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THE WALL STREET JOURNAL.

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What's News

Business & Finance

Big stock gains are leading a number of investors to abandon defensive positions taken to shield against a market downturn. **A1**
 ♦ The S&P 500 inched up to a record. The Dow eased 12.87 points to 25283.00. **B11**

♦ Many drugmakers continue to pursue Alzheimer's treatments despite fresh setbacks in the field. **B1**

♦ Apple defended its parental controls after two investors urged iPhone curbs. **B1**

♦ GoPro will slash its workforce and exit the drone market. Its shares slid 13%. **B1**

♦ A U.S. spy satellite is presumed to be a total loss after it failed to reach orbit atop a SpaceX rocket on Sunday. **B3**

♦ The Intel CEO's sale of stock as the firm dealt with chip-security concerns risked attracting scrutiny, experts say. **B2**

♦ Facebook and Xiaomi are teaming up to launch a virtual-reality headset in China. **B4**

♦ Blackstone hired a former New York Life executive to target insurers' assets. **B10**

♦ Leucadia is exploring a sale of its stake in National Beef Packing. **B3**



South Korea's Cho Myoung-gyon, left, and North Korea's Ri Son Gwon, as the countries Tuesday began their first official talks in two years. **A6**

Threats Remain Amid Korean Thaw

By GERALD F. SEIB

A tentative move toward diplomacy over the confrontation with North Korea has begun, though that

ANALYSIS hardly means the tension is evaporating.

In a village on their heavily militarized border, North and South Korean officials opened talks Tuesday, ostensibly over

possible North Korean participation in the coming South Korean Olympics. South Korea would like the talks to expand beyond that, toward finding broader ways to lower tensions.

But as just one sign of how fraught the situation remains, simply consider this: U.S. officials are quietly debating whether it's possible to mount a limited military strike against North Korean sites

without igniting an all-out war on the Korean Peninsula.

The idea is known as the "bloody nose" strategy: React to some nuclear or missile test with a targeted strike against a North Korean facility to bloody Pyongyang's nose and illustrate the high price the regime could pay for its behavior. The hope would be to make that point without inciting a full-bore reprisal by North Korea.

It's an enormously risky idea, and there is a debate among Trump administration officials about whether it is feasible.

North Koreans have a vast array of artillery tubes pointed across the demilitarized zone at Seoul, the capital of South Korea, with which they could inflict thousands of casualties within minutes if they choose to unleash an all-

Please see KOREA page A4

Trump Power Plan Is Rejected

By TIMOTHY PUZO

WASHINGTON—Federal energy regulators on Monday rejected a Trump administration plan aimed at shoring up struggling coal-fired and nuclear power plants to bolster the nation's electricity grid, saying the administration hadn't persuaded them it was needed to ensure the system's reliability.

The administration plan, proposed in September, is one of its biggest initiatives to help those fuels compete amid a boom in gas-fired and renewable power. The Energy Department submitted the proposal, warning that so many coal-fired and nuclear plants are under threat of closing that the U.S. electric grid faced a rising risk of outages and price spikes without it.

The Federal Energy Regulatory Commission ruled unanimously that the administration hadn't proved the measures were needed. The five commissioners—including four Trump administration nominees, three

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♦ Mueller may seek to interview president..... **A4**
 ♦ Trump tells farmers he wants a better Nafta deal..... **A3**
 ♦ Pence takes initiative in midterm campaigns..... **A5**

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World-Wide

♦ U.S. energy regulators rejected a Trump administration proposal aimed at shoring up struggling coal-fired and nuclear power plants. **A1**

♦ Salvadorans protected under a humanitarian program must leave the U.S., the Trump administration said, ending a longtime policy. **A3**

♦ Mueller has informed Trump lawyers that he may seek an interview with the president early this year. **A4**

♦ South and North Korea began their first official face-to-face talks in two years amid hopes for eased tensions. **A6**

♦ North Korean hackers are targeting cryptocurrency, a cybersecurity firm said. **A6**

♦ Two ex-Google engineers sued the company for allegedly discriminating against conservative white men. **A3**

♦ The Supreme Court reopened the case of a black man who alleges racial bias in his death sentence. **A4**

♦ An Iranian oil tanker in the East China Sea was at risk of exploding and sinking, Chinese officials said. **A6**

♦ Alabama beat Georgia 26-23 to win college football's national championship. **A12**

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Huawei, Seen as Possible Spy, Boomed Despite U.S. Warnings

Chinese telecom giant is angling for piece of \$275 billion 5G build-out

SHENZHEN, China—Huawei Technologies Co. may be considered the bogeyman of the global telecom equipment industry in some Washington circles, but in Mountain View, Wyo., it's a hero.

That's where Union Wireless, a 103-year-old carrier that provides telephone and wireless service to 50,000 customers in five Western states, is singing its praises. Four years ago, Union turned to Huawei after its previous equipment vendor fell behind schedule on a critical network upgrade, says Brian Woody, customer relations chief.

Huawei "worries about getting the problem fixed first and then worries about get-

ting paid," Mr. Woody says, which is important to a family-owned business working to maintain communication systems in mountainous territory.

"We've had many vendors over the years. Huawei has treated us better than anybody."

Huawei appeared shut out of the U.S. six years ago after congressional investigators determined that its equipment could be used for spying or crippling the U.S. telecommunications network. Their conclusions and recommendations, delivered in a report in 2012 just as Huawei was gaining traction in the U.S., effectively killed Huawei's chances to

Please see HUAWEI page A8

Want to Dress Like Kylo Ren? You'll Need Maternity Pants

* * *

High-waisted slacks, like those in Star Wars, are hard to find; 'Hide that navel!'

By SARAH E. NEEDLEMAN
AND KHADEEJA SAFDAR

Neil Walldorff's plan to dress as Kylo Ren for a New Year's Eve party fell short when he realized he was missing a key piece of the Star Wars villain's wardrobe: snug, high-waisted slacks.

His girlfriend's sister came to the rescue with maternity pants.

"I have a little bit of a beer gut so they fit as they intended," said the 21-year-old student in Greenville, Mich. "They felt pretty comfy."

All over Facebook, Instagram and Twitter, people are

taking up the Kylo Ren challenge. The goal isn't to brandish an unwieldy lightsaber, but instead to parody a moment in Walt Disney Co.'s "Star Wars: The Last Jedi" when the villain, played by Adam Driver, interrupts an intense chat by appearing, jarringly, sans shirt and in black slacks covering his midriff.

Few participants are as buff as Mr. Driver, but that isn't the biggest obstacle. It just isn't easy to find high-waisted trousers for men.

"I had to get creative," said Joel Palermo, a 26-year-old marketer in San Jose, Calif. He

Please see PANTS page A8

Investors Drop Shields Against Stock Downturns

BY GUNJAN BANERJI

Big stock-market gains are leading a number of investors to abandon defensive positions taken to protect against a market downturn, the latest sign that many doubters are shedding caution as the long rally rolls on.

Investors with significant ownership of stocks often look to offset that risk by buying put options on stocks or major stock indexes, like the S&P 500. These contracts are a form of insurance that pay out when stocks fall.

But with the Dow Jones Industrial Average breaking through 25000 for the first time, the Nasdaq Composite crossing

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♦ James Mackintosh: Four ways to survive a bubble..... **B12**

U.S. Ends Salvadorans' Protection



The Trump administration ended a program allowing Salvadoran immigrants to stay in the U.S., triggering protests in D.C., above. **A3**

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U.S. NEWS

Denver's Fix for Luxury Glut: Subsidies

BY LAURA KUSISTO

Denver has a plan for its glut of sparkling new, high-end rental apartments with amenities such as gyms, roof decks and sometimes even pet spas: It will use them to house teachers, medical technicians and others who can't afford the city's soaring rents.

Under a program to be unveiled this month, the city, along with employers and charitable foundations, will pay the difference between what a lower-income resident can afford and the market rent of an apartment.

Like other cities across the country, Denver is grappling with a shortage of affordable housing for middle-class workers.

"Instead of having these units sit vacant, if we can create opportunities to help some of our employees, our residents get into those units, that's an immediate response," said Denver Mayor Michael Hancock.

The Lower Income Voucher Equity program, or LIVE Denver, will be open to a range of tenants, from single residents making \$23,500 to \$47,000 a year to families of four with household incomes of \$33,500 to \$67,000.

Residents in this city of roughly 693,000 will receive subsidies to live in the units for two years, during which time a portion of their rent will be put into a savings account that can be used for a down payment.

The program has enough



Denver is trying to make some vacant high-end apartments affordable for lower-income residents.

money to subsidize 400 units initially, and officials say they have about 100 units signed up so far.

The city has requested units in new or recently renovated buildings. The city will do an analysis to ensure landlords charge market rates.

City officials expect to spend about \$500 a month subsidizing a single person and roughly \$900 for a family. It will take some managing to avoid upsetting residents of the buildings who are paying full rent.

Mike Zoellner, a local developer who helped create the program, said he envisioned landlords advertising their participation in the program to signal to tenants they could

live in a socially conscious property.

"This is not a welfare program or anything like that. This is people who are working at hospitals, hotels and food service. We want them in our community and we want them in our building," he said.

Some housing experts said they were concerned the program risks protecting properties from market forces and doesn't allow rents to decline naturally as supply outstrips demand.

"What you would hope is that excess supply leads to lower rents," said Chris Herbert, managing director of Harvard University's Joint Center for Housing Studies.

"If the city is pumping sub-

sides in, aren't they going to be propping up the upper end of the market?" he asked.

City officials say rents won't come down quickly enough to prevent people from being pushed out of the city now.

"Yes, eventually prices will come down over a two-to-three-year window," said Erik Soliván, executive director of Denver's office of HOPE, the department that oversees housing policy in the city. "We need a solution to help families today."

Denver, for example, has added 12,000 apartments since 2015 and an additional 22,000 are under construction, according to CoStar Group Inc.

More than 90% of those units are considered luxury,

High Cost of Housing Prices Out Workers

The market in Denver for more-affordable apartments remains tight. Just 3.4% of units below the median rent were vacant in 2016, according to a Harvard University analysis of Census data. Average rents in Denver are up 30% over the past five years, according to MPF Research. That is pushing middle-class workers to the suburbs.

Jamie Smith, president of St. Joseph Hospital, said his medical technicians and newly graduated nurses are scattering farther away from the city.

"These folks are in high demand," he said. "They're driving

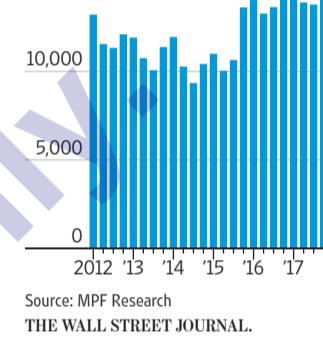
by four or five other hospitals much closer to their home to get to us, and at some point it becomes a problem from a recruitment and retention standpoint."

The hospital is contributing \$100,000 to the Lower Income Voucher Equity program and hopes it will help employees.

Hope Faulconer, a nursing assistant in the oncology unit, says she often spends 45 minutes driving from her sister's house, where she rents a room, to begin her 6 a.m. to 6:30 p.m. shift. Her commute home swells to an hour. "I would love to live on my own, not have to have a roommate and not a cracker-box apartment," said Ms. Faulconer, who makes just under \$17 an hour and is paying for nursing-school tuition.

Rooms to Spare

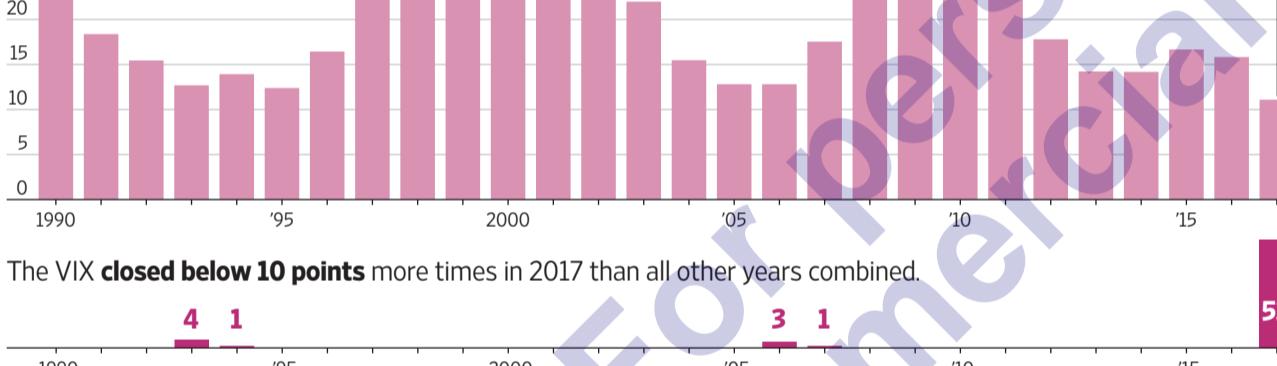
Empty apartments for rent in Denver metro area, quarterly
20,000



Bets Are Off

Hedging against an unexpected surge in market turbulence was a money loser as U.S. stocks soared last year. Some investors continue to bet that volatility will stay low or that stocks will rise.

VIX yearly average



The VIX closed below 10 points more times in 2017 than all other years combined.

4 1

3 1

52

The S&P 500 is up more than 20% since the end of 2016.

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-50,000

-100,000

-150,000

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14

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U.S. NEWS

Trump Ends Salvadoran Protections

About 260,000 people are losing permission to remain in U.S., marking policy reversal

BY ALICIA A. CALDWELL
AND LAURA MECKLER

The Trump administration's decision Monday to send home Salvadorans who have long lived in the U.S. brings to a close nearly two decades of policy that let nearly half a million immigrants from nations affected by disasters remain in the country.

Since the fall, the administration has ended a series of humanitarian programs benefiting immigrants from Central America and elsewhere. Separately, President Donald Trump ended a program advanced by his Democratic predecessor that protected from deportation young immigrants, known as Dreamers, who were brought to the U.S. as children.

All told, more than a million immigrants granted permission to work and live in the U.S. are being told they must

eventually leave, absent action from Congress.

The fate of both groups may be intertwined with ongoing discussions aimed at reaching an agreement on the young-immigrant group as part of a deal to keep the federal government funded through the end of the fiscal year in September. Officials in Mr. Trump's administration have said it is now up to Congress to decide the long-term fate of both groups.

Monday's decision affects about 260,000 Salvadoran immigrants protected under the humanitarian program known as Temporary Protected Status, or TPS. Salvadorans are the largest and latest group of TPS holders to lose protections that have shielded them from deportation since 2001.

The Department of Homeland Security said last year it was ending the protections for Sudan, Haiti and Nicaragua. A decision about the protections for Hondurans is due in the spring, and the administration is expected to end that program as well.

Immigrants from each country have been given more than



El Salvador immigrants Diana Paredes, left, and Isabel Barrera, react to the administration's decision at an event in Los Angeles Monday.

DAMIAN DOVARGANES/ASSOCIATED PRESS

a year to prepare to leave or apply for some other immigration status allowing them to stay. Combined, more than 413,000 immigrants from those countries have been allowed to live and work in the U.S. under the TPS program.

One idea being discussed to allow TPS-holders to stay is to offer them green cards in return for curbing the diversity visa lottery program that Mr. Trump, a Republi-

can, has criticized.

The visa-lottery program offers 50,000 green cards to people from countries that are underrepresented in the immigration system. It has been criticized as a magnet for fraud and a poor way to choose future citizens.

"I'd like to do away with the diversity visa lottery, which is a crazy way to allocate visas, and take some of those visas and make them available to the TPS

population," said Sen. Lindsey Graham (R., S.C.).

A congressional aide close to the immigration negotiations said lawmakers have been discussing adding those two elements to an agreement, and an administration official said there were conversations along those lines.

But other congressional aides were skeptical that there is political will to expand the legislation involving young immi-

grants. Several people said that the best chance for the young-immigrant group was a narrow deal focused on border security and protections for the group.

Rep. Will Hurd (R., Texas), who released a framework for bipartisan legislation addressing the young immigrants and border security on Monday, said the TPS population "absolutely needs to be addressed" but also said adding them now would make the task harder.

Suits Put Google in Middle of Gender Issue

BY JACK NICAS



PETER DUKES
Ex-Google employee James Damore is suing the company.

Former Google female employees last week sued the company for allegedly discriminating against women. On Monday, male former employees sued Google for allegedly discriminating against conservative white men.

The dueling lawsuits illustrate the increasing tensions over differences in how men and women are treated in the workplace, an issue that has exploded as revelations of inequality and sexual harassment have rocked industries ranging from tech to entertainment to media.

The suits also show how efforts to address inequality can put employers in a difficult position.

James Damore, the former Google engineer who fueled that debate with a memo sug-

gesting men were better suited than women for certain tech jobs, and another former Google engineer filed the lawsuit on Monday.

They allege that Google is a hostile workplace for employees with conservative views,

and that the company unfairly favors women and certain minorities when hiring and promoting.

Google fired Mr. Damore in August over the memo, which criticized the company's diversity efforts, saying it violated company policy and advanced "harmful gender stereotypes in our workplace."

Google, a unit of Alphabet Inc., said, "we look forward to defending against Mr. Damore's lawsuit in court."

Mr. Damore's suit, filed in superior court in California's Santa Clara County and seeking class-action status, comes less than a week after four former female Google employees filed an amended lawsuit, also seeking class-action status, alleging Google systematically pays and promotes men more than women.

That suit, filed in superior

court in San Francisco, alleges Google considers applicants' prior compensation when setting their salaries and employee levels at Google, a practice that perpetuates "historic pay disparity between men and women, and results in men receiving higher starting salaries than women, even when those men and women are hired into the same job position." The former employees narrowed the suit after a judge dismissed their initial complaint as overly broad.

Google disagrees with the suit's allegations, a spokeswoman said. "Job levels and promotions are determined through rigorous hiring and promotion committees, and must pass multiple levels of review, including checks to make sure there is no bias in these decisions," she said.

The Labor Department last

year sued Google for salary data as part of a routine audit into its pay practices. An initial review of Google's 2015 pay figures "found systemic compensation disparities against women pretty much across the entire workforce," according to testimony from a Labor Department official.

Google has said its own analyses have shown there isn't a gender pay gap.

In his suit, Mr. Damore, a Google software engineer from 2013 alleges that in a March 2017 all-staff meeting, Alphabet finance chief Ruth Porat and Google human-resources chief Eileen Naughton "shamed" departments with more men than women, and praised those with more women. The executives also said Google would consider gender and ethnicity when considering who to promote, the suit alleges.

President: Farmers Need Better Trade Deal

BY WILLIAM MAULDIN

President Donald Trump told a gathering of farmers that he is seeking a better trade deal with Canada and Mexico that will benefit both the agricultural industry and manufacturing, but he didn't reiterate previous warnings on withdrawing from the North American Free Trade Agreement.

"On Nafta, I am working very hard to get a better deal for our country and for our farmers and for our manufacturers," Mr. Trump said at the American Farm Bureau Federation convention in Nashville, Tenn., on Monday. "When Mexico is making all of that money, when Canada is making all of that money, it's not the easiest negotiation."

Mr. Trump has said he would pull the U.S. out of Nafta if Canada and Mexico don't agree to a major rewrite of the 24-year-old deal. U.S. officials have proposed new language designed to reduce the overall U.S. trade deficit with its partners, and negotiators from all three countries will gather for the next round of Nafta talks this month in Montreal.

The president's remarks on Nafta have worried producers of major U.S. crops and meat who generally enjoy duty-free access to Mexican and Canadian markets under the pact. In addition, major farm groups are worried that a focus on bolstering U.S. manufacturing in the negotiations could put U.S. agriculture in the back seat.

On Monday, Mr. Trump said, "We're reviewing all of our trade agreements to make sure that they're fair and reciprocal." Mr. Trump has said less about Nafta in recent months in part to allow U.S. officials wide latitude at the negotiation table, a person familiar with White House thinking said.

"What I heard him say is that he wants fair trade and he wants reciprocal trade, and that's exactly what I'm looking for," said Kevin Kester, president-elect of the National Cattlemen's Beef Association.

The U.S. in 2016 sent \$16.4 billion in agricultural and food products to Mexico and \$23.4 billion to Canada, according to government figures.

While exports of big U.S. crops have jumped under Nafta, American fruit and vegetable growers complain that rising imports from Mexico are hurting their livelihood. Mexican vegetable imports jumped to \$6.1 billion in 2016, compared with \$951 million in 1993.

Jesse Newman in Chicago contributed to this article.

Weather, Errors Contributed to JFK Airport Woes

BY PAUL BERGER
AND SUSAN CAREY

Human error, cold weather and organizational complexities caused the weekend of delays at John F. Kennedy International Airport, executives said, as the facility's operator promised an investigation into the travel snarls at New York City's busiest airport.

Rick Cotton, executive director of the Port Authority of New York & New Jersey, which operates all three major New York City-area airports, called the chain of events "unacceptable."

"We intend to investigate and review every single aspect of what happened, starting with the snowstorm and continuing through recovery operations," Mr. Cotton said, adding that the review would include how terminals communicate and cooperate with each other as well as with airlines.

As delayed planes landed at JFK on Friday evening, gates started to fill up. Soon, there were no gates available to allow passengers to disembark.

International travelers who had spent 10 hours or more in the air were forced to sit on aircraft for hours longer as they waited to deplane.

Jenni Monet was among passengers on a 14-hour Air China flight from Beijing that landed just after midnight as Friday turned into Saturday. The plane sat on the tarmac for seven hours before buses came to ferry passengers to Terminal 1. Ms. Monet said the cabin crew behaved with "poise" and that passengers remained calm. "It could have been a very unruly situation," she said.

Through the weekend, confusion mounted. Inside some terminal buildings, hundreds of bags that had been separated



from their passengers piled up.

Outbound passengers were delayed by hours inside terminal buildings or put onto planes only to be told hours later that their flights had been canceled and they had to deplane.

The airport meltdown started Thursday when about 8 inches of snow fell amid blizzard conditions. The Port Authority suspended flights through the afternoon. Wind gusts of up to 55 miles an hour caused whiteout conditions that prevented plowing.

By the time the agency real-

ized that the airport couldn't reopen until Friday, dozens of

international flights were already on their way to JFK.

Some airlines sent aircraft back to their origins, while most diverted to other airports in North America.

Deutsche Lufthansa AG, a major European carrier, turned a Berlin-JFK flight around and sent it back to Germany, according to a spokesman. Other JFK-bound flights were diverted to Atlanta, Detroit, Chicago and Toronto. When JFK reopened on Friday morning, it had to receive diverted flights in addition to scheduled flights. By Friday evening, some terminals had run out of gates.

On Sunday, a water main broke in Terminal 4—which opened in 2001—covering most of the arrivals hall in up to 3 inches of water. Ten more arriving flights were canceled.

Most U.S. airport terminals are publicly operated. But JFK is made up of six terminals, each run by a private operator that doesn't routinely work with its neighbors during times of congestion. As terminals 1, 4, and, to a lesser extent, 7, struggled to cope with the volume of incoming aircraft, they couldn't turn to empty gates at other terminals to relieve the pressure.

An airport official said air-

lines don't often switch terminals at JFK and that there was a shortage of gates even at other terminals over the weekend.

Greeley Koch, executive director of the Association of Corporate Travel Executives, said the weekend's events at JFK "demonstrated in stunning detail the consequences of inadequate contingency planning and passenger communications at major international airports."

The U.S. Transportation Department is looking into the lengthy tarmac delays at JFK, a spokeswoman said Monday.

Richard Drew/Associated Press

U.S. NEWS

Mueller Weighs Interview With Trump

Special counsel notified president's lawyers that it may happen early this year

BY REBECCA BALLHAUS

WASHINGTON—Special counsel Robert Mueller has informed lawyers for President Donald Trump that he may seek an interview with the president early this year, prompting concerns within the Trump legal team over terms of the questioning, according to a person familiar with the matter.

A request would mark a major milestone in the special counsel's investigation into possible obstruction of justice and Trump associates' ties to Russia.

In a December meeting in Washington with Trump lawyers John Dowd and Jay Sekulow, Mr. Mueller, a former director of the Federal Bureau of Investigation, raised the possibility of interviewing Mr. Trump "soon," but he wasn't definitive, according to the person familiar with the matter. James Quarles, a Mueller deputy, also attended the meeting, that person said.

Some members of Mr. Trump's legal team believe a meeting between the president and Mr. Mueller would be "gratuitous," the person said. The

lawyers have discussed accepting written questions from Mr. Mueller and delivering written answers from the president to queries that are "appropriate and respectful of the office," the person said, adding that the talks with Mr. Mueller are in a "preliminary" stage.

A spokesman for the special counsel declined to comment on the possibility of an interview with the president.

Mr. Dowd, who heads Mr. Trump's private legal team, said: "The White House does not comment on communications with the Office of the Special Counsel out of respect for the Office of the Special Counsel and its process. The White House is continuing its full cooperation with the Office of the Special Counsel in order to facilitate the earliest possible resolution."

Mr. Mueller is investigating whether any members of Mr. Trump's team worked with Russia in what the U.S. intelligence community has said was a wide-ranging effort by the Kremlin to meddle in the 2016 U.S. election, which Moscow has denied.

As part of his probe, Mr. Mueller's team also is examining whether the president obstructed justice by firing James Comey as FBI director in May, while the agency's Russia investigation was under way.

Mr. Trump has said his campaign didn't work with Russia,



ANDREW HARNIK/ASSOCIATED PRESS

Special counsel Robert Mueller has interviewed dozens of White House officials and campaign aides.

although several people in Mr. Trump's orbit have admitted to having had contact with Russians during the campaign.

The special counsel has interviewed dozens of top White House officials and campaign aides, including the president's son-in-law and senior adviser, Jared Kushner, and former chief of staff Reince Priebus.

Lawyers for Mr. Trump have anticipated for months that Mr. Mueller may want to interview their client as part of his probe.

Interviewing the president would suggest Mr. Mueller's

probe is fairly advanced, legal experts said, since prosecutors typically question the highest-profile figures in any investigation toward the end of a probe, after they have conducted interviews with other witnesses.

Mr. Trump has repeatedly chafed at any suggestion that he is a target of the special counsel's probe. "Everybody tells me I'm not under investigation," he said on Saturday at Camp David in Maryland.

Also on Saturday, Mr. Trump suggested he would be willing to meet with Mr. Mueller in

person. Asked whether he was committed to meeting the special counsel's team "personally" if asked to do so, Mr. Trump said, "Yeah. Just so you understand...there's been no collusion, there's been no crime."

He added: "[W]e have been very open....But you know, it's sort of like, when you've done nothing wrong, let's be open and get it over with."

In June, after Mr. Comey testified to Congress that Mr. Trump had asked him to ease off of investigating former national security adviser Mike

Flynn, Mr. Trump said he would be "100%" willing to testify under oath that that didn't happen, and he also said he would consent to be interviewed by Mr. Mueller.

Two Trump campaign advisers have pleaded guilty to lying to FBI about their contacts with Russia, including Mr. Flynn. The Mueller team has indicted two other campaign officials, including Trump campaign manager Paul Manafort, for alleged financial misdeeds in work that predated the campaign.

Mr. Trump's lawyers have met several times with Mr. Mueller's team in recent months, and last summer submitted memos arguing that Mr. Trump didn't obstruct justice because the president has the inherent authority under the constitution to hire and fire as he sees fit.

There is precedent for sitting presidents to interview with prosecutors. President Bill Clinton testified before a grand jury in 1998 amid independent counsel Kenneth Starr's investigation of sexual harassment by the president.

The discussions about a possible Trump interview with the special counsel were earlier reported by NBC on Monday.

—Peter Nicholas contributed to this article.

◆ Book publisher returns fire at Trump..... B6

Supreme Court Cites Racial Bias in Reopening Case

BY JESS BRAVIN

WASHINGTON—The Supreme Court ordered lower courts to consider claims by a black man from Georgia who alleges his death sentence was tainted with racial bias.

Keith Tharpe was convicted of the 1990 murder of his sister-in-law, Jacquelyn Freeman, who had been accompanying his estranged wife. After shooting Ms. Freeman with a shot-

gun, Mr. Tharpe kidnapped his wife and allegedly sexually assaulted her.

The facts of the case aren't in dispute. What is under consideration is whether Mr. Tharpe's punishment was swayed by bigotry.

In 1998, in an interview with lawyers working on Mr. Tharpe's appeals, a white juror, Barney Gattie, said he voted for a death sentence because he considered the defendant a

"n—," in contrast to Ms. Freeman, who he said came from "a nice black family."

"After studying the Bible, I have wondered if black people even have souls," Mr. Gattie continued in a signed affidavit, adding that he thought racial integration was "wrong."

Mr. Gattie later disputed some of the statements in the affidavit, saying he was drunk at the time he spoke to Mr. Tharpe's lawyers.

"Gattie's remarkable affidavit—which he never retracted—presents a strong factual basis for the argument that Tharpe's race affected Gattie's vote for a death verdict," the court said in an unsigned order.

Lower courts rejected Mr. Tharpe's attempts to reopen his case based on the juror's remarks. On the day Mr. Tharpe was set to die, Sept. 26, the Supreme Court issued a stay of execution to consider

whether to hear his appeal, over the dissent of Justices Clarence Thomas, Samuel Alito and Neil Gorsuch.

The same three dissented from Monday's order.

While the views Mr. Gattie expressed "are certainly odious," Justice Thomas wrote that the majority's order amounted to "ceremonial hand-wringing." His 13-page dissent, joined by Justices Alito and Gorsuch, observed that Ms.

Freeman also was black and argued that lower courts had followed proper procedures in rejecting Mr. Tharpe's claim.

In two separate cases in 2017, the high court threw out convictions due to racial or ethnic bias, in one case because of prejudiced statements a juror made during deliberations.

Mr. Tharpe's lawyers invoked those recent precedents in urging the Supreme Court to consider his appeal.



CLAUDE MONET IMPRESSIONIST ICON



of Impressionism, Monet's revolutionary works such as this changed the course of art history. Signed and dated 1882. Canvas: 23" h x 31 1/2" w; Frame: 33 1/2" h x 42" w. #30-7176

Impressionist masterpiece. Legendary painter. Important series. Among Monet's most spectacular canvases are his impressionist depictions of the seaside in Normandy. This original oil on canvas of fog-ridden cliffs at Dieppe is among the best of these works, remarkable for its impressionist feel and vibrant colors. The founding father



South Korea vehicles participated in military exercises last week near the border with North Korea.

KOREA

Continued from Page One
out barrage.

Now, that danger is coupled with the risk that the North Koreans could attempt to use a nuclear weapon if they choose to escalate in retaliation against even a single strike.

Such a debate reflects how tense the situation remains, even though North Korea has scaled back the pace of its provocative actions in recent weeks and opened the door to diplomacy.

Tuesday's talks marked the first high-level dialogue between the Koreas in two years. After almost a year of regular provocations from North Korean leader Kim Jong Un, they are the first real sign that a diplomatic track is possible to begin de-escalating tensions over his nuclear and missile programs.

A key question is whether the conversation can expand beyond the Olympics to include other topics Seoul wants to discuss, notably reunification of Korean families split between North and South, and a general lowering of hostility.

Even if that happens, though, the diplomatic move needed to really start dialing back tensions would be conversations between North Korea and the U.S. That possibility seems stuck in a long-distance dance between Pyongyang and Washington, with each side making opening bids the other

finds unacceptable.

North Korea wants the U.S. to forswear joint military activities with South Korea in advance of talks, while the U.S. insists the goal of talks should be to eliminate North Korea's nuclear arsenal, not merely contain it. Each side finds the other's conditions unacceptable.

Indeed, diplomats suspect North Korea's engagement with South Korea is an attempt to drive a wedge between Seoul and its American allies, thereby reducing the possibility the U.S.

The U.S. is weighing a 'bloody nose' strike after any new nuclear test by Pyongyang.

could take any kind of military action against Pyongyang.

Fears are under way to broaden the diplomatic opening beyond Tuesday's intra-Korean conversation. Jonathan Powell, a former chief of staff to British Prime Minister Tony Blair, has offered to help try to get broader conversations going, three people in the diplomatic community said.

And Jeffrey Feltman, an American diplomat now serving as U.N. under secretary-general for political affairs, recently traveled to North Korea to explore diplomatic possibilities. But Mr. Feltman returned alarmed at what he found in

Pyongyang, where he sensed little interest in either talks with the U.S. or moving off the North's current nuclear track, say those who have talked with him.

Within the Trump administration, officials say, Secretary of State Rex Tillerson and Defense Secretary Jim Mattis remain focused on trying to get a broader diplomatic effort under way to rein in the North Korean nuclear program. National security adviser H.R. McMaster is arguing more vocally, publicly and privately, that military options need to be considered.

The wild card, as in all things in the Trump administration, is President Donald Trump himself. He signaled his own interest in a diplomatic track in the past. But he has also seemed to disavow Mr. Tillerson's overtures on negotiations. And his recent tweet—asserting he has a "bigger" nuclear button than does Mr. Kim—is, in the words of one experienced diplomat, the equivalent of "waving a red flag before a bull."

The U.S. hasn't done the kind of logistical preparations needed for a full-blown conflict on the Korean Peninsula. Still, as the talk of a "bloody nose" option suggests, that doesn't mean one can't happen.

Thanks to the Olympics and the intra-Korean diplomatic opening, the next few months figure to be relatively calm. But depending on whether the diplomatic opening widens or not, mid-2018 could be a time of reckoning.

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U.S. NEWS

Winfrey Speech Stirs Talk of President Run

BY ERICH SCHWARTZEL
AND JULIE BYKOWICZ

Even before breaking for commercials, the celebrities and Hollywood executives at the 75th Golden Globes began writing the script on an "Oprah for President" campaign.

The billionaire talk-show host and media mogul had just finished a thundering speech on Sunday accepting the Cecil B. DeMille Award that wove together childhood anecdotes, racial-justice themes and the country's unique political moment. The speech kicked off what has become a common question for Ms. Winfrey: Does she want to run for president?

"It's up to the people. She would absolutely do it," said Stedman Graham, Ms. Winfrey's longtime partner, when asked about her ambitions.

Even the White House weighed in on Monday. "We welcome the challenge whether it's Oprah Winfrey or anybody else," said deputy press secretary Hogan Gidley.

Ms. Winfrey hasn't commented since the ceremony. A representative for Ms. Winfrey



Oprah Winfrey

didn't respond to a request for comment.

Still, some Democrats are now thinking that a 2020 Winfrey campaign may be more plausible than ever.

Jim Messina, the campaign manager of Obama's 2012 reelection effort, said Ms. Winfrey should consider running. "She has a brand that is all about inclusion, bringing people together and aspiration," he said.

Some Democrats saw the Oprah buzz as a distraction, urging party members to keep their eyes on 2018 midterm elections. Hawaii Sen. Brian Schatz tweeted: "Hey. Let's focus on winning in 2018."

Pence Hits 2018 Campaign Trail

BY PETER NICHOLAS
AND MICHAEL C. BENDER

WASHINGTON—Vice President Mike Pence is jumping into the midterm elections, planning visits soon to Nevada and Pennsylvania and helping recruit a candidate in Ohio amid an aggressive push to retain Republican control of Congress.

Mr. Pence, in an interview at his White House office Monday, conceded that history shows it is difficult for the president's party to stave off midterm election losses, but said that economic gains could help Republicans strengthen their grip on the Senate.

"We know the historic trends...but I have to tell you, we've got a great story to tell," Mr. Pence told The Wall Street Journal. "We have great momentum in the economy and we think we have an opportunity to not only buck that historic trend, but we think we can expand our majority in the Senate. And we really believe that we can re-elect a majority in the House. We understand it's going to take some work."

Republicans head into the 2018 campaign with only a 51-49 majority in the Senate,

but a favorable election map. Democrats need a net gain of two seats to win the Senate majority and of 24 seats to win the House majority.

During a weekend trip to Camp David, the presidential retreat in Maryland, congressional leaders briefed Mr. Pence and President Donald Trump on the midterm.

Mr. Pence envisions a game plan in which he helps raise money and makes early visits

NBC News poll last month, potentially limiting his ability to sway swing voters.

Asked which party they want to lead Congress after the midterms, 50% of voters said Democrats while just 39% said Republicans, according to The Wall Street Journal poll in December. That 11-point advantage was the first double-digit advantage for the party since late 2008.

After Congress passed a tax overhaul at the end of the year, the White House hoped to keep a focus in 2018 on new policy priorities. But a new book depicting Mr. Trump as unfit for office has roiled the White House and dominated news coverage.

Asked about Michael Wolff's "Fire and Fury: Inside the Trump White House," Mr. Pence said: "I haven't read it, don't intend to read it. What I've heard about in the book bears no resemblance to the president that I serve with every day."

Republicans head into the midterm elections on the defensive. More than half of all Americans disapprove of Mr. Trump's job performance, according to a Wall Street Journal/

appearance with Sen. Dean Heller, a Republican facing a tough re-election bid.

Mr. Pence also expects to help recruit a candidate for the Senate race this year in Ohio. Last week, the front-runner for the GOP nomination, Josh Mandel, dropped out of the race, citing his wife's health.

Complicating matters for the GOP nationwide, the party is grappling with an internal fight between an activist wing that propelled Mr. Trump's candidacy and a party establishment looking to protect its tenuous hold on the majority.

That fight manifested itself most vividly in the Alabama Senate race last month, when Roy Moore became the first Republican to lose a Senate race in the state in nearly three decades.

Mr. Pence said the race provided a valuable lesson to the White House, which he said would be less likely to participate in primary races this year. The White House was embarrassed after two losses in the Alabama race: Mr. Trump's choice in the primary was defeated, and Mr. Moore, the eventual Republican nominee whom Mr. Trump also backed, lost in the general election.

POWER

Continued from Page One of them Republicans—said the government hadn't provided adequate justification for changing the rules currently governing competitive electricity markets and that the proposal would have unfairly limited competition.

"In addition, the extensive comments submitted by [the country's grid operators] do not point to any past or planned generator retirements that may be a threat to grid resilience," FERC's order said.

Dozens of nuclear and coal-fired power plants—once the bedrock of the country's electricity system—have closed in recent years as falling prices for natural gas and improving technology have made it harder for them to compete.

The proposal from President Donald Trump's administration came on the heels of attempts by several states to raise revenue for older plants to keep them in operation.

In response to the ruling, Energy Department officials said they would keep working with FERC and the country's grid operators to ensure the system's integrity, including by having a diverse set of fuels powering the grid.

FERC's order gives those operators 60 days to submit new evaluations on the risks facing the grid and how they are being managed, and then another 30 days for others to comment on those evaluations. The commis-



BRADEN CAMP/ASSOCIATED PRESS

A Trump administration plan rejected by regulators Monday would aid coal-fired power generators. Above, a power plant near Juliette, Ga.

sioners said they expected to review that fresh input and decide whether any further action was necessary. The Department of Energy can also seek a rehearing in front of FERC.

"What is not debatable is that a diverse fuel supply, especially with on-site fuel capability, plays an essential role in providing Americans with reliable, resilient and affordable electricity," Energy Secretary Rick Perry said in a statement. "I appreciate the Commission's

consideration and effort to further assess the marketplace distortions that are putting the long-term resiliency of our electric grid at risk."

FERC agreed with Mr. Perry's stated goal of ensuring reliability, but defended the quality of the country's energy markets and the benefits of competition. It noted that the commission, along with the country's grid operators, had repeatedly updated rules to ensure power plants had a secure

fuel supply, got paid more for running in extreme conditions and were adapting to natural gas as the primary fuel for generating the country's electricity.

"There's not enough evidence in the record to suggest there's a problem," Commissioner Richard Glick, a Democrat, said in an interview with The Wall Street Journal. "It was more of an attempt to subsidize uncompetitive generation."

The Trump administration didn't give an estimated cost

for the proposal, but an analysis from consulting firm ICF International Inc. said consumers would pay an additional \$1 billion to \$4 billion a year.

All of that money would have gone to plants that, among other requirements, kept a 90-day fuel supply on site—essentially nuclear and some coal generators—to guarantee their costs and "fair return on equity" are covered whenever they operate.

The plan drew an array of

critics who called it expensive, unnecessary and anticompetitive. An uncommon alliance of oil-and-gas companies, wind- and solar-power producers, some public utilities, electricity consumers and environmentalists teamed up to oppose the rule. They cheered Monday's order.

"We commend the FERC commissioners for rejecting an unwarranted bailout of uneconomic power plants in order to solve a problem that doesn't exist," said Malcolm Woolf, who oversees policy at Advanced Energy Economy, a trade group representing business consumers.

The ruling presents a potential blow to the companies that own those power plants and the mining companies that supply them with coal. Several have argued that more closings are imminent and some companies could face bankruptcy without government intervention.

The American Coalition for Clean Coal Electricity, which represents companies in the coal-fired power business, said grid operators up and down the East Coast had called on more generation from coal-fired plants during the recent cold spell.

"We are disappointed by FERC's decision because the electricity grid could become less reliable and less resilient while more information is being collected," Paul Bailey, the group's president said in a statement. "The recent bomb cyclone is a reminder why we need a healthy coal fleet."

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WORLD NEWS

Direct Talks Begin Between Rival Koreas

Pyongyang wants to send group to Olympics; Seoul raises prospect of nuclear discussions

By ANDREW JEONG

SEOUL—South and North Korea started their first official face-to-face talks in two years on Tuesday, with hopes that discussions could ease tensions on the peninsula stemming from Pyongyang's nuclear-weapons program.

The talks come as the Trump administration leads a global push to isolate the North Korean regime, which has been hit with tougher sanctions in response to its weapons tests.

The discussions at the Panmunjom truce village on the inter-Korean border were expected to center on the North's possible participation in the Winter Olympics, which begin at the South Korean ski resort of Pyeongchang on Feb. 9, officials in Seoul said.

As the meeting progressed Tuesday, South Korea proposed holding reunions for families separated by the 1950-53 Korean War, and voiced a desire to discuss the North's nuclear program, Seoul's Unification Ministry told reporters. The North's delegates didn't show a clear response to the request to raise the nuclear issue, said Chun Haesung, a member of Seoul's delegation.

North Korea, meanwhile, said it hoped to send a delega-



The North Korean delegation, led by Ri Son Gwon, crossed the border to attend the meeting in Panmunjom in the demilitarized zone.

YONHAP/REUTERS

tion to the Olympics that would include athletes, a taekwondo demonstration team, high-level officials, supporters and journalists, the ministry said. The North also expressed a willingness to resolve geopolitical problems through talks and negotiations, the ministry added.

The two sides exchanged the first drafts of a joint statement, the ministry said, though it

wasn't clear if the document would be finished Tuesday and details weren't available.

Some security analysts said they expect Pyongyang officials to seek a suspension or cancellation of U.S.-South Korea military exercises.

As the meeting got underway, the chief delegates from both Koreas shook hands and engaged in small talk about the

winter cold and their families.

Ri Son Gwon, the North's lead representative, said the two sides should "present the people with a precious New Year's gift."

"There is a saying that a journey taken by two lasts longer than one traveled alone," he said.

Cho Myoung-gyon, the South's unification minister,

told Mr. Ri that people have a strong desire to see reconciliation between North and South Korea, and he believed the Pyeongchang Games would be a "peace Olympics."

The North Koreans appeared to catch the South off guard when they proposed opening the meeting to the press.

"Interest and expectations in today's talks from both

within and without appear to be high," said Mr. Ri. "So we think we should open today's talks to the press and broadcast the situation to the entire people live."

Mr. Cho smiled as he declined the offer.

The meeting followed moves from both sides that appeared aimed at repairing cross-border relations. Seoul on Jan. 2 offered to hold talks with the North, a day after North Korean leader Kim Jong Un indicated in a New Year speech that Pyongyang would consider sending a delegation to the Olympics.

The two sides then reopened a cross-border telephone line on Jan. 3 for the first time in 23 months. A day later, President Donald Trump agreed to Seoul's request to delay annual U.S.-South Korea military exercises until after the Olympics. The North has characterized those exercises as rehearsals for an invasion.

Despite signs of a thaw, many security analysts said expectations of breakthroughs Tuesday should remain low.

The Trump administration remains highly suspicious of the North Koreans' motives at the talks and has said it suspects Pyongyang may be trying to drive a wedge between Seoul and Washington. But Mr. Trump, who spoke with South Korean President Moon Jae-in last week, expressed hope the talks might lead to a broader easing of tensions.

—Michael R. Gordon
in Washington
contributed to this article.

Ponyang Hacks Cryptocurrency

By TIMOTHY W. MARTIN

SEOUL—A cybersecurity researcher found malware that mines a type of cryptocurrency and routes the bounty to a North Korean university, showing how hackers in North Korea are targeting new assets as sanctions force Pyongyang to pursue alternative income streams.

The malware—deployed on Christmas Eve—instucts an infected computer to mine for Monero, a bitcoin alternative, according to a report released Monday by AlienVault, a U.S. cybersecurity firm. Monero describes itself on its website as a "secure, private and untraceable" form of cryptocurrency where users' accounts and transactions are shielded from "prying eyes."

The unearthed funds then automatically flow to a server domain at Kim Il Sung University where to access the funds the hacker would enter a three-letter password: KJU, a likely reference to North Ko-

rean leader Kim Jong Un. It is unclear where the virus was planted or how much Monero was extracted, said Chris Doman, an AlienVault threat engineer who identified the malware from a database of computer viruses amassed by VirusTotal, a subsidiary of Alphabet Inc.'s Google. Be-

Unearthed funds have been sent to a server domain at Kim Il Sung University.

cause only large organizations automatically upload many files to VirusTotal, the malware was likely spotted at a big company, Mr. Doman said, though he is unable to determine how many computers were affected—or if the attack continues.

The Monero community, in a Monday statement from sev-

eral prominent members, said millions of users "trust Monero to be that currency to conduct safe, private transactions." But "no currency, digital or fiat, is immune to criminal malfeasance," according to the statement.

The coding is rudimentary, suggesting more a student project than the work of North Korea's elite hacking unit known as Lazarus. The malware's creators hid certain files, suggesting the software wasn't accidental or a prank, Mr. Doman said.

For instance, the malware installs the Monero miner in a folder that is part of the Microsoft Windows operating system, a typical maneuver for illegitimate software. And it installs with the file name "intelservice.exe," in an attempt to induce a user to confuse it with a product from Intel Corp., Mr. Doman said.

"There is some type of subterfuge going on," Mr. Doman said.

Though direct links with

the regime or Lazarus couldn't be proved, the Monero-mining malware serves as another example of North Korea's interest in cryptocurrencies, as the rogue nation seeks ways to raise money to offset the effects of tightened economic sanctions. North Korean hackers are suspected of a heist last month of a Seoul-based cryptocurrency exchange, The Wall Street Journal reported in December. That incident followed the WannaCry ransomware attack, which locked digital files and demanded bitcoin payment for their release. North Korea has denied involvement in hacking attacks.

Mr. Kim, the North Korean leader, is believed to have studied at Kim Il Sung University, which is named after his grandfather, the founder of North Korea. The current leader's father, former dictator Kim Jong Il, attended the university in the 1960s. The university couldn't be reached to comment about the AlienVault hacking report.

By FRANCIS X. ROCCA

ROME—Pope Francis called for stronger efforts for nuclear disarmament, particularly on the Korean Peninsula, the day before representatives of South and North Korea began meeting for their first official bilateral talks in two years.

"It is of paramount importance to support every effort at dialogue" between the countries to "increase mutual trust and ensure a peaceful future for the Korean people and the entire world," the pope said on Monday in his annual address to ambassadors accredited to the Vatican.

Officially, the talks at Panmunjom on the inter-Korean border are to discuss cooperation during next month's Winter Olympics in South Korea, but it is hoped they will also help to reduce rising tensions over the North's nuclear program and recent missile tests.

The Holy See maintains dip-

lomatic relations with 183 states, as well as the Order of Malta and the European Union.

Monday's lengthy and wide-ranging talk to diplomats touched on various conflicts and crises around the world, including the war in Syria, where the pope called for peace negotiations and protection of the country's Christian minority.

But Pope Francis gave special emphasis to nuclear disarmament, a topic that has become a priority for him even as tensions have risen between North Korea and the U.S.

In a possible allusion to bellicose language recently exchanged on Twitter between President Donald Trump and North Korean leader Kim Jong Un, the pope called for a change of tone:

"I would like to encourage a calm and wide-ranging debate on the subject, one that avoids polarizing the international community on such a sensitive issue," he said.

Iran Oil Tanker Ablaze, at Risk of Sinking

By TE-PING CHEN
AND COSTAS PARIS

BEIJING—Chinese authorities said a large Iranian oil tanker that collided with a cargo ship in the East China Sea over the weekend was at risk of exploding and sinking.

In an online statement posted Monday, the Shanghai Maritime Safety Administration said areas surrounding the Sanchi tanker were burning, giving off a poisonous gas that was hindering rescue work.

The 30 Iranians and two Bangladeshis who were aboard the 899-foot tanker late Saturday, when the accident occurred, are listed as missing. But Mohammad Rashtad, head of Iran's Ports and Maritime Organization, told Iranian state media that a sailor's body had been found and taken to Shanghai to be identified.

Twenty-one Chinese crew members on the Hong Kong-registered cargo ship CF Crystal, also involved in the crash, were rescued, Chinese authorities said. The cargo ship sustained minor damage and was heading to China's Luhuashan port.

According to Chinese state broadcaster CCTV, the tanker—operated by Iranian state-controlled shipping firm National Iranian Tanker Co.—was carrying 136,000 tons of highly flammable condensate,

which is especially prone to explosion. Shanghai maritime authorities have set up a 10-nautical-mile cordon around the affected area, some 184 miles off China's eastern coast.

Maritime officials feared a large spill as the tanker was carrying nearly as much oil as the Exxon Valdez, which spilled 260,000 barrels into Prince William Sound off Alaska in 1989.

Condensate is a light version of crude oil that is ex- tracted as gas and converts into liquid. Petroleum experts say much of the cargo may have burned off, but any spills will be difficult to deal with.

Korea-based Hanwha-Total Petrochemical Co., which chartered the Sanchi, said the cargo was worth \$60 million and was covered by insurance. The ship was on its way from Iran's Kharg Island to Daesan, South Korea.

China's Transportation Ministry has set up an emergency task force to coordinate search-and-rescue efforts and investigate the cause of the accident, which wasn't immediately clear.

In addition to the Chinese rescue crews, the U.S. Navy said it had dispatched aircraft over the weekend to search an area of 3,600-square nautical miles, but that it hadn't located any crew members. South Korean personnel were also assisting with the rescue efforts.

—Yang Jie
contributed to this article.



A Chinese firefighting vessel spraying water on the burning oil tanker Sanchi in the East China Sea.

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WORLD NEWS

Egypt Sets March Election

BY JARED MALSIN

CAIRO—One aspiring candidate is in prison, jailed in December by a military court. Another is disqualified while he stands trial. A third ended his candidacy after spending weeks apparently held under house arrest in a Cairo hotel.

Egypt's National Election Authority announced Monday that presidential elections will be held over several days in March, with a runoff in April if needed, setting in motion a campaign that so far has only one eligible contender: President Abdel Fattah Al Sisi.

While the outcome isn't considered in doubt, a contentious campaign in the run-up to the

March 26-28 vote could offer a rare forum for Egyptians to air their grievances.

The election is taking place as authorities grapple with yearslong economic malaise, escalating attacks by Islamic State militants, and human rights concerns after years of repression in which tens of thousands of Egyptians have been held as political prisoners.

Mr. Sisi's re-election to a second term is considered all but certain, though he has not yet declared his candidacy. Critics cite the autocratic leader's continued support from the security agencies and recent steps by the state to snuff out potential rivals, exceeding even those taken during three decades of rule un-

der former President Hosni Mubarak, when a token electoral opposition was usually allowed.

Would-be candidates have stepped forward in recent months, only to be ushered off the political stage through arrest, trial, or other intervention by the authorities.

"The regime wants the appearance of a competitive election without any of the downside risks that entails," said Michael Wahid Hanna, a senior fellow at the Century Foundation in New York.

Mr. Sisi won 97% of the vote in 2014, less than a year after leading a military coup that ousted the elected Islamist President Mohammed Morsi, followed by a crackdown that killed

more than a thousand people.

In recent years the president launched an ambitious economic overhaul, floating Egypt's currency and cutting subsidies in return for a \$12 billion loan from the International Monetary Fund secured in 2016. The broad economy has stabilized, but inflation has hovered above 20% and the official unemployment rate remains around 12%, with the sensitive youth unemployment rate over 30%. Many Egyptians have yet to experience any direct benefit from the reforms.

Mr. Sisi's highest-profile potential opponent stepped aside on Sunday following months of intrigue. Former Prime Minister Ahmed Shafiq ended his pro-



The election authority announces the March 26-28 vote. President Abdel Fattah Al Sisi is the only eligible contender so far.

spective campaign only days after returning to his home in Cairo from a hotel in the capital, where members of his family said they believed he had been held against his will.

Dina Hussein, the former prime minister's lawyer, confirmed Sunday that Mr. Shafiq had returned home, but wouldn't say whether he had been under arrest.

Analysts believe the government pressured Mr. Shafiq to step aside. The government hasn't commented.

Brexit, Driven by Migration, Is Driving Migrants Out

Worries over immigrants were a main factor in Britons' vote to leave the EU; now the U.K. economy faces their departure

BY WIKTOR SZARY
AND COLLEEN MCENANEY

More than a year before Britain is scheduled to depart from the European Union, signs are emerging that the largest and most sustained influx of migrants in the country's modern history is coming to end.

For many Brexit backers, this is welcome proof that the decision to leave the bloc was right. Over the past 20 years, Britain experienced an unprecedented rise in immigration, particularly from new, poorer members of the EU. That influx, blamed for straining local health services, housing and education, was a key factor in some voters' decision to leave the bloc. Similar concerns about immigration have unsettled politics elsewhere in Europe and in the U.S.



A British Border Force officer checking the passport of an arriving foreign national.

ing areas that experienced faster growth in foreign-born population tended to coincide with those expressing stronger support for Brexit, figures analyzed by The Wall Street Journal show.

gration and concerns about the town's changing character had fueled strong anti-EU sentiment.

Boston's foreign population grew to roughly 20,000 in 2016 from around 1,000 in 2001, by far the steepest surge of any region in England and Wales. On the day of the Brexit vote, more than three-quarters of Boston's voters opted for Brexit, making it the most anti-EU town in Britain.

In the past two decades, Britain experienced a historically unprecedented wave of immigration, which intensified after 2004, the year Britain opened its labor market to workers from new, poorer members of the EU, such as Poland. The number of Britain's foreign-born residents went from 5.3 million in 2004 to 9.2 million in 2016.

Coinciding with an economic slowdown in the wake of the financial crisis, the influx of foreign workers fueled concerns among the public about their impact on wage growth and productivity, as well as Britain's already-strained public services.

Within a decade of Britain opening its labor market to workers from Eastern Europe, immigration was named in a long-running survey as the most important issue facing Britain. It maintained that position until late 2016, when it was overtaken by Brexit.

More recently, signs are emerging that the Brexit vote may have already significantly slowed the influx of foreign workers.

Net migration to the

U.K.—the number of immigrants settling in the country minus the number of people moving out—posted its largest drop on record in the year after the Brexit vote.

The decline reflects both

fewer EU citizens arriving in the country and more leaving, officials figures showed. Immigration from the EU fell by 54,000, to 230,000, while the number of EU citizens leaving the U.K. increased by 28,000, to 123,000, in the year ended June 2017.

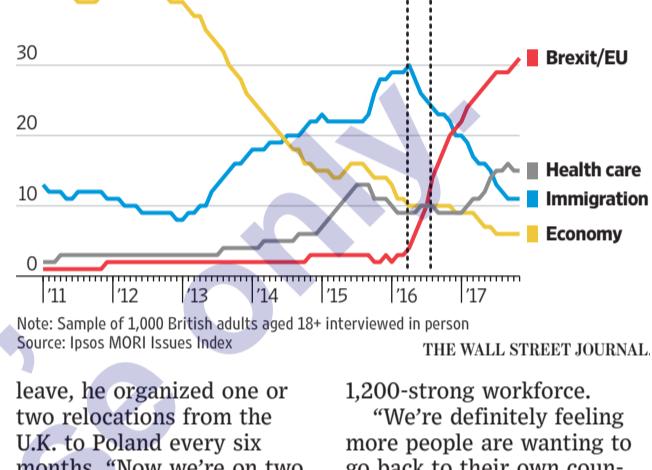
Anecdotal evidence confirms the trend. For Piotr Komorowski, co-owner of Zdrovis, an international moving company based in southern Poland, this Brexit-induced exodus turned out to be an unexpected boon.

"The phones started ringing the day after the vote," he said.

Before Britain voted to

A Public Concern

What is the most important issue facing Britain?



1,200-strong workforce.

"We're definitely feeling more people are wanting to go back to their own country," Mr. Vincent said. In exit interviews, they say the Brexit vote and the tone of the campaign made them feel less welcome in the U.K., he said.

But they also cite the pound's post-Brexit-vote fall, which has caused their U.K. wages to translate into significantly less when sent or taken back to their home countries.

Eastern European workers who leave the U.K. often return to a home country changed by the inflow of billions of euros in EU structural funds, which have helped drive the modernization of EU members such as Poland, Romania and Bulgaria.

The exodus of migrant workers, while welcome for some, further squeezes the U.K.'s already-tight labor market, a development that could spell trouble for the British economy. Britain's unemployment rate recently hit a four-decade low of 4.3%, with the number of unfilled vacancies rising to a record high.

Mr. Vincent said he has had real difficulties recruiting workers since the Brexit vote. Applications from non-British EU nationals dropped by over a third, and many positions within the company now go unfilled. "We used to have four vacancies at any given time, now we have 18," he said.

"I'm not moaning, I'm not kicking up a fuss," Mr. Vincent said. "It's just the reality I'm facing right now."

WORLD WATCH

UNITED KINGDOM

Cabinet Shuffle Keeps Brexit Balance

Prime Minister Theresa May shook up her cabinet but kept most of her senior ministers in place Monday, in a sign of her limited authority after losing her party's majority in a failed election gamble in 2017.

Monday's moves didn't alter the delicate balance within Mrs. May's cabinet between those in favor of a decisive break with the European Union and those wanting to maintain close ties with the bloc.

Chief among the appointments was a new minister for the cabinet office, who is responsible for the government's day-to-day affairs. Mrs. May named David Lidington, a pro-EU politician who had held the position of justice secretary. He succeeded Damian Green, who resigned in December after

admitting to having misled the public about pornography found on his office computer.

Seven months after the election, Mrs. May faces intense pressure both in Brussels, where she is negotiating Britain's departure from the EU, and at home, where the cabinet, Parliament and the country remain deeply divided over Britain's future relationship with the bloc.

Among the key portfolios, Brexit minister David Davis, Treasury chief Philip Hammond and Foreign Secretary Boris Johnson kept their jobs.

—Jenny Gross

CANADA

Business Confidence Is Robust, Bank Says

Positive business sentiment in Canada is widespread, with companies ramping up investment and hiring plans to meet sustained demand at home and



COMING OF AGE: Brightly dressed women gather after a ceremony in Yokohama to mark the entry into adulthood of Japanese who have reached age 20. The milestone is celebrated every January.

IN DEPTH

HUAWEI

Continued from Page One
win business from major U.S. carriers. There was no law saying they couldn't partner with Huawei, but the political costs could have been steep.

Not so for small carriers such as Union Wireless, which fly under the national radar. The Chinese telecom giant has given them a much-needed equipment option in a quickly narrowing field. Four years ago, Mr. Woody says he had about five suppliers besides Huawei to choose from. Today, he has only two.

Now the U.S. telecom industry is in a bind. Huawei has positioned itself to dominate future global telecom networks, according to several U.S. telecom executives, providing stiffening competition to incumbents Nokia Corp. of Finland and Sweden's Ericsson AB. This comes just as big U.S. carriers are expected to invest about \$275 billion over seven years to deploy fifth generation, or 5G, networks that can carry huge amounts of data for high-quality mobile video and self-driving cars, according to Accenture. Early commercial deployments of the technology are to start later this year.

Since 2012, Huawei has expanded to 170 countries from 140, and now claims 45 of the world's 50 biggest wireless carriers as customers. Huawei, which also runs a popular smartphone brand, made \$75 billion overall in 2016. About \$26 billion came from its telecom equipment and software business, making it the leader in the \$126 billion-a-year global market, according to research-firm IHS Markit Ltd.

Huawei's dominance is again stoking fears among Washington security and intelligence experts, who worry major U.S. carriers might be tempted to turn to Huawei.

Last month, members of the Senate and House intelligence committees sent a letter asking the Federal Communications Commission to review any relationship with Huawei

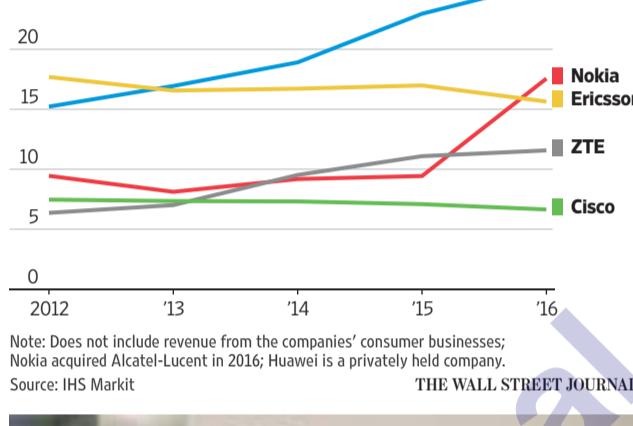


Huawei Technologies Co. showed off a new smartphone at last year's Mobile World Congress in Barcelona.

ZUMAPRESS.COM

On the Rise

Huawei dominates the global market for mobile and telecom equipment and software, with 2016 sales surpassing \$25 billion.



Note: Does not include revenue from the companies' consumer businesses; Nokia acquired Alcatel-Lucent in 2016; Huawei is a privately held company.

Source: IHS Markit

THE WALL STREET JOURNAL

Big ambitions

Part of the suspicions about Huawei stem from its origins. It was founded in 1987 by Ren Zhengfei, a former engineer for China's communist People's Liberation Army. Huawei today has three CEOs, who take rotating turns at the helm. Mr. Ren, now 73, remains deputy chairman and de facto boss.

Mr. Ren started Huawei with \$3,200 when he was 43 as a telephone-switch resaler business. The businessman shocked employees early on by telling them the company would one day be China's biggest telecom-equipment provider, recalls Richard Yu, now head of Huawei's consumer business. "Oh my God. Every body was wondering whether we can survive."

It did. After succeeding in rural China, Huawei moved into places that Western companies had overlooked or avoided—underdeveloped markets in Africa and Latin America.

Eventually, to help Huawei expand globally, Mr. Ren learned Western business management practices, in part from International Business Machines Corp., which was trying to expand in China. IBM helped Huawei learn disciplines such as product development and financial management. That and its improving technology helped Huawei gain ground in Europe, where its major customers today include Britain's Vodafone Group PLC, France's Orange SA and Germany's Deutsche Telekom AG.

European mobile operators also liked that Huawei offered



Founder Ren Zhengfei, right, with Chinese President Xi Jinping.

major consumer business, spent \$3.8 billion and \$5.9 billion, respectively.

Huawei began to compete against U.S. tech companies for talent, and built a campus in the bustling southern Chinese city of Shenzhen that looks as if it belongs in Silicon Valley. Employees come to work in T-shirts and sneakers.

Union Wireless says it learned about Huawei by word-of-mouth from another small carrier. Huawei also sponsored the Rural Wireless Association's networking lounge at a big mobile-industry trade show in San Francisco last September.

Huawei engineers and executives also make regular visits to U.S. carriers to show off new technology, and the potential cost savings are "significant"—sometimes even half off competitors' prices, says one former U.S. telecom executive.

Low prices

In August 2016, it looked like Huawei might get a seat at the table when AT&T published a list of possible 5G vendors that included not just Ericsson and Nokia but also Huawei.

In the following weeks, when congressional staffers met with AT&T executives in Washington to express concerns, they were told Huawei was offering equipment for 70% less than competitors, according to a person familiar with the meeting. AT&T executives told staffers they felt trapped between the security concerns and their duty to shareholders.

National Security Agency director Michael Rogers and James Comey, then-director of the Federal Bureau of Investigation, personally spoke to senior AT&T management, the person said.

AT&T declined to comment on the extent of its discussions with Huawei. "We expect to solicit information and bids from a large number of equipment providers as we continue to build out our next generation networks," an AT&T spokesman said.

Huawei disputed the characterization of its conversations with AT&T, saying it wouldn't have known how much its 5G

equipment and services would cost in 2016 because it was well before international 5G standards had been set.

An FBI spokeswoman and a lawyer for Mr. Comey declined to comment. The NSA didn't respond to requests for comment.

Recently, Huawei's Mr. Hu said it would be open to employing in the U.S. a model he says alleviated security concerns in Britain—a lab near Oxford, England, where employees with British security clearance physically disassemble Huawei equipment and inspect the hardware and software for vulnerabilities and "back doors." Huawei funds and operates the lab, which is overseen by a board with senior British intelligence and government officials, as well as one Huawei executive as the vice chair.

British compromise

British authorities say the arrangement is working. In its most recent annual report, published in April 2017, the board concluded that the lab "fulfilled its obligations in respect of the provision of assurance that any risks to U.K. national security from Huawei's involvement in the U.K.'s critical networks have been sufficiently mitigated."

Nigel Inkster, a former director of operations and intelligence at MI6, the British foreign intelligence agency, isn't so sure. He says the lab was set up "to calm the concerns of the British government. It could be seen as closing the door after the horse has bolted."

It's a dilemma for the industry—and eventually consumers. Huawei's meager presence in the U.S. market is one of the reasons for the high cost of U.S. wireless service, says Stephane Terol, executive research director at IHS Markit.

U.S. wireless service costs \$41 per month per customer on average, according to the data and analytics firm—second only to Canada, which also largely discourages Huawei equipment. In the U.K., where Huawei is allowed but closely scrutinized, the average wireless bill is \$23 a month.

Meanwhile, the field of competitors has dwindled. French-based Alcatel and U.S.-based Lucent merged in 2006, and Nokia ended up buying the combined Alcatel-Lucent company in 2016. Nortel Networks Corp. folded in 2009 in Canada's biggest bankruptcy case.

Both Nokia and Ericsson have warned that 2018 will be challenging. Ericsson has changed chief executives, laid off thousands of employees, warned of sales cancellations and faces pressure from an activist investor. Ericsson and Nokia's combined revenue is less than that of Huawei.

U.S. security officials and telecom executives alike worry about an increasingly lopsided landscape. Says Mike Rogers, the former congressman who chaired the House intelligence committee and co-wrote the 2012 report on Huawei: "Given current market trends, it's hard to imagine Huawei not being the only option in 10 years."

—Ryan Knutson, Drew Fitzgerald and Aruna Viswanatha contributed to this article.

Shunned by big U.S. telecoms, Huawei is an essential supplier for some rural carriers

and requested that the FCC get briefed on the security concerns raised in 2012. The letter also raised concerns about Huawei's growing smartphone business, now the world's No. 3 brand behind Samsung Electronics Co. and Apple Inc.

The pressure may have already had an impact. Huawei planned to announce Tuesday at a Las Vegas trade show that it had struck an agreement to sell its smartphones through AT&T Inc. Instead, say people familiar with the matter, AT&T walked away from the deal. It couldn't be determined why AT&T, the country's No. 2 carrier by subscribers, changed its mind.

An AT&T spokesman declined to comment. A Huawei spokesman declined to comment on conversations with AT&T, saying only that "Huawei has proven itself by deliv-

a wider range of products than competitors and top-notch customer service, according to current and former European wireless executives.

Smaller U.S. carriers had similar experiences. When wireless upstart Clearwire chose Huawei as a major vendor in 2010, the Chinese firm assigned nearly 800 engineers to the project, a person familiar with the effort recalled. A problem discovered one day would be solved by the next, the person said, unlike some other vendors that would debate whose fault it was before fixing it.

When Sprint Corp. moved to acquire Clearwire in 2012, the year Congress issued its report, the U.S. government required that Huawei's equipment be removed from Clearwire's network. It eventually

found replacements, but with regret.

"Their design cycles, their innovation cycles, I think have been the fastest of anyone I've seen because they have the R&D resources to throw at these things," this person said.

Early on, Huawei was notorious for reverse engineering competitors' products, most notably in 2003, when Cisco sued, accusing Huawei of copying router code down to identical model numbers to make it easier for Cisco customers to switch to less expensive Huawei versions. Huawei settled the suit without admitting wrongdoing and agreed to stop selling the routers.

Eventually, though, Huawei ramped up its own research and development, spending \$11.8 billion in 2016. Ericsson and Nokia, which lack Huawei's

PANTS

Continued from Page One
failed in his first effort to re-create Kylo Ren when he donned a pair of sweatpants and couldn't get them "as high up as I wanted."

When the black Vans jeans he put on next weren't enough, Mr. Palermo grabbed a piece of black fabric left over from a costume he made for the annual Comic-Con gathering, and tied it around his midsection like a sash.

Tracking down high-waisted pants would be a challenge for even the wisest Jedi. Less than 1% of all pants for men and women on sale in the U.S. today are high-waisted, according to Marshal Cohen, a retail analyst at the research firm NPD Group.

In galaxies far, far away, apparently, the pants are more accessible.

"The world of Star Wars is not our world," Michael Kaplan, costume designer for "The Last Jedi," wrote in an email. "Kylo Ren is not some hipster in hip-hugging jeans. Think Er-



Neil Walldorf and his girlfriend, Rachel Hoople, in costume.

ern street fashion in which young men drop their pants so low much of their underwear is exposed.

That wasn't always the case. Until the 1950s, many men wore pants above their navel, sometimes held up by suspenders.

"Men have no hips, so gravity tends to dictate where the trousers end up," said Alan Flusser, author of "Dressing the Man."

He thinks low-rise pants will become "prematurely obsolescent" because balanced proportions transcend fashion trends. "The height of the trouser is like the fulcrum of a seesaw," he said. "In order to get it right, it has to be in the middle."

In 1970s and '80s action films, high-waisted trousers emphasized the pecs of their shirtless muscular heroes. Bruce Lee sported a pair in "Enter the Dragon."

The look doesn't work for everyone. The style later became an object of ridicule, immortalized by Steve Urkel, the archetypal nerd from the popular '90s sitcom "Family Matters."

High-waisted pants similar

to the ones Joaquin Phoenix wore in the 2013 drama "Her" were sold to the public. The style, though, never garnered mass appeal.

"Traditionally, men's fits have longer rises," said Jonathan Cheung, head of design for Levi Strauss & Co. "What's interesting is that they are just not worn high-waisted."

Even the tallest of the company's men's pants won't cover the entire midriff, though. For those looking to take on the challenge, he recommends the brand's "Wedgie Fit" jeans for women.

Fashion trends run in a cycle, and Mr. Cheung said he does see cases where certain people make extreme looks work. "It's about attitude," he said. "We've seen everything from J.Lo to Kylo."

Jordin Overton knew there wouldn't be any high-waisted slacks at the Hot Topic clothing store where he works as a sales associate. "It's all skinny jeans and low-cut pants," said the 20-year-old in Aliso Viejo, Calif.

He rummaged through his closet but none of his clothing worked. He settled for oversized Nautica pajama pants,

pulling the drawstring tight so the fabric would rest above even his nipples. "It was so ridiculous," he said. "I could actually fit my arms in there if I wanted."

Josh Prashad, 24, who works at a Lululemon store, had a better idea. He went to the local shop and put on the athleisure brand's "All the Right Places" leggings for women. He quickly snapped a photo and posted it online. "I knew immediately which ones to find," said the Calgary, Alberta, resident.

Other potential Kylo Rens suffered a disturbing lack of faith. For Bing Chen's selfie, the 30-year-old used Instagram software to virtually draw in high-waisted pants. He also rendered a lightsaber to amplify the ensemble. "I made it into an art project," he said.

The entrepreneur, living in New York, had another motivation for joining the shirtless challenge than Star Wars fandom—it let him show off his hard work at the gym.

"I had to exercise my annual moment of vanity," he said. "I'm allowed one of those a year."

"Kylo Ren is not some hipster in hip-hugging jeans. Think Er-

GREATER NEW YORK

Disabled Train Snarls Rush Hour

Mechanical problem on Amtrak was just the start of hellish morning commute

BY MELANIE GRAYCE WEST

Commuters coming through New York Penn Station beware: It may be the winter of discontent.

At least that was the picture Monday morning during a disastrous commute that affected NJ Transit and Long Island Rail Road. Separately, PATH service was interrupted as was service on some subway lines.

Monday was the first day of a revised schedule for Penn Station, part of another infra-

structure overhaul at the aging facility but on a smaller scale than the so-called Summer of Hell last year. The work this winter, which is expected to be finished sometime in May, affects several tracks, including those that take trains east and to Sunnyside Yard in Queens, N.Y.

Yet, it was a disabled Amtrak train inside the Hudson River tunnel between New York and New Jersey that set the morning commute afoul for thousands. Train 641 from New York to Harrisburg, Pa., experienced a "mechanical issue" in the north tube of the tunnel and was brought back to Penn Station via a rescue train, according to an Amtrak spokesman. Some 143 passengers were aboard the train and

no one was injured.

However, the blocked tube reduced train traffic to six trains an hour from 24 trains an hour during the morning rush. NJ Transit reported delays in and out of Penn Station of 45 minutes or longer.

The disabled train wasn't removed until roughly 10 a.m., delaying commuter Jonathan Price, an opera singer and teacher, who sometimes rides the Northeast Corridor line into Penn Station.

Mr. Price, who was in New Jersey on Monday morning after visiting his parents for the weekend, tweeted that his NJ Transit Northeast Corridor train moved about 20 feet in 30 minutes, crawling into Penn Station.

Mr. Price's train from

Princeton Junction in New Jersey, which at one point was standing room only, arrived about an hour late into Manhattan's Penn Station. From there, Mr. Price, who lives in upper Manhattan, was further delayed by problems on the A subway line, causing him to reschedule a morning appointment with a student.

Door to door, Mr. Price's trip that should have been less than two hours took roughly four hours. Monday's commute, he said, "was worse than normal, but not unprecedented." NJ Transit riders on his train were resigned to the delays, he said. "It's become an expected occurrence."

Delays on NJ Transit sent some riders onto the PATH, where some of them were met

with more headaches. A broken rail outside of the Grove Street station in Jersey City, N.J., caused total service suspension between Hoboken, N.J., and the World Trade Center in New York. Service from Journal Square to the World Trade Center and, separately, 33rd Street in Manhattan was also suspended because of the broken rail. Service resumed around 10 a.m.

Signal problems on the New York City subway's F, J and M lines caused ripples of delay on other trains. Mechanical problems delayed A and C trains, too. Switch problems near Queens Village tied up several LIRR trains Monday as well, sending delays through the system that lasted until about 10:15 a.m.

Jockeying Starts for Key Roles In Council

BY MARA GAY

New York City's Democratic Party leaders, less than a week after helping ensure the election of new Council Speaker Corey Johnson, are wielding sway over the appointment of powerful committee chairs.

As the newly elected speaker, Mr. Johnson, a Manhattan Democrat, gets to name committee chairs in the 51-member body. But Party leaders from outside the council are playing a key part in the process as well, working to deliver chairmanships to members who chose to vote with the leadership and back Mr. Johnson.

U.S. Rep. Joe Crowley, the head of the powerful Queens County Democrats, who played a starring role in Mr. Johnson's election as speaker, is involved in the decision-making on committee chairmanships, according to observers. So, too, is Marcos Crespo, an assemblyman and the leader of the Bronx Democrats. U.S. Reps. Hakeem Jeffries, Nydia Velázquez and Gregory Meeks also are playing roles, according to people familiar with the negotiations. Several party leaders have met twice in recent weeks to discuss which members should lead the council's committees, according to a person familiar with the matter.

As the behind-the-scenes negotiations continue, council members are lobbying for plum appointments. "It's an intense pressure point of jockeying and mouths to feed," said Councilman Carlos Menchaca of Brooklyn. "It's real."

By Monday, nearly a week after Mr. Johnson was elected, several of the top committee appointments had begun to take shape.

Mr. Johnson is expected to name Councilman Daniel Dromm, a Queens Democrat, as chair of the finance committee, according to people familiar with the matter. Councilman Rafael Salamanca Jr., a Bronx Democrat, is expected to be named as chairman of the land-use committee. Those roles are among the most coveted because they wield pivotal influence over the city's massive, \$85 billion budget and the real-estate industry at the heart of its economy.

Mr. Johnson is also expected to name Councilwoman Laurie Cumbo as majority leader, and Councilman Robert Cornegy as chairman of the housing committee, according to people familiar with the matter. Both Brooklyn Democrats caucused with Mr. Jeffries and his allies in the speaker's race.

The process is unfolding differently than it did four years ago, when a liberal block within the City Council joined with outside influences like labor unions and Mayor Bill de Blasio to usurp traditional Democratic leaders. Susan Lerner, the executive director of Common Cause New York, a civic group, said it was clear the city's powerful Democratic Party leaders are reasserting their influence.

Mr. Johnson will make the final decisions. Robin Levine, a spokeswoman for Mr. Johnson, said he "is in active conversations with Council Members, stakeholders, city leaders and advocates to ensure the committee chairs best reflect the priorities of this council and the diversity of our city."

New Jersey Bids Farewell to Its Elder Statesman



ASSOCIATED PRESS

IN MEMORIAM: Mourners including political figures from both parties gathered Monday to honor Brendan Byrne, who served as governor from 1974-82. Mr. Byrne, who died last week at 93, was remembered by his son Tom as the 'man who couldn't be bought.'

Revel Casino Sold for \$200 Million

BY AISHA AL-MUSLIM

The Revel Hotel and Casino in Atlantic City, N.J., which closed in 2014 after two years in business, has been bought for \$200 million by a Colorado development company.

The shuttered \$2.4 billion casino hotel will be rebranded as the Ocean Resort Casino and is expected to reopen this summer, AC Ocean Walk LLC announced Monday. Integrated Properties, a Denver-based commercial and real-estate development company, is the principal owner and managing partner of AC Ocean Walk.

Justice McDonald, an appointee and longtime friend of Mr. Malloy, has served on the state Supreme Court since January 2013. "It would be the honor of a lifetime to continue the great and tireless work of Chief Justice Rogers administering justice on behalf of the people of Connecticut," Justice McDonald said.

Justice McDonald, 51 years old, served as director of legal affairs and corporation counsel for the city of Stamford from 1999 to 2002 while Mr. Malloy was mayor. He later joined the state Senate where he represented the communities of Stamford and Darien from 2003 to 2011. He rejoined Mr. Malloy in the Statehouse where he served as general counsel to the governor from 2011 to 2013.

"Justice McDonald has been a trailblazer across all three branches of state government," said Martin Looney, the top-ranking Democrat in the state Senate.



The former Revel Hotel and Casino in Atlantic City, N.J., will be rebranded and reopened in the summer.

Glenn Straub, who bought the property for \$82 million through a bankruptcy sale in 2015.

"The former Revel property opened at a time when Atlantic City was still in economic recovery and operationally it just did not cater to the customer base for this destination," said Bruce Deifik, chairman of AC Ocean Walk, in a statement.

When fully operational, the revamped property with 1,399

rooms on 20 acres along the Atlantic City Boardwalk will provide between 2,500 to 3,000 jobs to Atlantic City, AC Ocean Walk said. It will have 138,000 square feet of gaming space, including 100 table games and 2,200 slot machines. There are also plans to bring back some of the restaurants that closed and create new venues, including a top Asian noodle bar and a high-end players club.

"Atlantic City is coming back

with a vengeance and with the groundwork for the legalization of sports betting, we foresee a great opportunity to bring a state-of-the-art sports book to a city which caters to a large and diverse sports market," Mr. Deifik said.

The Ocean Resort Casino should open around the same time that the shuttered Trump Taj Mahal Casino Resort is expected to reopen under the Hard Rock brand.

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GREATER NEW YORK

Signs of a Thaw in the Deep Freeze

CRACKS: Ice floes could be seen in the Hudson River off Manhattan's West Side early Monday in 18-degree weather, but temperatures are warming. A high of 40 is expected Tuesday.

Four Men Get Prison In Frat Hazing Death

BY CORINNE RAMEY

Four men convicted in the hazing death of a Baruch College freshman were sentenced to up to two years behind bars Monday, while their fraternity was banned from the state of Pennsylvania for 10 years and fined more than \$110,000.

The four men—Kenny Kwan, Charles Lai, Raymond Lam and Sheldon Wong—pleaded guilty to voluntary manslaughter and hindering apprehension. Prosecutors had originally charged them with murder.

Attorneys for three of the men didn't respond or couldn't be reached for comment. Mr. Wong's lawyer said his life was shattered. "But the sentence he received today was reasonable enough to allow Sheldon to do his time but return to the road he was on and attempt to put his own life back together and lead a productive life," added the lawyer, Steven Brill.

Pi Delta Psi and its lawyer didn't respond to requests for comment.

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—Associated Press

The injured include nine residents, four police officers and a firefighter.

—Associated Press

The actresses, who share a single understudy, are expected to return for the next performance, set for Tuesday night.

—Charles Passy

Three People Hurt In Trump Tower Fire

BY ZOLAN KANNO-YOUNGS

A fire broke out on the roof of Trump Tower in Midtown Manhattan early Monday morning, law-enforcement officials said.

Two civilians and one firefighter suffered non-life-threatening injuries in the electrical fire, which began at about 7 a.m., officials said. The firefighter was brought to Bellevue Hospital, while the civilians were treated at the scene.

More than 80 firefighters battled the fire at the 58-story building and had it under control by 8:13 a.m., a Fire Department of New York official said.

Smoke could be seen rising above the skyscraper in Midtown. There were no evacuations at the tower, a police official said.

The president's son Eric Trump, who runs the Trump Organization with brother Donald Trump Jr., said the fire occurred in a cooling tower on the roof.

"The New York Fire Department was here within minutes and did an incredible job," Eric Trump said in a tweet. "The men and women of the [FDNY] are true heroes and deserve our most sincere thanks and praise!"

Investigators were determining the official cause of the fire, officials said.

President Donald Trump has an apartment in the tower on Fifth Avenue and 56th Street but was in Washington, D.C., at the time of the fire. The tower houses businesses and luxury apartments.



Smoke rose Monday from a fire at President Donald Trump's Midtown Manhattan Tower. Mr. Trump wasn't in the building.

State Gets \$900 Million Windfall

BY HEATHER GILLERS

Some big tax checks from Wall Street are providing Connecticut with a surprise bounty that the state will set aside for future fiscal emergencies.

Connecticut's collection of personal income taxes in December and January will exceed projections by \$900 million, according to a statement Monday from Gov. Dannel Malloy.

An "unexpectedly large amount" of that revenue is from hedge-fund managers who were forced to pay taxes on accumulated offshore gains, the governor's office said.

A 2008 federal law gave managers a decade to pay

taxes on those gains. Connecticut is home to many of the nation's largest hedge funds.

"This is very promising news for the state," Mr. Malloy

'This is very promising news for the state,' said Gov. Dannel Malloy.

said.

Connecticut has struggled with mounting pension obligations, debt and budget deficits.

Last year the state went months without a budget be-

fore passing a package that included a last-minute cash bailout for the city of Hartford, which had threatened to declare bankruptcy.

The state can use only \$10 million of the \$900 million to fill a budget deficit for the current fiscal year. A legal provision embedded in the budget requires the remaining money to be socked away in a rainy-day fund, Mr. Malloy's office said.

"We need to take steps to close the deficit this year and to avoid one in the year that starts in July," Mr. Malloy said. "If we take those steps and use these one-time revenues to rebuild our rainy-day fund, we will give Connecticut

residents and businesses the fiscal responsibility they have been demanding."

The \$900 million bonus wasn't generated entirely by hedge funds and their offshore gains. Connecticut also benefited from an effort by taxpayers to prepay taxes during the 2017 calendar year as a way of mitigating changes made by a new federal tax law passed in December. The new legislation caps the amount that can be deducted for state and local taxes.

Those prepayments accounted for "hundreds of millions" collected by the state earlier than expected, according to the statement from the governor.

GREATER NEW YORK WATCH

NEW JERSEY

Workplaces Must Allow Breast-Feeding

Firing or discriminating against women who breast-feed at work is now prohibited under a state law enacted by Republican Gov. Chris Christie on Monday.

Mr. Christie signed the legislation along with dozens of other measures, including two related bills, in the waning days of his two-term administration. Democrat Phil Murphy will take over as governor on Jan. 16.

Employers would be in violation of the new law, which serves as an update to the state's civil rights law, for firing or discriminating against a woman over breast-feeding. Businesses must also provide break time and a suitable location for breast-feeding women to express milk in private.

—Associated Press

MANHATTAN

Building Fire Leaves Over a Dozen Injured

More than 200 firefighters battled a stubborn fire Monday at an apartment building in upper Manhattan. Officials say at least 14 people suffered minor injuries in the blaze in the six-story building on Riverside Drive in Washington Heights.

Fire officials say the fire was reported just before 2 p.m. and was started in kitchen by a woman making toast. The fire quickly spread through a dumbwaiter. The building was built in 1920 and has 133 apartments.

The injured include nine residents, four police officers and a firefighter.

—Associated Press

BROADWAY

Performance Canceled Due to Ailing Stars

"Meteor Shower" went dark last weekend. Steve Martin's new Broadway comedy canceled its Sunday matinee because its two female stars, Amy Schumer and Laura Benanti, were both felled by "winter weather illnesses," according to a statement.

The cancellation affected the bottom line: The show grossed \$709,510 this past week over seven performances, according to the Broadway League, a trade group that tracks the industry.

That is a decline of more than \$400,000 versus the previous week's nine-performance run.

The actresses, who share a single understudy, are expected to return for the next performance, set for Tuesday night.

—Charles Passy

NEW JERSEY

Shooting Victims Mourned at Funeral

Hundreds of mourners gathered for the funeral of three family members killed in a New Year's Eve shooting at a New Jersey home that also claimed the life of a family friend.

Monday's funeral for Steven and Linda Kologi and their 18-year-old daughter, Brittany Kologi, was held at St. Jerome Roman Catholic Church in West Long Branch. It came two days after mourners had gathered there to remember the fourth victim, 70-year-old Mary Schulz.

Monmouth County prosecutors say the Kologis' 16-year-old son shot the victims at close range with a semiautomatic rifle in their Long Branch home. They haven't disclosed a motive.

—Associated Press

CRIME

Transit Impostor Takes Plea Deal

A man who has posed as a New York transit worker and has been arrested 30 times for stealing buses and trains is taking a plea deal that will send him to a mental institution for his latest escapade.

Darius McCollum, 52 years old, had been charged with criminal impersonation and grand larceny in a 2015 case in which he was caught behind the wheel of a Greyhound bus.

On Monday, he said he wasn't criminally responsible by reason of mental disease or defect. He will be evaluated by psychiatrists, who will determine whether he is dangerous. If he is deemed to be dangerous, he will be confined in a secure facility.

—Associated Press



Keegan-Michael Key, Laura Benanti, Amy Schumer and Jeremy Shamos in 'Meteor Shower.'

NYCMBD/REUTERS

NOAM GALAI/GETTY IMAGES FOR METEOR SHOWER

NOAM GALAI/GETTY

LIFE & ARTS

HEALTH & WELLNESS

The Doctor Is In—at Work

As on-site health centers take hold, employers add features such as specialists, acupuncturists and vegan cooking lessons

BY LUCETTE LAGNADO

ON WEDNESDAY mornings, Stephen Fealy, an orthopedic surgeon in New York, heads downtown to see his patients. But instead of going to his office, Dr. Fealy sees patients in theirs—at Goldman Sachs Group Inc.

He examines a couple of dozen Goldman employees, from managing directors to junior analysts and administrative assistants.

Dr. Fealy, a sports-medicine specialist with the Hospital for Special Surgery in New York, works alongside several other physicians at the Goldman Sachs clinic on the 10th floor of the firm's headquarters, near Wall Street.

Getting out of his hospital digs makes Dr. Fealy feel a bit like doctors of old who made house calls. Now, when employees all but live at the office, it makes sense to see them there.

"These people work incredibly hard, they come in with back pain, hip pain," he says of his Goldman patients. Dr. Fealy treats cases of what he calls "investment-banker neck," an arthritis that can afflict people in their late 40s, particularly ones peering at lots of monitors.

Employers hoping to keep workers healthy and productive are moving beyond yoga workshops and webinars on work-life balance. More and more businesses are establishing on-site medical clinics, where employees can receive primary care and in some cases consult with specialists—all without venturing far from work.

Many companies view the clinics as a means to deal with crushing health-care costs while making sure employees get adequate care and attention. Others, in Silicon Valley and elsewhere, consider them an essential hiring and retention tool. Some clinics boast that they offer a better experience than traditional doctor visits, because they don't make patients wait or rush physicians through consultations.

At Goldman Sachs in New York, staff can access an emergency physician any weekday and see rotating primary-care physicians and specialists including a dermatologist and a gynecologist, as well as Dr. Fealy, the orthopedic surgeon. There are physical therapists on hand as well as a visiting physiatrist, a specialist in rehabilitation medicine.

Premise Health, located in the Nashville, Tenn., suburb of Brentwood, oversees Goldman's center. The firm, like the rest of the industry, has grown swiftly in recent



CLOCKWISE FROM TOP: ILLUSTRATION BY ADAM McCauley; PREMISE HEALTH; CUMMINS INC./2



Premise Health CEO Stuart Clark, above, says business is booming. Left and below, the Cummins LiveWell Center.



years, according to Chief Executive Stuart Clark. "An on-site health center used to be a nice-to-have novelty," he says, "but it is now considered a mainstream benefit for a large employer."

In competitive labor markets, an on-site clinic can mean an edge in recruiting says Larry Boress, who heads the National Association of Worksite

Health Centers, a trade association founded in 2012. "If you go to Silicon Valley, [companies] are tremendously competitive with their on-site centers because people can go anywhere, and they will ask, 'Do you have an acupuncturist? [Do you have] a chiropractor?'" Mr. Boress says.

A 2014 study by his organization estimated that 30% of American businesses of all sizes had on-site medical care for employees. By 2018, around 50% will offer the service, Mr. Boress says, citing a more recent industry study which found that an additional 11% of firms were considering establish-

ing clinics by 2020. The level of care varies, he says, from a single nurse to a team of primary-care physicians and specialists.

Premise is one of the nation's largest managers of on-site health clinics, according to the firm's CEO, Mr. Clark. The company was founded in 2014, with the merger of two companies, one dating back to the 1970s. The industry has

evolved from decades ago, he says, when health care at work often consisted of a company nurse who dispensed aspirin.

Many clinics are located within a company's premises or campus. Others are nearby and serve employees as well as their families. In this month alone, Premise will

oversee the opening of 33 health centers offering various levels of service, most centered around primary care. Five years ago, the companies that went on to make up Premise presided over a similar number of openings during an entire year, Mr. Clark says.

On-site clinics have become more elaborate. In 2016, Cummins Inc., a maker of engines, generators and related products, opened the Cummins LiveWell Center, a 28,000-square-foot health center on its main campus in Columbus, Ind. At LiveWell, employees can meet with primary-care physicians, an optometrist, a gynecologist, and a physician assistant who specializes in dermatology. The center, which is decorated with paintings and other art, has life coaches and a room for massage therapy. A chef comes in to demonstrate how to cook "plant-based" vegan meals.

LiveWell tries "to go a little beyond traditional American [health] care," says Jon Mills, a senior spokesman.

On-site clinics are flourishing because employers are increasingly desperate, says Mr. Clark of Premise Health. "Health-care costs are totally out of control in this country at the same time the population is getting sicker."

When employees see a primary-care doctor at one of Premise's on-site health centers, they typically don't pay more than a nominal fee,

Please see CLINIC page A11

YOUR HEALTH | By Sumathi Reddy

THE MYSTERY OF STEM CELLS FOR KNEE PROBLEMS



Knee osteoarthritis is a difficult-to-treat and painful condition affecting millions of people. Experts are researching stem-cell injections from a patient's own bone marrow or fat as a treatment to avoid more invasive surgeries.

JASON DRAGO'S Stanford University research team gets 100 to 200 inquiries every day from people interested in joining its clinical trial studying the use of stem cells to treat knee injuries.

The interest highlights a growing demand for the use of stem cells derived from a person's own bone marrow or fat to treat orthopedic injuries. Osteoarthritis, a degenerative joint disease where the protective tissue or cartilage around a joint wears down, is a particular focus of inquiry.

Stem cells have the potential to develop into different kinds of cells, making them a potentially valuable tool in treating orthopedic injuries.

The U.S. Food and Drug Administration has cracked down on the explosion of private stem-cell clinics that offer treatments for everything from muscular dystrophy to osteoarthritis. It has accused clinics of making false claims and illegally growing human stem cells extracted from patients, which is allowed in many other countries but not the U.S.

But a growing number of academic research centers and hospi-

tals are offering stem-cell injections to treat orthopedic injuries in a way the FDA condones, by extracting bone marrow or fat, which is spun in a centrifuge before being inserted into the patient's joint in the same day.

Due to a lack of research, the treatments generally aren't covered by insurance companies and can cost thousands of dollars. Still, demand is high.

"There are just so many aging baby boomers who want to be active," says Joanne Borg-Stein, an associate professor of physical medicine and rehabilitation at Harvard Medical School. "They are either too young for a joint replacement or their arthritis isn't bad enough, and they've done other treatments and they're not able to stay active."

She says requests for stem-cell injections are outpacing the research on it, which is scant. Experts say such injections can reduce inflammation and pain but it's unclear how long their effects last or if they help regenerate cartilage.

At Harvard, doctors have been

Please see STEM page A10

LIFE & ARTS

Marilyn Maye, right, getting ready at Lincoln Center, and below, on 'The New Steve Allen Show' in 1961.



MUSIC

A Cabaret Star's Comeback

BY ALEXANDRA WOLFE

MARILYN MAYE never expected a career resurgence in her 80s.

But after a nearly two-decade break from the big stage in New York, the cabaret star known in the 1960s for her jazz performances, hit singles and regular "Tonight Show" appearances is experiencing a comeback, playing popular jazz-cabaret venues such as the Dizzy's Club Coca-Cola and Feinstein's/54 Below. In February, she will perform at Jazz at Lincoln Center, a major venue in New York, with signature songs that include, fittingly, Jerry Herman's "It's Today" and Stephen Sondheim's "I'm Still Here."

"It's exciting because the applause now that I'm getting on is so big," Ms. Maye says.

Her audiences encompass Broadway and cabaret fans as well as jazz and blues enthusiasts, one reason singer, pianist and nightclub owner Michael Feinstein cites for her renaissance. "What may have been too jazzy for mainstream 40 years ago is very popular with contemporary audiences," he says. "She is tireless in keeping it fresh, and most people do not have the stamina nor the ability to do what she does."

In lively, sassy performances, Ms. Maye sings, dances and banters with the crowd, declining offers to sit, even when an audience member offered a bar stool.

"If you weigh 90 pounds, you can sit on a bar stool and sing. But above that, you just look awful," she says. "Your stomach hangs out."

For similar reasons, Ms. Maye has never taken to short skirts. "Knees are ugly," she says. "I say never wear a short wardrobe or bare arms unless you're very, very thin, because that spotlight shows everything."

Born in Wichita, Kan., in 1928, Ms. Maye began singing in amateur contests when she was 9, winning a 13-week appearance on a Topeka radio station. Her mother, a pianist,



and her father, a pharmacist, divorced when she was a teenager, and she and her mother moved to Des Moines, Iowa.

There, she started her own radio show called "Marilyn Entertains." Once a week, "I would walk out of my Spanish class and sing," she says, her friends watching through the glass.

After high school, Ms. Maye played hotels and nightclubs in the Midwest, including the Drake Hotel in Chicago, eventually opening a dance studio with her husband in Kansas City, Mo. Television host Steve Allen saw her singing at a club there and invited her on his show, where her appearances led to a recording contract with RCA. Her 1965 debut album, "Meet Marvelous Marilyn Maye," led to a Grammy nomination for best new artist. She went on to record half a dozen more albums and 32 singles.

But it turned out she got into jazz cabaret in the wrong decade. As dinner theater started to decline in the late 1960s and early '70s, she worked in musicals such as "Hello, Dolly!" "Can-Can" and "Mame." But within a few years, even those opportunities started drying up as the U.S. grappled with economic stagflation.

At the same time, the American songbook was being replaced in popular culture by rock 'n' roll, whose more repetitive choruses

didn't interest Ms. Maye. "That's the money bag, but unfortunately that's not what I do," she says. For her, "it's all about the lyric."

She returned to Kansas City, performing mostly in regional venues in the Midwest and Texas for about 20 years. Then, in 2005, after 16 years without performing once in New York, music manager Donald Smith asked her to play at the Mabel Mercer Cabaret Convention. The program was a tribute to Mr. Herman, who wrote the music for "Hello, Dolly!" and "Mame."

Ms. Maye's performance was such a hit that she returned to the convention the following year and booked a performance at the newly opened Metropolitan Room. When she emerged from the taxi, she was shocked by the size of the crowd waiting to see her.

"They were lined up down the block," she remembers. "That kind of started me back in New York."

Ms. Maye has since returned to New York more frequently, performing regularly at the Metropolitan Room as well as the 92nd Street Y and Birdland. Two years ago, she performed for the first time at Jazz at Lincoln Center's annual gala, a hallmark for jazz musicians and performers, and this fall had her first solo show there. She is slated to play two shows a night at Dizzy's Club Coca-Cola at Jazz at Lincoln Center from Feb. 15 to Feb. 18.

Now that she's back on the New York circuit, Ms. Maye has big plans. She hopes to land a role in a Broadway musical. "I could do 'Dolly' again," she says. She would also like to bring her solo show to Carnegie Hall.

Ms. Maye is celebrating her 90th birthday with an April run at 54 Below—her birthday night, April 10, is already sold out. But she doesn't want people to come see her just because of her age, she says.

"Even though I'm blessed my voice is still hanging in there," she adds, "I don't like to play the age card."

STEM

Continued from page A9

extracting bone marrow for injections into the knee and other arthritic joints for four to five years, as well for bone injuries that don't heal. This fall they started using a newer technique that uses fat-derived stem cells for knee, hip and shoulder arthritis, as well as tendon problems.

Fat-derived stem-cell injections appear to be longer-lasting, Dr. Borg-Stein says, and may require only one injection.

At Stanford, the study by Dr. Dragoo, an associate professor of orthopedic surgery, is focusing on fat-derived stem cells. The two-year, randomized controlled study will include about 100 patients. The researchers are harvesting fat cells from the knee using a minimally invasive surgery before inserting them back into the knee.

The study is looking at knee pain caused by either osteoarthritis or isolated cartilage defects, which are usually a result of injury and happen in younger people.

Among the osteoarthritis patients, one-third are being randomly assigned to the standard treatment of a meniscus surgery and the remaining to the standard treatment plus a stem-cell injection. Similarly, among those patients with isolated cartilage defects, one-third will get the standard treatment of microfracture surgery. The remaining will get that plus a stem-cell injection.

Only about 50% of patients who receive meniscus surgery for osteoarthritis show improvement, Dr. Dragoo says. Microfracture results typically are good initially. But within two to five years many patients will have a significant deterioration. The ultimate hope is that the stem-cell injections will preserve or at least decrease symptoms in joints to avoid more invasive surgeries, such as a knee replacement. "Now our only alternative is to put metal and plastic in," he says.

Preliminary results from the Stanford-led trial have found patients have reduced inflammation and report feeling better, Dr. Dragoo says. But researchers are waiting to analyze MRI measurements that will determine

whether the thickness of cartilage in the knee has increased.

Randy Leavitt, a 54-year-old avid cyclist, is among the patients in Dr. Dragoo's study.

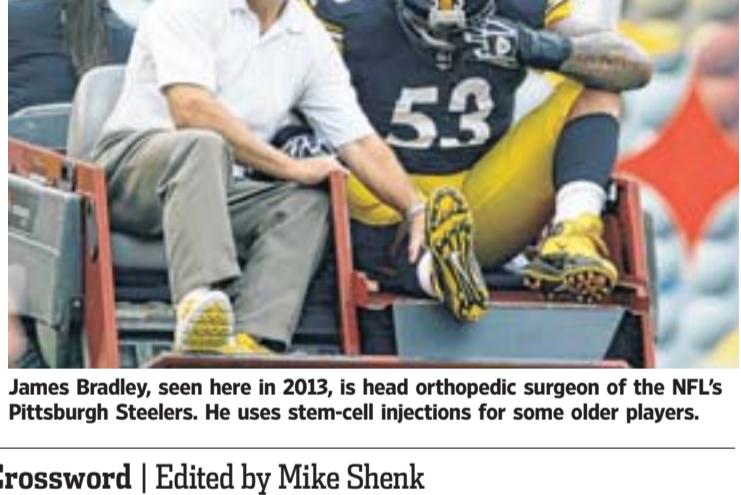
The Ojai, Calif., resident had a longstanding meniscus injury that caused him so much pain that he stopped cycling and started gaining weight. He got meniscus surgery and an injection of either his fat-derived stem cells or a saline solution this fall.

He doesn't know which group he's in and won't find out for another two years. "It's only been two months, but I've been able to use the knee and I'm able to start cycling," he says.

James Bradley, a clinical professor of orthopedics at the University of Pittsburgh Medical Center, was co-author of a review study published in 2016 looking at stem-cell therapies in sports medicine. He says they found three good studies that showed promising results for the use of stem cells in the treatment of osteoarthritis.

As head orthopedic surgeon of the NFL's Pittsburgh Steelers, Dr. Bradley says he injects stem cells derived from bone marrow into the knees of older players who have mild to moderate osteoarthritis. "It's helped us extend some players' careers," he says. He started using stem-cell injections with the players about three to four years ago and now also does them in other serious athletes, such as marathon runners, who show signs of early osteoarthritis. "It's not that it's making all these brand new cartilage cells," he says. "Our feeling is that we're setting up a microenvironment for healing. And it seems to work fairly well if you get them early in the disease process."

At Mayo Clinic in Rochester, Minn., researchers are conducting a trial in what is believed to be a first in the U.S.: They are taking out patients' stem cells, growing them in the lab for weeks and putting them back into the patients, says Jay Smith, a professor of physical medicine and rehabilitation there. This is part of a small, FDA-approved phase-one trial that involves taking fat-derived stem cells from patients' bellies, making millions more cells in the lab and injecting them into patients' knee joints four to five weeks later.



James Bradley, seen here in 2013, is head orthopedic surgeon of the NFL's Pittsburgh Steelers. He uses stem-cell injections for some older players.

Weather



U.S. Forecasts

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

Today Hi Lo W Tomorrow Hi Lo W

City Anchorage 15 2 s 12 7 c

Atlanta 54 48 c 56 51 pc

Austin 66 40 s 66 52 pc

Baltimore 44 24 pc 40 33 pc

Boise 46 29 r 40 31 sn

Boston 39 20 pc 35 31 pc

Burlington 31 11 c 32 31 pc

Charlotte 56 38 pc 53 41 pc

Chicago 38 33 s 46 43 c

Cleveland 36 25 pc 47 44 r

Dallas 56 46 s 61 51 pc

Denver 65 38 pc 49 23 r

Detroit 34 24 c 42 42 c

Honolulu 83 70 pc 83 69 pc

Houston 62 47 pc 67 57 pc

Indianapolis 39 33 pc 52 49 c

Kansas City 46 37 pc 53 33 c

Las Vegas 58 46 r 63 46 pc

Little Rock 48 42 pc 56 53 c

Los Angeles 60 50 r 64 51 pc

Miami 77 67 t 78 66 r

Milwaukee 37 30 s 44 40 sh

Minneapolis 39 31 pc 41 19 c

Nashville 49 46 c 60 54 c

New Orleans 61 56 c 68 57 c

New York City 40 24 pc 36 32 s

Oklahoma City 56 42 s 59 35 pc

International

Today Hi Lo W Tomorrow Hi Lo W

City Amsterdam 43 40 c 47 37 c

Athens 60 50 p 58 48 c

Baghdad 67 41 s 66 42 s

Bangkok 88 76 c 86 69 pc

Beijing 36 14 s 30 9 c

Berlin 43 35 r 44 34 c

Brussels 45 41 c 47 38 s

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Dubai 74 62 s 75 60 s

Dublin 47 35 r 44 35 c

Edinburgh 40 33 c 41 30 r

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The WSJ Daily Crossword | Edited by Mike Shenk



POP CULTURE | By Freddie Cheng

Across	Down
1 Time in office	31 Old ___ (London theater)
5 Light touch	32 Poise under duress
8 Deck crew overseers	33 Saver's option, for short
14 Layered snack	35 33-Down, e.g.
15 Bustle	36 Twinings wares
16 Soon	37 Make a blunder
17 *Recipe for heavy losses?	40 Steakhouse choice
19 Distinguished	42 Carnival rides?
20 Site of India's Red Fort	43 Frodo's friend
21 Annoy	44 Starch plant used to make 60-Down
23 ___ you sure?	45 Toward the rudder
24 *Sundae bonus?	46 Assists, but not in a good way
27 Muslim woman's wear	47 *I win/you lose situation
30 With 34-Across, current	52 Start for skeleton
31 *Robert Matthew Van Winkle's rap name	53 Rome's river
32 Extra with a diner sandwich	54 Millennium makeup
33 Saver's option, for short	55 Neutral shades
34 See 30-Across	61 Pop slogan of 1982, and a hint to the starts of the starred answers
35 33-Down, e.g.	62 Billy and nanny's offspring
36 Twinings wares	63 The Climate Project founder
37 Make a blunder	64 Chiang ___-shek
38 Public slogan of 1982, and a hint to the starts of the starred answers	65 Kelly of morning TV
39 Opposite of post-	66 Oktoberfest containers
40 Kitchen tool with small holes	67 California's Fort ___,
41 Dough	68 "Piece of cake!"
42 *Pierce-Arrow convertible, e.g.	

LIFE & ARTS

MUSIC REVIEW | By Jim Fusilli

An All-Inclusive Winter JazzFest

A BRIGHT LIGHT in the darkness that follows the end of the holiday season, the 14th Winter JazzFest begins in New York on Wednesday and ends a week later. As in years past, it features an impressive cavalcade of artists, both domestic and international, many of whom don't necessarily adhere to a traditionalist's definition of jazz. Rather, Winter JazzFest is a wide-ranging celebration of black music rooted in jazz and the blues, played by free-thinking musicians who pursue adventures in creativity.

Like major rock festivals, Winter JazzFest is all too much and yet somehow just right for today. It speaks to the modern music scene's rich diversity, a trait that will send attendees careening among 12 venues to try to hear as many high-spirited and technically accomplished players and vocalists as possible, well aware that there are likely to be moments of improvisational magic that may never be replicated. Scheduling conflicts abound: The marathons on Friday and Saturday that run from evening until way past midnight make up the spine of the festival.

Well-established musicians Don Byron, James Carter, Stefon Harris, Fred Hersch, Nicholas Payton and Marc Ribot are slated to appear. Pianist Vijay Iyer will play with saxophonist Ernest Dawkins, while Jason Moran sits in with one of the groups led by flutist Nicole Mitchell. The festival's artist-in-residence, Ms. Mitchell will lead four different units in concert, including one that's on a bill with Tyshawn Sorey, the 2017 MacArthur Fellow, who will perform a solo percussion set.

In addition to the headliners, sneaking in seemingly undercover are the prized vocalists Claudia Acuña, Becca Stevens and Sheila Jordan. Ms. Acuña will sing with percussionist Susie Ibarra's DreamTime Ensemble; Ms. Stevens in a duet format with experimental harpist Laura Perrudin; and 89-year-old Ms. Jordan, former associate of Charlie Parker, with bass-



Clockwise from above: Nicholas Payton, Fay Victor and Nicole Mitchell will all perform at the festival.



ist François Moutin and vocalist Kavita Shah. The exquisite guitarist Brandon Ross performs with his acoustic quartet and then with the eight-piece electric ensemble Harriet Tubman Plays Free Jazz. Trumpeter Marquis Hill plays with his quintet Blacktet and also joins trombonist Theo Croker in his 14-piece Big Brother.

But Winter JazzFest is hardly about what's familiar. As befits im-

provisational music, it's about discovery. With his band the Merry Pranksters, Dave Harrington will play what he called "free jazz with a back beat" influenced by Miles Davis's "Bitches Brew" electric funk period. Trumpeter Yazz Ahmed will feature the jazz-electronica blend of her 2017 album "La Saboteuse," while fellow trumpet player Jamie Branch will explore the music of her "Fly or Die," re-

leased last year. (Ms. Branch is also a member of Harriet Tubman Plays Free Jazz.) The trio the Comet Is Coming will bring its hard-hitting mix of funk, jazz and rock as evidenced on its 2017 EP "Death to the Planet." The vocalist Fay Victor will front a trio, SoundNoiseFUNK; when we spoke by phone last week, Ms. Mitchell was unreserved in her praise for Ms. Victor: "The whole legacy of jazz

is in her voice," she said.

Among the featured programs is a Monday tribute to pianist, composer and educator Geri Allen, who died last year, organized by her longtime friend and collaborator, drummer Terri Lyne Carrington. Among the musicians who will perform at the Martin Luther King Jr. Day show: Dee Dee Bridgewater, Ravi Coltrane, Jack DeJohnette, Linda May Han Oh, Esperanza Spalding and Mr. Iyer. Mr. Coltrane will present a Sunday concert in honor of his mother, Alice Coltrane, who died a decade ago. Other special events include trumpeter Wadada Leo Smith performing with the improvisational art rockers Deerhoof and vocalist José James revisiting the music of singer-songwriter Bill Withers.

When discussing Winter JazzFest, it's tempting to fall down the "what is jazz?" rabbit hole. But that's a fruitless debate for musicians as well as fans. On his latest, wide-ranging album, "Afro-Caribbean Mixtape," Mr. Payton, a New Orleans native, makes clear the word "jazz" has no meaning for him. When we spoke by phone last week, he reiterated the point. "The term 'jazz' is problematic," he said. "Black music" is better suited to what I do. I draw from the African diaspora."

Said Ms. Mitchell, "Black music is inclusive. It doesn't exclude anyone from contributing to it." On her 2017 album "Mandorla Awakening II: Emerging Worlds," she performs with musicians who play traditional Japanese percussion, stringed and wind instruments as well as electric guitar and cello. She will appear with that aggregation at the festival.

Thus, what the festival offers is music that's exceptional, varied and welcoming; taken together, it can inspire. For listeners with an appetite for the unexpected, Winter JazzFest is the place to be.

Mr. Fusilli is the Journal's rock and pop music critic. Email him at jfusilli@wsj.com and follow him on Twitter @wsjrock.

CLINIC

Continued from page A9

if that. An on-site health center "is in addition to, not instead of" a traditional health insurance plan, Mr. Clark emphasizes. Employees invariably are covered by health insurance and can go to outside physicians anytime they wish. In cases where people have high-deductible plans, they pay more to go to the on-site center.

The centers that Premise operates can cost anywhere from \$250,000 to \$20 million or more annually, Mr. Clark said, citing one client company with 40,000 employees.

Premise hires the physicians and pays them a salary. These clinics "have to save more money than they cost," he says, with the host company seeing lower insurance costs and better health outcomes.

At Goldman Sachs, patients pay doctors and specialists at the on-site clinics through their insurance plan, just as if consulting with them privately; typically, that means a copayment.

That tends to be the case in the New York market, Mr. Clark says. In other health centers around the country that Premise runs, he hires specialists to come in certain days a week, so employees don't pay much or use their insurance even to consult with a cardiologist or dermatologist.

Cisco Systems Inc., of San Jose, Calif., offers both an acupuncturist and a chiropractor, along with primary-care physicians and pediatricians, says Katelyn Johnson, a senior integrated health manager at the technology company.

Ms. Johnson oversees the on-site clinics known as LifeConnections at Cisco's Silicon Valley headquarters along with ones at Cisco facilities in North Carolina's Research Triangle Park and India.

"We are combining Western with Eastern [medicine]," Ms. Johnson says. That means access to doctors connected with Stanford Health Care as well as alternative-medicine specialists.

Cisco has been working directly with the Stanford health system to operate the on-site clinic. Ms. Johnson says LifeConnections pledges no waiting time for employees or for their children consulting a pediatrician. "Physicians have slots for same-day service," she says. "We make sure you get in."



At some on-site centers, employees can see an acupuncturist or a chiropractor.



Over the years, Kane Brenan, a managing director at Goldman Sachs, has dealt with a number of ailments.

"I have had knee surgery, a sprained ankle, I have had a bad back [and] hip," he says and being able to see Dr. Fealy, his orthopedic surgeon, and other doctors at the office is a big plus.

Having physical therapists close by also makes it easier to stick to his twice-a-week treatment regimen.

"It is remarkably convenient," Mr. Brenan says, "rather than a four-hour round trip to get somewhere, you take the elevator down, you have a 45-minute session, and you are back at your desk."

ADAM McCauley (2)

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SPORTS

COLLEGE FOOTBALL

Alabama Takes Title in a Thriller

Freshman quarterback Tua Tagovailoa came on in relief to turn the tide for Alabama, in a 26-23 overtime victory over Georgia

BY JARED DIAMOND

ATLANTA—Georgia hired Kirby Smart to make its football program more like Alabama's, believing that after an 11-year apprenticeship under Nick Saban, maybe the protege picked up a few things from the mentor. And for 30 minutes Monday night, a dominant first half in which the Bulldogs dismantled the Crimson Tide with a bruising defensive effort, the student seemed ready to overtake the teacher.

But as Alabama returned to the field for the third quarter, Saban pulled a trick out of his hat befitting of an old master. He replaced struggling quarterback Jalen Hurts with backup Tua Tagovailoa, a true freshman from Hawaii who last appeared against an FBS opponent in October. And as Tagovailoa brought the Crimson Tide back from the abyss, Georgia learned an important lesson: The imitator rarely beats the original.

Alabama won its fifth national championship in the past nine years Monday, a 26-23 overtime thriller that featured a furious second-half comeback, a devastating missed field goal and an instant-classic ending.

After kicker Andy Pappanastos shanked a 36-yard kick at the end of regulation—a stunning turn of events that gave Georgia an improbable second chance—the Crimson Tide bounced back. The Bulldogs opened the extra frame with a 51-yard field goal to regain the lead and then sacked Tagovailoa for a 16-yard loss, a play that put Georgia on the verge of its first title since 1980.

Then, like a lightning bolt, Tagovailoa unleashed a 41-yard bomb to DeVonta Smith for the game-ending touchdown.

"Was that a good game, or what?" Saban said on the field afterward.

The victory reestablished the Crimson Tide's position atop the sport following last season's heart-breaking loss to Clemson and cemented Saban's status as perhaps the greatest coach in college football history. Saban earned the sixth title of his career—and his fifth



JAMIE SQUIRE/GETTY IMAGES

Alabama freshman quarterback Tua Tagovailoa celebrates after throwing the game-winning 41-yard touchdown pass to DeVonta Smith in overtime.

with Alabama—tying Bear Bryant's all-time record.

This one proved particularly satisfying, because Saban defeated a team designed at its core to disrupt the Crimson Tide's seemingly unending stretch of dominance. Smart, the second-year head coach who guided Georgia to within one victory of its first championship since 1980, served on Saban's staff with LSU, the NFL's Miami Dolphins and then Alabama.

Smart did just that, quickly transforming Georgia, like Alabama, into a defensive-minded powerhouse. The Bulldogs won 13 of their first 14 contests heading

into Monday, including a double-overtime win over Oklahoma in the Rose Bowl. Meanwhile, Smart managed to wrangle the country's top-ranked recruiting class in 2018, knocking Saban off a perch he held for the previous seven years.

The Bulldogs, however, couldn't deliver the knockout blow when they needed it most, allowing the Crimson Tide to stage a comeback with Tagovailoa at the helm. With Alabama facing a do-or-die fourth-and-4 with 3:49 remaining in regulation, trailing by seven, Tagovailoa delivered a miracle, connecting with Calvin Ridley on a game-tying, 7-yard touchdown.

"I just thought we had to throw the ball," Saban said. "I just thought [Tagovailoa] could do it better."

Considering how it ended, it almost seems hard to believe that throughout the first half, Georgia appeared totally in control, thriving by doing what Alabama does best—only better. The Bulldogs bamboozled the Crimson Tide, controlling the ball for more than 19 minutes. Plagued by a string of mistakes, including a false start penalty that negated a field goal, the Crimson Tide managed just 94 yards of offense before retreating to the locker room to regroup.

Alabama did just that, opening up its offense and letting Tagovailoa throw the ball down the field with abandon. On his second drive, Tagovailoa, who went to the same high school as Titans quarterback Marcus Mariota, found Henry Ruggs III for six-yard touchdown that cut the deficit to six. Though Georgia answered with a field goal, Alabama bounced back, keeping the Bulldogs off the scoreboard for roughly the final 21 minutes of regulation. Tagovailoa completed 14 of his 24 passes, for 166 yards and three touchdowns.

He needed every last one of them.

COLLEGE FOOTBALL

THE SECRETS OF FOOTBALL'S BEST TEAMS

BY ANDREW BEATON
AND BEN COHEN

THEY ARE CLASSIFIED as trade secrets. They are protected by intellectual property laws. And they are valuable enough that public institutions take pains to shield them.

The documents they don't want you to see: football game plans.

If a playbook is a team's arsenal, then a game plan is the battle strategy. Which is why The Wall Street Journal requested game plans from specific past games of more than a dozen highly ranked teams—including Alabama and Georgia, the schools in college football's national championship—using open-record laws that govern public universities.

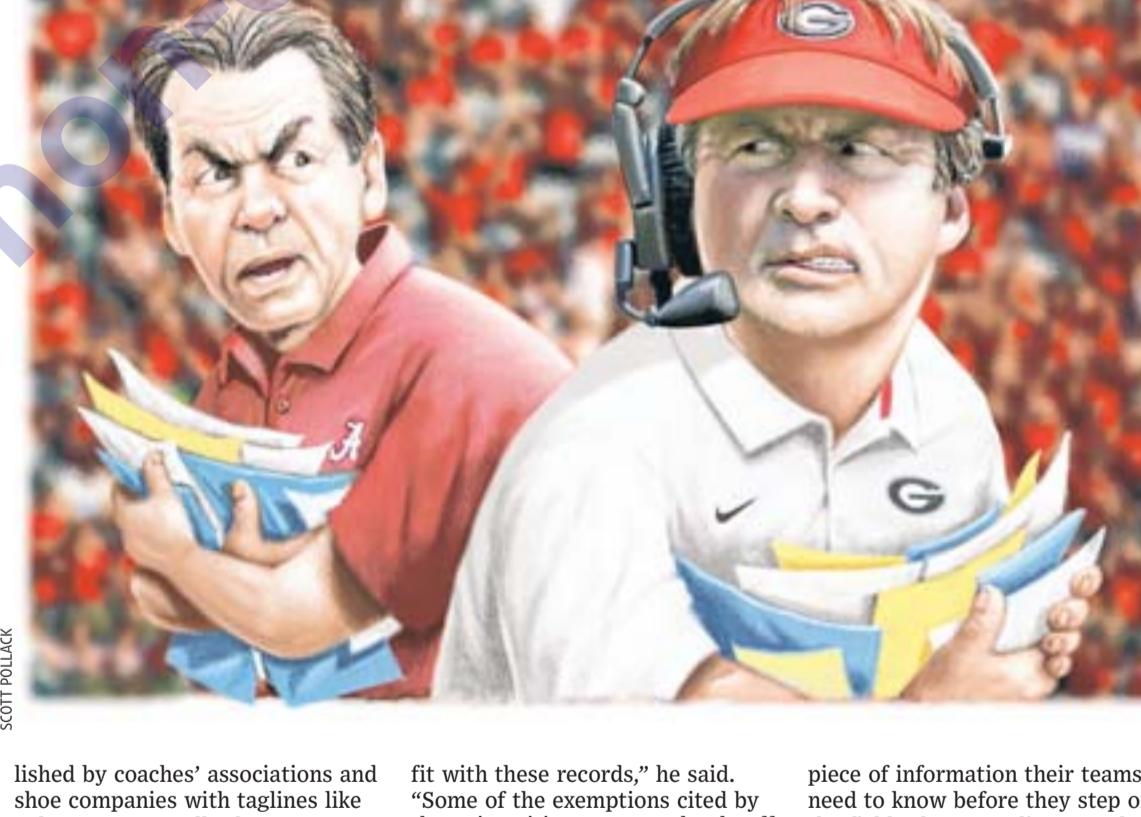
The requests were denied by every school. Most cited state laws protecting trade secrets. But some universities offered more detailed rejections that explained how much they prize the most revealing documents in college football.

Louisiana State University said disclosing the plans would violate the coaches' privacy. Louisville said releasing them would "compromise a significant governmental interest." Wisconsin said bluntly that it would hurt the Badgers on the field.

"If our plays can be accessed by others," Wisconsin's response said, "they will lose effectiveness and the success of the program will suffer."

The schools go to extremes to keep this information private, even though it's funded by millions of taxpayer dollars, going so far as to enclose practices with black screens and not save anything on shared computer networks.

But it isn't unusual for coaches to share intelligence with each other. They compare X's and O's notes at clinics. They visit each other's camps in the off-season. They even share their favorite plays and formations in books pub-



SCOTT POLLACK

lished by coaches' associations and shoe companies with taglines like "The More We Tell, The More We Sell."

"There's a culture of sharing and openness," said Chris Brown, the founder of the website Smart Football, "and then there's a culture of paranoia."

The culture of paranoia lives even if law scholars and transparency advocates doubt the legal arguments by the schools would stand up to legal scrutiny. Frank LoMonte, the director of Florida's Brechner Center for Freedom of Information, dismissed the relevance of privacy laws that some universities invoked and questioned the legitimacy of applying statutes meant for protecting trade secrets to football playbooks.

"It's not clear to me that any of the traditional exemptions really

fit with these records," he said. "Some of the exemptions cited by the universities are very clearly off the mark."

Schools also have their own way of getting another school's playbook: They can hire their coaches. Georgia wanted former Alabama defensive coordinator Kirby Smart, in part because he knew Nick Saban's playbook as well as anyone on the planet. "Why is it that Georgia can buy this information but the public can't get it?" said Paul Haagen, a Duke law professor and co-director of the Center for Sports Law and Policy.

To understand why anyone—rival coaches, curious fans, nosy reporters—might want to get their hands on a game plan, it's important to understand what's actually in a game plan.

Coaches say they contain every

piece of information their teams need to know before they step on the field. There are diagrams, bullet points, statistics, the odd emoji and many, many exclamations.

They're published in three-ring binders and on iPads, and they take so long to compile that assistants began weeks in advance.

It starts with the basics: Plays they can run in any situation. Then it gets more granular. There are calls for first downs, third-and-short, third-and-long, red-zone, goal-line and every situation imaginable. Some of this stays the same every week. Other parts change based on specific opponents. And there is a full scouting report about the other team.

Despite the secrecy, the Journal was able to review Saban's defensive game plan from Alabama's win over Clemson in the College Foot-

ball Playoff semifinal last week.

The 56-page document is a window into the immense amount of preparation that goes into one college-football game. The first half breaks down Clemson's offensive personnel, formations and plays; the second half is for diagrams of the defensive plays Alabama planned to use in the semifinal. There are three pages at the end with handwritten notes that match Saban's penmanship. The game plan was the result of analyzing six Clemson games: five against the best teams the Tigers played this year, plus last year's national championship against Alabama.

The most important takeaways are written like this: "WHEN THEY WANT TO GO FAST," the game plan says in big, underlined red font, "THEY HAVE BEEN ABLE TO SNAP THE BALL IN UNDER 15 SECONDS."

Then there was even a page with emojis. Two enormous nose emojis, to be precise. In football, the player who lines up behind or between the guard and tackle is known as the "sniffer back," and Alabama's coaches wanted their defense to watch Clemson's sniffer back carefully. They believed his actions could tip the type of play the Tigers were running. So they circled this player and wrote "TRACK THE SNIFER!!!" between the nose emojis.

Alabama defensive line coach Karl Dunbar downplays the secrecy of anyone's playbook. They are so technical, he said, that only someone with inside knowledge could decipher what they mean. "It's almost like picking up a Japanese book and trying to read it," Dunbar said.

Alabama nonetheless denied the Journal's request for game plans from previous years. "The type of documents you requested are not public records under Alabama law," the university said. A spokeswoman for the school's public records office did not respond to requests for clarification.

OPINION

Andrew Cuomo Goes to War

MAIN STREET
By William McGurn

In the iconography of the American Civil War, the two sides are defined by their colors: union blue versus rebel gray. A century and a half later, Andrew Cuomo invokes colors to advance again the argument that a Republican federal government has divided the states. This time the colors are red and blue.

In his official address kicking off the new year—and no doubt his bid for the White House—Mr. Cuomo accuses Republicans in Washington of having declared an “economic civil war” aimed at “robbing the blue states to pay for the red states.” The reference is to the limit on deductibility for state and local taxes in the GOP tax reform passed just before Christmas. The effective tax hike on New York residents, the governor complains, “could cause people to leave the state.”

Hyperbole aside, Mr. Cuomo and other blue-state governors are right about the pain. The SALT deduction operated as an effective federal subsidy for blue-state taxpayers because it returned to them some of the high taxes they paid to their state governments. With the deduction now capped at \$10,000, citizens in states such as New York, New Jersey, California and Connecticut will be feeling

Ironically, in the course of denouncing the attack from

Instead, Gen. Cuomo speaks

Just as illuminating, this is a battle being waged for the wealthy. In his speech Mr. Cuomo hailed the Empire State as a progressive “beacon” unto the nation. But in a Monday post, Thurston Powers, a legislative analyst for the American Legislative Exchange Council’s Center for State Fiscal Reform, noted that 88% of the savings from the SALT deduction were enjoyed by people with incomes of \$100,000 or more.

Note to New York City mayor and self-styled Progressive in Chief Bill de Blasio: The elimination of this deduction diminishes an effective subsidy for wealthier taxpayers. So where are the shouts of support for making the rich pay their “fair share”?

Instead, Gen. Cuomo speaks

Even some recent big reversals—e.g., Virginia House seats and the New Jersey governorship—haven’t really altered the lopsided imbalance. At the national level, the Democratic message still seems to be “resistance.”

Meanwhile, at the state level

Steve Malanga, a fellow at the Manhattan Institute, suggests Democrats such as Gov. Cuomo haven’t figured out

their real enemy.

“Voters know that the dilemma Democrats really face is that blue-state reform requires taking on the public-sector unions,” says Mr. Malanga. “It’s hard to imagine how a message of civil war is going to win back Democratic seats at the state level or make these states more attractive economically for their citizens.”

Write to mcgurn@wsj.com.

Republicans in Congress and the White House, Mr. Cuomo ceded their core argument: Tax rates affect behavior. For his declaration of war, Mr. Cuomo admitted his worry that hiking the marginal tax rate on New Yorkers gives them an incentive to relocate. Until now it was supposed to be a Republican canard that highly taxed blue staters defect to lower-taxed red states.

It's a battle between the blue and the red, says New York's governor.

of war. It’s an interesting way to enter 2018. At the moment almost all press attention has been focused on the national level, where the story is the prospects for Democrats to use the November midterms to take both the Senate and the House from Republicans.

But Congress isn’t the only place where Democrats have lost influence. One critical measure of Democratic weakness has been the Republican capture of governorships and state legislatures. Over the Barack Obama years, Democrats lost roughly 900 legislative seats across the nation, reducing the party to its lowest level of representation in decades.

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BOOKSHELF | By Meghan C. Kruger

The Distance Between Them

Cuz: The Life and Times of Michael A.

By Danielle Allen
(Liveright, 243 pages, \$24.95)

Two cousins emerge from a large African-American family. One, Danielle Allen, becomes an academic rising star, a tenured Harvard professor with degrees from Princeton and Cambridge. The other, Michael Allen, completes his GED in prison, where he spent more than a third of his life before being murdered on the tough streets of Los Angeles at the age of 29. How did their paths diverge so wildly? And why did Michael’s have such a tragic end?

Part memoir and part sociological study, “Cuz” is Ms. Allen’s attempt to answer these questions. In her riveting account of one life gone astray—that of her intelligent, charming “baby cousin”—she seeks to explain how a generation of young black men was similarly lost.

“Beautiful” Michael was only 15 when, in 1995, he was arrested for attempted carjacking with a .380-caliber handgun. Confessing to that crime and four other robberies put him on the wrong side of California’s newly passed

“Three Strikes and You’re Out” law. Upon the commission of three felonies, criminals had to accept either a plea deal or (in the event of conviction by a jury) a minimum sentence of 25 years to life. At his mother’s urging, Michael pleaded guilty and spent the next decade in prison.

Michael’s experience, as Ms. Allen recounts it, included all the miseries that one would imagine a man’s correctional facility to hold. Yet these years were not hopeless: Michael discovered his calling, fighting wildfires. An essay of

his, describing the fulfillment he found on an inmate crew heroically battling a wildfire east of Los Angeles in October 2003, offers a glimpse of what might have been and was so painfully lost. “In every single firefighter,” Michael wrote, “there is a switch of adrenaline that is activated by the anticipation of being on the fire line.”

Upon Michael’s release in 2006, rules governing parole kept him from pursuing his dream of fighting wildfires full time. But Ms. Allen was at the ready, determined to help him avoid the sorry fate that meets many parolees. She diligently worked with her cousin to help him find a job, secure an apartment in Los Angeles and enroll in a local community college.

Unfortunately, none of it stuck. Ms. Allen blames Michael’s fixation with Bree, a gorgeous transgender hair stylist with whom Michael had become infatuated while in prison. Bree and Michael had a violent relationship, and Michael’s altercation with a romantic rival landed him back in prison. Upon release, her “baby cousin” was transformed into “Big Mike,” absorbed into the criminal underworld. In 2009, his body was found abandoned in a car, riddled with bullets, the victim of Bree’s rage.

A searching account of a life gone astray—that of the author’s ‘baby cousin’—seeks to explain how a generation of young black men were lost.

Though Bree pulled the trigger, most of “Cuz” is Ms. Allen’s effort to assign blame elsewhere. Part of this involves working through her own pain and self-doubt: The author’s explanations of why she and her family didn’t intervene more aggressively in Michael’s life will resonate with anyone who regrets having been too late to help a loved one. Ultimately, however, she pins responsibility on a range of social ills. Angelenos’ frustration with carjackings, an “unforgiving” justice system, the principle of deterrence, the War on Drugs—all conspired in Michael’s demise. “Three Strikes and You’re Out,” she suggests, was the judicial equivalent of a “nuclear bomb.” The official state and the “para-state”—Ms. Allen’s term for the parallel regime maintained, with deadly force, by drug gangs—were two “warring systems of hate” that “hastened [Michael’s] destruction.”

While those who agree with Ms. Allen will find “Cuz” powerful evidence in support of their argument, not all readers will be persuaded. Ms. Allen contradicts herself, arguing that the crackdown on drug gangs clogged the judicial system but also left homicides unprosecuted, inviting young men like Michael to take advantage of the laxity. “When murder goes unpunished, it begets more murder,” Ms. Allen laments, overlooking the fact that this may be precisely why the justice system isn’t designed to be as “forgiving” as she’d like.

Ms. Allen also ignores one widespread social problem that almost certainly influenced Michael’s path: absentee fathers. Ms. Allen, we learn, was raised in a stable home with a mother and successful father who consistently emphasized the importance of education. She didn’t end up in Michael’s shoes, she explains, because she was blessed with “resources, decent character, and luck,” acknowledging that her “father and mother gave me the first two items from that treasure chest.” Michael, by contrast, was the youngest of three children whom his mother bore to a man she never married. Like many single mothers, she was left alone to keep her children housed and fed. This all-consuming responsibility, plus persistent poverty, meant that Michael was left unsupervised in dangerous neighborhoods.

Ms. Allen notes that gangs will fill in for family; this is part of why research shows that, even controlling for socio-economic variables, children without fathers are significantly more likely to be incarcerated than children raised in two-parent homes. This fact of Michael’s life probably does as much to explain his tragic end as any other cited in Ms. Allen’s book.

Also given short shrift is the question of individual choice. Yes, Michael had the deck stacked against him. But no gun was placed in Michael’s hand; he chose to steal his mother’s rent money to buy it. The decision to stick with Bree despite the violence was, in Ms. Allen’s telling, “his life’s defining choice.”

This is the challenge of crime and punishment in America: wrestling with the very real flaws in our society without ignoring the fact that human beings are responsible for their own actions. It’s why earthly justice is messy and often imperfect. But it’s also why, even if we think the system works well, it’s important never to lose sight of the individual human lives affected and why wrenching stories like Michael Allen’s need to be heard.

Ms. Kruger is a contributing editor for National Affairs.

By Walter Russell Mead

Not since the Vietnam War have the politics of American foreign policy been this polarized. President Trump and many of his backers believe that the Iran nuclear deal, President Obama’s signature diplomatic accomplishment, was an act of appeasement and betrayal worthy of Neville Chamberlain. Meanwhile, many Democrats and some Republicans think Mr. Trump will sell the country to Vladimir Putin’s Russia—that is, if his tweets don’t trigger a nuclear war with North Korea first. Allies worry that the U.S. is losing its grip; adversaries hope they are right.

At the same time, these real and damaging divisions may be overrated. The most important trend in American foreign policy today is that a consensus is emerging. Liberals, populists and conservatives quarrel bitterly over the Middle East and Europe, but they increasingly agree on two facts: first, that America must do substantially more to counter an increasingly authoritarian, mercantilist and aggressive China; second, that the Indo-Pacific region is the most important world theater for the U.S.

This agreement hasn’t yet created a new national-security consensus anything like the Cold War consensus on containing the Soviet Union.

But it is getting there. Beijing, driven by a toxic mix of arrogance and insecurity reminiscent of Wilhelmine Germany before 1914, keeps alienating its friends and energizing its American foes.

Within the Republican Party, China is what unites the Steve Bannon wing with the H.R. McMasters and the Rex Tillersons. Where the populists see a threat to

U.S. foreign policy feels as polarized as ever. But a new consensus is forming.

American jobs and wages from unfair Chinese competition, the national-security types worry about protecting important sea lanes and American allies in the region from an aggressive, rapidly arming power. As many traditional pro-China voices in corporate America fall silent in the face of Beijing’s mercantilism, the Richard Nixon-George H.W. Bush legacy of Republican friendship with China is on the wane.

Democrats also are increasingly focused on perceived threats from Beijing. Organized labor has long argued that Chinese competition undermines American wages and jobs. But now China, not content with suppressing human

rights in its own territory, is seeking to advance the cause of nondemocratic governance in places like Venezuela and Zimbabwe. That brings it into conflict with the powerful human-rights constituency in Democratic politics.

Beyond that, the often left-leaning tech lords of Silicon Valley have been hit by some of China’s most aggressively mercantilist abuses. They have been harassed and hampered when they try to operate in the Chinese market. They have watched their intellectual property get stolen. They fear competition from the massively protected and subsidized Chinese tech industry as it roars out into the world in search of new markets.

Even the Democratic focus on Mr. Trump’s alleged ties to Russia is pushing many liberal foreign-policy experts to look at China with renewed concern. Espionage, hacking, using business ties to advance state interests: These aren’t just Russian techniques. They are Chinese tools as well.

China’s economy is roughly 10 times the size of Russia’s and poses a much greater threat than Russia ever could. From Australia to Africa and beyond, China has shown few scruples about wielding its economic and financial might in the service of its geopolitical ambitions. The dramatic centralization

of power in the hands of President Xi Jinping and his allies, along with the mass purges that have cemented political authority over Chinese business, gives Beijing powerful tools to integrate economic mercantilism with geopolitical revisionism.

The goals of America’s policy toward China do not need to change. The U.S. wants a prosperous and secure China that acts as a responsible stakeholder in the world system and a good neighbor in Asia. But Republicans and Democrats alike are coming to understand that achieving this will be harder than they once hoped—and that treating Beijing with kid gloves may set that project back. China seems determined to test the strength of the world system, and it will be up to the U.S. to ensure that the world system survives.

At a time of fractured thinking in U.S. foreign policy, diverse constituencies are

coming to recognize the importance of Indo-Pacific politics to the security and prosperity of all Americans. The question is whether the U.S. can develop a coherent approach to this national challenge. History suggests that it will.

History suggests that it will.

Mr. Mead is a fellow at the Hudson Institute and a professor of foreign affairs at Bard College.

By Alexander Acosta and Dennis Daugaard

These pages often address the problem of excessive occupational licensing. Working together, we hope to take one major step toward reform.

Each state decides how best to protect the health and safety of its citizens, and professional licensure plays an important role. No one wants to be operated on by an unlicensed doctor or share the road with an unlicensed truck driver. But too often, overly burdensome licensure requirements weaken competition without benefiting the public. In 1950, only 1 in 20 jobs required an occupational license. By the latest count, more than 1,100 separate occupations require a license in at least one state. More than 1 in 4 Americans need a license to work.

Excessive licensing raises the cost of entry—often prohibitively—for certain careers, locking many Americans out of

rather than driving hundreds of miles to a clinic. Allowing licensed medical professionals to serve patients via telemedicine may be a solution for struggling hospitals that need to extend their reach into rural communities.

Occupational licensing is primarily a state issue, and states should work together. Meaningful reform has been difficult, in part because states have taken a fragmented approach, making decisions based on their own needs without fully considering national needs. In other cases, reform has been limited to individual industries. Setting standards on a state-by-state and industry-by-industry basis holds back progress—and workers.

That’s why we are working on a new approach. This week South Dakota will introduce legislation to establish a Compact for the Temporary Licensure of Professionals—a multistate agreement that would change the presumption of occupational licensing from a roadblock to an open door.

Mr. Acosta is U.S. secretary of labor. Mr. Daugaard is the governor of South Dakota.

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OPINION

REVIEW & OUTLOOK

Will Trump Punish the Farm Belt?

The U.S. economy is starting to grow at a faster pace, and deregulation and tax reform are pointing to an investment boost in 2018. But the big economic policy question now is whether President Trump is going to dampen this new growth enthusiasm by imposing tariffs and kicking off a global trade war.

That issue was in high relief Monday in Nashville, where Mr. Trump delivered a speech touting his policies for the rural U.S. economy that benefits from free trade. Mr. Trump can rightly point to White House progress on reducing government barriers to growth in American agriculture.

The Environmental Protection Agency rescinded the waters of the U.S. rule, which extended federal jurisdiction to prairie potholes, dry creeks and muddy farm fields. Most farms are organized as pass-through businesses that can benefit from 100% expensing and the 20% deduction on taxable income. Doubling the death-tax exemption to \$11 million will help more family farms avoid the need to sell when an owner dies.

But farmers are scared stiff that Mr. Trump might take a protectionist turn that would impose more government barriers. Highly efficient and productive, U.S. farmers thrive in a competitive global market. But tariffs are border taxes that raise costs for U.S. producers and consumers. Managed trade via quotas also shelters producers from competition and raises costs for consumers.

Mr. Trump already walloped U.S. farm exporters when he dropped out of the Trans-Pacific Partnership, which has given Europe, Australia and Canada an edge to meet growing Asian demand for high-value farm products. After Japan imposed 50% "safeguard" tariffs on frozen beef last July, U.S. imports dropped by a quarter. Imports from Australia, which has a trade deal with Japan and supplies about half of its frozen beef, increased by 30%.

Foreign leaders are working fast to lock in trade deals that are leaving the U.S. behind. In December the European Union finalized a "cars-for-cheese" pact with Japan that will slash tariffs on most dairy, meat and wine to zero from up to 30%. Canada last year reached an agreement with the EU that will make 99% of their exports duty-free.

Mr. Trump is also contemplating tariffs against China for stealing U.S. intellectual property. This should be addressed, but the danger is that U.S. agriculture is sure to be a

Pulling out of Nafta would hurt the exporting states that elected him.

top target for reprisal if the President gets into a trade war with Beijing. China is one of America's top farm markets, with agricultural exports tripling over the past decade to \$21.4 billion, including \$14.2 billion in soybeans. Australia and Brazil can replace many U.S. exports in a trade spat.

The greatest danger to the Farm Belt is that Mr. Trump might withdraw from the North American Free Trade Agreement. The U.S. sends about \$18 billion a year in farm products to Mexico and \$23 billion to Canada, which together account for a third of American farm exports. Since Nafta came into force in 1994, farm exports to Mexico and Canada have more than quadrupled. Soybean exports to Mexico have quintupled.

If the U.S. nixes Nafta, the three economies would return to most-favored-nation trading status and tariffs would revert to World Trade Organization levels. This would harm the U.S. the most since Canada and Mexico have higher tariffs under WTO rules than the U.S. does. Mexico imposes a 10% tariff on pork, 25% on beef and 75% on potatoes. Those rates are zero under Nafta.

Responding to Mr. Trump's trade threats, Mexico is already seeking alternative commodity suppliers. Last year Mexico reached deals to increase imports of wheat from Argentina and corn from Brazil as a hedge against U.S. withdrawal.

* * *

Mr. Trump devoted only a couple of lines to trade in his Nashville speech, and we hope it reflects what Mr. Trump has learned about trade on the job. More likely, it means Mr. Trump still hasn't resolved the debate among his economic advisers.

One argument Mr. Trump should hear is that a U.S. withdrawal from Nafta would most hurt states like Iowa and Wisconsin that gave him his election victory. That's especially true if the U.S. imposes additional protectionist measures—such as steel tariffs—that invite retaliation. After the U.S. blocked Mexican trucks from delivering goods across the border in 2009, Mexico slapped tariffs on U.S. table grapes, potatoes, juices, almonds and wines.

Trashing Nafta would be among the great self-inflicted wounds in history. It would also tell other countries that the U.S. can't be trusted to keep its word on trade, which would make it impossible to cut the bilateral trade deals the President says he wants. This is a strategy for making America weaker.

The Russian Transparency Front

The effort to find out how the FBI used the infamous Steele dossier on Donald Trump and Russia made progress on two fronts late last week.

First, federal Judge Richard Leon rejected the request by Fusion GPS for a preliminary injunction against a congressional subpoena for bank records about its clients and payments. Fusion is the outfit that hired Christopher Steele to produce his dodgy dossier under the pay of Clinton campaign associates. Judge Leon ruled that the records under subpoena have a "reasonable possibility" of providing information relevant to the committee's "congressionally authorized investigation."

Committees in both the House and Senate have been battling an uncooperative Fusion for this and other information for the better part of the past year. This is the same Fusion whose two founders claimed to be all in favor of "transparency" in an op-ed last week in the New York Times.

Meanwhile, the FBI and Justice Department finally agreed to turn over to the House Intelligence Committee information it had subpoenaed in August. House Intel Chairman Devin

A House committee is finally getting to see Steele dossier papers.

Nunes had threatened to hold FBI Director Christopher Wray and Deputy Attorney General Rod Rosenstein in contempt if they refused to comply. The two men went to Speaker Paul Ryan to try to end run Mr. Nunes. Mr. Ryan refused. A few hours later, Mr. Nunes announced that he had secured an agreement with Justice and the FBI to see the subpoenaed materials.

In his letter to Mr. Rosenstein outlining that agreement, Mr. Nunes listed the documents he expected to see—plus the witnesses such as FBI agent Peter Strzok and Justice official Bruce Ohr who "will be made available for interviews to be conducted in January." On Friday committee investigators finally had access to these documents, with the exception of an FBI interview form that Director Wray was scheduled to show personally to the committee's senior investigators on Monday due to its sensitive national security information.

This is real transparency. But it didn't happen because of the ready and willing cooperation of the FBI, Justice or Fusion. Credit goes to a House Intelligence Committee that fought for it every step of the way.

Could Oprah Out-Trump Donald?

Hollywood spent the Golden Globe awards Sunday atoning for its sexual harassment of women, an industry habit running back at least a century. Better late than never. But the evening's news break was the possibility that the Democratic Party's 2020 nominee for the U.S. Presidency might be Oprah.

It is a commentary on the evolution of our politics that the next presidential election could be a contest between two first-name celebrities: Donald and Oprah. Ms. Winfrey says she isn't running, and it may be that the Oprah boomlet isn't much more than wishful thinking by Hollywood's effervescent dream factory. But we can see how the possibility might cause the hardest professional Democratic hearts to flutter.

The talk show host makes Hollywood hearts flutter.

on a personality suffused with positive energy than on, say, climate change. With a net worth estimated at nearly \$3 billion, she'd give a rest to Democratic donors tapped out by Hillary Clinton's campaign. By the way, contrary to current Democratic dogma—"if you've got a business, you didn't build that"—Oprah really did build that wealth herself.

No one waltzes into the Oval Office. Unless the Democratic Party chooses to coronate Ms. Winfrey, an unpopular idea in liberal circles, she would have to run through a primary gauntlet likely to include Bernie Sanders, Elizabeth Warren, Kamala Harris and maybe 15 other Democratic contenders. We've learned it's possible to survive this ordeal without knowing much of anything about public policy, but Democratic primary voters might not take it on faith that this famous entrepreneur is on board with the current progressive turn toward some American version of statism.

Ms. Winfrey's other obstacle might be convincing voters in a general election that her Presidency in practice wouldn't merely return the Obama-era apparatus to power after Mr. Trump's policies restored the economy. Ms. Winfrey might have to talk her way around what the Democrats represent, but after 2016 only a fool would rule out Oprah's chances.

The talk show host makes Hollywood hearts flutter.

Oprah's name recognition equals Donald Trump's. We'd guess that the popular midday talk show host's approval rating is at least double that of the sitting President, and across the political spectrum. Among women, he'd never match her support. Like him, she could run as an outsider when many voters are still hostile to the political class.

Her candidacy would also offer Democrats relief from two problems: the need to come up with a substantive agenda and to raise money. Ms. Winfrey would likely run a campaign based more

LETTERS TO THE EDITOR

Unions May Help Management, Not Adjuncts

Paul Tice's introduction to the United Auto Workers Union at New York University needs more context and some clarification ("Unions Won't Solve Higher Education's Problems," op-ed, Jan. 4). I spent 27 years at General Motors and Saturn Corp. representing autoworkers at the local union level. I slowly concluded that the greatest threat to an autoworker's job and lifelong livelihood was an unprofitable company. From the early 1980s until 2010 the UAW assured its members that they could negotiate "job security" through the existing collective-bargaining process. This assertion proved to be a complete fallacy.

The UAW and most American unions are first and foremost political organizations that were empowered by Congress under the obsolete 83-year-old National Labor Relations Act of 1935 with "collective bargaining" authority that is overseen by a politically appointed and controlled National Labor Relations Board. As such, the UAW's first political objective is to establish a social-democratic state. Local union collective-bargaining agreements are secondary to this political objective. Under current federal law, labor union organizations are adversaries whereby profitability, cost control and product quality are not priorities in the collective-bargaining process.

Mr. Tice is mistaken to believe unionization of the adjunct professors at New York University will reinforce the status quo.

MICHAEL BENNETT
Miramar Beach, Fla.

Mr. Tice argues that all university faculty "should be forced to compete for students" with pay based on their generated "student demand."

Easy: Guarantee high grades with no work. A former colleague with little to show on his vita used this model and received terrific student evaluations. Fortunately he was denied tenure. Thankfully, Mr. Tice is only an adjunct.

HOBEN THOMAS
University Park, Pa.

Did Mr. Tice run his ideas by colleagues in NYU's Liberal Studies Diversity, Equity and Inclusion Working Group that a year ago was worried about the mental health of a professor who voiced concerns about political correctness on campus? As Mr. Tice knows, "the myth of American meritocracy" is an unwelcome, politically incorrect topic on some campuses because it falsely implies that there is equal opportunity for achievement and anyone can succeed if he or she works hard enough.

Mr. Tice's proposed market-based reforms are refreshing, but likely to be unappetizing to elites on campuses as swamp-draining is to elites in Washington. His call for a meritocracy on campus based on measures of value added by faculty will offend comfortable colleagues who may very well bring his mental health into question.

ROGER LARSON
Greenville, S.C.

Neil Armstrong—Navy test pilot, astronaut, first man on the moon, with degrees from Purdue University and the University of Southern California—wanted to teach aerospace engineering at the University of Cincinnati after leaving NASA. Once there he discovered he would be bound by the rules of the faculty collective-bargaining agreement, for which he had no taste. He wanted to be valued "on my own merits," not on some group's merits. He was only allowed to teach half time and earn \$18,196 in salary. Ultimately he left in frustration. I wonder if the union head told him, "I don't care if you walked on the moon, these are the rules."

BRUCE PEOPLES
Roswell, Ga.

Mr. Tice claims to know nothing about cars, but at least he knows how to drive. Instead of acquiescing to the UAW and bumper sticking his car, he should instead drive it and his talent as an adjunct professor to a right-to-work state.

GREG MOYLE
St Petersburg, Fla.

Is the Empire State Complaining Too Much?

Regarding New York State Budget Director Robert Mujica's letter of Jan. 4: New Yorkers pay a lot of federal taxes because New York is a wealthy state, and under our progressive tax system those of us who earn more, pay more, and at a higher rate. I accept paying more taxes than a fellow citizen earning half as much. I don't necessarily expect to "get back" as much.

We also pay federal taxes as Americans, not New Yorkers or Nutmeggers. We're not "donors" to our national government, we're tax-paying citizens.

The best way for Mr. Mujica to even out the cash flow between New York and the federal government would be to crash the New York economy. I assume that New York is trying to ease the burden of taxes in order to improve the business climate and eliminate the outmigration of population. By Mr. Mujica's strange logic these efforts are misguided, as the improved economy might result in more prosperity and yet more money paid than returned in "services."

JOHN SCHUYLER
Simsbury, Conn.

Congratulations to Gov. Andrew Cuomo and New Yorkers on their lowest middle-class tax rate since 1947, but middle class in New York, New

Well-Intentioned Minimum Wage Philosophy Mistaken

"Minimum Wage to Rise in 18 States" (U.S. News, Jan. 2) ends with a quote from David Cooper of the Economic Policy Institute saying that most of the country's lowest-paid workers in the past decade "haven't had another mechanism to boost wages" other than a minimum-wage increase. As both an employee and a business owner, I find that laughable. In the past decade, and all past decades, many more fundamental mechanisms have existed to raise your wages: personal effort, elevating your performance, acquiring additional skills, adding to your education, becoming more productive, asking for additional responsibilities, seeking other employment that offers more avenues for growth, to name but a few. Mr. Cooper does a disservice to those he seeks to help by implying that their path upward is to stand still and rely on the acts of others.

JEFF FINK
Newburgh, Ind.

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Pepper ... And Salt

THE WALL STREET JOURNAL



"I'd like a wake up call, but with a 'marimba' ring tone."

Seth

A. MARR
Williamsville, N.Y.

THE WALL STREET JOURNAL

OPINION

Hold the Fire, Hold the Fury

By Joseph Epstein

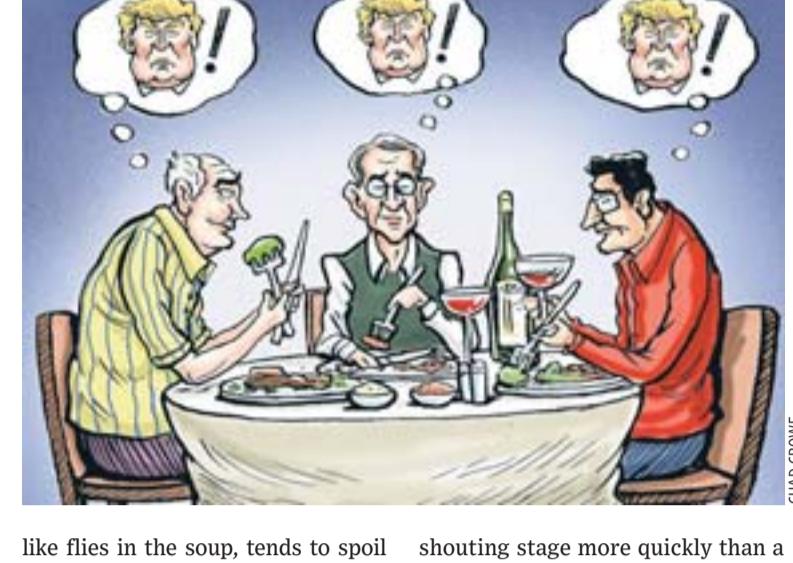
I met a friend last week for a 90-minute lunch and, mirabile dictu, the name Donald Trump did not come up. I say that this was miraculous because it is rare to go more than an hour without Mr. Trump's name cropping up in conversation, just about any conversation. In the lobby of my building, in our elevators, neighbors bring it up. The news—television, print, internet—is riddled with it. In front of the Whole Foods where I sometimes shop, a man in baroque sunglasses wearing a blue-and-white striped cape collects money he claims is for anti-Trump rallies.

Every Friday I meet for lunch with three or four friends from high-school days. Some while ago I instituted at these lunches what I called the No Trump Rule: "No" not in the sense of being against Mr. Trump's politics but against talking about him

People can't stop talking about Donald Trump. Imagine how pleasant lunch would be if they did.

at all, for doing so seems to get everyone worked up unduly. The rule, I have to report, has been broken more than the Ten Commandments. No one, apparently, can stop talking about our president.

The problem, for me, is that most of the talk isn't highly intelligent. Instead it is vituperative, though cloaked in astonishment. Many sentences begin, "Can you believe . . ." Liberals wish to demonstrate their superior virtue by attacking Mr. Trump; conservatives wish to show their strong sense of reality in defending him. Neither are very convincing. Meanwhile the conversation,



CHAD CROME

like flies in the soup, tends to spoil the lunch.

Previous presidents have attracted mockery, disgust, hatred. At a brief meeting more than 50 years ago, Mort Sahl joked to me that a planned meeting between President Eisenhower and Adlai Stevenson had to be canceled because the translator didn't show up. I've known people who loathed Jimmy Carter, others who have long thought the Clintons irrevocably tainted by scandal. I was once at a dinner party of 12 where everyone at the table had something derisive to say about George W. Bush, until the woman seated at my right remarked that it seemed to her a sadness that the country couldn't come up with more impressive people than the Clintons and the Bushes to lead the country.

Still, I have never seen anything like today's almost full-time preoccupation with Donald Trump. As a subject, Mr. Trump is Topics No. 1 through No. 10. The Trump talk, along with apparently being incapable, quickly uses up most of the oxygen in any room where it arises, and can bring an argument to the

shouting stage more quickly than a divorce settlement.

My antipathies nicely divided, I didn't vote for a presidential candidate in the last election. When it was over, I was pleased that Hillary Clinton had lost and depressed that Donald Trump had won—and if that ain't being river I don't know what is. But once Mr. Trump was elected I wished him well. Not that he made it easy to do so. His style was, to put it gently, alien to my notion of a serious leader. Modesty, civility, a sense of measure, regard for the gravity of his office—none of these arrows were in his quiver.

Very well, I thought, my job, as someone hoping for his country's success, was to separate Mr. Trump's personality from his policies. I am, after all, in favor of some of his ideas: holding the other nations in NATO responsible for paying their share of its cost, moving the U.S. Embassy from Tel Aviv to Jerusalem, reducing our contribution to the essentially anti-American United Nations, working to clarify the muddle of ObamaCare, reforming the tax system. Separate the personality from

the policies: One would think that easy enough to do. Mr. Trump has, by the nature of his rebarbative personality, made that a difficult, if not impossible, task.

Consider "Fire and Fury," the Michael Wolff book about the Trump White House, which from all appearances—I have no intention of reading it, preferring just now to stick with my current reading, the poems of Heinrich Heine—is a shabby journalistic performance. But however extravagant the book's claims, none can be entirely dismissed. Is, for example, our president dyslexic? Since he shows no signs of ever having read a book, this is certainly possible. Mr. Trump, through his exaggerations, his low insults, his haywire tweets, his egregious utterances, has made it difficult to disbelieve anything said about him. How about the rumor that Messrs. Trump and Wolff are in cahoots on this book, with Mr. Wolff agreeing to share the profits with Mr. Trump if he promotes it sufficiently through his excoriations?

Meanwhile the Wolff book has again put Mr. Trump, although at his worst, front and center, which is evidently where he likes to be. The publishers have lined Mr. Wolff up for all the morning talk shows. The panelists at the news stations will be preparing their remarks, pro and con, as the pundits type away at their computers. The president will have fresh tweets. The anti-Trummers will rejoice that Mr. Wolff confirms all their darkest views; the pro-Trummers will line up their defenses. The dissonant music of this unmerry-go-round will blare once more. As for me, I have decided to cancel all my lunch dates for the next two weeks.

Mr. Epstein is author of the forthcoming "The Ideal of Culture and Other Essays" (Axios Press) and "Charm: The Elusive Enchantment" (Taylor Trade), both to be published in 2018.

GOP Tax Reformers Are Lousy Salesmen

By Matt Salisbury

Two centuries before social media, America's Founding Fathers understood the importance of effective messaging. A week after the Constitution was drafted, the Pennsylvania Legislature ordered 3,000 copies printed in English and another 1,500 in German, spoken by about a third of the state's residents. A group of New Yorkers issued a Dutch version a year later. The purpose was to explain the proposed Constitution, and its newly articulated rights, to German and Dutch speakers in a context they could understand.

Today, two thirds of adults get their news from social media, and much of the political debate takes place online. But Republican leaders have failed to adapt and thus aren't communicating effectively on the internet.

Does #2059More make any sense to you? But #GOPTaxScam, everyone can understand.

A month after Congress passed a once-in-a-generation tax law, there is widespread confusion about its effects. No wonder. The GOP's social-media campaign to promote the legislation used clunky wording, confused the message with the messenger, created crowded visuals that seemed unplanned, and failed to explain how tax reform would help the average American.

First, the clunky wording. On Twitter, which has 69 million active users in the U.S., Republican leaders pushed a hashtag called #2059More. That figure was supposed to refer to the \$2,059 annual tax cut a "typical" family will receive. But out of context it's meaningless except to a small circle in Washington. The Democrats, meanwhile, were pressing #GOPTaxScam, which needs no explanation. Of the 10 tweets about the legislation that circulated most widely, all 10 were unfavorable to it, according to Sysomos. First place among the hashtags used, by a large margin, was #GOPTaxScam.

A second error was confusing the message with the messenger. Political obsessives may care that Speaker Paul Ryan has dedicated much of his career to passing major tax reform, but most Americans are more interested in the bill's contents. Yet the speaker's YouTube channel featured a video montage showing Mr. Ryan stumping for tax reform as early as 1998 and cheered "a moment decades in the making."

This was hardly the broad public message the bill's drafters needed, and it created a vacuum quickly filled by Democrats. To look at a single set of numbers, when Mr. Ryan's first tweeted his video it earned 1,800 retweets. A few hours later, Minority Leader Nancy Pelosi sent a harshly critical tweet claiming that the bill would "raise taxes on 86 million middle class families." Her message received 7,900 retweets.

Third, Republican leaders forgot that people believe what they see. After the tax bill passed, the GOP's photo-op featured an army of politicians in dark suits crowding together. The podium sported four slogans, but only "Tax Reform" was printed large enough to read. The real message—"more jobs," "fairer taxes," "bigger paychecks"—was lost in the fine print below. The bill was given a confusing whirlyig logo, and the rest of the visuals used to promote it seemed to lack a unifying theme. The whole thing felt like an exercise in corporate emptiness, which ultimately boosted Democratic claims that the bill would only benefit political elites and their donors.

Finally, real people were altogether absent. What would a tax cut of \$300 a month actually mean to a single mom? One wonders whether they couldn't find these people or simply did not look for them. If they had, those testimonials could then have been amplified online.

If America's leaders cannot communicate efficiently and clearly to the public, the divide between the political elite and the citizens affected by their legislation will continue to widen. Reaching voters in their own tongue might have meant using German or Dutch in 1787, but today it means speaking the language of social media.

Mr. Salisbury is a partner at Yellow Line Digital, a communications firm.

These Iranian Protests Are Different From 2009

By Maryam Rajavi

The protests in Iran send a cogent message: The clerical regime stands on shaky ground, and the Iranian people are unwavering in their quest to bring it down. Slogans against *velayat-e faqih*, or absolute clerical rule, called for a real republic and explicitly targeted the regime's Supreme Leader Ali Khamenei and President Hassan Rouhani. This dispels the myth, still harbored by some governments, that Iranians distinguish between moderates and hard-liners in Tehran. It also undercuts flawed arguments depicting a stable regime.

Millions of Iranians live in poverty. Yet Tehran has spent upward of \$100 billion on the massacre in Syria, according to reports obtained by the National Council of Resistance of Iran. The chants of "Death to Hezbollah" and "Leave Syria, think about us instead" clearly demonstrate the people's opposition to the regime's belligerent regional schemes.

The country's official budget this year allocates more than \$26.8 billion to military and security affairs and the export of terrorism. This is in addition to the \$27.5 billion in military spending from institutions controlled by Mr. Khamenei and the Islamic Revolutionary Guard Corps. The budget for health care is a mere \$16.3 billion. Weak and vulnerable, the regime spends such astronomical sums on regional meddling as part of its strategy for survival.

Skeptics might point out that Iran has faced protests before. What makes the current uprising different from the 2009 protests?

The 2009 protests were sparked by rifts at the top of the regime. The current protests—which began in Iran's second-largest city of Mashhad and quickly spread across the country—were motivated by rising prices, economic ruin, widespread corruption and resentment toward the regime. This systemic economic mismanagement has its roots in the

political system, and it grows worse every day. That is why the demand for regime change surfaced almost immediately. It seems to be the only conceivable outcome.

Then, the cause was a rift within the regime. Now, the people are demanding an end to the regime.

Another major difference: The 2009 uprising was initially led by the upper middle class, with university students at its core and Tehran as its center. The recent demonstrations span a much broader swath of the population—the middle class, the underprivileged, workers, students, women and young people. Nearly all of society has been represented on the picket line.

Nor is the current uprising tied to any of the regime's internal factions or groupings. There are no illusions about reform or gradual change from within. One of the popular slogans in Tehran is "Hardliners, reformers, the game is now over." This is yet another sign of the certainty of overthrow. As an Iranian expression goes: Maybe sooner or later, but definitely certain.

The final differentiating factor is the pace of events. In less than 24 hours, the protesters' slogans shifted from economic woes to rejection of the entire regime. The establishment has been caught off guard and is scrambling to find a unified solution. The IRGC declared victory over the protests on Sunday, but this reflects its hopes more than the reality on the ground.

The regime has issued strong warnings against joining the leading opposition group, Mujahedin-e Khalq. One after another, low-ranking and senior officials, joined by the Friday prayer leaders across the

country who toe the regime's line, blame the MEK for the protests. The torrent of statements by regime officials reflect their panic at the expansion of the nationwide uprising and the rising popularity of the MEK and the National Council of Resistance of Iran.

The religious dictatorship has resorted to extensive suppression to confront protesters. The IRGC has killed at least 50 people and wounded hundreds. By the end of the ninth day of protests, at least 3,000 had been arrested, according to our sources in the country. Numerous reports indicate that security forces literally knock on people's doors and warn them against attending demonstrations. The net of suppression has been cast as wide as possible.

In light of this brutal repression, the international community must

not remain silent. The United Nations Security Council must adopt punitive measures against the regime's crimes. This has long been the demand of the Iranian people and opposition. We must not forget that the perpetrators of the horrific 1988 massacre of 30,000 political prisoners are still in power today, holding senior executive and judicial positions while engaging in the murder of protesters in the streets.

Perhaps the final difference between the 2009 protests and the recent uprising will be that the latter succeeds in overthrowing the reviled theocracy in Iran. The people of Iran fervently hope so.

Mrs. Rajavi is president-elect of the National Council of Resistance of Iran, an Iranian opposition coalition based in Paris.

Did You Get My Message?

By Bob Brody

Did you get my email? I sent it last Tuesday. Our company provides software solutions. I welcome any feedback you care to share.

Just following up. You probably missed my first email. Could happen to anyone, even you. Just remember this: Our services are innovative and quite possibly even unique.

Sorry I keep missing you. Maybe my emails are hitting your spam filter or some overly aggressive antivirus program? Let us hear from you. We're the answer to all your problems.

I know you've opened my emails. We can track that kind of activity now. So you're fooling exactly nobody with this cat-and-mouse charade of yours. Just press "Reply" and type your response. It's that easy. Or would you rather I reach out via text?

Hey, doing due diligence here. How often do you check your emails anyway? Your lack of response is starting to smack of wanton disregard. Maybe your mother never bothered to teach you any manners—or maybe she never had any herself. How can we best serve you? A response at your earliest convenience would be most appreciated.

Did you get my email? I'm coming back to you once more because I have faith in human nature, however misguided, and believe in giving people a second chance—or, as in your case, an umpteenth. Please feel free to consider this your lucky day. And stop ignoring me with such willful impunity. It's getting under my skin. After all, our one-of-a-kind suite of predictive algorithm platforms are guaranteed to bring your organization into the vanguard of your industry, if not the Fortune 500. Would you prefer I try you through Twitter? How about Instagram or Snapchat?

Did you get my subpoena? I received your restraining order. Guess we're even now.

Look, I know you're busy, you being such an important executive and all, up there in your fancy Midtown skyscraper with all your many executive assistants. I get that. And maybe your behavior passes muster as standard courtesy there in Manhattan, but here in Kansas City we folks still try to be neighborly. So maybe you could spare me five seconds out of your high-powered, Brooks Brothers, Harvard Business Review kind of day to answer my outreach. Would that be so hard? I mean, did I wrong you in a past life or something?

Just so you know, I work on commission. And my supervisor asks me every day why you never answer my emails. And his supervisor asks him the same question, twice a day. I've tried to explain that you're really a nice person with nothing but the best of intentions, but I'm through covering for you. It's time for you to get real here.

I know where you live.

Did you get my email, text, tweet, Instagram, YouTube video, Facebook and LinkedIn messages? What about my posts on Medium and Tumblr? The Yelp review? I mean, I know you think you're better than me—with a way cooler car and, like, a severely superior haircut—and maybe you are, but guess what? The last time I looked we still lived in a democracy. And that means we all have an equal right to expect answers to our emails. So what you're doing is technically unconstitutional. I checked with the lawyer in our strip mall. Look for my subpoena.

Did you get my subpoena? I received your restraining order. Guess we're even now.

Mr. Brody, an executive and essayist in New York, is the author of "Playing Catch with Strangers: A Family Guy (Reluctantly) Comes of Age" (Heliotrope, 2017).

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Drugmakers Not Giving Up on Alzheimer's

Despite fresh setbacks, many keep developing treatments and focus on earlier intervention

Efforts to find treatments for Alzheimer's disease suffered blows in recent days, but many companies, scientists and investors are still optimistic that they can find a way to treat the memory-robbing disease, which affects roughly 5.5 million Americans.

Axovant Sciences Ltd. on Monday shuttered develop-

ment for a once-promising Alzheimer's drug, an announcement that came days after **Pfizer** Inc. said it was giving up on the space entirely.

By **Daniela Hernandez, Jeanne Whalen and Allison Prang**

"The mood is definitely negative on anything near-term, [but] there continues to be interest in this space," said Mark Ginestro, a principal for health-care and life sciences strategy at KPMG in San Fran-

cisco. "It's too big of a market to ignore. People are going to continue to go after it despite the roadblocks."

Roche Holding AG, Biogen Inc., Eli Lilly & Co. and others are still developing therapies. Startups with neuroscience pipelines, like **Denali Therapeutics Inc.** and **Verge Genomics**, are attracting funding, and so are early-stage research projects.

During the fiscal year 2017, the National Institutes of Health will have poured an estimated \$1.35 billion into Alzheimer's disease, almost triple

its investment for fiscal year 2013. And Pfizer said it had plans to establish a corporate venture fund focused on neuroscience projects.

Sales of successful treatments for the disorder could amount to billions of dollars as demand for therapies increase due to an aging population. Analysts had predicted that annual sales for Axovant's drug, known as intepirdine, could have topped \$2 billion.

"It's too early to give up," said Paul Aisen, the director of the University of Southern California's Alzheimer's Thera-

peutic Research Institute in San Diego. "We're actually on the precipice of major advances. I would not discount all the disappointments over the years, but I believe we're in good shape."

The recent failures that have plagued the pharmaceutical industry and brewed much frustration among investors have been the result of a sub-optimal approach to drug development, Dr. Aisen said. For years, the industry has focused on dementia, which happens at the latest stages of the disease, when reversing the dam-

age done to the brain is difficult, if not impossible, he said.

Many of the drugs that have failed in large clinical trials have targeted beta amyloid, the sticky plaque in the brains of Alzheimer's patients that many scientists believe is a leading cause of the disease. But attacking these plaques in the brain didn't affect cognition.

Companies and researchers pursuing treatments are still

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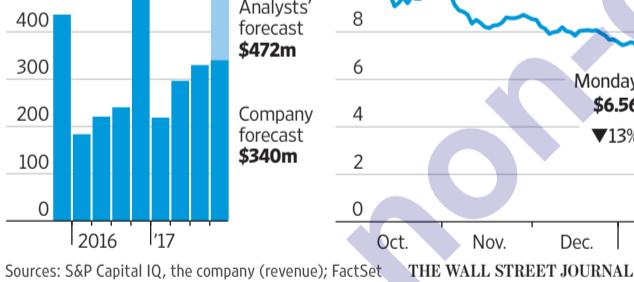
NICK POTT/PA WIRE/ZUMA PRESS
Soccer player Sam Winnall used a GoPro camera to celebrate with fans after a London match in 2016. GoPro now faces tougher competition from smartphone makers.

GoPro to Slash Jobs, Stop Selling Drones

Picture This

Shares in Go Pro fell after the company said it would cut its workforce and that quarterly revenue would fall lower than expected.

Quarterly revenue



Sources: S&P Capital IQ, the company (revenue); FactSet

BY IMANI MOISE AND CHELSEY DULANEY

GoPro Inc. is cutting more than one-fifth of its workforce and exiting the drone market as part of the action-camera company's latest attempt to turn itself around.

Shares in GoPro tumbled as much as 33% in Monday trading after the company announced restructuring plans and warned that its quarterly revenue would be substantially lower than expected.

The shares regained some lost ground during the day after Chief Executive Nicholas Woodman told CNBC that GoPro would entertain a sale to a

larger company. The stock closed down 13% at a record low of \$6.56.

In response to reports that the company hired **J.P. Morgan Chase & Co.** to help it find a buyer, GoPro said in a statement that "there is no active engagement to sell."

"We've always been clear that we are open to any opportunity that will help us scale our mission," the statement said.

GoPro has been struggling to differentiate its wearable cameras as smartphone makers launch phones with increasingly advanced lenses. The company in December cut the price for its Hero 5 Black

camera, and this week reduced the price of its newer Hero 6 model to \$399 from \$499.

For the final quarter of 2017, which includes the critical holiday shopping period, GoPro said it expects to report revenue of \$340 million, compared with the \$472 million forecast by analysts.

GoPro also said Monday it will stop selling drones after clearing its existing inventory, attributing the decision to regulatory uncertainty. "A hostile regulatory environment in Europe and the United States will

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HEARD ON THE STREET | By Stephen Wilmot

Price Gap Squeezes Auto Market

Car-industry profits depend as much on the type of cars sold as on their number. Even a high plateau for car sales could be an inhospitable place for investors.

U.S. car sales remain strong by historical standards, but last year slipped 1.8%—the first annual decline since the 2008 recession.

With 12% more vehicles coming off lease in 2018 than did in 2017, this effect will only get stronger. Hence industry forecaster IHS expects another dip in U.S. unit sales this year. The same trend is at work in the lease-addicted U.K. market, where car sales fell close to 6% in 2017.

A surfeit of secondhand cars has another effect. Until recently, lease providers

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Intel CEO's Sale of Stock Risks Scrutiny

By TED GREENWALD

The sale of Intel Corp. stock by Chief Executive Brian Krzanich while the company was handling concerns about security flaws in its chips was a highly unusual move that risked attracting regulatory scrutiny, according to lawyers and analysts who follow executive stock sales.

The trade took place on Nov. 29, nearly six months after Intel was informed about the vulnerabilities, which could enable hackers to access user data in chips made by Intel and others. Mr. Krzanich sold shares and exercised stock options valued at a total of \$39 million, netting him nearly \$25 million, according to regulators.

Mr. Krzanich's trade stands out because it deviated from the CEO's previous pattern of incremental sales of Intel stock, according to Ben Silverman, a researcher at InsiderScore LLC, a clearinghouse for information about trades made by corporate and institutional insiders. The CEO had exercised options and sold shares generally at monthly or quarterly intervals in the prior two years, involving no more than 80,000 shares in any given transaction, according to Mr. Silverman's analysis.

On Nov. 29, Mr. Krzanich sold more than 245,000 shares, nearly 50% of his unrestricted stock, reducing his unrestricted holding to 250,000 shares, the minimum set by Intel's executive-stock-ownership guidelines, according to the company's most recent proxy statement. That was an unusual move by a CEO, Mr. Silverman said. Moreover, Mr. Krzanich liquidated all of his options, more than 644,000 shares valued at more than \$28 million in total.

Mr. Silverman and other securities experts said they would expect U.S. regulators to examine Mr. Krzanich's trade to see if it violated insider-trading regulations, although such cases are difficult to win. A spokesman for the SEC declined to comment.

For an insider trade to violate the rule, the information held by Mr. Krzanich about the security vulnerabilities at the time he made the trade would have to be deemed material to Intel's business, the securities experts said. Intel said last week that it didn't expect the issue to have any material impact.

At the time of Mr. Krzanich's sale, Intel was working with chip rivals and software partners to patch the security flaws. The companies had planned to announce the problem and their fixes Jan. 9, but news of the security flaws leaked earlier. Intel shares then fell over 5% total on Wednesday and Thursday. The stock rose less than 1% Friday and closed flat at \$44.74 Monday.

Regulatory filings show that Mr. Krzanich established the divestiture plan about a month before the trade, on Oct. 30, long after Intel learned of the chip vulnerabili-

Intel Chief Executive Brian Krzanich netted nearly \$25 million in the stock transaction.



Early enthusiasm helped pave the way for IPOs of Blue Apron and HelloFresh last year, but investors have become more cautious.

Meal-Kit Startups Losing Sizzle

BY HEATHER HADDON

Investors are losing their appetite for meal kits.

Just a few years ago, the business of delivering packages containing premeasured ingredients that people assembled into meals was a novel one, drawing hundreds of millions of dollars from venture capitalists and other investors.

Now, many are questioning the viability of meal-kit startups, given logistical hurdles, the high cost of attracting and retaining customers and the arrival of often bigger rivals.

An estimated 70% of customers of **Blue Apron Holdings Inc.**, the largest such provider, stop regularly buying its meals six months after signing up, while more than 80% of **HelloFresh SE** users weren't active, according to Daniel McCarthy, an Emory University professor who researches meal kits and other subscription services.

"We are not funding meal kits, and I don't know a single VC that is actively looking at the space," said Ian Sigalow, co-founder of **Greycroft Partners**, the venture-capital firm that was a lead investor in **Plated**, a New York-based meal-kit service that is now part of Albertsons Cos.

A shakeout was perhaps inevitable, say investors and analysts. In roughly the past five years, 150 new meal-kit companies were founded, some of which catered to increasingly narrow niches, such as Southern-cooking enthusiasts, according to Packaged Foods, a consultancy.

Early investor enthusiasm

As an Investment, 'Food Is Different'

Nancy Pfund, managing partner at **DBL Partners**, a venture fund that has invested in food and technology, said an early investment by her firm, in a meals company focused on children, has turned promising.

But DBL passed on dozens of traditional meal-kit companies because of the challenge of retaining subscribers, she added.

From an investing standpoint, "food is just different," said Brita Rosenheim, a food tech industry adviser and partner at the Better Food Ventures investment firm. "It's not makeup, it's not clothes.

There's a lot of tech investors that came in thinking it would

be an interesting retail play and had the wrong expectations about growth."

Some investors have done well. Ian Sigalow of Greycroft Partners said the venture-capital firm made more than three times its investment in Plated's first \$15 million round of financing in 2014 after Albertsons bought the company.

Blue Apron's public investors have been less lucky. Shares have fallen by more than half since they made their debut at \$10 last summer. Blue Apron executives say their brand is strong and they see opportunities to increase its market.

"We have started a trend with strong demand and the market still has a huge untapped potential," HelloFresh spokeswoman Eva Switala said.

Loss of Appetite

Share of new Blue Apron customers still buying meals



*First purchase in Sept. of each year shown
Source: Second Measure

THE WALL STREET JOURNAL.

Some are waiting to see how **Amazon.com Inc.**'s acquisition of Whole Foods Market will reshape the grocery and food-delivery businesses. Others say meal-kit startups have lost all novelty with Amazon, **Wal-Mart Stores Inc.** and **Peapod LLC**, as well as supermarket chains such as **Kroger Co.**, getting into the business.

"We are able to have efficiency because of our supply chain," Kroger Chief Executive Rodney McMullen said in an interview. "That cost we can take out and pass along to the customer."

Some investors are instead looking at related areas where the competition is less stiff, such as grocery delivery services focused on perishables, meat-replacement companies and startups combating food waste.

Analysts still expect the sector to continue to grow as people look for easier ways to cook at home. Meal-kit sales are projected to grow to more than \$6 billion in 2021 from around \$2 billion in 2016, according to consultancy Pentallect LLC. Also, meal-kit companies targeting certain diets and taste preferences, such as a paleo diet, could perform well, backers say.

Investors say they have grown more wary about the future of food startups, partly due to the entry of larger rivals.

At least four meal-kit com-

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Investors say they have grown more wary about the future of food startups, partly

BUSINESS NEWS

Tenet Cuts More Jobs Without New CEO In Place

By MELANIE EVANS

One of the nation's largest hospital companies, under pressure from activist shareholders, isn't waiting to replace its chief executive to re-vamp its business.

Since October, when long-time **Tenet Healthcare** Corp. CEO Trevor Fetter exited the company and its board, Tenet has unveiled plans to cut jobs and squeeze \$250 million from its costs, and announced the possible sale of one of its three business segments.

In a presentation to investors at the J.P. Morgan Healthcare Conference in San Francisco Monday, the company said it would increase the number of job cuts to 2,000, or about 2% of its workforce, from 1,300 it had previously announced.

"I am not a caretaker," said Ronald Rittmeyer, whom Tenet named as CEO as it searched for a successor to Mr. Fetter. "My objective is to clearly reshape the company so that we are more effective, more efficient, more focused on patient care and doing what we're supposed to do to return to our shareholders the right kind of value," he said.

2%

Size of job cuts at hospital company after latest move

The search for Mr. Fetter's replacement continues, said Mr. Rittmeyer, who was also named Tenet's executive chairman in late August, when Tenet first announced Mr. Fetter's plans to step down.

The shake-up followed a move in August by Tenet shareholder **Glenview Capital Management** LLC to end a standstill agreement that prevented Glenview from launching a proxy fight. The next month, the Wall Street Journal reported Tenet was exploring strategic options, including a possible sale of the company.

Tenet announced in December it is exploring the sale of Conifer Health Solutions, which contracts with Tenet and other hospital operators to provide health-care billing, collection and consulting services. The deal could raise cash that could be used to lower Tenet's nearly \$15 billion in debt.

Asked if Tenet was exploring the sale of any other assets, Mr. Rittmeyer said that, as a public company, Tenet is "for sale in the marketplace every single day. At this point, I would say that we're very focused on providing our shareholders the best possible return in the quickest amount of time."

Dallas-based Tenet operates three segments, the largest of which is its hospitals division. That business is grappling with a national slump in hospital admissions, which health experts and analysts credit to a slowdown in growth of health insurance enrollment under the Affordable Care Act and the continued shift of medical care to outpatient settings. Tenet operates 76 hospitals and about 480 outpatient centers and surgical hospitals in the U.S.

SpaceX Spy Mission Goes Awry

Classified U.S. satellite is presumed lost after failing to reach orbit; fate remains uncertain

By ANDY PASZTOR

An expensive, highly classified U.S. spy satellite is presumed to be a total loss after it failed to reach orbit atop a **Space Exploration Technologies** Corp. rocket on Sunday, according to industry and government officials.

Lawmakers and congressional staffers from the Senate and House have been briefed about the botched mission, some of the officials said. The secret payload—code named Zuma and launched from Florida on board a Falcon 9 rocket—is believed to have plummeted back into the atmosphere, they said, because it didn't separate as planned from the upper part of the rocket.

Once the engine powering the rocket's expendable second stage stops firing, whatever it is carrying is supposed to separate and proceed on its own trajectory. If a satellite isn't set free at the right time or is damaged upon release, it can be dragged back toward Earth.

The lack of details about what occurred means that some possible alternate sequence of events other than a failed separation may have been the culprit.

For rapidly growing SpaceX, which seeks to establish itself as a reliable, low-cost launch provider for the Pentagon, the failed mission came at an important juncture. The company



A SpaceX Falcon 9 rocket carrying a secret satellite code named Zuma launched from Cape Canaveral, Fla., on Sunday.

is competing for more national-security launches against its primary rival, a joint venture between **Boeing** Co. and **Lockheed Martin** Corp.

As of Monday night, nearly 24 hours after the launch, uncertainty surrounded both the mission and the fate of the satellite, which some industry officials estimated carried a price tag in the billions of dollars.

Notably, the Pentagon's Strategic Command, which keeps track of all commercial, scientific and national-security

satellites along with space debris, hadn't updated its catalog of objects to reflect a new satellite circling the planet.

Neither **Northrop Grumman** Corp., which built the satellite, nor SpaceX, as Elon Musk's space-transportation company is called, has shed light on what happened.

A Northrop Grumman spokesman said, "We cannot comment on classified missions."

A SpaceX spokesman said: "We do not comment on missions of this nature, but as of

right now reviews of the data indicate Falcon 9 performed nominally." That terminology typically indicates that the rocket's engines and navigation systems operated without glitches. The spokesman declined to elaborate.

It isn't clear what job the satellite was intended to perform, or even which U.S. agency contracted for the satellite. As usual for classified launches, the information released by SpaceX before liftoff was bereft of details about the payload. A video broadcast Sunday night

narrated by a SpaceX official didn't provide any hint of problems, though the feed ended before the planned deployment of the satellite.

Mr. Musk's closely held, Southern California-based company has projected ramping up its overall launch rate to more than 25 missions in 2018, from 18 in 2017, and is scheduled to start ferrying U.S. astronauts to the international space station before the end of the year.

—Byron Tau contributed to this article.

Rivals Help Fund Regeneron's Gene-Data Effort

By JOSEPH WALKER

Some of the world's largest pharmaceutical companies are pooling resources to fund an ambitious genetic and medical database aimed at bolstering the search for new drugs.

AbbVie Inc., **Alnylam Pharmaceuticals Inc.**, **AstraZeneca PLC**, **Biogen Inc.** and **Pfizer Inc.** will pay \$10 million each to **Regeneron Pharmaceuticals Inc.**, which began the project last year in partnership with the U.K. Biobank, a nonprofit that has collected DNA samples and health records from half a million people in the U.K., and drugmaker **GlaxoSmithKline PLC**.

The new funding will help Regeneron complete the database by the end of next year, the companies said Monday. In exchange, the five companies will have exclusive access to the data for six to 12 months before it is made public for all researchers to use, a Regeneron spokeswoman said.

Regeneron, based in Tarrytown, N.Y., is responsible for sequencing the genes of all 500,000 people, and originally planned to have the work completed by 2022.

By combining a large volume of genetic data with medical records, including imaging scans of the brain and other organs, the database will enable researchers to search for disease-causing genes and develop drugs that attack the disease, George D. Yancopoulos, Regeneron's president and chief scientific officer, said in an interview. In addition, by better understanding the genetic causes of disease, companies will be able to better predict whether their drugs will work in clinical trials and improve their research and development productivity, he said.

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Regeneron is responsible for sequencing genes of 500,000 people for its research database.

Drug Firm Rejects \$3.13 Billion Offer From Novo Nordisk

Denmark's **Novo Nordisk A/S** said Monday that Belgian biopharmaceutical company **Ablynx NV** rejected its €2.6 billion (\$3.13 billion) takeover bid and declined to engage in any discussions on the approach.

The proposal was made Dec. 22 and represented Novo Nordisk's second attempt after a bid that it made Dec. 7. Both approaches have been rejected by the Ablynx board. Novo Nordisk said that it has made a

number of attempts to engage in talks, but that these have also been spurned.

Novo Nordisk Chief Executive Lars Fruegaard Jorgensen spoke to his counterpart at Ablynx, Edwin Moses, on Jan. 5 to encourage talks, but said that "unfortunately, this offer was again refused by the Board of Directors of Ablynx."

Novo Nordisk is eager to conclude a deal, believing that Ablynx's caplacizumab drug would be a strong addition to its hematology franchise.

"The proposed transaction would combine Novo Nordisk's regulatory, scientific and commercial expertise with Ablynx's strong existing medical teams"

to optimize the development and global commercialization of caplacizumab, the Danish company said.

There can be no assurance that any agreement will be reached between the two companies, but Novo Nordisk said that it encourages Ablynx to engage in a negotiated transaction for the benefit of all stakeholders.

It said that should any deal be struck, it would keep Ablynx's strong research-and-development base within Ghent, Belgium, and further develop Ablynx as a center of excellence in nanobody discovery and engineering.

—Dominic Chopping

"This is an incredible treasure trove, and that's why this deserved to go out there to other companies and the public so that everybody can take advantage of it," Dr. Yancopoulos said. "This is going to be a great contribution to all mankind, that all of us will be

using for years to come."

When the project was first announced last year, the U.K. Biobank said it expected the cost of sequencing genes for all 500,000 patients to be about \$150 million.

GlaxoSmithKline declined to participate in the second

phase of the research project, Regeneron said. A GlaxoSmithKline spokeswoman said the company is instead pursuing a project to sequence the genomes, or entire set of DNA, for the 500,000 patients in the U.K. Biobank. Glaxo said in December that it would invest

£40 million (\$54.3 million) in the project and other research initiatives, but hasn't said when it expects to complete it.

The Regeneron-led project will sequence each person's exome—the 1% to 2% of a person's genes where the majority of known genetic mutations reside. A Regeneron spokeswoman said it would release data to the public in batches of 50,000 to 100,000 samples beginning as early as this year, and make the entirety of the data public by 2020.

"Modern drug discovery and development must include human genetic data, and there's no current richer resource than that provided through this effort," John Maraganore, chief executive of Alnylam Pharmaceuticals, said in a written statement. The data "will greatly enhance Alnylam's target identification and validation efforts."

Government-funded academics and scientists perform most of the research into the genetic causes of disease. In 2015, the National Institutes of Health announced a project called the Precision Medicine Initiative, which aimed to recruit one million volunteers in the U.S. to provide their health records and some genetic data by the end of 2019. Thus far, the project has enrolled more than 14,000 participants, according to the NIH.

Regeneron began large-scale genetic sequencing in 2014, and last year sequenced the genes of more than 250,000 people, the company says. The company employs 50 to 100 people who work on its sequencing projects, most of whom focus on analytics and computational analysis of the data. The company has largely robotized and automated the work of preparing samples for testing, Dr. Yancopoulos said.

Leucadia Considers Selling Part or All of National Beef Stake

By JACOB BUNGE AND DANA MATTIOLI

Leucadia National Corp. is exploring a sale of part or all of its stake in its **National Beef Packing** Co. unit, one of the biggest U.S. meat-processing companies, people familiar with the matter said.

Leucadia owns a 79% stake in the Kansas City, Mo.-based beef giant, a 26-year-old supplier of steaks, hamburgers and other beef products. A sale would see Leucadia exit from a big bet on beef when the industry is rebounding from a

rough patch, thanks to rising consumer demand and cheap grain prices.

Leucadia purchased the National Beef stake in 2011 for \$868 million and is working with advisers to explore options for that stake, people familiar with the matter said. It is unclear how much the business might fetch from a suitor.

The process is at an early stage and Leucadia may opt not to move forward, one person said.

National Beef ranks among Leucadia's largest businesses. The New York conglomerate's

biggest is the financial firm **Jefferies Group**. It has also invested in industries ranging from lumber production to gold mining to a foreign-exchange brokerage.

Leucadia is weighing the sale as profits fatten for processors such as National Beef, which slaughters about 12.5% of U.S. beef cattle. Beef exports in 2017 climbed nearly 13%, according to estimates from the U.S. Department of Agriculture, led by growing sales to Japan, Hong Kong and South Korea. Foreign sales of U.S. beef are projected to climb a

further 4.5% in 2018.

In the U.S., beef consumption is estimated at 58 pounds per capita in 2017, the highest level since 2010.

Demand for beef is climbing as the cost of raising cattle has declined. Feed—the biggest cost involved in raising livestock—remains cheap. U.S. farmers last fall harvested what is expected to be another record corn and soybean crop, the latest in a string of bumper harvests that has driven down crop prices. Ranchers have responded by raising more cattle, helping boost the

size of the U.S. beef cattle supply by 12% since early 2014 when a drought had forced many ranchers to reduce the size of their herds.

"We can now say with much greater confidence that the beef cycle has indeed turned in our favor," company executives wrote in their annual letter to shareholders, which was issued in late February 2017.

Leucadia bought its stake in National Beef as part of a long-term bet that a growing and more-affluent global population would put more beef on dinner tables. Executives then

acknowledged the meat business's exposure to price swings, and as the beef industry struggled against drought and other challenges, National Beef lost money in 2013, 2014 and 2015.

In 2016, National Beef swung to a \$329 million profit, and over the first three quarters of 2017 National Beef's profit jumped 61% to \$310 million from the same period in the prior year. In a regulatory filing, Leucadia listed the net book value of its National Beef investment at \$629.8 million as of Dec. 31, 2016.

TECHNOLOGY

WSJ.com/Tech

Driverless Cars Pick Up Speed

Industry shows how vehicles can be used in ways to pursue commercial success

By TIM HIGGINS

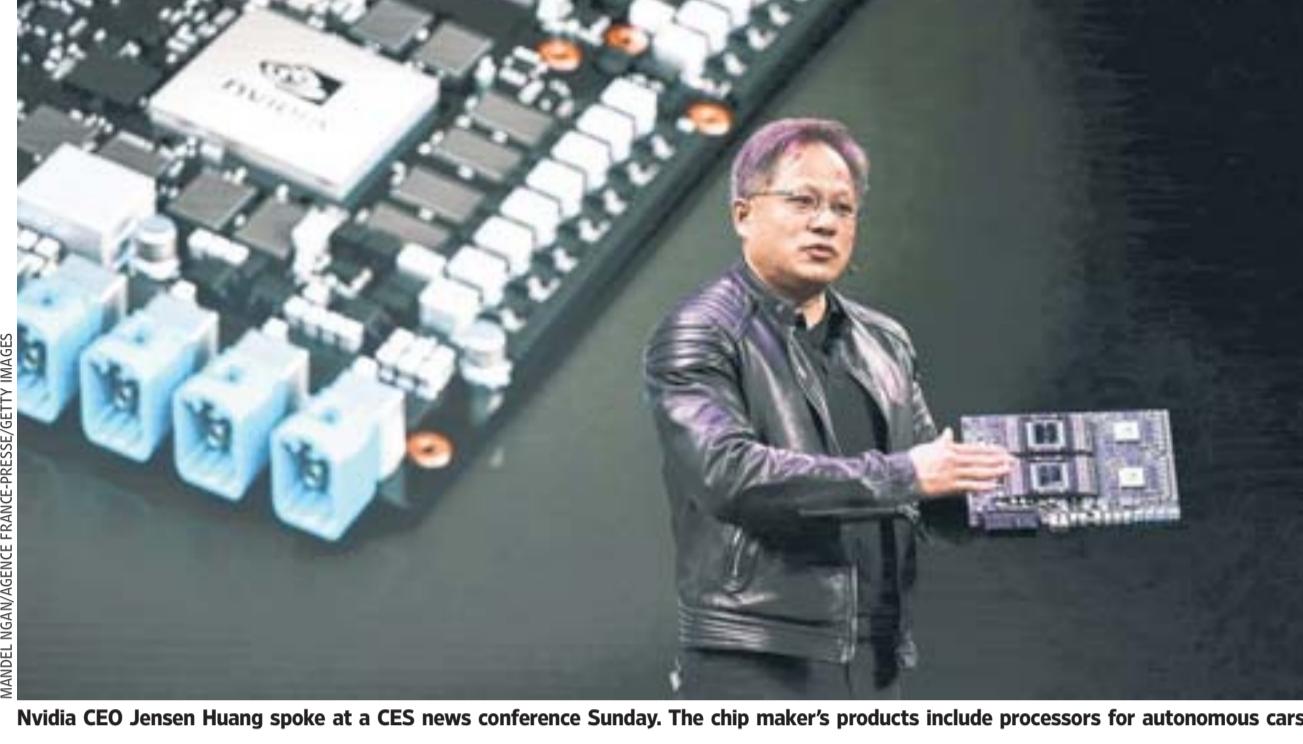
LAS VEGAS—A year ago, Glen DeVos shuttled potential clients around the CES consumer-electronics show in self-driving vehicles to demonstrate his company's progress in handling complicated driving conditions.

This year, the chief technical officer of **Aptiv** PLC wants to demonstrate how the technology might be deployed in real life.

Aptiv, the automotive-technology company formerly known as Delphi Automotive, is working with ride-hailing startup **Lyft** Inc. at this week's show to give free rides in self-driven cars between the convention center and big hotels. The goal is to show how Aptiv's technology could be deployed in a self-driving car service.

"This year is kind of pivoting away from technology demonstrations to really showing the applications," Mr. DeVos said.

The convergence of Silicon Valley and the Motor City has helped propel CES, held here every January, into an automotive-industry event that rivals the North American International Auto Show, which takes place next week in Detroit.



Nvidia CEO Jensen Huang spoke at a CES news conference Sunday. The chip maker's products include processors for autonomous cars.

Space dedicated to vehicle technology at CES has increased almost 25% this year and the number of those companies will rise 19% to 172 from a year ago, according to show organizers.

Carlos Ghosn, head of the Renault-Nissan-Mitsubishi Alliance, and Jim Hackett, chief executive of **Ford Motor** Co., are scheduled to attend CES, as are the leaders of most top auto-parts makers, who plan to tout their latest advancements in car technology.

But for all of the excitement about self-driving tech-

nology, its path to business success isn't yet clear. Regulators continue to struggle with how to handle it, and companies are still wrestling with the technology's limitations. Its use so far has been largely confined to testing with small numbers of research cars.

This year, several companies plan to go beyond that, deploying fleets of self-driving vehicles on cities' streets as engineers and programmers work to scale the technology, collect data and see how real-world users react. For instance, **Alphabet** Inc.'s Waymo

self-driving car unit, which has a ride-hailing service in suburban Phoenix, has said it will put non-employees in its vehicles without humans behind the wheel.

And at CES, 2018 is about how to make what was once considered science fiction work as a mass business, executives say. "It's got to the point now where showing a self-driving vehicle cruise down the street is not earth-shattering, and what people are looking to understand is how do you commercialize this," said Christopher Heiser,

CEO of Renovo Auto, which offers a software operating system for autonomous vehicles.

Last year, chip maker **Nvidia** Corp., which provides processors used for autonomous vehicles, demonstrated an Audi circling a parking lot without a driver behind the wheel. This year it avoided planning such a demo, said Danny Shapiro, senior director of automotive.

"We're having true business discussions now—less so of, 'Let me show you what we can do,'" Mr. Shapiro said.

Facebook executives spent years publicly courting Chinese officials, making Chief Executive Mark Zuckerberg more visible and internally developing a tool that people familiar with the matter say would have allowed third parties—including governments like China—to block content before it could be posted on Facebook.

The two companies won't share any data about their users, a Facebook spokeswoman said.

Facebook Plans VR Headset In China

By DEEPA SEETHARAMAN

Facebook Inc. and Chinese smartphone company **Xiaomi** Corp. are teaming up to launch a virtual-reality headset in China that would give the American tech giant a toehold in a growing market where its main business has long been blocked.

The two tech companies are working together to develop a VR headset sold only in China called Mi VR Standalone, Facebook said Monday. The new device is modeled after Facebook's Oculus Go, a previously announced \$199 headset that the company plans to launch outside of China in early 2018.

Xiaomi is also Facebook's manufacturing partner for Oculus Go, the Silicon Valley company said. Facebook declined to comment on any revenue-sharing arrangement with Xiaomi, which will take a lead role in the Mi's rollout.

The Mi headsets will be stamped with the Oculus logo, giving Facebook's products exposure in China, where the company's services have been blocked since 2009. Facebook needs to crack the large and growing China market to meet its previously stated goal of "connecting the world," but Chinese officials show few signs of changing their policy.

Facebook executives spent years publicly courting Chinese officials, making Chief Executive Mark Zuckerberg more visible and internally developing a tool that people familiar with the matter say would have allowed third parties—including governments like China—to block content before it could be posted on Facebook.

The two companies won't share any data about their users, a Facebook spokeswoman said.

GOPRO

Continued from page B1

likely reduce the total addressable market in the years ahead," the company said.

GoPro's Karma drone recently sold for over \$1,000 and was the second-best-selling drone in the U.S. as of September, according to NPD Group's retail tracking service.

The company said it would reduce its workforce to under 1,000 employees from 1,254 and take restructuring charges of as much as \$33 million, mostly because of severance costs. GoPro also said it would slash Mr. Woodman's cash-based compensation to \$1 from an annual base salary of \$800,000.

It has been a bumpy ride for GoPro shares since the company's 2014 initial public

offering, when GoPro raised \$490 million.

GoPro built a loyal following among sports enthusiasts for its durable cameras, which can be attached to motorbike handles, surfboards, ski helmets and more. In the months after its debut, the company's shares traded over three times above its IPO price of \$24.

Amid the run-up in the shares, some investors and analysts argued that GoPro

wasn't just a camera company. They justified its soaring price and valuation by saying it was a lifestyle brand, or even a social-media company akin to Facebook and Twitter, because users frequently share their videos on such platforms.

But even back then, skeptics abounded. Ultimately, the big gains proved short-lived as the company faced weaker-than-expected earnings reports and mounting competi-

tion from smartphones. Its Karma drone, released in 2016 as part of its plan to diversify beyond action cameras, was beset by a recall, regulatory pressures and "an extremely competitive aerial market," the company said Monday.

The company cut 15% of its workforce at the end of 2016 after attempts to branch out beyond its core business of action cameras failed to gain traction.

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BUSINESS NEWS

Book Publisher Returns Fire at Trump

Macmillan CEO rejects president's bid to stop Michael Wolff volume as unconstitutional

BY JEFFREY A. TRACHTENBERG

The White House's demand that Macmillan cease publication of a controversial new book about President Donald Trump and his administration is "flagrantly unconstitutional" and runs afoul of the First Amendment, said John Sargent, chief executive of the publisher.

In his internal memo, Mr. Sargent described President Trump's actions as "a clear effort by the President of the United States to intimidate a publisher into halting publication of an important book on the workings of the government."

"We need to respond strongly for Michael Wolff and his book, but also for all authors and all their books, now and in the future," Mr. Sargent wrote.

The White House didn't respond to a request for com-

months of the administration and includes sharp criticism of the president and his family.

Separately, an attorney for Mr. Wolff and Henry Holt on Monday sent a letter to Charles Harder, a lawyer for Mr. Trump, defending the publishing of "Fire and Fury" and declining to halt publication or offer an apology and retraction, as Mr. Harder sought.

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The White House didn't respond to a request for com-



The book 'is selling incredibly fast,' Macmillan's chief says.

ment. Mr. Harder couldn't immediately be reached for comment.

The controversy helped stoke interest in the book, whose publication date was advanced to Jan. 5 from Jan. 9.

On Monday morning, the hardcover edition remained

out of stock on Amazon.com, with a waiting time estimated at two to four weeks.

The book "is selling incredibly fast," Mr. Sargent said in an interview. "We have never seen a book sell at this rate here at Macmillan."

Initially about 150,000

hardcover copies were printed. The publisher is reprinting as quickly as it can, he said, and now has more than 1 million hardcover copies in the pipeline. Macmillan expects to be caught up with retail shipments next week.

"We're shipping books every day," said Mr. Sargent. "As soon as they go into the stores, they go right back out."

On the digital front, he added, Macmillan has sold "hundreds of thousands of e-books, and in the low six figures for audiobooks." The e-book is available for \$14.99.

Mr. Sargent said that Macmillan couldn't have known how successful the title would become because it couldn't have known that the book would be criticized by Mr. Trump. "We would never have predicted his statement and thus never have predicted the full scope of demand for the book," he said.

On the legal front, Mr. Sar-

gent said that Macmillan has heard only from Mr. Harder on Mr. Trump's behalf.

He added that he never had second thoughts about publishing after he received the cease-and-desist letter. "I never doubted for an instant that we would be publishing the book," he said. Asked whether he had any regrets about any of the book's contents, Mr. Sargent replied, "None."

The letter to Mr. Trump's lawyer, written by Elizabeth McNamara, a partner at Davis Wright Tremaine LLP, says Mr. Harder's cease-and-desist letter "appears to be designed to silence legitimate criticism. This is the antithesis of an actionable libel claim."

The letter also states that Mr. Trump has a "bully pulpit" at his disposal" and that "to the extent he disputes any statement in the book, he has the largest platform in the world to challenge it."

Retailers Get Bump From Holiday Sales

BY IMANI MOISE

After a year marked by same-store-sales declines and store closures across the sector, retailers are reporting strong sales during the critical holiday shopping period from November to December.

Kohl's Corp. said Monday comparable sales over the holidays jumped 6.9%, versus a 2.1% decline a year earlier. Shares jumped \$2.54, or 4.7%, to \$56.90 as the department-store chain also raised its annual adjusted profit outlook.

Kohl's, helped by stronger store traffic, is the latest retailer to feel the holiday cheer. Its report comes after Macy's Inc. and J.C. Penney Co. last week reported improved sales in the holiday period, benefiting from a healthy economy and strong consumer spending.

Macy's said its same-store sales rose 1% in November and December from a year earlier, while J.C. Penney reported a 3.4% increase.

The holiday season could give Kohl's back-to-back quar-

Holiday Cheer

After a grim 2016, comparable holiday sales turned positive in 2017.

Change in same-store-sales from previous year



*Destination XL is a big-and-tall menswear retailer

Source: the companies

THE WALL STREET JOURNAL.

ters with comparable sales increases. The retailer reported a slight rise in the metric in its third quarter after more than a year of declines, citing strong back-to-school sales. Kohl's executives have said that the department store has benefited from sweeping store closures at its mall-based competitors.

Chief of Nordstrom's Rack Unit to Retire

BY SUZANNE KAPNER

The president of Nordstrom Inc.'s Rack division will retire in March after more than three decades with the retailer, according to the company.

Karen McKibbin, 57 years old, will be succeeded by another longtime Nordstrom executive, Geevy Thomas, who is currently the company's chief innovation officer.

Much of Nordstrom's growth in recent years has come from its Nordstrom Rack off-price stores, which sell name-brand goods at deep discounts. That growth has hit a snag this year, with sales ex-

cluding newly opened or closed locations falling 2.3% through the nine months ended Oct. 28.

Ms. McKibbin was named president of Nordstrom Rack in 2017. She joined the company in 1985 working in the stock room and rose through the ranks.

Mr. Thomas had previously served as Rack president, before being appointed to innovation chief, where he has overseen a variety of initiatives merging online and offline shopping.

Although the company doesn't plan to name a new innovation chief, those projects will continue.

ESPN Promotes Its Female Audience

BY ALEXANDRA BRUELL

Gokhale, Northwestern Mutual's chief marketing officer.

The new campaign, dubbed "Spend Your Life Living," includes one ad that follows the story of a female architect who decided to leave her job to start her own business, with support from Northwestern Mutual. It is the company's first TV ad with a storyline focused solely on a woman and her career, said Ms. Gokhale. "We're taking a personalized

more male in the past," said Blair Rich, president of worldwide marketing at Warner Bros. Pictures. "We used it for male-targeted films or broader films." Now, the "evidence of what ESPN is showing" is compelling, she said.

ESPN's sales pitch is an extension of its new marketing strategy to broaden its audience, with the aim of giving a boost to ratings and subscribers.

ESPN's audience makeup during the college football playoffs was fairly consistent year to year, according to an ESPN spokeswoman. Still, the company has been making its case to advertisers with newly available data, such as Nielsen metrics that now encompass out-of-home viewing and streaming.

For example, ESPN found that its out-of-home audience watching the playoffs skewed slightly more female than its in-home audience, according to Nielsen figures from last year's playoffs, calculated over a three-game average. Women also saw a larger lift in view-

ing from out-of-home than men, with a 9.4% lift over in-home audience compared with 7.2% for men.

During last season's College Football Playoff, 41% of the viewers watching at home were female and 59% were male, not including out-of-home viewing or streaming, according to Nielsen data from ESPN.

Advertisers targeting women aren't necessarily flocking to sports because they think more women are watching sports, explained Jeremy Carey, a managing director at Omnicom's Optimum Sports. They are flocking to sports because it is getting tougher to reach women through general prime-time programming.

"If we took top programs that delivered females 18-49, historically you would have found a very large percentage of prime-time programming," he said. In 2017, "about 75% of those programs are sports now." That is a "drastic shift" in recent years regarding "where females are available at mass scale."

New Highs and Lows | WSJ.com/newhighs

The following explanations apply to the New York Stock Exchange, NYSE Arca, NYSE American and Nasdaq Stock Market stocks that hit a new 52-week intraday high or low in the latest session. % CHG=Daily percentage change from the previous trading session.

Monday, January 8, 2018

Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg	Stock	Sym	52-Wk % Hi/Lo Chg
58.com	WUBA	84.00 ...	BerryGlobal	BERY	61.71 ...	CommercialMetals	CMM	25.49 ...	Intricon	INTR	22.08 7.9
Aflac	AFL	90.10 0.3	BestBuy	BBY	70.11 1.2	ConchoRscs	CXO	156.32 0.3	iRadimed	IRMD	15.80 1.1
AbbVie	ABBV	101.28 -1.6	Biomerica	BMRA	4.60 0.9	ConocoPhillips	COP	57.46 1.0	iRhythmTechs	IRTC	60.15 0.5
Abiomed	ABMD	211.34 2.7	BlackKnight	BKI	49.05 4.2	Comtoma	CTO	66.75 1.9	JMPC	JMPC	22.65 1.4
Ablilynx	ABLX	39.32 49.1	BlackRock	BLK	14.13 2.1	ContinentalRscs	CLR	55.69 0.7	JKHY	JKHY	119.98 ...
Accenture	ACN	159.01 0.8	Boeing	BA	310.84 0.1	CoasterStandard	CSPG	131.31 -0.9	JackHenry	JH	50.48 2.9
AcornInt'l	ATVI	20.59 -0.2	BoiseCascade	BCC	41.15 2.6	Crane	CR	91.67 0.2	Jasny	JASNY	2.92 1.1
AirBnb	ATV	30.57 0.3	BoottBarn	BOOT	18.00 6.1	Crocs	CROX	13.55 8.4	KaiserAlum	KALU	155.63 0.1
AlbreoPharma	ALBO	30.57 0.3	Bottomline	EPAY	36.69 0.6	Cummins	CMI	182.38 0.4	KapstonePaper	KAPST	52.38 0.7
Alcoa	AA	56.15 1.7	BrookfieldBusPtr	BBU	39.00 2.7	DST Systems	DST	65.24 1.9	Kohl's	K	116.59 0.7
AlleghenyTechs	ADVM	4.50 -4.5	BuildersFirstSrc	BFLD	22.86 -0.5	DXT Tech	DXC	101.16 -0.1	Lackner	LCK	120.39 3.1
Aeon	AEG	6.45 0.2	BoottBarn	BOTB	18.00 1.3	Danaher	DHR	95.33 0.2	Lanigan	LNG	34.30 1.1
AirLease	AL	49.52 1.7	Bottomline	BOTB	93.66 0.6	Dekatherm	DEK	7.50 6.4	Lazard	LZ	57.24 0.4
AirT	AIR	34.83 1.6	BrookridgeBusPtr	BUU	39.00 2.7	DST Systems	DST	65.24 1.9	Ledger	LGD	9.74 -0.4
AlbreoPharma	ALBO	30.57 0.3	BuildersFirstSrc	BFLD	22.86 -0.5	DXT Tech	DXC	101.16 -0.1	Lennar	LNN	59.09 1.0
Alcoa	AA	56.15 1.7	CBRE Group	CBG	44.91 1.3	Danaher	DHR	95.33 0.2	Liberation	LNP	11.39 0.7
AlleghenyTechs	ADVM	4.50 -4.5	CBRE Group	CBG	44.91 1.3	Danaher	DHR	95.33 0.2	Lobster	LNTX	22.50 3.1
AllianceBernstein	AB	26.85 1.9	CH Robinson	CHRW	91.21 1.4	Danaher	DHR	95.33 0.2	Longhorn	LNX	17.49 0.3
AlscriptsItchir	MDRX	15.41 ...	CH Robinson	CHRW	91.21 1.4	Danaher	DHR	95.33 0.2	LyondellBasell	LYB	17.33 3.1
AllyFinancial	ALLY	30.25 -1.3	CHNH Indl	CHNH	14.32 1.6	DealersOutdoors	DE	16.11 0.1	Macmillan	MML	16.80 0.5
Alphabet A	GOOGL	1111.16 0.4	CSX	CSX	58.97 1.8	Deere	DE	16.11 0.1	Magellan	MGLN	12.50 0.3
Alphabet C	GOOG	1111.17 0.4	CVR Energy	CVER	39.47 0.4	DLX	DLX	77.84 0.5	MarketAxon	MKTX	12.50 0.3
AltaSea	AABA	76.81 ...	Cabot	CBT							

COMMODITIES

WSJ.com/commodities

Futures Contracts

Metal & Petroleum Futures

	Contract	Open	High	hi	lo	Low	Settle	Chg	Open
		Open	High	hi	lo	Low	Settle	Chg	interest
Copper-High (CMX) -25,000 lbs.; \$ per lb.									
Jan 3.2055	3.2140	3.2000	3.2010	-0.060	977				
March 3.2353	3.2455	3.2205	3.2240	-0.0055	174,869				
Gold (CMX) -100 troy oz.; \$ per troy oz.									
Jan 1319.90	1319.90	1314.60	1318.60	-1.70	179				
Feb 1321.80	1323.00	1315.70	1320.40	-1.90	371,302				
April 1325.60	1327.80	1320.70	1325.20	-1.90	83,725				
June 1331.40	1332.10	1325.60	1330.10	-1.80	45,189				
Aug 1336.40	1336.40	1332.20	1334.90	-1.70	13,760				
Dec 1346.00	1346.90	1340.00	1344.80	-1.70	26,211				
Palladium (NYM) -50 troy oz.; \$ per troy oz.									
Jan 1098.55	13.70	3						
March 1088.25	1098.35	1084.00	1095.90	13.70	36,556				
June 1083.50	1090.00	1080.00	1087.75	13.35	1,891				
Platinum (NYM) -50 troy oz.; \$ per troy oz.									
Jan 970.80	970.80	970.80	972.30	1.10	166				
April 971.20	979.20	971.20	976.40	1.20	78,628				
Silver (CMX) -5,000 troy oz.; \$ per troy oz.									
Jan 17,064.00	-0.141	39						
March 17,270	17,300	17,065	17,144	-0.141	149,964				
Crude Oil, Light Sweet (NYM) -1,000 bbls.; \$ per bbl.									
Feb 61.61	61.97	61.34	61.73	0.29	441,715				
March 61.59	61.93	61.35	61.72	0.31	384,171				
April 61.53	61.80	61.26	61.62	0.32	165,865				
May 61.36	61.62	61.14	61.48	0.33	137,125				
June 61.15	61.41	60.91	61.28	0.35	275,056				
Dec 59.12	59.39	58.96	59.34	0.41	251,569				
NY Harbor ULSD (NYM) -42,000 gal.; \$ per gal.									
Feb 2,0600	2,0660	2,0401	2,0454	-0.0133	148,895				
March 2,0470	2,0509	2,0298	2,0350	-0.0082	104,761				
Gasoline-NY RBOB (NYM) -42,000 gal.; \$ per gal.									
Feb 1,7892	1,7995	1,7807	1,7918	0.0060	122,831				
March 1,8112	1,8123	1,8029	1,8140	0.0063	97,380				
Natural Gas (NYM) -10,000 MMBtu; \$ per MMBtu.									
Feb 2,812	2,869	2,784	2,835	0.040	294,813				
March 2,761	2,812	2,721	2,772	0.027	303,644				
April 2,664	2,696	2,624	2,676	0.026	165,501				
May 2,672	2,698	2,627	2,680	0.025	131,137				
July 2,748	2,771	2,705	2,758	0.023	52,933				
Oct 2,760	2,779	2,716	2,766	0.019	93,994				

Contract

Open High hilo Low Settle Chg Open interest

Agriculture Futures

Corn (CBT)-5,000 bu.; cents per bu.

March 350.75 351.50 ▼ 346.75 347.25 -4.00 814,945

July 367.00 367.75 ▼ 363.25 363.75 -3.75 246,689

Oats (CBT)-5,000 bu.; cents per bu.

March 249.00 251.25 ▲ 246.50 250.00 1.50 4,768

May 252.75 253.25 ▲ 252.25 251.75 -2.25 1,817

Soybeans (CBT)-5,000 bu.; cents per bu.

Jan 960.75 962.25 951.50 958.25 -3.25 1,474

March 969.75 971.50 960.50 966.75 -4.00 343,886

Soybean Meal (CBT)-100 tons; \$ per ton.

Jan 318.60 318.10 315.50 317.50 -4.00 1,014

March 321.40 322.50 318.90 321.50 -4.00 181,719

Soybean Oil (CBT)-60,000 lbs.; cents per lb.

Jan 33.51 33.69 33.28 33.43 -0.22 606

March 33.74 33.89 33.29 33.54 -0.22 213,288

Rough Rice (CBT)-2,000 cwt.; \$ per cwt.

Jan 1164.50 1166.00 1156.00 1164.50 8.00 4

March 1181.00 1196.50 ▲ 1178.50 1189.00 8.50 8,871

Wheat (CBT)-5,000 bu.; cents per bu.

March 430.25 432.25 ▼ 425.75 427.75 -3.00 289,787

May 442.00 444.25 ▼ 438.25 440.50 -2.25 88,458

Wheat (KCO)-5,000 bu.; cents per bu.

March 437.50 437.50 ▲ 431.25 433.25 -4.25 179,522

May 450.25 452.50 ▲ 447.50 447.00 -4.00 62,731

Wheat (MPLS)-5,000 bu.; cents per bu.

March 626.50 628.00 620.25 625.50 -1.25 36,416

May 630.75 633.75 ▲ 626.25 630.50 -1.75 13,454

Cattle-Feeder (CME)-50,000 lbs.; cents per lb.

Jan 146,200 147,075 145,000 146,450 -1.75 7,822

March 141,675 142,375 ▼ 140,500 141,925 -0.50 23,464

Cattle-Live (CME)-40,000 lbs.; cents per lb.

Feb 119,000 119,000 ▼ 116,775 117,225 -2.025 109,342

April 120,800 120,800 ▼ 118,850 119,300 -1.550 105,589

Hogs-Lean (CME)-40,000 lbs.; cents per lb.

Feb 71,675 73,400 ▲ 71,675 72,975 1.550 76,764

April 76,250 77,250 ▲ 76,050 76,800 .725 77,101

Lumber (CME)-110,000 bd ft., \$ per 1,000 bd ft.

Jan 460.10 464.00 ▲ 460.00 462.00 .70 432

March 459.10 462.40 ▲ 455.10 459.90 .80 4,968

Milk (CME)-200,000 lbs.; cents per lb.

Jan 13.92 13.94 ▼ 13.83 13.85 -.09 3,441

Feb 13.40 13.40 ▼ 13.22 13.24 -.20 3,586

Contract

Open High hilo Low Settle Chg Open interest

Cocoa (ICE-US)-10 metric tons; \$ per ton.

Jan 1,885 1,917 1,870 1,914 19 141,258

May 1,888 1,918 1,873 1,916 18 52,568

Coffee (ICE-US)-37,500 lbs.; cents per lb.

March 127.60 127.65 ▼ 124.30 125.15 -3.30 115,193

May 130.00 130.00 ▼ 126.75 127.50 -3.25 48,362

Sugar-World (ICE-US)-112,000 lbs.; cents per lb.

March 14.99 15.05 ▼ 14.54 14.78 -.30 371,103

May 14.98 14.99 ▼ 14.54 14.78 -.24 159,849

Australian Dollar (CME)-AUD 100,000; \$ per AUD

Jan .8077 8077 8082 8052 -.0010 1,292

March .8065 8085 8038 8057 -.0010 135,916

British Pound (CME)-£62,500; \$ per £

Jan 1,3575 1,3588 1,3527 1,3567 -.0002 3,047

BANKING & FINANCE

Blackstone Hire Aims at Insurers

Former executive at New York Life joins private-equity firm, targeting \$100 billion

BY SARAH KROUSE AND NICOLE FRIEDMAN

Blackstone Group LP is turning to a **New York Life Insurance** Co. executive to pursue at least \$100 billion in assets from insurance companies, part of a larger push by the Wall Street firm to broaden its customer base.

The private-equity firm has hired Chris Blunt, former president of New York Life's investing unit, as chief executive of an internal division that will seek to manage more money for large insurers. Blackstone oversees about \$23 billion in assets for those companies.

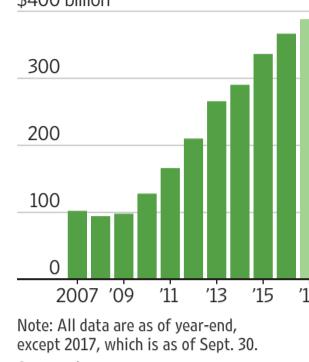
Blackstone President Tony James said the firm will court these clients by touting its experience investing in complex corners of Wall Street and its ability to originate new debt investments in its existing businesses such as real estate. He expects to attract enough new money to eventually reach at least \$100 billion in assets.

"We think we can bring both alternative and private credit assets to insurance companies in a high quality, organized way that enhances their returns and actually lowers their risk," Mr. James said in an interview.

The effort moves Blackstone deeper into a corner of the money-management world currently dominated by others such as BlackRock Inc. and Goldman Sachs Group Inc.'s asset-management business. Insurers often hire external

Expanding

Blackstone's total assets under management



Note: All data are as of year-end, except 2017, which is as of Sept. 30.

Source: the company

THE WALL STREET JOURNAL.

asset managers to invest their money, and the gains are used to pay out claims.

Money managers are able to charge higher fees for more

esoteric investments.

Insurers around the world had \$23 trillion in assets on their balance sheets at the end of 2016, according to research by the Insurance Asset Outsourcing Exchange. Of that total, nearly \$2 trillion is outsourced to money managers that aren't owned by insurers.

Blackstone manages \$387 billion firmwide in real estate, private equity and credit investments. Its traditional clients have been ultrarich and other big institutional investors like pension funds, but it has been pushing into other areas lately.

Some of its newer products, for example, are being marketed to investors with \$5 million or less in assets.

Blackstone has made previous inroads into the insurance industry.

In 2016, it joined with Ber-

muda-based Axis Capital Holdings Ltd. to create property-and-casualty reinsurance company Harrington Reinsurance. It now manages assets for that entity.

To attract new insurance clients, Blackstone plans to focus on investments in alternative-asset classes rather than traditional investment-grade fixed-income assets.

Insurance companies traditionally invest heavily in low-risk corporate debt, to ensure they will have sufficient funds to cover claims for decades to come.

However, insurers have struggled in the past decade as low interest rates have weighed on their investment returns.

They will increasingly need to invest in higher-yielding assets to meet their liabilities, according to Mr. James.

Korea Gets Tougher On Digital Currencies

BY EUN-YOUNG JEONG

SEOUL—South Korean regulators said they have started on-site inspections of the country's large commercial banks, marking a change of tack in authorities' efforts to clamp down on cryptocurrency speculation in one of Asia's hottest bitcoin markets.

South Korea's lead securities regulator said Monday that it is inspecting six of the country's biggest financial institutions to monitor their compliance with anti-money-laundering obligations related to cryptocurrency trading.

The inspection comes 10 days after South Korea banned the use of unidentified virtual accounts for trading digital currencies. It is a different approach from regulators' previous attempts to regulate entities in the cryptocurrency industry by dealing with them directly—a difficult task since they generally aren't covered by existing laws.

"We're reviewing all possibilities under the current law to take action," Choi Jong-ku, head of South Korea's Financial Services Commission, said in a press briefing Monday. Mr. Choi said the regulator has drafted a separate policy on cryptocurrency trading that is under discussion at the National Assembly.

While the commercial banks don't process cryptocurrency trades themselves, the bitcoin exchanges create "virtual accounts" at the major commercial banks for each of their clients. Virtual accounts are bank accounts used by investors to hold or receive fiat money when they buy or sell cryptocurrency.

Mr. Choi said the watchdog was also looking to monitor how banks verify the identity of virtual account holders.

Findings from the bank inspections will be used to determine whether to suspend banks from providing virtual accounts, Mr. Choi said.

"There is growing concern that banks, which should actively act as gatekeepers to prevent the distribution of crime and illegal funds, are aiding and encouraging them," Mr. Choi said.

Last month, a South Korean cryptocurrency exchange filed for bankruptcy after it was hacked for the second time. The Wall Street Journal reported that South Korean investigators are looking into North Korea's possible involvement in the heist.

South Korea has placed a high priority on stamping out criminal activities tied to digital currencies. The global craze over bitcoin has been particularly fervent in South Korea, where the virtual currency is priced consistently higher than in other countries. The arbitrage gap—dubbed the "kimchi premium" in honor of the country's traditional fermented cabbage dish—widened over the weekend to about 40%.

The six banks under inspection are South Korea's NH Bank, Industrial Bank of Korea, Shinhan Bank, KB Kookmin Bank, Woori Bank and Korea Development Bank.

Cash-Loving Germany Embraces Bitcoin

BY ZEKE TURNER

BERLIN—A motley crew of old-money investors, entrepreneurs, crypto-anarchists and anti-inflation hawks is rallying around bitcoin in a surprising place: cash-loving Germany.

Driven by interest from these very different constituencies, Germany and especially its capital are turning into a development hub for virtual currencies and blockchains, the distributed ledger technology that underpins them.

"It's a technology driven by anarchists who wanted to get rid of banks, and now the banks are promoting the technology," said Shermin Voshmgir, founder of BlockchainHub, a Berlin-based think tank that advocates for blockchain and the decentralized web. "Many of the main actors are based in Berlin," she said.

Germany's **Deutsche Bank** AG and **Bertelsmann** SE, among the biggest investment banks and media companies in the world, are both looking to integrate blockchain into their operations, according to company insiders. In Munich and Bonn, fintech startups and venture capitalists are jumping into the cryptocurrency field. In Berlin, a world-class blockchain coding community has been growing for years.

There have been 1,307 blockchain-related computer-coding projects running in Germany since 2008, according to an analysis by Deloitte of the coding platform GitHub, good enough for fourth place in the world, behind China, the U.S. and the U.K., and ahead of Japan. Members of the Berlin scene say that their real share of the development could be higher since projects aren't always based on where coders are doing the work.

The traction of cryptocurrency in Germany—a country known for its love of cash, skepticism toward complex financial instruments and late adoption of tech trends—comes as a surprise. A 2016 study in the International Journal of Central Banking showed that Germans used cash for 82% of transactions and 53% of all payments by value—far more than American, British or French consumers.

But Germans' love of cash hides a deeper obsession: a pervasive fear of inflation born from the trauma of prewar hy-



Room 77, a bar in the Kreuzberg area of Berlin, accepts bitcoin and is the site of a monthly bitcoin meetup.

Cryptocurrencies Fall After Data Shift

Prices for some of the most popular cryptocurrencies dropped sharply Monday following an adjustment from a popular website on its digital-currency price quotes.

A website called coinmarketcap.com on Monday removed data from some South Korean exchanges from its price quotes for a range of virtual currencies including bitcoin, Ethereum and Ripple's XRP. The move followed a South Korean government crackdown on cryptocurrencies.

perinflation. This fear has made Germans suspicious of the loose monetary policies conducted by the European Central Bank in the wake of the eurozone debt crisis.

And, said Jürgen Stark, a German and the former member of the European Central Bank's executive board, "there are also a lot of market participants that, in the context of low or even negative interest rates, are ready to take a risk."

Some, such as Jörg von Minckwitz, see bitcoin's appeal in its absence of central au-

The move by coinmarketcap.com caused some chaos when prices across the board suddenly plunged. In midday trading, XRP had fallen 26% over the previous 24 hours. Bitcoin Cash was down 18% and Litecoin had declined 12%. Of the top 40 cryptocurrencies, 31 were down, including bitcoin and Ethereum.

A representative of the website confirmed the moves in an email to The Wall Street Journal, citing "extreme price discrepancy" among South Korean exchanges.

Coinmarketcap.com has become one of the most popular destinations for price quotes as the sector surged last year. Ac-

who have watched its rise.

It is also a system governed by rules rather than bankers.

He was a provocative compatriot, questioning the policies of his predecessors, unilaterally rolling back rules.

Mr. Noreika approved the first new national bank charter since the financial crisis, eased criteria for evaluating banks' performance in serving lower-income communities, and rescinded guidance that had banned banks from offering short-term, high-cost loans—all areas in which he could advise future clients.

Mr. Noreika said in an interview he will follow ethics laws that prevent him from representing clients before the comptroller's office on matters he worked on while in government.

What's more, options investors are positioned for a gain or loss of 7% for HYG over the next year. Options markets forecast a similar outcome for the SPDR Barclays High Yield

cording to Amazon's web-ranking service, coinmarketcap is currently the 154th most popular website in the world, in the same ballpark as Chinese retail giant Alibaba.com.

The website's rejigged prices led to a flip in market-value rankings on the site. Ethereum, with a \$109 billion total market valuation, moved into second place, the spot previously occupied by XRP, which fell to third place with a \$97 billion market value. Bitcoin remained No. 1 with a \$255 billion market value.

More than \$100 billion of the sector's total market value was erased over the previous 24 hours, according to the site.

thority. The founder of bitcoin-based startup Bitwala in Berlin's Kreuzberg area said he got interested in cryptocurrencies during the debt crisis around 2011. "We in Germany have always had really big issues with central authorities" and "people who tried to control our money," he said.

The startup community in Berlin has also been attracting expatriates with the anarchist and privacy-activist undercur-

rents that had their beginnings in Berlin almost a century ago.

Trent McConaghay, a Canadian who founded BigchainDB GmbH in Berlin to create decentralized database software for companies, said the city's "subversive element just got way exponential. This is the substrate on which tech brews in Berlin."

Jörg Platzer, a German information architect with 30 years of experience, calls his Kreuzberg bar Room 77 "the first bricks 'n' mortar business ever [to have] accepted bitcoin" and says the Stammtisch there on the first Thursday of every month is "the longest running bitcoin meetup on earth as far as we know."

Andreas Schildbach, a Berlin-based programmer, was an early developer of the mobile bitcoin wallet, a way of storing and paying with the currency from a smartphone. Gavin Wood, co-founder of Ethereum, the second-most prominent blockchain system, said most of the development work was completed by teams in Berlin. Insiders say that the city hosts myriad other coders working for companies registered officially in places such as the U.K. or the Netherlands. Mr. Schildbach declined to comment.

volatility and headwinds for other risky assets, particularly equities," wrote Morgan Stanley's Steve Edwards in a note.

Investors also expect higher turbulence for some of last year's most beloved sectors and stock indexes. The options market is positioned for higher volatility in the Dow Jones Industrial Average, consumer and technology stocks, the Goldman analysts wrote, all of which have soared over the past 12 months.

Meanwhile, the ratio of bearish options to bullish options on the Van Eck Vectors Oil Services ETF has sunk since early December, Trade Alert data show. The oil fund has gained almost 9% in 2018. Energy stocks in the S&P 500 fell about 4% last year but oil prices ended 2017 above \$60 a barrel, the highest level in at least two years.

Interim Comptroller Returns to Law Firm

BY RYAN TRACY AND LIZ HOFFMAN

WASHINGTON — Former bank regulator Keith Noreika has returned to his old law firm, where he will advise banks he oversaw during an eventful six-month stint as acting Comptroller of the Currency.

Mr. Noreika will once again be a partner at Simpson Thacher & Bartlett LLP, occupying the same office in Washington that he vacated to take the job of interim comptroller in May 2017. He left that post in November when Comptroller Joseph Otting was confirmed.

Mr. Noreika's trip through the revolving door between the government and the private sector raised eyebrows

during his brief tenure overseeing federally chartered banks.

He was a provocative compatriot, questioning the policies of his predecessors, unilaterally rolling back rules.

Mr. Noreika approved the first new national bank charter since the financial crisis, eased criteria for evaluating banks' performance in serving lower-income communities, and rescinded guidance that had banned banks from offering short-term, high-cost loans—all areas in which he could advise future clients.

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What's more, options investors are positioned for a gain or loss of 7% for HYG over the next year. Options markets forecast a similar outcome for the SPDR Barclays High Yield

The high-yield bond market could be in for some turbulence.

Among 30 exchange-traded funds analyzed by Goldman Sachs Group Inc., options investors are the most bearish on the high-yield, or junk, sector and the most bullish on oil for 2018.

Across all the ETFs, Goldman found that an options measure called "skew" was the highest in the iShares iBoxx \$ High Yield Corporate Bond ETF, or HYG. The gauge, which measures the cost of protecting against share declines, is sitting at a one-year high, Trade Alert data show.

What's more, options investors are positioned for a gain or loss of 7% for HYG over the next year. Options markets forecast a similar outcome for the SPDR Barclays High Yield

Sentiment Shift

The ratio of bearish to bullish options on the Van Eck Vectors Oil Services ETF has sunk since December

110 times

Put-Call Options Ratio

1.05
1.00
0.95
0.90
0.85
0.80

Dec. 2017 Jan. '18

Source: Trade Alert

THE WALL STREET JOURNAL.

Bond ETF.

Morgan Stanley Wealth Management recently recommended chopping high-yield exposure this year and putting cash toward safer and higher-

rated bonds like Treasurys and municipal debt. U.S. high-yield bonds earned a 7.5% return in 2017, according to the firm.

"Any softness in corporate credit may portend greater

MARKETS

Lots of Room for Apple Buybacks

With about \$250 billion in cash overseas, some expect the company to step up purchases

BY BEN EISEN

How much more of its stock could **Apple** Inc. possibly repurchase? We may be about to find out.

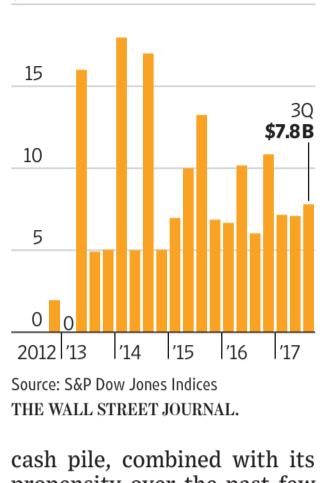
The largest U.S. company by market value has spent heavily over the past five years to buy back its shares. But because it is expected to benefit disproportionately from new tax rules that encourage companies to bring back cash held overseas, it could have even more cash to direct toward repurchases, analysts say.

With that in mind, UBS Analyst Steven Milunovich predicted Monday that Apple could snap up 14% of its market value over the next two years. That would mean increasing its annual repurchase rate to 7% of the company from 5% last year.

It isn't yet clear whether or how Apple will choose to spend its \$250 billion plus that is currently held abroad. But Apple's hefty overseas

Bite of the Apple

Apple has spent heavily to buy back its shares over the past five years.



Source: S&P Dow Jones Indices

THE WALL STREET JOURNAL.



An analyst sees Apple snapping up 14% of its market value in the next two years. A Chicago store.

cash pile, combined with its propensity over the past few years to return cash to shareholders, is making it a focal point for investors trying to discern how companies will respond to the new tax-code overhaul.

Companies have for years been stockpiling profits earned overseas to avoid shouldering the difference between the taxes paid abroad and what was then a 35% U.S.

corporate tax rate. The tax-code overhaul signed into law last month will impose a one-time 15.5% tax on foreign earnings held in cash, an effort to encourage companies to bring that money back to the U.S. Companies will pay the tax regardless of whether they bring the money home.

That has focused attention on Apple, which has cash and cash equivalents of nearly \$269 billion, according to securities

filings for the most recent quarter, which ended in September. The company had \$252.3 billion in cash, cash equivalents and marketable securities held by foreign subsidiaries.

After a tax repatriation holiday in 2004 that encouraged firms to bring back their foreign earnings, buybacks jumped sharply, leading some analysts to predict that activity will happen again.

Daniel Ives, head of technol-

ogy research at GBH Insights, estimates that about 70% of cash repatriated by the largest tech companies will go toward buybacks and dividends.

If Apple were to increase its buybacks, it could have a tangible impact on the share price, analysts say. Mr. Milunovich believes the stock, which is up 48% over the last 12 months and closed Monday at \$174.35, will climb to \$190 over the next year.

Treasurys Fall Amid Inflation Worries

BY DANIEL KRUGER

U.S. government bonds weakened, with investors becoming increasingly attuned to the risk posed by a possible rise in inflation.

The yield on the benchmark Treasury 10-year note rose for a third consecutive trading session, to 2.480%

CREDIT MARKETS from 2.476% Friday. Yields rise as bond prices fall.

With this week's calendar light on economic data, some investors were looking ahead to the Labor Department's scheduled release of the consumer-price index on Friday, which offers a reading on the inflation in December.

Inflation poses a threat to the value of long-term government bonds because it erodes the purchasing power of their fixed payments.

The CPI increased 2.2% in November from a year earlier. However, the Federal Reserve's preferred inflation gauge, the price index for personal-consumption expenditures, rose just 1.8% on a headline basis and 1.5% when excluding volatile food and energy costs. The Fed measure tends to run about 0.3 percentage point below the CPI, according to Barclays PLC.

The economy has grown at a pace exceeding 3% in the second and third quarters, while the U.S. has added two million or more jobs for seven consecutive years. That has pushed the unemployment rate down to 4.1% for three consecutive months.

2.480%

Yield on the 10-year Treasury note, up three sessions in a row

Many investors and economists expect wage growth to start picking up as available workers become more scarce, which they view as a key channel for price increases.

Yet average hourly earnings gained 2.5% in December from a year earlier, a similar, modest pace that has been maintained since early 2015, according to Labor Department data released Jan. 5. Wage gains look a bit better on a weekly basis because Americans are working more hours.

Some investors, who have been betting that bond yields will rise, have been "disappointed by the wage data," and they are "looking for an inflationary impulse," said Christopher Sullivan, a bond manager for the United Nations Federal Credit Union.

Elsewhere, the Stoxx Europe 600 rose 0.3%, lifted by gains in shares of basic-resources companies.

Solid economic data also helped pull European stocks higher, analysts said.

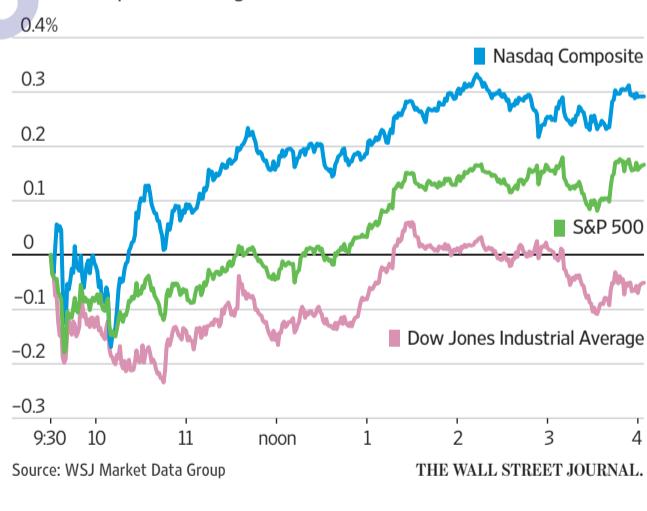
The European Commission's economic-sentiment indicator for the European Union last month reached its highest level since August 2000.

In Asia, stocks mostly rose, with Hong Kong's Hang Seng Index climbing 0.3% and notching its 10th consecutive session of gains, for the longest such streak since October 2012. Early Tuesday, the index was up a further 0.3%.

At midday Tuesday in Tokyo, which was closed for a holiday Monday, the Nikkei 225 was up 0.5%.

Edging Higher

The S&P 500 and Nasdaq Composite inched to fresh highs Monday, after U.S. indexes posted a string of records and milestones in recent sessions.



Source: WSJ Market Data Group

tax reform means for them," said Art Hogan, chief market strategist at B. Riley FBR.

Goldman Sachs analysts estimate the recently passed U.S. tax-overhaul bill, which will reduce the corporate tax rate to its lowest point since 1939, could give a 5% boost to per share earnings for the S&P 500 in 2018.

"This is when the accounting department really needs to put pen to paper in terms of what

fuel to a stock rally that has repeatedly wrong-footed skeptics. The S&P 500, Dow industrials and Nasdaq closed out 2017 with their biggest yearly gains since 2013.

At the same time, valuations have crept higher, leading many analysts to say U.S. stocks look pricey relative to their international peers.

"The critical signpost for

the earnings season will be where companies plan to use their cash and where their guidance ends up," Mr. Hogan said.

Signs that companies are investing in their businesses—rather than repurchasing shares, which some see as less helpful in driving long-term profitability—could help give stocks a boost, he added.

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AUCTION RESULTS

Here are the results of Monday's Treasury auctions. All bids are awarded at a single price at the market-clearing yield. Rates are determined by the difference between that price and the face value.

13-WEEK AND 26-WEEK BILLS

	13-Week	26-Week
Applications	\$139,366,865,700	\$130,727,866,200
Accepted bids	\$48,000,428,700	\$42,000,106,200
"noncomp"	\$666,693,700	\$582,523,200
Foreign noncomp	\$334,000,000	\$314,000,000
Auction price (rate)	99.638528	99.203750
Coupon equivalent	1.455%	1.610%
Bids at clearing yield accepted	34.02%	56.64%
Cusip number	912796PA1	912796PQ6

Both issues are dated Jan. 11, 2018. The 13-week bills mature on April 12, 2018; the 26-week bills mature on July 12, 2018.

Crude Oil Rises on Tight U.S. Inventories, Risks to Supply

BY ALISON SIDER
AND CHRISTOPHER ALESSI

Crude prices rose Monday, holding on to robust gains made last week on tighter stocks in the U.S. and perceived risks to global supply.

U.S. crude futures rose 29 cents, or 0.47%, to \$61.73 a barrel on the New York Mercantile Exchange. Brent, the global benchmark, rose 16 cents, or 0.24%, to \$67.78 a

barrel in ICE Futures Europe. Prices climbed to three-year highs last week amid antigovernment protests in Iran, declining U.S. crude stockpiles, freezing winter weather in the U.S. Northeast and continued high levels of compliance with the Organization of the Petroleum Exporting Countries' plan to cut crude output.

The move higher paused on Friday but resumed Monday, with prices just shy of the highs hit last week.

"Speculative financial in-

vestors are betting on further price rises," with net long positions in Brent rising to a record 560,890 contracts last week, analysts at Commerzbank wrote in a note Monday. But, the analysts cautioned, this "increases the potential for correction once the factors that are currently determining prices move out of focus or disappear."

"At plus-\$60 levels you need more information to support higher prices," said Gene McGillian, price risk

manager at Tradition Energy. "With all the length in the market you get any factor that looks to be changing the tone, you have to be careful of a reversal."

Some of the factors that pushed crude higher at the end of last year are starting to dissipate: production in the North Sea has resumed following the repair of the Forties Pipeline System. Production at the Waha Oil joint venture in eastern Libya has also returned to normal after a pipeline that had been sabo-

taged was repaired, the company said last week.

"The market has to prove it belongs at this price," said Donald Morton, vice president at Herbert J. Sims & Co. who runs an energy-trading desk. "There's no jitters in the market."

Higher inventories of gasoline and diesel, as well as the prospect of greater oil production from the U.S., could keep a lid on prices, analysts said.

"The march higher in U.S. crude supply will, therefore,

likely cast an ever-increasing shadow over the prevailing bullish sentiment," according to Stephen Brennock, an analyst at brokerage PVM Oil Associates Ltd.

But the number of rigs drilling oil wells in the U.S. dropped by five last week, according to oil-field services firm Baker Hughes, helping bolster prices Monday.

Gasoline futures rose 0.6 cent, or 0.34%, to \$1.7918 a gallon. Diesel futures fell 1.33 cents, or 0.65%, to \$2.0454 a gallon.

MARKETS

STREETWISE | By James Mackintosh

Four Ways to Survive a Stock-Market Bubble

 Let me be clear: Stocks, even go-go technology stocks, aren't in a bubble. But there are increasing signs of euphoria, and it is plausible that a true blowout end to the bull market could be on the way soon. If a bubble is finally developing, investors will have a chance to make a ton of cash, to lose it again or to miss out entirely. How best to play a euphoric market?

Start with the signs of frothy behavior. For years, stocks have been going up without wild exuberance. Investors have felt compelled to buy shares because bond yields are so low, but this deliberate engineering of a bull market by the central banks didn't engender excitement. The narrative of the market was one of caution. Investors for a long time bought the safest stocks they could, pressed chief executives to return cash rather than boost capital spending, avoided big glitzy takeovers and worried about a repeat of the 2008 financial crisis.

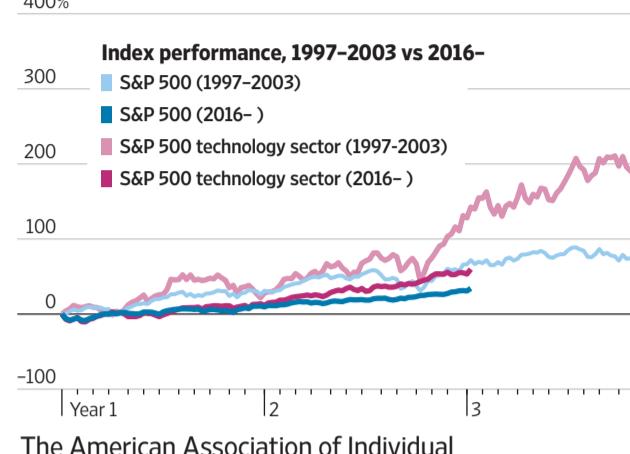
Ten years on from Lehman Brothers' failure, that worry is finally dissipating. The market's story line has changed to one of disruptive, low-inflation growth fueled by easy money.

Shareholders are cheering on corporate capex and less excited about buybacks, as they bet on a synchronized global economic boom. There are few fears of financial excess, even as some of the precrisis financing tricks make a comeback.

So far, so bullish. What marks out a bubble is people buying things they know are overpriced in the hope of

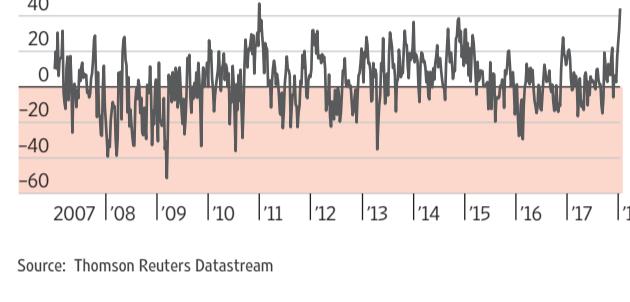
Not a Dot-Com Repeat...Yet

If a new bubble is developing in the stock markets, it is still very early.



The American Association of Individual Investors' survey finds bulls outnumber bears by the most since 2010...

Bullish percentage minus bearish percentage



Source: Thomson Reuters Datastream

selling them on at even higher markups to a greater fool. We aren't there yet, bit-coin-related stocks aside, but as the euphoria grows, this becomes ever more likely—with the tech sector the most likely beneficiary.

The first few days of 2018 certainly point toward high spirits in the tech sector. The FANG stocks of **Facebook Inc.**, **Amazon.com Inc.**, **Netflix Inc.** and Google parent **Alphabet Inc.** all rose more than 5% last week, double the wider market's

gains.

The American Association of Individual Investors survey of its members shows the most bulls and the fewest bears since the end of 2010. Investors Intelligence's survey of financial newsletters is even more positive, with the highest number of bulls since the start of 1987. Investment-bank surveys say record or near-record proportions of fund managers are holding more risky portfolios than usual.

It is too soon to call this a

bubble. U.S. equities are among the most expensive they have ever been on many measures, with the median stock matching valuations that were reached during the dot-com peak. With interest rates and bond yields still depressed, a case can be made that this merely points to low returns ahead, not an effervescent market.

Jeremy Grantham, co-founder of Boston fund manager Grantham, Mayo, Van Otterloo & Co., says he sees early signs of the "touchy-

feely" measures of excess that go with a bubble, such as media focus on a clutch of fashionable stocks. He thinks a melt-up of the S&P 500 to between 3400 and 3700 in the next year or two is more likely than not.

The prospect of gains of 24% to 35% sounds easy to trade. Just buy! Even better, buy the big tech stocks that should go up by a multiple of those in a true bubble (from the start of 1999 to the dot-com peak in March 2000, U.S. tech stocks more

likely than not.

than doubled).

The problem is timing the exit. The tech sector lost 80% when the tech bubble popped, as investors scrambled to dump shares at any price. Those who held from mid-1996 on gave back all their bubble gains by October 2002. That leaves four options:

- **Get out early.** As the bubble builds, sell into strength. You will feel increasingly stupid while the bubble builds, so only do this if you can resist the fear of missing out.

- **Get out late.** Buy into the bubble, but be ready to sell quickly after it pops. Timing is tough, as there is no way to be sure if even a big drop is the end or just a pause, as with the 20% tech drops in 1997 and 1998 and the 10% fall in 1999. It is easy to sell too early thinking the bubble is done.

- **Stay in, stay cautious.** Buy high-quality companies less affected by tech enthusiasm, or cheap value stocks shunned by those chasing growth, perhaps with a bit of tech to share in bubble gains. Unfortunately, quality stocks are already expensive, and value stocks could easily fall a lot more before they come back into fashion.

- **Look elsewhere.** Mr. Grantham favors loading up on emerging-market stocks, which are cheaper. They probably would be hit in the short run by a U.S. bubble popping, however.

If a bubble develops, pick a strategy and don't get greedy; always think of what will be left after it bursts. For the long-term investor, bubbles are about survival, because most of those who get rich quick on the way up get poor quick again on the way back down.

HEARD ON THE STREET

FINANCIAL ANALYSIS & COMMENTARY

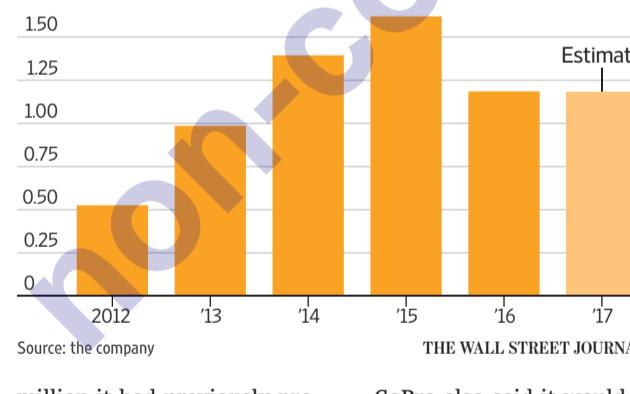
WSJ.com/Heard

Email: heard@wsj.com

Battered GoPro Is Too Focused

Action Fatigue

GoPro's annual revenue



million it had previously projected. The company blamed weak sales of its Hero5 camera in particular, which it says improved following a price cut late in the quarter. It also noted that its newest device, the Hero6, sold "as expected," which doesn't sound great for a device intended to anchor its lineup until later this year.

GoPro also said it would ground its drone efforts for good, effectively leaving investors with a stand-alone camera company that has struggled to execute its plans. Monday's announcements at one point sent the stock down 20% to a record low of around \$6, before CNBC reported the unsurprising news that GoPro has

engaged JPMorgan Chase to help it find a buyer.

It is a tired idiom that "hardware is hard." GoPro's real problem is that even when its cameras sell well, it is a difficult business on which to sustain a publicly traded company. Cameras that sell for \$400 to \$500 a pop appeal to a relatively small segment of the population who still may not upgrade every year.

The lesson for device makers pondering their own futures is to settle the diversification question sooner rather than later. **Roku**, a maker of streaming media players, has proven to be a hit with investors thanks in large part to its success at building out a platform business that now makes up close to half its total revenue, lessening its dependence on hardware sales. GoPro's camera business wasn't a flash in the pan, but investors still prefer to zoom out.

—Dan Gallagher

Celgene's Plans Can't Cure the Biotech Blues

Good news isn't helping a biotech bellwether turn its fortunes around. That suggests a gloomy year for the sector.

Celgene

, one of the world's largest biotech companies, announced Monday it expects sales of about \$14.6 billion and adjusted earnings of about \$8.80 a share in 2018. That is in line with analyst expectations. But Celgene—and the sector—traded lower on Monday.

Celgene

has long been one of the most consistently strong biotech performers, but lately the company has run into trouble. Shares were pummeled by 30% over several weeks in October. That month, Celgene announced a closely watched Crohn's disease clinical trial flopped; a week later, Celgene lowered its 2020 forecasts. The shares trade at less than nine times that 2020 adjusted profit goal of \$12.50 a share.

Meeting even those lowered expectations will take some doing; sales will need to grow by about 25% from this year's projection. What's more, Celgene derives nearly half of its revenue from its multiple myeloma drug Revlimid, but the main patent on

the drug expires next year. Celgene will try to keep that protection, but if it loses, it could face generic competition quickly. So the company will need to convince investors that it is in a position for sustainable growth in 2020 if it wants a higher multiple.

To that end, it is possible that Celgene can fend off would-be generic competition, but the pressure is on for the company to diversify its product line. That was likely behind the announcement that Celgene would acquire private biotech **Impact Biomedicines**, which has an experimental cancer drug.

Celgene is paying \$1.1 billion upfront and could pay as much as \$7 billion if the treatment is a commercial hit. Investors were underwhelmed with the deal.

Celgene bought a private company instead of a public one, which upset shareholders throughout the sector

hoping for a buyout of their own favorite biotech stock—the Nasdaq Biotechnology Index sold off sharply in early trading. All that suggests growth-oriented investors could be looking elsewhere this year.

—Charley Grant

Why Global Markets Are Still Strong

On the Up

J.P. Morgan Global Manufacturing Purchasing Managers' Index

Note: Values above 50 denote expansion.

Source: FactSet

The MSCI World index of developed-market stocks rose 2.5% in the first week of 2018; its emerging-market peer climbed 3.7%. In credit markets, U.S. high-yield corporate bonds gained, with the spread over Treasurys falling below

2017's tightest point already.

The question that perplexed many investors in 2017 hasn't gone away: What is going on with developed-market inflation, particularly in the U.S.?

The combination of greater optimism on growth but no sign of accelerating price rises has meant supportive conditions for both bonds and stocks. For equities, stronger growth has been the dominant factor; for bonds, the absence of inflation. In turn, central banks such as the Federal Reserve and European Central Bank have been able to stick to clearly communicated plans.

This happy situation will face a challenge at some point. It still seems likely

that bonds may face harder times rather than equities; right now, a rise in inflation looks more likely than a slowdown in growth. The gap between yields on U.S. Treasurys and inflation-protected securities has widened in recent weeks, signaling a rise in inflation expectations.

One clear concern is that there is already plenty of inflation, all of it in asset prices. Markets are expensive. But that hasn't stopped them from becoming more expensive; in the short term, valuations aren't a good guide to market action. Until investors get a clearer signal on the balance between growth and inflation, the old playbook is the one to go by.

—Richard Barley

OVERHEARD

I dare you—I double dog dare you—to buy **General Electric**.

The conglomerate and constituent of the Dow Jones Industrial Average had a truly awful 2017, but that usually comes with a silver lining. Adherents of a simple but historically very successful investing strategy called "Dogs of the Dow" seek out such stocks and buy them at the start of the following year.

The trick isn't necessarily

buying the worst performers, though that usually is what happens, but targeting the 10 companies in the index with the highest dividend yields. This year's top dog would have been GE if not for the fact that its woes were so great that it cut its payout in half. Amazingly, though, it still made the list.

The income loving and contrarian dog lovers now face a dilemma: Do they buy the runt of the litter?