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REVIEW

WSJ

THE WALL STREET JOURNAL WEEKEND

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What's News

World-Wide

Trump Organization CFO Weisselberg was granted immunity by federal authorities in New York and testified before a grand jury. A1

◆ The president canceled Pompeo's scheduled weekend trip to North Korea, signaling frustration with deadlocked nuclear talks. A6

◆ Republican Balderson was declared the winner of the Aug. 7 special House election in Ohio. A4

◆ Democrats are poised to significantly reduce the clout of superdelegates in picking presidential nominees. A4

◆ A battle for control over Australia's ruling coalition ended with Turnbull's ouster, but rifts persist. A6

◆ PG&E was identified as the large utility fined in May for losing control of a database with confidential information about its systems. A3

◆ Zimbabwe's constitutional court confirmed President Mnangagwa's victory in last month's election. A7

◆ A lawyer for alleged Russian agent Maria Butina asked a judge to reconsider her detention before trial. A3

◆ Hurricane Lane continued to lash Hawaii with heavy rains, causing flooding. A5

Business & Finance

◆ Powell defended the Fed's strategy of gradually raising rates against criticisms the central bank is moving either too quickly or too slowly. A1

◆ The S&P 500 hit a fresh high, affirming the bull market's longevity. The Dow added 133.37 to 25790.35. B1

◆ Lenders are stepping up offers of consumer loans with few strings attached, a risky area of finance. A1

◆ China is increasing efforts to stem the recent depreciation of the yuan. A7

◆ Malaysian police charged the alleged mastermind of the IMDB scandal with money laundering. A7

◆ Cigna and Express Scripts shareholders approved Cigna's purchase of the pharmacy-benefit manager. B3

◆ Papa John's is mandating diversity training for its staff, as its founder pushes to regain control of the firm. B1

◆ Waymo is setting up shop in Shanghai, giving Alphabet a foothold in China. B3

◆ Facebook tapped Antonio Lucio of HP to become its chief marketing officer. B3

◆ Enbridge agreed to buy the rest of Spectra Energy for about \$3.3 billion in stock. B3

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President Hits the Campaign Trail After a Turbulent Week



BUCKEYE BOUND: President Trump and his wife, Melania, board Air Force One for an Ohio trip. As he ramped up campaigning efforts at the state Republican Party's annual dinner Friday, Mr. Trump made no mention of the legal troubles that have ensnared former associates. A4

Trump Finance Chief Got Immunity

Longtime executive in president's company is third associate to testify in hush-money probe

President Trump's financial gatekeeper was granted immunity by federal authorities in New York and testified before a grand jury, the third longtime confidant of Mr. Trump known to have provided information in an illegal hush-money investigation that has implicated the president.

Allen Weisselberg, who has served for decades as chief fi-

nancial officer and executive vice president of the Trump Organization, testified several weeks ago in the criminal investigation by federal prosecutors in Manhattan into Michael Cohen, Mr. Trump's former lawyer, people

familiar with the matter said.

Earlier this week, Mr. Cohen pleaded guilty in Manhattan federal court to eight criminal charges, including facilitating illegal campaign contributions during the 2016 presidential

campaign to pay hush money to two women. He said Mr. Trump directed him to make the payments.

Mr. Weisselberg was one of the executives who helped reimburse Mr. Cohen through the Trump Organization and the president's personal trust for a \$130,000 payment Mr. Cohen made before the 2016 election to Stephanie Clifford, a former adult-film actress known as Stormy Daniels, for staying silent over her allegation of a past sexual encounter with Mr. Trump, which he has denied.

David Pecker, CEO of the National Enquirer's publisher and

By Rebecca Ballhaus in Washington and Nicole Hong in New York

a longtime ally who helped protect Mr. Trump's public image for years, also was granted immunity and told federal prosecutors that Mr. Trump had knowledge of Mr. Cohen's payments to women, The Wall Street Journal reported earlier this week.

The men represent three pillars that have supported Mr. Trump for decades in financial, legal and publicity mat-

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◆ Lawyer calls Butina case 'sexist smear'..... A3

◆ Cohen guilty plea reveals Qatar link..... A4

McCain to Halt Cancer Treatment



MICHAEL REYNOLDS/EPA/N SHUTTERSTOCK
LAST BATTLE: Sen. John McCain, who has been undergoing treatment for brain cancer in Arizona, will let the disease and his advancing age 'render their verdict,' his family said. A3

Airplane Noise Complaints Are Soaring—Because of One Widget

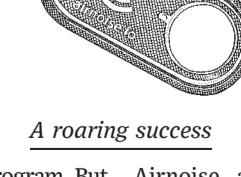
* * *
The Airnoise Button is responsible for 226,366 noise objections from 10 cities

BY KATY McLAUGHLIN

A lot of people are annoyed by the sound of airplanes flying over their homes. Then there is Beatrice Pardo.

She has lodged 12,694 official complaints with the San Diego County Regional Airport Authority in the past 16 months.

Registering a detailed aircraft noise complaint online in San Diego requires filling in 10 fields and looking up the offending flight through the airport authority's mapping program. But Ms. Pardo, a 62-year-old industrial designer, has taken an easier route. She uses a new invention called the Airnoise Button that allows her to register a complaint simply by pressing it.



A roaring success

"I start pushing that button at 6:33 a.m. when the noise starts and I stop at about 11:30 p.m.," she said.

Airports around the country are coping with a flood of complaints from irate, button-armed individuals.

Airport authorities—the agencies tasked with receiving aircraft noise complaints from the public—have dealt with the onslaught by changing how they report complaint data, blocking complaints that come through Airnoise, and investing hundreds of thousands of dollars into their own, souped-up complaining systems.

The Airnoise Button was created last year by Chris Mc-

Please turn to page A10

Lenders Vie in Risky Arena

BY ANNAMARIA ANDRIOTIS
AND PETER RUDGEAIR

Lenders are stepping up offers of consumer loans with few strings attached, often to individuals with poor credit histories they all but ignored in the years after the financial crisis.

The offers promise a way to help pay down other debts or fund home renovations or vacations, fueling concerns that customers could overextend themselves. "Take control of your finances," says one mass mailing. "Your dream can come true," says another.

American Express Co., Goldman Sachs Group Inc., LendingClub Corp. and Social Finance Inc. are among those behind an onslaught of unsolicited mailings offering unsecured loans, known as personal loans, as large as \$100,000. In the first half of this year, lenders mailed a record 1.26 billion solicitations for these loans, according to market-research firm Comptescan. The second quarter marked the first period that lenders mailed out more offers for personal loans than credit cards, a much bigger market, according to research firm

Mintel Comperemedia.

While the market for personal loans is relatively small, it is growing quickly. Lenders extended \$81.9 billion in personal loans to U.S. consumers in the first half of the year, up about 13% from a year prior, according to credit-reporting firm Experian PLC. That compares with a 9% rise in auto loans and leases and a 5% boost in spending limits issued on new general-purpose credit cards over the

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◆ Plan to rewrite rules for low-income lending falters..... B10

INSIDE



FAREWELL TO THE FAMILY SEDAN

EXCHANGE, B1



LIVE AT HOME INTO YOUR 80S, STYLISHLY

OFF DUTY, D1

Soldier, Patriot, Hero, Traitor?

Ukraine has become a political hall of mirrors

BY JAMES MARSON

KIEV, Ukraine—Hunched on a sofa opposite two Ukrainian special-forces soldiers, the short-haired woman made her pitch in a quiet, steady voice.

"I am proposing a coup," she said in an exchange caught on a hidden camera in December. As for Ukraine's leaders, "we need to remove them physically, all in one go," she said.

The woman was Nadiya Savchenko, a lawmaker, former soldier and hero of the country's conflict with Russia. Her saga shows how this troubled country, more than four years into a confrontation with Moscow, has become a political hall of mirrors, rife with suspicion, paranoia and uncertainty.

She was captured by Rus-

sia-backed separatists in eastern Ukraine in 2014, put on trial in Russia for abetting murder, and convicted. Ukraine rejoiced when she was freed in a prisoner exchange in 2016. Now, in a twist that has stunned the nation, she is under arrest in a Ukrainian jail for allegedly plotting a bloody coup.

Ms. Savchenko said she invented the plot as a "political provocation" to shame the government, which she accuses of corruption and failing to end the war. Prosecutors and pro-Western lawmakers say Ms. Savchenko, wittingly or not, became a tool of her former jailers in the Kremlin, which is waging a campaign on many fronts against Ukraine's efforts to wriggle free from Please turn to page A10

U.S. NEWS

THE NUMBERS | By Jo Craven McGinty

Pet Insurance Not So Niche Anymore



Two out of three Americans can house—holds—or about 85 million homes—own pets, and those lovable little roommates don't come cheap.

Americans spent \$17 billion last year on veterinary care alone, according to figures published by the American Pet Product Association. Per pet, that included \$257 for the routine care of dogs and \$182 for cats.

But accidents or illness can balloon costs, and to offset the expense, more households have turned to pet insurance, a niche product that for the first time last year grossed \$1 billion in annual premiums.

Compared with auto, home and human health coverage, pet insurance is the runt of the litter. But that puppy's growing.

Last year's gross annual premiums were 23% higher than the previous year, when the total was \$837 million, according to the North American Pet Health Insurance

Association. The number of insured pets also increased, climbing to 1.83 million last year, up about 16% from the previous year.

That's only 1% of dogs and cats, but insurers expect the expansion to continue.

"Twelve million puppies and kittens come into the world every year," said Rob Jackson, chief executive officer of the pet insurer Healthy Paws. "There's still great room to grow."

One yardstick to assess the potential is the U.K., where a quarter of cats and dogs are insured, according to Laura Bennett, a pet insurance actuary.

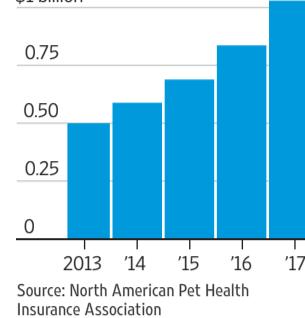
Although animals that are more exotic than cats and dogs may be covered, insurers tend to focus on the two most popular companion animals.

In 2017, Americans owned 94.2 million cats and 89.7 million dogs, accounting for nearly half of all household pets, according to the pet product association.

(America's 393 million pets

Protecting Pets

Gross pet insurance premiums topped \$1 billion for the first time last year.



Source: North American Pet Health Insurance Association

THE WALL STREET JOURNAL.

also included other small animals, horses, birds, reptiles and fish. At 139 million, freshwater fish was the single largest category, accounting for 35% of the total. But come on. If you can't cuddle it, is it really a pet?)

Insurance to offset the cost of veterinary care is a hybrid product. Like health insurance, it typically covers accidents and illnesses, but because pets are possessions, it

is technically property and casualty insurance.

That's the kind that's purchased for homes and cars, but there's a wrinkle: With car insurance, drivers don't assume it's OK to get into more accidents. Pet insurance may inspire a different response.

"If I go out and adopt a dog and buy an insurance policy, you don't know how I'm going to behave," Ms. Bennett said. "Will I go to the vet every time the dog coughs? You don't know."

About a dozen companies sell pet insurance in the U.S. The largest, in order of market share, are Nationwide, Trupanion and Healthy Paws.

Each is relatively new to the scene. Trupanion began selling pet insurance in the U.S. in 2008. In 2009, Nationwide acquired Veterinary Pet Insurance, which had been around since 1980. And Healthy Paws started in 2010.

There are no standardized actuarial tables to guide pet insurers in setting premiums. Each group crafts its own, often with the help of actuaries.

Trupanion, which insures

472,000 pets and employs four credentialed actuaries, bases its rates on characteristics such as pet breed and age—like other companies—along with details gleaned from the one million-plus claims the company has processed.

Among the lessons it has learned over the years is that different breeds have different health concerns.

"Golden retrievers are prone to cancers more so than other dogs that are otherwise comparable," said T.J. Houk, Trupanion's chief data officer and actuary. "Other breeds of a similar size have their own issues."

That kind of information influences premiums, as does a pet's place of residence.

"In New York there's a very different level of available care than in most of the rest of the country," Mr. Houk said. "You see significantly higher prices there."

With a \$200 deductible, premiums for a mixed breed puppy in Manhattan would cost \$76, Mr. Houk said. In Mobile, Ala., the same pet with the same coverage

would cost \$34.

Premiums also vary depending on a policy's deductible, but in general, monthly pet insurance payments range from \$25 to \$150.

One reason for the growing appeal of pet insurance is the availability of increasingly sophisticated and expensive treatments.

"Where you find increases is in specialty care," Mr. Jackson said. "That's where you get the sticker shock."

A torn cranial cruciate ligament, which is often referred to as a dog's ACL, is an example of a common ailment that now has a variety of advanced treatment options with price tags to match.

"The old treatment was to repair the ligament for around \$1,200," Mr. Jackson said. "Now, you can set the bone, put a plate in there, and for \$4,500, the knee is as good as new. It's the same condition but a new way to treat it."

And, if you choose to buy pet insurance, a new way to pay for it.

It's Move-In Day at Yale University



SCHOOL CHECKLIST: Yale University freshmen, Class of 2022, moved into their rooms on Friday in New Haven, Conn. PETER Hvizdak/NEW HAVEN REGISTER/ASSOCIATED PRESS

Powell Defends Tightening

Continued from Page One for months, its message took on extra import after Mr. Trump chided the Fed's moves, which he said worked against his efforts to boost growth.

The president told donors recently he was annoyed that Mr. Powell, whom he selected last fall to succeed Janet Yellen, was raising rates. Such criticism marked the end of a 25-year period in which presidents refrained from publicly commenting on monetary policy.

Mr. Powell's speech underscored the Fed's intent to operate independently of any political pressure.

Markets appeared to welcome the Fed chairman's stance, with U.S. stocks jumping and bond yields falling after his remarks. Bond yields fall as prices rise. The Dow Jones Industrial Average closed higher at 25790.35, up 0.52%.

Mr. Powell said he sees no signs of a sharp rise in inflation above the Fed's 2% target or an elevated risk of the economy overheating. "This is good news, and we believe that this good news results in part" from the Fed's recent policy moves, he said.

While Mr. Trump complains the Fed is moving too aggressively, other critics say it risks excessive inflation by raising rates too slowly.

Some of those warnings have come from Mr. Powell's own staff. A paper released Thursday from a quintet of senior Fed economists warned against ignoring continued declines in the unemployment rate once it

Fed Signals Unease About Jobless Rate

JACKSON HOLE, Wyo.—Research from staff economists at the Federal Reserve, posted ahead of Chairman Jerome Powell's speech on Friday, warns policy makers against placing too little attention on potential effects of very low unemployment on inflation.

Mr. Powell cited the work in his speech Friday morning to the annual gathering of central bankers at the Kansas City Fed's symposium in Jackson Hole. But he didn't seem to place as heavy an emphasis on the authors' conclusion.

Instead, he said the research showed "no single, simple approach to monetary policy is likely to be appropriate across a broad range of plausible scenarios."

The paper speaks to a central debate facing the Fed: how to set rates when inflation doesn't appear to be accelerating and the unemployment

rate is falling to levels that economists expect should push up wages and prices.

It provides intellectual support for the Fed to continue on its policy path, said Derek Tang, an economist at LH Meyer Inc., an economic-forecasting firm. But it also criticizes preferences cited by some Fed officials

who have urged moving more slowly to raise rates, seeking more evidence of a rebound in inflation, Mr. Tang said.

"Because monetary policy acts with a lag, waiting for inflation to materialize is undesirable," the paper said.

The research centers on a variable important for many policy makers in setting interest rates—the so-called natural

level of unemployment, or the

level needed to maintain stable inflation. Once unemployment falls below that level, inflation pressures can build, forcing the Fed to raise interest rates.

Because policy doesn't influence the economy right away, Fed officials tend to set rates based on their midrange forecast.

The unemployment rate

stood at 3.9% in July. In June, Fed officials projected the natural rate of unemployment was between 4.1% and 4.7%.

Some Fed officials, including Mr. Powell, have warned against placing too much

weight on these variables that can't be readily observed. While it is possible to get policy wrong by relying too much on these variables, the paper says it is also possible to make an error by discounting them.

"Policy needs to take proper account of the prospects for persistently tight labor markets leading to higher inflation, or other imbalances, that could eventually endanger" the economy, the paper concludes.

—Nick Timiraos

rate increases.

The Fed should be more inclined to adopt a similar approach today, Mr. Powell said. "When you are uncertain about the effects of your actions, you should move conservatively," said Mr. Powell.

Mr. Powell also highlighted the risk of financial excesses, even if inflation remains tame. Because inflation has responded only weakly to declining labor slack, inflation "may no longer be the first or best indicator of a tight labor market and rising pressures on resource utilization," he said.

Mr. Greenspan, in contrast, adopted a "wait-and-see" approach that boiled down to waiting from each Fed meeting to the next for signs of inflation before continuing with

U.S. WATCH

CDC

Ex-Chief Is Arrested On Sex-Crime Charges

Thomas Frieden, former director of the U.S. Centers for Disease Control and Prevention, was arrested Friday in New York City on charges of sexual abuse, forcible touching and harassment, according to a police spokeswoman.

Dr. Frieden, 57 years old, turned himself into the New York Police Department's Special Victims Division on Friday, the spokeswoman said.

The charges involve a 55-year-old woman who filed a complaint in July accusing Dr. Frieden of grabbing her buttocks in his Brooklyn Heights apartment in October 2017, the spokeswoman said.

"This allegation does not reflect Dr. Frieden's public or private behavior, or his values over a lifetime of service to improve the health of the world," a spokesman for Dr. Frieden said, adding there wouldn't be further comment.

—Zolan Kanno-Youngs

WASHINGTON

U.S. Will Reduce Aid To the Palestinians

The U.S. has decided to cut more than \$200 million in aid for basic services to the Palestinians, including health care and education, following a review ordered by the Trump administration, the State Department said on Friday.

The funds, earmarked for the West Bank and Gaza, will be redirected to "high-priority projects

elsewhere," an official said.

The aid was part of the State Department's Economic Support and Development Fund allocations planned for programs in the West Bank and Gaza in the fiscal year 2017, which totaled about \$230 million, the official said. The money had been frozen since January, when President Trump ordered a review to ensure the funding was being spent in the U.S. national interest. Mr. Trump had warned that the Palestinians' refusal to engage in peace talks would jeopardize their funding.

—Jessica Donati

POSTAL SERVICE

Trump Seeks End to Foreign Mail Discounts

President Trump directed the U.S. Postal Service to get rid of international discounts that can make it cheaper to ship goods to a U.S. customer from China than from an American warehouse.

The decades-old discounts were established by a United Nations agency to help people in developing countries afford international mail. In a memo, Mr. Trump directed U.S. officials to renegotiate these rates with the Universal Postal Union at a September meeting so they no longer give an advantage to foreign mailers.

Robert Taub, chairman of the Postal Regulatory Commission, said the international discounts have long been a problem for the Postal Service and the sharp increase in cheaply shipped goods from abroad has made it worse.

—Heidi Vogt

CORRECTIONS & AMPLIFICATIONS

Authorities in Canada haven't filed terrorism charges after recent attacks in the country despite Islamic State's claims to be behind them.

A World News article on Thursday about Islamic State's release of what it said was a recorded speech by its leader, Abu Bakr al-Baghdadi, omitted this information.

An investor taking a short position in Treasury bond futures sells a contract, intending to profit by buying it back later at a lower price. A

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U.S. NEWS

McCain to Stop Brain-Cancer Treatment

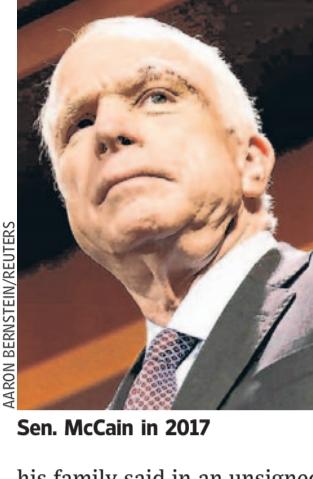
Senator underwent chemotherapy and radiation in Arizona to treat glioblastoma

BY BYRON TAU

WASHINGTON—Sen. John McCain will discontinue treatment for brain cancer, his family said in a statement on Friday, adding the progress of the disease and his advancing age will "render their verdict."

Mr. McCain, an Arizona Republican and 2008 GOP presidential candidate, has undergone chemotherapy and radiation treatments in his home state since he announced in the summer of 2017 that he had been diagnosed with glioblastoma.

"With his usual strength of will, he has now chosen to discontinue medical treatment,"



Sen. McCain in 2017

his family said in an unsigned statement released through his Senate office. "John has surpassed expectations for his survival."

Glioblastomas are the most common form of primary brain cancers and advance extremely quickly, according to neurolo-

Long Service

Elected to the Senate in 1986, John McCain is tied for fifth among current U.S. senators in length of tenure.

Patrick Leahy (D, Vt.)	15,939 days
Orrin Hatch (R, Utah)	15,208
Charles Grassley (R, Iowa)	13,747
Mitch McConnell (R, Ky.)	12,286
John McCain (R, Ariz.)	11,556
Richard Shelby (R, Ala.)	11,556
Dianne Feinstein (D, Calif.)	9,424
Patty Murray (D, Wash.)	9,364
James Inhofe (R, Okla.)	8,682
Ron Wyden (D, Ore.)	8,235

Note: Since date assumed office. Figures as of Aug. 24.

Source: U.S. Senate

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The treatments have left him weakened and unable to be in Washington for Senate business.

In what was seen as a farewell speech on the Senate floor in July 2017, Mr. McCain told his colleagues: "It's a privilege to serve with all of you. I mean it...I've had so many people say such nice things about me recently that I think some of you must have me confused with someone else. I appreciate it though, every word, even if much of it isn't deserved."

He cast his last vote in the Senate on Dec. 7, leaving Republicans with only the thinnest of majorities over Democrats—50 to 49—in the chamber.

In recent years, he has emerged as one of the few Republicans willing to vocally challenge President Trump. The two men have had a difficult political relationship. Dur-

ing the 2016 presidential campaign, Mr. Trump famously criticized Mr. McCain, who served five years as a prisoner of war in Vietnam. "I like people who weren't captured," Mr. Trump said, adding that Mr. McCain was no war hero.

In July 2017, Mr. McCain cast a dramatic late-night vote against a Senate measure to pare back selected pieces of the 2010 Obama health-care law, joining two other Republicans to sink the bill. Mr. Trump has repeatedly referenced Mr. McCain's "no" vote as the reason the measure failed.

Mr. McCain recently criticized Mr. Trump for his appearance alongside Russian President Vladimir Putin, calling their meeting and joint press conference last month "one of the most disgraceful performances by an American president in memory."

Chicago Weighs Adding Debt to Fix Pension Hole

BY HEATHER GILLERS

Chicago tried to lower its pension deficit with budget cuts, benefit reductions and tax increases. Now the third-largest U.S. city is considering a controversial new fix: more debt.

Finance Chief Carole Brown said she would decide in the next week whether to endorse a \$10 billion taxable bond offering that would be used to help close Chicago's \$28 billion pension funding gap. If the proposal is accepted by Mayor Rahm Emanuel and approved by the City Council, it would become the biggest pension obligation bond ever issued by a U.S. city.

Chicago is betting that it can earn more investing the proceeds than it paid to issue the new debt, setting an example for other large governments wrestling with sizable pension deficits. Many cities and states don't have enough assets to afford all future benefits owed to retirees. The soaring costs are squeezing budgets across the U.S.

But if Chicago's gamble doesn't pay off, it could end up with more debt that it can't afford to pay. Pension obligation bonds have backfired on other cities, contributing to the chapter 9 bankruptcies of Detroit and California's Stockton and San Bernardino.

"It'll be a big test for sure," said Vikram Rai, head of municipal strategy at Citigroup Inc. "But if it works it'll set a good precedent for the other cities and states that have pension problems."

More than 400 governments have issued such bonds in the past 30 years. The volume was highest in 2003, the year Illinois issued a \$10 billion bond—still the largest

ever by any U.S. city or state government.

But that deal didn't solve Illinois's problems. Fifteen years later its state employee pension fund has just 35% of what it needs to afford all future benefits owed its workers. In fact, the shortfall prompted discussion this year of a new \$107 billion pension obligation bond deal. That proposal hasn't gained momentum.

In some parts of the U.S., these deals have produced positive results. When voters in Houston approved issuance of a \$1 billion pension obligation bond in 2017, Moody's Investors Service deemed the move "a credit positive" because it was part of a larger pension overhaul that included benefit cuts.

Performance of these bonds also can vary depending on how the market is doing at any given time. In 2009, Boston College's Center for Retirement Research examined pension obligation bonds issued since 1986 and found most had lost money for the issuing states or municipalities because their pension-fund investments returned less than the interest they were paying on the bonds.

By 2014 those losses had reversed and returns were exceeding borrowing costs by 1.5 percentage points, the study found.

No U.S. city is in a deeper pension mess than Chicago, where four pension funds have a combined shortfall of \$28 billion, according to city financial records. It is in this position because of some of the same problems that tripped up other governments: decades of low government contributions, overly optimistic assumptions and overpromises on benefits. Two recessions resulted in ad-



Chicago Finance Chief Carole Brown, left, is to decide in the next week whether to endorse a \$10 billion bond.

ditional losses.

Mr. Emanuel took office pledging to shore up the city's finances. Under his administration, Chicago put in place a new schedule for how much the city deposits into its pension funds every year, setting those contributions to increase over time. To cover those costs he successfully lobbied the City Council to approve a massive property-tax increase.

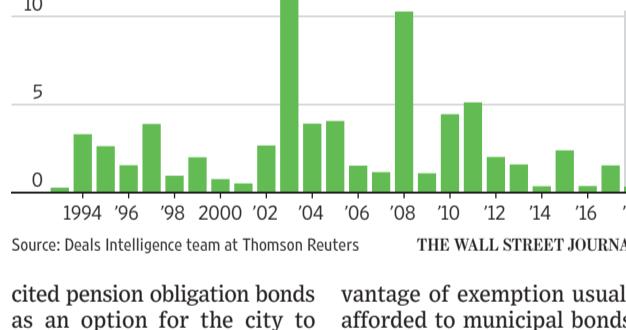
The move contributed to a July decision by Moody's Investors Service, which rates Chicago's general obligation debt as speculative grade, to improve the city's outlook to stable from negative.

City officials began considering issuing new debt to address the pension problems following a new sales-tax bond issuance at the end of 2017 that proved they could borrow money at lower rates. The idea surfaced publicly after GCM Grosvenor Chairman Michael Sacks, an informal adviser to Mr. Emanuel, made an Aug. 2 presentation to investors that

Pension Borrowing

If Chicago decides to borrow \$10 billion to fund pensions, it would push pension obligation bond issuance in the U.S. to a 15-year high.

\$20 billion



Source: Deals Intelligence team at Thomson Reuters

THE WALL STREET JOURNAL

cited pension obligation bonds as an option for the city to consider.

The presentation listed a 5.25% interest rate for a \$10 billion bond. The debt would be taxable since the federal government typically doesn't allow cities and states borrowing for pensions to take ad-

vantage of exemption usually afforded to municipal bonds.

Howard Cure, who manages municipal bond assets—including some Chicago debt—as director of municipal bond research at Evercore Wealth Management, said a \$10 billion pension obligation bond would weaken the city's credit.

But if the city ends up borrowing at a high enough rate, Mr. Cure said, "I'm not ruling out that we would buy it."

The city's finance chief said her office is running analyses to evaluate how the pension obligation bond strategy would fare in a range of market scenarios and hopes the city can save money on its pension expenses. She said she views the maneuver as a refinancing, using new bond debt to pay off older pension debt.

But even if the city raised \$10 billion, Ms. Brown said, it wouldn't be enough. Chicago would still need more money to cover all of its annual pension costs.

"If we do this we'll still have to find additional new revenue—we would just have to find less," Ms. Brown said.

Lawyer Calls Butina Case 'Sexist Smear'

BY ARUNA VISWANATHA

A lawyer for alleged Russian agent Maria Butina asked a judge to reconsider her detention before trial, writing in a blistering memo that prosecutors had cherry-picked innocuous text messages to portray Ms. Butina as trading sex for a job and engaging in a sham relationship to further her espionage goals.

"The government gratuitously and falsely smeared her character and reputation," Ms. Butina's attorney, Robert Driscoll, wrote in the Friday court filing. He said the allegation that she was involved in a covert Russian influence operation is a "war drum based on pure fiction."

Ms. Butina, 29 years old, was arrested last month and accused of conspiring to cultivate relationships in the U.S. with influential conservatives and gun-rights groups to advance Moscow's agenda. She was charged with not registering as a foreign agent in Washington and was ordered to jail as she awaited trial.

Prosecutors say Ms. Butina courted Paul Erickson, 56, a



Alleged Russian agent Maria Butina in a police booking photo released last week.

nickel to my name," the filing said. The friend responded, "Ugh . . . (" according to the filing.

"The government's proffer is a sexist smear, using a three-year-old offhand joking reference to suggest that Ms. Butina is some kind of James Bond spy character, promiscuously using sex to advance her career," the filing said.

A spokesman for the U.S. attorney's office in Wash-

ton, which is prosecuting the case, couldn't be reached to comment.

The filing also accuses prosecutors of contorting messages between Ms. Butina and a girlfriend, in which they are exchanging photos of cats and casually complaining about their boyfriends, to describe Ms. Butina's relationship with Mr. Erickson as "duplicitous."

Mr. Erickson couldn't be reached to comment.

Ms. Butina's lawyer also ridicules other aspects of the government's case, saying Ms. Butina was simply acting like other politically interested 20-somethings, and that the Russian official described as her "handler," deputy central-bank governor Alexander Torshin, was "actually just a friend."

In the filing, Ms. Butina's lawyers suggested the case might make more sense if she was accused of violating a law that requires foreign lobbyists who engage in political activities to register their activities. Instead, prosecutors used another law targeting nonpolitical activities that evokes clandestine, espionage endeavors and carries harsher penalties.

PG&E Named as Utility Fined in Data Breach

BY REBECCA SMITH

San Francisco-based PG&E Corp. was identified Friday as the large utility that authorities had fined in May for losing control of a database with confidential information about its systems and leaving it exposed on the internet for 70 days.

The breach happened in 2016 and, until this week, the Federal Energy Regulatory Commission had declined to identify the utility that it fined \$2.7 million earlier this year, a small amount compared with a potential fine of as much as \$140 million.

Heavily redacted documents released Friday showed correspondence among regulators related to the incident, which referenced PG&E, but they provided no additional details. However, other previously available documents provided information about the incident, so together they show how PG&E's systems were exposed.

In a written statement, PG&E said that "once we learned of the exposure, we

communicated proactively with the appropriate government agencies and regulators and have since worked with them on corrective actions."

It added that its cybersecurity measures are "robust and consistent with the best practices being employed in the industry."

PG&E's identity was revealed because of a Freedom of Information Act request filed to FERC by Secure the Grid Coalition, a nonprofit group focused on critical infrastructure protection. Michael Mabee, a New Hampshire representative of the group, said he petitioned for the information, because he thought it was "disturbing and wrong" for federal officials to protect a utility whose actions endangered the public.

As a result of the failure, 30,000 records about PG&E's cyber assets were exposed to the internet—without password protection—at a time when authorities have said Russian agents were trying to gain access to U.S. energy companies.

U.S. NEWS

DNC Weighs Power of 'Superdelegates'

By REID J. EPSTEIN

CHICAGO—Democrats are poised to significantly reduce the clout of elected officials and party insiders in picking presidential nominees, a move that would resolve one of the stickiest internal rifts from the 2016 campaign.

Democratic National Committee members will vote Saturday on a rules change that strips from so-called superdelegates—DNC members, federal lawmakers, governors and past presidents—the right to vote on the first presidential ballot at the party's national convention.

Under the proposal, superdelegates would be able to vote for president at a convention only if no candidate received a majority on the first round of balloting. Such a scenario hasn't occurred in the more than three decades since superdelegates, officially known as unpledged delegates, were added to the party's convention in 1984 in an effort to increase racial diversity of delegates and slow insurgent candidates.

There were 716 superdelegates in 2016, about 15% of the party convention's 4,700 delegates. Their ranks include all 447 DNC members, all Democrats elected to Congress or governor, former party chairmen and chairwomen and former Presidents Carter, Clinton and Obama.

The new rules would restrict first-ballot voting to pledged delegates, whose



Hillary Clinton accepted her party's presidential nomination at the Democratic National Convention in Philadelphia in July 2016.

votes are dictated by the primary or caucus results from their state or territory.

The proposed changes were initially driven by supporters of Vermont Sen. Bernie Sanders' 2016 campaign, which argued the setup stacked the deck against outsiders and in favor of establishment pick and eventual nominee Hillary Clinton. But the changes have since been embraced by party members intent on bridging

differences that animated the 2016 campaign.

DNC Chairman Tom Perez, whom Mr. Sanders opposed during party elections last year, has spent months working with Larry Cohen, a top Sanders aide in 2016, in advocating for the rules changes. They include incentives for state parties to seek changes to their nominating contests aimed at boosting voter participation. "At the end of the 2020 primary pro-

cess...all but one of the candidates will be disappointed," Mr. Perez told a meeting of the DNC's black caucus here Thursday. "Our goal has to be for everyone to get a fair shake."

While the 2016 presidential contest cleaved the party along ideological lines, with Mr. Sanders running to the left of Mrs. Clinton, the super-delegate debate has exposed a generational split among DNC members. A group of party el-

ders fiercely opposes the proposed changes, fearing they would lose influence in nominating contests.

Former DNC Chairwoman Donna Brazile, a prominent party figure for decades, spoke against the proposal here Thursday. The de facto leader of the opposition is Don Fowler, a South Carolinian who was party chairman during Bill Clinton's presidency.

"If this is adopted, this will

be a truly unique set of rules where the leaders, you, the 700 most important leaders in the Democratic Party, will not be permitted to vote," Mr. Fowler told DNC members here Thursday. "We need to defeat this rules change that seeks to take democracy out of the Democratic Party."

There is also opposition to the rules change from members of Congress, who would lose their first-ballot voting rights at the party convention. Last week, Rep. Cedric Richmond of Louisiana, chairman of the Congressional Black Caucus, wrote a letter to Mr. Perez opposing the changes. Members of Congress don't get to vote on the rules changes unless they are also national committee members.

"There should be enough room in the process to include the perspective of local party activists and officials, and members of Congress," Mr. Richmond wrote. "One group should not be harmed at the expense of the other."

Proponents of changing the rules, who have distributed "yes" stickers at the Chicago hotel hosting the party's annual summer meeting, say enacting the rules change would finally close the book on the contentious 2016 primaries.

As Mrs. Clinton built an insurmountable delegate lead that spring, Mr. Sanders and his supporters argued she would have been beatable without the influence of the super-delegates.

Republican Wins Tight Ohio Special Election

By REID J. EPSTEIN

More than two weeks after voting concluded, Republican Troy Balderson on Friday was declared the winner of Ohio's special House election, according to the Associated Press.

Mr. Balderson, a state senator, defeated Democrat Danny O'Connor. Republicans spent \$5 million to boost his campaign in a district President Trump carried by 12 percentage points.

Mr. Balderson had a lead of 0.9% after votes were counted Aug. 7, but Mr. O'Connor and Ohio Democrats hoped the margin would shrink as absentee and provisional ballots were counted. Ohio law mandates a recount in races where the margin is less than one-half of 1 percentage point.

This week, Mr. Balderson added 643 votes to his margin after six of the district's seven counties counted provisional and absentee ballots, giving him a 2,387-vote advantage. Franklin County, which includes the district's largest concentration of Democratic voters, has about 1,250 absentee and provisional votes left to count.



Troy Balderson, who won by a thin margin, will face Democrat Danny O'Connor again in November.

"I'm humbled by the support I've received from voters and look forward to representing Ohio's 12th Congressional District in Congress," Mr. Balderson said Friday.

Mr. O'Connor, the elected Franklin County recorder, conceded defeat. He congratulated Mr. Balderson and said he would remain focused on their rematch in the regularly sched-

uled November general election.

"The grass-roots army we've created is not done yet," Mr. O'Connor said. "In fact, we're just getting started. We have 11 weeks to keep talking to voters."

The Aug. 7 special election became the latest flashpoint in Democrats' effort to compete in swaths of the country that have long voted Republican.

The GOP has held Mr. Balderson's seat without interruption since 1983.

Yet Mr. O'Connor raised far more campaign funds than Mr. Balderson, whom GOP officials in Washington found to be a lackluster candidate. Both Mr. Trump and Vice President Mike Pence visited the district for rallies in the final week of the campaign.

Trump Predicts Strong Showing in Midterms

By PETER NICHOLAS

usually strong statement denying the president's claim that Mr. Sessions hasn't asserted control over the Justice Department.

Mr. Trump spent much of his 45-minute speech attacking Democrats, their policies, tactics and ethical standards. He said authorities should investigate their practices.

Mr. Trump sounded an optimistic note about the midterm elections. "We're going to win a lot of seats," he said.

He said that the Senate will be "a big surprise" and that the House is "probably tougher."

Because committee chairs serve limited terms in the House, he said, a number of Republicans have decided to step down, making some races more competitive than they would be if the incumbents held on. House GOP committee chairs are limited to three consecutive terms.

He touted the economic gains under his watch and said that "America's economy is booming like it's never boomed before."

Immunity For Trump Accountant

Continued from Page One
ters. The 71-year-old Mr. Weisselberg has long been a central figure in Mr. Trump's business, a global real-estate development, property-management and licensing company.

Mr. Weisselberg didn't respond to a request for comment. The Journal couldn't determine whether Mr. Weisselberg told prosecutors that Mr. Trump had knowledge of the payments when they were made.

A lawyer for Mr. Trump declined to comment. The president has said he found out only later about the payments Mr. Cohen arranged. In a television interview earlier this week, he criticized the Justice Department tactic of "flipping" defendants in exchange for leniency, saying it "almost ought to be illegal."

It remains unclear whether the information the three men have provided to the federal investigation was limited to prosecutors' efforts that led to Mr. Cohen's guilty plea or whether it will aid in the probe going forward. The investigation by the Manhattan U.S. attorney's office is continuing, according to a person familiar with the matter.



Allen Weisselberg testified.

of Mr. Cohen, the political fallout and legal risks for the president may subside. Still, this week's events alarmed some members of Mr. Trump's orbit. Rudy Giuliani, a lawyer for Mr. Trump, said he wasn't aware that Mr. Weisselberg had been granted immunity and didn't know whether the president had knowledge of it.

Even at the Trump Organization, where fewer than 30 employees work on the 26th floor of Trump Tower alongside Mr. Weisselberg, the revelation that the CFO had been granted immunity from prosecution surprised many executives, according to a person familiar with the matter.

"Is there reason to be concerned and pay very close attention and hope that there's really good lawyering going on? Absolutely," one person close to the White House said.

Another person close to the

Cohen Guilty Plea Reveals Qatar Link

A \$100,000 real-estate brokerage fee that was part of former Trump attorney Michael Cohen's guilty plea Tuesday came from representing a company owned by a member of the Qatar royal family, according to interviews and real-estate documents.

Mr. Cohen admitted to failing to pay taxes on more than \$4 million in income, among other felonies. That income included what prosecutors described as \$100,000 in 2014 from "brokering

the sale of a piece of property in a private aviation community."

The Ocala, Fla., community is a fly-in development named Jumbolair, said owner Frank Merschman. He said he bought some property in 2014 from a Qatari company, and Mr. Cohen represented the seller, Abdul Aziz Althani Holdings Inc.

That company is owned by a member of the Qatar royal family, Sheikh Abdul Aziz bin Jassim bin Hamad Al-Thani, 62 years old, according to the Panama Papers, documents from a Panamanian law firm obtained by the International Consortium of

Investigative Journalists and the German newspaper Süddeutsche Zeitung, and shared with The Wall Street Journal.

Sheikh Abdul Aziz and his attorneys didn't respond to requests to comment. Lanny Davis, an attorney for Mr. Cohen, didn't respond to a request to comment.

Mr. Merschman said the Qatari company owned several properties adjacent to Jumbolair, and he initially bought one through a tax-foreclosure auction. He said he then received a call from Mr. Cohen, who said the owner hadn't realized taxes

were overdue and wanted to repurchase the property.

When Mr. Merschman declined that offer, he said, Mr. Cohen later offered to sell him two other properties owned by the Qatari company. In May 2014, Mr. Merschman's company paid \$650,000 for the two additional properties, county real-estate records show.

Mr. Merschman said the Federal Bureau of Investigation interviewed him a few months ago about the transaction, and "I cooperated with them 100%."

—Mark Maremont

and Rob Barry

White House described the president as distracted by the wall-to-wall cable-news coverage of the developments involving Mr. Cohen and Paul Manafort, his former campaign chairman who was convicted by a federal jury on eight counts of fraud on Tuesday.

Mr. Trump, the person said, is alternating between anger and "a surprising state of calm" in the face of cascading reports about legal troubles involving his associates. On Thursday, the president showed up unexpectedly at a birthday party for Sarah Sanders, Stephen Miller and Lawrence Kudlow held on a White House patio, where aides cheered him.

In some ways, the president relishes conflict, another person close to the president said. "He enjoys the battle."

Given the Justice Department's longstanding determination that sitting presidents can't

be indicted, investigators would face uncharted territory if they amassed evidence that the president committed a crime, legal experts say.

Congress, which has the power to impeach the president, could ask for evidence from the Justice Department, and prosecutors could also use the evidence to pursue other individuals, former federal prosecutors said. Prosecutors aren't precluded from charging someone after he is no longer president.

Federal prosecutors in Manhattan could also share their evidence with special counsel Robert Mueller, who is leading an investigation into Russian interference in the 2016 election and whether the Kremlin colluded with the Trump campaign.

Mr. Trump and the Kremlin have denied wrongdoing. Mr. Mueller's remit gives him the leeway to pursue any matters that arise from his investiga-

tion; the probe of Mr. Cohen started, in part, with a referral from Mr. Mueller's office.

That raises the prospect that Mr. Mueller could incorporate findings from the Manhattan probe into any report he submits to the deputy attorney general about his investigation's conclusions related to Mr. Trump, legal experts say.

Mr. Weisselberg's ties to the Trump family date to the 1980s when he worked for Mr. Trump's father, Fred. He also serves as treasurer at the Trump Foundation, which has been accused in a lawsuit by the New York Attorney General's office of repeatedly violating laws governing charities. The foundation has denied wrongdoing.

The accountant was at Mr. Trump's side when he faced bankruptcy in the 1990s. Mr. Trump later credited the CFO in one of his books as "one of the toughest people in business

when it comes to money" who "did whatever was necessary to protect the bottom line." Mr. Trump has also praised Mr. Weisselberg as a "loyal employee" whose advice he relied on for everything from his finances to carpet swatches.

Last year, Mr. Weisselberg arranged for the Trump Organization to reimburse Mr. Cohen, who had in October 2016 arranged a \$130,000 payment to Ms. Clifford, the former adult-film actress who claimed she had sex with Mr. Trump a decade earlier, in exchange for her silence about the alleged affair.

A person familiar with Mr. Weisselberg's thinking said he didn't know when he agreed in January 2017 to a \$35,000 monthly retainer for Mr. Cohen that it was intended to reimburse him for his payment to Ms. Clifford.

—Peter Nicholas contributed to this article.

U.S. NEWS

Lane Dumps Heavy Rain on Big Island

BY ARIAN CAMPO-FLORES
AND ZUSHA ELINSON

Hurricane Lane continued to lash Hawaii with heavy rain Friday, causing flooding, landslides and power outages for thousands.

But Friday also brought welcome news for the islands as winds slowed and the hurricane was downgraded to a Category 2 storm, a less severe designation. The hurricane, with maximum sustained winds of 105 miles an hour, already has dumped more than 30 inches of rain on parts of the Big Island. As much as 40 inches of rain could fall on some locations, according to the National Weather Service.

Lane was about 130 miles southwest of Kailua-Kona on the Big Island on Friday, and moving slowly north at 5 miles an hour before a predicted turn west. The center of the storm is still expected to pass "dangerously close" to the state's main islands, according to the Central Pacific Hurricane Center.

Though Lane is forecast to weaken Saturday, its slow movement increases the threat of prolonged heavy rainfall, the center said.

The severity of the storm has depended on location. Kindra Fratus said that in the southern part of the Big Island, where she lives, the wind is "blowing its ass off and it's raining sideways."



Shelves emptied at a Honolulu supermarket ahead of the storm.

"Personal loans are often the last loans taken and the first ones not to be paid," said Michael Abbott, digital lead at Accenture Financial Services.

Lenders pitch the loans as a way for consumers to pay for projects or activities that might have otherwise taken months to save for. "Take a trip," says an offer from Barclays PLC. "Add a new deck, patio or pool," says one from Citizens Financial Group Inc.

Cherie and Harry Young of Cromwell, Conn., took out a \$60,000 personal loan late last year from LightStream, a division of SunTrust Banks Inc., for a home remodeling. They have seven years to pay it back at 7% interest.

The surge in unsecured personal loans is the latest sign that banks and financial-technology companies alike are plunging with new vigor into a risky area of consumer finance, reflecting both the solid growth of the U.S. economy and the perception that growth opportunities remain scarce for lenders nearer the top of the U.S. personal-income distribution.

Personal loans are often the last stop for consumers in need of affordable financing, and some researchers fear a surge in personal loans will enable consumers to take on more debt than they can pay back.

Though the U.S. is booming by many measures, some households are sliding deeper into debt. That said, the boom in personal loans poses less of a risk for the overall economy because the market is small relative to mortgages and other kinds of debt.

Personal loans are considered relatively risky because lenders have little recourse if borrowers stop paying. There generally isn't a house or car to repossess, and unlike credit cards, there isn't a credit line to cut, because the loans are typically extended in a lump sum.

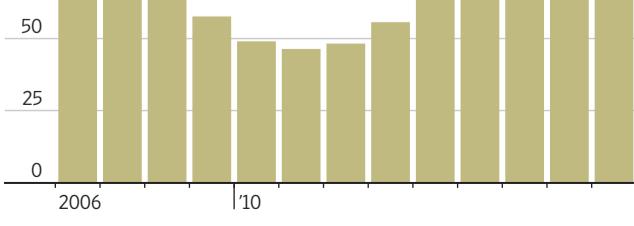
Getting Personal

Average size of new unsecured personal loan

1Q 2010 \$3,926

1Q 2018 \$6,443

Total personal-loan balances outstanding at year-end*



*2018 balances are through June 30.

Source: TransUnion

THE WALL STREET JOURNAL.



Geneva Strouse and daughter Christine organize their damaged home, still under repair after Harvey a year ago, south of Houston.

Year After Harvey, Texas Still Hurts

Survey found those needing the most help were often African-American and poor

BY DAN FROSCHE

A year after Hurricane Harvey, Texas residents in hard-hit areas say they still face financial struggles from the storm and need more help repairing their damaged homes and getting sufficient aid, according to a new survey.

The survey of 1,650 people, released Thursday, found that 70% of Texans reported their lives are almost or largely back to normal, up from 56% three months after Harvey. But of the people who reported still being affected by the storm, more than 40% say they aren't getting the help they need to recover.

Roughly a quarter said they needed more help applying for financial assistance and

repairing their homes.

The survey was conducted by the Kaiser Family Foundation and the Houston-based Episcopal Health Foundation, and it examined 24 Texas counties affected by Harvey.

Hurricane Harvey slammed into the Texas coast on Aug. 25, 2017, and made its way to Houston over the next 48 hours.

The survey found that those who said they weren't getting enough assistance were more often African-American, poor and lived in the state's so-called Golden Triangle area in Southeast Texas, which includes the cities of Port Arthur, Beaumont and Orange.

Geneva Strouse, who lives in the Houston suburb of Friendswood and partici-

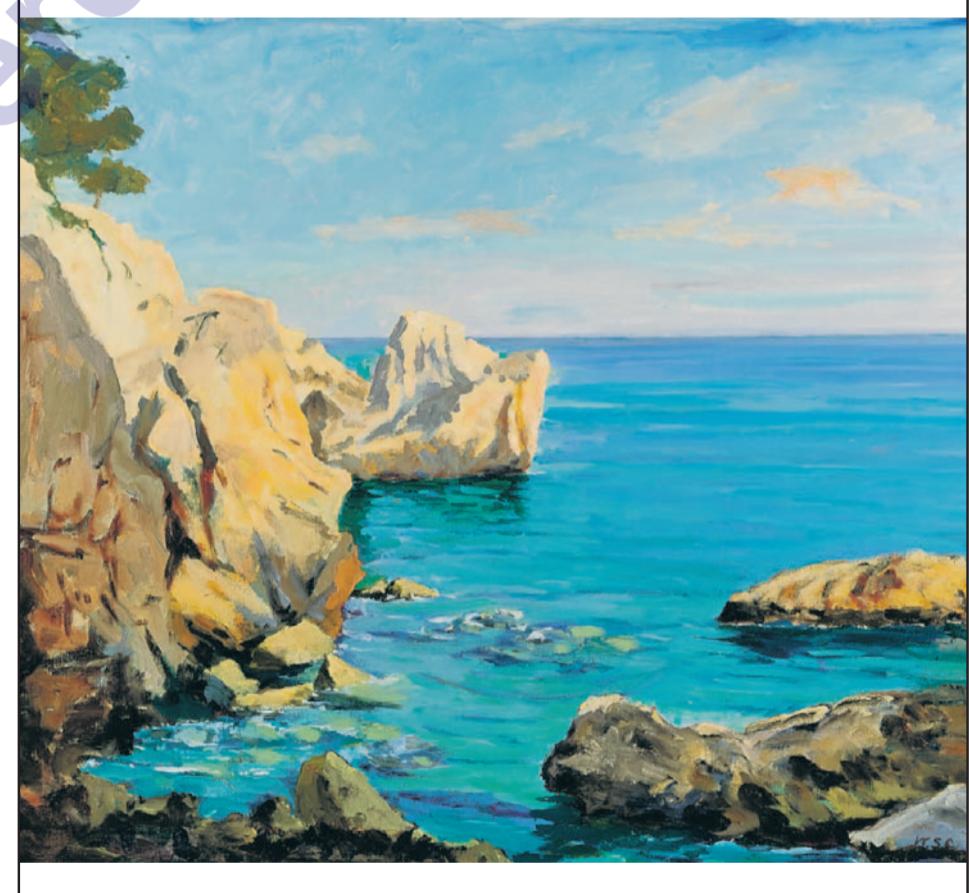
pated in the latest survey, said her family was still suffering from Harvey. Their home, which took on 2 feet of water, was still damaged—the ground floor is without enough baseboards and doors, and the floors aren't fully installed—and she hasn't received enough aid to pay for it all.

After getting \$9,000 from the Federal Emergency Management Agency, Ms. Strouse, who didn't have flood insurance, said she and her husband had to take out a \$75,000 loan to help pay for the damages. Her daughter has decided not to go to a private college in Austin to save money, Ms. Strouse said, and will instead attend a local community college.

"We haven't gotten the help that others have received," said Ms. Strouse, 42 years old. She has been taking anti-anxiety and sleeping medication because of the stress since the storm.

So far, FEMA has doled out more than \$13.8 billion in funds to people recovering from Harvey. A spokesman said the agency wouldn't comment on a study it hadn't yet seen but that aid eligibility was based on a variety of factors. The storm is the second-costliest hurricane in U.S. history, behind Hurricane Katrina, according to the agency.

The Kaiser/Episcopal survey found nearly 70% of Texans—whether affected by Harvey or not—said resources are needed to better shield the region from flooding.



STROKES OF BRILLIANCE SIR WINSTON CHURCHILL



Legendary world leader. Unique subject. Rare opportunity. This exceptional original oil was composed by the legendary politician and painter Winston Churchill. Though he painted for over half of his life, rarely did his works achieve the level of artistry and brilliance of the present work, which offers a colorful view of

Cap d'Ail on the French Riviera. His dramatic brushstrokes and vibrant palette bring this remarkable scene to life. Initialed (lower right). Circa 1949. Canvas: 22 1/2" h x 26 3/4" w; Frame: 28 1/2" h x 33 1/2" w. #30-8212

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Source: TransUnion

THE WALL STREET JOURNAL.

WORLD NEWS

Trump Signals Deadlock on North Korea

President cancels a Pompeo visit, saying China trade fight has slowed nuclear talks

BY JESSICA DONATI
AND PETER NICHOLAS

WASHINGTON—President Trump canceled Secretary of State Mike Pompeo's scheduled weekend trip to North Korea in a series of tweets Friday after a briefing, signaling for the first time frustration with deadlocked nuclear talks.

"I have asked Secretary of State Mike Pompeo not to go to North Korea, at this time, because I feel we are not making sufficient progress with respect to the denuclearization of the Korean Peninsula..." Mr. Trump said on Twitter.

Mr. Trump's decision appeared to take State Department officials by surprise. Mr. Pompeo named a new special representative for North Korea, Stephen Biegun, to lead the talks only a day earlier, and staffers were preparing for the trip to go ahead on Sunday as planned.

Mr. Pompeo was in a meeting with Mr. Trump in the White House when the president wrote the tweets calling off the meeting, a person familiar with the matter said. The president made the decision after talking to Mr. Pompeo and getting an update on the state of negotiations, which have been gridlocked since Mr. Trump met North Korean leader Kim Jong Un in June.

"I'm not satisfied with the progress," Mr. Trump said at the meeting with his top diplomat, the person familiar with the matter said.

Mr. Trump appeared to blame China for the lack of progress on the negotiations, even though Beijing doesn't have a direct role in the process. Officials say progress has stalled because the U.S. wants North Korea to take concrete steps before making any con-



North Korean leader Kim Jong Un, center, inspecting construction sites in Ryanggang province in an undated photo released this past week.

cessions, while Pyongyang wants Washington to reciprocate as it moves toward denuclearization.

Mr. Trump suggested in one tweet that China was no longer cooperating on denuclearization as a way to punish the U.S. over tariffs that have triggered a tit-for-tat trade dispute between the two countries. He said Mr. Pompeo would travel to North Korea after the trade dispute is resolved.

"Because of our much tougher trading stance with China, I do not believe they are helping with the process of denuclearization as they once were," Mr. Trump wrote.

The U.S. has been calling on China to strictly enforce wide-ranging United Nations sanctions targeting North Korea's economy. The sanctions were designed to exert painful economic pressure on Pyongyang and drive North Korea's Mr.



Secretary of State Mike Pompeo on Thursday in Washington.

Kim to enter into talks over the country's nuclear program.

Beijing initially appeared to work closely with the U.S. to enforce the U.N. sanctions, but in recent weeks U.S. officials have protested, citing a reported increase in trade between China and North Korea,

and they warned that it could ease pressure on Pyongyang to negotiate.

Trade talks between the U.S. and China ended on Thursday without any sign of progress toward a solution. The U.S. put in place tariffs on \$16 billion in Chinese goods on

Thursday, raising the total to \$50 billion. The Chinese have matched them dollar for dollar. The U.S. is eyeing tariffs on an additional \$200 billion in Chinese imports, about half the total from China, that could start taking effect as early as September.

Mr. Pompeo and his newly appointed special representative to North Korea, Mr. Biegun, were due to leave for Pyongyang on Sunday and then travel to Beijing.

It wasn't immediately clear why Mr. Trump linked China's lack of help on sanctions to the decision to cancel the talks with North Korea. Administration officials have often said that economic issues related to China and North Korea are kept on separate tracks, even though Mr. Trump sometimes treats them as related.

Mr. Trump has long insisted the talks with North Korea were progressing well, and Fri-

day's tweets were the first indication that progress was going slower than expected.

The U.S. wants North Korea to front-load its promises to denuclearize and take concrete steps to dismantle its assets before offering any concessions. North Korea wants the U.S. to make reciprocal, step-by-step concessions as a show of good faith.

Mr. Biegun was appointed to take over the nuclear talks after Mr. Pompeo's relationship with the North Koreans appeared to sour. North Korea's foreign ministry described Mr. Pompeo's approach as "gangster-like" after a visit in July, and avoided a bilateral meeting with the secretary during a regional meeting earlier this month.

The Chinese Embassy in Washington didn't respond to a request to comment. The State Department didn't comment.

An advertisement for FlexiSpot featuring a man sitting on a white desk bike at a desk with two monitors. The desk is mounted on a black height-adjustable stand. The background shows a window with greenery.

WORK MEETS WORKOUT

An advertisement for FlexiSpot featuring a woman sitting on a white desk bike at a desk with a computer monitor. The desk is mounted on a black height-adjustable stand. The background is a plain wall.

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Scott Morrison, center, will succeed Prime Minister Malcolm Turnbull, who lost in a power struggle.

Australia's Conservatives Grapple With Party Rift

BY DAVID WINNING
AND DAVID CRAWSHAW

SYDNEY—A battle for control over Australia's ruling coalition, fueled by policy disputes and personal vendettas, ended with the prime minister's ouster but failed to close the rift that threatens the Liberal Party, the country's dominant conservative force.

Scott Morrison, a Christian who backed greater rights for religious groups and once oversaw the offshore detention of asylum seekers, won a party vote on Friday and will lead the government to an election due next year. But his thin margin of victory at 45-40 over a more conservative opponent, Peter Dutton, illustrated the continued tensions between party factions.

The Liberal Party—Australia's main center-right bloc—has been grappling with how far to steer to the right in response to the increasing popularity of populist fringe groups, a challenge also faced by mainstream political parties in the U.S. and Europe.

The party has long considered itself a "broad church," accommodating classically liberal as well as more-conservative views. In a changing political landscape, long-simmering disagreements between those two schools of thought erupted this week.

Prime Minister Malcolm Turnbull, who led the party from 2015 until this week, had geared his coalition toward the center of Australian politics.

He pursued pro-business changes such as company tax cuts alongside a socially liberal agenda. He enacted same-sex marriage after voters endorsed it in a referendum and pushed to mandate emissions-reductions targets under the Paris agreement.

The latter proved the catalyst for his undoing. With his poll numbers sagging and the conservative base increasingly

Scott Morrison will lead the government to an election that will occur next year.

uneasy ahead of elections early next year, the party's right wing mounted a challenge to remove Mr. Turnbull.

In doing so, the thinking went, they might shore up support from conservative voters who had been drifting toward the far right.

Challenging Mr. Turnbull was Mr. Dutton, a former policeman viewed as a hard-liner, known in part for his hawkish views on immigration and his

boycott of a parliamentary apology to indigenous people for past injustices.

It didn't work. Having unsuccessfully challenged Mr. Turnbull for the leadership earlier in the week, Mr. Dutton tried again on Friday, only to find himself running against Mr. Morrison, a more conventional conservative seen as a compromise candidate, after Mr. Turnbull stepped aside.

The public bout of political bloodletting gripped the country for days. Much of it was seen as driven by Tony Abbott, the hard-line former prime minister whom Mr. Turnbull ousted as Liberal leader in 2015. The two men have known each other for decades and have shared an enmity that has occasionally spilled into the open.

On Friday, Mr. Turnbull said that "disunity is death" in Australian politics and described Mr. Abbott as a wrecker who had undermined his administration.

Mr. Abbott said that having lost a prime minister, "we still have a government to save."

Mr. Morrison on Friday signaled three priorities: dealing with a crippling drought along Australia's east coast, keeping the economy on track, and protecting national security.

◆ Heard on the Street: China's lead role in drama.....B12

WORLD NEWS

Zimbabwe Court Confirms Election

By GABRIELE STEINHAUSER

Zimbabwe's constitutional court Friday confirmed President Emmerson Mnangagwa's victory in last month's election, batting away opposition allegations of rigging in the first vote since the ouster of longtime strongman Robert Mugabe.

Reading the ruling, Chief Justice Luke Malaba accused the opposition and its candidate, Nelson Chamisa, of making unsubstantiated and general allegations of rigging and fabricating evidence. "There was no proof of the happenings of these irregularities as a matter of fact," he told the crowded courtroom.

The verdict clears the way for Mr. Mnangagwa to be inaugurated as president within the next 48 hours. The 75-year-old Mr. Mnangagwa was a close ally of Mr. Mugabe for four decades until he supported a coup to remove the former president in November.

Whether the ruling will allow Zimbabwe to draw on international funding to ease a deepening economic crisis—one of Mr. Mnangagwa's central campaign promises—is less clear.

Western governments, including the U.S. and the European Union, have condemned a crackdown by security forces on opposition supporters that followed the July 30 vote. On Aug. 1, soldiers armed with automatic weapons chased down protesters in the capital of Harare, leaving at least six civilians dead. Human-rights groups and the opposition Movement for Democratic Change also accused the military and police of beating, torturing and abducting government critics.

Zimbabwe's electoral commission on Aug. 3 said Mr. Mnangagwa had won 50.8% of the vote, narrowly avoiding a runoff against Mr. Chamisa, a lawyer and part-time preacher, who gained 44.3%.

Opposition lawyer Thabani Mpfu argued in court on Wednesday that a more detailed vote count later released by the electoral commission showed significant differences between the official result. He accused the commission of including "ghost polling stations" in the official tally, double-counting ballots for Mr. Mnangagwa and preventing some 40,000 teachers from voting.

Those irregularities, Mr. Mpfu argued, were enough to push Mr. Mnangagwa past the 50% of the vote he needed to win in the first round.

The electoral commission, which was a respondent in the case, has rejected the allegations of vote rigging. The commission's lawyer said the differences between the official result announced on Aug. 3 and the detailed vote count released later was due to clerical errors and didn't change the overall outcome of the election.

Douglas Mwonzora, the secretary-general of the MDC, said his party accepted the ruling and urged Mr. Mnangagwa to unite a divided country.

—Bernard Mpfu contributed to this article.

China Moves to Shore Up Currency

By LINGLING WEI

BELIJNG—China is stepping up efforts to stem the yuan's rapid depreciation, in a policy shift intended to fend off capital flight and blunt U.S. criticism that Beijing is weakening its currency as part of the countries' trade fight.

In a statement Friday, the foreign-exchange trading arm of the People's Bank of China said the central bank has tweaked the mechanism for setting the yuan's daily official value to prevent the currency from falling too sharply.

To do so, the central bank reapplied to its model a "countercyclical factor," it said.

The tool, used previously to counteract market forces, essentially reasserts the central bank's heavier hand in setting the currency's value, and its renewed use marks the latest in quickening steps to support the yuan.

Early this month, the central bank reimposed a yuan-trading requirement that makes it costlier for investors to wager against the yuan. Central-bank officials have also been warning commercial banks and other market participants against speculative trading in the yuan, according to Chinese officials and banking executives.

For much of the year, the PBOC has taken a more hands-off approach to the traditionally tightly tethered currency,

even as the yuan dropped nearly 10% in value against the U.S. dollar between April and mid-August.

The yuan's slump is rekindling concerns among officials that businesses and individuals may rush to take money out of China.

The Trump administration, meanwhile, suspects that China wants a weaker currency to help exporters and ease the impact of tariffs; President Trump criticized Beijing anew for manipulating the yuan's value this past week.

The policy shift "seems aimed at reducing the risk of speculative outflows and also deflecting criticism from Washington," said Cornell University economist Eswar Prasad, who consults with Chinese officials.

The yuan's slide against a strong dollar makes it one of the worst-performing currencies in Asia. It ended at 6.8789 per dollar Friday in mainland trading, close to its weakest level in a year.

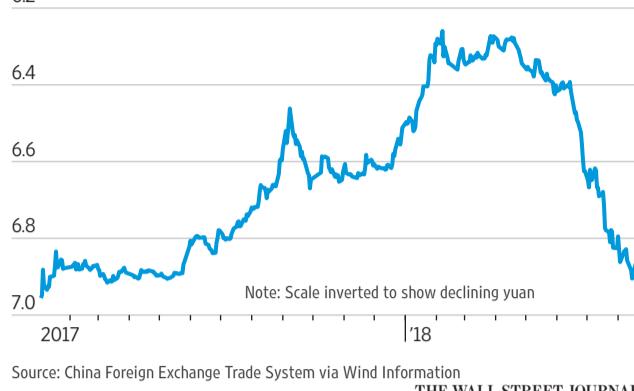
With the Chinese economy cooling and everything from factory investment to retail sales flagging, authorities have been easing credit and encouraging more spending to prop up growth—conditions that are weakening the currency.

In addition, a full-bore trade war with the U.S. threatens to drag down exports, a major driver for growth in the

Heavier Hand

China's central bank is tweaking the way it fixes the value of the yuan to counteract the market forces that have weakened the currency.

How many yuan one dollar buys



Source: China Foreign Exchange Trade System via Wind Information

THE WALL STREET JOURNAL.

past year or so, and hurt overall confidence in the Chinese economy.

This week, a fresh round of trade negotiations between the two governments failed to produce any visible signs of progress.

The outcome reduces the chances of a settlement in the near term and makes it more likely the Trump administration will move ahead with plans to impose tariffs on \$200 billion worth of Chinese goods, escalating the trade fight that has seen the governments levy penalties on \$50 billion in each other's products.

Before this week's talks

started in Washington on Wednesday, officials on both sides said they were ready to discuss China's currency policy. It is unclear whether the topic came up during the discussions.

Chinese officials say the latest moves to defend the yuan show that the central bank is wary of a rapid depreciation that could trigger excessive capital outflows—as happened in late 2015 and 2016. For now, official data show China's cross-border fund flows are largely balanced. But officials fear that could quickly change if the yuan's decline is unchecked.

If that happens, companies

and households will find it increasingly less attractive to hold the currency. Too much money leaving China could then create a liquidity shortage for a financial system already battling rising defaults.

Even though the latest measures could help stabilize the yuan in the near term, the policy shift means Beijing, once again, is backtracking on its efforts to make the yuan more market-driven.

The central bank reimposed heavy controls on the yuan and cross-border fund flows two years ago, and some of those controls were relaxed only early this year.

The countercyclical factor was first introduced in mid-2017, as the central bank sought to curb depreciation expectations for the yuan. In January, as the yuan started to rise in value, the central bank suspended its use, signaling that it didn't want the currency to strengthen too much and that market forces could again have more sway.

In Friday's statement, the China Foreign Exchange Trade System cited the strengthening dollar and the trade friction as the main reasons investors kept bidding down the yuan.

The reapplication of the "countercyclical factor," it said, could help the yuan remain largely stable.

—Bob Davis in Washington contributed to this article.

Malaysia Charges Financier in 1MDB Case

By YANTOULTRA NGUI

KUALA LUMPUR, Malaysia—Police charged the alleged mastermind of the multibillion-dollar **1MDB** scandal with money laundering, saying Friday that it would facilitate his arrest overseas.

They are the first criminal charges brought in Malaysia against financier Low Taek Jho, or Jho Low, who has been moving between Hong Kong, Macau and mainland China in recent months, according to people with knowledge of his movements.

In conjunction with the charges, a Malaysian court issued arrest warrants for Mr. Low and his father, Low Hock Peng. The elder Mr. Low isn't believed to be in Malaysia, say people familiar with his movements.

Amar Singh, chief of the Malaysian police commercial-crime division, said the procedures would ease Mr. Low's return from another country but didn't specify which one.

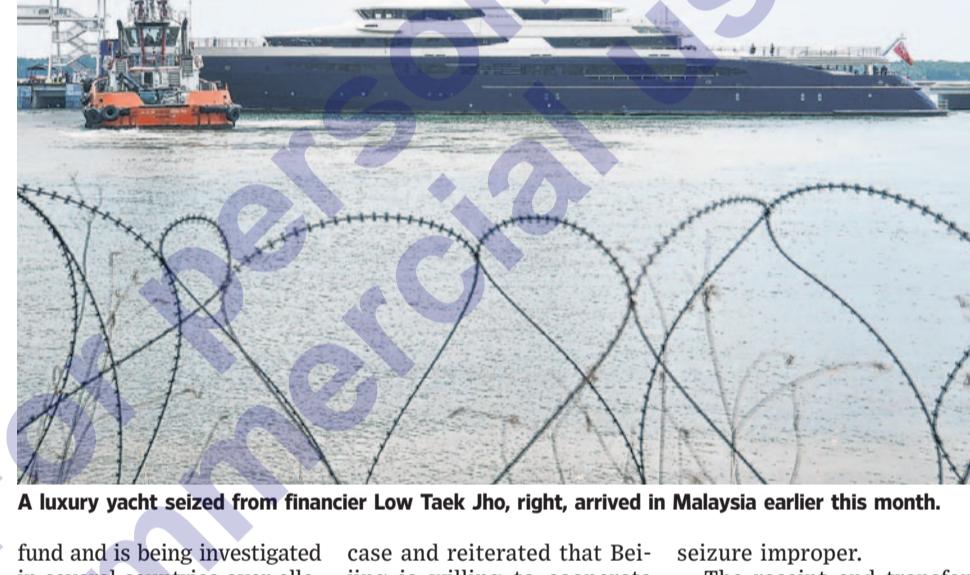
Mr. Low faces eight money-laundering charges and his father one, Mr. Singh said.

Mr. Low maintains his innocence and is consulting his lawyers, a spokesman for Mr. Low said in a statement. He won't submit to any jurisdiction "where his guilt has been predetermined by politics," it added, saying he couldn't get a fair trial in Malaysia.

During his tenure, Malaysian probes found no wrongdoing at 1MDB.

Current Prime Minister Mahathir Mohamad said Tuesday that "rumors" lead him to believe Mr. Low "is probably in China," but that he hadn't asked Chinese officials about it during a visit to Beijing this week.

A spokesman for China's Foreign Ministry said Friday he had no information on the



A luxury yacht seized from financier Low Taek Jho, right, arrived in Malaysia earlier this month.

fund and is being investigated in several countries over allegations that billions of dollars were siphoned off.

The prime minister ousted in the May election, Najib Razak, has been charged with money laundering and criminal abuse of power. He has rejected those charges.

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Current Prime Minister Mahathir Mohamad said Tuesday that "rumors" lead him to believe Mr. Low "is probably in China," but that he hadn't asked Chinese officials about it during a visit to Beijing this week.

A spokesman for China's Foreign Ministry said Friday he had no information on the

case and reiterated that Beijing is willing to cooperate with other governments on judicial matters.

The charges filed by Malaysian police allege Mr. Low received \$260.8 million between December 2013 and June 2014 and transferred \$188.2 million between January 2014 and June 2014, in some cases with the involvement of a Cayman Islands company, World View Ltd., that the U.S. Justice Department has previously said was used by Mr. Low to control his yacht Equanimity.

Malaysia seized the \$250 million yacht earlier this month with the help of Indonesia, where the yacht had been traveling. Mr. Low's representatives have called the

seizure improper.

The receipt and transfers of money were conducted via separate accounts at BSI Bank in Singapore, according to copies of the charges seen by The Wall Street Journal.

Mr. Low's father was charged with transferring \$56.5 million to his son in February 2014, according to the charge sheet.

Each count carries a maximum fine of 5 million ringgit (\$1.2 million), a jail term up to five years, or both.

Singapore has separately charged Mr. Low with money laundering and receiving stolen property, the Singapore attorney general's office said.

A court in Singapore sentenced a former wealth manager at BSI to 4½ years in



KRISTIN CALLAHAN/ACE PICTURES/ZUMAPRESS

prison last year after he pleaded guilty to a money-laundering offense linked to misappropriated 1MDB funds.

BSI was renamed EFG after its purchase in 2016 by Zurich-based private banking group EFG International.

It didn't immediately respond to a request to comment Friday. It has previously acknowledged shortcomings in its anti-money-laundering controls.

The U.S. Justice Department alleges Mr. Low helped siphon off at least \$4.5 billion from 1MDB between 2009 and 2015. Mr. Low and conspirators from Asia and the Middle East allegedly used the proceeds to buy luxury homes in the U.S., frequent Las Vegas nightclubs and fund Hollywood movies, among other things.

The Justice Department has sought, via civil lawsuits in California, to seize almost \$2 billion in assets allegedly bought with the stolen money.

Spain Says Franco's Remains to Be Moved From Public Burial Site

By JEANNETTE NEUMANN

MADRID—Spain's center-left government said the remains of former dictator Francisco Franco will be exhumed in coming months from the grandiose public mausoleum he commissioned.

Deputy Prime Minister Carmen Calvo said Franco's family members, who have opposed the exhumation, will be able to decide where they want the dictator reburied. If the family objects, the government would choose a plot for a "dignified" reburial, Ms. Calvo said.

Opposition from Franco's family, and apprehension about undertaking the delicate task of reburying a former dictator some Spaniards still support, had dissuaded previous center-left administrations from removing Franco from the mausoleum.

Franco envisioned the site, known as the Valley of the Fallen, as a war memorial. But many Spaniards say it glorifies his victory over republican

forces in the 1936-39 civil war and is an affront to families still struggling to recover the remains of victims, many from the losing side, who were buried in unmarked mass graves.

"When is this country going to stop having the remains of a dictator in a public burial site next to his victims?" Ms. Calvo said during a press conference Friday.

Spain's government is presenting amendments to an existing law that, among other measures, ordered the removal of public signs of glorification for Franco's regime. Parliament is likely to approve the amendments as soon as next month, paving the way for Franco's reburial as soon as year-end.

Some of Franco's family members say they are weighing legal options to challenge the reburial.

Socialist Party leader Pedro Sánchez, who unexpectedly became prime minister in June after he launched a successful no-confidence vote in parliament



People gather around the tomb of Spain's former dictator Francisco Franco outside of Madrid.

ANDREA COMAS/ASSOCIATED PRESS

WORLD NEWS

Venezuela Refugees Face Broad Backlash

Tolerance is tested as many flee across border; 'this whole situation is bad for us'

BY PAULO TREVISANI
AND SAMANTHA PEARSON

PACARAIMA, Brazil—Arriving home from work on Aug. 17 in this sweltering Amazonian town along Venezuela's border, a shopkeeper was beaten by a group of four men who tied him and his wife up before taking \$5,600 he had stuffed in his pocket to buy supplies the next day.

The attack proved to be a tipping point for this impoverished town of 10,000 people, where—like across swaths of South America—sympathy is beginning to give way to resentment over the 2.3 million Venezuelans the U.N. estimates have fled to neighboring countries since 2014.

News of the assault prompted Pacaraima locals, who already had been planning a protest the next day, to set fire to a refugee camp and chase away Venezuelans with rocks. The army said at least 1,200 Venezuelans fled Brazil that day back to their homeland.

The violent backlash in Pacaraima was the first attack of its kind against Venezuelan refugees. As anti-immigrant sentiment grows, other Latin American countries have begun tightening border controls. Peru will begin refusing entry to Venezuelan refugees traveling with just national I.D. cards, rather than passports. Ecuador adopted a similar rule, but it was annulled Friday by a judge who called for a broad government plan to deal with the influx.

The Pacaraima shopkeeper, 55-year-old Raimundo Nonato de Oliveira, said the first of his Venezuelan assailants jumped on him from behind, gripping his frail torso so hard he could barely breathe. He remembers being blinded by his own blood. Then he blacked out.

"We're going to kill you, you damned Brazilian," one of his assailants threatened him in Spanish, his still-terrified wife Maria recalled Thursday.

Local police said they believe Mr. Oliveira's assailants were Venezuelans who fled back across the border, a state government spokesman said. No one had been charged.

As many as 600 Venezuelans now arrive every day in Pacaraima, the sole road crossing between the two countries, according to Brazil's government. Most come in to stock up on supplies before returning home, but roughly 130 stay put, the government says, refusing to return to a country hobbled by one million percent inflation, blackouts and food shortages.

Venezuela's refugee exodus has accelerated since May,



Halef Juan collects scrap metal from the wreckage of a Venezuelan refugee camp that was bulldozed and set ablaze. 'We can't walk freely on the streets anymore,' he says.

when President Nicolás Maduro won what most countries say was a fraudulent election to stay another six years in power, ending whatever hope Venezuelans have of change. Here in the state of Roraima, the number of Venezuelans requesting to stay in Brazil—either as residents or refugees—shot up 50% between March and June this year.

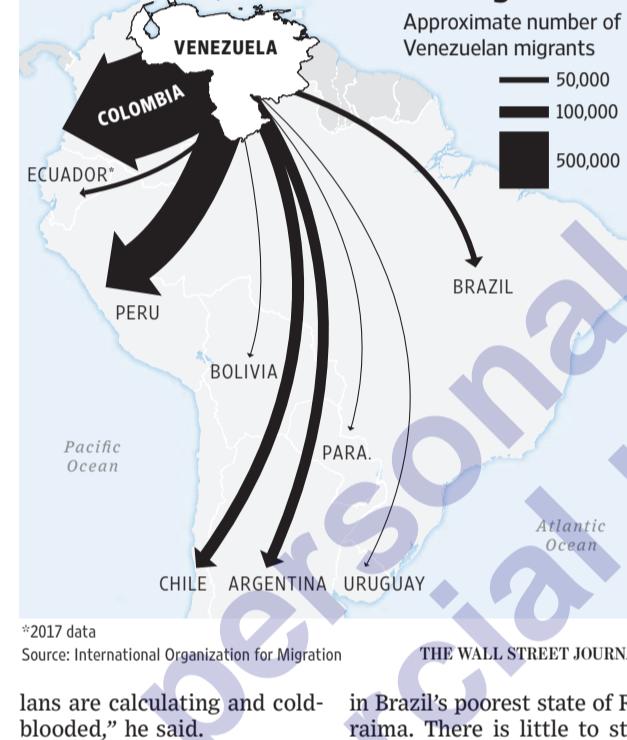
Since last weekend's turmoil, new arrivals here from Venezuela are nervous about what kind of reception they will get from Brazilians. They point out that the vast majority of refugees are driven by desperation. "I'd rather get beaten up by Brazilians than starve in Venezuela," said Larry Marbar, a Venezuelan construction worker, hurrying into Pacaraima from the border checkpoint Wednesday, his jeans sagging at his emaciated waist.

"I'm here to get work and help my family, not to do anything evil."

Brazilians are generally nonchalant about immigration. Unlike in the U.S. and parts of Europe, where more than 10% of the population was born abroad, there has been far less recent immigration to Brazil. Foreigners make up less than 0.5% of people in Brazil today.

But Venezuelans' arrival en masse, following a smaller influx of Haitians after the 2010 earthquake, has put Brazilians' tolerance to the test.

"We take them in and look what they do to us," said Damião Batista, 52, who runs a store across the street from Mr. Oliveira's and took part in the Aug. 18 attacks. "Venezue-



THE WALL STREET JOURNAL.

lans are calculating and cold-blooded," he said.

Fears are also becoming politicized. Venezuelan immigration has become a top campaign issue in this year's race for mayor in Peru's capital Lima. In Brazil, right-wing presidential hopeful Jair Bolsonaro has also taken a tough stance on refugees ahead of October's elections, something that is winning him support in places like Pacaraima.

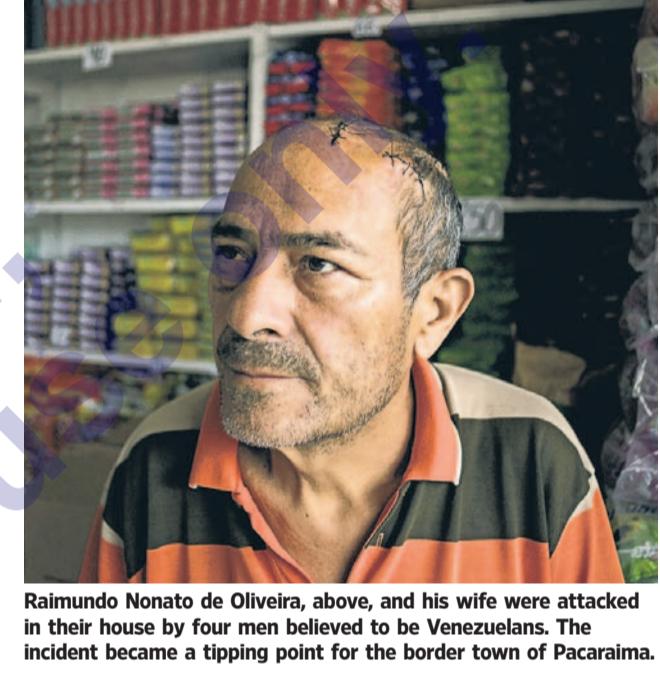
While the U.N. estimates that there are only 50,000 Venezuelans currently in Brazil, far fewer than in Spanish-speaking countries such as Colombia, the problem is they are largely concentrated here

in Brazil's poorest state of Roraima. There is little to stop the Venezuelans from coming over.

The Pacaraima border is a poorly guarded imaginary line marked by 3-foot-tall concrete poles with no fence.

Experts say the only way to relieve pressure on the border and avoid further confrontations is to transport more refugees south.

The vast Amazon rain forest here, however, creates a giant bottleneck. While Venezuelans stream in over the northern border, the only viable way to transport them out of the region and to Brazil's prosperous southern cities, like São Paulo some 3,000



Raimundo Nonato de Oliveira, above, and his wife were attacked in their house by four men believed to be Venezuelans. The incident became a tipping point for the border town of Pacaraima.

miles south, is by plane.

The federal government has relocated only 820 refugees so far. Following the weekend's attacks, it pledged to move more than a thousand others by September.

It's a sore point among locals in Pacaraima. "Only those with documents and in good health are picked for transfer," said Halef Juan, 17, collecting scraps of metal left alongside burned toys and books in the wreckage of the refugee camp that was bulldozed and set ablaze Aug. 18. Those who are left behind become a target for local drug gangs, he said.

"We can't walk freely on the streets anymore."

As Mr. Oliveira got back to work at his store Thursday, he said he had every reason to share his countrymen's anger. With 13 stitches to his head, he is in constant pain. His wife, who was so traumatized she hadn't eaten in days, refuses to go back to their home, he said. Yet if anyone is to blame this side of the border, it's Brazil's negligent government, not the refugees, he said, squinting through his swollen eye.

"This whole situation is bad for us," he said. "But it's even worse for the Venezuelans."

—Ryan Dube contributed to this article.

Irish Stay Faithful to Catholic School

BY PAUL HANNON

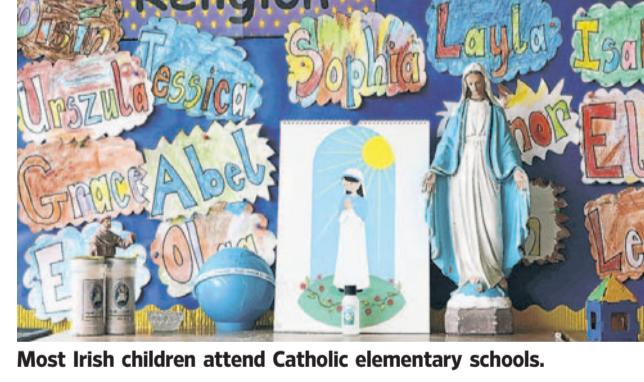
DUBLIN—As Ireland welcomes its first papal visit in four decades with the arrival of Pope Francis this weekend, it is a much changed and less Catholic country. But in one key respect, the Ireland of 2018 is as it was in 1979: The vast majority of its children are educated in Catholic schools.

In the years since millions came out to see Pope John Paul II, contraception and divorce have become legal, as has same-sex marriage, while a ban on abortion added to the constitution in 1983 was removed after a referendum in May.

Although the adult world has altered almost beyond recognition, the world of childhood remains largely the same. The bulk of primary school pupils still receive instruction in the principles, doctrines and narratives of the Catholic faith.

That is a path followed by the vast majority of Irish people since the primary school system was constructed in the second half of the 19th century, encouraging many people until recently to regard Catholicism as an essential marker of Irishness.

But growing numbers of Irish parents are now seeking an alternative to the Catholic system. Orla Matthews lives in Leixlip, a small but expanding town in County Kildare, on the edges of Dublin. Her 4-year-old son Faolán will start pri-



Most Irish children attend Catholic elementary schools.

mary school in September 2019, and she is hoping that a new school due to open in the town will be nonreligious.

Having received a Catholic education, the 40-year-old digital strategist became an atheist in her mid-20s. Revela-

The pope is visiting an Ireland drifting from the church, except in education.

tions from 2012 onward about the historic mistreatment of unmarried mothers and their children in institutions run by the church, following earlier evidence of widespread sexual abuse of children by priests, reinforced her determination to seek a non-Catholic educa-

tion for her child.

"With the scandals that have come out about the Catholic Church, I don't want that organization anywhere near my child's education," she said.

Her other objection to the existing system is that it no longer reflects Irish society. In the 2016 census, the share of people identifying as Catholic had fallen to 78% from 93% in 1981. In 2017, barely half of all marriages were celebrated inside the church, compared with 78% as recently as 2001.

"We're a different country," she said. "We're just not all Catholic anymore."

Declining religiosity is only one of the big changes to have taken place here over recent decades. For centuries, Ireland was a country that sent people overseas. But in 1996, it became a net importer of people for the first time, and that is expected to continue.

"That has led to a multicultural Ireland that is out of sync with the primary school system," said Daniel Fass, an associate professor of sociology at Trinity College Dublin.

The government's suggested minimum time allocated to religious education is 2½ hours a week, although individual teachers and schools often disregard that guidance and children can opt not to take part.

More than 90% of its schools are owned by the Catholic Church. The state pays most running costs, including teacher salaries, but ownership of the buildings and land gives the church patronage, or the right to decide what the government terms a school's "ethos."

With demands growing for a more diverse system, the government launched its first effort to speed the handover of Catholic schools to other groups in 2012.

The program made little progress, complicated by laws regarding ownership, and the government began a reboot of the effort in May.

The government's goal is to have 400 multidenominational and nondenominational schools by 2030, or 13% of the total.

The Catholic Church says it welcomes the move toward greater diversity, and says change has been slow because many local communities are happy with the education their children receive.

MEXICO

Economy Shrank In Second Quarter

Mexico's economic activity in the second quarter contracted more than previously estimated as declines in industrial output and agricultural production offset gains in services.

Gross domestic product, a measure of output in goods and services, was down 0.2% seasonally adjusted from the previous quarter, the National Statistics Institute said Friday.

Industrial production fell 0.3% and services grew 0.2%, while agricultural production was 2.1% lower.

The revised result, which translates into an annualized contraction of 0.6%, was below the preliminary estimate published last month when the institute reported a 0.3% annualized decline in GDP.

—Anthony Harrup

GERMANY

Wildfire Sets Off Buried Ammunition

Firefighters struggled Friday to tame a wildfire southwest of Berlin but had to maneuver carefully as the blaze set off old World War II ammunition that is still buried in the forests around the German capital.

Flames forced the evacuation of several nearby villages and sent clouds of acrid smoke toward the German capital.

"The ammunition is very dan-

gerous, because one cannot step on the ground, and therefore one cannot get close to the fire" to extinguish it, Brandenburg state's governor, Dietmar Woidke, told reporters.

The fire started Thursday afternoon and spread quickly through the dry pine forests in the Treuenbrietzen region, 30 miles outside Berlin in the eastern state of Brandenburg.

Germany has seen a long, hot summer with almost no rain, and large parts of the country are on high alert for possible wildfires.

—Associated Press

BRAZIL

Millions Need Measles Vaccine, Officials Say

Brazil's health officials say more than four million children still need to be vaccinated against measles.

More than 1,380 people have been infected in an outbreak linked to cases imported from Venezuela.

To stop the disease's spread, Brazil's Health Ministry launched a campaign this month to vaccinate all children between ages 1 and 5—regardless of their vaccination history. It said Friday that 4.1 million children still hadn't been vaccinated as the campaign enters its final week.

Among the places with the lowest vaccination rates is Roraima, one of two border states with Venezuela where cases are concentrated.

—Associated Press

OBITUARIES

JAMES KNOTT
1929 — 2018

Entrepreneur Helped Create A Better Lobster Trap

By JAMES R. HAGERTY

James Knott helped build a better lobster trap.

Though the world didn't beat a path to his door in Northbridge, Mass., Mr. Knott eventually persuaded most manufacturers of lobster traps to use his product—plastic-coated wire mesh—rather than wood to make their devices.

Nearly four decades ago, the Harvard-trained entrepreneur paid about \$90,000 for an abandoned mill on the banks of the Blackstone River that made bayonets during the Civil War. He converted it to production of coated wire, used in fences and chicken coops as well as for catching lobsters.

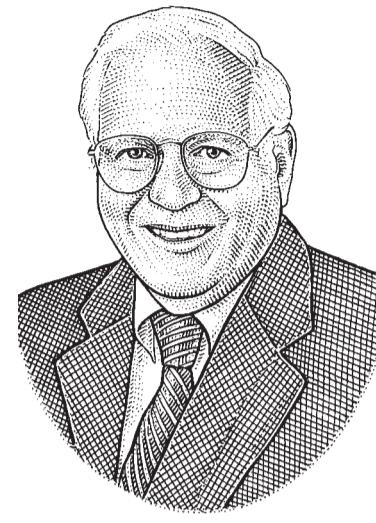
He built a business, Riverdale Mills Corp., that employs more than 150 people and has withstood price competition from China and a 1997 raid by pistol-packing agents of the Environmental Protection Agency. Then came an indictment alleging Mr. Knott violated the Clean Water Act by dumping acidic wastewater. He fought back, providing evidence that the EPA had doctored water-test results. The charges were dropped.

"What am I supposed to do—lay down and get stomped on?" he asked in a 2001 interview with the television news show "60 Minutes."

He was an irascible manager whose clashes with his sons led all three of them to quit the company at various times. Even so, he managed to turn over the top job at Riverdale to one of those sons, James Knott Jr., in 2015.

Mr. Knott, who was 88 years old, died Aug. 16 at home in Whitinsville, Mass.

His interest in lobsters dated to his teenage years, when he fished for them near his family's summer cottage in Gloucester, Mass. He recalled hauling 125-pound wooden lobster traps up from the ocean floor—and credited that exertion for the upper-body strength that helped



him as a high-school wrestler.

James Milne Knott was born Dec. 18, 1929, in Brighton, Mass. His father sold cigars and later Westinghouse home appliances.

The younger Mr. Knott studied mechanical engineering at Northeastern University for a year. After deciding engineering wasn't for him, he enrolled at Harvard College, where he earned an economics degree in 1954.

He served in the U.S. Army at bases in Texas and Oklahoma, where he was responsible for maintenance of vehicles.

He then founded Coatings Engineering Corp. in South Natick, Mass., to make plastic coatings for products ranging from pliers to stethoscopes. He sold that business six years later but continued managing it for the new owners, Gilbert & Bennett Manufacturing Co. In 1978, when Gilbert & Bennett tried to reduce his autonomy, he left to form his own company.

Since the mid-1960s, Mr. Knott had been tinkering with designs for wire lobster traps. The traditional wooden traps were buoyant and needed to be weighed down with

bricks or rocks to sink. Once immersed, they became waterlogged and extremely heavy. They also wore out more quickly than metal cages.

With his new company, Riverdale, Mr. Knott decided to promote coated wire material for traps.

The business prospered for years but began to suffer in the early 2000s amid tougher import competition. Pike Bartlett, who owned a firm making lobster traps, was a major customer but began buying some of his wire from Italy. Mr. Knott retaliated by refusing to sell wire to Mr. Bartlett.

When he was indicted by a federal grand jury in the water-pollution case in 1998, Mr. Knott faced a possible prison term of six years. He hired a retired FBI handwriting analyst, who found EPA test records had been altered to show an illegal degree of acidity in the wastewater. The government soon dropped its charges.

Mr. Knott fought a long and ultimately fruitless battle to require the government to reimburse him for his legal costs.

As foreign competition grew, one of Mr. Knott's sons, Andrew, studied lean manufacturing and teamwork practices pioneered by Toyota Motor. He urged his father to adopt some of those techniques, but the elder Mr. Knott wasn't enthusiastic about his son's ideas, and Andrew Knott left the business in 2007. "He didn't want to give up control," Andrew Knott said.

Mr. Knott Sr.'s wife of 67 years, Betty, died in February. He is survived by four children and four grandchildren.

Though known as a fighter, he could be tenderhearted. After finding that a stray cat had been shot with a BB gun near the mill around 10 years ago, Mr. Knott paid for veterinary surgery and then kept the crippled animal in his office.

◆ Read a collection of in-depth profiles at WSJ.com/Obituaries

JOHN CALDER
1927 — 2018

Publisher's Books Defied Censors in '60s

John Calder, born into a wealthy family of Scots and Canadians, burst free of his establishment bonds in the 1950s and 1960s to publish books by edgy and controversial authors including Samuel Beckett, Henry Miller and William Burroughs.

Claims that some of the books were filth helped spur sales. After he published a mashup of works by Mr. Burroughs in 1963, the poet Edith Sitwell sent a letter of protest to the Times Literary Supplement: "I do not wish to spend the rest of my life with my nose nailed to other people's lavatories. I prefer Chanel No. 5."

His various publishing companies, including Calder & Boyars, defied censorship in Britain. A jury in London in 1967 found Cal-

der & Boyars guilty of obscenity for publishing the novel "Last Exit to Brooklyn" by Hubert Selby Jr. One witness said it would incite young people to homosexuality and drug abuse. The verdict was overturned on appeal.

He published translations of French authors including Raymond Queneau, Louis-Ferdinand Céline and Marguerite Duras, as well as political books such as "In the Court of Public Opinion" by Alger Hiss.

He was married three times and made notes on every opera he saw. He calculated in 2001 that he had seen nearly 900 different operas, many of them several times.

Mr. Calder died Aug. 13 in Edinburgh. He was 91.

—James R. Hagerty

H.A. 'HAP' WAGNER
1935 — 2018

Air Products CEO Strove To Be 'the Lead Dog'

While studying at Harvard Business School in the early 1960s, H.R. "Hap" Wagner had a summer office job at a railroad company. One day, his boss scolded him for wearing a sport coat. Mr. Wagner explained that his only suit was at the cleaners.

Marrying with three children, he had less spending money than most of his classmates but was no less ambitious. As he told his grandchildren later, "If you are not the lead dog, the view never changes."

Mr. Wagner, who was quarterback of his high-school football team, captain of the Stanford University basketball team and an Air Force officer before attending Harvard, accepted a job at Air

Products & Chemicals Inc. in Allentown, Pa., after earning his M.B.A. Air Products, a supplier of gases for industrial use, saw him as a high flier and rotated him through research, sales and managerial jobs in the U.S. and Europe before elevating him to chief executive in 1992.

He made an acquisition in Spain and expanded in China and India. In 1999, a year before he retired, Air Products teamed up with Air Liquide SA to bid \$11 billion for British rival BOC Group. That deal fell through when the U.S. Federal Trade Commission raised objections.

Mr. Wagner died of lung cancer July 26 in Woodside, Calif. He was 82.

—James R. Hagerty

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FROM PAGE ONE

Hero Is Accused of Coup Plot

Continued from Page One
its former Soviet master.

Prosecutors say Ms. Savchenko and an alleged accomplice received weapons, including mortars and rifles, from separatist army bases controlled by Russian officers, and that the alleged coup plotters are linked to a Ukrainian politician who is close to Russian President Vladimir Putin.

"The army prevented the military defeat of our country," General Prosecutor Yury Lutsenko told parliament in March before lawmakers approved his request to remove the immunity from prosecution Ms. Savchenko enjoyed as a member of parliament. "The aggressor is focused on destroying Ukraine from the inside."

Russia says Ukraine is part of its sphere of influence. After street protests led to the ouster of a pro-Russian president in 2014, the Kremlin annexed Crimea, fomented a rebellion in Ukraine's east and covertly sent military units across the border. The front line of that conflict is more or less frozen. Ukrainian officials say the Kremlin has tried to destabilize the rest of Ukraine through measures including cyberattacks, assassinations and terrorist attacks, and funding to media and antigovernment agitators.

Russia denies any involvement, including inciting the rebellion. It cites the tumult to portray Ukraine's government as an incompetent and untrustworthy mess.

The West, meanwhile, has poured billions of dollars into Ukraine to stabilize its finances, encouraged it to overhaul its weak and corruption-ridden economy, and provided training and weapons to its army. Critics at home and in Western capitals say the government's halfhearted efforts to tackle malfeasance and economic inequality have deepened Ukraine's vulnerability. Approval for the president and parliament are low, and many distrust the motives of political leaders and law enforcers in Ukraine who are widely reviled as corrupt and ineffective.

Russia and some Ukrainian government critics suggest the authorities are using exaggerated claims and manufactured plots to boost their own image, including in the Savchenko case. In May, Ukraine faked the death of a dissident Russian journalist in what officials said was a ruse aimed at discovering who was behind a Russian plot they had uncovered on his life.

Ms. Savchenko's sister, Vira, said in an interview that Nadiya was a victim of a government plot to eliminate an opponent who couldn't be co-opted. "They needed to get rid of Nadiya, and the most effective way was using the image of terrorism for the West," she said.

Ms. Savchenko has tried to make light of her own situation, releasing a short video clip in which she appears with parliament in the background and says: "Kaboom! Aren't you scared?" She told lawmakers at a meeting she had brought



Nadiya Savchenko, who was arrested for allegedly plotting a coup, looked on from a defendants' cage during a court hearing in March.

Political Intrigue

Nadiya Savchenko, a Ukrainian lawmaker, former soldier and hero of the country's conflict with Russia, now stands accused of plotting a coup.

2009 Nadiya Savchenko graduates from Kharkiv Air Force University as helicopter navigator.

May 2014 Joins a volunteer militia to fight Russia-backed separatists in eastern Ukraine.

June 17, 2014 Captured by pro-Russia separatists and later is taken across the border into Russia.

Oct. 26, 2014 Elected to Ukraine's parliament.

March 21, 2016 Convicted in Russia of facilitating the murder of two Russian journalists and is sent to prison.

May 25, 2016 Freed and sent back to Ukraine in prisoner swap.

March 15, 2018 Accused by Ukraine's general prosecutor of planning terrorist attack on parliament.

March 22, 2018 Arrested on terrorism charges.



Ms. Savchenko, left, in a screenshot from a video released by Ukraine's prosecutor.

SERGEY DOLZHENKO/EPA/SHUTTERSTOCK

GENERAL PROSECUTOR OF UKRAINE

to support her.

Ms. Savchenko was convicted in March 2016 and sentenced to 22 years in prison. Amid international pressure for her release, she was swapped two months later for two Russian intelligence officers caught by Ukraine on its territory. Mr. Putin portrayed the deal as arranged by Viktor Medvedchuk, a veteran Ukrainian politician who is personally close to the Russian president.

Ms. Savchenko returned to Kiev on the Ukrainian presidential plane, downing shots of vodka as it left Russian airspace, according to a person present. Politicians jockeyed to be seen with her after she descended from the plane barefoot and gave impassioned speeches. "I serve the people of Ukraine!" she declared as she stood next to the president.

She soon turned her sharp tongue on Ukraine's government and lawmakers, whom she accused of failing to end the war and betraying the promise of the 2014 revolution to weed out corruption.

Mr. Ryabchyn, the lawmaker, says he was troubled by a meeting with her a few months after she was freed, where she spoke about a radical approach to overhauling the country. "She wanted to eliminate old, corrupted institutions and start from scratch," he recalls.

Her words resonated with

Ukrainians disappointed with the lack of progress. Yet some allies were concerned her message was echoing the Kremlin's. She became a frequent guest on a television channel owned by a pro-Russian lawmaker.

In December 2016, Ms. Savchenko met two separatist chiefs. "I sat at a table with people with whom we exchanged fire, and I didn't see the devil in them," she told reporters after the meeting. "If we want peace, we need to start talking."

After that meeting, she split with the pro-Western Fatherland party.

"Savchenko is a Hero of Ukraine, but she is saying these pro-Russian things," says Mr. Ryabchyn. "She was a propaganda soldier" for Russia.

Mr. Lutsenko, the prosecutor, said he heard last summer Ms. Savchenko had spoken with a Ukrainian officer about overthrowing the government, but dismissed it as radical prattle.

Then she approached a second officer from special forces in a cafe near the eastern city of Kharkiv, Mr. Lutsenko said. The officer recorded the meeting on his watch and complained to his unit's counterintelligence officer about what he assumed was a test. Not to my knowledge, replied the counterintelligence officer.

Ms. Savchenko and her alleged co-conspirator then gave the officer \$8,500 to buy a van

to bring weapons from separatist-held territory, Mr. Lutsenko said. The officer took the money and informed the Security Services of Ukraine, called the SBU, which told him to play along. Her alleged co-conspirator was Mr. Ruban, the negotiator of prisoner swaps.

Secret recording

In November, Ms. Savchenko and Mr. Ruban traveled to meet separatists and picked up a stock of weapons, prosecutors say. At a meeting that month with special-forces soldiers posing as co-conspirators, Ms. Savchenko can be heard on a secret recording describing a meeting with pro-Russian separatist leaders. "Their request is to change the government," she said.

Ms. Savchenko and Mr. Ruban turned over the van to special-forces soldiers, who drove the weapons to Kiev to be checked by the SBU, then to the base of the special-forces soldiers. According to Mr. Lutsenko, Mr. Ruban and Ms. Savchenko visited the base in early December and described their proposals for a terrorist attack and coup, including mortar strikes on the government district in Kiev. Ms. Savchenko described how she could carry out a grenade attack when the country's leadership was in parliament for the president's annual address. "I'll do it myself from inside," she said on the secretly recorded video.

The video Mr. Lutsenko played in parliament shows Mr. Ruban and Ms. Savchenko testing the sniper rifle on the shooting range at the base.

The SBU fitted the van with video surveillance, which captured Mr. Ruban heading to separatist-held territories again in March, where he picked up more weapons from bases commanded by Russian officers, Mr. Lutsenko said.

On March 8, Mr. Ruban was detained as he crossed back into government-controlled territory, and the weapons were found hidden in furniture in his van, prosecutors say. He denied wrongdoing in a pretrial court hearing in March, saying he had been set up.

Mr. Lutsenko applied to a parliamentary committee to start the process of removing Ms. Savchenko's immunity from prosecution.

At a televised hearing, she said she had been aware of the surveillance and decided to "paint nonsense" to frighten the government, with no intention of attempting a coup.

"Every Ukrainian dreams of parliament blowing up, but you can't go to jail for dreams," Ms. Savchenko said.

A week later, Mr. Lutsenko presented the video in parliament. Lawmakers, including some usually skeptical of government motives, voted to remove her immunity and allow her arrest.

At a news conference earlier this month, Mr. Lutsenko said the investigation is complete and that the accused and their lawyers are studying the case materials ahead of a trial, which could start this year.

After a court confirmed Ms. Savchenko's arrest at the end of March, a video appeared on her Facebook page, showing her changing out of a traditional Ukrainian embroidered shirt into fatigues and pledging to run for president.

vice; he also offers a free, but more limited online system.

The FAA's \$35.6 billion aviation modernization undertaking, Next Generation Air Transportation System, began rolling out changes to the flight paths in 12 metropolitan areas in 2014. Because the new satellite-driven system concentrates flight paths that were previously more dispersed, some homes found themselves under the roar of new sky highways.

FAA modeling showed that noise would increase in some areas, decrease in others, and stay the same in some, said a spokesman. However, in a number of places where changes occurred, noise complaints exploded; Phoenix filed—and won—a lawsuit that resulted in a reversal of flight paths in May. An FAA spokesman said it is working with communities to find solutions to noise issues.

Mr. McCann believes if enough people complain enough, things will have to change. "The FAA rolled out its flawed NextGen program and created noise problems for people all over the country," said Mr. McCann. "I aim to do what I can to fix it, whiny, self-serving airport authorities be damned."

Plane Noise Complaints Are Soaring

Continued from Page One

Cann, a 51-year-old former U.S. Air Force test pilot and computer programmer in La Jolla, Calif. Mr. McCann developed software that he linked to a product called the AWS IoT Button (or Amazon Web Services Internet-of-Things Button), programmable for a variety of uses.

A click activates Mr. McCann's software, which he says identifies the airplane causing the offending roar by pulling from a network of broadcast airplane satellite signals. His system then fills in the appropriate complaint form with the correct airport authority.

Today, 279 people possess Airnoise Buttons, which look roughly like small garage-door openers. Thus far, they have filed 226,366 noise objections in 10 cities. Mr. McCann also offers grumbling via his website and text messaging, bringing the



An airplane flies over Hunter Ochs's home in April; right, his Airnoise Button. He has filed 11,683 complaints.

tally to 399,924 complaints.

The gripes go to airport authorities, who share the data with elected officials, community groups and the Federal Aviation Administration. A spokesman for the FAA said the agency doesn't keep a tally of noise complaints but "we are working on developing a system that would enable us to track noise complaints nationwide."

Ms. Pardo is among a handful of champion grousers in the

10,000-and-up club. As of this week, one man in Milton, Mass., has made his frustration known 14,008 times; another in La Jolla has clicked 13,877 times, said Mr. McCann. Even less trigger-happy users make a big impact: Seattle's Sea-Tac airport was accustomed to roughly 2,000 annual noise complaints before the beginning of the year when Airnoise caught on in the area. Now it gets over 2,000 a week, said airport spokesman Perry Cooper. Credit goes to 102 Airnoise users, Mr. McCann said.

Mr. McCann launched the Airnoise Button in his home turf of San Diego last spring. Immediately thereafter, its airport authority ceased publishing the total number of noise complaints it received and instead noted 182 dissatisfied households.

After constituents expressed displeasure over the change, the authority reverted to publishing raw numbers—it got over 26,000 complaints the next quarter—while noting those came from 230 households. Last week, as part of a \$536,000 upgrade to how it tracks noise and deals with complaints, San Diego rolled out a hotline, app, and flight-tracking system that aims to make complaining through formal channels easier.

Mr. McCann next customized his button for grousers in Boston and Los Angeles. Complaints skyrocketed. "About September, we started noticing an influx," said Kathryn Pantoja, environmental affairs officer at Los Angeles World Airports, which

blocked Airnoise complaints until mid-December.

Hunter Ochs, a website experience designer in Los Angeles, has filed 11,683 complaints with his Airnoise Button. He said it helps relieve the tension he has felt since the fall of last year, when he noticed a new flight path over his once-quiet home in the West Adams neighborhood—about 10 miles from Los Angeles International Airport.

"When I come home from work, I put my Button on my left hip belt loop. On the weekend I keep it on all the time while at home. And I press it all day long," said Mr. Ochs.

After Airnoise complaints started hitting the Port Authority of New York & New Jersey in November, it decided to put them in a special niche: It now reports data on how many complaints come through its own system and how many through "3rd party apps." In July, Airnoise users filed an average of 132 complaints each, compared with about five complaints each from people using the Port Authority's system.

Mr. McCann charges \$24 to customize the Button for each customer and mail it to them, and \$5 a month to maintain ser-

OPINION

THE WEEKEND INTERVIEW with Scott Gottlieb | By Kate Bachelder Odell

When Medical Innovation Meets Politics

ASilver Spring, Md. n Iowa teenager last summer found himself conscripted into a national debate over health care. The state's largest insurer, Wellmark Blue Cross and Blue Shield, was threatening to pull out of the Obama-Care market. One reason, a Wellmark executive said, was a single patient whose care cost \$1 million a month. The young man (never publicly named) has hemophilia, which prevents his blood from clotting. The standard treatment, infusions of the missing clotting factor, is expensive. In severe cases, a patient can require several infusions a day.

What if there were a cure? Researchers are developing therapies that could permanently alter a patient's genes, allowing his body to produce the clotting element. The early results are promising. Patients would live longer, better lives. And with thousands of hemophilia cases nationwide, the potential savings for insurers—and for Medicaid—are enormous. But when?

Part of the answer depends on the Food and Drug Administration, where hundreds of applications involving gene therapy for various diseases are pending. At the helm is Commissioner Scott Gottlieb, who operates without

The FDA commissioner on the promise and challenges of biologic drugs, capital risk and 'regulatory arbitrage' of generics.

much publicity but may have the most consequential job in Washington given the furious pace of scientific change and his potential for long-term impact. For years Dr. Gottlieb, 46, wrote forcefully, often in these pages, about how to reform the FDA, including by overcoming an "excessive desire for certainty" that delays treatments.

That's a countercultural sentiment at the FDA, where Dr. Gottlieb, who has also practiced internal medicine, was a deputy commissioner from 2005-07. Now he's running the agency during a historic time for medical innovation.

"It used to be that the model was to develop a drug that was going to be administered chronically over the life of a patient," Dr. Gottlieb says in a recent interview at the FDA's headquarters. "It was basically an annuity. And now, the model is to try to develop curative therapy," usually a short course or a one-time treatment. "It's a completely different therapeutic model. It's a completely different payment model, and our payment system isn't adapted to that."

Is the regulatory system? The FDA is used to reviewing syn-

thetic chemical drugs, but much of the innovation today is in "biologics," treatments derived from living things, a category that includes genetic therapies. "The clinical efficacy of the gene therapies we're seeing is, in many cases, very clearly established early," Dr. Gottlieb says. They are showing blockbuster results, at least in a few patients.

For hemophilia, early testing has found that after gene therapy the patient's body produces clotting factor in levels that remain below normal but are enough to reduce or obviate the need for injections—at least at first. "We're not going to know the durability of these products right out of the gate," Dr. Gottlieb cautions. "We could predict it, but we're not going to know it for sure." Since certainty will require years of observation, the FDA will have to make an up-or-down decision based on incomplete knowledge.

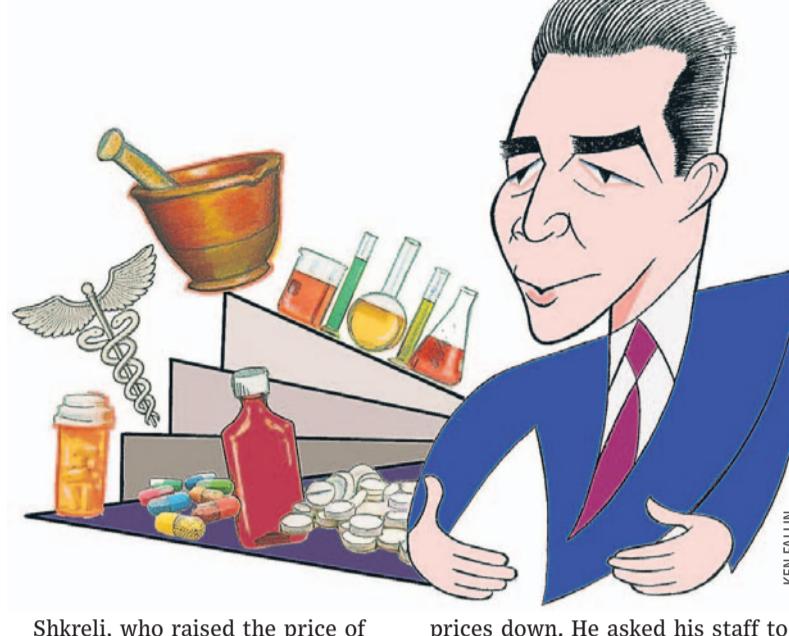
The FDA already has a route known as "accelerated approval" for drugs whose trial results are believed "reasonably likely" to predict clinical benefit. The early approval is then intended to be cemented over time with long-term data. Dr. Gottlieb says this process is well-suited to the new challenge of genetic therapies.

Despite his reform agenda, Dr. Gottlieb has somehow avoided the political hostility aimed at most of his Trump administration peers, and the reasons are worth noting. His tour as deputy commissioner taught him how to navigate the bureaucracy, and his work with drug research startups gave him an edge on most commissioners in his knowledge of medicine and science.

He's also earned some liberal forbearance for pushing nutrition labels and tobacco regulation, particularly on e-cigarettes. And he has avoided unforced ethical errors of the sort that brought down Scott Pruitt at the Environmental Protection Agency. Dr. Gottlieb mentions offhand that his only office improvements were hauling a couple of bookshelves out of FDA storage.

He is aggressively transparent, with a cascade of public statements and a prolific social-media presence, including "Sunday tweeterials." (On Independence Day: "Be food safe! Keep hot foods at or above 140 °F.") Yet he is also more circumspect about picking fights than he was as a private critic of the FDA—some might say too cautious—pushing the bureaucracy to move without high-profile kamikaze runs.

That's reflected in his focus on the high public anxiety about the high cost of medication. By one measure drug spending ticked up a mere 1.5% in 2017, a record low. But the opposite perception is fed by more than a few high-profile cases. A breakthrough cure for hepatitis C, sold under the brand name Sovaldi, was priced at \$1,000 a pill. Many people remember the "pharma bro" Martin



Shkreli, who raised the price of Daraprim more than 50-fold. And Luxturna, a new gene therapy that partially cures pediatric blindness, costs \$425,000 an eye.

The sticker shock has several different causes. The first is that developing a new treatment is more expensive than ever. It increased 145% between 2003 and 2013, to an inflation-adjusted \$2.8 billion, according to a study Dr. Gottlieb cited in a recent tweetorial.

"One of the things driving that is clearly us," Dr. Gottlieb acknowledges. FDA review is arduous, involving three trial phases that look at a treatment's safety and then efficacy, expanding from dozens of patients to many thousands. Clinical trials are getting longer and more complicated, with more paperwork or redundant information collection.

The inherent risks of drug development also make attracting investment difficult. "Cost of capital," Dr. Gottlieb says, using a term one doesn't normally hear from an FDA commissioner, "is a function not just of the direct input—the amount of money you have to spend doing the trial—but also the time cost of capital. You're going to adjust for the time cost of capital; you're going to use some kind of measure of what the next-best return you could have had."

That problem is especially acute for biotech startups funded by venture capitalists. "They're investing also in clean energy and telecom," Dr. Gottlieb says. "They're looking across a whole portfolio and comparing returns in one segment versus returns in another segment. It's very easy for them to shift more capital into one segment of their portfolio than another."

Dr. Gottlieb had a hunch that in many cases these problems are more pronounced not on the first treatment in a category to win FDA approval, but the second or third treatment—without which there is no competition to push

prices down. He asked his staff to crunch some numbers. Sure enough, "what we've seen is that the time to market for the second drug in a category has gotten longer." For novel drugs developed between 1991 and 2000, about 5% had a competitor in two years. For drugs developed in the subsequent decade, it took seven years to reach the same point.

"We absolutely see companies pull out, and I think it's companies who think they're going to be third or fourth or fifth to market," Dr. Gottlieb says. Then when something goes wrong with the second drug candidate—"which happens all the time"—the alternatives are limited or nonexistent. It's hard to say how much of this is caused by the FDA, but Dr. Gottlieb thinks better policies can help. "The more certainty that we can provide, the more people are going to believe that this is a space that they can invest in," he says. "One of the ways you increase certainty is to provide more regulatory guidance," meaning "clear objective measures of what success looks like."

Dr. Gottlieb brims with other thoughts on how to speed drug development. One is more use of "seamless" clinical trials. "You don't have the traditional three phases of clinical trials," he explains, "but you have one continuous trial," enrolling more people as you go.

More broadly, the placebo trial, in which some patients receive a sugar pill or solution, is ill-suited to many situations. Sometimes there are too few patients. Sometimes there are ethical problems with putting patients through a painful placebo regimen. An alternative is to compare the drug against "natural history"—data about how patients usually fare over time without treatment. In many cases, "the decline is predictable," Dr. Gottlieb says. "If we could develop good natural-history models in these diseases, then we wouldn't have to rely as much on placebo."

The FDA is funding studies to collect natural-history data for

conditions such as sarcoidosis and sickle-cell anemia. Yet success depends on how reviewers treat alternative trial designs, and in the past some FDA departments have been hostile to manufacturers who deploy them. Dr. Gottlieb has streamlined review teams so that, among other things, statistical expertise can be into the process sooner. Maybe it'll help.

A second cause of high drug costs is what Dr. Gottlieb calls "regulatory arbitrage." The poster boy for this is Mr. Shkreli, whose company obtained the license for Daraprim, which treats parasitic infections, then raised the price from \$13.50 a pill to \$750. Mr. Shkreli paid nothing to research or develop the drug, which isn't expensive to make and is no longer under patent. Yet Daraprim had no competition. Generic drugs require FDA approval, too, a process that is abbreviated but still can take years.

Mr. Shkreli ended up in prison for fraud unrelated to the drug's price—which hasn't come down. Meanwhile, the FDA has worked to speed up approval for generics. "If we send a signal that it's not going to be four years anymore, it might only be one, that's going to change the calculus on engaging that kind of behavior in the first place," Dr. Gottlieb says. In July the agency approved a record 126 generic drugs. More important than the top-line number is that the FDA is putting priority on drugs with fewer than three distinct medicines competing in a market—the level at which Dr. Gottlieb says "you start to see the sharpest decline in price."

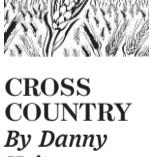
A third question regarding the price of a new therapy: How much value does it provide? For example, what if one of the gene therapies being developed could cure the hemophilia of that young Iowan? What is the "fair" price for that kind of treatment—and can the U.S. afford it across all of the thousands drugs currently in development?

"The challenge with the payment system," Dr. Gottlieb says, "is that you don't have the ability to amortize the cost of the product over the life of the patient, if you're the payer." Some insurers are experimenting with new methods of payment that don't require such big upfront costs.

But once a disease is cured, the patient benefits for life. "Your quality of life first of all dramatically changes, and also the amount of services that you need dramatically changes," Dr. Gottlieb says. "And I'm talking about direct cost, not even factoring in improved productivity of someone who can now potentially do a job who previously couldn't. So I think" that "these things are going to prove cost-effective, over a period of time."

Mrs. Odell is an editorial page writer for the Journal.

Do You Have a License for That Bouquet?



CROSS COUNTRY By Danny Heitman

Baton Rouge, La. Louisianans pride themselves on doing things a bit differently. Some hold jazz funerals, greeting death with a festive parade. Not a few Cajuns mark Mardi Gras by chasing chickens on horseback. Diners

not only endure but embrace the presence of alligator on restaurant menus.

But on a more prosaic point of public policy, Louisiana is a less flattering outlier. It's the only state in the union that requires florists to pass a licensing exam before they can make and sell flower arrangements. And the local florist is but a poster child for Louisiana's extensive licensing laws, which have proved particularly resistant to reform.

On paper at least, outdated licensing rules ought to be easy to repeal. Louisiana these days is a reliably red state, with voters typically skeptical of activist government. The lone Democrat in statewide elective office, Gov. John Bel Edwards, won in 2015 only after an election widely viewed as a fluke. His Republican rival, then-Sen. David Vitter, had previously been linked to a Washington escort service.

Since becoming governor, Mr. Edwards has continued to highlight his conservative sympathies, including pro-gun and antiabortion stances. This spring, trying to burnish his free-market credentials, he backed a

legislative push to do away with the florist exam. This could have been a first step toward broader reforms of the state's licensing practices.

Groups that usually butt heads with Mr. Edwards, such as the Louisiana Association of Business and Industry, cheered the prospect. "Occupational licenses are essentially

government permission slips to work in certain professions," John Kay, a state director of Americans for Prosperity, wrote in a March op-ed. "In Louisiana, it costs an average of \$360 in fees and 202 days of education and experience to obtain an occupational license. For many in our state, particularly the least fortunate, those are insurmountable obstacles and therefore act as barriers to enter certain occupations."

Louisiana's regulation of florists began in 1950, perhaps not coincidentally under the governorship of the flamboyant machine politician Earl K. Long, Huey's younger brother. More than one observer has pointed to Louisiana's broad licensing requirements as a legacy of Longism, which promised to nurture and protect citizens while concentrating power in the state capital.

For today's reformers, the floral

exam seemed like the easiest target. Louisiana's illustrious history records no instance of anyone being harmed by a poorly arranged bouquet. "I'm not sure why we do that," Mr. Edwards said of the requirement. "Louisiana ranks as the sixth-worst in the nation for convoluted licensing requirements. We can fix that." Julie Emerson, the Republican state representative who wrote a bill to abolish the test, argued that consumers can quickly weed out bad florists: "That's how competition and the free market works."

But a Senate panel killed Ms. Emerson's bill in May after hearing objections from officials at the state Agriculture Department. It runs the licensing program, meaning its bureaucrats would have less to do without floral licenses to dole out.

When I first became a farmer in the 1980s, New Zealand supported agriculture the way so many governments do. Rather than letting us operate in an unfettered free market, it paid us subsidies for our sheep, wool, dairy, and beef.

Then a new government came to power. It viewed farmers as a bunch of privileged, wealthy landowners. We didn't know it, but while we were pulling weeds from fields and clean-

ing out pig sty, we had become New Zealand's landed gentry. So the government took away our subsidies. It didn't just reduce them. It didn't phase them out over a stretch of time. It wiped them out all at once. It cut us off cold turkey. . . .

The irony is that although the elimination of subsidies started out as a kind of political punishment, it wound up becoming a long-term blessing for farmers. We went through a difficult period of adjustment but emerged from it stronger than ever.

My family focused on our farm. When we faced a hard choice, we sud-

denly had the flexibility to make decisions based on nothing other than good agricultural and business practices. We became ruthlessly efficient, which is another way of saying that we became really good at what we do.

We also improved our ability to resist regulations that hurt agriculture. Subsidies empower politicians, who can threaten to cut off aid if farmers refuse to accept new forms of control. Without subsidies, we have more freedom to solve problems through creativity and innovation rather than the command-and-control impulses of government.

Notable & Quotable: Unsubsidized Farming

Craigie Mackenzie writing at the Global Farmer Network website, Aug. 16:

ing out pig sty, we had become New Zealand's landed gentry.

So the government took away our subsidies. It didn't just reduce them.

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My family focused on our farm.

When we faced a hard choice, we sud-

OPINION

REVIEW & OUTLOOK

Turning Arizona Into New Jersey

The battle for Congress is drawing most media attention this year, but an under-reported story is the campaign by public unions to turn multiple states sharply to the left. A bellwether is Arizona, where a pair of ballot initiatives would raise taxes toward New Jersey levels and reverse years of progress on education choice.

Unions have spearheaded two ballot initiatives to repeal an expansion of education-savings accounts and double the top marginal income-tax rate to 9%. The political gambit is to raise taxes on the affluent supposedly to finance education, but history shows that spending will quickly soak up new revenues and the unions will soon be back for more.

Earlier this year Arizona teachers went on strike to demand higher salaries. Governor Doug Ducey and the GOP Legislature tried to pacify teachers with a 20% raise over three years. The union thanked them by launching the referendum campaigns, and national unions are beginning to pour money in support.

Arizona's 4.54% top income-tax rate, which starts at \$155,159 for individuals, has lured thousands of retirees and businesses from higher-tax states. Between 2013 and 2016, the state gained a net \$6 billion in income from other states. Over the past two years Arizona's labor force has grown about 250% faster than California's.

Unions are now threatening this growth with an initiative that would raise the rate on income over \$250,000 to 8% and above \$500,000 to 9%. The proceeds from the tax hike ostensibly would be dedicated to schools, but revenues are fungible. Tax dollars the state currently spends on education could be diverted to other purposes like, say, renewable energy subsidies.

California provides a cautionary example. The state Constitution requires a minimum percentage of the state budget be spent on K-12 schools, which gives lawmakers little flexibility during downturns to prioritize spending. Its steeply progressive tax code also causes boom-and-bust spending cycles. Politicians blow out spending when revenues surge and then raise taxes when they sink.

After income-tax revenues tumbled in California during the last recession, public unions championed a ballot initiative to raise the top rate to 13.3% from 10.3% to finance schools. But nearly all of the new revenues have been consumed by pensions. Now cities across the state

Public unions fund initiatives to raise taxes and kill school choice.

are asking voters to raise local sales and property taxes to fund—you guessed it—pensions and schools. Unions have also submitted signatures for a referendum for the 2020 ballot to abolish the state's property tax cap for businesses.

Democrats in New Jersey and Connecticut have repeatedly raised their state's top income-tax rate, which has driven out high earners. But the increased revenues still aren't sufficient to pay for the promises they made to insatiable public unions.

Arizona teachers unions are also pushing a referendum to kill an innovative private-school choice program. In 2011 the state established education savings accounts (ESAs) for special-needs students and those trapped in failing schools, which were extended last year to all kids.

Under the program, the state deposits 90% of a student's per-pupil allowance into an account that parents can tap to pay for private-school tuition, home-school curriculum and other educational expenses. The program is capped at 30,000 in 2022, which is less than 3% of public school enrollment.

Teachers unions fear ESAs will become so popular with families that Republicans will lift the enrollment cap, so they're trying to kill the program now. But if they succeed in rolling back the ESA expansion, charter schools and the state's expansive scholarship tax-credit programs could be targeted next.

Public unions are hoping to make Arizona a political demonstration project and are counting on opposition to President Trump to boost Democratic turnout. If their referendums pass, initiatives like it will spread across the country—first in newly Democratic statehouses and then in 2020 on state ballots. Nevada can expect a referendum to establish an income tax. Florida's private-school choice programs may also come under attack.

Republicans and business groups in Arizona have been nonchalant about the referendum threats. This was the mistake of Republicans in Missouri where unions spent heavily to repeal the state's right-to-work law this month. Governor Ducey has been focusing on his re-election, but he needs to make a strong case to voters that attempting to soak "the rich" who make \$250,000 a year will end up soaking all Arizonans. Who wants to live in a hotter version of New Jersey without the beach?

Railing at Jeff Sessions

Suggesting that President Trump not rage against his own Justice Department is like King Canute trying to roll back the tides, so we won't try. We will point out that Mr. Trump's attacks on his own Attorney General this week are wrong and politically counterproductive.

The President is still furious that Mr. Sessions recused himself from the Russia probe, which has since become the sprawling Robert Mueller investigation that threatens his Presidency. But railing against Mr. Sessions can't change that, and it gives the appearance of trying to politicize the department.

Firing the AG would turn Justice over to Deputy Rod Rosenstein, whose supervision of the Mueller probe Mr. Trump has also criticized. GOP Senators have already told Mr. Trump that they don't have the votes to confirm a new AG nominee, at least not before the elections in November.

Attacking Mr. Sessions has arguably made

The threat to Trump is a Democratic Congress, not his Attorney General.

it harder for Mr. Trump to influence the AG because Mr. Sessions can't afford to look like he is bending to the President's public demands. No Attorney General can do that without being mocked and weakened.

Though prosecutors might deny it, Mr. Trump's public denunciations may also have influenced the timing of the

recent decisions to indict two sitting GOP Congressmen within 90 days of an election. We've written how that conflicts with Justice Department guidance from three previous Attorneys General to make sure that indictments don't influence elections. But the U.S. Attorneys who filed charges may think they could ignore that guidance given that Mr. Sessions is too weakened by Mr. Trump's attacks to object.

The biggest political threat to Mr. Trump is a Democratic election victory in November, which will trigger a drive for impeachment. Mr. Trump isn't going to persuade anyone to vote for Republicans by railing against a Republican Attorney General he selected.

Another Upheaval Down Under

Australia's ruling Liberal Party deposed another Prime Minister on Friday, its second internal coup in three years, and with an election approaching the hope is that new PM Scott Morrison is the charm. Malcolm Turnbull had led a coup against the admirable if rough-edged Tony Abbott in 2015, but Mr. Turnbull's poll numbers have sagged even as he clashed with the party's conservatives.

A former investment banker from the Sydney suburbs, Mr. Turnbull deserves credit for slowing the growth of spending and cutting individual income taxes. He had help from Mr. Morrison, a 50-year-old former tourism executive, who has been Treasurer in the Turnbull cabinet, the equivalent of U.S. Treasury Secretary.

But Mr. Turnbull contradicted his tax-cutting message with a large levy on banks. And he had the bad luck to contend with a record drought, a constitutional crisis over whether dual citizens could serve as legislators, and a scandal over Chinese political donations to Australian parliamentarians.

The trigger for Friday's internal coup came over energy policy, which has bedeviled Australian politics for more than a decade. Australia has a wealth of coal, natural gas and uranium, but Australians pay some of the highest electricity prices in the world thanks to federal renewable energy mandates that force retailers to buy expensive wind and solar power.

Instead of cancelling these market distortions, Mr. Turnbull mulled curbing gas exports, begged coal producers not to shutter old plants and proclaimed his fealty to the Paris

Australia gets its third Liberal Prime Minister in three years.

climate pact, though Australia's contribution to global CO₂ emissions is minimal. His proposal for a National Energy Guarantee was essentially a carbon-emission trading scheme that would have expanded wind and solar subsidies at the expense of cheaper fossil fuels and done nothing to lower energy costs.

Liberal MPs forced Mr. Turnbull to abandon the proposal earlier this week and on Friday they deposed him. Mr. Morrison, the new PM, is best known for standing up to the left's views on climate, famously standing in Parliament last year with a piece of coal and declaring, "it won't hurt you."

Mr. Morrison also takes a harder line on immigration in a country where more than a quarter of the population is foreign born. The Australian electorate seems to be moving right on immigration, though foreign strivers have been crucial to the country's long run of growth. The challenge for Mr. Morrison will be addressing populist concerns over immigration without indulging in nativism.

Mr. Morrison has vowed to unite the Liberal Party, and he'll have to contend with a narrow parliamentary majority and splinter groups, such as the Australian Conservatives, who have gained support as Mr. Turnbull tilted the party left. Australians are getting tired of musical chairs for Prime Ministers, and the Labor Party is leading in the polls.

The Liberals' fate will depend on whether Mr. Morrison can show the leadership to reunite the center-right into a governing coalition instead of self-interested factions.

LETTERS TO THE EDITOR

Not All in Gear for the Driverless Revolution

"Late to the Driverless Revolution" (Review, Aug. 18) paints a rather unflattering picture of big car companies as technological dinosaurs.

Speaking from the perspective of someone whose career has touched both the robotics and automotive worlds, my opinion is that tech companies have done a great disservice by conditioning consumers to the idea that consumer goods are no longer expected to work flawlessly at the time of purchase, need to be constantly patched and upgraded and will be obsolete and unsupported in a ridiculously short period.

An automobile, on the other hand, is an expensive and complex collection of subsystems that need to be tested under all kinds of conditions for consistent reliability over the course of 10 years or more.

Nascent companies like Tesla are learning the hard way that it isn't that easy to roll out thousands of vehicles on an assembly line while maintaining warranty, quality and safety standards that consumers expect. The auto industry isn't as dumb as it looks.

MARIANO GARCIA
Ithaca, N.Y.

PAUL GOLDE
Mission Viejo, Calif.

Just wait until the same kinds of morons and miscreants who hack, troll and cause havoc on Twitter, Facebook and elsewhere on the internet decide to invade the computers in self-driving cars and purposely create chaos and accidents on America's roads. Think this won't happen? Yeah, right.

STEVEN MORRIS
Mount Pleasant, S.C.

Buybacks May or May Not Be the Best Thing

Regarding Clifford Asness's "Buyback Derangement Syndrome" (oped, Aug. 17): Fundamentally, share buybacks are comparable to dividend payments. They each remove cash from a firm's balance sheet, returning it to shareholders—the owners of the firm. They have different tax implications for the shareholders who generally favor buybacks over dividends.

Buybacks are more "democratic." The decision to pay dividends is, in a sense, forced on shareholders by the managers of the firm. By contrast, the exchange of cash for shares by way of a buyback is voluntary. Each shareholder may choose whether to sell shares back to the firm at the offered price. After all, a buyer can only buy from a willing seller. This free-market interplay between the firm and the shareholders—the vol-

STEVEN I. DYM
Monsey, N.Y.

In over 40 years of investing I have not noticed that CEOs or boards of directors are especially good at predicting the stock market, nor even the price of their own stock. They too often conduct buybacks when times are good, and the company has extra money. The stock is often overpriced at that time.

Why not simply issue a special dividend? This doesn't require long-time holders to sell their stock to realize a gain. A dividend might also eliminate the "vitriolic criticism."

LAWRENCE P. MARLIN
Oldsmar, Fla.

Wisconsin Barricade Shows Real Revolution

Regarding your editorial "Milwaukee's Public School Barricade" (Aug. 14): Wisconsin is experiencing an existential threat to how politics works at the local, state and even national levels. The right-to-work law, voluntary membership to unions and particularly vouchers to parents, opened up public service and schools to competition. The impact on political power centers is profound.

Vouchers may be the straw breaking the back of complacent public service and politics. They gave parents the right to choose better education for their children from private alternatives. That cut public school enrollment. That cut the need for public schools, buildings and teachers. That presented an opportunity for government to manage its bud-

gets better, independent of routine public-sector expansion. Automatic subservience to public-sector unions, particularly the teachers, ended. The seedbed of Democratic politicians, built on the expansion of public expenditures and entitlements, wasn't sprouting a crop needed to sustain ongoing programs. The affect on local, state and national politics, is telling.

The Democratic establishment recognized what a threat the Wisconsin reforms represented, and they went all out to quash it early. They mobilized funds and campaign staff, nationwide, to fight Gov. Scott Walker and his proposals.

Wisconsin voters didn't buy it. They still don't.

JAIME L. MANZANO
Bethesda, Md.

Spellchecking Those Expensive Credentials

"Nice Degree, but Your Diploma Gets an 'F'" (page one, Aug. 20) was sad. Nearly all of the educational institutions with typographical errors in their diplomas blamed the printer. They missed a wonderful chance to teach graduates an important lesson about taking responsibility.

HENRY GOLDMAN
Newton, Mass.

Alec Williams was justifiably up-

set that his diploma was signed by the chair of Colorado Mesa University's "Coard of Trustees." Perhaps taxpayers should be more concerned that Mr. Williams was the only graduate in six years to notice the misspelling!

JIM BARBER
Mesa, Ariz.

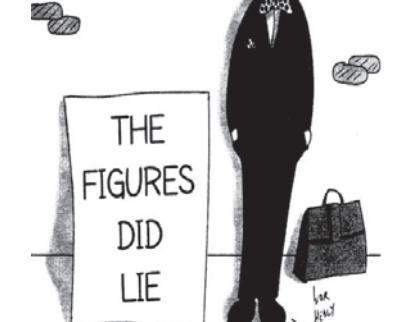
Some decades ago, after several years of strenuous scholastic work, I graduated from a prestigious boys boarding school with quite high grades. I was thrilled to receive my diploma with the recognition "Summa Cum Laude."

My parents saw the error, the school replaced the diploma with correct spelling, and it hangs in our study. For years now, I wish I had kept the original for the humor of it.

BRUCE M. BABCOCK
Winston-Salem, N.C.

Pepper ... And Salt

THE WALL STREET JOURNAL



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OPINION

Back-to-School Advice for College Trustees

By Allen C. Guelzo

For everyone from kindergartners to collegians, the aisles at the big-box stores are filling up with back-to-school pens, calculators, paper and notebooks. But there is one educational contingent that won't find much help in the pens-and-paper department: incoming college trustees. Only about half of public institutions provide training for newly arrived board members. Here's some unsolicited advice from someone who has spent a few decades with wing tips on the ground.

• **Learn the language.** Like any business, higher education has its own language stem and a lot of land-mine vocabulary—diversity, vocationalism, tenure, teaching load. People who live inside higher education are masters of words, but not necessarily of clarity. Learning the dynamics of higher-ed speak is indispensable. That will be particularly true when phrases common in the business world—incremental budgeting, strategic planning—turn out to have entirely different meanings on campus.

• **Make time.** Being a trustee of a college or university requires more

attention to more problems than ever before. Sexual harassment, free-speech confrontations, presidential turnover, money and new students, students and new money—all these issues will demand your attention. It's no longer possible, even for trustees of small colleges, to regard the job as consisting of four volunteer weekends a year. Think instead about how to arrange visits between board meetings, touring on-campus research institutes, sitting in on classes, and making yourself and your colleagues visible and available.

• **Ignore the resistance.** The first response you are likely to receive for these efforts will disappoint you: suspicion. It will come first from the faculty, already primed to mistrust authority figures. Its members will wonder what dark agenda is driving you. But faculty suspicions will fade quickly. In fact, eventually professors will be relieved to find trustees who respect their work and take a genuine intellectual interest in it. You will be dismayed to find more suspicion coming from administrators. Years ago, I worked for a president who frankly regarded board meetings as his greatest annoyance. He cheerfully encouraged his underlings to tell the

trustees whatever would make them happy. If you encounter this, push back. It is a sign of deceit.

• **Seek mentors.** Many colleges and universities impose term limits on their boards. This pumps new outlooks into the veins of an institution, but it also leaves new trustees wishing they had more experienced hands

Many institutions offer no training for newly arrived board members. Here are some tips from a veteran.

to seek advice from. Look for the veterans on your board, and identify a trustee with a particularly deep interest in one facet of academic life—for example, state and federal regulations, which impose staggering overhead costs—and make yourself into that trustee's successor. In some colleges where trusteeship is taken seriously, new trustees are actually assigned mentors, and an internal governance committee might do a bi-annual assessment of a new trustee's performance.

• **Read the books.** Faculty publications and breakthrough books on higher education will enable you to see your institution in the larger, and more ominous, context of higher education's challenges. About trusteeship itself, turn to "How to Run a College" (2018) by Brian Mitchell and Joseph King. For administrative sclerosis, study Benjamin Ginsberg's "The Fall of the Faculty" (2013). "Academically Adrift: Limited Learning on College Campuses" (2011), from Richard Arum and Josipa Roksa, is an excellent primer on the failures and successes in learning. Once you've read the books, ask embarrassing questions: How does hiring more-and-more adjuncts affect teaching and learning? What are faculty actually rewarded (or punished) for doing? Does the college need to do everything? And, above all, why does this institution exist?

• **Find—and follow—the money.** This is what people frequently think is the trustee's first, and sometimes only, responsibility. It is true that the trustees are the first line of a university's financial defense. The future is not an indefinite series of tuition increases. But it also means, for that same reason, that you are the air-

brake on the many varieties of politically correct hooliganism and administrative pusillanimity that have defaced campuses like Middlebury, Lewis and Clark, Reed, Berkeley, Evergreen State and the University of Oregon. If you find the money, you have a responsibility to ask how the money is spent and on whom.

American colleges and universities were once little more than finishing schools for the wealthy. At the end of the Civil War, there were only 112,000 undergraduate students in the U.S., according to the National Center for Education Statistics. A century and a half later, the Education Department estimates the student population at 20 million, and the bachelor's degree is regarded as the middle class's key of promise. Whether it can—or even should—stay that way will rest on the shoulders of college faculties, administrations, government overseers and even parents. But it will rest mostly on you. Welcome back to school.

Mr. Guelzo is a professor of history at Gettysburg College.

Peggy Noonan is on leave and will return in the fall.

Reform Public Broadcasting to Save Local Journalism

By Howard Husock

We often hear about threats to American democracy, but this one is plausible. Layoffs at the New York Daily News, the Denver Post and many other local and regional newspapers have raised an alarm about "news deserts." The Pew Research Center reports that the total of 39,210 people who worked as newspaper journalists (including editors and photographers) in 2017 represents a drop of 15% from 2014 and 45% from 2004.

Why should stations have to pay for 'Masterpiece Theatre' or national radio programming?

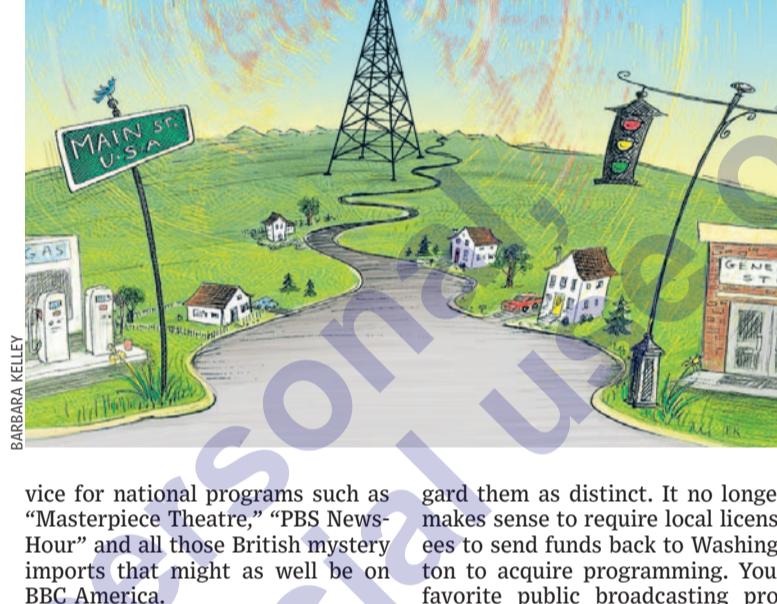
The concern over the local-news vacuum has prompted at least one state to take action, but the plan doesn't much resemble independent journalism or a real newsroom. New Jersey's Legislature has allocated \$5 million for a "civic information consortium." A board, made up of political appointees and representatives of universities, would give grants to groups to "show demonstrable usefulness to a local community"—no substitute for a newspaper staff.

Yet there already exists a nationwide network of independent local nonprofits charged with providing news and information to communi-

ties. It is the system of 1,400 public broadcasting radio and television licensees. Established through the 1967 Public Broadcasting Act, the system was intended originally to provide a better alternative to what was then described as broadcasting's "vast wasteland." Today, though—in an era when HBO, Netflix and Amazon have created a new golden age of television drama and documentary—the market failure is in local journalism.

Reforms of public broadcasting could address the problem. The \$445 million federal subsidy for "public media" through the Corporation for Public Broadcasting needs to be redirected—away from national programming and toward current and future local newsrooms across the country. Doing so would require changes in the Public Broadcasting Act. If public broadcasting is to demonstrate to the White House—which has called for an end to its federal funding—that it still has a reason to exist, reviving local journalism is the best argument.

Here's how the system works now: Some \$313 million in public broadcasting's federal appropriation goes to local radio and TV stations in the form of "community service grants." But most of this money is used for purposes other than local journalism, and much of it heads back to Washington. Local stations are required to spend 23% of the funds on acquiring national radio programming (mainly from NPR). They must pay expensive dues to television's Public Broadcasting Ser-



vice for national programs such as "Masterpiece Theatre," "PBS News-Hour" and all those British mystery imports that might as well be on BBC America.

There are other problems with the law. It mandates that 75% of federal funding go to television and 25% to radio—an antiquated distinction at a time when public radio produces its own videos, and an entirely new broadcast form, the podcast, has emerged. The statute requires that millions of dollars go to independent filmmakers, often for films with very limited audiences, and millions more to "minority consortia" to serve narrow constituencies.

It no longer makes sense to favor television over radio, or even to re-

gard them as distinct. It no longer makes sense to require local licensees to send funds back to Washington to acquire programming. Your favorite public broadcasting programs don't have to end either. The handful of major stations that produce such programming are awash in funds. And if Washington wants to continue to support the production of children's programming, that can be part of the revision.

A shift toward local journalism would be in line with the path many of the best public broadcasters have already blazed. New York's WNYC, Boston's WBUR, Dallas's KERA and San Francisco's KQED have all transformed themselves into local news powerhouses thanks to local finan-

cial support. WBUR alone has a newsroom staff of more than 100, and WNYC's ratings exceed those of its commercial competitors. These are serious, independent newrooms.

What's more, any station that wants to survive will have no choice but to develop local content. National programs will increasingly be delivered directly to your smartphone or tablet, bypassing the cable box or FM dial. PBS Kids is already an app. So is NPR programming. Why would local stations want to send their federal funds to NPR and PBS, given this new distribution technology?

Letting local stations keep their federal funds would help local citizens understand local issues. It would lead to more culturally and politically diverse offerings, some of which would make their way on to national outlets such as NPR and PBS.

Fifty years after its establishment, public broadcasting must demonstrate it still has a purpose and deserves its subsidy. With an emphasis on local journalism, its appropriation would not be a blank check. Stations would still face a market test, having to rely on local citizens and businesses for the majority of their funding. But a shift toward local journalism could be public broadcasting's way to keep American democracy vital.

Mr. Husock, research vice president of the Manhattan Institute, is a Republican member of the Corporation for Public Broadcasting board.

What Elon Can Learn from Mark Cuban About Fighting the SEC



BUSINESS WORLD

By Holman W. Jenkins Jr.

Entrepreneur, NBA team owner and reality-TV fixture Mark Cuban had plenty of advice for Tesla on CNBC recently. He failed to offer counsel on the one subject about which he is uniquely qualified to speak: how to best the Securities and Exchange Commission in a legal battle.

Mr. Cuban, who ended up beating the agency in a jury trial, was happy to spell out one piece of advice at a Texas law-school forum back in 2014: "If you've got resources, fight 'em," he said of the SEC, "because they're not that smart."

The two cases are perhaps less different than they seem. Mr. Cuban was accused of insider trading. As a shareholder in the inauspicious search site Mamma.com, he had gotten a heads-up from the CEO about a

forthcoming transaction on unattractive terms. He dumped his stock, avoiding what the SEC said was \$750,000 in losses.

A question for Mr. Cuban won't be a question for Mr. Musk: whether he owes a fiduciary duty to fellow shareholders. As CEO, Mr. Musk surely does. Arguably he violated that duty when he tweeted that he had "secured" funding for a Tesla buyout when he hadn't.

Beyond this, though, both cases involve definitions and rationales precious to the SEC that are less bright line-y than the agency likes to think, and that it has been loath to risk putting in front of a jury. These include, in Mr. Musk's situation, whether the often flippant tweets of a Twitter-happy CEO should be considered "material" by shareholders—especially after a long run of dubious Musk tweets and statements that haven't brought discipline from the SEC.

Also, neither defendant is a den-

tist from Larchmont; they are celebrity businessmen with deep pockets plus a reservoir of public goodwill. And both prosecutions feature an unfortunate dependence on foreign witnesses who can't be compelled to testify. Mamma.com's Canadian CEO declined to appear at Mr. Cuban's trial, though he did submit to a video deposition, which the jury apparently found uncompelling next to testimony from Mr. Cuban in the flesh.

In Mr. Musk's case, the government would likely seek the testimony of Saudi Arabia's national sovereign wealth fund, which had discussed a buyout with Mr. Musk. Here's guessing that high-ranking Saudi officials don't give a fig about the SEC's investigation and wouldn't wish to participate in a prosecution of Mr. Musk.

To some who believe in the importance of the SEC's mission against insider trading, Mr. Cuban's acquittal was an example of jury nullification—jurors simply refusing to enforce the law against a celebrity defendant.

Equally salient for Mr. Musk's lawyers, though, is the nine years that elapsed between Mr. Cuban's 2004 stock sale and his 2013 acquittal.

Nine years is likely to resolve outstanding questions about Tesla. If you are the SEC, stringing up Mr. Musk would have a lot more appeal if there are angry shareholders to assuage than if Mr. Musk is being hailed as this century's Thomas Edison.

And why despite his preachments to the contrary, Tesla needs to raise fresh capital.

Which brings us to the pressing question of cash. Some believe a Tesla meltdown is a fait accompli because the equity markets won't supply needed money while an investigation hangs over the company.

The premise is doubtful and Tesla should test it. Mr. Musk recently hired the folks at Goldman Sachs to advise on his pie-in-the-sky going-private transaction. They would be better employed beating the shrubbery for credible new investors to provide a couple billion to see the company through its time of troubles.

The Saudis are a place to start. Warren Buffett has performed such services in the past for companies under a cloud. Google and Apple are obvious candidates. The auto industry features big players who might make an investment and call it a strategic partnership.

Mr. Musk's bailout of his related company Solar City two years ago with Tesla shareholder money showed that he understands just how much Tesla's share price rests on his magical reputation as an unfailing capitalist genius. Now is a dangerous moment for the Musk bubble. As Elon himself seems to have understood earlier than others, the bubble is fraying and Tesla needs to scale back its ambitions to make and sell a car that can be sold at a profit, which the mass-market, \$35,000 version of the Model 3 isn't.

Mr. Musk appears to have convinced himself that this must be done without raising fresh capital. When the facts change, smart people change their minds. Right now, nothing would serve Tesla better than finding big-time investors who believe that such a transition is achievable, who aren't put off by the SEC, and who are willing to stump up money to help it happen.

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Notable & Quotable: Who's 'Illegitimate'?

David Harsanyi writing at the *Federalist*, Aug. 23:

Democratic Sens. Mazie Hirono and Ed Markey canceled meetings this week with prospective Supreme Court Justice Brett Kavanaugh. Markey said the nominee was "illegitimate" because the president was "all but named as a co-conspirator"....

The Whitewater investigation went on for nearly 3,000 days. Did that mean that any court with Stephen Breyer, nominated after an in-

dependent investigation was launched, became "fundamentally illegitimate?" I mean, that investigation ended up convicting 15 friends and allies of the Clintons for over 40 crimes, including felonies like fraud, bribery and embezzlement. Talk about a "cloud of suspicion." Clinton himself was impeached, not on campaign finance charges, but on obstruction of justice and perjury. His wife was under investigation throughout most of her 2016 campaign, and not one serious person

claimed that her SCOTUS nominees would be "illegitimate."

Does this standard mean that all of Richard Nixon's justices are retroactively illegitimate, as well? Or that the Clean Water and Clean Air Acts and Environmental Protection Agency are also now illegitimate? Does it mean anyone who cops a plea with prosecutors to save themselves some prison time can "all but" name a politician as a co-conspirator, ending that elected official's ability to engage in their constitutional duty?



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Farewell to the Family Sedan

The relationship between Americans and their vehicles is changing as the SUV strengthens its grip on drivers, redrawing the industry's decades-old road map

BY MIKE COLIAS



PHOTO ILLUSTRATION BY JUSTIN METZ; TOP RIGHT: MHI VESTAS OFFSHORE WIND

From gangster getaway cars and the Batmobile to the humble family sedan, the basic three-box configuration of a passenger car—low engine compartment, higher cabin, low trunk in the rear—has endured for decades as the standard shape of the automobile.

Until now. Sedans, long a symbol of the American open road, are fading in the rearview mirror. In an industry-altering shift, millions of drivers have made what seems to be a complete embrace of sport-utility vehicles.

The speed of consumers' change in taste has caught auto makers off guard, and they are racing to rework their lineups. Less than five years ago, U.S. new-vehicle sales were split equally between passenger cars and light trucks, a category that includes SUVs, pickups and vans. Today the share

of cars has slipped below a third, according to Wards Intelligence, and analysts expect it to shrink to a quarter of the market in coming years.

One factor: Over the past decade, car makers have figured out how to offer the best attributes of an SUV—more cargo room, higher seating with better visibility and improved bad-weather handling—in smaller, carlike packages that use far less fuel than their predecessors. Many of the small models add just \$20 or \$30 more a month to a traditional car payment. That also helps auto makers, which earn higher profits on these vehicles.

At heart, however, the travails of the car stem from the shifting relationship between people and their automobiles. Owners are less concerned with the shape of the sheet metal or what's under the hood than they are with how many people their vehicles can transport, or how much sports gear or

home-remodeling supplies they can put into the rear hatch.

"It's all about activity today, rather than elegance or performance," said John Wolkonowicz, an automotive historian in Boston. SUVs "are made for dogs and kids and activities and taking care of the house. It's the tool that does the job."

Before a recent camping trip, Eric Moe, a 31-year-old manager at a manufacturing plant near Madison, Wis., stuffed his small Honda SUV with four coolers, three tents, four chairs, 17 gallons of water and loads of camping gear. On the road, his SUV got better gas mileage than any of the three cars he had previously owned.

"I'll probably never go back to a sedan," said Mr. Moe, who traded in his Ford Fusion for the Honda HR-V two years ago.

Buyers are getting hooked young, too, partly because parents are putting new drivers in SUVs for safety reasons. The

Please turn to the next page

Papa John's Founder Fights for Control

Pizza chain mandates diversity training

BY JULIE JARGON

Papa John's International Inc. is mandating diversity training for its staff as founder John Schnatter pushes to regain control of the pizza company that executives say was destabilized by his divisive behavior.

In an open letter to employees, franchisees and customers, Chief Executive Steve Ritchie on Friday said Papa John's is getting expert advice on diversity and inclusion practices, planning unconscious racial bias training for employees and diversifying its employee and franchisee base.

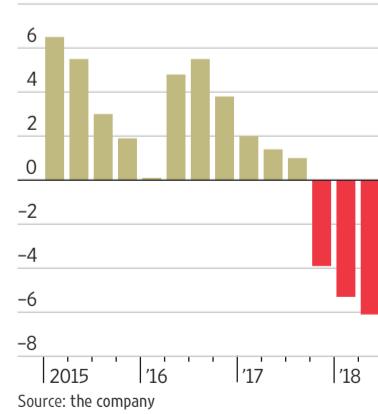
"When I became CEO in January, diversity, equity and inclusion became one of my top priorities," Mr. Ritchie wrote. "What began as a committee of passionate team members has grown into a company-wide effort to realize our values."

He said those efforts, which he started discussing with the board last year, took on added urgency after Mr. Schnatter's recent comments began to hurt the company's image with customers and investors.

Papa John's has retained Bank of America Corp. and Lazard Ltd. to advise the company on its business options, according to a person familiar

Cooling Off

Papa John's comparable-store sales in North America, change from previous year



THE WALL STREET JOURNAL.

with the matter, who added that there are no deal talks in the works.

Earlier this week, Mr. Schnatter launched a website, savepapajohns.com, and published a letter in the Louisville Courier-Journal to publicize his efforts to take back control of the company.

"Papa John's is our life's work and we will all get through this together somehow, some way," he wrote on the website and in the letter. Mr.

Please turn to the next page

S&P 500 Certifies Record Rally

Index hits new high on Fed comments, earnings

BY BEN ST. CLAIR AND AKANE OTANI

The S&P 500 rose to a fresh high Friday, bringing to an end its longest streak without a record in two years and affirming the bull market's longevity.

Major indexes had drifted between small gains and losses over the course of the week, with the S&P 500 quietly notching the milestone of the longest-ever U.S. bull market Wednesday but finishing just shy of setting a record close.

But stocks got a boost Friday after Federal Reserve Chairman Jerome Powell made his debut at the central bank's annual Jackson Hole retreat. Mr. Powell's message largely reassured investors: signaling that even as the U.S. economy looks strong, the central bank plans on sticking to a gradual course of interest-rate increases.

That, along with a mostly upbeat week for earnings, helped stocks keep grinding higher, allowing the S&P 500 to effectively confirm the bull market's status as the longest such run in history. The Nasdaq Composite and Russell 2000 also finished

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THE CAPTAIN CLASS | SAM WALKER



Danny Meyer, the restaurateur behind Gramercy Tavern and Shake Shack.

A Restaurant King Fights A Lonely War on Tips

In an executive meeting at Union Square Hospitality Group in 2015, Danny Meyer decided to rock some John Lennon. He chose "Cold Turkey," a bleak 1969 tribute to quitting heroin. "One of the worst Lennon songs of all time," he calls it.

This was the New York restaurateur's way of announcing his next attack on the status quo. "Tipping is a drug," he explained. "And we need to kick the habit."

Sometime in the late 1800s, restaurant patrons in the U.S. began adding service gratuities to their checks. For three decades, Mr. Meyer had indulged this old custom, but he'd never liked it.

Tipping forced diners to end every meal with a math test. It put servers at the mercy of cranks, cheapskates and clueless foreign tourists. Worse yet, it meant that employees who serve food earn up to 300% more than the people preparing it. If tip earners wanted to

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THE SCORE

THE BUSINESS WEEK IN 7 STOCKS

SODASTREAM INT'L LTD.

SODA Continuing to diversify its beverage offerings beyond sugary sodas to capitalize on consumers' shifting tastes, PepsiCo Inc. agreed to buy countertop seltzer-machine maker SodaStream for \$3.2 billion. Although Pepsi had built a relationship with SodaStream in recent years, the pairing comes after SodaStream's CEO last year criticized Pepsi's launch of premium bottled-water brand LIFEWTR and called bottled water "the biggest marketing scam of all time." Shares of SodaStream **bubbled up 9.4% Monday**, but PepsiCo stock was flat.

TD AMERITRADE HLDG CORP.

AMTD Online brokers got a new foe in the race to zero: JPMorgan Chase & Co. on Tuesday announced the launch of a digital investing service that will let customers make free or deeply discounted trades on stocks and exchange-traded funds. The new service from the largest U.S. bank by assets threatens the lifeblood of brokers like Charles Schwab Corp., which charges \$4.95 per trade, and E*Trade Financial Corp. and TD Ameritrade, which each charge \$6.95 per trade. Shares of all three brokers fell, with TD Ameritrade stock taking the largest hit with a **7.1% dive Tuesday**.

HOME BUILDER STOCK PERFORMANCE THIS WEEK

Source: SIX

16%

14%

12%

10%

8%

6%

4%

2%

0%

Mon.

Tues.

Wed.

Thurs.

Fri.

BUSINESS NEWS

Cigna-Express Scripts Deal Is Approved

Carl Icahn had sought to block merger; firms say tie-up will expand health-care offerings

By KIMBERLY CHIN

Cigna Corp. and Express Scripts Holding Co. shareholders overwhelmingly supported Cigna's \$54 billion pur-

chase of the pharmacy-benefit manager, a deal that activist investor Carl Icahn initially sought to block.

The deal received the backing of about 90% of Cigna shareholders, the health insurer said Friday, citing a preliminary vote tally. Of the Express Scripts shareholders who voted Friday, 99% approved the deal.

Shares in Cigna were nearly

flat, while shares in Express Scripts rose 0.2% Friday.

The Wall Street Journal previously reported that Mr. Icahn had a stake in Cigna and planned to oppose the deal because of concerns that companies like Express Scripts that act as middlemen could see their revenue sources change under policy proposals expected from the Trump administration to lower drug prices.

The billionaire publicly opposed the deal about a week later and urged fellow shareholders to vote against it. But he dropped his plans to solicit votes against the deal less than a week later after two major proxy-advisory firms recommended shareholders support the deal.

He faced an uphill battle from the onset, in part because he waited until weeks

before the vote to come forward, and a significant amount of Cigna shareholders also held stakes in Express Scripts, so had an interest in seeing the deal pass. Prominent hedge fund Glenview Capital Management LLC also came out in support of the deal.

Cigna and Express Scripts say their merger, announced in March, will expand their health-care offerings and help

them control costs. The deal comes amid a furious round of consolidation as health-care companies seek to position themselves to provide more cost-effective care and fend off heightened competition from Amazon.com Inc. and others.

Cigna expects the transaction to close by the end of 2018.

—Cara Lombardo contributed to this article.

U.S. Defense Companies Run Space Race

By ANDY PASZTOR
AND DOUG CAMERON

Defense and aerospace companies are accelerating plans to develop new types of missiles and satellites in an effort to capitalize on President Trump's proposed military branch devoted to space warfare.

Even before the administration's plans for a "space force" were announced earlier this month, Pentagon space spending was on the rise, in part to combat the rising threat to U.S. satellites from Chinese and Russian technology, which the U.S. military has been tracking for years.

Space projects could see larger shifts of money as debate over the president's space-force plan increases public awareness of the military's drive to speed up deployment of next-generation space equipment.

The increased budget is attracting the attention not only of big companies like Boeing Co., Northrop Grumman Corp. and Lockheed Martin Corp.

but also smaller ones like information-technology specialist Booz Allen Hamilton Holdings Corp. Companies are prioritizing the development of fast, highly maneuverable missiles; technology to detect hostile missile launches; small, more-resilient communications satellites; and processing data from new sensors.

Getting less attention in the budget is traditional space hardware, such as bigger satellites that typically have taken longer to build and deploy.

Existing military space efforts are focused through the Air Force, which has said it wants to spend around \$44 billion on unclassified space research, development and new equipment over the next five years—nearly 20% more than its prior guidance in 2017. While the projections were made before the president's space-force plan, much of the money could end up shifted to the new branch if Congress approves it.

The totals don't include expected funding boosts to classified projects, outside usual public oversight, which have been among the fastest-growing slices of the defense bud-



Technicians inspect the Lockheed Martin-built NASA InSight lander. Lockheed stands to profit from a rise in military space spending.

get.

Boeing Chairman Dennis Muilenburg told Wall Street analysts earlier this year that he was encouraged by the Trump administration's "sustained funding and support" for military and civilian space programs. "We do see it as an important business segment for our future," he said.

Proponents argue the changes to the space budget are essential to counter evolving Chinese and Russian technology capable of blinding, jamming or possibly even destroying American surveillance and communications satellites.

U.S. intelligence officials have publicly criticized Beijing for aggressively pursuing antisatellite weapons and for setting up military units specifically trained to attack foreign satellites.

Because of the overseas threat, top candidates for additional funding include research on swarms of space-based sensors able to detect hostile missile launches and, ultimately, potential deployment of advanced orbiting la-

sers designed to defend a variety of military spacecraft.

Regardless of the project, proponents predict more focus and dollars will go to build and test prototypes. They are intended to demonstrate technical capabilities and flag future production problems more quickly than the Air Force's traditional, time-consuming hardware development and acquisition process.

Air Force Gen. John Hyten, head of Strategic Command, which oversees the nation's nuclear weapons, repeatedly has lamented the lumbering pace of replacing missile-warning and other types of satellites. "I don't know how it happened, but somehow this country lost the ability to go fast," he said last December.

Companies that stand to profit include Lockheed Martin, which recently snared contracts totaling more than \$3.3 billion to develop new fleets of missile-warning satellites and highly maneuverable hypersonic missiles, able to reach targets at speeds faster than five times the speed of sound.

Boeing recently bought Millennium Space Systems, a small-satellite maker that analysts said will help it downsize from school bus-size satellites.

Senior officials at rocket-motor specialist Aerojet Rocketdyne Holdings Inc. have said the company stands to benefit from unprecedented interest in hypersonic vehicles.

Industry officials see Northrop Grumman, with its long and close ties to the intelligence community, gaining from stepped-up spending on missile-warning and cutting-edge spy satellites. At the same time, service providers such as Booz Allen are bound to grow with the steadily increasing flow of data streaming from space, according to defense analysts.

Some industry executives are optimistic about the potential of a new space force to unlock extra resources and savings by coordinating spending and making more use of cheaper commercial technology, when appropriate.

"That will only drive more investments in the area," said

Bill Brown, chief executive of Harris Corp., which makes sensors and communication equipment. "There are tremendous opportunities [for] growing in the classified" arena.

Lawmakers are unlikely to vote on the president's space-force plan until next year, and even if it is approved, implementation is bound to take years. So far neither military nor White House officials have provided specifics on the plan, and bipartisan opposition on Capitol Hill appears to be building to the projected cost and disruption of standing up an entirely new uniformed and civilian chain of command. The success of any space force would depend partly on the extent of participation by the intelligence community.

And even though a space force could lead to more business, some contractors and military leaders say they are worried the move threatens to drain dollars already earmarked for space hardware into staff, support and operational accounts.

Waymo Steers Into China

By LIZA LIN

Waymo is setting up shop in Shanghai, giving parent company Alphabet Inc. a foothold in China as it considers rebooting its Google search engine behind the Great Firewall.

Waymo, a leading player in the global race to develop driverless cars, opened an office in Shanghai's free-trade zone, according to a filing with China's National Enterprise Credit Information Publicity System, a business-registration website.

The new subsidiary, with 3.5 million yuan (\$508,000) in registered capital, will design and test autonomous-vehicle products and parts, and also might handle business consultancy and supply-chain management and logistics inquiries, the filing said.

The filing listed Waymo LLC as the only shareholder of the Shanghai subsidiary. Kevin Vosen, Waymo's general counsel, is listed as chairman of the new company. Waymo executives including Chief Executive John Krafcik are also listed as senior representatives of the Chinese company.

Waymo representatives couldn't be reached for comment. The filing was dated May 22, but was first disclosed this week by a Shanghai-based state media outlet.

The self-driving unit of Alphabet opened shop in Shanghai's free-trade zone.

Both China and Waymo stand to benefit from the company's entry into the market, said Yale Zhang, managing director of Shanghai consultancy Automotive Foresight.

Many Chinese car makers are small and don't have the resources to develop autonomous-driving systems on their own, he said, while larger players will be forced to keep pace with Waymo.

For Waymo, the attraction is clear: China is the world's largest auto market.

"If you want to provide autonomous car services," Mr. Zhang said, "it is...the most important market."

There has been speculation about Waymo establishing a presence since July, when Shanghai government officials paid visits to several prominent U.S. tech firms in Silicon Valley, including Google and Intel Corp.

They invited executives to take part in an artificial intelligence conference hosted by the city and to expand operations there.

Under Chief Executive Sundar Pichai, Google has been working to expand its China presence eight years after it abandoned the world's largest internet market over concerns about government censorship of internet content and the alleged hacking of its Gmail email accounts.

Waymo's entry is the latest in a series of new China initiatives by units of Mountain View, Calif.-based Alphabet, including the launch of an AI research lab in Beijing by Google last year.

Most recently, Google tested a project dubbed "Dragonfly," a mobile version of its search engine that would adhere to the will of China's strict censors, people familiar with the matter said. But launching a search engine hinges on the approval of Chinese authorities and the plan has faced internal resistance at Google.

Facebook Hires HP's Lucio as CMO

By ALEXANDRA BRUELL

Facebook Inc. has tapped Antonio Lucio, the global chief marketing and communications officer of HP Inc., to become its new chief marketing officer, as the tech giant navigates controversies that threaten to tarnish its brand.

Mr. Lucio will report to Facebook Chief Product Officer Chris Cox. His arrival comes as the company is trying to respond to a number of chal-

lenges, including scrutiny of its data-privacy practices and debate over how far it should go in policing offensive content or fake news.

"Facebook's story is at an inflection point," Mr. Cox wrote in a Facebook post announcing Mr. Lucio's appointment. "We have never faced bigger challenges, and we have never had more opportunities to have a positive impact on

the world—in our families, our friendships, our communities, and our democracy—by improving our products at their core, and then by telling the story outside that we all know to be true inside."

Facebook recently aired a TV ad to repair trust with its users, committing to addressing issues like fake news and data misuse and acknowledging the need to refocus on connecting people.

Mr. Lucio, who previously held top marketing roles at HP, Visa and PepsiCo, succeeds Gary Briggs, who announced his retirement in January.

Mr. Lucio is a high-profile marketing executive known for championing diversity on Madison Avenue.

In 2016, he mandated that HP's advertising and public relations agencies add more women and minorities, following a string of accusations of sexist and racist behavior by agency executives.

"Purpose and impact have been at the center of every career decision that I have ever made," Mr. Lucio said. "Facebook is one of the world's most impactful brands, at a pivotal moment in its history. I am honored to join the team and support its evolution."



Enbridge said acquiring the rest of Houston-based Spectra helps simplify its corporate structure.

Enbridge to Buy Rest of Spectra

By ALLISON PRANG

Oil and gas pipeline operator Enbridge Inc. has reached a deal to buy the rest of Spectra Energy Partners LP for about \$3.3 billion in stock.

Calgary-based Enbridge, which owns about 83% of Spectra, is offering about 1.11 of its shares for each unit of Spectra it doesn't already own. Enbridge said buying the rest of Houston-based Spectra, a master limited partnership, helps simplify its corporate structure. The company also said the purchase will provide tax benefits after 2020.

Master limited partnerships

in the energy sector gained favor because of the tax benefits they could reap. However, a decision from the Federal Energy Regulatory Commission earlier this year portended curbs on some of those benefits.

At the time, one analyst said FERC's move would speed up the conversion of partnerships into corporations.

In July, however, FERC released guidance that preserved a key benefit for certain master limited partnerships regarding the treatment of accumulated deferred income taxes.

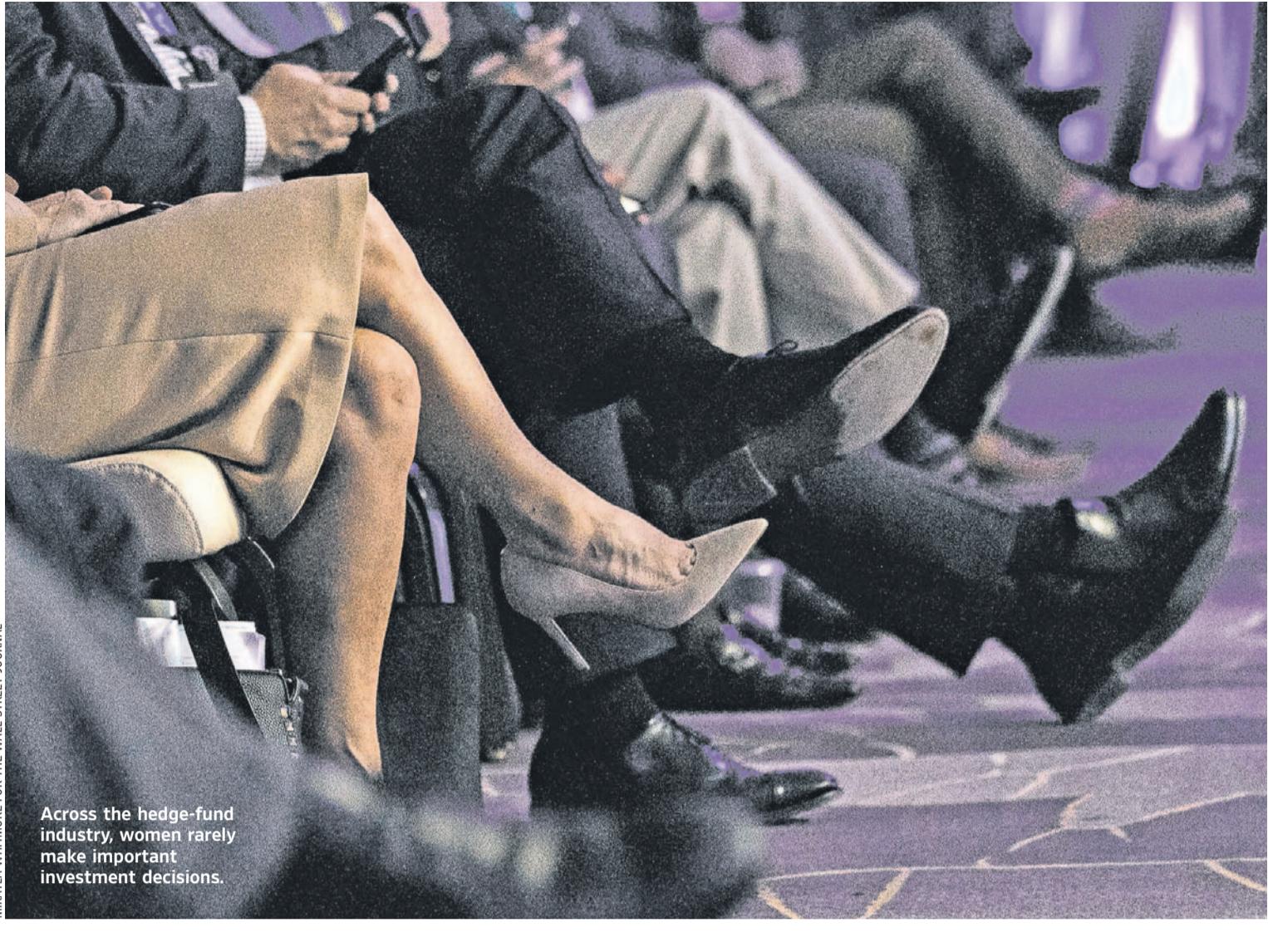
Williams Cos. was among the companies that pursued a

deal after the ruling. In May it said it would buy the 27% of Williams Partners it didn't already own for about \$10.5 billion in stock.

The Enbridge deal announced on Friday comes after it proposed in May to buy out Spectra unit holders, offering about 1.01 shares in Enbridge for each unit of Spectra it didn't own.

Spectra's board delegated a committee of independent directors to evaluate the May proposal. That same committee recommended that the full board approve the latest Enbridge offer. Spectra's board approved the deal.

HUMAN CAPITAL



Where Women Can Run Anything but the Money

At hedge funds, women are often in charge of investor relations but rarely take top investing roles

BY ROB COPELAND

At hedge funds, women do just about any job—but rarely run the money.

Of the largest 50 U.S. hedge funds by assets under management, only two have women as their top investment executive, according to a Wall Street Journal analysis of data from researcher Absolute Return. In that same group of 50 hedge funds, half the investor-relations or marketing departments have female heads or co-heads.

Below the top manager, investment teams are overwhelmingly male at hedge funds, according to industry executives, who call it an extreme example of a larger reality: Women are clustered in specific and lower-paying corners of the financial world.

The sorting starts early, according to industry executives. They say men are typically brought in as traders or analysts, often after entry-level stints in investment banking or private equity. They are trained by funds on buying stocks, bonds and other assets with client money.

This is the so-called front office, where most every billionaire hedge-fund manager you've ever heard of works.

Women instead tend to be assigned “middle-office” or “back-of-fice” positions handling legal, operational and marketing matters, industry executives say. Often they take investor-relations or so-called capital-introduction jobs. These positions are rarely involved in important investment decisions.

In the best circumstances, these employees are the fulcrum that can hold a hedge fund together, cajoling deep-pocketed backers to stick around when performance struggles, according to interviews with dozens of men and women in the industry. At worst, they are promotional staff hired to lure wandering investors into the equivalent of a trade-show booth—in part by catering to male egos.

Tasks often include cold-calling prospective investors—most of them men—and wooing them over one-on-one meals. They set up hundreds of meetings, hoping to find one or two wealthy backers for their fund. SALT—a well-known hedge-fund confab held in Las Vegas—provides free hairstyling, makeup and manicures to attendees and suggests that investor meetings be held at private pool cabanas.

A spokeswoman for the SALT conference declined to comment.

Hedge funds operate differently from most of the corporate world, with C-suite titles relatively unimportant. More power and prestige are concentrated on members of the investment team. They come up with trading ideas, and compete against each other to manage more of the hedge fund’s money.

More-successful trades are rewarded with a higher future allotment of the fund’s portfolio, and a proportionally larger paycheck.

Below the lead portfolio manager, senior hedge-fund investment analysts are paid on average \$700,000 a year and some earn more than \$10 million, according to the Options Group, a recruiting firm. In senior hedge-fund investor relations, where women tend to cluster, staffers make on average \$450,000 a year.

“It’s a vicious cycle,” says Dominique Mielie, recently retired as the only female investing partner at hedge-fund giant Canyon Capital. “The only women we know that exist at hedge funds are in IR or sales, and therefore that’s where they put them.” Canyon Capital declined to comment.

As Verition Fund Management, the hedge fund founded by executives from Amaranth Advisors, was struggling to raise money around six years ago, it brought in a new hire to help, 26-year-old Larissa Posner. Ms. Posner, who

financial-services startups, according to filings.

Other funds have hired former professional cheerleaders or youth basketball coaches directly into marketing roles, industry executives say.

“The whole mind-set is: There’s this gorgeous babe at home, and I’m going to have this gorgeous babe in the office,” says Marjorie Kaufman, a 30-year industry veteran who worked at five hedge funds and rose to be managing director at one.

“The everyday reality of being at a hedge fund is to lock yourself in the fraternity basement where everyone around is acting like a frat bro,” says Ms. Kaufman, who no longer works in the industry.

Her most recent hedge-fund employer declined to comment.

In interviews with dozens of current female hedge-fund investor-relations executives, some said they had originally applied for investment roles, and been offered instead a marketing job. One woman, who holds an Ivy

at Bracebridge Capital, and Qi Wang, who leads the flagship hedge fund at asset-management giant Pacific Investment Management Co.—declined to be interviewed. “We don’t really think of anyone’s gender, including mine,” said Ms. Zimmerman.

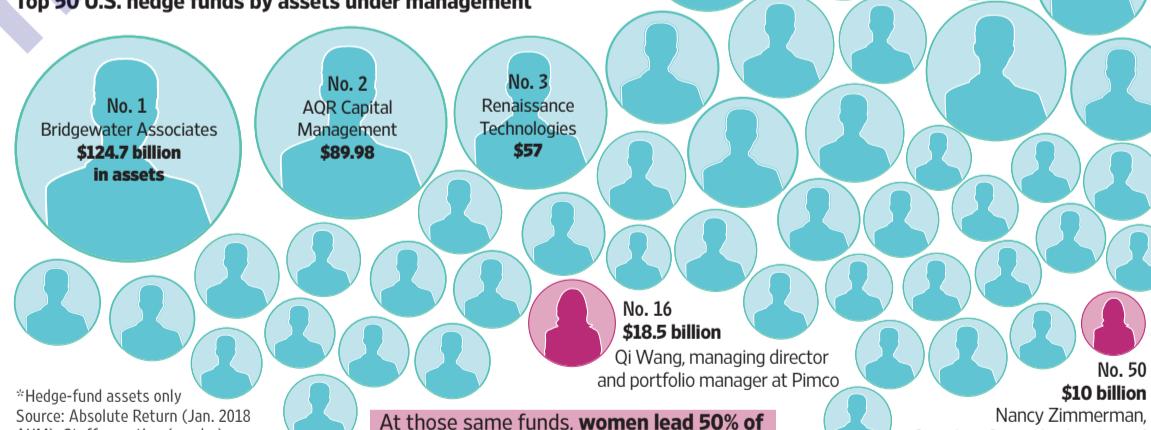
In a later statement through a spokesman, Ms. Zimmerman said, “I believe that it is important to provide women with the opportunities that will enable them to reach the highest levels of investment management.”

A networking group once called “100 Women In Hedge Funds” changed its name two years ago to “100 Women in Finance.” The organization’s executive director, Amanda Pullinger, said the name change was in part due to the difficulty of finding sufficient women working for hedge funds, as well as reflective of the organization’s expansion into the broader financial industry. None of the 27 women on its board of directors or advisory council manage money for a hedge fund.

Boys’ Club

Of the 50 largest U.S. hedge funds, a woman makes the top investment decisions at only two

Top 50 U.S. hedge funds by assets under management*



had moved to the U.S. from Ukraine about a year earlier, had won a series of beauty pageants and was featured in an international edition of men’s magazine Maxim as “the sexiest swimsuit model in the world.” She had previously worked for a video website geared toward financial professionals.

Verition hired Ms. Posner, who doesn’t have a college degree, according to securities filings, as a vice president and dispatched her to industry events to chat up deep-pocketed investors. Some of the potential investors she approached say they eagerly passed around photos from her prior career, including one in which she posed in a red bikini leaning against a Corvette. Verition and Ms. Posner, who stayed at the firm for roughly a year and a half, separately declined to comment. Ms. Posner now runs several fi-

league degree in economics, says she was hired for an investment job, but shortly after she was shifted into marketing tasks. When she showed little interest, she was offered a buyout to leave. Thus ended her hedge-fund career in under a year.

Many employees, male and female, in marketing and investor relations express satisfaction with their careers. They say they are happy to avoid the rigor required for investing roles. Some say their personalities are better suited to fundraising. Says one woman: “I don’t work crazy hours, I’m not here at 3 a.m. crunching a spreadsheet, I can go to my kids’ parties and open up my laptop and do my job.”

The exceptions aren’t eager to call attention to themselves.

Both women with top investing responsibility at large U.S. hedge funds—Nancy Zimmerman,

“Investment professionals generally aren’t joiners of things,” Ms. Pullinger said.

Susan Mata, who worked for two decades in the industry, says while she had no complaint about her employer, the atmosphere in the industry left her drained.

“Every single hedge-fund event I walked into had this collection of very pretty women attending to clients,” she says.

Last year, she packed it in as head of investor relations at a multibillion-dollar hedge-fund investment firm. Her former employer didn’t respond to a request for comment.

“I love the industry,” she says. “But I did everything I could in IR. I didn’t know where else to take my career.”

She now runs a website that sells T-shirts.

—Justin Baer contributed to this article.

A Restaurant Magnate’s War on Tips

Continued from page B1
become managers, they had to take a pay cut. How did any of that produce a better dining experience?

In 2015, Manhattan’s rising cost of living was making it hard for restaurants to hire kitchen staff. “The only way you can afford to live in this city is to serve food rather than cook,” Mr. Meyer told his staff. While a handful of restaurants had phased out tipping, no major operator had adopted a blanket policy.

In theory, Mr. Meyer thought customers were sophisticated enough to look beyond the higher prices he’d have to charge. His team would figure out how to keep tipped employees from losing income and his investors would sit tight. In practice, however, he knew it was risky. “I think the real answer is that we were flying by the seat of our pants and had absolutely no idea,” he says.

When the company rolled out its “Hospitality Included” strategy that fall, it was clear that Mr. Meyer faced a major leadership test. A revenue-sharing plan for dining room workers didn’t always make up for lost tips. Many legacy staffers quit and turnover rates spiked. “We lost some people,” Mr. Meyer says.

Many diners seemed thrilled to stop calculating tips but others couldn’t compute the math behind the rising prices. A few confused patrons continued leaving cash on the table. Losing a federal tax break for restaurants based on the tip income its employees report cost the company \$1 million a year.

Mr. Meyer launched a public campaign to urge other restaurants to join him. While some owners thanked him for jumping on the grenade on tips, few followed suit. A citywide downturn in lunch business and competition from online delivery services made them skittish about raising prices. “We quickly arrived at the conclusion that we’d be going it alone for a long time,” Mr. Meyer says.

As the drama played out, the world at large was a bit mystified: Why would someone as successful as Mr. Meyer jump in a boiling pot?

When he opened Union Square Café in 1985 as a 27-year-old, Mr. Meyer couldn’t read a balance

Utopian managers, like Walt Disney, Steve Jobs and Mr. Meyer, imagine the world as it should be.

sheet. His only advantages were fresh eyes and some insurgent ideas about hospitality. Thirty years later, nobody would have blamed him for resting on his laurels. He had scale, deep pockets and a sterling reputation. His richly awarded empire ran from Blue Smoke, a casual barbecue joint, to fine-dining spots like the Modern. Shake Shack had just gone public.

Most leaders, when faced with a complex problem, break it into component parts and address each one in turn. Mr. Meyer could have simply raised prices a little, paid his cooks more and left tipping alone. Instead, his approach was to ponder the totality of everything.

The problem with tipping, he says, is the implication “that someone would only be nice to you if they expect a generous tip.” In an ideal world, restaurant staff would be compensated by merit. Their vision of success would be “a happy guest who comes back.”

Mr. Meyer’s leadership style isn’t typical, but it does fit a type. He’s a futurist—or better yet, a utopian.

Henry Ford, Walt Disney and Steve Jobs showed flashes of this—Elon Musk sometimes does, too. Utopians spend an inordinate amount of time imagining the world as they think it should be. They don’t mind bypassing orthodoxies, easy fixes and the occasional stop sign to pursue their vision.

“Restaurants are like a public square,” Mr. Meyer says. “You’ve got to understand that everyone has a stake in the game.”

Two years after Mr. Meyer’s no-tipping plan was supposed to be fully implemented, 13 restaurants have adopted it with two left to go. “I think it would be premature to say we have it down,” he says.

On the bright side, Mr. Meyer’s cooks received fat raises and overall retention and service metrics have improved. Restaurants that adopted the program early on have stabilized financially. Subsequent minimum-wage increases have forced tip-taking rivals to raise prices, too.

Mr. Meyer quips that eliminating tips will either prove to be “the greatest decision or the worst.” Only time will tell.

WEEKEND INVESTOR

THE INTELLIGENT INVESTOR | JASON ZWEIG

That Cocky Voice In Your Head Is Wrong

The findings from the field of behavioral economics apply to every investor. Even you.



As much as all of us investors wish we were perfectly logical calculating machines, we are human: emotional, distractible, impatient, inconsistent. Behavioral economics is the study of how real human beings—not the walking, talking spreadsheets that traditional economists pretend we are—make financial decisions. Unfortunately, it's all too easy to persuade yourself that the findings of behavioral economics apply to everyone else but you. After more than 20 years of studying research in that field, here's how I think most investors interpret it. How many of these sound like you? I know many of them sound like me.

- Behavioral economics teaches that people are overconfident: They believe they know more than they do, or they assume their knowledge is more precise than it is.

"I'm 100% certain that's true for everybody else, but there's no way that applies to me."

- Behavioral economists say that confirmation bias leads most people to seek out evidence supporting what they already believe or to ignore data that might disprove their beliefs.

"That's so ridiculous I'm not even going to waste my time refuting it."

- Behavioral economics says investors are myopic: Short-term losses or costs can blind them to the pursuit of longer-term rewards.

"I could explain all that to you, but I gotta run."

- Behavioral economists say you should inform your decisions with the base rate, or the best available historical evidence of how likely an outcome is.

"Why would I do that when my gut feelings give me the right answer, like, pretty much almost all the time?"

- Extensive research documents unconscious biases, or factors that shape our behavior below the level of awareness.

"Are you kidding me? I'm not aware a single decision of mine that could possibly have been affected by unconscious bias."

- Most people tend to be unrealistically optimistic, overestimating how likely they are to have good fortune and underestimating how many bad things will happen to them.

"Ha! Just you wait until Facebook buys my great new scratch-n-sniff app for \$10 billion!"

- The disposition effect leads investors to sell their winning stocks too soon and hold on to their money-losing positions too long.

"Well, I sure don't suffer from that. I don't have any losers!"

- The sunk-cost fallacy leads many people to keep trying to justify a past decision even after it's become obvious that it was a mistake.

"That's nonsense, and I'll prove it to you after I finish checking the price on this stock I bought five years ago. [Pause.] I've only lost 85%, so I'll be back to break-even in no time."

- Research in dozens of countries around the world shows that investors almost everywhere keep most of their stock portfolios in shares of local companies instead of spreading their bets worldwide. This "home bias" leaves them underexposed to the benefits of global diversification.



HANNA BARCZYK

"I'm not surprised people in backward countries would do something dumb like that. I've got at least 10% of my assets outside the U.S.!"

- Research shows that many people are prone to "status-quo bias" or investing inertia, preferring to leave their current portfolio in place even when they might be better off switching to other choices.

"But all my investments are already perfect. Why would I want to change?"

- Behavioral economics shows that people are predictably bad at estimating probabilities: They tend to overestimate the likelihood of rare events and underestimate the frequency of common events.

"Well, sure, but haven't these scientists ever noticed somebody wins Powerball almost every week? The jackpot's up to \$459 million, so excuse me while I go buy 25 tickets."

- Many people exhibit what's called the bias blind spot, or the tendency to see clearly that other people's behavior isn't optimal while remaining oblivious to our own shortcomings.

"The more I think about it, the more I can see how that might apply to people like you."

- Experiments in behavioral economics show that most people are prone to anchoring. People who compare prices to the last digits of their Social Security number, for instance, are willing to pay more for something if their final

digits are high.

"People are so irrational! Hey, can you believe this guy on CNBC? He just said Apple stock's going to \$300 a share. There's no way it's worth more than, like, \$285."

- Experiments have shown for decades that people tend to draw sweeping conclusions from extremely small samples of data.

"Without even thinking about it, I can come up with three people who would never do that: me, myself and I."

- Decades of data show that investors may overreact to relatively minor fluctuations in the stock market.

"That's nonsense—WHAT DO YOU MEAN, THE DOW IS DOWN 140 POINTS?"



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TECHNOLOGY

Some of the world's top manufacturing companies are embroiled in a fierce competition. The contest: Who can build the most powerful offshore wind turbine?

From General Electric Co. to Siemens AG to MHI Vestas Offshore Wind, industrial giants are racing to build skyscraper-size turbines that can generate 10 megawatts apiece or more, a symbolic threshold for the wind industry. The more powerful the turbine, the cheaper it can generate electricity from a single location, generally speaking.

The prize in this engineering derby could be dominance over a multibillion-dollar offshore wind market that is set to boom in coming decades—notably in the U.S., where the Atlantic coast beckons as an ideal location for large-scale wind generation.

"There's a kind of arms race under way," says Aaron Barr, a principal consultant with research firm Wood Mackenzie Power & Renewables.

Bigger and Bolder

Offshore wind turbines have been growing larger for years as companies develop bigger and bolder designs. That's helped steadily lower the price of generating power from wind.

When the first offshore wind farm, Vindeby, was commissioned in shallow waters off Denmark in 1991, its 450-kilowatt turbines stood 52.5 meters tall and had blades 16 meters long (or about 170 feet tall and 52 feet long). The turbines were designed by a company that's now part of Siemens Gamesa Renewable Energy, in which Siemens has a majority stake.

Vindeby's 11 turbines, decommissioned last year, would be lilliputians compared with the mammoth machines now being built. According to the Global Wind Energy Council, the average offshore turbine installed in 2017 was a 5.9-megawatt (or 5,900 kilowatt) machine. GE's model of around that size, 6 megawatts, is 170 meters tall.

The most powerful turbine currently in existence, MHI Vestas's V164 prototype, is capable of generating 9.5-megawatts of electricity, and is 187 meters tall, or roughly twice the height of the Statue of Liberty. Its 80-meter-long blades stretch nearly 12 meters farther than the wingspan of a Boeing 747.

"We are simply trying to push it to the limit all the time to see how far we can go," says Torben Larsen, chief technology officer at



A blade for an 8-megawatt wind turbine is installed at a wind farm in Liverpool Bay, U.K.

Pécresse, chief executive of GE Renewable Energy, says the questions GE pondered before moving forward included, "Can we do this kind of blade? Can we find installation vessels that are going to install the turbine?"

The Challenges

Indeed, the companies building ever-larger turbines all acknowledge that building a more powerful turbine is more difficult than just making the tower taller or the blades longer.

How do you safely and quickly move turbine blades the length of soccer fields? Will cranes and ships need to be redesigned to handle bigger turbine towers? How soon can new factories and other infrastructure be built in emerging markets?

Rahul Yarala, executive director of the Wind Technology Testing Center, a massive, hangar-like facility in Boston where wind blades are put through their paces, says one big question is whether blades can be built in segments instead of as a single piece.

That, he says, would make them easier to transport, but engineers would need to ensure that the assembled blades were sturdy enough to handle the stress of turning in potent winds.

Companies are also working to make the turbines as smart, and digitally adjustable, as possible, so that workers can remotely change the pitch of a blade to catch more wind, or diagnose and fix problems without having to make costly, time-consuming trips offshore.

"The heart of any system is the control system," says Danielle Merfeld, chief technology officer at GE Renewable Energy. "If you build those algorithms right you have essentially increased the IQ of your turbines."

The Race to Build A Wind Behemoth

Companies are vying to build the most powerful offshore turbines yet.

The potential prize? Dominance over a multibillion-dollar market

BY ERIN AILWORTH

MHI Vestas, a partnership of Vestas Wind Systems A/S and Mitsubishi Heavy Industries Ltd.

Offshore wind-power capacity has multiplied in the last decade, increasing to 18.7 gigawatts in 2017 up from 1.1 gigawatts in 2007, according to data from the International Renewable Energy Agency. A gigawatt, which is equal to 1,000 megawatts, is roughly as much power as a small nuclear power plant is capable of generating.

The Race to 10

The next phase in the competition is surpassing the 10-megawatt barrier.

An executive at Siemens Gamesa Renewable Energy teased the idea of such a large machine in 2016, but the company has been largely mum on its efforts since.

"Expect an announcement to come," says Markus Tacke, chief executive of Siemens Gamesa.

German turbine maker Senvion SA caused a stir in the industry last year when it revealed it was working on a "10-plus." It expects to have a prototype in 2020 and to be ready to start installing them in wind farms by 2022.

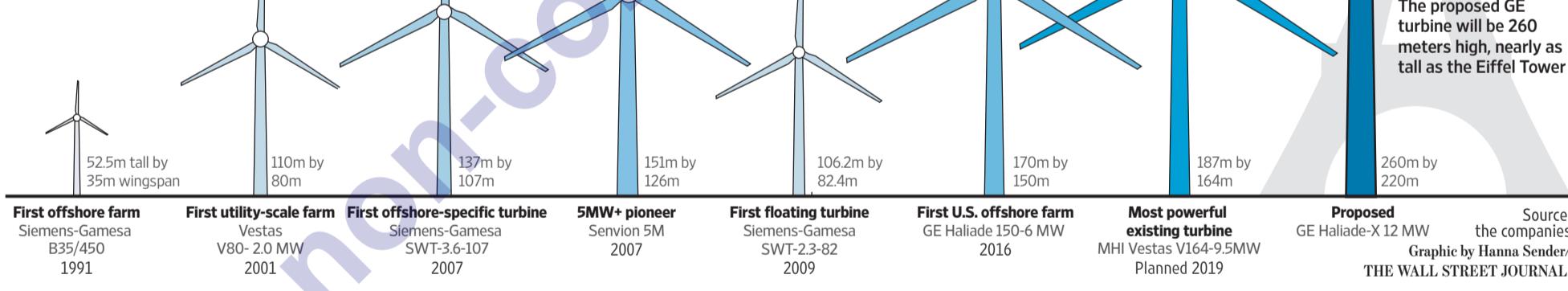
But it was GE that made the biggest splash when it announced plans for a 12-megawatt turbine in

March. Known as the Haliade-X, it would stand nearly three times as tall as the Statue of Liberty and harness wind with blades that sweep an area the size of seven football fields. If it were to be installed on a typical German North Sea site, GE estimates the machine could generate enough power to supply 16,000 European households.

Some in the industry have greeted GE's plans with skepticism, noting that its biggest current turbines are just 6 megawatts, far short of the big boys. Jérôme

Tower of Power

Wind turbines have been getting bigger and more powerful as the industry has developed.



Source: GE Haliade-X 12 MW

the companies

Graphic by Hanna Sender/

THE WALL STREET JOURNAL.

The Circus Is Coming to the Local Mall



TERENCE PATRICK FOR THE WALL STREET JOURNAL (2)
Visitors will find digital amusement-park games and virtual-reality experiences at Two Bit Circus, opening Sept. 5 in Los Angeles.

The cinder-block facade of a warehouse in downtown Los Angeles betrays only one sign of what's inside: a giant banner seeking "carnies" for hire. Welcome to Two Bit Circus, a futuristic "micro amusement park" set to open Sept. 5.

Inside, visitors will find digital amusement-park games where they can pop virtual balloons or demolish virtual buildings, all with real-life balls. In a "story room," they can journey through a mine shaft to a secret temple using a mix of real objects, screens and virtual reality. In an interactive show-

room, up to 100 guests can play

trivia games or jot down wine-tast-

ing notes on screens at their tables

while MCs host the action.

Two Bit Circus co-founders Brent Bushnell and Eric Gradman want to attract the type of clientele who might once have spent a day at the mall. "There's a huge appetite—particularly [among] millennials, but really everybody—for new stuff to do in public," Mr. Bushnell said.

The company is currently in

talks "with all of the

biggest mall devel-

opers in the U.S."

to lease space for

future locations, he

said. The indoor park's size pur-

posely matches a typical mall-

tenant floorplate, he added.

Battered by online shopping and millennials' changing consumption habits, traditional malls are suffering. A handful of developers, retailers and entertainment producers like Two Bit Circus are betting that sprawling, immersive destinations will be

the anchor ten-

ants of tomor-

row, and poten-

tially fill millions

of square feet of

abandoned retail

space.

Two Bit Circus sees the park as a kind of movie theater of tomorrow, offering rotating attractions to appeal to visitors' desire for novelty. Admission is free, and guests pay for games or time spent in different rooms. (A spokesperson said a two- to three-hour visit with food is expected to cost \$40 to \$45, though pricing hasn't been finalized.) Mr. Bushnell is, in part, pitching the park as a way to drive foot traffic to malls and retail hubs.

Whether these kinds of destinations will attract guests and make money remains to be seen, especially given the high building costs. "The business model hasn't been proven out," said Mikey Vu, a retail consultant with Bain & Co. These venues may work in places like Las Vegas and Los Angeles, which have high visitor turnover, but may be riskier in less populated areas, he said.

—Leigh Kamping-Carder

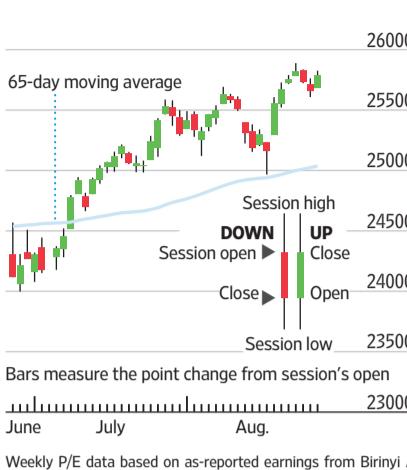
THE FUTURE OF EVERYTHING

MARKETS DIGEST

Dow Jones Industrial Average

25790.35
▲ 133.37
or 0.52%
All-time high
26616.71, 01/26/18

Last P/E ratio 23.32 20.02
P/E estimate * 16.63 18.38
Dividend yield 2.12 2.28
Current divisor 0.14748071991788



Bars measure the point change from session's open

June July Aug. 23000 23500 24000 24500 25000 25500 26000 26500 27000 27500 28000 28500 29000 29500 30000

June July Aug. 2550 2600 2650 2700 2750 2800 2850 2900 2950 3000 3050 3100 3150 3200 3250 3300

Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

Major U.S. Stock-Market Indexes

	High		Low		Latest Close		Net chg	% chg	52-Week			YTD % chg	3-yr. ann.
	High	Low	Close	Net chg	% chg	High	Low	% chg	High	Low	% chg		
Dow Jones													
Industrial Average	25826.05	25688.58	25790.35	133.37	▲ 0.52	26616.71	21753.31	▲ 18.2	4.3	▲ 17.6			
Transportation Avg	11325.88	11254.97	11284.99	24.63	▲ 0.22	11436.36	9133.75	▲ 23.6	6.3	▲ 14.1			
Utility Average	731.79	724.58	731.08	2.31	▲ 0.32	774.47	647.90	-2.1	1.1	▲ 8.4			
Total Stock Market	29923.66	29784.76	29908.37	185.10	▲ 0.62	29908.37	25237.43	▲ 18.5	8.1	▲ 14.8			
Barron's 400	783.07	780.34	782.38	3.68	▲ 0.47	782.38	634.33	▲ 23.3	10.0	▲ 15.7			

Nasdaq Stock Market

Nasdaq Composite	7949.71	7907.10	7945.98	67.52	▲ 0.86	7945.98	6265.64	▲ 26.8	15.1	▲ 20.6		
Nasdaq 100	7489.54	7442.99	7485.40	71.57	▲ 0.97	7508.59	5822.53	▲ 28.6	17.0	▲ 22.8		

S&P

S&P 500 Index	2876.16	2862.35	2874.69	17.71	▲ 0.62	2874.69	2443.05	▲ 17.7	7.5	▲ 14.9		
MidCap 400	2037.86	2030.14	2035.10	8.19	▲ 0.40	2035.10	1706.68	▲ 19.1	7.1	▲ 14.2		
SmallCap 600	1092.71	1088.56	1091.55	3.85	▲ 0.35	1091.55	827.65	▲ 31.9	16.6	▲ 18.8		

Other Indexes

Russell 2000	1726.97	1718.36	1725.67	8.62	▲ 0.50	1725.67	1377.45	▲ 25.3	12.4	▲ 15.8		
NYSE Composite	13011.69	12964.30	12999.44	65.98	▲ 0.51	13637.02	11791.88	▲ 10.1	1.5	▲ 9.9		
Value Line	589.73	586.44	589.32	2.88	▲ 0.49	589.69	509.50	▲ 15.6	4.8	▲ 10.0		
NYSE Arca Biotech	5168.68	5126.99	5148.15	0.005	▲ 0.0001	5189.98	3883.95	▲ 32.5	21.9	▲ 13.0		
NYSE Arca Pharma	582.87	579.91	582.64	2.35	▲ 0.40	593.12	516.32	▲ 11.9	6.9	▲ 2.3		
KBW Bank	110.72	110.18	110.26	-0.01	-0.01	116.52	89.71	▲ 17.0	3.3	▲ 16.9		
PHLX® Gold/Silver	68.43	66.12	67.68	2.38	▲ 3.65	93.26	64.27	-21.1	-20.6	▲ 12.1		
PHLX® Oil Service	146.96	145.61	146.01	1.07	▲ 0.74	170.18	119.85	▲ 19.7	-2.4	-2.1		
PHLX® Semiconductor	1376.24	1361.48	1375.88	19.75	▲ 1.46	1445.90	1080.50	▲ 27.3	9.8	▲ 34.4		
Cboe Volatility	12.17	11.83	11.99	-0.42	-3.38	37.32	9.14	▲ 6.3	8.6	-33.5		

\$Nasdaq PHLX

Sources: SIX Financial Information; Dow Jones Market Data

International Stock Indexes

Region/Country	Index	Close	Net chg	Latest % chg	YTD % chg
World	The Global Dow	3070.76	15.40	▲ 0.50	-0.5
	DJ Global Index	401.49	2.07	▲ 0.52	1.1
	DJ Global ex U.S.	252.00	1.00	▲ 0.40	-5.5
Americas	DJ Americas	684.70	3.99	▲ 0.59	6.6
Brazil	Sao Paulo Bovespa	7626.22	628.47	▲ 0.83	-0.2
Canada	S&P/TSX Comp	16356.05	29.26	▲ 0.18	0.9
Mexico	S&P/BMV IPC	49633.77	-115.79	-0.23	0.6
Chile	Santiago IPSA	3893.75	-6.80	-0.17	-7.5
EMEA	Stoxx Europe 600	383.56	0.18	▲ 0.05	-1.4
Eurozone	Euro Stoxx	381.53	0.90	▲ 0.24	-1.0
Bel-20	3805.57	6.48	▲ 0.17	-4.3	
Denmark	OMX Copenhagen	937.01	4.07	▲ 0.44	1.1
France	CAC 40	5432.50	13.17	▲ 0.24	2.3
Germany	DAX	12394.52	28.94	▲ 0.23	-4.0
Israel	Tel Aviv	1634.02	...	Closed	8.2
Italy	FTSE MIB	20741.96	133.45	▲ 0.65	-5.1
Netherlands	AEX	560.29	1.38	▲ 0.25	2.9
Russia	RTS Index	1064.46	20.47	▲ 1.96	-7.8
South Africa	FTSE/JSE All-Share	58797.68	592.96	▲ 1.02	-1.2
Spain	IBEX 35	9589.50	22.20	▲ 0.23	-4.5
Sweden	OMX Stockholm	607.60	0.83	▲ 0.14	6.8
Switzerland	Swiss Market	9052.90</b			

MARKET DATA

Futures Contracts

Metal & Petroleum Futures

Contract Open High hilo Low Settle Chg interest

	Open	High	hilo	Low	Settle	Chg	Open interest	Open	High	hilo	Low	Settle	Chg	Open interest	Open	High	hilo	Low	Settle	Chg	Open interest								
Wheat (KC) -5,000 bu.; cents per bu.	541.75	541.75		535.00	536.50	-5.25	210,605	Japanese Yen (CME) -\$12,500,000,\$ per 100Y	899.8	901.3		898.2	.9005	.0006	187,513	Canadian Dollar (CME) -CAD 100,000,\$ per CAD	.9054	.9070		.9042	.9064	.0006	3,212						
Wheat (MPLS) -5,000 bu.; cents per bu.	555.50	555.50		545.25	546.75	-7.75	144,403	Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	581.00	582.25	571.50	572.75	-9.00	14,063	British Pound (CME) -\$62,500,\$ per £	.7649	.7689	.7634	.7679	.0037	137,541	Swiss Franc (CME) -CHF 125,000,\$ per CHF	.7658	.7699		.7648	.7690	.0037	5,560
Gold (CMX) -100 troy oz.; \$ per troy oz.	2,6485	2,7085		2,6485	2,6990	0.0465	776	Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	598.50	599.75	589.00	590.25	-9.00	31,437	Hogs-Lean (CME) -40,000 lbs.; cents per lb.	149.000	149.475	148.425	149.200	.175	2,337	Australian Dollar (CME) -AUD 100,000,\$ per AUD	.12822	.12892	.12809	.12857	.0032	247,011	
Platinum (NYM) -50 troy oz.; \$ per troy oz.	2,6680	2,7390		2,6645	2,7230	0.0455	120,136	Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	1185.30	1185.30	1206.30	1193.30	19.30	147	Lumber (CME) -110,000 bd.ft., \$ per 1,000 bd.ft.	107.625	108.025	105.975	106.250	-1.700	3,642	Mini S&P 500 (CME) -\$50 x index	.28578	.28770		.28567	.28670	.0010	18.70
Palladium (NYM) -50 troy oz.; \$ per troy oz.	1187.10	1210.40		1184.90	1208.60	19.30	55,622	Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	1191.60	1215.40	1189.50	1213.30	19.30	364,439	Hogs-Lean (CME) -40,000 lbs.; cents per lb.	1195.00	1220.50	1195.00	1218.80	19.30	34,290	British Pound (CME) -\$62,500,\$ per £	.28582	.28770		.28565	.28765	.0010	18.75
Silver (CMX) -5,000 troy oz.; \$ per troy oz.	1187.10	1210.40		1184.90	1208.60	19.30	55,622	Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	1211.00	1230.70	1211.00	1230.30	19.50	7,430	Platinum (NYM) -50 troy oz.; \$ per troy oz.	1228.60	1249.20	1228.60	1248.20	19.80	3,982	Swiss Franc (CME) -CHF 125,000,\$ per CHF	.28620	.28810		.28605	.28810	.0010	19.00
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	908.30	935.00		906.50	928.60	17.40	9,860	Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	108.50	1185.30	1206.30	1193.30	19.30	147	Gold (CMX) -100 troy oz.; \$ per troy oz.	1190.00	1195.00	1190.00	1191.90	18.50	351	Minis & S&P Midcap 400 (CME) -\$100 x index	.28640	.28810		.28625	.28810	.0010	19.25
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	898.20	925.00		895.70	919.20	18.30	12,049	Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	1195.00	1220.50	1195.00	1218.80	19.30	34,290	Platinum (NYM) -50 troy oz.; \$ per troy oz.	1228.60	1249.20	1228.60	1248.20	19.80	3,982	Mini Nasdaq 100 (CME) -\$20 x index	.28640	.28810		.28625	.28810	.0010	19.25
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	14,575	14,960		14,555	14,901	0.259	147,085	Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	109.00	119.50	119.00	119.10	18.50	351	Silver (CMX) -5,000 troy oz.; \$ per troy oz.	14,470	14,820	14,470	14,779	0.252	23	Mini Russell 2000 (CME) -\$50 x index	.28640	.28810		.28625	.28810	.0010	19.25
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	14,575	14,960		14,555	14,901	0.259	147,085	Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	1195.00	1220.50	1195.00	1218.80	19.30	34,290	Silver (CMX) -5,000 troy oz.; \$ per troy oz.	14,470	14,820	14,470	14,779	0.252	23	U.S. Dollar Index (ICE-US) -\$1,000 x index	.28640	.28810		.28625	.28810	.0010	19.25
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	14,575	14,960		14,555	14,901	0.259	147,085	Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	1195.00	1220.50	1195.00	1218.80	19.30	34,290	Silver (CMX) -5,000 troy oz.; \$ per troy oz.	14,470	14,820	14,470	14,779	0.252	23	Euro (CME) -\$100,000,\$ per €	.28640	.28810		.28625	.28810	.0010	19.25
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.	14,575	14,960		14,555	14,901	0.259	147,085	Cattle-Feeder (CME) -50,000 lbs.; cents per lb.	1195.00	1220.50	1195.00	1218.80	19.30	34,290	Silver (CMX) -5,000 troy oz.; \$ per troy oz.	14,470	14,820	14,470	14,779	0.252	23	Source: SIX Financial Information							

Agriculture Futures

Corn (CBT)-5,000 bu.; cents per bu.

Oats (CBT)-5,000 bu.; cents per bu.

Soybeans (CBT)-5,000 bu.; cents per bu.

Soybean Oil (CBT)-60,000 lbs.; cents per lb.

Rough Rice (CBT)-2,000 cwt.; \$ per cwt.

Corn (CBT)-5,000 bu.; cents per bu.

Oats (CBT)-5,000 bu.; cents per bu.

Soybeans (CBT)-5,000 bu.; cents per bu.

Soybean Oil (CBT)-60,000 lbs.; cents per lb.

Rough Rice (CBT)-2,000 cwt.; \$ per cwt.

Corn (CBT)-5,000 bu.; cents per bu.

Oats (CBT)-5,000 bu.; cents per bu.

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Corn (CBT)-5,000 bu.; cents per bu.

Oats (CBT)-5,000 bu.; cents per bu.

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Soybean Oil (CBT)-60,000 lbs.; cents per lb.

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Oats (CBT)-5,000 bu.; cents per bu.

Soybeans (CBT)-5,000 bu.; cents per bu.

Soybean Oil (CBT)-60,000 lbs.; cents per lb.

Rough Rice (CBT)-2,000 cwt.; \$ per cwt.

Corn (CBT)-5,000 bu.; cents per bu.

Oats (CBT)-5,000 bu.; cents per bu.

Soybeans (CBT)-5,000 bu.; cents per bu.

Soybean Oil (CBT)-60,000 lbs.; cents per lb.

Rough Rice (CBT)-2,000 cwt.; \$ per cwt.

Corn (CBT)-5,000 bu.; cents per bu.

Oats (CBT)-5,000 bu.; cents per bu.

Soybeans (CBT)-5,000 bu.; cents per bu.

Soybean Oil (CBT)-60,000 lbs.; cents per lb.

Rough Rice (CBT)-2,000 cwt.; \$ per cwt.

Corn (CBT)-5,000 bu.; cents per bu.

Oats (CBT)-5,000 bu.; cents per bu.</div

BIGGEST 1,000 STOCKS

How to Read the Stock Tables

The following explanations apply to NYSE, NYSE Arca, NYSE American and Nasdaq Stock Market listed securities. Prices are composite quotations that include primary market trades as well as trades reported by Nasdaq BX (formerly Boston), Chicago Stock Exchange, Cboe, NYSE National and Nasdaq ISX. The list comprises the 1,000 largest companies based on market capitalization. Underlined quotations are those stocks with large changes in volume compared with the issue's average trading volume. **Boldfaced quotations** highlight those issues whose price changed by 5% or more if their previous closing price was \$2 or higher.

Footnotes: **i**-New 52-week high. **h**-Does not meet continued listing standards. **ii**-Last filing.

dd-Indicates loss in the most recent four quarters. **q**-Temporary exemption from Nasdaq requirements.

FD-First day of trading. **t**-NYSE bankruptcy.

Stock tables reflect composite regular trading as of 4 p.m. and changes in the closing prices from 4 p.m. the previous day.

Friday, August 24, 2018

YTD % Chg	52-Week A B C			YTD % Chg	52-Week YTD % Chg			YTD % Chg										
	Hi	Lo	Stock		Hi	Lo	Stock											
-12.60	28.67	21.22	ABB	3.5	22	23.44	0.13	-2.64	9.63	78.19	Camber	0.05	-	-	-	-		
26.77	14.11	9.87	AET	3.7	24	14.01	-	-15.44	52.32	63.50	CampbellSour	-0.63	-	-	-	-		
6.33	47.08	39.88	Aflac	AFL	2.8	46.67	0.28	-3.40	100.01	83.02	CIBC	-0.07	-	-	-	-		
-4.41	21.19	14.74	AGNC Inv	AGNC	12	16	19.30	-	-11.68	206.96	151.74	CanParRwy	-0.01	-	-	-	-	
-11.20	22.51	10.24	AGNCiS	ANGI	0.4	21	21.99	-	-15.47	40.62	31.23	Canon	-0.01	-	-	-	-	
20.67	18.44	11.20	Ansys	ANS	..	51	17.80	-	-15.41	102.06	95.78	CapOne	-0.08	-	-	-	-	
16.75	23.62	15.39	ArcoSystems	ASML	0.8	202.4	3.42	-79.93	100.00	93.00	CarBrands	-0.01	-	-	-	-		
-1.50	39.62	35.72	Arctech	ATBE	1.7	131	66.10	-	-15.07	95.07	70.59	CanNatRwy	-0.03	-	-	-	-	
-1.82	66.26	49.35	AbbottLabs	ABT	1.7	131	66.10	-	-3.20	38.20	29.20	CapNaturalRwy	-0.07	-	-	-	-	
0.71	12.85	11.22	AbbVie	ABBV	3.9	24	97.40	-	-1.06	57.24	57.05	CanPharm	-0.01	-	-	-	-	
10.31	45.90	9.43	Abiomed	ABMD	2.2	108	31.03	4.10	-1.20	84.73	72.26	CapMed	-0.14	-	-	-	-	
8.35	16.85	9.28	Accenture	ACN	0.8	12	16.88	0.68	-1.27	40.62	31.23	CapNet	-0.01	-	-	-	-	
17.01	81.64	57.29	ActivisionBlz	ATVI	0.5	16	74.09	0.24	-12.23	60.88	12.17	CarVan	-0.26	-	-	-	-	
-15.32	186.99	109.84	AcuityBrands	AYI	0.3	19	149.03	1.45	-12.29	17.32	114.30	Caterpillar	-0.08	-	-	-	-	
49.23	26.83	14.93	Addbe	ADBE	..	60	26.15	1.51	-17.64	138.54	91.00	GlobeGmkt	-0.01	-	-	-	-	
64.87	165.07	78.11	AdvantEdge	AAP	0.1	23	164.36	1.10	-18.04	100.01	82.02	CIBC	-0.01	-	-	-	-	
13.32	100.70	72.38	AdvantEdge	AAP	0.1	23	164.36	1.10	-15.07	95.07	70.59	CanNatRwy	-0.03	-	-	-	-	
-1.54	7.48	4.59	Agileon	AES	5.3	5	17.00	0.23	-17.71	81.67	57.05	CarMax	-0.01	-	-	-	-	
7.91	58.30	45.13	AgriCarb	AER	8	19	56.77	0.09	-6.02	11.52	7.05	CarMed	-0.01	-	-	-	-	
9.36	199.95	149.69	Ageta	AGT	1.0	19	127.97	0.27	-3.40	47.93	35.88	Centene	-0.01	-	-	-	-	
-25.11	21.77	14.27	AgilissoftMgs	AMG	0.8	12	147.55	1.06	-1.69	30.45	24.81	CenterPointEne	-0.17	-	-	-	-	
-1.45	75	60.42	AgilentTechs	AMK	1.2	16	75.98	0.14	-1.27	40.88	34.77	Catalent	-0.01	-	-	-	-	
-21.70	51.86	34.49	AgricolaEagle	AMK	0.3	19	149.03	1.45	-12.29	17.32	114.30	Caterpillar	-0.08	-	-	-	-	
1.15	17.15	14.73	AlarisTech	AMT	2.7	24	165.97	0.14	-10.50	404.72	250.10	CharterComms	-0.01	-	-	-	-	
12.83	83.44	47.11	AlatimaTech	AKAM	7.2	73	74.00	0.33	-11.70	119.20	93.76	CheckPoint	-0.01	-	-	-	-	
-1.86	66.66	57.52	AlaskaAir	ALK	1.4	22	96	0.23	-13.82	131.70	93.50	CircleK	-0.01	-	-	-	-	
-24.94	14.99	10.57	AlaskaAir	ALK	1.4	22	96	0.23	-20.92	59.50	46.00	CheniereEnergy	-0.01	-	-	-	-	
-19.36	62.35	40.03	Alcoa	ALCOA	1.4	22	96	0.23	-30.67	99.77	64.11	CheniereEne	-0.01	-	-	-	-	
-3.03	13.47	11.34	AlexandriaElt	ALD	1.0	19	127.97	0.27	-43.97	145.38	83.56	Centene	-0.01	-	-	-	-	
1.75	14.34	10.22	AlexionPharm	ALXN	..	117	10.50	0.70	-1.20	84.73	72.26	CarVan	-0.01	-	-	-	-	
1.04	21.70	16.42	Albrega	BABA	..	47	14.23	0.20	-11.87	45.34	33.44	ChinaEastAir	-0.01	-	-	-	-	
-1.45	75	60.42	Algentechs	ALGN	..	44	15.98	0.05	-1.27	48.08	32.75	13.60	CircleK	-0.01	-	-	-	-
-21.70	51.86	34.49	Aligentechs	ALGN	..	44	15.98	0.05	-10.50	404.72	250.10	CharterComms	-0.01	-	-	-	-	
1.75	15.75	14.73	AlarisTech	AMT	2.7	24	165.97	0.14	-11.70	119.20	93.76	CheckPoint	-0.01	-	-	-	-	
1.28	65.45	51.07	Alatria	AMT	2.7	24	165.97	0.14	-10.50	404.72	250.10	CharterComms	-0.01	-	-	-	-	
-1.50	75.32	35.25	Alatria	AMT	2.7	24	165.97	0.14	-11.70	119.20	93.76	CheckPoint	-0.01	-	-	-	-	
-1.75	87.26	72.31	ArrowElec	ARKE	1.0	19	127.97	0.27	-10.50	404.72	250.10	CharterComms	-0.01	-	-	-	-	
-1.75	87.26	72.31	ArrowElec	ARKE	1.0	19	127.97	0.27	-10.50	404.72	250.10	CharterComms	-0.01	-	-	-	-	
-1.75	87.26	72.31	ArrowElec	ARKE	1.0	19	127.97	0.27	-10.50	404.72	250.10	CharterComms	-0.01	-	-	-	-	
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-1.75	87.26	72.31	ArrowElec	ARKE	1.0	19	127.97	0.27	-10.50	404.72	250.10	CharterComms	-0.01	-	-	-	-	
-1.75	87.26	72.31	ArrowElec	ARKE	1.0	19	127.97	0.27	-10.50	404.72	250.10	CharterComms	-0.01	-	-	-	-</td	

MARKETS & FINANCE NEWS

Lloyd's Is Reviewing Marine Unit

By COSTAS PARIS

Lloyd's of London Ltd., a syndicate that controls about a fifth of the global marine insurance market, is reviewing a number of loss-making members of its marine unit, a move that could drive up costs for insuring the world's ocean carriers.

The review comes after a loss of \$2.6 billion at Lloyd's last year and involves a number of Lloyd's 80-plus insuring groups that have been unprofitable for the past three years, according to people directly involved in the matter. Lloyd's is an insurance market in London that offers a way for syndicates to pool their risks.

"The [insuring groups] have been asked to come up with a viable plan until the end of the month, or risk closing down," said a London broker who

asked not to be identified.

He said seven syndicates already have trimmed their marine business by a total of about \$100 million and "many others are expected to do the same."

Another broker said the problem comes from the increase in underwriting capital flowing into the market that has pushed premiums down to historically low levels, leaving insurers with unprofitable portfolios.

"Only about 18 syndicates were profitable on hull insurance over the past three years and around 50 were in the red," another London broker said. "They have been insuring for as low as 0.1% of the vessel's value, which is unsustainable."

Brokers say hull premiums may need to double to make them sustainable. War-risk in-



Many shipping companies are expected to end the year in the red after a brief respite in losses in 2017. Above, Oakland, Calif.'s port.

surance and other high-risk coverage, which is more profitable than hull insurance, has come down from more than 21% of all premiums to around 10% in the past three to four years, brokers said.

"If Lloyd's moves to raise premiums, all competitors will do the same," the first broker said. "This will create added

problems to shipowners that will have to bear another extra cost."

Many shipping companies are expected to end the year in the red after a brief respite in losses in 2017. The cost of fuel has gone up by as much as 30% this year and owners are spending billions more to install "scrubbers" for their

vessel engines or use cleaner, more expensive fuels to meet lower sulfur-emission limits starting in January.

Lloyd's Chief Executive Inga Beale, who has been leading the giant insurer since 2014, will step down next year and plans to leave the insurance business. She is the first woman ever to be appointed

CEO of the historic marketplace.

Lloyd's has been slow to adopt digital technology that would cut down its costs. Costs currently make up more than 30% of the insurer's premiums, making Lloyd's around 12% more expensive on average than some of its competitors.

Plan to Rewrite Rules for Low-Income Lending Falters

By LALITA CLOZEL
AND RYAN TRACY

WASHINGTON—Talks have faltered among banking regulators on how to start rewriting requirements for banks to make loans in poorer neighborhoods, prompting one of the agencies—the Office of the Comptroller of the Currency—to move on its own as early as next week.

If the discord continues, it could imperil the Trump administration's push to rewrite the law, which affects billions of dollars in bank loans and investments in lower-income neighborhoods.

Much of the money flows to geographic areas around bank branches—and policy makers haven't resolved how to change that requirement in an



Comptroller of the Currency Joseph Otting.

age of online banking.

The Community Reinvestment Act of 1977 requires banks to serve borrowers of all income levels around their branches or face growth re-

strictions. It was initially created to address the practice of redlining, or banks failing to serve poor and minority neighborhoods. The rules haven't been significantly

changed since the 1990s.

Changing the CRA rulebook is a priority for Comptroller Joseph Otting, who grappled with the law as a banker. He had sought consensus with the Federal Deposit Insurance Corp. and Federal Reserve, the two other regulators charged with implementing the law, but has expressed disappointment at the pace of those talks, according to people familiar with the matter.

Those regulators aren't expected to sign on to the OCC's preliminary step, which will be structured as a series of questions to the public and industry. Questions are expected to be published next week, and the OCC hopes the Fed and FDIC will join in later, an OCC spokesman said.

If that doesn't happen, it

would limit the impact of Mr. Otting's efforts, since each agency oversees only part of the U.S. banking sector. Changes by a single agency would also be easier for future regulators to reverse.

The OCC's questions are expected to solicit ideas on expanding lending and investment activities that count for CRA credit and grading banks based on the dollar amount of those activities relative to their size, potentially making the evaluation of a bank's activities near its branch locations less important.

Mr. Otting's decision to move forward alone is worrying some in the industry and consumer lending groups, concerned that an overhaul might not be as robust if regulators don't coordinate.

"We are already seeing an unusual level of discord among the regulators," said Jesse Van Tol, chief executive of the National Community Reinvestment Coalition, a fair-lending advocacy group. "I think there is a significant risk that the whole effort will backfire, unless a more careful and consensus-driven approach is taken."

Others welcomed Mr. Otting's move. "He is a CEO and he's used to getting things done," said Richard Hunt, president of the Consumer Bankers Association trade group. "I'd be disappointed in him if he wasn't frustrated."

FDIC Chairman Jelena McWilliams said Thursday at her first press conference that the regulators could come together later.

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NOTICE OF SALE

NOTICE OF SALE BY AUCTION

PLEASE TAKE NOTICE that J. Mendel Inc. ("J. Mendel") filed a motion (the "Sale Motion") with the United States Bankruptcy Court for the Eastern District of New York scheduling an Auction and a Sale hearing. On August 10, 2018, the Bankruptcy Court entered an order (the "Bidding Procedures Order") approving certain bidding procedures (the "Bidding Procedures") for the Sale. Copies of the Sale Motion, Bidding Procedures Order, and other documents related thereto are available upon request by contacting J. Mendel's counsel, Platzer, Swergold, Levine, Goldberg, Katz & Jaslow, LLP, Attn: Teresa Sadutto-Carley, by telephone at (212) 593-3000 or by e-mail at tsadutto@platzerlaw.com.

PLEASE TAKE FURTHER NOTICE that J. Mendel is soliciting offers for the purchase of the Acquired Assets (as defined in the Sale Motion), which are substantially all of the assets of J. Mendel and which offers may be for less than all of the Acquired Assets. All interested bidders should carefully read the Bidding Procedures Order. All offers for the Acquired Assets are due by 4:00 p.m. on September 21, 2018.

PLEASE TAKE FURTHER NOTICE that, if J. Mendel receives a Qualified Bid within the requirements and time frame specified by the Bidding Procedures, J. Mendel will conduct an auction (the "Auction") of the Acquired Assets on September 26, 2018 at 10:00 a.m. at the law office of Platzer, Swergold, Levine, Goldberg, Katz & Jaslow, LLP, 475 Park Avenue South, 18th Floor, New York, New York 10016.

PLEASE TAKE FURTHER NOTICE that J. Mendel, in consultation with Rosenthal & Rosenthal, Inc. and Gores Clothing Holdings, LLC, may select a Stalking Horse Bidder or before 4:00 p.m. on September 14, 2018.

PLEASE TAKE FURTHER NOTICE that J. Mendel will seek approval of the sale of the Acquired Assets at a hearing scheduled to commence on September 27, 2018 at 10:30 a.m. (the "Sale Hearing"), before the Honorable Nancy Hershey Lord, at the United States Bankruptcy Court for the Eastern District of New York, 271-C Cadman Plaza East, Brooklyn, New York 11201-1800.

NOTICE OF SALE BY AUCTION AND SALE HEARING

PLEASE TAKE NOTICE Sasco Hill Brands LLC ("Sasco") and Ghurka Brands Holdings LLC ("Ghurka"), the debtors and debtors in possession (collectively, the "Debtors"), filed a motion (the "Sale Motion") with the United States Bankruptcy Court for the Southern District of New York scheduling an Auction and a Sale. On July 19, 2018, the Bankruptcy Court entered an order (the "Bidding Procedures Order") approving certain bidding procedures for the Sale.

Copies of the Sale Motion, Bidding Procedures Order, and other documents related thereto are available upon request by contacting Debtors' counsel, Platzer, Swergold, Levine, Goldberg, Katz & Jaslow, LLP, Attn: Teresa Sadutto-Carley, by telephone at (212) 593-3000 or by e-mail at tsadutto@platzerlaw.com.

PLEASE TAKE FURTHER NOTICE that the Debtors are soliciting offers for the purchase of the Acquired Assets (as defined in the Sale Motion) which is substantially all of the Debtors' assets. All interested bidders should carefully read the Bidding Procedures Order. All offers for the Acquired Assets are due by 4:00 p.m. on September 14, 2018.

PLEASE TAKE FURTHER NOTICE that, if the Debtors receive competing Qualified Bids within the requirements and time frame specified by the Bidding Procedures, the Debtors will conduct an auction (the "Auction") of the Acquired Assets on September 17, 2018 at 10:00 a.m. at the law office of Platzer, Swergold, Levine, Goldberg, Katz & Jaslow, LLP, 475 Park Avenue South, 18th Floor, New York, New York 10016.

PLEASE TAKE FURTHER NOTICE that the Debtors will seek approval of the sale of the Acquired Assets at a hearing scheduled to commence on September 18, 2018 at 10:00 a.m. (the "Sale Hearing") before the Honorable Martin Glenn at the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408.

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Continued from page B1

ished the week at fresh highs.

The Fed understands its impact on the economy and "has no interest to chill the current expansion" in the U.S., said Thomas Herbert,

head of portfolio management at Ethenea Independent Investors.

The Dow Jones Industrial Average added 133.37 points, or 0.5%, to 25790.35. The S&P 500 rose 17.71 points, or 0.6%, to 2874.69 and the Nasdaq advanced 67.52 points, or 0.9%, to 7945.98.

For the week, the Dow industrials were up 0.5%, while the S&P 500 was up 0.9% and the Nasdaq rose 1.7%.

Corporate earnings drove swings in individual stocks throughout the week.

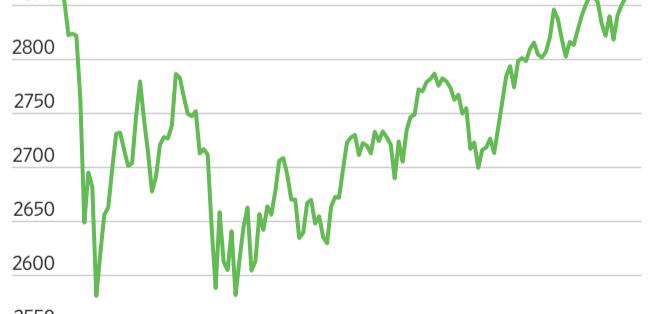
Shares of retailers rallied after Target reported its best quarterly results in more than a decade and T.J. Maxx parent TJX raised its guidance for the fiscal year. The consumer-discretionary sector rose 2%, posting the second-biggest gains of the S&P 500's 11 groups.

But disappointing results took some shine off the sector,

Stock Index Hits New Record

Moving On Up

The S&P 500 notched its first record close since Jan. 26, ending its longest streak without a fresh high since 2016.



sending Gap tumbling \$2.79, or 8.6%, to \$29.65 Friday and Victoria's Secret parent L Brands down 63 cents, or 2.2%, to 27.62.

Meanwhile, the dollar retreated after Mr. Powell's address, with the WSJ Dollar Index—which measures the currency against a basket of 16 others—down 0.5%.

Elsewhere, the Stoxx Europe 600 rose less than 0.1%, notching a weekly gain.

Stocks in Asia ended mixed after two days of midlevel trade talks between the U.S. and China failed to yield any breakthroughs.

The Shanghai Composite Index rose 0.2% Friday, while Hong Kong's Hang Seng fell 0.4%.

Representatives of the two governments largely repeated talking points during the discussions in Washington, according to people closely tracking the talks. China's Commerce Ministry called the meeting "constructive and frank" in a statement. Early this week, the two countries imposed tariffs on an additional \$16 billion of each other's imports, bringing the total amount of goods under each country's levies to \$50 billion.</

MARKETS NEWS

Bitcoin Offshoot Is Down Nearly 90%

By ALEXANDER OSIPOVICH

The bear market in cryptocurrencies has punished investors who bought bitcoin at the height of cryptomania last year. But losses have been even more brutal for those who invested in once-promising rivals of bitcoin.

Consider Bitcoin Cash, an offshoot of bitcoin that launched on Aug. 1, 2017, and that moves independently of bitcoin itself.

While bitcoin has fallen 67% from its record intraday high of \$20,089 in December, Bitcoin Cash is down a crushing 88% from its peak of \$4,355.62, according to CoinMarketCap.com. Friday evening, it traded at around \$533.

Hundreds of other coins have also plummeted in value, but the underperformance of Bitcoin Cash is notable because it touches on a bigger theme: whether virtual currencies can really become a means of payment that would supplant traditional money.

Supporters of Bitcoin Cash conceived it as a way to fix problems that they believed were impeding bitcoin from becoming a mainstream payment tool, akin to PayPal or Visa.

Boosters—including Roger Ver, a prominent crypto invest-

Crunched

Bitcoin Cash has tumbled this year, faring even worse than bitcoin as a sell-off in cryptocurrencies has accelerated.



Source: CoinMarketCap.com

THE WALL STREET JOURNAL.

tor often called Bitcoin Jesus—argued that the original bitcoin network had become too slow and that users were paying overly hefty fees for sending each other bitcoins. This faction contended that bitcoin's clunkiness was causing people to treat it as a store of value, like gold, and not as a practical way to buy Big Macs or cappuccinos.

There is still a lively debate over whether bitcoin is any good as a medium of exchange. Many bitcoin holders view it as a hedge against the

China Gets Tougher On Cryptocurrency

China is tightening its clampdown on cryptocurrencies, nearly a year after the government imposed a wide-ranging ban on local exchanges and fundraising for digital currencies.

Financial officials in an eastern district of Beijing issued a notice this month to stores, hotels and offices urging them not to host any cryptocurrency-related speeches, events or activities.

The document also asked that any activity be reported to local officials and said authorities were acting on behalf of a working group led by the central bank to clean up cryptocur-

rency trading.

In a commentary published in state media on Friday, Sheng Songcheng, an adviser to the People's Bank of China, said that after fund raisings called initial coin offerings were banned last year, government regulation will become even more restrictive. He wrote that, earlier this month, authorities blocked a number of public accounts involving ICOs on the popular messaging app WeChat.

In a statement, WeChat operator Tencent Holdings Ltd. said some WeChat accounts have published information about ICOs and cryptocurrency trading that violated government restrictions on messaging services, which were instituted in recent years.

These accounts "were permanently blocked," a Tencent

spokeswoman said.

Beijing's latest moves show how difficult it has been for the government to quash interest in digital currencies, despite its nationwide ban and the battering that cryptocurrencies have taken worldwide this year. China's banking and insurance regulator on Friday warned against virtual-currency-related fundraising activities that occur under the guise of blockchain and financial innovation.

One digital-currency venture capital fund in Shanghai was scheduled to host a blockchain event for about 300 people on Friday. After checking in with local authorities a few days ago, it was told to cancel the event, according to a person familiar with the matter.

—Steven Russolillo
and Chao Deng

Cash]," Mike Komaransky, an adviser to the Bitcoin Cash Association, a group that promotes the use of the cryptocurrency, said in an email. Mr. Ver, another adviser to the group, didn't respond to a request to comment.

There are many reasons why bitcoin and other cryptocurrencies haven't taken off as a form of payment, including their volatility and uncertain regulatory status, which has kept many businesses from embracing them.

Bitcoin Cash is still the fourth-most-valuable cryptocurrency by market capitalization, but its value relative to bitcoin has sagged, suggesting that investors who once bet on it may have shifted back to the original. One unit of Bitcoin Cash is now worth about 8% of one bitcoin, down from 18% in early May, CoinMarketCap.com data shows.

For the average investor, the technical distinctions between the two may not be that important. Instead, the market seems to be favoring the one with the stronger brand, according to Martin Garcia, a managing director at Genesis Global Trading Inc., a digital-currency trading firm.

"Bitcoin is expressing itself as the more dominant token," he said.

Bonds Slip As Traders React to Fed Talk

By SAM GOLDFARB

U.S. government bond prices fell slightly Friday as traders assessed comments from Federal Reserve officials at their annual Jackson Hole symposium.

The yield on the benchmark 10-year U.S. Treasury note settled at 2.826%, compared with 2.821% Thursday.

Yields, which rise when bond

prices fall, drifted higher overnight and took another leg up in the morning after Federal Reserve Bank of Cleveland President Loretta Mester struck an optimistic tone on the U.S. economy in a television interview at the Jackson Hole conference.

They then moved lower in response to prepared remarks from Fed Chairman Jerome Powell, which emphasized the need for the central bank to proceed cautiously as it raises interest rates.

Compared with Ms. Mester, Mr. Powell was "a little more balanced" in his remarks, causing the rebound in bond prices, said Larry Milstein, head of government and agency trading at R.W. Pressprich & Co.

Treasuries have remained in a tight range for nearly three months, with the 10-year yield drifting between roughly 2.82% and 3%.

In recent weeks, yields have settled at the bottom of that range, reflecting concerns over emerging-market economies and trade tensions between the U.S. and China.

In the past week, bonds got a further boost after President Trump's former lawyer, Michael Cohen, said in court he had violated campaign-finance laws at the direction of Mr. Trump, causing investors to shift money to safer assets.

Treasuries have rallied this month despite a record number of bets against the asset class.

Many hedge funds and other speculative investors think yields should ultimately rise because of the strong U.S. economy, growing federal budget deficit and campaign by the Fed to gradually raise short-term interest rates.

Speculators had a net short position of 698,194 Treasury futures contracts, according to the most recent data available from the Commodity Futures Trading Commission.

That is up from a net short of 75,840 on Jan. 2.

Short sellers borrow securities and sell them, hoping to repurchase them at a lower price later and make a profit.

Oil Prices Climb to Wrap Up Strong Week

By CHRISTOPHER ALESSI
AND AMRITH RAMKUMAR

Oil prices climbed Friday to post their best week since June, with traders looking ahead to updates on supply and U.S. sanctions against Iran.

Light, sweet crude for October delivery

COMMODITIES rose 89 cents, or 1.3%, to

\$68.72 a barrel on the New York Mercantile Exchange.

Prices added 5.4% this week, rising after a bullish inventory report showed a larger-than-expected drop in U.S. stockpiles and with uncertainty still surrounding sanctions against Iran.

Brent crude, the global benchmark, added \$1.09, or 1.5%, to \$75.82 a barrel Friday.

President Trump in May pulled the U.S. out of a 2015 international agreement to curb Iran's nuclear efforts, triggering the reimposition of economic sanctions and raising the prospect of a reduction of more than 1 million barrels a day of Iranian crude oil exports by November.

U.S. national security adviser John Bolton said earlier this week that the Trump administration would like to avoid giving waivers to the sanctions.

The possibility of supply disruptions in Iran and lower production in countries like Venezuela and Libya had pushed oil prices to multiyear

highs earlier this year before



The crude oil market received a boost from the weakening dollar as traders look ahead to updates on supply and U.S. sanctions on Iran.

the Organization of the Petroleum Exporting Countries and partner producers such as Russia decided to begin ramping up crude output.

U.S. prices are still 7.3% below their June peak, but some analysts think signs that higher production from Saudi Arabia and other large suppliers won't be enough to make up for lost Iranian output could buoy the market moving

forward.

"Both crude markers are on track to end a steady run of weekly declines," said Stephen Brennock, analyst at PVM Oil Associates Ltd. "This is largely due to a tightening fundamental outlook on the back of looming Iranian supply shortages—as things stand, oil bulls have put all their eggs in the Iranian basket," he added.

Analysts are also keeping

an eye on trade tensions between the U.S. and China, with some worried that tariffs could slow the global economy and lower commodity demand.

Worries about global growth have also supported the dollar, making materials denominated in the U.S. currency more expensive for overseas buyers.

But on Friday, the WSJ Dollar Index, which tracks the

dollar against a basket of 16 other currencies, fell 0.5%.

Traders were looking ahead to next week's U.S. inventory report for the latest reading on domestic stockpiles.

Among refined products, gasoline futures rose 1.87 cents, or 0.9%, to \$2.0779 a gallon.

Diesel futures added 2.68 cents, or 1.2%, to \$2.2022 a gallon.

Metals Prices Post Strong Rebound

By DAVID HODARI
AND PAUL GARVEY

Metals prices have recorded their best week in months, unwinding some of the damage from the previous week's rout.

Copper for August delivery climbed 1.75% to \$2,699 a pound on the Comex division of the New

COMMODITIES York Mercantile Exchange on

Friday, helped along by a softer U.S. dollar. Gold for August delivery was also higher, rising 1.6%, or \$19.30, to \$1206.30 a troy ounce.

Friday's gains capped a strong week for both metals. Gold jumped 2.5% over the week, snapping a six-week losing streak in what was its best weekly performance since March, while copper was up 2.8% for the period.

Both copper and gold had previously fallen for nine of the past 10 weeks, and both started the week at their lowest levels in more than a year.

The price gains were largely driven by a fall in the U.S. dollar. The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, was last down 0.55%. A weaker dollar makes dollar



Gold jumped 2.5% this week in its best performance since March. It rose 1.6% for August delivery.

denominated commodities less expensive for holders of other currencies.

The decline in the U.S. dollar—and the rally in metals prices—gathered momentum after Federal Reserve Chairman Jerome Powell addressed the central bank's annual Jackson Hole retreat.

In his first public appearance since President Trump criticized the central bank's plans to raise interest rates, Mr. Powell affirmed the Fed's plan to raise rates at least to a

level that neither spurs nor slows economic growth after nearly a decade of attempting to stimulate the economy by keeping them low.

Investors had also been keeping a close watch for any developments out of this week's trade negotiations between Beijing and Washington, but the talks ended without any apparent breakthroughs.

Friday's move was "more of a currency-driven move than anything else," Mr. Wilkes said.

Copper inventories have continued to fall, with London Metal Exchange on-warrant stocks dropping to 164,000 tons and heading toward the year-to-date low of 152,000 tons, according to Alastair Munro, a broker at Marex Spectron, in a note.

Market participants have recently taken advantage of lower copper prices after last week's sell-off to secure supply during the final weeks of the so-called summer lull in trading, analysts said.

Dollar Down on Fed View

BY IRA JOSEBASHVILI

The dollar slipped after Federal Reserve Chairman Jerome Powell gave little indication the central bank would accelerate its pace of rate increases in coming months.

The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, was recently down 0.5% at 89.30.

At a symposium of central bankers in Jackson Hole, Wyo., Mr. Powell defended the Fed's strategy of gradually raising interest rates, pushing back against criticism that the central bank is moving either too quickly or too slowly, jeopardizing the expansion.

Expectations that rates will rise faster than anticipated tend to boost the dollar by making it more attractive to yield-seeking investors.

In emerging markets, the dollar was recently down 1.2% against the Turkish lira and lost 1.3% against the Russian ruble.

EXCHANGE

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

Elon Musk's Two Fateful Mistakes

The Tesla CEO's SolarCity deal and ambitious Model 3 promises continue to put pressure on the car maker

By CHARLEY GRANT

Tesla's current troubles can be traced to two decisions made by CEO Elon Musk in 2016.

Back then the company was on solid financial footing and generating healthy growth selling its high-end electric cars to devoted customers. The two moves by Mr. Musk changed the direction of Tesla, leading directly to its growing financial distress and to the investigation by the Securities and Exchange Commission.

Despite all of his recent public statements, Mr. Musk does not appear to have learned from these mistakes. With investors still valuing Tesla as if its only trouble is keeping up with insatiable demand, the risk to the stock is very high.

At the start of 2016, the stock market was tumbling. Shares of Tesla were down and shares of Mr. Musk's other public company, SolarCity, were down even more. SolarCity, like its competitors that sell solar panels to homeowners, was in severe financial straits.

Mr. Musk tried to reverse the declines. He unveiled the mass-market Model 3, which was sup-

posed to sell for \$35,000, potentially expanding the company's market exponentially. Later, even before the Model 3 design was complete, he called the car "the biggest consumer product launch ever." On a conference call with analysts that day, Mr. Musk said he expected that Tesla would make 100,000 to 200,000 Model 3s in the second half of 2017. Tesla's shares nearly doubled in the next year. That number turned out to be about 4,000.

Mr. Musk's other fateful decision that year was to merge SolarCity into Tesla.

That move quelled worries about SolarCity filing for bankruptcy, but saddled Tesla with another unprofitable business and stuffed \$3 billion in extra debt onto its balance sheet. To sell investors on the deal, Mr. Musk pitched product ideas that have yet to result in meaningful revenue.

At Tesla, Mr. Musk's promises forced the company to borrow an additional \$1.8 billion and rush to boost

SolarCity has burdened Tesla with extra debt and losses. Here, SolarCity workers at a New Jersey home during sunnier times.



MICHAEL NAGLE/BLOOMBERG NEWS

More Debt, Less Profit

Tesla's debt spiked after it bought SolarCity and announced the Model 3



Analyst consensus forecasts for Tesla's 2018 adjusted earnings per share*



production of the Model 3, which proved costly. After initial struggles, sales have grown rapidly but costs have risen even faster. The operating leverage—increasing profit margins on each extra dollar of revenue—that Tesla needs remains elusive.

Tesla is under increasing pressure to generate cash after burning through \$1.8 billion in the first six months of this year. The company has about \$1.3 billion in convertible debt due in November and March. It had \$3 billion in accounts payable and just \$2.2 billion in cash on hand as of June 30. Including capitalized leases, long-term debt tops

\$11 billion, according to FactSet.

Tesla's suppliers are starting to worry about being paid what they're owed. Mr. Musk grew so frustrated about the scrutiny his projections have received that he tweeted he had a deal in place to take Tesla private. That tweet and Mr. Musk's optimistic projections for the Model 3 are under scrutiny

Another riskier option is to persuade holders of the \$1.3 billion in convertible debt who are due to be paid back in the coming months, to accept stock in Tesla instead of cash, according to Vicki Bryan, founder of research firm Bond Angle. She forecasts that move would minimize the dilution suffered by current investors while significantly reducing near-term debt, and give Tesla an extra six- to seven-month window to preserve its cash.

Whatever Tesla chooses to do, Mr. Musk needs to show that there has been a lesson learned. If not, investors should be skeptical of any plan he offers.



LEFT TO RIGHT: JOEL CARRETT/EPIC SHUTTERSTOCK; EVERETT COLLECTION

In Australian Drama, China Has Lead Role

What matters to markets is the stance on Beijing

By ANDREW PEAPLE

Australia—land of kangaroos, koalas and curtailed prime ministers. Scott Morrison is the latest to take on one of the most poisoned chalices in global politics. The country's treasurer has replaced Malcolm Turnbull, following a rebellion within the country's right-wing Liberal Party—the sixth time Australia has changed prime ministers in just over a decade.

The conundrum that has long faced Australian leaders looks set to get even trickier.

Despite the drama, financial-market reaction has fallen short of panic. The Australian dollar headed higher against its U.S. counterpart. Stocks in Sydney, which have beaten most other major regional markets this year, were flat Friday.

The calm reaction reflects the fact that Australia's economy has motored on regardless of politics. No Australian aged 30 or under has ever voted for a prime minister who served a full three-year

term in office. Nor has anyone there aged under 27 ever lived through a recession.

That record suggests the more significant news from Down Under this past week may prove to be the government's decision to ban Chinese telecom firms Huawei Technologies Co. and ZTE Corp. from involvement in rolling out its next-generation 5G mobile network.

That move has aligned Australia with the U.S. terms of hostility to Chinese tech-related investment, but was arguably more fraught for Canberra than Washington. More than any other Western democracy, Australia is economically beholden to China, the biggest customer for its commodities. Chinese buyers, too, helped fuel a long rise in Australian house prices after the global financial crisis.

The conundrum that has long faced Australian leaders of all stripes—how open to be to Beijing—looks set to get even trickier. Australia's long unbroken record of economic growth faces a tough patch as household debt, according to central-bank data, has risen to almost 190% of income.

Cutting off a prime source of foreign investment at such a time looks risky. Mr. Morrison will need some luck running the so-called lucky country.

OVERHEARD

Some actors just never break character.

Take Jeff Bridges, who starred as The Dude in the cult-hit film "The Big Lebowski" more than 20 years ago. He told the Los Angeles Times on Thursday that he was "kinda shocked" after reading a Times article that detailed a local tax law that creates substantial tax savings for wealthy families who inherit property. That includes Mr. Bridges and his siblings, who inherited a beach house from their mother, the wife of Lloyd Bridges.

"Tax stuff is very complicated," Mr. Bridges said. "Sometimes the tax bills are in your favor, sometimes they aren't." He has a good point: as The Dude may well have said, tax law is riddled with a lotta ins, lotta outs, lotta what-haves-yous.

Those nuances seem to have saved the Bridges family from entering a world of pain. The Times had estimated the law saved the Bridges family about \$300,000 since 2009.

But the Times reported that no other state offers similar protections for property heirs. After that new publicity, it's possible that Californians will decide that this aggression will not stand. Specifically, the citizens might want to see changes to the rules and eliminate those savings.

In that scenario, Mr. Bridges would have to mark it zero.

The Dude abides a favorable California tax rule.



Pigs Still Can't Fly—But WH Group Could

Shares in the Chinese food producer have suffered during the U.S.-China trade standoff

By JACKY WONG

Few companies have suffered as much from the U.S.-China trade fight as **WH Group**, the Chinese owner of U.S. pork producer Smithfield Foods.

Shares of the company, the world's largest pork producer, have plunged nearly 40% from their peak in February as investors question one of the main appeals behind the company's globally-integrated model. WH Group acquired Smithfield in 2013, touting the potential huge opportunities from exporting cheap hogs from the U.S. to other countries like China and Mexico. WH Group makes nearly all of its money in the U.S. and China, from slaughtering pigs to selling fresh pork and packaged meat.

The company had more bad news earlier this month when 30 pigs from an external supplier were found to be infected by the deadly African swine-fever virus. The company said the affected plant will be closed down for six weeks. WH's stock has slid 7% since the news broke.

The number of cases could still pick up given that the virus can survive for a long time, but that is reflected by the big drop in WH's share price. The affected facility accounted for only 3% of WH's total revenue last year, according to Goldman Sachs, and the company has enough capacity elsewhere to fill in the potential production gap. The fact that the virus can't spread to humans will likely lessen the impact.

And the trade tensions may not be as bad as feared for the company. WH's exports of U.S. pork to China and Mexico will be hit by the trade dispute—China slapped up to 70% tariff on U.S. pork while exports to Mexico face a 20% tariff. But because the fight has sapped demand for pork from the U.S., prices have fallen, benefiting WH's packaged-meat businesses there. Operating profit at WH's processed meat segment—about half of which comes from the



LUKE SHARRETT/BLOOMBERG NEWS

Pigs Can Fly?

WH Group's price to expected earnings ratio

15 times



U.S.—accounted for more than 90% of its total in year's first half, with margins improved from a year ago.

Even though its export business currently only accounts for a fraction of WH's earnings, its stock has fallen so much because the segment was considered a potential growth spot for the company.

But the stock now trades at only 9.3 times forward earnings, much lower than its three-year average of 11.6, so the risk of much slower growth at its export business may also have been priced in. And analysts have cut their estimated earnings for next year by 7% in the past three months.

With the market assuming the worst already, it may finally be time for WH to get airborne.



Yankee Barbecue Kings

How the science of 'meat glue' and a 'frankengrill' won big in the South **C3**

CULTURE | SCIENCE

POLITICS | HUMOR

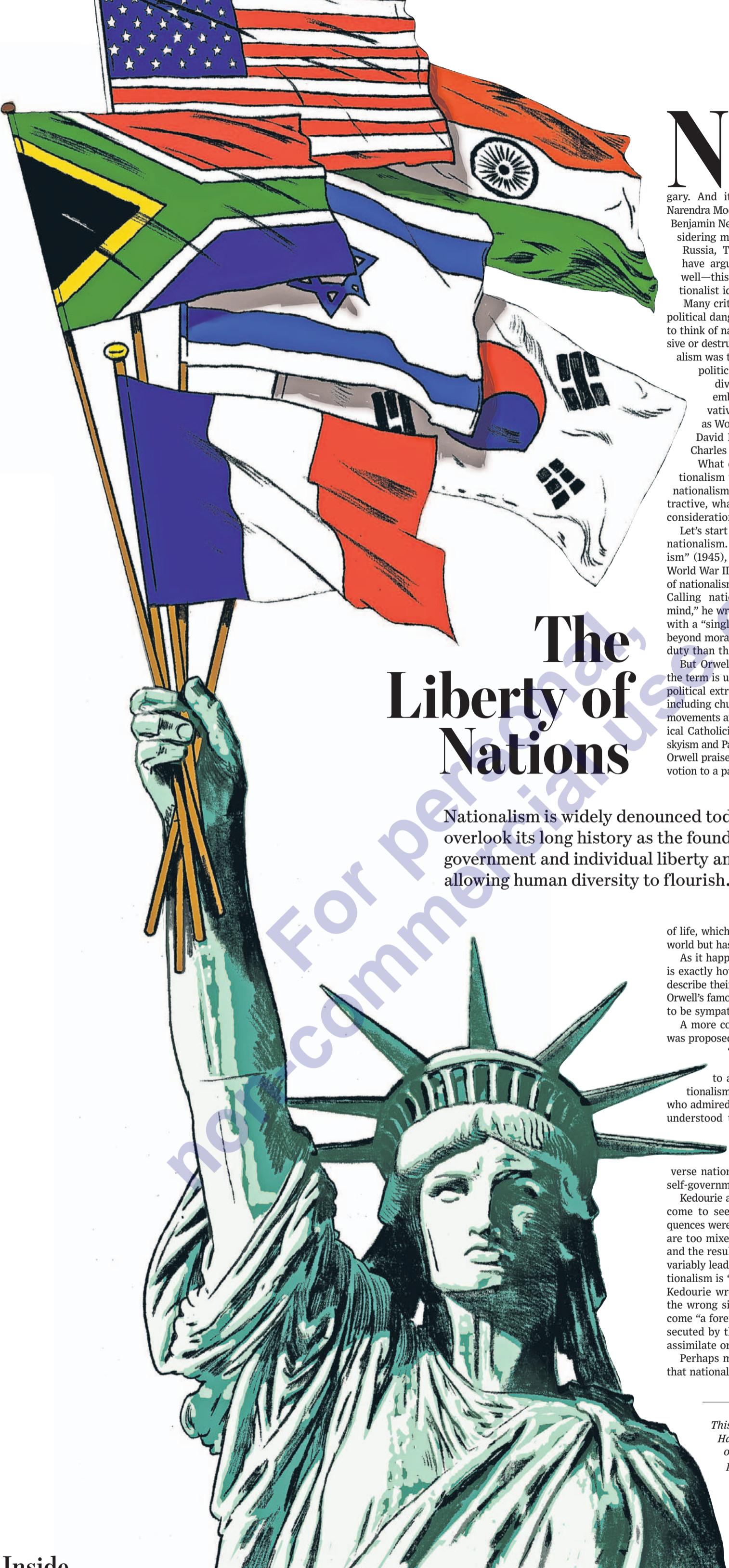
REVIEW

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El Impostor

The true story of a liar who deceived the whole of Spain **Books C7**



The Liberty of Nations

Nationalism is widely denounced today, but its critics overlook its long history as the foundation of limited government and individual liberty and its role in allowing human diversity to flourish. **By Yoram Hazony**

of life, which one believes to be the best in the world but has no wish to force on other people."

As it happens, this description of patriotism is exactly how most self-identified nationalists describe their own views. When read in context, Orwell's famous critique of nationalism turns out to be sympathetic to a moderate nationalism.

A more compelling anti-nationalist position was proposed by Elie Kedourie in his 1960 book

"Nationalism," which founded an entire academic movement devoted

to analyzing the shortcomings of nationalism.

Kedourie, an Iraqi-Jewish scholar who admired the Ottoman and British empires, understood that nationalism is not a mental state. It is a political theory that suggests the world is governed best when it is divided into diverse nations, each having independence and self-government.

Kedourie argued that, though this theory had come to seem self-evident, its actual consequences were "disastrous." National populations are too mixed to permit agreed-upon borders, and the resulting disputes between nations invariably lead to tension and mutual hatred. Nationalism is "a chain reaction, a vicious circle," Kedourie wrote, observing that minorities on the wrong side of an international border become "a foreign body in the state" and are persecuted by the majority as it strives either to assimilate or expel them.

Perhaps most important, Kedourie believed that nationalist agitation over borders had pre-

Please turn to the next page

This essay is adapted from Mr. Hazony's new book, "The Virtue of Nationalism," which will be published by Basic Books on Sept. 4.

ILLUSTRATION BY RUTH GWYL; ISTOCK (BARBECUE)

Inside

POLITICS

Where did the familiar charge of 'liberal media bias' begin? In the turmoil of Chicago's 1968 Democratic Convention. **C4**

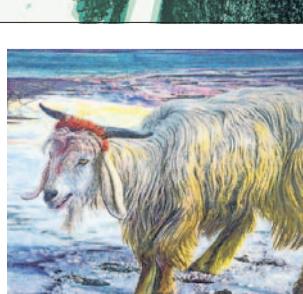


Trade Truth

Though committed to free markets, Adam Smith embraced many of his day's trade restrictions. **C5**

WORD ON THE STREET

'Scapegoat' started out as a misreading from the Bible. Ben Zimmer knows who to blame. **C2**



FAMILY

The More, The Merrier

Reasons for a fifth child: more joy, better poker. **C3**



REVIEW

A World of Independent Nations

Continued from the prior page

cipitated the devastating conflicts of the 20th century. World War I was started by Serbian nationalism, while Hitler's demand to annex the German populations of Austria, Czechoslovakia and Poland "occurred the outbreak" of World War II.

But the historical record is far more complex than Kedourie allows. World War I began as an Austrian response to Serbian nationalist violence, but it became a vast conflagration due to the conflicting global aspirations of the British, French and German empires. As for World War II, Hitler did not, after all, attack France, Britain and Russia in order to unite the world's German-speakers. As he wrote in *"Mein Kampf,"* his aim was to make Germany "mistress of the globe" and "lord of the earth." This aspiration was not so different from those of the imperial states that Kedourie applauded.

The difficulties of maintaining an international order of independent nations are quite real, but they don't amount to a case for discarding the national state. In an age of globalized economics, and of international institutions that seem ever more determined to attenuate and replace national independence, it is important to bear in mind the virtues of the national-state framework. In fact, those virtues can help to achieve many political goals shared even by those who favor the disappearance of national distinctions.

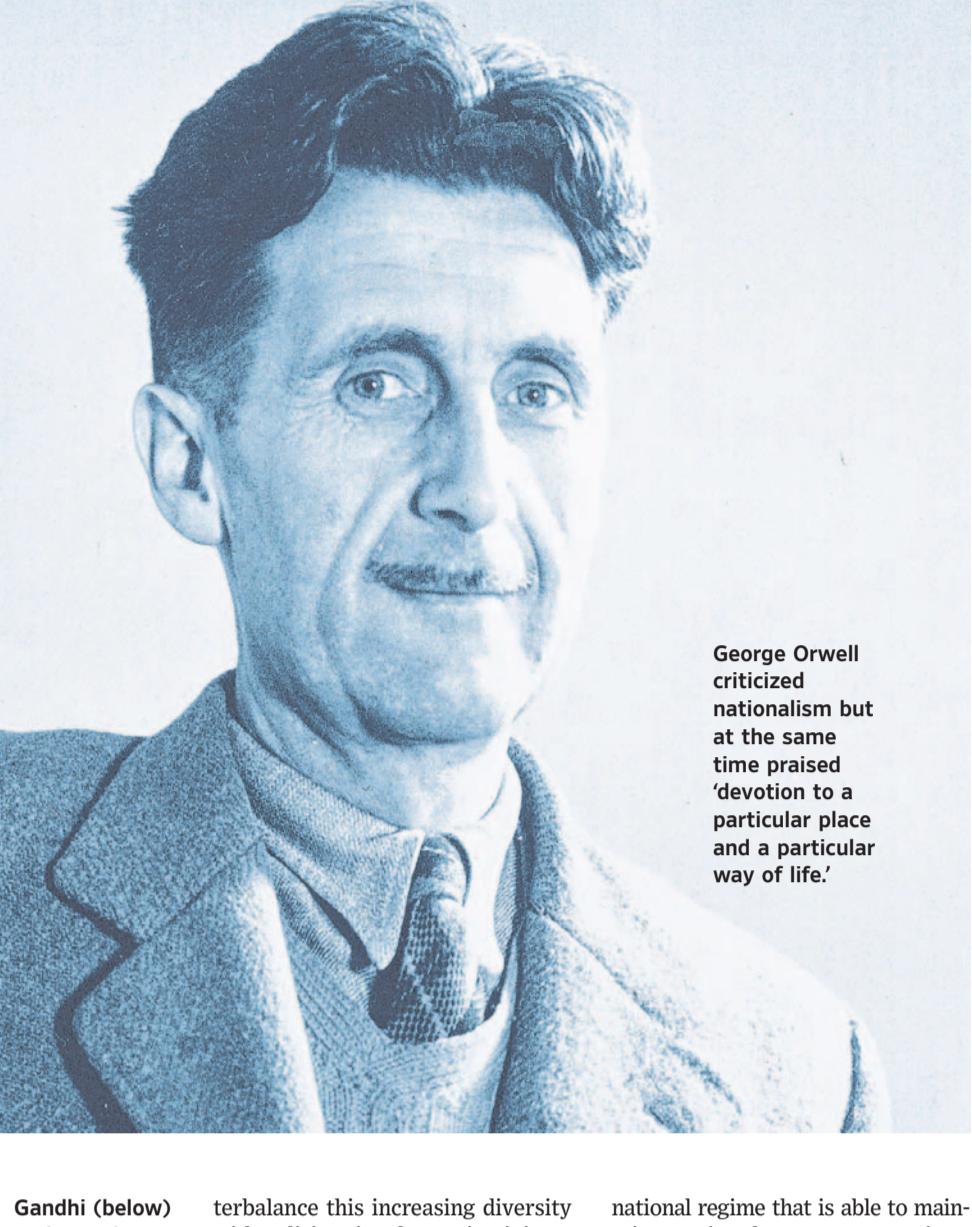
Consider the Western tradition of limited government, individual liberty and open elections. Historically, free institutions appeared and persisted in national states such as England, the Netherlands and Scotland—countries built upon a dominant national language and religion, as well as a history of setting aside internal differences to fight common enemies. In *"Considerations on Representative Government"* (1861), John Stuart Mill argued that it is no accident that free institutions exist in such countries. As he wrote, "It is in general a necessary condition of free institutions that the boundaries of government should coincide in the main with those of nationalities."

This argument is based on an empirical observation. Limitations on executive authority, achieved by means of competing branches of government and protections for individual rights, have taken root only where a high degree of mutual loyalty and trust exists between rulers and ruled. Similarly, rival tribes will agree to sharing power through democratic institutions only when a powerful "fellow-feeling" or "cohesion" (to use Mill's terms) has been previously established.

Such political cohesion is rare in arbitrarily assembled human populations. But it can be found in certain human collectives—particularly in families, tribes and nations that share a distinctive cultural inheritance and a history of joint action in the face of adversity. The national state leverages these bonds of mutual loyalty to get individuals to obey the laws, serve in the military and pay taxes, even when their own party or tribe is out of power and the government's policies are not to their liking.

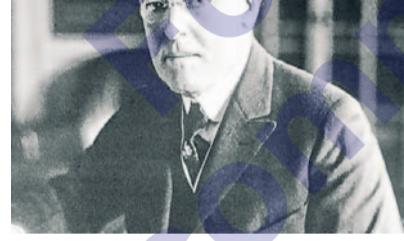
The United States, with its history of religious and racial diversity, may seem to be an exception, defying the demands of national cohesion. But that isn't so. The original American states shared the English language, Protestant religion and British legal traditions, and they had fought together in wartime. This shared heritage was strong enough to permit the addition, over time, of other "tribes" to the American nation, including large numbers of Catholic and Jewish immigrants and—in the awful wake of slavery, the Civil War and segregation—African-Americans.

Historically, Americans understood the need to coun-



George Orwell criticized nationalism but at the same time praised 'devotion to a particular place and a particular way of life.'

Gandhi (below) and Woodrow Wilson (bottom) are among the revered historical figures who embraced nationalism.



terbalance this increasing diversity with policies aimed at maintaining a common inheritance rooted in the Anglo-Protestant culture of the founding era. In recent decades, as the country has absorbed ever larger numbers of immigrants from the developing world, the challenge has been to maintain the bonds of mutual loyalty that long held Americans together. It's not clear that the U.S. is succeeding at this task, which may

help to explain the increasing discord in American politics.

National cohesion is the secret ingredient that allows free institutions to exist, the bedrock on which a functioning democracy is built. No wonder, then, that no multinational empire has ever been ruled as a democracy. Lacking mutual loyalty, its respective nationalities see one another only as a threat. That was the case in multinational states such as the Soviet Union, Yugoslavia, Syria and Iraq. In the long run, nothing holds such states together but coercion. In such cases, lifting the oppression of the state doesn't bring freedom, only dissolution and civil war.

Of course, this doesn't mean that every national state will have free institutions and protect individual liberties. But even national states far removed from the West—such as India, Israel, Japan, South Korea and Taiwan—have succeeded in imitating the English and American precedents. We are still waiting to see a multi-

national regime that is able to maintain genuine democracy over time.

Western-style liberties aren't the only advantage of an order of independent national states. We are familiar with the idea that free competition among private business enterprises spurs innovation that no rational planner could have devised in advance. Less frequently discussed is the fact that the political order is, in this respect, much like the economic order. Diversity and originality are a consequence of competition among independent nations, each developing its own unique constitutional and religious traditions.

The periods in history that we regard as the most creative and productive were characterized by such competition among independent national or city-states. Think of ancient Greece and Israel, or of the Italian states of the Renaissance. In the same way, the centuries of competition among national states in Western Europe released dormant energies, fostering an unparalleled degree of experiment and innovation in government, economics, science, religion and art.

Kedourie is right that national independence is often marred by disputes over where to draw the borders between states. But he overlooks what is beneficial in these arguments. Medieval Europe knew nothing of borders in the modern sense of the term; every ruler added to his dominions to the extent that he was able. The ruinous efforts to conquer France by five generations of English kings during the Hundred Years War (1337-1453) offer a good example of what a world without strong national borders looks like.

The idea that good borders make good neighbors came to the fore only in the 17th century, thanks to debates between Dutch and English

nationalists over the nature of international boundaries and how they are established. At first, these debates were solely concerned with drawing stable national borders in Europe—even as these same nations engaged in the often brutal conquest of foreign peoples in Asia, Africa and the Americas. But by the 20th century, the ideal of the independent nation had become the central factor in dismantling European colonial rule around the world, often with the support of American statesmen.

Finally, in our era of growing intolerance, it is important to notice the relationship between the rise of national states and the spread of political and religious tolerance. The Westphalia treaties of 1648, which brought an end to the Thirty Years' War, marked Europe's turn away from the ideal of a universal monarchy—a Christian aspiration since Roman times—in favor of a diversity of constitutional and religious arrangements in different states. Henry Kissinger calls this "the Great Moderation" in his 2014 book *"World Order."* As he writes, the new state system "took multiplicity as its starting point" and entailed toleration of profoundly divergent views. Catholics had to tolerate Lutheran and Calvinist regimes, monarchists had to tolerate republican regimes, and rulers who tightly regulated their subjects' affairs had to tolerate regimes affording more extensive liberties.

This formal recognition that diversity among nations is legitimate shattered the old assumption that only one way of life could be correct. Significantly, the Protestant powers negotiating the Westphalian treaties demanded, and in many places secured, freedom of conscience for Protestants in Catholic states. In this way, the toleration adopted by the international system also began to filter into states themselves, eventually attaining the status of a norm in most Western countries.

In certain respects, today's demands for the imposition of universal standards of speech and belief are a reversion to a pre-Westphalian view of the world. Like universalists of the old school—whether Christian, Muslim or Marxist—the new liberal universalists tend to reject the constitutional, religious and cultural diversity of independent nations. As they see it, the way of life they propose—the downplaying of national distinctions, the unrestricted movement of peoples and goods, the elevation of individual judgment over tradition in all areas of life—will provide what everyone needs. Not surprisingly, the correlate of this rejection of diversity among nations is often a disdain for diversity of viewpoints at home, in one's own country.

Nationalism has its vices and its extreme expressions. Every nationalist movement contains haters and bigots (though not necessarily more of them than are found in universalist political and religious movements). But nationalism's vices are outweighed by its considerable virtues. A world in which independent nations are permitted to compete freely with one another is a world in which diverse ways of life can flourish, each an experiment in how human beings should live. We have good reason to believe that such a world holds out the best prospects for freedom, for innovation and advancement, and for tolerance.

FROM TOP: ASSOCIATED PRESS; ANN RONAN PICTURES/PRINT COLLECTOR/GETTY IMAGES; EVERETT COLLECTION

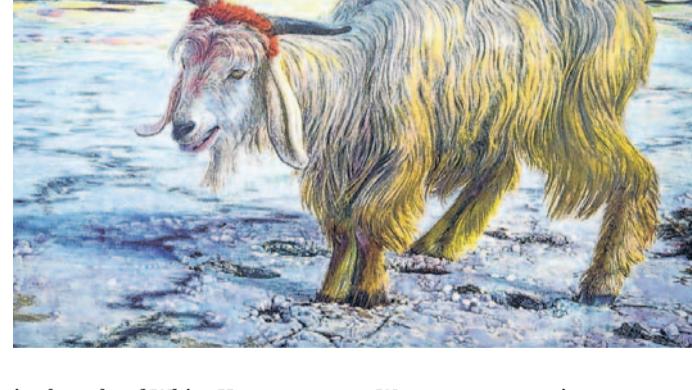


WORD ON THE STREET

BEN ZIMMER

Unfair Blame From the Bible to the Beltway

WHITE HOUSE COUNSEL Don McGahn has been cooperating extensively with Robert Mueller's investigation into Russian interference in the U.S. election, according to recent reports. In doing so, some have said, Mr. McGahn has sought to avoid becoming the Trump adminis-



in the role of White House counsel, John Dean. In April 1973, Mr. Dean first signaled that he was distancing himself from Richard Nixon's Watergate-plagued administration. "Some may hope or think that I

will become a scapegoat in the Watergate case," he told reporters.

"Anyone who believes this does not

know me, the true

facts, nor understand our system of justice." Mr. Dean became a key witness in the Watergate prosecution.

Mr. Trump, for his part, says he allowed Mr. McGahn to cooperate fully and rejected the

Watergate comparison, tweeting that his White House counsel is not "a John Dean type RAT." Mr. Dean told CNN that he commiserates with Mr. McGahn, recalling his own 1973 break with Nixon. "I wasn't interested in being their scapegoat," he said, adding, "So I can understand his thinking."

The word "scapegoat," meaning someone blamed for the mistakes of others, comes from a reading, or rather misreading, of the Old Testament. It first appeared in William Tyndale's 1530 edition of the Bible, in passages such as this from Leviticus: "And Aaron shall cast lots upon the two goats, one lot for the Lord, and

'Scapegoat' (1854-1855) by William Holman Hunt.

As the Bible tells it, on the Jewish Day of Atonement,

Aaron confessed the sins of the children of Israel over the head of a goat, and then the goat was sent into the wilderness as a symbolic act of purification.

Tyndale translated the Hebrew word "azazel" by interpreting it as "ez ozel," meaning "the goat that escapes"—following similar translations in Latin ("caper emissarius") and French ("bouc émissaire"). Later Biblical scholars, however, identified "azazel" as an evil spirit to which the released goat was sent.

Regardless of the translation, "scapegoat" moved beyond religious contexts to describe anyone who is forced to take the blame for others, often for the sake of expediency. One British pamphlet writer in 1738 complained public criticism of Prime Minister Robert Walpole: "he is the Scape Goat, he it is who is to answer for the Sins of the People."

The word grew in popularity in the late 19th century.

The verb form, "to scapegoat," showed up as early as 1876 in a New Orleans newspaper. "Scapegoatism" soon followed for the general practice of assigning blame to others. In 1882, the Inter Ocean, a Chicago newspaper, said that a federal trial of officials accused of corruption would be regarded as "a very clear case of scapegoatism."

The word found new popularity during the Red Scare of the 1950s. As the sociologist Daniel Bell wrote in his 1955 book *"The New American Right,"* "Eisenhower's policies in the White House have certainly not reduced the needs of radical right groups for political action, for scapegoatism."

Mr. Trump has frequently been accused of using scapegoating as a political tactic. In a speech in July 2015, former Texas governor (and now U.S. energy secretary) Rick Perry said that Mr. Trump "scapegoats certain elements of society." Last year, after Mr. Trump addressed a joint session of Congress, the editorial board of Bloomberg Opinion anointed the president with a new title: "Scapegoater in Chief."

[Scapegoat]

stration's "scapegoat" in the special counsel's probe.

Mr. McGahn's cooperation with the Russia inquiry, first reported by the New York Times, has commentators noting parallels to one of his predecessors

ALAMY

REVIEW



KEN GOODMAN PHOTOGRAPHY (2)

The Yankees Who Brought Science to the BBQ World

A software engineer and a chef took on venerable Southern competitions—and won, making history with the help of 'meat glue' and the 'frankengrill'

BY BEN MEZRICHT

When you think barbecue, the locales that come to mind probably don't include Windsor, Vt. But for the thousands of enthusiasts who descended on this hilly, wooded enclave on the banks of the Connecticut River in late July for the 18th annual Harpoon Brewery Barbecue Festival, this slice of rural New England is central to what barbecue has become: a national pastime, reaching beyond its celebrated Southern origins.

Two leading characters in this shift have been the team of Boston chef Andy Husbands and pitmaster Chris Hart. They've participated in the festival every year since its launch, but their claim to fame in the BBQ world goes beyond bridging the divide between North and South: They've also been pioneers in bringing science to the fine art of slowly smoking delectable fatty meats.

Competition BBQ began in the South. The Kansas City Barbecue Society, the largest competition league in the country, was founded in 1985, alongside a newsletter tracking local backyard competitions. It has since grown to include over 20,000 members, who take part in 450 official competitions, culminating in the Kansas City Royal, held on a Nascar racetrack on Labor Day each year. The Jack Daniel's World Championship Invitational Barbecue, based at the Jack Daniel's distillery in Lynchburg, Tenn., brings together 90 international teams plying their trade in front of 25,000 fans.

"The Jack and the Royal—they're the Super Bowl and the World Series of BBQ," said Mr. Hart, fresh from the competition in Vermont. "You don't have anything like that in New England. But the real question has become, is there great BBQ in the North? And the answer, more and more, is yes."

Over the past two decades, Mr. Hart and Mr. Husbands and their IQUE team have been crowned Grand Champion at over 30 competitive BBQ events across the country. More impressive, they were the first team from north of the Mason-Dixon Line to take first place in an event at the Royal and to win the title of Grand Champion at the Jack.

"Southern BBQ is regionally focused," Mr. Hart continues. "Some pitmasters in Eastern North Carolina only cook whole hogs with a specific sauce. In Texas Hill Country, some cook beef with salt and pepper, because it's been cooked that way for a hundred years." "We don't have these traditions," Mr. Husbands adds, "so for better or worse, we have a wide range of styles."

Their first foray into competition BBQ was in October 1999 at an event called the Pig'N'Pepper Fest in Westford, Mass.

Best friends since high school, Mr. Husbands was by then a top chef in Boston, and Mr. Hart was a software engineer and quality-assurance scientist in the city's Route 128 tech corridor. They arrived armed with a Smokey Joe Smoker—the sort of device you'd find on the shelf at Home Depot—and felt sure they could take home a prize. Instead, their ribs, pork and brisket all landed in last place. But they were hooked.

Mr. Hart spent the next weekend building a barbecue lab in his driveway, with computers arranged to keep track of the variables involved in creating perfect



Top: Chris Hart and Andy Husbands at the Harpoon Festival in 2016. Above: a sample of the team's ribs.

smoked meat: fire temperature, air temperature, flipping, turning. Day after day, he cooked, took down the numbers and then cooked again.

He also began to peruse internet discussion boards. It was on one of these boards, "The Smoke Ring," that he befriended a former food scientist named Joe Ames. Ames had been developing an injection made up of phosphates, hydrolytes, nitrates, bouillons and other umami flavors. He called his injection FAB (food additive barbecue), and it could be tailored for pork, beef or chicken. Mr. Hart discovered that the injection acted as a binding agent at the molecular level, allowing meat to keep its integrity and moisture and giving it extraordinary tenderness.

Around the same time, Mr. Husbands began experimenting with an enzyme called transglutaminase, which people in the food industry call "meat glue" (some restaurants use it to meld together, say, two cheap four-ounce cuts of beef tenderloin to make a more expensive 8-ounce filet). To his delight, he found that the enzyme could also bond chicken skin in place, to ensure a perfect bite.

A third innovation came by accident: While traveling to a BBQ competition in Maryland, the partners spent the weekend cooking and talking with an enthusiast nicknamed "Shotgun Fred." It turned out that Fred Pirkle (his real name) was a brilliant engineer who had founded a company called BBQ Guru. He'd created a complex system, integrating a fan with a computer's CPU (central processing unit), and it could be attached to a smoker. The fan stoked the smoker's fire, slowing down or speeding up depending on the temperatures the CPU was reading from the ambient air.

This "frankengrill," as they called it, looked like one of Doc's crazy contraptions from the movie "Back to the Future"—wires and aluminum and a whirring fan blade—but it could maintain pinpoint perfect smoker temperatures for 14 hours or more.

Though molecular food science and technical innovations such as the computerized smoker had been floating around for some time on the margins of the barbecue world, Mr. Hart and Mr. Husbands knew that very few people had attempted to use these tools in competition. Here, they thought, was a chance to attempt a scientific "hack" of the age-old tradition. In the winter of 2002, they launched what became a revolution in barbecue.

Within months, their team had taken the northeastern BBQ community by storm, winning nearly every competition they entered. Their innovations were controversial. Many traditional pitmasters considered what they were doing akin to blasphemy. But their results were unassailable: IQUE was arriving at events with techniques and ingredients that nobody else had, and they were dominating.

After destroying their regional rivals, Mr. Hart and Mr. Husbands headed south, towing their frankengrill and enough meat to open a restaurant. And there they made BBQ history. In the decade since their big victory at the Jack in 2009, the techniques and ingredients they pioneered have become ubiquitous in the BBQ scene.

Hitting the Harpoon Barbecue Competition in Vermont this year, Mr. Hart and Mr. Husbands were old-timers, totting families along with their frankengrill. Their tents were stuffed with children's toys and toddler-sized sleeping bags.

But they were still competitors. Their skills won them Grand Champion in grilling, first place in chicken and third place in BBQ overall. "It might not be the same as winning at the Jack," Mr. Husbands mused, "but of all the events we've done, this one feels like home."

Mr. Mezrich is the author of "Bringing Down the House: The Inside Story of Six M.I.T. Students Who Took Vegas for Millions" and "The Accidental Billionaires: The Founding of Facebook, a Tale of Sex, Money, Genius and Betrayal."

Yes, We Really Do Want to Have A Fifth Child

BY MARK OPPENHEIMER

IN ABOUT A WEEK, my wife and I are expecting our fifth child. Among people we know, this makes us a bit odd. We are not typical candidates for a minivan-filling brood. We are not conservative traditionalists—not Orthodox Jews, old-school Catholics or Mormons. Nor are we lefty counterculturalists. We have no aversion to birth control, chemical or otherwise. We're pretty basic, middle-class HBO-watchers. My idea of living on the edge is refusing to give up soda.

Because every one of our four children has improved my life. Each brought a special joy, an irreducible quirk, a unique, surprising eccentricity. I know that our fifth child (our first boy, as it happens) will do the same.

Because I'm not overwhelmed yet. I am tired, to be sure, but not as tired as most of the doctors or corporate lawyers I know.

Because somebody should have lots of children. There should be families of all sizes. I value diversity. I like living among people of varied races, family structures, gender identities, abilities and religions. (And I wish my New Haven community had more diverse



politics.) It seems to me that a neighborhood should have some ridiculously big families.

Because five isn't that ridiculous, actually. My grandfather was one of eight, my grandmother one of 10.

Because I want there to be more Jews in the world. My people suffered a huge demographic catastrophe within my parents' lifetime, and I like the idea of doing my small part to repair that damage.

Because with a big family, I never have to feel guilty about the clutter. When the children are off to college, I'll clean up.

Because the further I get from being able to afford college for my children, the less I worry about it.

Because now I know what I'm doing until I am 62 and the nest is empty. I'll be raising children. No matter what happens with my career, no matter what my fortunes are, and even if I never get around to finding a hobby, I'll feel busy and full of purpose.

Because even if I never get grandchildren, our Thanksgiving table will still be crowded.

Because my 11-year-old likes poker, and for that she needs more players.

Because I'm scared of being alone, and the more children, the more chance that somebody who loves me will be nearby.

Because when I think of those countries where birthrates are so low that nobody has siblings any more, I get sad.

Because, in a country that does so little to enable parents to be with their babies, I am that rare father or mother who can take a lot of time away from work.

Because, not being inclined to rock-climbing, microdosing or day-trading, I need something a little risky.

Because my wife is beautiful pregnant.

Because having children has made our marriage stronger.

Because I'm going to weep like a baby when, next week, I drop off my youngest daughter for her first day of kindergarten. And it will help if I know it's not my last first day of kindergarten.

Because, in general, people should do what they want to do. People who don't want children should be proud and unashamed in living child-free, and people who want two should stop at two, and people who want five dogs should lead a barkful life. And those of us who want five children should have them.

Mr. Oppenheimer writes frequently on religion and hosts the podcast *Unorthodox* for Tablet magazine.

ROBERT NEUBECKER

REVIEW

MIND AND MATTER

SUSAN PINKER

An Unforgettable Memory Expert Muses at 100

IF YOU'VE ever wondered where your memory has gone, ask Brenda Milner. The British-Canadian, who just turned 100, was one of the first researchers to discover how memories are stashed in the brain. Having spent the last 68 years investigating how we consolidate new knowledge, you could say that she knows a thing or two about remembering.

Dr. Milner began her career as one of a handful of women admitted to study mathematics at Cambridge University in 1936. Her determination was evident even then. "Cambridge was associated with mathematics and physics—you know Isaac Newton went there. That's where I wanted to go and nowhere else," she told me in 2007 (I recently interviewed her again by email).

This tenacity served Dr. Milner well when she moved from crunching numbers at the British Defense Ministry to Montreal in 1944, to pursue a Ph.D. in psychology. There she worked with the neurologist Wilder Penfield at McGill's Montreal Neurological Institute. Their research on the postsurgical brain function of epileptic patients led her to reject the then-fashionable theories that memory was a product of Freudian urges or behaviorist stimulus-response chains. Her key insight was to see memory as a feature of human neurobiology.

Dr. Milner is now considered one of the founders of cognitive neuroscience, which links the mind—perceiving, thinking, remembering—to the brain. One of the current leaders in the field, Michael Gazzaniga of the University of California, Santa Barbara, calls her "a true pioneer."

When she started in the 1950s, the only way to localize mental activity was to see what had changed after injuries or surgery. One patient was Henry Molaison, a 24-year-old from Connecticut who suffered from debilitating epilepsy. H.M., as he was known until his death in 2008, underwent surgery to remove parts of his temporal lobe—including his hippocampus—which the doctors thought to be the locus of his seizures.

Dr. Milner tested his cognitive function after surgery and in a 1957 paper described what happened next. Though H.M.'s personality and intelligence seemed unchanged "there has been one striking and totally unexpected behavioral result: a grave loss of recent memory. After the operation this young man could no longer recognize the hospital staff nor find his way to the bathroom." H.M. remembered events from his distant past and with practice could learn new motor skills, but without his hippocampus, any novel experience—who he just met or what he ate for lunch—never jelled into a long-term memory.

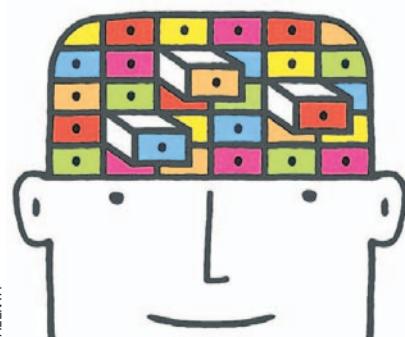
H.M. was forced to live in the present, which despite its Zen billing had its downsides. He had to learn of his father's death over and over again. Each time he grieved anew. Ultimately he kept a reminder in his pocket as a form of self-protection.

By showing how distinct types of memory are stored in different brain systems—how to ride a bike or sing a Broadway tune is stored differently than the name of your third-grade teacher—Dr. Milner revamped neuroscience's atlas of memory. Knowing how to do something does not require the hippocampus. Knowing that you've learned something does.

Dr. Milner still goes to the lab a few days a week. Though most people associate her with H.M., she is "more excited about my frontal lobe work," which helped to define the seat of self-control, planning and decision-making.

"Brain imaging is a huge thing," she said in a recent email, when I asked what had changed in 60 years. "Back then, you had to wait until the subject died because the only way to see the brain was to dissect it." Now you can assess healthy young adults. "To see the brain images of a living person while testing them is extremely exciting." After all, she added, "we all go downhill after our mid-40s."

Clearly, Brenda Milner is the ultimate exception to that rule.



TOMASZ WALENTA

Vice President Spiro Agnew, seen here in 1970, was a vocal critic of the press.

A Half-Century of 'Liberal Media Bias'

The chaos at the 1968 Democratic convention changed American politics and spurred a conservative backlash against the press that is still with us today

BY DAVID GREENBERG

Fifty years ago this month, the Democratic Party imploded. Its 1968 national convention, held in Chicago in late August, devolved into bedlam in the old International Amphitheatre, while police battled protesters outside. The debacle trashed the party's image and inaugurated almost a quarter-century in which a Democrat would win the White House only once.

But the splintering of the Democratic Party was just one of Chicago's legacies. The chaos unfolding on television screens also deeply undermined the public's trust in the press as a reliable source of news about political controversy. The media blamed Chicago's autocratic Mayor Richard J. Daley and his police force for the violence that shook the city, while many ordinary Americans, more sympathetic to the police, felt that the press had let their sympathy for the antiwar activists warp their coverage.

The charge of bias in elite news organizations has endured. Today, Donald Trump's anti-media tirades cross new frontiers of rhetoric, as he labels networks purveyors of "fake news" and newspapers "enemies of the people." But his attacks resonate in part because they extend a critique of professional journalism that conservatives have been making since 1968.

In the summer of 1968, everyone knew there was going to be trouble in Chicago. Barbed wire ringed the convention arena, which brimmed with security guards and police who aggressively suppressed any rowdy activity, sometimes with pre-emptive violence. As Time reported, the police attacked "hippies, yippies, New Leftists, revolutionaries, dissident Democrats, newsmen, photographers, passersby, clergymen and at least one cripple."

Full-scale chaos didn't break loose until the night of Wednesday August 28, when Vice President Hubert Humphrey was nominated. At about 6:30 p.m., demonstrators tried to march from Grant Park down to the convention hall, despite having been denied a permit. Clustered near the Hilton hotel on Michigan Avenue, they were set upon by police, who pushed them back until the plate glass window of the hotel restaurant gave way and shattered. Hundreds of unarmed marchers were sent to the hospital that night.

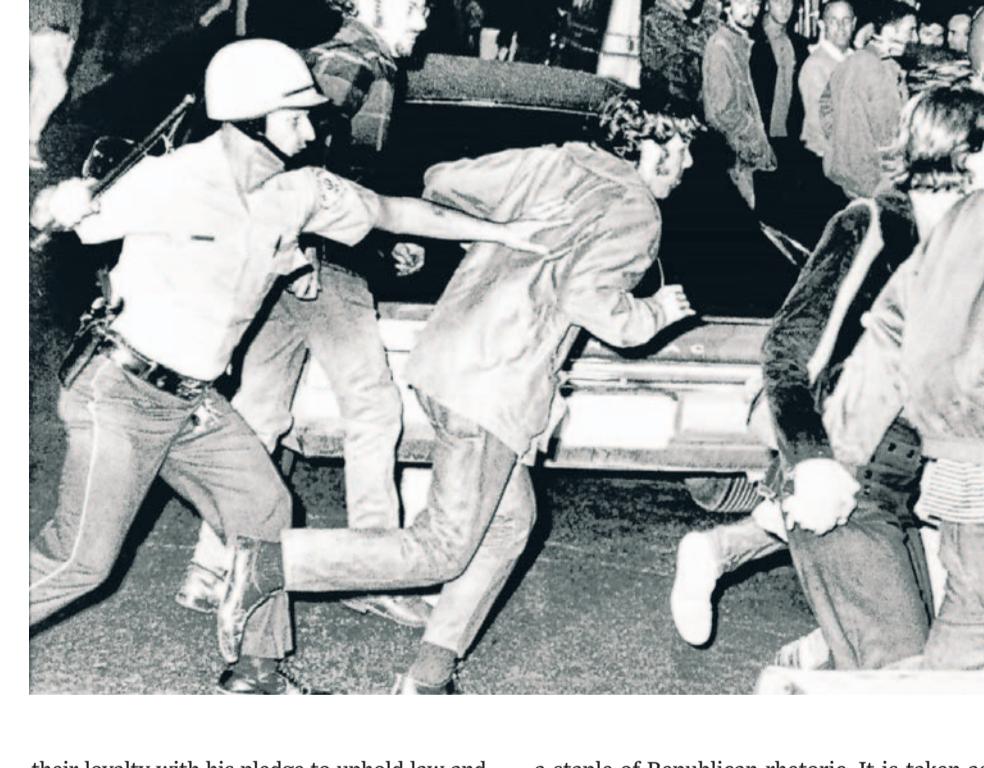
The chaos spelled political disaster for the Democrats, but it also spurred a backlash against the press. For most of the 1960s, media coverage hadn't been friendly toward the activist left. But in Chicago, journalists witnessed firsthand the unprovoked and excessive police violence against protesters. Many newsmen were beaten up themselves. Reporter John Linnehan of the Chicago Daily News, seeing three young women being clubbed, shouted at the officers to stop—only to have them turn on him with their nightsticks, hospitalizing him for two days. Some 63 journalists were

roughed up, and 13 had their audio or video equipment destroyed.

Not surprisingly, journalists largely blamed the mayor and the police for the bloodshed that week. And it wasn't only liberals who joined in. "It sickens me to write this because I am on the police side," wrote Jack Mabley, a conservative columnist for the Chicago American, before insisting, "This is not the beginning of the police state, it IS the police state." Walter Cronkite of CBS, normally known for his nonpartisan equanimity, was so sickened that he told viewers, "I want to pack my bags and get out of this city."

He also called the arena's security guards "thugs"—only to be browbeaten by Mayor Daley into backpedaling.

Even though the violence occurred in plain view, not everyone assessed it the same way. Calls and letters to the newspapers and TV networks overwhelmingly sided with Daley and the police, while attacking the media for bias. The mayor enjoyed support from the city's working-class white ethnics—Irish, Italians, Poles and others—who had long been a pillar of the Democrats' winning coalition but were abandoning the party in the 1960s over a raft of social issues. Among these wedge issues was the party's leaders' seeming softness on student protesters and urban rioters. Daley held



their loyalty with his pledge to uphold law and order, just as Republican presidential nominee Richard Nixon would that fall.

These voters saw the violence in Chicago in a different context. Some called attention to protesters who were violent. Others thought that even when the police struck first, the protesters had courted reprisal with their provocations, like threats to put LSD in the water supply. Some, including city officials, blamed the media for showcasing the rioting but ignoring the many occasions when the police effectively managed the unruly hordes.

Wondering if they'd gotten the story wrong, some pundits called on their fellow journalists to make more of an effort to hear the other side. Syndicated columnist Joseph Kraft suggested that the press's fault lay in its estrangement from what he'd been calling "Middle America"—the geographic, political and socio-economic middle of the country, which didn't share the politics of an increasingly coastal, college-educated, liberal journalism profession.

Politicians picked up on the theme as well. Earlier in the 1960s, conservative politicians

had already begun claiming that a liberal viewpoint skewed the news. Southern whites assailed coverage of the civil-rights movement, and Barry Goldwater's supporters charged that the press had demonized their candidate. But now the anti-media feeling took hold as an easily relatable attack line—and not just on the right. Mentions of the Washington Post drew jeers at rallies not just for the segregationist George Wallace but also for the antiwar Eugene McCarthy.

The following year, after being elected president, Nixon made media-bashing a centerpiece of the conservative cultural populism that he hoped would bring disillusioned Democrats into the Republican fold. In a pair of fall speeches, Vice President Spiro Agnew laid into the networks and leading newspapers, alleging that they had a political agenda. The administration promoted a book by TV Guide writer Edith Efron called "The News Twisters," one of the first best-sellers to argue that the media, while purporting to be objective, slanted the news to the left.

Journalists and scholars continue to debate the objectivity of the press. The most persuasive research suggests that while the political views of national reporters do lean left, most news journalists—as opposed to columnists and others tasked with offering their opinions—care most about getting the story right. Recognition and esteem accrue not to those who editorialize but to those who get scoops, identify important stories or report with depth. Though no one can be perfectly objective, the individuals and institutions that eschew a party line in favor of honest reporting tend to win the Pulitzer Prizes, attract dollars from advertisers and retain a broad spectrum of readers.

Nonetheless, the charge that the major media outlets harbor a liberal bias has grown as

a staple of Republican rhetoric. It is taken as an article of faith by many on the right, and plenty of other Americans as well. It was popularized most successfully by Nixon's former television adviser, Roger Ailes, who went on to found Fox News, a network committed to counterbalancing that alleged slant.

In reporting on the turbulence in Chicago, Newsweek noted that the country was deeply polarized over both racial conflict and the Vietnam War, to such an extent that "even the most conscientious newsman finds it difficult to stay uninvolved." While claims of liberal media bias are often exaggerated or used for political ends, a polarized political climate does make it hard for news reporters to keep their political opinions in check and to maintain their credibility with audiences across the spectrum. That was true in 1968, and it is probably even more true today.

Mr. Greenberg is a professor of history at Rutgers University and the author, most recently, of "Republic of Spin: An Inside History of the American Presidency."



FROM TOP: DENVER POST/GETTY IMAGES; ASSOCIATED PRESS

REVIEW

BY JESSE NORMAN

In recent weeks, the U.S. and China have announced tens of billions of dollars of import tariffs on goods including steel and aluminum, washing machines and bicycles, coal and diesel. With at least \$200 billion of further tariffs in prospect on the U.S. side alone, the possibility of the world's first trillion-dollar trade war cannot be ruled out.

In response, many advocates of free trade have cited the great 18th-century political economist Adam Smith. In the words of *The Economist*, "Donald Trump is in a standoff with Adam Smith." On this view, the White House is overthrowing the principles laid down by the author of "The Wealth of Nations," a staunch foe of state intervention in the economy who argued not merely for the economic benefits of free trade but for its capacity to bring citizens of all countries together.

In fact, however, Smith's views on trade were more subtle and wide-ranging than this caricature would suggest. That doesn't mean he was a protectionist—far from it. But we do have to dig deeper into his ideas to understand what he was really saying about trade and why it matters.

Adam Smith is by general consent the most influential economist who ever lived—the "father of economics." His ideas have shaped many fields over the last 200 years, including not only economics but philosophy, political theory and social psychology. Smith is justly celebrated today for his insights into the nature of markets and for his famous analysis of how specialization—created by the "division of labor" and driven by the basic human instinct to "truck, barter and exchange"—creates economic value. The result is a kind of miracle: a massive, coordinated economy with no central planner or directing organization, created by people freely buying and selling in markets.

But Smith's view of markets is very different from the one found in standard economics textbooks today. He thought of markets not as abstract mathematical constructions but as dynamic and evolving institutions, shaped in different ways by tradition, norms, circumstances, law and government. It is this insight that connects "The Wealth of Nations" (1776) with Smith's first book, "The Theory of Moral Sentiments" (1759), a pioneering investigation of social psychology and the origins of moral values. For Smith, markets exist not by divine right but because they have been shaped by human beings in ways that generate both private and public value.

What matters for Smith isn't the rhetoric of "free markets" but the reality of effective competition. It is competition that creates economic value and keeps markets honest. But Smith believed that government intervention doesn't always undermine effective competition. On the contrary: Government can create red tape, but it can also bust trusts and level playing fields. Unfortunately, people today tend to hear only the first half of this message.

In the 18th century, markets were typically beset by thickets of guild, church and state regulation, jealously enforced by insiders with privileged access to government. Smith's "system of natural liberty" was thus a profound and radical idea. Little wonder that he described "The

What Adam Smith Knew About Trade Wars

The 'father of economics' was committed to free markets but believed there was a role for governments in the global economy



Wealth of Nations as "the very violent attack I had made upon the whole commercial system of Great Britain." At that time, any liberalization of the market was likely to increase both prosperity and equality.

Yet to describe Smith as a laissez-faire economist is a serious mistake. On the contrary, he offers support in "The Wealth of Nations" for a wide range of state interventions, ranging from a land value tax to regulation of the banks and currency. Particularly notable is Smith's vigorous critique of crony capitalism, focusing on three things we see everywhere today: "rent-extraction," or companies getting above-market returns, often through political connections; asymmetries of information and power, which allow market insiders to rip off outsiders; and "principal-agent" problems, whereby managers tend to act in their own interests at the expense of shareholders. Ultimately, he believes, it falls to government, as the basic guarantor of the legitimacy and fairness of the market system, to remedy these ills.

These insights carry over from domestic markets to the international arena. Smith argued vigorously for the long-term benefits of free trade, abroad as at home, and he generally opposed monopolies and colonial exploitation. But he was also a student of history and a supreme realist about power. Far from holding that free trade would create

The Adam Smith monument in Edinburgh was unveiled in 2008.

international harmony, he believed that states would always seek to dominate each other, and argued for the importance of international law to maintain a stable trading order. Smith also recognized that sometimes tariffs and other temporary retaliations might be called for—even though their continued use would tend to raise domestic prices, reduce competition and increase crony capitalism. Indeed, Smith supported the long series of laws known as Navigation Acts, through which Britain used its naval power to exercise strict control over its colonial and other trade. As he put it simply, "defense is of much more importance than opulence."

Adam Smith, then, was no market fundamentalist. On trade as on many subjects, he resists the easy caricatures of the political right and left. And he remains supremely relevant to present-day concerns, from falling U.S. domestic competition to the monopolistic tendencies of the technology platforms, from smarter economics to better bank regulation. On these matters, as on tariffs and trade, we urgently need to rediscover his wisdom.

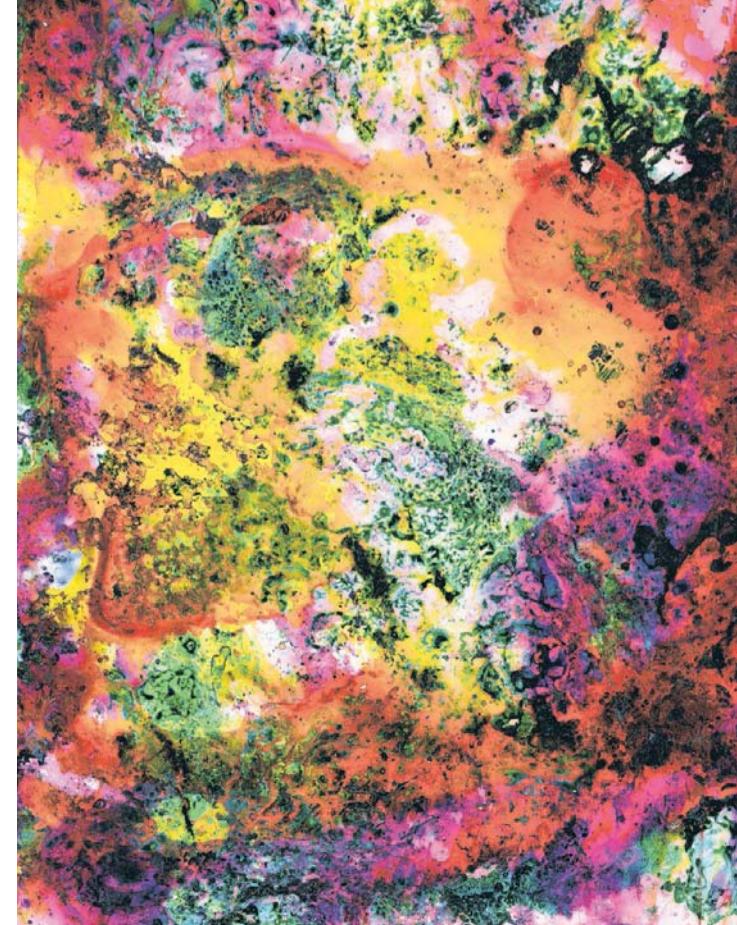
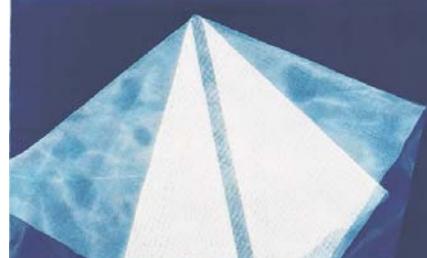
This essay is adapted from Mr. Norman's new book, "Adam Smith: Father of Economics," which will be published by Basic Books on Sept. 11. He is a member of the British Parliament for the Conservative Party.

PHOTOGRAPHY HAS long been seen as a mirror of reality, but it has always had a more experimental side as well. A new exhibit, "Shape of Light," running through Oct. 14 at London's Tate Modern, focuses on this lesser known side of the art. More than 300 works, arranged chronologically from the 1910s to the present, showcase the ways in which photographers have manipulated light and materials to make abstract images rather than reflections of real life.

Early in the 20th century, photographers such as Alvin Langdon Coburn and Pierre Du Breuil tried to mimic the painters and sculptors of the era by making cubist compositions. Others, such as Arthur Siegel and Otto Steinert, created fluid "light writing" by moving their cameras while facing car headlights and street lamps.

By the 1970s, abstract artists were combining mediums. Barbara Kasten created her 1974 "Photogenic Painting, Untitled 74/13" (below) by shining light through materials layered over photographic paper and then adding paint. Maya Rochat's 2018 "Meta Love" (at right) combines digital photography with aerosol paint.

"At the beginning of the 20th century, you have people calling themselves painters and photographers," says co-curator Simon Baker. "By the end of the century, you have just artists." —Alexandra Wolfe



Rosa Parks in 1955
GETTY IMAGES

HISTORICALLY SPEAKING

AMANDA FOREMAN

The Struggle Before #MeToo



Since it began making headlines last year, the #MeToo movement has expanded into a global rallying cry. The campaign has many facets, but its core message is clear: Women who are victims of sexual harassment and assault still face too many obstacles in their quest for justice.

How much harder it was for women in earlier eras is illustrated perfectly by Emperor Constantine's 326 edict on rape and abduction. While condemning both, the law assumed that all rape victims deserved punishment for their failure to resist more forcefully. The best outcome for the victim was disinheritance from her parents' estate; the worst, death by burning.

In the Middle Ages, a rape victim was more likely to be blamed than believed, unless she suffered death or dismemberment in the attack. That makes the case of the Englishwoman Isabella Plomet all the more remarkable. In 1292, Plomet went to her doctor Ralph de Worgan to be treated for a leg problem. He made her drink a sleeping drug and then proceeded to rape her while she was unconscious.

It's likely that Worgan, a respected pillar of local society, had relied for years on the silence of his victims. But Plomet's eloquence in court undid him: He was found guilty and fined. The case was a landmark in medieval law, broadening the definition of rape to include nonconsent through intoxication.

But prejudice against the victims of sexual assault was slow to change. In Catholic Europe, notions of family honor and female reputation usually meant that victims had to marry their rapists or be classed as ruined. This was the origin of the most famous case of the 17th century. In 1611, Artemisia Gentileschi and her father Orazio brought a suit in a Roman court against her art teacher, Agostino Tassi, for rape.

Although Tassi had a previous criminal record, as a "dishonored" woman it was Gentileschi who had to submit to torture to prove that she was telling the truth. She endured an eight-month trial to see Tassi convicted and temporarily banished from Rome. "Cleared" by her legal victory, Gentileschi refused to let the attack define her or determine the rest of her life. She is now regarded as one of the greatest artists of the Baroque era.

One class of victims who had no voice and no legal recourse were free and enslaved black women in pre-Civil War America. Their stories make grim reading. In 1855, Celia, an 18-year-old slave in Missouri, killed her master when he attempted to rape her. At her trial she insisted—through her lawyers, since she was barred from testifying—that the right to self-defense extended to all women. The court disagreed, and Celia was executed—but not before making a successful prison break and almost escaping.

Change was still far off in 1931, when the 18-year-old Rosa Parks, working as a housekeeper, was pounced on by her white employer. As she later recalled, "He offered me a drink of whiskey, which I promptly and vehemently refused. He moved nearer to me and put his hand on my waist." She managed to fight him off, and in a larger sense Parks never stopped fighting. She became a criminal investigator for the NAACP, helping black victims of white sexual assault to press charges.

Rosa Parks is often referred to as the "first lady of civil rights," in recognition of her famous protest on a segregated bus in Montgomery, Alabama in 1955. She should also be remembered as one of the unsung heroines in the long prehistory of #MeToo.

REVIEW



EMILY ASSRAN FOR THE WALL STREET JOURNAL

WEEKEND CONFIDENTIAL | ALEXANDRA WOLFE

Michael Rubin

An entrepreneur who got an early start

By the time the e-commerce entrepreneur and Philadelphia 76ers co-owner Michael Rubin was eight years old, he was making money selling vegetable seeds, homemade stationery and snow-shoveling services. By the time he turned 11, he had set up his own ski-tuning shop in his parents' basement. At 16 he found himself deep in debt—some of his ski inventory wasn't selling, and he had splurged on a new Porsche for himself before even getting his license. His father had to bail him out.

Now 46 (and long since recovered from that early setback), Mr. Rubin is worth an estimated \$3 billion. In 2011, he sold the e-commerce company GSI to eBay for \$2.4 billion and used some of the proceeds to buy stakes in the NBA's Philadelphia 76ers and the NHL's New Jersey Devils. Today he owns a collection of e-commerce companies, in-

cluding the sports-fan clothing site Fanatics, the members-only shopping service ShopRunner, and the discount apparel retailer Rue La La, which just bought the flash-sales site Gilt.

Sitting in the spacious New York office of Fanatics, he says that he thinks the Rue Gilt Groupe business will hit nearly \$1 billion in revenue this year. He forecasts that Fanatics—which has agreements with major sports teams and leagues to design, manufacture and sell licensed gear and clothing—will bring in \$2.3 billion in revenue this year, boosted by a recent deal to manufacture all of Nike's adult NFL merchandise in North America starting in 2020.

'I wasn't born a good athlete and I wasn't born a good student...but I always loved business and always loved working,' says Mr. Rubin.

He strikes deals with the leagues not only to sell but also to make licensed apparel. "Amazon's success actually helped me create a highly differentiated business model," he says. It's "about designing, developing and selling directly to consumers our own products."

In the next several years, Mr. Rubin hopes to buy an NFL team. Last spring, he was bidding to buy the Carolina Panthers but says that he dropped out when it looked like the price would go higher than he was willing to pay.

Mr. Rubin has a 12-year-old daughter with his ex-wife. He spends much of his downtime with her. "I don't read. I don't watch TV," he says. "I haven't read a book since I was in my teens."

Looking back, Mr. Rubin says that he wishes he'd had more of a childhood. "I could never get to class on time because I was buying and selling clothes," he says. "I was moving so fast."

If he could do it all over again, he thinks that he could have waited until graduating from college to start his business. "I'd probably be a normal kid and not be so rushed."

We Know Where You Drove Last Monday

MOVING TARGETS

JOE QUEENAN



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BOOKS

THE WALL STREET JOURNAL.

Dueling Divas
The dramatic rivalry of
Sarah Bernhardt and
Eleonora Duse C11



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A memorial to the victims of the Nazi concentration camp at Mauthausen in Austria, where Enric Marco claimed he was once held.

The Man Who Wasn't There

Enric Marco was Spain's most famous Holocaust survivor—until he was exposed as a fraud. A newly translated biography explores the mind of a supreme con artist.

The Impostor: A True Story

By Javier Cercas
Translated by Frank Wynne
Knopf, 364 pages, \$28.95

BY MARIO VARGAS LLOSA

AS I WRITE THIS, in late 2014, the biggest media story in Spain is that of "Little Nicolás," a 20-year-old who, since his teens, has managed to deceive half the world, posing as a friend of royalty, top businessmen, senior officials, politicians and members of the intelligence services, all of whom appear to have entrusted him with delicate and important missions. What is extraordinary is that many of these people were taken in by his fabrications, met him, listened to him and even, it seems, rewarded him for his services. In this age of the spectacle the showman is the life and soul of the party.

Javier Cercas has just published a book, "The Impostor," about Enric Marco, the most successful con artist of

Republican resistance fighter, an exile, and a prisoner of Hitler's "Brown Plague." Enric Marco, already well known for his campaigns to keep the historic memory of the Holocaust alive, became even more famous, both in Spain and beyond, as the author of the most successful hoax of the century.

Mr. Cercas's book is several books at once, but, above all, it is a rigorous and obsessive quest to untangle what is true and what is false in the private and public life of Enric Marco. He finds out many things: that Marco's fabrications began in his youth, when he claimed for himself a past as a republican militant and an anarchist resistance fighter in the first years of Franco's dictatorship, and that these fabrications shaped his entire existence. But also that these persistent lies are almost always laced with truths, lived experiences which he embellished, exaggerated, nuanced or played down to make the fictional ingredients he was constantly adding to his evasive biography all the more convincing. Mr. Cercas does not find everything out because the way in which fiction and reality meld in the life of Enric Marco is ultimately inextricable.

Why devote so much effort to this task? Merely out of fascination for the storytelling audacity of this character, the living novel that is Enric Marco? In part, of course; but also because probably no one before Mr. Marco had ever embodied the relationship between fiction and reality in such an absolute and sublime way. All of us, all human beings, dream of being someone else, of escaping the narrow confines within which we live our lives. That's why fictions—novels, films, plays, operas, television series, etc.—exist: to satisfy vicariously the hunger for unreality that dwells within us and makes us dream of better or worse lives than the ones we are obliged to live. Through his daring, his talent for taking on different guises and his lack of scruples, Enric Marco managed, as in Rimbaud's poem, to be both himself and someone else ("Je est un autre"). As well as an incisive piece of journalistic investigation, Mr.

Cercas's book is a subtle essay on the nature of fiction and the ways in which it can invade our lives and transform them.

And it is also, at one and the same time, a personal and dramatic inquiry into the moral responsibilities of Mr. Cercas himself, a writer who seeks, through what he writes, to understand the deepest motives of the man whose story he is reconstructing. Is understanding Enric Marco not in some way a means of justifying him, rehabilitating him, giving credence and consistency to the arguments that he deploys with so much determination against those who condemn him—saying that, yes, he committed a great offense but he did so for a worthy and more lofty reason: to give greater weight and publicity to the atrocities of the Holocaust, to awaken in younger generations a feeling of horror against the crimes of Nazism, to honor and make retribution to its victims, those millions of human beings who were sent to the extermination camps, 9,000 of whom were Spanish?

Mr. Cercas does not want to find this supreme impostor likeable and, so that no one can have any doubts on the matter, he heaps condemnatory epithets upon him at every turn. He also confronts him face to face. Strange as it may seem, Mr. Marco allowed Mr. Cercas to interview him for many hours to assist him in his inquisitorial work, and Mr. Cercas repeatedly told him he was writing this book not to defend him or attenuate his guilt but rather to disentangle from fabrication the pure and terrible truth: in other words, to mire him completely in moral ignominy. What is most striking is that the person who wins the game played out in this luminous book is not the straightforward Mr. Cercas but the devious Mr. Marco.

Excellent novelist though he is, Javier Cercas was so fascinated by the theme and subject matter of his book that he forgot that good novels always turn the *bad* characters into good because they always end up exerting over readers (and, whether they like it or not, over the narrators themselves) an irresistible attraction which overrides and destroys their reservations or ethical or political principles and transforms them into feelings of empathy. The book that he has written, even though he might not have wished it to turn out that way, is a (magnificent) novel about an uncommon character, about a life one might call ontologically novelesque, a man who tinges life with fiction, a magical fantasist who makes reality unreal through his limitless daring. The hero of the novel is not the man who tells the story but the brilliant con artist, the appalling,

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Enric Marco, now 97, photographed in 2005, shortly before his deception was exposed.

Mario Vargas Llosa's review of "El Impostor" first appeared in El País (Madrid) on Dec. 13, 2014. Copyright © 2014 by Mario Vargas Llosa. English translation copyright © 2018 by John King.

The Life In a 'Dead' Art Form

Opera as Opera

By Conrad L. Osborne
Proposito Press, 827 pages, \$45

BY JOSEPH HOROWITZ

DURING THE 1960s, '70s and '80s, when classical music was a lot more robust than nowadays, High Fidelity was the American magazine of choice for lay connoisseurs and not a few professionals. Its opera expert, Conrad L. Osborne, stood apart. "C.L.O." was self-evidently a polymath. His knowledge of singing was encyclopedic. He wrote about operas and their socio-cultural underpinnings with a comprehensive authority. As a prose stylist, he challenged comparisons to such quotable American music journalists as James Huneker and Virgil Thomson—yet was a more responsible, more sagacious adjudicator. In fact, his capacity to marry caustic dissidence with an inspiring capacity for empathy and high passion was a rare achievement.

Over the course of the 1980s, High Fidelity gradually disappeared, and so did C.L.O. He devoted his professional life to singing, acting and teaching. He also, in 1987, produced a prodigious comic novel, "O Paradiso," dissecting the world of operatic performance from the inside out.

Then, a year ago, he suddenly resurfaced as a blogger, at conradlosborne.com—a voice from the past. Incredibly, the seeming *éminence grise* of High Fidelity was revealed to have been a lad in his 30s. And now, in his 80s, he has produced his magnum opus, "Opera as Opera: The State of the Art"—788 large, densely printed pages, festooned with footnotes and endnotes. It is, without question, the most important book ever written in English about opera in performance. It is also a *cri de coeur*, documenting the devastation of a single precinct of Western high culture in modern and postmodern times.

This Olympian judgment takes the form not of a diatribe but of a closely reasoned exegesis. It impugns philistines less than intellectual trend-setters, notably including operatic stage directors (with Robert Wilson's catatonic Wagner the "last straw"). They are, in Mr. Osborne's opinion, recklessly intolerant of earlier aesthetic norms, not to mention norms of gender, politics and society.

His conviction, painstakingly expounded, is that the past is better served by understanding than by such remedial tinkering as (to cite one recent staging) empowering Carmen to survive the end of Bizet's opera rather than submitting to José's knife blade.

That Mr. Osborne has chosen to self-publish "Opera as Opera" is not really surprising. To begin with, it is several books, complexly intertwined. The subject matter ranges from philosophy and aesthetics to theater and theater history, to the mechanics of the human voice—and some of this material is addressed exclusively to specialists. The pace of exegesis is at all times unhurried; Mr. Osborne is intent on telling us everything. In fact, large chunks of "Opera as Opera" take the form of a copious diary that most editors would instantly scissor (and, if skilled, better organize).

Mainly, however, "Opera as Opera" is self-published because the audience for which the author continues to write does not itself continue. Let me offer a sample of what the Osborne perspective on things looks and sounds like: "Over these past five decades, continuing a process already underway, the operatic world has grown more tightly integrated. . . . During this time, the aesthetic ground has also shifted, and has now come set sufficiently to clarify its contours. The hostile takeover is on the books and the stealth candidates are out in the open. Still, nobody who is anybody will quite say so. Performance criticism . . . has been reduced, marginalized, and stuck in a lineup of popcult perpetrators, where it suffers the same woes as the artform on which it fastens. It is by far not enough for devotees to

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BOOKS

'A company of believers is like a prison full of criminals; their intimacy and solidarity is based on what they can least justify about themselves.' —JOHN UPDIKE

Facts, Fiction And Spain's Greatest Con Man

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almost unbelievable Enric Marco. Him, him alone. Compared with the extraordinary train of events which transformed Mr. Marco from the insignificant person he was into a veritable giant, how very small and forgettable the spoilsport of his story, the decent and honest Benito Bermejo, appears to us, the historian who unmasked him without profiting in any way from his efforts and who even received a great number of attacks for his altruism, guided only by his love of truth and his repugnance for those historic lies.

We live in an age when confidence tricksters are everywhere around us and the vast majority of them—bankers, government officials, political and union leaders, judges, academics—lie and commit crimes to become rich, such is their sordid life plan, and their stories amount to nothing more than the predictably crooked dealings of petty thieves. At least Enric Marco did what he did with broader horizons—and yes, why not, for less egotistical reasons. The truth is he never benefited financially from his lies and he maintained and defended them with admirable energy, working like a veritable galley slave, and in addition he made many young people and a good number of older men and women become aware of what the Nazi death camps signified, as well as stressing the civic duty of rehabilitating their victims. Was Mr. Marco, is Mr. Marco, a publicity-grabbing narcissist, an avid media attention seeker, always obsessed with being in the photo? No question. But his sickness is a sickness of our time, of a culture in which truth is less important than appearance and in which performing is the best (and perhaps the only) way of being and living.

Fiction has replaced reality in today's world and, for that reason, the everyday characters of the real world no longer interest or entertain us. Fantasists do. It is not surprising that, in such times, "Little Nicolás" and the giant Enric Marco have been able to perpetrate their misdeeds—forgive me, I mean their heroic deeds. But don't blame novelists, they just tell the stories that their readers would like to live.

Mr. Vargas Llosa, Peru's pre-eminent man of letters, is the recipient of the 2010 Nobel Prize in Literature. His latest books in English translation are "The Neighborhood," a novel, and "Sabers and Utopias," a collection of essays on Latin American topics.



FIVE BEST BOOKS ON CULTS

Jeff Guinn

The author, most recently, of 'The Road to Jonestown'

The Ashes of Waco

By Dick J. Reavis (1995)

1 Branch Davidians believed that their leader, David Koresh, was a prophet whose presence would usher in the initial battles of the End of Days. On April 19, 1993, a 51-day siege of the cult's compound in Waco, Texas, by federal agents ended with 74 followers perishing. Lawmen believed—improbably, according to Dick Reavis—that the cultists were dealing drugs, manufacturing illegal arms and committing indecent acts with children. Koresh had indeed engaged in sex with underage girls. But what the agents failed to realize was that their full-scale assault fit perfectly into Davidian beliefs. One survivor told Mr. Reavis they believed "prophecy was being fulfilled.... That thought can be quite elating." The author brings readers into the middle of it all; horrific as the chapters become, it's impossible to skip a page.

The Allure of Immortality

By Lyn Millner (2015)

2 Here's how a bizarre cult wonnowed its way into an otherwise conservative Florida community in the late 1800s. As taught by their leader, Cyrus Teed, the Koreshans—Teed's name is Koresh in Hebrew—believed that the universe existed inside a huge, hollow earth, and that their sacred destiny was to build a socialist utopia near swampy Fort Myers. Their peaceful attitude and humor made them (mostly) welcome neighbors. "We Live Inside" became the

cult's theme—one printed on fliers and buttons along with the droll invitation "Drop In and See Us." Many outsiders did, including Thomas Edison and Henry Ford. More than 200 Koreshans sustained a Florida settlement for decades; it's now preserved as a state historic site.

Going Clear

By Lawrence Wright (2013)

3 Scientology promises adherents that they will learn how to move beyond the bad memories and experiences of past and present lives and emerge as free, joyful spirits. All sorts of complex activities are involved, among them "eight dynamics," "tone scale" and "going clear." Lawrence Wright points out that labyrinthian terms and teachings (which Scientology founder L. Ron Hubbard called "a mystery sandwich") are a deliberate means to keep members too occupied to question what they're told. Scientologists, Mr. Wright concludes, "are made to strive for a condition of perfection that is unattainable." One of the book's most compelling sections focuses on Scientology's relentless recruitment of celebrities—a way of winning more adherents in a culture obsessed with fame. Tom Cruise and John Travolta are the best-known members but, Mr. Wright notes, many other stars, including Leonard Cohen and Christopher Reeve, have had at least some peripheral connection. Hubbard himself was, in addition to all else, a writer of best-selling fiction, albeit in yarns as seemingly endless and dense as Scientology itself. No less a connoisseur than Mitt Romney

once cited "Battlefield Earth," Hubbard's clunky 1,000-page sci-fi epic, as his favorite novel. Mr. Wright's nonfiction book is its polar opposite. Brilliantly constructed and exhaustively researched, "Going Clear" is a masterwork.

The Cult at the End of the World

By David E. Kaplan & Andrew Marshall (1996)

4 The infamous cult Aum Shinrikyo, which in 1995 launched a poison-gas attack on Tokyo's subways, attracted "not just the curious and alienated," David Kaplan and Andrew Marshall write, but also "some of the finest young minds in all Japan—chemists, biologists, doctors, computer programmers." They were drawn to the cult in part because, the authors write, Japanese society "crushed individualism." Leader Shoko Asahara ingrained in his followers a belief that killing the less-enlightened "helped send their victims to a higher plane." The authorities were ill prepared to respond, having vastly underestimated Asahara's followers. As a result, 13 victims perished and almost 6,000 were sickened in the subway attack. It's a story that supports the chilling suspicion that socially frustrated "hi-tech children," weaned on sci-fi comics, films and video games, are susceptible to "dramatic claims to supernatural power...[and] warnings of an



RON HEFLIN/ASSOCIATED PRESS

apocalyptic future." This history also underscores another truth—cults aren't invariably made up of religious fanatics or people of low intellectual capacity.

Mystics and Messiahs

By Philip Jenkins (2000)

5 For an understanding of cults in America, this is a vital guide. "Extreme and bizarre religious ideas are so commonplace in American history," Philip Jenkins explains, "that it is difficult to speak of them as fringe at all." We learn the variety of ways cults appeal to followers. They may address their audience through the media or focus on individual contact. Others are established as movements with formal membership and meetings, its believers leaving their old lives behind to take up new ones as cult members. Mr. Jenkins allows that cults can certainly be "baneful." But he also notes that every widely accepted modern-day faith was initially identified as bizarre. Christianity, he observes, was once "believed to include incest, orgies, child murder, and cannibalism." Rich in anecdotes, this sober and instructive book succeeds in being entertaining as well.

A Landmark Work on Opera In Performance

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express exasperation and bafflement, or chuck everything into the Eurotrash bin. The dismemberment of opera is being undertaken by some of its most sophisticated, well-educated, and talented practitioners, and while their tongues are often in their cheeks, they don't seem to know it. . . . Operatic true believers must show not that they don't understand, but that they understand all too well, and that they have reasons beyond the lazy pleasures of nostalgia for their dismay."

A useful starting point for absorbing the many-tentacled Osborne argument is the "metanarrative" he extrapolates from the operatic canon. It turns out that nearly all operas coming after Mozart and before Richard Strauss may be said to hew to a single basic story. An outcast male protagonist falls obsessively in love with a forbidden woman who returns his love. The fated couple encounters inflamed opposition. A clash of male

claimants ends badly for the lovers. Mr. Osborne is hardly the first to notice that this template, or something like it, encodes dated notions of virile masculinity and divine femininity, but his treatment transcends cant, jargon and ideology more than any other known to me; it is adult. The challenges here posed for 21st-century preservation and revivification in the realm of opera are tackled vehemently, pragmatically and resourcefully.

The challenges ramify, multiply.

Appended to the metanarrative is an even more original, more powerful insight. Here Mr. Osborne delves into the history of rhetoric and "orality"—the stuff of the "Odyssey" and its distant progeny. Relying on other writers,

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the thread—he, too, heard Melchior. He also frequently heard Jon Vickers, the last great-voiced Tristan.

Henderson wrote wonderfully about the singing voice. Mr. Osborne is more wonderful still. He can instantly evoke the *frisson* of Vickers's idiosyncratic instrument. Why are there no great-voiced Tristans today? Mr. Osborne's

he limns the 19th-century novel as a watershed departure, displacing poetry and drama as the dominant literary mode, "with its tightly controlled narrative, its . . . increasingly antiheroic characters leading increasingly important inner lives, and its cultural saturation via print." And then—an intellectual coup—he positions 19th-century opera as the apotheosis of the older movement: "For a shining moment," he writes, opera "seized the torch from orality's failing hand." That is: For a century, grand opera rebuffed mistrust of venerable rhetorical traditions otherwise discarded as "artifice."

With high-toned orality and rhetoric in retreat, a crisis in "great-voiced" singing was self-evidently foreordained. Here Mr. Osborne has a formidable precursor: W.J. Henderson (1855-1937), the most prominent American vocal authority for nearly half a century. Because he started so young and ended so old, Henderson commanded a lofty view of vocal decline. In the Wagner world, he could remember the prodigious Albert Niemann, whom Wagner himself chose to create the role of Siegmund; he reviewed the bewildering advent of Jean de Reszke, legendary in his own time as Tristan and Siegfried; he heard Lauritz Melchior, the Met's reigning Heldentenor for two

decades. Mr. Osborne picks up the thread—he, too, heard Melchior. He also frequently heard Jon Vickers, the last great-voiced Tristan.

Henderson wrote wonderfully about the singing voice. Mr. Osborne is more wonderful still. He can instantly evoke the *frisson* of Vickers's idiosyncratic instrument. Why are there no great-

voiced Tristans today? Mr. Osborne's

answer, incorporating early recordings not just of singers but of actors in several languages, references microphones and recording studios, changing styles of oratory and everyday speech, an unrefreshed repertoire, and newfangled performance priorities privileging directors' prerogatives over those of singing actors.

Mr. Osborne dedicates some 34 pages to the decline of operatic conducting and orchestral playing, highlighting James Levine's recently terminated Metropolitan Opera tenure. How Mr. Levine and his orchestra acquired such a commanding reputation is a question that deserves a book of its own. That Mr. Levine inherited an erratic pit ensemble, and fixed it, is undeniable. But the gifted Met orchestra of today lacks presence, depth of tone, kinetic energy. As Mr. Osborne observes, to encounter Valery Gergiev's Mariinsky orchestra in the same Metropolitan Opera pit is really all you need to know. I also retain dazzling memories of the throbbing and mellifluous Bolshoi orchestra from its 1975 visit to New York. As for Mr. Levine, the Osborne account cites chapter and verse: He was an opera conductor of high energy and competence who nonetheless failed adequately to articulate musical drama. I would add that the dynamics of harmonic tension-and-release never sufficiently shaped structure, or clinched a Wagner climax, with

pantomime inserted between the numbers of a middle-period Verdi opera," Mr. Osborne writes. "More important than the mundane household activities [receiving a shawl, sitting down on a couch]

. . . was the fact that we watched Violetta make a necessary but previously unremarked transition from her social persona to the private, emotionally charged state that generates her long, conflicted solo scene. How could we ever have tolerated the absurdity of Violetta showing out the last of the guests, turning around, taking a breath, and launching into the most intimate confessions of her soul?"

Mr. Osborne finds similar virtues in the singing and acting of the late mezzo-soprano Lorraine Hunt Liebermann and of the tenors Neil Shicoff and Jonas Kaufmann. None of these is a great-voiced singer (Mr. Osborne counter-offers Renata Tebaldi and Giovanni Martinelli). Rather, they are singing actors who ingeniously combine a "modern acting sensibility" derived from Konstantin Stanislavski and his

legacy, with voices that are balanced, versatile and personal, if never galvanizingly voluminous.

The penultimate chapter of "Opera as Opera" is a 25-page set piece reviewing one of the Met's most admired productions of recent seasons: Borodin's "Prince Igor" as reconstituted in 2014 by the director Dmitri Tcherniakov. Mr. Osborne: "[It] sold

out the house and generated an astoundingly acquiescent critical . . . response of a sort you'd expect from collaborationists greeting an occupying force. . . . That this takedown of a production and sadsack performance should stir not a whiff of dissent, not a scrap of controversy, is a mark of a dead artform."

Finally, there is an epilogue—"Dream On"—imagining a corrective opera company of the future. It is run by singers after the fashion of certain theatrical cooperatives, of which Chicago's Steppenwolf is the best-known American example.

Some people will dismiss "Opera as Opera" (without reading it) as an exercise in deluded nostalgia. Don't listen to them. Listen instead to the Metropolitan Opera broadcast of Verdi's "Otello" on Feb. 12, 1938. The cast includes

Giovanni Martinelli, Lawrence Tibbett and Elisabeth Rethberg. The conductor is Ettore Panizza (to my ears, as great as Toscanini). If you prefer Wagner, Exhibit A is "Siegfried" on Jan. 30, 1937, with Melchior, Friedrich Schorr and Kirsten Flagstad, conducted by Artur Bodanzky. These imperishable readings document standards of singing and operatic orchestral performance unattainable today.

Conrad Osborne flings the gauntlet, relentlessly inquiring: What happened? What to do? It is hardly an exaggeration to suggest that the fate of 21st-century opera partly hinges on the fate of the bristling insights delineated and pondered in this singular mega-book.

Mr. Horowitz's 10 books include "Classical Music in America: A History of Its Rise and Fall."



BIG SOUND Clockwise from above, Jon Vickers and Josephine Veasey as Aeneas and Dido in 'Les Troyens' in 1969; Lauritz Melchior as Tristan (undated); and Giovanni Martinelli as Otello (also undated).



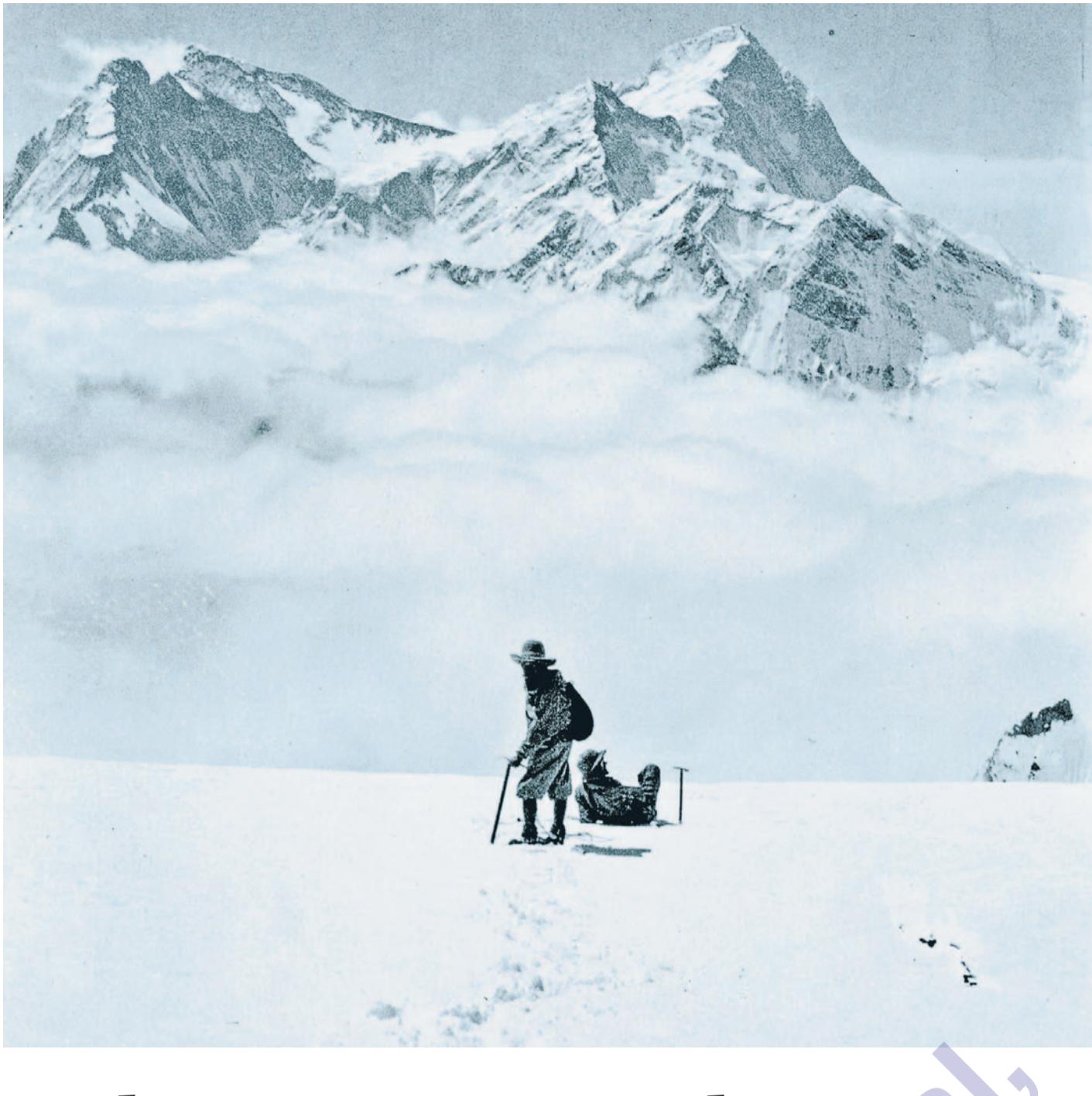
TRISTAN

LAURENT PERRIER

PHOTOGRAPH BY ROBERT MICHENER

BOOKS

'Hunt the lion, climb the peak / No one guesses you are weak.' —W.H. AUDEN



India, Everest and Empire

The Last Englishmen

By Deborah Baker
Graywolf, 358 pages, \$28

By NEEL MUKHERJEE

THE BIOGRAPHER Deborah Baker, born in the United States but long resident part-time in India, has always been interested in how cultures and civilizations rub up against each other, her preternatural intelligence registering the harmonies, the miscegenations, the antagonistic and productive frictions resulting from these encounters. In "A Blue Hand" (2008), she brought together two unexpected domains: the Beat poets, notably Allen Ginsberg, and India. In "The Convert" (2011), a more extreme example, the collision of cultures became a transformation or doubling of the self, as Margaret Marcus of New York became Maryam Jameelah of Lahore. In her ambitious new book, "The Last Englishmen: Love, War, and the End of Empire," she brings to bear this art of juxtaposition upon a much-told story, the last two decades of the British Empire in India, to create something wholly original.

The lenses she uses to focus on her narrative are the surprising ones of mapping and mountaineering. Who would have thought that expeditions to scale Mount Everest, the highest peak in the world at just over 29,000 feet, and to map the terrains of the Himalayan range and the Hindu Kush could have afforded a new perspective on empire? Well, here it is, a dense, rich, exhilarating piece of work that moves deftly between worlds and peoples, between locations (Tibet, Cornwall, London, the Karakoram range, Berlin, Calcutta, the Garhwal mountains), between the private dramas of individuals and the tectonic shifts of history.

Central to Ms. Baker's story are three figures: John Bicknell Auden, brother of the poet W.H. Auden; Michael Spender, brother of the poet Stephen Spender; and a Bengali poet, intellectual and literary-salon host, Sudhiranand Datta. John was a geologist with the Geological Survey of India; his first assignment, which took him to India in 1927, was to field-map the Bengal coalfields and, from there, the underlying geological structure of the entire subcontinent.

SOUVENIRS OF EMPIRE
Photo and medicine chest from the 1933 Mount Everest Expedition.

Tracing a complex web of social relations in British-ruled India, through the lives of John Auden, Michael Spender and Sudhin Datta, from the 1920s to the eve of independence.



Michael, whose lab partner at school was W.H. Auden, was a geographer with the Royal Geographical Society. He was part of an expedition in 1935 to map the peaks of the Himalaya using the latest developments in stereophotogrammetry that he had learned in Switzerland. Sudhin Datta, the most brilliant poet of the generation after Rabindranath Tagore, ran a famous salon in Calcutta from his family home in on Cornwallis Street. In the 20 years that form the bulk of the book, from the mid-1920s to the end of World War II and the independence of India from British rule two years after that, these lives unfold mostly within the matrix of British-ruled India.

Part of what the book achieves is a lucid rendering of the complex web of filiations and affiliations that connected not only these three central figures but also others in their orbit and in their disparate, often far-flung worlds. So, for example, featured prominently are Winston Churchill, Christopher Isherwood, Humphry House, successive viceroys of India, and an Indian Civil Service officer named Michael Carritt (who was also a Communist spy). The role of Carritt, a former Oxford rugby player with whose younger brother W.H. Auden had been "smitten," is a particular revelation. Nancy Coldstream (née Sharp), a painter, has a bigger, more crucial part: Both John and Michael Spender were her lovers, as was the poet Louis MacNeice, whose heart she broke, and it was in her home (shared with Bill Coldstream, her husband) in North London that W.H. Auden

lodged when he was in England. Nancy was eventually to divorce Coldstream and marry Michael. Step back from this teeming density of tangledness and you have a brilliant tableau of actors participating in the making of history. This was the world of the Spanish Civil War (which W.H. Auden observed and two of Carritt's brothers fought in), of World War II, of the continuing struggle for Indian independence, and it is to Ms. Baker's credit that she keeps the big events always in view, dramatizing and humanizing the workings of history, particularly the story of empire and its machinations, in a way a novelist would—by making it a story of individuals. She understands everything about these people, the details of their lives, the connections and the criss-crossings, intersections, overlaps, friends-of-lovers-of-friends. It wouldn't be an exaggeration to say that there is something Tolstoyan to her vast project.

Ms. Baker's other great achievement is an unsparing depiction of the hypocrisy, venality and inhumanity of British colonialism. Empire is the central nervous system that animates everything in the story. We discover why climbing and mapping the world's highest peaks should provide the metaphorical underpinning for the project of colonial domination. The failed 1922 and 1924 expeditions to climb Everest originated, Ms. Baker writes, in the hope "that by reaching the summit a traumatized nation would find the perfect Englishman, and through him the perfect

means, to memorialize all the lives lost" in the Great War. In the 1930s, the urge morphed into something else: Summits became a "means to assert or reclaim a nation's power and virility." The magical thinking was that "the conquest of Everest would grant England powers more lasting and splendid than any imperial durbar." Ms. Baker's writing on the various mountain expeditions undertaken during the period—such as the 1935 reconnaissance mission to Mount Everest of which Michael was a part of the team, or the 1937 expedition to the Karakoram to map K2, the second-highest peak in the world, in which both John and Michael participated—is stunning, vivid, granular. England would eventually gain the highest peak but only on its ninth attempt, and six years after India got its independence.

The irony is that both Michael Spender and John Auden came to think of empire as repugnant. In Spender's view, Ms. Baker writes, for a British explorer to hold himself out "as a paragon of Western civilization or the embodiment of a heroic ideal... was a romantic delusion." John Auden darkly imagined the anger "once British rule was finished and Indians were left to contemplate all those statues of men on horseback." Michael Carritt's experience of the brutality meted out to Indians by Raj officials, Ms. Baker shows, delivered him straight to the Indian Communist underground. Sudhin Datta, an inhabitant of a betwixt-and-between world that comprised the best of both India and Europe, was profoundly aware, too, of "England's failure to abide by its stated ideals, whether in regard to India or its European alliances," as the war came ever closer and India got caught up in it. The way that Ms. Baker has woven all of this into a cogent, coherent whole is remarkable.

Britain has never had—and looks unlikely to ever have—a systematic reckoning with its unsavory history, choosing willed oblivion instead. The past 70 years has seen the increasing diminution of the country's standing in the global order. Now that Brexit, a project whose main architects are fueled by imperial nostalgia, is poised to further deflate it, Ms. Baker's book seems all the more valuable.

Mr. Mukherjee's novels include "The Lives of Others" and "A State of Freedom."

Dance Halls, Derelicts And Condos

Devil's Mile

By Alice Sparberg Alexiou
St. Martin's, 290 pages, \$28.99

By JOANNE KAUFMAN

AMUSICAL THAT opened on Broadway in late 1891 featured a song about a notorious stretch of Manhattan where, as the lyrics went, "I had one of the devil's own nights.... The Bowery! The Bowery! / They say such things and they do strange things."

The ditty took America by storm, according to "Devil's Mile," an intermittently engaging cultural history of the Bowery by Alice Sparberg Alexiou, the author of a previous book about the Flatiron building. Fans snapped up the sheet music and danced to the song in dives and drawing rooms.

It became too much for certain Bowery merchants, who insisted the tune was scaring customers away and futilely petitioned New York's Board of Aldermen to change the street's name. Cooper Avenue and Central Broadway were rejected. "Wot's der matter wid der 'Bowery'?" a local denizen demanded of a New York Times reporter. "I suppose you guys would like ter see it called der Foubourg St. Germain?"

The street wasn't always a synonym for dissipation and degradation. The Bowery—both a street and a neighborhood in the southern part of Manhattan—began as a footpath marked out by the Lenape Indians. When, in the 1620s, the Dutch came ashore to found New Amsterdam, they widened the path for use as a highway and built farms nearby. The name "Bowery" derives from "bouwerij," the old Dutch word for "farm."

In the 18th century, wealthy merchants constructed country estates along the Bowery. In the 19th, it became New York's theater district, playing host to the first white performers working in blackface, notably Thomas "Daddy" Rice, who electrified crowds with a song-and-dance caricature called "Jump Jim Crow." "By the mid-1840s," Ms. Alexiou writes, "theaters all over New York were headlining minstrel groups." On the Bowery itself, on any given night, "at least one and probably several of the many theaters . . . offered a chance to escape into white fantasies of how much the slaves down South enjoyed their lives on the plantations."

"Devil's Mile" moves from the colonial period through the Civil War (abolitionists and pro-slavery factions waged fierce battles on the Bowery) through Prohibition (a bad time, what with the shuttering of the bars that had provided shelter as well as drink to those in need) and up to the present, when, thanks to gentrification, the Bowery is a redoubt of glass-clad hotels, high-rise condos and trendy bars.

There are chapters devoted to significant figures, including the grasping Astor brothers, John Jacob and Henry, who, starting in the late 18th century, bought up thick slices of the Bowery;

and "the king of the Bowery," Timothy D. Sullivan (aka Big Tim Sullivan), a politician who held sway from the 1880s to the first decade of the 20th century and who, while not precisely a graft dodger, was seen as a friend to the poor and powerless.

Composer Stephen Foster has a cameo role in "Devil's Mile," as a sometime Bowery resident and as the composer of a song ("Swanne River") that accompanied a production of "Uncle Tom's Cabin" at a Bowery theater. So does Charles Dickens, whose "American Notes," an account of his travels in the U.S., included a visit to the Bowery, where he was gobsmacked by the moves of William Henry Lane (known as "Master Juba"), a seminal figure in the creation of tap dancing.

As time went on, the Bowery became, by day, a place to buy inexpensive household goods; by night it was an adult playground. Beer gardens, dance halls, dime museums and shooting galleries proliferated, and love, whatever your inclination, was for sale. The street was lined with flophouses and soup kitchens, the last stop for the downtrodden and down-on-their-luck.

Ms. Alexiou's passion for her subject is palpable and admirable, though it spills over into advocacy when she plumps for urban preservation. The problem with "Devil's Mile" is less with the story (though there are longueurs) than with the writing, which veers from the overly casual and anachronistic to the flat-out baffling.

Ms. Alexiou writes of a 17th-century cleric who disapproved of the sort of people who "hung out" in a particular tavern and of George Washington's soldiers, who "were having a great time" torturing loyalists. A discussion of a road that was used by 18th-century butchers concludes, disconcertingly, with the observation that "today, every September, for ten days, strings of bulbs gaudily light up the night along this same route as crowds gorge on all manner of artery-clogging Neapolitan-style goodies at the Feast of San Gennaro." Meanwhile, in the years before the Civil War, nativism and xenophobia "were poisoning the air like the gas from a leaky pipe in a theater that bursts into flames during intermission as soon as somebody lights up a match." Der Bowery dissoives bedduh.

Ms. Kaufman writes on culture and the arts for the Journal.

BOOKS

'First you lose your youth, and then your parents, and then you lose your friends, and finally you end up losing yourself.' —SCOTT MCCLANAHAN

A Buzzsaw of a Novel

Cherry

By Nico Walker
Knopf, 317 pages, \$26.95

BY ELLIOT ACKERMAN

ACHERRY, in military slang, is a new guy, particularly one who hasn't seen combat. I remember being a cherry. I was a freshly minted 24-year-old Marine second lieutenant outside of Fallujah, Iraq. After a few weeks in country, the Humvee I was driving in was attacked in a complex IED ambush. Fragments from the bomb shattered glass and shredded doors. A firefight ensued. By the end of the day, I wasn't a cherry anymore. Although used widely in the military, the expression originates in a reference to a girl losing her virginity. The blood is the cherry, the threshold over which you cross, the lexicon of combat twining with the lexicon of sex.

Nico Walker, a former Army medic turned heroin addict, bank robber and author—he is serving an 11-year sentence in federal prison—has, in his debut, written a buzzsaw of a novel that hews closely to his own biographical arc. It opens on a seemingly banal morning when the unnamed narrator's dog has messed, again, on the floor and his friend Black is coming over. Within a span of a dozen pages, we learn that Black has brought the narrator a pistol for a bank robbery planned later that day and that the dog has soiled the floor because the narrator and his girlfriend, Emily, who are both junkies, are unable to care for it. ("We had said, We'll get a dog and we won't be dope fiends anymore. So we got the dog. But we stayed dope fiends. And now we're dope fiends with a dog.") Then the narrator overdoses in the kitchen. Heroin addiction, bank robbery, a flirtation with death—that's three cherries broken in the first dozen pages.

The novel then goes back in time, reassembling the superstructure of inhibitions that supported the narrator's seemingly normal, middle-class life somewhere in the center of America before war and addiction disassembled it. "In those days," Mr. Walker writes on the first page of the first chapter, "I didn't know anything."

As the novel careers from war to addiction to bank robbery, a



through line is the narrator's love for Emily, whom he meets before entering the Army. Their love is a messy, self-destructive force. "Emily cried. She cried till it was time for her to get in a cab and leave," Mr. Walker writes, as the narrator gets ready to deploy to Iraq. "And I can tell you now that there are many things better than to try and be tough, not the least of which is to be young and f— your girl and leave it at that."

The narrator has clear misgivings about what he imagines is waiting in Iraq, where he will bear witness to a grim attrition of friends. "Grace was going to die in Iraq and Carranza's face

would get destroyed there, but this was before any of those things happened, so hearts were light." War narratives usually fall somewhere on a spectrum between elegiac and ironic, and "Cherry" certainly skews ironic. Mr. Walker achieves this effect in the way he mixes registers, switching quickly between the slangy or ultra-simple and the literary or vaguely bureaucratic. "The infantry were fired up and eager to kill. They were impatient to begin killing. They wanted to

kill so bad. There was a profligate confidence in our firepower." That term "profligate confidence" is certainly anti-heroic, and the humor in the book is a sort of anti-humor; it is deadpan in the extreme.

Upon coming home, the narrator finds that Emily hasn't been faithful to him (although the two reconcile) and that he lacks motivation for work, or school, or much of anything. He soon finds himself descending into addiction. And, because "Cherry" at its core is a love story, Emily comes along for the ride. Part five of the book is titled "The Great Dope Fiend Romance."

One of the chief pleasures of Mr. Walker's writing is how it shies away from pretension, both stylistically and thematically, yielding memorable descriptions such as this one, in which the narrator's ex-girlfriend leaves him a voice mail while having sex with another boy. "It was Madison Kowalski getting f— in the voicemail. And there was a guy saying, 'Madison's so hot. Madison's so hot. Madison's so hot.' It sounded like he was wearing wraparound sunglasses."

Mr. Walker's crisp observations draw us in, so that we happily follow the narrator through the war, through his seedy life in sex and drugs, until he's eventually robbing banks. There are no tricks in the writing, no striving for meaning on every page when there is not much more to relate than the drug-hunger that consumes an addict's life. The book is wonderfully direct. Speaking of the power of addiction, the narrator explains: "I wasn't ever more than twelve hours from total collapse. And there was the desperation. I was compromised."

By the time the narrator is robbing banks, he is fully compromised, and Mr. Walker has so immersed the reader in the logic of the addict that getting a few bucks this way seems to make good sense. "How do you get to be a scumbag?" the narrator asks toward the end of the book. "I got to be a scumbag because I needed money and because I was hanging around dope boys too much."

It also turns out that, at least in the case of Nico Walker, it is also how you write a bracingly original novel.

Mr. Ackerman's novels include "Waiting for Eden," to be published in September, and "Dark at the Crossing," which was a finalist for the 2017 National Book Award.

A Fever Dream Of Ransom And Rescue



MYSTERIES
TOM NOLAN

WHEN THE MEXICAN writer Martín Solares published his first novel, "The Black Minutes," the world took note. Mr. Solares's debut, which came out 12 years ago, centered on the murder of a young journalist in the 1990s who was researching a serial killer from the '70s known as the "Jackal." The complexly structured tale of murders connected and separated by decades was printed, in translation, throughout Europe and eventually in America; nominations for critical prizes attested to the literary talent of its author.

Now comes a second work from Mr. Solares—originally published in 2015 and here translated into English by Heather Cleary—equally rich in conception and execution.

Carlos Treviño, the former police detective at the heart of the extraordinary "Don't Send Flowers" (Black Cat, 442 pages, \$16), has a striking back story: A few years before the events of the new novel, he too had his eyes set on a murderer. But when Treviño apprehended the perpetrator—the son of an influential citizen—he was set free, and an innocent man was accused of his crimes instead. For overstepping, Treviño's corrupt superior officers accused the righteous cop of misdeeds and had him tortured. Such is the state of affairs in the resonantly named Mexican city of La

Eternidad, "where the law is sold to the highest bidder, and the police round out their salaries with payouts from the criminals."

Kicked off the force, Treviño fled La Eternidad for a quiet life in a faraway beach town. But he is lured back to the city by a rich man who tasks him with tracking down his daughter—who has been kidnapped without a ransom demand.

Mr. Solares depicts the milieu that Treviño re-enters with scenes informed by magic realism, spooky folklore and Greek epic poetry. Without losing sight of its central narrative, the book on occasion ascends into the realm of surrealism and the fever dream. "Prove that you are a warrior," a shadowy specter counsels Treviño. "And never forget: what is the point of being given life if you are going to fear death?"

"Don't Send Flowers" is full of odd twists and strange surprises. And despite the treacherous efforts of multiple foes—including former colleagues on the La Eternidad police—the battered Treviño persists in his quest to rescue the kidnapped daughter, motivated by an unbreakable sense of karma along the way.

THIS WEEK

Don't Send Flowers

By Martín Solares

Fiction
SAM SACKS

Her heroine, Eleanor, is a bookish, introspective Brooklynite who drifts away from her boyfriend and then just keeps drifting, first to Albany, with the curious aim of finding the stranger who may have stolen her laptop, and eventually all the way to Addis Ababa. Interspersed with these meandering episodes are chapters about the author's interactions with a critic who is editing the book as we read it. The critic keeps suggesting novelistic conventions, trying to impose coherence and resolution on Eleanor's journey. At the same time his own life is being undone by alcoholism, and the author finds herself in the unwanted role of his caretaker.

The irony of a female artist becoming subordinate to her male editor is central to Ms. Moschovakis's subversion. At the root of this book is the idea that the traditional novel that traces a trajectory toward love or marriage or some manner of self-realization is the invention of men. Even continuity is a false ideal: "Whenever Eleanor read the word 'causality' she mistook it for 'casualty.'"

The book's polestar is Arthur Rimbaud, the defiant advocate of art for art's sake who, like Eleanor, ended up in Ethiopia, where he attained, in one of his biographer's words, a kind of "luminous ordinariness." Ms. Moschovakis's novel is braided and experimental, yet it looks for illumination in the plain-spoken and the authentic.

Summits, Abysses and the Nowheres in Between



WHO ELSE COULD they be, the kings and maharajas of our current age, but businessmen? In the TV drama "Empire," a contemporary adaptation of "King Lear," the aging patriarch is a hip-hop impresario. In Edward St. Aubyn's Lear update "Dunbar," a novel in the Hogarth Shakespeare Series, he's a media mogul. And in Preti Taneja's raucous debut novel, "We That Are Young" (Knopf, 480 pages, \$27.95), he's Devraj Bapuji, a 75-year-old tycoon whose company bestrides India, producing everything from shawls to cappuccinos to luxury hotels.

The retelling begins, like the play, with the issue of inheritance. Furious with his favored child, Sita, who disapproves of her father's developments in war-torn Kashmir and has spurned an arranged marriage to live with a boyfriend in London, Devraj precipitously hands over majority shares of his company to his older daughters, Gargi and Radha. Spying the main chance, an adventurer named Jivan—the prodigal son of one of Devraj's closest advisers—wiles his way into power by playing on the affections of Sita's sisters. Devraj, who has been cast onto the street by his feuding progeny, stages a nationally covered hunger strike, becoming an improbable lightning rod for working-class unrest.

Adapting "King Lear" is, in truth, a risky proposition. The play itself is disorderly and

histrionic and its greatness owes more to the mysterious nature of Shakespeare's genius than anything intrinsic to the story. Ms. Taneja captures the sense of chaos but not the moments of heartbreak. Fractious, volatile and often spiced with snatches of untranslated Hindi, her writing is most at home in denunciation and invective: "You girls are like two diseased owls," Devraj curses, "unnaturally taloned, freakishly beaked with your face and your nails all painted. These things you think so beautiful do not cover your stink. Nari nari bohot hogaya, Sarkar mat bano." Madness simmers from the opening pages, often boiling over into incoherence.

This is frustrating—the novel is long and at times difficult to follow—but the feeling of barely restrained mania seems suited to the subject. India's rampant economic growth has been a force of epochal disruption, and the family schism central to "King Lear" makes a shrewd metaphor for the country's generational revolt. Ms. Taneja portrays an India in which "the old eat their young and the young whip their elders all wearing the birth masks of respect." Money is the agent of insanity. There's a lot of it out there, and this ambitious, unwieldy novel chronicles the scramble for the spoils.

Susan Froderberg's novel "Mysterium" (Farrar, Straus & Giroux, 273 pages, \$26) takes place in "the wilds of altitude";

it imagines a 1981 expedition to a fictional peak in the India Himalayas. At nearly 26,000 feet, Mount Sarasvati—"a giantess, splendid, luminescent"—has long transfixed alpine explorers, and none as much as Sara Troy, who was named after the mountain. With her father and a team of

THIS WEEK**We That Are Young**

By Preti Taneja

Mysterium

By Susan Froderberg

Eleanor, or, The Rejection of the Progress of Love

By Anna Moschovakis

other expert climbers, Sara hopes to be part of only the second group to reach its summit. The quest is both practical and spiritual. Ms. Froderberg knows all the ins and outs of climbing culture and her narrative is packed with the terrifying dangers—altitude sickness, avalanches, fathomless crevasses, even a hungry panther—that make most of us prefer to stay at home in our slippers. But the characters "cast their gazes to the zenith" for reasons defying logic. The mountain is where Sara senses the presence of her mother, who died in a climbing accident. Her father, a philosophy professor, finds poetry in the struggle and suffering: "One

becomes orbit and poise. One is rock and space and light."

Ms. Froderberg has a knack for customizing her writing to the traditions of her settings. Her 2010 debut, "Old Border Road," a savvy family drama about water rights in the American southwest, emulated the extravagant verbal excesses of Cormac McCarthy.

"Mysterium" re-creates the elegance and lofty religiosity of Victorian-era travelogues: "A thin veil of cloud at the top of the pinnacle's head spills off into the thin cold air," she writes when Mount Sarasvati comes into view. "A diamond choker of ice drapes her throat, and sunglow cloaks her glaciated shoulders. Her flanks are white and soft as ermine. Her base is gowned in cloud."

Such writing sounds affected in excerpt, yet in the rarefied air of Ms. Froderberg's novel it convinces. "Mysterium" conveys the foolhardiness and sublimity of extreme climbing, which renders human life so breathtakingly small and fragile. In the end, it's not the summit that Sara and her cohort seek, but some undiscoverable place of transcendence.

Anna Moschovakis's witty anti-novel "Eleanor, or, The Rejection of the Progress of Love" (Coffee House, 211 pages, \$16.95) has no direction, no destination and no discernible story. If asked why not, the author might respond with the opposite of the famous summiteer's motto: Because it's not there.

BOOKS

'Legend remains victorious in spite of history.' —SARAH BERNHARDT

Avatars of Female Anguish

Playing to the Gods

By Peter Rader

Simon & Schuster, 277 pages, \$26

BY RACHEL SHTEIR

ON JUNE 1, 1897, at the Théâtre de la Renaissance in Paris, the fight for the title of the world's greatest actress was won by the 38-year-old Italian *attrice famosa* Eleonora Duse. She beat out her rival, the French diva Sarah Bernhardt, the old-fashioned way—by stealing her part.

For 30 years, critics had feted Bernhardt, then 52, for her over-the-top portrayal of Marguerite, the courtesan who, in Alexandre Dumas's "La Dame aux camélias," falls in love with a bourgeois only to die of heartbreak. Now, Duse's fresh, naturalistic take on the same role wowed the city.

Since then, "Duse" and "Sarah," today remembered mostly by theater historians and acting teachers, have each inspired terrific solo biographies. But until Peter Rader's "Playing to the Gods," no one has written a dual biography about the icons who, in the Belle Epoque, were referred to with one-word names, like Madonna and Cher and Beyoncé.

The women were opposites. Bernhardt, the first superstar actress, had a pet alligator who drank champagne. With her frizzy hair (some writers call

it blond, Mr. Rader says it was "bright red") and pale skin, she was known for her will, her charm, her voice: "No one sobbed as well as Bernhardt, no one despaired, no one died," Mr. Rader observes.

Duse was more ascetic, with her dark, brooding look. On stage, she neither proclaimed nor wore jewels and she routinely broke rules of her craft, like showing her back to the audience. Bernhardt's Marguerite draped herself in luxurious costumes, Duse's were a chemise.

Each woman had her admirers. Oscar Wilde wrote "Salomé" for Bernhardt and Alphonse Mucha designed posters in which she looks like a modern goddess. But the poet Rainer Maria Rilke and the director Max Reinhardt swooned over Duse, who believed in Art and called her inspiration "The Grace." George Bernard Shaw and Charlie Chaplin each dubbed her the "best" actress they had ever seen.

"Playing to the Gods" argues that the Duse-Bernhardt rivalry, dragging on for years, was more than just personal, it was crucial to the art of modern acting. Duse's legacy is the American naturalistic style, in which the

performer submerges herself in the role. Sarah's flamboyant affect shows up, according to Mr. Rader, in the "exotic, eccentric celebrity" like Lady Gaga or David Bowie.

Yet this book is better read as biography (the lives practically tell themselves) than as cultural history. Bernhardt was born in Paris in 1844, the daughter of a Dutch prostitute. She attended a convent, converted from Judaism to Catholicism, and maneuvered into an acting conservatory, where she fought stage fright and her teachers' derision. Out of that came her signature slogan, "Quand même" ("In spite of it all").

Duse was born in Lombardy in 1858, into an itinerant theater troupe. She polished her skills traveling from one Italian town to another with her troubadour family but was not exactly a natural. At age 4, as Cosette in "Les Misérables," she was made to cry by a stage manager's whipping her legs with a wooden switch. Mr. Rader quotes Duse's biographer William Weaver: "She learned, early and without metaphor, that in order to entertain the public, the actor had to suffer."

Each actress was known for her signature death scene. Bernhardt: "Spasms," "guttural moans." Duse produced a "quiet" though terrible demise: "The dissolution of her ego."

I wish Mr. Rader had explained why 19th-century audiences had such an appetite for female anguish. Instead, he ticks off the hardships the women experienced to get to their virtuosic portrayals of agony. Often absent, Bernhardt's mother likely pimped her to wealthy patrons. Sarah acquired her fame late, at age 25, in a so-called breeches role—a male part. As for Duse, her first success was Juliet, a role she played the year she turned 14, the year her mother died.

For students of #MeToo, there's plenty to think about in this book. Many of the aristocratic cads these actresses took up with sound like certain notorious Hollywood executives. Both women faced unwanted pregnancies alone.

Tragedy neither discouraged the divas from working and seeking love nor did it inoculate them against rogues. In 1881, Bernhardt became enamored of a wealthy dope fiend, Aristides Damala, whom she cast in her shows despite his bad French and bad acting. Duse fell for B actors, rascals and other women's husbands.

As Mr. Rader would have it, their real romance was for each other. "A woman had achieved all that!" Duse wrote upon first seeing Sarah perform

in 1882. And once Duse emerged as her opposite number, Mr. Rader writes, Bernhardt had to "learn from Duse's example or become passé."

An important difference between the actresses that Mr. Rader might have made more of is how each created and was created by the vehicles of her era. Because Bernhardt was a celebrity, the play wasn't the thing. But around 1890, with the rise of naturalism, critics soured on the potboilers that made her flamboyance shine. Anton Chekhov recoiled from her when she toured Russia, whereas Duse became a hero of the proletariat and the inspiration of Henrik Ibsen (she would play Nora in "A Doll's House") and,

especially, Konstantin Stanislavski, founder of the Moscow Art Theatre. "I've never heard anyone say 'no' like her," wrote one critic. "It contains a whole world of human feeling."

The rivalry bled into their personal lives. In the 1890s, the women shared Gabriele d'Annunzio, the soldier, rogue, hedonist and symbolist poet. Maybe "share" isn't the right word, since his worst betrayal of Duse, his lover, was persuading Bernhardt, the bigger star, to back his play "The Dead City."

And the rivalry also played out in America, where both women were sensations several times over. Bernhardt drew the interest of P.T. Barnum; shunning the press and the flaks, Duse wrote: "I believe there is in the United States a public that is cultured, educated, and impartial . . . the only public which interests me."

When silent film arrived, Bernhardt filmed Hamlet's duel; Duse worked on an adaptation of "Cenere" ("Ashes") by the Sardinian writer Grazia Deledda, who would win the Nobel Prize in Literature.

Although Duse was an artistic pioneer, it's a mistake to see Bernhardt as merely a cliché. At the end of her career, she returned to male roles, which some critics didn't like (though one described her as a "tiger"). In America, she performed in revues with the stump of her recently amputated leg visible to nudge the country to join



THE RIVALS Sarah Bernhardt (undated, uncredited) and, below, Eleonora Duse by Giovanni Boldini.

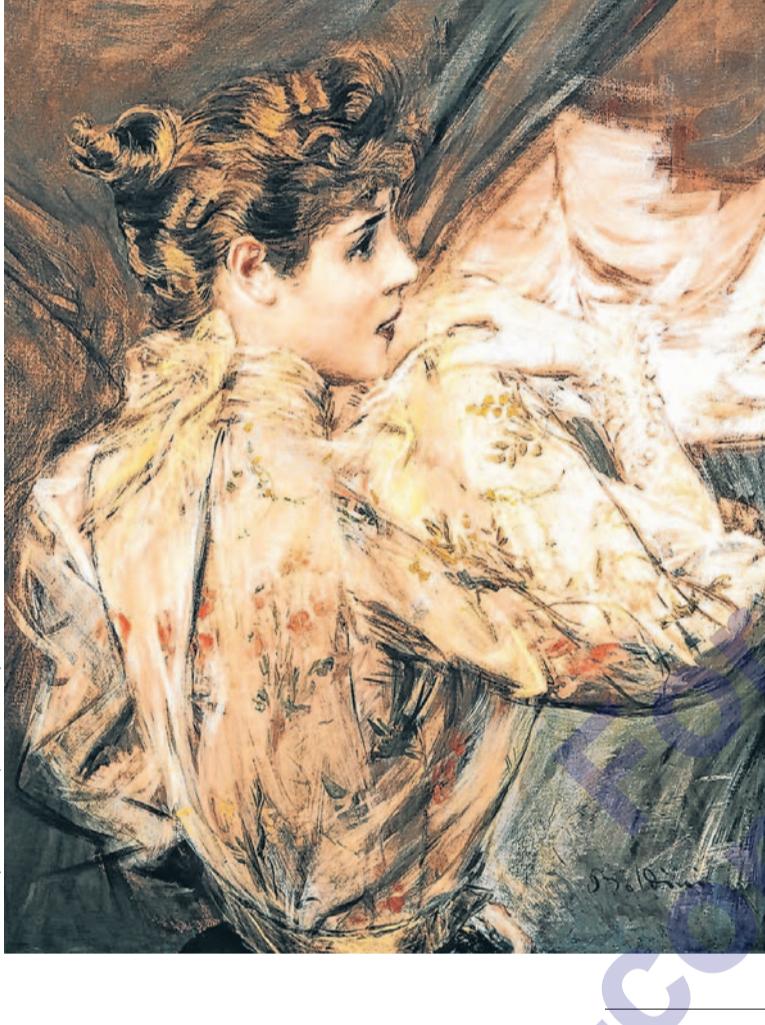
the Great War. And some sources say that she inspired Émile Zola to speak out during the Dreyfus Affair.

Bernhardt died in 1923; Duse a year later. According to Mr. Rader, Duse stirred fabled 20th-century acting gurus like Stella Adler and Lee Strasberg. In the epilogue, he notes that Adler used Duse's technique to teach Marlon Brando his unique method of making himself disappear into characters in "A Streetcar Named Desire" and "On the Waterfront."

Mr. Rader, whose previous credits include the script for the 1995 movie "Waterworld," has done his research and he clearly has sympathy for his leading ladies. But in a dual biography, each moment has to illuminate the whole. Too often, here, the storytelling is cramped or flattened or sounds like a screenplay, which in fact is how he originally conceived it. "High drama and low blows," Mr. Rader promises.

Lastly, it's too easy to say, as Mr. Rader does, citing Brando, that Duse won the battle over modern acting. Over time, Brando became more himself and less like the characters he played. Audiences were still in his thrall. In every great actor, there has to be a little Sarah and a little Duse.

Ms. Shtier is head of dramaturgy and dramatic criticism at the Theatre School of DePaul University.



James Baldwin's Tale of Childhood in Harlem

**CHILDREN'S BOOKS**

MEGHAN COX GURDON

AMID THE HAIR-TRIGGER sensibilities of the Woke Era, a story of childhood told in the black vernacular of 1970s Harlem might seem transgressive and even a little risky to share. Who, for instance, could dare read aloud this passage narrated by a 4-year-old boy named TJ, in which he describes the bespectacled girl who is like an older sister to him: "TJ ain't too sure about Blinky. It was some white folks at school bought her them glasses. If he can't see out them, how she going to see out them? And she older than he is. She eight years old. She ought know better. But she a girl."

These few short lines break every rule of contemporary political cor-

rectness, no question. They also grant the reader a vivid perspective that is both moving and enriching and now back in print with "*Little Man, Little Man*" (Duke, 98 pages, \$22.95), James Baldwin's only story written for young readers. First published in 1976, the book returns in its original form with the scratchy, squiggle, ink-and-watercolor illustrations (see below) that Baldwin commissioned from his friend, the French artist Yoran Cazac, who had never visited Harlem. Baldwin (1924-87), the author of "Go Tell It on the Mountain" and "The Fire Next Time," among other works, wrote "Little Man, Little Man" for his nephew Tejan, who with his older sister, Aisha, was dazzled when their famous uncle presented the finished book.

In the story, we follow little TJ as he experiences the bewilderments, joys and alarms of life in a poor urban neighborhood. Through the child's sometimes uncomprehending eyes, we see the forces and peo-

ple shaping his world, and the impression is all the more powerful for his youthful naiveté. For instance, TJ adopts the conventions of a police drama to describe where he lives: "It a little like the street in the movies or the TV when the cop cars come from that end of the street and then they come from the other end of the street and the man they come to get he in one of the houses or he on the fire-escape or he on the roof and he see they come for him and he see the cop cars at that end and he see the cop cars at the other end. And then he don't know what to do."

With Blinky, the girl who wears glasses, and WT, an older boy, TJ runs errands for beautiful Miss Lee, who carries a bottle in a paper bag ("sometimes Miss Lee look sad and she walk like she don't know where she going"), and for Miss Beanpole, an old woman who stays inside most of the time ("She has a lot of locks on her door. When she opens it, she has to move a long iron stick in the floor"). That TJ himself is only 4 doesn't make this a book for children of that age; rather, it is a story of childhood, from a particular time and place, captured in colloquial language that is freighted at once with innocence, pain and tenderness. It is well worth the risk of transgression.

The armed horseman that we meet in "*The Little Barbarian*" (Eerdmans, 48 pages, \$17) wears an expression of disdain verging on boredom, which only goes to show how magnificent he must

THIS WEEK**Little Man, Little Man**

By James Baldwin

Illustrated by Yoran Cazac

The Little Barbarian

By Renato Moriconi

Mr. Mehan's Mildly Amusing Mythical Mammals

By Matthew Mehan

Illustrated by John Folley

may feel an empathetic pang at the surprise ending that answers the question in this witty, wordless picture book.

Fantastical creatures soar, swim and scuttle through the lush landscapes of "*Mr. Mehan's Mildly Amusing Mythical Mammals*" (TAN Books, 136 pages, \$24.95), a salmagundi of nonsense verses, highbrow references and esoteric riddles written by Matthew Mehan and illustrated by John Folley. Arranged by letter, this "hypothetical alphabetical" introduces children ages 7-12 to 26 creatures, which include two friends: the Dally, a dog-like animal with ears resembling striped silk neckties, and the "blobular, jolly, gelatinous" Blug, which bobs above the ground, beaming with benignity. In the poetry, Mr. Mehan's language tends toward the dense and demanding. In the tale of the regal and mythological Urnaz, for instance, he has the beast's fawning subjects cry out: "O unassayable assizer! / Your assorting asterism! / O aseptic, assumptuous / master of astēism!" Readers mystified by any of the author's orphic lingo will find full explanations in the book's extensive glossary. Mr. Folley's rich oil paintings, at turns moody and playful, won't require the same sort of clarification, though, as we learn at the end, they too abound in allegory and offer ample opportunities for alliteration.



DUKE UNIVERSITY PRESS

BOOKS

'My mother told me early that whatever happens to you, however unhappy you may be, you can escape into a book.' —CLAIREE TOMALIN

A Woman in a World of Men

A Life of My OwnBy Claire Tomalin
Penguin Press, 334 pages, \$27

BY DAPHNE MERKIN

THERE ARE, loosely speaking, two kinds of memoirs: those that reveal too much and those that reveal too little. The line between fascinating self-disclosure and glazed self-involvement is a hard one to hew to, as is the line between an elegant reticence and a compulsive opacity. American writers tend to the former, British writers to the latter. The fewest memoirists manage the sort of balancing act that characterizes Claire Tomalin's "A Life of My Own," which navigates artfully between tantalizing revelations and unobtrusive elisions. I read the memoir twice in an effort to deconstruct how Ms. Tomalin does it, leading us into her nooks and crannies and then firmly closing the curtain at some point, but literary ingenuity of this caliber is always hard to pin down. Ms. Tomalin, who, as a prolific biographer of Samuel Pepys, Charles Dickens, Jane Austen and Mary Wollstonecraft, among others, has had much practice in the art of shaping a narrative, explains what she is after in an introductory note: "One of my aims in writing was to insist on the seamlessness of life—something I saw presented by Pepys in his diaries, in which he gives the texture of the days as he lived them, work and play mixed together, never pretending that he felt as he should, or behaved better than he did."

Although Ms. Tomalin describes herself, somewhat misleadingly, in that same introductory note as "a European girl," she amends the description three pages later, noting: "I am a Londoner, born here and settled here." (I can only suppose what she means is that her sensibility was shaped by Continental influences, especially the rigor of her French-bred father's intellectual inquiry.) She was born in 1933, the second daughter of a young marriage that had already soured. "While the conception of a child is often a random event," she observes, "mine seems to have been very much against the odds, my mother's strong intention pitted against my father's hatred." Her father, Émile, was researching his thesis on D.H. Lawrence for the École Normale Supérieure and teaching part-time; her mother, Muriel, composed songs and taught music. "All her life," Ms. Tomalin writes, "she sat at the piano as though this was the most natural place for her to be, with perfect command when she played and sang." She



ARM'S LENGTH Claire Tomalin dancing with her first husband, Nick Tomalin.

recalls her mother offering her the supreme gift of "unconditional love," while she had a more difficult time of it with her unaffectionate and exacting father. In 1941 her father left her mother for his secretary at the BBC and initiated divorce proceedings, claiming that his wife was insane.

From the beginning, Ms. Tomalin's life was formed by an immersion in reading and writing. "My mother told me early that whatever happens to you, however unhappy you may be, you can escape into a book." For her 13th birthday, an ardent student of everything from 19th-century European history to mathematics, she asked her mother for the two-volume Shorter Oxford Dictionary. After moving around between different English villages and attending several schools, Ms. Tomalin went at the age of 16 to Dartington Hall, a boarding school in Devon that she describes as "paradise." There she took Latin lessons with Ralph Leavis, the son of "the two contentious Cambridge critics F.R. and Queenie," and was selected to sit for the entrance exams to Newnham College, Cambridge, where she was accepted.

NEWS QUIZ DANIEL AKST

From this week's
Wall Street Journal

1. The slide of Turkey's lira has hit yield-hungry mom and pop investors—in which unlikely country?

- A. Iceland
- B. Japan
- C. North Korea
- D. Mexico

2. Donald Trump's former personal lawyer, Michael Cohen, pleaded guilty to campaign-finance and other violations. At whose direction did he say he bought the silence of two women who claimed affairs with Mr. Trump?



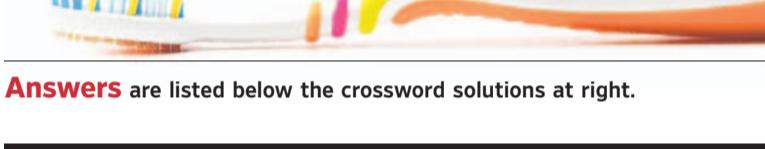
- A. Paul Manafort
- B. Steve Bannon
- C. Vladimir Putin
- D. Donald Trump

3. A key Senate panel approved Kathy Kraninger's nomination. What position is she up for?

- A. Commissioner of the Securities and Exchange Commission
- B. Deputy Treasury Secretary
- C. Head of the Consumer Financial Protection Bureau
- D. Special counsel in the Michael Cohen investigation

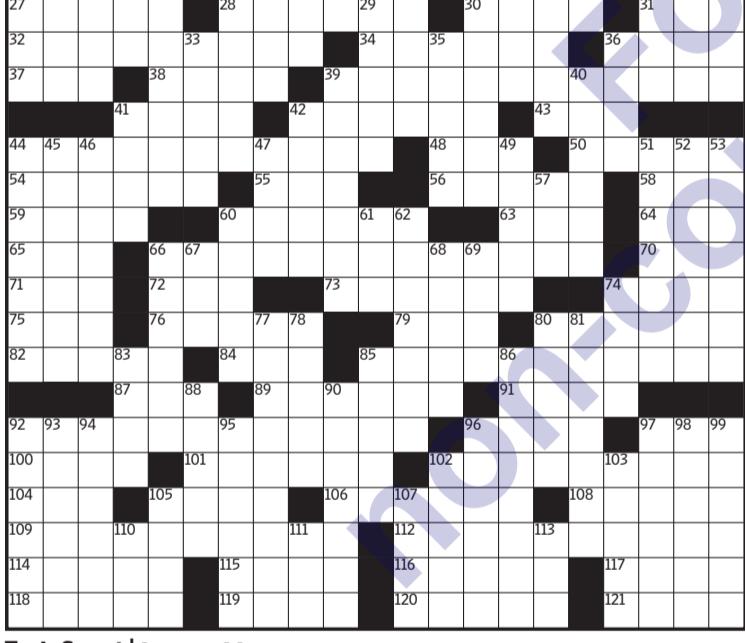
4. Federal Reserve Bank of Kansas City chief Esther George reaffirmed her support—for what?

- A. Two more interest-rate increases this year
- B. No interest-rate boosts this year
- C. Lower interest rates this year
- D. Breaking the back of



Answers are listed below the crossword solutions at right.

THE JOURNAL WEEKEND PUZZLES edited by MIKE SHENK



Topic Secret | by Harold Jones

Across	Down
1 Unseasonably warm	43 Volt/ampere
5 Chancel sight	44 Oddly funny group of settlers?
10 Rudiments	48 "Your point being?"
14 Adar festival	50 Fell away
19 Curved arch shape	54 Colonel Sanders feature
20 Casals with a cello	55 Subject of a statue near Boston's TD Garden
21 American assignment	56 Bygone emperors
22 Vacuous	58 Tilde's neighbor
23 Boxy reconnoitering drone?	59 Start of le monologue d'Hamlet
25 Snacks designed to alleviate attacks of anxiety?	60 Sculptor Giovanni
27 Strident	63 Second person
28 Catch up	64 Armed org.
30 Gardner and Duvernay	65 Utmost
31 Sinuous shape	66 Cloth screen that comes down when the play starts?
32 Departures, of sorts	70 Baby food serving
34 Saved for the future	71 Chamois she
36 Sensible	72 Quick swim
37 Japanese honorific	73 Like kimchi and tae kwon do
38 Make a touchdown	74 Box for a show
39 Rouen rubies and Dijon diamonds?	75 Japan's prime minister
41 Source of change	76 Big name in trading cards
42 Astronomer Horace for whom several comets are named	79 Box office sales, in showbiz slang
	80 Gives up
	82 National Voting Rights Museum site
	84 82-Across's state: Abbr.
	85 Designer of megaphones and dunce caps?
	87 Reaction to the revolting
	89 Licenses
	91 Sake source
	92 Bozo?
	96 Opulent
	97 Pricing preposition
	100 Camouflage
	101 Samothrace setting
	102 Taste-based
	104 "Don't give thought"
	105 Citi Field forerunner
	106 South African villages
	108 Order with capital scrolls
	109 Lakefront dwelling inhabited by Vulcans?
	112 Bit of baling twine used to hold up one's britches?
	114 "___ Miller" (Verdi opera)
	115 It may be brought to order
	116 Over
	117 Woody's singing son
	118 Short-tailed weasel
	119 Pronto, in the operating room
	120 Floppy top
	121 Stocking merchandise
	123 Barista's creations
	125 Scalp pet
	127 New teammate of Kentavious and Lonzo
	129 Attack
	130 Belief
	131 Reunion crowd
	132 Jeffersonian
	133 Learning method
	134 H.S. courses
	135 Tanqueray
	136 Playwright
	137 "donna a quindici anni" (Mozart aria)
	138 Acquire heaps of
	139 Existence
	140 Neatnik's banes
	141 Eucharist need
	142 "Rose ___ rose..."
	143 Reply to a playground challenge
	144 Blush-gray
	145 "___ donna a quindici anni" (Mozart aria)
	146 Reply to a playground challenge
	147 Blush-gray
	148 "Rose ___ rose..."
	149 Words before pickle or stew
	150 Acct. addition

PLAY



VARSITY MATH

Provided by National Museum of Mathematics

The coach fancies a pair of puzzles involving the computation of averages.



Average Trial Length

Team members conduct a number of trials by rolling a fair 6-sided die until it shows a 6. If the first roll is a 6 or all prior rolls in the trial are even, they record how many rolls it took; otherwise they discard the trial.

What is the expected number of rolls per successful trial?

Paradoxical Averages

Three families are the only occupants of an apartment building. In this building, the average number of children per family is six. Also in this building the average number of siblings per child is eight.

How can this happen? Find both possible cases.

This is the last week of Varsity Math in The Wall Street Journal. Puzzles will continue to run at varsity.momath.org.

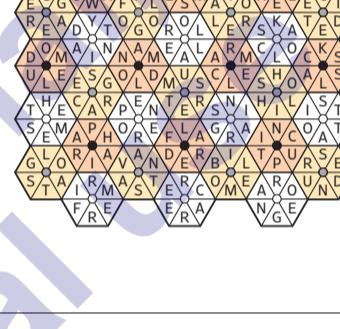
LUCI GUTIÉRREZ

SOLUTIONS TO LAST WEEK'S PUZZLES

G-Rated Movies



Rows Garden



Varsity Math

In **Twelve Statues**, one sibling gets the statues of heights 1, 2, 4, 8, 9, and 12 centimeters. The other gets the statues of heights 3, 5, 6, 7, 10, and 11 centimeters. In **Faculty Meeting**, the children are 9, 9, and 19.

For previous weeks' puzzles, and to discuss strategies with other solvers, go to WSJ.com/puzzle.

Answers to News Quiz: 1.B, 2.D, 3.C, 4.A, 5.B, 6.A, 7.C, 8.C

Acrostic | by Mike Shenk

To solve, write the answers to the clues on the numbered dashes. Then transfer each letter to the correspondingly numbered square in the grid to spell a quotation reading from left to right. Black squares separate words in the quotation. Work back and forth between the word list and the grid to complete the puzzle. When you're finished, the initial letters of the answers in the word list will spell the author's name and the source of the quotation.	M. Piece of music performed during an intermission
A. Tempo that's slower than andante but faster than lento	19 118 141 184 99 50 30 156 72
B. Place for players in the park	166 197 37 111 52 83 140 128 26
C. Winner of eight Oscars, the last for "The Sting" (2 wds.)	143 108 38 174 65 87 127 190 55
D. Notes from a cell	97 39 79 133 24 169 4 57
E. Constantly updated series of postings on a website like Facebook (2 wds.)	28 13 192 165 101 121 70 58
F. Entertains from below, perhaps	32 167 90 76 146 63 5 110 187
G. Prizes highly	48 10 189 94 23 60 109 171 158
H. Impenetrable by the uninitiated	180 119 96 62 132 161 36 2
I. Ghost town located roughly halfway between Anchorage and Nome	123 68 49 14 193 170 31 85
J. Stealth fighter aircraft launched by Lockheed in 1981	107 56 150 196 8 75 34 125 177
K. British poet laureate who was Sylvia Plath's widower (2 wds.)	114 142 198 129 81 46 179 15 155
L. Turn in (3 wds.)	41 102 53 152 126 89 172 18 194
To solve, write the answers to the clues on the numbered dashes. Then transfer each letter to the correspondingly numbered square in the grid to spell a quotation reading from left to right. Black squares separate words in the quotation. Work back and forth between the word list and the grid to complete the puzzle. When you're finished, the initial letters of the answers in the word list will spell the author's name and the source of the quotation.	84 135 182 16 66 33 98 117
O. 1983 Top 10 hit for Madness (2 wds.)	91 106 73 148 3 54 195 27
P. Call when people pull together (Hyph.)	21 176 113 130 1 162 74 47 151
Q. Microscope lens closest to the sample	175 69 59 160 7 86 42 103 149
R. 1940 film that opens with Bach's Toccata and Fugue in D minor	95 186 159 112 134 61 11 145
S. Site of the University of Montana	116 45 12 64 78 164 191 183
T. Westernmost of the D-day invasion's five landing sites (2 wds.)	6 178 157 136 131 44 22 77 120
U. Hothead's trait (2 wds.)	43 188 9 67 29 168 154 138 100
V. 1983 Bob Dylan album produced by Dylan and Mark Knopfler	137 35 71 115 147 88 20 181
W. Gradual increase in volume	93 144 173 51 82 104 17 124 163

► **Get the solutions** to this week's Journal Weekend Puzzles in next Saturday's Wall Street Journal. Solve crosswords and acrostics online, get pointers on solving cryptic puzzles and discuss all of the puzzles online at WSJ.com/Puzzles.

REVIEW



SHOMEI TOMATSU - INTERFACE

ICONS

When the Contrasts of Modern Japan Came Into Focus

In Washington, D.C., an exhibit of photos capturing wartime tragedy, rural beauty, toppled traditions

BY ALEXANDRA WOLFE

Back in the 1970s, the screenwriters Gloria Katz and Willard Huyck were riding through the northern Japanese island of Hokkaido on their way to a set of the film director Akira Kurosawa. The visitors were disappointed by the modern industrial landscape. "We wondered how Kurosawa could be shooting a 16th-century samurai epic in what resembled a dreary day in Jersey City," they recalled in "Views of Japan," a 2017 book about their love of Japanese photography.

They better understood Kurosawa's genius once they reached the location. Looking down to the foot of the cliff, they had left modern Japan behind: A beautiful beach below was swarming with his costumed actors. It took many years, but that contrast between drab industry and stunning natural and cultural beauty eventually inspired the married couple, who co-wrote films such as "American Graffiti" (1973) and "Indiana Jones and the Temple of Doom" (1984). They decided to collect photographs of the landscapes they had just seen, as well as other, more experimental and personal Japanese photos. The screenwriters said they started amassing the collection in 2004.

Last December, the Smithsonian's Freer/Sackler in Washington, D.C., acquired more than 400 works from the couple's still-growing collection. On Sept. 29, the museum will exhibit 75 of those photos in a new

Shomei Tomatsu's 'Yokosuka, Kanagawa' (1959), above, shows a Japanese child blowing a gum bubble on a U.S. military base.

show called "Japan Modern: Photography From the Gloria Katz and Willard Huyck Collection," running through Jan. 21. Ranging from the 1920s to 2009, many photos chart artistic reactions to Japan's rapidly changing society. "The real thrill for us is being photographer groupies and getting to meet the artists," said Ms. Katz in an interview this week.

With a roughly chronological layout, "Japan Modern" will start with pictorialist landscape shots from the 1920s and 1930s and then move on to postwar images highlighting the development of documentary photography, from social realism to more personal takes on a rapidly changing country.

Among those photographers is Hiroshi Hamaya (1915-1999), who started his career as a photojournalist and created studies of rural Japan, as in his 1956 image "Man in Traditional Minobashi Raincoat, Niigata Prefecture." "This, too, is Japan," the artist wrote in "Ura Nihon" ("Japan's Back Coast"), a 1957 book. "It was the flip side of the modernization that was embodied by Tokyo," said the exhibit's curator, Carol Huh.

Another contributor to the exhibition—photogra-

tic scenes, including photos of his wife, took on a darker subject in 1975. His 1982 "Koen Dori, Shibuya," a close-up image of a raven's feet and tail that he shot in Tokyo, is part of a series of photos called "Ravens" that he started in 1975 on a trip home to Hokkaido after his divorce, said Ms. Huh.

While each photograph tells its own story, the curator said the exhibit is not meant to relay the history of Japanese photography. "It brings out certain highlights from the collection that are somewhat evocative of how photographers were trying to get a sense of place during a time when the degree of change was astounding," she said.

As for the screenwriting couple, Ms. Katz said that "collecting has really changed our lives." The couple has been to Japan six times now. "The only good thing about screenwriting is you do drop into other worlds"—something they also do in their collecting. They are now pursuing works by emerging Japanese photographers. "We have always written visual stories," they write in "Views of Japan." "We're really 'digging the trip' and in no hurry to get to the end of the road."

MASTERPIECE | 'THE JAR OF APRICOTS (LE BOCAL D'ABRICOTS)' (1758), BY JEAN-BAPTISTE-SIMÉON CHARDIN

A Scene Beyond Time

BY KAREN WILKIN

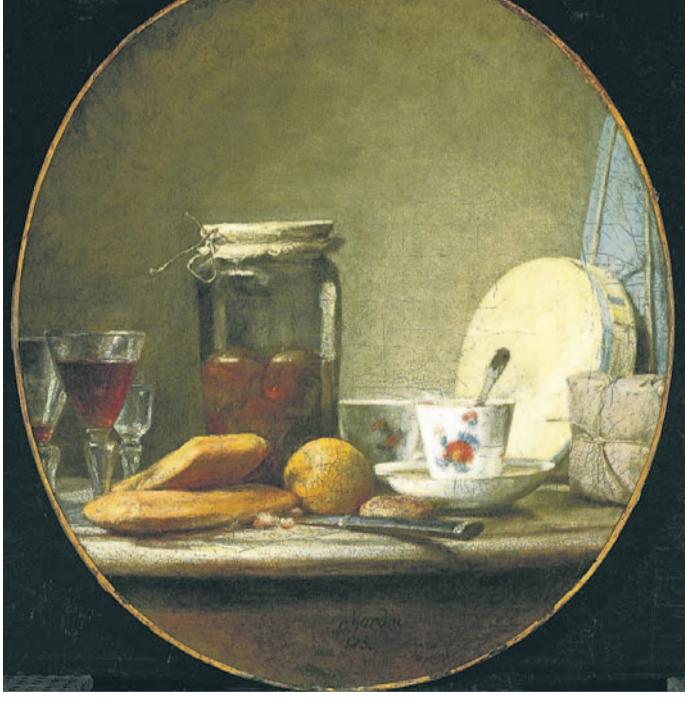
THE STILL-LIFE PAINTINGS of Jean-Baptiste-Siméon Chardin (1699-1779), with their rough surfaces, bold brushwork and shifting color, transcend time. They're so fresh and modern that it's impossible to imagine how they looked to 18th-century eyes. Not that there's a lack of documentation. Chardin fascinated the critics of his day, especially his friend Denis Diderot, the editor of the French Enlightenment's magnum opus, the *Encyclopédie*, who wrote a trenchant private art newsletter for wealthy collectors in his spare time.

Chardin also puzzled his contemporaries. They praised his truthfulness to nature, his simplicity, and his gift for orchestrating hues. "Dutch patience has never copied nature more faithfully, no Italian genius has ever rendered it more vigorously," wrote an anonymous reviewer in *Mercure de France* in 1761. "This man is the finest colorist in the Salon and perhaps one of the finest in all of painting," Diderot wrote in 1765. Then, probably baffled by their enthusiasm for subject matter at the bottom of the Academy's official hierarchy—historical, mythological, or biblical themes ranked highest—Chardin's fans threw up their hands and fell back on the only possible explanation. "What magic is it, what art unknown to all but you, that can cast such a spell?" asked one, adding "The searching eye loses itself in the magic of your touch." Chardin's otherwise level-

headed biographer, his friend Charles-Nicolas Cochin, noted "the magic harmony by which he distinguished himself." Even Diderot succumbed. "Here you are again, great magician," he wrote in 1765, "with your silent arrangements. How eloquently they speak to the artist!" Cochin noted, as well, "a handling so magical as to induce despair."

Chardin's still lifes are still magical. Witness "The Jar of Apricots (Le bocal d'abricots)" (1758), at the Art Gallery of Ontario in Toronto. The oval canvas, less than two feet high, commands our attention with its faultless sense of tone, its expressive massing of solids, its unexpected color, and all the rest of Chardin's formidable arsenal of formal inventions. It's an arrangement of essentially geometric forms, clustered on a bare tabletop, against an indeterminate space, like actors on a stage.

The main protagonists are the titular cylindrical glass jar, half-filled with dark orange-brown preserved fruit, its cover tied with a sprightly string bow, and a cream-colored circular box, large and shallow, propped against the wall. The supporting cast crowds round: three wine glasses, one full, one empty, and one with dregs at the bottom of its tapering bowl; a loose pile of bread and biscuits; a mysterious package wrapped in brown paper, tied, like the top of the jar, with string; and two porcelain cups. Dead center, in the lower third of the oval, anchoring the whole scene, is a robust, spherical, tawny object. Bread? Everything is bathed in low, late afternoon light; the jar and wine



The objects depicted are specific to the artist's own day, but the interplay of geometric shapes seems to anticipate 20th-century Cubist still lifes.

These are not humble kitchen objects—not earthenware vessels, copper pots, or ordinary foodstuffs. The box would have held sugared almonds. The wine glasses are not robust beakers, but clear and delicate, on slim stems, and the cups, used for coffee or tea, are the most fashionable porcelain of the day. Manufactured in Chantilly, without handles, in the Asian manner, they are decorated in imitation of Japanese prototypes.

The more time we spend with the painting, the more complex it becomes. The play of geo-

metric shapes and forms seems to anticipate some of the richest, most active Cubist still lifes. The oval shape of the image strengthens the association with Cubist tabletops. We become enthralled by the echoes and reversals of the differing triangles of the wine glasses, their stems, and the cups, or the implied similarities among the cylindrical jar, the circular box and that central sphere.

This intricate play of rhymes and assonances is reinforced and challenged by the contrasting textures that are so convincingly evoked by Chardin's dry but sensuous brush marks. Further reinforcement comes from the subtle, rich palette of earthy browns, deep brownish reds, grays, and creams, sparked by the radiant white cup with its spray of pink flowers and green leaves, and the gleaming silver spoon within it, together the brightest and lightest element in the painting. A knife angled into the composition and

the spoon, tilted away from the knife, enter into an eloquent conversation, strengthening our awareness of the geometry underpinning the composition. Narrow sweeps of chalky blue at the edges of the round box and a faint flash of orange on the jar of apricots are like unexpected flavors that transform a dish we thought we knew.

We keep making more and more discoveries, and encounter more and more surprises. No wonder the critics writing during Chardin's lifetime resorted to the words "magic," "magical" and "magician." Nothing else can explain him.

Ms. Wilkin is an independent curator and critic.

BRIDGEMAN IMAGES

pher Hiromi Tsuchida, born in 1939—is known for his images of ordinary people and folk customs. He traveled the countryside photographing rural life. Explaining his choices, he wrote in his 1976 book, "Zokushin (Gods of the Earth)": "I suppose what I have been trying to do was find myself again as a Japanese."

It's a search many experts on Japanese photography have noted. In the wake of Japan's defeat in World War II, there was a tension "between a nationalistic pride and coming to terms with the modern age," says Darius Himes, international head of photographs at Christie's.

Some photographers concerned with national identity turned their lenses on the American armed forces in Japan after World War II. Shomei Tomatsu created the 1959 image "Yokosuka, Kanagawa," which is in the exhibition and later became part of his series "Chewing Gum and Chocolates." The photo shows a Japanese child blowing a gum bubble on a street in a seedier area of a U.S. military base. The work "reflects Tomatsu's conflicted feelings about Americans," said Ms. Himes.

Other artists made nature and the rural places they came from their subjects. The first photographer whose works the couple acquired, Eikoh Hosoe, found inspiration in the province where he grew up. In 1969, he released a photo book, "Kamaitachi," featuring a Japanese butoh dancer in country settings. Mr. Hosoe wrote in a 2009 edition of the book. "I was afraid that this rural region from my memories would be totally transformed, becoming nothing but a flat and faceless terrain." Works from the series are in the show.

Masahisa Fukase (1934-2012), known for domes-

tic scenes, including photos of his wife, took on a darker subject in 1975. His 1982 "Koen Dori, Shibuya," a close-up image of a raven's feet and tail that he shot in Tokyo, is part of a series of photos called "Ravens" that he started in 1975 on a trip home to Hokkaido after his divorce, said Ms. Huh.

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A Passion for Crime

Rachael Ray on why she binge-watches 'Columbo' **D8**

FASHION | FOOD | DESIGN | TRAVEL | GEAR

OFF DUTY

THE WALL STREET JOURNAL.

SATURDAY/SUNDAY, AUGUST 25 - 26, 2018 | **D1**

Serving Up Salmon

A recipe for roasted fillets with kimchi succotash **D7**



JULIANA SOHN FOR THE WALL STREET JOURNAL

UNASSISTED LIVING The many features designed to allow Kevin Weldon and his partner Peter Newman to safely use their East Chatham, N.Y., kitchen into their 80s and beyond.

Aging With Beauty

Talk about modifying a home for 'aging in place' and baby boomers recoil, in fear of mortality and, worse, ugliness. Now the design industry is filling this niche, stylishly

BY SARA BLISS

THE HANDSOME East Chatham, N.Y., kitchen of interior designer Kevin Weldon and his partner, real-estate agent Peter Newman, doesn't appear kitted out for enfeebled octogenarians, but it is. Well-disguised details take into account the failing eyesight and limited mobility the 60-something couple knows they will encounter in their golden years, a term that fools no one. Copious recessed and under-cabinet lighting supplements the three pendants over the island; much of the Shaker-style cabinetry, from Home Depot's Decora line, consists of drawers rather than object-swallowing cabinets; the stacked stainless-steel KitchenAid wall ovens obviate bending over; and the luxurious roominess—passages of 46 inches instead of the standard 36—guarantee access to people of any ability.

"You wouldn't notice any of these features unless they were pointed out," said Mr. Weldon, who noted that the tweaks that make their home safe enough to put off moving into assisted living didn't add to the overall cost of their kitchen re-

model. "People don't say, 'Oh, you built this so you can bring in a wheelchair.' They come into the kitchen and say, 'Wow!'"

American baby boomers are reaching retirement age at a rate of 10,000 a day, according to AARP. But apparently they'd rather regale friends with apocryphal recollections of being at Woodstock than contemplate their own mortality and plan for their dotage, even though they risk paying dearly for such shortsightedness.

"Falls are the leading cause of fatal and non-fatal injuries among older persons," said Erik Listou, co-founder of the Living in Place Institute, who modified the accepted term "aging in place" (AIP) when he co-founded it, because "nobody wants to talk about getting old." The Denver-based educational organization trains medical professionals, Realtors, designers, and contractors in AIP principals. "The cost of a fall is estimated at around \$34,000 in just direct medical expenses," he continued. And according to Genworth Financial's 2017 Cost of Care Survey, the national annual median for assisted living is \$45,000 (as high as \$72,000 in some states), so making your home safe enough to maintain your independence clearly

Please turn to page D6

Inside



WINE'S BEST BUY?

Sauternes is pricey to produce, which makes its affordability rare **D7**



EVEN COWGIRLS GET NICE SHOES

The curious history of the pretty practical Western boot **D2**



I DISLIKE THE CUT OF YOUR JIB

When it comes to T-shirt necklines, men have surprisingly strong feelings **D3**



AND THE FANS WENT...TO JAPAN

A new reason to visit the land of the rising sun: utterly surreal baseball games **D4**

STYLE & FASHION



GETTY IMAGES (COWGIRL); F. MARTIN RAMIN/THE WALL STREET JOURNAL (BOOTS); ILLUSTRATION BY MATT CHASE

FASHION WITH A PAST / NANCY MACDONELL



These Boots Were Made for Shopping

FEW SHOES ARE beloved by the professionally fashionable *and* Republican politicians. The cowboy boot, however, sits comfortably in both worlds: If you were to make a Venn diagram of the wardrobes of Kate Moss and Ted Cruz, this is where they would intersect. Often in vogue but never really in vogue, the cowboy boot is a fashion paradox. This season, it's having one of its intermittent moments in the spotlight.

Our tale picks up last fall, when designers on both sides of the Atlantic evinced a fascination with Americana, particularly of the Western variety. Because accessories are usually the easiest way—i.e. the cheapest way, relatively speaking—to buy into a trend, this piqued an interest in cowboy boots. Nurtured by photos of influencers like Kendall Jenner and the success of the HBO series "Westworld," this fascination is now hitting critical mass, with offerings from Calvin Klein, Givenchy, Golden Goose Deluxe Brand and, of course, traditional makers like Justin Boots and Frye

(whose marketing slogan for the season is "The Original, The Authentic, The Only").

The cowboy boot is defined by a high, unlaced shaft, often intricately stitched; a smooth leather sole; and a high Cuban heel (the roper boot, a 20th-century innovation, has a lower shaft and heel and was developed for competitive calf roping, which requires riders to dismount quickly). Cowboy-boot lore holds that all these elements function practically: An unlaced shaft, said Rodney Ammons, a product developer at Justin, ensured that if a rider fell off his horse, "his body weight would pull his foot out of the boot." The stitching stiffened the shaft, while the smooth sole and high heel let the foot slide easily into the stirrup and remain there.

But given the boot's highly decorative nature, it seems unlikely that its design is strictly utilitarian. I suspect this just-the-facts-ma'am narrative developed because American men are traditionally loathe to admit they're interested in style and

cowboy boots were traditionally masculine. But if, for example, the stitching on the shaft were purely functional, it could run straight up and down. Instead, it adopts baroque patterns borrowed from the vaquero tradition. And that high heel? When it emerged, in the late 19th century, the tiny foot was the fashionable ideal for both

The cowboy boot is a surprisingly sexy shoe that encourages a strut.

sexes. "Cowboys were dandies," said Wendy Lane Henry of Back at the Ranch, a cowboy-boot brand that specializes in exotic skins. "When they came into town, they dressed up. The underslung high heel made the foot look smaller and left a smaller footprint."

Cowboy boots made the segue to fashion via the Hollywood Western, which introduced them to swaths of the cinema-going

REBOOTED From left: A booted cowgirl leans in to her look in the 1910s; a model on the Isabel Marant fall '18 runway shows a bit more leg in a pair with an experimental heel.

public. Thanks to screen cowboys like Tom Mix, the genre's definitive star in the early 20th century, who dressed the part with panache, boots became more colorful and exaggerated—and the very pointed toe, which lacks any practical purpose whatsoever, emerged. In the 1930s, when dude ranches were fashionable, vacationing Easterners bought cowboy regalia such as jeans and boots and took it back home.

But the cowboy boot's biggest fashion moment came in the early 1980s, when Ralph Lauren's vision of the American West was ascendant and Mr. Lauren, then in his 40s, was viewed as a fresh, exciting talent. His success coincided with a wider cultural fascination with cowboys—Kenny Rogers was a music star, "Urban Cowboy" was a hit film, and President Ronald Reagan, who had appeared in Westerns such as "Cattle Queen of Montana," wore cowboy boots for photo ops.

Since then, the cowboy boot has periodically emerged as a fashion statement (remember Madonna's "Don't Tell Me" video in 2000?) while becoming a staple for a surprising number and variety of designers. French clothing brand A.P.C. used the boots to signal nonchalant cool in the early 2000s, a tactic subsequently adopted by Isabel Marant and former Saint Laurent creative director Hedi Slimane, who designed a clean, simple cowboy boot for the brand for several seasons. LD Tuttle designer Tiffany Tuttle, a former ballerina, gives her cowboy boots a dark Goth spin, while Ann Mashburn goes for a mod neatness.

Ms. Mashburn, a retailer and designer based in Atlanta, was adamant about stocking a cowboy boot when she opened her first store in 2010. "It's a big part of my personal style," she said. "I was a fashion editor, so I needed practical clothes. But I also had this romantic view of fashion, of who am I going to be today?"

When pressed, cowboy boot wearers tend to talk about practicality—that word again. Don't be fooled; as Ms. Mashburn's comment suggests, there's more going on here. Lots of shoes are practical, but only this one was worn by the cowboy: an American folk hero, a knight-errant figure with world-wide appeal. To walk in his boots is to take on some of his maverick glamour and disdain for authority. The cowboy boot is also a surprisingly sexy shoe that encourages a strut. As James Leo Herlihy, author of "Midnight Cowboy," wrote, they make the wearer feel "strong...exultant."

It makes you wonder why they're ever out of style, doesn't it?

BUY 'EM COWBOY //
FIVE PAIRS FOR FALL THAT PLAY WITH THE BOOT'S ALLURE



1. Boots, \$1,095, [Saint Laurent by Anthony Vaccarello](#), 212-980-2970
2. Boots, \$1,200, [Calvin Klein 205W39NYC](#), 212-292-9000
3. Boots, \$200, [justinboots.com](#)
4. Mules, \$525, [tibi.com](#)
5. Boots, \$1,190, [fendi.com](#)

SHORTLY BEFORE giving birth last year, Laney Crowell went shopping for diaper creams—and came home empty-handed. "I was pretty horrified by the mainstream offerings," she admitted. Instead of finding organic formulas in handsome bottles, the sort of products she favors for herself, she was hit with ingredient labels full of chemicals and additives. "I couldn't believe that brands would suggest putting these ingredients on a newborn baby," said Ms. Crowell, 36, the founder of the lifestyle website *the Moment*.

Alternatives exist. Both startups and established beauty players are introducing fashionable lines of baby skin care products—filling a gap in the multibillion-dollar global baby-care market. The new lines' botanical-rich formulations and stylish packaging appear to be targeting parents who are also savvy beauty consumers.

Ms. Crowell is now a fan of Evereden, a direct-to-consumer baby skin care line that, with its sleek packaging, resembles an entry-level version of the much-hyped beauty brand Glossier. Products like diaper-rash creams boast plant-based ingredients including sunflower seed oil

and kakadu plum, are free of synthetic fragrance and are vetted by pediatric dermatologists. California stay-at-home mother Maria Cecilia Puyol Martin, 40, stockpiles products from Vivaodays, an organic line out of Santa Monica that works with a "plant hunter" to source ingredients. Ms. Puyol Martin is particularly taken with the Rose Geranium Cleansing Water, which she claims "works like a hand sanitizer without the chemicals."

German physician Dr. Barbara Sturm, known for her cult-y products for grown-ups, recently released a range including a bathing milk infused with almond-flower extract. The French beauty brand Chantecaille also has a Bébé line, complete with a Flower Petal Hair & Body Wash for choosy tots.

Of course, with items like Chantecaille's \$48 Orange Blossom Face Cream, you're starting 'em young on a pricey skin care routine. That said, Ms. Crowell noted that many formulas, like massage oil, work for adults too. "I always take an extra pump for myself to moisturize my arms and elbows." Call it well-intentioned shopping for baby with benefits.

—Kari Molvar

Hush, Little Baby, Don't You Moisturize?

Many women hesitate before buying luxe skin care for themselves, let alone for a newborn. A wave of elegant, ingredient-aware products may change that



INFANTILIZED INDULGENCE From left: Kids Shampoo \$18, [beautycounter.com](#); Bébé Body Lotion \$55, [chantecaille.com](#); Dr. Barbara Sturm Kids Bathing Milk \$45, [molecular-cosmetics.com](#); Baby Moisturizing Lotion, \$20, [ever-eden.com](#)

STYLE & FASHION

The Great Tee Rivalry

Two writers square off over the relative merits of the crew-neck vs. the V-neck T-shirt

WHY I NEED CREW NECKS

V-neck T-shirts are what the cast of MTV's "Jersey Shore" wore to complement their Fanta-colored tans and ripped boot-cut jeans. V-necks are what so-called hipsters bought by the armful to show off regrettable chest tattoos. The neat, versatile, circular crew neckline—with none of this sad baggage—is simply the less scandalizing option.

"I would be hard-pressed to say that somebody was very stylish wearing [a V-neck]," said George Sandler, 25, an assistant at a Los Angeles talent agency. For him, the plunging neckline conjures the "tackier" 2000s, a time when sexed-up labels like American Apparel peddled it as an edgier, revealing option. And that's wonderful if you've devoted untold gym hours to chiseling your pecs, but for average types with actual jobs, the V-neck leaves too little to the imagination. It "just brings attention to the wrong places," said Skylar King, 28, a high-school band director in Huntsville, Ala.

A crew neck is "just a classic," insisted Jimmy Gorecki, a former pro-skateboarder and the co-owner of Standard Issue, a Vernon, Calif.-based label. When Mr. Gorecki and his business partner Jared Lee started making T-shirts last year, they agreed to begin with a crew neck, the ideal foundation for most casual looks. Just as Marlon Brando and Bob Marley tossed crew necks over jeans in their day, put-together types like Colin Farrell slot them underneath suits today for a laissez-faire but never floppy look.

That's not to say all crew necks are created equal. Mr. King noted that some versions he bought from J. Crew in the past "are not very sturdy." Now he buys his from Velva Sheen and Noah, drawn by a "thicker" neck band that holds up. You wouldn't want your crisp crew to sag into a dreaded V. Or worse, a scoop neck.

—Jacob Gallagher

WHY I VOTE FOR V-NECKS

We didn't choose the crew neck. It was forced upon us as the first bland T-shirt our parents folded in our top drawers. While the crew neck symbolizes conformity and inertia, the V-neck, with its rakish dip, is all about independence. It's what we wear when we decide to care.

Ever Kipp, 44, a Seattle-based music publicist, said he's been flashing a V almost exclusively since his early 20s, "once I stopped being a teenager who only wore denim and [heavy] metal shirts and



F. MARTIN RAMM/THE WALL STREET JOURNAL (SHIRTS); ILLUSTRATIONS BY VICTORIA TENTLER-KRYLOV

CHOOSE YOUR WEAPON / OUR FAVORITE EXAMPLES OF BOTH CREW NECK AND V-NECK SHIRTS

THE CRISP CONTENDER Cut high, Sunspel's ribbed crew collar is a clean look. \$90, sunspel.com



THE AMERICAN Standard Issue's L.A.-made tee evokes James Dean. \$30, standardissuetees.com



THE EASY-GOER Need Supply's crew is more relaxed at the neck. \$35, needsupply.com



THE SWEET SPOT Gap's classic V ends just far enough down the chest. \$18, gap.com



THE CONSERVATIVE Brunello Cucinelli's luxe, less revealing option. \$325, brunellocucinelli.com



THE UNEXPECTED Uniqlo's V has a hint of contrasting texture at the neck. \$10, uniqlo.com

black hoodies." Mr. Kipp, who buys his Vs in bulk at Banana Republic and cruises the stacks at Nordstrom for higher-end finds, said he migrated toward the style because he finds them more comfortable and "a little bit classier."

V-necks must be chosen carefully; the too-deep V gave the cut a bad rap during its early-2000s heyday. "There was a moment where it kind of went through an awkward phase," said John Caruso, Gap's vice president of men's design. Today's V-neck is typically cut higher; it isn't trying quite so hard.

The V, I'd argue, offers more versatility than the crew. It can skew conservative—see the subtlest of dips on Zimmerli's tees—or fashion-forward, like the yellow-lined collar on a gray Gucci iteration. Sunspel's well-proportioned V that doesn't plunge into clavicle territory is a safe, confident choice. And with the right outfit (think blazer and dark jeans), the V can even go out to dinner. Paul Witt, founder of Wittmore, an online retailer with two L.A. stores that usually carry multiple Vs, said that V-neck styling rules have been loosening, giving men a greater variety of ways to wear them.

There are still best practices. Mr. Caruso said to look for quality ribbing in the V-neck band so it maintains its shape. Perhaps most important, he urges guys to make sure the V drops to a place on their chest that they are comfortable with, depending on their daringness to bare. —Chris Kornelis

Rough Necks

There's a reason crews and Vs get so much love—the alternatives are abysmal. Five necklines to avoid



Scoop Neck
The V-neck's even less discreet cousin. Spare us that much skin.



Boat Neck
Too feminine for anyone who's not a grizzled French fisherman.



Square Neck
Like a rejected Star Trek costume, this alien shape has no place on earth.



Deep V-neck
Unless you're someone who's comfortable with the term "male cleavage."



Ruined Neck
When your T-shirt looks like this, give it up. Even if it's your "good luck" tee.

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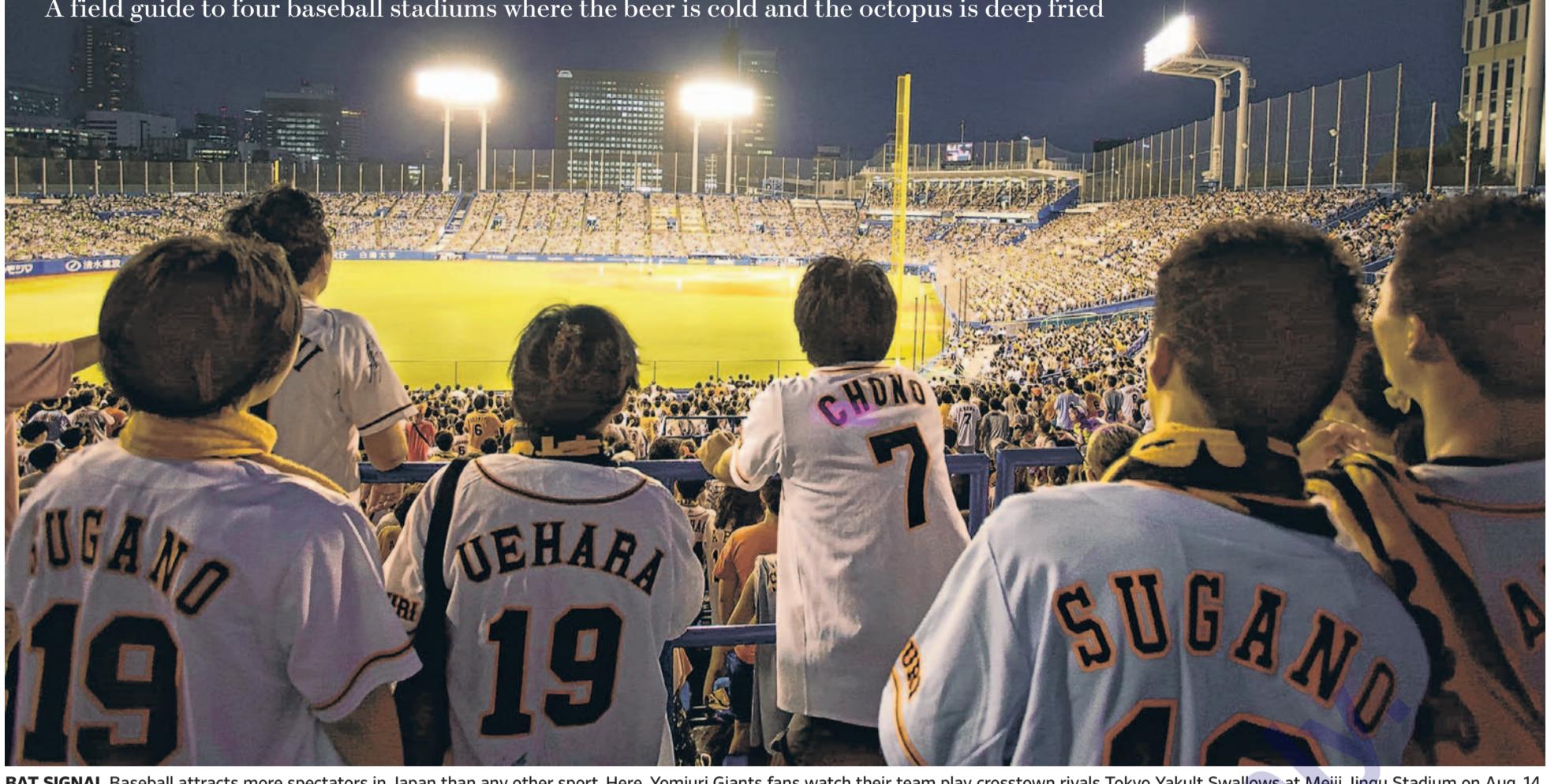
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ADVENTURE & TRAVEL

Take Me Out to the Japanese Ball Game

A field guide to four baseball stadiums where the beer is cold and the octopus is deep fried



BAT SIGNAL Baseball attracts more spectators in Japan than any other sport. Here, Yomiuri Giants fans watch their team play crosstown rivals Tokyo Yakult Swallows at Meiji Jingu Stadium on Aug. 14.

BY BYRON TAU

THE FIGHT SONGS began before the first pitch and never let up. Each time a player approached the plate, thousands of fans packed into the *oendan*, or outfield cheering section, burst into a different song, all while watching every pitch, every swing of the bat and every routine ground ball with rapt attention.

On this particular breezy July night, the hometown Yokohama BayStars were squaring off against the visiting Chunichi Dragons—an ordinary game between two teams that were having so-so seasons. But the enthusiasm of the crowd remained undiminished, with fans staying on their feet and singing, their voices growing hoarser, through all nine innings.

Welcome to a typical Japanese baseball game, an experience that feels at once both utterly familiar and jarringly surreal for even casual fans of the sport. Baseball really matters here. As polls and attendance figures consistently confirm, it's Japan's most popular spectator sport—edging out home-grown sports like sumo and Western imports like soccer. The country's high school baseball tournament practically grinds the nation to a halt each summer. The fan base spans the spectrum of Japanese society: die-hard fanatics crowded into the outfield, salarymen and salarywomen unwinding after work, families with young children and teenagers on dates.

Visitors, even those who don't speak the language, can take in a baseball game with surprising ease. Teams play in most of the major tourist destinations all over the country, the tickets are cheap, and the friendly fans tolerate *gaijin*, or foreigners. And as at any respectable sporting event, the concessions are a big part of the draw. You'll find typical Western stadium fare such as barbecue, pretzels, french fries, ice cream, even churros. But it's the local fast food that really shines. Try the takoyaki (fried dough with octopus inside), yakitori (juicy, tender chicken on a stick), curry or ramen. You'll rarely be disappointed.

Robert Fitts, a baseball histo-



FAR AWAY GAME Clockwise from top: A cheering section at Meiji Jingu Stadium; a Hanshin Tigers fan at Tokyo Dome wears the mask of Tigers infielder Takashi Toritani; taking a snack break at Tokyo Dome.

rian who has written extensively on the Japanese game, found himself enthralled by it when his wife was sent to Japan as an attorney in the 1990s. "My first day in Japan, she took me to a Japanese baseball game," he said. "I fell in love with the game that night. It was something that I'd never seen before." According to Mr. Fitts, baseball has been played in Japan since the 1870s—first introduced by an American schoolteacher dur-

ing the country's period of rapid modernization and Westernization. What started as a prep-school staple evolved into a full-fledged professional league, producing a number of world-class players.

Today, five of the country's 12 teams all play in or around Tokyo. Like its American counterpart, Japan's professional baseball league plays roughly from early April to October. With one curious exception—ties are permitted af-

ter 12 innings—the game unfolds exactly like that played in the U.S. Here, four stadiums where visitors can easily see hometown teams in action.

Tokyo Dome

Unsurprisingly playing in the country's largest stadium—Tokyo Dome, which seats about 55,000 people—the Yomiuri Giants dominate the league. In his 1989 book about Japanese baseball, "You Gotta Have Wa," Robert Whiting points out that the Giants (formed in 1934) are more popular than both the Yankees and the Dodgers put together. The team has made the Japan

Championship Series 34 times in its 68-year existence and won 22 titles.

The stadium, an aging, hulking dome in central Tokyo, may lack curb appeal, but inside, it exudes a certain throwback charm and the mood is reliably lively. Young women, toting kegs of beer on their backs, serve cold cups of Yebisu, Asahi or Kirin Ichiban beers to the fans in the stands who often break into song—including a favorite ditty known as "Viva Giants." [giants.jp](#)

tain online—often requiring users to either navigate a webpage with no English translation or have a Japanese mailing address and phone number. Tickets can, however, be easily purchased at stadium box offices once you arrive in Japan. They also can be purchased at any convenience store, though the ticket kiosks lack English menus; store

staff may be able to help. Other options for advanced purchase include hotel concierges or certain English-language online services that will deliver the tickets to your hotel for a fee.

Which seats to buy? A few pointers: The outfield cheering sections, or *oendan*, are for die-hard fans. They are divided by team to keep rival fan squads

apart. Every stadium has a section for the home team and the visiting team. Foreigners are tolerated in the *oendan*, but avoid rooting for any team except the one your seatmates support—it's not only gauche but an usher might ask you to move to a different section. For a more relaxed vibe, get seats elsewhere in the stadium.

Meiji Jingu Stadium

At cozier Meiji Jingu Stadium (capacity: 38,000) across town, legions of steadfast fans flock to support the Tokyo Yakult Swallows. Long considered the lovable underdog to their main rivals, the Giants, the Swallows have fielded an impressive team in the last few years, even winning a pennant in 2015.

If you go to this open-air stadium, bring an umbrella, not only because rain often pelts Tokyo during the summer but so that you can participate in the fans' signature umbrella dance. Every time the Swallows score a run, the crowds sing "Tokyo Ondo" while dancing with their umbrellas. If the team is shut out, fear not: The umbrella dance is a staple of the seventh inning stretch, dubbed "Lucky 7" in Japan. [tokyoswallows.com](#)

Yokohama Stadium

You'll find Yokohama Stadium, home of the BayStars, an easy hour-long train ride from central Tokyo. A few blocks from the harbor, the park is a notably pleasant place to watch a game on a hot night, with breezes from Tokyo Bay chasing away the summer heat. The BayStars, though average at the game itself, excel at entertaining the crowd. In between innings, look for the "Super Bazooka," a monster truck that shoots swag into the crowd. Relief pitchers are ferried to the mound in a car with flashing lights. And, to accommodate tourists, the stadium's announcements are largely in English by a Western announcer—a rarity for Japanese baseball. [baystars.co.jp/english](#)

Koshien Stadium

Cursed for decades, then triumphantly redeemed just a few years ago, the Hanshin Tigers boast a thrilling history. Their home base is Koshien Stadium, an hour train ride from Kyoto (and 30 minutes from Osaka or Kobe) and one of two natural-grass professional fields in Japan. It's also the park where Babe Ruth and a team of American all-stars played an exhibition game in 1934. A plaque outside the stadium commemorates the Bambino's appearance there.

Tigers fans blindly worship their team, which has won just five titles in its 83-year history. Loyalists blame Colonel Sanders. After the team's Japan Series championship win in 1985, revelers dumped a plastic statue of Colonel Sanders from a local Kentucky Fried Chicken into a nearby river, allegedly triggering a nearly two-decade losing streak. This gave rise to the superstition that the team was haunted by the "Curse of the Colonel," and would never win again until the statue was dredged up from the river. The Sanders statue, finally recovered in 2009, now sits on display at a local KFC, but the Colonel proved rather unforgiving: It took years, but the team finally won the Central League pennant in 2014. [thehanshintigers.com](#)

THE LOWDOWN / PLANNING YOUR OWN BALLPARK TOUR IN JAPAN

Getting There You can take a train directly to nearly all major-league stadiums in Japan, including the five in and around Tokyo. Google Maps works well throughout the country, offering easy-to-follow train guidance, including timetables.

Buying Tickets There Advance tickets aren't always the easiest to ob-

tain online—often requiring users to either navigate a webpage with no English translation or have a Japanese mailing address and phone number. Tickets can, however, be easily purchased at stadium box offices once you arrive in Japan. They also can be purchased at any convenience store, though the ticket kiosks lack English menus; store

staff may be able to help. Other options for advanced purchase include hotel concierges or certain English-language online services that will deliver the tickets to your hotel for a fee.

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DESIGN & DECORATING

Does This Look Like an Old Folks' Home?

Continued from page D1

makes economic sense, what with the average midrange bathroom remodel costing about \$19,000, according to Remodeling magazine.

But it isn't the cost that causes clients and builders to avoid the topic. After all, many AIP modifications, such as replacing knobs on cabinets, faucets and doors with pulls and levers, can be made without a major overhaul. Homeowners fear that AIP will look ugly and institutional. One glance at a bathroom grab bar and most of us can smell disinfectant and hear the squeak of nurses' shoes.

But manufacturers like HEWI, Kohler, Delta Faucet Company, and Watermark Designs have made huge strides recently. "Over the last five years, we've seen the consumer and designer demand for more stylish aging-in-place options increase as more and more people choose to live in their homes longer," said Judd Lord, senior director of industrial design for Delta. The company's grab-bar offerings include angular modern versions and traditional metal styles that mimic turned-wood spindles, available in trendy finishes such as matte black and champagne bronze. Canada's Invisia, dedicated to stylish, safe bathroom accessories, produces grab bars that encircle the soap dish or shower regulator in a vaguely nautical way, as well as supports discreetly integrated into toilet-roll holders and shampoo shelves.

In a spalike bathroom in Bethesda, Md., shown right, sleek grab bars double as towel bars, part of a design by residential designer Jonas Carnemark that carefully married the functionality needed by a retired radiologist (he currently uses a walker in the home and eventually may need a wheelchair) and the

'The grab bars look like they're decorative,' enthused one homeowner, an art historian.

taste level of his art-historian wife, both in their early 70s. The bathroom was part of an expansion of the master suite on the ground floor that allows for single-story living, another AIP recommendation.

Grab bars from Kohler's Purist line, set at right angles that aesthetically underline the room's linearity, are never out of reach. The bars and the niche edges of brushed aluminum provide guides to help with orientation. The graphite-color porcelain tiles on the floor include a slip-resistant finish and the wide shower with no curb accommodates a walker or wheelchair.

"My client enjoys a good soaking tub," said Mr. Carnemark. "This design allows him to seat himself on the bench and slide into the tub with the help of the bars." Still, one could easily mistake this in-vogue room for a resort bath and shower. "Using organic, natural tile as opposed to, say, a diamond pattern, matching that tile's tone in the Silestone bench and tub ledge, using an undermount tub and the consistently orthogonal look all help make it feel noninstitutional," Mr. Carnemark explained.

"We had traveled to Japan several years ago," said the wife, who asked not to be identified by name, "and were very much taken by the so-called 'wet-rooms' in Japanese hotels, where the room opened to the shower and the bathtub was in the same space." She uses the couple's new bath as well, and enthused that you would never know the room is designed around her husband's physical limitations. "The grab bars look like they're decorative."

Far from diminishing the value of a home, a worry some designers report, design for aging in place can actually entice buyers, said Diane Harris, former editor in chief of Money magazine and currently the editorial director of Considerable, a financial and lifestyle brand targeting people in their 50s and 60s.

"A first-floor bathroom that includes a shower adds more flexibility to a house layout," she said. "A first-floor laundry room to avoid stairs is great for seniors—and also a young family." But aesthetics are key, she continued. "Chances are, if it looks good to you, it will look good to prospective buyers."

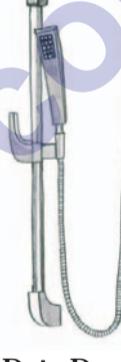
Few homeowners show the foresight of Messrs. Weldon and Newman. After all, they are healthy, working, active and only in their 60s. Some of their motivation for planning ahead when renovating their 1824 house came from experience. "My mother had very bad arthritis in her hands and macular degeneration," said Mr. Newman, "so day-to-day tasks like opening drawers or doors were very hard for her. It was a struggle."

Mr. Weldon, though a designer, is not a Certified Aging in Place Specialist (CAPS), a designation given by the National Association of Home Builders (NAHB). Nevertheless, the couple researched the issue. Mitzi Beach, a CAPS designer in Wichita, Kan., and an expert in boomer lifestyle, points out that there are no Americans with Disabilities Act (ADA) codes for residential properties, as there are for commercial properties. But one can find AIP guidelines on the NAHB website, nahb.org, and can find CAPS designers there and through the American Society of Interior Designers (asid.org). Mr. Listou's organiza-



SAFE AT HOME In a Bethesda, Md., bathroom, residential designer Jonas Carnemark camouflaged the elements meant to assist a man with limited mobility by using organic-looking tiles and a limited palette.

STEALTH HELP / SIX FURNISHINGS THAT MAKE LIFE SAFER, AND DO IT IN STYLE



Double-Duty Douche

Hand-held showers let you direct water, and the slide bars on specialty models double as grab bars. This Art Deco-influenced model comes in five finishes, including Tuscan Bronze and Polished Nickel. Pfister Park Avenue Hand Shower, from \$182, build.com



Ready, Steady, Sit

Chairs need to be easy to get in and out of. This seat's height of 19 inches isn't too low, its depth of 19 inches won't swallow up a person, and the two sturdy arms will help with self-ejection. Winston Club Chair, \$495, onekingslane.com



Not a Knob

Older paws have trouble with grip. For doors with latches, levers require the least effort. Graceful curves make this one particularly ergonomic and not too clinical. Osprey Lever, from \$186, rockymountainhardware.com



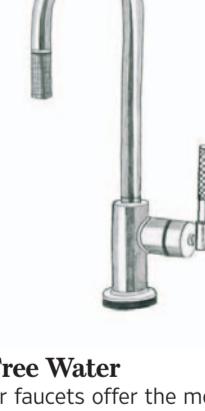
First-Class Seat

In close competition with the standard grab bar for the most geriatric-looking furnishing is the white, plastic, slatted shower chair. Much more spalike: this one, in Brazilian walnut. SerenaSeat Wall-Mounted Shower Seat, from \$249, invisiacollection.com



Bar None

Manufacturers now create grab bars in materials and styles to match any décor: sleek, minimalist chrome, poppy acrylics, tradition-tinted bronze. This teak one could almost pass for a ballet bar. Great Grabz Horizon Grab Bar, from \$80, wayfair.com



Worry-Free Water

Single-lever faucets offer the most function with the least effort. This one's cross-hatching makes grasping even easier. Litze Smart-Touch Pull-Down Faucet with Arc Spout and Knurled Handle Grande by Brizo, \$780, centralshowroom.com on 56, 212-588-1997

tion trains and designates Certified Living in Place Professionals (CLIPP), who can be found at livinginplace.institute.

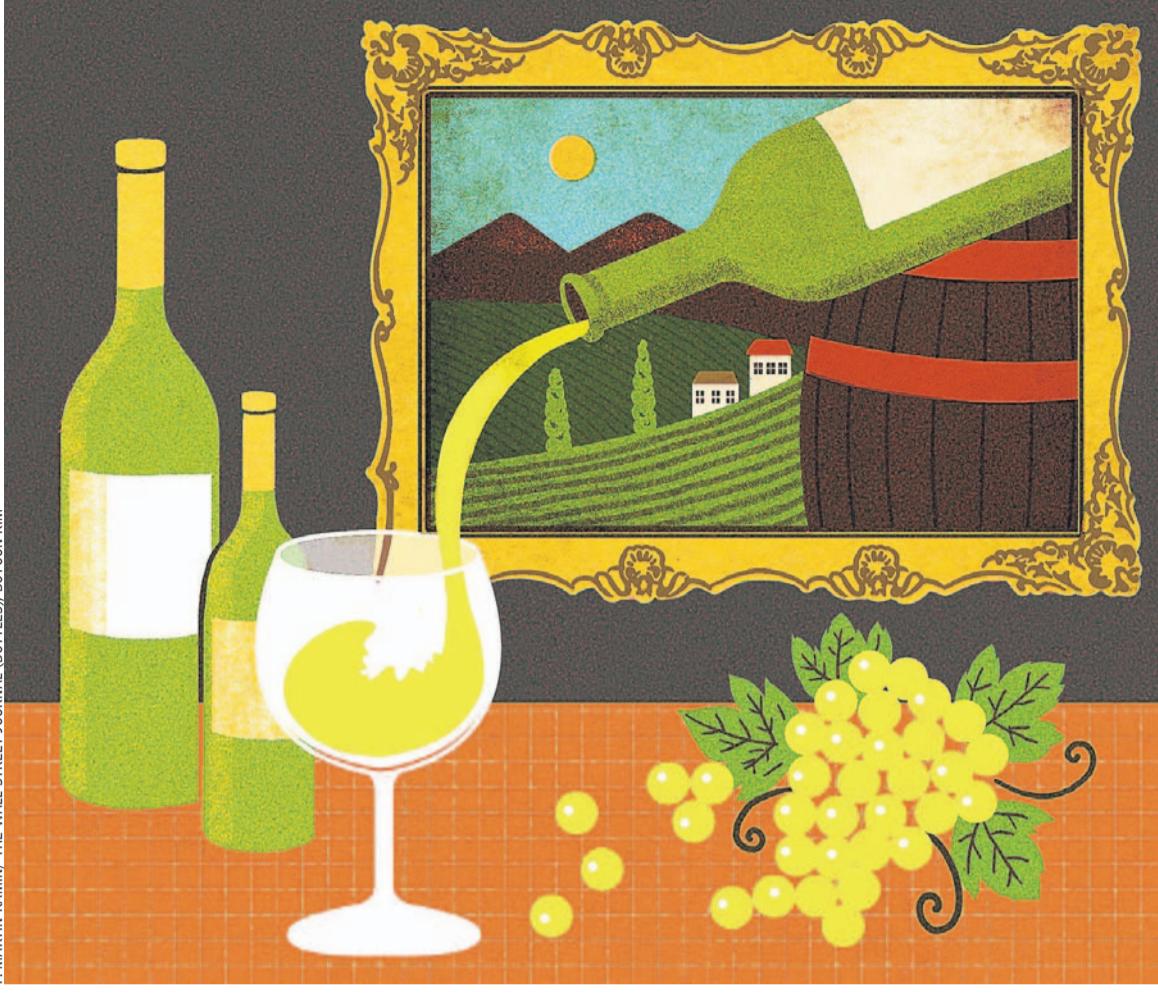
Meanwhile, file this under "I'll never need that." CAPS designer Michael A. Thomas, in Palm Desert, Calif., recalls one particularly active (and house-proud) tennis player in her early 60s who wanted a gorgeous master

bathroom. She feared the modifications would be unattractive and, even more worrisome, present her as old and in need of assistance. "What will the neighbors think?" she balked. Mr. Thomas persuaded her to go with a taller toilet that eased sitting and getting up, a wall-mounted sink vanity that could accommodate a wheelchair, a curbless shower

and tiles reinforced to hold grab bars.

Six months after the installation, Mr. Thomas's client shattered both her knees on the tennis court. She was able to return home, instead of spending weeks in a rehab center, thanks to having brilliantly opted for a safer bathroom—a fact she was delighted to share with her neighbors.

EATING & DRINKING



ON WINE / LETTIE TEAGUE



The Best Bargain in French Wines

OVER THE YEARS, readers have asked why I haven't written more about sweet wines. I regret overlooking this category, and no more so than in the case of Sauternes, the great sweet white wine of Bordeaux.

Sauternes has been off the radar of Americans for decades, and the wines are often hard to track down. The tiny Sauternes appellation—located just south of Graves in Bordeaux and composed of five communes that include Sauternes and Barsac—accounts for just 1% of the wines produced in Bordeaux.

Sauternes wines are also quite hard to produce. The process involves deliberately affecting ripe

grapes—Semillon, Sauvignon Blanc and/or Muscadelle—with a beneficial rot called Botrytis cinerea. The rot makes the grapes' skin permeable so that the sun evaporates water inside, thereby concentrating the sweetness, acids and flavors of the fruit and also, ultimately, giving the wine a deep golden hue.

Jean-Jacques Dubourdieu, managing director and co-owner of Château Doisy Daëne in Barsac, said it costs him two to three times more to produce a sweet than a dry wine in Sauternes. Aline Baly, co-owner and marketing director of Château Coutet in Barsac, described the tiny production in terms of volume. "We

get a single glass of wine from a vine," she said. By contrast, she said, producers of dry red Bordeaux can get "a bottle of wine" from a vine.

The rot develops thanks to the region's high humidity, a result of its location between two rivers—the large Garonne and the smaller Ciron—and the morning mists that envelop the vineyards. The rot rarely develops evenly, though. Some grapes might be affected more quickly than others, and some might not acquire rot at all—or they might develop a bad rot instead. Sometimes a combination of the above will occur within the very same bunch of grapes. This means harvest

can take weeks or even months, as pickers pass through the vineyards multiple times to pick only the perfectly botrytized grapes. Mr. Dubourdieu noted that they might harvest the same vineyard three or four times when making a sweet wine—versus once to produce a dry wine.

This work costs time and money, yet even the best Sauternes are remarkably affordable, even cheap compared to other great wines of Bordeaux. There may be no other wine in the world whose price is so disproportionate to the cost of its production, especially at the top estates.

Bérénice Lurton, owner of first-growth estate Château Climens, believes Sauternes are underpriced relative to "the work, the rarity and the exceptionality" of the wines. Although the wines of Climens are more expensive than most other first-growth Sauternes, they still seem like remarkable deals. A bottle of the 2015 Château Climens costs \$70, whereas a first-growth Bordeaux like Château Latour costs at least 20 times that and often more.

Château Climens was designated a first-growth estate in the 1855 Classification of Sauternes and Barsac, the same year that the Médoc Classification was established for dry red Bordeaux. Although the Médoc wines were ranked as first through fifth growths—with the top including such famous names as Lafite and Latour—the wines of Sauternes and Barsac were ranked only as first and second growths. Additionally, Château d'Yquem was allocated a class of its own, premier cru supérieur, and it is priced accordingly. The current vintage sells for around \$500 a bottle, which made it too expensive to taste for the purposes of this column, alas.

Back when the classifications were made, the sweet white wines of Bordeaux were just as valuable as the reds. But as the fame (and price) of top red Bordeaux escalated ever upward, the price for the best sweet whites remained low. There simply wasn't the same kind of demand.

Few people drink sweet wine except "on special occasions and Christmas," as Ms. Lurton noted. Jason Jacoboit, wine director at Bâtarde in New York, confirmed this when I visited his restaurant a few weeks ago. While he tries very hard to persuade diners to drink Sauternes and even offers two by the glass, priced very cheaply—"loss leaders" in industry parlance—it's often to very little avail.

I'd brought some Sauternes to Bâtarde on a corkage-free night, and Mr. Jacoboit professed pleasure at seeing the wines, though he confessed, "Like everyone else I don't drink very much Sauternes." My four half bottles (a popular size among Sauternes producers) included the 2009 Château Guiraud (\$30), 2010 Château Doisy-Védrines (\$25), 2007 Château Suduiraut (\$35) and 2009 Château Rieussec. (\$32).

The latter two are among the most venerable names in Sauternes, and the wines, especially the Rieussec, were very good. While the Guiraud and the Doisy-Védrines were simple and a bit too sweet, almost syrupy, the Suduiraut (slightly oxidative) and Rieussec were nuanced and elegant. The Rieussec had a brisk acidity that made it particularly refreshing and easy to drink.

There may well be no other wine with a price that's so disproportionate to the cost of its production.

The next eight wines I bought and tasted over the next several days were a similarly mixed lot. Some were a bit heavy and sweet—cloying and alcoholic—the sort that might scare a potential Sauternes fan away. Others were beautifully balanced with a brisk acidity that countered the sweet, rich fruit.

My favorites included the lithe and charming 2015 Château Coutet (\$30) and the 2015 Château Climens Barsac (\$40), richer and more lush. The lighter but still very well balanced 2010 Château Filhot (\$24) was also a pleasure, as was the pretty if comparatively slighter 2015 Château Violet-Lamothe (\$22). And at 14% alcohol they were all easy to drink—less alcoholic than most Napa Cabernets. They also last days, even weeks, after opening in a refrigerator, if it actually takes you that long to consume them.

None of the best wines were simply sweet; they were wines of depth and richness that seemed to deserve their own category or type. Perhaps "wines of pure pleasure." How would that title look on a restaurant wine list or store shelf?

► Email Lettie at wine@wsj.com.



OENOFILE / SAUTERNES HALF-BOTTLES TO SAVOR NOW OR SAVE FOR A FEW YEARS

2015 Château Violet-Lamothe Sauternes (\$22)

This is what I'd call a "starter" Sauternes: pretty and light-bodied, an attractive and undemanding wine with appealing aromas of apricot and passionfruit. A Sauternes for sipping on a hot summer night.

2010 Château Filhot Sauternes (\$24)

The wines from this second-growth estate are said to have been admired by Thomas Jefferson back in the day. This wine is relatively light bodied with good concentration and lively fruit.

Château Rieussec Sauternes (\$32)

This first-growth estate sits on a hill said to be the second highest in the region after the one occupied by Château d'Yquem. The 2010 is an extraordinarily elegant wine, its richness balanced by bright acidity.

2015 Château Coutet Barsac (\$30)

Owned by Philippe, Dominique and Aline Baly, this first-growth and first-rate estate produces some of the best wines in Barsac. The 2015, while still youthful, is concentrated but also quite lithe, with a silken texture.

2015 Château Climens Barsac (\$40)

Sauternes lovers consider this first-growth estate the closest peer of Château d'Yquem. This wine is sumptuous and powerful but immensely refined, with exceptional length—one to keep, though it's hard not to drink.

SLOW FOOD FAST / SATISFYING AND SEASONAL FOOD IN ABOUT 30 MINUTES



Roast Salmon With Kimchi Succotash

"**WHEN I EAT** at home, I like to eat healthy," said Ann Kim. "Salmon is something I cook a lot." At this time of year, the Minneapolis chef also spends a lot of time browsing local farm stands. For her second Slow Food Fast contribution, she serves oven-roasted salmon over the contents of a typical August haul—corn, radishes, snap peas and purple cabbage—sautéed to emphasize their high-summer sweetness. Bacon brings savory richness to the mix, and a little cabbage kimchi adds its own fermented zip.

Ms. Kim recommends buying salmon fillets veined with a good amount of fat, which will melt down to help protect the fish from overcooking. "I prefer Norwe-

gian salmon because it's fattier and more forgiving," she said. The tangy kimchi balances the sweetness of the summer-vegetable succotash, but if you don't happen to have any on hand, no problem. "Just add more acid, like lemon juice," she said.

Not that Ms. Kim could imagine a scenario in which her kitchen would ever be without kimchi. "Growing up we'd always have it on the table," she said. "Fresh kimchi is so mild I eat it straight." As kimchi ages, its fermented fizz and flavor intensify; sautéing it in butter, as she does here, mellows its bite. But it still provides enough of an edge to make all the other flavors pop.

—Kitty Greenwald

Total Time: 20 minutes
Serves: 4

4 (6-ounce) skin-on salmon fillets

2 tablespoons olive oil

Kosher salt and freshly ground black pepper

6 bacon slices, cut into bite-size pieces (optional)

1 whole clove garlic

1 cup sugar snap peas, sliced into ½-inch pieces

Kernels cut from 2 ears sweet corn

1 cup thinly sliced purple cabbage

1 cup ½-inch diced radish
3 tablespoons cabbage kimchi, roughly chopped
2 tablespoons butter
½ lemon

1. Preheat oven to 450 degrees. Arrange salmon on a baking sheet and season with 1 tablespoon oil, salt and pepper. Bake until fillets are flaky and tender, 10–12 minutes depending on thickness.
2. Meanwhile, set a large sauté pan over medium heat. Add bacon and cook until evenly crisp, about 3 minutes.

Transfer bacon to a paper-towel lined plate and discard most fat from pan. Add remaining olive oil to pan and return to medium-high heat. Stir in garlic, snap peas, corn, cabbage, radishes, kimchi and butter. Cook until vegetables are crisp-tender, 2–3 minutes. Return bacon to pan and toss until combined, about 1 minute. Turn off heat and season with lemon juice and salt.
3. To serve, distribute succotash among plates. Top each helping with a salmon fillet and serve warm.



PORK AROUND Bacon brings its own savory flavor and crunch. But if you want to keep this dish pescatarian, leave the bacon out.

The Chef
Ann Kim

Her Restaurants
Pizzeria Lola, Hello Pizza and Young Joni, all in and around Minneapolis

What She's Known For Skillfully and creatively interweaving strands of Korean, American and Italian cuisines. Unexpected flavor combinations that nevertheless make perfect sense.

GEAR & GADGETS



STROKE OF GENIUS
Smartwatches and phone apps are replacing the jobs of caddies and instructional golf books.

even more. It connects via Bluetooth to nickel-size devices that attach to any club, or to Cobra Golf's new F8 connect clubs (see "In the Swing of Things"). After you play a few rounds, the Arccos app might learn that you tend to slice your driver and recommend you play a 5-iron on narrow holes instead of trying to compensate by aiming at the woods on the left.

These Trackers and Caddies are designed to help you play smarter within your skill set, which is great, but I still had questions about how to improve my swing: Am I gripping the club right? How should I set my feet? What's that flop shot thing Phil Mickelson does with his wedge? I had a bunch of club yardages and swing speeds at my disposal, but without expensive lessons or a high-tech simulator with a virtual coach judging my motions, how was I supposed to improve?

So far, the best tool I've found for developing a better swing is my smartphone's camera. Popping my phone against an empty bucket of range balls, I can record video of my backswing and follow through using the Blast Vision app from Blast Motion. After a few cuts with

Once I could better gauge my yardage with each club, I stopped guessing which one to grab and started strategizing.

IN THE SWING OF THINGS / HIGH-TECH GOLF GEAR



18BIRDIES

Use the app to find training videos and drill ideas. Once on the course, it can tell you how far you hit each club and make caddie-like recommendations for every shot. It can even help find you tee times and a new golf buddy. Free, upgrades for \$5/mo, 18birdies.com



BLAST MOTION

Pop the Blast Motion sensor onto your club, set your smartphone to video mode, and you've got your very own video training device. The Blast Vision app also tracks the exit velocity and estimated distance of each shot, and offers a library of drills. \$150, blastmotion.com



GARMIN APPROACH S60

This GPS-enabled smartwatch tracks your swings through companion sensors and provides real-time advice on what kind of shot to hit next. Take it to the range and use Garmin's Swing Tempo and TruSwing apps to perfect your swing. \$400, garmin.com



COBRA CONNECT CLUBS

Going for the green? A built-in tracking system in each Cobra connected club helps you dial in how far you can whack the ball and an app assists in club selection for each shot. From \$699, cobragolf.com

Greener Pastures

Can fancy new tech fix your golf swing? One novice finds out

BY DAVID PIERCE

IN THE LAST FEW years, everything from motion sensors to GPS trackers have become inexpensive and small enough to make their way into your golf bag. The upshot: It's easier than ever to collect data about your game. What to do with that data can be a bit trickier.

I've been playing golf for years, both because I love the game and because I enjoy an excuse to drink beer outdoors for four hours. As for my skill level, I'm where most casual golfers are: I can name all the clubs in my bag and play without embarrassing myself too badly, but the old "grip it and rip it" method will never be enough to fill the giant holes in my game.

Right now, two kinds of gadgets

aim to lower your scores—call them Trackers and Caddies. The Trackers are like Fitbits for your club. Some are soda-cap-size discs that screw into the top of your shaft or silicon sleeves that slide on tight. Others are built into smartwatches or even your glove. Each typically uses built-in sensors to tell you how fast you're swinging the club, and marks each new location to figure out how far you slugged that last shot. With a Blast Golf sensor attached to my pitching wedge's shaft, I discovered that the ball I hit with the club traveled nowhere near as far as I'd thought. Heartbreaking. The sensors delivered similarly crushing news about my strokes using the other clubs, too.

Once I could more accurately gauge the yardage I could achieve with each club I stopped guessing

which one to grab and started strategizing my way to the hole. Knowing I was 138 yards from the pin (thanks to my handy GPS-enabled range finder), I decided to swap my 7-iron for an 8 and let 'er rip.

The Caddies, meanwhile, are smartphone apps that help simplify those decisions, often advising how to attack each shot. Tell the 18Birdies app that you hit a driver 220 yards and a 3-iron 185 yards, and it'll recommend which club to pull out as you approach the tee or try to make the green in two (the app has data on 35,000 courses). It takes into account real-time wind and elevation conditions and even tells you how hard to swing the club. (I have no idea how to use exactly 89% of my full strength swinging a 9-iron, but I can try.)

The Arccos Caddie app can do

my driver, I was able to watch slow-motion replays demonstrating how I went up on my toes or swung so hard I practically threw the club, and pair that knowledge with the sensor data to start fixing my form.

Garmin's Approach S60 Smartwatch, specifically a feature called Swing Tempo, helped keep me in bounds by tracking the pace of every swing. My speedy strokes had caused me to spray the ball all over the course until the app coached me into grasping that the ideal ratio of backswing time to downswing time was 3:1. After an hour of practice, I started to learn what that felt like. My game immediately improved.

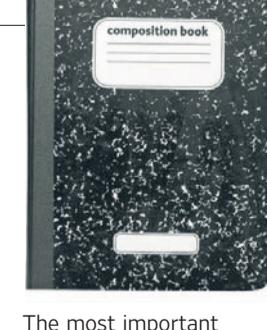
All this new tech will require a little leeway from the U.S. Golf Association, which governs the rulebook that pros and amateurs play by. Section 14-3 states that players cannot use devices "that might assist a player in making a specific stroke or generally in his play," so there's still a long way to go before golf becomes a truly high-tech sport. I'm not trying to make the PGA Tour, though, just trying to keep my drives out of the woods and my scores south of triple digits.

Over weeks, I became a notably better golfer, in part because these gadgets forced me to think before every shot. I learned to swing a little slower, choose the right club more often and stop doing that weird twisty thing with my knees. Now if only I could get some giant headgear contraption that would prevent my head from popping up a split-second before I hit the ball, I'd practically be a pro.

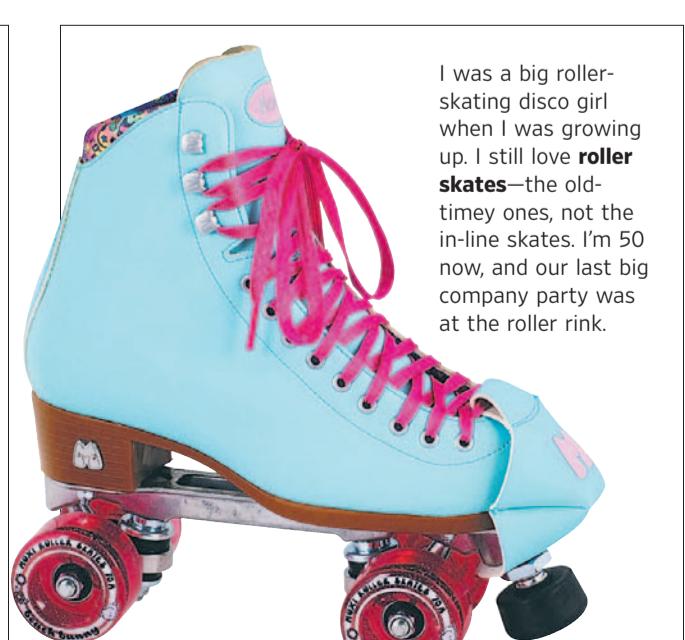
MY TECH ESSENTIALS

Rachael Ray

Celebrity chef and host of her eponymous show, returning Sept. 10, on her obsessions with hard rock, roller disco and murder



The most important things in my life are my notebooks. Every book I've written, every recipe for a show, everything I cook for friends and family, I record in composition books. Sometimes I concept the way I want something to look and I doodle it. My brain can free-flow better if I have a pen in my hand.



I was a big roller-skating disco girl when I was growing up. I still love roller skates—the old-timey ones, not the in-line skates. I'm 50 now, and our last big company party was at the roller rink.



In the gym or when I run, I listen to drum-driven, very heavy rock like Led Zeppelin or The Who. So I wear Shure SE535 high-definition sound isolating earphones. They're made to fit snugly inside my ears without moving around. I sweat a lot, so after a 30-minute run, I am doused. If I use any of those funny little bud things, they get washed out from the sweat and simply fall out of my head.



My husband gave me a beautiful set of Paul Cox knives. They have black diamonds in the handles and they look like you're gonna murder someone. They're pretty cool (similar model shown).

We have literally thousands of records that we buy at Amoeba Music or find at flea markets, so it makes sense that the most expensive thing in our apartment is our record player: an AVID Acutus SP Turntable.

The deck literally floats, so if there's an imperfection or a scratch on the album, it compensates for it.



I love murder. Period. I binge-watch "Columbo" on Hallmark. I love Peter Falk and I've seen every episode a million times. Sometimes it's on all day—but I do have to do other things while it's on.

—Edited from an interview by Chris Kornelis

