnings from Birnvi Associates Inc.

S&P 500 Index

2452.51 ▲ 24.14, or 0.99%
High, low, open and close for each trading day of the past three months.



May June July Aug.

Nasdaq Composite Index

6297.48 ▲ 84.35, or 1.36%
High, low, open and close for each trading day of the past three months.



May June July Aug.

Major U.S. Stock-Market Indexes

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.		
	Dow Jones	Industrial Average	Transportation Avg	Utility Average	Total Stock Market	Barron's 400	Nasdaq Composite	Nasdaq 100	Standard & Poor's	500 Index	MidCap 400	SmallCap 600
Industrial Average	21912.83	21738.13	21899.89	196.14	0.90	22118.42	17888.28	18.1	10.8	8.8		
Transportation Avg	9213.45	9133.60	9200.94	79.01	0.87	9742.76	7755.40	16.1	1.7	3.0		
Utility Average	743.60	739.47	743.18	1.77	0.24	743.18	625.44	9.0	12.7	10.2		
Total Stock Market	25327.06	25112.61	25304.64	250.46	1.00	25692.25	21514.15	11.9	8.7	6.8		
Barron's 400	636.11	630.95	635.58	6.03	0.96	661.93	521.59	14.3	5.6	5.9		

Nasdaq Stock Market

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.	
Nasdaq Composite	6302.84	6241.21	6297.48	84.35	1.36	6422.75	5046.37	19.7	17.0	11.5	
Nasdaq 100	5879.00	5817.02	5873.33	86.80	1.50	5950.73	4660.46	21.9	20.8	13.2	

Standard & Poor's

	High	Low	Latest Close	Net chg	% chg	High	52-Week Low	% chg	YTD % chg	3-yr. ann.	
500 Index	2454.77	2433.67	2452.51	24.14	0.99	2480.91	2085.18	12.1	9.5	7.2	
MidCap 400	1708.65	1695.30	1707.04	15.37	0.91	1791.93	1476.68	8.6	2.8	6.2	
SmallCap 600	825.87	819.82	825.37	8.12	0.99	876.06	703.64	9.2	-1.5	7.3	

Other Indexes

	Russell 2000	1372.33	1357.89	1371.54	14.63	1.08	1450.39	1156.89	9.8	1.1	5.7
NYSE Composite	11813.91	11743.41	11805.29	86.02	0.73	12000.02	10289.35	8.8	6.8	2.5	
Value Line	508.34	503.24	507.93	4.69	0.93	533.62	455.65	4.1	0.3	0.6	
NYSE Arca Biotech	3888.29	3813.89	3883.96	79.89	2.10	4075.95	2834.14	13.5	26.3	9.6	
NYSE Arca Pharma	521.60	516.35	521.06	5.17	1.00	549.20	463.78	-2.3	8.2	0.3	
KBW Bank	94.01	93.24	93.88	1.03	1.11	99.33	69.71	33.6	2.3	9.7	
PHLX® Gold/Silver	85.77	84.83	84.88	-0.53	-0.62	103.89	73.03	-18.3	7.6	-5.1	
PHLX® Oil Service	119.57	118.59	119.17	1.06	0.90	192.66	117.79	-27.4	-35.2	-25.4	
PHLX® Semiconductor	1083.57	1071.76	1081.64	17.12	1.61	1138.25	768.37	35.0	19.3	19.1	
CBOE Volatility	12.94	11.35	11.35	-1.84	-13.95	22.51	9.36	-8.3	-19.2	-0.3	

\$Philadelphia Stock Exchange

Sources: SIX Financial Information; WSJ Market Data Group

Late Trading

Most-active and biggest movers among NYSE, NYSE Arca, NYSE Amer. and Nasdaq issues from 4 p.m. to 6:30 p.m. ET as reported by electronic trading services, securities dealers and regional exchanges. Minimum share price of \$2 and minimum after-hours volume of 5,000 shares.

Most-active issues in late trading

Company	Symbol	Volume (000)	Last	Net chg	% chg	After Hours High	Low
VanEck Vectors Gold Miner	GDX	5,975.1	23.08	-0.01	-0.04	23.10	23.06
SPDR S&P 500	SPY	5,480.1	245.57	0.13	0.05	245.65	242.97
iPath S&P 500 VIX ST Fut	VXX	5,362.3	11.72	-0.12	-1.01	12.16	11.69
Finl Select Sector SPDR	XLF	2,923.0	24.84	0.02	0.08	24.85	24.77
iShares Russell 2000 ETF	IWM	2,023.0	136.29	...	unch.	136.39	134.85
Salesforce.com	CRM	1,915.4	91.90	-1.05	-1.13	94.88	88.83
iShares MSCI Emg Markets	EEM	1,791.4	44.42	0.10	0.23	44.42	44.29
Calpine	CPN	1,591.2	14.78	...	unch.	14.84	14.78

Percentage gainers...

Inovio Pharmaceuticals	INO	6.0	5.74	0.18	3.24	5.75	5.56
Fred's	FRED	6.5	6.20	0.15	2.48	6.20	6.05
Rubicon Project	RUBI	41.9	3.75	0.07	1.90</td		

BIGGEST 1,000 STOCKS

WSJ.com/stocks

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE MKT and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq OMX BXSM (formerly Boston), Chicago Stock Exchange, CBSE, National Stock Exchange, ISE and BATS. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. Boldfaced quotations highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Wall Street Journal stock tables reflect composite regular trading as of 4 p.m. and major changes in the closing prices from 4 p.m. the previous day.

Tuesday, August 22, 2017

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
NYSE							

Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg
ABB	ABB	23.14	.38	BlackKnight/BWP	BKF	41.95	.30
AES	AES	11.35	.02	DiscoverFin Svcs	DFS	59.00	.58
Aflac	AFL	80.17	.46	Dilley	DIS	102.77	.10
AT&T	T	37.98	.00	DollarGeneral	DG	76.46	.17
AbbottLab	ABT	49.73	.83	DominionEner	DNR	87.97	.23
AbbVie	ABBV	71.75	.05	DominionEner	DNR	87.97	.23
Accenture	ACN	129.31	.14	DominionEner	DNR	87.97	.23
AcuityBrands	AVY	181.00	.24	DreyerLynn	DYY	57.67	.00
Adient	ADNT	69.02	.14	DukeEnergy	DKE	66.55	-.03
AdvanceAuto	AAMC	95.80	.61	DukeEnergy	DKE	66.55	-.03
AdvSemEnvirn	ASX	6.12	.07	DukeEnergy	DKE	66.55	-.03
Aegon	AEG	5.79	.06	Dudson	DTC	47.15	.00
AerCap	AER	48.52	.06	Dudson	DTC	47.15	.00
Aetna	AET	156.66	.19	Dover	DOV	84.79	.10
AffiliatedMtrs	AMG	175.45	.35	DowChemical	DOW	64.78	.02
AlliantEnergy	AT&T	62.96	.12	DowChemical	DOW	64.78	.02
Albemarle	ALB	142.26	.06	DowChemical	DOW	64.78	.02
Alcoa	AA	39.77	.13	DowChemical	DOW	64.78	.02
AlexanderReal	ARE	120.06	-.03	DowChemical	DOW	64.78	.02
Allianz	ALL	92.77	.05	DowChemical	DOW	64.78	.02
AllyFinancial	ALLY	22.06	.01	DowChemical	DOW	64.78	.02
AlticeUSA	ATUS	30.86	.14	DowChemical	DOW	64.78	.02
Altria	MO	64.06	-.03	DowChemical	DOW	64.78	.02
AlumofChina	ACH	175.50	.04	DowChemical	DOW	64.78	.02
Ambev	ABEV	6.16	-.02	DowChemical	DOW	64.78	.02
AmericaBrands	AMG	129.31	.14	DowChemical	DOW	64.78	.02
Amgen	AMGN	181.00	.24	DowChemical	DOW	64.78	.02
AmityPharm	APT	47.15	.00	DowChemical	DOW	64.78	.02
Amway	AMW	18.85	.00	DowChemical	DOW	64.78	.02
AmwestReit	AWT	47.22	.02	DowChemical	DOW	64.78	.02
Allstate	ALL	92.77	.05	DowChemical	DOW	64.78	.02
AllyFinancial	ALLY	22.06	.01	DowChemical	DOW	64.78	.02
AlticeUSA	ATUS	30.86	.14	DowChemical	DOW	64.78	.02
Altria	MO	64.06	-.03	DowChemical	DOW	64.78	.02
AlumofChina	ACH	175.50	.04	DowChemical	DOW	64.78	.02
Ambev	ABEV	6.16	-.02	DowChemical	DOW	64.78	.02
AmericaBrands	AMG	181.00	.24	DowChemical	DOW	64.78	.02
Amgen	AMGN	181.00	.24	DowChemical	DOW	64.78	.02
AmityPharm	APT	47.15	.00	DowChemical	DOW	64.78	.02
Amway	AMW	18.85	.00	DowChemical	DOW	64.78	.02
AmwestReit	AWT	47.22	.02	DowChemical	DOW	64.78	.02
Allstate	ALL	92.77	.05	DowChemical	DOW	64.78	.02
AllyFinancial	ALLY	22.06	.01	DowChemical	DOW	64.78	.02
AlticeUSA	ATUS	30.86	.14	DowChemical	DOW	64.78	.02
Altria	MO	64.06	-.03	DowChemical	DOW	64.78	.02
AlumofChina	ACH	175.50	.04	DowChemical	DOW	64.78	.02
Ambev	ABEV	6.16	-.02	DowChemical	DOW	64.78	.02
AmericaBrands	AMG	181.00	.24	DowChemical	DOW	64.78	.02
Amgen	AMGN	181.00	.24	DowChemical	DOW	64.78	.02
AmityPharm	APT	47.15	.00	DowChemical	DOW	64.78	.02
Amway	AMW	18.85	.00	DowChemical	DOW	64.78	.02
AmwestReit	AWT	47.22	.02	DowChemical	DOW	64.78	.02
Allstate	ALL	92.77	.05	DowChemical	DOW	64.78	.02
AllyFinancial	ALLY	22.06	.01	DowChemical	DOW	64.78	.02
AlticeUSA	ATUS	30.86	.14	DowChemical	DOW	64.78	.02
Altria	MO	64.06	-.03	DowChemical	DOW	64.78	.02
AlumofChina	ACH	175.50	.04	DowChemical	DOW	64.78	.02
Ambev	ABEV	6.16	-.02	DowChemical	DOW	64.78	.02
AmericaBrands	AMG	181.00	.24	DowChemical	DOW	64.78	.02
Amgen	AMGN	181.00	.24	DowChemical	DOW	64.78	.02
AmityPharm	APT	47.15	.00	DowChemical	DOW	64.78	.02
Amway	AMW	18.85	.00	DowChemical	DOW	64.78	.02
AmwestReit	AWT	47.22	.02	DowChemical	DOW	64.78	.02
Allstate	ALL	92.77	.05	DowChemical	DOW	64.78	.02
AllyFinancial	ALLY	22.06	.01	DowChemical	DOW	64.78	.02
AlticeUSA	ATUS	30.86	.14	DowChemical	DOW	64.78	.02
Altria	MO	64.06	-.03	DowChemical	DOW	64.78	.02
AlumofChina	ACH	175.50	.04	DowChemical	DOW	64.78	.02
Ambev	ABEV	6.16	-.02	DowChemical	DOW	64.78	.02
AmericaBrands	AMG	181.00	.24	DowChemical	DOW	64.78	.02
Amgen	AMGN	181.00	.24	DowChemical	DOW	64.78	.02
AmityPharm	APT	47.15	.00	DowChemical	DOW	64.78	.02
Amway	AMW	18.85	.00	DowChemical	DOW	64.78	.02
AmwestReit	AWT	47.22	.02	DowChemical	DOW	64.78	.02
Allstate	ALL	92.77	.05	DowChemical	DOW	64.78	.02
AllyFinancial	ALLY	22.06	.01	DowChemical	DOW	64.78	.02
AlticeUSA	ATUS	30.86	.14	DowChemical	DOW	64.78	.02
Altria	MO	64.06	-.03	DowChemical	DOW	64.78	.02
AlumofChina	ACH	175.50	.04	DowChemical	DOW	64.78	.02
Ambev	ABEV	6.16	-.02	DowChemical	DOW	64.78	.02
AmericaBrands	AMG	181.00	.24	DowChemical	DOW	64.78	.02
Amgen	AMGN	181.00	.24	DowChemical	DOW	64.78	.02
AmityPharm	APT	47.15	.00	DowChemical	DOW	64.78	.02
Amway	AMW	18.85	.00	DowChemical	DOW	64.78	.02
AmwestReit	AWT	47.22	.02	DowChemical	DOW	64.78	.02
Allstate	ALL	92.77	.05	DowChemical	DOW	64.78	.02
AllyFinancial	ALLY	22.06	.01	DowChemical	DOW	64.78	.02
AlticeUSA	ATUS	30.86	.14	DowChemical	DOW	64.78	.02
Altria	MO	64.06	-.03	DowChemical	DOW	64.78	.02
AlumofChina	ACH	175.50	.04	DowChemical	DOW	64.78	.02
Ambev	ABEV	6.16	-.02	DowChemical	DOW	64.78	.02
AmericaBrands	AMG	181.00	.24	DowChemical	DOW	64.78	.02
Amgen	AMGN	181.00	.24	DowChemical	DOW	64.78	.02
AmityPharm	APT	47.15	.00	DowChemical	DOW	64.78	.02
Amway	AMW	18.85	.00	DowChemical	DOW	64.78	.02
AmwestReit	AWT	47.22	.02	DowChemical	DOW	64.78	.02
Allstate	ALL	92.77	.05	DowChemical	DOW	64.78	.02
AllyFinancial	ALLY	22.06	.01	DowChemical</td			

MARKETS

China Has Yuan on Roll—at Least for Now

After more than a year of weakening, the yuan has been on a tear lately.

The currency, which plunged 6.6% last year, is up more than 4% against the U.S. dollar in 2017. And its climb has accelerated this month. On Tuesday, China's central bank set the yuan's reference rate at 6.6597 per dollar, the stron-

By Lingling Wei
in Beijing and Saumya
Vaishampayan
in Hong Kong



Analysts say the yuan's rally is likely to lose steam. A man holds a forex sign in Hong Kong in March.

ANTHONY KWAN/BLOOMBERG NEWS

gest in nearly a year. The yuan is allowed to go up and down 2% from the so-called fixing.

Sheng Songcheng, a senior adviser at the People's Bank of China, said it is "entirely possible" that by year-end the currency will have recouped all of last year's losses, ending 2017 at around 6.5 yuan per dollar.

Nonetheless, few investors believe the yuan has started a new appreciation cycle.

"I don't see much upside from here," says Edmund Goh, Asian fixed-income investment manager at Aberdeen Asset Management in Singapore.

Just two years ago, Beijing's sudden 2% devaluation of the yuan unleashed a global market selloff. The yuan's current vigor has surprised many investors and analysts and owes a great deal to Beijing's push to

prop it up with aggressive government controls in a year of political transition. It has also benefited from broad weakness in the dollar this year.

Fundamentally, however, the yuan's recent rise doesn't have a lot to do with market forces, according to economists and investors. They say the government needs to keep credit flowing to spur growth because the economy is showing signs of cooling again.

Keeping the credit tap run-

ning, together with pent-up demand among companies and individuals for foreign assets and potential renewed dollar appreciation, will weigh on the yuan even if the government continues trying to drive it up.

That explains why Wall Street analysts still expect the yuan to weaken against the dollar over the long haul even as several recently raised their forecasts for the near term.

Standard Chartered on Friday said it expects one dollar

to buy 6.82 yuan at the end of the year, stronger than the 6.99 yuan in its previous forecast. Over time, the bank's forecasts still bake in some depreciation, predicting one dollar will buy 6.90 yuan in the second quarter of 2018.

"We shouldn't get our bull caps on and think the renminbi is just going to appreciate," says Eddie Cheung, a foreign-exchange strategist at Standard Chartered in Hong Kong, using another name for the yuan.

Rising

How many onshore Chinese yuan one dollar buys

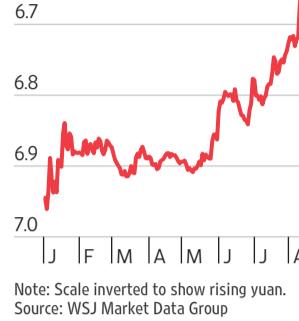
6.6 yuan

6.7

6.8

6.9

7.0



Note: Scale inverted to show rising yuan.
Source: WSJ Market Data Group
THE WALL STREET JOURNAL.

interest rates in the U.S., the PBOC has guided borrowing costs up as a way to keep money onshore. In addition, the central bank has introduced a new pricing measure that anchors the yuan more closely to the dollar.

All that has boosted the yuan—which is often seen as a barometer of faith in the Chinese economy—ahead of a key Communist Party conclave this fall. These factors have also helped China fend off pressure from the U.S., where President Donald Trump had threatened to take it to task for what he depicted as Beijing's efforts to keep its currency artificially weak.

But along the way, the Chinese leadership has dialed back years of efforts to make the yuan more market-driven and reduced the country's monetary autonomy.

A broader debate is now under way among economists and officials about when and how to start giving markets greater sway over the currency.

"The current regime is not the final destination," says Luke Spajic, head of portfolio management for emerging Asia at Pacific Investment Management Co. "They do need to have a game plan to increase the yuan's flexibility."

—Liyang Qi
contributed to this article.

Vanguard to Offer Low-Cost Corporate-Bond ETF

BY CHRIS DIETERICH

Vanguard Group unveiled plans Tuesday for a total-market corporate-bond ETF that would offer the lowest expense ratio on the market.

The planned launch is the latest effort by Vanguard to pressure rivals on fees.

The Vanguard Total Corporate Bond ETF would track an index tied to the U.S. investment-grade corporate bond market and is expected to launch with an expense ratio

of 0.07% a year, according to a preliminary prospectus. That would be less than half the expense ratio of iShares iBoxx Investment Grade Corporate Bond ETF, the largest rival linked to an index of high-grade U.S. corporate bonds.

The \$38.7 billion iShares ETF charges 0.15% a year, or \$15 a year for every \$10,000 invested.

Vanguard boasts the lowest asset-weighted average expense ratios for its funds, at 0.11%, according to Morning-

star Inc. The average fee per-dollar invested in Vanguard funds has fallen 21% over the past three years, the biggest drop among the largest 10 fund companies.

Vanguard's new ETF will comprise three existing Vanguard ETFs—Vanguard Short-Term Corporate Bond ETF, Vanguard Intermediate-Term Corporate Bond ETF and Vanguard Long-Term Corporate Bond ETF. These collectively have \$39 billion in assets. Each of the underlying ETFs carries

an expense ratio of 0.07% a year.

Such a fund-of-funds structure will allow Vanguard's new ETF to trade at tighter bid-ask spreads and operate with lower operating expenses than it would to invest directly in the bond index's constituents, the company said.

"It has the benefit of scale right out of the gate, leveraging its component funds from day one," said Ben Johnson, director of global ETF research at Morningstar. Mr. Johnson

said that using established ETFs means that the ETF will likely enable the new ETF to closely track the Bloomberg Barclays U.S. Corporate Bond Index at its inception, something that otherwise would be difficult for a new fund attempting to follow a benchmark composed of thousands of individual securities.

The Vanguard Total Corporate Bond ETF will be the first ETF-of-ETFs for Vanguard, though there are 132 U.S.-listed, unleveraged ETFs that

own other ETFs in their portfolios, with a collective \$32 billion in assets, according to XTF, a data firm. The largest of these are linked to overseas stocks. Vanguard, the second-largest ETF provider by assets, has taken a far more incremental approach to launching ETFs than its closest rival, BlackRock Inc., bringing seven new ETFs to market since 2012, compared with more than 170 over the same period for BlackRock, according to ETF.com.

Pebble Beach Concours d'Elegance®

TOGETHER WITH OUR PARTICIPANTS, VOLUNTEERS AND EVENT SPONSORS,
WE CONGRATULATE THE 2017 BEST OF SHOW WINNER



Photograph by Kimball Studios

1929 Mercedes-Benz S Barker Tourer / Bruce R. McCaw, Bellevue, Washington



FUTURE DATES: AUGUST 26, 2018 • AUGUST 18, 2019 • AUGUST 16, 2020

For more information regarding Pebble Beach Resorts visit www.PebbleBeach.com

To learn more about the Pebble Beach Concours d'Elegance go to www.PebbleBeachConcours.net

MARKETS

Treasurys Pull Back Before Fed Talks

BY SAM GOLDFARB

U.S. government bonds pulled back as global investors showed less appetite for safer assets following a recent bout of caution.

The yield on the benchmark 10-year Treasury note settled at 2.215% Tuesday, compared with 2.182% Monday.

Yields rise when bond prices fall.

Factors that have weighed on stocks and bolstered bonds include some disappointing corporate earnings, terrorist attacks in Spain and creeping concerns about Congress's ability to meet coming deadlines to pass spending legislation and raise the debt ceiling, analysts said.

Still, there has been little sign of panic among investors,

Investors could be surprised if the Fed's Janet Yellen argues in favor of tighter policy.

and Tuesday's moves represented a "reversal of the risk-off trade that happened in the previous few sessions," said Kevin Giddis, head of fixed-income capital markets at Raymond James.

After a long stretch of low volatility, some analysts have pointed to this Friday as an important moment for the bond market, as the Federal Reserve's Jackson Hole, Wyo., conference gets under way with speeches from Fed Chairwoman Janet Yellen and European Central Bank President Mario Draghi.

With investors skeptical that the Fed will raise interest rates again this year following a run of soft inflation data, there is a risk they could be surprised if Ms. Yellen argues in favor of tighter monetary policy, analysts say.

Similarly, any hint by Mr. Draghi that the ECB could start trimming asset purchases meant to stimulate the euro-zone economy could also cause investors to sell government debt.

AUCTION RESULTS

Here are the results of Tuesday's Treasury auction. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

FOUR-WEEK BILLS

Applications	\$91,768,830,800
Accepted bids	\$30,000,210,800
"noncompetitively"	\$447,925,300
Auction price (rate)	99.926889% (0.940%)

Coupon equivalent 0.954%

Bids at clearing yield accepted 73.16%

Cusip number 912796U1

The bills, dated Aug. 24, 2017, mature on Sept. 21, 2017.

Norway's Fund Nears \$1 Trillion

World's biggest sovereign-wealth entity posts its best half-year return ever

BY DOMINIC CHOPPING

Norges Bank Investment Management, the arm of the central bank that manages the fund, said Tuesday the quarterly return equated to 202 billion Norwegian kroner (\$25.6 billion).

The total value of the fund on June 30 was 8.02 trillion kroner—or \$957.13 billion calculated at the exchange rate on that date.

This figure would have been even higher if not for a 16 billion kroner withdrawal by the government and the strong krone, which in combination reduced the value of

the fund by 32 billion kroner, NBIM said.

Norway approached the trillion-dollar milestone despite pressure on sovereign wealth funds globally. Ultra-low interest rates are crimping returns, and cheap oil is cutting into the income of the largely resource-dependent countries rich enough to possess such funds.

Last year was the first time Norway's government, seeking to fill a hole in its budget, withdrew more money from the fund than it put in.

However, stock markets have set record after record in 2017, powered in large part by a revival in U.S. corporate earnings.

The Dow Jones Industrial Average passed 22,000 in August, more than tripling from a low in March 2009.

"The stock markets have performed particularly well so far this year, and the fund's return in the two first quarters was 6.5%," said Trond Grande, deputy chief executive of Norges Bank Investment Management.

"This gives a total return of 499 billion kroner, which is

the best half-year return measured in Norwegian kroner in the history of the fund. We cannot expect such returns in the future. The record-high return is primarily due to the fact that the fund has become so large."

Equity investments generated a 3.4% return for the fund with fixed income and unlisted real-estate providing 1.1% and 2.1% returns respectively.

NBIM said the fund had 65.1% of its reserves invested in equities on June 30 with 32.4% in fixed income and 2.5% in unlisted real-estate.



Pakistan's KSE 100 stock index entered bear-market territory this week after falling more than 20% since May. A rally supported ousted Prime Minister Nawaz Sharif.

Trump Adds to Pakistan's Market Woes

BY SAUMYA VAISHAMPAYAN AND STEVEN RUSSOLILLO

among emerging markets in recent years.

The KSE 100 index slumped into bear-market territory this week, having lost more than 20% of its value since May.

That pullback has come after the index surged roughly 50% in 2016. It has nearly tripled over the past five years.

"We are getting signals that U.S. policy toward Pakistan may not be as favorable" as it once was, said Saad Hashemy, chief economist and director of research at Topline Securities, a Karachi-based brokerage firm. "Trump's speech formalized that tone."

Pakistan is already mired in political turmoil that has diminished the allure of its stocks.

The country's Supreme Court in late July removed Prime Minister Nawaz Sharif from office after an investigation into alleged corruption.

The ruling party said it would nominate Shehbaz Sharif, the ousted prime minister's younger brother, to succeed him,

and elections are expected next year.

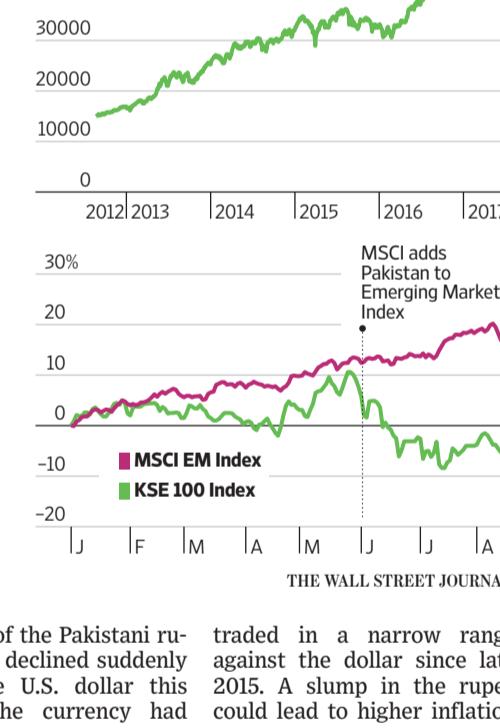
There is also concern about

Pullback

Pakistan's KSE 100 is slumping after a years-long rally...

...and local stocks are underperforming their emerging-market rivals.

Source: FactSet



THE WALL STREET JOURNAL.

the health of the Pakistani rupee after it declined suddenly against the U.S. dollar this summer; the currency had

traded in a narrow range against the dollar since late 2015. A slump in the rupee could lead to higher inflation

and put pressure on the country's central bank to raise interest rates, said Gareth Leather, senior Asia economist at Capital Economics in London.

"There is confusion in Pakistan right now," Mr. Hashemy said. "Given the political uncertainty, I expect the market will continue to be in a bearish trend. But after the past few years, this is not a bad level to take some profits."

The struggle for Pakistani stocks has come despite leading index provider MSCI's decision to upgrade the country to an emerging market from a frontier market. The official reclassification into the MSCI Emerging Markets Index took place June 1, which many expected would have been a boon for the country's stock market.

Instead, stocks have fallen, a pattern that Mr. Hashemy said is similar to what transpired when the U.A.E. and Qatar were upgraded to emerging-market status in May 2014. Both countries' stock markets slumped in the subsequent months before bouncing back.

Stock Trading Went Dark During Eclipse, Too



PETER FOLEY/BLOOMBERG NEWS

New York eclipse viewers on Monday, 2017's third-slowest full day on the New York Stock Exchange.

BY BEN EISEN

It isn't your imagination: The market actually slowed to a crawl as the moon covered the sun on Monday.

Trading volume on the exchanges owned by New York Stock Exchange and Nasdaq marked the third-slowest full day of the year on Monday, with 5.2 billion shares changing hands.

Sure, it was a summer day in August, when trading volume is typically muted as Wall Streeters get out of town for vacation. But with the market action relatively calm, many of the remaining traders, investors and analysts left their desks and put on their eclipse glasses.

"The distraction was welcome on a day when many struggled to keep their eyes open regardless of whether or not they were focused on the sun," said BMO Capital Markets rate strategist Ian Lyngen in a note to clients.

During the half-hour period between 2:30 p.m. and 3 p.m. Eastern time, when the eclipse peaked in New York, just 138.7 million shares changed hands on the New York Stock Exchange, the lowest for any comparable period since July 14. On average during that

stretch of the trading day, 188.1 million shares changed hands this year, according to The Wall Street Journal's Market Data Group.

Financial types weren't the only ones abandoning their posts. Employees of all stripes took to the streets Monday to watch as the eclipse crossed the country. The eclipse break was expected to cost employers about \$694 million, according to an estimate last week by executive coaching firm Challenger, Gray & Christmas Inc., which analyzed Bureau of Labor Statistics data.

On Wall Street, it wasn't just the stock market that powered down. In the market for junk, or high-yield, bonds, trading volume was the seventh-slowest of the year. In the high-grade corporate-bond market, it was the sixth-slowest day, and would have been slower if not for a slate of new debt sales, according to Bank of America Merrill Lynch.

"A lot of people—especially in [high yield]—took the opportunity to observe the solar eclipse in the afternoon," wrote Hans Mikkelsen, a credit strategist at the bank, in a research note. He watched the eclipse in New York's Bryant Park, reporting that it was "very impressive."

Dollar Rises Ahead of Symposium

BY IRA IOSEBASHVILI

The U.S. dollar advanced as investors awaited comments from central bankers at the end of the week.

The Wall

CURRENCIES Street Journal's National Dollar Index, which measures the U.S. currency against a basket of 16 others, gained 0.4% to 86.22.

Some investors believe Federal Reserve Chairwoman Janet Yellen may make the case for a third interest-rate increase this year in her speech at the central bank's annual economic symposium at Jackson Hole, Wyo., on Friday, said Joe Manimbo, a strategist at Western Union.

Expectations of higher interest rates are a boon to the dollar, as they make the currency more attractive to yield-seeking investors.

Also, some investors believe European Central Bank President Mario Draghi, also scheduled to speak in Jackson Hole, may use dovish rhetoric to curb the euro's strength. The euro is up 12% against the dollar so far this year.

MARKETS

Stocks Jump as Tech Shares Lead the Way

Dow industrials rise 196 points; retailers and semiconductor firms bounce back

By MICHAEL WURSTHORN
AND CHRISTOPHER WHITTALL

Technology companies led a broad upswing in U.S. stocks Tuesday, as investors scooped up shares following recent declines.

The Dow Jones Industrial Average added nearly 200 points in its biggest jump since late April. Some of Tuesday's biggest gainers were stocks that were hit hard in recent sessions, including shares of brick-and-mortar retailers and semiconductor companies.

Threats between the U.S. and North Korea, as well as turbulence in Washington that amplified investors' doubts about the Trump administration's ability to enact agenda items such as a tax overhaul, have weighed on stocks this month. The Dow industrials shed 418 points in the two weeks ended Friday.

But those concerns appear to be easing this week, investors and analysts said, with stocks drawing support from a strong earnings quarter, steady economic growth and slightly more attractive valuations following recent declines in share prices.

"It's the strength of the economy, not just here, but globally, that matter most to stocks," said Lew Piantedosi, director of growth equity for Eaton Vance.

"Earnings have been reasonably healthy for the last few quarters, too," he said.

The Dow industrials gained 196.14 points, or 0.9%, to 21899.89 Tuesday. The S&P 500 added 24.14 points, or 1%, to 2452.51, and the Nasdaq

Composite gained 84.35 points, or 1.4%, to 6297.48, its biggest gain since June 28.

Technology companies in the S&P 500 rose 1.5%. Semiconductor company Lam Research added \$5.41, or 3.4%, to \$163.81, and Western Digital added 2.79, or 3.3%, to \$86.65.

Cisco Systems, which shed 4% in Thursday's selloff, increased 59 cents, or 1.9%, to \$31.27.

Retailers were on the rebound, too. Shares of Macy's gained 89 cents, or 4.6%, to 20.42 after the company said it hired a senior eBay executive and streamlined its top management.

Shoe retailer DSW rose 2.74, or 17%, to 18.43 after it posted same-store sales growth for the first time in six quarters.

The SPDR S&P Retail exchange-traded fund rose 1.4% after declining 3.7% last week.

Investments considered to be relatively safe stores of value, including gold and U.S. Treasury bonds, retreated.

Gold for August delivery fell 0.4% to \$1,285.10 a troy ounce, for its biggest decline in a week.

Investors also were looking ahead to the Jackson Hole, Wyo., economic symposium that kicks off Thursday, where the roster of top central bankers was scheduled to include Federal Reserve Chairwoman Janet Yellen and European Central Bank President Mario Draghi.

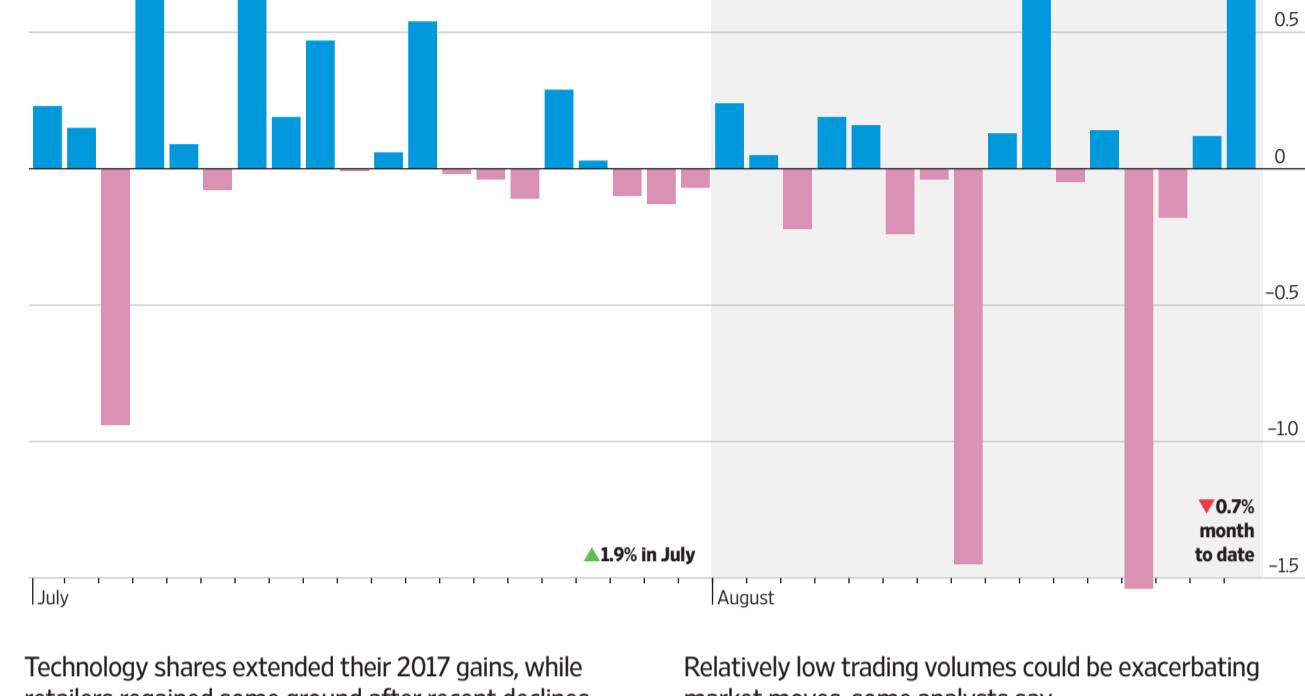
Investors were watching for further details on the Fed's plans to scale back its balance sheet and clues on when the ECB could trim its asset purchases, which have helped underpin markets in recent years.

Early Wednesday, the Hong Kong stock market closed for at least the morning session as Typhoon Hato neared the city. Elsewhere, Japan's Nikkei Stock Average was up 0.7% as the dollar regained ground against the yen.

Rebound

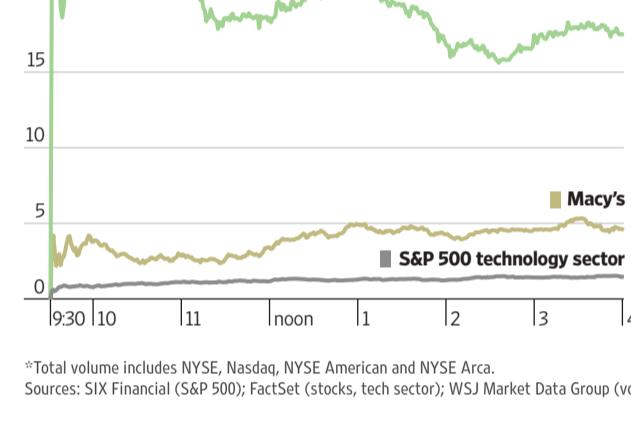
The S&P 500 notched its biggest gain since Aug. 14 in the latest swing for U.S. stocks.

S&P 500, daily percentage change



Technology shares extended their 2017 gains, while retailers regained some ground after recent declines.

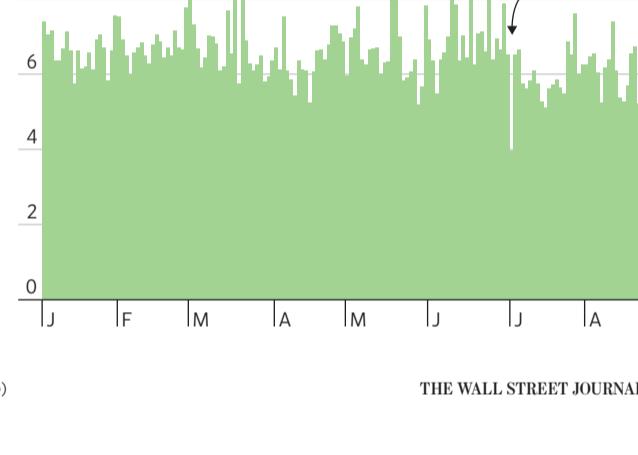
Performance on Tuesday



©Total volume includes NYSE, Nasdaq, NYSE American and NYSE Arca.
Sources: SIX Financial (S&P 500); FactSet (stocks, tech sector); WSJ Market Data Group (volume)

Relatively low trading volumes could be exacerbating market moves, some analysts say.

Total composite volume, daily*



THE WALL STREET JOURNAL.

HEARD ON THE STREET

Email: heard@wsj.com

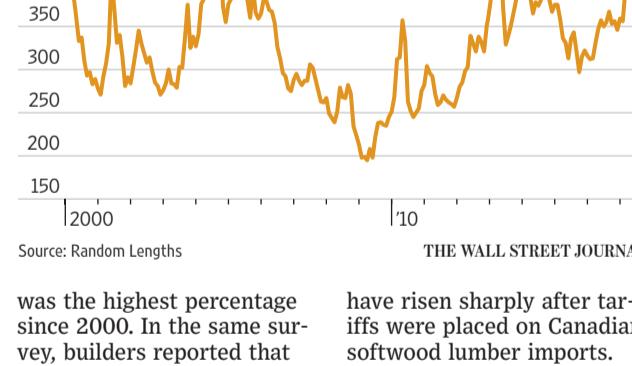
FINANCIAL ANALYSIS & COMMENTARY

WSJ.com/Heard

Home Builders Are Too Built Up

Wood Woes

Composite framing lumber prices, per thousand board feet



was the highest percentage since 2000. In the same survey, builders reported that labor costs were up an average of 4.5% versus a year earlier, far more than overall U.S. labor costs.

Materials costs are rising, too. Ready-mix concrete prices were up 3.2% from a year earlier in July, and prices for gypsum products were up 9.9%. Prices for lumber, which represent about one-tenth of builders' costs,

which is based on prices, family income data and mortgage rates, has fallen to its lowest level since 2008. If mortgage rates rebound, then new home prices will be even further out of reach for many buyers.

Meanwhile, stock valuations have steepened. Among the top 10 home builders by market capitalization, the median price-to-book ratio, based on analysts' expected book value over the next year, is 1.2, compared with 1.06 at the start of the year, according to FactSet.

And, on a price/earnings basis, the group looks downright expensive. Among those 10 top home builders, nine were publicly traded during the housing bubble. Their median P/E ratio, based on analysts' expected earnings over the next year, is 11.3. In July 2005, when home-builder stocks reached their peak, that P/E was 8.5. It wouldn't take much—a move higher in interest rates, say, or the dream of lower taxes going away—for them to get nailed. —Justin Lahart

ness, 6% for copper, and 26% for iron ore.

With numbers like that, it isn't hard to see why Elliott was so eager to see the shale business go. Holding on to high-margin conventional oil and getting out of capital-intensive shale—which requires constant drilling to maintain output—will help BHP keep the benefits of energy-sector diversification and free up capital for dividends or investment in copper and other growth pillars.

Still, shale will remain costly for BHP for a while. The company actually plans to ramp up spending on U.S. shale in the coming year, part of an overall increase in

OVERHEARD

What will **Warren Buffett** do for an Oncor?

Berkshire Hathaway has about \$100 billion burning a hole in its pocket but decided not to get into a bidding war for **Oncor Electric Delivery Co.** after **Sempra Energy** swooped in with a higher price.

Being the world's most successful investor doesn't make you immune to second-guessing. Coming on the heels of a soured dalliance between food giant **Kraft Heinz**, which would have been backed by Berkshire, and consumer-goods company **Unilever**, phrases like "deal-making flop" are being used.

Only time will tell if he made the right decision, but it is a bit rich to call not spending cash a failure in connection with Oncor, which emerged from the biggest leveraged buyout bust of all time. Bought in 2007 with lots of debt by KKR, Goldman Sachs and TPG, it went bankrupt in 2014. Now that's a flop.

The Makers Of Chip Gear Look Cheap

Makers of semiconductor-manufacturing equipment are more profitable than ever, which poses an interesting dilemma for investors.

Applied Materials and **Lam Research**, the two largest companies in the space, reported record operating profits for their most recent quarters. Applied Materials' share price has jumped 52% over the past 12 months while Lam's has surged 76% based on Tuesday's close.

That has put both stocks at their highest levels in more than a decade.

But thanks to their rapidly expanding bottom lines, both stocks now look cheaper despite their gains.

Applied Materials now trades just over 12 times forward earnings compared with 15 times a year ago, according to FactSet. Lam's multiple has slipped from 13.4 times to 12.6 times. The peer group represented by the PHLX index is averaging about 15 times forward earnings.

That should help soothe investors who might be nervous about a downturn on the horizon. Chip-manufacturing gear is a cyclical business, but the industry is benefiting from an especially sustained uptick in demand for memory and processors that is driven by technology shifts under way in markets such as data centers and automobiles. Those shifts are still in their early days.

China is also working to build up a domestic semiconductor industry and has several new fabrication plants under construction. Those fabs will require production equipment well into the next year, which should chip in a little more growth to the sector's already strong run.

—Dan Gallagher

BHP Rights Its Ship by Throwing Its Shale Overboard

Drilling Down

BHP's return on capital employed, by sector



Source: the company

THE WALL STREET JOURNAL.

ore, copper and coal, and after big write-downs in 2016 on its shale and Brazilian iron-ore operations.

It also announced a big increase in its full-year divi-

dend, up 177% on the year to 83 cents a share, and paid down more of its borrowings, bringing its net debt to the lowest level since 2011.

The breakdown by sector paints a brutal picture of the U.S. shale-oil business, however. BHP's petroleum business as a whole, which also includes offshore Gulf of Mexico wells and Australian assets, enjoys better profit margins than any of the firm's other segments besides iron ore.

But its onshore shale business, based in Texas and the southeast U.S., generated a return on capital of negative 3%, against 12% for the conventional oil and gas busi-

ness, 6% for copper, and 26% for iron ore.

With numbers like that, it isn't hard to see why Elliott was so eager to see the shale business go. Holding on to high-margin conventional oil and getting out of capital-intensive shale—which requires constant drilling to maintain output—will help BHP keep the benefits of energy-sector diversification and free up capital for dividends or investment in copper and other growth pillars.

Still, shale will remain costly for BHP for a while. The company actually plans to ramp up spending on U.S. shale in the coming year, part of an overall increase in

capital expenditures to \$6.9 billion in 2018 from just \$5.2 billion in fiscal 2017. The extra spending is needed to stop output from rapidly declining shale wells dropping off a cliff.

And while BHP has begun taking the right steps to make shareholders happier, any sale of its shale assets may not be imminent: Hearing that the firm will be "patient" as it looks for options to deal with its onshore U.S. assets may not exactly be music to the ears of investors.

Until a deal is struck and BHP has banked the proceeds, Elliott and BHP's other critics won't be satisfied.

—Nathaniel Taplin