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THE WALL STREET JOURNAL.

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Last week: DJIA 25669.32 ▲ 356.18 1.4% NASDAQ 7816.33 ▼ 0.3% STOXX 600 381.06 ▼ 1.2% 10-YR. TREASURY ▼ 4/32, yield 2.873% OIL \$65.91 ▼ \$1.72 EURO \$1.1438 YEN 110.50

What's News

Business & Finance

Fewer U.S. workers are moving to pursue new job opportunities, as changing family ties and more openings near home make people less willing to uproot their lives for work. A1

◆ **Moves to replace** Obama-era climate policies with looser rules to benefit coal-burning plants are planned this week by the Trump administration. A3

◆ **Greece's bailout** by the EU ends Monday, but worries about Italy's debt are prompting new fears about the euro. A18

◆ **U.S. tech stocks'** buoyant performance is driving some fund managers and others to dismiss long-standing valuation concerns as shortsighted. B1

◆ **Sears's independent directors** must decide whether to sell the company's prized Kenmore brand to controlling shareholder Edward Lampert. B1

◆ **Anbang is looking** to sell off a luxury-hotel collection that it acquired for \$5.5 billion two years ago. B3

◆ **Deutsche Bank** said it is acting on its own to buy bonds of Noble Group. B9

◆ **Car-parts makers** and other firms in a Canadian city adjacent to Detroit are starting to feel the effects of recent trade actions. B5

World-Wide

◆ **The exodus from Venezuela** gained pace as Maduro's plans to address the collapsing economy only fueled anxiety, while neighboring countries strained to absorb refugees. A1

◆ **The White House** rejected an effort by Turkey to tie the release of an imprisoned American pastor with relief for a Turkish bank facing billions of dollars in U.S. fines. A1

◆ **Israel closed** its only pedestrian crossing with the Gaza Strip in response to violent protests at the border fence. A6

◆ **Trump is expected** to nominate a new head for the U.S. Special Operations Command as part of a series of military promotions, the administration's largest imprint on military leadership thus far. A4

◆ **The president** compared Mueller's investigation to McCarthyism and said he had given White House counsel McGahn permission to fully cooperate in the probe. A4

◆ **Afghanistan's** president proposed a conditional three-month ceasefire in the government's U.S.-backed war against the Taliban. A6

◆ **Died:** Kofi Annan, 80, former U.N. secretary-general. A18

CONTENTS Markets B9-10 Business & Finance B23 Opinion A15-17 Business News... B5 Sports A14 Crossword... A14 Technology A14 Head on Street B10 U.S. News A2-4 Markets Digest... B8 Weather A14 Life & Arts A11-13 World News A6-8,18



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A Venezuelan migrant waited in line on Sunday to register entry into Ecuador. The collapse of what was once Latin America's richest nation has sparked an outflow of people, with 2.3 million fleeing to neighboring countries since 2014, according to the United Nations.

Venezuela Crisis Escalates

More flee as tensions grow over Maduro's efforts to stabilize teetering economy

By KEJAL VYAS
AND RYAN DUBE

CARACAS, Venezuela—The exodus of Venezuelans gained pace as the government's plans to address the collapsing economy fueled anxiety, while tensions grew in neighboring countries that have strained to absorb refugees.

Over the weekend, Venezuela's battered business sector warned that President Nicolás Maduro's plans—including a leap in the minimum wage, new taxes and a currency devaluation—would paralyze the economy and drive more people out. About 2.3 million have fled since 2014, according to United Nations estimates.

Meanwhile, a mob burned a refugee camp in Brazil on Saturday in retaliation for a robbery purportedly committed by four Venezuelans, prompting that country's president, Michel Temer, to order 120

troops to the troubled border. In Ecuador, the government began on Saturday requiring Venezuelans to have a passport, which are nearly impossible to obtain. Peru said it would follow suit after police arrested five Venezuelan men accused of planning a bank robbery.

Colombia, which has taken in about one million Venezuelans, is awaiting the arrival of a U.S. Navy hospital ship, the Comfort, to provide Venezuelans medical treatment.

For many who remain, it seems as if Venezuela is splitting at the seams. Rolling

blackouts have crimped oil output, energy consultants said. Heavy rains, meanwhile, have devastated the south and west near Colombia, leaving some villages underwater and residents pleading with government officials for help.

Venezuela's opposition, its leaders at odds over how to deal with the crisis, joined with representatives of some oil workers' unions to call for a national strike on Tuesday, the

Please turn to page A8

◆ **Goldman faces Venezuela bond losses** B2

U.S. Tells Turkey It Won't Negotiate On Pastor

By MICHAEL C. BENDER

WASHINGTON—The Trump administration has rejected an effort by Turkey to tie the release of a U.S. pastor with relief for a major Turkish bank facing billions of dollars in U.S. fines, telling Ankara other issues are off the table until the minister is freed, a senior White House official said.

The jailing of Andrew Brunson has triggered the worst crisis between the two countries in decades and helped push the Turkish currency to record lows in recent months. The rejection of a possible trade sets the stage for the U.S. to impose another round of penalties against Ankara as soon as this week.

The administration wants Turkey to release Mr. Brunson and other citizens held on disputed terrorism charges, as well as three Turkish nationals who work for the U.S. government.

Turkey, seeking a gesture in exchange, asked the U.S. to drop an investigation into Halkbank, which is facing potentially crippling fines for allegedly violating U.S. sanctions on Iran.

The White House official said the U.S. made clear to Turkey that areas of dispute between the two nations, including the fines Halkbank faces, won't be discussed until Mr. Brunson has been released.

"A real NATO ally wouldn't have arrested Brunson in the Please turn to page A7

MS-13 Gang Tries to Organize An Unruly Young Membership

Goal of building a cohesive national structure proves elusive so far

By DEL QUENTIN WILBER

The meeting in Richmond, Va., quickly dispensed with routine matters, including introductions, before the senior leadership got down to business. Teamwork and recruitment, said one top official, needed improvement. Also, anyone wanting to kill a rival must secure prior approval.

Mara Salvatrucha, the violent international street gang known as MS-13, had its share of headaches by the time of its fall 2015 meeting, which was surreptitiously recorded by U.S. authorities. One proposed so-

lution was to better manage its estimated 10,000 U.S. members along the lines of other corporate-style criminal gangs, such as the Mafia or drug cartels.

MS-13 leaders created a catchphrase, "The Program," for widening its influence and improving cash flow.

"What we are asking is total cooperation," a top leader told the group by speaker phone from El Salvador. "Let's all work together, united, you know."

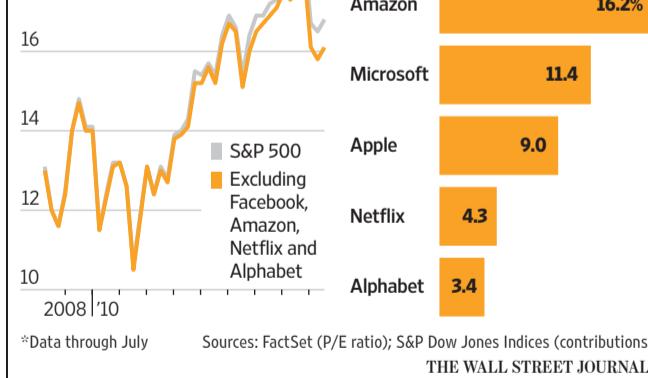
For years, MS-13's impact on the U.S. was local—confined to specific neighborhoods

Please turn to page A10

Not Just Tech Stocks Flying High

Technology shares trade at a premium to the rest of the market, but many investors contend that's justified, in part because so many sectors are trading near record valuations. B1

P/E ratio, next 12 months



Nice Degree, but Your Diploma Gets an 'F'

* * *

Some universities can't achieve freshman-level spelling on sheepskins

By MELISSA KORN



"and they can't take a few more minutes to proofread the most important document they'll produce."

He notified Mesa, which found that the error appeared in diplomas going back six years and is offering corrected versions to graduates. "A diploma symbolizes tremendous hard work and investment made by students in their education," says Mesa President Tim Foster, adding that he launched

Please turn to page A10

RACHEL FEINTZEIG AND LAUREN WEBER

Fewer U.S. workers are moving around the country to seek new job opportunities, as changing family ties and more openings near home make people less willing to uproot their lives for work.

About 3.5 million people relocated for a new job last year, according to U.S. census data, a 10% drop from 3.8 million in 2015. The numbers have fluctuated between 2.8 million and 4.5 million since the government started tracking annual job-related relocations in 1999—but have been trending lower overall, even as the U.S.

population grew by nearly 20% over that stretch.

Experts cite a number of factors that in some periods have kept people in one place, including a depressed value for their home or limited job openings. In the current strong economy, real-estate values have rebounded, but that has made housing costs prohibitively high in some regions where jobs are abundant, such as major East and West Coast cities.

And while more positions are available, often at better pay, many people aren't interested in relocating for family reasons or because they can get a better job nearby without the disruption and expense of moving.

Heather Murray recently got a call from a former colleague who tried to tempt her to his tech company. The senior vice president role he had in mind came with more pay and more responsibility—the next logical next step in her career. But it also came with a deal breaker: She would have to move from Florida to a city in the Mid-Atlantic region.

Ms. Murray opted to keep her vice president position at technology distributor Tech Data Corp. in Clearwater, Fla. Though she earns more than

Please turn to page A2

◆ **Outlook: A nest egg surprise for economists** A2

Fewer Workers Are Willing To Relocate for New Jobs

RACHEL FEINTZEIG AND LAUREN WEBER

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Please turn to page A2

U.S. NEWS

THE OUTLOOK | Paul Kiernan

A Nest Egg Surprise for Economists



On the eve of the last two recessions, American households were unprepared. Years of appreciating stock portfolios, rising home values and improving job prospects had convinced consumers that they didn't need to save much of their income.

So when unemployment rose and asset prices fell in the downturns that started in 2001 and in 2007, consumers drastically reined in spending and the economy contracted.

Until a few weeks ago, some economists feared history was in the process of repeating itself. Official numbers suggested saving was again out of style as the current expansion enters its 10th year.

Recent data have altered the picture. Households have been saving significantly more of their after-tax income for several years, according to revised data released last month by the Bureau of Economic Analysis.

For the first quarter of this year the agency more than doubled its estimate of the personal saving rate—the difference between disposable income and spending—to 7.2% from the 3.3% estimated previously.

The new number exceeds the 6.4% average rate recorded since 1990, and is almost three times the most recent low of 2.5% in 2005.

The first-quarter changes alone amounted to \$613.5 billion in additional saving, at an annual rate, recovered from between the statistical couch cushions—enough money to buy more than 20 million Ford F-150 pickup trucks or more than 600 million iPhone Xs.

While slight adjustments to economic data are common, the revision to the personal saving rate was the biggest since at least 2002.

"That was an amazing set of revisions," said economist Joel Naroff, who until recently thought consumers were "largely tapped out" and represented a major risk to the economic outlook. Now, he says, the picture is "a lot less negative."

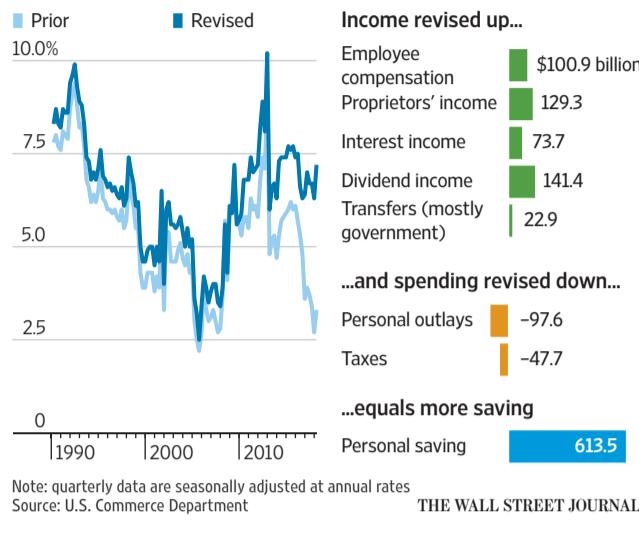
It is likely that the 2007-2009 recession scarred consumers and left them more determined to sock away funds, economists say. It cost millions of jobs and debunked many Americans' belief that the value of their homes would never fall.

"I don't buy as much junk, you know, trivial stuff that doesn't matter," said Becky Groves, 61 years old, a social worker who lives in Grand Junction, Colo. She said the financial crisis motivated her to save more in recent years. "I pay bills and buy food, and then I keep a little bit out and the rest just goes into savings."

Bolstering the hypothesis

A major data revision shows Americans are saving much more of their incomes than previously believed.

Personal saving rate



Note: quarterly data are seasonally adjusted at annual rates

Source: U.S. Commerce Department

is the fact that the revised saving rate shows virtually no decline since 2013, even though unemployment has fallen by roughly half and home and stock prices have risen sharply.

This contradicts "what was thought to be one of the more reliable regularities in macroeconomics," the so-called wealth effect, said JP-Morgan Chief U.S. Economist Michael Feroli. The theory holds that consumption rises and saving falls as household wealth climbs.

With household behavior defying some long-held conventions, economists are now

Changes to 1Q 2018

Income revised up...	
Employee compensation	\$100.9 billion
Proprietors' income	129.3
Interest income	73.7
Dividend income	141.4
Transfers (mostly government)	22.9

...and spending revised down...	
Personal outlays	-97.6
Taxes	-47.7

...equals more saving	
Personal saving	613.5

THE WALL STREET JOURNAL

about \$58 billion in extra spending on cars, health care and other goods and services.

Mr. Feroli isn't changing his spending projections, but he said the saving revisions give him comfort that households are less stretched than they were in the years before the last recession. That may imply a more resilient economy.

Others are more circumspect.

"The consumer may be on slightly stronger footing than we previously estimated," said Lindsey Piegza, chief economist at Stifel.

However, she said, consumption is driven fundamentally by jobs and incomes.

Wage growth, she warned, has been surprisingly modest given how low the unemployment rate has fallen. For that reason, she still sees a consumer-spending slowdown in the second half of this year.

It is also unclear whether lower- and middle-income households, which spend the vast majority of their incomes, are much better off than previously thought.

Most of the newly discovered income that prompted the BEA's revisions came in the form of interest, dividends or business owners' profits, rather than wages.

This suggests the newfound savings may have been concentrated in wealthier households.

ECONOMIC CALENDAR

Wednesday: The U.S. National Association of Realtors releases existing-home sales data for July. Home sales slumped in the second quarter despite what was likely the strongest period for U.S. growth in years—the latest sign that the economic expansion faces headwinds. Economists surveyed by The Wall Street Journal expect a 0.4% pickup in last month's numbers.

Thursday: The Federal Reserve Bank of Kansas City holds an economic symposium in Jackson Hole, Wyo. This will be the first time Fed Chairman Jerome Powell speaks at the annual meeting of monetary-policy wonks.

The Bank of Japan releases its services producer-price index, figures that can signal underlying price pressure. Japan's chronically weak inflation has kept the central bank from raising rates despite the world's major banks pulling back their own stimulus. Still, people familiar with the BOJ's thinking said officials are studying some tweaks, such as more flexibility in its target of zero for the yield on 10-year government bonds.

Friday: The U.S. Commerce Department releases durable-goods data for July. An underlying gauge of business investment in the report has picked up in recent months. However, the headline figure in June came in below economists' expectations. Economists surveyed by The Wall Street Journal expect a 0.4% increase in new orders for durable goods.

Tributes to Aretha Franklin in the Birthplace of Her Career



SINGING PRAISES: Parishioners at New Bethel Baptist Church in Detroit listened to Rev. Jesse Jackson speak about the music great Sunday.

BILL PUIGLIO/GETTY IMAGES

Fewer Relocate For Jobs

Continued from Page One

\$300,000 a year, she said her refusal to entertain offers in other cities has held back her career.

"Making another \$100,000, \$200,000, whatever it is, that's not what motivates me," said Ms. Murray, who shares custody of her two children with her nearby ex-husband. "Kids need their parents."

People with children are less likely to move after a divorce than they were in prior decades, as more parents opt for shared-custody arrangements that include their children living with them for periods of time, according to Thomas Cooke, a sociologist at the University of Connecticut who studies U.S. mobility patterns. "Any way you measure it, families are more complex than they used to be," he said.

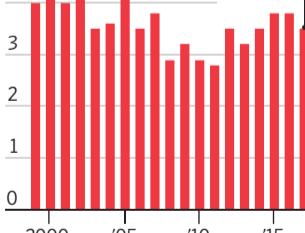
Mr. Cooke said adults increasingly make decisions with their children's input, partly out of a reluctance to disrupt their routines and friendships.

Both men and women are spending more time on child care, with a majority of fathers saying that parenting is extremely important to their identity, according to the Pew

Not on the Move

U.S. worker mobility is falling amid a strong job market and changing family ties.

Americans moving for a new job or job transfer



Source: Census Bureau

THE WALL STREET JOURNAL

veys from outplacement firm Challenger, Gray & Christmas Inc. In the 1990s, job-related moves ebbed and flowed at between 20% and 35% of the labor force, then fell below 20% after 2000. About 10% of job seekers relocated in the first half of this year, Challenger said.

Aimee Cohen, a career coach in Denver, said relocation packages have gotten skimpier and even executives wonder how long a new gig will last. "You're not made any promises," Ms. Cohen said, adding that many employees' mentality is, "Am I going to uproot my family? For what? And for how long?"

Doug Ringer and his wife have made seven moves during their 22 years of marriage, all of them driven by his job changes. The most recent was in 2014, when the Ringers moved with their two children from Louisville, Ky. to Fort Collins, Colo., so he could take a product-management job with Schneider Electric SE.

Mr. Ringer explained the new opportunity to his daughter and son, then 17 and 15. "We asked for their opinions."

The children wanted to see Fort Collins, so Mr. Ringer arranged for Schneider to fly the family to Colorado for a few days. Though his children agreed to the move, he said he now feels it was too tough on his daughter, who had to start a new high school in the middle of her junior year.

When Mr. Ringer lost his job in a round of layoffs in

January, looking for a new job far afield was off the table, he said. His son was still in high school, and his daughter is enrolled in a college nearby. His wife is happy at her job at Colorado State University, where she is a veterinary technician.

For now, Mr. Ringer is consulting with small and midsize businesses while continuing to look for work locally.

John Touey, a principal with executive search firm Salveson Stetson Group Inc., said he used to assume moving wasn't a problem unless a job candidate specifically mentioned that it was.

"Now we go into the situation thinking it probably is an issue, so we need to bring it up," he said, likening his job to those days to that of a relocation consultant. He said he has to talk with job seekers about their spouse's careers and children's school needs—"the whole life situation of the candidate."

Dan Gallagher, 46, has been job hunting since the end of 2017, after he left his senior vice president role at Comcast Corp. in the Philadelphia area after 17 years with the company. His four young sons' lives are a top consideration as he sizes up potential positions.

In previous generations, "you had this binding loyalty to the organization and if a promotion meant you had to move, you'd do that," Mr. Gallagher said. "Today, there's so many moving pieces."

Former Central Intelligence Agency Director John Brennan said he is considering legal action to try to prevent President Trump from stripping other officials' security clearances.

"If my clearances and my reputation as I'm being pulled through the mud now, if that's the price we're going to pay to prevent Donald Trump from doing this against other people, to me it's a small price to pay," Mr. Brennan said on NBC's "Meet the Press." "So I am going to do whatever I can personally to try to prevent these abuses in the future. And if it means going to court, I will do that."

Mr. Trump yanked Mr. Brennan's security clearance last week, saying he felt he had to do "something" about the "rigged" probe of Russian election interference. And he has said he may do the same for nine others.

Mr. Brennan, who served in former President Barack Obama's administration, said that while he will fight on behalf of his former CIA colleagues, it is also up to Congress to put aside politics and step in. "This is the time that your country is going to rely on you, not to do what is best for your party but what is best for the country," he said.

—Associated Press

NORTH CAROLINA

Man Beaten by Police Will Face Charges

North Carolina authorities say a black man seen on video being struck by police faces charges of assaulting an officer and resisting.

Sheriff's officials said they received a call about an overdue small plane from a family member of the aircraft's owner around 6:30 p.m. Saturday.

The plane was tracked from a cellphone belonging to one of the people aboard the plane.

—Associated Press

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U.S. NEWS

Veterans' Kin Renew Push For Answers

By NOUR MALAS

Dorothy Antonelli was born three years after her uncle, Sgt. Peter A. Patete, went missing in the Korean War in November 1950. At a hotel in Arlington, Va., this month, Ms. Antonelli pressed government officials for answers about the circumstances of his death and the odds of finding his remains.

It was the eighth such meeting she has attended over two decades. And still she had questions, newly energized by North Korea's return last month of 55 boxes containing the remains of some U.S. soldiers killed in the war.

The return, sparked by President Trump's recent summit with North Korean leader Kim Jong Un, was another step forward in the long U.S. effort to repatriate those killed in the 1950-1953 conflict.

"It's getting harder for us to accept that we're still waiting after all these years," said Ms. Antonelli, the family matriarch since her mother and grandmother died. "Time is against us."

For years, relatives of missing soldiers have acted as amateur sleuths. They crisscross the country, lobbying government officials for access to records, poring over archives and websites and forging a community wound tight by heartbreak and hope.

The recent returns have sparked a new round of elation and anguish among relatives, some of whom attended the recent annual government briefing where Ms. Antonelli followed up on her uncle's case.

This year, 720 family members attended the meeting, 81% higher than last year, according to government figures, with interest spurred by the recently returned remains.

The U.S. government has been identifying retrieved remains from the Korean War since the early 1990s. They represent only a fraction of

the total officials believe are still in North Korea.

Each time the government receives a new batch of bones and other artifacts, it can take months or years to connect them to missing soldiers, through family DNA or other evidence.

John Byrd, director of the Defense Department laboratory in charge of identification, said at a White House briefing last week, "I'm confident that we're going to do well with the remains in these 55 boxes over the coming months and maybe the next several years."

The Defense Department says 7,691 U.S. soldiers are unaccounted for from the Korean War. Of remains returned since the 1990s, scientists have identified some 465.

Ms. Antonelli's family hasn't been notified of any matches for her uncle since they first submitted DNA in 2002.

A spokesman for the Defense POW/MIA Accounting Agency, which is responsible for recovering missing soldiers, said the effort to account for those lost in the Korean War remains a priority for the U.S. government.

'It's getting harder for us to accept that we're still waiting after all these years.'

"For everybody they name, even though it's disappointing it's not Uncle Pete, it becomes that much closer that the next one will be," said Peter Antonelli, a brother of Ms. Antonelli's who was named after their missing uncle.

A boxer with a taste for fine shirts and shoes, Sgt. Patete was 17 years old when he enlisted in the army and 20 when he went missing on Nov. 27, 1950, during a retreat from Chinese communist forces toward the North Korean village of Kujang.

Ms. Antonelli, who lives in Dunnellon, Fla., began her pursuit in 1991, after attending the opening of a Korean War monument in Manhattan. A group of soldiers seated in front of her, from the same infantry division as Sgt. Patete's in the war, read aloud a letter that Sgt. Patete had written home.



Flag-draped transfer cases with American soldiers' remains were in Honolulu on Aug. 1 after being released by North Korea. Dorothy Antonelli on Saturday in Tobyhanna, Pa., held a photo of Sgt. Peter A. Patete, her uncle who went missing in the Korean War.

The coincidence sparked a curiosity she could never shed. She joined every group related to the war she could find and built a library of related books and DVDs.

In June 2011, Ms. Antonelli posted a query about her uncle on a Korean War website. A respondent pointed Ms. Antonelli to his grandfather, who turned out to be Sgt. Patete's wartime best friend.

Ms. Antonelli called Joseph LaRicci of Baltimore right away. Their first conversation lasted two hours.

From Mr. LaRicci, she discovered how her uncle honed his Latin dance moves at the base in Fort Lewis, Wash. She laughed at a story of the time he and several other Italian-American soldiers got in trouble for trying to heat water for pasta in their helmets.

Mr. LaRicci also passed on information he had heard about the circumstances of Sgt. Patete's disappearance, from a witness.

"See, it was nighttime, and he told me he heard a ping which sounded like a bullet hitting [Sgt. Patete's] helmet," Mr. LaRicci, age 86, said in an interview. "As he turned, Pete was gone. He actually got knocked off that tank. Whether he lived from there or not, nobody knows."

Ms. Antonelli is still unsure what to believe happened to her uncle. She says questions over whether he was killed during a retreat from enemy forces, or captured as a prisoner of war were raised in notes she read in his case files.

"I may never learn the truth unless his remains are recovered and analyzed," she said.

The defense spokesman said the Army has listed Sgt.



Patete as killed in action since 1954 based on an eyewitness report from a prisoner of war returned from North Korea.

In Baltimore, Sgt. Patete's photos hang on the living room and bedroom walls at the home of his friend, who

has reluctantly followed the news of remains returning from North Korea, mostly through Ms. Antonelli.

"We were hoping that maybe he would be among them," Mr. LaRicci said. "He had a great future, that boy."

Of Ms. Antonelli, he said, "I've never seen somebody so devoted to try to find out about him."

The Antonellis said they hope to one day bury Sgt. Patete's remains at Arlington National Cemetery.

In Absentia

Americans who remain unaccounted for from select major U.S. overseas conflicts

World War II 72,906

Korean War 7,691

Vietnam War 1,597

Source: Defense Department
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EPA Set to Propose Looser Rules for Coal Industry

By TIMOTHY PUZO

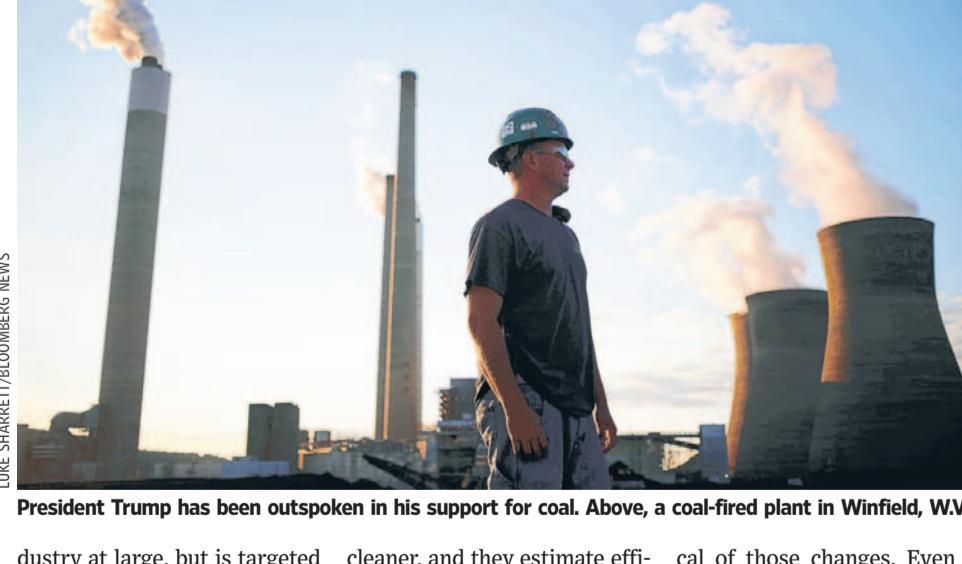
The Trump administration is escalating an effort to revive the flagging U.S. coal industry with a planned move this week to replace restrictive Obama-era climate policies with new rules designed to help coal-burning plants run harder and stay open longer.

The proposed rules from the Environmental Protection Agency would be the latest in a series of reversals of policies the Obama administration adopted to slow climate change. They would replace the agency's so-called Clean Power Plan for the electricity business with regulations that cede power to states. The rules could ultimately lead to more heat-trapping gases going into the atmosphere even as they set parameters to boost efficiency at coal-fired power plants.

President Trump has repeatedly promised to support coal, an industry beset by a shrinking customer base, competition, falling prices and bankruptcies.

Plummeting costs of cleaner fuels including natural gas, wind and solar in recent years have driven consumers and power companies away from coal so dramatically they may blunt the proposal's ultimate effect.

The Trump administration proposal would have to be submitted for a public rule-making process before taking effect. It would apply to the power in-



President Trump has been outspoken in his support for coal. Above, a coal-fired plant in Winfield, W.Va.

dustry at large, but is targeted at coal.

Senior administration officials familiar with the proposal say it outlines technology that coal-burning plants can employ to produce more power from less fuel. It would also eliminate triggers that would mandate overhauls at plants, a rollback to encourage coal-burning units to make smaller improvements, which could extend the profitable lifespans of those plants by many years.

Administration officials say the upshot would be existing coal-fired plants that burn

cleaner, and they estimate efficiency gains of about 4%.

The proposed rules are designed to address what many conservatives and coal-industry supporters criticized as overreach by the Obama administration determined to force coal plants to run less frequently and close more quickly.

"We don't believe that is our role," one senior agency official said. This "is about doing more with what you have, and then letting the market trends do what they're going to do anyway."

Environmentalists are criti-

cal of those changes. Even if coal plants run more efficiently, the lack of any requirement to adopt the most recent environmental controls means plants are likely to put more greenhouse gases into the atmosphere than they would if the country's grid simply replaced coal with cleaner fuels like wind and solar.

"The most massive change from the Clean Power Plan here is how little this does to address climate change," said Conrad Schneider, advocacy director, Clear Air Task Force.

The anticipated legal tussles

Legal Challenges Are Anticipated

Only a few years ago, coal was the country's primary source of power—and also one of the leading sources of the greenhouse gases blamed for climate change and of pollutants, including mercury, known to harm human health.

That has been central to a decadeslong battle over the EPA's role in regulating how much carbon industrial businesses dispose of into the atmosphere.

While some conservatives would simply like to eliminate EPA oversight, the Supreme Court has ruled the EPA must regulate carbon as a pollutant under the Clean Air Act. That

mean the proposal this week is just one step in a process that may still take years to complete. The proposal will next go for public comment and then likely months of review to complete.

Some observers say the legal wrangling could leave the issue unresolved well into the next presidential administration.

When it completed the Clean Power Plan, the Obama-era EPA's regulatory analysis said about 27 gigawatts of coal-fired capacity might be put in a position to shut down by 2030. But rapid market changes have ac-

celerated the trend faster than many expected, and about 40% of the country's coal-fired fleet is now closed or planning to close, said Michelle Bloodworth, president and chief executive of the American Coalition for Clean Coal Electricity, a coal-industry advocacy group. More changes in wholesale markets would likely be needed to reverse coal's fortunes, she added.

"We're certainly pleased and supportive of the administration rolling back what we thought were harmful regulations," she said.

LUKE SHARRETT/BLOOMBERG NEWS

U.S. NEWS

President Puts Imprint on Military Brass

Coming nominations will affect command in Europe, Mideast and special operations

BY GORDON LUBOLD
AND NANCY A. YOUSSEF

WASHINGTON—President Trump is expected to nominate a former operations officer who played a critical role in the 2011 raid targeting Osama bin Laden to head of the U.S. Special Operations Command as part of a series of military promotions in coming months, according to U.S. officials.

The changes, which include commanders for the Middle East and Europe, will mark the administration's largest imprint

on military leadership so far. The personnel moves stand to affect top officers overseeing conflicts in the Middle East, U.S. policy to counter Russia, the detention center on Guantanamo Bay, Cuba, as well as stealth operations globally.

Mr. Trump is expected to formally nominate Army Lt. Gen. Richard Clarke to head U.S. Special Operations Command, in Tampa, Fla., to succeed Army Gen. Tony Thomas, due to retire next year, the officials said. The Special Operations Command oversees highly trained, specialized forces such as the Navy SEALs, Green Berets and others.

The White House is poised to make two other nominations to replace departing heads of regional combatant commands, several U.S. officials said.

Marine Lt. Gen. Kenneth McKenzie Jr. is expected to succeed Army Gen. Joseph Votel at U.S. Central Command, officials said. That command, also in Tampa, is considered the most prominent within the military, with responsibility for all of the Middle East. Gen. Votel is expected to retire next spring.

Gen. McKenzie now is director of the Joint Staff, a job often seen as a launching pad for top officers, and has years of experience both in war zones in Iraq and Afghanistan, and inside Washington.

Air Force Gen. Tod Wolters is considered a likely pick as the next head of the U.S. European Command and North Atlantic Treaty Organization Supreme Allied Commander, Europe. Gen. Wolters now heads Air

Force Europe, Air Force Africa and Allied Air Command, all based in Germany. He would succeed Gen. Curtis Scaparrotti, who is retiring, according to officials.

Gen. Wolters had served as the operations officer on the Pentagon's Joint Staff and has focused in recent years on American military policy toward Russia.

Gen. Clarke, who now serves as the director of strategic plans and policy for the Pentagon's Joint Staff, was the operations officer at Joint Special Operations Command in Fort Bragg, N.C., at the time the Pentagon launched the raid that resulted in the death of bin Laden, the mastermind of the 2001 terrorist attacks. As operations officer, he was a part of

the planning, training and execution of the mission.

As the U.S. seeks to minimize its footprint in conflict zones around the world, the Pentagon has leaned more heavily on the forces that fall under the Special Operations Command.

In a reflection of the emphasis on stealth operations, Mr. Trump earlier this year nominated Army Gen. Scott Miller, commander of the Joint Special Operations Command, as the new U.S. commander in Afghanistan. Gen. Miller is expected to arrive in Afghanistan in coming weeks.

Their nominations, like all other combatant or geographic commands, require Senate confirmation. The Pentagon and the nominees declined to comment on coming changes, many

of which won't take effect until next year.

Defense Secretary Jim Mattis on Thursday announced the White House nomination of his own senior military assistant, Navy Adm. Craig Faller, to head U.S. Southern Command, the post responsible for Latin and South America as well as Guantanamo Bay.

Adm. Faller was under a Navy investigation in 2011 for accepting a luxury hotel suite upgrade in Malaysia, according to a 2013 report by the Office of Naval Inspector General. The Navy concluded he was wrong to accept the upgrade but that his actions didn't require disciplinary action because he used the larger room to accommodate several staffers, according to the investigation.

Trump Again Airs Mueller Criticism

BY JANET HOOK
AND REBECCA BALLHAUS

President Trump lashed out again at special counsel Robert Mueller on Sunday, comparing his investigation of Russian interference in U.S. elections to McCarthyism of the 1950s and denying that his own lawyer's extensive cooperation with the probe invited comparisons to the Watergate scandal.

In messages on Twitter, Mr. Trump responded to news reports that White House counsel Don McGahn sat for lengthy interviews with special-counsel investigators. Mr. McGahn, who has been involved in many sensitive matters in the Trump White House, spent 30 hours in three voluntary interviews, according to a person familiar with the matter.

Mr. Trump said he had

The New York Times, which reported earlier on the extensive cooperation, said Mr. McGahn and his lawyer, William Burck, had been perplexed by the president's willingness to allow him to cooperate with the probe.

Mr. Trump criticized the Times report, which he said was "implying" Mr. McGahn was a "John Dean type 'RAT.'" Mr. Dean served as White House counsel under former President Richard Nixon and became a key witness in prosecutors' case against him during the Watergate scandal. The Times said it stood by its report.

Mr. Burck said in a statement Saturday that Mr. Trump, "through counsel, declined to assert any privilege over Mr. McGahn's testimony, so Mr. McGahn answered the Special Counsel team's questions fulsomely and honestly, as any person interviewed by federal investigators must."

Rudy Giuliani, the president's personal lawyer, said in an interview Saturday that Mr. Trump had urged Mr. McGahn to cooperate "because the president is confident that he'll just tell the truth, and the truth reveals the situation in which the president didn't do anything wrong."

For his part, in comments to CNN, Mr. Dean said Mr. Trump "likes to use pejoratives and name calling, and it is his sort of standard operating procedure, and I am frankly delighted to be on his enemy's list if I have made it that far."

The duration of the Mueller investigation is rankling Mr. Trump and his allies as the 2018 midterm elections approach. In his tweets, Mr. Trump again called the probe a "witch hunt" and drew a comparison with Sen. Joseph McCarthy, whose anticommu-



President Trump on Sunday likened special counsel Robert Mueller's investigation of Russian election interference to McCarthyism.

nist crusade of the 1950s has become synonymous with fearmongering that ruins lives.

"We are now in a period with Mueller and his gang that make Joseph McCarthy look like a baby!" Mr. Trump said on Twitter. "Rigged Witch Hunt!"

Critics said it was a hyperbolic stretch to compare Mr. McCarthy's politically charged inquisition to the work of a Republican-appointed special counsel running a confidential, official probe.

"So, Joe McCarthy was a demagogue. And we haven't heard a public syllable from Bob Mueller in more than a year," said Michael Hayden, a former director of the Central Intelligence Agency, in an interview on CNN.

Mr. Trump has denied collusion with Russia and obstruction, and Moscow has denied election interference.

President Criticizes Social-Media Firms

President Trump has threatened action against social-media companies, saying they were suspending accounts in a manner that was "totally discriminatory" against conservatives.

Tweeting from his golf resort in Bedminster, N.J., on Saturday, Mr. Trump said unnamed social-media companies were "closing down the opinions of many people on the RIGHT, while at the same time doing nothing to others."

"Speaking loudly and clearly for the Trump Administration, we won't let that happen," Mr. Trump said. "Censorship is a very dangerous thing & absolutely impossible to police," he continued. "Let everybody partic-

ipate, good & bad, and we will all just have to figure it out!"

Social-media companies have faced criticism over bullying as well as false and abusive content on their platforms. Their efforts to rein in such content have also drawn fire, however, as critics say the services are censoring unpopular opinions.

Tech companies have said they don't single out conservatives for stricter enforcement. Representatives for Twitter Inc., Facebook Inc., Apple Inc. and Alphabet Inc.'s YouTube didn't respond to requests for comment.

Mr. Trump's comments came several days after Twitter suspended for a week the account of far-right talk-show host Alex Jones for violating the social-media company's policies, amid intensifying public scrutiny and criticism of Mr. Jones's posts on

the platform. Earlier, other technology companies, including Apple, YouTube and Facebook, removed content from Mr. Jones or his site, Infowars.

The conspiracy theories promoted by Mr. Jones and Infowars have been at the center of the tech-industry debate. Earlier this year, parents of two children killed in the 2012 Newtown, Conn., elementary-school shooting sued Mr. Jones, saying he repeatedly called the attack fake and accused them of taking part in a hoax designed to promote gun control. Mr. Jones described the lawsuit as frivolous.

Last week, after he was banned or suspended by several platforms, Mr. Jones appealed to the president to "come out before the midterms and make the censorship the big issue."

—Rebecca Ballhaus

Kavanaugh Vote Tests Democratic Senators

BY NATALIE ANDREWS

JOPLIN, Mo.—In an RV emblazoned with her name, Sen. Claire McCaskill pulled into a manufacturing plant in this deep-Republican part of the state to blast the administration for how it implemented tariffs on imported steel and aluminum. Then she was asked where she stood on the president's Supreme Court nominee.

The two-term Missouri Democrat said she had three topics of discussion for her meeting with Judge Brett Kavanaugh, set for Tuesday: money in politics, consumer protections in health care, and business consolidation. "I want to make sure Judge Kavanaugh has a feel for the little guy who is taking on Goliath."

As a senator in a state President Trump won by 19 points, Ms. McCaskill summed up her vote on his nomination as "damned if you do and damned if you don't."

Ms. McCaskill is one of 10 Democratic senators set to vote on the nomination who are seeking re-election in states won by Mr. Trump in 2016. A vote for Judge Kavanaugh could show Republican voters that they are willing to work with the president. But the activated Democratic base is pushing senators to reject him, worried it will solidify the court's conservative majority.

Outside groups are ready to spend millions to lean on sena-



Sen. Claire McCaskill and other red-state Democrats face a tough choice over how to vote on Supreme Court nominee Brett Kavanaugh.

tors as the November midterm elections approach.

The Koch-backed group Americans for Prosperity has digital ads supporting Judge Kavanaugh, targeting seven states Mr. Trump won that have Democratic senators.

The National Republican Senatorial Committee just bought \$2.8 million in ads opposing Democratic Sens. Jon Tester of Montana, Heidi Heitkamp of North Dakota, Joe Manchin of West Virginia and Ms. McCaskill. While the ads don't focus on Judge Ka-

vanaugh, they critique the senators for being liberal and against the president.

"For a red-state senator, a 'yes' vote allows you to burnish your bipartisan credentials and shows swing voters that you are not afraid to stand up to the liberal crowd," said Jim Manley, a former Senate leadership aide. "But that is not going to play well in all the red states, so I expect at least a few Democratic senators to vote 'no' in the end."

Republicans control just 50 Senate votes, with Sen. John

McCain (R, Ariz.) absent while he undergoes treatment for brain cancer. If Democrats unite in opposition, one Republican defection could derail a Senate vote. No Republicans have signaled opposition.

At a campaign stop this month in Springfield, Ms. McCaskill acknowledged the split over the vote. "People say, oh she's trying to figure out how to vote, it will help her in the election," she said. "I don't believe there really is one side that is better than the other politically. So in a way, it's kind of a blessing, it frees me up to do the right thing."

Ms. McCaskill's opponent, Missouri Attorney General Josh Hawley, is making the vote on Judge Kavanaugh central to his campaign. His first television ad focused on the vacancy, airing the same day Mr. Trump unveiled his pick to succeed Justice Anthony M. Kennedy, who announced his retirement in June.

"For so many Missouri voters, especially conservatives...the Supreme Court is one of the big reasons why they supported the president," Mr. Hawley said in an interview after a rally in Blue Springs, a Kansas City suburb.

Democrats' hopes surged Thursday when a CNN poll showed Judge Kavanaugh's nomination had 37% public support, the lowest of any Supreme Court nominee in more than 30 years.

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WORLD NEWS

Israel Shuts Crossing After Clashes

Closure comes at the start of a Muslim holiday, a time of heavy use by Palestinians

By FELICIA SCHWARTZ
AND DOV LIEBER

TEL AVIV—Israel closed its only pedestrian crossing with the Gaza Strip on Sunday in response to violent protests at the border fence, a move that comes amid a fragile truce and talks for a long-term cease-fire.

A spokeswoman for the Israeli Defense Ministry branch that operates the border crossings with Gaza said the Erez Crossing was closed in response to “violent protests” Friday. Exceptions will be made for humanitarian cases.

Thousands of people gathered along the security fence dividing Gaza and Israel, with some hurling firebombs and improvised explosive devices, Israel’s military said. Its military responded with riot-dispersal measures as well as live fire, which Gaza’s Ministry of Health said killed two people.

The United Nations and Egypt are mediating a long-term cease-fire between Israel and Gaza ruler Hamas after a spate of violent clashes at the border and intense fighting between the two sides in recent months. Israel last week reopened the only commercial crossing between Gaza and Israel as those talks progressed.

The crossing in northern Gaza usually sees relatively little traffic but its closure comes as the region breaks for a Muslim religious holiday—Eid al-Adha—when people often use it to travel outside through Israel. The flow of people between the blockaded Gaza Strip and the West Bank also increases during the holiday period.

The closing of the Erez Crossing appears to be a move to pressure Hamas in the



Palestinian protesters in Gaza lobbed projectiles Friday toward Israel, which opened fire, killing two people, Gaza's health officials said.

peace negotiations. But it also could stoke further tension if the border isn’t reopened by the start of the Eid al-Adha break on Tuesday, especially after Egypt said last week that it would close its only pedestrian crossing with Gaza from Monday through Saturday due to the holiday.

The Israeli Defense Ministry spokeswoman couldn’t say if the border crossing would be open again by then.

It isn’t clear if this will have any impact on the peace talks.

Israel’s Prime Minister Benjamin Netanyahu said last week that Israel wants “a complete cease-fire” and won’t accept less, while its defense minister said that a long-term peace agreement would only be possible if Hamas and Israel first reach an understanding about Israeli citizens held in

Gaza, as well as the bodies of fallen soldiers that are there.

On Saturday, Hamas representative Husam Bardan characterized the Egyptian-backed negotiations with Israel as serious, and said talks would continue following the Muslim holiday.

Palestinian Authority President Mahmoud Abbas’s Fatah party, which largely controls Palestinian areas in the West Bank, isn’t involved in the talks between Hamas and Israel. Mr. Abbas on Thursday said he opposes any truce between Hamas and Israel that doesn’t see international aid to Gaza managed by the Palestinian Authority.

Hamas, which took control of Gaza in 2007, and Fatah also are locked in Egyptian-backed negotiations to form a unity government, but each side has

accused the other of not being serious about reconciliation.

Palestinians have been demonstrating at the border fence since March calling for the right to return to homes in what is now Israel. The protests peaked in May, coinciding with the U.S. Embassy opening in Jerusalem, when 40,000 people gathered at the fence, with some burning tires, attempting to breach the fence and hurling other incendiary devices. Since then the gatherings have drawn fewer people, but demonstrations have continued. Israel has responded with live fire, which it defends as necessary to protect its border.

Since March, more than 160 Palestinians have died in clashes with Israel’s military and thousands have been injured. An Israeli soldier was

also killed during one of several exchanges of fire between Israel and Hamas over the summer, and several Israeli civilians were injured by rocket fire. Israel and Hamas reached a fragile calm in recent weeks after Hamas launched some 200 rockets and mortars and Israel responded with waves of airstrikes.

On Friday, U.N. Secretary-General António Guterres in a report outlined possible options for international protection of Gazans, including sending armed U.N. peacekeepers and unarmed observers to the Gaza-Israel border.

In July, around 12,000 Gazans entered Israel through the Erez crossing, including for humanitarian cases, for business, to get to the West Bank or to be able to travel abroad by going directly to Jordan.

Afghan President Proposes Cease-Fire

KABUL—Afghan President Ashraf Ghani proposed a conditional three-month cease-fire in the government’s U.S.-backed war against the Taliban, seeking to regain political momentum following a string of devastating battlefield losses for security forces at the hands of the insurgents.

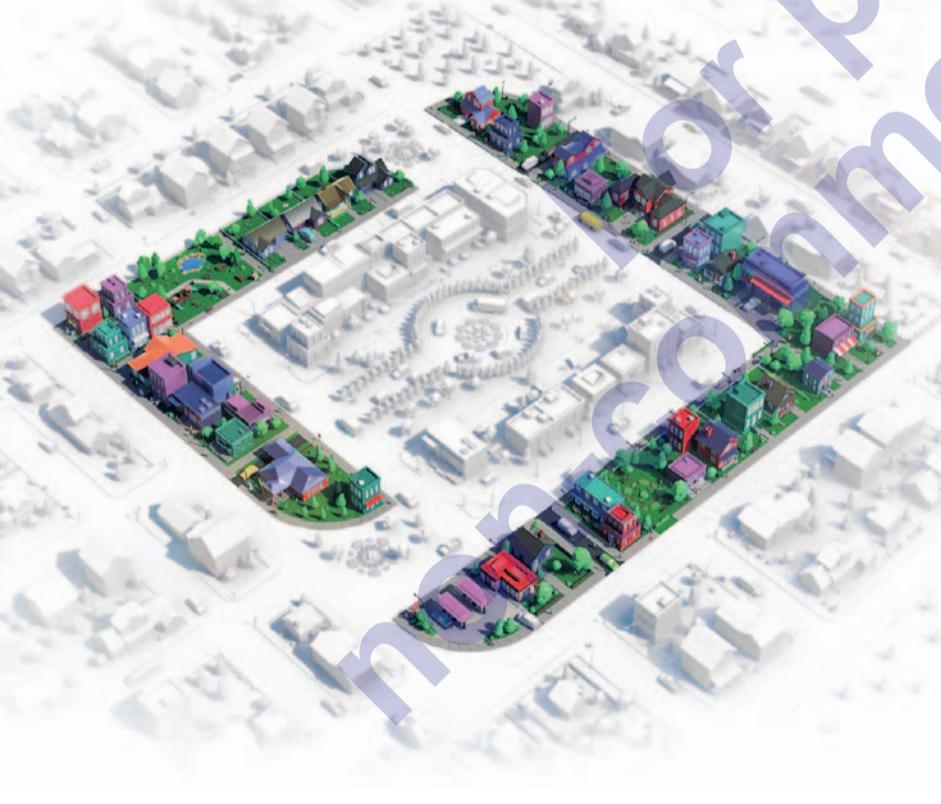
By Craig Nelson, Habib Khan Totakhil and Ehsanullah Amiri

Mr. Ghani on Sunday said government forces would observe a truce in fighting with the Taliban to coincide with the start on Monday of the three-day Muslim festival of Eid al-Adha and continue it through the commemoration of the Prophet Muhammad’s birthday on Nov. 19 if the insurgents reciprocate.

Mr. Ghani’s announcement, during a televised speech marking Afghanistan’s independence day, came on the heels of an unusually deadly wave of violence across the country, most of it carried out by the Taliban, that has left at least 325 soldiers, police and civilians dead in the past 10 days.

“We call on the leadership of the Taliban to welcome the wishes of the Afghan people for a long lasting and real peace, and we urge them to prepare for peace talks based on Islamic values and principles,” he said. “The Afghan government has removed all obstacles for a long-lasting peace through these unprecedented steps.”

Though it didn’t directly mention Mr. Ghani’s cease-fire offer, the Taliban responded immediately by saying it would release hundreds of soldiers, police and other government employees from its jails to mark Eid al-Adha.



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WORLD NEWS



Colombian President Ivan Duque, center, and Defense Minister Guillermo Botero inspect troops at a military school in Bogotá.

Colombia Tests Antidrug Drones

BY JUAN FORERO
AND KEJAL VYAS

BOGOTÁ, Colombia—With drug crops booming, Colombia's police are busily testing whether drones carrying defoliants can efficiently kill the leaf used to make cocaine and win the support of Trump administration officials concerned about this country's growing capacity to supply drugs to American consumers.

Antidrug officials here say that in recent weeks they have deployed 10 drones, each weighing 50 pounds when loaded with herbicide, in southwest Nariño province. The small, remotely guided aircraft destroyed hundreds of acres of coca in a first round of tests, said police and the company contracted by the government to supply the drones.

Colombia's new president, Iván Duque, said he wants some kind of aerial fumigation of coca fields, which expanded 160% to 516,000 acres from

2012 to 2017, the White House reported in June. But he prefers drones over planes to drop the herbicide, which would mitigate damage to legal crops growing adjacent to coca fields. And he has been unenthusiastic about using glyphosate, the herbicide that for years was delivered by aircraft to kill coca.

Drones "permit total precision at low altitude above the plants and additionally minimize the damage and implications for third parties," Mr. Duque said in an interview with Caracol Radio before winning office in June.

U.S. and Colombian officials said the growth in coca cultivation came as Colombia's government in recent years wound down and eventually ended a program relying on crop dusters to coat coca fields with glyphosate.

Mr. Duque's predecessor, Juan Manuel Santos, had halted the use of the 14 aircraft following lawsuits from farmers groups over health

concerns and a ruling from the Constitutional Court ordering a prohibition after a World Health Organization agency said that glyphosate could be cancerous. Opponents of fumigation here are also pointing to a California jury that on Aug. 10 ruled in favor of a school groundskeeper who said the glyphosate-based weedkillers he used caused his non-Hodgkin's lymphoma.

U.S. officials contend that glyphosate presents no danger to people or animals here, noting that the Environmental Protection Agency last year concluded the chemical is unlikely to cause cancer. Under one of Washington's signature foreign-aid packages—Plan Colombia, which went into effect in 2000 and cost more than \$10 billion—planes spraying glyphosate reduced Colombia's coca fields from 420,000 acres in 2001 to 193,000 in 2012, according to U.S. figures.

"There needs to be a serious and effective eradication

program," said U.S. Ambassador Kevin Whitaker. "Should it be manual? It should. Should it include aerial? Sure. Again our view has always been that it was safe and effective and it is a very useful tool in addressing the problem overall."

Though common in agriculture, drones have never before been used to attack illegal crops, Colombian and U.S. officials said.

U.S. officials said they are open to using drones but need to learn more about their capabilities once Colombia's police complete tests, which could run until January. There are clear benefits: Drones can fly just feet above drug crops, making them more accurate than an airplane.

For now, U.S. officials will await whatever decision Mr. Duque makes. Seven or eight of the crop dusters that had worked the coca fields here remain in Colombia. In a few months, U.S. officials said, they could become operational again.

FROM PAGE ONE

U.S. Rejects Negotiating For Pastor

Continued from Page One
first place," the senior White House official said, referring to Turkey's membership in the North Atlantic Treaty Organization.

The Trump administration imposed sanctions against two top Turkish officials earlier this month, and Treasury Secretary Steven Mnuchin said the U.S. was prepared to take tougher steps.

On Friday, President Trump called the charges against Mr. Brunson "phony," adding: "We are not going to take it sitting down."

The U.S. and Turkey have been in prolonged negotiations over a major fine against Halkbank, but the talks stalled. Halkbank is also facing further investigation in the U.S.

Halkbank recently complied with a subpoena request from the U.S. Treasury's Office of Foreign Assets and Control, but its response was deemed insufficient, the White House official said. Washington has told Ankara that Halkbank must comply properly with the U.S. legal process before any dis-

cussions about relief could be entertained, the official said.

A Treasury spokesman declined to comment. The Turkish embassy in Washington didn't respond to a request for comment.

Halkbank couldn't be reached for comment. The Turkish government has said accusations that Halkbank helped Iran evade U.S. sanctions are groundless and based on fabricated documents.

The bank, formally known as Turkiye Halk Bankasi A.S., is one of Turkey's largest state lenders. It has denied any wrongdoing.

Other points of dispute between the two nations include Turkey's retaliation against U.S. exports after the Trump administration placed tariffs on imported aluminum and steel. The U.S. Trade Representative's Office has also started a review of Turkey's duty-free access to U.S. markets.

Mr. Brunson, a 50-year-old North Carolina native, has been accused by Turkish officials of aiding the group accused of orchestrating a failed July 2016 military coup and another group of Kurdish separatists battling the Turkish military for greater autonomy. He has been held since October 2016.

Mr. Brunson's fate—he is now held under house arrest—has been a major cause for evangelical Christians and a

priority for Mr. Trump and Vice President Mike Pence.

The White House official discussed other national security issues as well, saying there was skepticism at the highest level of the White House about Russia's ability to help remove Iranian forces from Syria. That ran counter to Mr. Trump's optimistic tones after his Helsinki summit with President Vladimir Putin last month that Moscow and the U.S. would be able to work jointly on the issue.

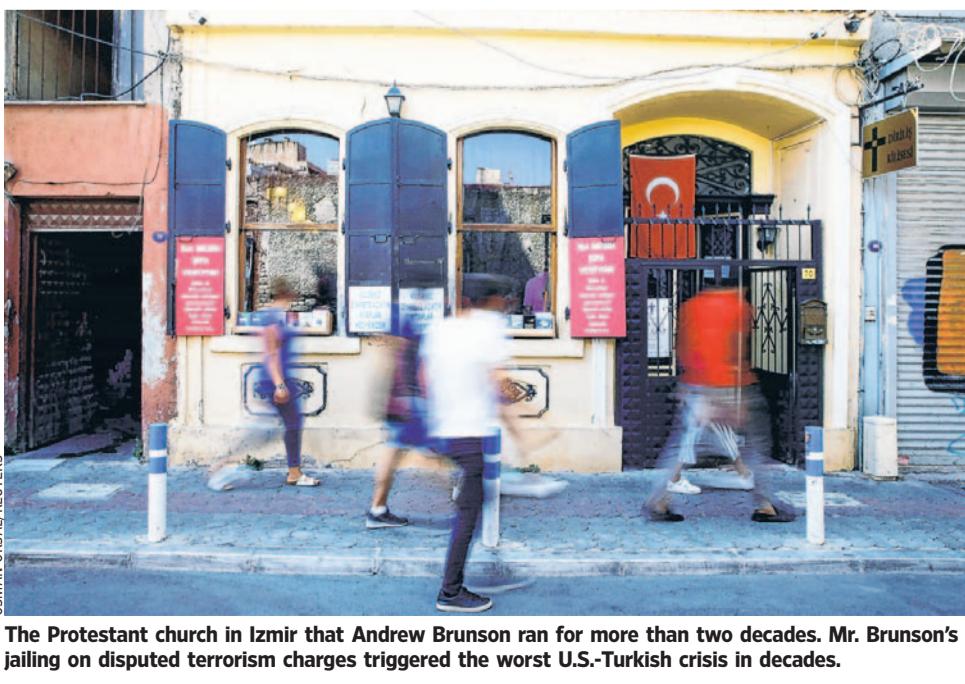
Syria was the longest subject of discussion between Messrs. Putin and Trump when they and their advisers met, the official said. The Russian president said during private meetings that he didn't want the Iranians in Syria either, but he wasn't sure Russia was able to achieve that, the official said.

John Bolton, the White House national security adviser, said Sunday on ABC that Mr. Putin told the president he "didn't have the same interest as Iran in Syria, and that he'd like to talk about ways to get them [Iran] out."

"President Putin is very candid in his comments to President Trump, he was to me as well," Mr. Bolton said.

Mr. Bolton said he plans to discuss the situation in Syria when he meets with Israeli and Russian leaders this week.

—Thomas M. Burton contributed to this article.



The Protestant church in Izmir that Andrew Brunson ran for more than two decades. Mr. Brunson's jailing on disputed terrorism charges triggered the worst U.S.-Turkish crisis in decades.

WORLD WATCH

INDONESIA

Quake Cuts Power, Topple Buildings

A strong earthquake has cut power across the Indonesian island of Lombok and destroyed buildings as the tourist hot spot tries to recover from a tremor earlier this month that killed hundreds of people.

The shallow magnitude-6.9 quake that hit just after 10 p.m. Sunday was one of multiple powerful earthquakes in the northeast of the island that also caused landslides. The nighttime quake was followed by strong aftershocks. There were no official reports of casualties.

—Associated Press

INDIA

Thousands Displaced By Heavy Flooding

Some 800,000 people have been displaced and over 350 have died in the worst flooding in a century in southern India's Kerala state, officials said, as rescuers searched for people stranded in the worst-affected areas.

Thousands of rescuers were continuing efforts to reach stranded people and get relief supplies to isolated areas by hundreds of boats and nearly two dozen helicopters, said P.H. Kurian, a top disaster-management official in Kerala. Officials predicted more rain Monday morning.

—Associated Press



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WORLD NEWS

Situation Worsens in Venezuela

Continued from Page One
day Mr. Maduro's economic measures are to take effect.

"Tuesday's call is the first step to unify the people in the struggle," Andres Velasquez, a prominent opposition politician, said on Sunday. "Maduro's measures are not meant to improve the economy but instead represent more hunger and poverty."

Another opposition politician, Maria Corina Machado, said in an interview that Venezuelans and regional governments needed to step up the pressure on Mr. Maduro. If nothing is done, she said of the government: "They can annihilate us and impose their mafia state."

Still, Mr. Maduro has weathered protests in his tumultuous five years in power, cracking down on demonstrators with such fury that few now dare to protest.

The president's new measures include a new currency called the sovereign bolivar, which will lop five zeros off the existing tender. Many economists said the move fails to address the real cause of inflation: uncontrolled printing of money.

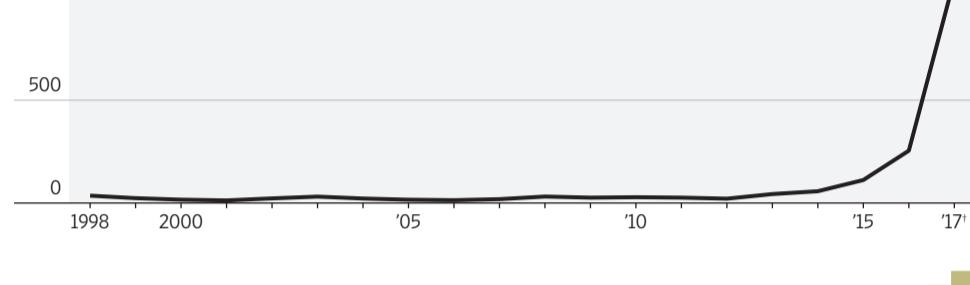
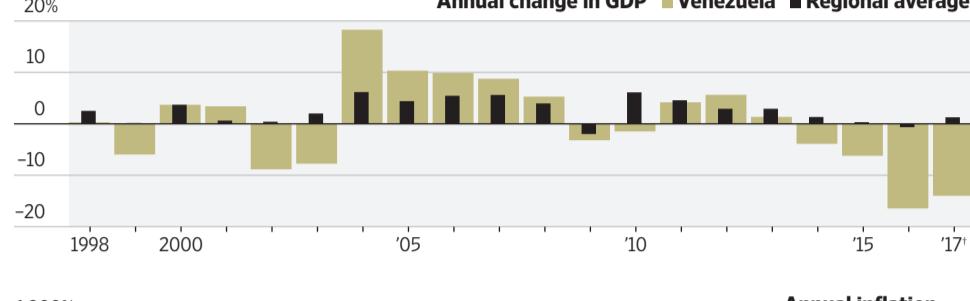
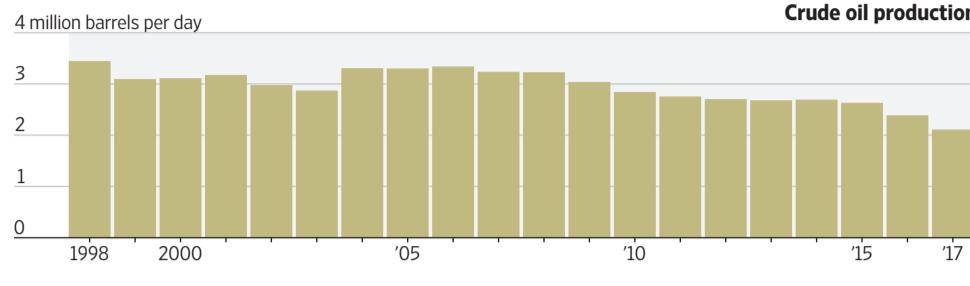
The rollout comes as Mr. Maduro plans to raise the minimum wage to about \$30 a month from less than \$1.

Economists warn the measures will drive inflation even higher than the 1,000,000% the International Monetary Fund projects this year. The government, which is in default on \$6 billion in debt, is expected to print more bank notes to make up for a loss of export earnings that has come with the drop in oil production.

The president has also pledged to raise the price of subsidized gasoline, which in the past has sparked riots. The plan is for subsidies to be maintained with the national identification Fatherland Card, which critics said is used for

Aug. 2017

Venezuela's oil revenue once fueled the economy, but as production has fallen so has gross domestic product. The government's efforts to shore up the economy by printing money have resulted in sharp inflation and a weakened currency.



*South America and Caribbean †Estimate

Sources: DolarToday (bolivar); Venezuelan Central Bank (bolivar circulation); IMF (GDP, inflation); BP Statistical Review (oil production)
Erik Brynildsen and Josh Ulick/THE WALL STREET JOURNAL.

social control. Information Minister Jorge Rodriguez said new gasoline prices wouldn't be announced before late September.

For ordinary people, Mr. Maduro's measures mean more anguish and uncertainty.

Those trying to stick it out here said Mr. Maduro's proposals would destroy what was left of the economy. Those Venezuelans considering fleeing worried about the growing backlash against hundreds of thousands of Venezuelans who have already left.

"Everything is chaos," said

Nelly Baric, an employee at a public hospital who once supported the so-called revolutionary government that, upon taking power 19 years ago, promised to upend the old economic and social order. "I'm afraid they will close more small businesses and, if you consider the [low] production today, which is very insufficient, then you can imagine the situation we're in."

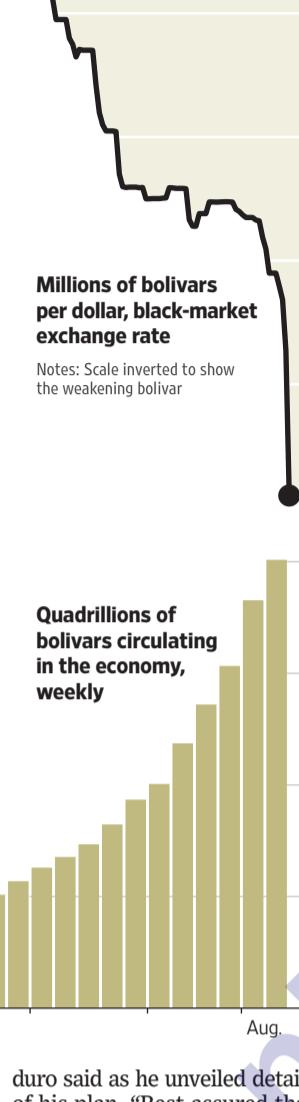
Randú Carvajal plans to close his Caracas restaurant and hasn't ruled out migrating. "We don't know what to do. All the prices are going to go up."

Mr. Maduro asked Venezuelans on Friday night to trust his economic measures.

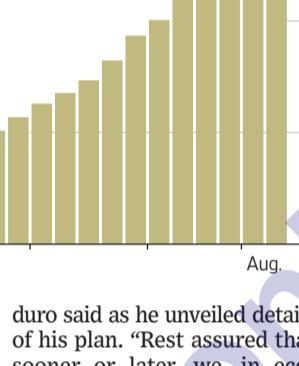
A former bus driver and union activist, Mr. Maduro trained in Communist Cuba as a young man but never received an education in economics; his primary economic adviser has been Alfredo Serrano, a Spanish leftist who adheres to the theory that the U.S. angry about a socialist government in its hemisphere, is orchestrating the disaster that has befallen this country of 30 million.

"Let's have faith," Mr. Ma-

Window Into an Economic Collapse



Quadrillions of bolivars circulating in the economy, weekly



did a brisk business as people rushed to fill their tanks, fearing a price increase. Some stores selling perishables, like meat, opened with hopes of unloading their stock.

José Ramón Pérez, a vegetable dealer, was open but said suppliers hadn't sent produce. "There are almost no goods, look at the empty stalls," he said, adding that some were hoarding, awaiting the new currency and new prices.

Maria de Figueira, who also sells produce, predicted chaos as Mr. Maduro's new measures are felt. "We'll probably be insulted by clients who are as confused as I am," she said. "When something costs 3.4 million bolivars and I tell people it's now 34 bolivars they'll look at me and say they cost three or four."

The outflow of people from what was once Latin America's richest nation has exacerbated tensions in neighboring countries, particularly with poorer classes who have had to compete with Venezuelans desperate for any kind of job.

In Brazil on Sunday, the country's president held an emergency cabinet meeting a day after a mob of Brazilians upset by news reports that four Venezuelans had beaten up a storekeeper during a robbery burned a refugee shelter. The Brazilians chased some desperate Venezuelans back across the border.

"They burned everything. Brazilians took it all, our bags, everything," an unidentified Venezuelan woman told Brazil's GloboTV. Scores of Brazilians sang the national anthem while police escorted refugees out of Paracaima, a town located on the border with Venezuela.

One Brazilian in a video said war had been declared with the robbery by the Venezuelans. "God only knows what may happen," he said.

The news from abroad made Luis Lorenzo, 34 years old, who is considering leaving, think twice. "I feel fear to be rejected upon arrival," he said, "and that will make finding a job harder."

—Maolis Castro in Caracas and Paulo Trevisani in Brasilia, Brazil, contributed to this article.

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I HAD
FOUND IT
A LONG
TIME AGO.”**

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FROM PAGE ONE

A National Brand Is MS-13 Aim

Continued from Page One
and cities scattered across the country as the gang used violence to secure and hold turf.

Then, federal officials tracked an alarming development. As MS-13's influence grew, so did its ambition to leverage its network of local franchises into a cohesive, national brand. That would vault MS-13 into territory once occupied by the Mafia, and now held by Mexican drug cartels.

A series of trials that wrapped up this summer in Boston shows how MS-13 is pushing to make that leap by streamlining its management structure and creating uniform standards, much like a multi-national company. The question, one that will determine whether MS-13 can make the jump to national significance, is whether that transformation can impose order on its unruly, violent young members.

The group, partly because of its success in the U.S., has become a political football, with President Trump and Attorney General Jeff Sessions using gruesome acts by MS-13 members to push the administration's tight immigration policy. The attorney general has called MS-13 "one of the most dangerous groups in America," while Mr. Trump has declared its members to be "thugs" and "animals." Democrats and lawmakers in favor of looser restrictions say their rhetoric is overblown.

In 40 states now

Federal and state law-enforcement officials say MS-13 gang membership has grown by several thousand members over the past decade or so. It stretches to at least 40 states and the District of Columbia, says the Justice Department.

"They have definitely showed their organizational capacity in terms of ordering violence and in terms of recruiting and replenishing the ranks," said Derek N. Benner, a top official at the Immigration and Customs Enforcement's Homeland Security Investigations.

MS-13 has drawn recruits by branding itself as an ultra-violent enterprise, according to federal officials. Yet while it dabbles in drugs, street robberies and petty extortion, its profits are minuscule. Federal raids of MS-13 residences typically net little more than a handful of knives, loose cash and occasionally a gun.

Dues range from \$15 to \$30 a month, largely paid by MS-13 members who work as laborers, construction workers or dishwashers. Most of the money is wired to leaders in El Salvador, to pay for phones and weapons. What's left is pooled locally for knives, guns and recreational drugs.

"The way they are acting right now, they are not going to reach the level of organization of, say, the Mexican Mafia or the Italian mob."

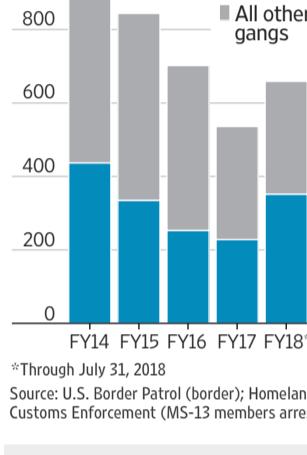


CHARLES KRUPA/ASSOCIATED PRESS

Weapons displayed by federal authorities in January 2016 following the arrests of MS-13 gang members in the Boston area.

From the Border to the Streets

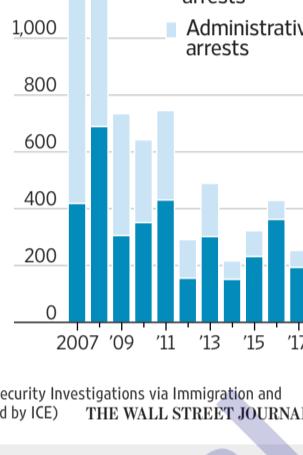
Gang members arrested by U.S. border officers



*Through July 31, 2018

Source: U.S. Border Patrol (border); Homeland Security Investigations via Immigration and Customs Enforcement (MS-13 members arrested by ICE)

MS-13 members arrested by Immigration and Customs Enforcement



Source: U.S. Border Patrol (border); Homeland Security Investigations via Immigration and Customs Enforcement (MS-13 members arrested by ICE)

'The way they are acting right now, they are not going to reach the level of organization of, say, the Mexican Mafia or the Italian mob.'

George Norris, an investigator with the Anne Arundel County, Md., State's Attorney's Office and a gang expert.

workings.

Five gang members have testified in court. All were immigrants from either El Salvador or Honduras who entered the U.S. illegally. Some said they were recruited to join MS-13 by neighbors, friends at work or school classmates.

Machete's virtues

They admitted to committing street crimes, assaults and killings largely targeting rivals and suspected informants. Their weapon of choice was a machete because, as one gang member said, it allowed him to "cut somebody's head off easily, and that person will not scream or make noise."

Mauricio Sanchez testified he traveled to the U.S. from Honduras in 2008, and once in the Boston area, he was recruited by MS-13 members. After joining the Eastside Clique in 2013, he said he embraced the gang's mandate for vio-

lence and focused his energy on "doing hits on the rivals."

Mr. Sanchez described how he and other members of the Eastside Clique chased members of the rival 18th Street gang and nearly beat one to death. "He was a small guy," testified Mr. Sanchez, now 30. "I hit him on the head, and we were all beating him.... He looked like he was in bad shape."

Jose Hernandez Miguel testified he was deported to El Salvador in 2009 but returned two years later. Members of his Everett clique chipped in \$1,000 to help pay for his illegal re-entry into the U.S.

Mr. Hernandez Miguel and other witnesses told how members were kept in line under the organizational push from El Salvador. Short beatings were given for drinking too much or missing too many meetings. Before, local cliques were largely autonomous.

Two members were sav-

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agedly kicked after MS-13 leaders in El Salvador saw a photo of graffiti on a high school wall hailing their clique without permission. At the time, the local clique was essentially on probation, awaiting the arrival of a new leader from El Salvador.

Josue Alexis De Paz aspired to join the gang while living in El Salvador. He sold drugs, kept an eye out for rivals and extorted delivery drivers.

After being interrogated about his work by police, Mr. De Paz's family paid \$9,000 to have the teenager smuggled into the U.S., and they hoped, out of trouble. He settled near Boston and soon joined the Everett clique.

Mr. De Paz, now 21, became a junior associate. In April, he testified how suspicion grew that another member was a snitch. Mr. De Paz and an associate were told to "make the soup," code for killing the suspected informant, 16-year-old Jose Aguilar Villanueva, known by friends as Fantasma.

In a deserted park, Mr. De Paz testified he grabbed Mr. Aquilar Villanueva from behind and held him, while the other man stabbed the teenager. "Then Fantasma kicked him," Mr. De Paz said in court. "I took out my folding knife and I also stabbed him."

They left the teen for dead and tossed away their knives and bloody clothes. Gang leaders were impressed by the work and promised to promote them to full gang status.

The two associates were arrested before they got the chance. Only later did they learn Mr. Aguilar Villanueva was never an informant.

Despite their obsession with betrayal, the Boston-area MS-13 members didn't suspect anything of the man who turned out to be their greatest threat.

Federal agents had recruited an El Salvadoran man convicted in Florida on federal charges of trafficking drugs for Mexican cartels. He returned to the U.S. from El Salvador and took the role of an unlicensed taxicab driver, shuttling members of more

than a half-dozen MS-13 cliques in the area.

For nearly three years, the informant secretly recorded conversations in his car and at gang gatherings. He captured on video the promotions of junior associates—*chequeos*—to full-fledged gang member—homeboy—a process that included a ceremonial 13-second beating.

As a trusted member of Eastside Loco Salvatrucha, the informant participated in the FBI's biggest intelligence coup, secretly recording the December 2015 meeting in Richmond, Va. The informant drove gang leaders to meet with more than a dozen other leaders from around the U.S. His recordings, prosecutors said in court papers, provided rare firsthand insight into the inner workings of MS-13, including its organizational structure and hierarchy."

The meeting was held at the home of the head of the gang's East Coast program, Jose Adan Martinez Castro, 28, who has since pleaded guilty to federal racketeering charges and awaits sentencing.

Too much infighting

Mr. Castro kicked off the gathering by explaining he had been tapped by senior gang members in El Salvador to take charge. There was too much infighting among U.S. cliques, he told the group, according to court papers that included a lengthy summary of the informant's recording.

The gang leader provided guidance on how to conduct "hits" on rivals and informants, telling other leaders that such killings "have to be coordinated and requested beforehand." He cautioned members against wearing Nike Cortez sneakers because police had figured out they were a gang favorite. He encouraged more drug dealing because he had extra product to sell.

The local leader dialed his counterpart in El Salvador, Edwin Manica Flores. One by one, those in attendance picked up the cellphone and introduced themselves to Mr. Flores, who was described in court papers as "one of the El Salvador-based leaders of MS-13's East Coast Program."

Mr. Flores, who is in custody in El Salvador, couldn't be reached for comment.

During the meeting, Mr. Flores warned associates that their enemies "are filling up the turfs around us" and that they would benefit financially from cooperation.

The MS-13 leader, court papers allege, also emphasized the need for careful vetting of members and associates.

"You guys know how hot things are," the leader said, according to prosecutors. "Be very careful, all of you that are there, brother, be very careful.... The FBI gives them a car, gives them money, gives them everything, and when they give them all that, they loosen their tongues."

Mr. Flores' warning was prescient, but late. Within weeks, FBI agents and police were fanning across Boston with arrest warrants.

Diploma Spelling Earns an F

Continued from Page One
the replacement program "out of respect for the academic achievements" of alumni.

Graduation is an affirmation of scholastic achievement, so why can't some schools achieve freshman-level spelling mastery on sheepskins?

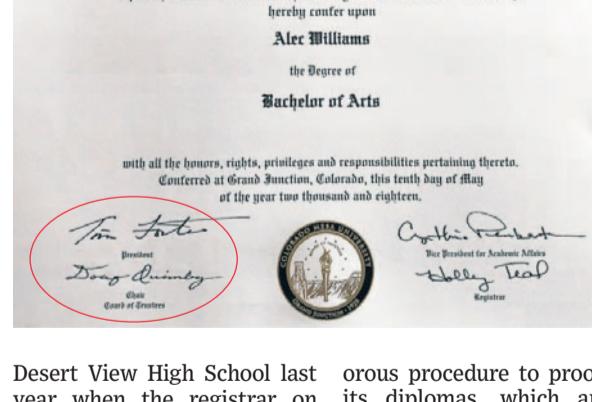
At Ontario High School near Los Angeles, the principal, a board member and assistant superintendent were on stage handing out diplomas when someone found a missprint on half of the 550 red covers in 2016. "Ontario High Shcool," they read.

Mathew Holton, superintendent of the Chaffey Joint Union High School District that oversees Ontario, says they switched mid-ceremony to a simple handshake rather than confer the offending diploma covers.

He says the printing company, which made the error, paid for replacements. "It was an honest mistake," he says.

The district now opens every box ahead of graduation to check for typos.

It was already too late for



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Colorado Mesa University, Grand Junction, Colorado

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Alec Williams

the Degree of

Bachelor of Arts

with all the honors, rights, privileges and responsibilities pertaining thereto.

Conferred at Grand Junction, Colorado, this tenth day of May of the year two thousand and eighteen.

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GREATER NEW YORK

Developers Pushed for Inwood Rezoning

Companies spent tens of thousands lobbying; some residents fear mass displacement

BY KATIE HONAN

Two of the biggest winners in the recently approved rezoning of Inwood in upper Manhattan are housing developers who each spent tens of thousands of dollars lobbying the city to push the plan forward.

Taconic Investment Partners, which plans to build at least 550 units of affordable housing on the former Pathmark site at 410 W. 207th St., spent \$45,000 so far in 2018 and at least \$85,000 in 2017 to have lobbying firm Capalino + Company push to get the rezoning plan passed in the City Council, city lobbying records show. The lobbying targeted the New York City Economic Development Corp. and City Councilman Ydanis Rodriguez, a Democrat, who has spearheaded the rezoning project, records show.

Charles Bendit, a CEO of Taconic Investment Partners, said the lobbying was necessary—and not unusual—to move the process forward.

"We tried to reach out to those people in the community to put forth our rationale for development and for the rezoning and why we thought it was a good thing," he said.

Mayor Bill de Blasio's administration has passed five neighborhood rezonings since he took office: East New York in Brooklyn, East Harlem, Far Rockaway in Queens, Jerome Avenue in the Bronx and Inwood.

The Inwood rezoning, which was passed in the City Council on Aug. 8, will allow for higher, denser construction throughout the neighborhood. The goal is to build affordable housing and spur economic development, but some residents and activists fear mass displacement in what is one of the last affordable neighborhoods in Manhattan.

Councilman Francisco Moya, the chairman of the council's subcommittee on zoning, spoke out against the rezoning and



Protesters demonstrated against the rezoning plan for the Inwood neighborhood earlier this month. Below, a lot on Broadway that has been purchased by a developer.

MARK KARZLICH FOR THE WALL STREET JOURNAL (2)

the city's process, which he said pits residents against each other and "enriches developers."

Mr. Moya, a Democrat, ultimately voted for the Inwood plan but said he wouldn't engage with the mayor's office on future rezoning discussions until the impact on neighborhoods is studied better.

"I just think this administration has refused to answer questions that deal with protections for construction workers, that deal with issues that have impacted neighborhood rezonings," he said in an interview before the zoning vote.

Mr. Bendit, a longtime developer and philanthropist who serves on the board of the Mayor's Fund to Advance New York City, said he and other developers are needed to build apartment units. "The city can't do it all. They depend on developers to actually build the real estate," he said.

Real-estate firms aren't charities and need to make some profit, he said.

Another developer who pushed for the plan was Jorge Madruga of Madd Equities, who spent more than \$30,000 this year to lobby elected and city officials in favor of the rezoning, records show. The company also spent more than \$90,000 in 2017 to push for Inwood's rezoning, as well as the rezoning of two other properties in Brooklyn and Manhattan.

Madd Equities plans to build 100% affordable housing at a lot on Ninth Avenue between West 207th and 208th streets in Inwood. This development is expected to bring more than 600 units of housing.

Mr. Madruga's partner in the development is Eli Weiss of Joy Construction, who has given thousands to political candidates since 2011, including nearly \$4,000 to Mr. de Blasio, a Democrat, during his 2013 mayoral campaign.

In 2015, Mr. Madruga also donated \$10,000 to Mr. de Blasio's Campaign for One New York, a nonprofit that promoted the mayor's political agenda but closed down in 2016.

Mr. Madruga has developed low-income housing since the late 1990s. In 1998 he pleaded guilty to fraud charges related to a Medicare scheme in Florida. He was sentenced to 18 months in prison and 10 years probation, according to Leon County court documents. A spokeswoman for Mr. Madruga said his sentence was ultimately reduced and he didn't serve any prison time after paying restitution. His probation was also reduced.

The spokeswoman said rezoning opponents were bringing up old cases in "personal, anti-immigrant attacks." Mr. Madruga was born in Cuba.



"Mr. Madruga has a stellar reputation and track record in both the real estate and affordable housing industry," the spokeswoman said.

A spokeswoman for the mayor said Friday that the administration is using every tool it has to build more affordable housing. "This Mayor's rezoning efforts have fundamentally shifted power from developers to the people," Jane Meyer, the

spokeswoman, said in an email.

Mr. Rodriguez said he began the conversation around rezoning to help stop displacement—and fought to remove a large commercial zone from the plan after listening to residents' concerns. "I've seen how this community has been through the process of losing so many residents," he said. "The rezoning plan has been responding to a crisis."

New School Year Brings Challenges

BY LESLIE BRODY

After more than four months on the job, Chancellor Richard Carranza is about to face a new test: his first back-to-school season in the nation's largest school district.

In an interview, he fleshed out his views on specialized high schools, teachers staying on the payroll without permanent posts, and his agency's investigation into ultra-Orthodox yeshivas accused of skimping on secular education. Confronting the district's flood of complex issues, he said, is like "drinking from the fire hydrant."

The Yeshiva Investigation

The city says state guidelines require that inspections of 30 ultra-Orthodox Jewish yeshivas must be scheduled in advance, but critics of that approach say schools can put on a false display.

Mr. Carranza said that when he was a principal, his school drop-ins were surprises, "to pop in during the day where no one's preparing for my visit."

"That's obviously a good way of getting the true barometer of what's happening in schools," he said. "That being said, even the best dog-and-pony show can't account for everything. So just being in a school will allow you to observe, allow you to ask questions."

He added he wants to look inside these yeshivas himself. A representative for the private schools said they meet standards and welcome visits.

The Absent Teacher Reserve

A pool of teachers receiving full pay without permanent positions has been an expensive problem for Mayor Bill de Blasio and his predecessor, Michael Bloomberg. The Citizens Budget Commission, an independent watchdog, reported the pool cost \$136 million in the last school year and called



Chancellor Richard Carranza is gearing up for his first back-to-school season in New York City.

for a six-month limit for teachers staying in it.

Some people remain in the pool for years. They are mostly a mix of teachers who lost posts due to school closings or shrinking enrollment, and those who had faced legal or disciplinary problems. Many bounce around as substitutes. Educators say some are gems, while others have little skill since good teachers tend to get hired quickly.

Mr. Carranza defended teachers in the pool, saying they were unfairly stigmatized. He declined to commit to seeking a time limit as part of negotiations under way with the United Federation of Teachers, whose contract expires in November.

"That's a conversation we're going to have with our labor partners, where it should be," he said. "I don't know what a reasonable time limit means." He added that he doesn't negotiate in public.

City data showed there were 765 teachers in the pool in June. A year earlier, city data showed that 25% of 822

teachers in the pool were there five years earlier.

Specialized High Schools

Mr. Carranza disputed the common expression that specialized high schools are the "crown jewels" of the system, though the mayor has used that description in pitching his proposal to better integrate them by eliminating their admissions test.

"There are no crown jewels in anybody's district," the chancellor said. "You have schools that have different opportunities for different students."

Mr. Carranza emphasized the administration's view that the admissions test isn't a valid, reliable way to identify talent from across the city. Backers of the test say it succeeds in finding students with exceptional skills for schools that emphasize math, science and technology. They include Stuyvesant High School, Bronx High School of Science and Brooklyn Technical High School.

"I haven't seen the plan that said we specifically want to set

these schools up for a certain specific purpose," Mr. Carranza said. "The name of the school obviously connotes what some of the focus should be. But these schools were never set up for certain students and not for certain other students."

The Most-Troubled Schools

Mr. Carranza said his team was trying to turn around the city's low-performing "renewal schools" through community engagement, supervision and professional development.

The city has spent roughly \$600 million on the Renewal initiative since announcing it in the fall of 2014. The effort to fix 94 schools has had mixed and often disappointing results. After closures, mergers and the determination by the city that some had made enough progress to leave the program, 50 schools remain in it.

Mr. Carranza declined to say how long a struggling school making little progress should be left open. "I don't talk about school closure," he said. "I talk about school improvement."

SL Green to Sell Stake In Manhattan Tower

BY PETER GRANT

Two big names in the New York office-building business have agreed to end their seven-year-old joint ownership of a Midtown tower in a deal that closes the book on a commercial real-estate saga that dates to the dark days of the downturn.

In 2011, SL Green Realty Corp. rode to the rescue of the Moinian Group

PROPERTY by helping it recapitalize 3 Columbus Circle, which at the time was a distressed redevelopment project.

SL Green's move blocked another New York real-estate heavyweight, Related Cos., which had acquired the \$250 million debt on the property and was moving to foreclose amid the carnage in the New York commercial-property market.

Now, SL Green has agreed to sell to Moinian the 48.9% stake in the property it acquired as part of that rescue effort. SL Green will receive \$223.3 million in "net proceeds after certain transaction costs" in the deal that is scheduled to close in the fourth quarter of this year, the company said.

Moinian will go back to owning the entire 539,000-square-

foot property, which is now 95% leased and is the home of a new Nordstrom Men's Store, which opened earlier this year.

SL Green said it would make an annualized return on its investment of over 15%. The company's profits come partly from the venture's sale of a 214,000-square-foot office condominium in the building to marketing giant Young & Rubicam in 2012 for \$143.6 million.

When SL Green purchased its stake, it valued the property at roughly \$500 million, including the proceeds it planned to invest.

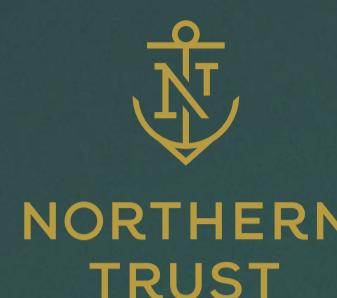
"The deal has gone incredibly well for us and for Joe," said David Schonbraun, co-chief investment officer at SL Green, referring to Joe Moinian, the founder and chief executive of Moinian Group.

SL Green, New York's largest office-building owner, has been selling off assets this year to raise cash to buy its public shares at what it considers to be discounted prices. This year, it has sold more than \$1 billion worth of property.

As of June 30, SL Green had purchased 15.6 million shares of its stock at an average price of \$99.58 a share, according to a spokeswoman for the firm.



The Moinian Group will once again own all of 3 Columbus Circle.



THE GREATER
THE EXPERTISE,
THE MORE
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Whether you're seeking to grow your wealth, make an impact, prepare for the next generation or plan for the future of your business, our holistic approach guides your decisions every step of the way. The New York team, featuring some of our experts below, will help you move confidently ahead.

ACHIEVE GREATER

A group portrait of four Northern Trust professionals against a dark green background. From left to right: Paul Lee (man in dark suit, orange tie), Elisa Shevlin Rizzo (woman in light blue blazer over white top), Katie Nixon (woman in blue dress), and John Voltaggio (man in dark suit, patterned tie). A large, semi-transparent watermark reading "For personal, non-commercial use only." diagonally across the center of the image.

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Lead Relationship Manager

Expertise: Wealth Planning

Preserve what you've built and plan for what's next with insight from our leading wealth advisors.

GREATER NEW YORK

Pot Smokers Get a Ticket to Ride

By ZOLAN KANNO-YOUNGS

As a part of Mayor Bill de Blasio's relaxed policy on marijuana enforcement, set to take effect next month, the New York Police Department won't arrest most people caught smoking in public who have an open summons warrant and will instead take the offender to court to resolve the outstanding ticket, a police official said.

When the new policy directing officers to issue criminal summonses to those caught smoking in public as opposed to arresting offenders was announced in June, city officials laid out several exceptions. Among them was that those who hadn't resolved a previous summons by paying a fine of about \$100 in court would still be arrested if caught smoking in public.

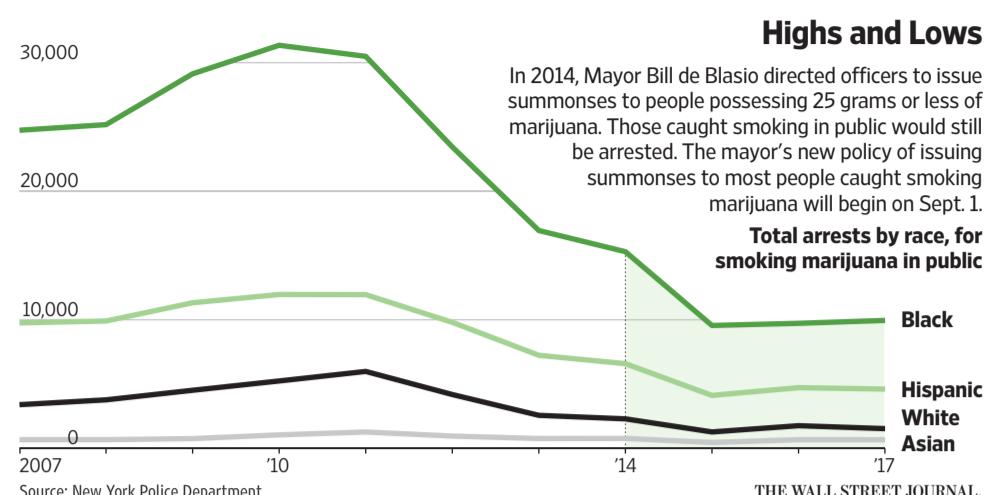
"You don't address your summons, it can lead to a warrant, a warrant can lead to an arrest," Mr. de Blasio, a Democrat, said at the time.

But on Friday the police official said that many of those offenders would instead be issued another summons and transported to court in a patrol car.

If court isn't in session, the offender would be taken into custody until court opens, the police official said. Police officers will still have discretion in making an arrest: If the officer believes the smoking posed a public-safety risk, if the offender previously committed a serious crime "or they're acting in a manner that is suspicious, they're still getting locked up," the police official said.

The new marijuana policy details come weeks after NYPD officials said they no longer would arrest subway fare evaders with open summonses who are stopped by authorities. Instead, officers would bring those offenders to court to resolve their cases.

The city has taken steps in recent years to move away from arresting people for low-level crimes and instead issue summonses. Officials also have pressed offenders to resolve their summonses by sending



Source: New York Police Department

them reminders by text message and phone calls.

The number of people arrested for marijuana offenses declined—from 53,529 in 2010 to 19,139 in 2017, according to the NYPD. Meanwhile, the number of summonses issued for the offense increased from more than 12,000 in 2013 to more than 20,500 in 2017, state court data showed.

A Wall Street Journal analysis of state court data showed that the percentage of summonses issued for a marijuana offense that resulted in an open arrest warrant increased from 33.6% in 2013 to 38% in 2017.

NYPD and City Hall officials said the new policy aims to reduce arrests of people who haven't committed serious crimes.

"We are intensely focused on preventing criminal summonses from leading to warrants," said Patrick Gallahue, a spokesman for the Mayor's Office of Criminal Justice, adding that the city has worked with the courts to clear about 644,000 warrants.

NYPD Commissioner James O'Neill formed a 30-day working group in May to examine the impact that the department's marijuana enforcement had on individuals in the wake of criticism about city statistics that show 87% of people arrested in 2017 for smoking marijuana were black or Hispanic, despite studies that indicate all races smoke marijuana at generally the same rate.

The head of a police union



Mr. de Blasio and the NYPD's James O'Neill discussed policy in June.

and politicians were surprised on Friday when told that most of those caught smoking marijuana who have open warrants for outstanding summonses wouldn't be arrested.

"We're basically becoming a nonenforcement agency," said Ed Mullins, president of the Sergeants Benevolent Association. "It is not up to the police to make sure people pay their fines."

City Council member Rory Lancman said the policy doesn't address what he noted is the core issue of the city's marijuana enforcement: That policing the offense overwhelmingly affects people of color. Blacks and Hispanics accounted for 66.6% of those who received a summons for a marijuana offense in 2017, according to NYPD data.

Highs and Lows

In 2014, Mayor Bill de Blasio directed officers to issue summonses to people possessing 25 grams or less of marijuana. Those caught smoking in public would still be arrested. The mayor's new policy of issuing summonses to most people caught smoking marijuana will begin on Sept. 1.

Total arrests by race, for smoking marijuana in public

GREATER NEW YORK WATCH

BROOKLYN

Officer Shot Gunman In Wheelchair: Police

Police say a man in a wheelchair who was firing at a building during a Brooklyn party was shot by an off-duty police officer.

The 30-year-old handicapped man is expected to survive and was being treated at Brookdale Hospital on Sunday. He was hit once in the hip.

The gunshots rang out at about 4 a.m. Sunday in the East Flatbush neighborhood.

Police are investigating the incident. They didn't release the man's name.

—Associated Press

NEW YORK CITY

order, for which detectives had substituted imitation cocaine, and was arrested during a motor vehicle stop in Ridgefield Park.

Mr. Coppola is charged with attempting to possess cocaine and possession of drug paraphernalia. He is scheduled to make a court appearance Wednesday. It is unclear whether he has a lawyer.

—Associated Press

Parade Celebrates India's Independence

New York City on Sunday hosted the largest annual celebration of Indian independence outside of India.

Tens of thousands of people showed up for the India Day Parade down Madison Avenue from East 38th Street to East 25th Street. The 2018 festivities featured nearly 40 floats, 20 marching groups and six professional bands. There was also Indian food, merchandise, dancing and music.

The annual celebration is organized by the Federation of Indian Associations, which represents more than 500,000 ethnic Indians in New York, New Jersey and Connecticut.

The 2018 parade marks the 72nd anniversary of India's independence from Great Britain.

—Associated Press



The India Day Parade on Madison Avenue in Manhattan featured nearly 40 floats, 20 marching groups and six professional bands.

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LIFE & ARTS

TURNING POINTS | By Clare Ansberry

An Ex-Wife Steps Up for Caregiving

CHAD BURNHEIMER and Holly Platt, both in their 40s, had been divorced for eight years when he was diagnosed with brain cancer in April 2017.

At that point, Ms. Platt became his caregiver, taking him to the doctor, monitoring his medicine and joining him at support groups for those with brain tumors. He moved into her Pittsburgh home with their three children, ages 11, 14 and 21. The enclosed front porch, where she had often worked on her laptop, turned into his retreat of sorts, its walls covered with Pittsburgh Steelers and Penguins mementos.

Not everyone understands why she is doing this. "People at work think I'm crazy," But, she says, "he is my children's father. He is always going to be part of their lives."

The profile of the nation's 40 million unpaid caregivers is evolving. Family members—typically spouses and adult children—still provide the majority of care for the sick and aging, but as families become smaller and more far-flung, others are stepping in, including grandchildren, neighbors, stepchildren, and partners. Now, with high rates of divorce, especially among baby boomers, a relatively new face is emerging in the caregiving landscape: ex-spouses.

"It may not be a big wave, but I do think we will see this more often," says Teresa Cooney, a sociology professor at the University of Colorado Denver. Dr. Cooney, and Christine Proulx, a professor of human development and family studies at the University of Missouri, conducted a study published in 2014 of 21 ex-spouse caregivers and found that most assumed the role for the sake of their children.

Still, caregiving, which is always difficult, can be particularly hard for ex-spouses. Many experience conflicted emotions about what they are doing, especially when confronted by others. "Are you stupid or what? Why would you do that?" one woman in their study recalled being asked by her supervisor. They themselves wonder why they are doing what they are doing. "Five years ago I could have cheerfully backed over him in the van. I mean, I would have. I'm not kidding you. I was so angry with him," says another woman in the study, who cared for her ex-husband before he died.

Some divorced caregivers often feel isolated. Support groups are filled with wives and daughters, not ex-wives, said one woman in their study. They have a hard time getting information from doctors, pharmacies, employers and insurers because of privacy laws and because they have no legal standing unless they've been given power of attorney. In most states, Family Medical Leave Act applies only to workers caring for spouses, domestic partners, children and parents.

Mr. Burnheimer and Ms. Platt



Chad Burnheimer, diagnosed with cancer, moved into the Pittsburgh house that belongs to his ex-wife, Holly Platt.



married in 1996, had three children and followed his teaching career first to North Carolina and then to Texas. They divorced in 2009, but remained friends and neither remarried. Mr. Burnheimer followed Ms. Platt when she returned to her home of Pittsburgh so he could be close to his kids.

One evening, he was with the kids and ordered pizza but couldn't remember his address. He couldn't remember the name of the Steelers quarterback. He told Ms. Platt her voice—no one else's—sounded like C-3PO from Star Wars. She thought he was crazy. "I was ready to get him the hell out of my house," she says.

Worried, he went to the doctor. An MRI showed his brain was severely swollen. The doctor said he had a brain cancer and admitted Mr. Burnheimer for surgery. That

was April 2017, the beginning of "our journey," says Ms. Platt, and when Mr. Burnheimer moved into her house.

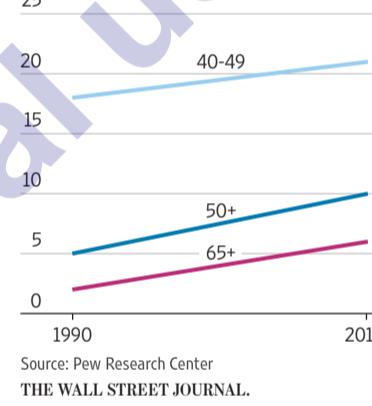
The cancer, glioblastoma, couldn't be surgically removed because it was spread throughout the left side of his brain. A pulmonary embolism sent him back to the hospital. Ms. Platt's brothers-in-law came to the hospital on weekends to watch football with him. In the months that followed, he had rounds of chemotherapy and radiation.

Ms. Platt made an Excel spreadsheet for his 21 medications. She organizes them into containers. She goes with him to his doctor's appointments, often with her sister, who is a nurse and knows the right questions to ask. Luckily, Ms. Platt says, she can work from home. "They really try hard to make the

Divorcing Older

A climbing divorce rate among older adults is one of many factors putting strains on caregiving in the U.S.

Number of persons who divorced per 1,000 married persons, by age group



Source: Pew Research Center

THE WALL STREET JOURNAL.

work-life balance," she says of her employer, Aetna. She has FMLA coverage because Mr. Burnheimer now lives in the same house, but hasn't had to use it. Mr. Burnheimer kept working and said the school district has been supportive.

Ms. Platt attended a support group with Mr. Burnheimer, run by Wendy Myers, a licensed clinical social worker who has been counseling couples with cancer for 26 years. Ms. Myers says the personality changes caused by brain tumors are hard on everyone and add another layer of stress. She has seen several divorced and separated caregivers and admires them. "After all the painful things

that people go through when they divorce and to then become a caregiver, it really takes a special person," she says.

Ms. Platt doesn't consider herself special or particularly compassionate. She gets mad at Mr. Burnheimer, she says, especially when he is unusually short-tempered with the kids. "The tumor-support people tell me to get angry at cancer not him," she says, but she still does.

He tries to help around the house, doing dishes, taking out the trash, but acknowledges he is short-tempered. He says the cancer changed him, and he doesn't like the change. "I will get upset with the easiest of things and it takes me a while to realize I have done that," he says.

In recent months, the swelling in Mr. Burnheimer's brain has been reduced by 50% and the cancer seems to have stabilized. He is off steroids, and his memory has improved. Ms. Platt, who has his power of attorney, still takes care of his medicines and goes with him to doctor's appointments. She reminds him about his chemo schedule and when he needs blood work.

Mr. Burnheimer says he is planning to move out of his ex-wife's house, as the situation is strained. He also wants to be more independent.

Ms. Platt was there, he says, when he needed her and he is grateful. "I know if not for Holly, I wouldn't be here," he says.

She responds: "That is not an option for your kids."

TRENDING

PARAMOUNT FINDS A HIT IN 'YELLOWSTONE'

BY KEVIN LINCOLN

WHEN SPIKE TV became Paramount Network, it set out to build a new brand that reached women as well as men, while developing television that could stand out in a crowded environment.

Eight months in, it appears to have addressed these challenges in "Yellowstone," a drama starring Kevin Costner as the head of a ranching family jockeying for power in Montana. Ahead of its finale on Wednesday, "Yellowstone" has become the second-most watched TV series on ad-supported cable, which excludes shows on streaming services and premium cable channels such as HBO and Showtime, according to Nielsen ratings provided by Paramount.

"Yellowstone" was created by John Linson and Taylor Sheridan, who is best known for the films "Sicario" and "Hell or High Water," which he wrote, and "Wind River," which he wrote and directed. Mr. Costner, who won a directing Oscar for "Dances With Wolves," lent "Yellowstone"—his first regular TV role—some star power.

When the network was Spike TV,

Why It's Working

The Show: "Yellowstone"

The Plot: A family of ranchers in Montana must defend their empire against rivals, including politicians, land developers and the leaders of a nearby Indian reservation—all in the shadow of Yellowstone National Park.

The Reaction: "Yellowstone" averaged 5 million viewers per episode, according to Paramount Network, and has become the second-most watched series on ad-supported cable television, behind AMC's "The Walking Dead."

The Formula: Combine writer-director Taylor Sheridan, of "Sicario" and "Hell or High Water," with Kevin Costner, the great outdoors and a compelling family drama.

it attracted mostly male viewers, "but what we're trying to do with Paramount Network is really broaden it to women, too," said Kevin Kay, its president. "The family drama here, I think—and it's



PARAMOUNT NETWORK

'Yellowstone' stars Kevin Costner as the head of a Montana ranching family.

proven out to be true in the ratings—is really appealing to women without alienating men."

The family dynamic can be seen in other critically praised TV, including HBO's "Succession" and NBC's "This Is Us," but in "Yellowstone," set in the American West, Mr. Kay saw an opportunity to portray a world that isn't often depicted onscreen.

"So much of what we watch on TV is set in New York or set in California or set in Hollywood, or maybe it's set in Atlanta now," he said.

"What you don't see is big open blue skies and the West. That to me was tremendously refreshing."

According to executive producer Art Linson, the idea for "Yellowstone" came from his son and producing partner, John Linson, while the two of them were working as executive producers on FX's "Sons of Anarchy." The younger Mr. Linson had become friends with Mr.

Sheridan, who was then working as an actor on "Sons of Anarchy" but had already written some of the scripts that would later make his name as a writer.

The Linsons brought him on to write the "Yellowstone" pilot episode. Paramount Network picked it up, committing to a full season order and renewed it for a second season a month after its debut.

The elder Mr. Linson, whose previous work includes films like "The Untouchables," "Heat" and "Fight Club," credits his son and Mr. Sheridan's genuine understanding of the material, as well as their abilities—Mr. Sheridan was nominated for a screenwriting Oscar for "Hell or High Water"—with the success of "Yellowstone." As an example, he cites a scene in which Mr. Costner's character John Dutton blows air into a horse's mouth to calm the horse down before he has to shoot it, calling the moment "magical," because it comes from a true place.

"At the end of the day, and John is my maestro in this, it's things he's interested in, whether it's bikers or cowboys," Mr. Linson says. "For me, personally, it starts with the quality of the idea and the quality of the writing."

LIFE & ARTS

WHAT'S YOUR WORKOUT? | By Jen Murphy

His Refined Gameplan for Running at 70

Retired NFL executive Jim Miller has embraced a run-walk-run routine he calls the Old Fartlek to keep running pain-free.

DROP THE TERM "fartlek" into a conversation and you'll know if someone's a serious runner, Jim Miller says. Non-runners will react with a giggle. Runners will fire back more running lingo.

Swedish for "speed play," fartlek is a training technique that emphasizes endurance and a faster pace. In the 1980s, when Mr. Miller was an active member of the New York Road Runners, it was the preferred workout for distance runners.

He used it to train for

five marathons, running a personal best of 2 hours, 58 minutes and 28 seconds in 1984. A variation of today's popular high-intensity workouts, the fartlek mixes periods of fast and slow running with no rest in between. A 10-mile training run might alternate between 2 miles at a moderate pace, then a ½ mile at race pace.

In 1986, Mr. Miller left his job as chief information officer for the National Football League's labor-relations office to take a front-office job

with the New Orleans Saints. "Training in the tropics of south Louisiana prompted me to downsize my racing goals to the occasional 10K or 10-miler, but I continued to train using the fartlek method," he says. He also worked for the Buffalo Bills and Chicago Bears and as the University of New Orleans athletic director.

Mr. Miller, now 70, says the workout was fantastic in his 30s and 40s, shaving seconds off his race times. In his 50s and 60s he found

it did more harm than good. "The injuries sometimes kept me off the road for weeks," he says.

By the time Mr. Miller retired in 2010, his running aches were affecting day-to-day life.

"My lower back hurt to the point that I couldn't bend to weed the garden or wash the hubcaps on my car without pain," he says. A member of a Mardi Gras krewe, or club, he could no longer stand on a float for hours to throw beads on the parade route.

"I'd be bedeviled for days," he says.

Mr. Miller stopped racing but wasn't willing to give up running. "Of course, I'd like to still run a 36:30 10K, but as I got older, my body would let me know that I could no longer train at that level," he says. He developed what he calls the Old Fartlek, an adaptation of his marathon training method for seniors. "I've come to accept my limitations," he says. "There's no shame in walking a little. It means I'll be able to continue running later in life."

The Workout

Mr. Miller and his wife, Jean Miller, live in a golf-course community in Diamondhead, Miss. They wake at 5:45 a.m. to beat the Gulf Coast heat.

After a cup of coffee, they lace up their sneakers. His wife, 57, heads out for a 3-mile run while Mr. Miller stretches.

"I used to use the first mile of my run as my warm-up," he says. "But as I've gotten older I've realized my body, particularly my back, needs some stretching and strengthening before I get going." His 15-minute warm-up includes a series of planks, side planks, lower-back stretches and 70 push-ups—one for each year.

The running portion of the Old Fartlek workout is a modified version of his marathon workout. It includes a 1-mile jog from his house to a community walking path, where he walks a mile before jogging another mile back home. "That walk is really therapeutic," he says. "It reinvigorates me for my last mile."

He does the Old Fartlek routine a minimum of five days a week. "There will come a day when my Old Fartlek intervals will flip to 2 miles of walking and 1 mile of jogging, or even shorter increments, but that is the beauty of the workout," he says. "It's adaptable."

Mr. Miller has a standing tee time of 9 a.m. and plays 18 holes almost daily. His wife joins him on weekends.

The Diet

After his run, Mr. Miller has cereal topped with blue-

Still Moving After All These Years

As we age, the key to strong running may actually may be less running, says Walter Hickman, a Fort Collins, Colo.-based running coach. "If you just run a lot and run hard, you need to do more than simply stretch to keep from getting stiff," he says.

For older clients who like speed work, he says he adjusts time and distance to realistic targets and complements the workouts with gym time. "The more gym work my older runners put in, the more mileage they are typically able to handle with good form," he says.

Mr. Hickman also suggests shifting part of that speed work to the pool, bike or rowing machine. "You get the same cardio response you get from running, but without the pounding," he says. Speed work, also known as interval work, is typically performed on a track and is a very set workout, like four 1-mile repeats at a five-minute pace, with one-minute recovery between sets.

Fartlek workouts, he says, were designed to be more playful, cross-country-style runs where you accelerate and back off and the pace doesn't vary drastically. "As we get older, fartlek workouts can be gentler on the body, as they aren't about sprinting or going all out," he says.

Nike LunarGlide 9 (\$120). To combat the Mississippi humidity, he always wears Nike Dri-FIT apparel. He prefers Gold Toe ankle cut athletic socks (\$18 for 3 pair).

The Playlist

"I can't listen to Tom Petty early in the morning," he jokes. "My runs are my thinking time." A practicing Presbyterian, Mr. Miller says a devotional in his head, then lines up all of his projects for the day on his runs.



Before every run, Mr. Miller does core-strengthening exercises like variations of plank, above. He also has a standing tee time and tries to play 18 holes of golf daily, below.



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LIFE & ARTS

ART REVIEW

Elevating the Everyday

Though grouped with the Abstract Expressionists, she cut a different path

BY JUDITH H. DOBRZYNISKI

Fort Worth, Texas
ON FIRST impression, visitors to "Hedda Sterne: Printed Variations" might be tempted to think of Cézanne's fixation on the apple:

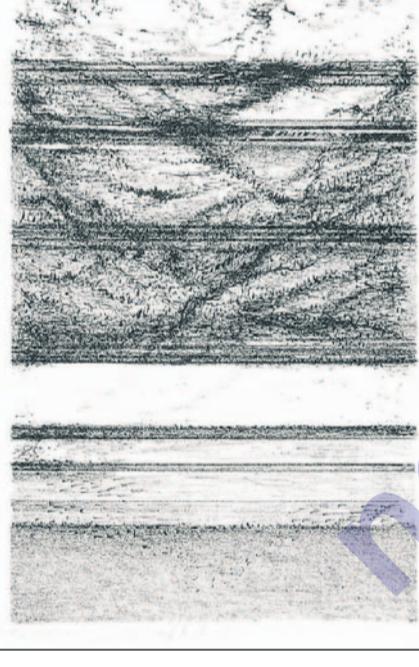
The Sterne lithographs that occupy a long wall here at the Amon Carter Museum of American Art were inspired by a head of crinkly lettuce.

And both artists were exploring form and color. But it does no disservice to Sterne to state that her experiments were more limited and her aspirations more narrow. She had no pretense of situating lettuce among other objects,

For a time, she was one of the more visible female artists in the U.S.

hinting at relationships, or using it as a metaphor, as Cézanne did. Unlike Cézanne, who wanted to "astonish Paris with an apple," as he reportedly once said, Sterne doesn't dazzle us with her plants. She's intent on parsing that lettuce from various viewpoints and testing the properties of lithography.

Still, her lettuce series, called "Metaphores and Metamorphoses," at times does turn the prosaic into the poetic—particularly in "Untitled (Metaphores and Metamorphoses VIII)," from



Still, her lettuce series, called "Metaphores and Metamorphoses," at times does turn the prosaic into the poetic—particularly in "Untitled (Metaphores and Metamorphoses VIII)," from

For a time—beyond the photo—Sterne was among the more visible female artists in the U.S. Soon after her arrival, she made friends among the New York School and married fellow artist Saul Steinberg. She exhibited at Peggy Guggenheim's famed Art of This Century gallery. When it closed, Sterne and Steinberg were among the artists who provided financing to gallerist Betty Parsons, who championed Abstract Expressionism and gave Sterne a show in 1947. In 1950—when Sterne was one of two women attending a



"Untitled (Metaphores and Metamorphoses VIII)"

painting symposium at Robert Motherwell's studio—Life magazine included her on a list of America's best young artists.

In 1967, Sterne spent time at the Tamarind Lithography Workshop in Los Angeles, which was dedicated to reviving lithography and stimulating the market for it, and most of the prints on view were acquired by the Amon Carter Museum as part of Tamarind's museum subscription program.

The 19 works from "Metaphores and Metamorphoses" show Sterne studying the formal qualities of the lettuce, which she depicts from many vantage points. She crops the image, occasionally coming in tight. In one print, "Untitled (Metaphores and Metamorphoses IX)," the lettuce is—in the words of the exhibition curator, Michaela Haffner—"exploded" into a deep-green geometric form. Sterne is thinking, and viewers are watching. The lithographic process can be seen in three color separation prints that were used to create "Untitled (Metaphores and Metamorphoses VIII)."

The other series on display, "The Vertical Horizontals," also from 1967, comprises five prints. In these medleys of sea and sky, Sterne is concerned with the vanishing horizon. Although they are all black and white and show varying degrees of abstraction—with the lovely

"Untitled (The Vertical Horizontals IV)" being the most representational—Sterne subtly suggests atmospheric conditions.

Four additional images in the show, all untitled and amorphous, though two seem to be crawling with insects, are outliers here—what Sterne was getting at is a mystery.

Perhaps that is fitting. Sterne was an experimenter, at one point even trying to convey highway motion in

acrylic spray paint, but her large body of work presents a mixed picture of her talent. At a moment when female artists are being given second and third looks, she has already had four retrospectives (1977, 1985, 1997, 2006) at small museums. And she is occasionally included in larger group shows, such as the Museum of Modern Art's 2017 "Making Space: Women Artists and Postwar Abstraction."

Hedda Sterne: Printed

Variations" is a small, attractive show displaying themes that she also explored in painting. It leaves her where she will probably remain in art history, closer to the periphery than the center.

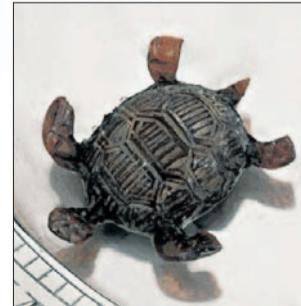
'Hedda Sterne: Printed Variations'

Amon Carter Museum of American Art, through Jan. 27, 2019

Ms. Dobrzynski writes about the arts for many publications.



PASSING TIME GÜBELIN TURTLE CLOCK



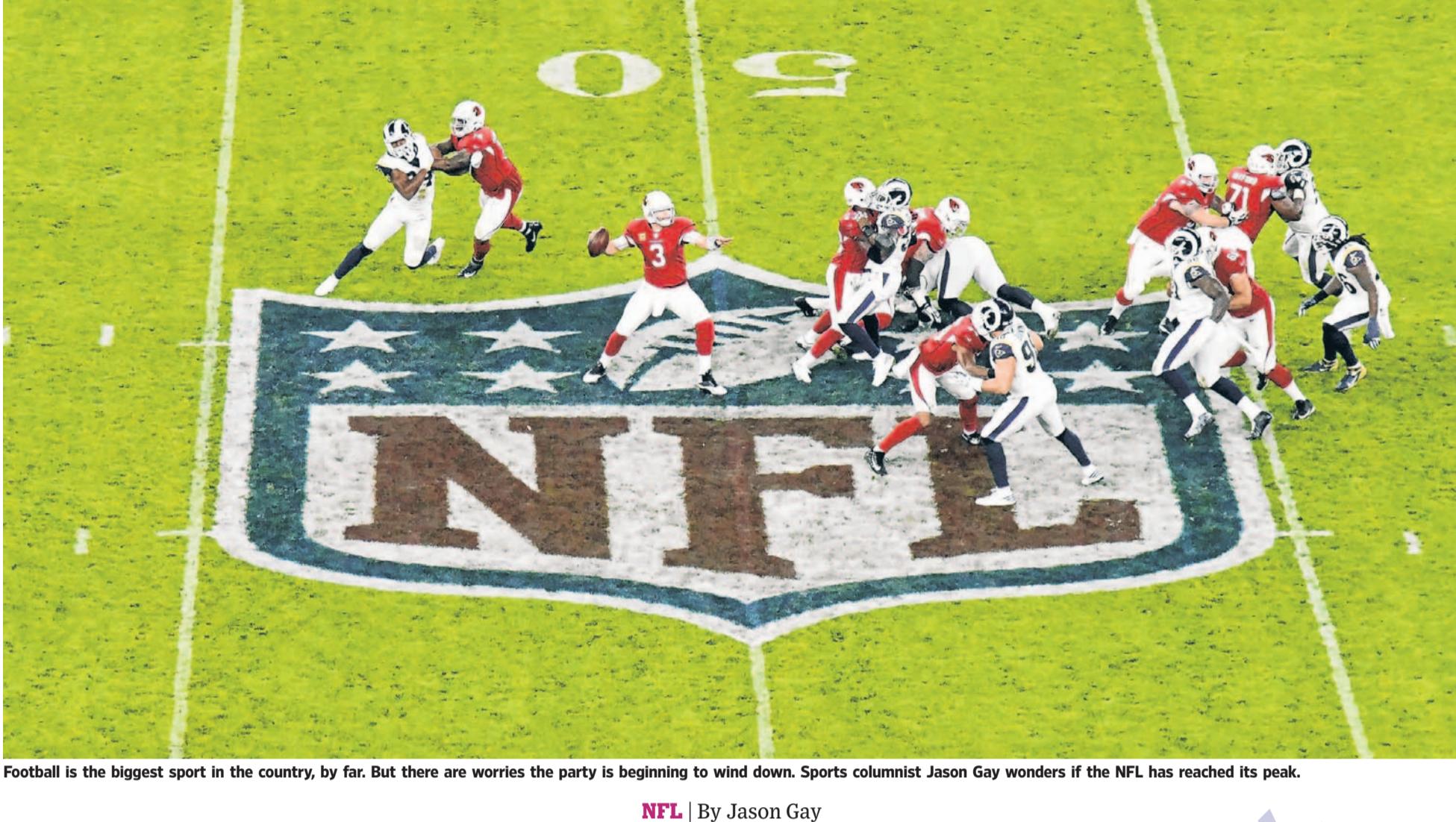
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SPORTS



KIRBY LEE/REUTERS

Football is the biggest sport in the country, by far. But there are worries the party is beginning to wind down. Sports columnist Jason Gay wonders if the NFL has reached its peak.

NFL | By Jason Gay

Is It Time to Sell Your NFL Team?

BY JASON GAY

Congratulations. I've just given you an NFL franchise.

Now I want to know: Would you sell it? As in, unload it right now? Or would you hang on?

First, let's assess the upsides.

You own an NFL team! I suspect it's your most high-profile holding. Maybe you bought it decades ago, and have watched it multiply in value, to the point you can't believe how much Forbes says it's worth. Maybe it's a family team, founded by your grandpa, passed down through the generations.

Maybe you're the dingbat heir who everyone says screwed it up.

No matter what, it's mostly fun. You're a big shot in town. People want to take selfies with you wherever you go, even if they ridicule you behind your back. You have the best skybox, the No. 1 parking spot, and before the game, you triumphantly strut the field, a monarch in Ray-Bans, and maybe one or two Super Bowl rings.

Your NFL team is your identity. No one cares what you did before—football is what you're known for. Maybe you're self-made—you started a whoopee cushion business in your garage,

expanded it nationally, eventually taking it public—but does anyone want to talk whoopee cushions with you?

No! They want to talk about the team. You are your NFL team. Your NFL team is you.

Here's the weirdest part. Everybody calls you "Mr." or "Ms." Even the TV announcers do it, like they work for you—which technically, they kind of do! You haven't been called by your first name in years.

Of course, there are downsides. When the team loses, the stink finds its way to you. Maybe you hired a bad coach. Or a dim GM. There's always a player contract situation. Or five. Even if you've delegated all the work, you know how it goes. The buck stops at your custom mahogany desk.

The criticism is intense. Newspaper columnists are fools, especially the dope at The Wall Street Journal. Sports radio is worse. Johnny Calling From a Car thinks you're a moron. A moron? What has Johnny Calling From a Car ever done? Did he start a whoopee cushion empire?

Even worse are those NFL owners meetings. They used to be cool—fly to New York, stay at the St. Regis, get a steak. Now they're egomaniacal free-for-alls. If people only knew what self-centered ba-

bies some of these owners are.

Everyone thinks they're an expert. Everyone wants to tell Roger Goodell what he should do. There's been a lot of infighting over how to handle the national anthem situation. Meanwhile, the President is pounding away at the league.

You see storm clouds. You're a business person—you're always looking at the horizon. You've been part of the greatest ride in professional sports—the NFL just

The NFL still dominates baseball, hockey and basketball, but the inertia is concerning.

grew and grew and grew, enriching anyone with a stake—but you're beginning to wonder if the party may be winding down.

Has the NFL peaked? The TV ratings aren't climbing like they used to. The NFL still dominates baseball and hockey and those know-it-alls at the NBA, but the inertia is concerning. Some of your brethren assume the TV networks will keep lining up to pay

billions—and, if not the networks, the nerds at Facebook or Amazon—but you're not so sure. Media is volatile. Sports betting could make up some of the difference, but who knows?

You're even having issues with attendance. You see empty seats on Sunday—you never used to see empty seats. Stupid HDTV—it's nicer to watch a game in your living room, and a lot cheaper, too. You tried lowering the price of parking, and you did that hot dog-and-a-beer promotion for \$25. Twenty-five dollars for a hot dog and a beer! It's a steal!

And we haven't even gotten to the health stuff, the concussion crisis. This is what truly keeps you up at night. Some of your retired players have come to you with worries about their lives, their futures. It's agonizing to hear. Parents are getting nervous. You're nervous. It's reaching the game at its roots. Your grandkids all play lacrosse.

Football feels woven into this country, you know this for a fact. But could there be a day when football goes extinct? Or at least gets a lot smaller? The media is comparing NFL owners to tobacco company CEOs. Tobacco CEOs! You haven't smoked a day in your life.

You're just a humble whoopee

cushion magnate with four mansions, two ranches, one vineyard, a Gulfstream, a helicopter, and a modest 14-bedroom beach getaway in the Caymans.

Maybe it's wise to unload the team now, find some young private equity sucker to give you a couple billion. Maybe more than a couple billion. Forbes thinks you're good for three. Maybe you'd get 3.5. Three point five! It's insane. You paid \$140 million for this. People thought that was nuts.

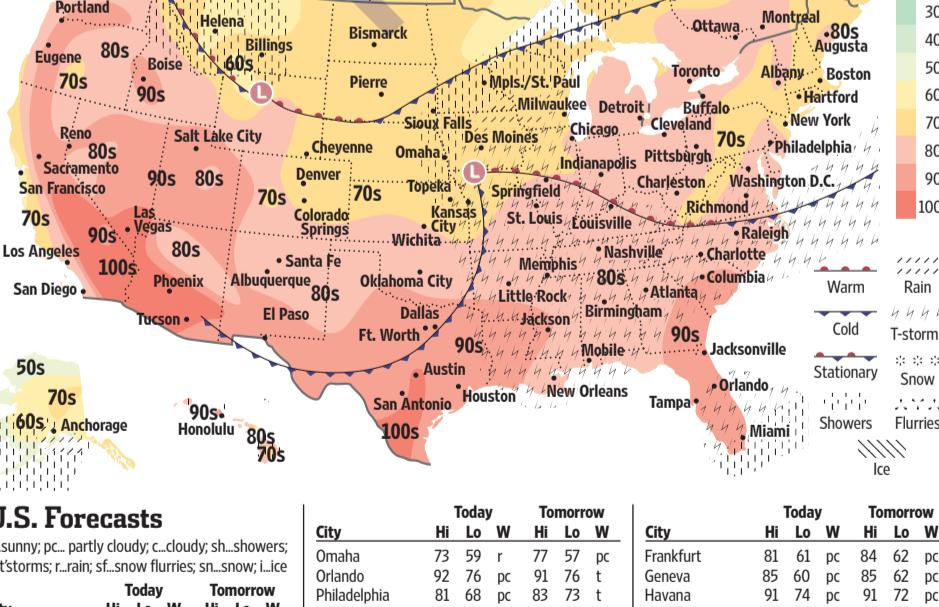
You look at your children, your grandchildren, your lawyers, your exes. Maybe they'd prefer the money. If you hold on too long, maybe it hurts them.

But who cares about them? You started this. Nothing you own gives you a thrill like the NFL. Your grandkids told you to buy an e-sports team, so you did that, even if you have no idea what it is. *People are going to watch other people play videogames?* What is earth coming to?

Should you dump it? Is this the time? Johnny Calling From a Car thinks you definitely should sell, get a good price, finally put someone smart in charge.

It's a tough one. Would you sell your NFL team? People want to know.

Weather



U.S. Forecasts

S...sunny; pc...partly cloudy; c...cloudy; sh...showers; t...storms; r...rain; sf...snow flurries; sn...snow; l...ice

Today Hi Lo W Tomorrow Hi Lo W

Anchorage 62 54 r 60 54 r

Atlanta 85 73 t 87 70 t

Austin 100 75 t 100 74 t

Baltimore 82 67 pc 82 70 t

Boise 90 59 s 89 61 pc

Boston 75 63 pc 74 69 pc

Burlington 84 64 pc 81 68 c

Charlotte 88 72 t 89 71 s

Chicago 80 70 t 78 60 c

Cleveland 87 71 pc 81 65 t

Dallas 95 72 pc 95 72 s

Denver 78 53 pc 78 57 pc

Detroit 84 71 pc 79 62 t

Honolulu 91 78 pc 90 77 pc

Houston 95 79 t 96 77 t

Indianapolis 82 69 t 79 62 t

Kansas City 73 62 t 79 60 pc

Las Vegas 107 85 s 101 78 pc

Little Rock 86 66 t 85 65 pc

Los Angeles 87 68 s 85 67 s

Miami 90 77 sh 90 76 t

Milwaukee 79 68 r 76 59 c

Minneapolis 76 61 t 78 58 pc

Nashville 85 72 t 78 69 t

New Orleans 87 76 t 88 77 t

New York City 76 67 pc 77 71 c

Oklahoma City 83 63 s 85 65 s

Today Hi Lo W Tomorrow Hi Lo W

Amsterdam 72 57 pc 75 61 pc

Athènes 89 74 s 89 74 s

Baghdad 110 82 s 111 82 t

Bangkok 90 81 sh 93 80 t

Beijing 91 73 s 92 70 c

Berlin 77 57 pc 77 59 pc

Brussels 73 60 p 77 61 pc

Buenos Aires 35 s 56 40 s

Dubai 103 91 s 107 91 s

Dublin 70 58 c 73 60 c

Edinburgh 68 54 c 70 58 sh

Today Hi Lo W Tomorrow Hi Lo W

Frankfurt 81 61 pc 84 62 pc

Geneva 85 60 pc 85 62 pc

Havana 91 74 pc 91 72 pc

Hong Kong 88 81 t 89 80 t

Istanbul 86 73 s 85 74 s

Jakarta 92 77 s 92 76 s

Jerusalem 86 69 s 86 68 s

Johannesburg 75 51 s 77 51 s

London 77 62 c 76 60 pc

Madrid 92 66 s 93 67 s

Manila 87 78 t 87 79 t

Melbourne 55 45 pc 54 40 sh

Mexico City 75 55 t 71 55 t

Milan 92 71 pc 93 69 pc

Moscow 76 62 c 72 49 c

Mumbai 85 79 sh 82 79 sh

Paris 78 59 pc 81 60 pc

Rio de Janeiro 81 65 s 82 67 s

Riyadh 107 81 s 107 82 s

Rome 87 69 s 87 69 pc

San Juan 88 77 pc 90 78 pc

Seoul 92 77 pc 90 78 t

Shanghai 91 81 sh 91 80 t

Singapore 89 78 c 88 79 t

Sydney 62 47 pc 65 48 pc

Taipei City 93 79 t 93 80 t

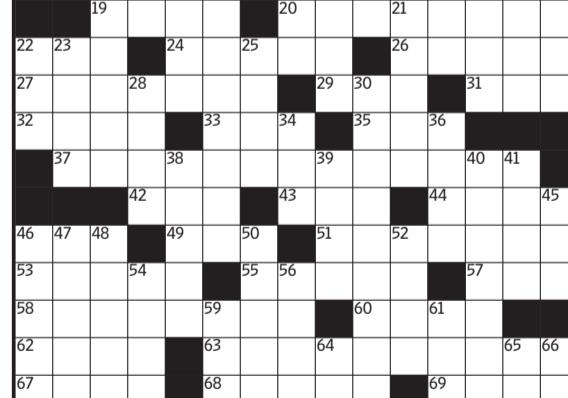
Tokyo 80 69 c 86 79 t

Vancouver 81 59 pc 80 58 pc

Warsaw 87 61 pc 76 54 pc

Zurich 85 59 pc 85 61 s

The WSJ Daily Crossword | Edited by Mike Shenk



MIXED ECONOMY | By Zhouqin Burnikel

- Across**
- 1 Chessman that may be promoted
 - 5 Did some karaoke
 - 9 Fish prized for its roe
 - 13 Bounced-back sound
 - 14 Sotomayor of the Supreme Court
 - 15 Assistant
 - 16 *Annual known for its bright showy blooms
 - 18 Uber competitor
 - 19 Gambler's giveaway
 - 20 *Unsettling hostile reaction
 - 22 Orangutan, for one
 - 24 Slapstick comedy
 - 26 Caribbean cruise stops
 - 27 Deep-fried tortilla
 - 29 Ready to go
 - 31 Rent out
 - 32 Outfielder Moises
 - 33 Cube for Clue players
 - 35 Wanted poster abbr.
 - 37 Money-converting numbers, and a hint to the last words of the starred answers
 - 38 Uber competitor
 - 40 Playful trick
 - 41 Flower girls, often
 - 42 Critically important
 - 43 Giants slugger Mel
 - 44 Scandinavian capital
 - 46 Big drinker
 - 49 Org. with a Cryptologic Memorial
 - 51 Become sparse
 - 53 Prepare for a bout
 - 55 Bearded barnyard beasts
 - 57 One side in a debate
 - 58 *Mall cop's weapon
 - 60 Sworn statement
 - 62 Post-it message
 - 63 *Have an unhappy outcome
 - 67 Raw bar bit
 - 68 "Hello" Grammy winner
 - 69 Water, to Juan
 - 70 Barnyard brooders
 - 71 Harmless prank
 - 72 Pert flirt

► Solve this puzzle online and discuss it at WSJ.com/Puzzles.

- 23 Warsaw native
- 25 Golf game spoiler for short
- 28 Sherwood Forest friar
- 30 Umber or taupe, for example
- 34 Psyche part
- 36 Loads
- 38 Reddish-brown hair dye
- 39 Jazzy Jones
- 40 Throat-to-stomach tubes
- 41 Insulting allegation
- 45 Ear Prefix
- 46 Stem the flow of
- 47 Camden Yards baseballer
- 48 Plaid kilt pattern
- 50 Chairperson's list
- 52 "Time ___ a premium"
- 54 List components
- 56 Salesman's success
- 59 Shut tightly
- 61 Panthers or Lions
- 64 Sort
- 65 Do a dash
- 66 Kenny G's instrument

Previous Puzzle's Solution

MACAU	DUGIN	AHA

<tbl_r cells="3

OPINION

The U.S. Funds Guatemalan Abuse

AMERICAS
By Mary Anastasia O'Grady

The illegal incarceration of Max Quirin and five other former executive-board members of Guatemala's national health-care institute sounds like banana-republic justice. But much of the responsibility for the state crimes perpetrated against these innocent people lies with the U.S. Congress.

Congress funds almost half the budget of the International Commission Against Impunity in Guatemala, or CICIG. The commission, created in 2006 to combat crime and corruption, is running roughshod over law-abiding Guatemalans.

Sen. Lindsey Graham, chairman of the subcommittee on state and foreign operations, didn't respond to requests for comment on CICIG's lawlessness. Sen. Patrick Leahy, the subcommittee's ranking Democrat and a champion of human rights in Latin America, admits CICIG could be improved but cheers it. Without it, he says, "high-ranking officials, or members of criminal networks with the ability to intimidate prosecutors and judges and threaten or assassinate witnesses," could not be brought to justice.

By that logic extralegal reprisals are justified because criminality exists. Who needs due process?

Mr. Quirin is a successful entrepreneur, but he has also

donated much of his time to his nation. He has served on the monetary board of Guatemala's central bank, as president of the national coffee association, and as an adviser to Funrural (now Funcafe), a nonprofit supported by coffee growers to provide social services to the poor. In the aftermath of Hurricane Mitch in 1998, he piloted his own plane with supplies into devastated areas that could not be reached by road.

In 2010 he agreed to serve on the executive board of the Guatemalan Social Security Institute, or IGSS, which provides public health care. That decision would cost him three years and three months of his life—and counting.

At 6 a.m. on May 20, 2015, police arrested Mr. Quirin at his home in Guatemala City without telling him why. He was taken to a courthouse parking garage and put in a cage. It is illegal to hold anyone in that dungeon for more than 24 hours, but Mr. Quirin spent a week there, along with the five other members of the IGSS executive board. They were charged with fraud.

CICIG lead prosecutor Iván Velásquez held a press conference to condemn the defendants. Media were invited to photograph the board members in the cages, as gang members in adjacent cages jeered. Two of the six defendants have since died in jail. One committed suicide after being denied medical care for depression.

The board members are in

jail because they signed a 2015 contract with the Mexican company Pisa to provide dialysis treatment. CICIG alleges that they committed fraud in signing that contract, but it has produced no evidence of a crime.

The executive board followed established procedure by randomly selecting the tender board, which handled the bidding process, from a list of vetted candidates provided by IGSS management.

Washington ignores gross human-rights violations carried out with taxpayer money.

CICIG says not all the candidates were suitable. But as the defense attorney argued in court, the executive board does not screen tender-board candidates. Nor does it rule on the suitability of bidders.

The executive board's job is to review the contract and ensure a compliance bond is provided. If there were any violations, they were administrative, not criminal. I asked CICIG what happened to the bond; it evaded the question.

The attorney general's office admitted in court that no board members were linked to wiretap evidence or found in possession of unexplained wealth. Not finding a crime, CICIG now alleges incompetence. In his closing remarks CICIG prosecutor César Rincón

said no board member caused any financial damage to IGSS. He branded them white-collar criminals anyway.

In June 2015 the executive director of the Specialty Coffee Association of America, Ric Rhinehart, wrote a letter to the U.S. ambassador to Guatemala, Todd Robinson, about Mr. Quirin, calling him a "respected figure in my industry" and "a role model for my children." I can attest to having witnessed him making the honorable choice at every juncture we encountered together," Mr. Rhinehart wrote.

Preventive detention is limited to one year by law. Mr. Quirin has been denied bail several times. Meanwhile the leftist Juan Alberto Fuentes Knight, a former president of Oxfam International and former finance minister facing corruption charges, was granted bail at \$66,000 within a month of his arrest.

After 10 years in Guatemala, CICIG has few convictions and it needs scalps to please the likes of Mr. Leahy. It's betting that indefinite imprisonment will convince the innocent to confess to something they didn't do and sign plea deals to get out.

At Florida Sen. Marco Rubio's request, there is a hold on a \$6 million disbursement for the corrupt CICIG, pending meaningful reform. But CICIG protects the Guatemalan left, and a congressional aide told me that key Democrats are pushing hard to lift the hold. So much for human rights.

Write to O'Grady@wsj.com.

BOOKSHELF | By Roger Lowenstein

Penny-Pincher In Chief

Jefferson's Treasure

By Gregory May
(Regnery, 512 pages, \$34.99)

Yeah, sure, trade wars are easy to win. Just ask Albert Gallatin, the Treasury secretary for 12 years under Thomas Jefferson and James Madison. Gallatin had to manage one of America's least satisfying trade policies—the decision to keep American ships from calling on foreign ports. The Embargo Act, as Gregory May recounts in his rich biography of a little-remembered but important financier, was America's desperate response to British and French interference in American shipping.

Even after independence, neither the former mother country nor Napoleonic France respected American maritime rights. Britain felt free to search America's ships and "impress" its sailors. The French, mired in a war with England, barred the passage of American vessels carrying British goods.

What to do? Alexander Hamilton, the first Treasury secretary, had favored a strong military, paid for on credit if necessary. Jefferson, preferring modest government, appointed Gallatin to undo what he considered Hamilton's mischief. "If Mr. Gallatin would undertake to reduce [Hamilton's] chaos to order, present us with a clear view of our finances, and put them into a form as simple as they will admit," Jefferson wrote, "he will merit immortal honor." So Gallatin supported a tax repeal, starved the military and pared the debt. In response to critics who fretted that the young republic was in need of a fighting navy, Gallatin replied that nothing so weakened a nation as "want of money."

Mr. May's title, "Jefferson's Treasure" (paraphrasing a compliment from Madison), is meant to suggest that the third president was lucky to have Gallatin. In the author's view, Gallatin has been unfairly snubbed by history, especially when compared with his illustrious predecessor. Like Hamilton, Gallatin was an immigrant (born in Geneva), and he was facile with numbers, an attribute that was useful to Jefferson, who knew about high finance only that he didn't like it.

Although Jefferson depended on Gallatin, the two didn't always agree. Gallatin argued for retaining the Bank of the United States, which Jefferson feared would corrupt what he viewed as a nation of farmers. Gallatin also proposed a series of federal roads and canals, which gave Jefferson, not a fan of big government, the shivers. But Jefferson had never been to the West. Gallatin, who had lived in Western Pennsylvania, knew that the frontier needed roads.

In the case of both the federal bank and federal works, Gallatin's policies were surprisingly close to Hamilton's. Nonetheless, he led something akin to a counterrevolution. From 1802 to 1811 he devoted 60% of the budget to interest and debt repayments, in seeming violation of the Hamiltonian dictum that government debt, if not excessive, would be a "national blessing," marshaling the country's economic strength and developing its financial markets.

A tight-fisted Treasury secretary with strong views about what was best for the young nation. There is no musical about him.

The debt that Hamilton bequeathed, Mr. May notes, was indeed modest relative to America's economic muscle. But Gallatin cut with an elan that would have pleased Paul Ryan. When American ships were held up by raiders from the Barbary States, Gallatin argued that paying tribute was cheaper than maintaining an adequate defense. His thrift, the author says, was "legendary." He refused the requests of far-flung officials for furniture and firewood. He closed a lighthouse near New York Harbor—three shipwrecks followed.

Jefferson's first term went well; Gallatin reduced the debt by \$14 million and adroitly financed the Louisiana Purchase. (Jefferson was not beyond a grand expense when it suited him.) But the author admits that "a certain narrowness" crept into Gallatin's financial management. Among contemporaries, he was chided for his "counting-house" mentality.

To Gallatin, peace and thrift were mutually sustaining. He believed that a small budget, by limiting military preparedness, would thwart the tendency to war. The assumption proved naive. As British and French pressure on American shipping intensified, Congress passed import restrictions in 1806. The next year Jefferson signed the Embargo Act in the hope that, by keeping American vessels out of range of armed rivals, the U.S. could avert a war for which it was unprepared. Further, he imagined that the loss of trade would force the European powers into making concessions. No concessions were forthcoming, and American maritime interests suffered a depression. Perhaps worst from Gallatin's vantage, duty receipts plummeted, blowing a hole in his budget.

Jefferson called the Embargo Act the most "embarrassing" law he ever executed. Though Gallatin opposed it, he deserves some blame, for his impoverishment of the navy had left Jefferson with few alternatives. In the end Gallatin had to ask for higher taxes anyway, and America ended up going to war with Britain, over the same issues, in 1812.

One of Mr. May's strengths is his ability to convey a vivid sense of the times. When Britain attacked the U.S. naval frigate Chesapeake in 1807, Gallatin received a message from Jefferson bidding him to come in haste. "If you arrive before half after three, come and take a family dinner with me," Jefferson pleaded, a poignant reminder that, in Jefferson's time, official duties set with the sun.

After leaving the Treasury, Gallatin burnished his résumé as a diplomat, serving on the team that negotiated the Treaty of Ghent, which ended the War of 1812. He was a thorough and fair-minded statesman, too dull for the likes of a Broadway musical. But for a financier, boringness is far from the worst quality.

The author, though he admits that his hero's thriftiness amounted to "overkill," is clearly a fan. He credits Gallatin with ushering in an era of official frugality and mourns that we have "lost sight of the pragmatic, liberal republicanism he practiced." Still, readers may conclude that it was Hamilton, not Gallatin, who best understood the needs of the new republic.

Mr. Lowenstein is the author of "America's Bank: The Epic Struggle to Create the Federal Reserve."

A Better Way to Regulate Social Media

By Danielle Tomson
And David Morar

You don't have to be a fan of conspiracy theories to worry about the precedent Apple, YouTube and Facebook set by banning Alex Jones and Infowars.com. Mr. Jones complained that it was like "something out of 1984," as he does not know how to rebut Facebook's decision. The company does not divulge how it makes these decisions, for fear that users would deliberately push boundaries.

Mr. Jones isn't alone in being concerned with the seemingly authoritarian power of tech giants to decide what gets removed in an opaque content-moderation process. As de facto arbiters of speech and access to audiences, companies with such consolidated publishing power have unique responsibilities to be transparent with the public.

Instead of making decisions in private isolation, companies would do better by engaging one another and their users to shape content-moderation policies in a more transparent and consistent way. We propose a deliberative body, a "content congress," where stakeholders—including companies, civil-society groups and even constituencies of end-users—could hash out best practices, air grievances, and offer rebuttals.

How would it work? Multi-stakeholder initiatives take varied forms, and we aren't advocating for a specific one.

We offer multistakeholderism because simple calls for government regulation or self-regulation are not enough—the public wants input. Such a body should not be a legally binding authority but an arena for transparent coordination, public representation and human engagement in an industry dominated by algorithms and machines. Companies want feedback; government wants more insight into decision-making; and people want to be heard.

A multistakeholder 'content congress' could take account of everyone's concerns.

The content congress should have issue-based working groups, which would proactively or reactively address complicated use cases. For instance, how do you address videos depicting unjust violence or death? Facebook faced backlash for censoring videos of police brutality that resulted in on-camera death posted by social-justice groups. How do you curb pornography, without censoring images of female breasts in instances of breastfeeding or health advocacy?

And what should the protocol be when social media stars inspire violent trolls among their followings? A content congress could facilitate a transparent process in han-

dling Mr. Jones, whose fans harassed parents of Sandy Hook victims, or Milo Yiannopoulos, whose followers hacked actress Leslie Jones's website and harassed her until she left Twitter. Given the public nature of a content congress, Messrs. Jones and Yiannopoulos would probably have a say too.

For private companies to be part of such a loose organization might sound strange, but there is a precedent.

The Internet Corporation for Assigned Names and Numbers, a nonprofit governance body, maintains the functions of the Domain Name System through multistakeholder decision-making.

Early Internet advocates rejected direct government control and sought a more open and inclusive way to make policy; Icann, with its sometimes-slow or complex decision-making, was the answer.

Stakeholders include businesses, nonprofits, activists and governments.

Another example is the Global Network Initiative, an international nonprofit dedicated to internet freedom and privacy rights. Drawing from the expertise of stakeholders ranging from the Harvard Berkman-Klein Center to the Committee to Protect Journalists, it helps companies like Facebook and Vodafone resist government requests to surveil or censor users and their communications.

Beyond tech, there are similar examples in the finance industry's coordination to fix systemic issues and avoid di-

stances. Algorithmically enhanced trading once posed a threat to healthy financial markets in creating volatile high-frequency trading. Proactive self-regulation through the Financial Industry Regulatory Authority brought together industry stakeholders to come up with solutions, staving off disaster and more government regulation.

Multistakeholder initiatives can be complex or slow, but they are preferable to the current slew of black-box content-moderation practices, or to heavy-handed government regulation. Many communities online—left, right and center—have experienced the arbitrary decision-making of powerful content platforms.

These frustrated communities are starting to call their representatives to demand government action.

Companies would do well to be proactive by engaging each other and stakeholders in solution-making before government or courts step in. Recently, key industry players have expressed willingness to collectively discuss their content moderation practices in a more open forum. This participation is a signal of goodwill and an opportunity to create a sustainable, innovative multi-stakeholder body within the industry.

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An Interview Isn't an Interrogation

By Annika Hernroth-Rothstein

I stepped up to the counter at Ben Gurion Airport and handed the young woman my Swedish passport. She eyed me up and down as she typed on her computer. I had taken that same flight, Stockholm to Tel Aviv, dozens of times, but this day was different. The clerk kept my passport and told me to take a seat in a room at the back of the hall.

Two hours later, a member of the Israeli security service interviewed me. She asked about my travel patterns, my family history, my professional and political affiliations. She even asked to see texts on my phone. After a total of four hours, I was free to enter Israel.

I have also been questioned at length while flying into Ethiopia, Germany, Morocco, Russia, Tunisia and the U.S.

The inquiries each time followed a similar pattern. So I was surprised to read Peter Beinart's recent article in the Forward complaining about his "detention" at Ben Gurion.

From what I can gather, Mr. Beinart entered the same room I did and was subjected to many of the same questions. But he concluded he

Israel's security can be inconvenient.

Iran's is terrifying.

was being persecuted for his political views. Few people are further apart politically than Mr. Beinart and me. He is left, I am right; he criticizes Israel, and I have worked for several pro-Israel publications. The facts point to a different conclusion: Israeli border security searches for patterns and flags that go far beyond either

Mr. Beinart's or my ego, and the profiling is much more sophisticated than any political spectrum.

To date, I have been questioned at Ben Gurion four times for up to five hours, yet this is the first time I have ever written about it. I have seen enough of the world and traveled to enough dangerous places to be able to differentiate between questioning and detention, thoroughness and threat.

A few years ago, I sat on a chair at a government office in Tehran, being questioned about my affiliations with Israel and the U.S. and asked whether I had a secret Zionist mission. It may sound similar to the questions Mr. Beinart got at Ben Gurion, but the experiences are worlds apart.

I did not argue with my Iranian interviewer, as I did his Israeli counterpart. I did not post about the experience on social media or make sarcastic

Mr. Hernroth-Rothstein is a Stockholm-based journalist.

OPINION

REVIEW & OUTLOOK

Trump Waives the Privilege

Donald Trump has a credibility problem, but so do the media. A case in point is the weekend story that White House counsel Don McGahn has cooperated with special counsel Robert Mueller. Let's try to navigate through this Beltway Hall of Mirrors.

The thesis of the New York Times story is that Mr. McGahn cooperated in a way that could hurt Donald Trump in order to protect himself and because he doesn't trust the President. This fits the media narrative that Mr. Trump is covering up his collusion with Russia and his obstruction of justice, and thus Mr. McGahn must be scrambling to save himself.

Yet lost in the resulting tempest is a crucial fact that appears to contradict this spin: Mr. Trump had to waive executive privilege for Mr. McGahn to cooperate with Mr. Mueller.

Mr. McGahn is not Mr. Trump's personal attorney, so attorney-client privilege isn't at issue. But as White House counsel Mr. McGahn represents the Presidency. He is a careful enough lawyer to advise Mr. Trump that agreeing to answer Mr. Mueller's questions would waive executive privilege. And the Times reports that Mr. McGahn's attorney, William Burck, said on the record that Mr. McGahn cooperated only after Mr. Trump waived any privilege claim.

This in turn meant that Mr. McGahn would have to answer all of Mr. Mueller's questions. Once privilege is waived, Mr. McGahn couldn't decide to answer, say, what Mr. Trump told him about Attorney General Jeff Sessions but refuse to discuss the President's state of mind when he fired James Comey at the FBI. Without invoking privilege there is no legal basis for Mr.

McGahn to refuse to answer a question.

This isn't what you'd expect if Mr. Trump is leading a coverup. Richard Nixon and Bill Clinton fought extensive legal battles with prosecutors over executive privilege. Yet when Mr. Trump *doesn't* invoke privilege for his White House counsel, he gets no credit.

Could it be that Mr. Trump let Mr. McGahn cooperate with Mr. Mueller because he felt he had nothing to cover up? This is precisely what Mr. Trump tweeted Saturday: "I allowed him and all others to testify - I didn't have to. I have nothing to hide."

Because Mr. Trump makes so many false statements, this claim is also assumed to be false—though legal logic and the public evidence suggest that in this case it may be true. Keep in mind that Mr. Trump's lawyers cooperated extensively with Mr. Mueller for months, turning over tens of thousands of documents—also without claiming executive privilege.

In recent months, as the Mueller probe has dragged on, Mr. Trump has turned to denouncing it as a "witch hunt." His lawyers now fear that letting the President talk to Mr. Mueller's team, as Mr. Trump has said he wants to do, could be walking into a perjury trap. This is a rational fear, but the lawyers are still negotiating with Mr. Mueller.

Mr. McGahn has been one of the President's most effective advisers—notably on judicial nominations. But some in and outside the White House resent his influence and might want to portray him as undermining Mr. Trump. The bottom line is that readers should remain skeptical about what is reported about Mr. Mueller's probe, waiting to see the evidence he actually produces.

A Shot of Competition for EpiPen

A couple of years ago Washington fell into anaphylactic shock over the high cost of EpiPens, devices that shoot adrenaline into someone having an allergic reaction. But the Trump Administration this week injected some overdue competition into the market that could lower prices for millions of Americans.

On Thursday the Food and Drug Administration approved the first generic competitor to Mylan's EpiPen. The competing drug is manufactured by the Israeli pharmaceutical company Teva. One might wonder why a simple spring device filled with a cheap medicine didn't have competitors, even decades after invention.

That was one question in 2016, when Congress hauled in Mylan CEO Heather Bresch to register outrage about the more than \$600 list price of a two-pack of pens, which millions of kids and adults have to keep on hand. Not everyone pays full price after rebates and discounts, and some of the shock came from insurance designs that increased out-of-pocket costs. But the sticker price had increased more than 500% over 10 years.

Yet if Mylan kept prices high, the company had help from the FDA. The agency had not articulated standards for a class of drugs known as "complex generics" such as inhalers, which are more fraught than proving similarity to, say, a molecule pill. Mylan thus had no direct competition, though it now sells its own generic copy.

Other injectors are on the market but a pharmacist can't substitute these versions thanks to issues as minor as the instructions for the device, though there is no clinical distinction. Companies like Teva have spent years ensnared in FDA

processes, and in the meantime Mylan could increase prices without market consequences.

Before he became the current FDA Commissioner, Scott Gottlieb told Congress in 2016 about the "Catch-22" for drugmakers: They couldn't win approval as a generic because another injection device wasn't exactly the same as EpiPen, but other regulations also make it hard for competitors to get branded alternatives through the FDA's new drug approval pathway.

Dr. Gottlieb has made clarity for such complex generics a priority at the FDA, and on Thursday he called the Teva device approval part of the agency's efforts to remove barriers to competition. The approval is particularly timely amid supply shortages of EpiPens.

On all the evidence, products face the sharpest price decline when two generics are competing with the branded version. More drugmakers will jump into a market if they see an opportunity to make money and a regulatory agency that doesn't construct needless barriers to entry.

At the time of the EpiPen brouhaha, Hillary Clinton called for a federal "consumer response team" that would rove around and penalize companies for price spikes. The laugh-cry moment is that the Trump Administration has flirted with a response from the Clinton playbook: Importing price controls from Europe for drugs with expired patents that lack competition.

President Trump seems to think that drugs are too expensive because of unfettered markets, but the EpiPen episode is a reminder: The real culprit is often not too much freedom but big business exploiting big government to keep prices high.

Monetary Chaos in Caracas

This promises to be quite a week in Venezuela. President Nicolás Maduro is rolling out his economic recuperation plan, which is supposed to rescue the once-wealthy nation from the economic damage that socialism has delivered. But on the evidence of the plan Mr. Maduro announced Friday, Venezuela could be in for a monetary meltdown.

The main feature of the Maduro plan is a giant devaluation. The new fixed rate for what he calls the "strong bolívar" is 6,000,000 to the dollar. The preferential price from the central bank had been 4,000,000 to the dollar. If all those zeros make your head spin, fear not. On Tuesday the government will launch a new currency, the "sovereign bolívar." It will contain five fewer zeros, so it will be pegged at 60 to the dollar.

As monetary face-lifts go, this looks like a back-alley job. Venezuela is in the throes of a hyperinflation that economist Steve Hanke says has surged to another all-time high of 61,463% on an annual basis. The International Monetary Fund says inflation could reach 1,000,000% this year. The new bolívar rate, which is closer to the black market rate, is an attempt to stop the price spiral and restore confidence in the currency.

The problem is that the same people will be running the central bank, and they'll still answer to Mr. Maduro, who on Friday also decreed an increase in the minimum wage of 6,000%. For those holding the ID card of Mr. Maduro's United Socialist Party, the government will pay a bonus equivalent to

600,000 old bolívars. Perhaps the money to pay for the bonus will come from printing more bolívars.

Mr. Maduro also declared that there will be a nationwide price freeze, date uncertain. Venezuelan businesses have been laboring under price controls for years, but there have been mechanisms for small adjustments. It isn't clear how strict the new price controls will be, but good luck to businesses trying to pay the new minimum wages when they can't raise prices.

Even Mr. Maduro seems to understand that this is a problem, so he has declared that the government will pay the wage increases for small- and medium-size businesses for 90 days. Some of that cash will come from raising the value-added tax in September to 16% from 12%, if there's much of anything left of the economy beyond the black market.

Not surprisingly, hyperinflation has led to an acute shortage of cash to perform even basic transactions. Gasoline stations, buses and many informal markets require cash, but small change is difficult to find. Adjustments under the new currency using old bills will mean sharp price increases for everyday business.

All of this adds up to a full-blown financial panic and the breakdown of economic order. Mr. Maduro has destroyed confidence in the country's institutions and currency, and his new plan will make it worse. The only way to stop the descent into chaos might be to dollarize the economy. Meantime, be prepared for the worst as the people and capital of a degraded nation flee the wages of socialism.

Maduro's decrees and devaluation produce a financial meltdown.

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LETTERS TO THE EDITOR

Turkey Is and Has Been a Reliable NATO Ally

Bernard-Henri Levy falsely claims that Turkey has been an unreliable ally ("NATO Should Give Turkey the Boot," op-ed, Aug. 14), but that argument ignores decades of history. Turkey has been a proud and indispensable ally for over 60 years: as a front-line combatant against ISIS and other religious extremists, guardian of NATO's southern flank and home to the alliance's second-largest armed forces.

Mr. Levy accuses Turkey of spreading Islamist extremism and fomenting violence in Syria, but the opposite is true. We provide a safe haven for approximately four million Syrian refugees who, at this very moment, live free from terror and have access to homes, schools and health-care facilities established by our government. Perhaps he forgets the defeat of ISIS at the hands of Turkish troops in Jarabulus and other battles against ISIS waged and won by and with Turkish armed forces.

Like our NATO allies, Turkey is a democracy whose government is freely elected by its people—not a "caliphate" in the making, as Mr. Levy claims. With a huge voter turnout across the country, Turkey's democracy is vibrant and dynamic. The numbers tell the story: An amazing 86.2% of eligible voters went to the polls to

cast their votes in an election that was the most monitored by international observers in recent history. Over 50 million Turks cast ballots for six different candidates.

As NATO's most strategically located member, Turkey ensures global security at a time of unprecedented challenges facing the alliance. We have committed to spending 2% of GDP on defense by 2024, and the share of our military equipment spending to the defense budget is already above the NATO guideline of 20%.

Turkey's Incirlik air base also hosts a crucial staging ground for the international coalition to defeat ISIS. Located 60 miles from the Syrian border, the base's proximity to the front lines allows coalition strike missions to stay in the air longer without refueling and to react more quickly. That saves American and coalition lives. Incirlik is playing a vital role in staging operations that have put our enemies on the run.

We stand by our NATO allies during this challenging time and proudly stand on guard at the front lines to face future threats to our collective security, and expect nothing less from our allies.

SERDAR KILIÇ
Ambassador of the Republic of Turkey
Washington

Bacon Fat: Blessing or an Expensive Curse?

In response to "Everyone Pours Bacon Fat Down the Drain—And Lies About It" (page one, Aug. 9): I grew up when food was real. Bacon was carefully fried, the fat drained off and saved in a glass jar, kept conveniently on the back of the range. Eggs, home fries and anything to be fried was fried in bacon fat. Tourtière, a pork pie, was made every Christmas by my French-Canadian family. My spouse's Hungarian family enjoyed Szalonna, which defies description as it is indescribably delicious.

The fat didn't kill us. My mother was 94 years old when she died. I'm 78, my husband just turned 80. We don't have heart disease, cancer, di-

abetes or any of that.

Don't just chew the fat. Enjoy the fat. You have not enjoyed a fried egg at its zenith until you have had one fried in old-time bacon fat. The fragrance alone as it cooks can send you into ecstasy. Who needs drugs when bacon fat is there for the frying?

JYCOE KORMANYOS
Sammamish, Wash.

We have been property managers and owners for more than 40 years and offer rental discounts to tenants who are vegans for causing less wear and tear on our plumbing.

TOM AND JAYN MEINHARDT
Cincinnati

Tariffs Can Be Useful if They're Used Wisely

While I agree with my former professor Robert J. Barro's concerns about initiating unnecessary trade disputes, I disagree with his seemingly adamant refusal to see the potential benefits of increasing tariffs under certain conditions ("I Won't Ride the Trump Train Into a Trade War," op-ed, Aug. 9).

For the first seven score of our nation's existence, tariffs and excise taxes (both consumption taxes) financed our federal government. George Washington, Abraham Lincoln and Teddy Roosevelt were all strong supporters of tariffs. Tariffs are the best kind of consumption tax because foreigners bear a portion of the cost. By encouraging domestic production, tariffs can also promote domestic wealth creation. If you aren't sure about how this might work, look at China.

China has been engaged in a unilateral trade war with the U.S. for at least a decade, if not two. It has consistently erected market barriers, required technology transfers

in exchange for market access, and simply stolen valuable intellectual property. It is high time for the U.S. to respond forcefully. Prof. Barro disagrees with the administration's methods, but he offers no alternatives. Which is more harmful to the American people: a dollar of tax on our labor and our capital or a tariff dollar on imported goods?

Our president intuitively understands this real-world trade-off and has reduced taxes on capital and labor and spoken of tariffs as a way to reduce the budget deficit, or in other words finance the government. The shifting of the tax burden from labor and capital to imported goods can be a trump card in his argument.

PAUL MATEN
Naples, Fla.

Regarding your editorial "The Empty Brennan Gesture" (Aug. 16): I really don't understand the fuss. When you leave a job, your clearance should be revoked. That is the standard in private industry, and it should be the same in government. There is too much negative exposure not to do that. I'm sure that John Brennan knows that. He's too much of a partisan hack to be willing to admit it.

BRUCE BRENNEN
Redmond, Wash.

What if Palestinian Icon Had Assaulted a Syrian?

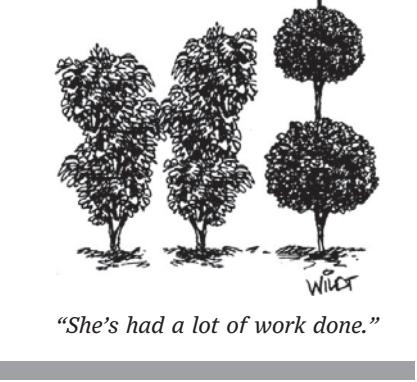
Regarding Daniel J. Arbess's "Advice for a Palestinian Icon" (op-ed, Aug. 15): Syrian activists have commented on the sort of treatment Ahed Tamimi would have received had she assaulted a Syrian rather than an Israeli soldier (who simply walked away). Read what Ms. Tamimi told RT's (formerly Russia Today) Arabic channel about her prison time: "As I told you, I did a lot of things—a legal course, we spent a lot of time on that, and matriculation exam studies. I read books; we would sing; we even had joint breakfasts of the entire wing—we would go outside, every room would bring its things, and we would eat together. . . . We also had parties. We would sit and sing and dance. There were a lot of things that we did to pass the time. We watched TV, for example. We jumped around in the rooms and did silly things."

No doubt, had Ms. Tamimi attacked a member of the security forces in the neighboring Palestinian Authority territory, Egypt or Jordan, she would have a different description of her punishment. And there would have been neither international media coverage nor comment.

DORON LUBINSKY
Atlanta

Pepper ...
And Salt

THE WALL STREET JOURNAL



"She's had a lot of work done."

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OPINION

Models Will Run the World

By Steven A. Cohen

And Matthew W. Granade

Marc Andreessen's essay "Why Software is Eating the World" appeared in this newspaper Aug. 20, 2011. Mr. Andreessen's analysis was prescient. The companies he identified—Netflix, Amazon, Spotify—did eat their industries. Newer software companies—Didi, Airbnb, Stripe—are also at the table, digging in.

Today most industry-leading companies are software companies, and not all started out as such. Aptiv and Domino's Pizza, for instance, are longstanding leaders in their sectors that have adopted software to maintain or extend their competitive dominance.

Investors in innovative companies are now asking what comes next. We believe a new, more powerful, business model has evolved from its software predecessor. These companies structure their business processes to put continuously learning models, built on "closed loop" data, at the center of what they do. When built right, they create a reinforcing cycle: Their products get better, allowing them to collect more data, which allows them to build better models, making their products better, and onward. These are model-driven businesses. They are being created inside incumbents and startups across a range of industries.

If software ate the world, models will run it.

The software revolution has transformed business. What's next? Processes that constantly improve themselves without need of human intervention.

There is no shortage of hype about artificial intelligence and big data, but models are the source of the real power behind these tools. A model is a decision framework in which the logic is derived by algorithm from data, rather than explicitly programmed by a developer or implicitly conveyed via a person's intuition. The output is a prediction on which a decision can be made. Once created, a model can learn from its successes and failures with speed and sophistication that humans usually cannot match.

A model-driven business, then, uses models to power the key decisions in its business process, creating revenue streams or cost efficiencies. Building this system requires a mechanism (often software-based) to collect data, processes to create models from the data, the models themselves, and a mechanism (also often software based) to deliver or act on the suggestions from those models.

A model-driven business is something beyond a data-driven business. A data-driven business collects and analyzes data to help humans make better business decisions. A model-driven business creates a system built around continuously improving

models that define the business. In a data-driven business, the data helps the business; in a model-driven business, the models are the business.

Tencent, the Chinese social-media giant and maker of WeChat, is one of our favorite examples of this new business model. A Tencent executive told us last fall: "We are the only company that has customer data across social media, payments, gaming, messaging, media, and music, and we have this information on [several hundred] million people. Our strategy is to put this data in the hands of several thousand data scientists, who can use it to make our products better and to better target advertising on our platform." That unique data set powers a model factory that constantly improves user experience and increases profitability—attracting more users, further improving the models and profitability. That's a model-driven business.

Netflix beat Blockbuster with software; it is winning against the cable companies and content providers with its models. Its recommendation model is famous and estimated to be worth more than \$1 billion a year in revenue, driving 80% of content consumption. Any time a customer accepts or rejects a recommendation, Netflix's algorithm improves. The company's current battle is against Hulu, Apple and Disney. Who will win? Whoever has the best capacity to build and integrate models into the business. Who can collect the best data about customers, who can recruit the best data scientists, and who can build the best prediction engine?

Amazon used software to separate itself from physical competitors like Borders and Toys "R" Us, but its models helped it pull away from other e-commerce companies like Overstock.com. By 2013 an estimated 35% of revenue came from Amazon's product recommendations. Those models have never stopped improving. Jeff Bezos' 2016 shareholder letter described the myriad ways Amazon uses machine-learning models, from highly visible initiatives like Prime Air Drones to beneath-the-surface applications such as product placement, fraud detection and translation. The recent Whole Foods and PillPack acquisitions will bring Amazon's model-driven power to new industries.

A skeptic might argue that these examples are merely the winning companies of the past decade continuing to win. But the transformation we are describing is taking shape across a range of industries, including many usually described as traditional. Here are three examples:

• **Agriculture.** Mankind's first industry increasingly uses models to improve crop yields. The Climate Corp.'s (TCC) early focus was on using models to provide crop insurance to farmers. In 2013 Monsanto bought TCC for \$1.1 billion and expanded its



focus—given Monsanto's deep integration into farms and its data assets—into model-driven farming. Looking to produce more-resilient crops, Monsanto's models predict optimal places for farmers to plant based on historical yields, weather data, tractors equipped with GPS and other sensors, and field data collected from satellite imagery, which estimates where rainfall will pool and subtle variations in soil chemistry.

• **Logistics.** The rapid growth of e-commerce has created a new challenge here. The typical fulfillment center has human pickers walking 15 miles a day through warehouses to assemble orders. To solve this problem, inVia Robotics builds robots that can autonomously navigate a warehouse and pull totes from shelves to deliver them to a stationary human picker. The approach is model-driven; inVia uses models that consider item popularity and probability of association (putting sunglasses near sunscreen, for example) to adjust warehouse layout automatically and minimize the miles robots must travel. Every order provides feedback to a universe of prior predictions and improves productivity across the system.

• **Services.** In this labor-intensive sector, it always has proved difficult to increase productivity, but the model-driven approach may change that. Take translation services. Companies spend more than \$20 billion a year translating everything from catalogs to their terms of services into hundreds of languages. While Google Translate works well for the everyday consumer, businesses typically require the more sophisticated skills of a human translator.

Lilt, a San Francisco-based startup, is building software that aims to make that translator five times as productive by inserting a model in the middle of the process. Instead of working from only the original text, translators using Lilt's software are presented with a set of suggestions from the model, and they refine those as needed. The model is always learning from the changes the translator makes, simultaneously

because they often have troves of data and startups usually don't. Incumbents will have opportunities to create models with their own data as well as to sell their data to others. Startups will have to be more clever in how they gain access to data and may, in fact, have to acquire incumbents.

Fourth, just as companies have built deep organizational capabilities to manage technology, people, and capital, the same will now happen for models. As the software era took hold, companies everywhere hired chief technology officers, assembled teams of engineers, and designed processes like Agile to deliver software in a systematic, industrialized fashion to their businesses. Companies wanting to become more model-driven will need to create a new discipline of model management—the people, processes and technologies required to develop, validate, deliver and monitor models that create that critical competitive advantage.

Fifth, companies will face new ethical and compliance challenges. As data has become more comprehensive and important, consumers' concern over its use and abuse has similarly increased. Facebook's market capitalization dropped \$120 billion in late July due in part to investors' growing concerns about the company's data assets in the face of increasing regulation and backlash from the Cambridge Analytica scandal.

Examples like this will multiply. Models themselves will raise more complicated issues. To what standards of accuracy must we hold a model when it is making a high-impact decision, such as diagnosing a disease, providing a loan, or admitting a student to college? Issues of fairness, accountability and transparency are business questions as much as philosophical ones, because companies that get them wrong will lose customers' trust and incur meaningful liabilities.

Software continues to eat the world, but yesterday's advantage is today's table stakes. In the hunt for competitive advantage, model-driven companies will accelerate away from the pack now that software has become ubiquitous. As Mr. Andreessen predicted, software was a great place to make money over the past seven years. In the next seven, our bet is on model-driven businesses.

Second, the goal is a flywheel, or virtuous circle. Tencent, Amazon and Netflix all demonstrate this characteristic: Models improve products, products get used more, this new data improves the product even more. This creates a near-frictionless process of continuous improvement, fueling itself, rather than being driven by human judgments and advancements. The truly terrifying realization for many executives—as Mr. Bezos described in his shareholder letter—is that many of the model-driven improvements happen beneath the surface in more-efficient operations and improved decision-making.

Third, incumbents will be more potent competitors in this battle relative to their role in the battles of the software era. They have a meaningful advantage this time around,

cheerleaders now argue that Greece is once more a normal country, on course for sustainable, inclusive growth. If only that were true.

First,

the good news: Greece's crisis was caused by its budget and current-account deficits, both of which were significantly above 10% of gross domestic product in 2009. Last year the country posted its second consecutive budget surplus, this one at 0.8% of GDP. Excluding interest payments, the surplus was 4.2% of GDP. The current-account deficit has been nearly eliminated, down from 15.1% of GDP in 2008 to 0.8% last year.

The Greek economy is recovering, growing 1.4% in 2017. That's expected to pick up to about 2% this year despite extremely tight fiscal policy. Unemployment has dipped below 20% for the first time in seven years.

Greece's immediate economic future looks steady. A deal made in June with its European partners will extend debt maturities and grace periods while deferring interest payments on a significant part of what Greece owes. Greece is emerging from the bailout program with a cash buffer of €24 billion, which could cover financing for about two years without new bonds.

Perhaps most crucially, political risk has been drastically curbed. In 2014 Syriza was on the cusp of power, and it appeared poised to derail the beginnings of an economic recovery by tearing up Greece's loan agreements. After Syriza won an election and clashed with the country's creditors in

2015, the Greek economy founded. This time, New Democracy, the likely winner of the next election, poses no such threat.

A closer look at the Greek economy, however, reveals a darker picture. Growth last year was

barely half the initial government and European Commission forecasts, and the lowest in the eurozone. That's a paltry performance after a decade of brutal recession.

The reduction in unemployment also loses its luster upon inspection: 55% of new jobs created last year and in the first two months of 2018 were part-time or shift work, as per the Greek Ministry of Labor.

There are two key reasons the economy is not producing more and better jobs. The first is that Greece's tax and social-insurance burdens are crushing. Greek's tax wedge—the tax burden on employment—is significantly above the average in Organization for Economic Cooperation and Development nations.

According to a 2016 report from the Kathimerini newspaper, some companies that make as little as €5,000 a year wind up paying about three-fifths of it to state.

Self-employed people who annually earn as little as €10,000 may have

to hand over as much as three-quarters.

The second reason is that investment faces enormous regulatory and judicial roadblocks.

Despite countless laws passed to reduce red tape and speed up court proceedings, World Bank indicators confirm it is still much harder to do business in Greece than in almost all other EU countries.

All this encourages Greeks to emigrate. More than 50,000, mostly the country's best and brightest—engineers, doctors, young executives—continue to leave every year, as they have done since the start of the crisis. It's a vicious circle: Emigration drains human capital and shrinks the political base for democratic reform. The resulting slide of Greek institutions gives those who have left no reason to come back.

Consider also the dangerously low Greek fertility rate of 1.38 in 2016, which a study from the University of Thessaly projects will lead to a near 25% decline in population by 2050. Greece's prospects look grim.

None of this is inevitable. But reversing it will require more fiscal space and a new politics. The political class must unite around two ideas: Rid the market economy of rent-seekers, big and small, and unshackle public administration from the bonds of clientelism. Unfortunately, that doesn't seem to be what most Greek politicians have in mind.

Mr. Palaiologos is a journalist at the Kathimerini newspaper and author of *"The Thirteenth Labour of Hercules"* (Portobello Books, 2014).

Greece's Bailouts End, but Its Prospects Still Look Grim

By Yannis Palaiologos

Athens took three bailouts, around €290 billion in loans from its European partners and the International Monetary Fund, countless nights of knife-edge negotiations, an avalanche of austerity, a collapse in output worse than America's in the Great Depression, and three close brushes with an exit from the euro. On Monday Greece's third bailout will conclude, and the country will no longer have to rely on its official creditors to finance itself.

The eight-year crisis leveled Greece's old political landscape.

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WORLD NEWS

Doubts on Italy Revive Euro Fears

By MARCUS WALKER

ROME—The end of Greece's marathon bailout on Monday would mark the closure of the eurozone crisis—if only it weren't for Italy, and nagging fears that the euro isn't fixed after all.

European Union authorities will hail as a victory the completion of Greece's financial-rescue program, an eight-year drama that triggered a wider European sovereign-debt panic. Greece's economy has begun to grow again, although recovery has far to go. Defying many predictions, Greece has stayed in the euro, thanks to the strength of public support for keeping the currency, even amid one of the deepest economic depressions of modern times.

Meanwhile French President Emmanuel Macron, German Chancellor Angela Merkel and other EU leaders are discussing the next moves to bolster the currency union, building on various overhauls since the crisis.

Italy shows it might not be enough.

Renewed market tremors last week over Italian debt, and fresh verbal attacks on Europe's establishment by politicians in Rome, suggests the specter of destabilizing capital flight from a eurozone country could return.

A first test will come this fall, when Italy's new populist government must present a budget and explain how it will pay for its costly promises to voters.

"I am as serene as the rainbow," parliamentary budget committee chairman Claudio Borghi tweeted on Aug. 13 as investors sold off Italian bonds. Either the European Central Bank will guarantee Italy's debt, "or everything will be dismantled," said Mr. Borghi, a euroskeptic economic adviser to Matteo Salvini, head of Italy's nationalist League party.

A day later, the prime minister's office sought to reassure investors with a statement pledging fiscal discipline.

EU authorities have drawn many lessons from bond-market breakdowns that nearly destroyed the euro in 2010-12. They have built safeguards ranging from a permanent bailout fund to centralized banking supervision. Leaders are haggling over an embryonic common budget for the eurozone.

But the causes of Europe's debt crisis haven't gone away.

The currency union facilitated massive capital flows during the 2000s from Europe's economic core around Germany to its periphery. That fed credit bubbles that distorted national economies, then left whole countries gasping for liquidity when investors lost confidence and fled.

Advanced economies, which normally control the currency they borrow in, became as vulnerable to investor stampedes as emerging economies—such as Turkey—that borrow in foreign currencies.

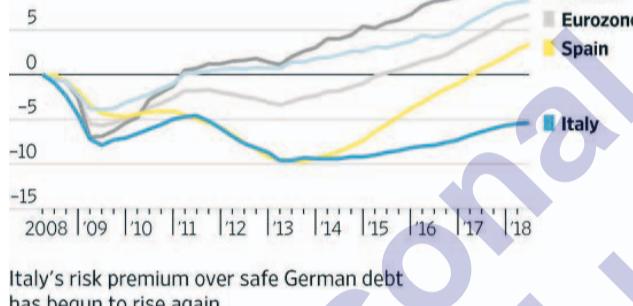


Nut vendors preparing for an Athens open market over the weekend. Just as the bailout of Greece is ending after eight years of economic crisis, new worries about Italy suggest the specter of destabilizing capital flight from a eurozone country could return.

Lagging Behind

Italy is struggling to join the eurozone's recovery.

Change in GDP since pre-recession peak*



Italy's risk premium over safe German debt has begun to rise again.

10-year government bond yields†



*Seasonally and calendar adjusted †Through Friday

Sources: Eurostat (GDP); Thomson Reuters (yields)

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governing party advocates leaving the euro, but each contains vocal skeptics and has in the past called for a referendum on returning to the lira.

"If markets are seen as punishing Italy, it could intensify political animosity against the eurozone," says Mr. De Grauwe.

Optimists say Europe has made good progress in reducing one of the big reasons why the debt crisis escalated: the mutual dependence of banks and governments.

When government-bond prices plunged, inflicting

losses on banks that held them, markets doubted that crisis-hit governments could afford to support their country's banks, leading to more sell-offs. Struggling banks choked off credit to their national economies, deepening recessions.

Europe's new banking union, still under construction, aims to break the vicious circle. In the future, the Europe-wide banking sector and its investors are to carry the cost of bank failures, rather than taxpayers.

"We may be closer to disen-

tangling banks and sovereigns than is generally realized," says Nicolas Veron, senior fellow at Brussels think tank Bruegel. "Even so, I would recommend going much further," by deterring banks from owning too many of their government's bonds.

Ideally, says Mr. Veron, bond markets would be able to punish governments for reckless policies, without capital flight spilling over into banks and the wider economy.

Others say the banking union isn't enough. A banking crisis such as 2008 would overwhelm the sector's limited new defenses, again burdening governments. Italy's bond market is so big that a crash can't be isolated from the economy, especially if linked to fears of a euro exit.

And the eurozone still lacks tools to fight recessions in countries where its brittle bond markets force governments to cut spending in a recession. The small eurozone investment fund envisaged by Mr. Macron and Ms. Merkel would be largely symbolic.

Ultimately the euro's defense rests on the unwillingness of ordinary European voters to see their savings and livelihoods decimated in the chaos of a breakup, says Jacob Funk Kirkegaard, senior fellow at the Peterson Institute for International Economics in Washington.

"This is the key lesson of the Greek crisis," he says. "Leaving the euro perhaps isn't impossible, but the costs are so catastrophic that, politically, it's unbearable." That is why Greece turned back from the brink of exit in 2015.

"And Italy—a richer country with high savings that's more deeply integrated into the European economy—has so much more to lose than Greece."

Sanctions Threat Hangs Over Pipeline

The U.S. wasn't present as President Vladimir Putin met with Chancellor Angela Merkel near Berlin on Saturday to try to safeguard a controversial Russian-German gas pipeline, but it could have a big say in the outcome.

The U.S. has in hand a pack-

By Bojan Pancevski
in Meseberg, Germany,
and Emre Peker
in Brussels

age of sanctions that could be used to try to stop completion of the Nord Stream 2 pipeline, which is in its advanced stages, by targeting companies, and potentially financial firms, involved in its construction. Current and former U.S. officials said such sanctions had been discussed and could be mobilized in a matter of weeks, though they added that no action was imminent.

The pipeline, a key issue in the two leaders' talks, would channel natural gas to Germany from Russia via the Baltic Sea. The project is being developed by Russian state-controlled gas-exporting monopoly Gazprom, along with European companies Royal Dutch Shell PLC, Wintershall AG, Uniper SE, OMV AG and Engie SA.

"Together with German partners we are working on the new natural gas pipeline Nord Stream 2, which will complete the European gas transport system, minimize the transit risks, and secure the growing consumption in Europe," Mr. Putin said before the start of the meeting.

But consecutive U.S. administrations have long opposed the pipeline, which would run alongside an existing one, over concerns that it would increase Europe's dependence on Russian natural gas and give the Kremlin political leverage and substantial revenue.

U.S. opposition to the project escalated after Russia was accused of interfering in the 2016 election and as the Trump administration grew increasingly skeptical that internal resistance within Europe would stop the plan, officials said.

In August 2017, Congress gave President Trump power to impose sanctions on companies and individuals working on the pipeline following revelations of Russian interference in the U.S. election, a power several U.S. officials told The Wall Street Journal would now be used to try to block the project.

A spokesman for Ms. Merkel declined to comment on the possibility of U.S. sanctions against the pipeline. A Nord Stream 2 representative also declined to comment, saying the company wasn't informed about the Trump administration plans.

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

U.N. Leader Faced Resistance in Bid to Elevate World Body

By FARNAZ FASSIHI

UNITED NATIONS—Kofi Annan, in 10 years as the U.N. secretary-general, led the world body's efforts to face an era of global terrorism and conflict, but struggled over differences with leading powers as he sought to remake and modernize the organization.

Colleagues and friends described Mr. Annan, who died Saturday at the age of 80, as a diplomatic "do-gooder" and an "elder chieftain." Some said his death marked a loss for the world at a time of great peril and challenge.

Mr. Annan held a kind of star status during his two-term tenure, from January 1997 to December 2006, as the U.N.'s top leader. He became the most recognizable name and face of the organization.

He trotted the globe galvanizing politicians, celebrities, businessmen, nongovernment organizations and activists around causes he believed were central to the U.N. charter: human rights, prevention of conflict, eradication of dis-



Former United Nations Secretary-General Kofi Annan, at right, with Nelson Mandela in 2007.

eases like HIV, and accountability for war crimes and genocide. To spread his message, he once appeared on the children's show "Sesame Street."

"I have sought to place human beings at the center of everything we do, from conflict prevention, to development, to human rights," Mr.

Annan said in his acceptance speech at the Nobel Peace Prize ceremony in 2001.

He remained engaged with global diplomacy after exiting the U.N., through his foundation, dedicated to conflict resolution, and the so-called Elders Group, an array of elder statesmen and activists brought together by Nelson

Mandela to help resolve world problems.

"Until the very last day he kept working and pushing his messages. He never stopped caring and doing what he was supposed to be doing," said Stéphane Dujarric, the spokesperson for the current U.N. secretary-general and who also served as Mr. Annan's spokes-

man from 2000 to 2006.

Mr. Annan mediated between rival factions in Kenya, spoke out for multilateralism and criticized some Eastern European countries for shutting their doors to refugees.

The U.N. also continued to enlist his help. He was appointed as joint U.N. and Arab League envoy to negotiate a cease-fire in Syria's bloody war. Mr. Annan resigned from that position after less than a year, frustrated by what he called the absence of meaningful backing from world powers to end the conflict.

Mr. Annan, known for his calm demeanor, was the first secretary-general promoted from within the ranks of the U.N. and its first black African leader. He previously held U.N. posts overseeing peacekeeping, refugees and finance.

He took the top post with grand ambitions for the U.N.'s role on the global stage and plans to reform the institution, but faced limitations and backlash.

He wrote in his autobiography, "Interventions: A Life in War and Peace," that in his view the U.N. was supposed to serve people, not just states,

and is a place "where governments are held accountable for their behavior toward their own citizens."

The U.N.'s structure limits the power of the secretary-general, who is beholden to the 193 member states and their competing agendas and differing views. The Security Council, as the U.N.'s most powerful body, is often divided.

Mr. Annan's tenure as the world body's leader began after the collapse of the Soviet Union, which gave rise to plans for a reinvigorated Security Council and a new era of world relations. But the terrorist attacks of 2001 and the U.S.-led invasion of Iraq soon shifted the priority of the Council, to fighting the rise of Islamic terrorism, with divisions between European members opposing the war and the U.S. and U.K. leading the invasion.

"Kofi believed when there is war, everyone loses," said Pierre Bertrand, a former career U.N. official and director of the U.N. High Commissioner for Refugees (UNHCR) office in New York. "He had more or less that mantra and wanted to do everything possible to prevent conflict."

BUSINESS & FINANCE

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THE WALL STREET JOURNAL.

Monday, August 20, 2018 | B1

Tech Bulls Brush Off Price Fears

Stocks' high multiples fuel investor anxiety, but sector fans say they overstate risks

By MICHAEL WURSTHORN

The buoyant performance of U.S. tech stocks is driving some fund managers and others to dismiss longstanding valuation concerns as short-sighted.

While shares of companies including **Amazon.com** Inc., **Netflix** Inc. and **Salesforce.com** Inc. have surged

this year to price/earnings ratios that are several times the market's longtime average, many fans of these investments contend that such metrics can overstate risks. They say they prefer a broader assessment of financial and strategic progress, arguing that this view can be more germane to those expecting to hold the shares for a longer period.

"I don't talk about multiples. That's where the conversation stops," Jonathan Curtis, a portfolio manager at Franklin Templeton's Franklin Equity Group, says of discussions with others about tech compa-

nies. "I tell them, 'Help me understand what this business looks like at maturity.'"

The question of how to value popular technology shares is coming into sharp focus because major indexes are on track to set a new intraday record for the longest U.S. bull market in stocks Wednesday. The nine-year advance recently has been led by furious, sustained rallies in Amazon, **Apple** Inc. and Google parent **Alphabet** Inc., among others.

Skeptics say high valuations and a lack of "breadth"—that is, outsize gains concentrated in a small number of popular

stocks—leave the broader market vulnerable to a pull-back. An analysis of data going back to 1964 shows that higher multiples have tended to be followed by weaker returns over 10-year stretches, according to Credit Suisse Group AG.

But some investors who say they see these investments as long-term holdings are digging in their heels. In their view, the scrutiny of valuations risks overlooking the future value of current investment spending at firms with substantial edges in key markets, such as Amazon's expansion of its cloud-

computing business and other firms' acquisition of valuable subscribers in fields they lead. Sebastian Werner, lead portfolio manager of Deutsche Bank's DWS Science and Technology Fund, considers price/earnings ratios alongside projections of how much extra cash a business will generate after it covers big-ticket expenses, historical revenue growth and prospects for robust profit margins. He says many of the tech giants, including **Facebook** Inc., do well in such rankings.

"You have to bring some logic

Please turn to page B4

Lampert Puts Sears Board on The Spot

By SUZANNE KAPNER

For years Edward Lampert has called the shots at **Sears Holdings** Corp. as its chief executive, largest shareholder and biggest lender. But his latest play to keep the struggling chain afloat is out of his hands.

The hedge-fund manager turned CEO said earlier this year that he would be interested in buying the Kenmore appliance business and other assets, after a two-year strategic review by the company failed to result in a deal for the units.

Frustrated by the pace of deliberations, Mr. Lampert stepped in last week with a \$400 million offer to buy Kenmore himself.

Now the Sears board's four independent members must decide whether to sell one of the company's prized brands to its controlling shareholder or hold out at a time Sears's business has deteriorated and a major debt payment looms.

"The directors are in an impossible situation," said Charles Elson, director of the Weinberg Center for Corporate Governance at the University of Delaware. "No matter what they do, there will probably be litigation."

Through his hedge fund **ESL Investments** Inc., Mr. Lampert first approached Sears in April about buying Kenmore and other assets, though he didn't specify prices.

A deal, he wrote in a letter to the board, "could provide an important source of liquidity to Sears and could avoid any deterioration in the value of such assets."

Sears formed a special committee of independent directors to review the proposal but it has said nothing since.

Last week, Mr. Lampert wrote the board to specify his price and say he was "prepared to move as quickly as possible." He said he was hoping to sign a deal as soon as Aug. 24.

Mr. Lampert has good reason to move fast. Sears has \$133 million of debt coming due in October and could use the money from a Kenmore sale to help repay those loans.

On the other side, Sears's board has good reason for not wanting to rush into a transaction that could be viewed as self-dealing.

Critics have already accused Mr. Lampert of walking away with the valuable pieces

Please turn to page B2

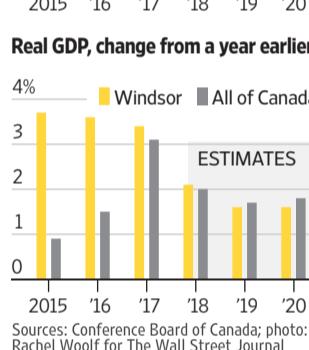
Tense Time for Canada's Auto Capital as Possible New U.S. Tariffs Loom

Vehicle production has lifted the economy in Windsor, Ontario, but leaves it exposed to shifts in demand and trade tensions.

Employment, change from a year earlier



Real GDP, change from a year earlier



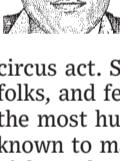
Sources: Conference Board of Canada; photo: Rachel Woolf for The Wall Street Journal



Some makers of car parts and vehicles in Windsor, Ontario, are already being hurt by trade uncertainties. B5

PERSONAL TECHNOLOGY | By David Pierce

New Galaxy Note 9 Brims With Power

 Not that long ago, **Samsung's** Galaxy Note phones were practically a circus act. Step right up, folks, and feast your eyes on the most humongous phone known to man! Now, when I pick up the 6.4-inch Galaxy Note 9, the latest model in the series, it feels almost normal. Somehow we became used to phones roughly the size of a slice of bread.

In other ways, though, the Note 9 still sticks out from the sea of glassy rectangles. No phone on the U.S. market

has more features or power. It has an integrated stylus that's much more than a drawing tool, and enough processing power, storage and RAM to rival your laptop. It even has software baked in that turns it into a personal computer.

The Note 9 isn't really competing with other smartphones. Devices such as the iPhone X are like fancy sedans, cool but still practical. Using the Note 9 is like driving a spaceship down the interstate—if the international space station is on your agenda. Even Samsung says

Please turn to page B4

INSIDE



EYE BONDS SEEK TO FUND BLINDNESS CURE

ETHICAL INVESTING, B2

PORTFOLIO OF POSH HOTELS UP FOR SALE

REAL ESTATE, B3

For Some Bonds, It's Too Easy Being Green

By MIKE BIRD AND MANJU DALAL

The booming world of "green bonds" faces a credibility problem: Definitions can be so fuzzy that environmentally conscious investors might end up funding fossil-fuel power stations.

Green bonds are securities that help companies and governments fund initiatives such as renewable-power projects and energy-efficiency programs. This is turning into one of the world's fastest-growing asset classes. Issuance of such securities ran to around \$161 billion last year, up from around \$10 billion in 2013.

But not all green bonds are equal. The Climate Bonds Initiative, a London-based not-

for-profit, acts as a de facto watchdog for the market. In the past two years, it has excluded hundreds of bonds marketed as green or environmentally friendly from its index, rejecting \$24.5 billion of \$114.2 billion in issuance this year. CBI might reject bonds because they don't give enough detail about how proceeds will be deployed or because the funds raised don't contribute to the goal of the Paris Agreement: to keep the increase in global temperatures this century to less than two degrees Celsius above preindustrial levels.

The most egregious bonds labeled as green are found in China and other developing markets, critics say, disparag-

Please turn to page B4

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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	Fiat Chrysler Automobiles.....B5
Allianz Insurance.....B3	Ford Motor.....B5
Alphabet.....A4,B1	Freddie Mac.....B9
Amazon.com.....B1	G
Amundi Asset Management.....B4	Goldman Sachs Group.....B2
Anbang Insurance Group.....B3	GradGuard.....B3
Apple.....A4,B1,B4,B5	H
Applied Materials.....B10	HNA Group.....B3
A.W.G. Dewar.....B3	I
B	Innogy.....B4
Bank of America.....B9	Instagram.....A10
Blackstone Group.....B3	L
BNP Paribas.....B4	Lam Research.....B10
C	Liberty Mutual Insurance.....B3
CC Industries.....B2	LinkedIn.....A10
D	Loews.....B2
Deutsche Bank.....B9	Lombard Odier Dierer Hentsch.....B4
E - F	N
Eaton Vance.....B4	National Amusements.....B10
E.ON.....B4	P
ESL Investments.....B1	Petróleos de Venezuela.....B2
Facebook.....A4,B1	R
G	RWE.....B4
H	S
I	Salesforce.com.....B1
J	Samsung Electronics.....B1,B10
K	Sears Holdings.....B1
L	SEI Investments.....B2
M	T
N	Taiwan Semiconductor Manufacturing.....B10
O	Thrivent Financial.....B2
P	Twitter.....A4
Q	V
R	von der Heydt Invest.....B4
S	X
U	Xerox.....B2

INDEX TO PEOPLE

A	Gulati, Mitu.....B2
B	Hennessey, Sean.....B3
C	Jackson, Andrew.....B4
D	Kamlani, Kunal.....B2
E	Kunkler, William.....B2
F	Lampert, Edward.....B1
G	Leopold, David.....B9
H	Lewis, Kenneth.....B9
I	Maduro, Nicolás.....B2
J	Moynihan, Brian.....B9
K	O'Brien, Beth.....B9
L	Petrou, Karen.....B2
M	Pritchard, John.....B4
N	Reese, Ann.....B2
O	Ryan, Matthew.....B2
P	Sabel, Matt.....B4
Q	Stabler, Sarah.....B9
R	Sterne, Hedda.....A13
S	Tisch, Thomas.....B2
T	Twigg, Wes.....B10
U	Werner, Sebastian.....B1

Sears CEO Puts Board On Spot

Continued from the prior page
of Sears, while the retail stores are left to flounder.

Sears has said its board requires transactions with Mr. Lampert, who controls roughly half of the shares, to be on terms at least as favorable as arm's-length transactions.

A Sears spokesman declined to comment or make a board member available.

"We are committed to following transparent procedures that ensure that any transaction with ESL takes place on fair and reasonable

"Moneyball" and current chief strategy officer for the Cleveland Browns, became a member in 2012.

Sears lost two of its most prominent directors within the past two years. Former banker and hedge-fund manager Steven Mnuchin, who was Mr. Lampert's college roommate at Yale and briefly worked at ESL, resigned in 2016 to become Treasury secretary.

Hedge-fund manager Bruce Berkowitz left last year, later telling his investors that Sears "wrecked" his funds' performance. Since leaving, Mr. Berkowitz sold roughly half his Sears stake, according to securities filings.

Sears has lost more than \$1 billion since 2011. Its sales have shriveled nearly 60% in that period to \$16.7 billion in the most recent fiscal year, as it has closed hundreds of stores and spun off divisions. Its shares, which once traded as high as \$144, now change hands around \$1.30.

In pursuing Kenmore, Mr. Lampert is seeking to inject Sears with cash and stave off a potential bankruptcy filing, while allowing the hived-off business to grow by selling products and services outside of Sears and Kmart stores, according to people familiar with the situation. He has also made an offer for as much as \$80 million for a Sears home-improvement business and is contemplating bids for Sears's appliance-parts business and some of its real estate.

The moves are attempts to flush out higher bidders. Mr. Lampert's offer includes a "go shop" period, in which Sears can solicit offers from others. But it is unclear whether offers will materialize, given that Sears had explored strategic alternatives for these businesses for nearly two years before Mr. Lampert made his public approach.

Any offer from Mr.

Lampert would need to be approved by Sears's minority shareholders, meaning Mr. Lampert couldn't use his larger stake to sway the vote.

William Kunkler, an executive at private-equity firm CC Industries Inc., joined the board in 2009. And Paul DePodesta, the baseball statistic whiz featured in the book

Moneyball, is a director.

Photo: Scott Olson/Getty Images

CEO Edward Lampert last week offered \$400 million to buy the retailer's Kenmore unit.

terms," an ESL spokesman said. "We believe that speed and certainty in the divestment of these assets are critical considerations for the various stakeholders of Sears Holdings, regardless of whether ESL or a third party is the ultimate buyer."

Sears's board has six members, including Mr. Lampert, the chairman, and Kunal Kamlani, president of ESL. Of the other four, two have served with Mr. Lampert for 15 years.

Ann Reese, Xerox Corp.'s former lead director, and Thomas Tisch, a member of the family that controls Loews Corp., joined the Kmart board in 2003 as it emerged from bankruptcy and joined the Sears board when Mr. Lampert merged the two retailers.

William Kunkler, an executive at private-equity firm CC Industries Inc., joined the board in 2009. And Paul DePodesta, the baseball statistic whiz featured in the book

Moneyball, is a director.

Photo: Scott Olson/Getty Images

Kenmore appliances unit could help Sears repay debt.

Photo: Scott Olson/Getty Images

BUSINESS & FINANCE

Goldman Faces Venezuela Losses

By MATT WIRZ

Goldman Sachs Group Inc.'s approximately \$865 million purchase of bonds from Venezuela's central bank last year attracted criticism from around the world.

Now, the transaction also is saddling Goldman's investment clients with millions of dollars in paper losses.

Mutual funds operated by Goldman Sachs Asset Management faced potential losses of at least \$63 million on the bonds in the 12 months ended June 30, based on data from Morningstar Inc. All told, market-value losses on the investment, which is held mostly in privately managed accounts for Goldman clients, likely exceed \$250 million, based on a Wall Street Journal analysis of figures reported by the mutual funds and traders' estimates.

These losses came before Venezuela announced a devaluation of its already embattled currency Friday evening, which likely will add to investor anxiety about the country's future.

The declines underscore the risks Goldman and its clients shouldered in taking on what the firm viewed at the time as an opportunistic investment in a country facing extraordinary challenges. Goldman marked the value of the bonds at 18 cents on the dollar in June, compared with 31 cents when it bought them a little more

than a year earlier, according to Morningstar.

"For the first few days, the Goldman guys looked like heroes and since then they've had a whole year of grief," said Mitu Gulati, an economics professor at Duke University who interviewed 30 investment firms for an academic study of the bonds. "Big investors are just not willing to buy."

In May 2017, Goldman bought bonds with a face value of \$2.8 billion originally issued by state oil company **Petróleos de Venezuela SA**, or PdVSA, in 2014. The purchase drew public criticism when it was reported by The Wall Street Journal because the proceeds went directly to the government of Venezuelan President Nicolás Maduro, unlike most bond trades between financial institutions. At the time, Mr. Maduro's detractors were pleading with international banks to avoid transactions that might help a government accused of human-rights abuses.

A spokesman for Goldman declined to comment. Last year, responding to criticism in Venezuela, the firm said it bought the securities from a broker and didn't interact with the Venezuelan government. "We recognize that the situation is complex and evolving and that Venezuela is in crisis," the bank said at the time. "We agree that life there has to get better, and we made the

Sharp Decline

Estimated market price of PdVSA 6% bond due 2022, \$1 par value



Sources: Morningstar (market price); staff reports (purchase price)

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investment in part because we believe it will."

No mutual funds managed by firms other than Goldman had purchased any of the bonds as of June 30, according to Morningstar, which tracks more than 1,300 U.S.-domiciled bond funds. Goldman placed about \$20 million combined face value bonds in two mutual funds it subadvises for **SEI Investments Co.** and for **Thrivent Financial**.

"Goldman Sachs is a subadviser for a small portion of the Thrivent Partner Worldwide Allocation Fund," a Thrivent spokeswoman said. "Goldman Sachs manages all assets solely at its discretion as it

does with other clients."

Goldman successfully unloaded some of the bonds, mostly to hedge funds, booking slight gains on some and taking losses on others, traders said. Market-value declines have been partly mitigated by an April interest payment.

The uproar prompted the firm to review its so-called ESG practices, the environmental, social and governance factors that many investors are increasingly using to aid decision making, a GSAM executive said in a March interview with Bloomberg News.

The risk of doing business in countries with repressive regimes has become the No. 1 ESG concern among money managers, ahead of issues like climate change and corporate governance, according to a survey of 300 investment firms by US SIF, an organization focused on expanding sustainable investing practices.

MFS Investment Management Inc. fund manager Matthew Ryan said he has mostly avoided holding Venezuelan bonds in the \$5.9 billion emerging-markets bond mutual fund he runs because of Venezuela's poor finances but ESG factors also played a part.

Goldman Sachs Asset Management likely still holds at least \$2 billion face amount of the bonds, or about three-quarters of its original investment, bond traders estimate.



Karen Petrou and her guide dog Zuni. Under her plan, lenders would sell loans to promising projects to an eye bond trust.

Adviser Seeks to Fund Blindness Cure

By CHRISTINA REXRODE

Karen Petrou, an influential adviser to bankers and regulators, has made a career of deciphering complicated financial regulations. Now she is trying to decode another type of puzzle.

The conundrum: matching medical researchers who need money with investors who have it. A bill outlining her strategy, which would include a government guarantee, was introduced in the House of Representatives last month.

Her goal: to cure blindness, which is her crusade.

Photo: Matt McLoone for The Wall Street Journal

Eye Bonds could help fund a cure.

Photo: Matt McLoone for The Wall Street Journal

Sight Deteriorated Over Several Years

Karen Petrou grew up in a liberal-leaning home in Westchester County, N.Y., to an artist mother and book-publisher father.

As a child, she once challenged the rabbi teaching her Sunday school class to "an intellectual disputation," said her mother, Blanche Dolmatch.

As a teenager, she donned a Colonial dress and mobcap to give tours of Philipsburg Manor in Sleepy Hollow, N.Y. "She was always good at making speeches and

instructing on things, and blowing off intellectual steam," Mrs. Dolmatch said.

In high school, Ms. Petrou was diagnosed with retinitis pigmentosa, a disorder that causes gradual vision loss. "We just kind of staggered out of the place," Mrs. Dolmatch recalled.

Within a few years, acquaintances complained Ms. Petrou didn't say hi when she passed them. Her peripheral vision was failing.

At the same time, she was working on a doctorate in political science at the University of California, Berkeley. But she took a job in banking, figuring it

man of Sullivan & Cromwell LLP, met Ms. Petrou in the early 1990s when they worked on the merger of Mellon Bank Corp. and Dreyfus Corp., a controversial proposal at the time because it combined a bank and a mutual-fund business.

"She gave a very broad-based view of everything that was going on—how the regulators would work, how Congress would react, and how the media would react," Mr. Cohen said. "It was typical of her approach and forthrightness."

"If you are going to challenge Karen on a fact, you better be right," said Pete Mills,

who worked for Ms. Petrou and is now head of residential public policy for the Mortgage Bankers Association. "You can't get anything by her."

With Eye Bonds, the Petrous aren't looking to reinvent themselves but to be heard on a different issue. They believe the obstacle to curing blindness isn't a lack of science but a lack of funding.

Though it is early days for Eye Bonds, they hope their structure or something similar could be applied to other diseases.

"People always say, 'Why is this for blindness?'" Ms. Petrou said. "And I say, 'Well, I'm blind, so let's start with that.'"

Photo: Matt McLoone for The Wall Street Journal

Eye Bonds could help fund a cure.

Photo: Matt McLoone for The Wall Street Journal

Eye Bonds could help fund a cure.

BUSINESS & FINANCE

Luxury-Hotel Portfolio Put Up for Sale

Chinese insurer offers properties purchased for \$5.5 billion in 2016 in effort to raise cash

Anbang Insurance Group
Co. of China is looking to unload a luxury-hotel collection that it acquired for \$5.5 billion two years ago, according to people familiar with the matter, as pressure builds on the

By Craig Karmin,
Julie Steinberg
and Dominique Fong

company to raise cash after its seizure by the government.

Anbang had been listening to offers to buy individual properties within its hotel portfolio, which includes high-end properties such as the Essex House Hotel overlooking Manhattan's Central Park, the Four Seasons Hotel in Jackson Hole, Wyo., and the InterContinental Hotels in Chicago and Miami, The Wall Street Journal reported in February.

But now as Anbang looks to raise cash more rapidly, the insurer has decided to sell the entire portfolio of about 15 hotels, the people said.

If Anbang completes a deal,

it would represent the company's most significant overseas sale since the Chinese government took control from its now-jailed founder and injected \$9.7 billion into the financially troubled company earlier this year. Anbang has already started selling holdings in China, but the insurer hasn't made any recent, major sales of foreign assets, according to Dealogic.

Anbang paid \$5.5 billion to **Blackstone Group** LP for the collection of luxury hotels in 2016. It isn't clear how much Anbang could command for the hotel portfolio today.

U.S. luxury-hotel sales volume and the price per room for these sales have declined in recent years. In 2015, U.S. luxury-hotel sales totaled \$22 billion with a price per room valuation of \$678,000, according to real-estate firm JLL's Hotels & Hospitality Group. Last year, luxury-hotel sales fell to \$5.2 billion and \$568,000 per room, though sales and prices picked up in the first half of this year as the economy gained strength.

Analysts say Anbang's luxury-hotel portfolio would be too big for all but a small number of buyers, including sovereign-wealth funds. So



The Essex House in New York City is among the hotel properties Anbang Insurance plans to sell.

big U.S. cities.

In 2015, Anbang paid \$1.95 billion for New York's Waldorf Astoria hotel—the highest price ever for a U.S. hotel. The property, which isn't part of the portfolio Anbang bought from Blackstone, is closed as it undergoes a renovation. Anbang isn't expected to include the Waldorf among the hotels it is selling, people close to the matter said.

More recently, however, some Chinese companies have been unloading properties. HNA is in talks to sell a Manhattan office building for a price that would result in a slight loss. The company acquired a controlling stake in the tower in 2016 in a deal that valued the building at \$463 million, a person familiar with the matter said.

The Committee on Foreign Investment in the U.S. recently instructed the Chinese group to sell the building, whose tenants include a police precinct tasked with protecting Trump Tower. HNA separately agreed to sell its Radisson hotel chain to a Shanghai hotelier.

A HNA spokesman declined to comment.

—James T. Areddy
and Esther Fung
contributed to this article.

Anbang is approaching potential buyers directly, rather than undergoing a traditional public sales process, a person familiar with the matter said.

A spokesman for Anbang said an effort to sell the hotel portfolio was "pure market speculation."

Hotel consultants said the

insurer unloading its luxury-hotel portfolio would be the latest sign that Chinese investors are accelerating their efforts to sell foreign assets.

"They may be deciding that their money may best be deployed at home," said Sean Hennessey, chief executive of Lodging Advisors, a New York

hospitality consulting firm.

Anbang was at the center of a wave of Chinese investors who went on a U.S. real-estate buying spree, taking advantage of new rules that allowed them to invest more easily abroad. Chinese companies, such as **HNA Group** Co., scooped up trophy assets in

demic or disciplinary reasons but will for medical reasons.

Insurers say the number of claims they receive citing mental-health incidents has risen.

Carmen Duarte, a spokeswoman for **A.W.G. Dewar** Inc. which has been offering tuition-reimbursement policies since the 1930s, said claims have remained flat for physical-health incidents but increased for mental-health reasons. She said policies are most likely to be bought by families of first-year students.

Allianz Insurance, which began selling the policies in

2015, said about 20% of claims were for mental health and 70% were for physical health.

For Mindy DiCostra, a tuition-insurance policy was a life-saver last year after her daughter withdrew midsemester in her junior year at Marymount Manhattan College in New York following an allergic reaction to an anxiety medication. Because Ms. DiCostra agreed to pay \$238 for tuition insurance when doing paperwork for the school, she was eligible to receive a full reimbursement for the \$16,000 in tuition she and her husband had paid for the semester.

Demand for Tuition Insurance Is Surging

By DOUGLAS BELKIN

As college tuition rises so, too, has demand for insurance to cover what in many cases is among a family's biggest investments.

About 70,000 policies were written across the U.S. market last year, up from 20,000 five years ago, said John Fees, co-founder of **GradGuard**, which started selling tuition-reimbursement insurance seven years ago.

"The cost of college is driving this," said Mr. Fees. "Families cannot afford the loss of \$30,000."

Several companies provide tuition insurance. Most policies charge in the neighborhood of 1% of the cost of school. A semester that runs \$30,000 would cost about \$300. At least 200 schools now work with insurers, offering the coverage to families when they pay the tuition bill.

Liberty Mutual Insurance started offering tuition-reimbursement policies this year, in part because of consumer demand. When a student drops out midsemester, parents are often "very surprised to learn that you may not get anything back," said Michele

Chevalier, a senior director at Liberty Mutual.

Tuition insurance protects families in case their son or daughter has to drop out of school past the point at which a school offers tuition reimbursement, usually around halfway through the semester. Driving the increased demand are higher college costs and, to a lesser extent, rising mental-health disorders among college students that have raised concerns among parents that their children may struggle away from home.

Plans don't typically cover students who drop out for academic or disciplinary reasons but will for medical reasons.

Insurers say the number of claims they receive citing mental-health incidents has risen.

Carmen Duarte, a spokeswoman for **A.W.G. Dewar** Inc. which has been offering tuition-reimbursement policies since the 1930s, said claims have remained flat for physical-health incidents but increased for mental-health reasons. She said policies are most likely to be bought by families of first-year students.

Allianz Insurance, which began selling the policies in

*Adjusted for inflation and including fees
Source: College Board
THE WALL STREET JOURNAL.

THE WALL STREET JOURNAL

TECHNOLOGY

WSJ.com/Tech

New Note 9 Carries Out Power Play

Continued from page B1
most Note buyers tend to be previous Note owners.

That's the problem, though, when it comes to attracting new users: To the uninitiated, it looks a little like expensive overkill.

The Note 9 isn't physically much different from the Note 8. It's a thin, sharp, long rectangle and comes in lavender and blue. It has a headphone jack, a finger-print reader, an iris scanner, three cameras, two speakers and a microSD card slot.

Inside, the Note 9 offers significant gains over last year's model. It has a huge 4000 mAh battery; Apple's biggest iPhone batteries are all under 3,000 mAh. Evidently, two years after a combusting-phone scandal, Samsung is confident enough in its battery technology to go back to cramming all the juice it can into its phones. The Note 9's battery life is impressive: When I used it for normal phone things, I got nearly two full days between charges.

Except nobody will buy a Note 9 to do normal things. People will buy one because it comes with as much as 8 gigs of RAM and 512 gigs of storage at a price of \$1,250—which means they can run a dozen apps while playing games and listening to music and shooting 4K video. So really, the Note 9's battery will still last you only a day, but you can push it hard and still make it to bedtime.

My tests of the Note 9 quickly stopped being about camera performance or display sharpness. The Note 9 did well in all of them. Other than the \$1,000 starting price and the fact that it doesn't come with the latest version of Android, everything about the Note's spec sheet is a winner.

But while the Note 9 is the best Note yet, it isn't a must-have upgrade over the Note 8—which raises the real question: Is a Note what you're looking for?

The Note 9 offers two ways of interacting with it that most other phones

don't. The first is the S Pen stylus. It's always been handy for drawing or annotating screen shots, and I like that you can pop it out quickly to jot a note without unlocking the phone.

This new S Pen connects to the Note 9 by Bluetooth. You can click its button to flip slides in a presentation or snap a photo. It charges in seconds while tucked inside the phone.

I've found the S Pen a handy tool in conjunction with another of the Note 9's best features, called DeX. By connecting the phone to a display using an adapter or cable, you can turn the Note into something resembling a desktop. Last year's dock is no longer required.

All your apps still run, but they open on the external display in an environment more like Windows, with a tool bar and plenty of space for multi-tasking. Some apps resize to fit the larger screen, including Google's Chrome browser. Connect a keyboard and mouse via Bluetooth. You can even unlock the phone—and use it as a phone—while it powers the desktop environment.

The versatile Note 9 comes closer than anything I've tested to fulfilling my one-computer dream. But Samsung doesn't always implement these features well. When I pull out the S Pen, the Note 9 offers six things to do, with dozens more available in settings. I get notifications every time I open DeX. Apps often have to close and reopen to work on the larger screen.

I've long complained about Samsung's duplication of Google's apps, but the Note 9's bigger issue is that it just wouldn't leave me alone. It bombarded me with pop-ups, new-feature alerts and options I apparently needed to turn on.

Samsung says the barrage is an attempt to help Note users figure out their powerful new device, and the pop-ups mellow out eventually.

Ultimately, there are phone people and then there are Note people. If you're the type who thinks a car is something that gets you from A to B, the Note 9 might be too much. But if you love getting your hands dirty under the hood, you will probably love how much the Note 9 lets you play.



Salesforce.com's stock has risen more than 40% this year, but fans say it is being penalized for up-front marketing and sales costs.

Tech Bulls Brush Off Worries

Continued from page B1
to those numbers to justify these multiples," said Mr. Werner.

Believers in this approach may have some market math on their side: The valuation of the average stock in the S&P 500 is now in the 97th percentile of historical levels, according to Goldman Sachs Group Inc., which analyzed 40 years of data. While that is down from the 99th percentile at one point last year, it shows that the concerns about valuation could be applied to a vast swath of the market, not just tech. Even consumer-staples firms, seen as defensive plays expected to do well in an economic slowdown, appear overpriced to many investors.

Of course, few question that

Crowded

Fund managers are most overweight in shares of tech and consumer-discretionary companies.

Tech	57.7%
Discretionary	54.9
Health care	54.3
Financials	47.8
Materials	46.7
Industrials	44.8
Energy	36.8
Staples	35.4
Telecom	24.4
Utilities	20.7
Real estate	18.6

Source: Bank of America Merrill Lynch

THE WALL STREET JOURNAL.

stock declines that followed profit-report disappointments.

"Valuations matter a lot more as you extend the time horizon," said John Prichard, president of Knightsbridge Asset Management, who expects rising interest rates to lead to a shakeout at some point that "will depress high-P/E stocks."

But the rise of interest rates this year has been slow and tech remains popular, with fund managers most heavily tilted toward tech of all 11 major S&P 500 industry sectors. The average portfolio manager holds about 1.2% of its fund in tech and internet stocks, according to a Bank of America Merrill Lynch report last month.

In part, that is because many of the largest tech firms have carried outsize multiples throughout a run to record highs, and have shown impressive earnings gains during recent years that have brought down their price/earnings ratios even as shares notch large gains.

Take Amazon, up more than 60% this year and trading at a

lofty 85 times future earnings: Improving earnings in recent quarters have driven the firm's price/earnings ratio down from its average level over the past three years of around 115 times, according to FactSet. In comparison, the S&P 500 trades at about 16 times earnings expected over the next 12 months.

Less than five years ago, Facebook was trading at more than 50 times forward earnings as it outspent rivals to dominate social media's advertising landscape. Increased profits have brought its valuation down to 23 times today, even after the record market-value decline last month.

Salesforce is up more than 40% this year, yet fans contend the market is undervaluing its capacity to win long-term customers and penalizing the software firm for up-front marketing and sales costs.

"It's very easy to analyze this year's costs and say, Look at all this spend, it's unprofitable," said Matt Sabel, a portfolio manager for MFS Investments.

'Greenness' Of Bonds Questioned

Continued from page B1

ing them as "brown," or environmentally unfriendly.

Taiwan Power Co., a state-owned electricity provider, has in recent months marketed two bond deals totaling \$271 million as green. The CBI rejected both because proceeds would help upgrade gas and coal power stations. Taiwan Power didn't respond to a request for comment.

"We really need to improve the definition of what it means to be a green bond as right now, even a dirty-brown corporate can carve out a deal that looks green," said Andrew Jackson, head of fixed income at Hermes Investment Management in London.

The challenges exemplify a broader issue: Definitions can be a problem across the burgeoning market for environmental, social and governance-driven investing.

Companies that sell bonds labeled green are often responding to favorable treat-

ment of the securities.

In China, banks can borrow at advantageous terms from the central bank using green bonds issued by banks as collateral, when similar nongreen bonds wouldn't be accepted. Issuers can also win fast-track approval to sell new debt.

Even in developed economies, funds and issuers differ on what constitutes a green bond. The European Commission, the European Union's executive arm, is working on definitions of green assets. But it won't produce strict certifications for green bonds, leaving room for continued leeway in interpretation.

Forty-five percent of green bonds in emerging markets would be ineligible for the BNP Paribas Asset Management funds dedicated to such securities, compared with 22% in developed economies, the firm said. "The lack of shame among issuers is alarming," said L. Bryan Carter, head of emerging-markets debt investing at the firm. "They are deaf to the idea that if you're raising \$1 billion for green investments, I need to know you're spending it on green investments."

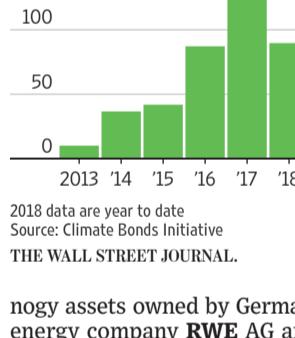
Electricity company Innogy SE is another example of the potential problems. Some In-

Putting Down Roots

The market for environmentally conscious debt investments has boomed in recent years.

Green bond issuance

\$200 billion



nogy assets owned by German energy company RWE AG are set to be acquired by E.ON SE. The deal will likely involve transferring a green bond.

Analysts at research firm CreditSights say the purchaser has little interest in green financing, and the €850 million (\$970 million) bond might simply become a regular bond.

E.ON declined to comment. Innogy said the bond, which is likely to be split off from the wind projects it finances, could keep its green status if it is re-

allocated to other environmentally friendly projects, but Innogy couldn't give guidance on whether that would happen.

Numerous securities excluded from the CBI's index pop up in funds with an environmental focus, according to a Wall Street Journal analysis of Thomson Reuters data.

Funds managed by Luxembourg-based von der Heydt Invest SA and Amundi Asset Management SA hold at least four bonds excluded by the CBI, while a fund managed by Swiss private bank Lombard Odier holds at least five, the data show. Funds run by BNP Paribas Asset Management and U.S.-based Calvert Research & Management, a subsidiary of Eaton Vance Corp., held at least one excluded bond.

"We look at [the CBI's list] as an input," said Vishal Khanduja, one of the managers of the Calvert Green Bond Fund. He compared the process to credit ratings. "I would not just assume a bond rated by an agency was AAA: I would do my own work...and make my own decisions," he said.

BNP Paribas, Lombard Odier and Amundi also said they did their own analyses. Von der Heydt Invest didn't respond to a request for comment.



The Galaxy Note 9's storage and RAM rival those of a laptop.

EMILY PRAPUOLINIS/THE WALL STREET JOURNAL

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BUSINESS NEWS

Canada's Car Capital Braces Itself

Windsor, long reliant on U.S. auto industry, would bear the brunt of threatened levies

BY CHESTER DAWSON

WINDSOR, Ontario—For decades, this border city has tied its fortunes to the success of the U.S. car industry. Now with President Trump threatening to impose a hefty tariff on Canadian-made vehicles and auto parts, residents and business owners worry that those ties, already strained by steel tariffs from both sides of the border, could soon be ruptured.

Some car-parts manufacturers and other businesses in this industrial city adjacent to Detroit are starting to feel the effects of the White House's recent trade actions.

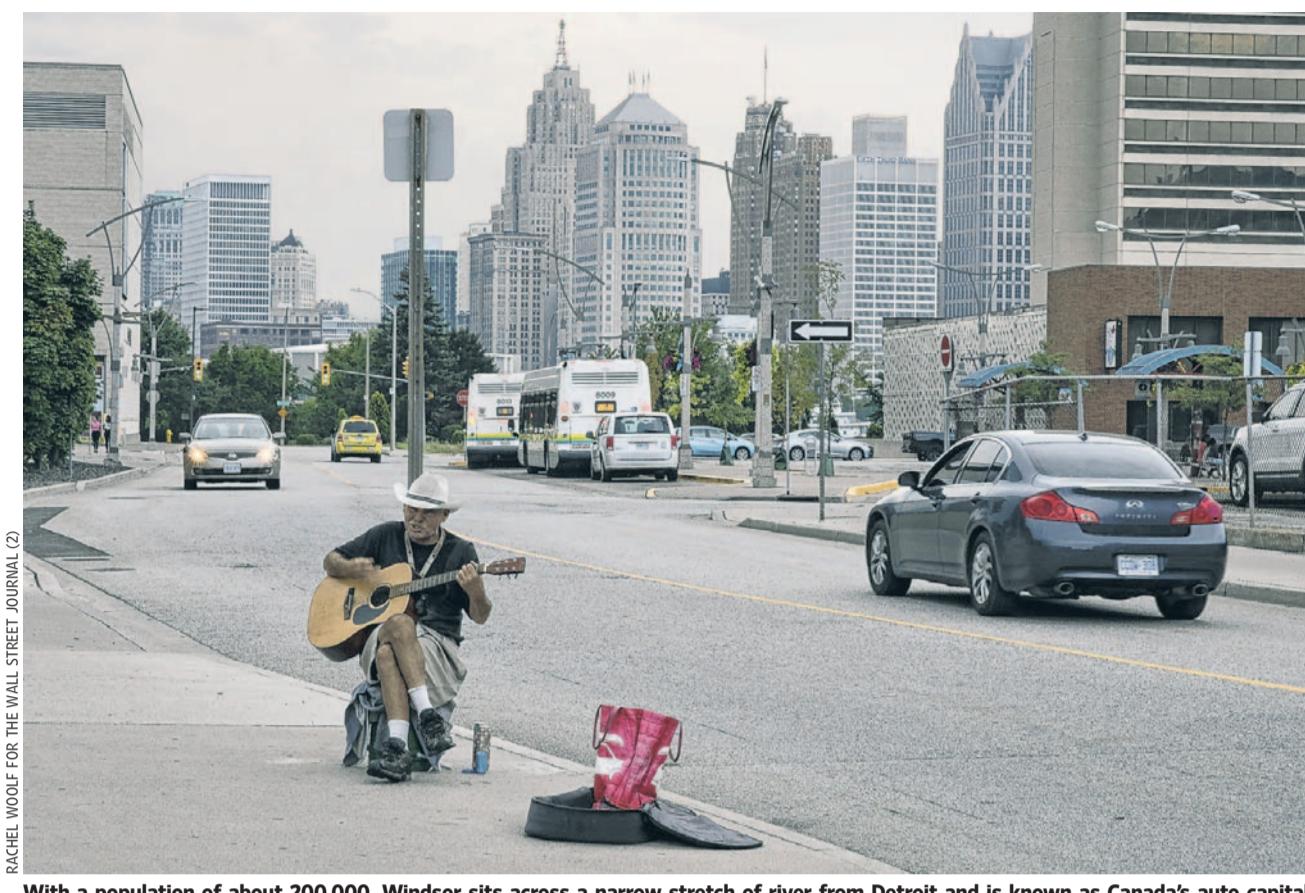
White House officials have argued that the tariffs' effects on U.S. consumers will be small and broadly dispersed. But for foreign locales such as Windsor that heavily depend on trade with the U.S., the impact may be acute.

In a recent tweet, Mr. Trump singled out the Canadian auto industry, writing he would "tax" cars built there if U.S. officials can't strike a deal on the North American Free Trade Agreement.

Mr. Trump has said he wants to impose a tariff of up to 25% on foreign-built cars and auto parts imported to the U.S., which could include those from Nafta partners.

"Everybody is talking about it," said Bobby Hanslin, 51 years old, a longtime worker at Fiat Chrysler Automobiles NV's assembly plant in Windsor. "Everybody is worried."

The plant, which employs 6,100 workers, is Canada's largest auto factory and builds minivans mostly for export to the U.S. Employees and local officials say they are concerned a tariff could force Fiat Chrysler to rethink whether it wants to continue building as many vehicles in Canada.



With a population of about 200,000, Windsor sits across a narrow stretch of river from Detroit and is known as Canada's auto capital.

"If we ever lost Chrysler, Windsor would be a ghost town," said Duncan McGregor, 59, a skilled tradesman who has worked at the plant for 25 years and has a daughter employed on the assembly line.

Fiat Chrysler declined to comment.

With a population of about 200,000, Windsor sits across a narrow stretch of river from downtown Detroit and is known as Canada's car capital due to its proximity to the heart of the U.S. auto industry.

Its connections to the Motor City run so deep that many Windsor residents root for Detroit sports teams, and about 6,000 Canadians commute to the U.S. daily across the Windsor-Detroit border.

"It's the only Canadian suburb of an American city," said Flavio Volpe, president of Canada's Automotive Parts Manufacturers' Association.

The city's auto sector has flourished under Nafta, with dozens of auto suppliers and hundreds of smaller tool shops making equipment used in car factories over the years. Windsor also is home to a Ford Motor Co. engine factory, which employs roughly 1,500 workers. The auto industry makes up 17% of Windsor's gross domestic product, according to the Conference Board of Canada.

Mr. Trump, however, sees Canada's rebounding car sector as a bargaining chip in Nafta renegotiation talks and has pressured manufacturers to locate more work in the U.S.

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

The trade showdown comes when Windsor's economy has rebounded strongly. The city has added 7,800 jobs in the past four years, mostly in the automotive sector, nearly off-



The Fiat Chrysler plant builds minivans, mostly for export to the U.S.

setting the 8,600 jobs lost during the recession, according to labor data. Its unemployment rate dropped to 5.6% last year from 9.8% in 2015.

Amid the uncertainty, civic leaders have held town halls with residents and business

owners to discuss the potential fallout and push Ottawa to resolve the trade row.

"Everyone here takes the U.S. threats very seriously, but no one is quite sure what to make of them," said Windsor Mayor Drew Dilkens.

Apple Pulls Apps, Pressed by Beijing

BY YOKO KUBOTA

BELJING—Apple Inc. pulled illegal apps from its App Store in China after coming under fire from state media for not doing enough to filter banned material.

"Gambling apps are illegal and not allowed on the App Store in China," Apple said Monday. "We have already removed many apps and developers for trying to distribute illegal gambling apps on our App Store, and we are vigilant in our efforts to find these and stop them from being on the App Store."

Apple offers more than 1.8 million apps in China, the Ministry of Industry and Information Technology says. Removing 25,000 apps would amount to about 1.4% of that total.

The removals were first reported by Chinese state broadcaster CCTV on Sunday. It said 25,000 apps were pulled. Apple didn't confirm that number.

State media has criticized the Cupertino, Calif., company for having illegal apps in its store and not doing enough to filter banned content on its iMessage service.

"Apple itself has set up the rules on how to allow apps onto its store, but it didn't follow that, resulting in the proliferation of bogus lottery apps and gambling apps," CCTV said.

This is a sensitive time for American companies in China, as concerns grow about the fallout of a trade fight between the world's two biggest economies. Trade experts say China could hurt U.S. companies either through tariffs or other measures, including media-led campaigns against American goods.

—Yang Jie contributed to this article.

'Crazy Rich Asians' Shines

Associated Press

LOS ANGELES—Glitz won out over guns as the gilded romance "Crazy Rich Asians" made its debut at No. 1 in North American theaters over the weekend, surpassing industry expectations and beating out action-packed fare like "Mile 22."

Warner Bros. estimated that "Crazy Rich Asians" earned \$25.2 million over the weekend and \$34 million since its opening Wednesday. It is a surefire win for the film, which cost \$30 million to produce and went into the weekend with months of buzz and a 93% "fresh" rating on Rotten Tomatoes.

Adapted from Kevin Kwan's best-seller, "Crazy Rich Asians" stars Constance Wu as an American woman who gets a culture shock meeting her boyfriend's wealthy family in Singapore.

As recently as July 26, box-office experts were predicting that the film would open to at

Estimated Box-Office Figures, Through Sunday

SALES, IN MILLIONS

FILM	DISTRIBUTOR	WEEKEND*	CUMULATIVE	% CHANGE
1. <i>Crazy Rich Asians</i>	Warner Bros.	\$25.2	\$34	—
2. <i>The Meg</i>	Warner Bros.	\$21.2	\$83.8	-53
3. <i>Mile 22</i>	STX Entertainment	\$13.6	\$13.6	—
4. <i>Alpha</i>	Sony	\$10.5	\$10.5	—
Tie: <i>Mission: Impossible—Fallout</i>	Paramount	\$10.5	\$180.7	-46

*Friday, Saturday and Sunday. Source: comScore

least \$18 million over its first five days, but no one expected a launch of over \$30 million.

The stakes were high for the first studio-produced movie led by Asian-Americans in 25 years.

The filmmakers even turned down a big offer from Netflix to give the film a theatrical platform.

Despite the success of "Crazy Rich Asians," other

films found audiences over the weekend, including the Warner Bros. shark movie "The Meg," which fell 53% in its second weekend, adding \$21.2 million. The Jason Statham-led film has now grossed over \$300 million worldwide.

Mark Wahlberg's action-packed "Mile 22" made its debut in third place with an estimated \$13.6 million. The STX film had a \$35 million production budget.

Despite the success of "Crazy Rich Asians," other

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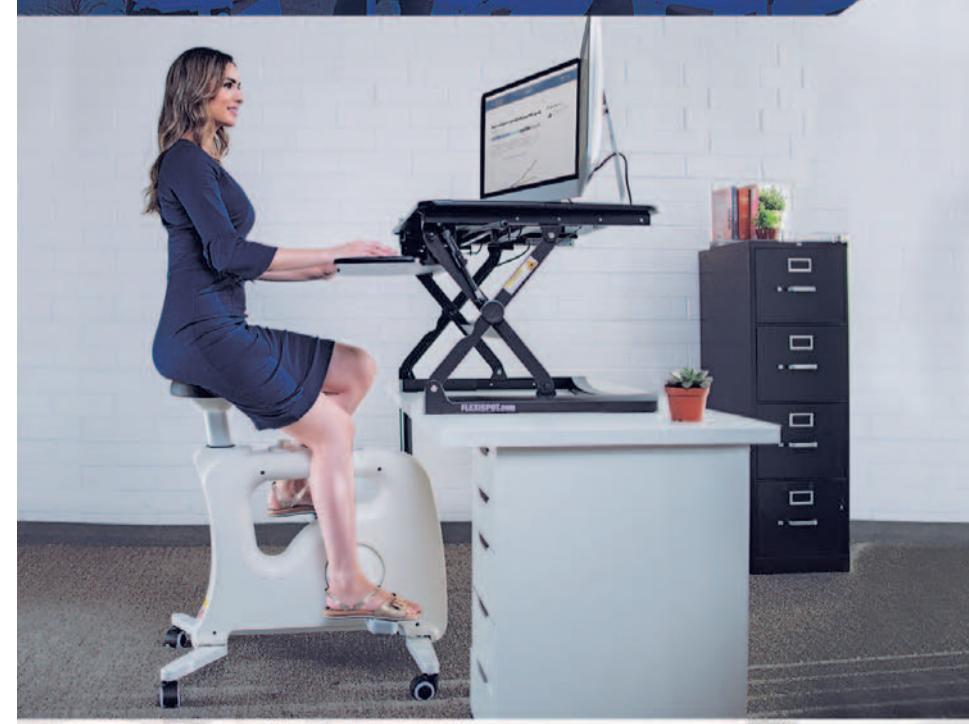
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Borrowing Benchmarks | WSJ.com/bonds

Money Rates

Key annual interest rates paid to borrow or lend money in U.S. and international markets. Rates below are a guide to general levels but don't always represent actual transactions.

Inflation		Latest	Week ago	—52-Week— High	Low
July index level	Chg From (%) June '18	July '17			
U.S. consumer price index					
All items	252.006	0.01	2.9		
Core	257.867	0.07	2.4		

International rates

Latest	Week ago	—52-Week— High	Low
U.S.	5.00	5.00	4.25
Canada	3.70	3.70	2.95
Japan	1.475	1.475	1.475

Policy Rates

Latest	Week ago	—52-Week— High	Low
Euro zone	0.00	0.00	0.00
Switzerland	0.50	0.50	0.50
Britain	0.75	0.75	0.25
Australia	1.50	1.50	1.50

Overnight repurchase

Latest	Week ago	—52-Week— High	Low
U.S.	1.97	1.94	2.18

U.S. government rates

Latest	Week ago	—52-Week— High	Low
Federal funds	1.9400	1.9300	1.9500

Effective rate	High	Low	Offer
1.9400	2.1500	1.9300	1.9000
2.0625	2.1500	2.0325	1.9200
1.8500	1.9100	1.9000	1.0600
1.9000	1.9300	2.1500	1.0700

Treasury bill auction

4 weeks	13 weeks	26 weeks	One year
Latest	Week ago	High	Low
1.910	2.030	2.180	2.81300
1.905	2.010	2.180	2.81550
0.940	1.000	1.115	2.82312

Secondary market

Fannie Mae

30-year mortgage yields

30 days	60 days
4.161	4.178

4 weeks	13 weeks	26 weeks	One year
Latest	Week ago	High	Low
4.184	4.203	4.371	3.281
4.178	4.233	4.344	3.253

Other short-term rates

Latest	Week ago	—52-Week— High	Low
4.184	4.203	4.371	3.281

Call money	3.75	3.75	3.75	3.00
3.75	3.75	3.75	3.00	

Commercial paper (AA financial)	90 days	2.24	2.21	2.31	1.14

Libor	Latest	Week ago	—52-Week— High	Low

DTCC GCF Repo Index	Treasury	1.973	3.0790	2.233	1.022
	MBS	2.014	81.620	32.21	1.038

DTCC GCF Repo Index Futures	Treasury Aug	98.010	0.005	1434	1.990
	Treasury Sep	97.955	unch.	1877	2.045

Treasury Oct	97.770	unch.	693	2.230

Notes on data:

U.S. prime rate is the base rate on corporate loans posted by at least 70% of the 10 largest U.S. banks, and is effective June 14, 2018. **Other prime rates** aren't directly comparable; lending practices vary widely by location. **Discount rate** is effective June 14, 2018. **DTCC GCF Repo Index** is Depository Trust & Clearing Corp.'s weighted average for overnight trades in applicable CUSIPs. Value traded is in millions of U.S. dollars. **Federal-funds rates** are Tullett Prebon rates as of 5:30 p.m. ET. **Futures on the DTCC GCF Repo Index** are traded on NYSE Liffe US.

Sources: Federal Reserve; Bureau of Labor Statistics; DTCC; SIX Financial Information; Tullett Prebon Information, Ltd.

Cash Prices | WSJ.com/commodities

Friday, August 17, 2018

These prices reflect buying and selling of a variety of actual or "physical" commodities in the marketplace—separate from the futures price on an exchange, which reflects what the commodity might be worth in future months.

Friday	Friday	Friday
(U.S.\$ equivalent)	**14,6050	

Energy	10887
Coins,wholesale \$1,000 face-a	

Other metals	781.0
LBMA Platinum Price PM	

Platinum,Engelhard industrial	782.0
Platinum,Engelhard fabricated	

Platinum,Engelhard fabricated	882.0
Palladium,Engelhard industrial	

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 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. **Pmt** indicates that dividends are computed by dividing income dividends paid (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 17, 2018

52 wk
Fund (SYM) NAV Close/Disc Ret

General Equity Funds

Adams Divers Inv Fd **ADX** 18.76 16.15 -13.9 21.8

Boulder Growth & Income **BIF** 13.18 11.21 -14.9 18.2

Central Securities **CET** 34.39 28.55 -17.0 20.8

CohStre Oprtity Fd **FOF** 13.75 13.22 -3.9 12.1

Etn Vnc TaxAdv Dv **EVT** 24.18 24.46 +1.2 21.9

Gabelli Dividend & Incm **GDV** 24.85 24.01 -3.4 19.1

Gabelli Equity Trust **GAB** 6.55 6.50 -0.8 17.2

Genl American Investors **GAM** 42.93 36.08 -16.0 18.0

Hnck John TxAdv **HTD** 25.35 23.68 -6.6 2.8

High All-Star Equity **USA** 6.82 6.59 -3.4 32.2

Source Capital **SOR** 45.42 40.41 -11.0 6.4

Tri-Continental **TY** 31.01 27.67 -10.8 17.9

Specialized Equity Funds

Aberdeen Gbl Prem Prop **AWP** 6.76 6.27 -7.2 8.7

Adams Natural Rsrcs Fd **PEO** 22.83 19.15 -16.1 14.2

AllnzGl NJ Div Interest **NFJ** 14.75 12.96 -12.1 7.4

Blkrk Enth Cap Inco **CI** 17.71 17.13 -3.3 22.5

Blkrk Eny Res Tr **BGR** 15.13 14.22 -6.0 22.5

BlackRock Enth Eq Tr **BDI** 9.89 9.44 -4.6 15.1

BlackRock Enh Dv Fd **BOE** 20.16 11.22 -7.7 3.7

Blkrk Int'l Grwth&Inco **BGY** 6.39 5.74 -10.2 -1.3

Blkrk Health Sci **BME** 38.26 41.49 +8.4 24.9

BlackRk Rscs Comm Str Tr **BCK** 9.70 8.61 -11.2 11.5

BlackRock Science & Tech **BST** 31.37 33.62 +7.2 5.2

BlackRock Utilities Infr **BUI** 20.00 20.58 +2.9 6.3

Cohen & Steers Inf Fd **FUT** 24.58 23.54 -4.2 11.6

C&M Lpln & Eny Opp **MIE** 12.02 10.89 -9.4 -0.2

Cohen & Steers Quarl **RQI** 13.51 12.54 -7.2 8.3

CohnStrs Pfdlnco **RNP** 22.32 19.91 -10.8 3.6

Cohen & Steers TR **RFI** 13.20 12.83 -3.5 10.0

CLSelgmn Prem Tech Grd **FTD** 20.88 21.43 +2.6 11.6

DNP Select Income Fund **DNP** 9.72 11.09 +14.0 7.7

Duff&Helps PfdUtiltg Fd **DPG** 17.20 15.38 -10.6 4.4

Eaton Vance Eqty Inco Fd **EOI** 15.66 15.85 +1.2 28.3

Eaton Vance Eqty Inco II **EOS** 17.13 17.50 +2.2 25.6

Eaton Vance Eqty Inco III **ETW** 11.19 12.23 +9.3 15.5

Etn VncRskMngd **ETJ** 9.98 9.92 -0.6 16.7

Etn Vnc Tax Mgt Buy/Wrt **ETB** 16.23 16.75 +3.2 10.9

Eaton Vance Buy/Wrt Opp **ETV** 15.47 16.16 +4.5 15.9

Eaton Vance Tax-Mng Dv **ETY** 12.65 12.67 +0.2 23.3

Eaton Vance Tax-Mng Opp **ETW** 11.19 12.23 +9.3 15.5

Etn VncRskMngd **ETJ** 9.23 9.58 +3.8 16.0

FT Energy Inc & Growth Fd **FEN** 23.80 23.01 -3.3 4.9

FstTrEnhEqtnInco Fd **FFA** 16.57 16.44 -0.8 19.7

First Tr Enh Infr Fd **FIF** 17.96 16.80 -6.5 1.8

First Tr MLP & Eny Inco **FEI** 13.56 13.56 -0.2 2.2

Gabelli Hlthcr & Well **GRX** 12.61 10.63 -15.7 9.2

Gabelli Utility Tr **GUT** 5.12 5.85 +14.3 -5.6

GAMCO Gold Natl Rscs & Incm **GGN** 4.59 4.86 +5.9 -0.7

GAMCO Gold Natl Rscs & Incm **GGN** 4.59 4.86 +5.9 -0.7

JH Hancock Fin Opps Fd **BTB** 39.62 38.89 -1.8 20.7

52 wk
Fund (SYM) NAV Close/Disc Ret

U.S. Mortgage Bond Funds

BlackRock Income Trust **BKT** 6.30 5.78 -8.3 5.5

Neuberger Berman MLP Incm **NML** 10.06 9.21 -8.4 9.6

Neubrg Brm R/F Est Sec Fd **NRO** 5.51 5.17 -6.2 6.7

Nuveen Dow 30 Dynamic **DIAX** 19.02 19.49 +2.5 25.6

Nuveen Eq Alpha **CEA** 15.17 15.50 +2.2 21.3

Nuveen Diversified Div **JCD** 12.07 11.19 -7.3 0.1

Nuveen Enrgy MLP Fd **JMF** 12.37 11.28 -8.8 7.5

MFS Inc Tr **MIN** 4.11 3.78 -8.0 9.7

NuNASDAO 100 Dyn Over **QQQX** 24.42 24.63 +0.9 23.1

Nuveen Real Est Incm Fd **JRS** 11.28 10.35 -8.2 3.3

Nuveen Real Asset Income **JRI** 18.62 16.26 -12.7 -3.3

Nuveen SGP 500 Dyn Overwrite **SPXX** NA 17.09 NA 20.4

Nuveen SGP Buy-Wrt **BXMX** 14.25 15.31 +0.4 13.2

Reaves Utility Fund **UTG** 33.09 31.94 -4.9 -5.7

Tekla Hlthcr Investors **HOH** 25.03 22.65 -9.5 NE

Tortoise Energy **TYG** 29.43 29.26 -0.6 13.1

Tortoise MLP Fund **NTG** 17.55 16.46 -6.2 1.9

Income & Preferred Stock Funds

Calamos Strat Fd **CSQ** 13.17 13.23 +0.5 23.9

Cohen & Steers Dslr Pfd **PSF** 25.72 28.27 +8.8 1.4

Ft Interim Duration Pfd **FPP** 23.39 22.04 -5.8 -2.2

John Hancock Pfd Income **HPI** 21.30 21.93 +3.0 10.7

John Hancock Pfd II **HPF** 21.02 21.20 +1.3 7.4

John Hancock Pfd III **HPS** 18.76 18.51 -1.3 7.3

J Hancock Pfd Pr Div **PDT** 15.02 16.18 +7.7 7.6

Nuveen Pfd Incm Ops Fd **JPC** 10.10 9.31 -7.8 -3.7

Nuveen Pfd & Incm Secs Fd **JPS** 9.65 8.79 -8.9 -6.7

Nuveen Preferred & Incm **JPI** 24.20 23.28 -3.8 1.2

Nuv Adv-Tax Adv Gr Div **JTD** 17.73 17.27 -2.6 16.2

Pioneer Floating Rate Tr **PH** 12.30 11.00 -10.4 6.5

Virtus Global Dividend **ZTR** 11.12 11.91 +7.1 4.0

Convertible Sec's. Funds

AdventClymn Fd **AVK** 17.16 15.50 -9.7 5.8

AllianzGI Conv & Incm **NCV** 6.33 7.08 +1.8 15.9

AllianzGI Conv & Incm II **NCZ** 5.69 6.10 +7.2 11.8

BlackRock Dlrsn Tr **BLW** 16.65 14.92 -10.4 6.3

CreditSuisse High Yld **DHY** NA 2.60 NA 9.7

DoubleLine Incm Ops **DLT** 20.35 20.12 -1.1 8.9

DoubleLine Incm Ops II **DLT** 20.35 20.12 -1.1 8.9

Dreyfus Hldg Fund **DHF** 3.39 3.13 -7.7 8.9

Fst Ft Floating Rate 2022 **FIV** 9.65 9.25 -4.1 5.3

Fst Ft Hg Cdg **FSD** 16.97 14.84 -12.6 9.6

Barings Gl Short Dur Hy **BGH** 20.69 19.43 -6.1 9.6

BlackRock Corp Hy Yld Fd **HYT** 11.84 10.59 -10.6 7.9

BlackRockDlrsn Tr **BLW** 16.65 14.92 -10.4 6.3

CreditSuisse High Yld **DHY** NA 2.60 NA 9.7

DoubleLine Opp Credit **DBI** NA 20.76 NA 9.5

Dreyfus & Phillips Ut & Cpd Bd **DUC** 9.21 8.50 -7.7 5.8

Eaton Vance Mngd Opp Fd **EAD** 8.95 7.98 -10.8 8.2

Eaton Vance Mngd Opp Fd **ETW** 11.19 12.23 -3.5 2.7

Eaton Vance Mngd Opp Fd **ETW** 11.19 12.23 -3.5 2.7

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Eaton Vance Mngd Opp Fd **ETW** 11.19 12.23 -3.5 2.7

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MARKETS DIGEST

Dow Jones Industrial Average

25669.32 ▲ 356.18, or 1.41% last week
High, low, open and close for each of the past 52 weeks



Current divisor 0.14748071991788
Bars measure the point change from Monday's open



Primary market ■ Composite

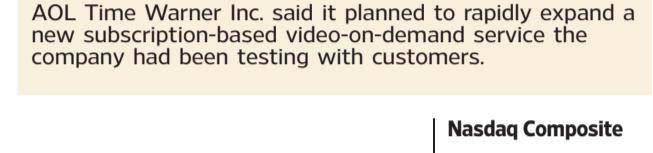
*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

S&P 500 Index

2850.13 ▲ 16.85, or 0.59% last week
High, low, open and close for each of the past 52 weeks



Bars measure the point change from Monday's open



Primary market ■ Composite

*Weekly P/E data based on as-reported earnings from Birinyi Associates Inc.

New to the Market

Public Offerings of Stock

IPOs in the U.S. Market

Initial public offerings of stock expected this week; might include some offerings, U.S. and foreign, open to institutional investors only via the Rule 144a market; deal amounts are for the U.S. market only

Expected pricing date	Filed	Issuer/business	Symbol/primary exchange	Shares (mil.)	Pricing Range(\$)	Low/High	Bookrunner(s)
8/20	6/28	BioNano Genomics Solution provider for genomics researchers.	BNGO	2.5 Nq	6.00/7.00	Roth Cptl Ptrrs, Maxim Grp	
8/22	7/20	Megalith Financial Acquisition Blank check company.	MFACU	15.0 N	10.00/10.00	Chardan Cptl Mrkts, BTIG	

Lockup Expirations

None expected this week

IPO Scorecard

Performance of IPOs, most-recent listed first

Company	SYMBOL	Friday's close (\$)	Offer price	1st-day close	% Chg From IPO date/Offer price
TKK Symphony Acquisition	TKKSU	Aug. 16/\$10.00	10.03	0.3 -0.1	-0.1
Arlo Tech	ARLO	Aug. 3/\$16.00	19.38	21.1 -12.3	-12.3
Aridis Pharmaceuticals	ARDIS	12.93	-0.5	-0.5	-0.5
Forum Merger II	FORUM	Aug. 3/\$10.00	10.00	...	0.5
Tottenham Acquisition I	TOTAU	Aug. 2/\$10.00	10.14	1.4 0.1	0.1
Mesa Air Grp	MESA	11.74	-2.2	-0.1	-0.1
Cushman & Wakefield	CWK	Aug. 2/\$17.00	17.84	4.9 0.2	0.2
Spartan Energy Acquisition	SPAQU	10.09	0.9	0.1	0.1
Vaccinex	VCNX	11.50	-4.2	1.1	1.1
Sonos	SONO	Aug. 2/\$15.00	18.45	23.0 -7.3	-7.3

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)
Global Net Lease	Aug. 16	\$82.6	...	BMO Cptl Mkts, UBS
Real Estate/Property	Nov. 14/16			
PROS Holdings	Aug. 15	\$129.2	...	JPM, MS, RBC Cptl Mkts
Arlo Tech	Aug. 13/18			
IntriCon	Aug. 15	\$82.5	\$125.0	Stifel
Oil & Gas	May 27/18			
Carrizo Oil & Gas	Aug. 14	\$218.5	...	Citi, GS
ViewRay	Oct. 25/17			
Healthcare	Aug. 14	\$150.0	\$150.0	MS, Jefferies, Guggenheim Prtnrs
First Data	May 10/18	\$1,748.0	...	Citi, BofA ML, PNC, WFS, DB, KKR, CS, GS, Mizuho, MS, SunTrust, Barclays, BMO Cptl Mkts, HSBC, Stifel, KeyBanc Cptl Mkts
DJ US TSM	Aug. 13/18			

Public and Private Borrowing

Treasuries

Monday, August 20

Auction of 13 and 26 week bills; announced on August 16; settles on August 23

Thursday, August 23

Auction of 5 year TIPS; announced on August 16; settles on August 31

Sale	maturity	Issuer	Final			Rating	Fitch Moody's	S&P	Bond Counsel(s)
			Last	Week	Net chg				
Aug. 22	Aug. 29/2019	Texas	7,200.0	N.R.	N.R.	N.R.	Preliminary/Ordrick H & S		
Aug. 23	prelim.	Massachusetts	1,500.0	N.R.	N.R.	N.R.	Preliminary/Mintz Levin Cohn Ferris		
Aug. 24	prelim.	Triborough Bridge & Tunnel Auth	160.0	N.R.	N.R.	N.R.	Jefferies LLC/-		

Source: Thomson Reuters/Ipreo

A Week in the Life of the DJIA

A look at how the Dow Jones Industrial Average component stocks did in the past week and how much each moved the index. The DJIA gained 356.18 points, or 1.41%, on the week. A \$1 change in the price of any DJIA stock = 6.78-point change in the average. To date, a \$1,000 investment on Dec. 31 in each current DJIA stock component would have returned \$32,014, or a gain of 6.71%, on the \$30,000 investment, including reinvested dividends.

The Week's Action

Pct Stock price Point chg \$1,000 Invested(year-end '17) chg (%) change in average Company Symbol Close \$1,000

8.51	7.67	52.01	WalMart	WMT	\$97.85	\$1,009
5.26	3.50	23.73	Walgreens	WBA	69.99	981
4.84	10.05	68.14	Apple	AAPL	217.58	1,300
4.77	2.09	14.17	Cisco Systems	CSCO	45.87	1,226
4.53	2.99	20.27	Merck	MRK	69.06	1,248
4.42	2.32	15.73	Verizon	VZ	54.79	1,072
2.85	3.72	25.22	Johnson & Johnson	JNJ	134.47	976
2.83	1.16	7.87	Pfizer	PFE	42.09	1,194
2.78	2.26	15.32	Procter & Gamble	PG	83.69	935
2.52	3.42	23.19	Caterpillar	CAT	139.34	898
2.06	6.99	47.40	Boeing	BA	346.40	1,192
1.64	3.77	25.56	Goldman Sachs	GS	233.38	922
1.56	2.47	16.75	McDonald's	MCD	161.15	948
1.43	1.45	9.83	American Express	AXP	103.03	1,049
1.39	2.81	19.05	3M	MMM	204.77	881
1.20	1.55	10.51	Travelers	TRV	130.42	972
1.15	1.60	10.85	Visa	V	141.33	1,246
1.13	0.52	3.53	Coca-Cola	KO	46.60	1,034
1.09	1.58	10.71	IBM	IBM	146.06	983
1.01	1.34	9.09	United Technologies	UTX	134.44	1,071
0.76	1.97	13.36	UnitedHealth Group	UNH	262.33	1,198
0.07	0.05	0.34	DowDuPont	DWDP	67.79	962
-0.18	-0.20	-1.36	Walt Disney	DIS	112.48	1,055
-0.38	-0.74	-5.02	Home Depot	HD	195.56	1,043
-0.83	-0.96	-6.51	JPMorgan Chase	JPM	114.77	1,090
-1.21	-0.98	-6.64	Nike	NKE	79.75	1,282
-1.30	-1.42	-9.63	Microsoft	MSFT	107.58	1,274
-1.46	-1.16	-7.87	Exxon Mobil	XOM	7	

MARKETS

Freddie Joins Rental Boom

BY RYAN DEZEMBER

Freddie Mac is expanding its role in financing one of Wall Street's postcrisis success stories: the fast-growing business of investing in single-family rental houses.

The government-backed mortgage-financing firm this month guaranteed a \$509 million loan that helped Front Yard Residential Corp., an acquirer of rental homes, buy a rural.

It also backed a \$7.8 million loan that enabled Promise Homes Co., a midsize Atlanta landlord, to buy 117 houses in Southeastern working-class neighborhoods.

The McLean, Va., company already is the country's largest backer of apartment loans. The deals announced this month are part of its push to finance more rental-home purchases as investors are eager to put money to work in rental markets and as growth in the firm's traditional single-family home-mortgage business has slowed.

Investors said the move could help fuel the rental boom by keeping a lid on costs when U.S. interest rates are broadly expected to rise.

"Having Freddie in the business will bring down the cost of capital over time," said Beth O'Brien, chief executive of CoreVest Finance, which lends to smaller landlords and bundles the debt into securities.

Freddie guaranteed \$161 million of debt sold by CoreVest last year in its initial rental deal.

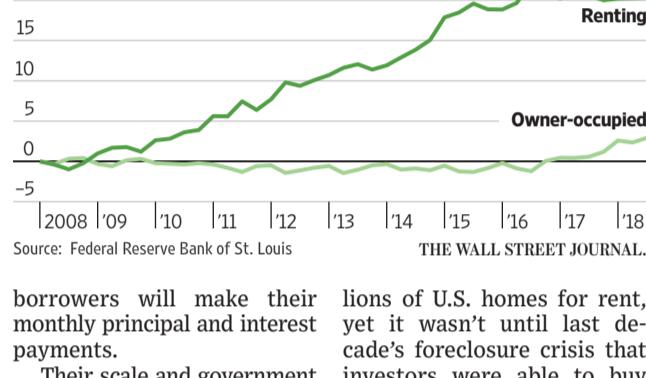
Freddie Mac and its larger rival Fannie Mae don't make loans but buy loans from lenders and sell them to investors as securities, guaranteeing

LUKE SHARRETT FOR THE WALL STREET JOURNAL
Freddie Mac's and Fannie Mae's arrival in rental homes is a key endorsement for the business.

Housing Shift

Growth in rental housing has far outstripped owner-occupied properties since the foreclosure crisis.

U.S. households by property type, change since fourth quarter of 2007



Source: Federal Reserve Bank of St. Louis

borrowers will make their monthly principal and interest payments.

Their scale and government backing typically allow them to borrow at lower rates than others.

There have long been mil-

lions of U.S. homes for rent, yet it wasn't until last decade's foreclosure crisis that investors were able to buy properties at prices, and in volumes, necessary to make big rental operations profitable.

Though home prices in many markets have risen past their 2006 peaks, investors keep buying houses rapidly, a bet that more Americans will rent rather own.

Investors funded the buying spree by tapping private-equity funds, negotiating bank loans and selling short-term bonds backed by rents.

The arrival of Freddie and Fannie is an important endorsement for the business as well as a move toward standardization of how it is financed, investors said.

"We have long felt that it was important for us to serve this portion of the rental market," said David Leopold, who leads Freddie's single-family rental initiative. "If you look at the segment of the population that single-family rentals support, it's generally larger families with lower incomes than necessary to purchase."

CEO Leads Recovery At Bank of America

BY RACHEL LOUISE ENSIGN

A decade after the financial crisis, *The Wall Street Journal* has checked in on dozens of the bankers, government officials, chief executives, hedge-fund managers and others who left a mark on that period to find out what they are doing now. Today, we spotlight Bank of America CEO Brian Moynihan.

When Brian Moynihan took on the job of chief executive of **Bank of America** Corp. in 2010, the bank's very existence seemed uncertain. After almost nine years in the role, he has lifted its stock price and earned the praise of Warren Buffett.

The process took years. Mr. Moynihan, 58 years old, got the top role after CEO Kenneth Lewis unexpectedly announced his retirement in the fall of 2009. During that period, Bank of America faced major financial problems following acquisitions of Countrywide Financial Corp. and Merrill Lynch & Co. To stay afloat, the bank had to take \$45 billion from the government.

With the bailout funds paid back, Mr. Moynihan oversaw a plan to stabilize the lender and shield it from similar damage in a future crisis. That involved shedding riskier businesses and expanding through conservative lending.

For a long time, though, that turnaround plan was overshadowed by multibillion-dollar fines and other missteps, like when the bank in 2014 had to shelve a plan to buy back shares and boost its dividend for the first time in years after finding a \$4 billion error in its capital calculations.

Eventually, the bank was able to cut costs and boost profits through strategies like closing around 1,600 branches while strategically expanding in big cities.

Around 2015, the bank turned a corner "numerically" and "emotionally," Mr. Moynihan said this year.

An Ohio native, the low-key Mr. Moynihan joined Bank of America through its 2004 acquisition of Boston-based FleetBoston Financial Corp. He previously held a number of

roles at the bank, including running consumer and small-business banking.

After Donald Trump's surprise 2016 election, bank stocks broadly jumped. Bank of America shares surged 74% between then and the end of 2017.

For 2017, the bank posted a \$21.1 billion profit, excluding an adjustment from the tax cut, roughly matching the bank's profit record from 2006. The bank issued millions of new shares during the crisis, however, so its per-share earnings remain far below where they were precrisis. Likewise its shares, unlike those of competitors such as JPMorgan Chase & Co. and Wells Fargo & Co., remain below precrisis levels.

The bank has also gotten approval to continue boosting buybacks and its dividend. Mr. Buffett, whose Berkshire Hathaway Inc. threw the bank a lifeline with a 2011 investment and now is its largest shareholder, has publicly praised Mr. Moynihan.

"Bank of America has done a sensational job under Brian Moynihan," Mr. Buffett said in a television interview last year. "Brian had all kinds of problems when he came in, they were not of his own doing...He just set out step-by-step to bring the bank back."

Mr. Moynihan has shown no indication he plans to leave the role anytime soon. "I've got some room to run, I hope," he said earlier this year.

JASON ALDEN/BLOOMBERG NEWS
Brian Moynihan

Deutsche Confirms Noble Bond Bid

BY MANU DALAL AND SAURABH CHATURVEDI

The offer comes as Noble has been pursuing a restructuring for months as it seeks to stay afloat, address a liquidity crunch and in due course provide a return to shareholders that have watched Noble's market value decline to about \$110 million from a peak of more than \$11 billion in 2011 partially on declines in commodities prices.

"Deutsche Bank expects the tender process to increase the already high level of support for the restructuring, as any bonds acquired by the bank will be automatically committed to the restructuring," said Sarah Stabler, vice president

of communications at Deutsche Bank in Singapore. Noble Group declined to comment.

Noble had already secured the support of 86% of creditors, much higher than the minimum 75% it needed for the restructuring. The company needs more than half of equity shareholders to approve the revamp at a meeting on Aug. 27.

Any response to Deutsche Bank's offer would add more supporters to the restructuring plan, also benefiting the bank as the lender will gain a higher share in the restructured entity with its higher

bondholding being acquired at much lower costs.

Deutsche Bank's notice to Noble's bondholders sent last Wednesday gives them until Aug. 24 to tender their bonds.

The bank's offer covers roughly two-thirds of the debt under restructuring, or \$2.34 billion of three separate bonds issued by Noble that are due in 2018, 2020 and 2022.

The minimum purchase price is 45 cents on the dollar, according to the notice, which was reviewed by the Journal. These bonds recently traded between 46 and 48 cents on the dollar, according to Thomson Reuters.

Copper Steadies Following Tough Week

BY DAVID HODARI AND BENJAMIN PARKIN

Copper prices rose Friday, with a drop in the dollar helping to steady metal markets after a tough week.

Front-month contracts for August rose 0.4% to \$2,624 a pound at the Comex division of the New York Mercantile Exchange, having clambered back from the lowest point in over a year last week. The more-active September contract also

rose. The forces that battered metal markets earlier in the month cooled during Friday's session, leaving some room for modest buying.

The WSJ Dollar Index, which measures the U.S. currency against a basket of 16 others, fell 0.3%. A weaker greenback often helps attract investors to dollar-denominated currencies.

"Nerves of steel have been needed on the metals markets," said Commerzbank analysts in a note. "The situation appears to have calmed down

again somewhat." But analysts nevertheless pointed to considerable headwinds for industrial metals generally.

The dollar index is up almost 5% this year, which analysts expect to limit rallies.

Increased tensions between the U.S. and Turkey earlier this week, combined with broader macroeconomic fears about emerging-market contagion and Chinese economic growth, pummeled commodities.

Prices rose Thursday after the U.S. and China agreed to resume lower-level talks over

trade, soothing some market concerns. But traders were skeptical that this amounted to much.

"There was little that was outright bullish," Edward Meir, a consultant at INTL FCStone, said of Thursday's rally.

Copper traders were looking at their own particular set of supply pressures, too. Market participants were widely expecting a strike at BHP Billiton's Chilean Escondida operation, the world's largest copper mine, before 11th-hour progress suggested disruption had been averted for now.

Currencies

U.S.-dollar foreign-exchange rates in late New York trading

Country/currency	Fri in US\$	Fri per US\$	YTD chg (%)	Country/currency	Fri in US\$	Fri per US\$	YTD chg (%)
Americas							
Argentina peso	.0335	29.8585	60.5	Czech Rep. koruna	.04451	22.464	5.6
Brazil real	.2558	3.9094	18.0	Denmark krone	.1534	6.5196	5.1
Canada dollar	.7656	1.3062	3.9	Euro area euro	1.1438	.8743	4.9
Chile peso	.001498	667.70	8.5	Hungary forint	.003545	282.11	8.9
Ecuador US dollar	1	1	unch	Iceland krone	.009314	107.36	3.7
Mexico peso	.0529	18.8942	-3.9	Norway krone	.1183	8.4522	3.0
Uruguay peso	.03168	31.5700	9.6	Poland zloty	.2663	3.7550	7.9
Venezuela b. fuerte	.00004248509.0002	2402453	16.2	Russia ruble	.01492	67.005	11.8
Asia-Pacific							
Australian dollar	.7313	1.3674	6.8	Sweden krona	.1092	9.1542	11.8
China yuan	.1454	6.8776	5.8	Switzerland franc	1.0043	.9957	2.2
Hong Kong dollar	.1274	7.8493	0.5	Turkey lira	.1662	6.0158	58.5
India rupee	.01433	69.795	9.3	Ukraine hryvnia	.0358	27.9480	-0.7
Indonesia rupiah	.0000686	14579	8.1	UK pound	1.2751	.7843	6.0
Japan yen	.009049	110.50	-2.0				
Kazakhstan tenge	.002778	359.95	8.2				
Macau pataca	.1237	8.0832	0.5				
Malaysia ringgit	.2438	4.1025	1.0				
New Zealand dollar	.6635	1.5072	6.9				
Pakistan rupee	.00811	123.250	11.4				
Phillipines peso	.0187	53.335	6.7				
Singapore dollar	.7293	1.3712	2.5				
South Korea won	.0008932	1119.56	4.9				
Sri Lanka rupee	.0062321	160.46	4.5				
Taiwan dollar	.03255	30.725	3.6				
Thailand baht	.03015	33.170	1.8				
Vietnam dong	.00004293	23294	2.6				

Close Net Chg % Chg YTD % Chg

WSJ Dollar Index 89.80 -0.29-0.32 **4.45**

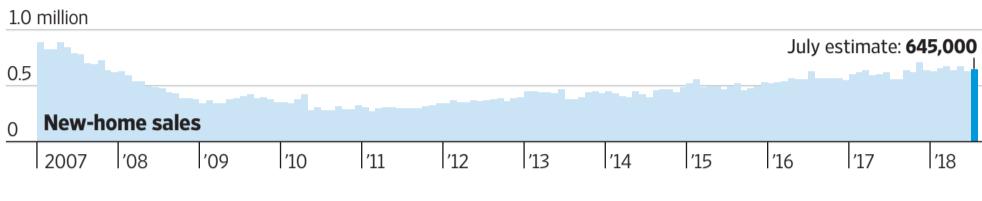
Sources: Tullett Prebon, Dow Jones Market Data



MARKETS

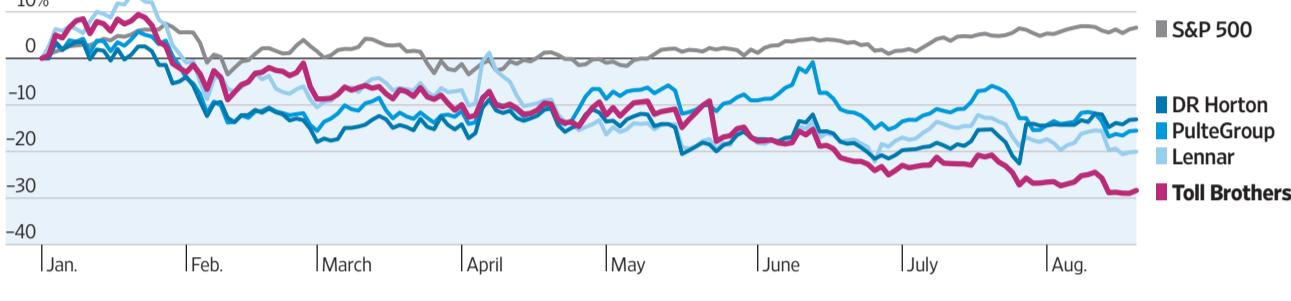
Housing Rebound Approaches a Crossroads

Investors will be watching this week for further signs that the housing market is cooling. Data on existing- and new-home sales for July are on tap for Wednesday and Thursday. Existing-home sales slumped in June for the fifth time in the first six months of the year, while new-home sales fell that month to the weakest pace in eight months. Those are worrying trends for investors who consider housing a crucial indicator of overall economic health.



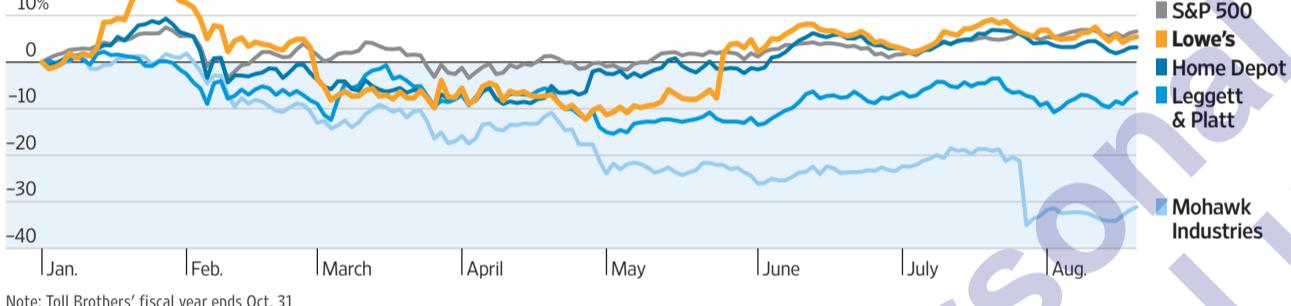
Shares of home builders have tumbled this year on higher costs for labor and materials, particularly lumber, and as a rise in mortgage rates has discouraged some buyers. Lumber prices surged to an all-time high in May, driven by a trade dispute with Canada, wildfires and limited rail capacity, before pulling back this summer. Mortgage rates, meanwhile, have also hovered near multiyear highs, a shift from a period of ultracheap loans to a higher-rate environment that could squeeze first-time buyers.

Year-to-date stock performance



Shares of home-improvement chains like Home Depot and Lowe's have climbed in 2018 but underperformed the S&P 500 as a housing shortage encouraged many homeowners to remodel their existing homes rather than start new construction. But shares of companies like Mohawk Industries, a flooring manufacturer, and Leggett & Platt, which makes bedding, furniture and flooring components, have slumped, partly because of higher material and labor costs.

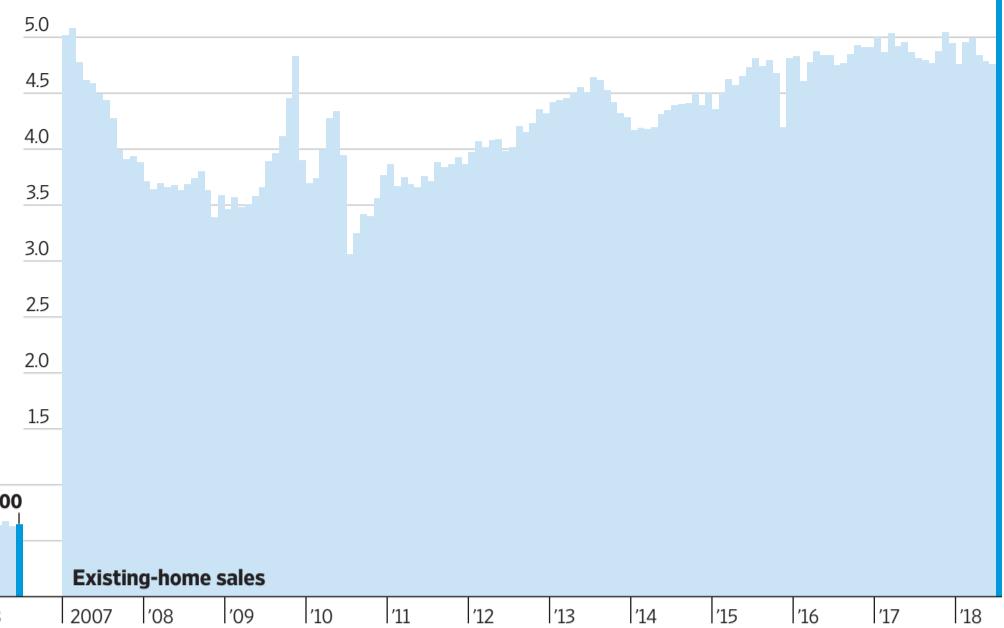
Year-to-date stock performance



Note: Toll Brothers' fiscal year ends Oct. 31

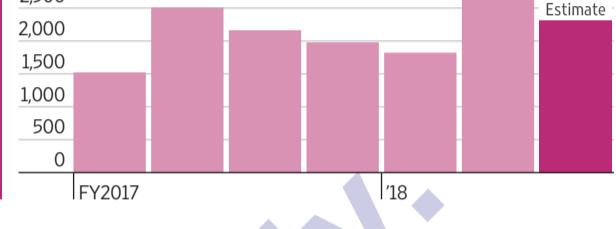
Sources: Census Bureau via Haver Analytics (new-home sales); National Association of Realtors via Haver Analytics (existing-home sales); FactSet (stocks, S&P 500, existing-home sales estimate, new-home sales estimate, new-order units estimate; same-store sales estimate); Lowe's (same-store sales); Toll Brothers (new-order units)

July estimate: 5.4 million



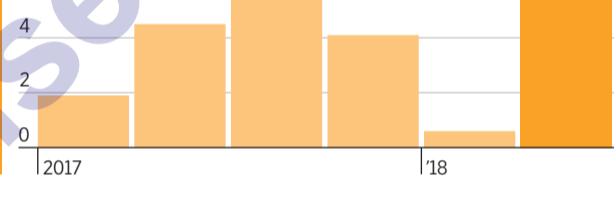
Toll Brothers' stock price has been hit this year by some of the same concerns that have dogged other home builders, but it has said the rise in mortgage rates hasn't affected its business. The company, which is slated to report quarterly results Tuesday, focuses largely on high-end homes with average price tags that double those of other large builders, and executives have said those buyers are less susceptible to fluctuations in mortgage rates.

New-order units



Home-improvement chain **Lowe's**, which is scheduled to report results Wednesday, will attempt to match rival Home Depot's big beat last week. A sharp decline in new construction since the housing bust has reduced the number of homes available for a growing population, encouraging people to fix up the homes they are already have. That has been a big benefit to companies like Lowe's and Home Depot.

Same-store sales growth



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Chip-Equipment Makers Pinched

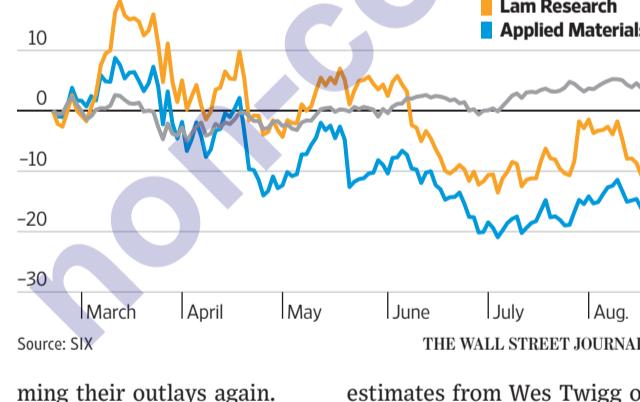
Shares of chip-equipment makers are known for big highs and big lows. The companies are hoping that the current lows are as bad as it gets.

Applied Materials and **Lam Research**, the two largest companies in the group by annual revenue, have lost about 19% of their market values over the past three months. A big drop came Friday after Applied Materials posted its fiscal third-quarter results and said the sector would be weak through the end of this year. Applied Materials shares closed the day down nearly 8%.

The culprit: Chip-equipment companies live on the capital spending of chip makers. That spending has been cyclical historically and has seen a big upswing over the past couple of years thanks to booming demand for components such as memory chips. But nothing lasts forever, and two of the world's largest chip makers—**Samsung** and **Taiwan Semiconductor Manufacturing**—seem to be trim-

Gearing Down

Share price and index performance, past six months



January would show an 18% decline. On a conference call with analysts Thursday, Applied Materials executives said they expect growth to resume after that.

That prediction could prove to be the case, though some big questions remain. Sales of smartphones—a huge market driver for chips—have been weak so far this year. The trade spat between the U.S. and China is another big issue. China is investing billions to build a home-grown chip industry, which should be good news for Applied Materials and Lam. But it has made the sector vulnerable to tariffs and export controls.

Applied Materials and Lam now trade near three-year lows relative to forward earnings. But investors should await more clarity on future capital spending plans by chip makers, or at least a resolution between the U.S. and China. Settling that dispute could help make chip equipment makers' low valuations look like a bargain.

—Dan Gallagher

OVERHEARD

What do you do when you face allegations of sexual harassment and breach of fiduciary duty?

If you are CBS, you draw attention somewhere else. The media company, which is entangled in a nasty legal dispute with **National Amusements**, its controlling shareholder, has tried to turn the focus to the health of Sumner Redstone, majority owner and chairman of National Amusements. CBS lawyers are questioning Mr. Redstone's mental capacity. They say he is unable to communicate his views, a factor that could affect how the judge rules on the case, according to CBS.

But **Rich Greenfield**, a media analyst at BTIG Research, says CBS's attempt to focus on Mr. Redstone's health is "an attempt to distract" from the board of directors' clear breach of fiduciary duty and its poor handling of misconduct allegations.

CBS's move may work against Viacom, but the network needs a better strategy to deal with the allegations.

Treat India's Stock Rally With Caution

"Incredible India," goes the tourism ad jingle. Incredible is one word for markets in India right now.

India's currency is under heavy pressure; the rupee is trading at or near record-lows against the dollar. Yet the country's main stock index, the Sensex, is trading near records, having risen nearly 11% this year, easily outpacing the S&P 500.

Investors should be wary of what the Sensex is telling them about India—and worried about further pain for the country's currency.

The stock benchmark, which contains just 30 companies, has been driven upward by strong gains in around half of its stocks. Foreign investors have been net sellers, meanwhile. Trading at punchy 22 times expected earnings, according to Thomson Reuters, the Sensex looks ripe for a pullback.

As for the rupee, things are set to get worse before they get better. India's trade deficit widened to a five-year high last month at \$18 billion. The worry now is that portfolio outflows will gather pace again, say analysts at Bank of America-Merrill Lynch—particularly as central-bank officials signaled a tolerance for the currency to get weaker.

For sure, India is no Turkey. With exports to the U.S. equivalent to just 2% of GDP, it should prove relatively resilient as global trade tensions grow. India's central bank has won plaudits for its inflation-targeting regime—a stark contrast to its peer in Ankara. Even so, with countries running large external deficits coming into the firing line, heading back into Indian markets isn't for the fainthearted.

—Andrew People

China Shows Why Emerging-Markets Selloff Isn't Over

Back when the American eagle ruled the global roost without challenge, only three factors really mattered for most emerging-market assets: the dollar, U.S. interest rates and oil prices. These days, it is necessary to add in two more: Chinese credit growth, which is slowing, and the yuan, which is under pressure.

If these trends continue alongside a Federal Reserve in rate-lifting mode, it adds up to a highly troublesome picture for emerging markets, whose companies increasingly will be squeezed by a combination of higher dollar funding costs and a Chinese slowdown. Countries

Taking Flight

China as percentage of developing economies' GDP



that compete with China will face additional pressure from a cheaper yuan. Countries that sell to it, particularly commodity producers, will contend with lower demand.

Some analysts are beginning to call a bottom to the current emerging-market selloff. But investors should watch how quickly Chinese credit turns around, and what happens with the yuan, before going bottom fishing.

Chinese housing and infrastructure drive the global commodity cycle, and Chinese consumers increasingly drive demand for Asia-wide goods and services. It should be no surprise that emerging-market growth—especially in Asia and Latin America but also globally—tracks Chinese credit growth better than nearly any other indicator. The Chinese central bank's

preferred aggregate credit measure, adjusted for local government-bond issuance, usually leads both emerging-market GDP and global trade growth by around two to three quarters. Right now, that trend is still pointing firmly downward. And despite some recent initial Chinese stimulus efforts, the normal lag time between such action and better growth suggests it will be mid-2019 at the earliest before Chinese growth really bottoms out.

Mid-2019 also looks like a decent bet for when the Fed rate-raising cycle might peak, given the incipient return of wage rises and infla-

tion in the U.S. and unemployment already near multidecade lows. With U.S. rates still heading toward their peak and Chinese growth grinding lower, the next year looks like it could get grimmer for emerging markets.

Some believe that emerging-market countries are in better shape than before in periods of stress, with lower leverage and higher foreign-exchange reserves. That may be true. Nonetheless, buying in now before it is clear how low Chinese growth goes—and how far U.S. rates rise—might not make your portfolio great again.

—Nathaniel Taplin