

THE WALL STREET JOURNAL.

DOW JONES | News Corp

THURSDAY, AUGUST 24, 2017 ~ VOL. CCLXX NO. 46

WSJ.com

★★★★ \$4.00

DJIA 21812.09 ▼ 87.80 0.4%

NASDAQ 6278.41 ▼ 0.3%

STOXX 600 373.92 ▼ 0.5%

10-YR. TREAS. ▲ 13/32, yield 2.171%

OIL \$48.41 ▲ \$0.58

GOLD \$1,288.90 ▲ \$3.80

EURO \$1.1808

YEN 109.04

What's News

Business & Finance

WPP shares were off 11% after the world's largest advertising company reported a surprisingly steep slowdown in ad buying from consumer-goods companies. A1

◆ A group of Silicon Valley entrepreneurs plans to launch an investment vehicle that will offer a richly valued technology startup an alternative route to public ownership. B1

◆ Prosecutors recovered lost ground in their fight against insider trading as a court upheld the 2014 conviction of a former SAC portfolio manager. B1

◆ Cargill has invested in a startup that is developing technology to grow meat from self-reproducing animal cells. B1

◆ Venezuelan bond prices tumbled as traders grappled with the prospect that U.S. sanctions could restrict trading in the nation's securities. B1

◆ The Dow fell 87.80 points to 21812.09 on disappointing earnings after its largest one-day advance since April. B1

◆ Uber doubled its gross bookings, but is still reporting heavy losses. B3

◆ Hewlett Packard's Whitman repeated she won't be the next CEO of Uber. B3

◆ New-home sales fell 9.4% in July, providing fresh evidence that a shortage of housing inventory is affecting the market. A2

◆ Whole Foods shareholders approved Amazon's takeover of the grocer, moving the deal one step closer to completion. B3

World-Wide

◆ The world's major economies are growing in sync for the first time in a decade, helped by low-interest-rate stimulus and the fading of crises. A1

◆ The White House is expected to soon send guidance to the Pentagon on how to implement a ban on transgender people in the military. A1

◆ Trump's efforts to reboot U.S.-Pakistan relations as part of his new Afghanistan strategy may be challenged by a rising Pakistani politician. A5

◆ Jared Kushner will lead a delegation to try to advance talks between Israelis and Palestinians. A6

◆ Saudi Arabia is courting Iraq's Shiite leaders and reopening border crossings between the countries after years of rancor. A6

◆ Kim Jong Un appeared in state media visiting a missile production factory, hours after Tillerson praised his restraint. A7

◆ Trump's threat to shut down the government if Congress doesn't approve funding for a Mexico border wall raised alarm among some Republican lawmakers. A4

◆ Iowa asked for federal permission to alter major provisions of the Affordable Care Act next year. A3

◆ Egypt lashed out against a decision by the Trump administration to slash and withhold hundreds of millions of dollars in economic and military aid to Cairo. A5

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Charlottesville Covers Confederate Statues, in Symbol of Mourning



SHROUDED: City parks department workers in Charlottesville, Va., on Wednesday draped a statue of Confederate Gen. Thomas 'Stonewall' Jackson, above, and a monument of Gen. Robert E. Lee, in remembrance of Heather Heyer, killed while protesting a white nationalist rally. A2

Ad Industry Woes Deepen

Giant WPP signals a pullback in spending amid broader concerns about shift to digital

By NICK KOSTOV
AND LARA O'REILLY

Some of the world's biggest consumer-goods firms are ratcheting down ad spending, starving Madison Avenue of revenue and further threatening ad firms and ad-dependent media companies already coping with a rapid shift to digital

advertising.

Shares in the world's largest advertising company, London-based WPP PLC, fell nearly 11% Wednesday after it reported a steeper-than-expected slowdown in global ad buying, particularly from consumer-goods companies. It was the stock's biggest one-day drop in more than 18 years. Stocks of rivals also tumbled.

WPP, which owns agencies such as J. Walter Thompson, Young & Rubicam and Ogilvy & Mather, said the pain was global, with North American advertisers pulling back espe-

cially hard.

Consumer-goods companies, including Procter & Gamble Co. and Unilever PLC and packaged food giants like Kraft Heinz Co. and Nestlé SA, have typically driven revenue at the world's biggest agencies. But these clients are struggling to boost sales amid pressure on multiple fronts. To cope, they have been cutting back on spending.

WPP Chief Executive Martin Sorrell on Wednesday said the pullback was cyclical but cautioned that it's a "big wake-up call." Sales volumes at consumer-goods companies "are

flat or falling," Mr. Sorrell said. "It means you have less consumers, and that's the beginning of serious problems."

The penny pinching has been widely telegraphed, but the sharp declines at WPP shocked investors.

Already, the world's largest advertising companies have been coping with marketing clients reviewing their agency contracts to reduce costs, questions about the effective-

Please see ADS page A6

◆ Heard on the Street: WPP's pain already priced in..... B12

Trump Sets Military Transgender Ban

By GORDON LUBOLD

WASHINGTON—The White House is expected to send guidance to the Pentagon in coming days on how to implement a new administration ban on transgender people in the military, issuing a policy that will allow Defense Secretary Jim Mattis to consider a service member's ability to deploy in deciding whether to kick them out of the military.

The White House memo also directs the Pentagon to deny admittance to transgender individuals and to stop spending on medical treatment regimens for those currently serving, according to U.S. officials familiar with the document.

The 2½-page memo gives Mr. Mattis six months to prepare to fully implement the new ban, according to these officials.

Mr. Mattis under the new

policy is expected to consider "deployability"—the ability to serve in a war zone, participate in exercises or live for months on a ship—as the primary legal means to decide whether to separate service members from the military, the officials said.

The policy was announced by President Donald Trump in a series of tweets on July 26, which effectively reinstated a ban on open transgender service that had been lifted the year before, under former President Barack Obama, in a move that also provided for military medical care for the condition known as gender dysphoria.

Gender dysphoria is a condition that many professional associations have said requires medical treatment. For instance, gender dysphoria is recognized by the American Psychiatric Association as a

Please see BAN page A4

Budget Airline Ambitions Remake Global Travel

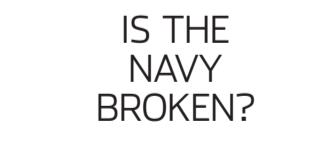


Note: One-way prices based on select travel week of Oct. 8. Individual flights may not add to total due to rounding. *With one stop

Sources: the companies, Expedia.com

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INSIDE



IS THE NAVY BROKEN?

OPINION, A15



SAMSUNG'S BIG PHONE IS BACK

BUSINESS & FINANCE, B1

Battling Bands: This Next Song Is Dedicated to Our Therapist

L.A. shrink soothes musical discord with trust exercises, positive affirmation

By ERICH SCHWARTZEL

LOS ANGELES—When bassist Ken Christianson decided to quit the feminist punk group in which he had played for nearly two years, his bandmates had a request: Could they talk it out?

Mr. Christianson and the band's lead singer headed to the Los Angeles office of Jodi Milstein, a therapist who has helped many artists find harmony.

"She asked us, 'How are you feeling? What do you think the problem is, if there is any?'" explained Mr. Christianson. He ultimately decided to leave the now four-member group, the Menstrua-

tors. Still, "it's kinda nice to sit there and talk."

When musicians want to lend some psychological grounding to the rock 'n' roll lifestyle, they call Ms. Milstein, founder of Rock Star Therapy. She leads group therapy sessions for major acts and rookie groups all trying to keep discord at bay. Ms. Milstein, a music-industry veteran, is part of a movement that brings feelings into the hard-edge world of rock 'n' roll, where brawls and disagreements have built a back story behind many hit tracks.

When skeptical new clients

Please see BANDS page A6

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1,000+ Employees Segment, 2015

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

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U.S. NEWS

Sales of New Homes Plunged Last Month

Drop of 9.4% indicates an inventory shortage is affecting purchases; a limit on buyers

By LAURA KUSISTO
AND SARAH CHANEY

U.S. new-home sales fell sharply in July, providing fresh evidence that a shortage of housing inventory is depleting activity across the market.

Purchases of newly built single-family homes, a narrow slice of all home sales, decreased 9.4% to a seasonally adjusted annual rate of 571,000 in July, the Commerce Department said Wednesday.

"It has been surprising the extent to which new-home sales have not picked up more," said Aaron Terrazas, a senior economist at Zillow. "It does seem to reflect a bit of a market breakdown."

Part of the problem, Mr. Terrazas said, is that high land and construction costs are making it difficult to build



A typical new home spent 2.9 months on the market in July, down from 3.6 months a year ago.

less-expensive homes, limiting the pool of buyers.

Overall, the housing market has settled into a pattern of rising prices and flattening sales throughout much of the peak home-buying season. A lack of new-home construction is damping new and ex-

isting-home sales.

A typical new home spent 2.9 months on the market in July, down from 3.6 months a year ago, suggesting demand remains strong.

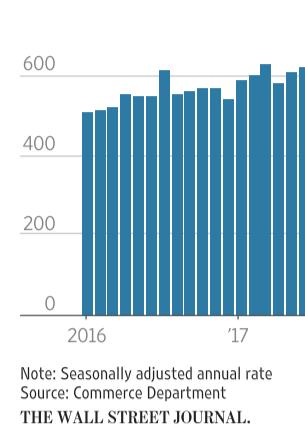
Monthly new-home-sales figures tend to be tumultuous, and so far this year the mar-

ket for new homes has been gradually trending upward. Sales have risen 9.2% so far this year compared with the same period a year earlier.

"We're still on track for a pretty healthy increase in new-home sales this year," said Lee Stafford, managing

Supply Shortage

Purchases of newly built single-family homes in the U.S.



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director of economics and research at Ally Financial Inc.

New-home construction has been dropping, with a significant slowdown in apartment building and gradual growth in new single-family home construction. U.S. housing starts declined for the fourth time in

five months in July, the Commerce Department reported last week. Total housing starts decreased 4.8% from the previous month to a seasonally adjusted annual rate of 1.155 million.

But low inventory doesn't appear to be the only reason sales were weak last month. At the current sales pace, there was a 5.8-month supply of new homes on the market at the end of July, the highest level since 2015, although still below-normal levels.

Recent surveys of consumer sentiment indicate that buyers also perceive the market as frothy. Home prices have risen sharply over the last couple of years, including in the new-home segment. The median sale price for a new home sold in July was \$313,700, up 6.3% from a year earlier.

Builders remain largely optimistic about the market, saying they still see significant pent-up demand. Traffic from buyers visiting new-home communities remains strong, which suggests sales are poised to pick up in the months ahead.

U.S. WATCH

VIRGINIA

Confederate Statues Are Covered Up

Workers in Charlottesville draped giant black covers over two statues of Confederate generals on Wednesday to symbolize the city's mourning for a woman killed while protesting a white nationalist rally earlier this month.

Associated Press

Workers covered a towering monument of Gen. Robert E. Lee on horseback in Emancipation Park, and a statue of Gen.

Thomas "Stonewall" Jackson in nearby Justice Park. Some of the crowd cheered as the cover was put in place. The decision to shroud the statues came at a city council meeting this week.

Associated Press

TEXAS

Federal Judge Again Rejects Voter ID Law

A federal judge Wednesday struck down Texas' 2011 voter-identification law and rejected a less-restrictive version of the measure that state legislators passed this year.

The rulings block a state voter-ID law from taking effect and are the latest blow to Texas Republican lawmakers who have tried for years to implement voter-identification requirements.

U.S. District Judge Nelva Gonzales Ramos reaffirmed her earlier ruling that Texas' 2011 law "was enacted with discriminatory intent—knowingly placing additional burdens on a disproportionate number of Hispanic and African-American voters."

She also determined that the amended version of the law didn't meaningfully solve the problems of discrimination against voters and was still too stringent in terms of the types of identification it required.

Texas Attorney General Ken Paxton, a Republican, said Wednesday that he would appeal the ruling, calling it "outrageous."

Dan Frosch

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GROW

Continued from Page One

Deutsche Asset Management.

The development comes, ironically, just as nationalist movements in the U.S., Europe and beyond have gotten a new life, driven by suspicion over global trade and finance. At the moment, the growth pickup is lifting the fortunes of car makers in Japan, coal miners in Indonesia and forklift makers in Germany. U.S. exports grew by near a 6% annual rate in the first half of the year, their best two-quarter performance since the end of 2013 and outpacing the average of the previous decade.

The economic gains could be undone if growth morphs into overheating.

The episode could be undone if synchronized growth morphs into overheating. As years of crisis have demonstrated, soaring global stock prices or regional property markets could quickly turn to financial mayhem that takes down economies. Moreover, central bankers, gathering this week for the Federal Reserve's annual conference in Jackson Hole, Wyo., could derail the upturn if they pull back financial stimulus too aggressively.

For now, though, the global upturn appears on track, in part because inflation is low and central bankers are moving gradually.

Stimulus Wind-Down

Federal Reserve Chairwoman Janet Yellen and European Central Bank President Mario Draghi, both speaking in Jackson Hole Friday, can point to the global backdrop to justify plans to pull back stimulus programs.

Double the Dow

Year-to-date change in select stock indexes around the world that are outpacing the Dow Jones Industrial Average



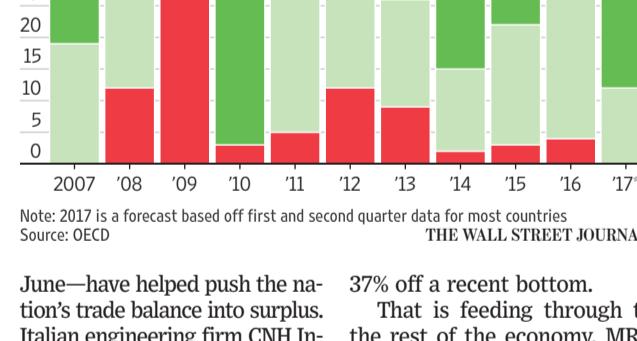
Source: WSJ Market Data Group



Janet Yellen and Mario Draghi will speak in Jackson Hole Friday.

Growing In Sync

Number of major economies tracked by the OECD with:



Note: 2017 is a forecast based off first and second quarter data for most countries

Source: OECD

THE WALL STREET JOURNAL.

June—have helped push the nation's trade balance into surplus. Italian engineering firm CNH Industrial NV had seen its sales slide by about a quarter since 2014, but the firm reported a 3% rise in sales for the second quarter, to \$6.9 billion, driven by growth in Asia and Europe.

In many advanced economies, including the U.S., the effects of the financial crisis are finally fading. American households have stopped paring back their debt exposures and started returning to normal spending patterns. The fiscal stance in many advanced economies has shifted from austerity to ease. Although the Fed has begun to raise its target interest rate, most interest rates around the world remain low and below inflation rates.

The world is also benefiting from a reversal from a global commodity bust that began in 2014. New energy supplies, such as from U.S. fracking, combined with soft global growth to send prices plunging. Now, prices have firmed and investment is picking up.

After the commodities bust helped sink Brazil into its deepest recession ever, it is now forecast to expand 0.3% this year and 2% in 2018. The IMF's global price index for all commodities is up 27% from the start of 2016, and Brazil's crucial iron ore has seen prices rise

37% off a recent bottom.

That is feeding through to the rest of the economy. MRV Engenharia e Participações SA, Brazil's largest builder of homes for low-income families, has launched 21% more new projects in the first half versus a year ago, said Chief Financial Officer Leonardo Guimarães Correa. The country is "moving from a downward period to a period of recovery," Mr. Correa said.

Indonesian conglomerate PT Astra International saw net profit in its coal-mining subsidiary jump 85% during the first half of the year, while its maker of crude palm oil booked a 26% year-on-year increase in net profit. "For the rest of the year, we expect to continue to benefit from the [higher] coal and crude palm oil prices," said Julian Warman, a spokesman for Astra International.

Some signs of froth are popping up now, beyond soaring stock prices. China relies increasingly on its property market for growth. Despite the government's recent crackdown on speculative home purchases, persistent demand for property has boosted production and sales of construction material, furniture and other items. Astronomical property prices are causing many consumers to tighten their purse strings.

Yet broader inflation is low world-wide, which will give central bankers an opportunity to proceed slowly in pulling back stimulus.

It will make for easier breathing in the thin air of Jackson Hole, after years of crisis management and hand-wringing about the prospects for the global economy.

—Tom Fairless, Grace Zhu, Luciana Magalhaes, Megumi Fujikawa and I Made Sentana contributed to this article.

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Ind

U.S. NEWS

Iowa Seeks ACA Overhaul

Several other states are watching request for a sweeping waiver to health law's rules

Iowa asked for federal permission to alter major provisions of the Affordable Care Act next year, a proposal that will be closely watched by officials in other states that hope to rewrite parts of the health law as Republican efforts to do so in Congress have stalled.

By Anna Wilde Mathews, Michelle Hackman and Stephanie Armour



Iowa officials say a waiver is needed to repair the state's health insurance exchange market.

Iowa's plan, which state officials said they are already preparing to implement pending federal approval, would go further than proposals that other states have made so far to revamp the health law's rules. The Iowa setup would offer just one type of insurance plan in the individual market and reshape the subsidies that help people buy coverage, among other changes.

State officials argue they need to repair an exchange market that is expected to be down to just one insurer that has requested sharp rate increases for 2018.

States including Idaho, Minnesota and Oregon have submitted applications for less-sweeping waivers that aim to blunt insurers' expense for covering the claims of people with costly health conditions. In total, 13 states have passed

laws authorizing state officials to craft ACA waiver requests, according to the National Conference of State Legislatures.

"The most urgent thing for states is to stabilize the markets," said Rosemarie Day, a health strategist and former chief operating officer of the Massachusetts exchange. But the waiver process also "opens the door to trying to accomplish some things Republicans are trying to do," like limiting benefits currently required under the ACA. "This could be a backdoor way."

Iowa Insurance Commissioner Doug Ommen, a Republican, said that the state has worked with the federal Centers for Medicare and Medicaid Services and that it hoped to get its new system up and running before individual-plan enrollment kicks off in November.

"We're doing everything that's needed to start it up as though we already had a yes," he said.

Iowa's largest insurer, Wellmark Blue Cross and Blue Shield, said it would reverse its plans to leave the state's individual market and would instead sell plans in every county next year if the state won approval for its proposal.

A CMS spokeswoman declined to comment on Iowa's application or on the agency's responses to other states.

In Washington, the approaching deadline for insurers on whether to take part in health exchanges has put pressure on GOP leaders to decide whether to take steps to shore up marketplaces in certain states or to continue efforts to repeal the 2010 law.

The Iowa proposal would change important features of

the federal health law. The ACA premium subsidies that enable lower-income people to buy health insurance would become flat payments tied to age and income. Under the ACA, the subsidies are tied to actual premium costs in a region and cap what low-income people must pay toward those monthly bills. Iowa's setup would also eliminate so-called cost-sharing subsidies that help cover deductibles and other out-of-pocket costs for the lowest-income enrollees.

A reinsurance program would limit health insurers' costs for the most-expensive enrollees.

Patient groups raised concerns about the potentially higher health-care costs for low-income enrollees, largely because of the elimination of the cost-sharing aid.

Facebook Friends Get Judicial 'Like'

By JACOB GERSHMAN

Judges can be Facebook friends with lawyers who appear before them, a state appeals court in Miami ruled.

Wednesday's decision was the latest pronouncement on the propriety of social media relationships between litigants and the bench.

The boundaries of virtual "friendships" have divided the legal world as more judges have created public profiles and are engaging with others online.

In 2013, the American Bar Association cautioned judges about their use of social media. In code-of-conduct guidelines, the association said that while social media can help judges keep connected to the wider world, they should think twice before "friending," "liking" or "following" somebody.

A three-judge panel of Florida's Third District Court of Appeal said a Facebook friendship in itself isn't grounds for recusal. That is because the act of "friending" someone these days says little about the closeness of the Facebook users.

"Because a 'friend' on a social networking website is not necessarily a friend in the traditional sense of the word, we hold that the mere fact that a judge is a Facebook 'friend' with a lawyer...does not provide a basis for a well-grounded fear that the judge cannot be impartial," wrote Judge Thomas W. Logue, the opinion's author.

Wednesday's holding created a split within the state of Florida. In 2009, another Florida appeals court said Facebook friendships were more problematic, ruling that recusal was required when a judge was Facebook friends with a prosecutor.

The latest case dealt with a disqualification petition filed by Herssein Law Group PA, a Florida law firm that had brought a fraud lawsuit against a financial-services company. The company had retained a former colleague of the judge's to represent an executive that the firm had accused of witness tampering. That lawyer was Facebook friends with the judge, prompting the law firm to seek her removal from the case.

University Battles Fetal-Tissue Law

By JACOB GERSHMAN

A legal challenge to an Indiana law that criminalizes research using the remains of aborted fetuses could determine how much power states have to restrict scientific access to fetal tissue.

The unusual case pits Indiana's government against the state's flagship research university, which is asking a federal court to declare Indiana's fetal-tissue statute unconstitutional.

The 2016 law makes it a felony to intentionally acquire, receive, sell or transfer aborted fetal tissue. Indiana University filed suit soon after Mike Pence, now the vice president, signed it into law in his final months as Indiana governor.

A federal judge is weighing whether to dismiss the lawsuit and allow prosecutors to enforce the law or to strike down the statute. A ruling could come by year end.

The dispute isn't the first to target a state regulation of fetal tissue. But it is the first time that medical researchers have led the charge, according to lawyers involved. Also setting the case apart is the university's lead argument: that the state's regulation is an unconstitutional restraint on interstate commerce.

Were the legal argument to prevail, according to lawyers, it could be leveled against similar fetal-tissue restrictions on the books in other conservative states, such as South Dakota and Louisiana.

Since 2011, Indiana University has received fetal brains from the Birth Defects Research Laboratory at the University of Washington under a



A 2016 law passed by the Indiana legislature makes it a felony to intentionally acquire, receive, sell or transfer aborted fetal tissue.

Commerce Claim at Center of Lawsuit

dated years ago banning the sale of margarine or banning the sale of fresh meat slaughtered more than 100 miles from the point of sale.

It is an argument premised on the idea that aborted fetal tissue acquired by Debomoy Lahiri, a professor, is an "article of commerce." The fetal parts qualify as such because "Dr. Lahiri must pay a fee to obtain it, and it crosses state lines when shipped to Indiana from Washington," the university stated in a brief.

Attorneys for the state say the fetal shipments can't be considered trade given that federal law prohibits profiting from the sale of fetal tissue.

—Jacob Gershman

Indiana University's lawsuit against the state makes multiple constitutional claims. A fetal tissue law, it argues, violates the First Amendment by abridging academic freedom, and it says it violates rights to equal protection by discriminating against researchers who use aborted fetal tissue.

But more prominently, the school invokes a constitutional doctrine that prevents states from interfering with free trade across their borders. University court briefs liken the tissue regulation to state laws inval-

iduous to understand how a diseased brain works differently, says the university. He also uses tissue from miscarriages, but said in a deposition that aborted fetal tissue is more scientifically valuable.

In court filings, Indiana Uni-

National Institutes of Health grant. The remains are used by Debomoy Lahiri, a professor of neurobiology, psychiatry and genetics who is trying to develop a cure for Alzheimer's.

Dr. Lahiri extracts the healthy tissue from the brains

as a "control" to understand how a diseased brain works differently, says the university. He also uses tissue from miscarriages, but said in a deposition that aborted fetal tissue is more scientifically valuable.

In court filings, Indiana Uni-

versity accuses the state of threatening "significant research progress related to Alzheimer's and other diseases" and the institution's "important role and reputation in the global research community."

Indiana stated in court papers that the criminal penalties under its 2016 law are intended to insulate "mothers from pressure to allow research on an aborted fetus." The state also suggests the university is exaggerating the threat to scientific advancement, claiming that Dr. Lahiri is the only scientist at the university who uses fetal tissue in research.

The litigation follows a court ruling from last year that blocked Indiana from enforcing other parts of its abortion law, including a rule requiring the burial or cremation of fetal remains and a ban on abortions when a woman seeks the procedure because the fetus has a risk of Down syndrome or other disabilities. In that litigation, which was brought by Planned Parenthood, a federal judge ruled that Indiana was likely violating a woman's constitutional right to abortion.

The right to abortion isn't at issue in the Indiana University case. But the abortion debate has spilled into court papers. Lawyers for the university have contended the fetal tissue law isn't advancing a legitimate public interest but that lawmakers voted for it out of a desire to express their "moral disdain for abortion."

"This case isn't about abortion. It is a case about Indiana prohibiting a very controversial research practice," said John Bursch, an outside lawyer for the state.

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Adult-Size Murray General Car Comes to Life



TOY STORY: Dan Hryhoroff, of Justus, Pa., takes the 32-inch wheel Wednesday while cruising in his 2015 home-built Murray General car, a larger replica of a 1951 Murray Toy Company peddle car. 'I like the smiles on people's faces,' he said.

U.S. NEWS

Trump Shutdown Talk Roils GOP

House speaker says he supports Trump's border wall but wants government kept open

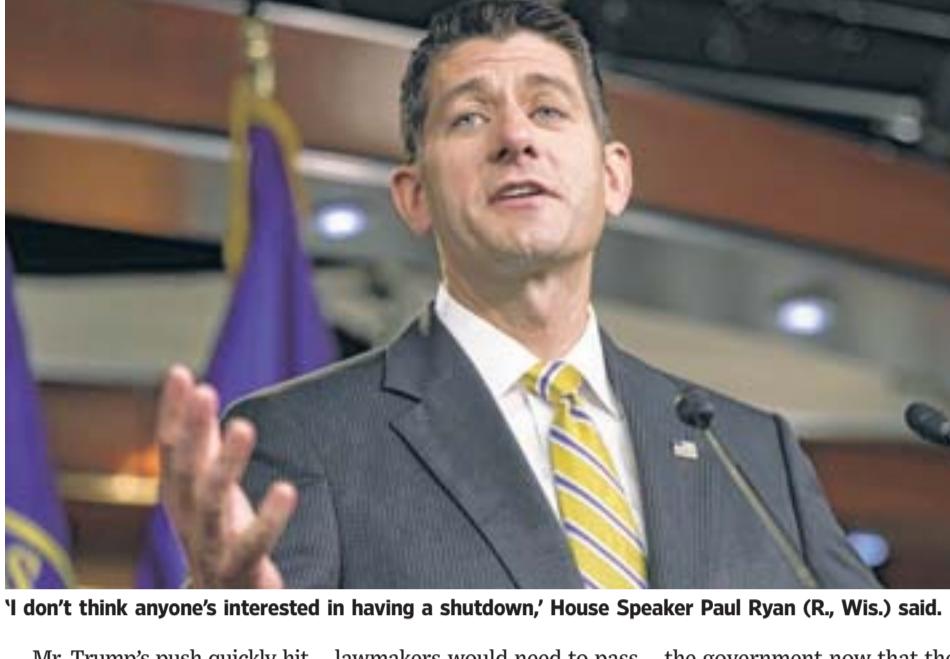
By KRISTINA PETERSON
AND SIOBHAN HUGHES

WASHINGTON—President Donald Trump's threat to shut down the government if Congress doesn't approve funding for a wall along the Mexico border raised alarm among some GOP lawmakers, injecting new volatility into an already uncertain political climate this fall.

Lawmakers returning to Washington in early September have a dozen days with both the House and Senate in session before the government's current funding expires on Oct. 1. Lawmakers from both parties had expected Congress to pass a stopgap two- or three-month spending bill, but Mr. Trump's remarks raised fresh questions about the path forward.

The GOP president said Tuesday night that he was prepared to dig in over his request for \$1.6 billion toward the border wall, one of his signature campaign promises.

"We're going to get our wall," Mr. Trump said at a rally in Phoenix. "If we have to close down our government, we're building that wall."



'I don't think anyone's interested in having a shutdown,' House Speaker Paul Ryan (R., Wis.) said.

Mr. Trump's push quickly hit resistance within his own party.

"I don't think anyone's interested in having a shutdown," House Speaker Paul Ryan said at a stop at an Intel Corp. facility in Oregon on Wednesday.

Mr. Ryan (R., Wis.) said he agreed with Mr. Trump that a physical barrier was needed in places along the border. Still, he said: "I don't think a government shutdown is necessary, and I don't think most people want to see a government shutdown, ourselves included."

Mr. Ryan said he expected

lawmakers would need to pass a short-term spending bill in September to give them more time to work out a broader budget agreement later this year.

While some conservatives have backed Mr. Trump's demand for a wall, it is controversial among many Republicans, some of whom think it isn't the most effective way to tighten security. And after this year's protracted and unsuccessful struggle to roll back and replace much of the Affordable Care Act, few Republicans are eager to shut down

the government now that they control the White House and both chambers of Congress.

"A government shutdown hurts Republicans—it's the last thing I want," said Rep. Trent Franks (R., Ariz.), a member of the House Freedom Caucus who was at Mr. Trump's rally Tuesday. "It is a political liability of profound significance to us."

Many GOP lawmakers worry a shutdown or a failure to raise the government's borrowing limit—another deadline they are facing this fall—could harm their chances of retaining the

House majority in next year's midterm elections. Treasury officials have said Congress must raise the government's borrowing limit at some point near the end of September.

If Congress doesn't raise the debt ceiling to allow new borrowing, the U.S. could default on its debt or miss payments for benefits and salaries.

Fitch Ratings said Wednesday that a failure to raise the U.S. debt limit in a "timely manner" would prompt a review of the country's credit rating for possible downgrade.

Fitch said a government shutdown would have no direct impact on its rating but would "highlight how political divisions pose challenges" to the budget process.

Democrats, whose votes likely will be needed in both chambers, swiftly rejected Mr. Trump's demand Wednesday. Spending bills need 60 votes to pass in the Senate, where Republicans hold 52 seats.

"If the president pursues this path, against the wishes of both Republicans and Democrats, as well as the majority of the American people, he will be heading towards a government shutdown, which nobody will like and which won't accomplish anything," said Sen. Chuck Schumer of New York, the chamber's Democratic leader, in a statement.

—Chris Dieterich contributed to this article.

President Calls for Healing

By REBECCA BALLHAUS

President Donald Trump called for Americans to "heal the wounds that have divided us," a day after he accused the news media of "fomenting divisions" and criticized fellow Republicans at a rally.

Addressing the National Convention of the American Legion in Reno, Nev., on Wednesday, the president largely stuck to his prepared remarks, saying it was time "to seek a new unity based on the common values that unite us."

"We are not defined by the color of our skin, the figure on our paycheck or the party of our politics," Mr. Trump said.

He also praised members of the American Legion, the largest wartime veterans service organization. "We are here to hold you up as an example of strength, courage and resolve that our country will need to overcome the many challenges that we face," he said.

Mr. Trump invited Medal of Honor recipient and Vietnam veteran Donald Ballard to the stage, where he praised the president.

Following his remarks, Mr. Trump signed legislation that seeks to streamline the process for veterans to appeal disability claims.

WASHINGTON WIRE

POLITICS

In New Book, Clinton Recounts 2016 Loss

Democrat Hillary Clinton wrote that her loss to Republican Donald Trump in the 2016 presidential race will haunt her for the rest of her life, according to excerpts from the audio version of a new book that aired Wednesday.

"Every day that I was a candidate for president, I knew that millions of people were counting on me. I couldn't bear the idea of letting them down. But I did," Mrs. Clinton said in an excerpt aired on MSNBC. "I couldn't get the job done. And I'll have to live with that for the rest of my life."

The book, "What Happened," is set to be released Sept. 12 by Simon & Schuster.

The White House didn't respond to a request for comment.

—Joshua Jamerson

PUBLIC AFFAIRS

Fired FBI Director Plans Lecture Series

James Comey, a former director of the Federal Bureau of Investigation who was fired by President Donald Trump, is scheduled to give a series of lectures at Howard University.

The historically black college in the nation's capital said Mr. Comey is to be the keynote speaker at the school's opening convocation Sept. 22 and "lead and conduct five lectures" during the academic year. School President Wayne A.J. Frederick said he hoped Mr. Comey's lectures would spark "rich discussion."

—Associated Press

BAN

Continued from Page One

medical issue. When diagnosed by a medical professional, transition therapy and reassignment surgery is considered by some insurers and states as a medically necessary treatment. Employing the criteria of deployability to remove service members is bound to be greeted with deep opposition.

"Transgender people are just as deployable as other service members," said Sue Fulton, the former president of Sparta, a military organization for lesbian, gay, bisexual and transgender people that advocates for open service. "Other service members may undergo procedures when they are at home base, just as other service members schedule shoulder surgery or gall bladder surgery."

Ms. Fulton said there are no "ongoing treatments" for transgender service members that would render them nondeployable. "Thus there's no difference between the deployability of transgender service

members" and others, she said.

Pentagon officials have been awaiting policy guidance from the White House since Mr. Trump's July tweets. The move by Mr. Obama was among a series of steps toward opening the military to larger segments of the U.S. population. Other steps included rescinding the "don't ask, don't tell" prohibition against gays serving openly and opening most combat jobs to women.

In moving to end the transgender ban, however, the Obama administration left some ambiguity. While currently serving transgender personnel were allowed to immediately begin to serve openly, the change set July 1, 2017, as the start of new enlistments by openly transgender people.

Confronted with the enlistment deadline, Mr. Trump agreed over the summer with conservative lawmakers who wanted to backtrack on the policy.

"The United States government will not accept or allow transgender individuals to serve in any capacity in the U.S. military," Mr. Trump said

in the July tweets.

"Our military must be focused on decisive and overwhelming victory and cannot be burdened with the tremendous medical costs and disruption that transgender in the military would entail. Thank you," he added.

The tweets sparked criticism among Democrats and LGBT groups, and took top Pentagon officials aback. Although Mr. Mattis was made aware of Mr. Trump's views on the subject day earlier, Mr. Mattis and Chairman of the Joint Chiefs of Staff Gen. Joe Dunford didn't know the president would announce it in such a manner, officials said.

No planning had occurred on how to reinstate the ban and the Pentagon was caught flat-footed, a number of officials said at the time of the tweets.

Defense officials have been perplexed about how they can legally or morally justify separating open transgender service members from the service, especially those who were invited to identify themselves when the ban was lifted, officials have said.

Estimates of how many

transgender service members are openly serving in the military range from 1,320 to 6,600, according to a Rand Corp. study commissioned last year by the Pentagon. Not all of them seek treatment for gender dysphoria, the study said.

Advocacy groups believe

there are as many as 7,000

The Pentagon would

get six months to prepare to fully implement the ban.

transgender service members

on active duty and 11,000 total, across all military services and components.

The Rand study said only a

small number of those who are

transgender, however, would

require surgery that would

prevent them from deploying.

Estimates, taken from sur-

veys and private health-insur-

ance claims data, conclude that

each year between 29 and 129

service members within the military's active component would seek transition-related care that "could disrupt their ability to deploy," according to the report.

The administration's pursuit of the ban on transgender service members is opposed by a broad range of Democratic and Republican lawmakers, including Sen. John McCain (R., Ariz.), chairman of the Senate Armed Services Committee. Earlier this month, 53 Democratic lawmakers sent a letter to Mr. Mattis outlining their opposition to a reinstatement of the ban.

"We believe any serious or credible review of the law and the facts in the present case make it clear that the president's proposed ban on transgender people serving in the armed forces will weaken, not strengthen our military, and is blatantly unconstitutional," said the letter, whose signatories included Reps. Adam Smith of Washington and John Conyers of Michigan.

But conservative Republicans

have backed the decision. "The

costs incurred by funding trans-

gender surgeries and the re-

quired additional care it de-

mands should not be the focus

of our military resources," said

Rep. Vicky Hartzler (R., Mo.), af-

ter Mr. Trump's tweets in July.

The Rand report concluded

that the cost of treating trans-

gender service members

would be between \$2.4 million

and \$8.4 million a year. Total

military health-care expendi-

tures were \$6.27 billion in

2014.

The Pentagon's military ser-

vice chiefs hold a range of

views on social issues, includ-

ing open service by gays

and women in combat. But

there was no push from senior

leaders to re-establish the ban

on transgender service mem-

bers, officials have said.

Immediately after Mr.

Trump's tweets, service chiefs

and other Pentagon leaders

found themselves scrambling

to assure the troops that their

superiors would look after

them until more formal guid-

ance was available. Gen. Dun-

ford promised "no modifications

to the current policy"

until the Pentagon had re-

ceived and implemented new

policy guidance.

WORLD NEWS

Pakistan Turmoil Clouds U.S. Plans

Imran Khan, a critic of American policy, gains political clout after the ouster of Nawaz Sharif

By SAEED SHAH

ISLAMABAD—President Donald Trump's efforts to reboot U.S.-Pakistan relations as part of his new Afghanistan strategy face a potential challenge because of the rising fortunes of a popular politician who is a fierce critic of U.S. policy.

Pakistan's political path took a twist in recent months with the ascendancy of charismatic sports-star-turned-politician Imran Khan. The fervent opponent of the U.S. war on terror used the courts to oust Prime Minister Nawaz Sharif in July and is looking to use the momentum from that legal victory to propel him to power.

Mr. Khan has been on the political scene for two decades, leading a small but vocal party opposed to what he views as the crooked political dynasties of Mr. Sharif and the other established party.

Mr. Sharif's removal has weakened the ruling party and thrust Mr. Khan and his Tehreek-e-Insaf, or PTI, party into real contention in elections due within the next year.

His surge is already shaping the political terrain by, among other things, pushing opinion in Pakistan more sharply against the country's close security ties to the U.S. He advocates a sharp break with the U.S. antiterror alliance, spurning aid that he has said comes with conditions that have proved too costly for Pakistan.

His stance puts him at odds with Washington's new Afghanistan strategy of sending in more soldiers and pressuring Pakistan to take action against insurgents that use its soil as a sanctuary. He views the war on terror as the U.S.'s war, not Pakistan's fight. And



Mr. Khan advocates a break with the U.S. antiterror alliance, spurning aid he has said comes at too high a cost to his country.

he has said the U.S. is blaming Pakistan for what he calls its "deeply flawed and failed Afghan policy."

Mr. Khan has argued that far from harboring terrorist groups, Pakistan has fought a costly battle against them and received little credit from the West for its efforts.

"To expect Pakistan to do more killing on behalf of the Americans is not an option we should take. I think we have already suffered enough in this country," Mr. Khan said in an interview. "It's not really an alliance. Basically America pays Pakistan to do its dirty work."

Mr. Khan said the antiterror partnership with Washington has "caused disaster in Pakistan" by sparking a violent backlash at home.

He has called for a phased withdrawal of U.S. troops from Afghanistan and U.S. talks with the Taliban. Mr. Khan said the Taliban, rather than a Pakistan-sponsored group, "is

election, Mr. Khan's growing influence has the potential to shape Pakistan's stance on issues of high importance to the U.S.: Afghanistan policy, India relations and Islamabad's attitude to terrorist groups U.S. officials say operate from within Pakistan.

The country's leadership has long complained that the U.S. approach to the region doesn't take into account its security fears and doesn't acknowledge Pakistan's efforts to root out terrorists. Yet the political and military consensus has been to continue accepting U.S. aid and maintain some level of cooperation with U.S. efforts in Afghanistan.

Mr. Sharif, the three-time prime minister dismissed by the Supreme Court last month,

faces a corruption trial over family property holdings in London. He has denied any wrongdoing. His Pakistan Muslim League-N party remains in office.

Mr. Khan's party promises clean government and better public services.

To gain power in next year's elections, he must win big in Punjab province, Mr. Sharif's home region where his party has a formidable political machine. Mr. Khan would need a swing of some 15% of the vote, from the 2013 election result, to win half the seats in Punjab, according to Umair Javed, a doctoral researcher at the London School of Economics. That wouldn't give him a majority in Parliament but could put him in a position to form a coalition government.

Egypt Criticizes U.S. Aid Reduction

Egypt lashed out Wednesday against a decision by the Trump administration to slash and withhold hundreds of millions of dollars in economic and military aid to Cairo, in a rare sign of friction between two leaders who have lavished each other with praise.

By Dahlia Kholaif
in Cairo and
Felicia Schwartz
in Washington

The administration is cutting \$95.7 million in military and economic aid and putting another \$195 million in military assistance on hold because of unhappiness over Egypt's human-rights situation, a **State Department** official said.

Washington also wants to pressure Cairo on its ties with North Korea, a person familiar with the decision said.

Since taking office, President Donald Trump has lauded Egyptian President Abdel Fattah Al Sisi.

When the two leaders met in April in Washington, U.S. officials were assured by their Egyptian counterparts that legislation restricting the activities of nongovernmental organizations wouldn't take effect. The following month, Mr. Sisi signed the bill into law.

The law imposes strict regulations on nongovernmental organizations, and human rights groups have said the law amounts to a ban of their work. U.S. officials see the law as part of a crackdown on dissent under Mr. Sisi.

"People in the administration felt misled," the State Department official said.

Egypt's Foreign Ministry criticized the measures as harmful to "Egyptian and American common interests."

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WORLD NEWS

Saudis Forge Ties With Iraq

By MARGHERITA STANCATI

ARAR, at the Saudi Arabia-Iraq Border—Saudi Arabia, with U.S. assistance, is pushing aside years of rancor with its neighbor Iraq and mounting a broad effort to win Baghdad's allegiance and dilute Iran's influence over the pivotal U.S.-al-

Saudi authorities are courting Iraq's Shiite leaders, expanding the kingdom's diplomatic presence, opening direct flights and reopening crossings closed for decades on the heavily fortified, 600-mile border.

"We share historical, cultural and social links with Iraq," Thamer al-Sabhan, minister of state for Gulf affairs, said after stopping at the newly reopened Arar border crossing. "If anything, I think we should be moving even faster."

The shift provides a political and economic lift to the Iraqi government as it drives Islamic State from the country and moves to rebuild.

For Washington, it is part of a push to align Iraq "a little more toward the Saudi Arabias and Turkeys of the world—and to blunt a little bit the Iranian influence," said a U.S. official, who described Saudi-Iraqi friendship as a priority for the Trump administration. "It's never too late."

The U.S.-led coalition against Islamic State, which includes Saudi forces, has fought on the same side as Iran against the Sunni extremist group. Success in largely vanquishing the group, also known as Daesh, creates an opportunity for the coalition allies to gain leverage in Iraq.

A new Saudi leadership is driving the shift, part of the intensified efforts by King Salman and Crown Prince Mohammed bin Salman to counter Iranian influence across the region, including a war against rebels in Yemen aligned with Iran.

Iraq Prime Minister Haider al-Abadi has welcomed the counterweight to Iran. The Saudi outreach comes as he bat-



Saudi King Salman, right, and Iraqi Prime Minister Haider al-Abadi exchanged greetings in Riyadh in June.

Opening Doors

Saudi and Iraqi authorities have opened their long-closed border at Arar and agreed to open another crossing at Jumaima. Iran and Iraq have eight open crossings.



tles a political rival who is close to Tehran, former Prime Minister Nouri al-Maliki, ahead of parliamentary elections next year.

The first of around 140 flights connecting Baghdad, Riyadh and other cities each month are set to start in the coming weeks, Saudi and Iraqi officials said.

The Arar border crossing was reopened this month for trade and travelers, in time for Iraqis to make the annual hajj pilgrimage to Mecca, now under way. Officials have agreed to open a second crossing next year.

The U.S. has been a broker in the rapprochement. Soon after the start of his tenure in

February, Secretary of State Rex Tillerson sought to persuade his Saudi counterpart, Adel al-Jubeir, that the kingdom should carve out a bigger role for itself in Iraq, a U.S. official said.

Days later, on Feb. 25, Mr. Jubeir flew to Baghdad, the first visit by a Saudi foreign minister in decades. The trip marked a turning point. In June, Mr. Abadi made an official visit to the kingdom.

Iran meanwhile has deepened its influence in Iraq by supporting politicians such as Mr. Maliki and by funding and training Shiite militias now taking part in the battle against Islamic State.

Iranian Foreign Minister Javad Zarif, asked whether Saudi Arabia was trying to distance Iraqi officials from Iran through the recent visits, said he couldn't speculate on what the intention was, but that Tehran wasn't concerned, according to an interview published Wednesday by the semi-official Iranian Students' News Agency.

—Ali Nabhan
and Ghassan Adnan
contributed to this article.

First Hurdle in Mideast: Getting Sides to Talk

President Donald Trump, who has pledged to broker the "ultimate deal" between Israelis and Palestinians, faces major obstacles to getting them to even negotiate, as his son-in-law and adviser Jared Kushner arrives in Israel this week.

By Rory Jones in Tel Aviv and Paul Sonne in Washington

The White House says the discussions will focus on "the path to substantive Israeli-Palestinian peace talks," combatting extremism, and economic and humanitarian issues in the Palestinian territories of the West Bank and Gaza Strip. Mr. Kushner's delegation is set to meet with Israeli and then Palestinian officials separately on Thursday.

But the U.S. hasn't received assurances that the two sides will talk to one another—let alone take steps to resolve the decadeslong conflict. A White House official emphasized that the U.S. is still in the initial stages of the process and has yet to formally propose a new peace dialogue.

The Palestinians' quest for statehood is among the biggest hurdles to direct negotiations.

Many Israeli officials won't support the creation of a Palestinian state; Palestinian officials don't want to negotiate without statehood as the goal. The White House hasn't said how it plans to bridge the gap, say Israeli and Palestinian officials.

The deadlock underscores the tough task Mr. Trump faces in forging Middle East peace—a signature foreign-policy goal that has eluded American leaders for decades. Mr. Trump in February backed off the U.S.'s longstanding commitment to a two-state strategy, saying he would support whatever solution both parties prefer.

Mr. Trump has deputized Mr. Kushner, a 36-year-old former real-estate developer with no experience negotiating foreign conflicts, to spearhead the peace efforts.

In leaked comments from an off-the-record meeting with congressional interns this month, Mr. Kushner said "there may be no solution" to the conflict but said he would try because it was "one of the problems sets the president asked us to focus on."

Accompanying Mr. Kushner on the trip is Jason Greenblatt, a former Trump Organization lawyer turned White House special representative for international negotiations, and Deputy National Security Adviser Dina Powell. They will also meet with leaders from Saudi Arabia, the United Arab Emirates, Qatar, Jordan and Egypt over the peace process and other issues.

Palestinian officials said they were initially encouraged by Mr. Trump's eagerness to get a deal done, but now say they are disappointed with his administration's early steps.

Palestinian Authority President Mahmoud Abbas on Sunday told a group of left-wing Israeli lawmakers that he had met 20 times with Trump administration officials but still had no clear idea on its direction for peace.

The U.S. is "not willing to say" that the Palestinians' basis for negotiation is the establishment of a state, said Esawi Freij, an Israeli lawmaker who met with Mr. Abbas.

The White House official said the administration has developed a strategy that it will begin discussing with the relevant parties this week.

"The president remains optimistic," the official said. "And the administration remains engaged."

FROM PAGE ONE

BANDS

Continued from Page One

come into her office, Ms. Milstein knows she's getting somewhere when the sunglasses come off. "They live almost a parody of themselves," she said. "They put on a show for me sometimes."

The Beatles sought spiritual direction from Maharishi Mahesh Yogi. Ms. Milstein's approach is more rooted in traditional psychology.

Disagreements about the set list? "That gets to the underlying issue of control," she said. Disputes over who is front-and-center at the photo shoot leave her asking, "Who is not being heard?"

Battling bands burst into view in the 1970s and '80s when Fleetwood Mac and Guns 'n' Roses snarled through blow-ups that became as legendary as their best-selling albums. Since then, many contemporary acts, such as Lady Antebellum and Jon Bon Jovi, have publicly

acknowledged attending group therapy sessions. The 2004 documentary "Some Kind of Monster" showed members of Metallica hashing it out with a therapist on tour.

Ms. Milstein's niche has been years in the making. After graduating from University of California, Los Angeles with a degree in sociology and an education from frequenting clubs on the Sunset Strip, she worked for nearly a decade at A&M Records managing tour marketing and logistics for acts like the Gin Blossoms and Sheryl Crow.

After getting a masters in psychology, Ms. Milstein, 52 years old, opened her practice. Her loft office has the hallmarks of any therapist's—wall-mounted degrees, bottles of water, tissues—with only one sign of her specialty: A framed poster of John Lennon and the lyrics to "Imagine."

Sessions with five-member bands can cost upward of \$500 an hour. About three-quarters of her clients are musicians. Morning appointments are a

rarity. Some rock stars scoff at the idea of opening up. "Feelings, schmeelings," said Gene Simmons, the longtime frontman of Kiss. "That's kids' stuff. Guys don't talk like that. You hurt my feelings." F—that. It's called business. You're in a band.

Mr. Simmons, who has performed with the act since 1973, but seen bandmates come and go, said the group's manager often became a quasi-therapist.

"You're surrounded by yes men. Nobody is going to tell you that your breath stinks or that you're an idiot."

Some artists worry therapy will deaden their creative impulses. "They'll say, 'I'm going to be all soft and not able to write about anything,'" Ms. Milstein says. But "it's about being able to enjoy all of this instead of self-destructing."

When the a cappella country group Home Free replaced a founding member in 2016, the new five-person ensemble holed up in a New York conference room with a performance

coach for trust-building exercises and positive affirmation. The session stretched for hours, recalled bass singer Tim Foust. "We all went around and stated the various strengths of one another," he said. "If there is more harmony offstage, we'll better on stage."

Susan Hyatt, a 49-year-old songwriter in Nashville, never would have sought group therapy with her bandmates in the Pandoras, a Los Angeles band that formed a cult following in

the 1980s before splitting in two. "Creatively it was good, but emotionally it was still pretty scarring."

When a 2013 reunion brought members together, "the problems between the two Pandoras started again 20 years later!" she said.

This time, with therapy less of a stigma, she was comfortable asking a former bandmate to a session. Over five meetings, they hashed out issues, clearing up misunderstandings

Ms. Hyatt had held for decades about her bandmate voting against her on set-list decisions. "These memories start collecting and they just become this huge thing, and one event triggers it," she said.

Ms. Milstein says she's often hired by managers as an objective third party, and older bands have come in for therapy sessions ahead of reunion tours. She suggests drawing a line on the past, asking, "Any more to clean up on that?" and moving on.

She's on high alert when musicians go on the road. Among the coping strategies she discusses: Don't hole up in the hotel. "Take your tour manager, your bodyguard, and go for a walk."

Home Free's Mr. Foust says the band is scheduling another team-building session ahead of an album release and tour later this year. "It's about making sure we're all prepared for what's to come, and we're all the best versions of ourselves."

—Jim Oberman contributed to this article.

ADS

Continued from Page One

ness and quality of digital advertising, digital ad fraud, and demands for assurances that ads won't run alongside inappropriate content.

The pressures in the industry have been exacerbated by a breakdown in trust between marketers and agencies. A report from the Association of National Advertisers last year found that ad agencies were accepting rebates from media companies without clients' knowledge, stoking concerns about transparency. Big ad companies denied wrongdoing.

Ad companies' revenue growth is slowing as companies continue to cut the fees they pay agencies and amid growing competition from consulting firms, said Brian Wieser, a senior analyst at Pivotal Research Group.

There is also heightened competition from clients creating in-house marketing and digital buying groups and from media companies creating be-

spoke brand content.

"I do think the spending levels will return," said Wenda Harris Millard, a media veteran and vice chairman of consultancy MediaLink. "There's just a confluence of factors that are making people very, very nervous."

In response, ad-holding companies such as WPP have been simplifying their organizational structures and consolidating agency groups to be more nimble and coordinated in response to client requests.

Marketers, meanwhile, have been auditing their agency contracts and frequently switching firms or reducing the number of agencies they work with.

P&G, long the biggest advertiser in the world, reduced digital ad spending by \$100 million in the last quarter. It said the reductions came mostly from cutting out what it found was largely ineffective digital advertising. It also reduced overhead, agency fee and ad-production costs in the quarter.

"We want our advertising to be seen by real people, not

bots, and where we could be assured that our brands would not appear next to objectionable content," a P&G spokeswoman said, adding that the company has been outspoken about identifying "fraud and waste" in the ad industry.

Others are experimenting. Unilever, the Anglo-Dutch maker of Dove soap and Hell-

mann's mayonnaise, and WPP's biggest client, has been turning to YouTube stars and beauty bloggers to push its products, diverting some money from traditional advertising channels. Earlier this year, it said it planned to cut the number of ads it created by 30% and reduce the number of creative agencies it works with by half.

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Kraft Heinz, Mondelez International Inc. and Kellogg Co. are also shifting more marketing dollars to nontraditional forms of advertising, including hiring people with influential social media presence to promote their brands. A report by Nielsen showed that 92% of consumers trust that type of advertising over traditional marketing.

Carli Evilsizer, head of marketing at the privately held snacking company Graze, said with these so-called influencers, "for a relatively small amount of money, we're reaching a large amount of customers who are the right people for Graze. It is game changing."

Still, digital ads are growing strongly. Worldwide revenue is projected to increase 17% this year to \$223.7 billion, according to eMarketer. In a period of confusion about the kind of advertising that works, analysts say companies are choosing to tighten their belts, or experiment on their own.

"All of a sudden, marketers realize that they don't know what they're buying," said Charles Bedouelle, an analyst

at Exane BNP Paribas, adding: "The clients are lost."

Google parent Alphabet Inc. and Facebook Inc. aren't showing signs of taking on the creative role that big ad agencies say clients need. Still, they wield enormous clout as media sellers, capturing 77 cents of each new digital ad dollar spent, and their ability to target ads is the envy of ad land.

Shares in other advertising giants, as well as media companies reliant on selling ad space to them, also tumbled Wednesday. Omnicom Group Inc. shares fell 7%. Interpublic Group of Cos. dropped more than 6%, and France's Publicis Groupe SA slid more than 3%.

The S&P 500 Media Index fell 1.45%.

Those moves came after WPP said like-for-like net sales fell 0.5% in the first half of the year, from a year earlier. In July alone, they fell 2.6%. The company also lowered its net sales growth forecast for the full year to 1% or less.

—Saabira Chaudhuri, Alexandra Bruell, Sharon Terlep and Annie Gasparro contributed to this article.



The Menstruators take a break while filming a music video.

TARA MCMICHAEL

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the 1980s before splitting in two. "Creatively it was good, but emotionally it was still pretty scarring."

When a 2013 reunion brought members together, "the problems between the two Pandoras started again 20 years later!" she said.

This time, with therapy less of a stigma, she was comfortable asking a former bandmate to a session. Over five meetings, they hashed out issues, clearing up misunderstandings

coach for trust-building exercises and positive affirmation. The session stretched for hours, recalled bass singer Tim Foust. "We all went around and stated the various strengths of one another," he said. "If there is more harmony offstage, we'll better on stage."

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WORLD NEWS

Korea-Goods Boycott Hits China Workers

Beijing's campaign resonates in factory town, taking toll on Kia employees' fortunes

BY TREFOR MOSS

YANCHENG, China—This prosperous city of 1.6 million north of Shanghai is a factory town for South Korean auto maker **Kia Motors Corp.**—and a reminder that in a globalized world, Beijing can't punish foreign companies without sacrificing Chinese workers and business partners, too.

China's unofficial campaign against South Korean consumer goods has hit hard here. Kia factory workers have been forced to accept dramatically reduced hours and lower pay amid a precipitous drop in sales of Kia models in China.

Those measures have staved off widespread layoffs, but even so, many workers have had to take second jobs as couriers or taxi drivers to make ends meet.

"This anti-Korean sentiment doesn't do us any good," said a 26-year-old Kia employee surnamed Chen, who felt that punishing Kia was threatening Chinese jobs.

Outside a company housing complex, Kia staff said they were working as few as three days a month on half pay in July. They were willing to endure that in the short term, Mr. Chen said, since their overall incomes hadn't yet taken a serious hit—but they were growing increasingly anxious about possible layoffs should the spat continue.

Kia is Yancheng's gold-standard employer, paying higher wages than other local manufacturers. Layoffs would have a ripple effect.

"In Yancheng, everyone has a relative that works for Kia, or it's your friend, or the friend of a friend," said Sun Nan, sales manager at a local Kia dealership. "The auto in-



TREFOR MOSS/THE WALL STREET JOURNAL

One of three Kia plants in Yancheng that together employ 30,000 workers. The company's presence has boosted the Chinese town.

dustry is the backbone of Yancheng: No one wants anything to happen to it."

Sales of Korean goods in China have been in sharp decline since March. Although no boycott has been declared, state-controlled media has encouraged the campaign in retaliation for Seoul's deployment of an American-made missile-defense system for North Korea's nuclear-weapons program.

Many Chinese consumers have followed Beijing in punishing Seoul, curbing holiday travel to South Korea and turning away from Korean pop music and TV shows that had been hugely popular in China.

The boycott isn't popular in Yancheng. The city's Korean affinity is on proud display, with stripes of Korean restaurants, Korean-language street signs and South Korean flags fluttering along highways and outside factories.

Yancheng boasts a sprawling Korean business park, along with three Kia factories. Those factories employ 30,000 work-

Beijing Backlash

China's punishment of South Korea for its missile-defense program has hit Korean auto sales and tourism, among other sectors.

Car sales in China, in units

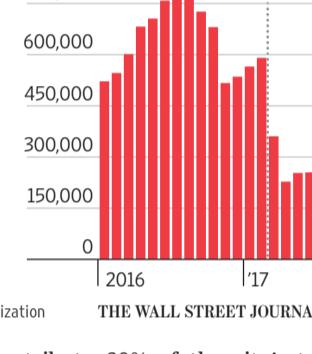


Sources: Car Sales Base; Korea Tourism Organization

ers here, said a local Communist Party official. The official said Yancheng has doubled in size since Kia's arrival in 2003.

The foundations for this success are largely Korean, the official said. Kia and the local auto-supply industry that has sprung up to support it con-

Chinese visitors to South Korea



tribute 60% of the city's tax revenue, closely tying Yancheng and much of its working population to the car maker's fate.

The sales of Kia and its parent **Hyundai Motors Co.** in China fell 61% from March to June. The local official said the plants were operating at only

30% capacity, but he said the authorities weren't contemplating that the plants might close since so much investment had been sunk into them.

A Kia spokesman declined to discuss the company's China operations, beyond saying its plants were "operating in line with the current market environment."

While the dispute has led many Koreans to question the wisdom of being so economically reliant on China, some in Yancheng were waking up to the extent of their dependence on Korean corporations.

Local authorities are trying to dilute Korean influence over Yancheng's economy by encouraging investors from elsewhere, the party official said, but such a rebalancing will take a long time in the city that Kia built.

At the near-empty Kia dealership, new tax breaks and offers of cheap credit weren't yet reviving sales, said Mr. Sun, who felt China's tough line on Seoul was causing collateral damage at home.

Pyongyang Orders Warheads in Wake Of Tillerson Praise

SEOUL—Hours after U.S. Secretary of State Rex Tillerson praised him for exercising restraint, North Korean leader Kim Jong Un appeared in state media visiting a missile-development factory and ordering the production of more warheads and rocket engines.

Mr. Kim's visit, the date of which wasn't disclosed by Pyongyang in its report on Wednesday, underscores North Korea's continued investment in its ability to threaten the continental U.S. with a nuclear-tipped long-range missile.

At a Tuesday news briefing in Washington, Mr. Tillerson said he was "pleased to see that the regime in Pyongyang has certainly demonstrated some level of restraint that we have not seen in the past," referring to its abstention in carrying out missile tests or other acts of aggression.

But even when the regime hasn't been actively test-launching missiles—which the U.S. terms "provocations"—it has been making rapid headway on its weapons technology.

Photos published alongside Wednesday's report by the official Korean Central News Agency showed Mr. Kim and other officials standing in front of diagrams.

Missile experts said the diagrams appeared to show at least two never-before-seen missiles, including one that looked to be a variant of a solid-fuel missile that North Korea launched from a submarine last year.

—Jonathan Cheng

Venezuela's Ortega Claims Graft Proof

BY PAULO TREVISANI

BRASÍLIA—Venezuela's ousted Attorney General Luisa Ortega said on Wednesday she has proof of corruption involving top government officials and is sharing it with the U.S. and other countries.

Ms. Ortega said documents in her possession show Venezuelan President Nicolás Maduro and other officials participated in corruption schemes, and that \$100 million was paid to Diosdado Cabello, the No. 2 of the ruling Socialist Party.

"I want to denounce corruption that knows no boundaries" in Venezuela, she said. She said the corruption scheme includes illegal dealings with Brazil's scandal-plagued contractor Odebrecht SA and other companies.

Ms. Ortega has criticized the installation of a powerful Constituent Assembly superseding all other Venezuelan government institutions and staffed with ruling-party loyalists. One of the assembly's

first acts was to fire Ms. Ortega and strip legislating powers from the country's opposition-dominated congress.

On Tuesday, Mr. Maduro said his government would issue an arrest warrant for Ms. Ortega through Interpol. He accused Ms. Ortega of joining a Washington-led international effort to destabilize his government. She "has been working with the U.S. for a long time," Mr. Maduro said.

Most Latin American governments have knocked Mr. Maduro's authoritarian moves and say they continue to see Ms. Ortega as Venezuela's legitimate attorney general.

She was a special guest at Wednesday's gathering of prosecutors from the Mercosur trade bloc, which includes Argentina, Brazil, Paraguay and Uruguay. Venezuela is a member, but has been suspended following Mr. Maduro's efforts to install the Constituent Assembly.

◆ Bond prices fall on prospect of U.S. Caracas sanctions....B1

Merkel Rival Opposes U.S. Arsenal

BY ANTON TROIANOVSKI

BERLIN—The center-left candidate for chancellor in Germany's September election demanded that U.S. nuclear weapons be withdrawn from the country, taking an increasingly anti-American tack in a campaign season overshadowed by the European discontent with President Donald Trump.

Martin Schulz of the Social Democrats, the challenger to incumbent Chancellor Angela Merkel, said on Wednesday that the "upper limit for nuclear weapons in our country must be zero." He was elaborating on comments he made at a campaign rally in southwest Germany on Tuesday at which he promised that, as chancellor, he would "work to make sure that nuclear weapons stored in Germany be withdrawn."

"Donald Trump also demands a nuclear arms buildup," Mr. Schulz said. "We will oppose this."

The new demand represented one of Mr. Schulz's most ambitious attempts yet to leverage German opposition to Mr. Trump into an electoral



FOLKE STRANGMANN/EP/SHUTTERSTOCK

advantage as he trails Ms. Merkel by double digits in the polls. While the Social Democrats have often been more critical of the U.S. than Ms. Merkel's center-right Christian Democrats, they have long supported the trans-Atlantic alliance. It was a Social Democratic chancellor, Helmut Schmidt, who backed a Western plan during the Cold War to base U.S. nuclear-tipped missiles in Germany should disarmament talks with the Soviet Union fail.

The U.S. keeps nuclear warheads in five European countries, including Germany, according to the Federation of American Scientists and the Congressional Research Service. The U.S. military has a policy of not commenting on the location of its nuclear arsenal in Europe, and German officials on Wednesday also declined to comment on the presence of U.S. nuclear weapons in the country. About 150 B61 nuclear bombs are stored at six European bases, according to FAS.

Mr. Trump has said he wants to "renovate and modernize our nuclear arsenal." A broad overhaul of U.S. nuclear weapons systems has been under way for half a decade.

A spokeswoman for Ms. Merkel signaled Wednesday that the chancellor wouldn't be echoing Mr. Schulz's demand. While Ms. Merkel wants to see a nuclear-weapon-free world, "there continues to be a need for nuclear deterrence" as long as other countries see nuclear weapons as a means of military conflict, the spokeswoman said.

WORLD WATCH

SYRIA

Cease-Fire Will Be Monitored in Jordan

The U.S., Russia and Jordan on Wednesday established a hub in Amman to monitor a southwest Syria cease-fire agreement reached in July.

The monitoring center is being staffed in Jordan's capital with a small number of personnel from each of the three countries," said Edgar Vasquez, a State Department spokesman.

The officials plan to meet regularly to monitor the cease-fire and resolve reports of violations. The center doesn't involve any U.S.-Russia military cooperation, Mr. Vasquez said. A State Department official will represent the U.S. at the center, and additional personnel also may be involved.

So far, the truce has largely held and officials said they have observed a significant reduction in violence.

—Felicia Schwartz

ANGOLA

Lourenço Is Favored As Ballots Are Cast

Citizens headed to the polls to vote for their first new president in almost four decades, amid an economic crisis that has hurt Africa's No. 2 oil producer and exacerbated complaints of mismanagement of the nation's resources.

Joaõ Lourenço, the candidate of the ruling People's Movement for the Liberation of Angola, is widely expected to win the election, but the former general stands to inherit an economy that has been crippled by a fall in oil prices and allegations of corruption by top officials.

In a July poll, 36% of respondents said they would vote for the MPLA, but the high rate of abstentions and undecided voters meant pollsters expect the party to get 61% of the overall vote—42 percentage points ahead of the closest opposition party.

—Neanda Salvaterra

MALAYSIA

Prime Minister Najib To Visit Washington

Prime Minister Najib Razak, whose administration is at the center of a corruption probe by the U.S. Justice Department, will

visit President Donald Trump in September in Washington, according to a White House official and people in Malaysia familiar with the plans.

Mr. Najib has been eager to emphasize his friendship with Mr. Trump at a time of U.S. scrutiny over alleged corruption

in the Malaysian administration. A spokesman for Mr. Najib declined to comment.

The Justice Department, in lawsuits filed in 2016 and updated in June, alleged Mr. Najib received \$681 million and his stepson, Riza Aziz, \$238 million originating from a state develop-

ment fund called 1Malaysia Development Bhd. Mr. Najib and Mr. Aziz have denied wrongdoing.

1MDB has denied wrongdoing or that any money is missing.

—Bradley Hope

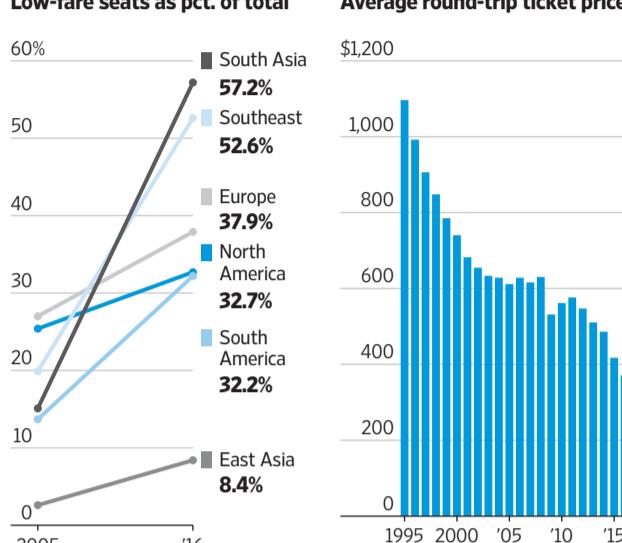
and Rebecca Ballhaus

U.S. NEWS

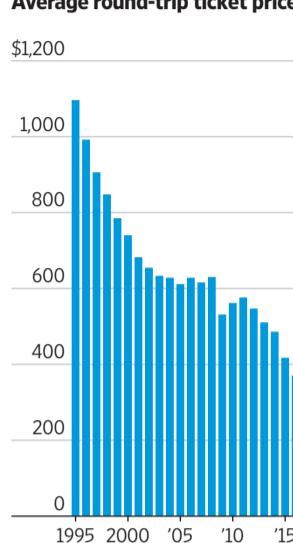
How Budget Airlines Are Transforming the Industry

Low-cost carriers, once ridiculed for cramped seats and cattle-like boarding, have come of age.

BY ROBERT WALL AND SUSAN CAREY | GRAPHICS BY ANGELA CALDERON



Source: International Air Transport Association



Note: Adjusted for inflation
Source: International Air Transport Association

Comparison of services in Brazil, 2016

A one-way trip from Campinas to Salvador (approximately 900 miles*)

COST

By airplane 185 reais

By bus 229 reais

TIME

By airplane 2 hours

By bus 30 hours

A one-way trip from Campinas to Aracatuba (approximately 250 miles*)

COST

By airplane 185 reais

By car 290 reais

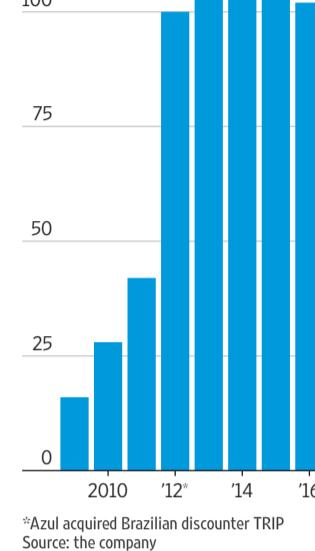
TIME

By airplane 1 hour

By car 4.5 hours

*Miles between cities, not driving distance

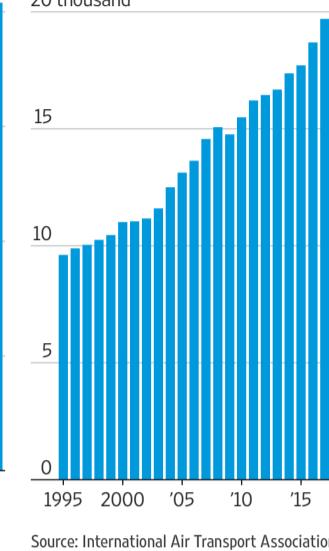
Airports served by Azul



*Azul acquired Brazilian discount TRIP

Source: the company

Airline routes



Source: International Air Transport Association

Discount carriers have dominant positions in many of the world's most important markets. They are stealing passengers from full-service carriers. Last year, for the first time, they carried more than one billion fliers—nearly 30% of the 3.7 billion who took to the air...

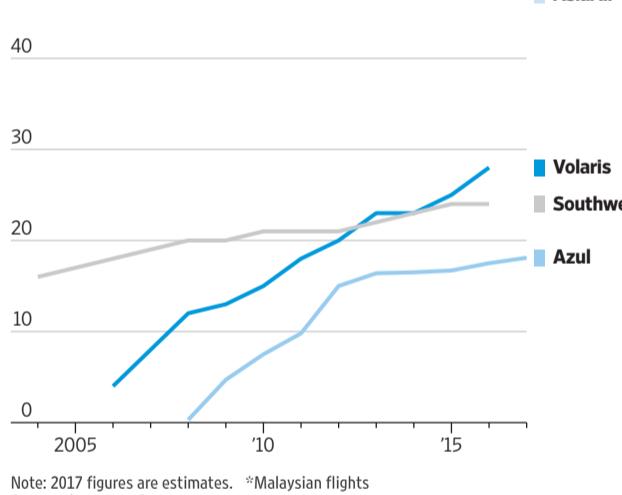
In the process, they are changing how the world flies. Their low airfares have forced down prices across the industry, making travel cheaper and getting people to take to the sky who previously couldn't afford it...

When JetBlue Airways Corp. founder David Neeleman started budget carrier Azul SA in Brazil in 2008, one of his goals was to create brand-new airline customers by attracting people accustomed to traveling by long-distance bus or car...

Last year, Azul carried 20.6 million passengers, had a domestic market share of 17.5% and served 102 airports...

As budget airlines spread around the globe, regular air service has been introduced to more remote cities, including Kiruna, Sweden, north of the Arctic Circle, and Bandung in West Java, Indonesia. There are more direct city-to-city flight choices now than ever...

Budget airlines' domestic market share

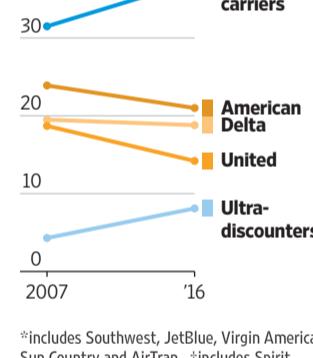


Note: 2017 figures are estimates. *Malaysian flights

Source: the companies

In the U.S., about one in three passengers flies on a budget carrier. In the fast-growing Indian and Southeast Asian markets, such carriers control 53% of seats. Mexico's Volaris Aviation Holding Co. has 28% of the domestic market. India's IndiGo, also called InterGlobe Aviation Ltd., which started flying in 2006, now has 40% of the domestic market...

U.S. domestic airline market share

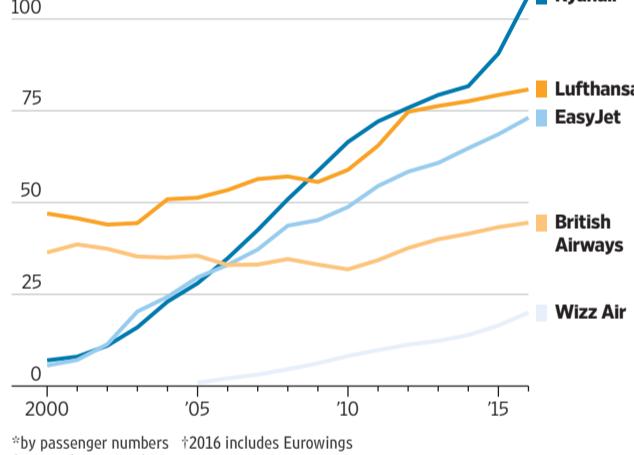


*includes Southwest, JetBlue, Virgin America, Sun Country and AirTran [†]includes Spirit, Frontier and Allegiant
Note: Delta acquired Northwest in 2008. United bought Continental in 2010. Southwest acquired AirTran in 2011. American bought US Airways in 2013.

Source: Compass Lexecon

Largest European airlines*

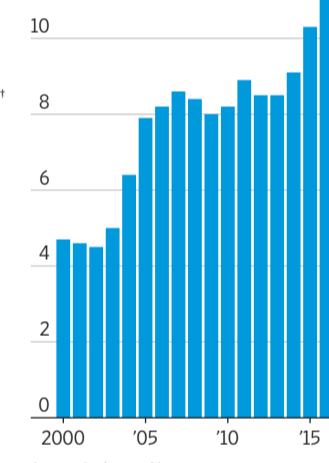
125 million passengers



*by passenger numbers [†]2016 includes Eurowings

Source: the companies

Traffic through Budapest's airport



Source: Budapest Airport

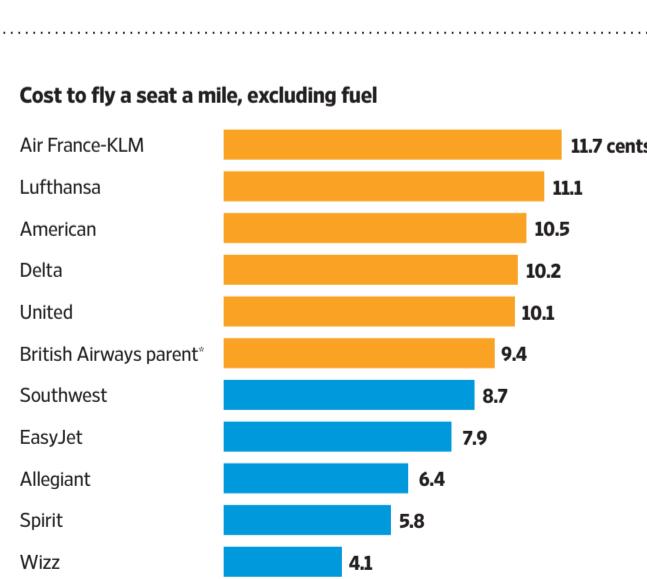
Airplane orders



Source: the companies

How do they keep prices low? To minimize training and maintenance costs, they mainly have fleets of the same kind of planes—many now outfitted with leather seats and seat-back entertainment. And they often buy those planes in bulk from Boeing Co. or Airbus SE to get discounts...

Cost to fly a seat a mile, excluding fuel



*International Consolidated Airlines Group owns British Airways, Iberia, Vueling and Aer Lingus

Note: As of June 30, 2017, except for European budget airlines, which are as of Dec. 31, 2016

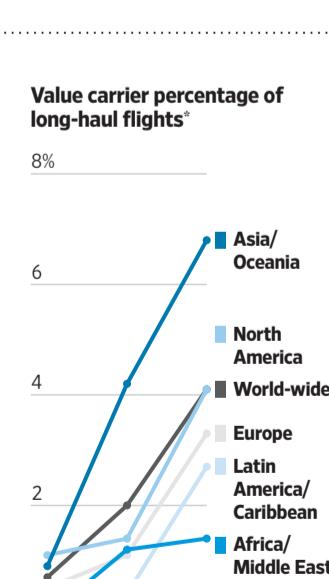
Sources: the companies; Bernstein Research

Budget carriers entering the intercontinental market



Source: CAPA—Centre for Aviation

Value carrier percentage of long-haul flights*



*2,800 miles or longer

Source: Oliver Wyman

Pay packages are less generous than at legacy carriers, and many employees lack seniority and are at the lower end of wage scales. As relative newcomers, discount carriers don't have huge pension obligations and often don't have unions. This gives them a big edge on costs...

The final frontier for discount carriers is global travel...

Discount airlines have begun adding intercontinental routes, previously the domain of legacy carriers, which have been setting up their own budget long-haul units to compete.

GREATER NEW YORK

Span Poised to Open as Questions Linger

Final cost for bridge to replace Tappan Zee could have an influence on potential toll hikes

BY PAUL BERGER

It is rare for massive public works to open on budget and on time, but that is largely the case as construction on the Gov. Mario M. Cuomo Bridge is headed for completion next year.

Plans to replace the Tappan Zee Bridge across the Hudson River had stalled for more than a decade before Gov. Andrew Cuomo, son of the man whose name is on the new bridge, took office. Now he is getting it built within seven years for \$1 billion less than federal government estimates.

As the north span carrying westbound traffic on Interstate 287 across the Hudson opens Friday night, questions remain about hundreds of millions of unspent dollars budgeted for the project and whether tolls, now frozen through 2020, must eventually rise to pay for the bridge.

"The financing of the bridge is something of a black box," said E.J. McMahon, president of Empire Center for Public Policy, a conservative think tank.

The current Gov. Cuomo should be credited for getting the bridge built, Mr. McMahon said, "but he's also been fiscally irresponsible in pretending you can build a \$4 billion bridge and not have anybody pay for it until he's out of office."

The state has financed the bridge using bonds and a federal loan as well as a windfall

from financial settlements with banks and insurers.

Abbey Fashouer, a spokeswoman for Mr. Cuomo, said: "We have been crystal clear that the bridge would be paid for with \$2 billion in settlement funds dedicated to [the New York State] Thruway, Thruway bonds and a \$1.6 billion [federal] loan—and numerous options exist to finance any future costs and minimize the impact on toll-payers."

In many ways, the project to replace the 62-year-old bridge between Rockland and Westchester counties is a success story.

State politicians hemmed and hawed for more than a decade, spending tens of millions of dollars studying options to replace the 3.1-mile span.

Mr. Cuomo cut through the political quagmire. He enlisted the help of the Obama administration, which fast-tracked the federal permitting process and paved the way for the low-cost federal loan.

Thomas Madison Jr., the Thruway Authority's executive director at the time, said that the fast-track permitting process alone shaved years off the project.

The federal government estimated that the replacement of the Tappan Zee Bridge would cost \$5.2 billion. The budget for the Gov. Mario M. Cuomo Bridge was \$4 billion.

A report by Moody's Investors Service in May 2016 noted that \$635 million was still unspent.

The Thruway Authority and the governor's office declined to say how much money remains today.

The figure is important because the project's final cost



Construction crews worked on the replacement for the Tappan Zee Bridge, seen in the background. The first section opens Friday night.

will influence the rate at which tolls could rise if the state can't find another funding source to repay debt for the bridge.

The full-price, round-trip cash toll to cross the bridge is \$5, one-third the cost of some metropolitan-area bridges. Mr. Cuomo has frozen Thruway Authority tolls through 2020. But both he and the authority have been vague about how the debt will be repaid.

Asked by reporters on Tuesday whether tolls might have to rise, Mr. Cuomo reiterated that tolls are frozen. "No other bridge in the state has a guarantee of no toll increase until 2020," he said.

Moody's Estimated Motorists Will Pay

Mr. Cuomo says tolls may not have to rise to pay for the bridge, though others disagree. His spokeswoman suggested that other sources, such as payments from financial settlements or state funds, may become available.

Moody's Investors Service downgraded Thruway bonds to A2 from A1 in 2013 because of the lack of a toll plan.

In a report last year, Moody's estimated that bridge tolls would need to rise to \$7.60 by 2021 and to more than \$15 by 2026 to pay for the bridge.

So far, Mr. Cuomo has de-

ferred a toll increase by directing \$2 billion in legal settlement funds from major banks and insurers to the Thruway Authority.

About \$1.2 billion of that money has been dedicated to the bridge. The Thruway Authority raised another \$2.5 billion through the sale of bonds, some of which will be repaid using a \$1.6 billion federal loan.

Meanwhile, the Thruway Authority has reduced costs by cutting more than 100 staff and transferring the state's canal system to the New York Power Authority.

—Paul Berger

Mayor Defends Record In Democratic Debate

BY MARA GAY

New York City Mayor Bill de Blasio delivered a strident defense of his record in a lively Democratic mayoral debate Wednesday evening with former City Councilman Sal Albanese, his leading primary opponent.

Throughout the debate at Symphony Space on the Upper West Side, Mr. de Blasio reminded New Yorkers of his accomplishments, from a campaign to expand prekindergarten to record-low crime numbers and higher high-school graduation rates.

"There's a lot more to do but we've proven big, bold progressive change can happen in this city," he said.

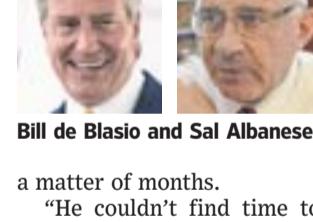
Mr. Albanese worked hard to paint the mayor as a divisive and aloof figure who had turned the city over to major developers and lobbyists who had donated to his campaigns. Referring to months-long federal and state investigations into the mayor's fundraising, Mr. Albanese called Mr. de Blasio's administration "uniquely corrupt."

The mayor said that was untrue, repeatedly calling his opponent "factually inaccurate."

Prosecutors said in March that they wouldn't bring charges in the investigations.

Mr. Albanese said the mayor was more interested in grandstanding over national liberal issues than running the city.

"If Bill de Blasio gets re-elected, the best job in the city will be to be his travel agent," Mr. Albanese said. The mayor has frequently traveled to take part in national liberal causes.



Bill de Blasio and Sal Albanese

a matter of months.

"He couldn't find time to meet with her. Maybe he was at the gym, I don't know," Mr. Albanese said, throwing in a dig about the mayor's much-discussed exercise habits.

The mayor responded that Mr. Albanese "repeatedly says things that aren't true." He said homelessness "can get better, will get better," but that it wouldn't happen overnight.

Mr. de Blasio is heavily favored to win the Sept. 12 Democratic primary, as well as reelection in November against Republican Nicole Malliotakis.

Candidate Challenges Statue Review

BY MARIANA ALFARO AND MARA GAY

Republican mayoral candidate Nicole Malliotakis called on Mayor Bill de Blasio to release before the election the city review of statues and monuments that might be taken down.

Ms. Malliotakis said the Democratic mayor had caused "tremendous division" by ordering the 90-day review of what he called "symbols of hate" on city property.

"I believe what the mayor's done is open a can of worms," Ms. Malliotakis said Wednesday at a news conference on the Lower East Side. She accused the mayor of using the review to score political points in his re-election campaign.

Mr. de Blasio announced the review following the violence in Charlottesville, Va., on Aug. 13, when white nationalists protested the removal of a statue honoring Confederate general Robert E. Lee.

On Aug. 17, two plaques commemorating the general were removed from Brooklyn's Fort Hamilton neighborhood.

City Council Speaker Melissa Mark-Viverito has called for the review to include the statue of Christopher Columbus in Midtown Manhattan, saying the Italian explorer abused the native populations of the Americas. Asked for his position on the statue at Columbus Circle, Mr. de Blasio said he wouldn't comment directly on specific monuments until the review was further along.

Ms. Mark-Viverito also requested the removal of a statue honoring a physician



A statue of the explorer towers over Columbus Circle in Manhattan.

who conducted experiments on enslaved black women.

Ms. Malliotakis, a state assemblywoman from Staten Island whose district also includes a part of Brooklyn, herself drew criticism Wednesday when she referred to Columbus as the "founder of our

nation" and lamented that he was under attack. Columbus, who landed in Caribbean islands and explored parts of Central and South America, never set foot on North America.

Later, Ms. Malliotakis walked back her remarks. "I think everyone knows I mis-

spoke...After all 1776 is my favorite musical!" she wrote on Twitter, adding the hashtag "fake news" often used by President Donald Trump.

In response to Ms. Malliotakis' Wednesday comments, a spokeswoman for Mr. de Blasio said the mayor's office is convening experts and community leaders who will "create evaluation guidelines and offer recommendations for the removal or amendment of controversial public art and structures."

"This 90-day review process will be guided by the need for sensible, thoughtful solutions, not by the election calendar," the spokeswoman said.

Mr. de Blasio's plan has received other criticism from Republicans. In a letter sent to the mayor on Tuesday, Councilman Joe Borelli, a Staten Island Republican, said Mr. de Blasio had "opened a can of worms" after not ruling out the possibility that statues honoring Christopher Columbus could land on the chopping block.

In a phone interview Wednesday, Mr. Borelli said historical figures shouldn't be judged by modern standards.

"The best example would probably be someone like Andrew Jackson, who has a park named after him in Manhattan," he said. "If you look through the lens of the era he lived in, with Manifest Destiny...then, you know, his sins against the Native Americans are not as provocative as they are when we view them in 2017."

Mr. Borelli said he and other city officials will be rallying in support of Columbus monuments Thursday outside City Hall.

OYSTER PERPETUAL
SEA-DWELLER



ROLEX

HAMILTON

FAMILY-OWNED JEWELERS SINCE 1912

92 Nassau Street, Princeton

ROLEX OYSTER PERPETUAL AND SEA-DWELLER ARE TRADEMARKS.

GREATER NEW YORK

Former Eyesore Lists for Millions

Once riddled with rats, blighted brownstone on Upper West Side has been transformed

BY JOSH BARBANEL

For decades, the neighbors on West 76th Street in Manhattan watched as an unoccupied 1891 Renaissance Revival brownstone gradually crumbled before their eyes.

The roof collapsed, the front stoop cracked and the property was covered in graffiti. Rats roamed freely, neighbors said. The **PROPERTY** building even had its own Facebook page.

Now, after being enlarged and modernized by a developer who specializes in restoring townhouses, the property at 118 W. 76th St. is on the market for \$16.6 million.

The turnaround reflects the fruits of community protest as well as market forces that have created a niche for developers who can buy and renovate such wrecks and sell them at a profit.

As townhouse prices rose on the West Side, said Michael Sieger, a broker at Sotheby's International Realty, fewer buyers were interested in putting in the sweat equity to fix up houses on their own.

"It is a total nightmare to go through the Department of Buildings" and Landmark Preservation Commission, he said. "At this price point most people want it delivered in beauti-



Before and after photos of the dining space at 118 W. 76th St., now on the market for \$16.6 million.

ful condition, but they have to like the renovation."

The brownstone's previous owner, Diane Haslett-Rudiano, a former chief clerk at the Board of Elections in Brooklyn, paid \$5,000 for it in 1976 at a government-supervised estate sale, but did little with it. City records show the building, a rooming house, was vacant by 1978.

For two decades, Mr. Sieger called her at regular intervals and asked her if she was interested in selling. But Ms. Haslett-Rudiano said she had an emotional attachment to the house because her late husband had talked about restor-

ing it and living there while renting part of it.

In 2014, following community protests, including repeated personal appeals to Ms. Haslett-Rudiano from Manhattan Borough President Gale Brewer, she finally agreed to sell it for \$6.5 million.

"I spent almost 12 years, day in and day out, trying to get the building cleaned up," said Ms. Brewer, who previously represented the area on the City Council.

The buyer was Dana Lowey Luttway, president of Holliswood Development LLC and a daughter of U.S. Rep. Nita Lowey (D, N.Y.). She found a

shell of a 20-foot-wide building with collapsed interior walls and joists. It was a disaster, but structurally sound, she said.

"I could look up and see pigeons perched on the edge of a hole in the roof and see the sky behind them," Ms. Luttway said.

Working with the Landmarks Preservation Commission, she restored the facade of the building, rebuilding ornamental details like a lion over the garden level entrance and creating new curved mahogany windows.

But inside everything was new, with a modern, light-

filled, loft-like feel. She got permission from the landmarks commission to extend several floors in the back, add two terraces and build a penthouse level on top of the four-story building.

Traditional townhouses often are dark inside. But this house now has a three-story glass wall at the rear, including a double-height space that rises up from the large open kitchen on the garden level.

"My playbook is all about big, open, flowing modern spaces," Ms. Luttway said. "The people who buy my houses have been families, and families don't want small rooms."

The house, between Columbus and Amsterdam avenues, has seven bedrooms, six full bathrooms and three half bathrooms, and 8,507 square feet of space, including the cellar, plus 1,800 square feet of outdoor space.

Townhouse prices have

risen sharply over the last decade but have plateaued in the last few years, Mr. Sieger said. In 2014, Ms. Luttway sold a newly renovated house on West 70th Street, a block closer to Central Park, for \$19.3 million, property records show.

Ms. Luttway said developers doing construction often face resistance and complaints from neighbors. But that didn't happen on West 76th Street. She said neighbors, who were pleased that the house was being cleaned up, were "beyond amazing."

"This has been the most wonderful development experience of my life," she said.

Transport Union Sides Against de Blasio

BY MIKE VILENSKY

The New York City subway workers union is increasingly opposing Mayor Bill de Blasio and supporting Gov. Andrew Cuomo as the two Democrats clash over how to fix the ailing system.

After spending six figures on TV and print ads criticizing the mayor this month, the union's rank-and-file members in the next few days plan to station themselves at hubs from Grand Central Terminal to Brooklyn's Eastern Parkway to hand out thousands of leaflets lambasting the mayor.

The handbills depict a cartoon caricature of Mr. de Blasio jumping a turnstile and call on him to invest more city funding in the Metropolitan Transportation Authority, which is also the governor's position.

"The mayor's insistence he is not responsible for the transit inside his own city is ridiculous," said Transport Workers Union President John Samuels, who represents some 38,000 MTA workers.

A spokesman for Mr. de Blasio said: "We're focused on the workers and the riders of the transit system, not the politically motivated smear tactics of the union's leadership."

The TWU's campaign highlights how the continuing rivalry between the governor and mayor extends to labor relations.

As the transit union's relationship with the mayor has soured, its relationship with the governor has strengthened.

The union easily reached a contract earlier this year with the MTA, which is overseen largely by the governor, and Mr. Cuomo has since backed an MTA plan to hire thousands more workers who would boost the TWU's ranks.

Mr. Samuels said he is in regular contact with Mr. Cuomo's office. He said the governor is "a bit thorny, but keeps his word." As for Mr. de Blasio, Mr. Samuels said his members "disdain" him.

GREATER NEW YORK WATCH

CRIMINAL JUSTICE

Charges Announced In Rikers Attacks

Twenty-nine gang members have been indicted for attacks on inmates and correction officers at the Rikers Island jail complex, the Bronx district attorney's office said Wednesday.

The current and former inmates were indicted through the Rikers Island Prosecution Bureau, an outpost of the district attorney's office. Prosecutors say the bureau is intended to speed up case processing on the island and hold inmates accountable for violence committed in the jail.

"Some of these defendants may have thought they were free and clear for crimes on Rikers Island because they had left there, but if you beat, slash or stab anyone while in jail we will arrest you, prosecute you and urge consecutive sentences if you're convicted," said Bronx District Attorney Darcel Clark.

Lawyers for the defendants couldn't be reached or didn't respond to requests for comment.

—Corinne Ramey

TRANSPORTATION

Another Train Derails At N.Y. Penn Station

An empty NJ Transit train derailed early Wednesday in New York Penn Station, causing some delays at the beginning of the morning rush hour.

An Amtrak crew was moving an NJ Transit train out of a rail yard around 5 a.m. when some cars derailed on Track 4, where repair work started earlier this summer, according to NJ Transit spokeswoman Penny Bassett.

Repair work at Penn Station was accelerated after two derailments in the station during the spring wreaked havoc on rail service between Boston and Washington.

—Associated Press

Buttering Up the New York State Police



DAIRY DUTY: A butter sculpture that celebrates the 100th anniversary of the New York State Police is displayed at the state fair, which opened on Wednesday in the Syracuse suburb of Geddes and runs through Labor Day. Jim Victor and his wife, Marie Pelton, have carved every New York State Fair butter sculpture since 2003.

New UConn Campus Boosts Struggling City

BY JOSEPH DE AVILA

The cash-strapped city of Hartford, Conn., which is teetering on the edge of bankruptcy, will welcome 2,300 students to a University of Connecticut campus that opened Wednesday in the heart of downtown.

The \$140 million campus, anchored by the former home of the Hartford Times, is part of the state's investment in science and engineering programs. Gov. Dannel Malloy said at the opening that the campus and other investments like it are crucial for the capital city of Hartford and for Connecticut's own long-term future.

"I think it's true of Connecticut that we have not always cared for our cities," Mr. Malloy said. "Those days are over."

It is a rare piece of good news for the city that has hired attorneys as it weighs whether to file for bankruptcy protection amid a \$50 million deficit. The city is still recovering from a blow in June when Aetna Inc. said it would move its corporate headquar-



UConn President Susan Herbst and Gov. Dannel P. Malloy cut the ribbon at the new campus Wednesday.

ters along with 250 jobs to Manhattan from the city next year.

Hartford's budget problems have been complicated by Connecticut's own fiscal chal-

lenges. The Legislature has yet to pass a budget, which could potentially include aid for Hartford, for the fiscal year that began in July. State law-

makers, who still don't have an

agreement, have said September is the earliest they would be able to vote on a budget.

The 232,000-square-foot campus is a welcome addition for city officials who said

UConn's presence along with a new minor league baseball stadium and regional train service between New Haven, Conn., and Springfield, Mass., that begins in 2018 will reinvigorate the downtown of this struggling city.

"It will be part of the backbone of Hartford," said UConn President Susan Herbst. Classes will begin Monday.

The addition of thousands of students to downtown will complement Hartford's workforce, Mayor Luke Bronin said.

"A strong and vibrant capital city makes for a stronger, more vibrant, more competitive state of Connecticut," Mr. Bronin said.

While Hartford's municipal finances may be struggling, the city's downtown remains a vital employment hub for the region.

Despite moving its headquarters, Aetna has said it would keep thousands of employees in Hartford, which is also home to Travelers Cos., Hartford Financial Services Group Inc. and numerous state agencies.

Repair work at Penn Station was accelerated after two derailments in the station during the spring wreaked havoc on rail service between Boston and Washington.

—Associated Press

LIFE & ARTS

TRAVEL

Own the Last Day of Vacation

A great final day can affect how you remember the trip years later—forget the stresses of home and do something special

BY ERIN GEIGER SMITH

SO MUCH TO PACK, hundreds of unread work emails, and an early-morning flight adding extra stress. These unwelcome thoughts can bubble up when a vacation's end is imminent, and they can make a trip feel over before it is.

It is possible to avoid end-of-trip blues and make the most of the last full day of vacation, experts and organized travelers say. Focusing on fun that final day even offers long-term benefits for how the trip is remembered.

"Fill the last day of vacation with activities and memorable experiences that require your attention, rather than repeating things you've already done," says Matthew Killingsworth, who has a Ph.D. in psychology and whose research at University of California, Berkeley focuses on happiness. "We're prone to thinking about the future whenever our mind is unoccupied. The end of a vacation is a particularly prone time for that."

Travelers who choose a late-vacation activity they'll look forward to the entire trip gain the powerful pleasure derived from anticipation, he says. And, because people most associate an experience with their feelings at the end of it, they'll remember the trip more positively. Referencing the ice cream treat with a sweet surprise at the bottom, Mr. Killingsworth says people should ask themselves, "How do you put chocolate in the bottom of the cone of your vacation?"

Erik Warner, co-founder of Eagle Point Hotel Partners, a hotel real-estate company that oversees design and programming for properties in locations including Hawaii, California, and New York, says he designs his own vacations to build up to "that last day being a day of discovery and a day of exploration."

Before the trips, most often four-day excursions to a European city, he and his wife do extensive online research and ask friends for recommendations. Once there, they start asking locals—a docent at an art gallery, perhaps—where they go on their days off.

On a trip to London late last year, they stayed in the Shoreditch neighborhood. But their inquiries led them to spend the final day exploring a popular market in Hackney, trying out dumplings and doughnuts and discovering a restaurant that directly inspired one of Mr. Warner's hotel restaurants in Portland, Ore. "We couldn't do everything we wanted to do that last day, so we left with the feeling we want to return," the ideal way to end a vacation, he says.

For travelers who want a little more certainty to their schedule, travel agent Jessica Griscavage of McCabe World Travel in McLean, Va., also urges travelers to end on a high note. She says the easiest way is booking a special meal or experience, like a high-end luau on the final night of a Hawaiian vaca-



Genevieve Cozzens's family, above, makes s'mores in Moab, Utah. She aims to pack for home extra early.

tion. She does offer a caveat: "I wouldn't suggest something weather-dependent. If your dream was to snorkel one particular destination, don't save that."

Get a reservation instead of hoping for a table, Ms. Griscavage says. Check in for flights and transport to the airport as early as possible, and take the same approach to packing. "If you can pack and be organized your second- or third-to-last day, that's really important and takes away the stress," she says.

Genevieve Cozzens, a research manager for a mutual fund in Jackson, Wyo., camps regularly with her family of four. Their suitcases are set before their last day of vacation visits with her extended family on Long Island, N.Y., in August that swimsuits often don't make it in. "I leave a FedEx box ready to go for anything we've forgotten or that is wet," she says. Her mother ships the box back to her. It allowed the family to spend the entire final vacation day of this week enjoying the beach, including dinner watching the sunset.

Sunsets regularly play into the final nights planned by Dane Tredway, a trip designer for Toronto-based luxury travel company Butterfield & Robinson. He's found Type-A travelers often crave a relaxing last-day activity after a blitz of sightseeing earlier in the vacation. On biking trips in



Elana Frankel's son Leo, 8, at a ranch in Colorado. Her family ends visits there with a large gathering of friends around an outdoor fireplace.

Ireland, for instance, he avoids full-day excursions. Instead he might offer "a ride that starts and ends at the hotel, and, in the middle, sitting by the river with a special cocktail."

Two of Elana Frankel's favorite end-of-vacation activities cost little to nothing. The former creative director of home-decor site One Kings Lane, who now consults for a variety of brands, says one tradition is her sons, ages 8 and 9, jumping off a local landmark bridge into water to end their annual trip to Martha's Vineyard, Mass.

"I've watched over the year my kids move through moments, trying to figure out how to process and transition from vacation to reality," she says. She tries to find experiences that will help them hold on

to that "in-the-clouds moment."

Another special event often ends the family's summer visit to Ms. Frankel's stepfather's rustic, Wi-Fi-free ranch in the foothills of the Rocky Mountains outside Denver. Ms. Frankel describes it as a magical week of feeding carrots to horses, swinging on an ancient bag swing and playing board games.

On the afternoon of their last day, they gather around a large, stone outdoor fireplace to prepare for the Colorado chill. Neighbors arrive in the evening with sweet treats and their musical instruments to accompany Ms. Frankel's violin-playing stepfather. Among the approximately 15 desserts this year, Ms. Frankel says, was her childhood favorite, banana cream pudding with Nilla wafers.

The End-of-Vacation Guide to Happiness



Do pack early, perhaps even as you go along.

Do book a special meal or excursion.

Do ask locals where they'd go if they had a last day in town.

Do catch the final sunset, perhaps with a cocktail in hand.

Do talk about what you loved about the trip.

Do find some alone time if you're traveling with children, even if just a short stroll.

Do save something you're looking forward to for the last day.

Don't choose something weather-dependent.

Don't check work email on the last day.

Don't choose an activity that requires lots of transportation—save that for the trip home!

THE MIDDLE SEAT | By Scott McCartney

WITH EXPANSION, WILL LAX BE MORE CONGESTED?



BIG AIRPORTS sometimes get much bigger, bringing big bargains and big headaches.

Los Angeles International Airport, already the second-biggest airport in the U.S. after Atlanta, is undergoing a major expansion. Airlines have pumped in new flights. A massive rebuilding is underway. Five carriers—American, Delta, United, Southwest and the Alaska/Virgin America combination—now have big operations at LAX. No other airport in the world is a hub for five major airlines.

The number of airline flights at LAX was up 9% in 2016 to 623,011 compared to the previous year, according to the airport. Smaller cities like Tucson, Ariz., and Austin and San Antonio in Texas have direct flights to Los Angeles on four different airlines. Passengers keep filling new flights, making LAX the fastest-growing airport in the U.S. among the 20 biggest airports, according to Federal Aviation Administration data.

"It's probably the most competi-

tive airfield in the U.S.," says Ranjan Goswami, Delta's vice president in Los Angeles. To continue growth, Delta is embarking on a close-to-\$2 billion rebuilding of its terminals at LAX starting next spring.

More flights mean cheaper fares. In the second quarter this year, the average ticket price from LAX to all destinations was \$375 round-trip, 11% lower than the same period two years earlier, according to Expedia.

The average round-trip ticket for Los Angeles-Seattle, where five airlines compete head-to-head, was \$200 round-trip on Expedia, down 29% from \$280 in the second quarter of 2015. Chicago O'Hare tickets on Expedia averaged \$330, down 13%.

About \$14 billion is being spent to rebuild and expand LAX. Most of the nine terminals have undergone renovation or are under construction. A new concourse is going up.

Construction of a 2.25-mile people-mover train that would link remote parking garages, a rental car

Please see LAX page A10

LIFE & ARTS

BOOKS

LE CARRÉ RETURNS TO SMILEY'S WORLD

BY TOBIAS GREY

IF AMERICAN investigators probing Russian foul play are seeking a refresher course in tradecraft they could do worse than check into John le Carré's new spy novel.

Fifty-three years after "The Spy Who Came in From the Cold" shot to the top of U.S. best seller list and remained there for 35 weeks, the quintessential Cold War novelist has written a belated sequel.

The 85-year-old British writer's 24th novel, "A Legacy of Spies," out in the U.S. from Viking on Sept. 5, picks up in present-day London more than a half-century after its predecessor's bleak Berlin Wall ending.

There are scores to be settled and court cases to be fought, and yesterday's British spies are being hauled out of retirement because a new generation is keen for them to justify what they once did.

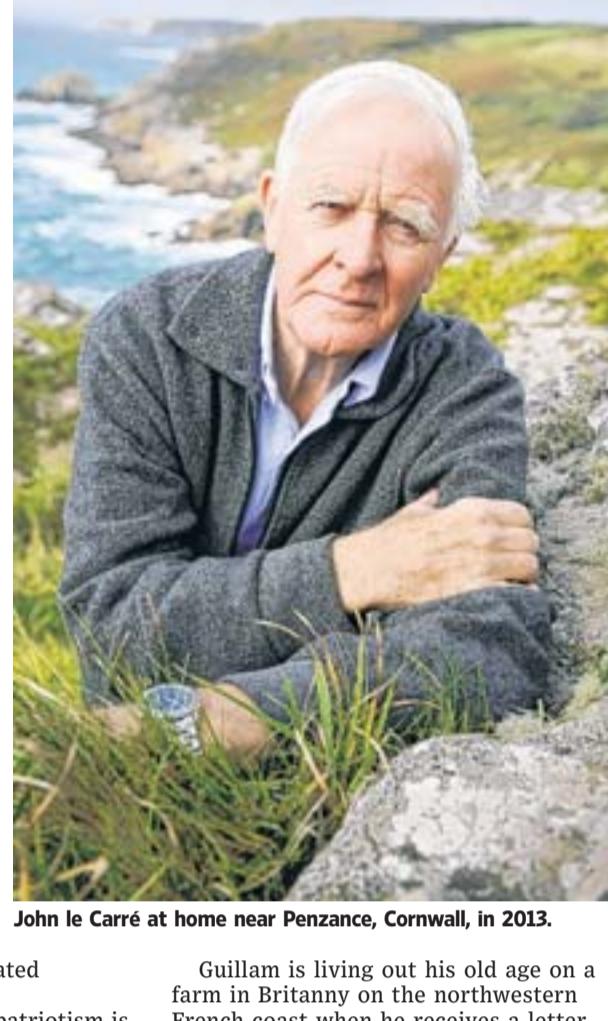
The new novel couldn't be timelier: Tales of Russian espionage and interference in the U.S. and European elections have dominated headlines over the past year.

"Patriotism is dead; man, patriotism is for babies," says a character in the new novel, a young man who is suing the British Secret Service. "If this case goes international, patriotism as a justification will not fly."

"A Legacy of Spies," which flits between the past and present, is being heavily advertised as the first George Smiley novel since "The Last Pilgrim" (1990), published over 25 years ago. Mr. le Carré, who declined to be interviewed for this article, will make a rare public appearance at London's Royal Festival Hall on Sept. 7 to present "An Evening with George Smiley" which will be live-streamed to more than 300 cinemas across the U.K. It will also be shown at a number of U.S. movie theaters in the fall, though Mr. le Carré won't make a stateside appearance.

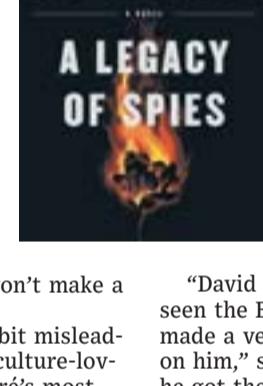
The Smiley connection is a bit misleading: The unassuming German culture-loving hero of some of Mr. le Carré's most popular novels, such as "Tinker Tailor Soldier Spy" and "Smiley's People," makes only a brief cameo in "A Legacy of Spies."

The new novel's main character is Peter Guilliam, George Smiley's trusty sidekick from their days working together for the British Secret Service—known in Mr. le Carré's novels as the Circus.



John le Carré at home near Penzance, Cornwall, in 2013.

ADRIAN SHERRATT/CAMERA PRESS/REDUX



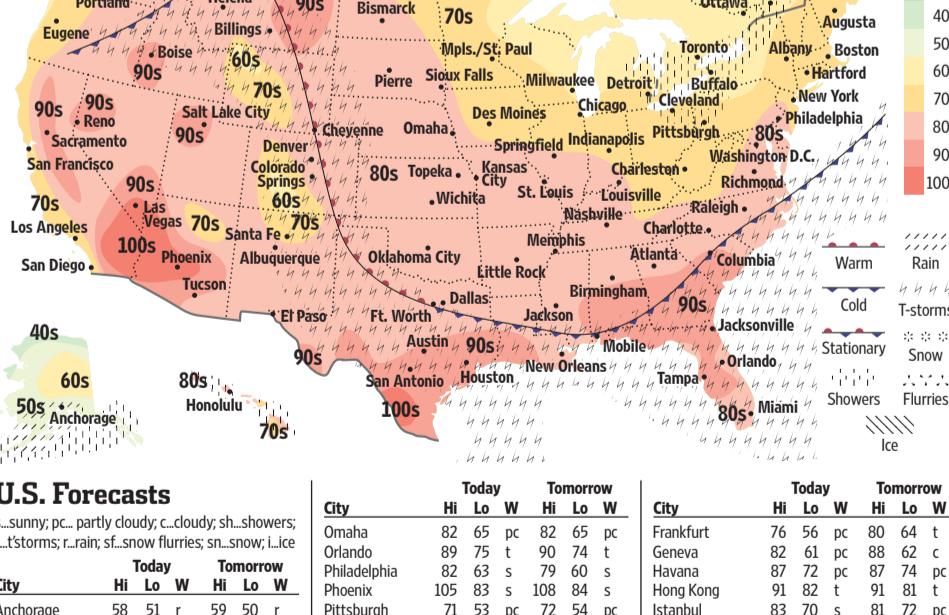
Guilliam is living out his old age on a farm in Brittany on the northwestern French coast when he receives a letter summoning him to London to explain his role in helping Smiley run the double-agent operation that cost the life of a British intelligence officer and his girlfriend in "The Spy Who Came in From the Cold." The novel was published in the U.K. in 1963 and a year later in the U.S., where it sold over 200,000 hardcover copies in its first run, according to Mr. le Carré's biographer, Adam Sisman.

"Spy" was Mr. le Carré's third novel and the last he wrote while still working as an intelligence officer for MI6. Mr. le Carré, whose birth name is David Cornwell, had been stationed in the West German capital of Bonn during the 1960s and worked under the cover of the British diplomatic service.

"David [Cornwell] had been to and seen the Berlin Wall himself, and that had made a very strong psychological impact on him," says Mr. Sisman. "That's when he got the idea for the plot of 'The Spy Who Came in From the Cold' which is fiendishly clever."

So clever, in fact, that Mr. Sisman says after "Spy" came out, Dick White, then head of the real MI6, allegedly told the former head of the CIA, Allen Dulles, that the fictional plot was the only double-agent operation that ever actually worked.

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 Hi Lo W Tomorrow Hi Lo W

Anchorage 58 51 r 59 50 r
Atlanta 88 70 pc 87 71 pc
Austin 94 74 t 91 72 t
Baltimore 81 62 s 78 58 pc
Boise 90 61 pc 90 61 s
Boston 79 62 s 73 59 pc
Burlington 72 54 pc 71 52 pc
Charlotte 86 65 pc 85 66 pc
Chicago 72 55 pc 73 56 s
Cleveland 72 57 pc 73 56 s
Dallas 87 72 t 89 73 pc
Denver 85 57 pc 89 59 pc
Detroit 71 53 pc 74 54 s
Honolulu 87 73 pc 87 75 pc
Houston 93 76 t 84 74 r
Indianapolis 77 57 pc 77 56 s
Kansas City 80 62 s 81 63 pc
Las Vegas 100 81 t 104 81 s
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New York City 79 63 s 77 60 s
Oklahoma City 85 63 s 82 65 pc

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Amsterdam 69 56 pc 73 59 pc
Athens 88 74 s 87 72 s
Baghdad 111 82 s 113 82 s
Bangkok 91 80 t 91 79 t
Beijing 91 64 s 88 63 pc
Berlin 73 55 pc 71 55 c
Brussels 72 55 pc 75 52 r
Buenos Aires 75 64 c 72 52 r
Dubai 105 90 s 102 88 s
Dublin 65 53 c 64 52 sh
Edinburgh 65 54 c 65 52 sh

City Today Hi Lo W Tomorrow Hi Lo W

Frankfurt 76 56 pc 80 64 t
Geneva 82 61 pc 88 62 c
Havana 87 72 pc 87 74 pc
Hong Kong 91 82 t 91 81 t
Istanbul 83 70 s 81 72 pc
Jakarta 92 76 pc 91 77 pc
Jerusalem 87 70 s 90 71 s
Johannesburg 69 39 s 71 43 s
London 70 54 pc 74 59 pc
Madrid 97 70 pc 96 70 s
Manila 88 78 t 87 78 t
Melbourne 56 41 pc 59 44 pc
Mexico City 75 56 pc 76 58 pc
Milan 89 67 pc 90 67 s
Moscow 67 52 sh 63 53 r
Mumbai 86 80 sh 85 80 sh
Paris 77 61 pc 83 64 t
Rio de Janeiro 75 61 pc 75 62 s
Riyadh 108 84 pc 109 82 s
Rome 85 66 s 85 65 s
San Juan 88 78 pc 88 78 pc
Seoul 81 66 t 83 64 s
Shanghai 97 80 t 95 80 t
Singapore 89 78 pc 88 78 c
Sydney 63 50 pc 62 48 r
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City Today Hi Lo W Tomorrow Hi Lo W

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International

City Today Hi Lo W Tomorrow Hi Lo W

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Johannesburg 69 39 s 71 43 s
London 70 54 pc 74 59 pc
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Mexico City 75 56 pc 76 58 pc
Milan 89 67 pc 90 67 s
Moscow 67 52 sh 63 53 r
Mumbai 86 80 sh 85 80 sh
Paris 77 61 pc 83 64 t
Rio de Janeiro 75 61 pc 75 62 s
Riyadh 108 84 pc 109 82 s
Rome 85 66 s 85 65 s
San Juan 88 78 pc 88 78 pc
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Shanghai 97 80 t 95 80 t
Singapore 89 78 pc 88 78 c
Sydney 63 50 pc 62 48 r
Taipei 96 79 t 96 81 t
Tokyo 89 79 pc 91 76 pc
Vancouver 69 52 s 69 54 s
Warsaw 70 55 pc 71 52 c
Zurich 84 59 pc 87 63 c

City Today Hi Lo W Tomorrow Hi Lo W

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A rendering of the new LAX people-mover train set to break ground next year.

LAX

Continued from page A9

center and a city mass transit stop to the central terminal area is going out for bid; ground-breaking should be next year. Southwest and United airlines each are starting to push for an additional terminal.

But how much is too much? Last summer, airplanes parked in remote locations waiting for gates. Runway and taxiway construction added to delays. The on-time arrival rate in June 2016 fell under 70%—only New York LaGuardia was worse. And passengers and greeters found themselves parked, too—barely moving on the congested "horseshoe" drive fronting the central terminal area.

This summer has been better, airlines and airport officials say. One major change was moving Delta from Terminal 5 and 6 on the south side to Terminals 2 and 3 on the north side, part of a major gate shuffle by airlines in May. That rebalanced airplane traffic.

The airport is also trying new ways to reduce vehicle traffic in the horseshoe, working a test with Uber to have drivers pick up new rides almost immediately after dropping someone off.

The airport says rebuilding is essential. Even with the efforts to cut traffic this year it still can take an hour or more to get into the central terminal area by car or bus from outside the airport, says Deborah Flint, chief executive of Los Angeles World Airports, the airport operator. "We've got to improve the experience here," says Ms. Flint. "As much as we're focused on growth and development, we're focused on modernization and improving the guest experience."

Renovations were put off for many years, leaving terminals in need of major structural work across the airport. "They weren't built for the capacity we're putting through these terminals today," says Suzanne Boda, American's senior vice president, Los Angeles.

Rebuilding the Tom Bradley International terminal was a big step that triggered a lot of traffic growth. Built in a rush before the 1984 Olympics, the Bradley terminal was bare-bones and bleak, with nary a hot dog available once inside security.

At a cost of \$2.1 billion, it's now light and airy with twice the square footage. Travelers find top local restaurants and posh shopping like Gucci and Michael Kors.

A midfield concourse with 12 additional gates will open in a little more than two years to accommodate flights that today

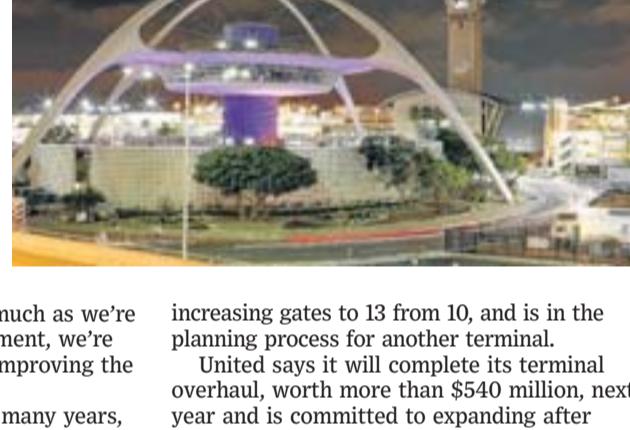
don't have gates and park remotely to unload passengers onto buses.

Los Angeles offers the alluring combination for carriers of strong business travel, with entertainment and other industries that buy first-class tickets, plus robust leisure travel. "Carriers wouldn't be putting in flights if they weren't making money," says John Kirby, Alaska's vice president of capacity planning.

He thinks a shakeout won't come until the economy in Southern California slumps.

Some airlines wonder if the industry is over-expanding, as it has done in the past. "There's a long history of airlines falling in and out of love with California and particularly LAX," says Andrew Watterson, Southwest's chief revenue officer. "It's quite possible all these grand plans don't come to fruition for every single airline."

Southwest is in it through boom and recession, he says. The airline is making seismic enhancements to Terminal 1, along with remodeling and expansion. Gate areas are being enlarged to accommodate bigger passenger loads and expand retail space. The airline is



increasing gates to 13 from 10, and is in the planning process for another terminal.

United says it will complete its terminal overhaul, worth more than \$540 million, next year and is committed to expanding after some shrinking. In October, it will add a non-stop flight between LAX and Singapore, one of the longest routes in the world. "We intend to be a significant player in Los Angeles forever," says Andrew Nocella, United's chief commercial officer.

American became the largest carrier at LAX two years ago, according to airport data, and has continued to expand, now up to 200 flights a day. In the last 18 months, American added or announced 24 new destinations from LAX, including Sydney, Auckland and Hong Kong. Flights to Beijing start in November.

Delta, like American, has been rapidly growing, though both backed off some this summer to ease congestion delays. Delta is up to 180 departures per day, says Mr. Gossman. Six years ago it had half as many.

The WSJ Daily Crossword | Edited by Mike Shenk

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THROW IN THE VOWEL | By Kristian House

| Across | 25 | Something the "Florence Foster Jenkins" star might clear? | 49 |<th
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SPORTS

COMMENTARY

Boxing's Early Toll on Muhammad Ali

A new study shows a direct correlation between Ali's fights and his diminished speaking ability at the end of his boxing career

BY JONATHAN EIG, VISAR BERISHA, AND JULIE LISS

WHILE BEST KNOWN for his boxing talent, Muhammad Ali was also one of the greatest talkers of all time.

At a time when it was dangerous for black men to sass white people, Ali did just that. He spoke up and spoke back, using his tremendous wit and intelligence to challenge authority and undercut notions of what a black person in America could say and do. He earned his first nickname, "The Louisville Lip," in tribute to his verbal gifts.

Sadly, however, Ali's voice faded—literally and much too soon.

According to a new biography of the boxer and a study released Wednesday by speech scientists at Arizona State University, Ali's articulation started to become less precise in the mid-1970s, when he was between 30 and 35 years old, almost certainly as a result of blows to the head suffered in the ring. The study suggests that changes in the quality of speech can be important early markers of neurological damage or disease. Ali died in June 2016 at the age of 74.

In writing Ali's biography, one of us, Jonathan Eig, wondered when Ali's speech began to decline and whether that decline could be tied to boxing. Eig contacted the other two authors of this piece—Julie Liss and Visar Berisha, scientists at Arizona State University who specialize in analyzing speech for signs of cognitive and motor impairment. Eig also enlisted CompuBox Inc., a boxing-statistics company, to count the punches that struck Ali over the course of his 21-year professional career. The study is being presented Wednesday at Interspeech, a speech-science conference in Stockholm, Sweden.

Speaking is one of the body's most complicated functions. Speech and language circuits in the brain work together to form a message, translate that message into movement across more than 100 muscles, from the lungs to the throat to the tongue and lips, and execute those intricate muscle movements to produce sound waves. It is much more difficult than throwing a jab or ducking a tackle.

That is why changes in speech are often one of the first indicators of neurological damage or disease, such as the slurring of words by people having a stroke or with Parkinson's or Lou Gehrig's disease. The signals from the brain to the speech muscles are disturbed in ways that prevent clear speech.

In 1968, Ali spoke at a rate of 4.1 syllables a second, which is close to average for healthy



Heavyweight champion Muhammad Ali slips to the canvas during the 14th round of his title fight with Earnie Shavers in 1977.

ASSOCIATED PRESS

adults. By 1971, his rate of speech had fallen to 3.8 syllables a second, and it continued sliding steadily, year by year, fight by fight. An ordinary adult would see little or no decline in his speaking rate between the ages of 25 and 40, but Ali experienced a drop of more than 26% in that same period. Slowing his speaking rate couldn't indefinitely compensate for the deterioration of signals between his brain and his speech muscles. The paper suggests that by 1978, six years before his Parkinson's syndrome diagnosis and three years before his retirement from boxing, Ali was slurring his words.

In addition to this overall decline in speech, researchers found a strong relationship between Ali's activity in the ring and his verbal skills. The more punches he took, the more steeply his speaking abilities declined. (You can hear a sample of Ali's speech changes at WSJ.com/Sports.)

In 1977, the 35-year-old Ali fought a brutal, 15-round bout with Earnie Shavers. One of the strongest punchers in boxing history, Shavers hit Ali with 266 punches, including 209 power punches, according to the new CompuBox data. Before his fight with Shavers, Ali spoke at a rate of 3.7 syllables per sec. After the fight, his speaking rate fell 16% to 3.1 syllables per second. His voice also became less animated immediately after fights.

The pattern was repeated: Ali fought, his speech slipped, he rested, and his speech recovered. But the overall decline was steady, despite the rest. Like many athletes in high-impact sports, Ali noticed changes in his own speech and asked his friends and loved ones if he was slurring his words, mumbling, or speaking slowly. He was in fact doing all those things. But he disregarded the warning signs and continued to engage in the conduct that caused his injuries.

In 1984, three years after his final fight, he was diagnosed with Parkinson's syndrome, his doctor at the time saying the condition was the result of too many blows to the head.

Today, we have a better understanding of the damage blows to the head cause athletes. We also know that about 50% of those diagnosed with chronic traumatic encephalopathy, or CTE, show signs of change in speech and language prior to diagnosis.

Muhammad Ali gave a lot to the world. He helped lead opposition to the Vietnam War. He taught athletes black and white that they could use their public platforms to speak out on social and political issues. He used his voice, not his fists, to pound home those lessons.

Now, his voice has the power to instruct us yet again. Ali is telling us we can do a better job of warning athletes of the dangers they face from head trauma.

NBA

THE TRADES BEFORE THE TRADE

BY BEN COHEN

HOW DID THE Boston Celtics and Cleveland Cavaliers put themselves in position to make the biggest trade of the NBA season? It's because of the many trades both teams made over many seasons—including one with each other that's more important in retrospect than it was at the time.

The transformational deal that sent Isaiah Thomas, Jae Crowder, Ante Zizic and Brooklyn's 2018 draft pick to Cleveland for Kyrie Irving wouldn't have been possible if not for another transformational deal Boston made four years earlier. This, too, was a risky blockbuster trade involving beloved players and valuable draft picks that fundamentally changed the Celtics' roster.

The deal in 2013 revolved around Kevin Garnett and Paul Pierce going to the Nets in exchange for Brooklyn's first-round draft

picks in 2014, 2016, 2017 and, most crucial of all, 2018. The Celtics were sacrificing the short term for the long term. The Nets were doing the exact opposite. They had a new arena and impatient owner in Mikhail Prokhorov who promised to punish himself if they didn't win a championship with the worst penalty he could imagine: getting married. "Today, the basketball gods smiled on the Nets," Prokhorov said at the time.

They did not. The deal turned out to be a disaster for the Nets—and thus an incredible windfall for the Celtics. It may have been the most lopsided trade in NBA history.

But it was even more critical because it allowed the Celtics to fully embrace their long-term rebuild. The next year they traded Rajon Rondo, another starter on their 2008 championship team, for a package that included several draft picks and an undervalued player named Jae Crowder.

The other trade they made that year led to



Boston acquired Brooklyn's 2018 first-round pick in a 2013 trade of Paul Pierce and Kevin Garnett.

another trade that finally led to this trade—and it happened to involve the Cavaliers.

It was the summer of 2014, and the Cavs were clearing salary-cap space to pursue LeBron James even though they had no idea whether James would actually consider returning to a city where people had used his jersey as kindling. But they also had no choice.

The only way they could sign James to a maximum contract was by dumping other

players, and the only way they could dump other players was by offering trade partners a tasty sweetener: their 2016 draft pick.

The team that got that 2016 draft pick was the Boston Celtics. But it was gone long before the 2016 draft. Only months after trading for the Cleveland pick, Boston traded the Cleveland pick to the Phoenix Suns.

Who did the Celtics get back in that deal with Phoenix? None other than Isaiah Thomas.

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OPINION

Good Riddance to Steve Bannon

By Karl Rove

After departing his post as White House chief strategist last week, Steve Bannon told the *Weekly Standard* that "the Trump presidency that we fought for, and won, is over." The clear suggestion is that Mr. Trump's chance at success had followed Mr. Bannon out the door. Trying to recast his ouster as a personal choice, Mr. Bannon bragged "I can fight better on the outside." He promised "to crush the opposition," saying "I built a f-machine at Breitbart." The former adviser also told a Bloomberg reporter he would be "going to war for Trump against his opponents—on Capitol Hill, in the media, and in corporate America."

Success might not come so easily. Just as before, one of Mr. Bannon's principal aims will be replacing the GOP congressional leadership by supporting populist primary challengers. But last year his attempted political hit on House Speaker Paul Ryan—for which he recruited a primary challenger and pummeled the speaker daily through Breitbart news stories—ended with Mr. Ryan winning with 84% of the primary vote. Some "f-machine."

Mr. Bannon also promised that Breitbart would attack Mr. Trump when he deviates from what Mr. Bannon believes should be the president's agenda. The website proceeded to do just that after the president's speech Monday

on Afghanistan. A "high-level" Breitbart staffer went so far as to tell *Vanity Fair* that if Trump deviates from the positions he ran on, Breitbart would help "rally votes for impeachment."

Mr. Bannon is not the first staffer to believe the White House agenda must mirror his own. But no other aide in memory has had such grandiose or destructive plans for trying to remain in charge after being shown the door.

The country is better off with him out of the West Wing, but now Trump has to step up.

Mr. Trump is also engaged in the threat-fest against his own party. At an Arizona rally on Tuesday, he excoriated Senate Republicans for failing to replace ObamaCare—rather than expressing confidence that a health-reform bill would pass eventually. The president also dismissed Sen. Jeff Flake—a critic of Mr. Trump who faces re-election in 2018—by saying "no one knows who the hell he is." Most pointedly, he failed to wish Sen. John McCain a speedy recovery from brain cancer. All superb ways to encourage support from a thin GOP Senate majority.

Memo to the White House: The worst way to strengthen a president is publicly to blame his difficulties on allies. The least effective way to

pass an agenda is to threaten the president's party in Congress.

Team Trump must grasp the basics of governing. A better approach would be systematically to make the case that the president's proposals are good for the country. To do this, the White House must display interest and fluency in its policies, and avoid surprising Congressional allies. When Republicans go out on a limb to defend the president and he cuts it off with an unexpected tweet or unnecessary controversy, they become hesitant to drive the White House agenda—and to conservative intellectuals to persuade them of its merits.

Public rollouts of Mr. Trump's policies have been hobbled in this White House by the absence of a communications director. Executing these policies has also been hampered by internal disorder, which the new chief of staff, John Kelly, is now shaping up.

Demanding that Republicans back a bill simply because it is the president's is also not enough. Calls for party unity are not a magic elixir—members have their own convictions and constituencies. Take Vice President Mike Pence during his tenure as an Indiana congressman. He voted "no" on President George W. Bush's Medicare Part D reform, which passed by a single vote, and also voted against the broadly supported No Child Left Behind Act. Yet Mr. Pence was a strong supporter of the rest of Mr. Bush's agenda on terrorism,

tax cuts, social issues and trade. That administration understood that it had to earn support for the president's agenda rather than expect it as a matter of course, and that today's "no" vote may be tomorrow's "yes" on another critical issue.

The departure last week of the director of the White House Office of Public Liaison provides an opportunity to strengthen Mr. Trump's outreach. A new director could beef up appeals to evangelicals and other outside groups—to rally support for the White House agenda—and to conservative intellectuals to persuade them of its merits.

The White House and the country are better off with Mr. Bannon back at the website he described last year as "the platform for the alt-right." He will do less damage there than in the West Wing. Still, week after week, the nation finds itself in the same divided and chaotic place. If President Trump hopes to advance his agenda, he must start providing focus, discipline and persuasion. He's shown little ability to do this thus far, and so his presidency is stumbling badly.

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

Daniel Henninger is away.

The Ellis Island Model Still Works

By Bruce A. Morrison

Earlier this month President Trump endorsed an immigration proposal from Republican Sens. Tom Cotton and David Perdue. The Raise Act would cut legal immigration to the U.S. in half by eliminating many of the pathways immigrants currently use to bring their families to the U.S. It also replaces the system in which employers can choose immigrants to fill jobs with a skill-based point system. I was the House author of the Immigration Act of 1990, which set the framework for the legal immigration system the new bill seeks to undo. The "green card" process we set up in 1990 isn't perfect, but it has largely served the national interest.

Since the 1990 law took effect, the number of legal immigrants each year has grown from about 800,000 to around 1 million. Most of this increase comes from foreign-born spouses and children of newly married U.S. citizens. America's relatively robust population and GDP growth speak to the success of this strategy.

Rolling up the welcome mat for the foreign-born family members of citizens and permanent residents will cause all Americans to suffer. Since 1996, sponsors have been required to sign a binding commitment to support

their immigrant family members, removing any economic burden sponsored immigrants could have on society at large. Declining native birthrates mean the U.S. will need more immigrants in the future to sustain economic growth and the retirement benefits hundreds of millions of Americans have earned.

Contemporary legal immigrants are the best-educated cohort the U.S. has ever had. And many particularly creative and successful immigrants came to the U.S. through family relationships, building skills here and having an outsize positive effect on society.

The American immigration system has long been based on the Ellis Island model, which welcomes a wide range of newcomers to become permanent residents and candidates for citizenship rather than temporary laborers. Trying to use an expanded guest-worker program—where foreigners work briefly in the U.S. without an opportunity to gain citizenship—would only create more problems.

Green cards are the best protection for American workers competing with foreign-born talent, because legal permanent residents don't undercut American wages: They make what other Americans make. Yet guest worker programs undermine American workers. Just look at the outsourcing model

that dominates the H-1B program, in which Congress encouraged companies whose whole business model is to displace Americans through temporary foreign workers at submarket wages. The rest of the H-1B program simply delays green cards for the people we want to keep.

Halving the number of immigrants will starve the economy, making growth unsustainable.

Supporters of guest-worker programs argue that relying on green cards takes too long. This is only an argument for providing more green cards faster.

The legislation Mr. Trump endorsed a few weeks ago freezes the current numbers of employment green cards,

which is fewer than 70,000 workers a year because of the way families are counted against the total. There is already a backlog of roughly 1 million H-1B employees and their families currently waiting for green cards, some for over 10 years. They can't become free agents in the labor market until they have their green cards. The longer they wait, the more unfair the system is for everyone.

Messrs. Cotton and Perdue say their bill would mean higher quality immigrants

coming to the U.S. Yet the legislation would increase the obstacles that prevent companies from bringing the best and brightest immigrants to work for them. And it also delays their ability to become American citizens, the surest guarantee of their economic and civic value for everyone.

The damage the Raise Act would do goes further. The senators have proposed tearing up the current system of letting employers choose new hires that best fit their needs. Why would a deregulation-oriented administration prefer bureaucrats to American employers for selecting the best people to get a job done? Whatever the virtues of a point system in a country like Canada, it is no substitute for the American values embodied by employer selection.

American immigrants are selected by Americans—by families and businesses within simple rules—because the U.S. recognizes the contributions immigrants will make to the country by becoming Americans. Others do it differently, but neither as well nor on the scale that America has. There are many things broken in the American immigration system, but the Ellis Island model is not one of them.

Mr. Morrison, a Democrat, was a U.S. representative from Connecticut (1983-91).

What the 'Great Terror' Taught Autocrats

By Paul Roderick Gregory

Eighty years ago, Joseph Stalin's Great Terror (to use Robert Conquest's term) was well into its first month. In towns and cities throughout the Soviet Union, the headquarters of the NKVD—the secret police—were filled with screams, the sounds of beatings and the clacking of typewriters. In the Kremlin, Stalin signed "shooting lists" of prominent Bolsheviks to be executed. Extrajudicial troikas provided a thin veneer of "socialist legality" as they rubber stamped death sentences.

The Great Terror was initiated by Stalin in his order on July 2, 1937, telling regional bosses to submit lists of "enemies of the people." The NKVD's infamous Order No. 00447, which followed on July 30, allotted quotas for 75,950 executions and 193,000 prison sentences. These "limits" were forgotten as regions competed for higher victim totals. By the

time Stalin ended the purge with a single telegram on Nov. 17, 1938, 687,000 had been shot. Stalin pleaded innocence: Mavericks in the NKVD were to blame, he claimed.

Lesser terror keeps them in power without as much scrutiny.

Subsequent horrors in China, Cambodia and North Korea demonstrate that the Great Terror of 1937-38 was not the product of one man's paranoia. What Stalin did was entirely "rational" for an absolute dictator with no moral qualms. It was perfectly fine, Stalin asserted, to kill 19 innocents as long as the 20th was an actual enemy. Instead of minimizing false convictions, as Western jurisprudence does, the system minimized false acquittals. After all, that one enemy left alive could end up being Stalin's assassin.

After Stalin's death in 1953, the U.S.S.R. moved to "lesser terror." Soviet leaders had learned to be wary of becoming victims themselves. Besides, political enemies could be controlled in other ways, such as by denying benefits like higher education, travel or medical assistance. Prominent opposition leaders, such as Andrei Sakharov, were treated harshly behind closed doors in mental institutions, but they were not routinely killed. Relatives and children of nonconformists were disadvantaged, their life chances limited. Under such pressure, few people were willing to stand up and challenge the Soviet system outright.

The instruments of lesser terror are still routinely employed today. Vladimir Putin uses them to stay in power despite a weak economy, rising poverty and rampant corruption. The Kremlin allocates state assets, government credits and university deanships to those in favor. Streaks of independence

or defiance are punished by charges of corruption, confiscatory taxes and denial of business licenses. Political opponents are disqualified from the ballot, and ordinary protesters are sent to prison or put under house arrest. Anti-riot forces are given free rein to fire on demonstrators. Dissidents who become a real danger can be shot or poisoned. The murderer will never be found, despite an elaborate investigation and court proceeding.

North Korea still uses great terror. But modern dictatorships in Russia, China, Vietnam, Cuba, Iran and Venezuela have realized that lesser terror is effective, attracts less attention and does not jeopardize the loyalty of their radical supporters in the West. Lesser terror, though, is still there.

Mr. Gregory is a professor of economics at the University of Houston, and a fellow at Stanford's Hoover Institution.

BOOKSHELF | By Christine Rosen

An Aversion To Adulting

iGen

By Jean M. Twenge
(Atria, 342 pages, \$27)

Using generations as signposts for understanding group behavior can be a frustrating exercise—every baby boomer isn't an aging hippie and every millennial isn't an avocado-toast fiend with an entitlement complex. And yet, as social-science researchers have found, generational distinctions do have some validity, and a better understanding of large birth cohorts can illuminate broader social trends.

So argues Jean M. Twenge, persuasively, in *iGen: Why Today's Super-Connected Kids Are Growing Up Less Rebellious, More Tolerant, Less Happy—and Completely Unprepared for Adulthood*. A psychology professor at San Diego State University, Ms. Twenge assigns the label iGen (her own coinage) to people born between 1995 and 2012. It is a group, she notes, that doesn't know a world without the internet and smartphones and is now 24% of the U.S. population.

Who are these people and what do they want from us? According to Ms. Twenge, they are neither as cynical as Gen X nor as overconfident as their immediate predecessors, the millennials. In fact, the older members of iGen (now in their teens and early 20s) represent a radical departure when it comes to their views on religion, free speech, relationships and technology.

To judge by Ms. Twenge's data, tolerance is their religion. Churchgoing and faith are in free-fall among iGen-ers, while their views on LGBTQ matters are more liberal than those of any previous generation. So, too, their views of sex. They are having less of it themselves but are less judgmental about the sexual habits of others. They "are just less willing to label anything as 'wrong,'" Ms. Twenge writes.

Unless, that is, something is deemed an offense against tolerance itself. Members of iGen, Ms. Twenge says, are more likely than their predecessors "to support restricting speech." She found that "more than one out of four students (28%) agreed that 'A faculty member who, on a single occasion, says something racially insensitive in class should be fired,' while 16% believed a student who did the same thing once should be expelled. In a rare moment of judgmentalism, Ms. Twenge adds: "This is the dark side of tolerance; it begins with the good intentions of including everyone and not offending anyone but ends (at best) with careers destroyed by a comment someone found offensive and the silencing of all alternative viewpoints."

The supposed enthusiasm for tolerance among iGen-ers, Ms. Twenge says, is trumped by only one thing: the desire for safety, a term with a psychological dimension more than a physical one. "Safe spaces," as we know, dot college campuses. Sometimes they feature "coloring books and videos of frolicking puppies, neatly connecting the idea of safe spaces with that of childhood," Ms. Twenge notes. The trigger warnings and other protections mocked by critics as accommodations for "snowflakes," she says, are "not fringe ideas but those embraced by the majority of iGen-ers."

The generation after the millennials loves smart phones, avoids books, craves safety and doesn't tolerate intolerance.

More than any other influence, technology is central to understanding this generation's experience. Across all races and classes, they spend, on average, six hours a day with new media. Ms. Twenge is not indulging in hyperbole when she tells us that this is the first generation that prefers virtual to real relationships. "With the advent of social media and smartphones, teens' social lives shifted decisively away from in-person interaction. They spend much less time with their friends in person than teens in previous decades did."

Thus they don't date as much or hang out with their friends as often. Yet they don't spend their time reading in any serious or systematic way either. Indeed, they are "much less likely to read books than their Millennial, GenX, and Boomer predecessors," Ms. Twenge writes. Their academic skills lag behind those of millennials "by significant margins," and they are "less informed" about current events.

Worse, living their lives online hasn't made the members of iGen happy. On the contrary, the more time they spend online, the worse they feel. This generation, Ms. Twenge says, is "at the forefront of the worst mental health crisis in decades, with rates of teen depression and suicide skyrocketing since 2011."

Ms. Twenge strains to find some benefits in iGen's enthrallment to their smartphones. It's not easy, however. Confronted with the dismal data about reading and study habits, she weakly suggests creating textbooks that "include interactive activities such as video sharing" and "books that are shorter in length and more conversational in their writing style."

After offering example after example showing the harmful effects of smartphones on young people, Ms. Twenge is still careful not to moralize. And yet, reading these stories, one can't help asking: Why don't parents take these kids' phones away from them? It is hard to read the evidence that Ms. Twenge has scrupulously compiled about iGen's technology use without experiencing the sickening feeling that we're engaged in a massive behavioral and psychological experiment—with young people as the unwitting guinea pigs.

Ms. Twenge ultimately wants to be hopeful about iGen's prospects, and perhaps we should be—up to a point. Their insistence on safety has led to some positive outcomes, such as lower rates of teen pregnancy and underage drinking. But it has also stunted the development of adult skills and created a generation that prefers the "emotional safety" of virtual relationships to the messy entanglements of real ones. (Wouldn't want to "catch feelings," as the kids say.) As Ms. Twenge notes, iGen-ers have greater "maturity fears" than preceding generations did, which is perhaps why they jokingly refer to responsible behavior as "adulting" and why their efforts at tolerance have taken such an illiberal turn. Like so many generations before them, only more so, they have a lot of growing up to do.

Ms. Rosen is a senior editor at the New Atlantis and a columnist for Commentary magazine.

OPINION

REVIEW & OUTLOOK

Cuomo's Natural Gas Blockade

The U.S. shale boom has lowered energy prices and created hundreds of thousands of jobs across the country. But those living in upstate New York and New England have been left in the cold by New York Gov. Andrew Cuomo, whose shale gas blockade could instigate an energy crisis in the Northeast.

Progressives once hailed natural gas as a "transition fuel" to renewables like solar and wind, but now they are waging a campaign to "keep it in the ground." New York is ground zero. First, Mr. Cuomo banned hydraulic fracturing (i.e., fracking), and now he's blocking natural gas pumped in other states from reaching Northeast markets.

The Empire State's southern tier overlays the rich Marcellus and Utica Shale formations, among the most productive drilling regions in the country. Shale fracking has been an economic boon for Appalachia—and could have lifted upstate New York. Since 2010 natural gas production has surged 520% in West Virginia, 920% in Pennsylvania and 1880% in Ohio. (See chart nearby.)

Mr. Cuomo's predecessor David Paterson imposed a moratorium on fracking in 2010. After winning re-election in 2014, Mr. Cuomo started laying the ground for a White House bid and made the ban permanent. Between 2010 and 2015, New York's natural gas production plunged by half—which has translated into fewer jobs as well as less royalties for landowners and revenue for local governments.

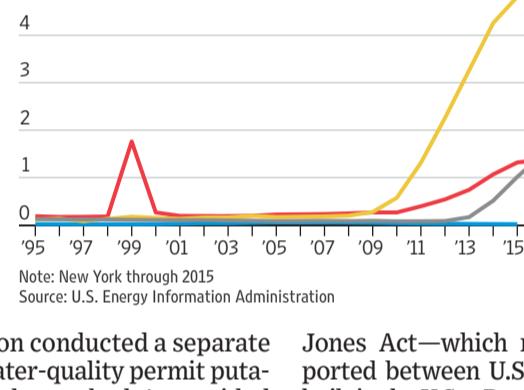
Last year the Governor compounded the economic damage by blocking the 120-mile Constitution pipeline transporting natural gas from Pennsylvania to upstate New York and New England. Although the Federal Energy Regulatory Commission (FERC) approved the pipeline in 2014, Mr. Cuomo's Department of Environmental Conservation conducted a separate review and denied a water-quality permit putatively because the developers hadn't provided sufficient information.

Constitution's developers challenged the denial in federal court. While the Clean Water Act lets states perform their own environmental reviews, New York appears to have abused its discretion. Last week the Second Circuit Court of Appeals deferred to state regulators while leaving a door open for the pipeline companies to challenge the timeliness of the state review in the D.C. Circuit Court of Appeals.

While Constitution isn't dead, environmentalists say the appellate-court decision will give New York and other states more latitude to block pipelines, which is no idle threat. Two major pipelines in the Northeast under development will need state approvals, and developers pulled two others in the past two years amid

The State That Won't Frack

Natural gas production in four eastern states, 1995-2016



Note: New York through 2015

Source: U.S. Energy Information Administration

regulatory obstacles in New England. All of this is ominous since the region desperately needs more natural gas to make up for lost power from the impending shutdown of nuclear and coal plants. New England's Independent System Operator projects that 14% of the region's electric generation capacity will be retired within

three years and says more pipelines are needed for grid stability.

Mr. Cuomo is also forcing the premature retirement of the Indian Point nuclear plant, which provides a quarter of New York City and Westchester County's electricity. He hasn't offered a back-up plan, but natural gas will have to play a role. Renewables (excluding hydropower) make up only 5% of New York's electric generation, and we doubt the local liberal gentry will abide wind farms off Long Island.

Energy costs in the Northeast are already the highest in the nation outside of Alaska and Hawaii in part due to the shortage of natural gas. Northeast residents pay 29% more for natural gas and 44% more for electricity than the U.S. average, according to a recent study by the U.S. Chamber of Commerce. Industrial users in the Northeast pay twice as much for natural gas and 62% more for electricity.

Electricity and natural gas constitute many manufacturers' biggest costs, which in part explains why so many are fleeing the Northeast. Since 2010 manufacturing economic output has

increased by 1.5% in the Great Lakes region while shrinking 0.7% in New England and 2.4% in New York.

Inclement weather can cause energy costs to skyrocket. During the 2014 polar vortex, natural-gas prices in New York City spiked to \$120 per million Btu—about 25 times the Henry Hub spot price at the time. Natural-gas power plants in New York are required to burn oil during supply shortages. Due to pipeline constraints and the

Jones Act—which requires that cargo transported between U.S. ports be carried by ships built in the U.S.—Boston imports liquefied natural gas during the winter from Trinidad. This is expensive and emits boatloads of carbon.

Speaking of which, about a quarter of households in New York, 45% in Vermont and 65% in Maine still burn heating oil—which is a third more expensive than natural gas and produces about 30% more carbon emissions per million Btu. Yet many can't switch due to insufficient natural gas and pipeline infrastructure.

Mr. Cuomo's natural gas blockade is harming residents and businesses throughout the Northeast while raising carbon emissions that he claims are imperiling the planet. The likely Democratic presidential aspirant may hope to ride this record to the White House, but millions of Americans are already paying a high price for his policies.

Beating His Own Head Against the Wall

Donald Trump is sore at Senate Majority Leader Mitch McConnell for saying recently that the President sometimes has "excessive expectations" for Congress. But Mr. Trump proved Mr. McConnell right Tuesday when he told a rally in Phoenix that he's willing to shut down the federal government this autumn to get funding for his border wall with Mexico.

"We're going to get our wall," Mr. Trump said. "If we have to close down our government, we're building that wall."

The crowd loved it, but this is the political equivalent of holding a gun to his own head and saying that if Congress doesn't do what he wants Mr. Trump will shoot himself. Don't expect Senate Democratic leader Chuck Schumer to try to talk Mr. Trump out of it. As the minority party, Democrats will be only too happy to test Mr.

Trump threatens to do exactly what Chuck Schumer wants.

Trump's dare since voters will blame a shutdown on Republicans who run both ends of Pennsylvania Avenue. Senate Democrats are vowing not to spend a dime on the wall and Mr. Trump will need 60 Senate votes to pass a funding bill.

GOP leaders on Capitol Hill know they'll take the political blame for a shutdown, so they don't want to press wall funding

too far. All the more so because the border wall isn't all that popular even with Republican voters, who have higher priorities like tax reform and a more robust military.

With an approval rating well under 40%, Mr. Trump isn't in a strong political position to win a fight with Congress unless he is pressing for something that is already popular. It's never clear with Mr. Trump how much of his rhetoric is real or bluster, but the shutdown over the wall is one threat he'd be wise to abandon.

Nisman and the Iranians

Argentine federal criminal prosecutor Ricardo Sáenz announced Monday that a new toxicology analysis on the body of the late Argentine prosecutor Alberto Nisman has discovered the drug ketamine, an anesthetic mostly used on animals. It is highly unlikely Nisman would have voluntarily ingested such a drug. He had been investigating Iran's role in the 1994 bombing of a Buenos Aires Jewish community center when he was found dead in his apartment with a gunshot wound to the head in January 2015.

"There is a mountain of evidence in the case that indicates that it is a homicide; this would be one more," said Mr. Sáenz, who worked to get the case moved to federal court last year so he could take over the probe.

In 2006 Nisman indicted seven Iranians and one Lebanese-born member of Hezbollah for the bombing, which killed 85. At the time of

Did the Islamic Republic poison an Argentine prosecutor?

his death Nisman was a day away from testifying before the Argentine Congress about his more recent findings. He alleged that then-

President Cristina Kirchner and her foreign minister Héctor Timerman had made a deal with Tehran to bury the matter in return for Iranian oil and Iranian purchases of Argentine grain.

At the news of Nisman's death, Mrs. Kirchner's secretary of security rushed to label it an apparent suicide. But by all accounts the 52-year-old father of two had been in good spirits, and the government's claim that Nisman took his own life sparked a public outcry. Even Mrs. Kirchner soon dropped the suicide theory.

Yet the investigation was sloppy and less than transparent and the case was never closed. The new evidence could lead to the truth—if the Argentine judiciary lets Mr. Sáenz continue the investigation.

LETTERS TO THE EDITOR

Meeting America's Need for the Best Engineers

Regarding Edward Conard's "America's Got Talent, but Not Nearly Enough" (op-ed, Aug. 17): I believe the author's prescriptions are completely wrong.

I was born in the U.S. and received a Ph.D. in electrical engineering from a top university. I was considered one of Mr. Conard's "most productive workers" by my boss; he told me so. Our division was the market leader in our field for years.

I have worked with many other high-productivity engineers. Most of them were not immigrants. Based on my experience, at least 90% of the immigrant engineers are not among the most productive elite. Mr. Conard describes as driving innovation and growth. Of course at least 90% of native engineers aren't either. But the immigrant engineers I worked with were, on average, no more technically competent than the native born, and had clearly inferior communication skills.

From my perspective, we could dramatically reduce the number of immigrant STEM (science, technology, engineering, math) professionals without reducing the number of truly exceptional immigrants. We would be more successful in increasing the number of exceptional STEM professionals by making the

professions more attractive, rather than increasing immigration. The law of supply and demand tells us how to increase salaries: decrease supply. The easiest way to decrease supply is to reduce immigration.

DAN KOURY, PH.D.
Mesa, Ariz.

When I first entered university, my compatriots were quite candid about why they chose engineering. Acknowledging the difficulty and relatively greater course load for graduation, they stated that the resulting wages and benefits were well worth the cost, time and effort.

I still see students with exceptionally keen minds who could become extraordinary scientists and engineers, but they are attracted to other careers such as business, government, etc. Thus, the case is being made by business that foreign workers are the only means available to them to fill their technical needs. However, it seems more plausible to me that those foreign workers are the only ones who will work for what those companies and businesses wish to pay them. That is very different from the claim that there are insufficient Americans available to do this work.

DONALD D. McCUALEY
Los Altos Hills, Calif.

Moving on With Safe Nuclear-Waste Storage

Regarding Robert Ferguson's "Republicans Play Politics on Yucca Mountain" (op-ed, Aug. 16) about safe nuclear-waste storage: What is missing is any discussion of the fundamental roadblock to licensing any waste repository. The Nuclear Waste Policy Act (NWPA) requires a scientific demonstration that the repository will be safe forever—a task which is scientifically impossible.

This brilliant move by the Nevada senatorial delegation and opponents of nuclear energy led to protracted litigation, and resulted in a federal court ruling permitting the licensing to proceed so long as "proof" extends for tens of thousands of years—which will merely focus continued extended litigation on scientific and technical aspects of the license application. This flaw in the underlying legislation demonstrates a complete lack of awareness of the reasonable expectations of present-day engineering and science and, by placing the restriction in the legislative requirement, disables consideration of future scientific and engineering achievements.

The scientific impossibility embodied in the NWPA can be easily remedied by modifying the requirement to permit monitored retrievable storage of the waste—a solution which will eliminate most of

the litigation, enable future use of the energy contained in the waste as technology develops and resolve most of the issues surrounding public opposition to the present distribution of our nation's nuclear waste.

PAUL B. ABRAMSON, PH.D., J.D.
Purchase, N.Y.

Commercial spent nuclear fuel is currently being stored in spent-fuel pools and dry-storage facilities at scores of reactor sites. This storage is the sole barrier to many of these sites being repurposed for public or private use and to reducing the taxpayer obligation for reimbursing these storage costs.

Congress needs to fund and the Energy Department needs to finish the Yucca Mountain project, the nation's designated spent nuclear-fuel repository, as required by the NWPA. The federal government should implement a consolidated interim storage facility to allow the stranded fuel at shutdown plant sites to be moved to one location while the Yucca Mountain repository is licensed, completed and made ready for operation. It's time to finish the job.

BRIAN GUTHERMAN
President
Gutherman Technical Services, LLC
Shamong, N.J.

Feds and States Rearrange Education's Deck Chairs

Regarding Zach Maher's "What Swedes Give Up for 'Free' Money" (op-ed, Aug. 15): A review of a child's injury requiring an emergency-room visit is a concern of attending staff in America as in Sweden. An "accident" is the most common cause of injury to a child, and coincidentally, the most popular refrain of an abuser offering an excuse for his or her child's injury. A child's broken leg should raise the inquisitiveness level of any physician, and in the U.S. could result in an investigation by police or child-welfare authorities.

As described by Mr. Maher, the girl's parents refused to subject her to this unnecessary procedure." This response could easily be construed as an evasive act by less than truthful individuals. In addition, there is the possibility of collateral damage to other parts of the child's body which a professional would be better able to discern. Perhaps it is the intrusiveness of the Swedish medical system that has helped it to achieve overall better medical rankings than those of the U.S.

STEVEN ALPERSTEIN
Hollywood, Fla.

Ms. Sobic and Mr. Szafir say "Delaware's proposal, by contrast, would use federal funding to drive improvement," apparently suggesting that this will make education in Delaware better than Wisconsin's. Time and again in Georgia, funding goes for new buildings, administration and consultants while student scores remain low.

Obviously, our allocation is misplaced. It seems that in the U.S. we don't solve the problem but make ourselves feel better by throwing money at it. Perhaps if we throw enough money, some will end up in the right place. As long as certain unions have so much political clout, I doubt if Wisconsin or any state's school system will be much worse if they have less discretion over federal education funds.

MICHAEL P. CARTER
Savannah, Ga.

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Pepper ... And Salt

THE WALL STREET JOURNAL



"I like to come prepared for meetings."

OPINION

Has the Navy Reached Its Breaking Point?

By Seth Cropsey

Sunrise in Singapore on Aug. 20 came at 7:03. Nearly an hour and a half earlier, the guided-missile destroyer USS John S. McCain—named for Sen. John McCain's father and grandfather, both admirals—collided with a Liberian-flagged tanker ship near the heavily traveled Strait of Malacca. Ten sailors died.

This was the fourth accident this year for the U.S. Seventh Fleet, headquartered in Yokosuka, Japan. In January a guided-missile cruiser, the USS Antietam, ran aground in a high

As the fleet shrank, the Navy was diligent about doing more with less. That strategy has limits.

tide and strong winds after dragging her anchor in Tokyo Bay. The Antietam's commanding officer was subsequently relieved and reassigned to a post at fleet headquarters.

In May the USS Lake Champlain, another cruiser, collided with a South Korean fishing vessel east of the Korean Peninsula. The Navy crew had tried to signal the fishermen, who neither had a radio nor responded to the ship's horn. No one was injured.

Then in June the USS Fitzgerald, a guided-missile destroyer, suffered significant damage in a collision with a Philippine-flagged container ship in the busy approaches to Tokyo Bay.

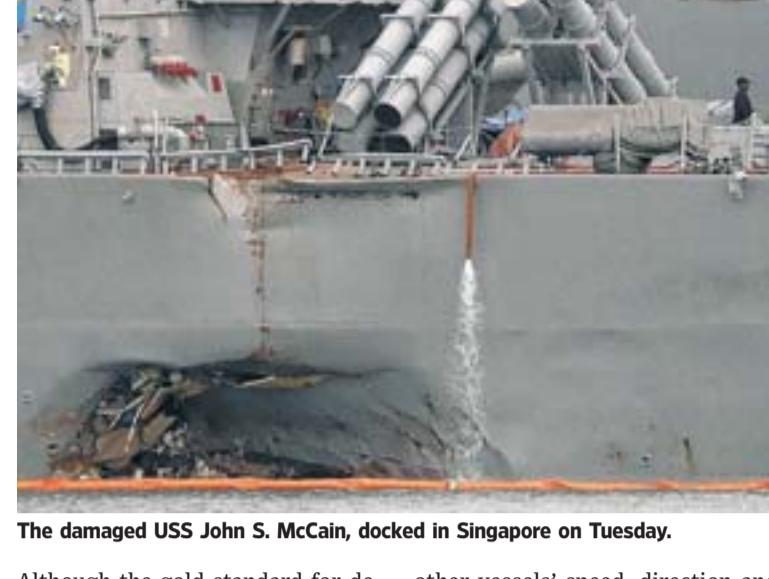
Seven American sailors died. After an investigation, the ship's commanding and executive officers were relieved.

Speculation that sabotage or hacking had anything to do with these accidents seems unfounded. Navy ships have personnel constantly at watch, both on and off the bridge, to spot nearby vessels and other potential dangers. Can Russia hack a sailor's eyes?

On Aug. 21, Adm. John Richardson, the chief of naval operations, told ships world-wide to pause their activity for a one-day safety stand down. He also directed the Navy to investigate how it trains and certifies the forces that deploy to Japan. This inquiry will examine the pace of naval operations—whether ships are being overused—as well as maintenance, personnel and equipment.

A no-holds-barred analysis is needed, not least because American forces face rising danger on many fronts. China is moving aggressively in the South and East China Seas. North Korea threatens war in the Pacific and beyond. The Baltic and Black Seas are as hazardous as ever. Islamic State is being pushed back by an air war conducted in part from ships in the Eastern Mediterranean.

The Navy has its hands full simply answering requests from combatant commanders, the senior officers who lead U.S. forces around the world. The deployable battle force, at 276 ships, is far smaller than what's needed to meet demand, and it isn't growing. So the Navy has looked for other ways to answer the call. One has been to keep ships at sea longer.



ASSOCIATED PRESS

The damaged USS John S. McCain, docked in Singapore on Tuesday.

Although the gold standard for deployments once was six months, amphibious vessels recently have been sent out for close to twice that.

This helps the Navy maintain a constant presence, but at a price. Longer deployments put wear and tear on sailors, their families and the fleet. Equipment problems accumulate, but detailed maintenance must wait until ships return to port.

Adm. Richardson's specific directive to examine Naval training is pivotal. In the Fitzgerald and McCain collisions, large merchant ships approached undetected until it was too late to avoid a mishap. The questions about seamanship are obvious, and they must be asked. Navy ships have radars, crew standing watch, officers responsible for safe navigation, and computers that calculate

other vessels' speed, direction and closest point of approach. The Navy needs to understand how the system failed twice in three months.

Is there any connection between long deployments and these fatal mistakes? Perhaps ships are being overused, leading to longer repairs once they return to port, which leaves inadequate time for training. A Government Accountability Office report last May noted this possibility: "The Navy has several options for mitigating extended maintenance availability and overruns, including the following: Condense training period (most common according to Navy officials) . . ."

Has the Navy pushed practical training in seamanship and navigation too far into the realm of computers, forsaking harsher on-the-job

learning? Does time spent preparing for inspections of ship systems come at the expense of training? Is the system for evaluating commanding officers functioning properly?

On Wednesday, the Seventh Fleet's commander, Vice Adm. Joseph Aucoin, was relieved of his command—which in this case means that his career is over. This is appropriate and consistent with longstanding Navy practice. It does not, however, answer the question of whether there is sufficient accountability for officers who are relieved after sailors die in avoidable accidents.

Also lingering is the question Adm. Richardson did not ask: If the fleet is stretched to a breaking point, when does the Navy tell combatant commanders that it cannot safely supply all the ships they request?

The Navy has been diligent since the end of the Cold War in seeking ways to cut costs and increase effectiveness, as the fleet shrank and demands expanded. The two collisions this summer suggest that it has reached the limits of trying to manage its way out of the mismatch. If meeting combatant commanders' requests for additional ships would push the fleet beyond workable limits, maybe the solution is to just say no.

Mr. Cropsey is director of the Hudson Institute's Center for American Seapower. He served as a naval officer and a deputy undersecretary of the Navy in the Reagan and George H.W. Bush administrations. His book, "Seablindness," will be published Aug. 29 by Encounter.

President Trump Needs a Special Envoy in Afghanistan

By Saad Mohseni
And Mitchell Shivers

After months of deliberation, President Trump has taken a step in the right direction by renewing America's commitment to Afghanistan. In his speech Monday night, Mr. Trump wisely refrained from specifying troop numbers and deadlines. Crucially, he also demanded Pakistan cease its support of Afghanistan's insurgents, calling out Islamabad's meddling more publicly than previous administrations were willing to do.

Now the administration must demonstrate that same shift in American diplomatic leadership. Given his determination to "win" in Afghanistan, the president needs a dedicated diplomatic A-Team in Kabul and Washington. For too long the civilian side of our mission in Afghanistan has been wanting, not from lack of numbers, expertise or dedication, but from lack of well-defined purpose.

The diverse challenges that America's diplomats in Afghanistan must manage include trade, illicit poppy production and aid-program oversight. But there's also Afghanistan-Pakistan relations to massage, a long and porous border to patch up, and severe political corruption to counteract. All this must be managed in an environment of Russian and Iranian interference. Even if the once

beefy nation-building budgets won't materialize this time, the tasks for the U.S. Embassy in Kabul are incredibly challenging.

Most urgently, the president needs to appoint a special envoy, reporting directly to him, who commands his and the international community's full faith and confidence. This person would be tasked with several of the most critical diplomatic and strategic to-dos: pushing for Afghan government reform; aligning U.S. and Afghan policy; coordinating U.S. strategy and implementation among military and civilian agencies and the White House; helping to rebuild the Afghan economy; coordinating America's efforts with Pakistan, India and other regional players; and managing possible peace talks with the Taliban.

Reforming the Afghan government is especially important. The special envoy would be responsible for making it clear to President Ashraf Ghani's administration that without improved governance it will not have the backing of its people and security forces—which the survival of the state depends on.

Mr. Ghani, a pro-Western technocrat, has surrounded himself with a narrow circle of Pashtuns and alienated much of the country. The National Unity Government is paralyzed by factional bickering, an ineffective cabinet, and poor provincial and district-level appointments. The U.S.

must demand that the Afghans get serious about improving performance and reducing corruption. President Trump's special envoy would be the point person for doing so.

The special envoy would also guide and coordinate efforts to diversify Afghanistan's economy, making it more self-sufficient. This aspect of the envoy's policy portfolio should include initiatives to exploit mineral reserves responsibly, strengthen agriculture,

Without a diplomatic strategy to complement the military surge, his policy reset could fail.

channel U.S. investment, and leverage Afghanistan's location between energy-rich Central Asia and the large populations of South Asia.

The special envoy should also be tasked with managing the U.S. regional strategy that will include India and Pakistan. The regional dynamics are complex and dangerous. Pakistan and India will have to be coaxed into working together to help Afghanistan. The U.S. will have to be careful not to inflame regional tensions in the process.

Managing these critical tasks—and coordinating implementation across

the U.S. government—will require the special envoy, above all, to be empowered. He or she must have an official mandate from the president, with access to him and ideally an office in the White House. It's essential that any candidate have a deep understanding of how the Washington bureaucracy works. Preferably the envoy would also have a deep understanding of Afghanistan, but support from a well-versed deputy should do.

America's past ambassadors in Kabul have achieved mixed results. The best, like Zalmay Khalilzad and Ryan Crocker, commanded the respect of allies and adversaries. They were critical interlocutors with the Afghans—guiding, debating and persuading as needed. They also had the ears and keen attention of the presidents they served.

Mr. Khalilzad was both ambassador and special presidential envoy. The latter title boosted his effectiveness by signaling to his counterparts and colleagues that his access was deeper, and mandate broader, than that of a mere ambassador.

The past also contains cautionary tales. President Obama's special representative for Afghanistan and Pakistan, Richard Holbrooke, was undermined by rival administration voices. Roles and responsibilities overlapped. A unified strategy never emerged that harmonized Holbrooke's views with those of the U.S. ambassador in

Kabul, the assistant secretary of state for South and Central Asia, the National Security Council, the defense secretary, the Centcom commander, and the military commander in Afghanistan. While these roles still exist and have their own reporting lines, a truly empowered special envoy would be able to cut through the bureaucratic undergrowth.

At the end of the internal debate over Afghanistan, President Trump again turned to his trusted generals for guidance: Joint Chiefs Chairman Joseph Dunford, White House Chief of Staff John Kelly, Defense Secretary Jim Mattis, national security adviser H.R. McMaster, U.S. Forces Afghanistan Commander John W. Nicholson, Jr., and Centcom commander Joseph Votel. This is the president's military A-team. He needs people of the same caliber in key Afghanistan-related diplomatic positions in Washington and Kabul. And he needs a strong, empowered special envoy whose task will be to ensure that America's renewed commitment to Afghanistan does not go to waste.

Mr. Mohseni is chairman and CEO of Moby Group, which operates media outlets in Afghanistan. Mr. Shivers was senior adviser to two U.S. ambassadors to Afghanistan and was later a senior Pentagon official with responsibilities for Afghanistan and Pakistan.

Test Scores Don't Lie: Charter Schools Are Transformative

By Eva Moskowitz

I grew up in Harlem in the 1960s and early '70s. My brother and I attended a failing school where we were the only white students. My parents, both professors, supplemented our education at home, but we understood that our classmates were wholly dependent on the inadequate education the school offered. Even at that young age I perceived this as a terrible injustice.

Thirty years later, when I was again living in Harlem and ready to send my own son to school, those same schools were still abysmally low-performing. In 2006, when I opened my first charter school in Harlem, the district schools were still failing.

Today, there is a different story to tell about Harlem, and it is thanks to a school-choice movement that has given rise to dozens of high-performing charter schools. Today, almost half of the students in Central Harlem attend a charter school; in East Harlem, a quarter do.

The results of the 2017 New York state tests were released Tuesday, and my staff has been busy crunching the numbers. They demonstrate how transformative this development has been for Harlem residents. In Central Harlem, for example, the number of students meeting rigorous, Common Core math standards has more than doubled since 2013—from 1,690 to 3,703. Students attending charter schools account for

96% of that growth. Results for English language arts are similarly inspiring.

The highest performing charter schools, like Success Academy, have actually reversed the achievement gap. Black and Hispanic students from Central Harlem's seven Success Academy schools outperform white students across the city by 33 points in math and 21 points in reading; low-income students outperform the city's affluent students by 38 and 24 points in math and reading respectively.

Recently, the NAACP called for a moratorium on charter schools, claiming they created a system that was "separate and unequal." Lily Garcia, president of the National Education Association, the nation's largest teachers union, made a similar argument at a summer gathering of her members.

American Federation of Teachers

President Randi Weingarten went so far as to say school-choice and charters were the "polite cousins" to Jim Crow segregation.

Given the incredible academic progress evident among Harlem's charter-school students—and among low-income children of color attending charter schools across the country—

Our black and Hispanic students in Central Harlem outperform the city's white pupils by double digits.

these accusations are breathtakingly cynical, designed to protect a union-dominated system that has failed urban communities for decades.

To justify their arguments, Ms. Weingarten and others propagate the myth that charter-school successes have come at the expense of traditional district schools. But this claim has been disproved again and again. In New York City, for example, a comprehensive study found improved academic performance, safety, and student engagement at district schools with charter schools, particularly high-performing ones, located nearby or in the same building.

This finding is exemplified by Harlem's District 5. Charter-school enrollment in this district has grown exponentially since 2006, the year the first Success Academy opened. Far from spurring a decline among the district's public schools, the district's academic ranking relative to others in the city increased slightly over this period. When charter

schools are included in this equation, its ranking spikes an additional 12 spots, from 14 to 28. Neighborhoods like the South Bronx and Central Brooklyn, where a growing proportion of students are attending charter schools, should expect to see similarly dramatic improvements.

The reality is that even if the critics' narrative were true, it would mean little to Harlem's thousands of charter-school parents. Many of these parents attended the same kind of subpar local schools that my brother and I did, and were raised by parents who also attended them. They are acutely aware of how the education they received severely limited the opportunities available to them. Today, these parents are celebrating test results that tell them the roadblocks have been removed. Their children are on a path to college. Their loyalty lies not with an abstract system of educational governance, but with schools and educators who are doing right by their children.

Ultimately, the bare-knuckled attacks by charter-school opponents are a sign of desperation. Parent demand for a better education is undeniable: 14,000 Harlem children were entered into charter-school lotteries this year, vying for a total of only 3,000 spots; across the city, 48,000 students are on charter school waitlists.

Parents now have the freedom to choose and they are choosing charter schools. It is our responsibility as New Yorkers to give them more of what they want: public schools that are engines of opportunity rather than roadblocks to success.

Ms. Moskowitz is founder and CEO of Success Academy Charter Schools.

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Ruling Buoys Insider Prosecutions

Appeals-court decision in upholding conviction rejects need for close ties of tipper, recipient

BY NICOLE HONG

Prosecutors recovered lost ground in their fight against insider trading with a court decision upholding the 2014 conviction of former **SAC Capital Advisors** LP portfolio manager Mathew Martoma.

The Second U.S. Circuit Court of Appeals in Manhattan found that the government no longer needs to show a "mean-

ingfully close personal relationship" between the provider of insider information and the recipient of the tip. The 2-1 ruling rejects part of a 2014 decision in the Second Circuit that had imposed this requirement.

Chief Judge Robert Katzmann wrote, as an example, that a businessman who gives an inside tip to his doorman as an end-of-year gift would be committing illegal insider trading, even if he and the doorman aren't close friends.

The ruling again thrusts Mr. Martoma's case and the contentious area of insider-trading law into the spotlight.

Mr. Martoma, 43 years old, is serving a nine-year prison sentence after a jury convicted him of trading on inside information provided by two doctors about the trial of an Alzheimer's drug, which netted \$275 million in profits and avoided losses.

He appealed and said he deserved a new trial after the 2014 decision, known as *U.S. v. Newman*, which found that prosecutors must prove the tipster and trader had a close personal relationship and that the tipster gained a tangible reward for passing along the information.

Cracking down on insider

trading is a priority for the Manhattan U.S. attorney's office, particularly under its former leader Preet Bharara. But after the government notched a nearly untarnished win streak of more than 80 insider-trading convictions, the Newman decision overturned two convictions and prompted the office to dismiss charges against several others.

The Newman ruling sparked disagreement among judges and was criticized by prosecutors as hindering their ability to pursue insider trading. Last year, a Supreme Court ruling known as *Salman v. U.S.* restored some of the govern-

ment's power that was lost in the 2014 case.

Wednesday's decision "is significant for the industry because it removes an additional hurdle for prosecutors in bringing insider trading cases," said Antonia Apps, a partner at **Milbank Tweed Hadley & McCloy LLP** who prosecuted the Newman case on behalf of the U.S. attorney's office.

Mr. Martoma's case was the most lucrative insider-trading scheme ever charged against an individual in Manhattan federal court.

The case became famous
Please see RULING page B2

Tech Firms Offered Alternative To IPOs

BY MAUREEN FARRELL

A group of Silicon Valley entrepreneurs plans to launch an investment vehicle that will offer a richly valued technology startup an alternative route to public ownership.

The group, led by Chamath Palihapitiya, chief executive of venture-capital firm **Social Capital**, plans to raise at least \$500 million from public investors, according to a Securities and Exchange Commission filing Wednesday. The vehicle is to be known as **Social Capital Hedosophia Holdings Corp.**

The special purpose acquisition vehicle, or SPAC, will then seek to take a minority position in one of the more than 150 private U.S. technology companies valued at \$1 billion or more, according to the filing.

Such a deal would give the company in question a public currency without the need for a traditional initial public offering and some of the costs that come with one. The team is planning to meet with investors during the second week of September and launch the offering on the New York Stock Exchange in mid-September, people familiar with the matter said.

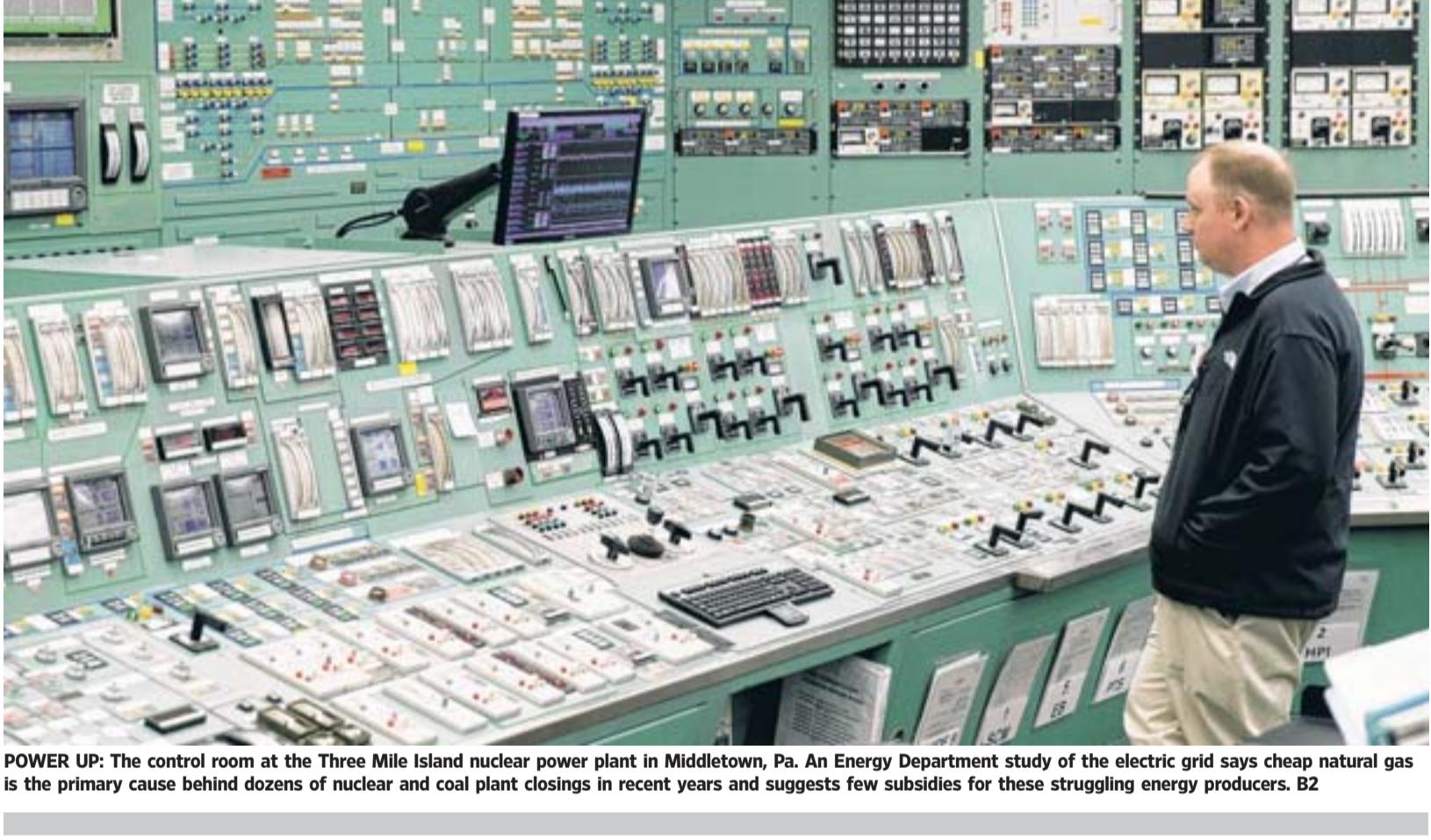
The idea, according to the people, is to give technology entrepreneurs a way to capture the benefits of public ownership without some of the challenges of the traditional new-issue process.

A number of tech entrepreneurs have become wary of public ownership in recent years—because of the increased scrutiny it brings and what they view as the stock market's short-term orientation—and have been able to avoid it because private funding sources have proliferated. That helps explain why the number of highly valued startups has ballooned.

Snap Inc. illustrates the perils of the traditional IPO in some entrepreneurs' eyes, even though it is still early in its life as a public company. The Snapchat parent made its debut in March and after an

Please see SPAC page B2

New Report Deals Setback to King Coal



POWER UP: The control room at the Three Mile Island nuclear power plant in Middletown, Pa. An Energy Department study of the electric grid says cheap natural gas is the primary cause behind dozens of nuclear and coal plant closings in recent years and suggests few subsidies for these struggling energy producers. B2

Venezuelan Bonds Fall as U.S. Sanctions Loom

BY MATT WIRZ
AND JULIE WERNAU

Venezuelan bond prices tumbled Wednesday as traders grappled with the prospect that U.S. sanctions could restrict trading in the troubled South American nation's securities.

The Trump administration is considering banning trading by U.S. banks of new debt issued by Venezuela or its state-owned entities, and possibly some existing debt, a senior administration official told The Wall Street Journal on Wednesday. The move is aimed at weakening a government that Washington says has

moved toward dictatorship, according to the official.

The U.S. Treasury Department has targeted foreign financial markets before. In 2014, it barred U.S. financial institutions from participating in new bond sales by Russia meant to raise money for the government, which had the effect of reducing the availability of dollar funding for the country.

But some steps under consideration are seen as extremely rare and could have unpredictable consequences. Investors couldn't recall a time when the Treasury prevented financial firms from trading debt among themselves in the

so-called secondary market, a move the official said the administration is considering.

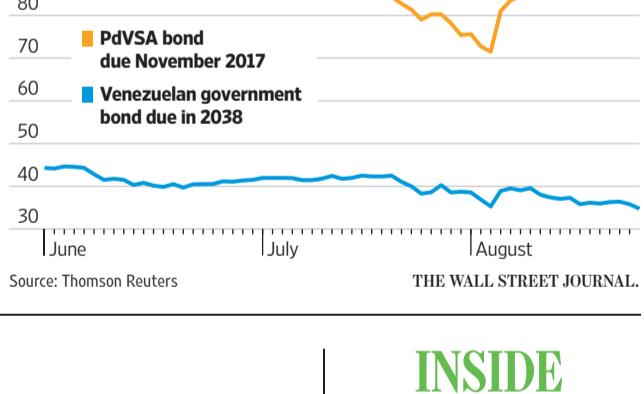
That move would aim to hurt the government of President Nicolás Maduro and his associates who hold these bonds, but could also harm U.S. and other private investors who own Venezuelan debt, analysts said—a factor officials have considered in the past when deciding which sanctions to implement.

"This would be a new step for Treasury and there would undoubtedly be collateral damage for U.S. institutional investors," said Tim Ash, senior

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Summer Slump

Venezuela bond prices have been hit by unrest in the South American nation and fears of U.S. sanctions.



Source: Thomson Reuters

THE WALL STREET JOURNAL.

PERSONAL TECHNOLOGY | By Geoffrey A. Fowler

Galaxy Note 8: Samsung's Big Phone Is Back

Samsung's new Galaxy Note 8 is a Grande-size smartphone with Venti expectations.

It succeeds the Note 7, which was perhaps the most talked-about phone of 2017...for all the wrong reasons. And when the Note 8 arrives in stores Sept. 15, it will go head-to-head against Apple's 10th-anniversary iPhone in what's expected to be the largest-ever season for phone upgrades.

So what is Samsung's strategy for breaking Apple's spell while also making us forget about battery fires? Rather than surprise, the Note 8 mostly just supersedes the things that worked well in this spring's Galaxy S8. Its screen measures 6.3 inches.

The Note 8's standout



From left, the Samsung Galaxy S8, an S8+ model and a new Note 8 on display last week in New York.

new feature, a dual-lens camera, will make other Samsung owners jealous, but it only just catches up to Apple.

When I had the chance to try the Note 8 briefly, ahead of its debut, it was clear this is the phone to beat for anyone looking to max out on screen. In a

form that is slightly thinner and taller than the iPhone 7 Plus, the Note 8 packs about 20% more screen.

Like the S8, the Note 8 squeezes in more usable screen by slimming the phone's forehead and chin, elongating the display. And its "infinity" screen stays trim on the sides by curv-

ing down. That curve has a sharper angle than past Samsung phones, which makes the Note 8 slightly easier to hold.

Side by side, the Note 8 screen looks like a modest boost from the S8+ model, with a 6.2-inch screen, that Samsung introduced in the spring. But it will feel like an Olympic-size swimming pool for anyone still using the two-year-old Note 5 or any iPhone.

Unfortunately, Samsung still doesn't know where to put the fingerprint reader. The Note 8, like the S8, moves it to the back of the phone, awkwardly up near the camera.

I'm still waiting for a phone maker to return the reader to the front where it belongs, maybe right in the screen itself.

In the don't-break-what's-not-broken department,

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INSIDE



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CHINESE METALS TAKE A TUMBLE

COMMODITIES, B11

Cargill Takes Stab At 'Clean Meat'

BY JACOB BUNGE

Cargill Inc. is betting you won't always need cattle to make hamburgers.

The agricultural conglomerate has invested in **Memphis Meats** Inc., a startup developing technology to grow meat from self-reproducing animal cells. The stake marks the first investment by a traditional meat company in the nascent "clean meat" sector, where startups are creating products they say are better for the environment than meat derived from traditional feedlots and slaughterhouses. Cargill and Memphis didn't disclose the size of the stake.

Meat companies are under pressure from consumers to reduce their reliance on animal drugs and to treat livestock more humanely. Some have invested in plant-based burgers and chicken strips, hoping to win business from both vegetarians and carnivores concerned about the meat industry's heavy use of crops and water.

Memphis and other startups in the U.S. and Europe are working on another route to assuage those concerns: Using cell-culture technology to

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Amazon.com.....B3	Hyundai Motors.....A7	Procter & Gamble.....A1
American Eagle Outfitters.....B3,B12	Interpublic Group A6,B11	Publicis Groupe.....A6
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Anheuser-Busch.....B3	J	R
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Benchmark.....B3	Kellogg.....A6	SAC Capital Advisors...B1
C	Kia Motors.....A7	Samsung Electronics.....B1,B4
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RULING

Continued from the prior page for its high drama, including that Mr. Martoma fainted in his front yard when federal agents visited him in 2011.

Joon Kim, the acting Manhattan U.S. attorney, said in a statement that he was gratified by Wednesday's ruling. A lawyer for Mr. Martoma didn't respond to requests for comment.

In affirming Mr. Martoma's conviction for insider trading, Judge Katzmann said the government had clearly shown at trial that a tipper benefited financially by giving inside information to Mr. Martoma. He met with one doctor more than 40 times and paid him \$1,000 an hour for confidential information on the clinical trial for a drug, the judges wrote.

The judges also held that anyone who gives inside information as a "gift," with the expectation that the recipient

will trade off the information, has received a personal benefit from the disclosure and committed insider trading.

In a 44-page dissent, Judge Rosemary Pooler raised concerns that the ruling went beyond Supreme Court precedents, saying it could greatly expand the liability for anyone who passes inside tips to another person.

The ruling "radically alters insider-trading law for the worse," she wrote.

Judge Pooler said previous limits on the law allowed people like reporters and stock analysts to share information in private conversations and not face liability later on if others happen to trade on the information.

In response, Judge Katzmann said the new ruling applies only to people who disclose inside information to someone he or she expects to trade on the tip. Someone who accidentally discloses confidential information, for instance, wouldn't be held liable, he wrote.

The potential offering comes as the SPAC market is on track for a record year amid robust interest from private-equity firms and others. According to data provider Dealogic, 22 SPACs have been launched on U.S. exchanges this year, raising \$6.9 billion. That outpaces the previous record in 2007, when 38 SPACs raised \$5.1 billion at this point.

Investors had been largely scared off SPACs after the financial crisis. Many blank-check companies, as they are known, that were launched before the crisis were forced to liquidate when investors voted down proposed deals and took back their cash.

But since 2015, investors have written nine-figure blank checks to well-known deal makers to pursue acquisitions in consumer products, technology and chemicals. Last year, a SPAC acquired Twinkie-maker Hostess Brands Inc. Earlier this year, a SPAC backed by Riverstone Holdings LLC, the energy-focused investment firm, raised more than \$1 billion for acquisitions.

Traditionally, the investors in blank-check offerings have been hedge funds, though a broader range of fund managers also are participating now.

Mr. Palihapitiya will serve as CEO of the new vehicle. Ian Osborne, co-founder of venture-growth firm Hedsophia and the founder and chairman of corporate-advisory firm Osborne & Partners, will serve as president.

MEAT

Continued from the prior page grow meat from living animal tissue in stainless-steel cultivator tanks.

"This is another way to harvest meat," said Sonya Roberts, head of growth ventures in the meat division at Cargill, one of the world's biggest producers of beef and poultry.

"For people who want a product from an animal welfare perspective, we want this to be there for them."

Memphis on Wednesday said Cargill's investment was part of \$17 million in funding that also drew from Bill Gates, Richard Branson and venture-capital firms Draper Fisher Jurvetson and **Atomico**. The companies didn't provide details on their individual investments.

Cell-cultured meats have some way to go before landing on dinner plates.

Memphis Chief Executive

Uma Valeti said his company, founded in 2015, can make a pound of meat for less than \$2,400, down from \$18,000 last year.

Meanwhile, regulators haven't decided how they will oversee meat production that doesn't involve barns and butchers.

Representatives for the U.S.

Food and Drug Administration and Agriculture Department

said officials would need to determine whether the cell-culturing process is safe before considering whether such products count as meat.

Mr. Valeti said Memphis Meats is talking with both agencies.

Makers of "clean meat," a

spin on clean energy, will also have to woo diners who have gravitated toward more natural foods, free from artificial ingredients and genetically modified crops.

Cargill and other investors acknowledge that Memphis and its rivals likely won't win over every steak connoisseur.

"There are going to be consumers and customers who are not going to be supportive of this," Ms. Roberts said. "They don't have to buy it, because we are going to be providing traditional protein."

Memphis's cell-culture production process currently takes three to six weeks. Using samples from a range of sources, including animals go-

ing to slaughter and those on farms or ranches, scientists isolate cells that have the capacity to renew themselves and feed them oxygen and nutrients to produce skeletal muscle. That meat can be made into meatballs, burger patties and chicken strips.

Proponents of the technol-

ogy say it could revolutionize a meat production system that uses much of the world's cropland to feed billions of cattle, hogs and chickens. The United Nations estimates that animals raised for meat consume a third of the world's grain and use a quarter of all land for grazing.

A study published in February by researchers at Australia's University of Queensland found that about a third of 673 respondents in the U.S. would be willing to eat cell-cultured meat regularly. Nearly half said they would choose it over soy-based meat substitutes. About one-fifth said they were unlikely to try the meat or would refuse it.

Steve Jurvetson, a partner at Draper Fisher Jurvetson who will join Memphis's board of directors, said the visceral connection that cell-cultured products have with traditionally raised meat will help them stand out from plant-based alternatives.

SPAC

Continued from the prior page initial burst of investor enthusiasm the shares have sagged.

The new SPAC's sponsors aren't alone in exploring alternatives. **Spotify** AB, the music-streaming service, has been considering a plan to go public later this year or early next year without raising money or using underwriters, through a rarely used process

known as a direct listing. With this route, the Swedish company could save tens of millions of dollars in underwriting fees, which would represent an additional blow to Wall Street's stock-selling businesses that have been under pressure in recent years.

On this SPAC, **Credit Suisse Group** AG is serving as the sole underwriter.

There is no guarantee that the group will succeed, either in raising the funds or finding an acceptable deal.

Unlike a traditional IPO, SPACs first raise money through a stock offering and then hunt for a deal on which to spend the funds raised.

\$6.9B

Amount raised by SPACs on U.S.

exchanges so far this year

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BONDS

Continued from the prior page sovereign-bond analyst at BlueBay Asset Management, a U.K. investment firm.

Prices for Venezuela's government bonds due 2027 dropped as much as 4% to 39 cents on the dollar on Wednesday, while bonds from the state-owned oil company **Petroleos de Venezuela** SA due this November fell as much as 2.1% to 88.5 cents. Both bonds recovered slightly by the end of trading.

Venezuelan bond prices have been under pressure in recent weeks as investors began to worry that the cash-starved government was edging closer to default. Some worried that tough U.S. sanctions could push it over the edge.

When the Trump administration on July 31 announced sanctions on Mr. Maduro but not, as many feared, on Venezuela's oil industry, many investors piled back into debt that offers double-digit yields.

News of another round of sanctions has raised the anxiety level around Venezuelan bonds again.

"I would not touch them with a 10-foot pole," said Diego Ferro, co-chief investment officer at Greylock Capital Management, referring to any new bonds issued by the Maduro government and certain other existing debt.

Goldman Sachs Group Inc. ran into criticism after its asset-management unit this year

purchased \$2.8 billion of debt held by the country's central bank at a deep discount. Venezuelans accused Goldman of raising fresh cash for Mr. Maduro. Goldman has said it purchased them through an intermediary and didn't interact with the Venezuelan government directly.

The backlash from the trade has led some emerging-market bond analysts and traders to refer to such deals as "hunger bonds," for their support of a regime that has restricted the flow of food and medicine so drastically to pay its debts that its people are starving.

U.S. investors are barred from holding debt of countries

such as Syria and North Korea, which are subject to comprehensive sanctions from the U.S. that bar all trade, said Judith Lee, head of the international-trade practice of law firm Gibson, Dunn & Crutcher.

Such blanket sanctions could be problematic in Venezuela because the country sells much of its oil to the U.S. and owns **Citgo Holding** Inc., which has refineries and pipelines in the U.S.

Treasury considered implementing a similar blockade on trading of Russian government bonds after Moscow intervened militarily in Ukraine but dropped the idea to avoid hurting U.S. bondholders, ac-

cording to a person familiar with the matter.

Instead, Treasury barred U.S. banks from underwriting any new bond sales for Russia. Moscow circumvented the measure by issuing new debt through Russian banks.

Freezing trade of Venezuelan bonds would hit a number of emerging-market investors, since the country comprises 1.55% of the benchmark emerging-market bond index operated by J.P. Morgan Chase & Co. A spokeswoman for J.P. Morgan declined to comment on how a ban might affect Venezuela's role in the index.

—Ian Talley contributed to this article.

BUSINESS & FINANCE

Energy Study Offers Little to Coal

BY TIMOTHY PUZO AND RUSSELL GOLD



GEORGE ROSE/GETTY IMAGES

WASHINGTON—A widely anticipated federal report suggests minor market reforms can help ensure a reliable electric power grid and shies away from handouts to struggling coal and nuclear-power producers.

The Energy Department study of the electric grid says cheap natural gas is the primary cause behind dozens of coal and nuclear plant closings in recent years. Renewables and expanding regulations are only secondary factors, says the study, which suggests more research investment can help the grid better adapt to increasing wind and solar power.

When Energy Secretary Rick Perry commissioned the study in April, some in the coal and nuclear industries expected it would encourage the federal government to help them. And critics alleged rhetoric from Mr. Perry implied he was prescribing conclusions for a rollback of regulations and government incentives for renewable power.

"It is apparent that in today's competitive markets certain regulations and subsidies are having a large impact on the functioning of markets, and thereby challenging our power generation mix," Mr. Perry said in a letter issued Wednesday along with the study results. "It is important for policy makers to consider their intended and unintended effects."

But the report called those regulations and subsidies secondary factors, and it stops short of major policy initiatives. Senior staff members who worked on the study said that in such little time their efforts amounted to focusing attention on the changing risks of blackouts or attacks on the

grid. And their prime recommendations are for regulators and grid-operators to speed up slow-to-come policy changes.

"Current rules that dispatch power plants on a least cost basis are in the best interest of consumers and the economy and should not be tampered with lightly," said John E. Sherk, president and chief executive of the Electric Power Sup-

ply Association, an industry group that represents non-utility power producers, many of which favor natural gas.

The report represents the second setback this week for a coal industry that has supported Mr. Trump. The Associated Press reported Tuesday that the department rejected a request for emergency intervention to keep coal-fired

plants from closing. The request came from Murray Energy Corp., one of the country's largest coal miners. It will go bankrupt this year without department help, its leaders said in letters obtained by The Wall Street Journal.

There will be "devastating consequences from further inaction by your office," Murray finance chief Robert Moore wrote in a letter to Mr. Perry last week.

Mr. Perry is now poised to accept recommendations from his staff that are hardly dramatic. Their report's top recommendation is for regulators to change how they price electricity to reward steady production, common at nuclear and coal-fired plants. Other recommendations include cheaper and faster permitting for fossil-fuel infrastructure, and increased research and development on integrating renewable power.

BUSINESS NEWS

Meg Whitman Restates 'No' on Uber

HPE chief affirms lack of interest in CEO job, although she has had change of mind before

BY RACHAEL KING
AND GREG BENSINGER

Meg Whitman, the chief executive of **Hewlett Packard Enterprise** Co., on Wednesday repeated that she won't be the next CEO of **Uber Technologies** Inc. following news that the board is considering her again as a candidate.

In an interview with The Wall Street Journal, Ms. Whitman said "nothing has changed" since her tweets on July 27, when she stated, "I am not going anywhere" and "Uber's CEO

will not be Meg Whitman."

"There's that country music song, 'What Part of No (Don't You Understand)'," Ms. Whitman said on Wednesday, referring to the lyrics of the 1992 Lorrie Morgan song. She repeated her previous statement that "there's a lot of work to be done" at HPE.

On Tuesday, the Journal reported that some Uber directors have discussed potentially putting Ms. Whitman's name back on Uber's shortlist of CEO candidates, which also includes **General Electric** Chairman Jeff Immelt.

Asked to clarify whether Ms. Whitman would consider the job if Uber's board agreed to hire her, HPE's marketing and communications chief, Henry Gomez, said in a message: "She

has entirely ruled it out. Her July 27 statement was unequivocal. Nothing has changed."

Uber has set a goal of finding a CEO by early September. The role has been open since June, when co-founder Travis Kalanick resigned amid pressure from investors led by **Benchmark Capital**.

Some investors, including Benchmark, were disappointed when the 61-year-old Ms. Whitman removed herself from consideration last month. She is a former CEO of eBay Inc. and has run for governor of California.

Ms. Whitman has changed her mind about a high-profile job in the past. She initially rejected an advance by Hewlett-Packard Co.'s board, where she was already a director, in 2011.

She reversed course weeks later, even though she had said after leaving eBay in 2008 that she wouldn't ever take another CEO role. HP in 2015 split into HPE and HP Inc.

"I still actually add a fair amount of value to this company on a day-to-day basis," Ms. Whitman said on Wednesday of HPE. "I want to set this company up with a successor. I demonstrated that with eBay—that was one of the best CEO-to-CEO transitions in the Valley. No drama. John Donahoe was in place for three years before he took eBay's CEO role."

In June, Ms. Whitman promoted Anthony Neri to president of HPE, making him a successor candidate. She resigned from HP's board as chairman a month later.

Ride-Hailing Firm Doubles Bookings

Uber Technologies Inc.'s scandal-plagued year that led to the resignation of its chief executive apparently hasn't deterred ridership, though the ride-hailing company is still reporting heavy losses.

The San Francisco company doubled its gross bookings to \$8.7 billion in the second quarter, which includes rides and food and freight deliveries, compared with the same period a year earlier. Uber said Wednesday the gain was 17% higher than in this year's first three months. Global trips

rose 150% from the same period last year, Uber said.

Revenue, not including a one-time outlay for drivers in New York City it had mistakenly underpaid, rose 17% to \$1.75 billion in the period compared with the first quarter, while losses narrowed to \$645 million from \$708 million. Privately held Uber didn't provide year-earlier figures.

Uber had \$6.6 billion in cash on hand, down from about \$7.2 billion as of the end of March. Uber could bolster its cash if it moves forward with a proposed investment from **SoftBank Group** Corp. of at least \$1 billion, people familiar with the matter have said.

—Greg Bensinger

Clothing Retailers Learn How to Mix Brick and Click

BY AUSTEN HUFFORD
AND CARA LOMBARDO

Clothing retailers hurt by declines in mall traffic showed encouraging signs in their most recent results as they leaned on discounts and marketing to boost sales.

Shares in **Express** Inc. gained 19% Wednesday while **American Eagle Outfitters** Inc.'s shares rose 7.8%, suggesting investors see a path for mall mainstays to maintain brick-and-mortar operations while remaking themselves to benefit as more transactions happen online.

In after-hours trading, shares of **Guess** Inc. rose 9.9%, and Calvin Klein and Tommy Hilfiger owner **PVH** Corp. registered a 3.3% gain.

The companies all beat Wall Street estimates for profit and revenue in their latest quarters. Still, the retailers are

helps raise brand awareness and opportunities for customer contact. Express said returns for online orders typically happen in local stores, instead of customers sending products back by mail.

"Clearly, it's an advantage of having a reasonably large store footprint that we are able to create, essentially, in our stores a three-dimensional website in bricks and mortar," Express Chief Executive David Kornberg said on a conference call with analysts.

American Eagle said retail locations actually encourage digital sales, noting that 70% of Aerie's online sales came from markets with physical locations.

Randy Konik, an analyst with Jefferies LLC, said having both online and retail operations is important for modern retailers. He said the stock market has punished some companies too much even as they have closed stores and invested in technology to better meet demand.

"You may not need 1,000 stores but you need more than zero stores," he said.

Express, American Eagle and Guess said a competitive pricing environment forced them to employ heavier promotions and discounts than planned. One strategy is to expand exclusive online offerings, which can spark customer interest without cutting prices.

PVH said it plans to spend an extra \$10 million in marketing during the second half of the year related to its Tommy Hilfiger and Calvin Klein businesses, and raised its outlook. Express also said it plans to increase marketing spending.

Even with Wednesday's gains, shares in American Eagle and Express are down 20% and 39%, respectively, this year, as shareholders express skepticism about far-flung footprints and how quickly they are making the transition to online shopping. Meanwhile, shares in Guess and PVH are in positive territory this year.

Express, American Eagle, and Guess have been closing stores in an effort to cut costs and better meet demand, though executives from the companies say having both physical and online storefronts



Beers for a tour of the Lagunitas brewery in Petaluma, Calif., now owned by Heineken. Some are bracing for a craft-beer shakeout.

Craft Brewers Get All Bottled Up

BY JENNIFER MALONEY

Some of the country's biggest craft brewers are struggling with falling sales, hurt by a glut of competitors crowding retail shelves and moves by megabrewers to scoop up some of their rivals.

"It is more competitive than it has ever been," said Ken Grossman, founder and chief executive of **Sierra Nevada Brewing** Co., the No. 2 U.S. craft brewer by volume.

His company's retail-store sales were off 7.5% this year as of July 16, according to Beer Marketer's Insights. The brewer's shipment volumes fell 6.9% in 2016—it's first decline since Sierra Nevada was founded in 1980. Just two years ago, the Chico, Calif., company logged record sales after opening a second brewery in North Carolina.

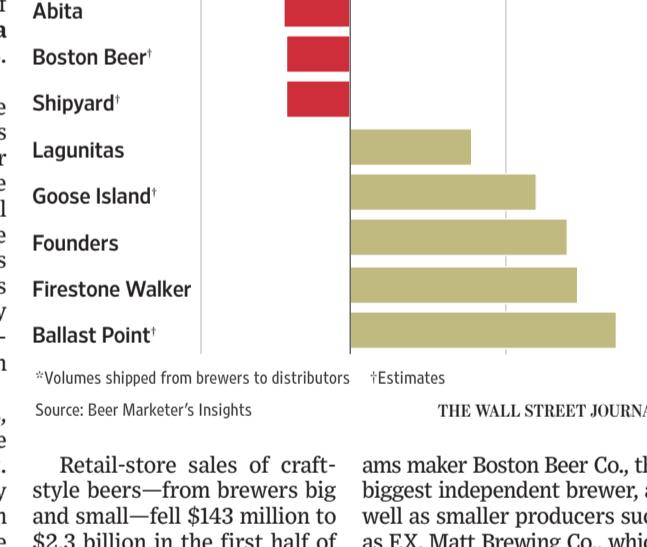
After years of strong gains, American craft brewers are now bracing for a shakeout. Shipments are falling for many independent brewers stuck in the middle between local niche brands and competitors that were bought by heavyweights such as **Anheuser-Busch InBev** and **Molson Coors**.

Retail-store sales of craft-style beers—from brewers big and small—fell \$143 million to \$2.3 billion in the first half of 2017, according to data from Nielsen.

Besides Sierra Nevada, those

Battle of the Beers

Volume declined for many top independent U.S. craft brewers in 2016 in contrast to those fully or partly owned by bigger companies.*



*Volumes shipped from brewers to distributors

†Estimates

Source: Beer Marketer's Insights

Retail-store sales of craft-style beers—from brewers big and small—fell \$143 million to \$2.3 billion in the first half of 2017, according to data from Nielsen.

Besides Sierra Nevada, those

ams maker Boston Beer Co., the biggest independent brewer, as well as smaller producers such as F.X. Matt Brewing Co., which brews Saranac in upstate New York, and Abita Brewing Co. in Louisiana, according to Beer Marketer's Insights.

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Benj Steinman, president of the tracking firm, said many craft brewers trying to push into regional and national markets are finding they hit a wall once they surpass 100,000 barrels. Some have stretched themselves too thin and lost ground in their home markets, brewers said.

"We really had to put our big-boy underpants on and up our game," said Sam Calagione, founder and CEO of Dogfish Head Craft Brewery in Milton, Del. The company's volumes were flat in 2016, but have grown 27% this year, he said.

There were 5,562 total breweries in the U.S. as of June 30, up roughly 900 from the previous June, according to the Brewers Association.

Shipments are still rising for many of those craft brewers that sold themselves to industry heavyweights, including Lagunitas, which was bought by Heineken in May; Goose Island, owned by AB InBev since 2011; and Ballast Point, which was purchased by Constellation Brands Inc. for \$1 billion in 2015. Those brands benefit from their parent companies' distribution networks, capital and marketing.

Whole Foods-Amazon Deal Clears Hurdle

BY BRENT KENDALL
AND HEATHER HADDON

Amazon.com Inc.'s takeover of Whole Foods Market Inc. cleared its biggest hurdle on Wednesday as federal regulators approved the e-commerce giant's big bet on the more than \$700 billion food retail market.

The Federal Trade Commission's decision allows the companies to complete their \$13.7 billion deal, including debt, and avoid a prolonged antitrust investigation.

Whole Food shareholders also cleared the deal Wednesday. Amazon shareholders don't need to sign off on the transaction.

The FTC had been conducting an initial review of the deal to see if it might raise any concerns about competition. The commission had the option of examining the transaction in more depth but the FTC instead decided that further scrutiny wasn't warranted.

Both Amazon and Whole Foods said that they have

taken multiple steps to complete the deal and that everything is on path.

A combined Amazon-Whole Foods would have only a small share of the grocery market, making the deal different from the type of mergers that raise red flags.

Whole Foods operates 469 stores and does roughly \$16 billion in sales annually, compared with around 25,000 full-service supermarkets in the U.S. generating \$440 billion in revenue last year.

IN THE UNITED STATES BANKRUPTCY COURT, DISTRICT OF DELAWARE

In re: TERRAVIA HOLDINGS, INC., et al. Chapter 11 Case No. 17-11655 (CSS)

Debtors:¹ Jointly Administered

NOTICE OF SALE, BIDDING PROCEDURES, AUCTION AND SALE HEARING

PLEASE TAKE NOTICE that the above-captioned debtors and debtors in possession (the "Debtors") each filed a voluntary petition under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware (the "Court") on August 2, 2017 (the "Petition Date").

PLEASE TAKE FURTHER NOTICE that, on the Petition Date, the Debtors filed a motion (the "Bidding Procedures Motion")² with the Court seeking entry of orders, among other things, approving (a) procedures for the solicitation and sale of substantially all of the Debtors' assets to Corbion N.V. (the "Stalking Horse Bidder") for \$20 million plus the assumption of certain liabilities (the "Sale Transaction"), subject to the submission of higher or otherwise better offers in an auction process (the "Auction"), (b) the form and manner of notice related to the Sale Transaction and (c) procedures for the bidding and assignment of contracts and leases in connection with the Sale Transaction.

PLEASE TAKE FURTHER NOTICE that, on August 22, 2017, the Court entered an order (the "Bidding Procedures Order") approving, among other things, the Bidding Procedures, which establish the key dates and times related to the Sale Transaction and the Auction. All interested bidders should carefully read the Bidding Procedures Order and the Bidding Procedures in their entirety.³

Any interested bidder should contact, as soon as practicable, the Stalking Horse Agreement and all other documents filed with the Court, including the Stalking Horse Agreement, copies of the Bidding Procedures Motion, the Bidding Procedures, the long form version of the Sale Notice and the Bidding Procedures Order, as well as all related exhibits, including the Stalking Horse Agreement and all other documents filed with the Court, located at <http://www.kccilc.net/TerraVia> or can be requested by e-mail at TerraViaInfo@kccilc.com.

Important Dates and Deadlines⁴

1. Potential Bidder Deadline. The deadline for interested parties to furnish information to Rothchild to be considered a Potential Bidder in accordance with the Bidding Procedures is August 24, 2017 at 6:00 p.m. (prevailing Eastern Time).

2. Bid Deadline. The deadline to submit a Qualified Bid is September 7, 2017 at 6:00 p.m. (prevailing Eastern Time).

3. Auction. In the event that the Debtors timely receive a Qualified Bid in addition to the Qualified Bid of the Stalking Horse Bidder and subject to

the satisfaction of any further conditions set forth in the Bidding Procedures, the Debtors intend to conduct an Auction for the Assets. The Auction, if one is held, will commence on September 11, 2017 at 10:00 a.m. (prevailing Eastern Time) at the offices of Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017.

4. Auction and Sale Objectives. The deadline to file an objection with the Court to the Sale Order, and all objections relating to the Stalking Horse Agreement and the Sale Transaction, (the "Sale Objectives") is (a) if no Auction, or (b) if an Auction is held, September 14, 2017 at 4:00 p.m. (prevailing Eastern Time) and (b) if an Auction is held, September 14, 2017 at 4:00 p.m. (prevailing Eastern Time) (the "Sale Objectives Deadline").

5. Sale Hearing. A hearing (the "Sale Hearing") to consider the proposed Sale Transaction will be held before the Court on, if an Auction is held, September 11, 2017 at 12:00 p.m. (prevailing Eastern Time) or, if an Auction is held, September 15, 2017 at 10:00 a.m. (prevailing Eastern Time) such other date as determined by the Court, at 824 North Market Street, Wilmington, Delaware 19801.

Filing Objections. Sale Objectives, if any, must (a) be in writing, (b) state, with specificity, the legal and factual bases thereof, (c) be filed with the Court by no later than the Sale Objectives Deadline and (d) be served on (i) proposed counsel for the Debtors, (y) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, (ii) Terravia Holdings, Inc., 10020, Attn: Nicholas Barnes, Terri Jähne, nicholas.barnes@terravia.com, terri.jähne@terravia.com, (tel.) +1 212 403 3727, (tel.) +1 212 403 3577,

Obtaining Additional Information. Copies of the Bidding Procedures Motion, the Bidding Procedures, the long form version of the Sale Notice and the Bidding Procedures Order, as well as all related exhibits, including the Stalking Horse Agreement and all other documents filed with the Court, are available free of charge on the Debtors' case information website, located at <http://www.kccilc.net/TerraVia> or can be requested by e-mail at TerraViaInfo@kccilc.com.

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TECHNOLOGY

LG Plans Car-Parts Factory in Michigan

BY EUN-YOUNG JEONG

SEOUL—LG Electronics Inc. said that it will spend about \$25 million to build an electric car-parts factory in the Detroit suburb of Hazel Park, Mich., as the company seeks new engines of growth amid losses at its once-lucrative mobile business.

LG said Wednesday that its new U.S. plant will produce battery packs for electric cars. It will expand into other components later.

The company began supplying parts for General Motors Co.'s Chevrolet Bolt EV last year, produced mostly in its South Korea plant.

For LG, the Michigan plant will be its first vehicle-components factory in the U.S. The Seoul-based company already has production facilities in five countries, including China, Vietnam and Brazil.

The new investment, which the company says will create about 300 jobs, comes amid expectations of rapid growth in the U.S. electric-vehicle market. Research firm IHS Markit projects the industry will experience annual growth of more than 65% over the next three years.

But it isn't clear how much of a boost LG will get from its new facility, or if the added capacity will be enough to turn around its vehicle-parts business.

LG's vehicle-components unit has recorded only one quarter of profit since it began reporting earnings in 2015, two years after it was launched. In the first half of this year, the business recorded an operating loss of 30.9 billion South Korean won (\$27.3 million) and sales of 1.76 trillion won.

LG and crosstown rival Samsung Electronics Co. have scrambled to open more production facilities in the U.S. following the election of President Donald Trump, who has called for a reinvigoration of American manufacturing. In June, Samsung said it would invest \$380 million to expand its home-appliance operations in Newberry, S.C. In February, LG said it would build a new washing-machine factory in Tennessee.



Samsung mobile chief D.J. Koh, at center, introduced the Galaxy Note 8 smartphone at a launch event in New York on Wednesday. The Note 7 had battery problems.

Crisis Shaped Latest Galaxy Note

Even after costly recall, engineers were told not to hesitate in pursuing innovation

By TIMOTHY W. MARTIN

disgraced predecessor.

The latest incarnation of the Galaxy Note phones boasts Samsung's "infinity" display, which covers nearly the entire front of the phone and clocks in at 6.3 inches. It is Samsung's first handset to have a dual-lens camera that makes it easier to snap professional-quality photographs, a feature Apple Inc. introduced in last year's iPhone.

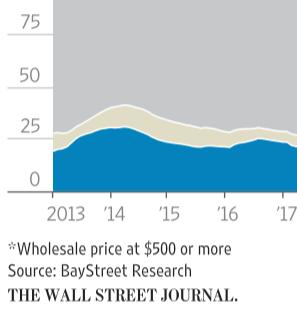
Mr. Koh is eager to show consumers Samsung hasn't lost a step after overheating batteries forced it to pull last year's version from shelves. The fiasco ultimately cost it around \$6.5 billion and led to a widespread ban on carrying the device onto aircraft over fears it was a fire-safety hazard.

The stakes are particularly high this year as rival Apple is expected to unveil a 10th-anniversary version of its iPhone soon with advanced new features, and as Samsung's internal estimates show more than 50 million people are out of contract with their U.S. carriers—and potentially up for grabs for the South Korean company or its rivals.

The Galaxy Note series won fans by pushing the limit on new features. Six years ago,

Grapple With Apple

U.S. premium smartphone market share, by phone activations



*Wholesale price at \$500 or more

Source: BayStreet Research

THE WALL STREET JOURNAL.

study of discipline, and Samsung has always been rushing to stuff in as much advancements as possible," said Wayne Lam, a principal analyst at IHS Markit.

Samsung, in a January report led by Mr. Koh, concluded with three external firms it hired that the battery problems were caused by manufacturing and design problems.

In response, Samsung adopted an eight-point battery check, added protective brackets around the battery and created diagnostics to ensure safe charging currents and duration. Samsung executives made unannounced visits to suppliers' factories. And to incentivize quality, Mr. Koh signed three-year contracts with suppliers instead of annual contracts.

"When we designed the Note 8, we knew we had to get it right," Mr. Koh said.

The crisis required teams across the Samsung mobile division's global workforce of 165,000 people to band together and collaborate more closely during weeks of conference-room meetings, said Tim Baxter, head of North American operations for Sam-

sung Electronics.

Despite the controversy, Samsung executives say its brand has largely recovered to prerecall levels. Samsung's brand value rose 23% to \$24 billion in 2017, more than three times the average company's growth over the past year, according to an annual ranking by Kantar Millward Brown's BrandZ, whose metric measures consumer perceptions and financial performance.

"Samsung is probably the fastest recovery of all the historical crises I've seen," said Doreen Wang, BrandZ's global head.

Samsung's apparent rebound comes as smartphone sales have inched upward this year, rising 6% in the second quarter from a year earlier, according to Strategy Analytics, a market researcher. Samsung grabbed 22% of total shipments, with Apple and China's Huawei Technologies Co. each recording 11%.

Mr. Koh said the well-reviewed Galaxy S8, and its larger S8+, have reached 20 million shipments since going on sale in April, outpacing sales of its predecessor—the Galaxy S7, the firm's previous best seller.

the Galaxy Note was the first mainstream plus-size phone and a variant to 2014's Galaxy Note 4 was the first to have a curved screen. Last year's version unveiled an iris scanner that could unlock the phone. Its raw-material costs have often recently surpassed those of the newest iPhone base model, even though Apple charges more for those devices, according to market researcher IHS Markit's analysis.

"Apple has always been a



The Galaxy Note 8 maintains Samsung's lead on phone design. Wednesday's launch event in New York.

FOWLER

Continued from page B1

the Note 8's S Pen stylus for drawing and taking notes hasn't changed much. One new trick: Like a magic wand, it can now translate complete sentences, rather than just words.

The Note 8's software has Samsung's not-always-beloved version of Android, which isn't much changed. They've added the marginally useful ability to pair apps together into a single launch icon. This will let you load duos you frequently use together, say, YouTube and email or navigation and music. To work, the apps themselves must be multiwindow compatible.

The phone also has a dedicated button for Bixby, Samsung's newborn voice assistant. Bixby not only answers questions but also operates the entire phone (or at least aspires to).

Now let's talk about that hopefully nonexploding Note 8 battery. It's a tiny bit smaller this year, possibly helping it avoid some of the problems that caused fires in last year's model. Independent testing firm UL is publicly vouching for the Note 8 battery, a significant improvement over the just-trust-us approach Samsung took with battery safety in the S8.

The Note 8's dual 12-megapixel camera is the feature most likely to make other Samsung owners jealous. Just as on the iPhone 7 Plus, one lens is for wide angle and the other for 2X zoom. Samsung added optical image stabilization to both its lenses, which it says will produce clearer shots. The iPhone 7 Plus has stabilization only on the default wide-angle lens.

Like the iPhone, the Note 8 can use depth information from the two lenses to take portraits with only the

subject in focus. The Note lets you manually adjust how much background blur to apply—a feature I've felt was lacking on the iPhone's Portrait Mode. (On the Note 8, you can even adjust it after you take the picture.)

The Note 8, available in presales on Aug. 24, is too big for my taste. I think the Samsung Galaxy S8 offers just the right amount of screen, 5.8 inches, in a slender package. But by offering a supersize line, Samsung retains loyal customers who want choice.

And the Note 8 maintains Samsung's lead on phone design.

The new norm for a premium phone in 2017 is a dual-lens camera and a reduced-bezel shape with a huge screen.

But there is still room for Apple to impress this fall by fixing the fingerprint reader, addressing battery life—and perhaps identifying something we didn't even know we wanted.

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Tender No	Tender Description	Bid Submission Date	Contact Us
17000128-HD-10002	In-Line Inspection of Pune-Solapur Section of HPCL Mumbai-Pune-Solapur Pipeline in India	1st Sept. 2017 1500 hours IST	022-23030047, 132
GLOBAL (EOI) Ref ID: HPCL/CPD/SKR/EOI EOI ID: 2017-HPCL-233931-1	Supply, Installation, commissioning and maintaining of Tank Truck Locking System at various HPCL Locations.	13th Sept. 2017 1500 Hours	

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2. Central Procurement Portal : <http://eprocure.gov.in/cppp>
3. Central e-tender website : <https://etender.hpcl.co.in> (only for tender: 17000128-HD-10002)
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TECHNOLOGY

The image shows a collage of various WSJ digital content. On the left, there's a market chart with columns for CHG and % CHG, showing data for Eurozone CPI and Italy HICP. In the center, there's a screenshot of the WSJ Podcasts website for 'MONEYBEAT', featuring a large '0%' graphic and a transcript about tech earnings. On the right, there's a news article titled 'CHINA'S NEXT TARGET: U.S. MICROCHIP HEGEMON' by Bob Davis and Eva Dou, with a sub-headline about the semiconductor industry. Below the article is a graphic of two balloons, one red with yellow stars and one blue with white stars, representing China and the U.S. respectively.

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Special Advertising Feature

Picking A Profitable Service Franchise

You might already know which one is the right fit for your lifestyle, but will it also provide a substantial income?

By Julie Bennett

According to franchise research experts FranchiseGrade.com, the country has 1,458 franchise opportunities that provide services to children, seniors, homeowners, business owners and car owners. Owning one may suit your lifestyle and fit your financial needs, but finding out which service franchises are the most profitable takes some time.

RESEARCH IS VITAL

FranchiseGrade.com CEO Jeff Lefler says, "There are no standardized business models for service franchises. Instead, you have to take a deep dive into the Franchise Disclosure Documents (FDDs) each franchiser will give you, and talk to as many existing franchisees in the system as possible." Every FDD must contain 23 disclosure items about a franchise offering, says Mr. Lefler, but the most important for researching service franchises is Item 19, in which a franchiser may report the revenues and expenses of its current franchisees.

Before commercial real-estate executive Duke Kassolis, of Naples, Fla., and his partners, Al Scavo and Robert Lyons, signed on as franchisees of Tide Dry Cleaners in Cincinnati, "we used their Item 19 to create our own business models," Mr. Kassolis says. "We had a lot of

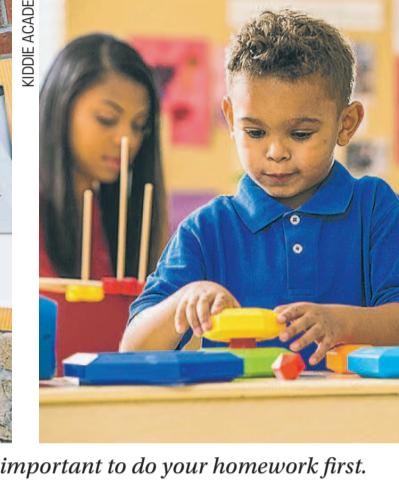
faith that a brand launched by Procter & Gamble would be a success, but our models determined when we would break even and when we would start making money." The partners opened their first Tide Dry Cleaners store in Naples in 2013, and now have five in operation in South Florida and three more in development.

"TAKE A DEEP DIVE... AND TALK TO AS MANY FRANCHISEES IN THE SYSTEM AS POSSIBLE."

Franchisee Eric Ng, of Pflugerville, Texas, began looking at child-care franchises in 2013, after his second child was born, and examined the FDDs of several before selecting Kiddie Academy. "They provided a financial pro forma template, as a basis to write my

Here are some more tips to help you pick a profitable service franchise

- Look for franchise categories that are growing. According to FranchiseGrade.com, the fitness sector added 1,650 franchised units since 2014; beauty added 1,520 units and children's services grew by 1,070 units.
- Including an Item 19 in franchise documents is optional, warns Mr. Lefler, and 45% of all FDDs have no representations of their franchisees' revenues. If your first pick doesn't have an Item 19, find one in the same category that does.
- Labor, construction costs and rents vary in different regions of the country. Talk to franchisees in communities like yours and compare their experiences with the start-up costs in the franchiser's FDD, Mr. Lefler advises.



Research shows service franchises are among the most profitable, but it's important to do your homework first.

business plan and obtain a loan," he says. Mr. Ng opened his first center in Pflugerville in 2015 and is doing so well that his bank provided the financing for a second Kiddie Academy, now under construction in nearby Round Rock, he says.

While making the decision to open a Kiddie Academy franchise, Ted Cockram of Deland, Fla., says he and his wife, Hilda,

carefully analyzed the disclosure documents, but, "talking to existing franchisees made the FDD come to life," he says. Kiddie Academy, headquartered in Abingdon, Md., has 188 educational child-care centers open "and we went to every one of them in Florida and met with the owners," Mr. Cockram says. "We asked about their profitability, but we also talked about their backgrounds and felt more comfortable [on] learning that most of them, like us, were not from the education field."

The couple is "hitting our financial goals" with the Kiddie Academy they opened in Longwood, Fla., in 2012, Mr. Cockram says, and is now looking for a site to open a second unit.

Justin Sharbutt and his partners, of Lubbock, Texas, are building a multi-unit, multi-concept franchisee company, by opening units of

Dunkin' Donuts, BurgerFi and Tide Dry Cleaners. Mr. Sharbutt says, "Before selecting Tide Dry Cleaners, we talked to several franchisees and visited their stores. We were especially interested in how long it took them to find a location and open their doors."

LOCATION MATTERS

"You may choose the right franchise," says Mr. Lefler, "but you'll still lose money if it's in a bad location." Your franchiser will help by providing demographic data about a community, says Mr. Kassolis, "but you must be patient and not open until you find the right location. In the past four years, we've looked at over 600 different locations for Tide Dry Cleaning plants in Florida."

Julie Bennett is a freelance writer specializing in franchising matters.

The Wall Street Journal news organization was not involved in the creation of this content

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MARKETS DIGEST

EQUITIES

Dow Jones Industrial Average



Bars measure the point change from session's open

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index



Nasdaq Composite Index



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	21866.66	21808.39	21812.09	-87.80	-0.40	22118.42	17888.28	18.0	10.4	8.7
Transportation Avg	9177.45	9058.97	9086.30	-114.64	-1.25	9742.76	7755.40	14.7	0.5	2.5
Utility Average	744.51	739.96	744.00	0.82	0.11	744.00	625.44	9.2	12.8	10.2
Total Stock Market	25278.60	25187.16	25227.39	-77.25	-0.31	25692.25	21514.15	12.2	8.4	6.7
Barron's 400	634.67	631.61	633.34	-2.24	-0.35	661.93	521.59	14.6	5.3	5.7
Nasdaq Stock Market										
Nasdaq Composite	6291.30	6263.29	6278.41	-19.07	-0.30	6422.75	5046.37	20.3	16.6	11.4
Nasdaq 100	5864.78	5840.71	5851.78	-21.55	-0.37	5950.73	4660.46	22.3	20.3	13.0
Standard & Poor's										
500 Index	2448.91	2441.42	2444.04	-8.47	-0.35	2480.91	2085.18	12.3	9.2	7.1
MidCap 400	1707.73	1697.81	1703.08	-3.96	-0.23	1791.93	1476.68	9.1	2.6	6.1
SmallCap 600	825.25	820.41	822.85	-2.52	-0.31	876.06	703.64	9.5	-1.8	7.2
Other Indexes										
Russell 2000	1373.28	1363.17	1369.74	-1.80	-0.13	1450.39	1156.89	10.7	0.9	5.7
NYSE Composite	11805.49	11758.99	11785.92	-19.37	-0.16	12000.02	10289.35	9.2	6.6	2.5
Value Line	508.12	505.49	507.06	-0.87	-0.17	533.62	455.65	4.7	0.2	0.5
NYSE Arca Biotech	3881.52	3842.48	3856.62	-27.34	-0.70	4075.95	2834.14	16.6	25.4	9.3
NYSE Arca Pharma	520.37	518.53	518.59	-2.48	-0.48	549.20	463.78	-1.3	7.7	0.1
KBW Bank	94.48	93.14	93.88	-0.0004	-0.0004	99.33	69.71	33.7	2.3	9.7
PHLX® Gold/Silver	85.65	84.83	85.64	0.77	0.90	101.55	73.03	-10.2	8.6	-4.9
PHLX® Oil Service	121.05	118.31	120.27	1.10	0.92	192.66	117.79	-25.7	-34.6	-25.2
PHLX® Semiconductor	1088.77	1072.62	1086.41	4.76	0.44	1138.25	768.37	36.8	19.8	19.3
CBOE Volatility	12.59	11.39	12.25	0.90	7.93	22.51	9.36	-8.9	-12.7	2.2

\$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	After Hours % chg	High	Low
Automatic Data	ADP	11,066.1	103.46	...	unch.	103.48	103.29
SPDR S&P 500	SPY	6,978.0	244.28	-0.28	-0.11	244.72	244.17
AT&T	T	4,247.9	37.92	...	unch.	38.03	37.86
Van Eck Vectors Gold Miner	GDX	3,171.6	23.31	0.05	0.21	23.32	23.22
iShares MSCI Emg Markets	EEM	3,001.0	44.43	-0.10	-0.22	44.58	44.22
PwrShrs QQQ Tr Series 1	QQQ	2,661.2	142.50	-0.19	-0.13	143.21	142.36
Conagra Brands	CAG	2,482.4	34.22	...	unch.	34.22	34.21
Pfizer	PFE	2,137.3	33.39	0.15	0.45	33.39	33.20

Percentage gainers...

China Cord Blood	CO	127.6	14.39	1.90	15.21	16.00	12.46
Guess	GES	377.6	14.05	1.57	12.58	14.35	12.45
DepoMed	DEPO	5.1	6.59	0.68	11.51	6.59	5.91
Mattel Inc	MAT	49.8	17.42	1.38	8.60	17.42	16.04
Williams-Sonoma	WSM	485.7	46.49	3.09	7.12	47.44	43.39
...And losers							
iShares 3-7Y Treasury Bd	IEI	22.6	107.80	-16.65	-13.38	124.45	107.80
Noble Energy	NBL	77.9	21.90	-1.82	-7.67	23.81	21.90
Enbridge Inc	ENB	17.6	39.26	-1.51	-3.70	40.81	39.26
Enterprise Pdts Partners	EPD	12.2	25.27	-0.75	-2.88	26.02	25.27
ProSharesShtVIXST	SVXY	261.4	76.10	-1.82	-2.34	78.05	75.84

Trading Diary

Volume, Advancers, Decliners

	NYSE	NYSE Amer.
Total volume*	681,912,075	7,707,031
Adv. volume*	391,554,005	4,117,064
Decl. volume		

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Metal & Petroleum Futures

	Contract						Open interest
	Open	High	Low	Settle	Chg	Interest	
Copper-High (CMX) -25,000 lbs.; \$ per lb.	2,9690	2,9845	2,9690	2,9805	-0.060	620	
Aug 3,0085 3,0120	2,9850	3,0030	2,9850	3,0030	-0.045	163,414	
Gold (CMX) -100 troy oz.; \$ per troy oz.	1289.40	1289.40	1286.90	1288.90	3.80	739	
Oct 1286.90 1293.70	1284.70	1291.30	3.70	52,180			
Dec 1290.40 1297.00	1287.90	1294.70	3.70	390,087			
Feb'18 1293.20 1300.10	1292.80	1298.30	3.70	19,419			
Jun 1305.80 1306.00	1302.80	1305.30	3.50	9,361			
Dec 1315.80 1315.80	1315.80	1316.00	3.30	8,115			
Palladium (NYM) -50 troy oz.; \$ per troy oz.	885.00	885.00	885.00	935.40	0.65	4	
Sept 931.45 939.50	928.35	933.00	0.65	22,462			
Dec 924.10 932.80	921.50	927.05	1.45	13,742			
Platinum (NYM) -50 troy oz.; \$ per troy oz.	962.60	965.30	962.60	978.10	-0.40	1	
Oct 980.60 986.50	976.80	980.90	-0.40	62,825			
Silver (CMX) -5,000 troy oz.; \$ per troy oz.	17,130	17,130	16,990	17,032	0.070	24	
Dec 17,065 17,185	16,990	17,126	0.066	98,664			
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	47.64	48.50	47.53	48.41	0.58	522,164	
Oct 47.83 48.69	47.73	48.62	0.60	219,654			
Jan'18 48.13 49.01	48.05	48.97	0.63	158,938			
Jun 48.63 49.42	48.47	49.40	0.63	152,888			
Dec 48.81 49.51	48.65	49.51	0.57	187,485			
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.	1,5842	1,6284	1,5791	1,6244	.0332	49,143	
Sept 1,5895 1,6327	1,5855	1,6288	.0325	95,541			
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.	1,5824	1,6249	1,5795	1,6189	.0281	49,052	
Sept 1,4919 1,5325	1,4904	1,5278	.0263	130,268			
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.	2,935	2,957	2,900	2,928	-.011	65,632	
Oct 2,961 2,985	2,929	2,960	-.020	307,310			
Nov 3,034 3,053	3,000	3,033	-.004	131,745			
Jan'18 3,268 3,287	3,241	3,273	...	140,578			
March 3,225 3,237	3,198	3,231	...	97,204			
April 2,901 2,910	2,882	2,907	-.004	113,864			

Agriculture Futures

Corn (CBT) -5,000 bu.; cents per bu.	346.25	348.75	341.50	342.00	-4.00	248,121
Sept 360.25 362.75	355.50	355.75	4.25	728,139		
Oats (CBT) -5,000 bu.; cents per bu.	238.25	239.75	237.50	238.75	-.25	350
Dec 246.25 247.65	245.00	246.00	.50	4,824		
Soybeans (CBT) -5,000 bu.; cents per bu.	940.45	943.25	929.00	935.00	1.25	61,036
Nov 945.00 947.00	932.75	938.00	.50	375,468		
Soybean Meal (CBT) -100 tons; \$ per ton.	295.00	296.00	292.00	293.30	-2.00	37,774
Dec 297.80 299.50	295.10	296.50	-.220	185,327		
Soybean Oil (CBT) -60,000 lbs.; cents per lb.	34.81	35.01	34.36	34.72	.66	39,537
Dec 35.25 35.37	34.70	35.06	.64	189,417		
Rough Rice (CBT) -2,000 cwt.; \$ per cwt.	1220.00	1230.00	1213.50	1230.00	9.50	3,342
Nov 1248.00 1260.00	1243.50	1260.00	10.00	6,014		
Wheat (CBT) -5,000 bu.; cents per bu.	402.50	408.50	401.25	403.25	1.00	72,729
Dec 429.00 434.50	428.00	430.00	1.00	243,226		
Wheat (KCC) -5,000 bu.; cents per bu.	397.95	404.25	396.25	397.75	-.125	34,497
Dec 425.75 432.00	424.25	425.75	-.125	129,290		
Wheat (MPLS) -5,000 bu.; cents per bu.	640.00	645.50	638.50	639.25	-.175	10,508
Dec 656.00 662.00	655.00	657.00	.75	39,083		
Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	142,425	142,575	141,125	141,625	-.450	6,461
Oct 142,850 142,850	141,125	141,700	-.575	17,203		
Cattle-Live (CME) -40,000 lbs.; cents per lb.	107,000	107,000	105,350	105,650	1.075	4,149
Oct 107,900 107,900	105,775	106,175	-.150	55,868		
Hogs-Lean (CME) -40,000 lbs.; cents per lb.	63,600	63,775	62,775	63,550	-.325	111,262
Dec 58,650 59,000	58,075	58,850	-.200	58,328		
Lumber (CME) -110,000 bd ft.; \$ per 1,000 bd ft.	367.90	367.90	364.10	365.90	-.170	2,176
Nov 355.20 355.20	352.70	353.90	-.90	1,673		
Milk (CME) -200,000 lbs.; cents per lb.	16.54	16.54	16.53	16.53	.01	4,847
Sept 16.83 16.88	16.64	16.72	-.20	5,401		
Cocoa (ICE-US) -10 metric tons; \$ per ton.	1,909	1,909	1,901	1,908	-.15	462
Dec 1,858 1,885	1,851	1,871	-.15	141,464		

Currency Futures

Japanese Yen (CME) -\$125,000; \$ per 100Y	.9130	.9192	.9115	.9184	.0042	209,670
Sept .9165	.9227	.9156	.9225	.0042	4,992	
Canadian Dollar (CME) -\$100,000; \$ per CAD	.7964	.7977	.7940	.7973	.0011	180,416
Dec .7970	.7982	.7948	.7980	.0011	5,383	
British Pound (CME) -\$62,500; \$ per £	1,2834	1,2845	1,2790	1,2815	-.0024	51,873
Dec 1,2855	1,2881	1,2829	1,2854	-.0024	3,660	
Swiss Franc (CME) -\$125,000; \$ per CHF	1,0345	1,0389	1,0324	1,0378	.0036	39,939
Dec 1,0403	1,0448	1,0385	1,0439	.0036	421	
Australian Dollar (CME) -\$100,000; \$ per AUD	.7909	.7917	.7880	.7905	-.0001	144,820
Oct .7883	.7910	.7878	.7902	-.0001	425	
Dec .7901	.7906	.7870	.7896	-.0001	4,010	
March'18 .7918	.7925	.7901	.7886	-.0002	219	
1 Month Libor (CME) -\$3,000,000; pts of 100%	98,750	98,750	98,750	98,750	.0025	365
Eurodollar (CME) -\$1,000,000; pts of 100%	98,6725	98,6775	98,6700	98,6750	.0050	1,377,621
Sept 98,6725	98,6775	98,6700</				

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.

This 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 changes in the closing prices from 4 p.m. the previous day.

Wednesday, August 23, 2017

Net
Stock Sym Close Chg

NYSE

	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg	Stock	Sym	Close	Net Chg				
ABB	ABB	ABB	23.13	-0.01	BuckeyePrls	BPL	55.44	0.38	EssexProp	ESS	267.16	1.93	VornadoRealty	VNO	74.06	0.68	Amazon.com	AMZN	956.00	-8.90	ElectronicArts	EA	118.18	-0.85	I LibertyFormOne	CFOINX	38.15	1.24
AES	AES	AES	11.35	...	LG Display	LPL	13.77	0.03	RelianceGrp	RGA	135.67	-0.48	Andocs	DOX	63.12	-0.19	Equinix	EQUIX	461.80	5.51	LibertyBraves	CATRK	23.43	-0.57				
Aflac	AFL	AFL	80.06	-0.11	LINE	LN	35.42	0.38	ResinsuranceR	RNR	145.93	-0.76	Amoco	UHAL	360.85	-4.10	Ericsson	ERIC	5.97	0.05	SVB Fin	SIVB	186.43	0.09				
AGCO	AGCO	AGCO	67.21	-0.73	L3 Tech	L3	17.98	-1.39	RepulicServices	RSG	64.37	-0.48	WABCO	WBC	158.46	0.22	Priceline	PICN	12.21	-1.54	ScippsRes	SNI	85.81	0.06				
ATT	T	T	37.92	-0.06	LabCorpAm	LH	153.66	-1.74	ResMed	RMD	73.97	-0.64	WEBC	WEB	65.05	0.20	Exelixis	EXEL	26.79	-0.21	Seatege	STX	31.01	-1.28				
AbbottLabs	ABT	ABT	49.64	-0.01	LambWeston	LWV	45.59	-0.07	RestaurBrands	RSD	61.79	-0.36	WPCarey	WPC	67.34	0.16	AnalogDevices	ADI	43.97	-1.44	SeattleGenetics	SGEN	47.65	0.13				
AbbVie	ABBV	ABBV	71.52	-0.23	Lazard	LZ	42.76	-0.32	RiceEnergy	RICE	26.73	-0.11	Watbect	WAT	70.08	-0.67	ExpeditorsIntl	EXPD	59.03	-0.72	Shire	SPHG	142.84	-0.32				
Accenture	ACN	ACN	128.34	-0.95	Lea	LEA	145.80	0.26	RockwellCollins	COL	124.59	0.30	Apple	AAPL	159.98	0.20	F5Networks	FFIV	115.93	-1.02	Sina	SINA	103.86	2.99				
AcuityBrands	AVY	AVY	175.89	-5.11	Leidco	LDS	56.22	0.31	RockwellCollins	COL	124.59	0.30	Amgen	AMGN	169.00	-1.07	LogMeIn	LOGI	112.60	-1.25	SS&C Tech	SSNC	37 39	0.09				
Adient	ADNT	ADNT	69.18	-0.14	Leitner	LEN	51.59	-0.34	RobertHart	RHI	43.70	-0.13	WasteMgt	WM	76.03	-0.17	AthenaHealth	ATHN	139.13	-2.35	SignatureS	SBNY	129.33	0.13				
Advantech	ADV	ADV	11.39	...	LeggettPlatt	LEP	46.52	-0.79	RockwellCollins	COL	124.59	0.30	Atlassian	ATSL	35.75	-0.15	SiriusXM	SIRI	5.56	-0.11								
AdvanceAuto	AAP	AAP	93.54	-2.26	Lever	LEA	145.80	0.26	RestaurBrands	RSD	61.79	-0.36	Team	TEAM	35.75	-0.15	Skyworks	SKYW	171.70	-0.30								
AdvSemEngn	ASX	ASX	6.13	0.10	Leverett	LEP	46.52	-0.79	RiceEnergy	RICE	26.73	-0.11	Fastenal	FAST	41.16	-0.24	Splunk	SPLK	60.33	-0.01								
Aegon	AEG	AEG	5.75	-0.04	Lidco	LDS	56.22	0.31	RockwellCollins	COL	124.59	0.30	MarketAccess	MKTX	194.09	0.75	Staples	SPLS	10.18	-0.02								
AerCap	AER	AER	48.42	-0.10	Lowe's	LOW	73.01	-0.28	Sanofi	SNY	48.24	-0.22	Autodesk	ADSK	110.65	-0.36	Starbucks	SBUX	54.08	-0.37								
Aetna	AET	AET	165.59	-0.07	Loyd	LYD	47.49	-0.28	Sap	SAP	105.56	0.15	ADP	ADP	104.46	-0.26	T-MobileUS	TMUS	60.59	-0.03								
AffiliatedMtrs	AMG	AMG	174.19	-0.12	Loyalty	LYY	71.85	-0.11	Schulman	SCHL	61.25	0.18	Baidu	BIDU	224.99	-1.11	Marriott	MAR	100.43	-1.57								
AgileTechs	AT	AT	62.77	-0.19	Lubrizol	LZB	89.36	0.59	Siemens	SINOPC	151.29	-1.55	Flex	FLEX	15.63	-0.38	Starbucks	SBUX	54.08	-0.37								
AgnicoreEagle	AEG	AEG	47.03	-0.13	LyondellBasell	LYB	27.40	-0.16	Spiegel	SPGL	151.29	-1.55	Mattel	MAT	16.04	-0.27	SteelDynamics	STLD	34.42	0.47								
AgriProteins	AGP	AGP	11.40	...	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	WestRock	WRK	54.60	-0.23	Stericycle	SRCL	70.91	-0.99								
AlaskaAir	AAL	AAL	74.91	-0.20	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Weyerhaeuser	WY	31.36	-0.02	Symantec	SYMC	29.21	0.45								
Albermarle	ALB	ALB	115.39	-0.43	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Synopsys	SNPS	78.53	-0.31								
Alcoa	AA	AA	41.06	1.29	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	TD Ameritrade	AMTD	43.10	0.05								
AlexanderRealE	ARE	ARE	120.98	-0.09	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Tesla	TSLA	352.77	11.42								
Alibaba	BABA	BABA	175.80	1.34	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Texti	TEXTI	108.00	-0.28								
Allegany	Y	Y	57.05	-3.68	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Texti	TEXTI	108.00	-0.28								
Allegion	ALLE	ALLE	77.09	-0.09	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Texti	TEXTI	108.00	-0.28								
Allergan	AGN	AGN	22.27	-1.48	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Texti	TEXTI	108.00	-0.28								
AllianceData	ADS	ADS	220.85	0.23	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Texti	TEXTI	108.00	-0.28								
AlliancErnst	ARN	ARN	23.55	-0.05	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Texti	TEXTI	108.00	-0.28								
AlliantEnergy	LNT	LNT	43.02	-0.01	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Texti	TEXTI	108.00	-0.28								
Allstate	ALL	ALL	91.38	-0.59	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Texti	TEXTI	108.00	-0.28								
AllyFinancial	ALLY	ALLY	22.52	-0.07	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Texti	TEXTI	108.00	-0.28								
AlticeUSA	ATUS	ATUS	30.89	0.03	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Texti	TEXTI	108.00	-0.28								
Altria	MO	MO	63.71	-0.31	Macmillan	MCM	16.13	-0.21	Lyng	LYY	3.74	-0.01	Level3Comm	LVL	54.51	0.63	Texti	TEXTI</td										

BANKING & FINANCE

Lending Gauge Is Perking Up

BY BEN EISEN

Interest rates are softening again in 2017 after a brief surge at the end of 2016, but this week brought fresh signs that banks are on the mend.

Net interest margin, a measure of how much banks pocket from borrowing on a short-term basis and lending for a longer period, climbed to 3.22% in the April-to-June period, the highest for any quarter since the end of 2013, according to a report this week by the Federal Deposit Insurance Corp.

That has fed into lenders' profits, which are up 10.7% from a year ago at \$48.3 billion, a sign of the continued rebound in the banking sector since the financial crisis. Nearly two-thirds of banks reported that profits had climbed from the comparable period last year.

"This was another positive quarter for the banking industry," said FDIC Chairman Martin Gruenberg in the report's news release. "Revenue and net income growth were both strong, profitability reached a postcrisis high, and net interest margins improved."

Rates have continued to fall since the second quarter, which could cut into net interest margins if the situation persists. The yield on the 10-year Treasury note fell 0.04 percentage point Wednesday to 2.171%. It had been at 2.298% at the end of June and 2.446% at the end of last year.

In a sign that banks are adjusting to the persistence of low rates, they are becoming more comfortable making longer-term loans. Commercial real-estate loans, which are increasingly being extended for longer periods, now account for 12.9% of total bank assets, the most since 2010. Net charge-offs at U.S. banks have been benign at just 0.48% of loans and leases in the second quarter.

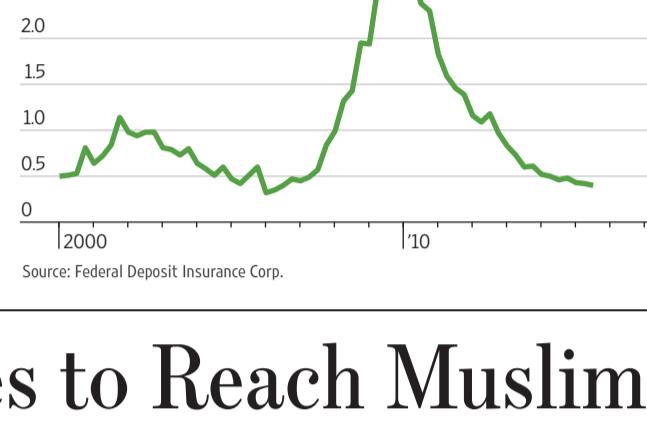
Signs of Strength

Bank profit gauges are rising while loan losses remain low, showing the industry has weathered a period of ultralow rates. Some analysts worry about rising exposure to commercial real estate and other highly priced markets.

Net income for U.S. banks, quarterly aggregate

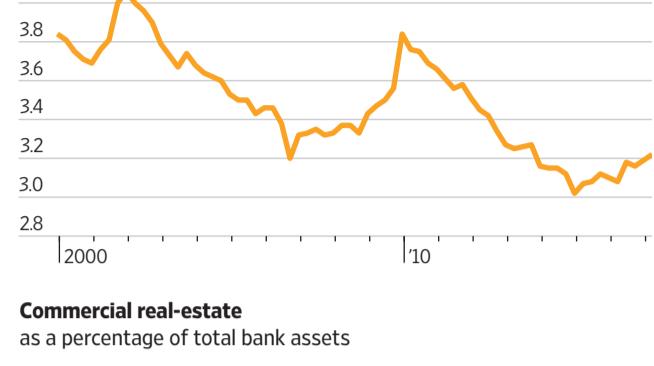


Quarterly net charge-offs at U.S. banks as a percent of loans and leases

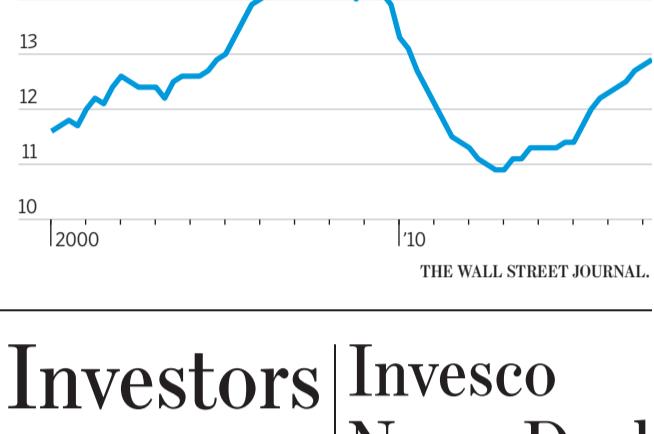


Source: Federal Deposit Insurance Corp.

Net interest margin for U.S. banks, quarterly



Commercial real-estate as a percentage of total bank assets



THE WALL STREET JOURNAL.

Robo-Adviser Tries to Reach Muslim Investors

BY DAVID GEORGE-COSH

Toronto-based automated-investment provider **Wealthsimple Financial Inc.** introduced a Shariah-compliant portfolio targeting U.S. and Canadian investors in a move to expand its product offerings in a crowded robo-adviser market.

Robo-advisers have recently emerged as a popular segment of the market among passive individual investors seeking lower management fees and a reliable return on investment. However, the sector has become crowded, with companies such as **Charles Schwab Corp.** and **Bank of America Corp.** launching their own robo-adviser offerings alongside startups such as Wealthfront Inc. and Betterment.

Robo-advisers are likely to report double-digit percentage growth in assets under management in coming years from a base of less than \$100 billion in 2016, according to a report released by Fitch Ratings Inc. last month. The Fitch report cited a recent study by KPMG that estimates robo-advisers' assets under management will total more than \$2 trillion by the end of 2020.

Wealthsimple's Halal Investing portfolio is aimed at setting the company apart from its peers, said Michael Katchen, the company's chief executive and co-founder.



BRIAN B. BETTENCOURT/THE TORONTO STAR/ZUMA PRESS

"The Muslim community in North America is extremely large and underserved," Mr. Katchen said.

He expects the portfolio's interest to closely mirror the company's socially responsible products, which began as a niche offering and expanded

to become one of the firm's biggest services.

The new portfolio will track a group of 50 companies traded in the U.S. and Canada that don't generate more than 5% of their revenue from alcohol, tobacco, gambling or pork production, and don't make significant income from inter-

est. Wealthsimple's fees are a flat 0.5% for the first \$100,000 invested and drop to 0.4% on any additional investment.

Mr. Katchen said there is a lack of affordable options aimed at Muslim investors, which opened the opportunity for the company to develop its own offering. He cited the

Global Iman Fund managed by **Global Growth Assets Inc.**, with a management fee of 2.82%, as a competitor. Another rival is New York-based **Wahed Invest**, which offers Shariah-compliant investments with management fees ranging from 0.29% to 0.99%.

"This is a way for people to achieve their long-term goals and make it acceptable to a group which hasn't had that kind of option in the past," Mr. Katchen said.

Closely held Wealthsimple has raised 100 million Canadian dollars (\$79.6 million) over several funding rounds during the past three years led by a subsidiary of **Power Corporation of Canada Inc.**, a Canadian-based financial-services company controlled by the Desmarais family. Mr. Katchen said he expects to tap another round of venture funding before seeking an initial public offering.

The company has more than \$1 billion in assets under management and operates in the U.S. and Canada. It plans to launch in the U.K. next month, Mr. Katchen said.

The company was founded in 2014 and has about 130 employees.

"There's a very long-term partnership [with Power Corp.] where we're not going to sell ourselves in the interim," Mr. Katchen said.

Invesco Nears Deal For ETF Business

BY JUSTIN BAER

Invesco Ltd. is nearing an agreement to buy **Guggenheim Partners**'s exchange-traded-funds business for more than \$1 billion, people familiar with the matter said.

The proposed deal would swap the ETF platform for cash, a portion of which would be deferred until performance targets are met, one person said. The Guggenheim ETF business manages \$36 billion in assets, the person said.

The two asset managers had discussed several options, including one in which Invesco would add Guggenheim's entire retail-investment-funds arm, The Wall Street Journal reported earlier this month. In recent weeks, though, Invesco and Guggenheim zeroed in on the ETF platform, people familiar with the matter said.

The deal, which isn't yet final, would extend Invesco's reach into a part of the money-management industry that has surged in popularity in recent years as more investors found that ETFs could deliver the same or better returns as many mutual funds—at lower cost. ETFs invest in baskets of assets, often linked to indexes, and trade like stocks.

The growth in passive investments has put pressure on money managers to drop their fees and build out parts of their business that are more insulated from that pressure, like private-equity or real-estate investments.

Invesco has been aggressive in bulking up its passively managed offerings and recently completed its purchase of Source, a European ETF manager. The firm has \$858.3 billion in total assets under management. Guggenheim deepened its own push into ETFs through the 2010 takeover of Security Benefit Corp., parent company to ETF manager Rydex SGI.

◆ Heard: Invesco Has right mix at the right price..... B12

FINANCE WATCH

AMERICAN EXPRESS

Firm Admits Terms Worse in Territories

American Express Co. acknowledged that it offered worse terms to credit-card customers in Puerto Rico and other U.S. territories than those extended to clients in the 50 states and has paid \$95 million to affected consumers to settle the matter.

The company said it settled allegations by the Consumer Financial Protection Bureau that its actions harmed more than 200,000 customers in U.S. territories between 2005 and 2015 as it charged higher interest rates, offered less attractive rebates and promotional offers

and imposed stricter standards for credit-score cutoffs and debt forgiveness.

The credit-card company, which self-reported the practices to the CFPB and has changed the terms it offers, said it disagreed with the regulator's characterization of its practices as discriminatory. Rather, the company said, the discrepancies resulted from its corporate structure.

—Yuka Hayashi

M&A ACTIVITY

Mitsui Sumitomo, Fairfax in Deal

Canada's **Fairfax Financial Holdings Ltd.** confirmed Wednesday that it sold Singapore-based property and casu-

alty insurer First Capital to Japanese insurer **Mitsui Sumitomo Insurance Co.** for \$1.6 billion.

Fairfax, a Toronto-based holding company founded in 1985 by one of Canada's most prominent investors, Prem Watsa, will get a 25% stake in First Capital's insurance portfolio.

First Capital Chief Executive Ramaswamy Athappan will remain in his role, while continuing to serve as chairman of Fairfax's Asia operations.

The deal is part of a global partnership between the two firms that will give Fairfax access to Japan's insurance market, while allowing Mitsui Sumitomo Insurance greater access to the U.S. said Mr. Watsa in an interview.

—Vipal Monga

Nasdaq lows - 74

Nasdaq highs - 62

NYSE American lows - 10

NYSE Arca lows - 17

NYSE Arca highs - 46

Nasdaq highs - 62

NYSE Arca lows - 17

Nasdaq lows - 74

NYSE American highs - 2

NYSE Arca highs - 2

Nasdaq highs - 62

NYSE Arca lows - 17

Nasdaq lows - 74

NYSE American highs - 2

NYSE Arca highs - 2

Nasdaq highs - 62

NYSE Arca lows - 17

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NYSE American highs - 2

NYSE Arca highs - 2

Nasdaq highs - 62

NYSE Arca lows - 17

Nasdaq lows - 74

NYSE American highs - 2

NYSE Arca highs - 2

Nasdaq highs - 62

NYSE Arca lows - 17

Nasdaq lows - 74</

MARKETS

Stocks Turn Down Amid Weak Earnings

Trump's threat of a government shutdown worries investors in year's slowest trading

BY AMRITH RAMKUMAR AND RIVA GOLD

Disappointing earnings and political turbulence weighed on U.S. stocks in quiet trading.

It was the slowest full session of the year so far, with roughly 5

WEDNESDAY'S MARKETS
Wednesday's markets changed hands on the exchanges owned by the New York Stock Exchange and Nasdaq.

The Dow Jones Industrial Average fell 87.80 points, or 0.4%, to 21812.09 after its largest one-day advance since April, and the S&P 500 shed 8.47 points, or 0.3%, to 2444.04. The Nasdaq Composite declined 19.07 points, or 0.3%, to 6278.41 following the technology-heavy index's best session since late June.

Companies' reports of their quarterly results drove some of the day's biggest moves in individual stocks.

Lowe's was among the worst performers in the S&P 500, falling \$2.81, or 3.7%, to \$73.01 after the home-improvement retailer posted

Consumer Concerns

Shares of home-improvement retailers and advertising firms weighed on U.S. stocks.



earnings that fell below analysts' expectations and lowered its outlook for the year. **Home Depot** shares fell 81 cents, or 0.5%, to 149.10.

Coty was an S&P 500 laggard for the second straight day after reporting weak beauty sales for the most recent quarter. Its shares fell 97 cents, or 5.5%, to 16.74.

Some analysts and investors said President Donald Trump's threat to shut down the government to secure funding for a wall on the southwest border with Mexico contributed to Wednesday's declines.

Republican lawmakers on

Wednesday said that such a scenario could inhibit their efforts to keep government operations open this fall.

"That's giving investors a bit of a cautious stance," said Michael Hans, chief investment officer at Clarfeld Financial Advisors. "There's no panicked feeling of risk-off. It's just a little bit of a pullback and caution."

Last week, some tepid earnings and fallout from Mr. Trump's comments about the protests in Charlottesville, Va., weighed on stocks as several business leaders distanced themselves from the president.

Shares Are Crawling Their Way to Highs

U.S. stocks remain near record territory even with some recent setbacks.

Just don't thank big one-day moves for that.

The Dow Jones Industrial Average hasn't closed up 1% or more since April 25, which was 84 trading sessions ago. That is the longest such streak for the index since the 102 trading days ended in March 2007.

It is the latest sign of how dull stock trading has been for much of 2017. While major indexes have recently jumped in

response to corporate-earnings reports, perceived changes in the prospects for tax overhauls, and news around staffing changes at the White House, the moves have been largely muted, something some investors and analysts have attributed to the lukewarm enthusiasm for stocks in general.

What's not to like? Stock valuations have climbed above their historical averages, skeptics warn the rally has gotten long in the tooth, and some investors worry that pockets of the U.S. economy, including auto sales, have shown signs of weakness in recent months.

The blue-chip average also managed to go for quite some

time without a big decline this year. It went 63 sessions without moves of 1% or more in either direction before the streak ended with a 1.2% drop last Thursday. The stretch was the longest since a 69-day period in 1995.

Indeed, for every counterargument to buying stocks, there are reasons to remain in the market: Treasury yields are still too low to offer a compelling alternative to stocks; the global economic outlook has brightened in recent months, fueling corporate-earnings growth, and central banks don't look like they'll rush to raise rates soon.

—Akane Otani and Ken Jimenez

72.66 and Interpublic declined 1.32, or 6.3%, to 19.58.

Asian shares erased early gains to close little changed. Japan's Nikkei Stock Average jumped from its lowest close in months but pared gains to 0.3% as the yen rose against the dollar. Early Thursday, the Nikkei was flat.

The Shanghai Composite Index Wednesday declined less than 0.1%, ending a four-day rally. Early Thursday, the index was up 0.2%. Trading in Hong Kong was halted Wednesday as Typhoon Hato passed by the city. Early Thursday, the Hang Seng index was up 0.6%.

Growth Wagers Are Hot

BY CHRIS DIETERICH

The recent dominance of growth stocks over value stocks is a sign that investors no longer expect Washington to do anything substantive to give the economy a boost.

Besides policy considerations, though, there are technical reasons that suggest growth stocks remain in the catbird seat.

Growth's advantage has grown quite sizable lately. On Tuesday, a measure of large-cap growth-stock performance relative to value hit a postelection high.

Growth stocks are those connected to companies with higher sales and earnings potential, while value stocks are those that sport below-market valuations.

Since Nov. 8, the Russell 1000 Growth Index has outperformed the Russell 1000 Value index by 8.5 percentage points, according to FactSet. For the year, the difference is a whopping 13.7 percentage points in favor of growth, excluding dividends, thanks primarily to the big gains racked up by some of the largest technology stocks.

Through May, that growth-to-value ratio in the Russell 1000 had its second-best start for any year on record, according to Ed Clissold, chief U.S. strategist at Ned Davis Research Group.

Tech stocks showed signs of wavering in June, however, as investors seemed to cast a wary eye on their higher valuations. That growth stocks are breaking out again suggests "the market's deflating hope for economic acceleration from tax cuts, infrastructure spending, and deregulation," Mr. Clissold said.

Value stocks tend to be composed of cyclical sectors that do best when the economy is humming, while growth stocks have a tendency to increase sales and profits independent of economic conditions.



Workers weld reinforcement bar at a construction site in Zhengzhou, China. Iron-ore prices fell 3.8% Wednesday after soaring more than 20% the previous four sessions.

China Metals Falter After Officials' Warning

SHANGHAI—Chinese metals prices tumbled as sentiment was battered by fresh warnings that a recent upsurge in steel was unsustainable, the latest move by regulators to tame volatility in the futures market.

COMMODITIES The main steel-rebar futures contract in Shanghai snapped a four-day series of gains to close down 4% Wednesday at 3,779 yuan (\$567.09) a metric ton, while hot-rolled coil futures tumbled 4.4% to 3,865 yuan a ton.

On the Dalian Commodity Exchange, iron-ore futures fell 3.8% to 578.50 yuan a ton, after soaring more than 20% over the past four sessions.

The China Iron and Steel Association said steel prices surged in July thanks to such factors as stable demand, capacity cuts and policies to reduce pollution. The rise in prices "goes against stable operation of the steel industry," but is unlikely to persist in coming months as new capacity

is set to ease a potential supply shortage, the group said in a statement late Tuesday.

The industry body also said higher iron-ore prices and a surge in steel-product prices triggered a 19.3 million-ton decline in steel exports during the first seven months this year, down 29% from a year earlier.

On the same day, the country's top prosecutor vowed to intensify a crackdown on financial crimes that disrupt securities and futures markets. It will thoroughly investigate and deal with "financial crocodiles" who have caused a stir on the market as well as those engaged in insider trading, the Supreme People's Procuratorate said.

"Investors fled the market out of rising pressure from policy makers, who want to avoid big fluctuations on the commodity market," said Ye Yanwu, research director at Chaos Ternary Futures.

"We believe that downstream demand will remain relatively robust in the later

half of this year, which could cause a slight supply shortage," Mr. Ye said.

Stronger-than-expected economic growth in China, a weaker dollar and government-led capacity cuts have buoyed bullish sentiment in metals futures this year. They also fueled growing un-

ease with Beijing for fear of repeating a boom and bust as speculators swarmed into trading metals.

"The strong rally in steel and iron-ore prices in recent weeks is vulnerable to an expected moderation in construction sector activity in coming months, together with oversupply conditions for iron ore, with still-high stockpiles

of iron ore at Chinese ports," said Rajiv Biswas, APAC chief economist at IHS Markit.

"Strong speculative trading in Chinese commodities markets has also contributed to the metals and iron-ore price rally, creating risks of greater price volatility," he added.

In July, China's iron-ore futures jumped 18% while steel rebar gained 15% before a period of declines kicked in following official warnings over irrational speculation. Yet both metals rebounded to year-to-date highs last week as investors bet on a supply shortage later this year.

Chinese authorities have ramped up efforts to contain sharp rallies in metals futures ranging from rebar to zinc in recent months.

The CISA said on Aug. 10 that the surge in rebar futures was due to "speculative" behavior that wasn't caused by demand or reduced market supply. The Shanghai Futures Exchange recently raised transaction fees for two main steel-rebar contracts to curb

excessive speculation.

The exchange also raised transaction fees for zinc futures for delivery in October and November, as well as lowered maximum daily open positions to 2,000 lots starting Wednesday.

Zinc futures dropped 1.1% at 25,920 yuan by Wednesday, after climbing 7% over the past week.

"We have had a reaction as China has closed some of its capacity which has improved the market, but the underlying demand in the market is probably not going to improve," said Ric Spooner, chief markets analyst CMC Markets. "Those underlying fundamentals are getting pretty fully priced at around current levels."

A **J.P. Morgan** report this week said that "with the exception of aluminum, we still see fundamentally weaker markets in the second half of the year, especially towards year-end."

—Yifan Xie and Biman Mukherjee

Stocks fell, while assets viewed by investors as havens like government bonds and gold climbed, after President Donald Trump said Tuesday evening that he would shut down the government if necessary to secure funding to build a wall along the southwest border.

Speaking at his first rally after a violent white supremacist protest in Charlottesville, Va., Mr. Trump also attacked his GOP colleagues for their failure to repeal and replace

the Affordable Care Act and said he might terminate the North American Free Trade Agreement.

"The rhetoric and belligerence out of Washington is a gift that keeps on giving" to the bond market, said Bryce Doty, a senior portfolio manager at Sit Investment Associates. "It creates a quality opportunity every couple of days for investors."

Still, any rebound in the bond market is likely to be short-lived, investors and ana-

lysts say. Treasurys have largely traded in a narrow range this summer even after developments such as a flare-up in tensions between North Korea and the U.S., White House staffing changes and fallout in the business community over Mr. Trump's response to the Charlottesville protests.

In another sign of a lull in the bond market, a measure of expected volatility in the Treasury market—the Bank of America Merrill Lynch MOVE

Index—fell to a low earlier this month and has traded near that level since.

The real risks to Treasurys, many say, won't come until next month, when the Federal Reserve is expected to begin reducing its portfolio of bonds and other assets and possibly offer additional clues on the path for interest-rate increases. For most of the year, investors have been betting that soft inflation would keep the Fed from aggressively backing out of its stimulus

program. Until there is more clarity on the Fed's plans, "we probably won't see much shake-up," Mr. Doty said.

AUCTION RESULTS

Here are the results of Wednesday'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.

ONE-YEAR, 11-MONTH FRNs

Applications	\$40,161,859,300
Accepted bids	\$13,000,065,300
"noncompetitively"	\$6,859,300
Spread	0.067%
Bids at clearing yield accepted	47.88%
Cusip number	912828M1

The floating-rate notes, dated Aug. 25, 2017, mature on July 31, 2019.

Treasurys Benefit as Trump's Speech Sparks Flows to Havens

BY AKANE OTANI

U.S. government bond prices rose, as combative rhetoric from the White House pressured stocks

CREDIT MARKETS while stoking demand for assets seen as safer stores of value.

The yield on the 10-year Treasury note settled at 2.171% on Wednesday, compared with 2.215% Tuesday. Yields fall as bond prices rise.

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MARKETS

Aramco Triggers Rush for Mideast IPOs

Lower energy prices spur oil-producing nations to tap stock markets for funds

Saudi Arabia's plan to list **Saudi Arabian Oil Co.** is sending other Middle Eastern nations rushing to raise capital on equity markets, potentially

Lagging Behind

Middle Eastern stock markets have largely missed out on the emerging-markets rally this year, but that hasn't stopped a rush of initial public offerings from the region.

By Sarah McFarlane,
Christopher Whittall
and Summer Said

privatizing swaths of the state-run energy industry for the first time.

Three years of lower energy prices have pushed regional governments dependent on oil revenue to tap public markets as a way of plugging holes in their budgets. Gulf nations are also looking to this tactic to diversify their economies.

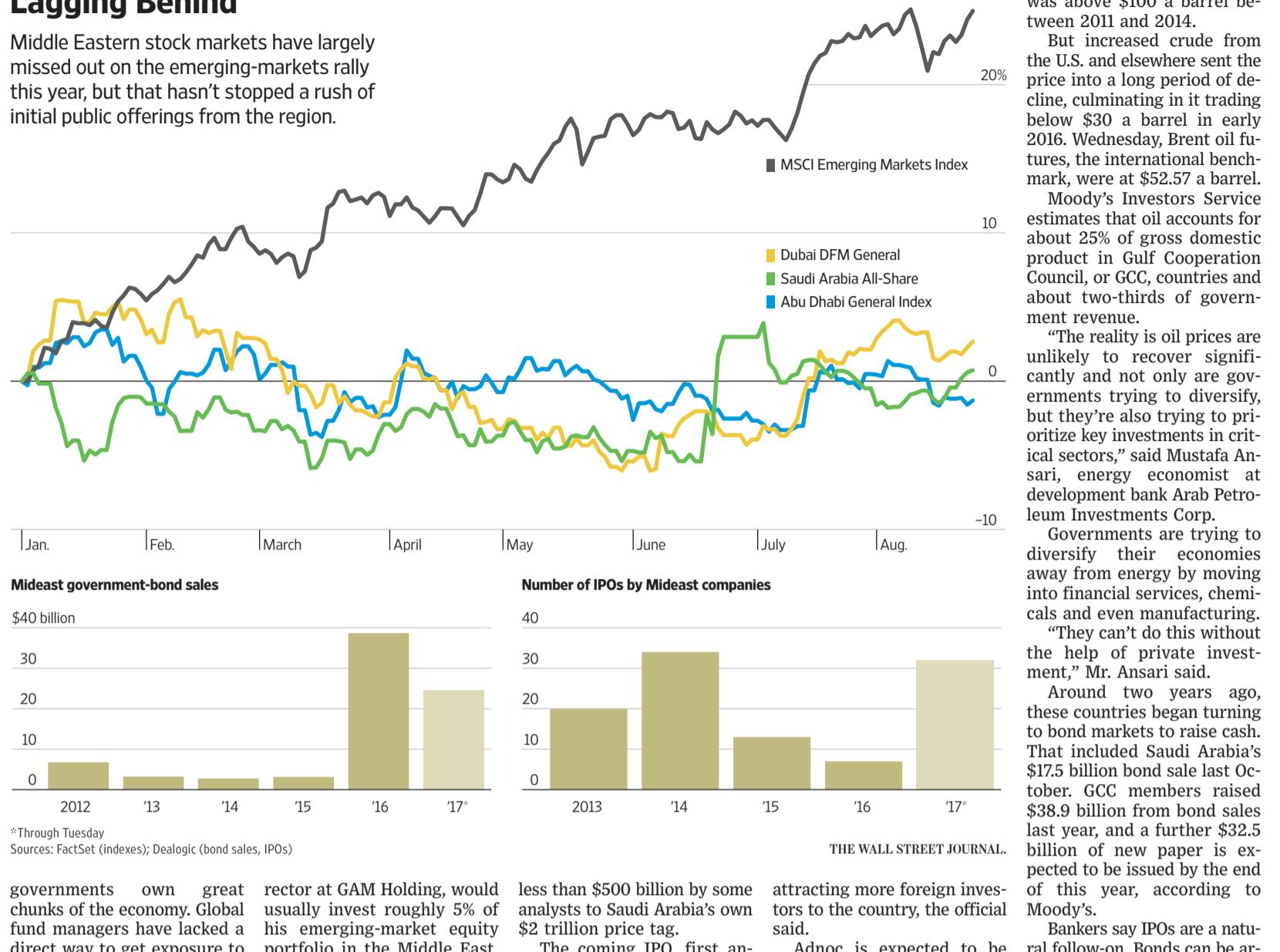
Many governments already issued bonds. Now they are turning to equity markets, a move hastened by the initial public offering of 5% of the company called Saudi Aramco. Once listed, it is expected to be the world's largest company by market capitalization.

This year, there have been 32 IPOs in the Middle East, raising \$1.5 billion, according to data provider Dealogic. That is more deals than in the two previous years combined.

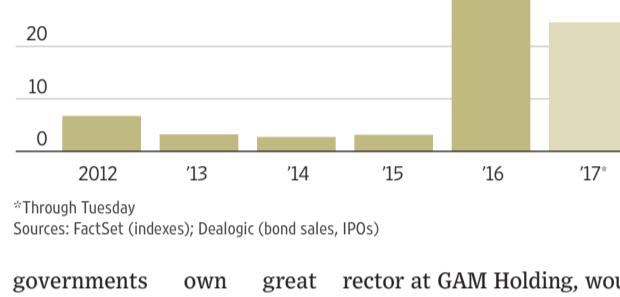
Other IPOs are being planned or have been announced, according to official statements and people familiar with the discussions. Those include state-owned commodities players such as Abu Dhabi National Oil Co., or Adnoc; Kuwait Energy; Emirates Global Aluminium, and Oman Oil Co.

Some countries want to beat Saudi Arabia to the market, fearful that if Aramco's benchmark listing flops it will be harder to sell their companies.

Selling state-owned assets is a relatively new phenomenon in the Middle East, where



Mideast government-bond sales



*Through Tuesday
Sources: FactSet (indexes); Dealogic (bond sales, IPOs)

governments own great chunks of the economy. Global fund managers have lacked a direct way to get exposure to the Middle East's oil industry, and this will bring new options for those funds looking to put money into the global energy sector.

But investors also worry about geopolitical tensions in the region, particularly given the growing rift between Qatar and its neighbors.

Tim Love, an investment di-

rector at GAM Holding, would usually invest roughly 5% of his emerging-market equity portfolio in the Middle East. Currently, it is at around 1%.

"We'd be more than happy to exploit opportunities in the Middle East just as and when geopolitical risks subside," he said, adding that there were better risk-return opportunities elsewhere.

Aramco's IPO is slated for 2018. Estimates of the company's value have ranged from

less than \$500 billion by some analysts to Saudi Arabia's own \$2 trillion price tag.

The coming IPO, first announced in 2016, has influenced other countries to look at listing their own assets, according to company and state officials. "The Aramco IPO is definitely making several companies in the Gulf rethink their strategy," said a senior Oman government oil official.

Listings would boost the Omani stock exchange while

attracting more foreign investors to the country, the official said.

Adnoc is expected to be first in line. The company is scheduled to list its retail business, which controls gas stations and convenience stores, later this year in an IPO that could raise as much as \$1.5 billion to \$2 billion, according to a company official.

Local governments had little reason to look for outside funding for their lavish spend-

ing plans when the oil price was above \$100 a barrel between 2011 and 2014.

But increased crude from the U.S. and elsewhere sent the price into a long period of decline, culminating in it trading below \$30 a barrel in early 2016. Wednesday, Brent oil futures, the international benchmark, were at \$52.57 a barrel.

Moody's Investors Service estimates that oil accounts for about 25% of gross domestic product in Gulf Cooperation Council, or GCC, countries and about two-thirds of government revenue.

"The reality is oil prices are unlikely to recover significantly and not only are governments trying to diversify, but they're also trying to prioritize key investments in critical sectors," said Mustafa Ansari, energy economist at development bank Arab Petroleum Investments Corp.

Governments are trying to diversify their economies away from energy by moving into financial services, chemicals and even manufacturing.

"They can't do this without the help of private investment," Mr. Ansari said.

Around two years ago, these countries began turning to bond markets to raise cash. That included Saudi Arabia's \$17.5 billion bond sale last October. GCC members raised \$38.9 billion from bond sales last year, and a further \$32.5 billion of new paper is expected to be issued by the end of this year, according to Moody's.

Bankers say IPOs are a natural follow-on. Bonds can be arranged and sold quickly. A listing can take months, sometimes years, to bring to market.

Local stock markets could do with a boost. Most Gulf bourses have missed out on this year's rally in emerging markets. The Saudi Arabia All-Share Index is up just 0.7% year to date, while the Abu Dhabi General Index is off 1.3%.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

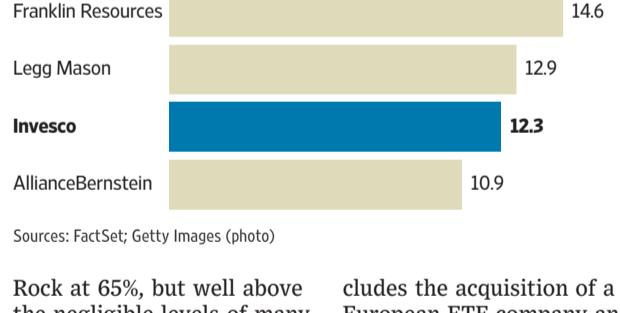
WSJ.com/Heard

Email: heard@wsj.com

Invesco Has Right Mix at the Right Cost

Investable Invesco

Forward price/earnings ratios for listed asset managers



Sources: FactSet; Getty Images (photo)

Rock at 65%, but well above the negligible levels of many others, including Franklin Resources, Legg Mason and T. Rowe Price Group.

This matters because passive funds are attracting the vast majority of inflows, especially in stocks.

Invesco's rising costs are mostly related to strategic investments to keep ahead of industry trends. This in-

cludes the acquisition of a European ETF company and the development of a new robo-advisory service.

The company saw minor outflows in the second quarter due to some factors, including a redemption by a sovereign-wealth fund, but the underlying trend is strong. Over the past four quarters, Invesco has enjoyed \$5 billion of inflows



THE WALL STREET JOURNAL.

held by clients outside the U.S., primarily in Europe and Asia. This helps shield the firm from forces rocking the industry and positions it well should the U.S. dollar keep declining.

Despite all these advantages, Invesco trades at a discount to peers. It is currently valued at 12.3 times forward earnings, compared with an average 14.2 times for five other large, listed asset managers. It is also cheap relative to its five-year average of 13.1 times forward earnings.

Any investment in an asset manager is in part a bet on rising markets overall. That has worked out fine this year, but should markets falter, Invesco could suffer along with others.

That said, given its low valuation, solid fundamentals and superior positioning, Invesco is the best bet among the bunch. The recent selloff in its shares makes for an enticing entry point.

—Aaron Back

The Problem With Dissing Teen Retailers

Investing in teen retailer stocks has always been treacherous. Now, their volatility is being compounded by low expectations.

American Eagle Outfitters and Express reported better-than-expected second-quarter earnings Wednesday, but they weren't all that impressive. While American Eagle's Aerie brand posted 26% same-store sales growth, that metric was flat for its much larger namesake brand. Same-store sales at Express fell 4% compared with the 5.2% decline analysts had forecast. Merchandise margins fell at both retailers amid increased promotions.

Still, less-bad-than-feared was enough to win the day. Shares of American Eagle shot up 7.9%, while Express rocketed 19% on Wednesday, both helped by a short squeeze.

Not all retailers have benefited from low expectations. Results for department stores Macy's, Kohl's and Nordstrom all exceeded forecasts, but investors weren't swayed.

Granted, the companies are working to improve their fates. American Eagle has secured an average 8% reduction in cash rents for the more than 350 leases it has negotiated or renegotiated over the past two years. Meanwhile, the growth at Aerie has been consistently strong.

Express closed all of its Canadian stores in the quarter, eliminating an annualized net loss of about \$6 million, and is also closing U.S. stores.

These retailers may be doing better than expected, but investors shouldn't expect a miracle.

—Miriam Gottfried

WPP Woes Are Already in Share Price

The rough patch faced by **WPP**, the world's largest advertising company, has gotten rougher. But investors shouldn't forget that WPP is a fundamentally strong business, and its shares are cheap relative to their history and their peers.

The company reported Wednesday that like-for-like net sales growth—its key top-line growth measure—fell into the red in the second quarter. Growth has been slowing since last summer, but nobody expected a contraction of 1.7%. The stock fell 11% in London.

Given the mixed signals, speculating when things will improve is a fruitless exercise. On the one hand, WPP Chief Executive Martin Sor-

rell expects full-year organic growth of between zero and 1%, implying growth of between 1% and 3% in the second half. Some clients that clamped down on ad spending in the first half have said they would now loosen their purse strings. On the other hand, the July numbers were bad, with like-for-like net sales down 2.6%.

Amid all the gloom about WPP's sagging organic growth, it is easy to forget that the company's profits are still rising, thanks to acquisitions and a fairly flexible cost base. Crucially, its problem also still appears to be cyclical pressure from big clients, notably consumer companies that have their own growth challenges,

rather than competition from media giants Google and Facebook, or consulting firms like Accenture.

The irony of the current situation is that, just like its consumer-goods clients, WPP has an efficiency plan to push its operating margin up to just shy of 20%. This focus has done wonders for stocks like Unilever and Nestlé this year, but WPP remains deeply out of favor.

WPP was one of this column's summer stock picks. Clearly, we called it too early. But with the shares trading at 11 times forward earnings, the opportunity for those prepared to invest against the crowd is more compelling than ever.

—Stephen Wilmot

OVERHEARD

American utilities reliant on solar power should have taken a lesson from relatively cloudy England.

Monday's coast-to-coast eclipse was the first in nearly a century and the first ever to test the renewable-energy sector. Of the 21.75 gigawatts of solar-generating capacity in the U.S., about 20 gigawatts were at least 50% obscured and four gigawatts were 90% obscured, according to the U.S. Energy Information Administration.

That led utilities to bring on lots of extra juice and some power traders to bet on a rise in prices. Instead, though, there was a surplus.

It turns out that something that captivates almost an en-

tire nation's attention makes people act differently. For example, Britain's National Grid observed a sudden 11% surge in electricity use in 1990 as an estimated 1.12 million tea kettles were switched on during halftime of a key England World Cup match.

Or they could have taken a cue from a U.S. sporting event. Power usage is 5% lower during the game on Super Bowl Sunday than on a comparable winter day, according to Opower. Despite the widespread viewing of large, energy-hungry TVs, many people congregate around a single screen. Crowd behavior can overpower cosmic forces sometimes.