

THE WALL STREET JOURNAL.

DOW JONES | News Corp *****

MONDAY, AUGUST 27, 2018 ~ VOL. CCLXXII NO. 48

WSJ.com

★★★★ \$4.00

Last week: DJIA 25790.35 ▲ 121.03 0.5% NASDAQ 7945.98 ▲ 1.7% STOXX 600 383.56 ▲ 0.7% 10-YR. TREASURY ▲ 13/32, yield 2.826% OIL \$68.72 ▲ \$3.51 EURO \$1.1622 YEN 111.23

What's News

Business & Finance

Musk made his decision to drop a plan to take Tesla private after coming to have doubts as a deal team hustled to give the idea form, according to people familiar with the matter. **A1**

◆ **The profitable trade** in a group of U.S. and Asian tech giants is beginning to fracture, reflecting escalating U.S.-China trade tensions and economic and market uncertainties. **B1**

◆ **Goldman is leading** a pack of investment banks that are elbowing into the crucial stock-exchange business of end-of-day trading. **B1**

◆ **A proliferation** of beverages that don't fit within traditional drinks categories is confusing shoppers and challenging manufacturers and retailers. **B1**

◆ **Natural-food and specialty chains** expecting to be hurt by Amazon's acquisition of Whole Foods have instead seen growth a year after the deal. **B2**

◆ **Chinese ride-hailing** firm Didi temporarily halted one of its services after police said a Didi driver raped and killed a passenger. **B3**

◆ **China is using** a Sany-run factory as a model for its drive to make domestic firms more competitive by using robots, big data and other tech advances. **B3**

◆ **A dispute about** who should pay for a troubled South Carolina power plant is part of a wider debate about the right level of public support for the U.S. nuclear industry. **B4**

World-Wide

◆ **Pope Francis wouldn't** respond to claims by a former Vatican ambassador to the U.S. that he covered up alleged misconduct by a prominent cardinal, amid a deepening crisis over abuse. **A1**

◆ **Trump's antagonistic** posture toward international institutions soured some European officials on Quarles's candidacy to helm an international regulatory body. **A1**

◆ **Iran's parliament** ousted the economy minister, stepping up an overhaul of Rouhani's cabinet amid opposition to his response to U.S. sanctions. **A7**

◆ **An Iranian-British** charity worker returned to prison after she was refused an extension to her temporary release. **A7**

◆ **The president's job-approval rating** remained stable amid criminal convictions and guilty pleas by two former advisers, new polling found. **A4**

◆ **The U.S. and Mexico** neared an agreement on key issues holding back a renegotiation of Nafta. **A4**

◆ **A gunman killed** two people and injured nine at a videogame tournament in Jacksonville, Fla., before killing himself. **A3**

◆ **A federal judge** struck down parts of three Trump executive orders that made it easier to fire some federal employees. **A4**

◆ **Died: John McCain**, 81, Vietnam War veteran and U.S. senator. **A1, A6...Neil Simon**, 91, Pulitzer Prize-winning playwright. **A13**

CONTENTS Markets Digest B7
Business & Finance B2 Opinion A15-17
Business News B3-5 Sports A14
Crossword A14 Technology B4
Head on Street B10 U.S. News A2-46
Life & Arts A11-13 Weather A14
Markets B9-10 World News A7-9

3 5 1 3 0 >
0 78908 63141 1

© 2018 Dow Jones & Company, Inc.
All Rights Reserved



Flags flew at half-staff Sunday at the Capitol in Washington in honor of Sen. John McCain, 81, who died Saturday at his home near Sedona, Ariz., of a brain tumor. Mr. McCain will lie in state at the Arizona Capitol on Wednesday and at the U.S. Capitol on Friday.

McCain's Death Leaves Void

Senator was driving force for a foreign policy based on U.S.-led internationalism

By GORDON LUBOLD

championed the troop surge in Iraq, intervention in Afghanistan, deep ties and joint exercises with allies from Japan to Europe and an unwavering antagonism toward Russia.

On Saturday, the McCain family said the 81-year-old senator died of cancer at his Arizona home, surrounded by his loved ones. Washington awoke on Sunday to an outpouring of grief and condolences, with flags flying at half-staff, and leaders from both sides of the political aisle honoring his years of service as a Navy pilot, a prisoner of war and above all, a congressional champion of a strong, U.S. military with global reach.

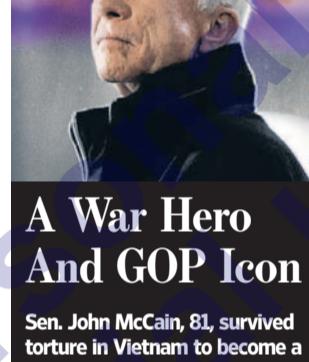
Mr. McCain, throughout his career, was a driving force behind the interventionist wing of the Republican Party, a faction that views overseas alliances and troop commitments as a stabilizing force in the world. Over his decadeslong career as a political leader, he

championed the troop surge in Iraq, intervention in Afghanistan, deep ties and joint exercises with allies from Japan to Europe and an unwavering antagonism toward Russia.

On Saturday, the McCain family said the 81-year-old senator died of cancer at his Arizona home, surrounded by his loved ones. Washington awoke on Sunday to an outpouring of grief and condolences, with flags flying at half-staff, and leaders from both sides of the political aisle honoring his years of service as a Navy pilot, a prisoner of war and above all, a congressional champion of a strong, U.S. military with global reach.

Mr. McCain will lie in state in the Arizona Capitol on Wednesday, which would have been his 82nd birthday. Memorial services are scheduled at Washington's National Cathedral and in Annapolis, Md., where he will be interred.

Many leading Republicans have turned away from the ro-



A War Hero And GOP Icon

Sen. John McCain, 81, survived torture in Vietnam to become a leading figure in his party.... A6

bust internationalism prodded by Mr. McCain toward a more limited role for the U.S. advocated by President Trump. Skeptics often express doubt over the wisdom of the Iraq war as well as the costs of the alliances and relationships through which the U.S. has exercised power and kept adversaries in check.

Mr. McCain, along with his longtime ally in the Senate, Lindsey Graham (R, S.C.), saw those partnerships as the only way to sustain U.S. foreign policy. Mr. McCain harshly criticized Mr. Trump's failure to embrace more forcefully the North Atlantic Treaty Organization alliance and the president's refusal to sign a joint communiqué among the Group of Seven industrialized nations during a summit this summer.

Please turn to page A6

Trump Banking Board Nominee Imperiled

By NICK TIMIRAO

JACKSON HOLE, Wyo.—Some European officials are objecting to the candidacy of a top Federal Reserve official to helm an international regulatory body, soured by President Trump's antagonistic posture toward international institutions at foreign summits this summer, according to people familiar with the matter.

Randal Quarles, the Fed's vice chairman for bank supervision, had emerged as a front-runner this spring to lead the Financial Stability Board, a body formed in 2009 to monitor and advise governments on financial regulation, when the term of the current chairman, Bank of England Gov. Mark Carney, expires in December.

But officials in several Western European capitals later argued that a U.S. official shouldn't be rewarded with the position after Mr. Trump lashed out at both the Group of Seven summit in Canada in June and the NATO summit in Brussels in July.

European diplomats were dismayed after Mr. Trump pulled his support from a final G-7 communiqué after he left early the June summit in Quebec. Mr. Trump grew irritated after Prime Minister Justin Trudeau of Canada held a news conference at the conference's conclusion, where he warned Canada wouldn't be pushed around by the U.S.

Mr. Trump later delivered blunt critiques of European Please turn to page A2

◆ Bob Davis: How to view Trump's call for zero tariffs... A2
◆ Central bankers discuss new economic risks A2

Pope Knew of Alleged Abuse For Years, Archbishop Says

By FRANCIS X. ROCCA

A former Vatican ambassador to the U.S. accused Pope Francis of covering up alleged misconduct by a prominent cardinal and called on him to resign, deepening a crisis over sexual abuse that is increasingly overshadowing his pontificate.

The pope said he wouldn't respond. "I won't say a word about it," he said aboard a flight from Dublin to Rome on Sunday night.

In a letter published on two Catholic websites, Archbishop Carlo Maria Viganò, a former senior Vatican official and dip-

lomat, claimed the pope knew as early as 2013 about allegations that the former archbishop of Washington, ex-Cardinal Theodore McCarrick, had been sexually active with seminarians and that Pope Benedict XVI had privately disciplined him over the charges. Archbishop Viganò alleged that Pope Francis had ignored then-Cardinal McCarrick's record and rehabilitated him as a powerful figure in the U.S. church.

The explosive accusations against the pope came amid an already-delicate papal visit to Ireland, which has been dominated by criticism of the

Catholic Church's handling of sexual-abuse scandals in Ireland and elsewhere.

An attorney for ex-Cardinal McCarrick said: "These are serious allegations. Archbishop McCarrick, like any other person, has a right to due process. He looks forward to invoking that right at the appropriate time."

Now-Archbishop McCarrick resigned as a cardinal this July, the first to do so in nearly a century, after a church investigation found credible a charge that he had sexually abused a teenager Please turn to page A9

In Drinks Market, Lots of Liquidity

Beverage makers, including PepsiCo and Coca-Cola, are increasingly moving away from their traditional drinks to meet shifting consumer tastes for products such as teas and coconut water. B1
Production volume

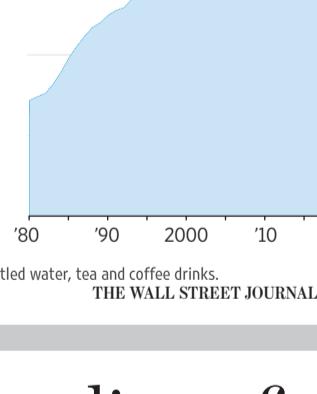
PepsiCo

8 billion gallons



Coca-Cola

8 billion gallons



Note: 'Other' includes fruit, sports, energy, bottled water, tea and coffee drinks.
Source: Beverage Marketing Corp.

THE WALL STREET JOURNAL.

Mike Pompeo Shows His Swagger: He Adopts the Word for His Staff

* * *

State Department incursion into pop culture draws notice from hip-hop world

By JESSICA DONATTI

WASHINGTON—Secretary of State Mike Pompeo promised to bring more swagger to his far-flung staff after getting the top job in April.

"We need our men and women out at the front lines, executing American diplomacy with great vigor and energy," Mr. Pompeo said his first day. Then he adopted the hashtag #Swagger to promote State Department work around the world.

The former Kansas congressman didn't realize how far afield he had ventured.

Editors at Swagga—an online lifestyle magazine for men—soon saw a spike in key

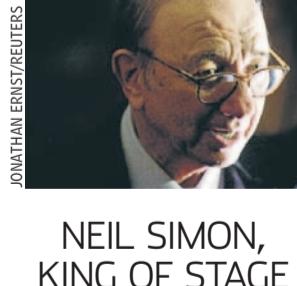
word searches for "swagger" and couldn't figure out why. Across social media, searches for #Swagger, which usually brought up images of fancy cars and attractive young women, started showing older men in suits.

"We look at trends and key words," editor in chief Steven Branco said. "When we looked into it, we could see that it was in politics."

The magazine discovered that the word swagger—popularized by hip hop artists and rappers as shorthand for confidence and style, extending to clothes, cars and dating—was being appropriated by one of the world's oldest

Please turn to page A10

INSIDE



NEIL SIMON, KING OF STAGE COMEDY, 91

LIFE & ARTS, A13



U.S. OPEN COURTS ANARCHY

JASON GAY, A14

The Unraveling of Musk's Tesla Plan

Confident tweets masked private doubts

tweets suggested. He had told the world he had funding "secured," and one tweet elaborated that the deal was so certain it needed only a shareholder vote.

As the team hustled to put form to his idea, lining up investors willing to put up the tens of billions of dollars required for the deal, Mr. Musk was having doubts, according to people familiar with this thinking.

A buyout, even if accomplished, would force some of the technology mutual funds that had been ardent supporters to trim their stakes. It might mean allowing competitors inside his tent—one of the investors his bankers had lined up was Volkswagen Please turn to page A10

U.S. NEWS

THE OUTLOOK | By Bob Davis

How to View Trump's Call for Zero Tariffs



In more than 40 tweets this year, President Trump has praised tariffs for making Americans richer, reducing trade and budget deficits and restoring U.S. prestige.

"Only fools would disagree," he tweeted in August. He also calls himself a free trader who wants to eliminate tariffs altogether as well as industry subsidies and non-tariff trade barriers across countries.

"No tariffs, no barriers. That's the way it should be," Mr. Trump said at a press conference after Group of Seven meetings in June. Is that no-tariff objective serious after all that Mr. Trump has said in favor of them?

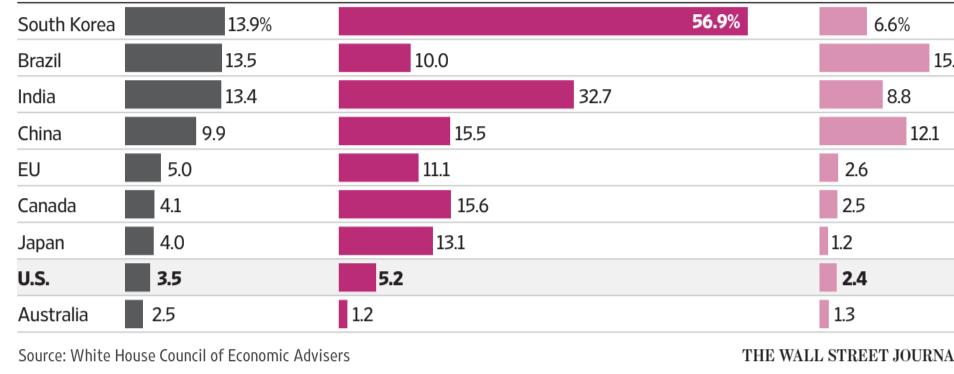
Probably not. As recent talks with Europe help show, most nations have industries they are determined to protect—including the U.S.—which makes it hard even for the most ardent free traders to level the global trading field completely. It is one reason the global trade deals that do exist are so complex and often uneven.

The U.S. initially pushed the zero-tariff line in recent talks with Europe, but both sides quickly watered it down.

Leveling the Playing Field

U.S. tariffs are among the lowest in the world, which the Trump administration claims gives trading partners an edge.

Applied tariff rate



Source: White House Council of Economic Advisers

The U.S. insisted that automotive trade be exempted from the talks, even though the U.S. is pushing Europe to eliminate its car tariffs and has threatened tariffs as high as 25% on European car imports, if they don't.

The reason vehicles aren't in the talks: The U.S. auto industry itself relies on 25% tariffs to protect U.S. trucks from import competition, and the Trump administration wanted to preserve that. The European Union, on the other hand, blocked U.S. efforts to consider agricultural subsidies because it wanted to preserve the Common Agricultural Poli-

icy, which relies on subsidies. Also off the table: U.S. "Buy America" provisions, which block foreign firms from government contracts.

Negotiators are now largely talking about reducing tariffs on industrial products, which is the usual starting point of most trade deals. But the economic gains of going to zero would be small because tariffs are already low. The average U.S. manufacturing tariff is 2.4%, compared with the EU's 2.6%.

The zero-zero proposal springs from work done by Larry Kudlow before he was appointed National Economic Council director earlier this year. He and two free-trade economists—Stephen Moore of the Heritage Foundation and Arthur Laffer, a Reagan administration adviser—sought ways to make their views jibe better with Mr. Trump's belief that trade makes some countries winners at the expense of others, says Mr. Moore.

They latched on to the 2018 Economic Report of the President, which showed that the U.S. had among the lowest tariffs among major trading nations. Zero tariffs would make the U.S. a winner, they argued, because other

countries would have to make bigger cuts than the U.S.

In a spring White House discussion with trade advisers, Trump trade hawk Peter Navarro objected, arguing that zero tariffs weren't sufficient to level the playing field, said individuals familiar with the discussions. The U.S. also needed to push for zero subsidies, non-tariff barriers, currency manipulation and value-added taxes, Mr. Navarro argued, because other countries used those tools to their advantage. The advisers agreed to push for three zeros: tariffs, subsidies and non-tariff barriers.

At the G-7 summit in June Mr. Trump pitched the idea, which was overshadowed by a public feud with the host, Canadian Prime Minister Justin Trudeau and then a summit with North Korean leader Kim Jong Un. The following month, the proposal resurfaced in talks with Europeans.

Though hard to achieve in practice, the zero-tariff initiative still plays a role in U.S. negotiating strategy. In the U.S.-Europe talks, it helped ease relations, which had been strained by U.S. tariffs on EU steel and aluminum exports. The U.S. has pledged to not go ahead with tariffs on European cars as long as the two sides are negotiating. The two sides met in Washington on

Aug. 20 for follow-up talks where the zero-tariff initiative remained on the table, said an EU official.

Similarly, the zero-tariff plan could give the U.S. a way to re-engage with trading partners who have dismissed the Trump administration as hopelessly protectionist. "It gives the U.S. the moral high ground," says Mr. Moore.

If the U.S. cuts deals with allies like the EU, Canada, Mexico and Japan, the Trump administration could then focus on China. Administration trade hard-liners and free-traders alike have been frustrated that fights over steel, aluminum and other issues have made it tougher to mount a coordinated Western offensive against China.

When it comes to China, a push toward zero tariffs and subsidies could produce some clear wins for the U.S., given China's much greater level of protection. Chinese industrial tariffs, for instance, average 12.1%, the Council of Economic Advisers reports. Cutting them to zero—or at least a lot lower—could be a big win for the U.S.

Getting China to accept dropping all subsidies and other discrimination against foreign companies—now that would be a real long shot.

U.S. WATCH

HAWAII

Cleanup Begins After Storm Moves Out

Hawaii was cleaning up Sunday from the floods and landslides left in the wake of a hurricane that narrowly missed the islands. Hurricane Lane, which last week blew 150-mile-an-hour winds, dissipated and was downgraded to a tropical storm on Friday evening as it began heading away from the Hawaiian Islands.

But the storm brought record rainfall to Hawaii's Big Island and caused flooding, landslides, road

closures and power outages. No storm-related deaths were reported.

Three feet of rain fell at the Big Island's Hilo Airport, the wettest four-day period there on record, the National Weather Service said. More than 4 feet of rain fell on other parts of the island. No official tallies of how much it is likely to cost to clean up all the damage have been released.

There was less rain and flooding on the other islands, but Maui contended with brush fires that damaged some homes and the loss of power for thousands.

—Zusha Elinson

CHICAGO

At Least Eight Killed In Apartment Fire

Eight people, including six children, were killed when a fire broke out before dawn Sunday at a Chicago apartment in one of the deadliest fires in the nation's third-largest city in years, officials say.

Two other people were hospitalized in critical condition, Chicago Fire Department spokesman Larry Merritt said. One of the children who died was an infant, according to Fire Commissioner Jose Santiago.

"We have not had this in many, many, many years—this amount of fatalities and injuries in one location," he said.

A makeshift memorial along a nearby sidewalk included crosses for each child who died—a small Mickey Mouse doll set next to one.

The Rev. Clifford Spears of Saint Michael Missionary Baptist Church led a crowd that gathered in prayer, the Chicago Tribune reported.

A candlelight vigil was planned for Sunday night.

—Associated Press



A man surfed in a hurricane-swollen drainage canal in Hawaii.



Randal Quarles's FSB candidacy faces criticism among Europeans.

nor of the Dutch central bank, is viewed as Mr. Quarles's rival for the FSB job.

A White House official said the U.S. maintains a strong relationship with Europe and that the administration believed Mr. Quarles's candidacy had broad international backing. This person said having a person from the U.S. lead the group, which has never happened, could strengthen U.S. ties with Europe.

"Randy Quarles is exceptionally qualified to chair the

FSB. He would bring to the position strong leadership, decades of experience with financial regulation and a well-deserved reputation for working cooperatively," said Lindsay Walters, a White House spokeswoman.

A Fed spokesman declined to comment.

An FSB spokesman also declined to comment.

Those backing Mr. Quarles for the position have said having a U.S. official who is committed to the organization could serve it well during a period where Washington has turned more skeptical of its membership in or leadership of international bodies.

Mr. Quarles, who was nominated to his Fed post by Mr. Trump, has defended the FSB against complaints from some Republicans who have viewed international regulatory bodies warily.

"The FSB does not impose

obligations. It addresses problems—problems that are of great importance to the United States and which, because of the global nature of the financial system, we cannot address alone," he said in a June speech at a banking conference in Utah. Such international groups "help level the playing field" for U.S. firms, Mr. Quarles said.

The FSB's members are chiefly institutions such as central banks and finance ministries—including the Fed and U.S. Treasury Department—as well as organizations such as the International Monetary Fund, the World Bank and the International Accounting Standards Board.

Mr. Quarles served as a top official in the Treasury under President George W. Bush, and Treasury officials have backed his bid for the FSB post. Like Mr. Carney, Mr. Quarles would keep his central-bank position if he also led the FSB.

The FSB's stature has risen after governments throughout the world rallied around the call for new regulations to stave off further financial crises after 2008. The position has only changed hands once before, in 2011, when Mr. Carney, at the time the head of the Bank of Canada, succeeded Mario Draghi, who departed the post to lead the European Central Bank.

Mr. Carney had taken a prominent role defending new postcrisis financial regulations in the first years of the FSB, when it encountered some criticism from big banks.

Mr. Quarles has been viewed skeptically by some Democratic lawmakers and international officials, however, because he has led the charge at the Fed to simplify or ease some of the postcrisis financial regulations. He has said those changes will help correct some overly burdensome rules without jeopardizing the gains that have made the financial system safer.

The FSB's seven-member nominations committee will make a final decision this fall.

Bankers Discuss New Economic Risks

By NICK TIMIRASOS AND PAUL KIERNAN

JACKSON HOLE, Wyo.—Central bankers around the world have finally reached the point, after many years, when a period of strong economic growth allows them to unwind their postcrisis easy-money policies.

But at the Federal Reserve's annual retreat here over the weekend, they found themselves weighing new risks, including widening trade disputes and political challenges to their independence.

Traditionally, a healthy expansion can lift the economy's long-run growth rate if tighter labor markets lead to higher wages or productivity-boosting investments.

"Unfortunately, disruption of the global trading system has come at just the point where that was about to occur," Bank of Canada Gov. Stephen Poloz said on Saturday.

Central bankers didn't mention President Trump by name but made clear they were concerned about U.S. trade policy. Since the beginning of the year, the Trump administration has imposed tariffs on tens of billions of dollars of imports from a host of countries.

"It's paradoxical that the United States is starting to put obstacles in the road at a time when its economy is firing on all cylinders," said Agustín Carstens, general manager of the Bank for International Settlements, which serves as a central bank for the world's central banks.

Trump administration officials have said they see tariffs as a way to boost U.S. industries by forcing other economies to lower their trade barriers, buy more American exports or reduce foreign competition.

Trade negotiations last

week between the U.S. and China failed to produce any visible signs of progress, raising the odds Washington will impose tariffs on \$200 billion of Chinese goods.

The U.S. and Mexico on Saturday were nearing a bilateral agreement on issues holding back a renegotiation of the North American Free Trade Agreement, according to people closely tracking the talks.

Economists generally say low barriers to trade and investment reduce consumer prices and allow capital to flow to the most productive companies and industries, fueling rising prosperity.

Mr. Carstens highlighted the risk of a chain reaction of unintended financial consequences of trade barriers. Tariffs could strengthen the dollar in two ways: either by spurring inflation and thus tighten U.S. monetary policy, or by weakening local currencies in countries whose exports are targeted.

Central bankers didn't mention President Trump by name but made clear they were concerned about U.S. trade policy. Since the beginning of the year, the Trump administration has imposed tariffs on tens of billions of dollars of imports from a host of countries.

One question is how central banks might respond to escalating trade tensions. Central banks typically raise interest rates to restrain price pressures or cut rates to boost economic activity. Confronting both rising inflation and slowing growth "is of course the most awkward situation for a central bank," Mr. Poloz said.

He discouraged market assumptions that central bankers would ride to the rescue by keeping rates lower if trade disputes accelerate. "This is going to hurt something, so you think monetary policy will fix it," Mr. Poloz said. "That wouldn't be our job, to clean that up. It just wouldn't [work]."

THE WALL STREET JOURNAL

(USPS 664-880) (Eastern Edition ISSN 0099-9660)

(Central Edition ISSN 1092-0935) (Western Edition ISSN 0193-2241)

Editorial and publication headquarters: 1211 Avenue of the Americas, New York, NY, 10036

Published daily except Sundays and general legal holidays.

Periodicals postage paid at New York, NY, and other mailing offices.

Postmaster: Send address changes to The Wall Street Journal, 200 Burnett Rd., Chico, CA 95923.

All advertising published in The Wall Street Journal is subject to the applicable rate card, copies of which are available from the Advertising Services Department, Dow Jones & Co. Inc., 1211 Avenue of the Americas, New York, NY, 10036. The Journal reserves the right not to accept an advertiser's order. Only publication of an advertisement shall constitute final acceptance of the advertiser's order.

Letters to the Editor: Fax: 212-416-2891; email: wsj.letters@wsj.com

NEED ASSISTANCE WITH YOUR SUBSCRIPTION? By web: customercenter.wsj.com; By email: wsjsupport@wsj.com By phone: 1-800-JOURNAL (1-800-568-7625); Or by live chat at wsj.com/livechat

REPRINTS & LICENSING

By email: customreprints@dowjones.com; By phone: 1-800-843-0008

GOT A TIP FOR US? SUBMIT IT AT WSJ.COM/TIPS

CORRECTIONS & AMPLIFICATIONS

Readers can alert The Wall Street Journal to any errors in news articles by emailing wsjcontact@wsj.com or by calling 888-410-2667.

THE WALL STREET JOURNAL

U.S. NEWS

Gunman Kills Two at Videogame Event

By ZUSHA ELINSON
AND KATIE HONAN

A gunman opened fire, killing two and injuring nine others at a videogame tournament in Jacksonville, Fla., on Sunday afternoon, authorities said.

The suspected attacker, 24-year-old David Katz of Baltimore, killed himself, said Jacksonville Sheriff Mike Williams at a Sunday evening news conference. Mr. Katz came to participate at the contest in which players compete at the videogame "Madden NFL 19," Sheriff Williams said.

Mr. Katz used a handgun in the attack, the sheriff said. He declined to talk about the suspect's motive. Federal agents were searching the suspect's home Sunday evening, he said.

Six victims were brought to University of Florida Health hospital with gunshot wounds. Five were in stable condition and one was in serious condition, a hospital spokeswoman said.

Three more victims who were in stable condition were being treated at Memorial Hospital, a spokesman for the hospital said.

The attack took place at the GLHF Game Bar, according to a participant in the tournament. It was inside the Jacksonville Landing, an area with shops and restaurants along the St. Johns River.

The tournament is sponsored by Electronic Arts Inc., the game's creator. "This is a



Officers secured the scene of a shooting Sunday in Jacksonville, Fla., where a gunman killed two people at a videogame tournament.

horrible situation, and our deepest sympathies go out to all involved," Electronic Arts said in a statement.

The shooting occurred as the tournament was being live-streamed on social media. As the game was shown, shots are heard, then the screen says "controller discontinued."

"We are aware of the video and we have that video," Sher-

iff Williams said.

The National Football League said: "We are shocked and deeply saddened by the horrific tragedy today in Jacksonville. Our hearts go out to all those affected."

The first 911 calls reporting that people were shot came in at 1:34 p.m., said Sheriff Williams said. The sheriff's office reported the shooting at a lit-

tle after 2 p.m., warning people on Twitter: "Mass shooting at the Jacksonville Landing. Stay far away from the area. The area is not safe at this time. STAY AWAY."

Drini Gjoka, a professional videogame player, was at the tournament Sunday, according to his Twitter account and the account of the CEO of CompLexity Gaming, the esports

team he plays for.

Jason Lake, the founder and CEO of CompLexity, said Mr. Gjoka escaped from the shooting and ran to a nearby gym for safety. One of his thumbs was hit by a bullet, he said.

"The tourney just got shot up," Mr. Gjoka wrote in a tweet. "I will never take anything for granted ever again."

The event was a qualifier

LAURA HEAD/ASSOCIATED PRESS

Deadly Attack

Location of the videogame competition shooting



Source: OpenStreetMap

THE WALL STREET JOURNAL.

for the "Madden Classic" in Las Vegas, a tournament with a prize pool of \$165,000, according to the website of EA Sports. The Madden NFL videogame franchise has long been among the most popular sports videogames since its debut in 1988.

This tournament was scheduled to feature a number of past champions and notable competitors, many of whom have sizable followings on social media or among fans who stream their games online.

The games from this tournament could be watched on Amazon.com Inc.'s livestreaming platform Twitch.

—Elisa Cho, Sarah E. Needleman and Andrew Beaton contributed to this article.

Houston To Rebuild Hurricane Defenses

By DAN FROSCH

Voters in Harris County, which includes Houston, easily passed a \$2.5 billion bond measure to overhaul the region's flood-protection system, a year after Hurricane Harvey battered Texas.

With all of the precincts reporting, the measure drew support from nearly 86% of voters, according to the Harris County Clerk's Office.

In the months leading up to the special election, held on the first anniversary of Harvey's landfall in Texas, officials in Harris County described the measure as critically important to the future of this flood-prone area.

The measure, backed by property taxes, is the largest bond proposal ever offered in the history of the county.

The Harris County Flood Control District said the extra funding from the bond would allow it to finish flood-prevention projects that have been slowed by a lack of funding and pursue other projects it had not been able to afford.

With the bond measure in hand, the flood control district's annual budget could rise to more than \$500 million from \$120 million, according to Matt Zeve, director of operations for HCFCD. The county estimates that it would increase the total property tax by no more than 1.4% for most homeowners in Harris County.

Labor Shortage Hits Landscape Businesses

By SHAYNDI RAICE

Brian Friend sat at his kitchen table nursing a Friday-night beer this spring when he realized he would need to cancel \$80,000 in landscaping contracts because he couldn't hire enough workers. "It was a low point," said the 42-year-old, who runs Sylvan Gardens Landscape LLC in Pittsburgh.

Like landscapers across the country, Mr. Friend has faced a severe labor shortage this year, spurred by low levels of unemployment and high demand for visas under the foreign seasonal-worker program known as H-2B. Higher wages and added bonuses haven't attracted more workers, some landscapers say.

Richard Cafaro, owner of family-run Lawn Maintenance Services Co. outside Pittsburgh, said he was forced to shut the 48-year-old company because it didn't receive any of the seasonal foreign-worker visas it requested. For 17 years, the company had relied on those for the majority of its field crew.

Customers weren't happy. Theresa Dozzi used Mr. Cafaro as her landscaper for 20 years. Ms. Dozzi, 64, watched this spring as the grass grew so high it became "unsightly" around her 10,000 square-foot brick home set on 3 acres in Fox Chapel outside Pittsburgh.

"It was a nightmare," she said.

The tight labor market and visa shortage are hurting all kinds of industries that rely on seasonal workers, from Maryland's crab-picking industry to New England restaurants to Michigan fudge shops. But the \$82 billion-a-year landscaping industry is the largest user of



Like many landscapers, Brian Friend of Sylvan Gardens in Pittsburgh faces a severe labor shortage.

Help Wanted

Number of requests made for H-2B visas



Note: Fiscal year ends Sept. 30.
Source: Department of Labor's Office of Foreign Labor Certification

THE WALL STREET JOURNAL.

subscribed quickly this year, leaving landscapers across the country unusually short-handed. U.S. employers requested 167,000 H-2B visas in the first three quarters of 2018, exceeding the congressional cap of 66,000 workers every 12 months.

In previous tight-labor markets, Congress allowed an exemption for returning foreign workers that essentially doubled the number of H-2B visas awarded. Congress declined to permit the exemption this year. The Department of Homeland Security was given the authority to add as many as 69,000 visas this year but released only 15,000. The extra visas came in May; many businesses said it was too little, too late.

Filling the temporary, seasonal jobs at landscapers is even tougher when year-round work is more available.

"In today's economy, with unemployment hovering right below 4%, it's really hard to find people willing to take those

temporary jobs, especially jobs that can be physically grueling," said Laurie Flanagan, who co-heads the H-2B Workforce Coalition for the landscape and horticulture industries.

Landscape workers who have managed to make it through the season say they will need to raise prices and lay off full-time staff to make up for the hit to their business this season.

Philip Brua, who runs CityTurf LLC in Plano, Texas, got about half of the 110 visas he requested this year, and they were issued later in the season. That left him without the workers he needed for two months for the business's 5,000 landscaping contracts.

He said the company tried to hire locally by taking full-page ads in the local newspaper. One person showed up for an interview.

Mr. Brua said wages at his company have gone up 40% over the past four years but it hasn't helped attract U.S. workers. He said he was forced to

cancel 846 contracts and said he expects to cancel 1,000 more next year if things don't change. He estimates his business lost between \$2 million and \$4 million this year.

"We spent 14 years building this business and it can all be gone in a second," he said.

Because of the large number of visa applicants this year, the Department of Homeland Security switched to a lottery system from its previous first-come, first-served basis. Some employers were left without any visas.

Mr. Friend's Sylvan Gardens was one of those. He applied for eight visas, but received none. He offered a bonus of up to \$700 to anyone who could refer an employee who would last a full year. So far, nobody has stayed more than three months.

After canceling contracts, he tried to make do with a skeleton crew of 22. But they were spread too thin and customers complained. He estimates that, in total, he lost \$500,000 in revenue so far this year.

At the Hidden Valley Manor community of townhouses in Upper St. Clair, Pa., outside of Pittsburgh, the shrubs around the streetlights grew so high that they blocked the light sensors, leaving the streetlights on all day and night.

Patrick Boyle, president of the Hidden Valley Manor Homeowners Association, said he walked Mr. Friend around the complex to point out the lapses. A Sylvan Gardens team came the next day to address problem spots.

"They just haven't been able to keep up," said Mr. Boyle. "It's a health issue, an appearance issue and a property-value issue."

Home Values Eroded By Years of Flooding

By LAURA KUSISTO

Flooding has erased nearly \$7 billion in value for homeowners in New York, New Jersey and Connecticut since 2005, a new study finds.

Researchers across the country are studying the impact of water levels on real-estate values. A growing body of research has highlighted the vulnerability of Miami-Dade County, parts of which sit just a foot above sea level, to slowing home-price appreciation because of increased flooding.

The researchers previously found that a total of \$74 billion in potential home value appreciation had been lost across five southeastern states: Florida, Georgia, South Carolina, North Carolina and Virginia. The newly published research expands the analysis

to include the tri-state area, bringing the total loss for all eight states to \$14.1 billion.

The Northeast tri-state communities have lost nearly as much property value as storm-drenched southern Florida, according to an August report from First Street Foundation, a nonprofit that says it advocates "for sea level rise solutions." This is in part because real-estate prices in the region are high relative to the rest of the country, the report's authors said in an interview.

New Jersey overall has lost \$4.5 billion in potential value from 2005 until 2017 compared with Florida's loss of \$5.42 billion, according to the research.

New York has lost \$1.3 billion and Connecticut lost \$916 million.

First Street Foundation used the same methodology

for its research as a previous paper on the effect of flooding in the Miami-Dade market, written by Steven McAlpine, head of data science at the First Street Foundation, and Jeremy Porter, an environmental health sciences professor at Columbia. That peer-reviewed report, published in June in the Population Research and Policy Review journal, showed \$465 million was lost in Miami-Dade County.

Jesse Keenan, a professor at Harvard University who wrote a different peer-reviewed study on the effect of flooding on Miami housing and isn't involved in the First Street Foundation work, said the methodology is in line with academic research standards.

Ocean City, N.J., surpasses Miami Beach as the city hardest hit in the eight states they

have studied so far by increased flooding, the report said. The Jersey Shore community of about 12,000 residents lost more than \$530 million of potential real-estate value from 2005 to 2017 because properties appreciated more slowly than they would have without the risk of flooding, the study concludes.

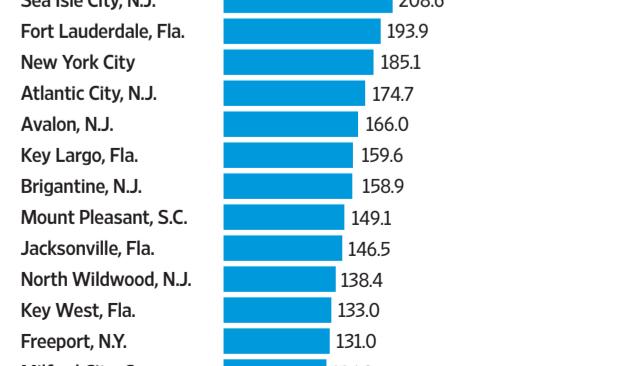
Miami Beach lost \$337 million of potential value during the same period.

That said, values still grew in the past decade in many areas covered in the report, even if they lagged behind relative to some other locations. Measures such as elevating homes and building sea walls can help guard against many of the risks, say developers and some local officials.

—Joseph De Avila contributed to this article.

Damaged Real Estate

Top 20 cities by total property value lost due to sea-level rise and flooding, 2005-17



Source: First Street Foundation

THE WALL STREET JOURNAL.

U.S. NEWS

Support for Trump Holds Steady in Poll

Journal/NBC survey finds backers remain steadfast despite associates' legal woes

BY JANET HOOK

President Trump's job-approval rating remained stable amid criminal convictions and guilty pleas by two former advisers last week, new polling by The Wall Street Journal and NBC News found.

The initial poll of 900 registered voters was conducted Aug. 18-22. The follow-up poll of 600 voters was conducted Aug. 22-25. The Manafort-Cohen news broke on Aug. 21.

In pleading guilty, Mr. Cohen implicated the president in a scheme to buy the silence of two women who alleged they had affairs with Mr. Trump. Mr. Trump has denied playing a part in hush-money payments and said last week that he became aware of the payments to the women "later on."

That compares with a 46% approval rating in a Journal/NBC News survey taken earlier last week, mostly before those legal developments. The change wasn't statistically significant because it was within the polls' margins of error.

Peter Hart, a Democratic pollster who worked on the back-to-back surveys with Republican Bill McInturff, said the results were a challenge to Trump adversaries who have hoped the legal blows to the president's associates last week could be a watershed in the 2018 midterm campaign.

"For the 2018 Democratic

strategy, the Manafort and Cohen convictions represent a fool's gold opportunity rather than a silver-bullet solution," Mr. Hart said. The results are a testament to the loyalty of Mr. Trump's core supporters, who have throughout his presidency remained largely unmoved by the controversies that have swirled around him.

"We've had this enormous series of events, and these numbers don't change very much," said Mr. McInturff.

The initial poll of 900 registered voters was conducted Aug. 18-22. The follow-up poll of 600 voters was conducted Aug. 22-25. The Manafort-Cohen news broke on Aug. 21.

In pleading guilty, Mr. Cohen implicated the president in a scheme to buy the silence of two women who alleged they had affairs with Mr. Trump. Mr. Trump has denied playing a part in hush-money payments and said last week that he became aware of the payments to the women "later on."

Journal/NBC polling found that many voters hadn't yet formed an opinion of Mr. Trump's role, if any, in the activities that led to indictments and guilty pleas accumulating among his former associates.

In the survey conducted after the Cohen and Manafort developments last week, 27% said the indictments and guilty pleas of those and other Trump associates reflected wrongdoing only by the

named individuals, while 40% said they reflected potential wrongdoing by the president.

Some 30% said they didn't know enough to have an opinion of Mr. Trump's potential role, a group that included 35% of Republicans.

In that survey, 38% of voters said Mr. Trump has been honest and truthful when it comes to the investigation into Russian interference in the election; 56% disagreed. That result split mostly along party lines, but Republicans were less certain than Democrats. While 81% of Democrats felt strongly that Mr. Trump hadn't been honest, just 46% of Republicans felt strongly that he had, with an additional 30% of Republicans saying they "somewhat" agreed that Mr. Trump had been honest.

Asked in the first survey last week which party is better equipped to handle the economy, 43% of registered voters said the GOP, while 29% said the Democratic Party—a GOP edge twice as big as in a July Journal/NBC poll. The GOP also held leads when voters were asked which party could best handle taxes and trade.

Still, when voters were asked which party should control Congress after the midterms, 50% said Democrats and 42% said Republicans, a margin keeping with Democrats' consistent advantage in past months' surveys. Democrats also have a continuing edge in their voters' level of interest in

Little Impact

President Trump's approval rating didn't change by much after court action last week.

President Trump's job approval

MOSTLY BEFORE COURT ACTION

All	Approve	Disapprove
All	46%	51%

AFTER COURT ACTION

All	Approve	Disapprove
All	44%	52%

Republicans	Approve	Disapprove
Republicans	90	9

Independents	Approve	Disapprove
Independents	39	58

Democrats	Approve	Disapprove
Democrats	10	87

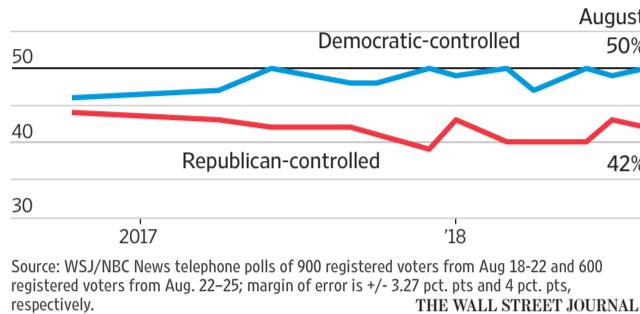
Should the Mueller Investigation into dealings with Russia continue?

Continue	41%
End	35%
No opinion	23%
Not sure	1%

Has Trump been honest about Russia?

Yes	38%
No	56%
Not sure	6%

Preference for control of Congress



Source: WSJ/NBC News telephone polls of 900 registered voters from Aug 18-22 and 600 registered voters from Aug. 22-25; margin of error is +/- 3.27 pcts. pts and 4 pcts. pts, respectively.

Judge Restricts Executive Orders

BY ALEXA CORSE

A federal district judge in the District of Columbia struck down parts of three Trump executive orders that made it easier to fire federal employees deemed to be underperforming by their managers.

Judge Ketanji Brown Jackson issued the ruling on Saturday, after several public-sector unions challenged some portions of the orders in court. The decision is a setback for Republican lawmakers who had sought, at the federal and state levels, to curb the power of labor unions representing government employees.

The judge wrote that, with respect to some portions of the executive orders, the administration overreached by attempting to diverge from what Congress had established as federal law.

The orders, which Mr. Trump signed in May, sought to reduce the clout of federal-employee unions in various ways. For example, one order restricts the amount of time during the workday that federal workers with full-time government jobs can also spend pursuing union activities.

The orders had also sought to reduce to 30 days the amount of time an employee who isn't meeting expectations gets to show improvement, down from 60 to 120 days previously.

Judge Jackson struck down those and other provisions of the executive orders, including restrictions on the selection of workplace issues that agencies should consider open for negotiations with unions, such as the number of employees told to work on any given project.

Judge Jackson, an appointee of former President Obama, left other parts of the executive orders intact, including instructions to agencies to refuse to bargain over efforts to limit their discretion in terminating an employee without first taking disciplinary action.

"What remains of the Orders are those provisions that the Unions have not opted to challenge, and the few challenged provisions" that weren't struck down, the judge wrote in the ruling.

The move was welcomed by unions. The American Federation of Government Employees, which represents hundreds of thousands of federal and District of Columbia employees, applauded the ruling Saturday.

"Now that the judge has issued her decision, I urge all agencies that have attempted to enforce this illegal executive order to restore all previously negotiated contracts and to bargain in good faith with employee representatives on any future changes as required under the law," AFGE National President J. David Cox Sr. said.

A Justice Department spokesman said, "We are reviewing the decision and considering our next steps."

Thomas A. Kochan, a professor of industrial relations at MIT's Sloan School of Management, said he believes the executive orders so far haven't caused material changes, adding that he hasn't seen federal agencies adopting substantially different approaches.

Mr. Kochan said the issue has been in his view "overblown beyond its real impact." He also said the administration's decision to issue the executive orders "leads to animosity, but no lower costs."

U.S. and Mexico See Hope in Nafta Talks

BY JOSH ZUMBRUN
AND ROBBIE WHELAN

The U.S. and Mexico could reach a bilateral agreement as early as Monday on the key issues holding back a renegotiation of the North American Free Trade Agreement, according to Mexico's chief trade negotiator Ildefonso Guajardo.

Mr. Guajardo and the rest of Mexico's trade delegation arrived at the office of the U.S. Trade Representative around midday Sunday—after negotiating in Washington for weeks—and said they would do whatever necessary, including working into the night, to reach an agreement with the U.S. that would then allow the return of Canada to the talks.

Disagreements between Mexico and the U.S. have posed a major hurdle to renegotiating the Nafta agreement, which was a campaign promise of President Trump. Mr. Guajardo said negotiators may still need about a week of talks with Canada before an agreement would be completed.

Trump administration officials and their Mexican counterparts are debating a proposal to exempt some industries from dispute-settlement provisions, which would remove one of the most difficult issues, the people said. The negotiations have also made progress over how much local content a car should have, and the cost of labor to produce a car, to qualify for tariff-free treatment under Nafta. The auto-related discussions are at an advanced stage, said one official familiar with the matter.

Heading into negotiations on Sunday, Mr. Guajardo said that there were still multiple issues outstanding, but that they were making their "best



Ildefonso Guajardo, Mexico's chief trade negotiator, during a break in between meetings on Nafta talks in Washington on Sunday.

effort" at resolving them.

"Our relationship with Mexico is getting closer by the hour," President Trump tweeted on Saturday morning, as negotiators continued their work. "A big Trade Agreement with Mexico could be happening soon!"

One of the sticking points throughout talks between the U.S., Mexico and Canada has been Washington's desire to weaken or remove a provision in Nafta known as investor-state dispute settlement, or ISDS, in which companies can bring claims to an international tribunal when they believe their overseas investments were unfairly treated by an

overnment.

The U.S. has argued that the tribunals erode national sovereignty. But many U.S. companies have pressed the administration to preserve the dispute-settlement provisions, arguing that otherwise their international investments would be exposed and unprotected.

Mexico and Canada have also favored keeping the provisions, believing they bolster the confidence of investors.

The Chamber of Commerce, Business Roundtable, National Association of Manufacturers, and American Petroleum Institute are among industry groups that have fought to preserve the dispute-settle-

ment provisions.

An idea to resolve the impasse is for only certain industries to remain covered by dispute settlement. Negotiators have floated the idea with different industries, according to three sources from industries closely tracking the negotiations. Mexico and the U.S. don't appear to have reached any agreement on the idea to exempt some industries but not others.

While a compromise on dispute settlement may bring some industry groups along, it could spark opposition from exempted industries that believe they are losing meaningful protection of their international investments. The

strategy could split the united front that many business groups have advanced, with some major industries potentially welcoming a resolution, leaving behind a smaller group with objections.

The U.S. Trade Representative's office didn't respond to a request to comment. Mexican officials, approached as they entered a negotiating venue in Washington, declined to comment.

Mexico and the U.S. have signaled in recent days that they are making significant progress in resolving their remaining disagreements. But they have stressed nothing is final.

—Kim Mackrael

contributed to this article.

DNC Votes to Bar Superdelegates From First Ballot

BY REID J. EPSTEIN

CHICAGO—Democrats resolved one of the thorniest internal rifts of the 2016 campaign by reducing the clout of party insiders and elected officials in picking the party's next presidential nominee.

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

The committee adopted the new rules by acclamation after

a procedural measure to advance the rules was passed with 75% of the vote.

DNC Chairman Tom Perez spoke directly to the party's grass-roots activists in hailing the adoption of the new rules.

"We will listen to you, we want you to have a seat at the table," he said.

The superdelegate issue became a cause célèbre for supporters of Vermont Sen. Bernie Sanders during his 2016 presidential campaign. As the DNC deliberated the rules change during the party's summer meeting at a Chicago hotel, the debate pitted members attuned to the party's grass roots against veteran of

officials bearing battle scars from generations past.

Mr. Sanders called Saturday's vote "an important step forward in making the Democratic Party more open, democratic and responsive to the input of ordinary Americans."

Young progressive activists "understand that the status quo has to change, especially when it comes to the issue of superdelegates," former DNC Chairman Howard Dean said.

Other party elders opposed the moves, fearing the new rules would disenfranchise longtime DNC members.

"You're going to tell me that after 30 years of blood, sweat and tears in this party

that you're going to take away my right, to appear another group of people," Karen Carter Peterson, a DNC vice chairwoman from Louisiana, told party members Saturday.

Under the new rules, superdelegates, formally known as unpledged delegates, will vote for the party's nominee on the first ballot only if the nominee has clinched the nomination by securing enough delegates from pledged delegates awarded through primaries and caucuses.

If the first presidential ballot doesn't produce a nominee, superdelegates would be allowed to vote on subsequent ballots.



Democratic National Committee executives met in Chicago.

DANIEL ACKER/REUTERS

THE VALUE OF ZERO

Only at Fidelity.

- **Zero** account fees
- **Zero** minimums to open an account
- **Zero** minimum investment Fidelity mutual funds
- **Zero** expense ratio index mutual funds

Because at Fidelity, we believe
nothing should stand between you and your money.

Fidelity.com/value

Zero account fees and minimums are available for retail brokerage accounts only.

Fidelity now offers the Fidelity ZERO Total Market Index Fund (FZROX) and Fidelity ZERO International Index Fund (FZILX) available to individual retail investors who purchase their shares through a Fidelity brokerage account.



Fidelity
INVESTMENTS

Before investing, consider the funds' investment objectives, risks, charges, and expenses. Contact Fidelity for a prospectus or, if available, a summary prospectus containing this information. Read it carefully.

Expenses charged by investments (e.g., funds and managed accounts) and commissions, interest charges, or other expenses for transactions may still apply. All Fidelity funds with investment minimums of \$10k or less, and in stock and bond index fund classes with minimums of \$100 million or less, now have zero minimums. See the fund's prospectus and Fidelity.com/commissions for further details.

Fidelity Brokerage Services LLC, Member NYSE, SIPC. © 2018 FMR LLC. All rights reserved. 852659.3.0

U.S. NEWS

John McCain, War Hero and GOP Icon

BY SIOBHAN HUGHES

Sen. John McCain, an admiral's son whose rebellious streak nearly got him expelled from Annapolis but helped him survive North Vietnamese torture and rise to the top of the Republican Party, died Saturday at his home in Sedona, Ariz. He was 81 years old.

The cause was a brain tumor known as a glioblastoma, which was diagnosed in July 2017. On Friday, his family said Mr. McCain had decided to discontinue medical treatment. He hadn't been in the Senate

since Dec. 7, when he cast his last vote.

OBITUARY JOHN MCCAIN 1936-2018 Mr. McCain catapulted to national prominence with his

2000 bid for the GOP presidential nomination, when his willingness to challenge ideas held sacred by his party helped him catch fire among Republicans in a long-shot bid against George W. Bush.

Mr. McCain campaigned on a bus dubbed "the Straight Talk Express." He won the New Hampshire primary before a loss in South Carolina from which he never fully recovered. He wrote afterward that despite the disappointment, the campaign was "a hell of a lot of fun."

Eight years later, Mr. McCain won the Republican presidential nomination, but lost to Barack Obama, then a first-term senator. He moved past his disappointment to carve out a reputation as a leading internationalist who warned that Russia posed a threat to the post-Cold War order—becoming one of the Senate's most ardent military hawks and one of the few willing to vocally challenge President Trump.

Mr. McCain called Mr. Trump "poorly informed" and "impulsive," and in a thinly veiled shot at him in 2017 warned about "half-baked, spurious nationalism cooked up by people who would rather find scapegoats than solve problems." Mr. Trump said he liked "people who weren't captured," and rarely missed an opportunity to criticize Mr. McCain for voting against repeal of the Affordable Care Act, even when the senator was battling cancer.

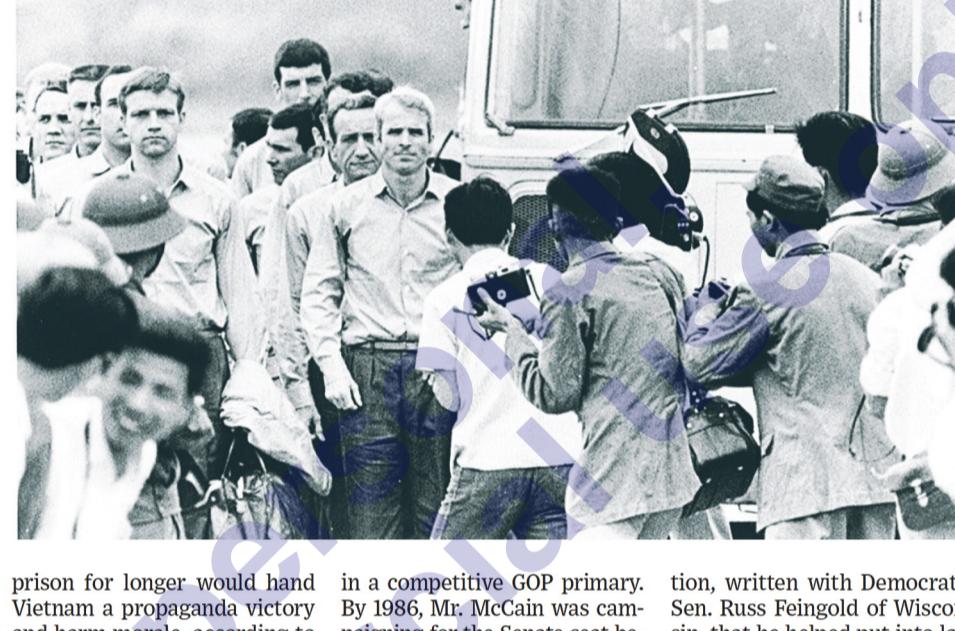
Mr. McCain lived a life that was the stuff of legend. The son of a Navy admiral and the grandson of another, John Sidney McCain III was born on Aug. 29, 1936, in the Panama Canal Zone to a family that had fought in every American war since the Revolution.

The background gave him a comfort level around senators and congressmen, whom his parents entertained at their home, and a personal connection to the headiest moments in American history. He could refer to George Washington knowing that one of his forebears had served on the staff of the U.S. general and future first president, and point to a picture of Japan's World War II surrender aboard the U.S.S. Missouri and identify his grandfather as one of the spectators.

As a teenager, Mr. McCain felt burdened by that heritage and rebelled against its expecta-



Sen. John McCain speaks at a rally in Iowa during the 2008 presidential contest. Below, his release in 1973 from North Vietnam, where he was tortured as a prisoner.



tions. He graduated fifth from the bottom of his Naval Academy class after showing a disregard for the dress code, a messy room and a habit of waiting until the moment before exams to study. In flight training, he crashed a plane into Corpus Christi Bay, coming to when the plane settled on the bottom.

Mr. McCain's identity as a patriot and hero was forged in the Vietnam War. While attempting to bomb a power plant in North Vietnam in 1967, Mr. McCain was shot down by a surface-to-air missile and broke both arms and his right knee. He was captured and spent 5½ years in prison, where he survived bouts of dysentery, solitary confinement and torture.

It was an experience that would turn him into an ardent opponent of torture—and one with nearly unique moral stature in Congress. He battled the Bush administration over its use of waterboarding—a technique that simulates drowning—and after Mr. Trump claimed on the campaign trail that torture works, Mr. McCain warned against bringing it back.

Mr. McCain was the author of the Detainee Treatment Act of 2005 that bans cruel, inhuman or degrading treatment or punishment of any U.S. government prisoner, including at Guantanamo Bay.

A Prisoner of War

Mr. McCain contemplated suicide while captive in Vietnam, he wrote. The pain of the torture drove him to make a false confession that filled him with shame. But he also showed moral fortitude. As his father was elevated to commander of all U.S. forces in the Pacific theater, Mr. McCain's captors tried to coax the prisoner they called the "Crown Prince" into early release.

Mr. McCain refused, enduring days of beatings, out of concern that cutting in line ahead of POWs who had been in

prison for longer would hand Vietnam a propaganda victory and harm morale, according to his 1999 book "Faith of My Fathers." Mr. McCain was freed in 1973 after the signing of the Paris Peace Accords.

Mr. McCain returned home a changed man and to changed circumstances. His wife, Carol, had been badly injured in a car accident and walked with difficulty. The marriage collapsed.

She said it reflected Mr. McCain turning 40 and wanting to be 25. He repeatedly expressed remorse for his behavior. By 1980,

he had married Cindy Lou Hensley, nearly 18 years his junior and from a wealthy Arizona family. They had met on a stop-over trip in Hawaii when he was working as the Navy's liaison to the Senate.

The Senate liaison job would prove a boon for Mr. McCain.

He developed an easy rapport with Republican Sen. John Tower, the chairman of the Armed Services Committee, and Republican Sen. William Cohen of Maine. He later ran for a House seat, and won, after Mr. Tower broke his own rules

never to make an endorsement

in a competitive GOP primary. By 1986, Mr. McCain was campaigning for the Senate seat being vacated by Republican Barry Goldwater, the founder of the conservative wing of the Republican party. Mr. McCain won that race, too.

His success would soon give way to a near-death political experience.

Mr. McCain became enmeshed in a scandal known as the Keating Five, a reference to the five senators who had received money from real-estate and banking executive Charles Keating.

The senators met with regulators on his behalf before the executive's savings and loan collapsed. It cost the government almost \$3 billion.

A Senate Ethics Committee report determined that three of the five senators had acted improperly but cleared Mr. McCain, finding only that he had shown poor judgment.

The saga presaged Mr. McCain's interest in changing the way campaigns are financed, a battle he waged over the objections of his party and the eventual Senate majority leader, Mitch McConnell of Kentucky.

The campaign-finance legisla-

tion, written with Democratic Sen. Russ Feingold of Wisconsin, that he helped put into law in 2002 banned unlimited contributions to political parties—the "soft money" provided by labor unions, corporations and wealthy individuals. It has been blamed for weakening the role of parties in politics. Mr. McCain thought he was promoting a less authoritarian party leadership.

Maverick Lawmaker

Later, as chairman of the Armed Services Committee, Mr. McCain fought for more military spending, while blasting its excesses. He called the F-35 jet fighter program a "textbook example" of "the broken defense-acquisition system." He remained proud of advocating for a surge of forces into Iraq in the later years of the Bush administration, a buildup he and many observers felt helped stabilize the country. As chairman of the Veterans' Affairs Committee, he teamed with Vermont independent Bernie Sanders to pass legislation shortening wait times at Veterans Affairs facil-

ties by allowing veterans to seek treatment outside the VA.

Even in his later years, Mr. McCain's well-known temper—and his sense of humor—lived up to its legend. He once called Republican Sen. Ted Cruz of Texas a "wacko-bird," and as Congress's approval ratings hovered in the single digits, he joked that "We're down to paid staffers and blood relatives."

Mr. McCain could also be unyielding when he wanted to make a point. In July 2017, after he ignored doctors' advice and returned briefly to work after his brain-cancer diagnosis, he stood firm for more than an hour as Republican leaders—including Vice President Mike Pence—tried to persuade him to advance a Senate GOP health plan. Sticking his thumb down at 1:27 a.m. on July 28, Mr. McCain registered himself as the vote that would block the GOP from going ahead with plans to repeal the Affordable Care Act.

Asked how he wanted to be remembered, Mr. McCain told CNN: "Made a lot of mistakes. Made a lot of errors, but served his country. And I hope we could add honorably."

In excerpts from his memoir released while he was undergoing cancer treatment, Mr. McCain wrote: "I don't have a complaint. Not one. It's been quite a ride. I've known great passions, seen amazing wonders, fought in a war, and helped make a peace. I made a small place for myself in the story of America and the history of my times."

In addition to his mother, Roberta McCain, Mr. McCain is survived by his wife, Cindy, along with seven children. They include one daughter, Sidney, and two adopted sons, Doug and Andy, from his first marriage, along with two sons, Jimmy and Jack, one daughter, Meghan, and one adopted daughter, Bridget, from his second marriage. He is also survived by a brother, Joe.

McCain Leaves Policy Void

Continued from Page One

"Americans stand with you," Mr. McCain said in a tweet in June following the meeting, "even if our president doesn't."

From his perch as chairman of the powerful Senate Armed Services Committee, Mr. McCain was at once an enduring supporter of the military and one of its harshest critics. He would push for more military spending but then demand that it be spent judiciously. He would argue for an aggressive strategy in Afghanistan but then rail against the Pentagon's lackluster approach.

As a third-generation naval officer and his detention in Vietnam, Mr. McCain had the moral authority and stature to question the executive branch, the Pentagon and its top military officers in a way few others are able or willing to do.

Now, it is unclear who if anyone, might fill such a role as the

U.S. faces national-security challenges including North Korea's nuclear program, China's regional and global ambitions, Russia's cyber incursions and conflicts from the Middle East to South Asia.

Adm. Mike Mullen, the retired former chairman of the Joint Chiefs of Staff, said Mr. McCain's strong advocacy for internationalism—and his willingness to speak up when he saw those values under attack—made his voice critical.

"We are not living in a world where we can do it alone," he said. "We have to have allies and friends that support us across the board."

Adm. Mullen said he was hopeful that someone would fill Mr. McCain's shoes, and speculated that perhaps Mr. Graham had the chops to do so. "Graham has the background, the knowledge and so a question is, will he fill that void."

In the short term, Sen. James Inhofe (R., Okla.) who has been serving as acting chairman of the Armed Services Committee, is expected to be assigned to succeed Mr. McCain permanently as chairman in the coming weeks.

Mr. Inhofe, widely respected

as one of the more conservative voices in the Senate, has long served as a member of the armed-services panel and is seen as a big supporter of the military, arguing for larger defense budgets and using that money to improve military preparedness. He has taken a par-

ticular interest in U.S. national-security policy in Africa over the years, officials said.

Unlike Mr. McCain, who could be both critical of Democrat and Republican administrations alike, Mr. Inhofe, 83, is likely to play a more traditional Republican role and he may be

less inclined to challenge senior military officers, observers said.

"He is less likely to be overtly critical of Trump than McCain," a Senate staffer said. "In terms of how Republicans deal with Trump, Inhofe looks to take more of a traditional Republican senatorial approach."

A spokeswoman for Mr. Inhofe declined to comment on any changes to committee assignments.

Mr. McCain's background as the son and grandson of senior naval officers informed his approach like few others, said Michael Bayer, a former chairman of the Defense Business Board who has been an adviser to many senior Pentagon leaders. That gave Mr. McCain a rich context in which to provide Pentagon oversight, Mr. Bayer said. But the nation faces a period of unprecedented challenges, he said.

"We're in the early stages of what could be a decadeslong struggle for global influence and supremacy and for which the military is simply another instrument," he said. "In that context, military strategy has to be carefully weighed and assessed, and Mr. McCain was unique in his ability to do those

assessments and fulfill his role in his constitutional oversight of the department and its activities." There is no obvious individual in the Senate today who can play that role, he said.

In his three years as chairman of the Senate Armed Services Committee Mr. McCain gained a reputation for taking positions often at odds with the Pentagon, and he wasn't afraid to go after senior military officers and officials for their failure to provide timely information or their inability to be candid with him about national-security policy.

Defense Secretary Jim Mattis, a storied former Marine general to whom many in Congress often defer, found both a friend and adversary in Mr. McCain, who was quick to challenge Mr. Mattis on multiple occasions.

Last year, Mr. McCain grew

WORLD NEWS

Iran's Rouhani Loses Economy Minister

As sanctions return, lawmakers remove another member from leader's finance team

Iran's parliament ousted the economy minister on Sunday, stepping up an overhaul of President Hassan Rouhani's cabinet amid domestic opposition to his response to new U.S. sanctions.

By Asa Fitch in Dubai and Aresu Egbali in Tehran, Iran

Mr. Rouhani, a relative moderate in Iran's system, had surrounded himself with a cabinet of technocrats, vowing to fight corruption, promote transparency and open Iran's economy to the West with the 2015 nuclear deal. But after the economy faltered and the Iran deal came under threat from the Trump administration last year, hard-line opponents have seized on Iran's growing rich-poor divide and plummeting currency to gut Mr. Rouhani's economic team and undercut that strategy.

Slightly more than the required majority of 260 parliamentarians present on Sunday voted to fire the minister, Masoud Karbasian, state television reported. Parliamentarians said he had failed to address a currency crisis or tame high inflation, and declared him unfit to fight an economic war with the U.S. Mr. Trump withdrew from the nuclear deal in May and began imposing new sanctions.

Mr. Rouhani now has three months to name a new economy minister.

The move against Mr. Karbasian, who held his position for little more than a year, followed the parliament's impeachment this month of Mr. Rouhani's labor minister on grounds that he failed to properly address unemployment, which the International Mone-



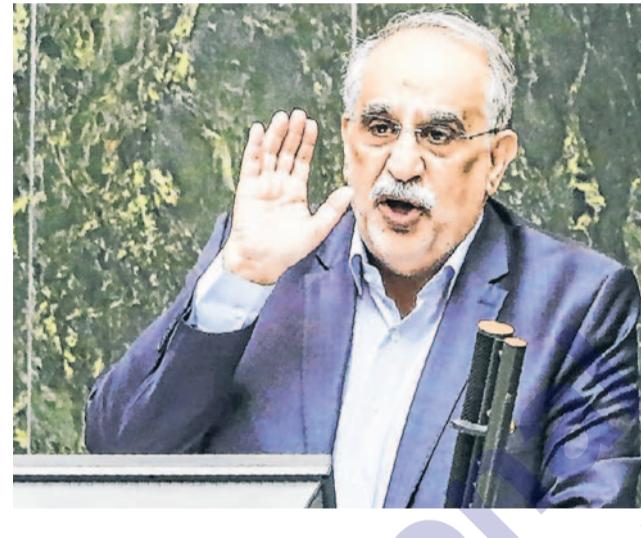
Iranian lawmakers quarreled Sunday in a session that ousted Economy Minister Masoud Karbasian, who addressed parliament, below.

tary Fund forecasts at around 12% this year.

Mr. Rouhani removed the central bank governor last month after Iran's currency fell to new lows against the dollar. It now takes around 105,000 Iranian rials to buy a dollar, compared to about 43,000 in January.

Adding to the president's peril are waves of popular unrest that have erupted because of the economy. Labor unrest and women's-rights protests have also percolated in recent months.

Mr. Rouhani will face questions Tuesday from parliament, where some members have called for his impeachment—though any such effort would be a long shot. It would require a two-thirds parliamentary majority and signoff by Iran's Supreme Leader Ayatollah Ali Khamenei, who has final say in state matters and hasn't sig-



the country had to come together to face external threats and renewed a promise to work to improve people's lives. He didn't respond publicly on Sunday to Mr. Karbasian's removal.

The pressure on Mr. Rouhani has ramped up since Mr. Trump withdrew the U.S. from the nuclear deal, which lifted sanctions on Tehran in exchange for curbs on its atomic program. The Trump administration began reimposing sanctions this month and is preparing to unleash potentially crippling restrictions on Iran's oil sales and banks in November as it pushes for large-scale changes in Iran's behavior in the Middle East.

Political support has swelled for a shake-up in Mr. Rouhani's economic team. Many hard-liners oppose the president's bid to modernize Iran and open it for business to foreign partners, preferring a more self-re-

Charity Worker Is Returned to Prison

Dual national Iranian-British charity worker Nazanin Zaghari-Ratcliffe returned to prison after Iran's judiciary refused to extend her temporary release, her husband said.

Ms. Zaghari-Ratcliffe was released from Tehran's Evin prison on Thursday on a three-day furlough and reunited with her parents and 4-year-old daughter, Gabriella. She had appealed to the judiciary to extend her release and allow her to return home to London to her British husband.

Ms. Zaghari-Ratcliffe, a project manager for the Thomson Reuters Foundation, the charity wing of the media company, was arrested in 2016 on a family visit to Iran at the airport and charged with spying. She has denied the accusation. She is serving a five-year sentence.

—Farnaz Fassihi

liant economy.

Parliament members have also called for the impeachment of the education and interior ministers. Some have said the industry and housing ministers should be impeached if Mr. Rouhani doesn't shake up his economic team himself.

Iran's economic outlook has darkened in recent months. Analysts at BMI Research in London project economic growth to slow to 1.8% this year, followed by a contraction of more than 4% next year.

Mr. Rouhani is conferring with European countries to keep the nuclear deal alive without U.S. involvement, while turning to China as an outlet for oil sales. Iranian authorities have made dozens of arrests for illegal foreign-exchange dealings and economic crimes, although those and other measures have had limited success in fixing the currency.

RANKED #1 IN THE NATION.

In the U.S. News & World Report rankings of top hospitals, Mayo Clinic is the #1 hospital overall and #1 in more specialties than any other hospital in the nation. Our unparalleled expertise inspires hope in those who need it most. Because of our focus on high-quality care, Mayo Clinic is recognized by U.S. News and is the global destination for patients with serious and complex conditions.

Rochester, Minnesota
© 2018 Mayo Clinic

MAYO
CLINIC


WORLD NEWS

'Money Masters' Nourish Markets In North Korea

BY JONATHAN CHENG

SEOUL—An expanding network of markets in North Korea is emerging as a vital cog in leader Kim Jong Un's mission to revive the economy, while forging a class of moneyed elite whose interests the regime can't overlook.

New studies show an increasing number of official and unofficial marketplaces selling goods, food and medicine, helping to mint a mercantilist group of middle- and upper-class North Koreans known there as *donju*, or "money masters."

The rise of these enterprises in a country whose people once relied on a state distribution system, and the comparative wealth they bring to a business-minded elite, make them increasingly important to Mr. Kim, who has signaled an emphasis on the economy this year after declaring his nuclear force complete.

A new report counts 436 officially sanctioned markets, up from zero during a famine in the 1990s and double the number a decade ago, in an estimate by the Center for Strategic

and International Studies in Washington and the defector-run North Korea Development Institute think tank in Seoul.

Tallies in recent months by Curtis Melvin, then a researcher at the U.S.-Korea Institute at Johns Hopkins University, and Daily NK, a Seoul-based news outlet, found 480 and 387 officially sanctioned markets, respectively, employing at least 600,000 citizens.

Since the spring, Mr. Kim has visited factories, farms and other economic facilities, many in remote corners of North Korea. But the attention Mr. Kim has lavished on state projects belies the central role that markets play in North Korea, said Victor Cha and Lisa Collins, authors of the CSIS report. Many North Koreans now rely on markets more than the state for their livelihoods, the researchers said, basing their assessment on conversations with North Koreans inside and outside the country.

Official centers exist alongside black markets known as *jangmadang* that sprang up beyond state control during the 1990s famine, as North Korea's socialist distribution sys-



Signs of private investment are spreading in North Korea, including in some state-run shops. Here, a food kiosk in Pyongyang in April.

tem began to break down after the end of Soviet support.

As these markets have become woven into the fabric of the North's urban and rural areas, Pyongyang has imposed a form of taxation on trade that nets some \$56.8 million a year, according to the researchers' calculations.

That makes the enterprises a relatively steady source of income for a government squeezed by sanctions. They also represent a potential avenue for growth if fitful nuclear talks with the U.S. result in the easing of sanctions—another key to Mr. Kim's eco-

nomic mission.

Though some North Korean markets are as small as 2,800 square feet, the largest, in the northeastern city of Chongjin, covers more than 250,000 square feet and has thousands of stalls that bring in \$850,000 a year in government revenue, CSIS estimates.

The trading centers appear to be plugged into an increasingly sophisticated supply chain connected to an export industry of coal, seafood and other commodities—though U.S.-led sanctions have pinched exports generally in recent months.

"If you're looped into lucrative supply chains, you can make a lot of money," said Peter Ward, a scholar at Seoul National University.

While private enterprise is illegal in North Korea, businesses with links to state-owned enterprises have allowed the *donju* to prosper. Some provide financing for starting and expanding market businesses, for building houses, or buying raw materials for factory production, said Ms. Collins.

In general, the *donju* are aligned with the state's interests. "The more they're able to

make money, the more conservative they become," Mr. Ward said. "They don't want a revolution, or to see all their wages and savings eviscerated by inflation or financial collapse."

The danger for Mr. Kim is that this influential demographic's interests eventually clash with those of a government that isn't prepared to loosen political authority.

That makes any attempt by Mr. Kim to reverse liberalizing reforms potentially perilous, after he staked his legitimacy in part on improving living standards, said Ms. Collins.

Strong Dollar Fuels Tourism to Balkans

BY ERIC SYLVERS AND JEANNETTE NEUMANN

PERAST, Montenegro—Vladimir Milinović has seen Western tourism in his Balkan village swell so much, he now knows who is likely to tip, and who will try to haggle down the €5 (nearly \$6) he charges for a short boat ride.

"We like Americans because they are very generous," said Mr. Milinović, as he navigated his motorboat to a picturesque

island near the village called Our Lady of the Rocks. "If somebody tries to get a cheaper price we know they are probably French."

So many tourists are descending on Europe this summer—drawn in part by the strong dollar—that a growing number are looking beyond the continent's famous destinations, leaving hardly a spot on the map unvisited. As the lines stretch longer outside Notre-Dame in Paris, and the crush gets greater on St. Mark's Square in Venice, even tiny Montenegro is enjoying its place in the sun.

In well-trodden Europe, you can't get much more off the beaten track than this Balkan country smaller than Connecticut, whose pristine beaches and landscape were relatively obscure until recently.

Conditions could hardly be better for Europe, which takes the lion's share of global tourism revenues globally. The rising dollar and strong U.S. economy are drawing more Americans here. Russians have begun to travel again in Europe, especially in the Balkans, after a hiatus for Russia's economic downturn. And the growing number of Chinese who visit Europe are staying longer, venturing

beyond whistle-stop tours to delve more deeply into the continent's culture offerings.

International overnight stays in Europe rose 7% in the first four months of 2018 compared with the same period last year, building on what the United Nations' tourism organization called a "remarkable" 8% increase in 2017. Above all, Europe's continuing economic upswing has led to strongly rising tourism within the continent, especially from Germany. Tour-

ism industry executives expect the good times to continue.

The sector's boom began several years ago, spurred by Europe's emergence from its financial crisis, and has proved largely impervious to Europe's other woes, from the migration crisis to terrorism.

With Europe remaining one of the world's safest and most politically stable regions, destinations such as Spain and

Greece have benefited from people's security fears about vacationing in the Middle East and North Africa. Even European cities that suffered terrorist attacks in recent years, such as Paris in 2015 and Brussels in 2016, saw temporary dips in tourism before bouncing back within about a year and joining the wider boom.

The trend of tourists seeking out locations that were once considered second tier is evident even in Spain, whose 82 million foreign guests in 2017 made it the world's second-most visited country after France. In the first half of this year, foreign tourists in Spain's 11 least-visited regions, including the Basque Country, were about one-third higher than in the same period in 2016, while visitors to Andalusia and the Canary Islands, two of the country's top destinations, were up a more modest 12% and 7%, respectively, in that time.

The boom is bringing back fond memories for Montenegro. It was a popular destination for Yugoslavs, but it didn't see many foreign guests for a long time after Communism fell. Last year, 1 million tourists visited this country of 650,000 inhabitants, according to the national statistics office, a 19% rise from the year before. In the first four months of 2018, numbers were up another 20% on the year.

Tourism generated about €1 billion for Montenegro in 2017, a third of gross domestic product. In Europe, only Croatia has faster tourism growth.

Caleb Wang, a 20-year-old history student at the University of Chicago, said it never would have occurred to him to visit Montenegro. But he ended up in the medieval town of Kotor, near Perast, on a cruise with his parents that left from Venice and followed the Croatian and Montenegrin coasts.

"I'd heard Croatia was beautiful, but I didn't expect Montenegro would be this nice," said Mr. Wang. "You can see why tourism is booming here."

Montenegro is scrambling to build and refurbish hotels and improve its roads. Kotor plans to renovate the 1,350 stone steps, many in a parlous state, that lead steeply up to its formidable fortress.

The only road through Kotor, a Unesco World Heritage site with about 2,500 inhabitants that gets up to 15,000 tourists a day in high summer, is often jammed with traffic. On a recent day, the old town was awash with visitors from a cruise ship.

When the first cruise ship docked at Kotor just over a decade ago, the town celebrated, and the event made the national evening television news. Now an average of a ship a day stops here. One day this August, four ships queued for a berth.

"People ask me what's wrong if there isn't a tour ship docked," said Ana Nives Radović, the town's tourism director.



Rijeka Crnojevića in Montenegro, which has seen a surge in tourism.



CUT OUT FOR SUCCESS

The Refinement Ring is a 10 carat overachiever when it comes to cut, carats, color, clarity...and price!

Leveraging the powers of science, we've created a true rock star that's not only on par with mined diamonds but it has more fire and no inclusions—PLUS it's a stone you can feel good about. Scientifically-grown DiamondAura® gemstones are sustainable, conflict free, and leave less of a carbon footprint. We have over 400,000 happy customers that say DiamondAura is their romantic stone of choice. If you're looking for a stone that's not overproduced, DiamondAura is the ticket. Over 90 million carats of mined diamonds hit the market last year. Less than one million carats of DiamondAura were cut this year. You decide which is more exclusive.

We perfected the stone, next is the cut. The 10 carat DiamondAura stone at the center of the *Refinement Ring* features an elongated emerald cut that lets in more light amplifying the stone's already impressive fire.

This ring truly is a cut above, with the unbelievable \$99 price tipping the scales in the ultimate affordable luxury.

A big carat ring with this amount of fire would set you back hundreds of thousands elsewhere. But we aren't overcharging for a big designer name. PLUS, when you buy the

• 10 carat center stone of scintillating DiamondAura®

• Platinum-finished .925 sterling silver setting • Whole ring sizes 5–10

Stauer... Afford the Extraordinary.®

EXCLUSIVE FREE

DiamondAura®

1 ct w Stud Earrings

— a \$99 value—

with purchase of the

the Refinement Ring

1 ct w

Refinement Ring for \$79, we'll add the

DiamondAura Refinement Earrings at

no extra cost.

Satisfaction guaranteed or your money back. Surprise her with the *Refinement Ring* and let her enjoy its impeccable sparkle for 30 days. If it doesn't make the cut send it back for a full refund of the item price. You can keep the earrings (a \$99 value), as our gift. But we have a feeling it will be a success! Don't let this amazing ring slip through your fingers. Call today!

DiamondAura® Refinement Ring (12 ctw)

\$299 + Offer Code Price Only **\$79 + S&P**

Save \$220!

You must use the insider offer code to get our special price.

1-800-333-2045

Your Insider Offer Code: DDR142-02

Please use this code when you order to receive your discount.

† Special price only for customers using the offer code versus the price on Stauer.com without your offer code.

Stauer®

14101 Southcross Drive W., Ste 155,

Dept. DDR142-02,

Burnsville, Minnesota 55337 www.stauer.com

ACCREDITED BUSINESS

Rating of A+

GO TO WORK IN BLISSFUL COMFORT



The Un-Sneaker™ goes to work.

To your colleagues, it's a fashion statement.

To your feet, it's an all-day festival of

lush, leather-lined comfort. But let's

keep that confidential.

SAMUEL HUBBARD.COM

SHOEMAKERS SINCE 1930

Free shipping and returns. Order online or call 844.482.4800.

PAID ADVERTISEMENT

**WARNING: This product
contains nicotine. Nicotine
is an addictive chemical.**

WHAT PARENTS NEED TO KNOW ABOUT JUUL

JUUL LABS IS ON A
MISSION TO IMPROVE
THE LIVES OF THE
WORLD'S ONE BILLION
ADULT SMOKERS BY
ELIMINATING CIGARETTES



JUUL uses JUULpod cartridges that contain a salt-based nicotine e-liquid to satisfy smokers when transitioning away from cigarettes.

JUULpod cartridges contain nicotine, which is an addictive chemical.

JUUL is a closed system vapor product and is not designed to be refillable.

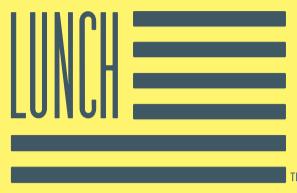
JUUL uses an intelligent heating mechanism that creates an aerosol and is engineered to minimize combustion.

LEARN MORE AT JUULFACTS.COM



**JUUL IS FOR ADULT SMOKERS.
IF YOU DON'T SMOKE OR VAPE, DON'T START.**

THIS ADVERTISEMENT PAID FOR BY JUUL LABS



**DROPPING OFF LUNCH
TO A SENIOR COULD BE
THE PICK-ME-UP
YOU NEED.**

Volunteer for Meals on Wheels
AmericaLetsDoLunch.org



MEALS on WHEELS®

Ad
Council

WORLD NEWS

Battered on Battlefield, ISIS Alive Online

Extremists lose land but sustain presence in cyberspace for promotion, recruiting

BY SUNE ENGEL RASMUSSEN

Islamic State has lost most of the territory it once held in Syria and Iraq. It is vying for survival with other, sometimes stronger, extremist groups. But one sphere where Islamic State still reigns supreme among terrorists is in cyberspace.

The group's vast online presence is a critical recruiting and marketing tool that has helped it build a brutal brand using propaganda and sometimes false claims. Maintaining the perception that Islamic State can shape the actions of loyalists has become all the more important as its territorial control, or self-declared caliphate, has almost completely collapsed.

The latest example of the role of such online propaganda came on Thursday, when Islamic State's official news outlet claimed that a man who stabbed his mother and sister to death in France had responded to its calls to attack citizens of countries that are part of the U.S.-led coalition fighting the group. French Interior Minister Gerard Collomb disputed the statement, saying the perpetrator was mentally unstable.

That claim came a day after Islamic State released what it said was a recording of its leader Abu Bakr al-Baghdadi, the first in nearly a year, call-



Syrian Democratic Forces fighters in October in Raqqa, once Islamic State's de facto capital.

ing for supporters abroad to continue attacks on Western cities.

In October, the group claimed to have inspired the Las Vegas shooter Stephen Paddock, who killed 59 people attending a country-music concert. A month earlier, Islamic State said it had planted a bomb on a U.K.-bound flight that was held in Paris for what officials called a "direct security threat." Authorities in both cases rebuffed the group's assertions.

Islamic State also claimed that a man who attacked a casino in the Philippine capital

of Manila in June 2017 was a soldier of its caliphate, despite local authorities saying that the perpetrator was an indebted gambler trying to make off with \$2 million in chips.

In internal field guides, Islamic State regards its propaganda as "projectiles" fired into mainstream media. Threats and claims of attacks are intended to intimidate and destroy the morale of the enemy. In many cases, even if authorities don't establish specific links between an attacker in the West and Islamic State, the perpetrator has turned out to have been a consumer of

the group's propaganda.

The group, widely known as ISIS, frequently describes "information wars" as important as its military battles, according to Charlie Winter, senior research fellow with the Institute for the Study of Radicalization and Political Violence, a London-based think tank.

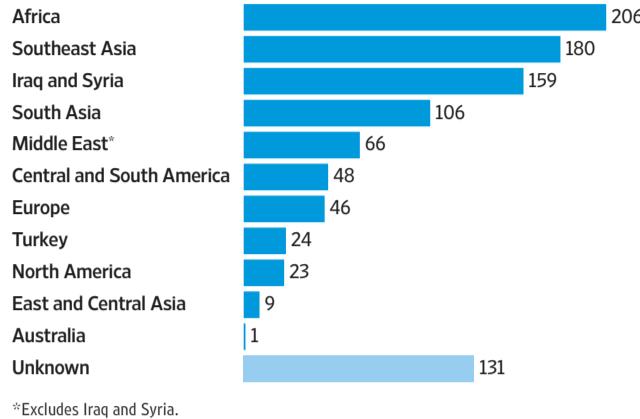
"ISIS uses propaganda as an extension of its military methods," Mr. Winter said in an interview earlier this year. "Terrorism is a way of communication more than anything else."

In a survey of about 1,000 Facebook profiles that ex-

Virtual World, Real Extremists

A study of about 1,000 recently-active Facebook accounts that expressed sympathy for Islamic State gives a glimpse of the network's social-media presence.

Number of users, by region of origin



*Excludes Iraq and Syria.

Note: Accounts were tracked from Oct. 2017–March 2018. By March, nearly 50% of the accounts were inactive.

Source: Counter Extremism Project

THE WALL STREET JOURNAL.

pressed sympathy for Islamic State, the Counter Extremism Project, a nonpartisan policy organization, documented supporters of the group in 96 countries, including such disparate locations as Namibia, Argentina and the Dominican Republic.

The research shows the spread of Islamic State's influence and gives an idea where its soldiers may return to after fighting for the group.

"By having this big network, their propaganda is constantly being disseminated and spread, and that's a key thing for the group," said Robert Postings, a researcher who co-wrote the study. "This way, they can continue to radicalize people and inspire attacks."

Meanwhile, Islamic State's

physical footprint has shrunk. The former al Qaeda affiliate Hayat Tahrir al-Sham has become the dominant rebel group in Syria, while al Qaeda itself remains strong in several countries.

But neither rivals Islamic State in cyberspace. Both groups mostly spread propaganda through more decentralized methods, such as sermons on flash drives, leaflets or public gatherings.

Western security agencies have attacked Islamic State propaganda outlets, but they have resurfaced. An operation by U.S., Canadian and six European agencies in April took down servers and outlets run by Islamic State. Days later, many were back online.

WORLD WATCH

AFGHANISTAN

Senior ISIS Official Is Killed in Joint Raid

U.S. and Afghan forces killed the leader of Islamic State in Afghanistan in the eastern Afghan province of Nangarhar, Afghan officials said Sunday.

The Afghan intelligence agency said Abu Saad Erhabi was killed along with 10 militants in a joint ground and air operation Saturday. A spokesman for the U.S.-led international coalition in Afghanistan, Martin O'Donnell, confirmed a counterterrorism strike that targeted "a senior leader of a designated terrorist organization." IS-K had no immediate comment.

—Habib Khan Totakhil

AUSTRALIA

Foreign Minister Resigns From Post

Australia's Foreign Minister Julie Bishop on Sunday announced her resignation following the country's latest bout of

leadership tumult, in which she launched a failed bid to become prime minister.

Ms. Bishop said she has yet to decide if she will contest the next federal election, due by May 2019. Ms. Bishop, 62 years old, has been in parliament for almost 20 years, serving more than half of that time as deputy leader of the Liberal Party, the country's dominant conservative force. She had served as foreign minister since late 2013.

—James Glynn

CHINA

Fire at Resort Hotel Leaves 19 Dead

At least 19 people were killed in a fire at a resort in China's northeastern city of Harbin, the local government said.

Firefighters found 16 people dead at the Beilong Hot Spring Hotel and three more died at a hospital, the city government and provincial fire department said. It said 18 people were injured and 70 evacuated.

—Associated Press

Deadly Congo Ebola Outbreak Grows

BY NICHOLAS BARIYO AND BETSY MCKAY

The world has never been so prepared for an Ebola outbreak, but the latest emergence of the virus in the Democratic Republic of Congo's conflict-ridden east is proving the most dangerous in years.

Seventy-two of 111 patients who were infected with the hemorrhagic fever have died, making this outbreak the deadliest in more than a decade in Congo, where the disease was first diagnosed in 1976 and named after the nearby Ebola River.

While the death toll is far off the 11,300 people who perished when Ebola spread through West Africa from 2014 to 2016, international health officials worry about containing the virus in an area dense with armed militias and close to the porous Uganda border. "This outbreak is still in the escalation phase," said Robert Redfield, director of the U.S. Centers for Disease Control

and Prevention, which has staff working to stem the outbreak in Congo, neighboring countries and the Geneva headquarters of the World Health Organization.

Since 2014, international health groups, governments and pharmaceutical companies have raced to strengthen their defenses against Ebola. Congo has approved the use of an experimental vaccine made by U.S.-based Merck & Co., which

helped snuff out an outbreak in northwestern Congo last month. It has also cleared five experimental treatments meant to reduce the mortality of the virus, which on average kills half of those infected.

Two of the first 10 patients who received a medication which contains an antibody isolated from a survivor of an Ebola outbreak in 1995 have recovered, Congo's health ministry said Saturday. The eight

others remain in treatment.

In a region that has seen a spike in violence, including beheadings, in recent months, health workers have struggled to reach patients and implement safe-burial protocols that proved key to controlling recent outbreaks. Ebola, which causes fever, diarrhea, vomiting and internal bleeding, is passed on through bodily fluids, including from corpses.

The WHO said on Friday a doctor in the town of Oicha had become ill with Ebola and may have infected his wife. The cases are the first in "an area of high insecurity," said Peter Salama, the WHO's emergency response chief.

Large numbers of civilians have been killed around Oicha and aid workers, priests and government officials are being held hostage, Dr. Salama said. Health teams from the U.N. and Congo's government managed to reach the town accompanied by military escorts, but staff from nongovernmental groups have been locked out.



Workers check a Congo villager before delivering the Ebola vaccine.

OLIVIA ALAND/REUTERS

Archbishop Asks Pope To Resign

Continued from Page One
nearly 50 years ago and banned him from practicing his ministry publicly. He has previously said he doesn't recall the incident involving the teenager and believes he is innocent.

After apologizing in Ireland for abuses by priests over many decades, but failing to satisfy many victims and critics who want the Vatican to take more responsibility and action, Pope Francis awoke on Sunday morning to find that he had been accused personally of covering up sexual misconduct at the highest levels of the church.

Aboard the flight, the pope told reporters to make their own "mature" judgment about Archbishop Viganò's letter. He told a story about Spanish priests who were cleared of abuse allegations only after the media had destroyed their reputations, adding: "Those who inform must always begin with the presumption of innocence."

Archbishop Viganò didn't respond to repeated attempts to contact him.

Sunday's allegations, if proven, would be extremely damaging to Pope Francis, who has often been accused of not responding effectively or decisively to the church's sex-abuse crisis. Archbishop Viganò's letter is the first time



HANNAH MCKAY/REUTERS

the pope has been accused of wrongdoing himself—by rehabilitating an influential official who, the archbishop alleged, had abused his position of authority over young men studying to become priests.

"The Pope learned about it from me on June 23, 2013 and continued to cover for him," Archbishop Viganò wrote. "He did not take into account the sanctions that Pope Benedict had imposed on him and made him his trusted counselor."

"Pope Francis must be the first to set a good example for cardinals and bishops who covered up McCarrick's abuses and resign along with all of them," Archbishop Viganò wrote.

Then-Cardinal McCarrick continued to appear at Masses and other public events during Pope Benedict's pontificate, which ended in 2013.

The high attention and credence that Sunday's allegations have received is a sign of the

pope's impaired credibility on the issue—and not just among conservative critics, who include Archbishop Viganò, of the pope's relatively liberal approach to moral issues such as homosexuality and divorce.

Pope Francis' move to encourage leniency toward divorced Catholics who remarry without an annulment of their first marriage has drawn sharp criticism from some church conservatives. In a lengthy 2016 document, "On Love in the Family," the pope effectively encouraged priests to grant Holy Communion to those who remarry. That stance has deeply polarized the church, with one prominent conservative figure, U.S. Cardinal Raymond Burke, threatening to issue a "formal correction" of the pope.

Pope Francis has also raised conservative concerns with his openness to gay people, most famously with his comment on gay priests: "Who am I to

judge?" In his letter, Archbishop Viganò blamed gay people for the bulk of sex-abuse cases. The archbishop's allegations about the handling of the McCarrick affair are likely to also raise concern among the pope's more liberal supporters.

Pope Francis' handling of sex-abuse scandals in a string of countries has emerged as the most serious weakness of his pontificate. The issue has generated pressure on the Vatican since January, when the pope sparked international anger by saying that victims who accused a Chilean bishop of covering up abuses were themselves guilty of "calumny."

The pope later admitted mistakes, and Chile's bishops collectively offered him their resignation in May after he accused them of "grave negligence." Critics said the pope has repeatedly underestimated the demand among Catholics in many countries for the Vatican to take immediate action and responsibility for the past.

During his visit of less than 36 hours in Ireland, Pope Francis apologized publicly on four different occasions for sexual and other abuses by priests and other church personnel in Irish institutions, stretching back many decades. He also met privately with a group of abuse victims on Saturday. Yet advocates for abuse victims in Ireland criticized his comments as disappointingly vague. His comments, they said, evaded the Vatican's responsibility for past coverups and lacked concrete proposals for increased accountability.

Home Security.
Done Right.

Introducing the all new SimpliSafe.

It's smaller. Faster. Stronger than ever.

Engineered with a single focus: to protect.

More than easy to use:

It's downright delightful.

All at prices that are fair and honest.



SimpliSafe™

Right now get free shipping at

SimpliSafe.com/WS

FROM PAGE ONE

Unraveling the Tesla Plan

Continued from Page One
AG, people familiar with the matter said.

Taking Tesla private also would displace legions of small stockholders—a merry band of electric-car fanatics willing to look past Tesla's rickety finances and its struggle to master the skill of mass-producing automobiles. Taking their place would be more sophisticated investors tugging on a tighter leash.

Then there was the photo emailed to him last week from an elderly couple, dressed in Tesla Inc. T-shirts and baseball caps. The couple held up a handwritten sign congratulating Mr. Musk for producing 7,000 electric cars in seven days. Their message: "Thanks, Elon! Two happy stockholders!"

Mr. Musk forwarded the email to a friend. "Made my day," he wrote. It also nagged at him.

In the conference room, bankers from Goldman Sachs Group Inc. and executives at

'In my opinion, the value of Tesla will rise considerably in the coming months and years.'

Elon Musk

Engineer and tech entrepreneur Elon Musk.

analysts for asking "boring, bonehead" questions. Ever the optimist, he viewed Tesla as a revolutionary business with its best days ahead.

Then on Thursday, he told the board he wouldn't be pursuing the deal.

The Securities and Exchange Commission is now investigating his tweets about the deal, including the one saying he had "funding secured," putting Mr. Musk and the company in jeopardy.

Mr. Musk's task ahead is to try to bury his private-transaction dalliance and focus instead on mass-marketing the Model 3 sedan—a bet-the-company product—at a scale and cost that could make it a mainstream automobile. The company has significant debt obligations coming due over the next year, and some of its suppliers are nervous about Tesla's ability to pay.

"In my opinion, the value of Tesla will rise considerably in the coming months and years, possibly putting any take-private beyond the reach of any investors," Mr. Musk said Saturday in an email to The Wall Street Journal. "It was now or perhaps never."

This account is based on interviews with people involved in and familiar with the discussions and negotiations that stretched between Mr. Musk's first tweets and a blog post late Friday night that put a bookend on the deal.

Zero to 60

Mr. Musk's Aug. 7 tweets kicked off a frenzy of how-the-heck speculation about a going-private transaction that valued at \$70 billion—Mr. Musk had offered \$420 per share—a company that had never made an annual profit.

He hired a conventional set of deal advisers, including bankers from Goldman, and lawyers from Wachtell, Lipton, Rosen & Katz.

and speak with assurance about America's value set," he said, not intending a breach of pop culture.

He is more familiar with the Old Spice brand body wash and deodorant. "There's Old Spice Swagga I've had sent in the mail," said Mr. Pompeo, a scent described in ads as "the smell of cedarwood, lime and confidence."

Mr. Pompeo, who graduated from the West Point military academy at the top of his class in 1986, said swagga has a timeless association with such famous military officers as Gen. George Patton, another West Point graduate.

"If you go look at history, you'll see swagga sticks," said Mr. Pompeo, sitting in an armchair beneath a painting of the military school in his office. "Patton, Right, in the movie at least...I think in real life, too."

Hip-hop artist Crisis Mr. Swagga, who also has an image to keep, doesn't mind Mr. Pompeo joining the party, as long as he does his part.

"In hip hop, swagga is the way you sway, the way you tell yourself, the way you walk," he said. "If that's the swagga we're talking about, it's a pretty cool way of doing business."

"We were a little concerned with Secretary Pompeo's use of the term," said Mr. Branco.

During an interview in his office on the seventh floor of the State Department, Mr. Pompeo said he used the word to invigorate diplomats. "I want our team, when it's doing its mission, to be confident



JOSHUA LOTT/GETTY IMAGES

Elon Musk had complained about the scrutiny aimed at public companies

Silver Lake, the private-equity firm brought in to try to facilitate a deal, made their presentation. Then Mr. Musk rose to speak.

Taking Tesla private was an idea he mulled for years, and Wall Street was offering him the chance to try. Despite a meteoric stock-price rise—up 78% since the end of 2016—Mr. Musk was obsessed with short-selling investors who bet on Tesla's price declining. He complained about the scrutiny aimed at public companies, once chiding Wall Street

Staying Public

Tesla's stock fell about 15% in the days between CEO Elon Musk's announcements about the company's future.

1 Aug. 7, 2018
Elon Musk shocked investors by announcing during market hours his plan to take Tesla private.

2 Aug. 24, 2018
Musk says Tesla will remain a public company.

Source: SIX
THE WALL STREET JOURNAL.

Fund managers including Fidelity Investments, a long-time booster of Mr. Musk's tech empire, wouldn't be able to roll their entire stakes into a private Tesla, because of regulatory constraints, said people familiar with the matter.

Each investor that didn't stay with Tesla needed to be bought out. Weighed down with debt and bleeding cash, the company would be hard-pressed to borrow. Mr. Musk needed new shareholders.

In an Aug. 13 blog post, Mr. Musk cited Saudi Arabia's sovereign-wealth fund as the source of his secured funding: "Obviously, the Saudi sovereign fund has more than enough capital needed to execute on such a transaction."

That rankled some senior officials in the kingdom, according to people familiar with the matter. Prince Mohammed bin Salman has big ideas to turn his petrostate into a technology and solar-power hub as part of his plans to develop its economy. And he was interested enough in Tesla to consider being part of a take-private transaction; the Saudis had already bought a near 5% stake in Tesla in the public market.

But the Saudis never made a formal proposal. A Saudi government official and an adviser familiar with the talks said the country's senior leadership was divided.

Mr. Musk's tweets and the blog post didn't help. The government official said his behavior worried some officials about his health as well as the role he would play in the company.

They also fretted about the expense: The Saudi sovereign-wealth fund was already weighing an investment in a Tesla competitor, and the kingdom has grandiose plans that include a massive new city in the desert.

For Tesla, Saudi Arabia wasn't a perfect fit either.

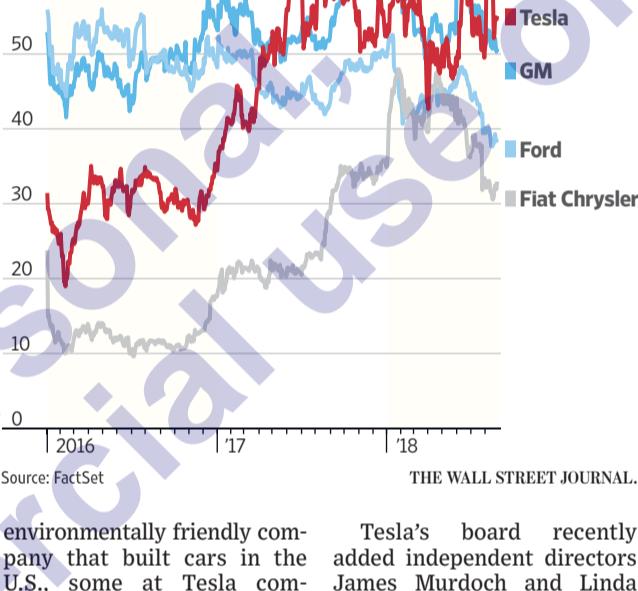
Protective of its image as an

Moving Ahead

Tesla's market value—even after a recent drop in its stock price—tops that of much larger mainstream car makers.

Market capitalization

\$70 billion



Source: FactSet
THE WALL STREET JOURNAL.

environmentally friendly company that built cars in the U.S., some at Tesla complained to Mr. Musk about selling a large interest to a foreign oil producer.

That left Mr. Musk's bankers casting around for others: car companies, sovereign-wealth funds, anyone who might take a strategic interest in Tesla—or who would be willing to make a big bet.

Machine in motion

Despite his over-the-top public persona, Mr. Musk keeps close counsel. A key group of Tesla executives have been at his side for years, including Chief Technology Officer J.B. Straubel; General Counsel Todd Maron, who once was his divorce lawyer, and finance chief Deepak Ahuja, who returned to the company last year after retiring from the same

Tesla's board recently added independent directors James Murdoch and Linda Johnson Rice but is still dominated by Mr. Musk's longtime supporters, including his brother, Kimbal Musk, a confidant.

Mr. Musk had spoken in recent years to Michael Dell, the founder of Dell Inc., who had taken his own company public, then private a quarter-century later and then public again, according to a person familiar with the discussion.

Once Mr. Musk raised the idea of a transaction, he expanded his advisers beyond his West Coast loyalists. He brought in Egon Durban of Silver Lake, who had brokered and helped bankroll the Dell buyout. Gregg Lemkau and Dan Dees of Goldman came on board, too, to advise Mr. Musk and tap the firm's connections to wealthy investors around the world.

By Saturday, Aug. 18, the

deal machinery was fully in motion. The Tesla board held a meeting by telephone, with Mr. Musk and his brother Kimbal huddled in Los Angeles.

Mr. Musk presented ideas about how a transaction could be structured. When asked about his earlier promise that individual investors would be able to join, he acknowledged it might not work, according to people briefed on the discussions. The meeting ended on a positive note, though, one of the people said, with most directors believing Mr. Musk remained committed to the idea.

Following the meeting, however, Mr. Musk sought private counsel about whether to proceed from several board members. He got conflicting advice.

Board members remained supportive of Mr. Musk, several people familiar with its discussions said, but some were whipsawed by the tweets. He told the board he understood that his tweets had been rash and promised to exercise more self-control, according to people familiar with the matter.

Mr. Musk seemed to view such a complex corporate transaction as an engineering problem he could solve—much as he had spent time pursuing the idea of a submarine to rescue a soccer team trapped in the waters of a Thai cave.

After the board meeting, Mr. Musk went to the Tesla factory in Fremont, Calif. He stayed into the early morning, tweeting at 2:32 a.m. that he had just gotten home. He slept most of the next day.

On Monday and Tuesday, advisers from Goldman and Silver Lake plowed ahead on a deal that might work.

By Wednesday evening, they had a presentation for Mr. Musk, proposing a roster of deep-pocketed investors, including Volkswagen and Silver Lake itself, that had agreed to contribute as much as \$30 billion, people familiar with the matter said.

They weren't the kind of investors Mr. Musk had in mind. He was suspicious of rival car companies, believing they wanted to piggyback on what he called the "Tesla halo." He also was lamenting a loss of small investors, who had been his most vocal champions.

Finally, the deal team advised him, the money would likely come with strings attached: The new investors would want a lot of say in the company, and each would likely want to hammer out terms of their own.

The following day, Thursday, the board meeting was convened at the Tesla factory conference room. Mr. Musk had told some board members earlier in the day that he had doubts about the proposal, according to people familiar with the matter.

The advisers said they were confident it could be done, and then left.

Then Mr. Musk spoke. Based on the latest information I have, he said, I'm withdrawing the proposal.

"Woohoo," one board member let out.

—Summer Said, Jean Eaglesham and Dana Mattioli contributed to this article.

State Shows its Swagger

Continued from Page One
est and most powerful bureaucracies.

Mr. Branco called an emergency meeting at his Toronto headquarters. Employees in New York, Los Angeles and Miami joined by conference call. Could the magazine, or even the word itself, maintain its cool if recast by Mr. Pompeo, who is 54 years old?

The magazine had registered "Swagger" as a trademark in Canada. The 29-year-old editor didn't claim ownership, noting that William Shakespeare was the first to use swagger in print—just worry.

"We were a little concerned with Secretary Pompeo's use of the term," said Mr. Branco.

During an interview in his office on the seventh floor of the State Department, Mr. Pompeo said he used the word to invigorate diplomats. "I want our team, when it's doing its mission, to be confident

and speak with assurance about America's value set," he said, not intending a breach of pop culture.

He is more familiar with the Old Spice brand body wash and deodorant. "There's Old Spice Swagga I've had sent in the mail," said Mr. Pompeo, a scent described in ads as "the smell of cedarwood, lime and confidence."

Mr. Pompeo, who graduated from the West Point military academy at the top of his class in 1986, said swagga has a timeless association with such famous military officers as Gen. George Patton, another West Point graduate.

"If you go look at history, you'll see swagga sticks," said Mr. Pompeo, sitting in an armchair beneath a painting of the military school in his office. "Patton, Right, in the movie at least...I think in real life, too."

Hip-hop artist Crisis Mr. Swagga, who also has an image to keep, doesn't mind Mr. Pompeo joining the party, as long as he does his part.

"In hip hop, swagga is the way you sway, the way you tell yourself, the way you walk," he said. "If that's the swagga we're talking about, it's a pretty cool way of doing business."

"We were a little concerned with Secretary Pompeo's use of the term," said Mr. Branco.

During an interview in his office on the seventh floor of the State Department, Mr. Pompeo said he used the word to invigorate diplomats. "I want our team, when it's doing its mission, to be confident



DITA ALANGKARIA/PRESS POOL

Secretary of State Mike Pompeo has drawn notice outside of diplomatic circles for using #Swagger.

swagger was an odd choice for the secretary of state.

"I think that's not really the word you want to send out with diplomacy. But that's just me. I may be wrong," said the heavyweight professional, whose real name is Jake Hager.

Mr. Pompeo said he purposely chose the word swagger. "The work that was done by our team to return the three Americans from North Korea was a prime example" of swagger, Mr. Pompeo said,

referring to his trip to Pyongyang to retrieve three U.S. citizens from prison there.

A #Swagger post this month by Mr. Pompeo shows a graduating class of foreign officers, the first graduates since he lifted a hiring freeze. Many at State were feeling overlooked by the Trump administration, in part because of unfilled positions.

One of the new officers said Mr. Pompeo seemed particularly energized about swagger during his speech at the ceremony.

Swagger editors decided during their emergency meeting that Mr. Pompeo might present an opportunity to broaden their readership.

"Pompeo got the definition of swagger right. A lot of people think of swagger in terms of hip-hop," Mr. Branco said. "But in his case, it's about bringing confidence back to State."

He said Mr. Pompeo and his team might benefit from spending some time reading Swagger online. Recent articles offered six ways to arrest a receding hairline and a guide to the "growing floral shirt trend."

"They all seem to have an oversize suit going on," said Mr. Branco. "We're working on a story that will provide more direction on what to wear in the office."

Mr. Pompeo had little say on the subject of fashion, looking a little perplexed when asked about his favorite clothing designer.

Yet his adoption of swagger seems to have caught on. At a recent dinner out, strangers came to his table and said, "I've got my swagger on," Mr. Pompeo recalled with a laugh. "No idea what they actually meant."

GREATER NEW YORK

LIRR's New Chief Gets a Bumpy Start

Phil Eng is hopeful major infrastructure improvements will give passengers relief

BY PAUL BERGER

Phil Eng's honeymoon period as head of the nation's largest commuter railroad didn't last long.

Four months into his job as president of Long Island Rail Road, Mr. Eng has had to contend with many problems, including signal failures, railcar shortages, overcrowding, derailments and, most recently, a petition signed by more than 2,000 people calling for better railroad safety and a fare refund.

"I knew it would be short," Mr. Eng said recently of his honeymoon period, as he sat in a conference room at the railroad's headquarters in Jamaica, Queens.

Mr. Eng, who is 56 years old and a lifelong Long Islander, spent more than 30 years at the New York State Department of Transportation where, most recently, he oversaw engineering, operations and ma-



Phil Eng acknowledged that turning around the commuter railroad won't be quick or easy.

ior construction projects like new highways and bridges.

He acknowledged that turning around the LIRR isn't going to be quick or easy.

"It won't be an overnight flip of the switch," Mr. Eng said. "I think many of our customers know that."

In the coming weeks, the railroad will unveil the first in

a series of major infrastructure improvements.

It recently announced plans to open a second track along an 18-mile stretch between Farmingdale and Ronkonkoma by Sept. 21. The \$431 million project will allow the railroad to run concurrent service in both directions along a corridor that carries 45,000 pas-

sengers on an average weekday.

Because most LIRR lines are interconnected, the new track should provide relief beyond the Ronkonkoma Branch.

By the end of 2022, the LIRR aims to add a third track on a 10-mile stretch of the heavily used Main Line corridor between Floral Park and

Hicksville. Around the same time, a long-delayed project to bring the LIRR to Grand Central Terminal, called East Side Access, should be completed.

Both projects are priorities of the Metropolitan Transportation Authority, which runs the LIRR.

Taken together, the improvements will add service, reliability and travel options for the LIRR's 300,000 daily weekday riders.

Last year, the railroad recorded its worst on-time performance since 1999, according to a report by the New York state comptroller. Overall, just 91% of trains arrived at their final destination within six minutes of their scheduled time, according to MTA data. During rush-hour periods, that rate slipped as low as 86%.

So far this year, systemwide on-time performance is only 0.4% better than last year's, according to MTA data. Mr. Eng said he is determined to make it better.

Last summer, commuters steeled themselves for disruptions caused by Amtrak performing weeks of emergency track-repair work at New York

Penn Station. Gov. Andrew Cuomo dubbed the period "the summer of hell."

But LIRR passengers weren't ready for the many delays they suffered this summer, said Mark Epstein, chair of the Long Island Rail Road Commuter Council, a passenger advocacy group. "There's not a day goes by when there's not a disruption," he said. "We live in purgatory year-round."

Mr. Epstein credited Mr. Eng for an improvement in LIRR's communication with customers about the cause and length of delays.

The focus on communications is one of several measures Mr. Eng has announced since taking over the LIRR. He has also launched an accelerated program to repair and upgrade the most problematic railroad switches and track circuits and to improve safety in areas where motorists cross rail lines.

Mr. Eng said: "My goal is to continually get better every day and really drive the on-time performance to the point where when customers get on they can feel comfortable they'll get to their destination on time."

New Jersey Democrats Look for Middle Path

BY JOSEPH DE AVILA



GOP Assemblyman Jay Webber faces Democrat Mikie Sherrill.

Mr. Gottheimer said in an interview that Democrats can win in these competitive districts with moderate candidates. "I think the way we win is through the common-sense middle," he said.

Doug Steinhardt, who became chairman of the New Jersey Republican State Committee in November, said Democrats are underestimating the GOP field. "The party with the presidency tends to struggle during midterms," he said. "It's something we are willing to work hard on to combat."

Thirty-three percent of New Jersey voters approve of Mr. Trump, according to a Quinnipiac University poll released Wednesday.

GOP Assemblyman Jay Webber, a former state party chairman, is running in the state's 11th Congressional District in a race the Cook Political Report rates as leaning Democratic. The Republican incumbent, Rodney Frelinghuysen, isn't running for reelection.

Mr. Webber, whose campaign had \$171,000 left in its coffers as of the latest fund-

raising filing, faces Democrat Mikie Sherrill, a former Navy helicopter pilot and federal prosecutor who has \$2.9 million cash on hand.

National Republicans have taken notice of the race. Vice President Mike Pence headlined a fundraiser for Mr. Webber earlier this month. A Monmouth University poll from June found Ms. Sherrill leading Mr. Webber 40% to 38%. The poll had a margin of error of 4.9 percentage points.

Mr. Webber said he knows New Jersey Democrats are enthusiastic in this election cycle.

"There are some charged-up Republicans out there, too," Mr. Webber said. "They know what's at stake. Our party is committed to keeping this seat in the Republican column."

Ms. Sherrill said voters in the district are most concerned about the rising costs of living. Many are worried about the new tax law's \$10,000 cap on state and local tax deductions, she said.

"I think New Jersey taxpayers are paying for this tax bill," she said.

An Up-Close History Lesson in Brooklyn



THE BRITISH ARE COMING: Re-enactors took part in events Sunday in Green-Wood Cemetery to commemorate the 242nd anniversary of the Battle of Brooklyn, fought on Aug. 27, 1776.

Real Crime Fighters Help Make Television Shows More True-to-Life

BY KATIE HONAN

Marvel's "Daredevil" is a show on Netflix about a blind lawyer turned vigilante who patrols the streets of a fictional, gritty New York City. Despite its comic-book roots, there is still a level of authenticity expected in the show.

During a hospital arraignment in the show's second season, the script called for the character's lawyer to nod his head after the judge asked if he waived the reading of the charges.

It was a small detail that set off immediate red flags for Michelle Witten, who spends her days fighting crime as a prosecutor for the Queens District Attorney's Office.

"He's going to have to answer a question on the record," she wrote in her notes to "Daredevil" producers, noting that in a real court, a judge requires a verbal response. The script was changed.

Outside her job, Ms. Witten moonlights as a technical legal adviser for television produc-

tions. She worked on the second season of "Daredevil" in 2015 as well as the ABC drama "Conviction" in 2016. She is paid between \$500 and \$1,000 for script reviews and set visits.

Her role is to make sure the legal aspects of a show are as accurate as possible, reading scripts to find inconsistencies and errors surrounding the legal processes. During set visits, she helps give cues to the director for dramatic courtroom scenes.

For Ms. Witten, who works in the organized crime and rackets bureau, the show work is a chance to flex her legal knowledge and help the writers and producers write honest stories.

During her own trials, she usually meets jurors whose understanding of the criminal justice system is based on works of fiction.

"One of the first things we talk to a jury about is: Do you guys watch 'Law & Order' or these legal TV shows?" said Ms. Witten, who has worked as a Queens assistant district attorney for 10 years. "Jurors expect to see what happens on

TV. They expect DNA evidence or a bunch of witnesses in every single case."

The role of a technical adviser on sets is ever more vital, as the internet has heightened scrutiny of TV shows and films, says Liz Friedlander, co-creator and director of "Conviction." She strives to make all her

scenes ring true and sees Ms. Witten's job as important as any other crew member's.

"We're exposed to things for the first time quite often on TV," she said. "I think as a person who is putting out images, to be careless and be willy-nilly with things in this day and age is reckless."



Prosecutor Michelle Witten moonlights as a technical adviser.

Jimmy West, a retired New York Police Department detective lieutenant who last worked on the cold case squad, advised for a few years on various New York City productions, including "Daredevil."

He has helped make sure precincts look as realistic as possible, recommended dialogue between officers and given suggestions on what undercover police officers wear.

During his 30 years with the NYPD, he often noticed errors—large and small—on police procedurals. "It always bugged me on TV that they'd have the detective shield on a chain," he said. When wearing suits, detectives usually have them pinned, he said.

Jeff Bernstein, a production manager who worked with Ms. Witten on "Daredevil," said advisers add expertise, which is vital in selling a story or plot line. Even the smallest gaffe or mistake could kill the story line for a viewer.

"There's so many shows that you watch, and you're like, 'What are they doing? None of

that is real,'" he said.

He has sought out advisers for a variety of productions. He hired journalists to offer insights into what a real newsroom looked like for the 1994 movie "The Paper" and police officers to teach actors the correct way to hold a gun.

"Believe it or not, not everyone knows how to hold a gun," he said. "The actors have gone to acting school, they didn't go to police training school."

He even hired a dominatrix for a scene on the HBO comedy "Bored to Death."

"Not too many people are knowledgeable in the S&M world, or at least no one will admit it, so you rely on technical advisers to portray something in the correct light," he said.

Although advisers offer valuable advice, it can be ignored if the story or character development is impeded—or if the fictional version looks better on film, Mr. Bernstein said.

"There's a fine line between making it real and making it sexy," he said. "Real is kind of boring."

GREATER NEW YORK

London Comes Calling to Restaurant Scene

BY CHARLES PASSY

Since it launched in 2006, D&D London has emerged as one of the most prominent dining companies in its namesake city, with more than 30 restaurants. It has also branched out to other locations in England and to Paris and Tokyo.

Now may come its toughest act: making a name for itself in New York City.

The company, whose annual revenue tops £150 million (\$193 million), is opening its first restaurant in the Big Apple next month at the Shops at Columbus Circle. Bluebird London will be a British-inspired brasserie modeled after its similar spots in London. It has a still-to-be-named restaurant planned for 2019 as part of Hudson Yards, the residential and commercial complex under construction on Manhattan's far West Side.

Add up the startup costs of the two spaces, and it amounts to a commitment of about \$20 million, D&D officials say.

"We are not coming in unaware that lot of people come in and don't succeed," said D&D London Chairman and Chief Executive Des Gunewardena, who is one of the Ds in the company name. (The other D is David Loewi, deputy chairman.)

Examples of out-of-town chefs whose New York restaurants didn't last are almost



D&D London will open its first New York City restaurant next month at the Shops at Columbus Circle in Manhattan.

too numerous to cite. The late and legendary Creole and Cajun chef Paul Prudhomme couldn't make a long-term go of it in New York. Nor could celebrity chef Guy Fieri, whose Times Square establishment, Guy's American Kitchen & Bar, closed at the end of 2017 following a five-year run.

But D&D has much going in its favor, say restaurant-industry professionals, who often describe it as the British equivalent of Union Square Hospitality Group, Danny Meyer's restaurant company. That is, D&D develops many concepts covering many cui-

sines, from a sustainable seafood restaurant to what the company bills as a "slick take on the traditional British steakhouse."

Plus, D&D has an unmistakable flair for design, professionals say.

"They're known for creating great spaces," said Julia Heyer, a New York-based restaurant consultant who has worked in Europe.

Bluebird London isn't a single dining destination as such, but an 11,000-square-foot space done with a contemporary British look that combines a bar, restaurant and all-

day cafe.

The menu in New York will have plenty of British favorites, such as fish and chips and beef Wellington, but there will be tweaks made with New York tastes and preferences in mind. A case in point: Afternoon tea will be offered, but it will feature cocktails served in teacups.

D&D made its way to New York in large part because Related Cos., the real-estate giant behind the Shops at Columbus Circle and Hudson Yards, sought it out as a tenant. The Bluebird concept especially had appeal because it

functions on many levels, said Kevin Stuessi, vice president at Related.

"It can be a special occasion place, but it can also be your everyday lunch or weekly dinner destination," he said.

The bigger challenge for D&D may be at Hudson Yards. Although the complex will feature a Who's Who of the dining scene, including high-profile chefs such as Thomas Keller and David Chang, restaurant-industry professionals question whether it will draw in enough patrons on a regular basis, especially due to its relatively remote location.

GREATER NEW YORK WATCH

THE HAMPTONS

Arrest Made in Trump Motorcade Incident

Police say they have arrested a truck driver who threw a metal object at a dump truck protecting President Trump's motorcade during a recent Hamptons visit.

State police said 25-year-old Justin Velez faces a felony criminal mischief charge stemming from the Aug. 17 incident on Sunrise Highway in Hampton Bays. They said more charges could be filed.

Mr. Velez, of Brentwood, was issued an appearance ticket for Sept. 26 in Southampton Town Court.

Information on his lawyer wasn't immediately available.

State police say Mr. Velez damaged the hood, mirror and door on the driver's side of a New York State dump truck being used as a barricade for Mr. Trump's motorcade.

Mr. Trump was attending a fundraiser in Southampton hosted by a friend who is the chairman of Nathan's Famous.

—Associated Press

NEW YORK STATE

Law Honors Children Slain by Their Nanny

New York is making it illegal for nannies to misrepresent their credentials.

A new state law signed by Democratic Gov. Andrew Cuomo makes it a misdemeanor for a nanny or someone else to lie about their references or background for employment purposes.

The law is known as "Lulu and Leo's Law" in honor of two children who were murdered by their nanny in 2012 in New York City. The woman's credentials and references had been faked.

Lawmakers passed the measure earlier this year. Republican Sen. Andrew Lanza of Staten Island sponsored the bill. He says it will protect children and families and that he hopes it will prevent future tragedies.

—Associated Press

Speed Cameras to Return in Time for Back-to-School

BY KATIE HONAN

New York City will bring back working speed cameras in school zones before children return to classes, after the City Council brokered a deal between the mayor and governor.

Gov. Andrew Cuomo has agreed to sign an executive order allowing the city to access

Department of Motor Vehicle records of drivers caught on camera speeding, City Council Speaker Corey Johnson said Sunday. And Mayor Bill de Blasio will take procedural steps necessary to expedite passage of a City Council bill to reactivate the issuing of tickets, Mr. Johnson said.

The program for the speed cameras, which are placed in

140 school zones throughout the five boroughs, expired July 25 after the state Senate failed to pass legislation authorizing their use. The city kept recording data on speeding drivers through its cameras but was unable to give out tickets.

The bill to reactivate ticketing is expected to be discussed in the City Council on Tuesday and vote on in an emergency

council meeting the following day. The mayor is expected to sign it into law on Sept. 4, the day before school starts.

It is a rare peace treaty between the governor and the mayor, who are known for feuding on issues big and small throughout New York City.

"Children's lives are at stake," Mr. Johnson said. "We

wanted Albany to act, and they didn't, so we had to act."

"Speed cameras save kids' lives," Seth Stein, a spokesman for Mr. de Blasio, said. "We can't risk 1.1 million students returning to school unprotected."

Representatives for Mr. Cuomo didn't immediately respond to a request to comment.

AdoptUSKids Presents

WHAT TO EXPECT WHEN YOU'RE EXPECTING = A TEENAGER

You don't have to be an expert in all-things-teen to be a perfect parent. Thousands of teens are looking for someone just like you.



LIFE & ARTS

HEALTH

The Scan That Saved My Life

After years of exercise and healthy eating, a reporter's blocked artery came as a shock; the debate over tests to prevent strokes

BY THOMAS M. BURTON

"LET'S TALK ABOUT your test results," my neurologist said.

She looked as if she had good news. Instead, it was shocking.

The carotid artery on the left side of my neck, one of the brain's two main sources of blood and oxygen, was clogged with fatty plaque, the doctor said. The artery was almost completely blocked.

There must be a mistake, I thought frantically. I exercise and am healthy and young. Actually, I'm 68, but, you know, a young 68. You are in danger of a major stroke, she said, and need an operation. Immediately.

The irony wasn't lost on me. As a journalist covering the medical field, I have spent years writing about strokes, most of which are caused by clots blocking blood flow to the brain. Now I faced the unnerving question: Am I going to become a weird punch line? As in: Did you see that the guy who writes all those stories about strokes just had a big one?

A blocked carotid artery didn't seem possible for an active person like me. I've never smoked. I've run, lifted weights or done something aerobic like playing tennis pretty much every day of my life. I watch what I eat. I even wrote an article about how I kept my bad cholesterol in check with diet and exercise, not medication.

While I'm addicted to cheese, and my weight has climbed some, I've eaten foods like salmon and oatmeal with fervor for more than 20 years. So I figured I was exempt from medical crises.

200,000

strokes are caused by carotid disease every year, vascular specialists say

The diagnosis made me reconsider dilemmas that had once seemed academic. For example, should older Americans be screened for blocked carotid arteries?

Clots cause about 700,000 strokes that lead to 130,000 deaths annually in the U.S. and are the primary preventable cause of disability, according to the American Stroke Association. Carotid disease is a main cause of those strokes—nearly 200,000 strokes a year, vascular specialists say. Yet 80% of those patients have no symptoms before the strokes.

In 2014, a U.S. task force concluded that people with no symptoms don't have to be screened for carotid disease, saying that the risks, such as poor surgery, "outweigh the benefits." But the task force—a panel of private doctors assigned by law to help set U.S. medical policy—focused on screening in the general population, not older patients.

The task force said there aren't enough carotid-caused strokes to warrant screening everyone. Of course, not everyone with carotid blockage will get surgery; thousands of people with the condition can benefit from drug therapy.

My experience, along with some evidence from screening of thousands of individuals, raises questions about the task force's conclusions. The Society for Vascular Surgery recommends screening people over 65 with coronary disease, high blood pressure or a history of smoking.

The task force generally supports screening Americans for breast cancer, with 253,000 new cases in women and 41,000 estimated deaths annually, as well as colorectal cancer, with 135,000 new cases and 50,000 deaths a year. Government and private insurance pay to screen for these illnesses, but not for carotid screening of non-symptomatic people, which can cost about \$70 a person.

After hearing the jarring news about my dangerously blocked carotid, I faced a big decision. My wife Christa and I live near Washington, D.C. Our daughter, Maddie, was supposed to be married in San Francisco in June, a week after the neurologist told me I needed surgery right away. Suddenly the prospect of being at the wedding seemed iffy.

Critical Paths

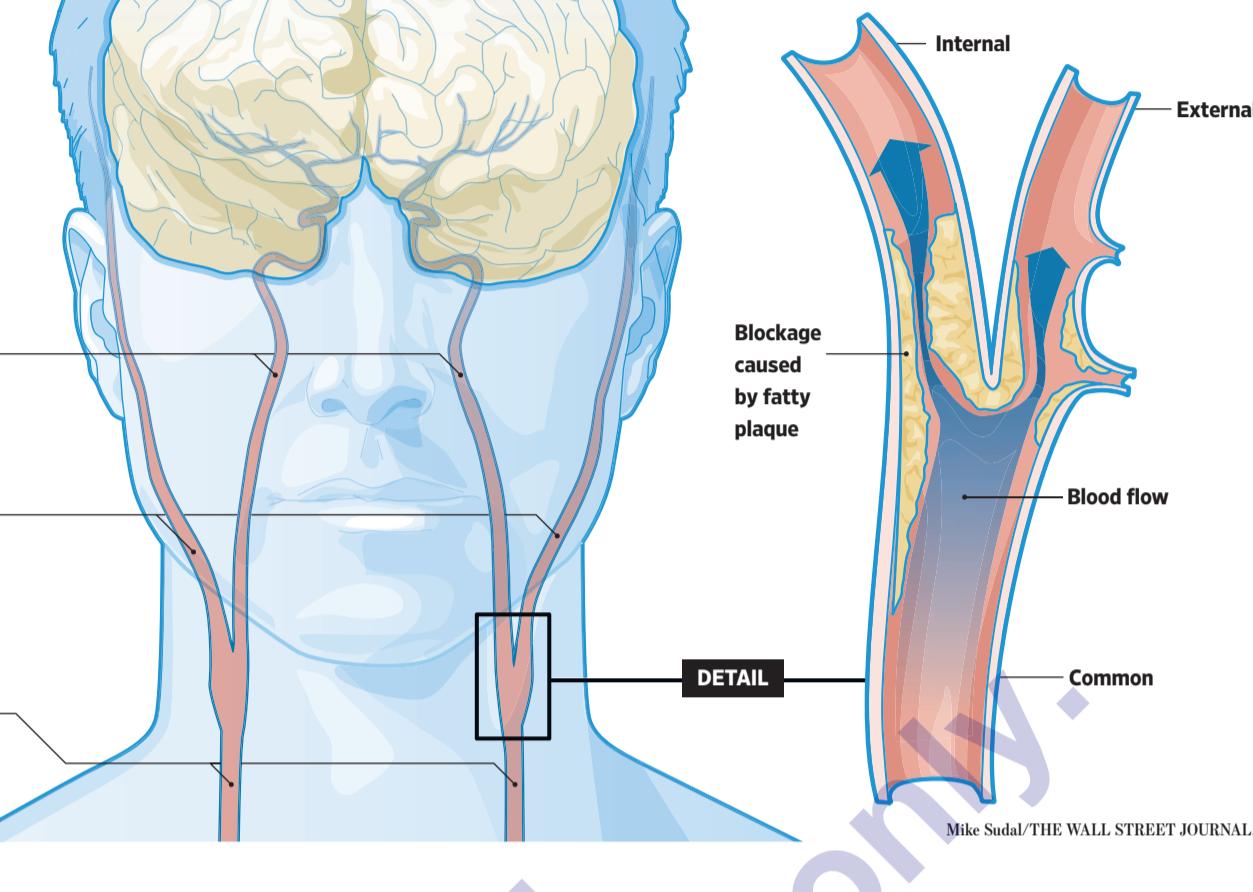
The carotid arteries are passageways through which blood and oxygen move to a person's brain and face. When fatty plaque obstructs an artery, the blood supply can be reduced or cut off, sometimes resulting in a stroke.

Internal carotid arteries supply blood to the brain

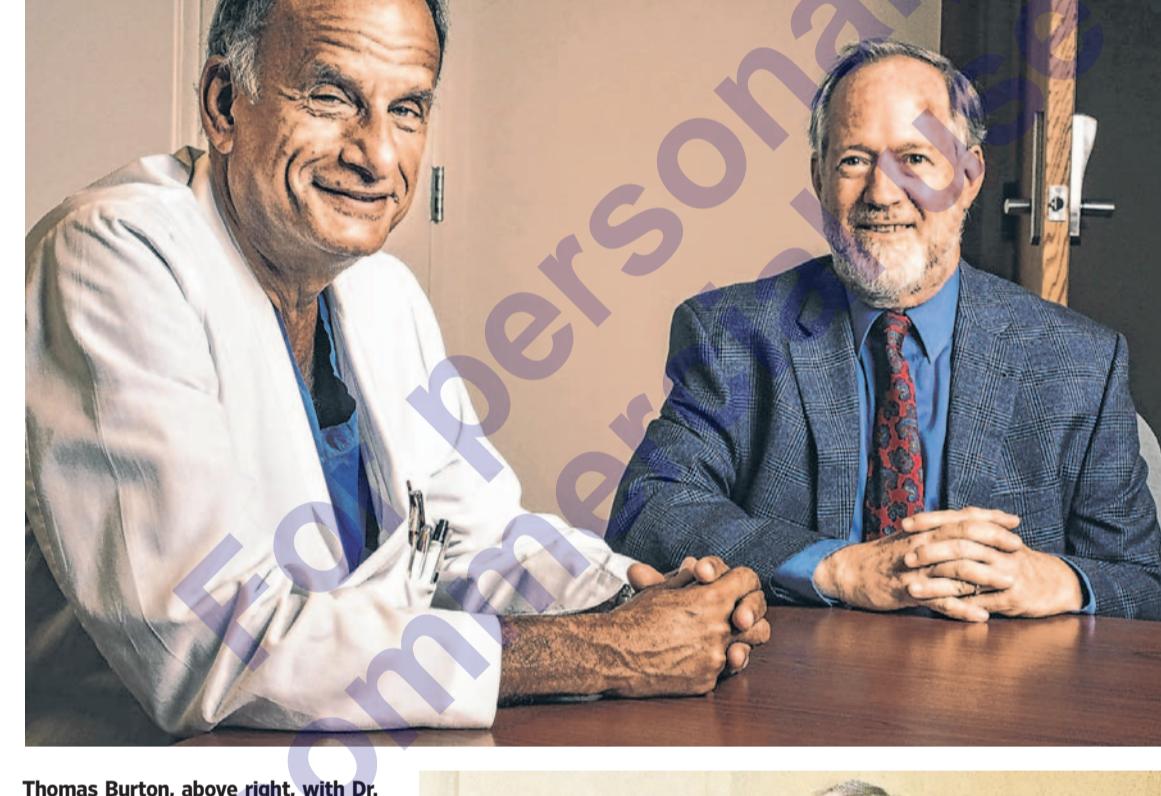
External carotid arteries supply blood to the face and neck

Common carotid arteries

Sources: Dr. Bruce A. Perler, Johns Hopkins Hospital; U.S. National Library of Medicine



Mike Sudal/THE WALL STREET JOURNAL.



Thomas Burton, above right, with Dr. Bruce Perler, who unblocked Mr. Burton's artery. Days before surgery, Mr. Burton was with his daughter, Maddie, at her wedding, right.

Conventional wisdom says that among the 65-and-older set, only those with symptoms should be tested. That often means individuals who have had mini-strokes, which tend to be brief periods in which the patient has something wrong on one side of the body, usually for a few minutes. Symptoms often include slurred speech, temporary vision loss, a one-sided facial droop and arm or leg weakness or numbness.

Vascular surgeon George Lavenson Jr. wrote in 2012 in the Journal for Vascular Ultrasound that among 22,146 people screened for carotid disease during four public screening campaigns between 2001 and 2006, about 7.5% were found to have blockage of 60% or more—enough to warrant treatment with medication.

"It is hard to understand how many leaders in the medical profession can object to a one- to two-minute accurate screen of seniors that can find the 7.5% with silent carotid artery disease," Dr. Lavenson said. Those patients can be "evaluated and managed to prevent them from being one of the 700,000 clot-caused strokes we continue to have annually."

Most doctors would have put me in the asymptomatic, or less-risky, category. But five years ago, I went out for a run of about 7 miles along the Potomac River. At the end of the run, my right leg started shaking. That seldom happened again until the past few months, when it started recurring more often, along with shaking in the right arm.

My physician, Joel Taubin, recommended a neurologist, Rhamni Herzfeld, of the Neurology Center in Washington. She prescribed tests to discern the cause of the shaking, perhaps a pinched nerve,



incipient epilepsy, a neurological disorder or a tumor. The results ruled them all out.

Then an MRI of my head showed a few white spots on the left side. Dr. Herzfeld wondered if I might have had some "silent strokes," sending tiny bits of artery plaque floating to my brain—and now appearing as white spots on the scan. Fatty plaque accumulates in most people's arteries, and can form clots that break off and cause strokes.

Dr. Herzfeld ordered a carotid ultrasound of the arteries on both sides of my neck. It's a quick, painless and very accurate scan. Moments later, we were talking in her office. My right carotid artery was perfectly clear, she said. The left was almost completely blocked and I needed immediate surgery to clear it.

I asked if we could treat the obstruction with anti-platelet medication, such as Plavix.

"No, your blockage is just too extensive," Dr. Herzfeld said. She recommended that Bruce A. Perler, a professor of vascular surgery at Johns Hopkins Hospital in Baltimore, do the procedure.

The effectiveness of carotid artery surgery in people without symptoms—but major blockage—

was established two decades ago by the Asymptomatic Carotid Artery Stenosis trial, funded by the National Institutes of Health. It showed, in hospitals in the U.S. and Canada, that the risk of stroke or death in surgery patients after a median 2.7 years was 5.1%, less than half that of people treated only with drugs. An international study published in 2010 in the Lancet showed similar benefits from surgery.

I consulted with other doctors, including one who said, "This isn't quite an emergency, but it's urgent."

The operation is serious, with the rates of stroke and death within 30 days after surgery totaling about 2.4% in major studies examined by the task force. The task force noted that this typical measure can be as high as 5% at some low-volume hospitals.

People considering this operation should ask their hospital, surgeon or academic medical center about their rates of stroke and death after surgery. Few hospitals and surgeons in the U.S. publish their individual results. Dr. Perler's rate was well under 1%. He said my risk of stroke was 10% to 15% over five years, probably in the first year.

Getting Screened

■ A national company, Life Line Screening, will do a carotid screen for \$70, or with other tests such as for aortic aneurysms, for \$149.

■ Hospitals' accredited labs will do carotid ultrasound tests typically for \$200 to \$300, but usually only on a doctor's order.

■ Insurers, private and government, generally will pay only if the patient has symptoms, including a mini-stroke.

■ The Society for Vascular Surgery's site, vascular.org, can direct people to specialists who can do testing.

A week before Maddie's wedding, my wife and I met with Dr. Perler at Johns Hopkins. On the drive to Baltimore, we called Maddie. She sounded frightened and I told her maybe I wouldn't need surgery—or could put it off. We also told her brothers, Jamie and Will, and her sister, Samantha, what was going on.

Dr. Perler's test confirmed Dr. Herzfeld's findings: I definitely needed surgery. My artery was almost completely obstructed by "echoluent" plaque—a type that can easily form clots, break off and cause strokes.

We discussed timing. Dr. Perler's next surgery day was June 18. That would leave me four days to recover before the wedding. He warned that I would be "misera ble" doing that. But his surgery day after that wasn't until June 27.

"You can safely wait until next week," he said, "but I wouldn't wait two months." Then he added the words I remember most: "We'll take good care of you."

My wife and I decided on June 27—and headed to San Francisco for the wedding. It was an untraditional ceremony with no white veil or a parade of bridesmaids. Maddie wore a champagne-colored, beaded dress. I have never seen her so happy—except maybe when she was playing My Little Pony as a 6-year-old. I was simply happy to be there.

On the morning of June 27, Dr. Perler started operating at 7:30. Within two hours, he had cleared the plaque from my carotid artery. Later, he told me it was so clogged—about 99%—he couldn't even detect a pulse in it.

When I woke up, I was relieved to see that my eyes and fingers all worked. I could think and speak clearly. I was even able to complain to the nurses about how lousy I felt.

I spent two days in intensive care, with my blood pressure surging at times. About two weeks after the operation, I felt pretty normal. I've resumed running and weight-lifting. I recently played golf for the first time since the surgery and feel great.

But mostly I feel lucky to have gotten a test that may have saved my life.

LIFE & ARTS



WHAT'S YOUR WORKOUT? | By Jen Murphy

A College President's Spin on Fitness

Greg Crawford, president of Miami University in Ohio, averages about 200 miles a week on his bike. In bad weather, he hits the rec center.



Dr. Crawford believes the best way to connect with students and faculty is to bike around campus. He goes on a bike ride three or four mornings a week, sometimes departing his home as early as 4 a.m., and tries to bike year-round.

also took up indoor rowing when he joined the university and attends 6:15 a.m. classes. "I always thought rowing was all about upper-body strength but more than half of the power is generated from your legs," he says. "I wasn't real keen at first because it's tough, but it's a serious full body workout and perfect for a cold winter morning."

On days he doesn't bike or go to the gym, Dr. Crawford runs campus stadium stairs. "I absolutely hate it," he says. "But it's a great workout in a short amount of time." His wife is a runner and he

dislikes running distances. "Stair sprints are our compromise," he says. The couple runs 10 repeats up and down 88 stairs at Yager Stadium on weekdays and 20 repeats on weekends.

The Diet

Dr. Crawford isn't big on breakfast. He occasionally has yogurt. He grabs a salad for lunch in the university cafeteria. "We average 100 events in an academic year and there is always food out," he says. "In my first year as president I wasn't eating as well as I should have been. I'd go to two or

three events in an evening and snack on cheese and cookies." His wife handles the cooking. A favorite meal is flank steak with beans and kale salad. "I don't love the kale, but I know it's good for me," he says. Dr. Crawford has a sweet tooth. "Chocolate is my weak spot," he says.

The Gear and Cost

He spent a few thousand dollars on his Specialized S-Works road bike, which he uses for morning workouts. His cycling jersey is emblazoned with a RedHawk, the university mascot. His Trek x600 hy-

Education Exercise

Colleges are getting creative with ways to incentivize health and wellness on campus. Here are some fun offerings that go beyond the typical gym workout.

The University of Colorado Boulder hosts complimentary rooftop Vinyasa yoga classes where students can Zen out to views of the Flatirons foothills. The campus also offers goat yoga.

Each Spring, Nelson Fitness Center at **Brown University** in Providence, R.I., hosts the Everest Challenge. Those who climb the equivalent of Mount Everest or Mount Kilimanjaro on a StairMaster over the course of three weeks can win a free fitness membership and T-shirts. The school also offers free monthly fitness-themed lunchtime classes like stretching at your desk.

Virginia Tech in Blacksburg, Va., recently launched a free high ropes course with aerial challenges ranging from 14 to 34 feet off the ground, including a rappelling wall and zip line. The university also offers happiness groups that address issues such as self-esteem and self-discovery and Virginia Tech President Tim Sands regularly plays pickup basketball games with faculty and students at the campus gym.

The free Fit Club at **Bryn Mawr College** in Pennsylvania offers everything from 5K training programs to swimming workouts. The Club's annual Fitness Challenge allows students and faculty to earn points for workouts, Fit Club classes, and varsity or club sports. Points can be registered for weekly and monthly prize drawings.

bike cost \$1,000, and he rides it around campus. A family membership at the campus rec center costs \$520 a year.

The Playlist

"I don't know the songs the kids play these days at the fitness classes," he jokes. "I just try to keep up with the beat."

BY TOBIAS GREY

HOMER'S EPIC POEM "The Iliad" opens with a dispute between Achilles and his commanding general, Agamemnon, over two young women.

Reading it centuries later, the writer Pat Barker says she was struck by how "the girls, who say nothing at all, are simply transferred like parcels. It seemed important to me to address that and try to fill in that silence."

So for her latest novel, "The Silence of the Girls," which comes out on Sept. 4, Ms.

Barker decided to tell the story of "The Iliad" from the perspective of those women and others who were taken captive during the Trojan War. She has written about World Wars I and II for the past 25 years, including the Booker Prize-winning "The Ghost Road," but Greek mythology for her was uncharted territory.

"I have no classical training whatsoever," says the 75-year-old English author, "other than having failed Latin more times than anyone else in my school."

In her version of the story, the narrator is Briseis, princess of the city Lyrnessus, who is given to Achilles as a trophy after he kills her brothers and husband. Ms. Barker compared the fate of Briseis and the other captured Trojan women to that of the Kurdish-speaking Yazidi women who have been targeted by Islamic State militants in Iraq and Syria.

"It's all very quick for Briseis," she says. "In the morning she's a princess, and by the evening she's a sex slave."

"The Silence of the Girls" is one of several new books recasting Greek mythology, particularly "The Iliad" and "The Odyssey," in ways that speak to the present. Madeline Miller's best-selling "The Songs of Achilles" drew on "The Iliad" to tell a gay love story between Achilles and his best friend Patroclus. Before that, Margaret Atwood's novella "Penelopiad" revisited "The Odyssey" from the perspective of Odysseus's left-behind wife Penelope. Chigozie Obioma's

BOOKS

'The Iliad,' From a Woman's Perspective

In the morning she's a princess, and by the evening she's a sex slave, novelist Pat Barker says of Briseis, the narrator of her new book 'The Silence of the Girls.'

novel "An Orchestra of Minorities," slated for release in January, retells "The Odyssey" from an immigrant perspective.

"I think there was something really fresh that happened to Pat's writing when she latched onto Briseis," says Ms. Barker's U.S. editor Gerry Howard. "She went at her material in a way that Homer could not have imagined himself doing. His culture and civilization did not give him the possibility of having that sort of perspective."

The seed for Ms. Barker's latest novel was planted in an earlier one called "Life Class," published in 2007. In it she tells the story of a group of art students in London during World War I. In an early passage, one of them writes to her boyfriend after war has been declared.

"She comments on the fact that it's like

the beginning of 'The Iliad,'" Ms. Barker says. "She sees these old men looking very uneasy because they think their time is over, young men are spouting a lot of nonsense they've read in the newspapers, and the women have gone completely silent."

Her interest in "The Iliad" goes back even further, to her "Regeneration" trilogy of World War I novels, which includes "The Ghost Road."

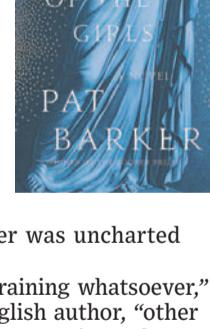
"It's quite striking how the officer class in the first World War, on all sides, would be going into battle imbued with these ideals of heroism—which they got, essentially, from Greece and Rome," she says.

But for Ms. Barker, writing about World War I and the Trojan War are two different things. "There's no real evidence that the Trojan War ever happened," she says. "It's

not history, it's myth, so I deliberately introduce anachronisms like having my wounded Greek warriors sing English rugby songs, which of course you would never knowingly do writing historical fiction."

The mystery of war is one that has consumed Ms. Barker, who was born in northern England in 1943 and never met her father. "He was a Royal Marine and died on a ship that was transporting the Marines when it went down," she says.

"The Iliad" fascinated her partly because of what she sees as Homer's tenderness toward his characters—the male ones, at least. "He had a very compassionate mind," she says. "Nobody is allowed to die in his poetry without something personal being added, some information that distinguishes them at the moment they are killed."



ANDREW SPEAR FOR THE WALL STREET JOURNAL

LIFE & ARTS

BY TERRY TEACHOUT

All comedy dates, and every pure comedian sooner or later becomes passé—even one as beloved as Neil Simon, who died on Sunday at the age of 91. Not only did Mr. Simon have a quarter-century run as America's most popular playwright, but "Lost in Yonkers," his 20th and best play, won him a Pulitzer Prize in 1991. The Pulitzer jurors described it as "a mature work by an enduring (and often undervalued) American playwright," and pretty much everybody agreed by then that he had evolved into something other than a joke merchant. But Mr. Simon would never again write a full-fledged box-office smash, and none of his plays has since been successfully revived on Broadway save as a star vehicle. His last bow there as a playwright, a 2009 revival of "Brighton Beach Memoirs" directed by David Cromer, closed after nine performances.

Nonetheless, it's just as noteworthy that Mr. Simon suited the tastes of American audiences so well for such an extraordinarily long time. His one-two-here-comes-the-punchline style of comedy, which took shape in the 1950s during his tenure as a writer of sketches for "Your Show of Shows," Sid Caesar's classic TV series, continued to come across with freshness and immediacy throughout the 1960s and 1970s, even as the culture around him was changing in ways that were radical in every sense of the word. And as Mr. Simon grew older, he chafed at its limitations and started turning out stage comedies like "The Prisoner of Second Avenue" (1971) and screenplays like "The Heartbreak Kid" (1972) that



DAN GROSS/ASSOCIATED PRESS

The playwright, whose 'Lost in Yonkers' won a Pulitzer Prize in 1991, died on Sunday at age 91.

were tougher than their predecessors. As he explained to an interviewer, "I used to ask, 'What is a funny situation?' Now I ask, 'What is a sad situation and how can I tell it humorously?'"

A case in point is "The Sunshine Boys" (1972), the story of two feuding vaudeville comedians who attempt to reconcile just as one of them starts to show clear signs of succumbing to early-stage dementia. At once explosively funny and arrestingly, even unnervingly dark in tone, "The Sunshine Boys" made it clear that there was far more to the author of "The Odd Couple" (1965) than virtuosic wisecrackery.

In the 1980s, Mr. Simon started quarrying his own life as the subject matter for his plays, turning out "Brighton Beach Memoirs" (1983), "Biloxi Blues" (1985) and "Broadway Bound" (1986), a trilogy of explicitly autobiographical comedies in which he told how a child of Depression-era near-poverty shinned his way up the greasy pole of theatrical suc-

cess. But these plays, like their predecessors, are an uneasy blend of emotional directness and stand-up comedy. It was as if Mr. Simon felt the need to apologize for their underlying seriousness.

In "Lost in Yonkers," by contrast, he broke decisively with precedent, writing for the first time an unabashedly black comedy about a Jewish family that is dysfunctional to the point of pa-

ralysis. "I thought I was writing the bleakest of plays," he later said. So he was—but he took care to leaven the loaf of sorrow with biting, at times ferocious humor, and the result was a play that had something genuinely serious to say about American family life and its discontents.

Alas, Mr. Simon was unable to build on the artistic success of "Lost in Yonkers." This stands to reason: Play-

writing tends to be a young man's game, and his creative flame had dimmed after three decades of exhaustingly hard use. Perhaps he had by then simply said what he had to say. In any case, American comedy in the 1990s was giving way to newer, less specifically joke-based approaches, and what had once seemed fresh and immediate increasingly sounded old-fashioned.

Whatever the reason, Mr. Simon would never again ring the gong of unequivocal box-office success on Broadway.

And while his plays remain popular with amateur troupes and smaller companies elsewhere in America, most of the major regional theaters tend to steer clear of his work.

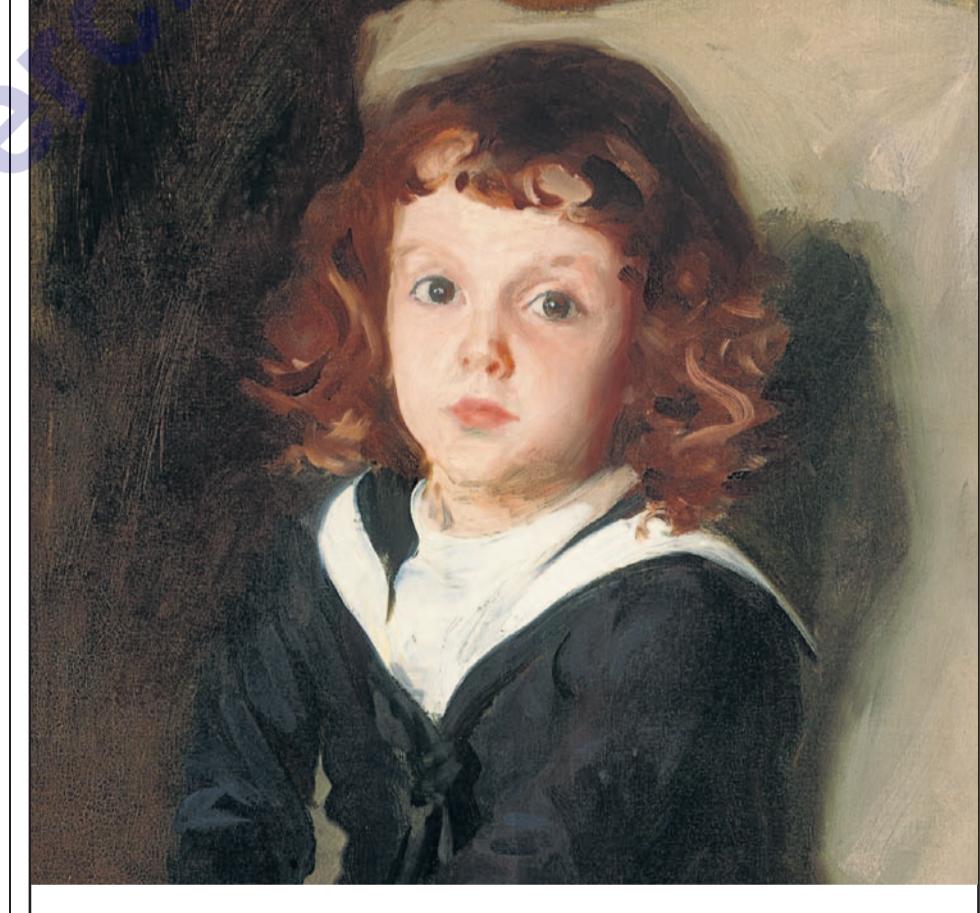
All this notwithstanding, I've come to feel in recent years that Mr. Simon's best plays are worthy of revival—if they're directed in a way that brings out their seriousness instead of going for too-easy laughs. Jenn Thompson's 2012 off-Broadway revival of "Lost in Yonkers," which she staged as a down-the-center family drama instead of leaning on the comedy, persuaded me that I'd been too quick to dismiss Mr. Simon as a voice from the distant past. Since then I've seen several equally compelling regional revivals of his work that bode well for its long-term prospects.

It will, of course, take time for posterity to sort out Neil Simon. But the process has begun, and I have no doubt that his very best plays will eventually come to be remembered not as museum pieces but as compelling comic commentaries on the fears and foibles of life in postwar America. Yes, they were also pulverizingly funny—but Mr. Simon, like all great comedians, was always kidding on the square.

Mr. Teachout, the Journal's drama critic, writes "Sightings," a column about the arts, twice monthly. Write to him at teachout@wsj.com.



Mr. Simon in 1997, top; Martha Coolidge, Mr. Simon and Mercedes Ruehl on the set of the film version of 'Lost in Yonkers,' above; Mr. Simon and actor James Coco in 1981, below



AMERICAN MASTERPIECE JOHN SINGER SARGENT



Celebrated painter. Charming subject. Intimate portrait. This captivating original portrait of three-year-old Laurence Millet was composed by John Singer Sargent, the leading portraitist of his generation. Young Laurence was the son of Sargent's close friend and fellow painter Frank Millet, and he is captured here with a charm and vivacity that places this work among the greatest achievements of Sargent's early career. Intimate and modern, it represents all the best qualities of his finest portraiture. Signed and dated 1887 (upper edge). Canvas: 30¹/₄"h x 20¹/₄"w; Frame: 39¹/₄"h x 29¹/₄"w. #30-8246

M.S. Rau Antiques

Antiques • Fine Art • Jewelry

630 Royal Street, New Orleans, Louisiana • 877-677-2801 • ws@rauantiques.com • rauantiques.com

Since 1912, M.S. Rau Antiques has specialized in the world's finest art, antiques and jewelry.

Backed by our unprecedented 125% Guarantee, we stand behind each and every piece.

OPINION

The Chip That Changed the World

INSIDE
VIEWBy Andy
Kessler

Sixty years. But how much longer? In 1958 Jack St. Clair Kilby from Great Bend, Kan.—created one of the greatest inventions, a great bend, in the history of mankind. Kilby recently had started at Texas Instruments as an electrical engineer. Most everyone left on a mandated summer break, but he stayed in the lab and worked on combining a transistor, capacitor and three resistors on a single piece of germanium. On Sept. 12, he showed his boss his integrated circuit. At a half-inch long and not very wide, it had ugly wires sticking out, resembling an upside-down cockroach glued to a glass slide.

In January 1959 Bob Noyce, another Midwesterner, was keeping busy at Fairchild Semiconductor in Palo Alto, Calif. He deployed a photographic printing technique—the planar process, which uses glass as insulation—to deposit aluminum wires above silicon transistors. Without the messy cockroach-leg wires, the integrated circuit, or chip, became manufacturable.

In March 1960, TI introduced the Type 502 Flip Flop—basically one bit of memory for \$450. A few weeks later, Fairchild announced its own. The U.S. Air Force used them in 1961. So did new computer

companies and even NASA in its Apollo rockets. One bit turned into four, then 16, then 64. This started the shrink, integrate, shrink, integrate, rinse, repeat motion that's still going strong today. This relentless cost decline creates new markets out of nothing.

In 1965 Fairchild research chief Gordon Moore wrote a now-famous article for Electronics magazine, "Cramming More Components Onto Integrated Circuits." Today known as Moore's Law, the article's thesis was that chips would double in density every 18 to 24 months. By 1969, the 3101 64-bit memory chip shipped at \$1 a bit. We've come a long way. Your iPhone probably has a trillion bits at picocents a bit. Kilby received the Nobel Physics Prize in 2000 and credited Noyce, who had died a decade earlier, in his acceptance speech. You have to wonder what took the Nobel Committee so long.

Integrated circuits are the greatest invention since fire—or maybe indoor plumbing. The world would be unrecognizable without them. They have bent the curve of history, influencing the economy, government and general human flourishing.

The productivity unleashed from silicon computing power disrupted or destroyed everything in its path: retail, music, finance, advertising, travel, manufacturing, health care, energy. It's hard to find anything Kilby's invention hasn't changed.

Now what? Despite the routine media funeral for Moore's Law, it's not dead yet. But it is old. We are starting to count finicky atoms. Intel and Samsung are making chips with 7-nanometer features, and silicon atoms are 0.2 nanometer wide. Atoms and the speed of light are hard limits. Three-dimensional structures might add time. There are even lab

Jack Kilby built the first integrated circuit 60 years ago. We need a new Moore's Law.

demos of nanotechnologies spraying on integrated circuits. Still, I give Moore's Law another decade.

Brace yourself. When Moore's Law finally gives up the ghost, productivity and economic growth will roll over too—unless. The world needs another Great Bend, another Kilby-esque warp in the cosmos, to drive the economy.

One hope is quantum computing, which isn't limited by binary 1s and 0s, but instead uses qubits (quantum bits) based on Schrödinger's quantum mechanics. I've seen 17-, 50- and now 128-qubit processors—a familiar progression? Quantum computers are wicked fast but operate just above zero Kelvin (minus 459 Fahrenheit), a little cold for iPhones.

Maybe architecture will keep the growth alive. Twenty years ago, Google created giant parallel computer systems to solve the search problem. The same may be seen for artificial intelligence, which is in its infancy. It's only been, what, three years since voice and facial recognition really started working? And that's thanks to machine learning and neural networks, mere baby steps. Economics are uncertain, but I'd bet a Moore's Law for AI is postulated soon.

Energy is being disrupted but not fast enough. Where is that battery breakthrough? Nuclear fusion has been 30 years away for the past 30 years. But between Tokamaks, Stellarators, JET and Z Machines, perhaps some fusion technique will output more than we put in.

Biocomputing is another fascinating area. We already have gene editing in the form of Crispr. New food supplies and drugs may change how humans live and not die and bend the curve. But I've learned over the years that anything involving biology is painfully slow. Computing takes nanoseconds; biology takes days, weeks, even years. Breakthroughs may still come, but experiments take so long that progress lags behind. Still, I'd watch this space closely.

Something better work. Humanity will need a new stimulus soon. Let's hope the next Jack Kilby skipped this summer's vacation.

BOOKSHELF | By Bartle Bull

Conquest And Conquerors

Crusade and Jihad

By William R. Polk

(Yale, 632 pages, \$37.50)

When the Prophet Muhammad died in 632, Islam had not expanded beyond the borders of the Arabian peninsula. His Islamic state grew swiftly in the following century, reaching farther than the empires of Alexander and Genghis Khan and sinking deeper roots. Islam was the only world religion to spread almost entirely by the sword, from North Africa to the northern tier of Sub-Saharan Africa, from the Levant to Mesopotamia and Iran, from Central Asia to India and western China. In foreign lands from the Ganges to the Pillars of Hercules, the invaders left an enduring faith. It was a peerless achievement.

By the time Muhammad died, he had conquered an area larger than Western Europe, but his Arabs were still stopped up in their sandy peninsula by the ancient and powerful empires to the north: Persia and Byzantium. Yet the coming imperial expansion was in the DNA of the system he left behind.

Offensive jihad—warfare against the Unbeliever—was a primary obligation of his followers. Muhammad's own daily example had the force of eternal law, and according to the holy traditions he had fought successfully as a military commander, personally killing, or ordering the killing of, numerous foes as he brought Jews, Christians and pagans under his rule.

Islam's imperial success, then, was a success on the faith's own terms. A glorious undertaking, in an old-fashioned martial way, it was triumphant for nigh on a millennium, with the reign of Suleiman the Magnificent (d. 1566), the Ottoman sultan, the approximate pinnacle. The Islamic world subsequently grew weak and the West strong—to simplify somewhat—and the West soon enough became the imperialist side.

In "Crusade and Jihad: The Thousand-Year War Between the Muslim World and the Global North," William R. Polk presents things a bit differently. In 1095, Pope Urban II called the First Crusade. Since then, Mr. Polk contends, a pattern of Western aggression has produced the generally illiberal and often violent condition of the Islamic world today.

Many facts in his book likely will be new to some readers. Various details emphasize European cruelty toward Muslim populations: In 1502 Vasco da Gama cut off the "hands, ears and noses of some eight hundred 'Moorish' seamen" of Calicut, for example. Other observations point out curious continuities across the years: During the U.S. fight to suppress the Moros ("moors") of the southern Philippines, the Moros used suicide fighters called fidayin, just like Saddam Hussein's suicidal fedayeen, as well as "improvised explosive devices."

Unfortunately, the book is sometimes on factually shaky ground. The Dutch suppression of Java between 1825 and 1830 (Mr. Polk says it happened a decade later) most likely killed somewhat less than 200,000 natives—not, as the author states, 300,000. In Libya, we are told, Mussolini's repression of the Senussi revolt of 1923-32 "killed about two-thirds of the population." Again the truth is bad enough: The Italian campaign in eastern Libya (Cyrenaica) led to the death of perhaps a quarter of that region's people while missing western Libya (with about 70% of the country's population) more or less entirely.

Islam created a mighty empire—and historical narratives that assign the Muslim world to the status of perennial victimhood are infantilizing.

The conduct in Islamic lands of the English, Americans, Chinese, Japanese, Russians, French and others has indeed been frequently appalling. Mr. Polk's case would be better served, however, if he mentioned that such conduct often occurred in lands Islam itself had conquered first—usually through great violence. The Muslim subjection of Iran took nine years (642-651) of bloody warfare. Tamerlane (d. 1405), the self-appointed "Sword of Islam," left pyramids of skulls outside the wrecks of great cities. The "great Mughal Empire," as Mr. Polk repeatedly calls Babur's admittedly splendid 16th-century creation, likely saw at least two million killed in a single war (the Deccan campaign, in present-day southern India, of the fanatic emperor Aurangzeb).

To accommodate his view that Islam is a victim in ways that other faiths are not, Mr. Polk frames his book as (predator) "North" versus (victim) "South." His "North" includes Chinese, Russians, Mongols (in their day), Europeans and Americans. His "South" is Islam, though on occasion he opens up the construct to include Comanches, Congolese, Hindus and others who are not what he calls "the white man."

In general, books using such a "kitchen sink" approach to moralizing about the world's races and religions make me doubt an author's motives. There is something insincere about claiming to offer an explanation of today's terrorism and jihad problem but telling only one side of the story.

First, Mr. Polk promises to explain contemporary jihad on the basis of the humiliations Islam has suffered at the hands of neighbors generally. Then he claims that "imperialism" is the evil he cares about. Finally, near his conclusion he confesses his fundamental concern "After Christopher Columbus . . . the actions of the North have been uniformly destructive." But if the bad guy is anyone who has fought against imperial Islam, then he can't be "the white man" because he would also be Chinese, Hindu and more. If he is the West, why call him the North? And if the perpetrator is "imperialism" itself, then Islam is as big a culprit as any.

This confusing outlook reflects, broadly, the modern orthodoxy in respectable letters. The people it mainly insults are the faithful themselves: Infantilizing "the other" robs swaths of mankind of their agency. The moral colonialists of the West today seem to have taken up a new project: to steal the other man's history. Islam, the contemporary Ivory Tower suggests, was never a mighty faith-empire, built with glittering conquests by brave men on fast horses; Muslims, rather, were always victims and always will be.

What this condescending message chiefly does is deny to the faith a sense of inner dynamism and enterprise—exactly what is needed in finding a modern future. Most of the Islamic world now ignores ancient calls to jihad, concubinage or the execution of apostates and homosexuals. But the more we emasculate a great tradition, the less we support its future embracing today's world.

Mr. Bull's next book is a history of Iraq.

Venezuela's Tyranny of Bad Ideas

By Daniel Pipes

Ideas run the world. Good ones create freedom and wealth; bad ones, oppression and poverty. You are not what you eat, but what you think.

Politicians in particular fall under the sway of ideas. As John Maynard Keynes put it, "Practical men, who believe themselves to be quite exempt from any intellectual influence, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back. . . . It is ideas, not vested interests, which are dangerous for good or evil."

The story of Venezuela makes this point with singular clarity. In 1914 the discovery of oil brought the country vast revenues and produced a relatively free economy. By 1950 Venezuela enjoyed the fourth-highest per capita income in the world, behind only the U.S., Switzerland and New Zealand. As late as 1980, it boasted the world's fastest-growing economy in the 20th century. In 2001 Venezuela still ranked as Latin America's wealthiest country.

Venezuela's troubles, however, had begun long before. Starting around 1958, government interference in the economy, including price and exchange controls, higher taxes, and restrictions on property rights, led to decades of stagnation, with per capita real income declining 0.13% from 1960-97. Still, it remained a normal, functioning country.

A s a prisoner of war two generations ago, John McCain proved his patriotism and bravery. But it was through his more recent work to protect future generations of Americans that I knew Sen. McCain. Tributes to the American hero, who died Saturday at 81, must not overlook the political bravery—and, yes, patriotism—he showed in the fight to meet the threat of climate change.

Long before other Republican lawmakers, McCain spoke out loudly about the dangers climate pollution posed to America and the world. While his colleagues treated climate change as a political issue, or sought to protect their benefactors, the gentleman from Arizona warned about "the melting of glaciers, the dying of coral reefs, and rising ocean temperatures." If McCain's colleagues had followed his

golden eggs, replacing competent professionals at the government-owned oil company with agents, stooges and sycophants. In the grandest socialist tradition, his daughter María accumulated a fortune estimated at \$4.2 billion in 2015, according to Venezuelan press reports.

"The trouble with socialism," Margaret Thatcher once observed, "is that eventually you run out of other people's money." Chávez pre-empted that problem by seeking treatment for his cancer in Havana, where, Fox News reports, he "was assassinated by Cuban malpractice."

He died in March 2013, about a year before oil prices tumbled, and conveniently bequeathed the disaster that followed to Nicolás Maduro, his still more brutal and incompetent hand-picked successor. Once oil revenues shrank, the true costs of Chávez' bankrupt ideas became clear. Venezuela is now sinking into totalitarianism, using military force to keep socialism afloat.

Bad ideas have always existed, but they acquired new importance with the advent of liberalism in the late 17th century. Before then, conservatism—respecting tradition while adapting it to new circumstances—had prevailed. An individual king's or religious leader's besotted vision could progress only so far before convention rolled it back. Liberalism rendered tradition optional by optimistically deeming each person capable to think through the great issues from first principles on his own.

Socialism might have been a proven failure globally, but Hugo Chávez convinced Venezuelans to try it. On becoming president in 1999, he stole, dominated, polarized and jailed. Benefiting from about \$1 trillion in oil sales during his 14 years as president, he had the means to launch massive social spending programs to secure votes. He could even afford to kill the goose laying

radical theories proliferated, especially during the French Revolution. The floodgates were opened for ideas unmoored from experience and common sense, such as conspiracy theories. These ideas incubated through the 19th century and came to terrible fruition after World War I with fascism, Nazism, socialism and communism. As historian Paul Johnson notes, "The worst of all despotisms is the heartless tyranny of ideas."

The roll call of tyrants who have imposed their own philosophies over the past century is depressingly long, including Mussolini, Lenin, Stalin, Tojo, Hitler, Ho, Mao, Kim, Nasser, Pol Pot, Mugabe, Assad, Saddam Hussein, Khomeini, and Chávez. They fully understood their own game; as Stalin reportedly observed, "Ideas are more powerful than guns." Each one devastated his fiefdom.

If bad ideas bring horror, their antidote lies in conservatism, modest, tried-and-tested ideas that respect tradition and human nature; not in revolutionary lurches and grandiose experiments, but in incremental improvements on customary practices.

At a moment when many Democrats are ignoring the lessons of Venezuela and swooning over socialism, it's back to the barricades in the war of ideas.

Mr. Pipes is president of the Middle East Forum.

Mary Anastasia O'Grady is away.

McCain Was a Warrior for the Climate

By Fred Krupp

lead, the risks Americans face from climate change today would be far more manageable and less costly.

McCain spoke with young people passionate about climate change during his 2000 presidential campaign. Convicted that "most of the observed warming over the past

stop McCain. "The question," he said in 2005, "is how much damage will be done before we start taking concrete action." After he won the Republican presidential nomination, one of his first major speeches was on climate change and clean energy. Yes—only a decade ago both major-party presidential candidates supported limits on carbon pollution.

Since McCain's defeat, the further hardening of partisan lines paused progress on federal legislation addressing climate change. Noting this reality, McCain stepped back from the issue for a time. But through my conversations with him in recent years, I know it was never far from his mind. Indeed, when the Trump administration tried last year to overturn restrictions on emissions of methane, a major cause of climate change, McCain withstood enormous pressure from the White

House and cast the deciding vote to preserve the limits.

McCain didn't abandon his conservatism when he embraced conservation. He believed the government's job is to limit pollution, then let free enterprise innovate and hunt down the lowest-cost solutions. For McCain, the problem was that companies don't bear the costs they impose on the American public when they pollute. He wanted a market system that recognizes the cost of climate pollution—one that rewards companies for reducing emissions.

I did not always agree with McCain on policy and strategy, but I always believed he would never stop fighting to make America better, safer and more prosperous. For him, the fight against climate change was a natural part of that life-long crusade.

Mr. Krupp is president of the Environmental Defense Fund.

OPINION

REVIEW & OUTLOOK

A Salute to John McCain

When John McCain was shot down over Hanoi in October 1967, he was near death: his leg, both arms and left shoulder were broken. Some of his fellow POWs didn't think he'd make it. But the Naval Academy grad beat the odds then and continued to do so until Saturday, when he finally succumbed to brain cancer at age 81.

McCain's calling card was honor and character. When he was fished out of that lake in downtown Hanoi, the North Vietnamese first withheld treatment until they discovered his father was an admiral and commander of naval forces in Europe. The late, great Admiral James Stockdale, who was tortured in that prison, said McCain "received an offer that, as far as I know, was made to no other American prisoner: immediate release, no strings attached."

The young pilot told the Vietnamese what they could do with their special treatment, effectively sentencing himself to four more years of beatings. This reflected his profound sense of duty. In the Hanoi Hilton he and his fellow POWs resisted the enemy despite torture and returned with honor.

McCain stayed in the Navy after returning home until he retired in 1981 to pursue a political career. In 1982 he was elected to Congress from his new home in Arizona, and four years later he won a Senate seat he would hold until his death.

In the Senate his politics was generally conservative but more personal than ideological. His abiding priority was the men and women in uniform. McCain was determined that when America sent its soldiers, sailors, airmen and Marines into harm's way, they would have what they needed to prevail—including the moral support of their representatives. And he wasn't afraid of sacred cows: McCain spoke loudly and honestly about ethanol subsidies, knowing it would cost him in the Iowa primaries if he ever ran for President.

McCain's preoccupation with personal honor did not always serve him well. He was tarred by the Keating Five scandal in 1989 when he and four other Senators were accused of improperly intervening with regulators on behalf of the Lincoln Savings & Loan run by Charles Keating, who had been a campaign

contributor. McCain was the least culpable, having been dragged in by the others. But he was scarred by the event and devoted the rest of his career to rehabilitating his name by promoting campaign-finance reforms that in theory take money out of politics but in practice dent the First Amendment.

Over time he adopted the media's label as a "maverick," nicknaming his 2000 presidential-campaign bus the "Straight Talk Express." But while he often referred to the media as "his base," with only partial irony, his positions put him at odds with many of his own party and cost him the nomination against George W. Bush.

He tried again and won in 2008, but that was the worst possible moment for a Republican: amid a financial crisis, a long and unpopular war in the Middle East, and an attractive African-American on the Democratic ticket. The same media that praised his anti-GOP positions abandoned him against Barack Obama, citing his choice of Sarah Palin as a running mate as an excuse.

In his last decade McCain continued to advocate for a stronger military and continuing U.S. leadership against the advancing authoritarians in Russia, China and the Middle East. But his vote against reforming ObamaCare and Medicaid contradicted his support for the military. Without reforms, entitlements will grow and inevitably squeeze military spending to European levels.

Most important to McCain's view of politics was his devout patriotism and unaltering faith in American exceptionalism. Hailing to the service of his grandfather and father, and his own in Vietnam, McCain believed in the rightness of American purposes around the world. This belief caused him in his final years to resist the drift in his own party toward isolationism. This was the principled root of his differences with Donald Trump.

When McCain received his brain-cancer diagnosis, his daughter called him a "warrior at dusk." It is an apt description. While the searing experience of Vietnam led so many to lose their faith in America's goodness, for John McCain it was the opposite. "I fell in love with my country," he said, "when I was a prisoner in someone else's."

Rules for Liz and Bernie

The 2020 presidential campaign will begin all too soon, alas, and one question is whether Democrats nominate a centrist or someone from the rising left wing. The chances of the latter rose Saturday when the Democratic National Committee changed its rules to strip superdelegates of their first-ballot nominating leverage.

Superdelegates are party officeholders and insiders who in 2016 represented about 15% of nominating delegates. Most favored Hillary Clinton, and they were her backstop had Bernie Sanders won enough delegates in primaries and caucuses to take the nomination fight to the convention. Mr. Sanders failed, but he and the party left still resent the role of superdelegates, and on Saturday the insurgents carried the day in a vote that stripped party officials of any potentially decisive nominating role.

Mr. Sanders called Saturday's vote "an important step forward in making the Democratic

Democrats increase the chances they'll nominate a left-winger in 2020.

Parties more open, democratic and responsive to the input of ordinary Americans." He means more likely to nominate himself, Senator Elizabeth Warren, or another favorite of the populist left.

To the degree the entire party is marching left in reaction to Donald Trump, the new rules may not matter. But we know more than a few Republicans who would have liked to have the equivalent of superdelegates in 2016. The point is to give some leverage to party professionals whose goal would presumably be to nominate the most electable candidate, or, heaven forbid, the candidate they think might make the best President.

Democrats also changed the rules to diminish the role of insiders after their 1968 defeat, and one result was that in 1972 they nominated George McGovern, who lost in a rout to Richard Nixon. Democrats figure they can't possibly lose to Mr. Trump again, but that's also what they thought the last time.

A Trade 'Security' Safeguard

As President Trump wields his tariff sword at friend and foe, Congress has been struggling to restore a check on his unilateral whim. The latest idea would put the Pentagon in charge of deciding when imports threaten national security.

The Constitution gives Congress the authority to regulate foreign trade. But with Section 232 of the Trade Expansion Act of 1962, Congress ceded to Presidents the power to impose tariffs when the Commerce Department decides that imports harm U.S. security. Presidents Nixon and Ford used the power to tax oil imports in the 1970s. But Mr. Trump has used it like no other President as a protectionist carte blanche, as Commerce has followed his orders to conjure threats from steel and aluminum imports and may soon do the same on autos and auto parts.

Enter Senate Republicans Rob Portman (Ohio) and Joni Ernst (Iowa) and Alabama Democrat Doug Jones, who are pitching the Trade Security Act. The bill's main feature would take responsibility for investigating national-security trade threats away from Commerce and give it to the Defense Department, whose business is national security.

If Defense finds a security threat, Commerce and the U.S. Trade Representative would fashion a remedy. The President would decide on the remedy, but Congress would have the right to disapprove of his decision with a joint resolution in the House and Senate. This would expand Congress's role in Section 232 cases, which is currently limited to disapproving a decision on oil imports.

Believe it or not, today's Pentagon is less protectionist than the civilian bureaucracy

that is supposed to promote commerce. U.S. weapons acquisition is global, and U.S. security strategy requires allies. Countries with strong U.S. trading ties tend to be allies.

In a memo last year to Commerce on steel and aluminum imports, Defense Secretary James Mattis noted that "the U.S. military requirements for steel and aluminum each only represent about three percent of U.S. production. Therefore, DoD does not believe that the findings in the reports impact the ability of DoD programs to acquire the steel or aluminum necessary to meet national defense requirements."

We prefer the proposal from GOP Senators Bob Corker of Tennessee and Pat Toomey of Pennsylvania that would require the President to get congressional approval before the Administration can impose 232 tariffs. But for now that doesn't have the votes to pass the House or Senate, and the Portman-Jones effort might. If nothing else it would give free-trading Senators in both parties a chance to send a message to Mr. Trump that his political leave on trade has limits. It would also give farm state Senators a chance to show they're standing against tariffs that are damaging exports and farm income.

After the Smoot-Hawley disaster of 1930, Congress ceded trade power to Presidents on the assumption that they would open foreign markets and expand commerce. Mr. Trump is the first President to use this authority largely for protectionist ends. Restoring better judgment to Section 232 findings with Pentagon analysis and congressional oversight would restore some constitutional balance.

Curt Levey asks "Why Should We Fear Russian Political Ads?" (op-ed, Aug. 17) when evidence is crystal clear that the entire Russian effort to manipulate the American electorate couldn't have been more than a drop in the ocean. The answer is equally as clear: The entire case against the legitimacy of Donald Trump's presidency rests on Russian interference and Russian collusion with the Trump campaign narrative. Pull that rug out from under the Trump resistance and the media would have had to fill airspace and columns with

LETTERS TO THE EDITOR

Wage Subsidies Are No Cure for Stagnation

William A. Galston's prescription to cure wage stagnation—expanded government wage subsidies—would be worse than the disease ("Wage Stagnation Is Everyone's Problem", op-ed Aug. 15). Employers will quickly incorporate the expected subsidies into their salary planning activities. Because subsidies won't change the market price for labor, it is more likely that they will be used to offset current wages as to raise them. What business wouldn't want the government to pick up part of its labor costs? Once embedded, the subsidies will become a permanent part of the economic landscape, forever misallocating labor to jobs and industries that no longer represent our best investment opportunities.

Mr. Galston should brush up on Bastiat: "A bad economist will pursue a small current benefit that is followed by a large disadvantage in the future, while a true economist will pursue a large benefit in the future at the risk of suffering a small disadvantage immediately."

JONATHAN COBURN
Branford, Conn.

Mr. Galston is right when he says "This isn't charity, nor is it welfare." It is extortion.

ROBERT ALLAN SCHWARTZ
Lexington, Mass.

Mr. Galston confuses levels of income with shares of income. He takes GDP as given, and he asks how

much higher labor income would be if its share had not dropped. Labor's share dropped partly because added capital raised GDP. Without added capital, there would have been no added GDP for labor to get a piece of. With less capital, wages would have fallen.

Shares shifted because production now involves more capital per worker. One reason is the technology revolution and surge in intellectual property (computer hardware, software, patents and media content) in recent years. Compensation for this new capital comes from added GDP it creates, not by taking income from other capital or labor. Capital gets a larger share of GDP, but the level of labor compensation is higher too, because new capital increases labor productivity. We are still building out the new capital, and high returns are being earned. These will eventually subside with competition and innovation, lowering new capital's share.

Another reason for using more capital is growth of regulation. Regulatory-related capital (safety, environmental control, etc.) must earn a return like any other capital, which must come out of GDP, reducing income shares and levels of other inputs. Costs of regulation cannot be countered by raising taxes on capital to subsidize labor, as Mr. Galston suggests. That would reduce capital formation and wages.

STEPHEN ENTIN
Arlington, Va.

A Free Education May Not Be the Right Rx

Regarding your editorial "A Free Tuition Education" (Aug. 21): Alexandria Ocasio-Cortez, Bernie Sanders or Ken Langone may each have his or her own agenda toward free tuition. Their intentions are irrelevant.

City University of New York schools in New York City were free for decades providing the world with Colin Powell, Alan Dershowitz and Bernie Sanders along with Nobel laureates and other notable graduates who improved the lives of Americans and the people around the world.

Further proof of the value of a college education comes from the World War II GI Bill college benefit, which sent hundreds of thousands to college, many the first in their families to go. Members of the greatest generation, armed with that education, went on to make America the greatest nation in the world.

A college education is an investment in America. Free tuition levels the playing field allowing those with capabilities and no fiscal means to improve our nation's means.

CHARLES PLUSHNIK
Brooklyn, N.Y.

As these doctors in training graduate and go on to face the realities of the health-care marketplace, they will immediately be downgraded to "providers," implying a lower pay scale than that for "physicians." They will see that most corporate health-care and insurance executives, as well as most hospital administrators, pull down compensation that dwarfs their salary, demonstrating that capitalism rewards profit over education and training. They will soon realize that because the financial clout of the

I am bewildered by the diagnosis and treatment path of NYU Medical School. If the "diagnosis" is lack of accessibility by low-income families, the treatment is wrong. Many medical students are children of highly successful people and many don't require any "treatment" at all. Further, are we to be overly sympathetic for careers where the "low end" of salaries is \$200,000 a year? It seems that the treatment would be better rendered in the college of education where future incomes are much lower.

If the disease isn't enough primary-care doctors or other "low paying" jobs, then the proposed treatment is malpractice. The choice of specialty is complex. I have never been impressed that future income is the primary or even secondary consideration. If the disease is a complex interaction between debt and career choice, the obvious treatment is to incentivize and reward those who, at the end of medical school, commit to pursue primary care and pediatrics in their residencies. This could be done by tuition and loan forgiveness once the commitment is fulfilled.

RICHARD M. WESTMARK, M.D.
Neurosurgeon
Houston

CHARLES PLUSHNIK
Brooklyn, N.Y.

more stories about the economy gaining steam after eight years in the doldrums.

The Russian interference story has kept Washington's investigators gainfully employed, swamp denizens in demand and the media enthralled. If Democrats ride the interference and collusion narrative to recapture control of Congress, despite the reality that Russia's effort to manipulate the U.S. electorate was completely insignificant social media messages will bow to the perception that the effort was akin to God's flooding the planet in the days of Noah.

DEAN RICHARDS
Annapolis, Md.

Pepper ... And Salt

THE WALL STREET JOURNAL



"We just bought a bunch of things to simplify our life."

CORRECTION

Pia Viewing of the Jeu de Paume is a co-curator of "Susan Meiselas: Mediations." The photographer's series about the boardinghouse in Cambridge, Mass., where she stayed as a Harvard graduate student, is titled "44 Irving Street." In another project, she recorded conversations with strippers who worked the carnival circuit in towns around New England before or after they performed. An Aug. 7 review of the exhibition, "Turning Subjects Into Collaborators," misstated the curator and the title of the series. It also mischaracterized her interviews with the strippers.

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

OPINION

A Life of Service and Good-Natured Irreverence

By John Lehman

John McCain was not a model midshipman. While at the Naval Academy, he earned so many demerits for unsanctioned outings that by graduation he was made to march the equivalent of 17 round trips between Annapolis and the fleshpots of Baltimore. He later regretted finishing fifth from the bottom of his class instead of dead last. As his mother—still alive at 106—often said, “He was really a scamp.” McCain preferred “maverick.”

John McCain’s mother, still alive at 106, called him a ‘scamp.’ He always preferred ‘maverick.’

A distinct, good-natured irreverence was among John McCain’s abiding features, and for decades I saw it firsthand. He kept friends at his side during both of his presidential campaigns—not only to tell him the unpleasant truth when he made mistakes dealing with the press or answering town-hall questions, but also to share in his biting wit and wry sense of humor.

When turbulence frightened the local politicians aboard a flight across the Midwest, McCain put them at ease with one line delivered cool as ice: “You are safe. I know

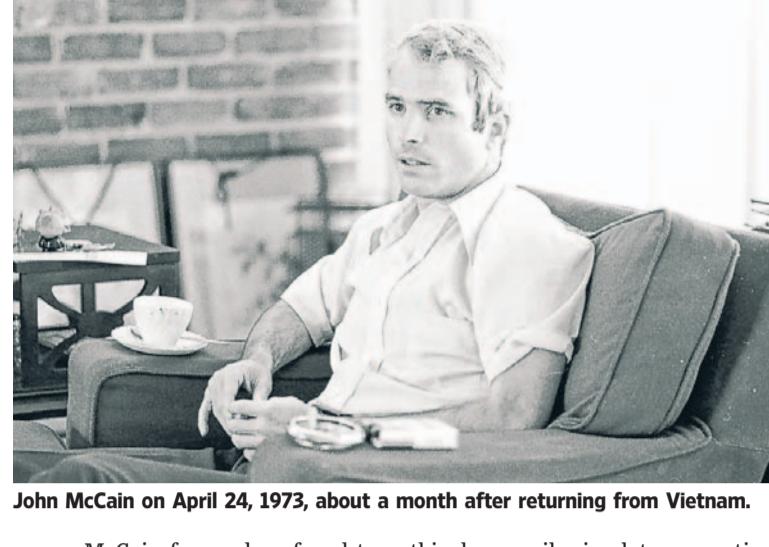
that I won’t die in a plane crash—I already tried that three times.” He was referring to his naval career, which involved two crashes before he was famously shot down over North Vietnam.

Sometimes McCain’s humor struck closer to the bone. On the morning of the 2008 New Hampshire primary, he addressed the press outside a hotel owned by his friend Steve Duprey. Asked for his thoughts on the primary, with Mr. Duprey at his side, McCain answered: “I am so glad to be leaving this terrible hotel, with threadbare towels, thin soap and cheap furniture.”

The forthrightness of McCain’s private persona was of a piece with boldness he displayed as a sailor. In 1967 McCain was caught in a fire on the USS Forrestal off the coast of Vietnam. Suddenly surrounded by explosions while strapped into his bomb-laden jet, he climbed over the windscreen, swung to the deck, and, instead of running for cover, rushed to help a sailor manning a thrashing fire hose until the blaze was contained hours later.

After he was shot down and captured later that year, McCain’s behavior was even more heroic. His North Vietnamese captors intensified his torture upon learning of his famous father, the Pacific commander. When the press asked Adm. John McCain what he planned to do about his son, he replied, “Pray for him” and never commented again.

In July 1968 when the North Vietnamese offered to release him, the



GETTY IMAGES

John McCain on April 24, 1973, about a month after returning from Vietnam.

young McCain famously refused to go until all prisoners of war who had been there longer had been released. After enduring five more years of beatings and torture, McCain returned home with his brother POWs. Soon after that I met him—still on crutches—and we remained friends thereafter.

In addition to ranking his critics in Congress, McCain’s indomitable attitude occasionally earned him enemies overseas. In 2001 when George W. Bush said he had looked in Vladimir Putin’s eyes and seen his soul, McCain retorted that he had also looked into Mr. Putin’s eyes but had seen just three letters: “K-G-B.” The Russians soon thereafter started targeting him with online lies. To

this day, emails circulate purporting to come from unnamed “fellow POWs,” “squadron mates” and “authoritative sources,” accusing McCain of being a coward, a squeal, a lousy pilot and worse.

Even Americans who knew him only as a politician couldn’t doubt his boldness. As chairman of the Senate Armed Services Committee, he led the passage of the most important reforms to the Pentagon in seven decades in the National Defense Authorization Act for 2017. More broadly, McCain rekindled Americans’ understanding of international threats and the urgent need for strategy. He did all of this with a bipartisan openness that earned his colleagues’ respect.

Shortly before McCain was diagnosed with cancer last year, a few friends traveled with him to Monaco to meet Prince Albert and Princess Caroline. After a lovely dinner in the garden, McCain was shown the palace pub, where he discovered a plaque commemorating his first cruise to the Mediterranean aboard the USS Independence in 1962, given to Princess Grace by the ship’s captain. It was on that port call that McCain learned to play craps in the casino. After a gracious and very late farewell to the royals, McCain joyfully led us to the same craps table at which he had first played and, amid a large selfie-clicking crowd of Europeans, he won €900 before the sun came up.

Soon after, when McCain was diagnosed with brain cancer and began the long ordeal of his treatment, his character was undiminished. He always bore a laconic smile and frequently offered wisecracks, invariably comforted his many visitors, and occasionally hurled verbal thunderbolts at his former adversaries. To his pals he would say: “Cheer up, none of us gets out of this alive, and I have had more than my share of years and blessings.” He showed not a tinge of apprehension about his next great adventure.

Mr. Lehman, Navy secretary in the Reagan Administration, is author of a new book, “Oceans Ventured: Winning the Cold War at Sea.”

Republicans, Save Your Party by Impeaching the President

By Tom Steyer

As news spread that Michael Cohen’s plea deal had all but named President Trump as an unindicted co-conspirator in a federal crime, I thought back to a conversation I had earlier this summer in South Carolina.

A woman approached me at the end of our Need to Impeach Town Hall in Columbia, where I’d discussed the threat Donald Trump poses to our democracy. At 52, she was a lifelong Republican, but she couldn’t understand why her party’s elected leaders wouldn’t stand up to Mr. Trump.

“We’re under attack by our own president,” she told me.

She’s far from the only GOP supporter who feels this way. More than 500,000 people who have added their voices to our call to impeach Mr. Trump and ultimately remove him from office identify as Republicans. When I meet these voters at our Town Hall events, they often tell me how disgusted they feel watching Mr. Trump trample their party’s core beliefs as he erodes the foundations of our country.

The GOP, as they’ve told me, has

always emphasized that America must be a nation of laws. At the 2016 Republican National Convention, party leaders agreed on a platform asserting that “the rule of law is the foundation of our Republic.” Yet Mr. Trump has been dismantling the rule of law to try to protect himself.

He has repeatedly tried to hamper special counsel Robert Mueller’s investigation into Russia’s role in the 2016 elections. He bragged that he fired James Comey in an effort to end that investigation, signaled that he may pardon allies caught in the probe, and has even claimed he has an “absolute right” to pardon himself. His legal team has justified this by claiming that he is effectively above the law—a gravely worrying stance given the new allegations of criminal behavior made by his former personal lawyer.

From day one, Mr. Trump’s administration has made a mockery of a party platform that states opposition to “crony capitalism and corporate welfare.” The decision to lift the federal government’s ban on ZTE—a Chinese telecom giant that had illegally sold American technology to Iran and North Korea—came just after Chinese banks and state-

owned companies invested \$1 billion in a Trump Organization real-estate project.

Mr. Trump’s former administrator of the Environmental Protection Agency, Scott Pruitt, was forced to resign after sending his staff on personal errands while allegedly soliciting gifts from industries the

Trump traduces the GOP’s guiding principles as he erodes the foundations of our country.

EPA was supposed to regulate. Media reports suggest that Commerce Secretary Wilbur Ross might have committed insider trading last year using information he received as part of his official duties.

The Republican platform criticizes Democrats for what it describes as a failure to “stand by allies or stand strong against our foes.” Yet this president has alienated allies with insults, threats and destructive tariffs while embracing dangerous authoritarians like Kim Jong Un and Vladimir Putin. At his

meeting with Mr. Putin in Helsinki last month, Mr. Trump questioned our foreign intelligence services on a global stage, revealing that he can’t be trusted to put America’s interests first.

Take your pick of the GOP’s guiding principles—moral leadership, fiscal responsibility, the importance of family. Mr. Trump’s behavior runs contrary to virtually all of them. Some longtime Republican stalwarts, like Steve Schmidt and George Will, have renounced the GOP in response. More have convinced themselves they can ignore the president’s cruellest and coarsest qualities and instead focus on the ways he’s advanced their policy agenda. But no one should set aside their values to accommodate his. Instead, Republicans should seize an opportunity to reclaim their party and stand up for their ideals, by joining the push for impeachment.

The Framers of the Constitution created the impeachment process to meet what James Madison described as the “indispensable” need for a defense against “the incapacity, negligence or perfidy of the chief Magistrate.” The nonprofit Free Speech for People has identi-

fied nine impeachable offenses, ranging from Mr. Trump’s intended obstruction of justice to his abuse of the pardon power. Republicans in the House—particularly those retiring, like Speaker Paul Ryan—should find the courage to act.

At that same South Carolina town hall, another attendee told me that while he typically votes Republican, “My wife and I like to say we’re not Republicans or Democrats, we’re Americans.” They understand that the movement to impeach Mr. Trump and remove him from office isn’t partisan. It’s patriotic. After all, if it succeeds, the Oval Office will still be occupied by a Republican until at least January 2021.

Ideological disagreements and policy goals shouldn’t blind anyone to the ways this president puts our democracy at risk and our values under siege, or the need to act as a result. Mr. Trump demonstrated his unfitness for office long before Mr. Cohen implicated him in a federal crime. If Americans across the political spectrum demand his removal, we can force him out.

Mr. Steyer is the founder of Need to Impeach and NextGen America.

Europe Takes a Second Look at Conscription

By Elisabeth Braw

Conscription is back. After the Cold War, most European countries suspended mandatory military service, but now they’re rediscovering the institution that added muscle to the armed forces and some measure of social cohesion. The practice is often more a burden than an aid to the military. But with natural disasters and other emergencies increasing, what we really need is citizen resilience training.

“I can promise you one thing: We’ll have to discuss the issue of military service and national service very intensively again,” Annette Kramp-Karrenbauer, secretary-general of Chancellor Angela Merkel’s Christian Democratic Union, said in a video message released earlier this month. That sentence unleashed this summer’s biggest debate in Germany.

The government suspended con-

scription seven years ago. In its final years, only about one-third of young Germans performed military service, about one-third chose civilian national service, and the remaining third were not called up or signed up as professional soldiers—Germany’s post-Cold War armed forces simply didn’t need that many soldiers. But with the armed forces—the Bundeswehr—now struggling to recruit professional soldiers, Ms. Kramp-Karrenbauer’s suggestion is not surprising. Sweden has reinstated selective conscription to beef up its active-duty forces, as has Lithuania. Norway has expanded the selective draft to women, while French President Emmanuel Macron is planning a new form of mandatory national service that includes a civilian and a military segment.

These initiatives are laudable, but only the best-executed conscription models generate substantial military value. “People fill the

conscription concept with all kinds of problems they want to solve: integration, unruly youths, teaching young people rules,” noted Annika Nordgren Christensen, a Swedish former member of Parliament who wrote the report that led to the selective draft, told me. “But what really matters is its military value.” Ms. Kramp-Karrenbauer’s proposal is essentially an updated, co-ed return to Germany’s previous model; young men and women would be required to serve in the Bundeswehr or in a civil-society organization such as a fire brigade or an assisted-living facility.

What, then, should countries do if they want to strengthen their resilience and instill more civic pride and cohesion? Though some nations would benefit from more military muscle, what it is more urgently needed is resilience. If Russia decided to attack another country tomorrow, by cyber or conventional means, the population

might need to survive for several days without power or access to grocery stores. The same skills help communities deal with natural disasters.

Currently, communities hit by calamities rely on the government for help. A few residents may remember skills learned in scouting,

The Continent needs better preparation for disaster of all kinds, as well as more soldiers.

but most of us would have no idea what to do in the case of, say, a storm that knocked out power. We may have good instincts, but without training and organization our efforts are inefficient. Much of Hurricane Katrina’s damage occurred as New Orleans residents waited

for the authorities to come to their aid. The massive Cyclone Gudrun, which hit southern Sweden in 2005, left nearly half a million people without power. Had these rural dwellers not been in the habit of looking after themselves, there would have been far more than seven fatalities.

Imagine, then, the everyday benefits of trained citizens who know what to do in an emergency. No craned-necks at traffic accidents; instead, trained Samaritans. No able-bodied men and women waiting for the government to send uniformed personnel to pile sandbags during floods. “We’re used to training young people for military tasks, but we can also train them to combat a variety of civilian crises,” Gen. Richard Barons, a former commander of Britain’s Joint Forces Command, told me. “And let’s not forget that our ability to absorb blows at home strengthens our deterrence against adversaries.”

Of course the government should play a central role in national resilience. But when we discuss national service, it makes sense to focus on the skills communities need most to limit the effects of various calamities. Here’s one way to do it: Instead of working in fast-food chains or performing truncated military service, teenagers could spend one summer in resilience training. They would enjoy learning survival skills, and the training would give them the opportunity to interact with teenagers from other backgrounds.

They would also learn what it means to be a citizen. Because resilience training doesn’t need to involve weapons, people of all stripes could embrace it.

Ms. Braw is an associate fellow at the Royal United Services Institute for Defence and Security Studies.

THE WALL STREET JOURNAL.

PUBLISHED SINCE 1889 BY DOW JONES & COMPANY

Rupert Murdoch

Executive Chairman, News Corp

Matt Murray

Editor in Chief

Karen Miller Pensiero, Managing Editor

Jason Anders, Chief News Editor; Thorold Barker, Europe; Elena Cherney, Coverage Planning; Andrew Dowell, Asia; Neal Lipschutz, Standards; Meg Marco, Digital Content Strategy; Alex Martin, Writing; Michael W. Miller, Features & Weekend; Shazna Nessa, Visuals; Rajiv Pant, Product & Technology; Ann Podd, News Production; Matthew Rose, Enterprise; Michael Siconolfi, Investigations; Nikki Waller, Live Journalism; Stephen Wisnieski, Professional News; Carla Zanoni, Audience & Analytics

Gerard Baker, Editor at Large

Paul A. Gigot, Editor of the Editorial Page; Daniel Henninger, Deputy Editor, Editorial Page

WALL STREET JOURNAL MANAGEMENT: Joseph B. Vincent, Operations; Larry L. Hoffman, Production

EDITORIAL AND CORPORATE HEADQUARTERS: 1211 Avenue of the Americas, New York, N.Y., 10036

Telephone 1-800-DOWJONES

Robert Thomson

Chief Executive Officer, News Corp

William Lewis

Chief Executive Officer and Publisher

DOW JONES MANAGEMENT:

Ramin Beheshti, Chief Technology Officer;

Mark Musgrave, Chief People Officer;

Edward Roussel, Chief Innovation Officer;

Anna Sedgley, Chief Operating Officer;

Christina Van Tassel, Chief Financial Officer

OPERATING EXECUTIVES:

Kenneth Breznau, Commercial;

Jason P. Conti, General Counsel;

Tracy Corrigan, Chief Strategy Officer;

Frank Filippou, Print Products & Services;

Steve Grycuk, Customer Service;

Kristin Heitmann, Chief Commercial Officer;

Nancy McNeill, Corporate Sales;

Josh Stinchcomb, Advertising Sales;

Suzi Watford, Chief Marketing Officer;

Jonathan Wright, International

DJ Media Group: Almar Latour, Publisher

Professional Information Business: Christopher

Lloyd, Head: Ingrid Verschuren, Deputy Head

DOW JONES

News Corp

Notable & Quotable: McCain

From John McCain’s speech accepting the Republican presidential nomination, Sept. 4, 2008:

I was in solitary confinement when my captors offered to release me. I knew why. If I went home, they would use it as propaganda to demoralize my fellow prisoners. . . . I wasn’t in great shape, and I missed everything about America. But I survived it.

A lot of prisoners had it worse than I did. . . . I always liked to strut a little after I’d been roughed up to show the other guys I was tough enough to take it. But after I turned down their offer, they worked me over harder than they ever had before. For a long time. And they broke me.

When they brought me back to my cell, I was hurt and ashamed, and I didn’t know how I could face my fellow prisoners. The good man in the cell next door, my friend, Bob Craner, saved me. Through taps on a wall he told me I had fought as hard as I could. . . . And then he told me to get back up and fight again for our country. . . .

I fell in love with my country when I was a prisoner in someone else’s. I loved it not just for the many comforts of life here. I loved it for its decency; for its faith in the wisdom, justice and goodness of its people. I loved it because it was not just a place, but an idea, a cause worth fighting for. I was never the same again. I wasn’t my own man anymore. I was my country’s.

ally. DO IT RIGHT.

YOU'VE HEARD
OF RISK-REWARD.
WE PREFER
REWARD-REWARD.

STEADY GROWTH, PEACE OF MIND

12-MONTH HIGH YIELD CD

2.50%
ANNUAL
PERCENTAGE
YIELD

\$25,000 Minimum Deposit

Accurate as of 8/24/18

Just remember, an early withdrawal penalty will apply.

LEARN MORE ABOUT US:

ALLY.COM | 1-877-247-2559

©2018 Ally Financial Inc. All rights reserved.
Ally Bank; Member FDIC, a subsidiary of Ally Financial

BUSINESS & FINANCE

© 2018 Dow Jones & Company. All Rights Reserved.

THE WALL STREET JOURNAL.

Monday, August 27, 2018 | B1

Last Week: S&P 2874.69 ▲ 0.86% S&P FIN ▲ 0.24% S&P IT ▲ 1.69% DJ TRANS ▲ 0.51% WSJ\$IDX ▼ 0.55% LIBOR 3M 2.317 NIKKEI 22601.77 ▲ 1.49%

See more at WSJMarkets.com

Global Tech-Stock Rally Fractures

Cracks are appearing for the sector's largest Chinese firms, making some investors wary

BY AKANE OTANI
AND STEVEN RUSSOLILLO

The biggest Chinese technology stocks are stumbling while American tech giants power market gains in the U.S., a divergence that is breaking apart one of last year's most profitable trades.

For much of the most recent leg of the bull market, inves-

tors searching for growth piled into shares of a group loosely known as "FAANG-BAT," comprising U.S. tech giants Facebook Inc., Apple Inc., Amazon.com Inc., Netflix Inc. and Google parent Alphabet Inc., as well as Chinese firms Baidu Inc., Alibaba Group Holding Ltd. and Tencent Holdings Ltd.

The group of stocks collectively rocketed 62% higher last year, more than tripling the S&P 500's gains. But that trade has begun to fracture in recent months, reflecting escalating trade tensions between China and the U.S., doubts about the global economy's health and

uncertainty whether the tech sector's rally has gone too far.

While the U.S. FAANG stocks have continued their surge with a 38% gain this year, the BAT group is down 5.3%, although it remains well above an index of mainland Chinese listed stocks, the Shanghai Composite, which is down 17%.

Some investors are asking whether a pullback in China's tech firms may presage a similar one in the U.S., and if so which stocks might lead the market higher next—as well as whether the longest-ever U.S. stock bull market may be on borrowed time.

"The market feasted all of 2017. This year it's been a very different environment," said Matt Forester, chief investment officer of BNY Mellon's Lockwood Advisors. When cracks appear in sectors that have dominated, such as technology, "it's difficult to see whether you're seeing a signal or if it's just a correction for what's been a very strong sector of the market," he said.

Technology stocks have continued to power much of the broader market's gains in the U.S., with Apple becoming the first American company to top \$1 trillion in market value

and Amazon's most recent quarterly profit soaring to a record on the back of its cloud-computing, advertising and retail businesses.

But the biggest Chinese tech stocks have stumbled this year as investors have grown warier of slowing growth, possible government regulation and fractious trade negotiations.

After rising at a more than 40% annualized rate over the 10 years through 2017, Tencent has tumbled 13% this year through Friday, at one point wiping out over \$175 billion in market value. This month, the

Please turn to page B9

Goldman Crashes Party at End of Day

BY ALEXANDER OSIPOVICH
AND LIZ HOFFMAN

Goldman Sachs Group Inc. is leading a pack of investment banks that are elbowing into the crucial stock-exchange business of end-of-day trading.

In the past, banks would route orders for such 4 p.m. trades to the New York Stock Exchange and **Nasdaq Inc.** But as the exchanges raised fees, banks such as Goldman and **Morgan Stanley** sought to execute more of these orders in private, off-exchange transactions. **Credit Suisse Group AG** and **UBS Group AG** have also recently stepped up businesses aimed at handling end-of-day trades.

The share of closing-price trades executed outside exchanges, by broker-dealers such as Goldman, doubled from mid-2015 through the end of last year, to 32% from 16%, according to **Virtu Financial Inc.**, an electronic-trading firm in U.S. stocks.

The shift raises questions about transparency and comes as more financial activity of all stripes is moving away from public markets. Some traders and exchange executives worry that the NYSE's and Nasdaq's end-of-day prices—which serve as daily checkups on thousands of global companies—could be

Some banks are eager to take on more risk in plain-vanilla businesses like stocks.

Robots Lend a Hand in China's Manufacturing Push



GIULIA MARCHI FOR THE WALL STREET JOURNAL

Machinery maker Sany is at the forefront of Chinese efforts to promote innovation and quality rather than lower prices for copycat products. Digital factories are a blueprint for the future. Robots, at rear, weld piles at a factory in Beijing's Changping district. B3.

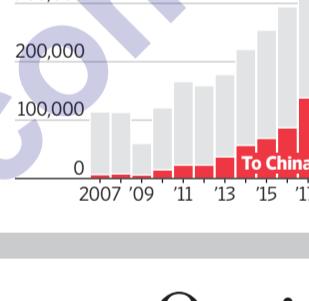
Automation Nations

China is the world's fastest-growing buyer of robots, but it's still playing catch-up to industrial rivals. Sany's sales are rebounding as it embraces automation.

*Preliminary
Note: 10 billion yuan=\$1.45 billion
Sources: International Federation of Robotics (shipments, density); FactSet (revenue)

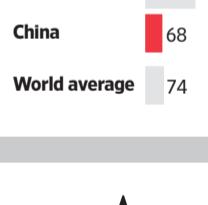
THE WALL STREET JOURNAL

World-wide shipments of industrial robots



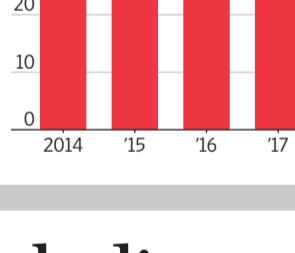
Industrial robot density

Installed robots per 10,000 employees in the manufacturing sector in 2016



Sany's revenue

In billions of yuan



New Beverage Options Are Exploding

BY JENNIFER MALONEY
AND JULIE JARGON

When Colorado-based Lucky's Market first started carrying kombucha and cold brew coffee in its stores about two years ago, the grocer wasn't sure where the drinks belonged, so it stocked them in small coolers next to the checkout aisle.

Consumers bought them up so quickly that employees across the chain's 31 stores had to constantly replenish the coolers. Eventually, the stores carved out space for the popular new drinks in the juice section by eliminating gallon jugs of juice and other slow-selling sizes, according to Andrew Vialpando, the chain's vice president of center-store merchandise.

A proliferation of beverages that don't fit within traditional drink categories is creating tough choices for retailers, confusion for shoppers and a challenge for manufacturers that are trying to keep pace with changing consumer tastes.

No longer do soda companies, coffee companies and alcohol companies stay in their lanes. **Coca-Cola Co.** and **PepsiCo Inc.** have expanded into dairy, tea, coffee, juice, soy milk, bottled water and coconut water. PepsiCo last week announced a deal to buy seltzer-machine maker SodaStream International Ltd. **Dr Pepper Snapple Group Inc.** is now



STEPHANIE AARONSON/THE WALL STREET JOURNAL

more of a coffee company, recently renamed Keurig Dr Pepper. **Anheuser-Busch InBev**, the world's largest beer brewer, is selling ready-to-drink ice tea and organic caffeinated sparkling water.

As they expand onto others' turf in search of growth, the lines between the companies and their products are blurring. The pressure is greatest on the big makers of soft drinks and beer, which are jockeying for market share in new categories mostly domi-

nated by upstarts as Americans' thirst for lager and sugary soda continues to wane.

Shifts in the beverage aisle are being driven by people like Lisa Fink, who used to drink black coffee in the morning and again in the afternoon. Now, the 46-year-old personal trainer in Thousand Oaks, Calif., drinks chai tea with bone broth, protein powder and coconut creamer—a drink that serves as breakfast—and switches to tea and sparkling water for the rest of the day. Sometimes, as a

treat, she has a can of Zevia cola made with stevia, a zero-calorie, plant-based sweetener.

Figuring out what people want to drink is tricky. The answer, for many companies, has been to mix their traditional beverages with popular new ingredients to create hybrids. PepsiCo's Tropicana offers "Coco Blends," fruit juices mixed with coconut water, and "Tropicana Essentials Probiotics," a line of juice made with the type of active cultures nor-

Please turn to page B2

listed. At 4 p.m., the bank pairs Apple buyers with Apple sellers. It can send unmatched orders to the exchange or take the other side of the trade itself, storing the extra Apple shares or short interest on its books overnight.

Please turn to page B2

INSIDE



GROCERS SHRUG OFF AMAZON DEAL

BUSINESS NEWS, B2



SOYBEANS ABOUND ON U.S. FARMS

COMMODITIES, B9

INDEX TO BUSINESSES

These indexes cite notable references to most parent companies and businesspeople in today's edition. Articles on regional page inserts aren't cited in these indexes.

A	Epic Games.....B10	P	PepsiCo.....B1
B	Alibaba Group Holding.....B1	F	Pfizer.....B5
C	Alphabet.....B1	G	Samsung Electronics..B1
D	Amazon.com.....B1,B2	H	Sany Group.....B3
E	Amneal Pharmaceuticals.....B5	I	SimpliSafe.....B1
F	Anheuser-Busch InBev.....B1	J	Sprouts Farmers Market B2
G	Apple.....B1,B10	K	Stewart Brothers.....B2
H	AQR Capital Management.....B9	L	Tencent Holdings.....B1
I	Baidu.....B1	M	Teva Pharmaceutical..B5
J	Beijing Xiaojiu Technology.....B3	N	TwitterB9
K	Coca-Cola.....B1,B2	O	UBS Group.....B1
L	Comerica.....B10	P	Virtu Financial.....B1
M	Credit Suisse Group...B1	Q	Xiaomi.....B10
N	Netflix.....B1,B10	R	

INDEX TO PEOPLE

A	Green, Nicholas.....B2	H	Mingzhu, Dong.....B10
B	Antoci, Tony.....B2	I	Harburg, Ben.....B9
C	Barris, Kenya.....B10	J	Harding, David.....B9
D	Beddall, Matthew.....B9	K	Henry, John.....B9
E	Braga, Leda.....B9	L	Hueber, Dan.....B9
F	Corbae, Dean.....B8	M	Irwin, Scott.....B9
G	Disney, Linda.....B2	N	Kinak, Mehmet.....B2
H	Forester, Matt.....B1	O	Kudlow, Larry.....A2
I	Friedland, Ben.....B2	P	Laguarta, Ramon.....B2
J	Gameran, Jacob.....B2	Q	Lei Jun.....B10
K	Gameran, Jacob.....B2	R	Levine, Ross.....B8
L		S	Vialpando, Andrew.....B1

Banks Join Party at End of Day

Continued from page B1

Goldman is the largest competitor in this market, handling between 60 million and 80 million shares on a typical day, according to people familiar with the matter. Morgan Stanley, the top stock-trading shop on Wall Street, has a competing product, internally dubbed MOCHA, for "market on close handling aggregator."

What began at these firms as internal tools to help centralize orders has since been pitched to clients as a way to save on exchange fees. The products are used by index-fund managers including Vanguard Group and BlackRock Inc., as well as smaller broker-dealers, people familiar with the matter said.

If Goldman has client orders to buy 100,000 shares of Apple and only 70,000 "sell" orders, the bank might need to scramble to fill the demand at the end of the day. So it might turn to the exchange and buy 30,000 Apple shares before 4 p.m., which solves its problem. That buying, though, could nudge up Apple's closing price—resulting in a worse outcome for the buyers.

In an agreement that it asked one prospective client to sign, Goldman acknowledges that efforts to execute the trade while protecting itself from adverse price moves "may impact market prices" in ways that are unfavorable to its clients, according to a copy reviewed by The Wall Street Journal.

The NYSE, owned by Intercontinental Exchange Inc., cut its closing-auction fees in January. The move was partly in response to the threat from the banks' bustling 4 p.m. business, a person familiar with the matter said.

Executives at NYSE and Nasdaq say they fear that if more trading moves to banks, it will make closing prices less trustworthy.

Generally, cheaper fees benefit investors. But some traders said they are worried about what happens if a bank can't find a matching order.

If Goldman has client orders to buy 100,000 shares of Apple and only 70,000 "sell" orders, the bank might need to scramble to fill the demand at the end of the day. So it might turn to the exchange and buy 30,000 Apple shares before 4 p.m., which solves its problem. That buying, though, could nudge up Apple's closing price—resulting in a worse outcome for the buyers.

In an agreement that it asked one prospective client to sign, Goldman acknowledges that efforts to execute the trade while protecting itself from adverse price moves "may impact market prices" in ways that are unfavorable to its clients, according to a copy reviewed by The Wall Street Journal.

The introduction of so many new drinks isn't smooth for the manufacturers, either.

Mr. Friedland, who previously worked for Whole Foods, said the Amazon deal spurred Lucky's to speed up its rollout of online ordering, and sales

haven't suffered.

Some natural grocers said they have attracted new customers in the past year because of better service and more local products. At the same time, they said, Whole Foods stores have become more mainstream.

"After they put their blue signs all over everything and started selling Amazon Echoes, it really kicked in that this is no longer this specialty, healthy chain," said Tony Antoci, chief executive of California's Erewhon Market, where same-store sales are up more than 20% from a year ago.

Lucky's recently hired a manager to help in recruiting local brands. Thrive Market is signing more deals with suppliers to sell their products ex-

clusively. Some of those food makers were unhappy that Whole Foods centralized purchasing and raised supplier fees, Mr. Green said.

Jimmy Stewart, co-owner of Stewart Brothers Inc., an Oregon-based juice company, has lost shelf space recently to bigger brands at Whole Foods and is sending more juice to independent natural grocers and conventional chains instead.

"They left us in the dust," said Mr. Stewart, whose family company has sold products at Whole Foods for 20 years.

Spokeswomen for Amazon and Whole Foods declined to comment.

Whole Foods rivals have had to sacrifice margins to keep up on pricing, staffing and convenience. Some used savings

Beverage Options Expand

Continued from page B1

mostly found in yogurt.

All the new varieties have created confusion for retailers and the shoppers who traverse the supermarket trying to find their favorite drinks.

Linda Disney was shopping at a Vons store in Thousand Oaks, Calif., on a recent day, looking for four-packs of bottled Starbucks Frappuccino, which were no longer in the same spot. "They're always moving things around," said Ms. Disney, 77. "I'm sure there's some logic to it, but as a consumer it's confusing."

That store has seven different sections devoted to cold drinks, in addition to coolers at every checkout lane stocked with bottles of soda, iced coffee and energy drinks. There is even a display of bottled sparkling water near the gourmet cheese case.

Mr. Vialpando, of Lucky's, which operates supermarkets in 11 states, recently was trying to decide where to put new alcoholic varieties of kombucha, a fermented tea drink. He came up with the idea of creating a divider between the alcoholic and nonalcoholic varieties when the grocery director pointed out that an underage customer could easily confuse the two and accidentally buy one con-

taining alcohol. Mr. Vialpando decided to stock the alcoholic kombucha next to the beer.

The introduction of so many new drinks isn't smooth for the manufacturers, either.

PepsiCo's departing Chief Executive Indra Nooyi more than a decade ago staked her career—and the company's future—on a plan to expand the company's portfolio into healthier, more nutritious products. Then sales of its core brands tumbled, and Ms. Nooyi had to fend off an attempt by an activist investor to break up the company.

More recently, the soda-and-snacks giant has been under pressure to restructure its U.S. beverage business after it shifted too much marketing money and shelf space to newly launched brands in hybrid categories such as Izze Fusions, a combination of fruit juice and soda. Market share fell for Pepsi-Cola, Mountain Dew and Gatorade.

"The consumer is moving to this triangle of taste, nutrition and convenience where I think we are in a very sweet spot," PepsiCo's incoming CEO Ramon Laguarda said in a recent video to staff. "Yes, there are some headwinds coming our way, but also a lot of tailwinds."

Rival Coca-Cola Co., by contrast, was criticized for taking too long to acknowledge public-health concerns about the links between sugary sodas, obesity and diabetes. Last year, the new CEO, James Quincey, set a goal for Coca-Cola to meet consumers' needs every time they want something to drink.

"We're trying things; we're testing things," Mr. Quincey said in an interview. Consumers are looking for a greater diversity of beverages, he said.

That has led beverage makers to revise their approach to marketing and merchandising. And it has prompted them to branch out into different prod-

uct categories.

"We've stopped thinking in terms of category and more in terms of need states," such as hydration and fuel, said Meghann Seidner, vice president of marketing for Coca-Cola's Zico coconut water brand.

Zico in March launched a new line of "Coco-Lixirs" made from coconut water, cold-pressed juice and ingredients like ginger and turmeric.

This year the maker of Keurig coffee machines took over Dr Pepper Snapple Group Inc. for \$26 billion, the biggest nonalcoholic drinks deal on record, according to Dealogic. The rationale behind the deal, executives said, was to be able to sell a wider variety of beverages in multiple retailers.

Coffee makers are adding sparkling water to cold brews and, separately, experimenting with ingredients foreign to coffee, such as honeysuckle, sour cherries and bitters.

La Colombe's latest drink, "The Shandy," is a canned nitro cold brew made with lemonade. The coffee company is calling the drink a "hybrid" of coffee and juice, and when it makes its way to retailers, CEO Todd Carmichael said he's not sure where in stores it will be displayed.

Beer companies, too, are trying to reinvent themselves. Anheuser-Busch last year bought Hiball Inc., a San Francisco-based startup making organic caffeinated sparkling water and fruit-juice soda blends.

"We're trying things; we're testing things," Mr. Quincey said in an interview. Consumers are looking for a greater diversity of beverages, he said.

That has led beverage makers to revise their approach to marketing and merchandising. And it has prompted them to branch out into different prod-

uct categories.

"We've stopped thinking in terms of category and more in terms of need states," such as hydration and fuel, said Meghann Seidner, vice president of marketing for Coca-Cola's Zico coconut water brand.

Zico in March launched a new line of "Coco-Lixirs" made from coconut water, cold-pressed juice and ingredients like ginger and turmeric.

This year the maker of Keurig coffee machines took over Dr Pepper Snapple Group Inc. for \$26 billion, the biggest nonalcoholic drinks deal on record, according to Dealogic. The rationale behind the deal, executives said, was to be able to sell a wider variety of beverages in multiple retailers.

Coffee makers are adding sparkling water to cold brews and, separately, experimenting with ingredients foreign to coffee, such as honeysuckle, sour cherries and bitters.

La Colombe's latest drink, "The Shandy," is a canned nitro cold brew made with lemonade. The coffee company is calling the drink a "hybrid" of coffee and juice, and when it makes its way to retailers, CEO Todd Carmichael said he's not sure where in stores it will be displayed.

Beer companies, too, are trying to reinvent themselves. Anheuser-Busch last year bought Hiball Inc., a San Francisco-based startup making organic caffeinated sparkling water and fruit-juice soda blends.

"We're trying things; we're testing things," Mr. Quincey said in an interview. Consumers are looking for a greater diversity of beverages, he said.

That has led beverage makers to revise their approach to marketing and merchandising. And it has prompted them to branch out into different prod-

uct categories.

"We've stopped thinking in terms of category and more in terms of need states," such as hydration and fuel, said Meghann Seidner, vice president of marketing for Coca-Cola's Zico coconut water brand.

Zico in March launched a new line of "Coco-Lixirs" made from coconut water, cold-pressed juice and ingredients like ginger and turmeric.

This year the maker of Keurig coffee machines took over Dr Pepper Snapple Group Inc. for \$26 billion, the biggest nonalcoholic drinks deal on record, according to Dealogic. The rationale behind the deal, executives said, was to be able to sell a wider variety of beverages in multiple retailers.

Coffee makers are adding sparkling water to cold brews and, separately, experimenting with ingredients foreign to coffee, such as honeysuckle, sour cherries and bitters.

La Colombe's latest drink, "The Shandy," is a canned nitro cold brew made with lemonade. The coffee company is calling the drink a "hybrid" of coffee and juice, and when it makes its way to retailers, CEO Todd Carmichael said he's not sure where in stores it will be displayed.

Beer companies, too, are trying to reinvent themselves. Anheuser-Busch last year bought Hiball Inc., a San Francisco-based startup making organic caffeinated sparkling water and fruit-juice soda blends.

"We're trying things; we're testing things," Mr. Quincey said in an interview. Consumers are looking for a greater diversity of beverages, he said.

That has led beverage makers to revise their approach to marketing and merchandising. And it has prompted them to branch out into different prod-

uct categories.

"We've stopped thinking in terms of category and more in terms of need states," such as hydration and fuel, said Meghann Seidner, vice president of marketing for Coca-Cola's Zico coconut water brand.

Zico in March launched a new line of "Coco-Lixirs" made from coconut water, cold-pressed juice and ingredients like ginger and turmeric.

This year the maker of Keurig coffee machines took over Dr Pepper Snapple Group Inc. for \$26 billion, the biggest nonalcoholic drinks deal on record, according to Dealogic. The rationale behind the deal, executives said, was to be able to sell a wider variety of beverages in multiple retailers.

Coffee makers are adding sparkling water to cold brews and, separately, experimenting with ingredients foreign to coffee, such as honeysuckle, sour cherries and bitters.

La Colombe's latest drink, "The Shandy," is a canned nitro cold brew made with lemonade. The coffee company is calling the drink a "hybrid" of coffee and juice, and when it makes its way to retailers, CEO Todd Carmichael said he's not sure where in stores it will be displayed.

Beer companies, too, are trying to reinvent themselves. Anheuser-Busch last year bought Hiball Inc., a San Francisco-based startup making organic caffeinated sparkling water and fruit-juice soda blends.

"We're trying things; we're testing things," Mr. Quincey said in an interview. Consumers are looking for a greater diversity of beverages, he said.

That has led beverage makers to revise their approach to marketing and merchandising. And it has prompted them to branch out into different prod-

uct categories.

"We've stopped thinking in terms of category and more in terms of need states," such as hydration and fuel, said Meghann Seidner, vice president of marketing for Coca-Cola's Zico coconut water brand.

Zico in March launched a new line of "Coco-Lixirs" made from coconut water, cold-pressed juice and ingredients like ginger and turmeric.

This year the maker of Keurig coffee machines took over Dr Pepper Snapple Group Inc. for \$26 billion, the biggest nonalcoholic drinks deal on record, according to Dealogic. The rationale behind the deal, executives said, was to be able to sell a wider variety of beverages in multiple retailers.

Coffee makers are adding sparkling water to cold brews and, separately, experimenting with ingredients foreign to coffee, such as honeysuckle, sour cherries and bitters.

La Colombe's latest drink, "The Shandy," is a canned nitro cold brew made with lemonade. The coffee company is calling the drink a "hybrid" of coffee and juice, and when it makes its way to retailers, CEO Todd Carmichael said he's not sure where in stores it will be displayed.

Beer companies, too, are trying to reinvent themselves. Anheuser-Busch last year bought Hiball Inc., a San Francisco-based startup making organic caffeinated sparkling water and fruit-juice soda blends.

"We're trying things; we're testing things," Mr. Quincey said in an interview. Consumers are looking for a greater diversity of beverages, he said.

That has led beverage makers to revise their approach to marketing and merchandising. And it has prompted them to branch out into different prod-

uct categories.

"We've stopped thinking in terms of category and more in terms of need states," such as hydration and fuel, said Meghann Seidner, vice president of marketing for Coca-Cola's Zico coconut water brand.

BUSINESS NEWS

China's Didi Halts Carpooling After Passenger Is Killed

By YOKO KUBOTA

BEIJING—Chinese ride-hailing company **Didi Chuxing Technology** Co. said it is temporarily halting one of its services for the second time in three months after police said a Didi driver raped and killed a female passenger in eastern China.

Didi, which said it plans to halt its Hitch carpool service as of Monday, is also firing two executives in charge of the carpool business and customer service, the company said Sunday.

One of the world's biggest tech startups, Didi dominates the ride-hailing market in many cities in China and is Uber Technologies Inc.'s chief rival globally.

It was the second death since May involving a passenger using Didi Hitch, a service that allows private car owners to register as drivers. The latest incident triggered widespread criticism of Didi on social media, and state news agency Xinhua blasted Didi in a commentary Sunday for "indifference" to the safety of passengers.

Police said the latest victim booked a Didi carpool ride in Zhejiang province Friday, and later sent a message to a friend calling for help. That led the victim's family and friends to contact Didi and local law enforcement, but Didi's customer service didn't respond for hours until police intervened, according to a statement from police in the city of Wenzhou, who are investigating the case.

The suspect, a Didi driver, was arrested Saturday and confessed to raping and stabbing the victim before throwing her body off a cliff, police said. The suspect's lawyer couldn't be identified.

Didi issued an apology on

Saturday, and on Sunday said it must get better at recognizing risks and speeding up responses. "As the scale of our services grow, we also face an immense challenge against our ability to manage safety," it said. "We will humbly and sincerely accept the criticisms of the public and government overseers."

Officials from the Ministry of Transport met with Didi on Sunday and ordered the company to take additional measures to protect passenger safety, the ministry said.

In May, Didi halted its carpool service for a week after

Officials ordered the company to take additional measures to protect passengers.

the death of a 21-year-old woman who was killed after she booked a ride through Didi in central China. The suspect—the driver, who was using his father's Didi account—was found dead days later.

That incident also sparked outrage, leading Didi to announce plans to improve passenger security, including using facial recognition to ensure the identities of its drivers and upgrading an emergency help function on its app.

Didi's biggest business in China is the Didi Express ride-hailing service, which isn't affected by Hitch's suspension. The company also operates taxi and premium car-hailing services, which aren't affected by the suspension.

—Yang Jie

contributed to this article.

Beijing Puts Robots to Work

Machinery maker Sany and other big firms are encouraged to use automation, big data

By NATASHA KHAN

CHANGSHA, China—The blueprint for China's industrial future lies on a dustless factory floor known as Workshop 18, where workers in dark blue uniforms work alongside robots to build pump trucks that can blast cement up the world's tallest skyscrapers.

Engineers at the plant run by **Sany Group** Co. figure out how to make better products by analyzing information fed in real-time from machines operating around the world to a data center nearby. The company tracks 380,000 of its internet-connected concrete mixers, excavators and cranes, and it has collected more than 100 billion items of engineering data.

Workshop 18 is designated by Chinese industry officials as a model demonstration facility for Beijing's plan to upgrade its corporate champions so they can better compete in the world, a policy known as "Made in China 2025." The adoption of robots, big data and other technological advancements is seen by Chinese leaders as key to developing domestic giants in areas such as power equipment, electric cars, marine products and chips—sectors it wants to become largely self-sufficient by the middle of the next decade.

Sany, one of China's three big heavy-machinery makers, said the integration of technology has increased capacity, shortened order-delivery times and slashed operational costs, all by at least 20%. The company is also betting that the technology will enable it to build a reputation for innovation and quality, rather than for lower prices for copycat products that made Sany a big player domestically.

"The future of the heavy-



The company can track 380,000 internet-connected concrete mixers, excavators and cranes.

Smart Factories, Unmanned Vehicles Push 'China Dream'

Sany has built four smart factories since 2012 as it heeded Beijing's call to upgrade. Its real-time data-collection program garnered praise in June from Chinese Premier Li Keqiang. Sany also uses unmanned vehicles in its Workshop 18 in Changsha to deliver materials and parts to assembly-line workers.

equipment industry will rely as much on software and data as it does on hardware," Sany's Chief Information Officer Pan Ruigang said.

The "Made in China 2025" strategy has drawn criticism in Washington, with members of President Trump's administration accusing Beijing of using subsidies and protectionism to unfairly bolster Chinese companies. China has said its targets are transparent and that other countries have policies aimed at strengthening domestic industries.

Beijing has made billions of

A Sany facility in Beijing is festooned with flags bearing inspirational slogans. One reads: "To achieve the China Dream, achieve the Sany Dream." Engineers there use robotics to make better pile drivers.

Welding robots—made by Japan's Fanuc Corp.—allow workers to design a drilling rig that can run around the clock in extreme conditions, according to workers. Sany has drills in the world's northernmost construction site in Russia, pounding the Arctic seabed for natural gas. Now, company ex-

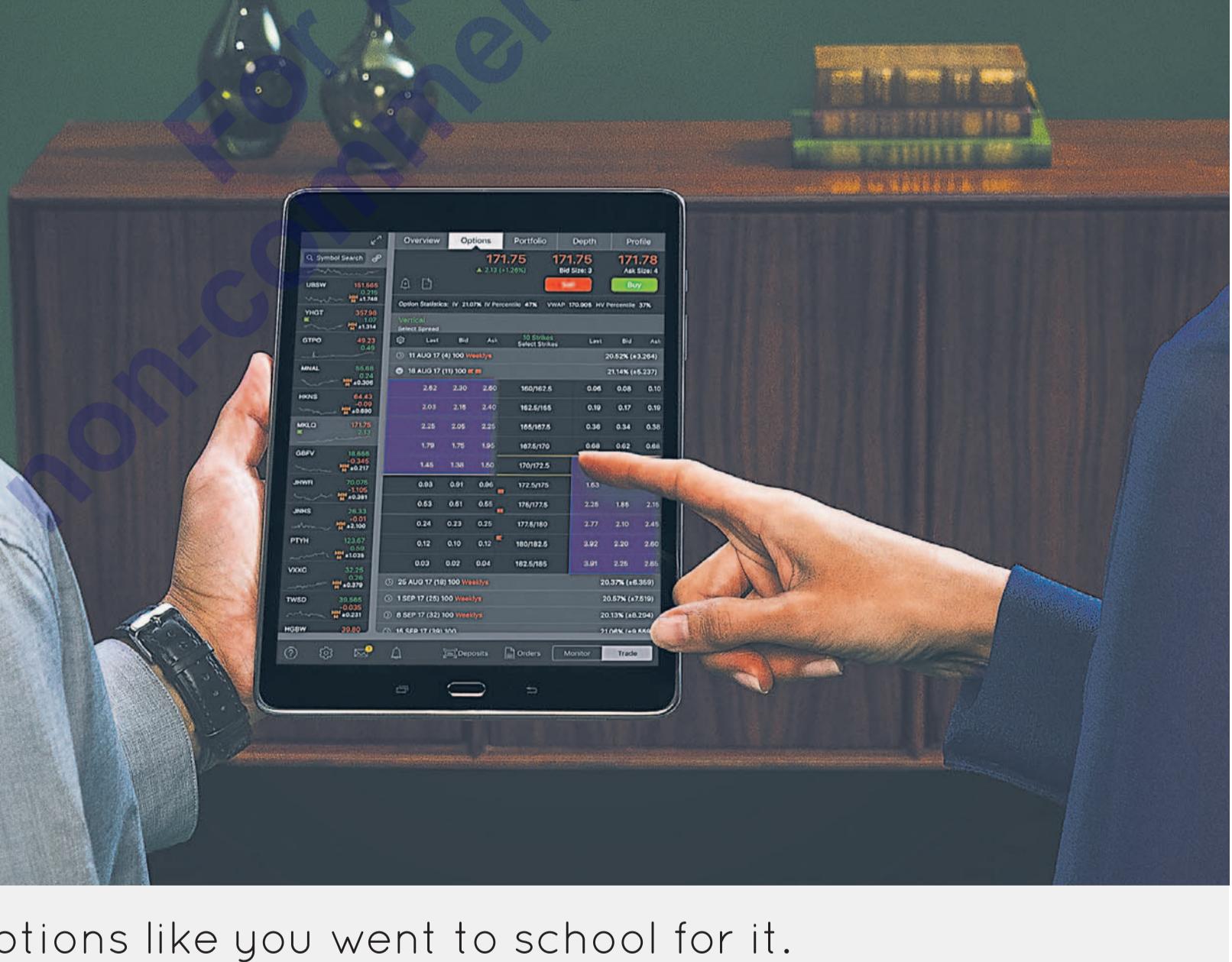
ecutives are working with domestic manufacturers to customize robots.

Sany has received subsidies from the government through the years, documents show, but the company has largely grown through its reinvested profits, becoming the world's eighth-biggest machinery maker.

Sany and other machinery makers were hit by a production glut after 2012—oversupply is a frequent result of China's economic plans. But Sany's sales began to rebound last year.

Chinese manufacturers to buy more robots have made China the world's fastest-growing automation market. In 2016, China installed a record 87,000 robots, more than the U.S. and Germany combined, according to the International Federation of Robotics. Beijing wants to reach a robot density of 150 per 10,000 employees by 2020, more than double 2015 levels, though still behind the U.S., where the ratio is 189.

—Yoko Kubota in Beijing contributed to this article.



Trade options like you went to school for it.

Options trading doesn't have to be intimidating. TD Ameritrade provides educational courses, expert trading support, and online coaching to help you learn to trade with confidence.

Get up to \$600 when you open and fund an account.

TD Ameritrade®

Options trading is subject to significant risks and is not suitable for all investors. Options trading privileges subject to TD Ameritrade review and approval. Before trading options, carefully read Characteristics and Risks of Standardized Options. Contact TD Ameritrade at 800-669-3900 for a copy.

See tdameritrade.com/600offer for offer details and restrictions. This is not an offer or solicitation in any jurisdiction where we are not authorized to do business. TD Ameritrade, Inc., member FINRA/SIPC. © 2017 TD Ameritrade.

Visit tdameritrade.com/tradeoptions to learn more.

TECHNOLOGY

WSJ.com/Tech

S.C., Utility Battle Over Nuclear Plant

Completion costs weigh on dispute as industry competes against renewables

BY MENGQI SUN

The primary owner of a power plant with two partially built nuclear reactors in South Carolina walked away from the \$9 billion project last summer because of high construction costs and delays. Now no one wants to pay for it.

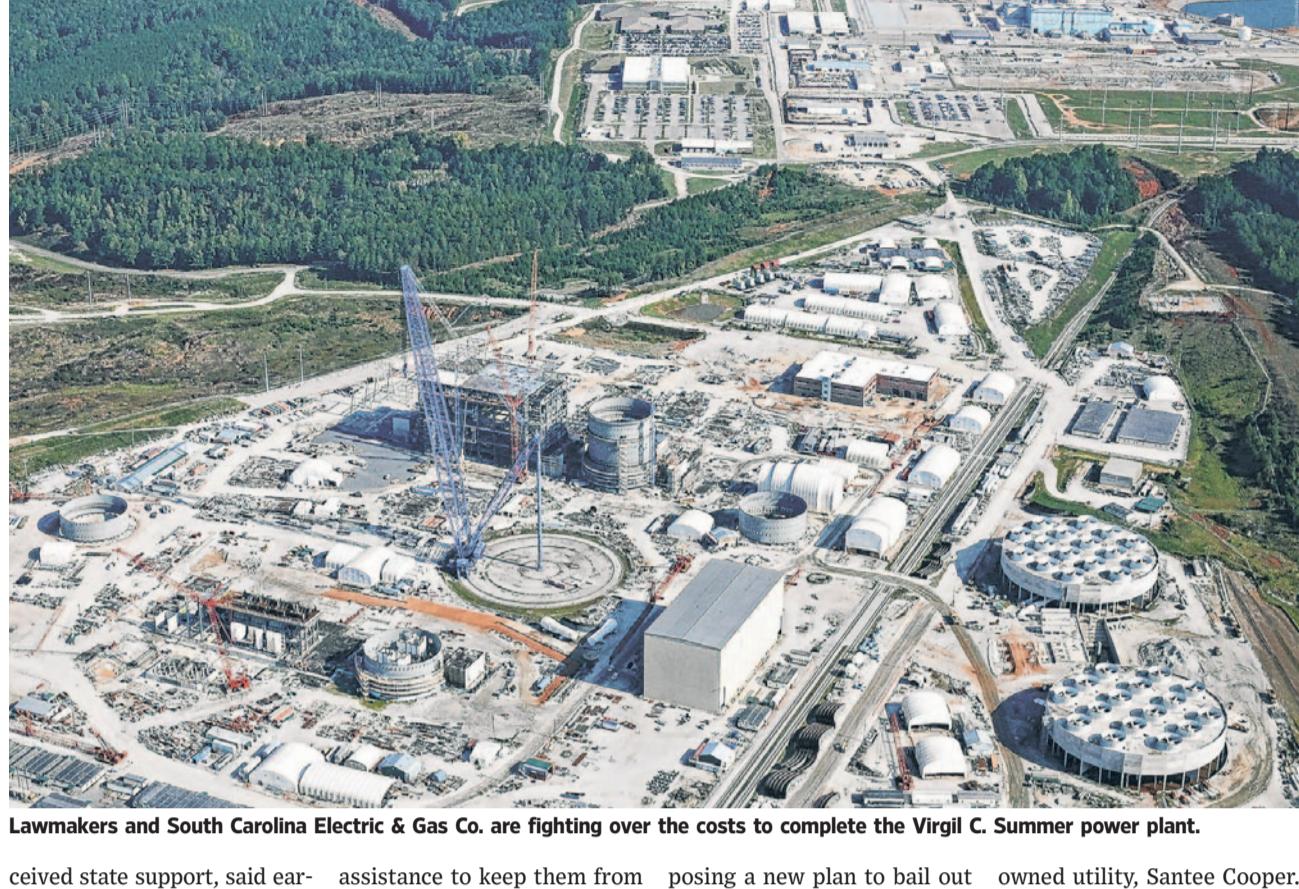
The utility overseeing the Virgil C. Summer plant is asking ratepayers across the Palmetto State to shoulder its construction expenses of \$4.7 billion, citing a law passed last decade. But local lawmakers are trying to force South Carolina Electric & Gas Co. to pick up more of the tab.

A federal judge handed lawmakers an initial victory earlier this month, ruling that a temporary state-imposed rate cut for customers could stand. The utility, known by its acronym SCE&G, is appealing the decision.

This dust-up is part of a larger U.S. dispute over how much public support should be provided to support nuclear power at a time when the industry is struggling to compete with lower-cost natural gas and renewable energy.

The South Carolina plant and a similar project in Georgia both encountered massive cost overruns that led to the bankruptcy of nuclear project builder Westinghouse Electric Co.

The company that owns the Georgia plant, which like the South Carolina project also re-



Lawmakers and South Carolina Electric & Gas Co. are fighting over the costs to complete the Virgil C. Summer power plant.

ceived state support, said earlier this month that it would take an earnings charge to cover more than \$1 billion in new cost overruns.

"What is happening in South Carolina is reflective of how challenging the economics of nuclear power are across the country," said Jason Bordoff, a Columbia University professor who was senior director for energy and climate change for the National Security Council.

Existing plants across the U.S. are also struggling, prompting new calls for public

assistance to keep them from closing. New York, New Jersey and Illinois are putting up public money to refurbish old plants or allowing utilities to charge rate payers for fixes, citing nuclear power as an important source of clean energy.

Other states with power plants, like Ohio and Pennsylvania, have thus far resisted those efforts. Some in those states argue that the power companies should be left to fail or succeed on their own.

The same debate is unfolding in Washington, D.C. The Trump administration is pro-

posing a new plan to bail out failing nuclear and coal-fired plants, arguing that grid reliability is a national security issue.

A decade ago the subject of public assistance for nuclear power was considerably less controversial. In South Carolina the expansion of the existing V.C. Summer Nuclear Station was initially billed as a source of job creation, a producer of lower emissions and a cheap solution to surging energy demand in the coming decades.

The partners were SCE&G and a state-owned utility, Santee Cooper.

SCE&G benefited from a new financing arrangement granted by the state legislature that diverged from how big power projects had been paid for in the past. The utilities would have approval to charge rate payers as the project was built.

"We didn't have near enough skepticism," said South Carolina Republican state Sen. Greg Gregory, one of the sponsors of that legislation.

Since 2007 SCE&G has increased the rate charged cus-

tomers by 18%, according to a spokesman for SCE&G parent Scana Corp. That translates to about \$27 a month for residential ratepayers, the spokesman said. Since 2009, it collected about \$2 billion to cover interest costs on its project-related debt, the spokesman said.

One resident affected by the increases was Doris Fletcher, 78 years old, who has a utility bill of \$100 to \$150 a month. That accounts for 18% of her monthly expenses, she said.

"I get upset with what they have done to us and other people," said Ms. Fletcher, who lives in West Columbia, S.C. "Because there [are] a lot of people on fixed income besides me."

South Carolina lawmakers started considering a law to temporarily walk back the rates after an audit of the project highlighting cost overruns and delays became public last September. The temporary rate cut went into effect earlier this month, giving SCE&G's customers an average monthly reduction of \$22 in their power bill until December.

South Carolina Gov. Henry McMaster, a Republican, said he wanted the rates to be even lower. "It is unacceptable, irresponsible, and unconscionable for any South Carolinian to pay another dime" for the abandoned project, the governor said in a letter to state House members.

SCE&G sued the state to stop the rate cut but a federal judge said it could stand. A state commission that regulates utility rates will set a permanent rate in December.

ADVERTISEMENT

The Marketplace

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

CLASS ACTION

NOTICE OF SALE

IF YOU PURCHASED WIRE HARNESS PRODUCTS DIRECTLY FROM CHIYODA, DENSO, FUJIKURA, FURUKAWA, G.S. ELECTECH, LEAR, LEONI, MITSUBISHI ELECTRIC, SUMITOMO, TOKAI RIKI OR YAZAKI BETWEEN JANUARY 1, 2000 AND DECEMBER 13, 2016 YOUR LEGAL RIGHTS MAY BE AFFECTED BY PROPOSED SETTLEMENTS WITH THE FURUKAWA AND MITSUBISHI ELECTRIC DEFENDANTS

Proposed settlements totaling \$19,680,320 have been reached in *In re Automotive Parts Antitrust Litigation*, Master File No.12-md-02311(E.D. Mich.), 12-cv-00101, with the Furukawa and Mitsubishi Electric Defendants (collectively, the "Settling Defendants").

What is the lawsuit about? This class action litigation is part of coordinated legal proceedings involving a number of parts used in motor vehicles. This case and the proposed settlements, however, relate solely to Wire Harness Products purchased directly from a Defendant (as defined below). These proceedings do not relate to, and have no effect upon, cases involving any other product or purchaser.

Wire harnesses are electrical distribution systems used to direct and control electronic components, wiring, and circuit boards in motor vehicles. "Wire Harness Products," for purposes of the settlements, means wire harnesses and the following related products: automotive electrical wiring, lead wire assemblies, cable bond, automotive wiring connectors, automotive wiring terminals, high voltage wiring, electronic control units, fuse boxes, relay boxes, junction blocks, power distributors, and speed sensor wire assemblies used in motor vehicles.

Direct Purchaser Plaintiffs allege that Defendants entered into a conspiracy to suppress and eliminate competition for Wire Harness Products by agreeing to rig bids for, and to raise, fix, stabilize, or maintain the prices of, Wire Harness Products, in violation of federal antitrust laws. Plaintiffs further allege that, because of the conspiracy, they and other direct purchasers of Wire Harness Products were injured by paying more for those products than they should have paid, and seek recovery of treble damages, together with reimbursement of costs and an award of reasonable attorneys' fees.

You were previously notified of the existence of this class action, the nature of the Plaintiffs' claims, the eight previously approved settlements with the Lear, G.S. Electech, Tokai Riki, Chiyoda, Fujikura, LEONI, Sumitomo and Yazaki Defendant groups totaling \$102,736,240.10, and the opportunity to submit a Claim Form.

Additional proposed settlements have been reached with the Furukawa Defendants for \$19,000,000 and with the Mitsubishi Electric Defendants for \$680,320. When added to the previously approved settlements, this brings the total of settlements in this case to \$122,416,560.10, plus accrued interest.

Each of the Settling Defendants denies Plaintiffs' allegations and has agreed to settle this matter in order to avoid the expense and burden of further litigation. The Court has not issued any findings or rulings with respect to the merits of Plaintiffs' claims or Defendants' defenses. This is the settlement with the Settling Defendants only. The litigation is continuing against the remaining non-settling Defendants.

Who is included? The Court has preliminarily approved the proposed settlements and has provisionally certified Furukawa and Mitsubishi Electric Settlement Classes, which are composed of purchasers of Wire Harness Products in the United States directly from any Defendant and/or the current or former subsidiary, joint venture or affiliate of any Defendant during the period from January 1, 2000 through December 13, 2016 (the "Class Period").

For purposes of each of the Settlement Classes, the following entities are Defendants: Chiyoda Manufacturing Corporation; Denso Corporation; Denso International America, Inc.; Fujikura Ltd.; Fujikura Automotive America LLC; Furukawa Electric Co., Ltd.; American Furukawa, Inc.; Furukawa Wiring Systems America, Inc. f/k/a Furukawa Lear Corporation and Lear Furukawa Corporation; G.S. Electech, Inc.; G.S. Wiring Systems Inc.; G.S.W. Manufacturing, Inc.; Lear Corporation; LEONI Wiring Systems, Inc.; Leonische Holding Inc.; Mitsubishi Electric Corporation; Mitsubishi Electric U.S. Holdings, Inc.; Mitsubishi Electric Automotive America, Inc.; Sumitomo Electric Industries, Ltd.; Sumitomo Wiring Systems, Ltd.; Sumitomo Electric Wiring Systems, Inc.; K&S Wiring Systems, Inc.; Sumitomo Wiring Systems, Inc.; Tokai Rika Co., Ltd.; TRAM, Inc.; Yazaki Corporation; and Yazaki North America, Inc.

A Notice of Proposed Settlements and Claim Form ("Notice") was mailed to potential members of the Furukawa and Mitsubishi Electric Settlement Classes on or about August 16, 2018. The Notice describes the litigation and options available to Settlement Class members with respect to these settlements in more detail. If you have not received the Notice you may obtain a copy on the internet at www.AutoPartsAntitrustLitigation.com, or by calling or writing to any of the following Settlement Class Counsel:

LEGAL NOTICE

Gregory P. Hansel
PRETI, FLAHERTY, BELIVEAU & PACHIOS LLP
One City Center, P.O. Box 9546
Portland, ME 04112-9546
Telephone: (207) 791-3000

Joseph C. Kohn
KOHN, SWIFT & GRAF, P.C.
1600 Market Street, Suite 2500
Philadelphia, PA 19103
Telephone: (215) 238-1700

Steven A. Kanner
FREED KANNER LONDON & MILLEN LLC
2201 Waukegan Road, Suite 130
Bannockburn, IL 60015
Telephone: (224) 632-4500

Eugene A. Spector
SPECTOR ROSEMAN & KODROFF, P.C.
1818 Market Street, Suite 2500
Philadelphia, PA 19103
Telephone: (215) 496-0300

What do the settlements provide? Furukawa has agreed to pay a total of \$19,000,000, and Mitsubishi Electric has agreed to pay \$680,320, to settle the Class Members' claims against them (together, the "Furukawa and Mitsubishi Electric Settlement Fund"). As described in more detail in the Notice, the Furukawa Settlement is subject to rescission based upon valid and timely requests for exclusion by Settlement Class members. Each of the Settling Defendants has also agreed to provide cooperation to assist Plaintiffs in the prosecution of their claims against the remaining Defendants.

Your rights may be affected. If you are a member of either the Furukawa or the Mitsubishi Electric Settlement Class, you will automatically remain a member of that Settlement Class unless you elect to be excluded. If you wish to remain in a Settlement Class, you do not need to take any action at this time; your interests will be represented by Plaintiffs and by Settlement Class Counsel. In order to share in the Furukawa and Mitsubishi Electric Settlement Fund, however, you must either have submitted a valid Claim Form in connection with the previously approved settlements, or complete and return a copy of the Claim Form that was recently mailed to potential Settlement Class members along with the Notice, postmarked no later than November 14, 2018.

If you wish to exclude yourself from either the Furukawa or the Mitsubishi Electric Settlement Class (or both), you must submit a written request for exclusion, postmarked no later than October 5, 2018, in accordance with the procedures set forth in the Notice. If you validly excuse yourself from either the Furukawa or the Mitsubishi Electric Settlement Class (or both), you will not be bound by any decision concerning that Settlement Class and you can pursue individually any claims you may have against those Defendants (at your own expense), but you will not be eligible to share in the settlement proceeds attributable to those Defendants.

If you remain a member of either the Furukawa or the Mitsubishi Electric Settlement Class, you have the right to object to that proposed settlement, or to the proposed plan of distribution of the Furukawa and Mitsubishi Electric Settlement Fund; and Plaintiffs' counsel's requests for an award of attorneys' fees and litigation costs and expenses from the Furukawa and Mitsubishi Electric Settlement Fund. The hearing may be rescheduled, and the courtroom assigned for the hearing may be changed, without further notice to you.

If you believe you are a member of either the Furukawa or the Mitsubishi Electric Settlement Class, you are urged to obtain a copy of the Notice, which discusses your rights regarding the settlements and related matters.

If you have questions concerning this litigation, you may contact any one of the Settlement Class Counsel identified above. **Do not contact the Clerk of the Court or the Judge.**

Dated: August 27, 2018

BY ORDER OF:

The United States District Court for the Eastern District of Michigan, Southern Division

NOTICE OF DISPOSITION OF COLLATERAL

UMB Bank, National Association ("Collateral Agent"), as collateral agent for lenders Pine River Master Fund Ltd. and Pine River Fixed Income Master Fund Ltd. (collectively, "Lenders"), hereby gives notice that Amur Finance IV LLC ("Debtor") has committed events of default under various agreements including (a) a Secured Revolving Credit Agreement, dated as of August 5, 2013 (as amended, the "Credit Agreement"), executed by Debtor, Lenders, and other parties thereto, and (b) a Security Agreement dated August 5, 2013 executed by Debtor, Lenders, and other parties thereto (the "Security Agreement"). Collectively, the Credit Agreement and the Security Agreement, including amendments and modifications, along with certain related documentation, are referred to as the "Loan Documents" hereinafter.

NOTICE IS HEREBY GIVEN that Collateral Agent will, in accordance with its rights under the Loan Documents and in accordance with Section 9-610 of the Uniform Commercial Code, hold one or more public sales, in bulk or in parcels, of a portion of the personal property of Debtor. The Collateral Agent holds a security interest, as described in the Loan Documents, in "Collateral". The Collateral that will be sold in connection with this Notice is referred to as the "Subject Collateral" hereinafter.

The Subject Collateral consists of the loan from Amur Finance IV LLC to Amur Equipment Finance, Inc. as evidenced by among other things: (a) a Secured Revolving Credit Agreement, dated as of March 31, 2014, executed by Axis Capital, Inc. as Borrower, Amur Finance IV LLC as Lender, and Amur Finance Company, Inc. as Administrative Agent; (b) a Promissory Note in the face amount of \$40,000,000, dated March 31, 2014, executed by Axis Capital, Inc. and payable to the order of Amur Finance IV LLC; (c) a Security Agreement dated as of March 31, 2014, executed by Axis Capital, Inc., Axis Capital West, LLC and Key Financial, Inc., as Grantor, and Amur Finance IV LLC as Lender; (d) a Guaranty dated as of March 31, 2014, executed by Axis Capital West, LLC and Key Financial, Inc.; and (e) a Borrowing Notice dated April 1, 2014, executed by Axis Capital West, LLC to Amur Finance IV LLC.

Some or all of the Subject Collateral will be sold by Collateral Agent at one or more public sale to be held on or after 10:00 a.m. on August 29, 2018, at the New York City offices of Sheppard Mullin Richter & Waite LLP, located at 30 Rockefeller Plaza, New York City, New York 10112.

THE SALE OF THE SUBJECT COLLATERAL WILL BE "AS IS," "WHERE IS," "WITH ALL FAULTS," WITHOUT EXPRESS OR IMPLIED WARRANTIES OF TITLE, MERCHANTABILITY, QUALITY OR FITNESS FOR ANY OTHER EXPRESS OR IMPLIED WARRANTIES.

ALL RIGHTS OF COLLATERAL AGENT AND LENDERS ARE EXPRESSLY RESERVED, INCLUDING ALL RIGHTS WITH RESPECT TO COLLATERAL IN WHICH COLLATERAL AGENT HAS A SECURITY INTEREST BUT WHICH IS NOT SUBJECT TO THIS NOTICE.

Persons interested in attending the sale and bidding for the Subject Collateral may obtain additional information by contacting Collateral Agent at: UMB Bank, National Association, 120 South 6th Street, Suite 1400, Minneapolis, MN 55402, Attention: Mr. Gavin Wilkinson, gavin.wilkinson@umb.com, (612) 337-7001.

Continued from page B1

The standard home-security starter kit includes a motion detector and one or a few sensors, which trip when two magnetic pieces are pulled apart by the opening of a door or a window. A base station controls the whole system, which you arm or disarm using a keypad, touch screen or your phone.

Nest and Ring rely on your phone to set up the system: You scan codes on the sensors, connect everything to Wi-Fi, then mount (or stick) things in their assigned places. I had both up and running in five minutes. SimpliSafe was just as easy, but it uses a battery-powered keypad instead of your phone. The SmartThings setup required some software updates and a little more time, but even it worked in less than 20 minutes.

Once it's set up, your alarm exists in one of three states. When it's off, it's off. When it's set to Home, it monitors doors and windows but won't worry about your motion inside. When you flip it to Away, the alarm gives you a minute or so to get out and then watches for any disturbance at all. All systems can be armed from the devices themselves, and all but SimpliSafe work from your phone by default. (SimpliSafe lets you control your system remotely if you pay for the \$25-a-month monitoring plan.)

Whenever something triggers the sensors, the system sends an alert to your phone. You'll also get alerts if the base station is unplugged, at which point an internal battery kicks in. If something trips the system and nobody enters the disarming code in

time, a built-in alarm wails. For an extra monthly fee, you can pair your DIY alarm system with always-on professional monitoring. Ring and SimpliSafe offer their own services, while Nest and SmartThings use brand-name security companies (Brinks and ADT, respectively).

No matter which system you use, the monitors can call you to make sure you're OK after the alarm goes off, and even alert the police.

The difference between these and the security systems you're used to? No professional installation required, no hidden fees and no contracts. You can have the pros watch while you're on vacation, then cancel forever.

Nest wins with personalization: It comes with two NFC (near-field communication) keychains you can assign to family members, so you know who got home and tapped the alarm to shut it up. SimpliSafe has similar tags, sold separately.

SimpliSafe's best unique feature is Secret Alerts, which can ping your phone but keep the base station silent. It's like a superhigh-tech version of putting a piece of tape on the door to see if the teenagers were sneaking out.

The SmartThings system works as a hub for a universe of smart-home devices: You can manage home security from the same app you would use to control your lights, TV and robot vacuum.

In all, the Ring Alarm ended up closest to what I've been looking for. Ring sells the least costly hardware, offers the cheapest monitoring and has the features I want at the moment. If at some point I would prefer a more expansive system, I would hit Ring's limits pretty quickly.

For now, I have what I need: an easy way to know my apartment is still standing. I still don't know what the dog's up to, though. The crafty little guy's too short to set off the motion detectors.

THE WALL STREET JOURNAL

THE MARKETPLACE
ADVERTISE TODAY
(800) 366-3975
For more information visit:
wsj.com/classifieds

© 2018 Dow Jones & Company, Inc.

BUSINESS NEWS

EpiPen Wait Spurs Worries

Patients feel effects of shortage more intensely amid peak back-to-school demand

By JOSEPH WALKER

Parents are scrambling to find pharmacies carrying EpiPens for the new school year as regulators and the drug's manufacturer struggle to abate a continuing global shortage of the lifesaving devices.

EpiPens, the emergency epinephrine treatment for allergic reactions, have been in short supply since at least May, when the U.S. Food and Drug Administration first declared a shortage. Some pharmacies around the country have been unable to restock the medication for weeks at a time because of the shortages.

A rival epinephrine injector product, a generic version of Adrenaclick made by **Amneal Pharmaceuticals Inc.**, is also in short supply, according to the FDA. That product is manufactured at a different Pfizer plant in Kansas, where production delays have caused shortages since the first quarter of the year, an Amneal spokesman said.

The scarcity is being felt more acutely now amid the back-to-school rush of August and September when demand for the devices is highest. For parents of children with food allergies, refilling EpiPen prescriptions, which are typically for sets of two in case the first injection doesn't work, has become part of the annual back-to-school ritual.

Julie Cook has been unable to fill EpiPen prescriptions for her two teenagers since the beginning of August and is relying on a single unexpired set if one of them has an allergic reaction. When she called a Walgreens near her Wheaton, Ill., home a few days ago, the pharmacist said they may not have more until September.

On the first day of school last week, Ms. Cook split the unexpired EpiPen set and gave one injector each to her chil-



Julie Cook, center, has been unable to fill EpiPen prescriptions for her children Maddie and Josiah.

dren. As a backup, she also gave each an old, expired injector from among the dozen or so she keeps just in case.

"It's so frustrating," Ms. Cook said. "Why is this happening in August? What's going on? And what's going to happen in the future?"

EpiPens are sold by **Mylan NV** and manufactured at a **Pfizer Inc.**-owned plant in Brentwood, Mo. Pfizer has been unable to make enough EpiPens because it is changing its manufacturing processes in response to an FDA inspection last year that found several violations, including a failure to investigate serious complaints about product quality.

Pfizer said, "We are working tirelessly to increase production and expedite shipments as rapidly as possible."

Mylan referred questions about manufacturing delays to Pfizer. In a statement earlier this month, the company encouraged patients to call its customer service hotline for assistance in locating pharmacies with EpiPens in stock.

Rajiv Malik, Mylan's president, said on an earnings call with analysts earlier this

month that "Pfizer supplies to Mylan are inconsistent and inadequate in meeting global demand."

There are months where supply from Pfizer is good, and "then suddenly we get very erratic," and supply is 30% to 40% off expectations "because of the quality issues," Mr. Malik said, according to a transcript.

To help alleviate the effects of the shortage, the FDA on Tuesday extended the expiration date for certain EpiPen lots for an additional four months. The devices typically have a shelf life of 20 months, the agency said. The FDA has also been in touch with manufacturers of rival products to help ensure alternatives are available, the agency said.

Kaleo, the closely held maker of the Auvi-Q epinephrine injectors, has significantly increased manufacturing capacity to help meet demand in the U.S. and Canada due to the EpiPen shortage, said Kaleo CEO Spencer Williamson. Some 40% of all epinephrine injectors are purchased during the back-to-school season, he said.

However, some patients have said they are reluctant to use Auvi-Q because it isn't covered under their insurance or because it has a different mechanism that they and their children aren't used to.

Patient access to EpiPens has been a controversial issue since the summer of 2016, when parents looking to buy the devices for their school-age children complained they had to pay hundreds of dollars out of pocket to meet insurance deductibles. Congress began scrutinizing Mylan for raising the list price of EpiPen 548% over several years to about \$608 for a set of two. Mylan later began selling its own generic version of EpiPen for \$300.

Earlier this month, the FDA approved the first generic EpiPen from a rival, which the agency said was part of an effort to inject more competition into the pharmaceutical industry and bring down prices. **Teva Pharmaceutical Industries Ltd.**, which will market the generic version in the U.S., said the product would be launched in "coming months."



The romantic comedy led the box office for a second weekend.

'Crazy Rich Asians' Continues Its Reign

Associated Press

NEW YORK—The opening weekend for "Crazy Rich Asians" was historic. Its second weekend was even more impressive.

The romantic comedy sensation slid just 6% from its chart-topping debut to again lead the box office with \$25 million in ticket sales, according to studio estimates on Sunday.

Almost as many people turned out over the weekend for "Crazy Rich Asians" as they did for its opening Friday-to-Sunday bow—an unheard-of outcome for a non-holiday release. Drops of close to 50% are common for wide releases.

But propelled by enthusiastic reviews and an eagerness for a major Hollywood film led by Asian stars, "Crazy Rich Asians" is showing almost unprecedented legs. After open-

ing on its first weekend with \$35.3 million from Wednesday to Sunday, and with \$26.5 million for the second weekend, the Warner Bros. release—the first Hollywood studio movie in 25 years with an all-Asian cast—has already grossed \$76.8 million.

The adaptation of Kevin Kwan's bestselling novel, starring Constance Wu and Henry Golding, was helped by weak competition. STX Entertainment's critically slammed R-rated puppet caper "The Happytime Murders" made its debut with \$10.1 million, a career-low wide release for star Melissa McCarthy. The robot-dog fantasy "A.X.L." from the beleaguered Global Road Entertainment, flopped with \$2.9 million.

The talk of the weekend was the sustained success of "Crazy Rich Asians," which grossed approximately the same from one Saturday to the next.

Estimated Box-Office Figures, Through Sunday

SALES, IN MILLIONS

FILM	DISTRIBUTOR	WEEKEND*	CUMULATIVE	% CHANGE
1. <i>Crazy Rich Asians</i>	Warner Bros.	\$25	\$76.8	-6
2. <i>The Meg</i>	Warner Bros.	\$13	\$105.3	-38
3. <i>The Happytime Murders</i>	STX Entertainment	\$10	\$10	--
4. <i>Mission: Impossible Paramount —Fallout</i>	Paramount	\$8	\$193.9	-26
5. <i>Christopher Robin</i>	Disney	\$6.3	\$77.6	-28

*Friday, Saturday and Sunday. Source: comScore

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK
CIVIL ACTION NO. 1:15-cv-09188-VEC**

Plaintiffs,
v.
JPMORGAN CHASE BANK, N.A.,
Defendant.

SUMMARY NOTICE OF (I) PENDENCY OF CLASS ACTION AND PROPOSED SETTLEMENT; (II) FINAL APPROVAL HEARING; AND (III) MOTION FOR ATTORNEYS' FEES AND REIMBURSEMENT OF LITIGATION EXPENSES

TO: All Persons or entities who are or were holders (directly or indirectly, registered or beneficially) or otherwise claim any entitlement to any payment (whether a dividend, rights offering, interest on capital, sale of shares or other distribution) in connection with: (1) the securities listed in Appendix 1 to the Stipulation and Agreement of Settlement dated June 12, 2018 ("Stipulation") and the Notice described below (including any predecessor or successor securities) from November 21, 2010 to July 18, 2018, inclusive; or (2) the securities listed in Appendix 2 to the Stipulation and the Notice described below (including any predecessor or successor securities) from November 21, 2012 to July 18, 2018, inclusive (collectively, the "Settlement Class"). Certain Persons and entities are excluded from the definition of Settlement Class as set forth in detail in the Stipulation and the Notice described below.

PLEASE READ THIS NOTICE CAREFULLY. IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS, YOUR RIGHTS WILL BE AFFECTED BY A CLASS ACTION LAWSUIT PENDING IN THIS COURT, AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT DESCRIBED BELOW.

YOU ARE HEREBY NOTIFIED, pursuant to Rule 23 of the Federal Rules of Civil Procedure and an Order of the United States District Court for the Southern District of New York, that the above-captioned litigation ("Litigation") has been provisionally certified as a class action for the purposes of settlement only and that the parties to the Litigation have reached a proposed settlement for \$9,500,000 in cash ("Settlement"), that, if approved, will resolve all claims in the Litigation. A hearing will be held on **January 22, 2019 at 10:00 a.m.**, before the Honorable Valerie E. Caproni at the Thurgood Marshall United States Courthouse, 40 Foley Square, New York, NY 10007, to determine: (i) whether the proposed Settlement should be approved as fair, reasonable, and adequate; (ii) whether the Litigation will be dismissed with prejudice against JPMorgan Chase Bank, N.A. ("Defendant" or "JPM"); and the terms specified and described in the Stipulation (and in the Notice) should be granted; (iii) whether the proposed Plan of Allocation should be approved as fair and reasonable; and (iv) whether Lead Counsel's application for an award of attorneys' fees and reimbursement of expenses should be approved.

IF YOU ARE A MEMBER OF THE SETTLEMENT CLASS DESCRIBED ABOVE, YOUR RIGHTS WILL BE AFFECTED BY THE PENDING LITIGATION AND YOU MAY BE ENTITLED TO SHARE IN THE SETTLEMENT FUND. A detailed Notice of (i) Pendency of Class Action and Proposed Settlement; (ii) Final Approval Hearing; and (iii) Motion for Attorneys' Fees and Reimbursement of Litigation Expenses ("Notice") and Proof of Claim and Release form ("Claim Form") or Validation Letter for those Settlement Class Members who hold (or held) their eligible securities directly and are listed on the records of JPM's transfer agent, are currently being mailed to Settlement Class Members explaining their rights in connection with the Settlement. If you have not yet received the detailed Notice and Claim Form (or Validation Letter), you may obtain copies of these documents by visiting www.JPMorganADRFXSettlement.com, or by contacting the Claims Administrator at:

JPMorgan ADR FX Settlement
c/o KCC Class Action Services
P.O. Box 40406
Louisville, KY 40233-4068
(866) 637-9457; info@JPMorganADRFXSettlement.com

Inquiries, other than requests for the Notice and Claim Form, should be made to Court-appointed Lead Counsel: Sharan Nirmul, Esq. of Kessler Topaz Meltzer & Check, LLP, 280 King of Prussia Road, Radnor, PA 19087; (610) 667-7706; info@ktmc.com.

As explained in the Notice, if you hold (or held) your eligible securities directly and are listed on the records of JPM's transfer agent, you are a Registered Holder Settlement Class Member and **do not** have to take any action in order to participate in the Settlement and be eligible to receive a payment from the Settlement. Payment amounts will be calculated based on the information provided by your transfer agent. If you hold (or held) your eligible securities through a bank, broker or transfer agent and are not listed on the records of JPM's transfer agent, you are a Non-Registered Holder Settlement Class Member and, in order for you to participate in the Settlement and be eligible to receive a payment from the Settlement, you must submit a Claim Form **postmarked no later than January 12, 2019**. If you are a Non-Registered Holder Settlement Class Member and do not submit a proper Claim Form, you will not be eligible to share in the distribution of the net proceeds of the Settlement, but you will nevertheless be bound by any judgments or orders entered by the Court in the Litigation.

If you are a member of the Settlement Class and wish to exclude yourself from the Settlement Class, you must submit a request for exclusion such that it is **received no later than December 18, 2018**, in accordance with the instructions set forth in the Notice. If you properly exclude yourself from the Settlement Class, you will not be bound by any judgments or orders entered by the Court in the Litigation and you will not be eligible to share in the net proceeds of the Settlement.

Any objections to the proposed Settlement, the proposed Plan of Allocation, or Lead Counsel's motion for attorneys' fees and reimbursement of expenses, must be filed with the Court and delivered to Lead Counsel and Defendant's Counsel such that they are **received no later than December 18, 2018**, in accordance with the instructions set forth in the Notice.

Please do not contact the Court, the Clerk's office, JPM, or its counsel regarding this notice. All questions about this notice, the Settlement, or your eligibility to participate in the Settlement should be directed to Lead Counsel or the Claims Administrator.

DATED: July 18, 2018

1 The securities listed in Appendix 1 to the Stipulation and Notice are: (1) Banco Santander SA; (2) Chungwha Telecom Co., Ltd.; (3) CNOC Ltd.; (4) ENEL SpA; (5) Guangzhou Railways; (6) Nippon Telegraph & Telephone Corp.; (7) Novartis A.G.; (8) Novo Nordisk A/S; (9) Prudential PLC; (10) Rio Tinto PLC; (11) Sanofi; (12) Vale S.A.; (13) Vale S.A.—Pref; and (14) Volkswagen AG—Pref. See Appendix 1 to the Stipulation and Notice for CUSIPs and Ticker Symbols.

2 The securities listed in Appendix 2 to the Stipulation and Notice are: (1) Alcatel-Lucent; (2) Allianz SE; (3) AMCOR Ltd.; (4) ASML Holding NV; (5) BAE Systems PLC; (6) Banco Santander SA; (7) Banco Santander Chile; (8) BNP Paribas; (9) Braskem SA; (10) BT Group PLC; (11) Canslim Corp.; (12) Carlsberg A/S; (13) China Mobile Ltd.; (14) China Netcom Group Corp.; (15) China Mobile Co. Ltd.; (16) China Telecom Corp.; (17) China Unicom Corp.; (18) China Vanke Co. Ltd.; (19) Daimler AG; (20) KB Financial Group Inc.; (21) Kirin Holdings Co. Ltd.; (22) Kubota Corp.; (23) Lafarge; (24) Nissan Motor Co. Ltd.; (25) OMV AG; (26) Panasonic Corp.; (27) Recruit Holdings Group PLC; (28) Roche Holding AG / Roche Holding Ltd.; (29) Rolls-Royce Holdings PLC; (30) SWK Holding AG; (31) Toto Corp.; (32) STMicroelectronics NV; (33) Swedbank AB; (34) Telenor ASA; (35) Teva Pharmaceutical Industries Ltd.; (36) TIM S.p.A.; (37) Tokio Marine Holdings Inc.; (38) TOTAL SA; (39) Valeo SA; (40) Volkswagen AG; and (41) Yara International ASA. See Appendix 2 to the Stipulation (or Notice) for CUSIPs and Ticker Symbols.

BUSINESS OPPORTUNITIES

Minney's Yacht Surplus is FOR SALE
A recession proof marine hardware, surplus sail & nautical decor business! Hugely popular. Valuable liquidation resource for national boat builders. Strong internet sales with five star reviews. Huge inventory of surplus sails, hardware, and boating gear. Selling price includes the Minney's name and over 50 years of goodwill. \$2 million.
minneysyachtsurplus.com
capnernie1@aol.com • 949-394-5198

BUSINESS OPPORTUNITIES

MIDDLE MARKET M & A
Seven figure income potential for top performers. 90% payout at closing to Managing Directors.
Contact: denny@chapman-usa.com
CHAPMAN ASSOCIATES
Nationwide M & A since 1954

BUSINESS OPPORTUNITIES

www.earn11.com
EARN up to 11%
INVESTING IN 1st MORTGAGES
Short Term, High Monthly Income.
Call 800-359-1111

ADVERTISEMENT

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

CLASS ACTION

IF YOU PURCHASED INSTRUMENT PANEL CLUSTERS IN THE UNITED STATES DIRECTLY FROM CONTINENTAL, DENSO, NIPPON SEIKI OR YAZAKI FROM JANUARY 1, 1998 THROUGH DECEMBER 27, 2016, YOUR LEGAL RIGHTS MAY BE AFFECTED BY PROCEEDINGS RELATED TO SETTLEMENTS WITH THE NIPPON SEIKI AND YAZAKI DEFENDANTS.

Settlements totaling \$7.75 million have been reached in *In re Automotive Parts Antitrust Litigation*, Master File No. 12-md-02311, 2:12-cv-00201 (E.D. Mich.), with the Nippon Seiki and Yazaki Defendants (collectively, the "Settling Defendants").

What is the lawsuit about? This class action is part of coordinated legal proceedings involving Instrument Panel Clusters purchased in the United States directly from a Defendant (as defined below). These proceedings do not relate to, and have no effect upon, cases involving any other product.

For purposes of the settlements, "Instrument Panel Clusters" (also referred to as meters) means the mounted array of instruments and gauges housed in front of the driver of a motor vehicle.

You were previously notified of the existence of this class action, the nature of the Plaintiff's claims, and settlements with Defendants Nippon Seiki Co. Ltd., N.S. International Ltd., and New Sabina Industries, Inc. (collectively, "Nippon Seiki") in the amount of \$5.25 million, and with Defendants Yazaki Corporation and Yazaki North America, Inc. (collectively, "Yazaki") in the amount of \$2.5 million. Those settlements, in the total amount of \$7.75 million (the "Settlement Fund"), were previously approved by the Court in Orders dated December 4, 2014 and March 13, 2018, respectively.

Who is included? The Court previously certified a Direct Purchaser Nippon Seiki Settlement Class (the "Nippon Seiki Settlement Class") and a Direct Purchaser Yazaki Settlement Class (the "Yazaki Settlement Class").

The Nippon Seiki Settlement Class is defined as follows:

All persons or entities (but excluding Defendants, their officers, directors and employees, as well as Defendants' parents, predecessors, successors, subsidiaries, and affiliates) who purchased Instrument Panel Clusters in the United States, its territories and possessions, directly from any Defendant, including Settling Defendants, or from any of their parents, predecessors, successors, subsidiaries, or affiliates, during the period from January 2001 up to and including May 16, 2014.

For purposes of the Nippon Seiki Settlement Class definition, the following are Defendants: Yazaki Corporation; Yazaki North America, Inc.; Continental Automotive Electronics LLC; Continental Automotive Korea Ltd.; Continental Automotive Systems, Inc.; Denso Corporation; Denso International America, Inc.; Nippon Seiki Co. Ltd.; N.S. International Ltd.; and New Sabina Industries, Inc.

The Yazaki Settlement Class is defined as follows:

All direct purchasers of motor vehicle Instrument Panel Clusters in the United States directly from any of the Defendants (or their controlled subsidiaries, affiliates or joint ventures) from January 1, 1998 through December 27, 2016.

For purposes of the Yazaki Settlement Class definition, the following are Defendants: Yazaki Corporation; Yazaki North America, Inc.; Continental Automotive Electronics LLC; Continental Automotive Korea Ltd.; Continental Automotive Systems, Inc.; Denso Corporation; Denso International America, Inc.; Nippon Seiki Co. Ltd.; N.S. International Ltd.; and New Sabina Industries, Inc.

The Yazaki Settlement Class is defined as follows:

All direct purchasers of motor vehicle Instrument Panel Clusters in the United States directly from any of the Defendants (or their controlled subsidiaries, affiliates or joint ventures) from January 1, 1998 through December 27, 2016.

The Court has scheduled a hearing on November 8, 2018, to consider whether to approve the proposed plan of distribution of the Settlement Fund, and Settlement Class Counsel's requests for an award of attorneys' fees and litigation costs and expenses, and an incentive award to the Class Representative. The hearing may be rescheduled without further notice to you.

If you believe you are a member of either the Nippon Seiki Settlement Class or the Yazaki Settlement Class, you are urged to obtain a copy of the Notice, which explains your rights.

If you have questions regarding the settlements you may contact any one of the Settlement Class Counsel identified above. **Do not contact the Clerk of the Court or the Judge.**

Dated: August 27, 2018

BY ORDER OF:
Honorable Marianne O. Battani
The United States District Court for the Eastern District of Michigan, Southern Division

THE WALL STREET JOURNAL. D.LIVE

NOV. 12-14, 2018 | LAGUNA BEACH, CA

THIS YEAR'S SPEAKERS INCLUDE:



STEVE BALLMER
Co-Founder, Ballmer Group
Chairman, Los Angeles Clippers



KIRSTEN GREEN
Founder and Managing Partner
Forerunner Ventures



KEVIN HART
CEO, Laugh Out Loud Network
President, HartBeat Productions



WHITNEY WOLFE HERD
Founder and CEO
Bumble



AILEEN LEE
Founder and Partner
Cowboy Ventures



GWYNETH PALTROW
CEO and Founder
Goop



RANDALL L. STEPHENSON
Chairman and CEO
AT&T



KEVIN SYSTROM
CEO and Founder
Instagram

Join an unmatched group of global executives, founders and investors from Amazon, IBM, Facebook, Eventbrite, Hulu, Google and many more for an immersive, invitation-only series of conversations and onstage interviews about the state of tech and what's ahead.

Register now at DLIVE.WSJ.COM and use promo code WSJD8.

Proudly sponsored by:

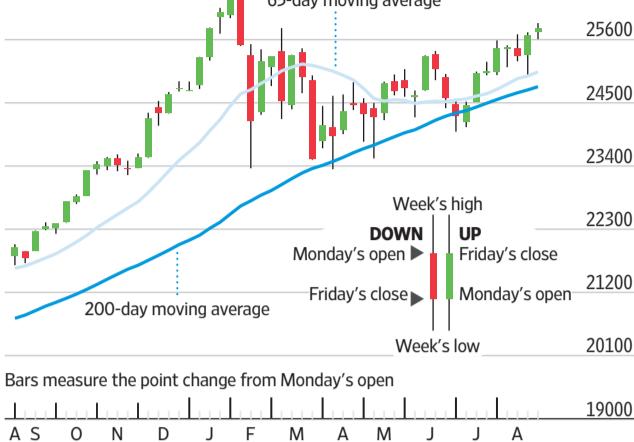


MARKETS DIGEST

Dow Jones Industrial Average

25790.35 ▲ 121.03, or 0.47% last week
 High, low, open and close for each of the past 52 weeks

Trailing P/E ratio 23.32 20.02
 P/E estimate * 16.63 18.38
 Dividend yield 2.12 2.28
 All-time high 26616.71, 01/26/18



Current divisor 0.14748071991788

Bars measure the point change from Monday's open

A S O N D J F M A M J A 19000 2200

Primary market Composite

24 16 8 0

A S O N D J F M A M J A

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2874.69 ▲ 24.56, or 0.86% last week
 High, low, open and close for each of the past 52 weeks

Trailing P/E ratio * 24.06 23.53
 P/E estimate * 17.68 18.73
 Dividend yield 1.83 2.01
 All-time high 2874.69, 08/24/18



2000 2900 2800 2700 2600 2500 2400 2300 2200

A S O N D J F M A M J A

Financial Flashback

The Wall Street Journal, Aug. 27, 2015

The Dow industrials rose 369 points following a 619-point gain the previous day. Greater-than-expected U.S. growth and higher oil prices drove the two-day advance.

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

None expected this week

Lockup Expirations

None expected this week

IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	Friday's close	% Chg From	Company	SYMBOL	Friday's close	% Chg From	
IPO date/Offer price	\$	Offer 1st-day close	IPO date/Offer price	\$	Offer 1st-day close	IPO date/Offer price	\$	
Meghalith Financial Acquisition	MIFACU	10.02	0.2	...	Mesa Air Grp	12.56	4.7	6.9
MFACU Aug. 24/\$10.00				MESA Aug. 10/\$12.00				
Bionano Genomics	BNGOU	6.36	3.7	3.3	Spartan Energy Acquisition	10.12	1.2	0.5
BNGOU Aug. 21/\$6.13				SPAQ.U Aug. 10/\$10.00				
Tenzing Acquisition	TZACU	10.03	0.3	...	Vaccinex	10.38	-13.5	-8.8
TZACU Aug. 21/\$10.00				VCNX Aug. 9/\$12.00				
TKK Symphony Acquisition	TKKSU	10.03	0.3	-0.1	Arlo Tech	22.71	41.9	2.8
TKKSU Aug. 16/\$10.00				ARLO Aug. 3/\$16.00				
Aridis Pharmaceuticals	ARDIS	13.04	0.3	0.3	Forum Merger II	10.01	0.1	0.6
ARDIS Aug. 14/\$13.00				FMCIU Aug. 3/\$10.00				

Sources: Dow Jones Market Data; FactSet Research Systems

Other Stock Offerings

Secondaries and follow-ons expected this week in the U.S. market

None expected this week

Off the Shelf

"Shelf registrations" allow a company to prepare a stock or bond for sale, without selling the whole issue at once. Corporations sell as conditions become favorable. Here are the shelf sales, or takedowns, over the last week:

Issuer/Industry	Takedown date/Registration date	Deal value (\$ mil.)	Registration (mil.)	Bookrunner(s)
Medpace Holdings	Aug. 22 Sept. 1/17	\$290.0	\$75.0	MS
Healthcare				
New Age Beverages	Aug. 22 July 18/17	\$10.3	\$100.0	Roth Cptl Ptnrs
Food & Beverage				
BIO-key International	Aug. 22 June 28/18	\$1.8	...	Maxim Grp
Technology				
Cemtrex	Aug. 22 June 5/17	\$1.7	\$20.0	Aegis Cptl
Machinery				

Public and Private Borrowing

Treasuries

Monday, August 27

Auction of 13 and 26 week bills; announced on August 23; settles on August 31

Tuesday, August 28

Auction of 4 week bill; announced on August 27; settles on August 31

Wednesday, August 29

Auction of 2 year FRN; announced on August 23; settles on August 31

Thursday, August 30

Auction of 5 year note; announced on August 23; settles on August 31

Friday, August 31

Auction of 7 year note; announced on August 23; settles on August 31

Public and Municipal Finance

Deals of \$150 million or more expected this week

Final maturity	Issuer	Total (\$ mil.)	Rating Fitch Moody's	Bookrunner/ S&P Bond Counsel(s)
Aug. 28 prelim.	Connecticut Hlth & Ed Facs Auth	300.0	N.R. N.R. N.R. Barclays/-	
Aug. 28 prelim.	So California Metro Water Dt	175.6	N.R. N.R. N.R. JP Morgan Securities LLC/-	
Aug. 28 Aug. 15/2047	Williamson (Leander) ISD	207.5	N.R. N.R. N.R. FTN Fncl Cptl Mrkts/ Norton Rose Fulbright	
Aug. 29 Oct. 1/2047	Dallas City-Texas	155.7	N.R. N.R. N.R. Preliminary/McCall Parkhurst & Horton/ Escamilla Poneck & Cruz	
Aug. 29 Aug. 1/2043	Washington	428.7	N.R. N.R. N.R. Preliminary/ Foster Pepper	
Aug. 31 prelim.	Massachusetts	727.1	N.R. N.R. N.R. M. Stanley/-	
Aug. 31 Aug. 1/2038	Massachusetts Clean Water Trust	162.4	N.R. N.R. N.R. Citi/Hinckley Allen Snyder & Come	

Source: Thomson Reuters/lpreo

Closed-End Funds | WSJ.com/funds

Listed are the 300 largest closed-end funds as measured by assets. Closed-end funds sell a limited number of shares and invest the proceeds in securities.

Unlike open-end funds, closed-end funds generally do not buy their shares back from investors who wish to cash in their holdings. Instead, fund shares trade on a stock exchange. NA signifies that the information is not available or not applicable. NS signifies fund not in existence for the period. 12 month yield is computed by dividing current price by price 12 months earlier during the previous twelve months for periods ending at month end or during the previous fifty-two weeks for periods ending at any time other than month end by the latest month-end market price adjusted for capital gains distributions.

Source: Lipper

Friday, August 24, 2018

52 wk Fund (SYM)	NAV Close	Prem Disc	Ttl Ret
Nuv \$600 Dyn Overwrite SPX	NA 17.09	NA	19.5
Nuv \$600 Buy Write BXMX	14.31	14.42	8.0
Reaves Utility Fund UTG	32.77	31.26	-4.6
Tenzing Hlth Investors TZE	25.23	23.20	-8.0
Tortoise Energy TYG	28.97	29.05	-0.3
Tortoise MLP Fund NTG	12.76	16.70	-5.8
Income & Preferred Stock Funds			2.6
Calamos Strat Fd CSQ	13.33	13.37	+0.3
Cohen & Steers Dur Prfd LDP	25.65	24.92	-2.8
Cohen & Steers Sel Prfd Inc	26.05	27.20	+4.4
FTI Duration Prfd FPF	23.49	22.27	-5.4
First Hand Pfd Income FPI	21.40	22.35	+4.4
John Hancock Pfd Inc II HPF	21.13	21.41	+1.3
John Hancock Pfd Inc III HPS	18.85	17.97	-5.3
JHancock Pr Dlt PFD	15.00	16.14	+7.6
Nuveen Pfd & Incm Opp Fd JPC	10.15	9.37	-17.7
Nuveen Pfd & Incm Secs Fd JPC	9.69	8.86	-8.6
Nuveen Preferred & Incm JPI	24.30	23.15	-4.7
Nuv Tax Adv Div Gbl Dlt JTD	17.76	17.37	-2.7
Tortoise Mlp Fund NTG	12.65	13.16	+4.3
Virtus Global Dividend ZTR	11.15	11.94	+7.1
Calamos CHI	11.30	12.55	+11.23
World Equity Funds			
Aberdeen Total Dyn Fund ADOP	10.04	8.85	-11.9
Calamos Gbl Eqn Cptl CHW	8.80	9.07	+3.1
Cdn Genl Inv CGI	37.00	25.46	-31.2
China Fund CHN	21.51	19.90	-7.5
EtrVn TaxAdv Gbl Dlt ETG	17.26	17.68	+4.0
Eaton Vance Dly Oprrt ETO	24.48	25.42	+3.8
BirkRk Int'l Grwth Gbl Dlt BGY	6.44	5.77	-10.4
BirkRk Health Sci BME	38.66	41.01	+6.1
BlackRock Comm Strt BCX	9.89	8.88	-10.2
BlackRock Gbl Eqn Secs Fd BRI	23.26	23.34	-7.6
BlackRock Utilities Infr BUI	20.11	20.64	+3.1
Cohen & Steers Infr Fd UTG	24.25	23.35	-3.7
Cohen & Steers Infr Fd UTG	24.25	23.35	-3.7
Cohen & Steers Infr Fd UTG	24.25	23.35	-3.7
Cohen & Steers Infr Fd UTG	24.25	23.35	-3.7

MARKETS

Competition Is Found Mixed Bag for Banks

By PAUL KIERNAN
AND RYAN TRACY

JACKSON HOLE, Wyo.—In most business environments, economists see competition as an unqualified force for good, driving companies toward efficiency and innovation and ultimately bringing more affordable, higher-quality products and services to consumers.

But it is a more complicated story for banks in the era of “too big to fail,” according to a paper presented here Saturday at the Federal Reserve Bank of Kansas City’s annual economic symposium. In the paper, economists Dean Corbae, of the University of Wisconsin-Madison, and Ross Levine, of the University of California at Berkeley, found that while intense competition among banks spurs greater efficiency, it also tends to squeeze profit margins and encourage riskier investments. That leaves banks more fragile—an outcome that can have devastating consequences when the effects ripple across the financial system.

The authors made a second observation that could prove timely as the Fed works to fine-tune financial regulation a decade after the 2008 crisis: Policy makers can avoid the “fragility costs” of competition by enhancing bank governance and tightening leverage requirements to make banks hold more equity for every dollar they lend out or invest.

“Such reforms improve bank efficiency, reduce bank fragility, allow for a more competitive banking system without increasing bank fragility, and bolster the effectiveness of capital requirements,” they wrote.

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	US\$ vs. in US\$	Fri per US\$ (%)	US\$ vs. Country/currency	in US\$	Fri per US\$ (%)
Americas					
Argentina peso	.0324 30.8397	65.8			
Brazil real	.2436 4.1048	23.9			
Canada dollar	.7677 1.3026	3.6			
Chile peso	.001513 660.80	7.4			
Ecuador US dollar	1 1 unch				
Mexico peso	.0529 18.9150	-3.8			
Uruguay peso	.03151 31.7400	10.2			
Venezuela b.fuerte	.000004248409.0001	24018784			
Asia-Pacific					
Australian dollar	.7326 1.3650	6.6			
China yuan	.1469 6.8077	4.7			
Hong Kong dollar	.1274 7.8497	0.5			
India rupee	.01433 69.775	9.2			
Indonesia rupiah	.0000680 14.952	8.1			
Japan yen	.008990 11.23	-1.3			
Kazakhstan tenge	.002783 359.37	8.0			
Macau pataca	.1232 8.1777	0.9			
Malaysia ringgit	.2444 4.0915	0.7			
New Zealand dollar	.6688 1.4952	6.1			
Pakistan rupee	.00817 12.2400	10.6			
Philippines peso	.0187 53.374	6.8			
Singapore dollar	.7325 1.3652	2.1			
South Korea won	.0008972 111.454	4.4			
Sri Lanka rupee	.0062364 160.35	4.5			
Taiwan dollar	.03260 30.675	3.4			
Thailand baht	.03064 32.640	0.2			
Vietnam dong	.00004291 23303	2.6			
Europe					
Czech Rep. koruna	.04512 22.161	4.1			
Denmark krone	.1558 6.4183	4.8			
Euro area euro	1.1622 .8605	3.3			
Hungary forint	.003593 278.34	7.5			
Iceland krona	.009297 107.56	3.9			
Norway krone	.1200 8.3333	1.5			
Poland zloty	.2718 3.6798	5.8			
Russia ruble	.01490 67.094	16.3			
Sweden krona	.1095 12.928	11.5			
Switzerland franc	.01072 .9831	0.4			
Turkey lira	.1665 6.0068	58.3			
Ukraine hryvnia	.0359 27.8640	-1.0			
UK pound	.2844 .7786	5.2			
Middle East/Africa					
Bahrain dinar	2.6507 .3773	0.04			
Egypt pound	.0560 17.8695	0.6			
Israel shekel	.2757 3.6269	4.2			
Kuwait dinar	3.2987 .3031	0.6			
Oman sul rial	.25977 .3850	unch			
Qatar rial	.2746 3.642	-0.2			
Saudi Arabia riyal	.2666 3.7508	0.9			
South Africa rand	.0701 14.2596	15.4			
World Income Funds					
Aberdeen Asia-Pacific FA	4.84 4.23	-12.6	9.7		
Etn VnC Short Dur Fd EVA	14.82 12.92	-12.8	6.8		
MS EmktDompDedt EDD	7.48 6.81	-9.0	8.6		
PIMCO Dynamic Credit PCI	24.33 NA	NA	8.1		
PIMCO Dynamic Income Fund PDI	32.62 NA	NA	8.0		
PIMCO Income Opportunity PKO	27.31 NA	NA	8.2		
PIMCO Short Duration HY Fd PMF	17.04 14.92	-12.4	9.6		
PGM Global Short Dur HY GHT	16.13 13.78	-14.6	7.6		
PIMCO Short Duration HY Fd PMV	16.36 14.22	-13.1	7.6		
Pioneer High Income Trust PHT	10.33 9.42	-10.2	7.0		
Duff & Phelps Multi Opp Fd EAD	8.99 8.04	-10.6	8.2		
Wells Fargo Multi Opps Fd EAD	8.99 8.04	-10.6	8.2		
Other Domestic Taxable Bond Funds					
Ares Dynamic Credit Alloc ARD	NA 15.87	NA	7.4		
Barings Corp Investors MCI	NA 15.42	NA	5.8		
BlackRock Multi-Sector IT BIT	18.78 17.63	-6.1	8.8		
BlackRock Muniblnd Mun Bnd BBW	23.24 21.98	-5.4	7.1		
DoubleLine Credit DBL	20.23 21.19	+4.7	9.5		
Duff & Phelps Cdt & Cpt BD	9.23 8.52	-7.2	5.8		
Etn VnC Lng/Ltd Fd EVV	14.62 12.79	-12.5	7.3		
Franklin Dlt Duration FDT	11.67 11.38	-2.5	11.9		
Invesco High Incm 2023 INT	10.17 9.95	-2.2	6.0		
KKR Income Opps Fund KIO	NA 16.84	NA	9.2		
MFS Charter MCR	8.76 7.84	-10.5	9.3		
Dreyfus Str Mut Fund NBB	12.67 20.51	-5.4	6.0		
PIMCO Corporate & Income PTY	NA 17.88	NA	8.6		
PIMCO Corporate & Income PCN	NA 18.09	NA	7.4		
PIMCO Hilnc Fd PHK	NA 8.89	NA	11.1		
PIMCO Inco Str Fd PFL	NA 12.06	NA	8.8		
PIMCO Incm Strat Fd PFI	NA 10.78	NA	8.9		
Putnam Muni Income Fund KTF	NA 12.06 10.91	-9.5	5.8		
PMMI 4.6% Fe Crt PMM	4.61 4.61	-6.5	6.5		
Putnam Premier Income Tr PPT	5.50 5.29	-3.8	5.9		
Wells Fargo Multi-Sector ERC	13.54 12.58	-7.1	10.2		
World Muni Bond Funds					
BlackRock A/C Muni Fund BZF	14.79 12.69	-14.2	5.2		
BIRK MuniHldgs CA Qlty MUC	15.01 13.15	-12.4	5.1		
BIRK MuniHldg NY Qlty MHN	15.27 12.96	-15.1	5.7		
BIRK MuniHldg CA Qlty MCA	15.09 13.39	-11.3	5.2		
BIRK MuniHldg MI Qlty MYI	15.00 12.85	-14.3	5.5		
BIRK MuniHldg NY Qlty MYT	13.70 11.85	-13.5	4.9		
Eaton Vance Ca Mun Bd EVM	11.99 10.28	-14.3	5.1		
Invesco Value Muni Invn VCY	12.99 11.93	-8.1	5.3		
Invesco PA Value Muni Invn VPC	13.52 12.08	-11.0	5.4		
Invesco InvN Yd Free Ql Invn VAF	14.07 12.68	-9.9	5.5		
Invesco CA AMT-Free Ql Invn VAC	15.32 13.37	-12.7	5.3		
Invesco CA Muni Value NCA	10.22 9.70	-5.1	3.9		
Invesco CA Muni Invn VAC	15.21 13.43	-11.7	5.4		
Invesco MD Qlty Mun NMY	14.25 12.24	-14.1	4.7		
Invesco Mu Qlty Mun NJX	14.98 13.09	-15.4	5.3		
Invesco NY AMT-Free NRK	14.14 12.14	-14.1	4.7		
Invesco NY Qlty Mun NAA	14.68 12.53	-14.6	5.1		
Invesco OH Qlty Mun NUO	16.13 13.87	-14.0	4.7		
Invesco PA Qlty Mun NPP	14.85 12.80	-13.8	5.2		
Invesco VA Qlty Mun NPV	14.10 12.19	-13.5	4.5		
PIMCO California Mun PCC	13.53 17.10	+26.3	5.4		
PIMCO California Mun II PCK	8.38 8.60	+2.6	5.8		
52 wk					
Fund (SYM) NAV Close/Disc Yld					
Eaton Vance Muni Income EVN	13.06 12.07	-7.6	5.4		
Eaton Vance National Muni Opp EVA	21.16 22.01	+4.0	4.8		
Invesco Adm Mun Invn IKI	11.71 10.81	-7.7	6.0		
In					

MARKETS

Funds Hit By Chasing The Trends

Strategy popular among hedge funds fails to deliver as competitors crowd into sector

By LAURENCE FLETCHER

Following trends in financial markets was once one of the most profitable investment strategies around. Now the approach is being battered as cheap replica funds crowd into the space.

Performance among the roughly \$300 billion in hedge funds that largely use trend-following strategies has been abysmal. An investor buying into these funds at the start of 2011, for instance, and holding through July this year would have lost 3.4% on average, according to HFR. Over the same period the S&P 500 is up 124%.

"It's like a lot of industries," said Matthew Beddall, founder of investment firm Havelock London. "As it's been successful more people have got involved. Now you can buy a book on Amazon on how to code trend following."

Trend-following is a simple concept with complex execution. The underlying idea is relatively straightforward: If a security is going up—usually measured by a short-term moving average rising above a long-term moving average—then it is time to buy. If it falls below, it is time to sell. Funds employ armies of Ph.D. scientists to work out exactly when a price move becomes a trend.

Investors have followed trends for centuries. British economist David Ricardo, who amassed a fortune trading markets 200 years ago, was known for cutting his losing positions and running his winners. Trend-following took off as a hedge-fund strategy in the 1980s, when commodities brokers automated trading with computers to look for market patterns.

These funds chalked up double-digit gains during the 1990s and 2000s. And they were one of the few hedge-fund strategies to make money in 2008's market slump. This performance led pensions and other hedge-fund investors to pour in money.

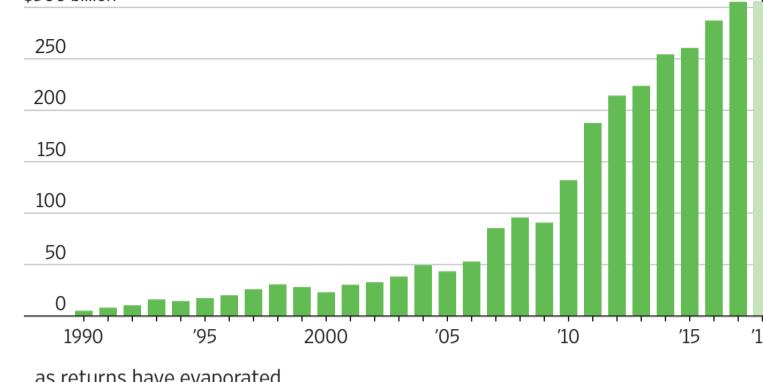
The strategy has failed to deliver in recent market falls. In January, many such funds made big gains as markets soared, only to lose them and more during February's volatility-driven sell-off.

It isn't entirely clear why it has stopped working. Some point to the cash that has flooded into the sector, believing overcrowding has eroded returns. Assets have more than tripled over the past decade, according to HFR. Others say quantitative easing has suppressed the volatility these funds enjoy, or that the near-instantaneous distribution of

Tracking the Herd

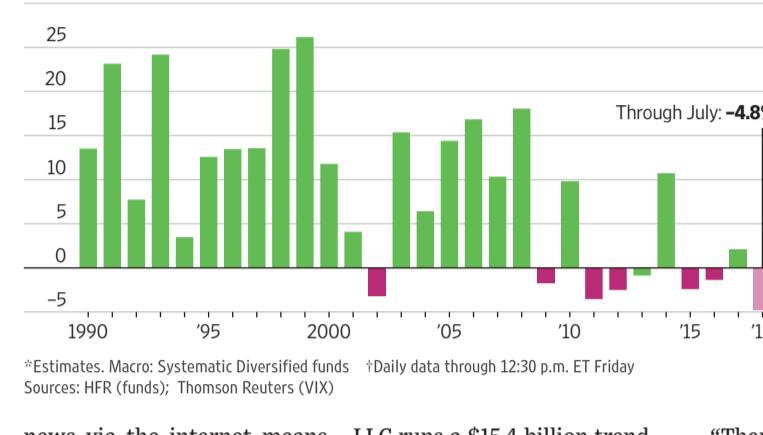
Investors have piled into trend-followers...

Assets*



...as returns have evaporated.

Annual performance*



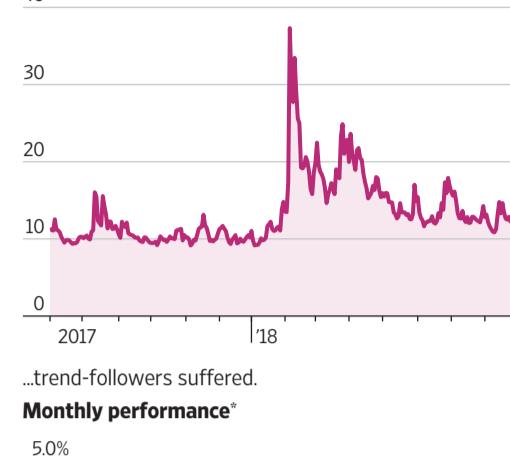
*Estimates. Macro: Systematic Diversified funds

Sources: HFR (funds); Thomson Reuters (VIX)

Through 2Q: \$305.4 billion

When volatility spiked in February...

VIX volatility index[†]



...trend-followers suffered.

Monthly performance*



*Daily data through 12:30 p.m. ET Friday

THE WALL STREET JOURNAL.

news via the internet means investors react quicker and trends, therefore, don't last as long.

The strategy, also known as managed futures or CTAs (commodity trading advisers), has helped turn traders such as John Henry, owner of the Boston Red Sox, and David Harding, head of hedge fund Winton Group, into billionaires.

The success has encouraged investment firms to offer lower-cost alternatives. Research Affiliates licenses out its strategies to other firms. AQR Capital Management

LLC runs a \$15.4 billion trend-following strategy and other, similar portfolios. Amundi Asset Management and GAM Holding AG produce their own low-cost versions—often called alternative risk premia.

"Eighty percent, maybe 90% of the characteristics of this strategy can be captured with a solid set of rules and a solid implementation," said Leda Braga, founder of \$8.5 billion trend-following hedge fund Systematica. Her flagship hedge fund has cut fees and the firm last year launched a lower-cost trend-following fund.

"There's a fee compression in this space" driven by investors recognizing trend following is becoming commoditized, said Ms. Braga. She said her firm has become a low-margin business.

Trend-following is one of the stinkiest examples of how strategies that once belonged exclusively to hedge funds and earned them huge profits are being copied and commoditized by low-cost replicators.

Winton's flagship hedge fund once focused almost solely on trend-following, but its declining effectiveness has persuaded it to reduce that

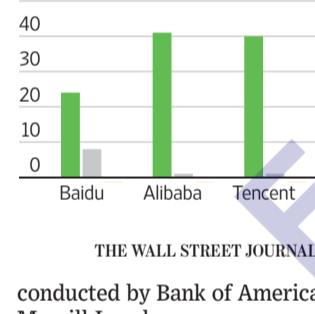
over time to around half of the portfolio. It plans to reduce that to around one-quarter by next year. Winton is instead launching a separate trend-following fund for clients who still want that.

Despite the patchy performance, investors are keeping the faith alive in trend-following. Surging interest in computer-driven investing has helped, as has demand for funds uncorrelated to stock markets, and strong returns in 2008 and 2014. Funds such as Winton have pulled in assets thanks to stronger-than-average performance.

Breaking Apart

After rising in tandem last year, U.S. technology titans are starting to outperform their Chinese counterparts, but some analysts remain optimistic in their outlooks.

Share-price change within the 'FAANG-BAT' group, year to date



*There were no sell recommendations.

Source: FactSet

conducted by Bank of America Merrill Lynch.

Some investors believe Chinese tech stocks are simply pausing after a rapid growth spurt and may still continue to climb higher. "This thing had to cool down at some point and readjust to more rational expectations," said MSA Capital's Mr. Harburg.

Wall Street analysts who cover the Chinese tech giants remain optimistic, with few "sell" ratings among dozens of "buy" ratings. Even though U.S. technology stocks are outpacing their Chinese counterparts this year, they, too, have been more volatile in recent months, for instance following disappointing earnings this summer from Facebook, Netflix, Twitter Inc. and Intel Corp.

Yet other analysts warn that investors may be underpricing the risk of divergence more broadly within the markets as global central banks slowly turn off the spigots that have helped risky assets rise higher since the financial crisis.

"The propensity to sell winners is becoming greater as people fear that maybe the top in the market is close," said Nitin Saksena, head of U.S. equity derivatives research at Bank of America Merrill Lynch. "That shift in psychology seems palpable compared to last year."

The declines in global tech stocks strike many investors as long overdue. Global fund managers have identified bets on FAANG-BAT as the most crowded trade in the market for seven straight months, according to a monthly survey

Soybeans Are Plentiful on Farms

BY BENJAMIN PARKIN

Crop scouts touring the Midwest this past week found what they expect to be a record soybean crop, producing another bin buster even as trade disputes threaten export demand.

U.S. farmers will harvest almost 4.7 billion bushels of soybeans this year at an average yield of 53 bushels an acre, the organizers of the Pro Farmer Midwest Crop Tour said Friday. Both figures would be all-time highs, beating the U.S. Department of Agriculture's estimates earlier this month.

This year's soybean crop "promises to be a real beast, likely setting record yields," the organizers said. They weren't overly concerned that the final weeks of the season could derail that: "Soybeans have the soil moisture needed for a strong finish."

The enormous crop is coming at a difficult time for U.S. agriculture. China, the world's largest soybean importer, introduced 25% duties on American oilseed in July as part of a tit-for-tat trade dispute between Washington and Beijing. Soybean prices fell near the lowest point in a decade in anticipation of the lost demand.

"Trade issues remain as the 800-pound gorilla in the room," said Dan Hueber, general manager of the Hueber

Report.

Soybean futures for September delivery ended Friday unchanged at \$8.42 a bushel at the Chicago Board of Trade. Prices have fallen almost 5% this week, sliding as the scouts' preliminary findings pointed to bumper supplies ahead.

The Department of Agriculture expects domestic soybean stockpiles at the end of the coming 2018-19 crop year to climb to a record 785 million bushels, 80% above a year earlier.

The scouts wrapped up their tour in Minnesota on Thursday, having snaked through seven states from

South Dakota in the west to Ohio in the east.

"Soybean pod counts were simply amazing. It looks like a big crop is likely getting bigger," said Arlan Suderman, chief commodities economist at INTL FCStone, in a note to clients ahead of the report. "There will be no way to gloss over the big soybean number."

Pro Farmer estimated the year's corn crop at 14.5 billion bushels with a yield of 177.3 bushels an acre. Those figures were below the USDA's forecast for record corn yield but still above the tour's figures from last year.

Corn futures, which also fell over the course of the

SHANNON STAPLETON/REUTERS



U.S. soybean stockpiles are expected to climb to a record at the end of the coming crop year.

THE TICKER | Market events coming this week

Monday

Earnings expected*

Estimate/Year Ago(\$)

Heico Corp. **0.45**/0.34

Gasoline Distillates up 1.2

up 1.8

Tuesday

Consumer confidence

July, previous 127.4

Aug., expected 126.4

Gross domestic product

Percentage change, annual rate

2d qtr., advance est.

up 4.1%

2d qtr. second est.

up 4.0%

GDP Deflator

2d qtr., advance est.

up 3.0%

2d qtr. second est.

up 3.0%

Earnings expected*

Estimate/Year Ago(\$)

Best Buy **0.83**/0.69

H&R Block **(0.77)**/

(0.62)

HP Enterprise **0.37**/0.30

Tiffany **1.01**/0.92



Best Buy is expected to report higher earnings on Tuesday.

American Eagle Outfitters **0.31**/0.19

Brown-Forman **0.39**/0.37

Eaton Vance **0.80**/0.62

PVH **2.09**/1.69

salesforce.com **0.47**/0.33

Personal income

June, previous up 0.4% July, expected up 0.3%

Personal spending

June, previous up 0.4% July, expected up 0.4%

Earnings expected**

Estimate/Year Ago(\$)

Cooper Cos. **3.07**/2.64

Dollar General **1.49**/1.10

Lululemon **0.49**/0.39

Ulta Beauty **2.41**/1.83

Personal sentiment index

Aug., prelim. 95.3 Aug., final 95.2

Chicago PMI

July, previous 65.5 Aug., expected 63.0

MARKETS

The Dilemma of the Non-U.S. Dollars

Currencies of Canada, Australia and New Zealand take hit from increasing U.S. rates

By IRA IOSEBASHVILI
AND JAMES GLYNN

Canada, Australia and New Zealand are rich countries, but currency traders are watching them with interest for signs of the sort of malaise that often hits emerging markets when the U.S. dollar is rising.

Only a few years ago, comparatively high interest rates and solid economic performance made these countries a destination for investors seeking solid returns at a moderate risk. But rising U.S. interest rates are hitting their currencies and diminishing their attractiveness to overseas capital, an unwelcome development for economies that have relied increasingly on inflows of foreign investment to finance current account deficits.

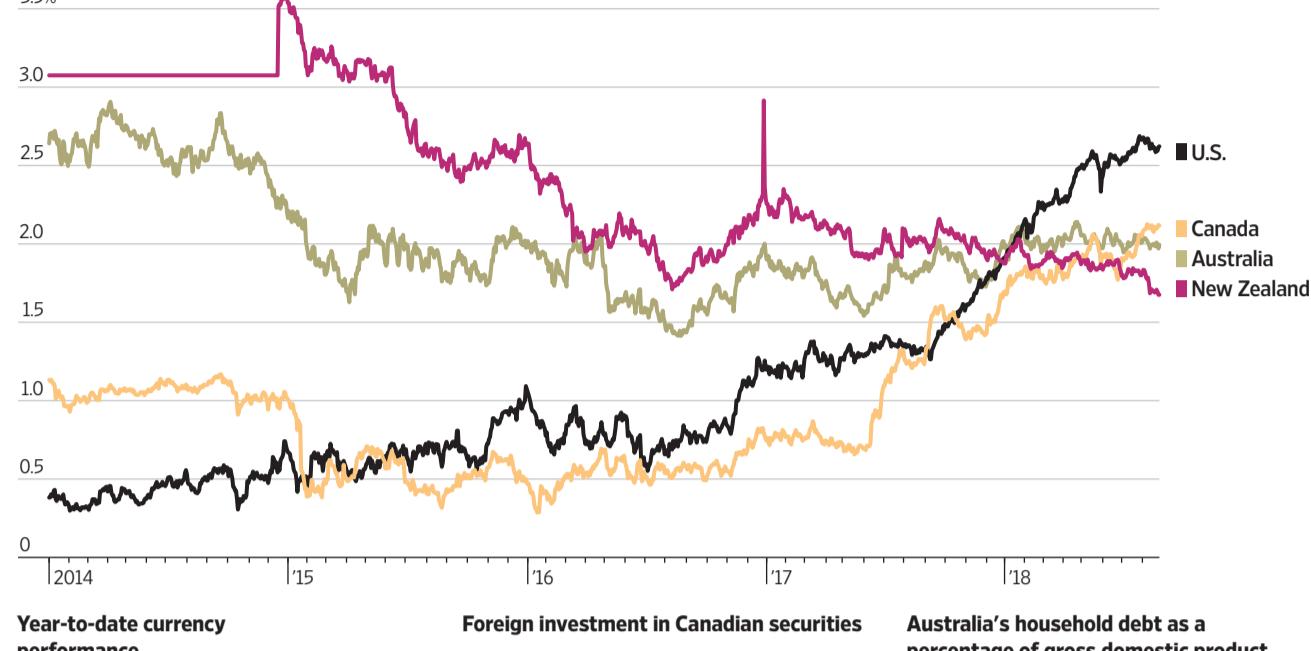
The currency declines stand to add to existing weaknesses in these economies, which are driven in part by commodity exports and feature deep trade ties with China—another red flag as trade tensions mount.

While few expect Australia, Canada and New Zealand to suffer the type of shocks that have rocked Turkey and Argentina this year, the plight of the non-U.S. dollars underscores the risks associated with rising U.S. rates and dependence on global capital flows for financing.

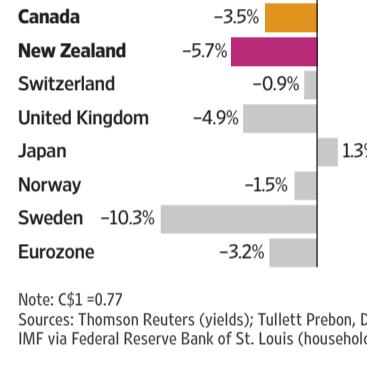
The Australian dollar has fallen around 6.2% this year, hit by falling commodity prices and fears that years of debt-fueled prosperity have left it vulnerable to an economic or market shock. Household debt as a share of disposable income has

Rising U.S. rates and a stronger dollar have put the spotlight on Canada, Australia and New Zealand, a trio of countries that share a reliance on foreign investments and commodity exports.

Yields on two-year government bonds



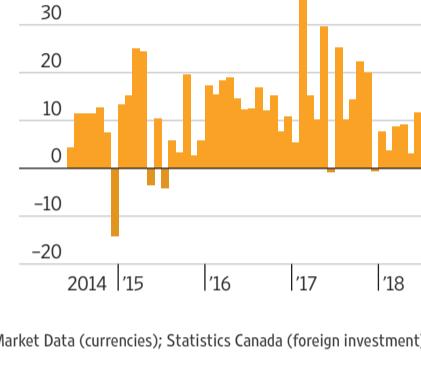
Year-to-date currency performance



Note: C\$1 = 0.77

Sources: Thomson Reuters (yields); Tullett Prebon, Dow Jones Market Data (currencies); Statistics Canada (foreign investment); IMF via Federal Reserve Bank of St. Louis (household debt)

Foreign investment in Canadian securities



Australia's household debt as a percentage of gross domestic product



climbed to almost 200%, putting it among the highest levels among developed countries. Those households could be subject to a severe shock if a sharp fall in the country's currency triggered a rise in interest rates, Moody's Investors Service warned last month.

For now, the Australian currency has been hurt by the

central bank's reluctance to raise rates. A depreciating Australian dollar could curb investor appetite for the country's assets and raise the risk of destabilizing outflows of foreign capital, Moody's said. Net foreign debt is now at 56.5% of gross domestic product, up from 37% of GDP two decades ago.

"Australia is more exten-

nally vulnerable than most AAA-rated sovereigns given the economy and financial system's dependence on external financing," Moody's said.

Should a fresh emerging-markets crisis break out, "there's little doubt that the Reserve Bank of Australia would again regard the currency as the first line of defense, and allow it to fall quite

substantially," said Saul Esake, a former chief economist for Bank of America-Merrill Lynch in Australia.

Trade worries have also pressured Canada, where the Canadian dollar—known as the loonie—is down 3.5% this year. Robust growth in Canada's economy has pushed up inflation to a seven-year high and spurred employment, al-

lowing the Bank of Canada to raise rates four times since 2017.

But heightened worries over the fate of the North American Free Trade Agreement and a chill in the housing market have made investors wary, a worrying development for an economy that leans heavily on investment from across its borders.

Foreign purchases of Canadian stocks and bonds have slowed to 43.7 billion Canadian dollars (US\$33.5 billion) in the first half of the year, down more than half from the same period last year. At the same time, the country's current-account deficit rose to just below C\$19.5 billion (US\$15 billion) in the first quarter.

That financing gap will likely put pressure on the Canadian dollar, said Mark McCormick, head of North American FX Currency Strategy at TD Securities.

New Zealand's dollar, known as the kiwi, has lost 5.7% this year. The Reserve Bank of New Zealand has indicated it intends to keep borrowing rates at record lows for the next two years, amid a softer economic growth outlook.

"We are experiencing a slowdown in economic activity that we project as temporary, but could be more prolonged," the RBNZ said in a statement earlier this month. Trade wars, "or even their threat—can stall global investment and spending, and reduce demand for our products."

New Zealand's economy has struggled with many flagging indicators in recent months, including retail sales, car sales and housing-market activity.

The trio of countries is "reliant on international investors, yet are becoming less attractive to investors," Mr. McCormick said. "It's like a miniature version of emerging markets."

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

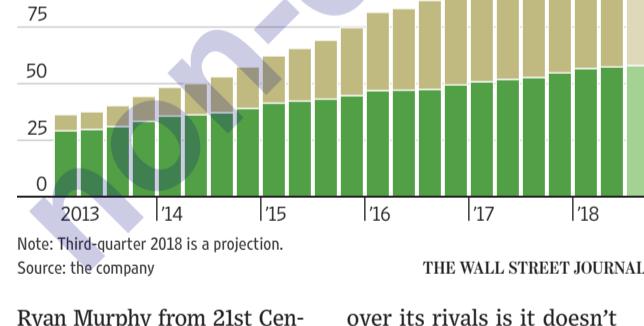
WSJ.com/Heard

Email: heard@wsj.com

Why No One Can Catch Netflix

Flix Fiends

Netflix total subscribers, quarterly



Note: Third-quarter 2018 is a projection.

Source: the company

Ryan Murphy from 21st Century Fox and Shonda Rhimes from Disney. It is expected to book \$8 billion in expenses this year, though it will likely spend closer to \$12 billion, according to Michael Morris, a media analyst at Guggenheim Securities. To some, those numbers seem excessive, but by spending to have the best content, Netflix is locking in its subscribers and locking out its competitors.

It is also why Netflix is sweeping up Hollywood talent. Earlier this month Netflix wooed Kenya Barris, the creator of "Black-ish," away from Disney, signing him to an exclusive, multiyear deal. Netflix has also nabbed producers

over its rivals is it doesn't need to show profits, as long as the subscriber numbers keep climbing. Profits can come at Netflix when it has locked in enough subscribers who keep paying for content at higher prices.

The major risk for Netflix is that it somehow miscalculates what its subscribers want and doesn't draw in as many as expected. That happened last quarter, when the stock tumbled 14%. But Net-

flix has had many tumbles over the years, and strong growth has resumed. Thanks to its algorithm, Netflix knows better than anyone else what kind of content it needs and when to launch it to keep subscribers happy.

Disney's streaming services, set to launch next year, are the only possible threat to Netflix. But Netflix has a giant lead; it will take Disney years to catch up, in part because lots of Disney content is still licensed to Netflix.

Admittedly, the bar for Netflix shares is higher now, and investors are nervous about whether it can keep growing at the same levels. But Netflix has plenty of eyeballs still to sweep up—not only in international markets such as India and South America, but also at home, where cord-cutting continues apace.

Netflix's big lead may be its most important strength. It can keep bringing in talent, which will bring in new subscribers and keep existing ones happy. It will take a powerful competitor to break that cycle.

—Elizabeth Winkler

OVERHEARD

Lei Jun, founder of Chinese smartphone maker **Xiaomi**, just enjoyed one of the biggest paydays in global corporate history. He could be in for another jackpot soon.

Back in 2013, Mr. Lei made a 1 billion yuan (roughly \$145 million) bet live on television with **Dong Mingzhu**, chairwoman of rival **Gree Electric**, that within five years Xiaomi's revenue would overtake that of Gree, a company that sells electrical appliances, from air conditioners to refrigerators. At that time, Xiaomi's annual sales were only around a quarter of Gree's. The bet is due to expire by year end.

As Xiaomi's sales have taken off, the once-unimaginable looks closer to become reality. Analysts expect that Gree's sales this year may edge out Xiaomi's—by 0.2%.

It isn't clear if Mr. Lei and Ms. Dong are taking the bet seriously. But Mr. Lei has already won big this year. He received a \$1.5 billion share award before Xiaomi's \$4.7 billion initial public offering last month.

Regional Banks Need Lending Rise

A promising rebound in loan growth now appears to be fading. That could become an issue, especially for small and midsize lenders.

Weak loan growth has been one of the mysteries of the economic recovery in the past two years. It slowed significantly last year and rebounded, but only modestly, in the first half of 2018, topping out at just over 5% in late June. Commercial and industrial loans, which had been particularly sluggish, peaked at 6.5%, still well below the double-digit increases seen a few years ago.

But both metrics have since decelerated. The latest figures show outstanding C&I loans up 5.7% from a year earlier in the week through Aug. 14, with total loans up 4.7%.

"For a while now, we've been waiting for loan growth improvement, and it's been slow," said Barclays analyst Jason Goldberg. Continued uncertainty over trade policy and higher interest rates are likely still holding things back.

The real pickup in loan growth was expected for big regional banks rather than the giant commercial banks. The regional banks and their investors have been counting on strong loan growth to boost earnings. In a note, Morgan Stanley analysts said 13 of the 28 "midcap" banks they cover need to see a loan growth acceleration in the second half to meet their own full-year guidance. This includes **Comerica**, **Fifth Third Bancorp** and **M&T Bank**, according to Morgan Stanley.

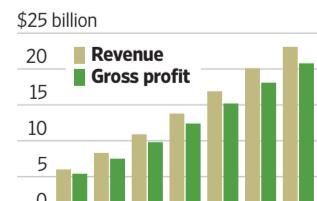
The KBW Regional Banking index is up 6.3% this year, outpacing a tepid 3.3% rise in KBW's index of large-cap banks. It may be time for investors to give these regional lenders a rest.

—Aaron Back

App Tax Is a Difficult One to Beat for Most Developers

Margin Call

Apple's estimated App Store results



Note: Fiscal year ends in September.

Source: Macquarie Capital

bad for the Cupertino, Calif.-based tech giant, which increasingly depends on revenue generated from "services" amid slowing device sales. But the potential damage

seems limited. Macquarie analyst Ben Schachter estimates the move could add about 1% to Netflix's 2019 revenue. That would also make it just a little more than 1% of the \$16 billion in revenue Apple is expected to generate through its App Store that year, according to consensus projections from Visible Alpha.

Apple, in other words, is unlikely to be hurt much by the loss of a major player in its App Store ecosystem. Spotify's similar move three years ago also did little damage. Apple doesn't break out App Store results, but its services segment generated \$27.2 billion in revenue for the nine-month period ended

June 30, up 27% year over year. The company cited its App Store as a key growth driver. Mr. Schachter estimates App Store gross margins are around 90%.

But that very resilience could eventually work against Apple. Most app developers don't have the market power to bypass Apple's system in the way Netflix is attempting. Even big players have limited options. **Epic Games** made a splash earlier this month by launching an Android version of its blockbuster "Fortnite" videogame that bypasses Google's Play store. No such move is possible for iOS, though, given the game's dependence on in-app purchases as a "parasitic loss."

That could inspire regulators already closely eyeing Big Tech to take action. The U.S. Supreme Court has agreed to hear a case involving Apple's App Store fees in its next term.

It may take a taxman to beat a taxman.

—Dan Gallagher